Governor Phil Murphy
FISCAL YEAR 2026 BUDGET ADDRESS

Total Appropriations: $58.8 billion | Projected Surplus: $6.7 billion

The Fiscal Year 2026 budget makes strategic investments that strengthen the economic security of every New Jerseyan and upholds our obligations to the people of New Jersey by making our fifth consecutive full payment to the State's public pension systems and public education system, while also spending responsibly and building a robust foundation for New Jersey's economic future.

Fiscal Responsibility: Leaving New Jersey Better Than We Found It

The Murphy Administration has taken historic strides in restoring fiscal responsibility and, with the FY2026 Budget, will preserve funding to shore up New Jersey's finances and accelerate key projects. This budget invests in financial stability, including:

- **A more than $6.7 billion budget surplus to ensure that the next Governor will inherit a surplus more than 16 times greater than that which the Murphy Administration inherited;**
- **$788.6 million in funding from the Corporate Transit Fee dedicated to supporting NJ TRANSIT and fully modernizing the nation's third-largest mass transit system by replacing every outdated rail car and bus in the agency's fleet;**
- **Providing $1.233 billion for critical investments in State, local highway, and bridge projects, and another $767 million for NJ TRANSIT capital projects;**
- **Making the full payment into New Jersey's pension systems for the fifth straight year, increasing the State's financial stability and ensuring our public servants can retire in dignity; and**
- **Making several tax policy changes, including increases for the highest tier of realty transfer fees, sports betting, and cigarettes and vaping, as well as a new exemption for small business investment and reforms to the Angel Investor Tax Credit.**

Affordability and Economic Security

The Murphy Administration's final budget advances the Governor's commitment to making New Jersey more affordable for more families by delivering record-high tax relief, lowering costs for necessities like health care and housing, and creating a new generation of economic opportunities in every community. The FY2026 Budget will invest in:

- Providing $28.5 billion in direct and indirect property tax relief, including nearly $4.3 billion in direct property tax relief;
- Supporting over two million homeowners and renters through the ANCHOR program and over 235,000 seniors through Senior Freeze;
- Implementing the Stay NJ program to make it easier for 432,000 senior citizens to remain in New Jersey;
- Continuing to support aspiring first-time and first-generation homeowners with $40 million more for the Housing and Mortgage Finance Agency's Down Payment Assistance Program;
- Building 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, while caring for a newborn;
- Lowering costs for new parents with nearly $36 million to expand Family Connects NJ, which provides free home visitations to postpartum mothers and newborns;
- Providing continued funding for Cover All Kids and NJ FamilyCare, which is projected to provide free health insurance to up to 867,000 children; and
- Providing $30 million to maintain a minimum monthly $95 in SNAP benefits for 40,000 households and $85 million for aid to the state's food banks and emergency feeding organizations.

Supporting the Next Generation of New Jerseyans

In FY2026, the budget builds upon historic investments in New Jersey's best-in-the-nation public education system, ensuring the state remains the best place to raise a family and upholding its commitment to defending the fundamental rights of every New Jerseyan — from civil rights, to voting rights, to LGBTQ+ rights, to reproductive rights, to every right in between. These investments include:

- Fully funding New Jersey's schools through the School Funding Reform Act (SFRA), for the second year in a row, with an additional $386 million in aid for FY2026, the largest school aid contribution in state history;
- Easing volatility in the school funding process by limiting the year-over-year increase or decrease that any school district will receive in State funding;
- Moving forward in making free, universal pre-K a reality in every community, including $34.6 million in new funding, with $10 million to expand programs into new districts;

- Providing $3 million in incentive grants to school districts interested in transitioning to phone-free learning environments to support the academic success and mental well-being of students;
- Delivering $7.5 million in new grant funding to help school districts provide high-impact tutoring to students in need of extra academic support;
- Launching a new OB/GYN incentive program to attract reproductive health care providers from other states to bolster the state's health care workforce and protect health care heroes from being targeted by anti-choice policies in red states;
- Providing the single-largest investment into protecting reproductive rights in New Jersey's history, with more than $50 million for women's health care programs (in addition to those covered by State-sponsored insurance programs) to provide safety net family planning services, upgrade family planning facilities to serve more patients and grow the reproductive health care workforce;
- Providing $5.2 million for the newly created Maternal and Infant Health Innovation Authority;
- Building upon a statewide system of mental health resources and services with $43 million for the NJ Statewide Student Support Services (NJ4S) network;
- Maintaining the Alternative Responses to Reduce Instances of Violence and Escalation (ARRIVE) Together program with approximately $20 million, which partners police officers with mental health professionals when responding to a person who is experiencing a mental health crisis; and
- Providing over $3.6 billion in direct subsidies for hospitals, an increase of more than $2.9 billion since Governor Murphy took office.

Building New Jersey's Economic Future

The Murphy Administration has made monumental progress in securing new rights for every worker and positioning the people of New Jersey to lead the industries of the future. Over the past seven years, the state has emerged as a global leader in a number of emerging industries, including biotech, fintech, filmmaking and television production, clean energy, generative AI, and more. The FY2026 budget will continue securing New Jersey's economic future with a number of investments, including:

- Ensuring stability and future success for New Jersey's institutions of higher education by providing $755.2 million in institutional support for State colleges and universities, as well as $169.1 million for county colleges and $8.6 million for independent institutions of higher education in New Jersey. This totals $932.9 million, a nearly 50% increase over the $629.6 million in funding provided in FY2018;
- Providing $250 million in bonding for capital grants to higher education institutions, building on the $400 million in capital grants announced in 2023;
- Setting aside $222 million from the Debt Defeasance and Prevention Fund for a critical investment in the construction of a new correctional facility to replace the Edna Mahan Correctional Facility for Women;
- Building upon the success of the Cannabis Regulatory Commission, which has overseen billions of dollars of legal cannabis sales, including more than $1 billion in 2024 alone –sales are expected to produce $83 million in tax and fee revenues in FY2025 and another $96 million in FY2026;
- Growing the state's filmmaking and television production sector, which generated more than $700 million in economic activity for in the state in 2023, growing more than tenfold since 2017;
- Super-charging New Jersey's leadership in advanced manufacturing and working to introduce a new tax credit that will attract companies around the globe to manufacture next-generation products in New Jersey;
- Doubling funding for the Office of New Americans to help risk-takers and innovators from around the world contribute to New Jersey's economic future;
- Continuing to establish 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;
- Demonstrating the Administration's effective enforcement of more than 40 new and strengthened worker protection laws enacted since the Governor took office; and
- Investing nearly $350 million of Regional Greenhouse Gas Initiative (RGGI) revenue – provided by the nation's biggest power plants and polluters – into energy efficiency, clean energy, ratepayer relief, and decarbonization projects.