Building on Our Progress
Governor Murphy's FY2021 budget builds upon the progress made by the Administration in the first two years to support New Jersey's middle class. The Governor's proposed budget makes significant investments in property tax relief, health care, education, NJ TRANSIT, and supports the Governor's long-standing goals for a stronger, fairer New Jersey. His FY2021 budget will advance an ambitious agenda that makes New Jersey more affordable for the middle class, restores fiscal responsibility, grows our economy, and pushes New Jersey toward a more progressive future.

Maintaining Fiscal Responsibility
Governor Murphy's budget continues to strengthen the State's fiscal standing by working with the Legislature and partners in labor to pursue savings and restore faith in our pension system, while also reducing non-recurring revenue to 0.8 percent of the budget. The FY2021 budget includes nearly $400 million in departmental savings and approximately $174 million in proposed health benefits savings.

- **Building Up Our Surplus:** The Governor's budget includes another deposit into the Surplus Revenue Fund, or rainy day fund, which represents the first time in two decades that deposits have been made in consecutive years. The budget's projected total surplus, including the rainy day fund, is $1.6 billion, or four percent of total appropriations.

- **Restoring Faith in Our Pension System:** In FY2021, Governor Murphy proposes making a $4.6 billion pension payment, a nearly 13 percent increase over FY2020. This contribution is supplemented by an additional $279 million payment in FY2020. By his third year, Governor Murphy's cumulative contributions to the pension systems will exceed total contributions from any other Governor in New Jersey history.

Improving Affordability and Stabilizing Property Taxes
Governor Murphy's budget continues to tackle New Jersey's high property taxes through additional funding for public education, support for shared services, and health benefits reforms. The budget supports over $1.26 billion in direct property tax relief, which includes $276 million for the Homestead Benefit and the increased property cap deduction and Senior Freeze eligibility. The FY2021 budget will continue this progress by:

- **Strengthening Public Education:** The FY2021 budget includes an additional $336.5 million for K-12 education formula aid and an additional $83 million to maintain and expand preschool education. The budget also includes $50 million in Stabilization Aid, which will provide one-time assistance for districts facing fiscal challenges. The Governor's FY2021 budget introduces the Garden State Guarantee, which will add over $50 million of new funds to the outcomes-based funding formula so that four-year public colleges and universities can follow New Jersey's community colleges and provide two years of free tuition to students with household incomes of less than $65,000. This initiative will build on the success of the Governor's Community College Opportunity Grants, which will continue to enable thousands of residents to attend community colleges tuition-free.

- **Supporting Local Governments:** Governor Murphy's FY2021 budget furthers his commitment to achieving property tax savings through innovative shared services efforts. The proposed budget includes nearly $20 million to maintain the Local Efficiency Achievement Program, begin funding upgrades and consolidation of public safety access points, and restore funding for Open Space Payments in Lieu of Taxes, all of which will ultimately decrease costs for municipal governments. The budget also continues last year's efforts to lower public health care expenses—which has led to rate decreases of at least four percent for participating municipalities and school districts—and invests at least $60 million from the Affordable Housing Trust Fund to support municipalities' financial obligations to develop affordable housing.

- **Lowering the Cost of Health Care:** The Governor's budget funds the new Office of Health Care Affordability and Transparency, which will advance strategies to help consumers and create health care savings. The Office will support the Governor's proposal to raise the income threshold by $10,000 for the Pharmaceutical Assistance to the Aged and Disabled and Senior Gold programs, which will benefit over 21,000 seniors.

- **Applying the Highest Marginal Tax Rate to All Millionaires:** The Governor proposes applying the millionaire's tax enacted in FY2019 to all income above $1 million, not just income over $5 million. This expansion, which will impact more non-New Jersey residents than in-state residents, is necessary to enable greater investment in programs, including property tax relief, for the middle class.
Growing Our Economy
Governor Murphy's budget makes historic investments in workforce development, mass transit, water infrastructure, and innovation to grow New Jersey's economy. The budget further advances the Governor's forward-looking economic agenda in several key areas, including:

- **Preparing a World-Class Workforce:** The Department of Labor will allocate over $20 million to advance the Governor's Jobs NJ plan. These funds will support apprenticeships, paid internships, incumbent career training, and targeted solutions for businesses facing talent challenges.

- **Supporting Our Business Community:** To build on the success of Business First Stop, the Governor’s budget will support a permit modernization project to make State requirements more efficient and transparent. The budget will also triple support for the Commission on Science, Innovation and Technology to advance collaborations between industry and academia.

- **Fast-Tracking NJ TRANSIT Improvements:** The budget includes a General Fund subsidy of nearly $600 million, which is a $132 million increase over FY2020, to support the agency’s daily operations while allowing for bus and rail enhancements, new hiring, and a Battery Electric Bus program that advances the State’s clean energy goals. If the Governor’s proposals are enacted, NJ TRANSIT will run for its third consecutive year under Governor Murphy without a fare increase.

- **Sparking Clean Energy Opportunities:** Governor Murphy proposes a $263 million investment into the Clean Energy Fund for Clean Energy programs, compared to an average of $177 million under the Christie Administration. In addition to supporting energy efficiency programs and $30 million worth of electric vehicle rebates, the Clean Energy Fund will also support the launch of a Green Bank and clean tech incubators.

- **Facilitating Sustainable Development:** The Governor’s budget proposes an $80 million appropriation to the Drinking Water Program as a first step of the Administration’s plan to ensure safe and modern water infrastructure.

Investing In Our Future
Governor Murphy’s budget continues to make New Jersey a national leader in progressive policies and investments in our shared future. The budget invests in health care initiatives, support for working families, strategies to combat the opioid epidemic, and criminal justice reform.

- **Defending Women's Health Care and Family Planning Services:** The Governor’s budget proposes nearly $20 million for family planning services in FY2021, restoring funds cut by the Christie Administration and replacing federal funding threatened by the Trump Administration. This budget also advances the First Lady's Nurture NJ program to ensure more equitable maternal and infant care and outcomes.

- **Fighting the Opioid Epidemic:** In FY2021, the Governor’s budget will maintain its $100 million commitment, through over 30 programs across eight state agencies, to continue fighting our opioid epidemic through carefully designed programs and thoughtful, data-driven analysis to put resources where they are needed most.

- **Reducing Environmental Harms:** As part of the Governor's Statewide Plan to Address Lead Exposure, the budget invests in data infrastructure and outreach to prevent childhood lead poisoning. It also provides funds for preschool facility lead remediation. The Clean Energy Fund will support a Whole House pilot, which provides holistic energy-efficiency and health-related interventions for low-income residents. The budget also provides grant funding and staff to reduce the prevalence of harmful algal blooms to protect public health and local economies.

- **Addressing Mental Health Needs:** Governor Murphy’s budget invests at least $45 million in the Children's System of Care to rebalance out of home and in-community service rates for the first time in 15 years so that we can better serve children with emotional and behavioral health care needs.

- **Expanding Poverty Relief:** The FY2021 budget follows through on the Governor’s commitment to increase the Earned Income Tax Credit (EITC) to 40 percent and proposes expanding EITC age eligibility from 25 to 21 to assist tens of thousands more young adults. The budget also enables counties to operationalize Code Blue programs so they can help homeless residents obtain shelter.

- **Leading on Criminal Justice Reform:** After signing landmark bills this year to reform our criminal justice system for both minors and adults, the budget includes almost $30 million in implementation funds for Earn Your Way Out and Hepatitis C treatment, as well as new funds for transitional housing and job training.