

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

GOVERNOR MURPHY INTRODUCES FIRST BUDGET, MOVING NEW JERSEY TOWARDS A STRONGER AND FAIRER FUTURE

Trenton – Governor Phil Murphy today presented his budget for fiscal year 2019 – a plan to promote critical priorities including education, mass transit, and tax fairness to make New Jersey stronger and fairer. The budget includes appropriations totaling \$37.4 billion and a projected surplus of \$743 million.

“This is a budget that is balanced both fiscally and morally,” **Governor Murphy said**. “Our constitution requires the former, but our conscience demands the latter. It is a budget that recognizes that we will not solve the problems facing our middle class, seniors, and working families with short-term fixes. It is a budget that puts New Jersey families ahead of the wealthy and special interests – and that recognizes that we cannot build a brighter future by acting timidly and thinking small.”

“Together we will build a stronger, fairer New Jersey that works for all our families,” **said Governor Murphy**. “Let’s prove to the people of New Jersey that government can be responsive, reliable, and effective.”

INVESTING IN NEW JERSEY’S FUTURE

Supporting All Students, Fully Funding Public Schools Under SFRA:

Governor Murphy’s budget provides \$14.9 billion, including pension contributions from the Lottery Enterprise Contribution Act, for pre-K through 12 public education and increases our current investment in formula aid and pre-K programs by \$341 million, including \$283.6 million in formula aid to school districts.

The budget is the start of a four-year incremental increase that will see public schools fully funded under the School Funding Reform Act (SFRA) formula. No school district or charter school will receive less funding than they did last year and 94% of districts will receive additional funding, enabling academic success without burdening local taxpayers.

Expanding Pre-K:

The Murphy Administration recognizes that providing our youngest learners with high-quality early education will have long-lasting benefits. The school budget appropriation builds on the \$25 million in new funding the Legislature ensured for this current year and includes \$57.6 million in new pre-K funding, the largest increase in over a decade, for a total investment of nearly \$83 million. This funding continues to support fiscal 2018 expansion districts and focuses additional resources on additional districts that can launch programs quickly and effectively. Under this budget, over 3,500 four-year-olds are expected to gain access to pre-K this year.

Making College Affordable:

Pursuing Tuition-Free Community College by 2021 –

The Governor’s budget will reduce the financial obstacles to earning an associate’s degree. Governor Murphy proposes a \$50 million additional investment to establish new assistance programs for recent high school graduates and adults who have yet to complete their degrees.

Starting in Spring 2019, nearly 15,000 more students from families with incomes below \$45,000 will be able to attend community college tuition-free. The budget provides a total of \$2.4 billion toward direct support of higher education and student financial aid programs.

Strengthening Student Aid –

Governor Murphy will strengthen Tuition Aid Grants (TAG) and the Educational Opportunity Fund (EOF). The additional funding will provide for approximately 3,500 new TAG awards and bolster support for the EOF program.

Expanding STEM Education:

The Governor proposes a \$2 million grant program to help high schools offer college-level Computer Science courses and to support teachers' professional development. The budget also provides start-up funding for STEM-focused high schools that allow students to earn advanced degrees while preparing them for high-skilled jobs. Further along the education continuum, New Jersey will launch a loan forgiveness program this year for STEM graduates who remain in the state.

DRIVING ECONOMIC GROWTH & ENSURING ALL NEW JERSEYANS BENEFIT

Investing in NJ Transit and State Infrastructure:

Governor Murphy's budget nearly triples funding for NJ Transit, appropriating an additional \$242 million to support light rail, rail, and bus operations, and help fill staffing gaps. The additional funding represents a 172% increase over last year and is the largest State appropriation to NJ Transit in state history. This level of funding is more than four times the average annual subsidy during Governor Christie's final term. Governor Murphy's budget also allocates \$2 billion to the state Transportation Capital Program to perform infrastructure repairs and improvements across New Jersey.

Raising the Minimum Wage:

This budget plans for a four-year phase-in to a \$15 minimum wage, including an increase to \$11 per hour in fiscal 2019. When fully phased-in, raising the minimum wage to \$15 an hour will boost the incomes of 1.2 million New Jerseyans.

Increasing the Earned Income Tax Credit (EITC):

Working families will benefit from Governor Murphy's budget through an increase to the Earned Income Tax Credit (EITC). The budget allots an additional \$27.2 million to the EITC this year, a change that will help over 510,000 low-income families. Over time, the State will provide eligible families with 40 percent of the federal credit for an average benefit of over \$1,160.

Creating a Child and Dependent Care Tax Credit:

Too many New Jersey families struggle with balancing work and caring for their loved ones. Governor Murphy proposes a new tax credit tied to the federal program to help over 70,000 New Jerseyans. It will provide families earning less than \$60,000 with assistance to support the care of a child or other dependent when necessary for the taxpayer's employment.

Increasing the Property Tax Deduction:

Governor Murphy supports bipartisan legislation to raise the property tax deduction from State income taxes to \$15,000. This will benefit over 500,000 taxpayers across the State. Nearly half of the budget, almost \$17 billion, is allocated to direct and indirect property tax relief programs.

Reinvigorating the Workforce Development Partnership Program (WDPP):

The Department of Labor and Workforce Development will use over \$30 million of current WDPP funds to create the New Jersey Career Network, revamp apprenticeship and on-the-job-training options, and upgrade current workers' skills.

HONESTLY MEETING OUR OBLIGATIONS

Funding State Pensions:

The budget continues on the path to fully funding the State's pension system. Including funding from the Lottery Enterprise Contribution Act, fiscal year 2019 contributions will total \$3.2 billion, more than the entire first term of the previous administration and a 28 percent increase from last year.

Promoting Tax Fairness:

Millionaire's Tax –

Governor Murphy's budget includes a millionaire's tax, so that all New Jerseyans pay a fair share of revenues. Establishing a millionaire's tax will generate \$765 million in additional gross income tax revenue in fiscal year 2019.

Closing Carried Interest Loophole –

The budget proposes a fee on carried interest to end an unjust advantage for Wall Street earnings, generating a projected \$100 million in revenue.

Modernizing the Corporate Business Tax –

The budget proposes a new business tax model that will close loopholes and benefit small businesses through a fairer system based on combined reporting.

Stabilizing Revenues –

This budget restores the sales tax to seven percent, generating an estimated \$581 million in revenue and stabilizing the General Fund.

AFFIRMING NEW JERSEY VALUES

Legalizing and Taxing Marijuana:

The Administration plans to legalize adult-use marijuana by January 1, 2019 to help end the cycle of non-violent, low-level drug offenses holding individuals back. Legalizing marijuana will generate an estimated \$80 million in revenue for this year.

Addressing the Opioid Epidemic:

Overdose deaths surged in New Jersey last year, and over 2,200 of our residents died between 2016 and 2017. The Governor is committing to spend \$100 million on a coordinated strategy that prioritizes data-driven policy and integrated behavioral care, as well as addressing social risk factors including unemployment and homelessness.

Restoring Funding for Women's Health Care:

Last month, Governor Murphy signed his first piece of legislation, restoring \$7.5 million in funding for women's health care. Funding for these programs will be continued in the Governor's fiscal 2019 budget.

Confronting Gun Violence:

New Jersey will establish the Center on Gun Violence Research to provide deeply needed research on this public health problem.

Restoring Environmental Programs:

The budget begins restoring clean energy spending by reallocating an existing \$5 million from the Clean Energy Fund to the Energy Savings Improvement Program (ESIP) to drive important energy efficiency projects in state government.

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

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