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New Jersey GO Bond Rating Raised One Notch To 'A+' Due To A Strengthened Balance Sheet

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S&P Global — S&P Global Ratings raised its long-term rating and underlying rating on New Jersey's general obligation (GO) bonds to 'A+' from 'A'.

Ratings — At the same time, S&P Global Ratings raised its rating on certain bonds secured by state appropriations to 'A' from 'A-', raised its rating on the New Jersey Economic Development Authority's DHS pooled financing program bonds to 'A-' from 'BBB+', and raised its rating on South Jersey Port Corp.'s state moral obligation debt to 'BBB+' from 'BBB'.

— S&P Global Ratings also raised its rating on the Gateway Development Commission (GDC) loan from the U.S. Department of Transportation (U.S. DOT) under its Railroad Rehabilitation and Improvement Financing (RRIF) program pursuant to the RRIF Loan Agreement entered by the GDC and the U.S. DOT for the Hudson Tunnel Project (HTP) associated with the New Jersey Transit Corp. Funding Agreement, to 'A' from 'A-'.

— The upgrade reflects our view of the meaningful improvement in the state's balance sheet reflecting management's commitment to rein in its comparatively large debt and pension liabilities while striving to achieve a structural budget balance longer-term. Coupled with the maintenance of a healthy reserve balance, we believe the state has transitioned to an operating environment that is more predictable and stable, which strengthens management's ability to address budgetary challenges as they arise.

— The outlook is stable for all ratings.

DALLAS (S&P Global Ratings) Aug. 11, 2025—S&P Global Ratings today took the ratings actions listed above. We now view New Jersey's risk management, culture, and oversight as neutral in our analysis, supported by the state's full funding of the ADC, beginning in fiscal 2022, continuing through the current fiscal year. In part, this improvement from moderately negative when the state was underfunding its obligations, supports our rating action. In addition, we view the state's cyber security support for its local




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governments and school districts, through the New Jersey Cybersecurity and Communication Integration Cell, as indicated in our rating of good governance and risk mitigation.



Ratings

Although physical risks are elevated given New Jersey's long coastal exposure and comparatively higher levels of air pollution, in part due to emissions from other states, the state actively works to manage these risks through strategic infrastructure investments, including decarbonizing transportation in areas with poor air quality and partnering with local governments and leveraging federal funding for climate resiliency projects. As a result, we view environmental and social factors as neutral within our analysis.

The stable outlook on the state GO reflects our belief that New Jersey's overall debt, pension, and OPEB liabilities are likely to remain comparatively high for the foreseeable future, albeit continuing to improve, leading to high fixed-cost carrying charges. It also reflects our expectation the state will continue to work toward achieving structural budgetary balance longer term.

A departure from its recent commitment to improve its overall debt and liability profile could lead to downward rating pressure. Additionally, should the state depart from its efforts to narrow its structural budget deficits without a credible plan to correct, we could revise the state GO outlook downward or lower the rating.

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Upward rating potential is limited at this point but would follow material progress in further reducing its long-term debt, pension, and OPEB liabilities, while retaining structural budget balance and maintaining healthy reserves.
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