

State of New Jersey

The Governor's FY2026 Budget Detailed Budget



Philip D. Murphy, Governor
Tahesha L. Way, Lt. Governor

Elizabeth Maher Muoio
State Treasurer

Tariq S. Shabazz
Acting Director

Carisa M. Marone
Associate Director

Jenna C. Rodriguez
Assistant Director

Hannah R. Good
Deputy Director

Gina M. Quinn
Assistant Director

Office of Management and Budget
March 2025

This document is available via the Internet at <http://www.nj.gov/treasury/omb/>

Office of Management and Budget

February 25, 2025

This document is available via the Internet at <http://www.nj.gov/treasury/omb/>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of New Jersey

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morill

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **State of New Jersey, New Jersey**, for its Annual Budget for the fiscal year beginning **July 01, 2024**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

TABLE OF CONTENTS

	Page
Governor's Message	i
General Information:	
Organization of New Jersey State Government	A-1
Glossary of Budget Terms	A-2
State Budget Process	A-5
State Financial Policies	A-6
How the Budget is Organized	A-7
Summaries of Appropriations:	
Budget in Brief	B-1
Resources and Recommendations for Fiscal Year 2026 - All State Funds	B-2
Table I: Summary of Fiscal Year 2025-2026 Appropriation Recommendations	B-3
Table II: Summary of Appropriation Recommendations by Fund and Major Spending Category	B-3
Table III: Summary of Appropriations by Organization	B-4
Dedicated Funds: Summary of Appropriations by Department	B-9
Summaries of Revenues, Expenditures and Fund Balances:	
Summary of All Funds and Fund Balances	C-1
Schedule I: State Revenues	C-3
Schedule II: Other Revenues (Dedicated, Federal, Revolving, STF)	C-9
Schedule III: Expenditures Budgeted	C-27
Schedule IV: Expenditures Not Budgeted	C-29
Revenues, Expenditures and Fund Balances - General State Funds	C-30
Estimated Revenues, Expenditures and Undesignated Fund Balances - Budgeted State Funds	C-32
Combined Summary - All Funds	C-33
Department and Branch Recommendations:	
Legislature	D-1
Chief Executive	D-9
Agriculture	D-13
Banking and Insurance	D-23
Children and Families	D-31
Community Affairs	D-43
Corrections	D-83
Education	D-101
Environmental Protection	D-133
Health	D-165
Human Services	D-195
Labor and Workforce Development	D-257
Law and Public Safety	D-279
Military and Veterans' Affairs	D-313
State	D-327
Transportation	D-367
Treasury	D-389
Miscellaneous Commissions	D-441
Interdepartmental Accounts	D-445
The Judiciary	D-463
Capital Construction and Debt Service:	
Capital Construction	E-1
Debt Service	E-2
Language Provisions:	
Federal Provisions	F-1
General Provisions	F-3
Revolving Funds	G-1

TABLE OF CONTENTS

	Page
Appendices:	
State Aid for Local School Districts	H-1
Property Tax Relief	H-2
Casino Revenue Fund	H-3
911 System and Emergency Response Fee	H-5
New Jersey Transportation Capital Plan	H-6
Statement of General Long-Term Debt	H-7
State Appropriations Limitation Act (CAP Law)	H-8
Debt Service Schedule	H-10
Health Care Subsidy Fund	H-11
Workforce Summary	H-12
State Funded Workforce	H-13
Non-State Funded Workforce	H-14
Supplementary Information: http://www.nj.gov/treasury/omb/publications/26budget/pdf/Other-Governmental-Funds-and-Proprietary-Funds.pdf	



Governor's Message

**PHILIP D. MURPHY
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE SECOND ANNUAL SESSION
OF THE TWO HUNDRED TWENTY-FIRST LEGISLATURE
February 25, 2025**

Lieutenant Governor Way.

Senate President Scutari. Assembly Speaker Coughlin.

Majority Leaders Ruiz and Greenwald. Minority Leaders Bucco and DiMaio. Members of the 221st Legislature, with special thanks to the bipartisan escort committee that walked me into this chamber.

Chief Justice Rabner and Judge Grant.

Members of the Cabinet. Senior staff.

Former Governors McGreevey and Corzine.

First Lady Tammy Murphy and two of our four children, Josh and Sam.

Distinguished faith leaders, members of the clergy, veterans, our brothers and sisters in organized labor, special guests, friends.

And my fellow New Jerseyans.

It has been the highest honor of my life to serve as your Governor.

Over the past seven-plus years — with the help of everyone in this chamber — we have begun building a New Jersey that is stronger, fairer, and more prepared for the future.

But though we have come far in this journey, let me be absolutely clear: We have not reached the finish line yet.

Because today, at a time when working families have been pummeled by rising prices, and the noise of chaos and confusion in Washington is louder than ever, the reality is: the working people who keep our state moving cannot afford to slow down.

And neither can we.

Because we need to keep fighting — with every fiber of our being — for our children, workers, parents, senior citizens, and every New Jerseyan who is struggling to get by.

So, as I declared last month, during my State of the State Address: I'm not done yet. And we're not done yet.

GOVERNOR'S MESSAGE

And as we join together, to run through the tape, over the final 329 days of our Administration, I am honored to present our budget proposal for the next fiscal year.

With this budget, we will continue making historic progress in meeting our sacred obligations to the people of New Jersey.

We will confront our state's greatest challenges — both honestly and responsibly.

We will defend the fundamental rights and freedoms of every New Jerseyan, from voting rights to LGBTQ+ rights to reproductive rights to every right in between.

And, with our Administration's final budget proposal, we will move forward in meeting our highest priority of all:

Delivering economic security and opportunity to every New Jerseyan.

And together, with the support of everyone in this chamber, we will leave our children a state that is better than we found it.

Now, to that last point, today, I also want to take the opportunity to spell out — in the clearest terms — the difference between fiscal responsibility and fiscal irresponsibility.

Because, for far too long, our state's families had been failed by the reckless and irresponsible decisions made by previous generations of leaders, on both sides of the aisle.

And those years of failed leadership have come at a big cost for our families.

So, as I take this podium — for my final Budget Address — I am going to explain exactly what the consequences of those failures are for working New Jerseyans.

And, I am also going to explain how our Administration has addressed — and will continue to address — those failures and how the next Governor can build upon the progress we have made, together.

As always, we need to level with the people of New Jersey.

Because you don't need to be a recovering banker to recognize that it costs a whole lot more to meet our obligations tomorrow than it does to face them head-on today.

And, as we all know well, right now, the single-biggest challenge facing the people of New Jersey is that the cost-of-living is way too high.

From the farms of Cumberland County to the streets of Jersey City, far too many New Jerseyans are living with deep uncertainty — and anxiety — about their economic future.

Whether it be the skyrocketing cost of eggs, or a housing market that is hotter than ever, our state's working- and middle-class families are worried — on a fundamental level — about being able to make their future in the Garden State.

And given the global economic disruptions — like inflation — that have battered the American people over the past few years, it's really no wonder that our working neighbors feel as if they have been forgotten by those of us in power.

So, to every New Jerseyan who shares these concerns, here is my message to you: Our Administration is going to spend every minute we have left fighting for you.

In every working family living paycheck-to-paycheck I see my own family.

I see my Mom and Dad, who worked themselves to the bone, every single day, to provide for our family.

Growing up, my parents earned just enough to get by and to ensure my siblings and I had a fair shot at a brighter future.

To me, that is the promise of the American Dream.

And it is the very same promise that our Administration has worked to make a reality for every family in New Jersey.

And, with our budget proposal, our Administration will continue delivering economic security and opportunity to every New Jerseyan by providing yet another round of record-high tax relief.

Over the past seven-plus years, and in partnership with Senate President Nick Scutari and Speaker of the General Assembly Craig Coughlin, we have delivered more property tax relief to the people of New Jersey than any Administration in history.

Just last year, the amount of property tax relief we provided to New Jerseyans — through the ANCHOR Program alone — was magnitudes higher than it was when I entered office.

And let me explain what this relief means in real terms.

Back in 2018, the average, eligible homeowner in New Jersey received \$246 in property tax relief.

This year, that average tax relief payment will be over \$1,500 — a more than 500% increase in just seven years.

And, in partnership with everyone in this chamber, we have also provided historic relief to our state's renters by restoring — for the first time in a very long time — property tax relief for tenants all across New Jersey.

But, beyond property taxes, we have also introduced new forms of relief, especially for our state's working parents.

GOVERNOR'S MESSAGE

One of those parents is with us today: Abigail Perez.

Abigail is a single parent, living in Union County with her four-year-old son. She also works as a Township Recreational Program Aide, a role through which she provides support to our state's senior citizens every day.

Last year, Abigail was one of 237,000 parents who received, on average, more than \$950 in direct relief through the new Child Tax Credit, which we created in 2022.

That is real relief for parents, like Abigail, so they can afford everything from new clothes to a crib.

And, on the topic of lowering costs for New Jersey's working parents, today, I am proud to announce that our budget will introduce a new sales tax exemption for cribs and other critical baby supplies to make life more affordable for more families.

So, altogether, we are providing record-high relief to New Jerseyans up and down our state — from tenants, to working parents, to senior citizens.

And with our budget, we are going to provide even more relief to our state's seniors through Speaker Craig Coughlin's Stay NJ program.

This program will provide hundreds of millions of dollars in relief to seniors all across New Jersey, so they can afford to remain in their homes and stay close to their kids and grandkids.

And while all of this is important progress, let's be honest: for many families, tax relief merely serves to offset the burden of rising costs.

Today, there are far too many New Jerseyans who are unable to save any money at the end of the month, which prevents them from investing in their family's future.

For that reason, our Administration has always embraced a comprehensive approach to strengthening the economic security of every New Jerseyan.

And our budget will continue making historic investments to help our neighbors save more of what they earn so they can worry less about affording necessities, such as health care.

I have said it before, and I will say it again: in the wealthiest nation in the world, nobody should ever have to worry about affording life-saving health care.

And our budget will continue making health care more affordable for more families by providing more than \$100 million to support Cover All Kids.

This program provides free health insurance to tens of thousands of children — so they can receive the care they need, when they need it.

And, even better — with our budget, we are going to lower costs, even further, for parents caring for a newborn.

Last year — as part of First Lady Tammy Murphy's Nurture NJ Initiative — we launched Family Connects NJ, the nation's most robust, free nurse home visitation program for new mothers and babies. No other state, in the nation, has a program like this.

And we have already provided thousands of in-home nurse visitations to families across our state, so we can catch complications early, and in the process, literally save lives.

And with our budget, we are going to invest many more millions into expanding Family Connects NJ, with the goal of helping every new parent receive in-home care, from a trained nurse, free of charge.

Taking this step is essential to ensuring that New Jersey remains the best place, anywhere in America, to raise a family.

And, as we work to retain that proud reputation, we are also moving forward in addressing one of the biggest drains on any family's budget: the skyrocketing cost of housing.

Just last year — with the help of Senator Troy Singleton, Assemblywoman Yvonne Lopez, and many of you in this chamber — I signed the most important affordable housing law that New Jersey has seen in more than 40 years.

And this year, we are going to build upon that accomplishment by reforming New Jersey's zoning and permitting laws, so we can make it easier to build new, affordable housing where it is needed most.

These legislative reforms are crucial to stabilizing the cost of housing in the years to come.

And, over the next year, our budget will help families save money on housing by, for instance, offering down payment assistance to first-generation homebuyers and building upon the tens of millions of dollars we've invested — through the Affordable Housing Trust Fund — into housing New Jerseyans up and down our state. From our elderly neighbors to our veterans.

With us today is Jim Sawn — who served our nation, in the Army, during the 1980s, and received numerous medals and ribbons for his courageous service.

Last year, Mr. Sawn moved into a new, affordable housing complex in Mountain Lakes, which was built — in part — through funding provided by the Department of Community Affairs.

We owe New Jerseyans like Mr. Sawn a debt of gratitude that we can never fully repay.

And, at bare minimum, we must ensure every veteran like him can keep a roof over their head, food on the table, and find a good-paying job to support their family.

One of our Administration's proudest accomplishments — over the past seven-plus years — has been creating a new generation of jobs for New Jerseyans.

GOVERNOR'S MESSAGE

I have always believed that every worker — no matter their prior experience or educational background — is entitled to a good-paying job that can support their family.

And that is an ideal we have not only supported with our words — but with our actions.

In fact — under the leadership of the Department of Labor and Workforce Development Commissioner Rob Asaro-Angelo — by the end of this year, our Administration will have invested nearly \$100 million into expanding apprenticeship, pre-apprenticeship, and other vocational programs all across New Jersey.

These programs are crucial to cultivating a new generation of trained professionals who can help grow our economy in the decades to come — from welders to mechanics to carpenters.

And, with us today is one of those professionals: Tina Pastorella, who lives in Hamilton, New Jersey.

Back in 2022, Tina enrolled in the Carpenters' Apprentice Ready Program, which helps aspiring carpenters — especially those from underrepresented backgrounds — to launch their careers.

And today, just a few years later, Tina now works in the field — every single day — as a member of Carpenters Local 254.

She even worked on the renovation of the rotunda, here in the State Capitol.

Workers like Tina are literally building the future of New Jersey.

And, it goes without saying: one of the most important investments we can make into New Jersey's future is supporting our children.

That is exactly why our Administration has made monumental investments into strengthening our best-in-the-nation public education system.

With every budget we have introduced, we have provided record-high funding for our K-12 schools.

And with our final budget, we will once again fully fund New Jersey's public education system.

And we are also going to reduce volatility in the school funding process by ensuring that no school district sees a steep reduction in state aid from one year to the next.

Altogether, our budget will provide the single-largest investment into New Jersey's public schools in history.

And, with this funding, we are not merely investing in the success of our state's students.

We are also helping every working parent save more of their money.

Because every additional dollar the state spends on public education is a dollar our families get to save in property taxes.

And our budget will help parents with young children save even more money by providing new funding to make free, full-day pre-K a reality in communities all across the Garden State.

Under our Administration, we have already created nearly 20,000 new classroom seats for our state's youngest learners.

This is our North Star. Because every child should be positioned for academic success, especially at the earliest stages of life.

And now, in our continued efforts to support the academic success — and the mental well-being — of our students, our budget will help support a new priority: working with districts across New Jersey to ban cellphones from our K-12 schools.

We are going to provide several million dollars to a group of school districts that are interested in making the switch to phone-free schools, so our students can remain focused on their studies, and our educators don't have to compete with TikTok for their attention.

We are joined, today, by a New Jerseyan who has been leading the charge for phone-free schools: Andrew Bell, the Superintendent of Woodbury City public schools, in Gloucester County.

Last year, Andrew and his colleagues decided to create a phone-free environment in Woodbury City Junior-Senior High School. And the benefits have been both swift and significant.

In Andrew's words: "teachers are ecstatic to have control of the classrooms back."

This is a win-win-win.

Getting cell phones out of schools helps educators, it helps parents, and most of all, it helps our kids.

So, from nurturing the growth and development of our students, to helping our senior citizens remain in their homes, our entire budget is centered around supporting New Jerseyans at every stage of life.

And, as part of this mission, our budget will also help strengthen the literal foundation on which every New Jerseyan relies: our infrastructure.

Since day one, our Administration has set out to build a world-class transportation system.

One that not only stands as the backbone of our nation's economy but, even more importantly, gets the people of New Jersey where they need to go — safely and on time.

But one of the biggest challenges facing our transportation system is meeting the needs of a growing population.

Last year, New Jersey emerged as the fastest-growing state in the Northeast and one of the top-10 fastest growing states in the entire country.

GOVERNOR'S MESSAGE

And while that is fantastic news for our state's economy, it also means that our public transit system is as busy as ever.

That is exactly why, over the past seven-plus years, our Administration has restored and dramatically increased funding for NJ TRANSIT.

Just last year, with the help of our federal partners, the amount of funding we provided to NJ TRANSIT for new capital projects was nearly double what it was when I first entered office.

This funding supports everything from building new bridges — like the Portal North Bridge, which will be a game-changer for tens of thousands of commuters — to rebuilding train stations and modernizing our fleet of rail cars and buses.

In fact, we have added more than 1,000 new buses to NJ TRANSIT's ranks in the past seven-plus years alone.

And now, with our proposed budget, we are going to move forward in fully modernizing NJ TRANSIT by providing funding to begin replacing every single outdated bus and rail car that remains in the agency's fleet.

Getting this done will make NJ TRANSIT more reliable and more accessible for every New Jerseyan.

And this investment, into strengthening the foundation of our transportation system, is just one example of how we are making it easier for New Jerseyans to live and work in our state.

Because when we talk about building a New Jersey that is brimming with opportunity, for all of our neighbors, we must always recognize our unique responsibility — as elected leaders — to strengthen New Jersey's fiscal foundation, as well.

One of my single-highest priorities, as Governor, has been restoring trust in Trenton's leadership.

And with every budget we have proposed, we have sought to make smart — and prudent — decisions today, so our taxpayers feel more economically secure tomorrow, and in the decades to come.

And our budget proposal for the next fiscal year is no different.

Thanks to the leadership of Treasurer Liz Muoio, and her entire team, we have crafted a proposal that meets all of our sacred obligations to the people of New Jersey — from providing record-high property tax relief to fully funding our public education system.

And, at the same time: we are also demonstrating restraint when it comes to spending taxpayer dollars.

In fact, our budget will largely cap all new discretionary spending.

Because if our state's working families are being forced to make hard decisions when it comes to cutting their costs, we — in state government — should hold ourselves to the same standard.

And that is exactly what our Administration has tried to do since Day One.

While we are honored to be home to the finest public sector workforce of any state in America, we have fewer state workers today than when we arrived over seven years ago.

And, in that same spirit, I am also proud to report that our budget will include a more than \$6.3 billion surplus, which will help guard us against unforeseen challenges, including the uncertainty that has swept over Washington.

When I entered office, we inherited a budget with a paltry \$400 million surplus.

But, with our final budget proposal, we are going to make sure we leave the next Governor a surplus that is more than 15 times greater.

And, just as having a large surplus is important, so, too, is narrowing New Jersey's structural deficit — which, put simply, is the gap between what we spend and what we take in.

Coming out of the pandemic — which clobbered every single state's economy, including ours — we made a conscious decision to increase spending and investments in order to jump-start our economy.

The good news is: that strategy worked. Today, New Jersey's economy is the envy of our region.

But now that the pandemic is behind us, we are fully committed to meaningfully shrinking the structural deficit.

Because, unlike Washington, which hasn't had a balanced budget since the 1990s, we cannot spend beyond our state's means indefinitely.

So, with this proposal, we are getting New Jersey's budget back on the road toward balance, so we can uphold our obligation to keep our fiscal house in the best shape possible.

Because, as always, we owe it to the people we serve to lead honestly and responsibly.

And that is precisely why, over the past seven-plus years, our Administration has been laser-focused on meeting our obligations to the people of New Jersey while also restoring trust in Trenton.

In the past three years alone, New Jersey has received seven credit rating upgrades after a generation of downgrades.

But, even more importantly: we have demonstrated that our state's leaders can meet our fiscal obligations without compromising on our moral obligations. And we are doing so once again.

Our budget will make the full payment into New Jersey's pension system for the fifth year in a row, so that every worker who has served our state can enjoy the dignified retirement they have earned.

GOVERNOR'S MESSAGE

Now, I know the concept of paying into our pension system may seem obvious.

But it turns out, it's not!

In fact, we are the first Administration — in 25 years — to restore full funding for New Jersey's pension system.

For year after year, our state's leaders abandoned this obligation because, simply put: it was the easy way out.

But the truth is: you can only kick the can down the road for so long.

Because sooner or later, you end up having to pay — and pay big.

And when it comes to our state, and — in particular — this budget, we now have to pay a multi-billion-dollar annual penalty for the irresponsible decisions made by previous generations.

What do I mean by that?

Well, if the state had made the full payment into our pension system, every year, over the past quarter-century, the cost of doing so, this year, would be roughly \$1 billion.

But, because we were stuck with yesterday's bar tab, it now costs us around \$7 billion, every year, to make the full payment into our pension system.

And yes, that should make every taxpayer in New Jersey see red.

Over the past five budgets alone, we have paid, in total, a \$30 billion penalty.

Think about that: \$30 billion is enough money to waive nearly every New Jerseyan's property taxes.

With \$30 billion, you could build 13 MetLife Stadiums back-to-back.

Or provide free health care to every child in New Jersey.

That is \$30 billion that should be going back into our hospitals, our schools, our public transit system.

But instead, we are literally paying the price for decades of short-term, sloppy, and selfish decision-making.

Well, we refuse to pass the buck any longer.

Because this is not about doing the right thing for the next election. It's about doing the right thing for the next generation.

And to those of you out there, who I know are going to criticize the size of our budget proposal, I ask you this:

What would you cut?

Because I, for one, refuse to sell off our children's future just to score a cheap headline.

I refuse to raise state taxes on the firefighter in Freehold, or the teacher in Teaneck.

I refuse to rip health care coverage away from our working families and children.

Or to starve NJ TRANSIT of the funding it needs to serve our commuters.

Or to defund Planned Parenthood, like the last Administration did.

And while, yes, every responsible budget, including this one, requires hard decisions — like scaling back programs that we would rather increase funding for — we can, and we must, make those decisions while also keeping our promises, whether it be making the full payment into our pension system or fully funding our public education system.

And I challenge the next Governor of New Jersey, no matter which party, to do their part to prioritize the future of our people instead of catering to the political interests of the present.

Because we work for the people of New Jersey.

And with this budget, and with every minute our Administration has left, we are going to continue working to strengthen our economy, lift up our families, and invest in our shared future.

Now, that last point is especially important, at this very moment, when many of our neighbors are worried about what the next few years may hold.

And they are not just worried about their economic future.

They are also worried about what is unfolding in our nation's capital.

So folks, please allow me to step back for just a minute to acknowledge: these are not normal times.

I think it's safe to say that we are facing more uncertainty — at the federal level — than at any other point in modern history.

And this uncertainty has a direct impact on all of us, and most importantly, the people of New Jersey.

We cannot negotiate this budget in a bubble.

And while I sincerely hope that the situation in Washington settles down, and that we — in turn — have a normal, healthy budget season over the next few months, that is by no means a guarantee.

There is a distinct possibility that we will, instead, need to pursue a “break the glass” strategy.

What that looks like, we cannot yet say. But we must acknowledge — and adapt to — this new reality.

Now, as I said last month: I have every intention of working — in good faith — with the Trump Administration to better the lives of the people we serve.

GOVERNOR'S MESSAGE

But, just as importantly, if this Administration tries to attack our most vulnerable neighbors: I will never back down from defending their rights and freedoms.

I will never back down from defending the members of our LGBTQ+ community — because their identities are not up for debate.

I will never back down from defending civil rights — or the rights of educators to teach the full truth of our history.

I will never back down from defending our immigrant families.

And by the way: I will also never back down from defending our police officers — like South River native Brian Sicknick — instead of pardoning the violent mob that assaulted them.

And I will certainly never back down from defending women — and protecting their access to reproductive health care, and especially, their right to an abortion.

Those folks in Washington can try and push their anti-choice agenda on us.

But as long as I am Governor: they will fail.

And with our budget, we are going to make the largest investment into protecting reproductive rights in our state's history by fully funding women's health care.

Since my first budget, we have quadrupled funding for reproductive health care services.

And our budget will build upon this progress by launching a new OB-GYN incentive program.

With this program, we are going to attract doctors and medical professionals from across the nation to come and join us in the Garden State.

Why?

Because, like every state in the nation, New Jersey is facing a looming shortage of reproductive health care providers.

And, with this investment, New Jersey will get ahead of that challenge by creating a new pipeline for these professionals.

But let me be clear: this is also about defending our New Jersey values.

Because if these health care heroes are going to be targeted by politicians elsewhere, we will always stand up for them and their ability to provide care.

My priority is ensuring that every woman can access the best possible health care, when they need it. Period.

And reproductive rights is just one of the fundamental rights that our budget will help protect.

We are also going to protect every New Jerseyan's fundamental right to safety by funding programs like ARRIVE Together and other initiatives that bring together members of law enforcement, health care professionals, and local leaders, so they can work hand-in-hand to keep our communities safe from threats like guns and violent crimes.

In recent years, these investments have helped save a historic number of lives from gun violence.

And now, our budget will continue supporting programs that help save lives from public safety threats as well as public health threats, like the disease of addiction.

Since 2022, as part of a series of groundbreaking legal settlements, New Jersey has received over \$1 billion from the bad actor companies that fueled the opioid crisis.

And last year, we invested over \$120 million of those settlement payments into treating substance use disorders.

And this strategy — of supporting our neighbors struggling with addiction, rather than throwing them behind bars — is working.

In fact, 2024 marked the second year in a row in which drug-related deaths in New Jersey have declined.

But we are far from declaring victory. Because any precious life lost to opioids is one too many.

That is why our budget will continue funding programs that help New Jerseyans struggling with addiction find their path to recovery.

And, in our ongoing efforts to protect the fundamental rights of every New Jerseyan, our budget will also help defend our most fundamental right as Americans: the right to vote.

Over the next year, we are going to work alongside Lieutenant Governor and Secretary of State Tahesha Way to continue protecting and expanding voting rights, with a particular focus on youth voting rights.

Our budget will provide grants to municipal leaders across New Jersey to create new opportunities for 16- and 17-year-olds to vote in local school board elections, just as they are already doing in our state's largest city, Newark.

Over the past year, I have been proud to help lead the charge for youth voting rights.

Because young Americans are the future of our country.

And, in a world as complicated as ours, they deserve the right to help shape that future.

And of course, that same ideal applies to every New Jerseyan, whether they are a high school student in Camden, a retiree in Cape May, or an immigrant small business owner in Cranford.

The fact is: We all have a role to play in building a better future for New Jersey.

GOVERNOR'S MESSAGE

And rather than succumbing to the politics of division and fear, we consider it an honor that generations of immigrants have chosen to pursue their American Dream, here in the Garden State.

And embracing New Jersey's long-standing reputation — as a melting pot state — is not merely about living up to our values.

Simply put: it is also a winning economic strategy.

Today, immigrant business owners operate nearly half of all of our state's Main Street businesses, and they employ tens of thousands of New Jerseyans.

One of those business owners is Albeiro Orozco, who is here with us today, along with his daughter, Kimberly.

35 years ago, Albeiro left Colombia to pursue his American Dream in Elizabeth, New Jersey, where he opened his first business: Brisas Restaurant.

But soon enough, his homemade empanadas — which are based on a secret, family recipe — became a hit.

And today, decades later, the Orozco family's empanadas are sold all across the country.

They are even the official empanada of the Red Bulls!

There are thousands of New Jerseyans — like Albeiro and Kimberly — who contribute to our economy, and our shared future, every single day.

And with our budget, we are going to ensure that New Jersey remains the State of Opportunity — for entrepreneurs and innovators from around the world — by doubling funding for the Office of New Americans.

This office — which is part of the Department of Human Services — offers educational programming, employment services, and other resources to help new Americans find their footing in the Garden State, so they can help grow our economy, just like Albeiro.

We all benefit when workers and entrepreneurs — of all backgrounds — are given the chance to chase their dreams.

Because this is not about giving any individual group an unfair advantage.

It is about leveling the playing field, so every New Jerseyan has a fair shot at a brighter future.

Over the past seven-plus years, we have taken tremendous strides in building a stronger and fairer economy for New Jerseyans of all backgrounds, especially the members of our Black and Latino communities.

In fact, since 2018, the number of Black-owned businesses in our state has nearly doubled. And we have seen more than 5,000 new Hispanic-owned businesses open their doors.

And, again — this is real, meaningful progress that benefits every New Jerseyan.

Because, with the help of each one of these businesses, we have built the strongest economy in our entire region.

And that growth has enabled us to reach a historic milestone.

As of last year, there are more people employed in New Jersey than ever before and there are more businesses in operation than ever before.

And now, it is incumbent on all of us — as elected leaders — to seize on this economic momentum and create a new generation of economic opportunities for everyone.

Now more than ever, we need to position New Jersey's students, workers, and innovators to outcompete anyone on the planet.

And that is precisely why one of the hallmarks of our Administration has been restoring New Jersey's reputation as a bedrock for revolutionary innovation.

Under the leadership of the New Jersey Economic Development Authority's CEO, Tim Sullivan, and his entire team, we have launched a suite of programs that are putting the workers of New Jersey at the forefront of tomorrow's economy.

And altogether, we have secured more than \$250 million in funding from our partners in the private sector to launch ten strategic innovation centers in a number of emerging industries, including biotech, fintech, generative AI, and more.

The impacts are many, but especially in igniting our start-up culture.

And remember, all it takes is one Microsoft or one Apple to completely change the game for our state's economy.

And though these investments will take years to bear fruit, the truth is, we have already seen ample evidence that our strategy — for reviving New Jersey's innovation economy — is paying off in a big way.

Consider the ascent of our adult-use cannabis industry, which simply did not exist — at least legally — before I entered office.

Just last year, our adult-use cannabis market surpassed \$1 billion in sales.

And the tax revenue we have generated from this sector is providing funding, in part, to support violence intervention programs across our state.

In other words: in just five years, cannabis has gone from destroying lives — in the form of excessive criminal sentences — to helping save lives.

And by way: this simply would not have been possible without the leadership of Senate President Nick Scutari.

And we are joined, today, by one entrepreneur who has helped cultivate our adult-use cannabis industry from the ground up: Tahir Johnson, the Owner and Founder of Simply Pure, a dispensary located right here in Trenton.

GOVERNOR'S MESSAGE

Today, Tahir employs a number of New Jerseyans who — like himself — were unjustly targeted in the War on Drugs.

And Tahir's story — and the story of this industry, more broadly — is a testament to our success in building a stronger and fairer New Jersey.

That success is also reflected in the fact that, in recent years, New Jersey has re-emerged as a global leader in film and television production.

And the resurgence of this industry has been both fast and astronomic.

Back in 2017, filmmaking and television production in New Jersey generated \$67 million in economic activity.

Now, that may sound good, but just six years later — in 2023 — this industry had grown more than ten times, generating more than \$700 million in economic activity for our state. And since then, that number has only grown.

Just last summer, New Jersey outperformed our biggest domestic competitors, like California and Georgia. And we are now entering 2025 as a top, global destination for filmmaking and television production.

You can even see our imprint on some of the most popular movies and TV shows of the last year — like the Bob Dylan biopic *A Complete Unknown* and the Apple TV series *Severance*.

And during this same period, New Jersey has also emerged as a global leader — and innovator — in the clean energy industries that will power our future.

Just last month, the Board of Public Utilities — led by its President Christine Guhl-Sadovy — announced that we have doubled our state's solar energy output since 2017 and that we have now installed enough solar panels to power 700,000 households with clean, affordable energy.

And this month, we are taking a new step forward in accelerating New Jersey's clean energy transition — at no additional cost to our taxpayers.

How can that be?

Well, back in 2020, New Jersey rejoined the Regional Greenhouse Gas Initiative. And over the past five years, as a member of RGGI, we have received more than \$800 million from our nation's biggest power plants and polluters.

And now — in February alone — we are investing \$135 million of that revenue into making it easier for our state's businesses and local governments to expand their fleets of electric vehicles.

With each and every investment, like these, into New Jersey's clean energy future, we are not only meeting our responsibility to combat climate change.

We are also creating new, good-paying job opportunities for our workers.

And with our budget, we are going to apply this same strategy — of diversifying our state's economy — to super-charging our leadership in advanced manufacturing.

In pursuit of this goal, I look forward to working with our bipartisan legislative partners — in particular, Senators Linda Greenstein and Michael Testa — to enact a new tax credit that will incent companies around the globe, especially those facing the risk of new tariffs, to manufacture next-generation products — like cutting-edge pharmaceuticals or renewable energy components, like fuel cells — right here in the Garden State.

So, the bottom line is, from advanced manufacturing and generative AI, to clean energy and adult-use cannabis, to filmmaking and fintech, we are building the New Jersey, not just of 2025, but of 2035 — and beyond.

We are paving the way for a new era of economic opportunities that will support our families for generations to come.

And in so doing, we are living up to our most sacred responsibility of all: Leaving our children a state that is better than we found it.

Though the budget I present to you today is the final budget of our Administration, it is one that reflects our ongoing — and unrelenting — commitment to building a state that is stronger, fairer, and more prepared for the future.

A state where every child is guaranteed access to every resource they need to thrive — from our world-class health care system to the very best public schools in the nation.

A state where every worker can find their place in the economies of tomorrow — and every entrepreneur is empowered to change the world for the better.

A state where every senior citizen is entitled to a dignified retirement — and every working family has the opportunity to live out their own American Dream.

And a state that rejects the politics of division — and, instead, draws strength from diversity.

Now, we all know there is uncertainty in our midst.

But even so, I believe New Jersey's future has never been brighter.

And it is not just because we have the strongest economy in our region — though we do.

Or that we are home to the most dynamic and inclusive innovation ecosystem in the nation — though we are.

No, I am optimistic about New Jersey's future because of the people of New Jersey.

GOVERNOR'S MESSAGE

Our talent. Our ingenuity. Our diversity.

And our unwavering devotion to our shared values.

And during the final year of our Administration, we are going to spend every minute we have left fighting for the people we serve.

We are going to continue delivering economic security and opportunity to every family, in every corner of the Garden State.

And above all, we are going to transform our dreams for New Jersey's future into a reality.

Because, to quote the words of the legendary Toni Morrison — whose name is emblazoned on Princeton University's "Morrison Hall" — we all bear a responsibility to "dream the world as it ought to be."

And if I have learned one lesson, during my seven-plus years as Governor, it is that we can lead our state responsibly, and pragmatically, while never letting go of our willingness to dream.

Because every decision we make in this building — no matter how small — must always be rooted in our commitment to building a brighter future for the next generation of New Jerseyans.

And as I present my final budget, as Governor, I want to tell you about my dream for New Jersey's future.

It is a future that will begin next year, when millions of soccer fanatics — from around the globe — will be drawn to our region to watch the world's greatest game, on the world's biggest stage, with the 2026 FIFA World Cup Final at MetLife Stadium.

And each one of those visitors will see — for themselves — that New Jersey is the state where big ideas come to life.

But that will just be the start.

Because, ten years from now, I see a future where one of our young innovators will follow in the footsteps of Edison or Einstein to discover new, life-saving medical treatments, or new solutions for combating climate change.

And that young woman — along with all of our state's emerging visionaries — will show the world, once again, that New Jersey is the state where big ideas come to life.

But, more than anything, I see a future, decades from now, in which New Jersey is revered as the small state that changed our entire world forever — and for the better.

And every aspect of the budget I present to you today has been crafted to make our collective dreams for New Jersey a reality.

From meeting our sacred obligations to the people we serve.

To facing our challenges honestly and responsibly.

To strengthening the economic security of every New Jerseyan.

Together, we are going to write our state's greatest chapter yet.

And we will leave our children a state that is better than we found it.

Thank you all so much.

May God bless you and your families. And may God continue to bless the great State of New Jersey and the United States of America.

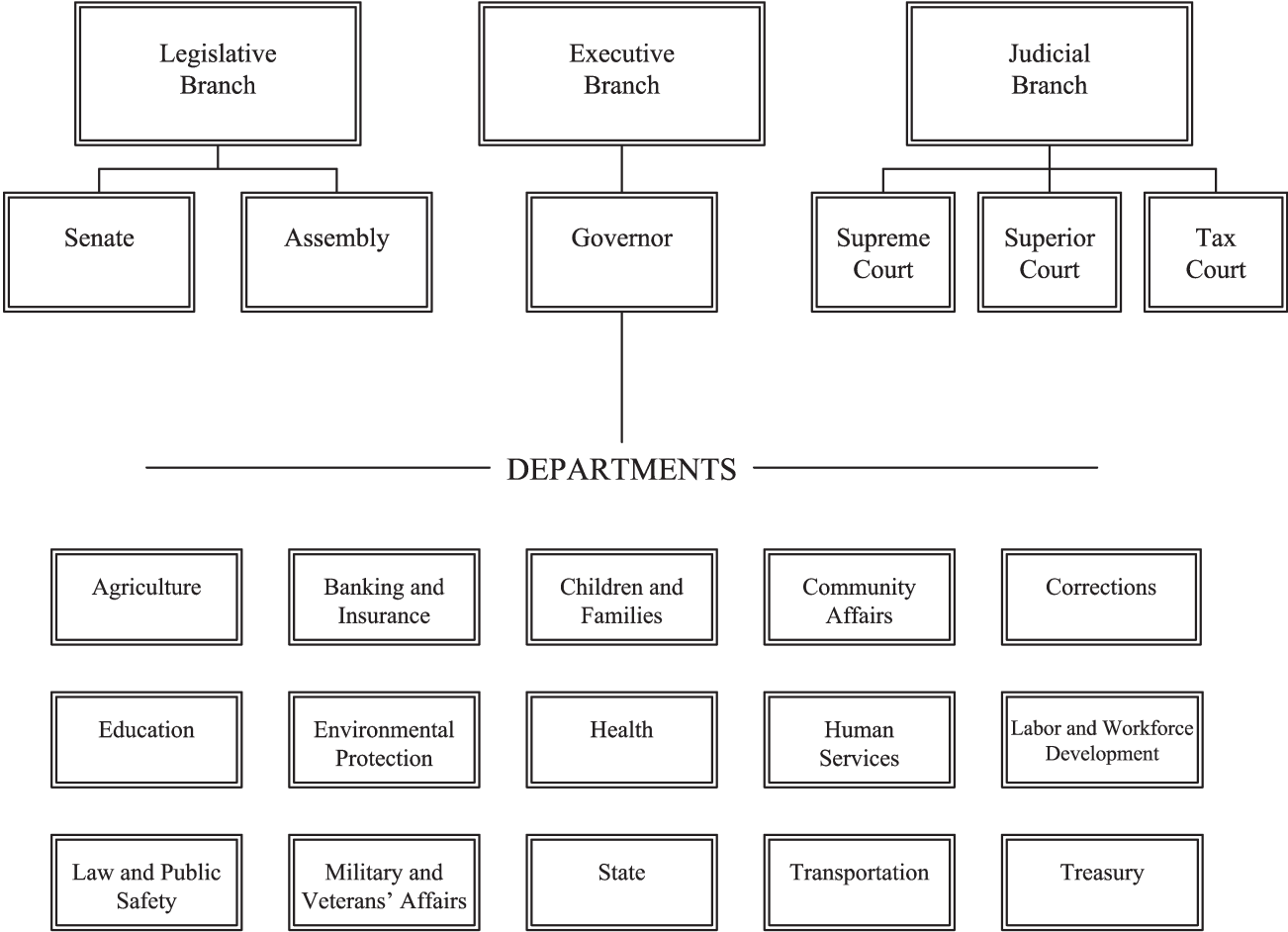


General Information

More information can be found in the Reader's Guide to the Budget on the Treasury/OMB website:
www.nj.gov/treasury/omb

In addition to the evaluation data contained in this document, Core Missions and Key Performance Indicators for departments will be available on the Governor's Performance Center website:
<https://yourmoney.nj.gov/transparency/performance/>

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT



Glossary of Budget Terms

TERM	DESCRIPTION
ADDITIONS, IMPROVEMENTS AND EQUIPMENT	Additions and improvements which are less than \$50,000 in cost and the purchase of equipment such as vehicles, office equipment and information processing equipment.
ADJUSTED APPROPRIATION	The total of an original appropriation, all supplemental appropriations, certain allotments from interdepartmental appropriations and other budgetary adjustments.
ALL OTHER FUNDS	Revenues, other than federal, that are not anticipated as resources to support the annual State budget. Upon receipt, these funds become appropriated, as provided by the language of the Appropriations Act.
ALL OTHER POSITION	A position specifically approved and funded by non-State, non-federal sources in a salary object account.
ALLOTMENT	An allocation of a portion of an appropriation to make it available for encumbrance or disbursement by the agency to which appropriated, and usually applying to a period of time; e.g., a calendar quarter.
ANTICIPATED RESOURCES	The sum of the estimated surplus at the end of the prior fiscal year, together with all estimated revenues for the General Fund from all sources, including taxes and license fees, other miscellaneous departmental and interfund transfers.
ANTICIPATED REVENUE	Estimated revenues to be realized in any fiscal year that have been anticipated as General Fund resources to support the appropriations made, or undesignated fund balance projected, in the annual Appropriations Act.
APPROPRIATED REVENUE	Revenues not previously anticipated or budgeted, which upon receipt increase appropriation balances as authorized in the Appropriations Act, and from which agencies may incur obligations or make expenditures for specific purposes.
APPROPRIATION	The sum of money authorized by an act of the Legislature for expenditure for a particular fiscal year.
BLOCK GRANT	An amount allotted by the federal government to the State to be allocated to a particular program area within general guidelines as the State determines.
BOND	A funding tool representing a written promise to pay a specific sum of money in the future plus interest.
BOND FUND	A fund that receives proceeds from the issuance of bonds, and from which all proper expenditures for the purposes for which the bonds were authorized are paid.
BUDGET REQUEST	The request of each spending agency for an appropriation or permission to spend during the next ensuing fiscal year.
CAPITAL CONSTRUCTION	Funds budgeted for: 1) Acquisition of, or option to buy, land and right-of-way and existing improvements therein, regardless of cost, 2) New buildings and structures not attached to or directly related to any existing structures, regardless of cost, 3) Projects whose estimated cost, including land, planning, furnishing, and equipping, is usually \$50,000 or more, regardless of the construction involved, with a useful life of at least ten years, 4) Any addition or improvement that is \$50,000 or more.
CATEGORICAL GRANT	An amount allotted by the federal government to the State to be allocated to a particular program area for a specific purpose or mandate of the federal government
CONTINGENCY APPROPRIATION	An appropriation to provide for unforeseen expenditures or for anticipated expenditures of uncertain amounts.
DEBT SERVICE	Resources to finance payment of general long-term debt principal and interest.
DEDICATED FUND	A fund normally contained in the General Fund, consisting of resources owned by the State, the use of which is constrained, either by statutory specification, dedication or other restriction, or a particular purpose or program.
DIRECT STATE SERVICES	General operating costs of State government, including programs providing services directly to the public.
DISBURSEMENT	Payment of money out of any public fund or treasury (See also EXPENDITURE).
ENCUMBRANCE	A reservation of funds for future payment (disbursement) to liquidate an obligation incurred, usually supported by the issuance of a purchase order or the execution of a contract calling for payment in the future.
ENDING BALANCE	The amount of funds remaining in an account or fund at the end of the fiscal year.
EVALUATION DATA	The quantitative expression of the end products produced or other elements involved in the work of an organization.
EXCESS RECEIPTS	Any receipts collected by an agency in excess of anticipated resources in the annual Appropriations Act. Such excess receipts may either be appropriated for the agency's use or credited to the General Fund undesignated fund balance.
EXPENDITURE	Denotes charges incurred, whether paid or unpaid, thus including both disbursements and liabilities.
FEDERAL POSITION	A position specifically approved and funded by federal funds in a salary object account.
FRINGE BENEFITS	Payments made by the State for retirement, social security, health and dental insurance contributions, workers' compensation, unemployment, survivors' and disability insurance.
FUND BALANCE -- DESIGNATED	Unexpended and unencumbered appropriations that are authorized to continue into the subsequent fiscal year (See also REAPPROPRIATION).
FUND BALANCE -- UNDESIGNATED	Fund equity unrestricted and available for appropriation.

GENERAL INFORMATION

TERM	DESCRIPTION
GRANTS-IN-AID	Grants-in-Aid are generally the second largest portion of appropriations and consist of payments to individuals and public or private agencies for benefits to which a recipient is entitled by law or for the provision of services on behalf of the State.
IN BUT NOT OF	Article V, Section IV, paragraph 1 of the New Jersey Constitution requires all executive and administrative offices, departments, and instrumentalities of the State government to be allocated by law among and within not more than twenty principal departments. For the purposes of complying with this provision, the enabling legislation for authorities, commissions, colleges and universities may establish them "in but not of" a department, but these entities are independent of any supervision and control by the department or by any board or officer thereof.
INTERDEPARTMENTAL ACCOUNTS	A group of accounts to which are appropriated funds for payment for or on behalf of all State agencies of rent, employee benefits and contingency funds or for certain specified purposes.
ITEM OF APPROPRIATION	The spending authority identified by an organization code, appropriation source and program code, unique to the item, and may include a number of object accounts within a program.
LANGUAGE RECOMMENDATIONS	Language located at the end of a statewide program, department or in the General Provisions section, that provides specific spending or budget authority and/or places limitations on such authority.
LAPSE	The automatic termination of an appropriation. At the end of the Appropriation period, any unexpended or unencumbered balances revert to the fund from which it was originally appropriated.
LINE OF CREDIT	Competitively bid, low interest cost funding for the procurement of the State's short term (typically 3 years) equipment needs, specifically computers, furniture and vehicles.
LINE ITEM	Any single line account for which an appropriation is provided. Includes appropriations made to specific object accounts.
MAINTENANCE AND FIXED CHARGES	Routine repair and maintenance of buildings, property and equipment required to keep them in operation and prevent deterioration.
MATCHING FUNDS	Provisions in a grant agreement that require the government or agency receiving the grant to commit a certain amount of funding to a program before funding is made available by the granting authority.
MATERIALS AND SUPPLIES	Tangible consumable items used for operations, but not for the maintenance of machinery or equipment.
NON-STATE FUND (ACCOUNT)	Any fund or account with proceeds arising from a source other than the General Fund, typically from federal or foundation grants, pooled inter-governmental funds, or service charges.
OBJECT CATEGORY	A group of objects of similar character categorized for classification purposes.
OBJECTIVE	A statement of specific, intended, measurable accomplishments related directly to the need, problem or opportunity the services to the client are designed to address.
OBLIGATION	An amount the State may be required legally to meet out of its resources, including actual liability and unliquidated encumbrances.
ORIGINAL APPROPRIATION	An appropriation made in the annual Appropriations Act.
PERSONAL SERVICES	An appropriation supporting State employee salaries and wages and other employee benefits.
PROGRAM	A group of related activities directed toward the accomplishment of an identifiable objective; it is established by statute, executive order or departmental order; it is distinguishable by its clientele, organization, subject matter or process.
PROGRAM CLASSIFICATION	An operating program function, consisting of closely related activities with an identifiable objective or goal.
REAPPROPRIATION	The appropriation in any fiscal year of funds remaining unexpended at the end of the preceding fiscal year that are specifically appropriated in the succeeding fiscal year (See also FUND BALANCE).
RECEIPTS	A general term for cash received, which may either satisfy a receivable, be a conversion of another asset or a refund of a prior expenditure; it may also represent revenues earned or realized.
RECEIVABLE	An anticipated sum of money that is treated as revenue because it has been earned and is due. Such sums are available for expenditure by State agencies when properly authorized.
REVENUES	Funds received from taxes, fees or other sources that are treated as State income and used to finance expenditures.
REVOLVING FUND (ACCOUNT)	A fund or account established to finance (1) State activities of a business or commercial nature or (2) the operation of an intragovernmental service agency or enterprise that generates receipts from the sale of commodities or services.
SERVICES OTHER THAN PERSONAL	The cost of purchased services that are primarily non-personal or of a contract nature under which no employer-employee relationship is established.
SPECIAL PURPOSE APPROPRIATION	A type of appropriation that includes monies for personal services, non-personal services, maintenance, etc., but which is appropriated as a single amount and which does not specify amounts for individual objects of expenditure.
SPECIAL REVENUE FUNDS	Funds used to account for resources legally restricted to expenditure for specified purposes.

GENERAL INFORMATION

TERM	DESCRIPTION
STATE AID	State Aid generally is the largest portion of appropriations and includes payments to or on behalf of local government entities, including counties, municipalities and school districts, to assist them in carrying out their local responsibilities.
STATE POSITION	A position specifically approved and funded by a State appropriation in a salary object account.
STATE TREASURY	All funds deposited to the credit of the State. It includes the General Fund and funds from all other sources.
STATEWIDE PROGRAM	A functional grouping of related program classifications that contribute to satisfaction of some broader objective.
STATUTE	A written law enacted by a duly organized and constituted legislative body.
SUPPLEMENTAL	An appropriation made in addition to the annual Appropriations Act.
SURPLUS	Revenue exceeding expenditures over a given period of time (See also FUND BALANCE).
TRANSFER	A transaction that reallocates all or part of any item of appropriation to another item of appropriation.
TRUST AND AGENCY FUNDS	Funds used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

THE STATE BUDGET PROCESS

The State Budget Process is designed to produce budget decisions based on performance, with a focus on furthering agency core missions. The State budget cycle is on a fiscal year basis, extending from July 1 to June 30 of the following year.

New Jersey's budget process is comprehensive and inclusive, involving every department and agency in the Executive Branch, the Legislature, the Judicial Branch, and through a series of public hearings, the citizens of the state. The budget process begins in the summer prior to the following fiscal year with preliminary projections of revenues and expenditures, which are the basis for development of budget and performance targets for each branch, department and agency. Individual departments and agencies are required to prepare a funding plan or strategy for operating within the established preliminary budget level in the following fiscal year, which funding plan or strategy includes an analysis of the costs, benefits and priorities of every program. The funding plans and strategies are the foundations for revenue and spending decisions that are ultimately incorporated into the Governor's budget recommendations.

The New Jersey Statutes contain provisions concerning the budget and appropriations process. On or before October 1 in each year, each Department, Board, Commission, Office or other Agency of the State must file with the Director of the Office of Management and Budget (Budget Director) a request for appropriation or permission to spend specifying all expenditures proposed to be made by such spending agency during the following fiscal year. The Budget Director then examines each request and determines the necessity or advisability of the appropriation request. On or before December 31 of each year or such other time as the Governor may request, after review and examination, the Budget Director submits the requests, together with his or her findings, comments and recommendations, to the Governor. It is then the responsibility of the Governor to examine and consider all requests and formulate his or her budget recommendations.

The Governor's budget message is presented by the Governor during an appearance before a joint session of the State Legislature which, by law, is convened on or before the fourth Tuesday in February in each year. The Governor's budget includes the proposed complete financial program of the State government for the next ensuing fiscal year, and sets forth in detail each source of anticipated revenue and the purposes of recommended expenditures for each spending agency (N.J.S.A. 52:27B-20). The financial program included in the Governor's budget is then subject to a process of legislative committee review. After completion of the legislative committee review process, the budget, in the form of an appropriations bill, must be approved by the Senate and Assembly and must be submitted to the Governor for review.

Upon submission of the appropriations bill enacted by the State Legislature, the Governor may approve the bill, revise the estimate of anticipated revenues contained therein, delete or reduce appropriation items contained in the bill through the exercise of his or her line-item veto power, or veto the bill in its entirety. As with any gubernatorial veto, such action may be reversed by a two-thirds vote of each House of the State Legislature. In addition to anticipated revenues, the annual Appropriations Act also provides for the appropriation of non-budgeted revenue, including primarily federal funds, to the extent such revenue may be received and permits the corresponding increase of appropriation balances from which expenditures may be made.

During the course of the fiscal year, the Governor may take steps to reduce State expenditures if it appears that revenues have fallen below those originally anticipated. There are additional means by which the Governor may ensure that the State does not incur a deficit. Under the State Constitution, no supplemental appropriation may be enacted after adoption of an Appropriations Act except where there are sufficient revenues on hand or anticipated, as certified by the Governor, to meet such appropriation.

If a general appropriation law is not enacted prior to the July 1 deadline, under Article VIII, Section 2, para. 2 of the State Constitution, no monies can be withdrawn from the State Treasury.

Capital Budgeting Process

The annual review process for capital spending requests and recommendations, which runs somewhat parallel to the process described above, has several stages. All State departments requesting capital funding must submit a seven-year Capital Improvement Plan to the New Jersey Commission on Capital Budgeting and Planning. Each capital project request must include an operating impact statement. The Commission schedules public hearings, analyzes the capital requests and recommends projects to the Governor. The Governor, in turn, recommends projects in the proposed budget.

More detailed information may be found on the Office of Management and Budget (OMB)'s website at www.nj.gov/treasury/omb/.

GENERAL INFORMATION

STATE FINANCIAL POLICIES

Basis of Budgeting

The basis of budgeting in New Jersey is in accordance with generally-accepted accounting principles (GAAP) for governments as it applies to fund financial statements prescribed by the Governmental Accounting Standards Board (GASB). The State's budgetary basis differs from that utilized to present financial statements such as the State's audited Annual Comprehensive Financial Report (ACFR) in that encumbrances are recognized as expenditures and transactions are only for the current fiscal year. In accordance with Governmental GAAP, revenues are estimated and recognized when they can be accrued; that is, when they become both measurable and available to finance expenditures of the fiscal period for governmental funds. Appropriations are recommended at a level sufficient to recognize all accrued expenditures applicable to the fiscal period.

Budgetary Control

Pursuant to Article VIII, Section II, para. 2 of the State Constitution, no money may be drawn from the State Treasury except for appropriations made by law. In addition, all monies for the support of State government and all other State purposes, as far as can be ascertained or reasonably foreseen, must be provided for in one general appropriations law covering one and the same fiscal year. No general appropriations law or other law appropriating money for any State purpose may be enacted if the amount of money appropriated therein, together with all other prior appropriations made for the same fiscal year, exceeds the total amount of revenue on hand and anticipated to be available for such fiscal year, as certified by the Governor.

Budgetary control is maintained at the item of appropriation level, meaning the spending authority associated with an organization, appropriation source and program classification. Internal transfers within programs are permitted subject to certain constraints, while transfers between programs or above designated levels require the approval of the Legislature. When appropriations are based on anticipated revenues, spending authority is reduced by the amount of any deficiency in actual revenues. Other budget changes not authorized by specific language provisions must be approved by the Legislature.

Appropriations are authorized for expenditures during the fiscal year and for a period of one month thereafter. Unencumbered appropriations lapse at year end, unless otherwise specified. Non-lapsing balances are considered automatically re-appropriated as authorized by statute or by the Appropriations Act.

Balanced Budget

A balanced budget must be established at the start of the fiscal year (July 1) and be maintained at the end of the fiscal year. New Jersey's Constitution states in Article VIII, Section II, para. 2: "No general appropriation law or other law appropriating money for any State purpose shall be enacted if the appropriation contained therein, together with all prior appropriations made for the same fiscal period, shall exceed the total amount of revenue on hand and anticipated which will be available to meet such appropriations during such fiscal period, as certified by the Governor."

The determination of a balanced budget is based on the revenues and expenditures for all funds according to GAAP. The official revenue estimate for the fiscal year is established and certified by the Governor. If the Appropriations Act enacted by the Legislature exceeds the revenue estimates plus any available surplus, the Governor has the authority and the duty either to veto the entire appropriations bill or to reduce the amount of appropriations to produce a budget that is balanced against the total resources available.

The long term goal is to achieve a structural balance between ongoing operating expenditures and revenues. The rate of growth in direct services provided by the State should be constrained, both in total appropriations and in its relative portion of the State budget. The overarching goal is to identify the most efficient way to provide current services or to expand services within the current budgeted resources. Fund balances may be used to support unforeseen or unpredictable expenditures that require supplemental appropriations. If budget adjustments are necessary to maintain balance during a fiscal year, actions are typically implemented by OMB acting at the direction of the State Treasurer and the Governor.

HOW THE BUDGET IS ORGANIZED

The budget is divided into major sections as described below:

The **Governor's Budget Message** describes in general terms the policies and new initiatives, as well as the reductions and efficiencies in the Governor's budget. The Governor's Message generally includes a description of the state's economic situation and the expected impact of projected economic trends on the state's fiscal condition. The Governor's Message may also include broad programmatic goals for each of the individual State departments or major segments of the government, as well as policy directions for the upcoming fiscal year.

The **Summaries of Appropriations** section includes a selection of tables and charts designed to summarize the Governor's recommendations.

The **Summaries of Revenues, Expenditures and Fund Balances** section provides information on the revenue and expenditure assumptions incorporated in the Governor's budget recommendations, and the resulting fund balances for all funds maintained by the State.

The **Department and Branch Recommendations** section is the largest section of the budget and includes the greatest detail on proposed appropriations. It is divided into categories based on the source and use of appropriations, which is then organized by governmental branch and sorted in alphabetical order by agencies or executive departments. The major subdivisions of this section are described in detail in the Reader's Guide to the Budget, found at www.nj.gov/treasury/omb.

The **Capital Construction and Debt Service** section of the budget depicts the amounts necessary to pay principal and interest due on capital projects financed by general obligation bonds of the State. The primary method for financing capital projects is through the sale of bonds. No debt can be issued by the State without approval by a majority of the legally qualified voters. This section also includes a brief description of the active bond issues financed by current debt service appropriations.

The **General and Federal Funds Language Provisions** subdivision of the budget establishes authority beyond the specificity of the detailed line-item budgets for both general and federal funds. These provisions apply to broad areas of the budget, such as entire funds or appropriations in general, and in some cases mandate additional administrative requirements related to the enactment of the budget. These Language provisions also authorize adjustments for reorganizations and corrections to the Appropriations Act after its enactment.

NOTES