

## State of New Jersey

## Governor Phil Murphy

# Governor Murphy Presents Fiscal Year 2020 Budget: A Blueprint for the Middle Class

03/05/2019

*Budget Includes More than \$1.1 Billion in Sustainable Savings,  
Including Approximately \$800 Million in Health Care Savings*

*Through These Savings, Governor's Budget Makes Unprecedented Investments in the Middle Class, Including NJ TRANSIT, School Funding,  
and Property Tax Relief*

**TRENTON** – Governor Phil Murphy today presented his Fiscal Year 2020 (FY2020) budget – a plan to put New Jersey on a responsible path forward through over \$1.1 billion in sustainable savings and support for our middle class through targeted investments in NJ TRANSIT, school funding, social services, and property tax relief.

"This budget continues our work to invest in the single most consequential asset in New Jersey: our people," **said Governor Murphy**. "This budget produces sustainable savings totaling over \$1.1 billion, including approximately \$800 million in health care savings. These savings allow for unprecedented investment in our middle class through increased funding for NJ TRANSIT, a boost in school funding, and property tax relief through the Homestead Benefit Program."

"This year's budget is a blueprint for how we continue to build a more secure and inclusive middle class in New Jersey. It builds on the progress we've already made and makes real the promise of a stronger and fairer state that works for every New Jersey family."

The budget includes appropriations totaling \$38.6 billion, with a projected surplus of \$1.16 billion and projected savings of \$1.1 billion.

### **A BLUEPRINT FOR THE MIDDLE CLASS** **Generating Sustainable Savings**

Governor Murphy's budget identifies over \$1.1 billion in real and sustainable savings, including nearly \$800 million in public employee health benefit cost savings and over \$200 million in departmental savings.

#### *Delivering State Health Benefit Savings*

The Governor's budget contains roughly \$800 million in real and lasting savings in the delivery of public employee health care benefits in the coming fiscal year – a 16 percent year-over-year decrease from the current budget. These savings will be achieved through ongoing collaboration with our partners in labor, and protect their health care at significantly reduced costs for all taxpayers.

#### *Smarter Government*

Through the work of the Cabinet, the Administration has identified another \$200 million in departmental savings and efficiencies that will be applied to the budget.

### **Demonstrating Fiscal Stewardship**

Governor Murphy's budget will make New Jersey a state its residents can trust again by substantially reducing the State's reliance on political gimmicks, fund diversions, and one-time revenues. The FY2020 budget will achieve this through:

#### *A Stronger Surplus*

Governor Murphy's budget includes a \$1.16 billion surplus, a significant increase from the average \$419 million surplus under the previous administration.

#### *Significantly Cutting One-Shots*

The budget reduces one-shot revenues to just 1.7 percent of the total budget, a reduction of \$400 million from the current budget and half of the average of 3.4 percent under the previous administration.

#### *Reducing our Reliance on Fund Diversions*

The proposed budget will return over \$130 million to the Clean Energy and Affordable Housing Trust funds, which will increase fiscal transparency and allow these funds to support the critical purposes for which they were designed.

#### *Fulfilling Pension Commitments*

Governor Murphy will put nearly \$3.8 billion, including Lottery revenue contributions, toward pensions, which is an 18 percent increase over last year's contribution and the largest payment in state history.

### **Growing Our Investments**

Last year's budget saw historic investments in mass transit, education, workforce development, and the State's business climate, which furthered the Governor's vision of New Jersey becoming "the State of Innovation." The FY2020 budget will continue this progress by making investments in the following key areas:

#### *Continuing to Fix NJ TRANSIT*

The Governor's budget includes an additional \$100 million in General Fund support for NJ TRANSIT, for a total subsidy of \$407.5 million. Of this, \$75 million will replace diversions from other sources and \$25 million represents new direct funding. In addition, NJ TRANSIT will not raise commuter fares in FY2020.

#### *Pre-K to 12 Education*

The Governor's budget maintains the commitment to our kids and our public schools – starting with an additional \$206 million to continue our ramp-up to full K-to-12 formula funding, and \$68 million to not only maintain, but to further expand, pre-K. The budget also proposes \$2 million to continue the "Computer Science for All" initiative.

*Higher Education*

The Governor's budget proposes growing the Community College Opportunity Grant program by an additional \$33.5 million, allowing a total of 18,000 qualified students to attend community college tuition-free in the 2019-2020 academic year. The Governor's budget also includes \$20 million in new funds to pilot a new funding formula for public four-year institutions that rewards student completion and support for traditionally underserved populations. The budget further includes \$5 million more for Tuition Aid Grants, and an additional \$2.25 million to support the Educational Opportunity Fund, which is in its 50th year of supporting students from disadvantaged backgrounds.

*Reforming Incentive Programs to Better Spur Economic Growth*

As New Jersey looks toward a new economic reality, the Governor plans to transition New Jersey away from inefficient tax credits to smarter, focused, and capped programs targeting high-growth and high-wage sectors and fostering our state's start-up culture.

*Growing the Workforce New Jersey Needs*

The Governor's budget continues support for his New Jersey Apprenticeship Network, which seeks to make New Jersey a national leader for apprenticeship and pre-apprenticeship programs.

*Making New Jersey a Leader in Clean Energy*

The Governor's budget proposes returning over \$70 million to the Clean Energy Fund. With the new offshore wind tax credit and the Board of Public Utilities' unprecedented offshore wind solicitation, New Jersey is poised to lead this sector while fighting climate change.

**Ensuring Tax Fairness for the Middle Class**

Governor Murphy's budget seeks to ensure tax fairness for middle-class New Jersey families hit the hardest under the Trump administration's tax reforms. The Murphy administration will fight back against unfair federal tax policies and ask the wealthy to pay their fair share, so all New Jerseyans can share in future prosperity.

*Maintaining Homestead Property Tax Relief*

The budget includes nearly \$283 million in funding for Homestead Benefits, which will be used to lower property tax bills for hundreds of thousands of New Jersey homeowners.

*Applying the Highest Marginal Tax Rate to All Millionaires*

The Governor proposes applying the millionaire's tax enacted in FY 2019 to all millionaires. This expansion, which will impact more non-New Jersey residents than in-state residents, will allow greater investment in programs, including property tax relief, for the middle class.

*Expanding the EITC*

The budget increases the Earned Income Tax Credit for the second year of a three year phase-in, providing an additional \$30.2 million to match 39 percent of the federal benefit.

*Ensuring Corporate Responsibility*

The budget proposes a Corporate Responsibility Fee of \$150 per employee for large employers with more than 50 employees relying on Medicaid for health care. This fee will incentivize employers to provide benefits, and ensure that everyone pays their fair share for the Medicaid coverage that taxpayers support.

**Protecting Our Communities**

The Murphy administration is committed to building communities, protecting the most vulnerable, and ensuring that all segments of New Jersey's richly diverse populations share in the State's prosperity. Between a renewed focus on environmental preservation, revitalizing urban centers, tackling homelessness, and fighting back against the scourge of the opioid epidemic, the Governor's budget helps secure a more prosperous future for New Jersey families and communities.

*Fighting the Opioid Epidemic*

The Governor will again commit \$100 million to continue combatting our opioid epidemic through carefully designed programs and thoughtful, data-driven analysis to put resources where they are most needed. The Governor also proposes increasing fees on opioid drug distributors and manufacturers to support our fight against the opioid epidemic.

*Protecting Gains Made in Women's Health*

The budget will maintain support for women's health and family planning to continue the progress made in 2018, when restored funding saw the expansion of service hours to meet the needs of more than 10,000 additional patients and the filling of 40 critical staffing roles. Through this investment, more than 80,000 STD tests were provided free-of-charge, and more women gained access to long acting birth control.

*Ending the Affordable Housing Trust Fund Diversion*

The Governor's budget proposes fully eliminating diversions from the Affordable Housing Trust Fund and better addressing our state's housing crisis by restoring the \$59 million that had been diverted last year. A newly created Office of Homelessness Initiatives in the Department of Community Affairs will also serve as an interdepartmental hub to implement policies to prevent homelessness and expand access to housing options.

*Building Stronger Communities*

The Governor's budget proposes criminal justice system reforms, including the legalization of adult-use cannabis, and new initiatives to preserve open space and protect our environment.

The Governor has 110 days to work with the Legislature and enact the budget, per constitutional deadline.

Click here ([https://urldefense.proofpoint.com/v2/url?u=https-3A\\_\\_t.e2ma.net\\_click\\_fl7ldb\\_nrddit\\_zci8pg&d=DwMFaQ&c=4BTew-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwkt0jb4MHQ0EgF6v3M0zt3hszQvyU&m=HpKAtblzm949Akr8dTlBpcA10mp4EEVcrY6xWiXlgnw&s=PRsifR7oMxsvN8&e=](https://urldefense.proofpoint.com/v2/url?u=https-3A__t.e2ma.net_click_fl7ldb_nrddit_zci8pg&d=DwMFaQ&c=4BTew-1msHjOY4ITcFLmDM6JB8x6ZgbU2J24IH0HZLU&r=xF3DPDNEH8rwpTwkt0jb4MHQ0EgF6v3M0zt3hszQvyU&m=HpKAtblzm949Akr8dTlBpcA10mp4EEVcrY6xWiXlgnw&s=PRsifR7oMxsvN8&e=)) to read the full Fiscal Year 2020 Budget in Brief.

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