Governor Phil Murphy

FISCAL YEAR 2026 BUDGET ADDRESS

Total Appropriations: $58.05 billion | Projected Surplus: $6.3 billion

Governor Murphy's Fiscal Year 2026 budget makes strategic investments to strengthen the economic security of every New Jerseyan, upholds our obligations to the people of New Jersey by providing full funding to the state's public pension system, public education system, and reproductive health care – while also spending responsibly and building a robust foundation for New Jersey's economic future.

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. With the FY2026 Budget, the Governor proposes:

- 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 Speaker Coughlin's Stay NJ program to make it easier for 432,000 senior citizens to remain in New Jersey;
- Introducing new sales tax exemptions for baby items, including cribs, car seats, nursing bottles, and strollers;
- Continuing to support aspiring first-time and first-generation homeowners with a total of $40 million 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 – with the goal of establishing this benefit as a right for every worker, in every sector;
- 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 benefit of $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 Murphy Administration proposes building 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;
- Supporting legislation to require every school district to provide full-day kindergarten in every school district;
- 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 $3.2 million for staffing 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;
- Providing $3.6 billion in direct subsidies for hospitals, an increase of more than $2.9 billion since Governor Murphy took office; and
- Making a $1 million investment into grants to local government leaders across New Jersey to create new opportunities for 16- and 17-year-olds to vote in local school board elections.

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 proposes:

- Largely capping all new discretionary spending;
- A more than $6.3 billion budget surplus, to ensure that the next Governor will inherit a surplus more than 15 times greater than that which the Murphy Administration inherited;
- $815 million in funding from the Corporate Transit Fee dedicated to support NJ TRANSIT and moving forward in fully modernizing NJ TRANSIT 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 system for the fifth straight year, increasing the State's financial stability and ensuring our public servants can retire in dignity; and
- Reforming technical parole violations so that the State can close East Jersey State Prison, which would save taxpayers a projected $30 million in FY2026 and an additional $20 million in FY2027.

Building New Jersey's Future

The Murphy Administration has made monumental progress in securing new rights for every worker and positioning 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:

- Providing $20 million in additional funding to attract the most innovative businesses and talented workers to New Jersey through Strategic Innovation Centers, the State's flagship program to cement the state's leadership in the industries of tomorrow;
- 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 – with sales expected to produce $90 million in tax and fee revenues in FY2025 and another $195 million in FY2026;
- Growing the state's filmmaking and television production sector, which generated more than $700 million in economic activity for 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;
- Providing $9 million in State funding for ongoing direct support to small businesses through the Main Street Recovery Fund, which will have received nearly $242 million since FY2021;
- 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;
- Supporting the Clean Energy Program with $247 million for programming, moving closer to the State's nation-leading goal of 100 percent clean electricity by 2035; and
- Investing nearly $350 million of RGGI revenue – provided by the nation's biggest power plants and polluters – into energy efficiency, clean energy, and decarbonization projects.