

Governor Phil Murphy

Governor Murphy Presents Fiscal Year 2025 State Budget: “Making New Jersey the Best Place to Raise a Family”

02/27/2024

Budget Provides Another Record Investment in School Funding, While Increasing Historic Tax Relief

Continues Path of Fiscal Responsibility with a Fourth Consecutive Full Pension Payment of \$7.1 Billion

Proposes New Dedicated Funding Stream to Support NJ TRANSIT

TRENTON – Governor Phil Murphy delivered his seventh annual budget address on Tuesday, outlining spending priorities for Fiscal Year 2025 (FY2025) that build on the Administration’s commitment to ensuring that New Jersey remains the best place to raise a family. The budget proposes investments targeted at expanding affordability, continuing fiscal responsibility, creating economic opportunities, and ensuring every New Jerseyan has a fair shot at a better future.

The Governor’s proposed budget increases direct property tax relief to record levels, provides the highest level of school funding in history – fully funding the school aid formula for the first time – delivers a fourth consecutive full pension payment, and proposes significant investments into the health, safety and economic well-being of New Jersey’s residents.

“Simply put: this budget will ensure that New Jersey retains its proud reputation as the best place, anywhere, to raise a family. It will make life more affordable for more of our neighbors by delivering record-high tax relief, lowering the costs of necessities like health care and housing, and creating new opportunities in the industries of tomorrow,” **said Governor Murphy**. “Just as importantly, with this budget, we are maintaining fiscal responsibility while also remaining true to our values – from fully funding our public education system to proposing a new, dedicated funding stream to support NJ TRANSIT. Together, we are building a New Jersey that is stronger and fairer than ever before.”

“This budget continues the Governor’s commitment to making New Jersey an affordable place to work, raise a family and retire,” **said New Jersey State Treasurer Elizabeth Maher Muoio**. “We look forward to working with the Legislature in the months ahead to finalize a budget that builds on these priorities.”

The \$55.9 billion spending plan includes a proposed surplus of \$6.1 billion, while redirecting nearly 74 percent of the total budget back out into our communities in the form of grants-in-aid for property tax relief, social services, and higher education, as well as State aid to schools, community colleges, municipalities, and counties.

Increasing Affordability

Governor Murphy’s proposed budget includes more than \$3.5 billion in direct property tax relief. The budget proposal once again funds the successful ANCHOR Property Tax Relief Program, which provided \$2.2 billion to more than 1.9 million residents in the most recent filing season. This will be the third season of the ANCHOR program, which has

provided more than \$4 billion in direct tax relief in the past two years.

Continuing the focus on providing relief for working and middle-class families, this budget maintains recent expansions of the Earned Income Tax Credit, the Child and Dependent Care Tax Credit, and the Child Tax Credit, which was doubled last year to enable families with young children to receive up to \$1,000 per child.

The Governor's proposal also maintains a strong commitment to making life more affordable for seniors, with \$82.5 million to maintain expanded eligibility for the popular Pharmaceutical Assistance for the Aged and Disabled (PAAD) and Senior Gold programs to further cut costs for life-enhancing – and life-saving – prescription drugs.

As the Governor looks to make New Jersey more affordable and provide avenues for residents to work, raise a family and retire here, the proposed budget provides new funding for the RetireReady NJ program (formerly known as the Secure Choice Savings Program). The program is expected to launch in 2024 and provide a new option for retirement savings for private sector employees.

Fulfilling his promise to increase homeownership opportunities, this budget includes more than \$50 million for a multi-faceted investment to boost New Jersey's housing supply and make homeownership more affordable. The investment includes \$10 million to incentivize the creation of new accessory dwelling units (ADUs), \$15 million to help rental assistance recipients find pathways to homeownership and non-profits rehabilitating homes in need of repair, and \$32 million for Down Payment Assistance. Over the last four years, the Administration has invested almost \$120 million into down payment assistance for thousands of families.

Prioritizing Affordable Education and Protecting Our Youth

The proposed budget continues Governor Murphy's commitment to maintaining New Jersey's status as the best-in-the-nation public school system. It completes the seven-year phase-in of the school aid formula by providing an increase of \$908 million in direct K-12 aid for public schools, for a total of almost \$12 billion. With this latest proposal, the State will have increased overall K-12 support to New Jersey's public schools by more than \$3.5 billion over seven years, a more than 40 percent increase, all of which helps offset local property taxes.

Further advancing the goal of universal pre-K, the Governor has proposed an additional \$124 million for pre-K education, of which \$20 million will be used to expand into new districts, creating over 1,000 new seats. Since FY2018, pre-K funding has already increased by over \$427 million and the State has already added over 14,600 seats, pushing New Jersey ever closer to the goal of universal pre-K.

The Governor continues the work of expanding opportunities for teachers, budgeting over \$15 million in investments to ensure New Jersey is able to attract, train, and retain the workforce necessary to provide a top-quality education for public school students now and in future years. This includes \$10 million for student-teacher stipends to help future educators meet the costs of living while working and studying for their credentials and \$5 million to fund the Teacher Loan Redemption Program.

In addition to record school funding and initiatives to train teachers, the FY2025 budget continues the Governor's focus on providing for children by allocating more than \$100 million of growth to support Cover All Kids, which provides health coverage for children.

The budget also proposes an additional \$30 million to provide free school meals. In addition, New Jersey will join 34 other states to take part in the Summer EBT program, which will combat child hunger during the summer and bring in over \$60 million in federal funds.

As one way to improve student literacy, the Governor is proposing a \$2.5 million screening grant program to help school districts acquire tools to target resources to children who need additional help.

Investing in NJ TRANSIT

The Murphy Administration inherited an agency in deep crisis after years of underfunding and disinvestment. However, over the past six years, NJ TRANSIT has overcome many operational challenges, with nearly every major metric – reliability, on-time performance, safety, and customer satisfaction – making a remarkable turnaround.

In this budget, Governor Murphy is proposing a Corporate Transit Fee to create another dedicated funding stream for

NJ TRANSIT that will provide fiscal support. This funding will ensure service is maintained as ridership continues to recover from the pandemic while building upon major operational improvements.

The fee would affect NJ's wealthiest corporations with net taxable income greater than \$10 million. Small and medium-sized businesses would not be impacted – in fact, nearly 2,500 companies will see their taxes decrease from last year.

Promoting Fiscal Responsibility

The proposed FY2025 budget once again makes good on the Administration's commitment to our public sector employees, for the fourth year in a row proposing a full pension payment. The \$7.162 billion payment, which includes contributions from the State Lottery, brings the total contribution to the pension fund under Governor Murphy to \$39.9 billion, or more than triple the total contributions – \$12.2 billion – made by the previous six administrations combined. With this budget, Governor Murphy will be the first governor in a generation to make payments equal to or greater than 100 percent of the Actuarially Determined Contribution (ADC) four years in a row.

The Governor continues his focus on fiscally responsible governance, proposing a budget surplus of \$6.1 billion dollars, nearly ten times larger than the average surplus under the previous administration.

Continuing the State's focus on reducing debt, the Governor has proposed use of the Debt Defeasance and Prevention Fund to provide \$120 million to finish the State Police Training Center and \$70 million to support State parks. These funds will be used to revitalize Liberty State Park and break ground on the Garden State Greenway.

Another \$21 million will be allocated to convert veterans' homes to single occupancy while almost \$2 million from the State Fiscal Recovery Fund will be used to provide new beds and medical equipment at all three veterans' homes as part of the Administration's continued effort to provide veterans with the care they deserve.

Building on these efforts to safeguard public funds, this budget removes over \$1 billion in spending from the FY2024 budget plan.

Governor Murphy's efforts towards fiscal responsibility not only have made New Jersey a more affordable place to live and raise a family, they have also drawn positive attention from the major bond rating agencies, who have rewarded the State with seven rating upgrades since March 2022, including four in the past year.

Investing in Economic Opportunity and Community Growth

Under the Murphy Administration, New Jersey has become a major player in the innovation, clean energy, and entertainment industries, while scoring the opportunity to host the FIFA World Cup 26™ Final and seven other matches. The Governor's proposed FY2025 budget builds upon these accomplishments by combining ambitious investments with important support for local communities.

Furthering the Administration's goal of positioning New Jersey atop the innovation economy, the budget proposes a suite of initiatives to advance the Governor's AI Moonshot and augment the AI Hub being created at Princeton University – including \$4.5 million to establish an innovation challenge to reward innovators for solving public-facing problems with State data; \$500,000 to fund the AI focused Global Entrepreneurs-in-Residence pilot program to help international students at New Jersey universities launch cutting-edge businesses; \$2 million to fund AI education in K-12 classrooms and develop new Career and Technical Education programs targeted to AI; and \$2.5 million to help budding entrepreneurs build out start-ups related to general artificial intelligence and connect with the AI innovation hub.

As New Jersey continues to be a leader in enacting climate change reforms, this budget proposes \$15 million in State funds and \$25 million from the Clean Energy Fund to provide the State match for a federal electric grid modernization program to upgrade our infrastructure to meet our climate goals.

The FY2025 budget also continues Governor Murphy's vision for economic growth and support for small businesses with continued funding for the Main Street Recovery Program, a successful program providing multiple financial assistance products targeted to the growth and success of small businesses in New Jersey. Additionally, the budget also continues support for Manufacturing Initiatives and Strategic Innovation Centers, bringing the total investment in all three to over half a billion dollars over the past five years.

The budget also includes continued funding for initiatives like the employee stock ownership plan to help reduce wealth disparities, along with initial funding to begin addressing the findings from the recently published study on disparities in State procurement.

Building on the Administration's investments in New Jersey's job and small business growth, the budget provides several programs to expand workforce development, including \$5 million to launch a Nursing Workforce Initiative, a suite of workforce programs designed to ensure future nurses have experienced faculty and the resources they need to complete their training; increasing the Behavioral Healthcare Loan Redemption Program by \$2 million; and providing an additional \$10 million for the Firefighter Grant program.

Governor Murphy is committed to building a stronger and fairer New Jersey where all families have a fair shot at a better future. The FY2025 budget proposal expands opportunity, reduces longstanding inequities, defends fundamental rights, and protects public safety.

To that end, the FY2025 budget proposes a two-year, over \$30 million initiative to end veteran's homelessness through services and interventions to help place over 1,000 homeless veterans in New Jersey into stable housing.

Recognizing the emergent needs residents sometimes face, Governor Murphy has proposed increased rates for emergency hotel and motel placements to help families in need of emergency housing.

The proposed budget also builds on the successful ARRIVE Together program, which brings police and mental health professionals together to respond to crises, proposing an additional \$10 million to nearly double last year's investment – to expand the initiative to new municipalities while boosting hours of availability.

This budget also includes new investments in the parole system and the Office of the Public Defender to protect civil rights and maintain New Jersey's exceptionally low recidivism rate.

The Governor also is recommending investment in the State's family and maternal health care programs. This includes a nearly \$20 million investment to expand New Jersey's groundbreaking universal home visitation program for new mothers from 2,200 families this year to 16,700 families in the next year; operating funding for the Maternal and Infant Health Innovation Authority; and continued investments in family planning services and reproductive health programs, for a total of over \$216 million since the start of the Murphy Administration, after being completely defunded by the previous administration.

For more information on the Governor's proposed FY2025 budget, please see the [Budget-in Brief online](https://urldefense.com/v3/https://t.e2ma.net/click/fx8i9k/7ys5259b/jsjr07_!!J30X0ZrnC1oQtba!K5XAm_HdII9I1-luCaKyp_2j5v6vykxOo3oBjGsevZUrUH4ddq2ta8vvS1wylE6T46-TTdKgs8cG1YzvOx9e97me$) ([https://urldefense.com/v3/https://t.e2ma.net/click/fx8i9k/7ys5259b/jsjr07_!!J30X0ZrnC1oQtba!K5XAm_HdII9I1-luCaKyp_2j5v6vykxOo3oBjGsevZUrUH4ddq2ta8vvS1wylE6T46-TTdKgs8cG1YzvOx9e97me\\$](https://urldefense.com/v3/https://t.e2ma.net/click/fx8i9k/7ys5259b/jsjr07_!!J30X0ZrnC1oQtba!K5XAm_HdII9I1-luCaKyp_2j5v6vykxOo3oBjGsevZUrUH4ddq2ta8vvS1wylE6T46-TTdKgs8cG1YzvOx9e97me$)).

An additional one-page policy paper on the central commitments outlined in this budget proposal can be found online [here](https://urldefense.com/v3/https://t.e2ma.net/click/fx8i9k/7ys5259b/zkkr07_!!J30X0ZrnC1oQtba!K5XAm_HdII9I1-luCaKyp_2j5v6vykxOo3oBjGsevZUrUH4ddq2ta8vvS1wylE6T46-TTdKgs8cG1YzvO8G091aQ$) ([https://urldefense.com/v3/https://t.e2ma.net/click/fx8i9k/7ys5259b/zkkr07_!!J30X0ZrnC1oQtba!K5XAm_HdII9I1-luCaKyp_2j5v6vykxOo3oBjGsevZUrUH4ddq2ta8vvS1wylE6T46-TTdKgs8cG1YzvO8G091aQ\\$](https://urldefense.com/v3/https://t.e2ma.net/click/fx8i9k/7ys5259b/zkkr07_!!J30X0ZrnC1oQtba!K5XAm_HdII9I1-luCaKyp_2j5v6vykxOo3oBjGsevZUrUH4ddq2ta8vvS1wylE6T46-TTdKgs8cG1YzvO8G091aQ$)).

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