



GOVERNOR MURPHY'S PROPOSED FISCAL YEAR 2026 BUDGET STRONGER, FAIRER, AND MORE PREPARED FOR THE FUTURE

Governor Murphy's proposed Fiscal Year 2026 (FY2026) budget makes strategic investments to strengthen the economic security of every New Jerseyan while ensuring responsible spending. The proposed FY2026 budget continues to support our most vulnerable communities by investing in public schools, advancing workforce development, and upholding the fundamental rights of every New Jerseyan. Key proposals are described below.

INCREASING AFFORDABILITY AND ECONOMIC SECURITY

Governor Murphy remains committed to making the Garden State more affordable for families and bolstering its status as the best place to live, work, raise a family, and retire. With the FY2026 budget proposal, the Governor:

- **CONTINUES FIRST-TIME HOMEBUYER DOWN PAYMENT ASSISTANCE:** Allocates \$40 million to the Housing Mortgage and Finance Agency's Down Payment Assistance program, which supports eligible first-time and first-generation homebuyers
- **PROVIDES HISTORIC DIRECT PROPERTY TAX RELIEF:** Provides nearly \$4.3 billion in direct property tax relief, including the ANCHOR Property Tax Relief program that will benefit over two million homeowners and renters
- **CONTINUES EXPANDED HEALTH INSURANCE COVERAGE FOR CHILDREN:** Provides coverage for up to 867,000 children through Cover All Kids and NJ Family Care
- **SUPPORTS FAMILIES:** Builds on the success of First Lady Tammy Murphy's Nurture NJ initiative by providing \$10 million to ensure State employees can take parental leave with full pay, and introduces new sales tax exemptions for baby items, including cribs, car seats, nursing bottles, and strollers
- **IMPROVES MATERNAL AND INFANT HEALTH:** Continues to make New Jersey the safest and most equitable place in the nation to deliver and raise a baby by providing \$3.2 million for the newly created Maternal and Infant Health Innovation Authority, the nation's first and only government agency dedicated to the wellbeing of mothers and babies
- **EXPANDS POSTPARTUM CARE:** Provides nearly \$36 million to expand and maintain Family Connects NJ, the nation's most robust universal home visitation program which allows every new mother the opportunity to be visited in her home by a nurse for free within weeks of bringing home a baby
- **STRENGTHENS FOOD SECURITY:** Maintains a monthly minimum of \$95 in SNAP benefits for 40,000 households and provides \$85 million in aid to the State's food banks and emergency feeding organizations
- **LOWERS COSTS FOR SENIORS AND INDIVIDUALS WITH DISABILITIES:** Allocates \$61.2 million for the Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold prescription discount programs

SUPPORTING THE NEXT GENERATION OF NEW JERSEYANS

The FY2026 budget builds upon the Murphy Administration's historic investments in New Jersey's best-in-the-nation public education system. New Jersey fully funded its school funding formula for the first time in FY2025 and this budget provides a record breaking \$12.1 billion in K-12 school aid. Additionally, the FY2026 budget upholds the State's commitment to defending the fundamental rights of every New Jerseyan, from civil rights to voting rights, and every right in between. This proposed budget:

- **EXPANDS UNIVERSAL PRE-K:** Advances the goal of making free, universal pre-K a reality in every community by providing \$1.3 billion for Preschool Education Aid, and supports legislation to require every school district to provide full-day kindergarten
- **BOOSTS ACADEMIC SUPPORT FOR STUDENTS:** Helps school districts provide high-impact tutoring to students in need of extra academic support with \$7.5 million in new grant funding
- **PROTECTS REPRODUCTIVE RIGHTS:** Provides the single-largest investment in protecting reproductive rights in New Jersey's history with more than \$50 million for women's health care programs, family planning services, and the reproductive healthcare workforce
- **STRENGTHENS MENTAL HEALTH CRISIS RESPONSE:** Supports the Alternative Responses to Reduce Instances of Violence and Escalation (ARRIVE) Together program with approximately \$20 million, pairing police officers with mental health professionals during mental health crisis responses



PROMOTING FISCAL RESPONSIBILITY

Governor Murphy remains focused on restoring fiscal health, which has resulted in seven credit rating upgrades from the major bond rating agencies since March 2022, saving the State hundreds of millions of dollars over time and putting money back into the pockets of our workforce and communities. To continue this work, the FY2026 budget proposal:

- **FULLY FUNDS THE PENSION SYSTEM:** Makes the full payment into New Jersey's pension system for the fifth year in a row, increasing the State's financial stability and ensuring public servants can retire in dignity
- **BUILDS A STRONGER FISCAL FOUNDATION:** Proposes a budget surplus of over \$6.3 billion, ensuring that the next Governor will inherit a surplus more than 15 times greater than what the Murphy Administration inherited
- **ALLOCATES DEDICATED FUNDING FOR NJ TRANSIT:** Provides \$815 million in dedicated funding from the Corporate Transit Fee to NJ TRANSIT and moves forward in fully modernizing NJ TRANSIT by beginning to replace every outdated rail car and bus in the agency's fleet
- **ADVANCES CRIMINAL JUSTICE REFORM:** Reforms the State's technical parole violation and revocation process, potentially allowing for the eventual closure of East Jersey State Prison. This would not only save taxpayers an estimated \$30 million in FY2026 and an additional \$20 million in FY2027, but would also strengthen and support communities by reducing unnecessary incarceration, keeping families together, and protecting public safety

BUILDING NEW JERSEY'S FUTURE

Over the past seven years, the Murphy Administration has made monumental progress in securing new rights for every worker and positioning New Jersey as a leader in industries of the future. New Jersey has emerged as a global hub for biotech, fintech, film and television production, clean energy, generative AI, and more. This work has recruited industry leaders like Nokia and Netflix and was instrumental in the selection of New Jersey as the host site of multiple FIFA World Cup™ 2026 matches, including the World Cup final, at MetLife Stadium. The FY2026 budget proposal:

- **DRIVES ECONOMIC GROWTH AND INNOVATION:** Provides \$20 million in additional funding to attract innovative businesses and talented workers to New Jersey through Strategic Innovation Centers, the State's flagship program to cement New Jersey's leadership in the industries of tomorrow
- **DIRECTS CANNABIS REVENUE TO SUPPORT VULNERABLE COMMUNITIES:** Builds upon the ongoing success of New Jersey's cannabis market, which has generated billions of dollars in sales since 2022, to invest tax revenue into programs like community-based violence intervention
- **SUPPORTS SMALL BUSINESSES:** Provides \$9 million in state funding for ongoing direct support to small businesses through the Main Street Recovery Fund, which has received nearly \$242 million since FY2021
- **BUILDS A WORKFORCE FOR THE FUTURE:** Continues establishing a national model for workforce development, ensuring that by the end of 2025 the Administration will have invested nearly \$100 million into expanding apprenticeship, pre-apprenticeship, and other vocational programs to connect New Jerseyans with family-supporting job opportunities
- **ACCELERATES THE CLEAN ENERGY TRANSITION:** Moves closer to the State's nation-leading goal of 100% clean electricity by 2035 by supporting the Clean Energy Program with \$274 million
- **INVESTS IN A CLIMATE-CONSCIOUS FUTURE:** Invests nearly \$350 million into energy efficiency, clean energy, and decarbonization projects through funds provided by the nation's biggest power plants and polluters through the Regional Greenhouse Gas Initiative