



New Jersey Association of Mental Health and Addiction Agencies, Inc.

Gov. Sherrill Gives First Budget Address

In her first budget address, Governor Mikie Sherrill spoke about hard choices that needed to be made and laying a new structural foundation for closing New Jersey's budget deficits. She spoke about building "a New Jersey that's more affordable, accountable, and financially sound." The Governor's first proposed budget totals \$60.729 billion for FY2027, an increase over the current \$58.8 billion budget passed last year.

Having stated for some time that she would not raise taxes, it is not clear if any new fees might appear when the budget detail is made public several weeks from now. Instead, Gov. Sherrill highlighted the ways in which \$1.2 billion has been saved in her proposed budget. Those include adjustments to the Stay NJ program (lowering the income cap to \$250,000 from \$500,000 and the benefit from \$5,000 to \$4,000) and closing multiple corporate loopholes. Overall, her budget includes \$2.6 billion from those savings and budget cuts, including "ending... tacking last-minute giveaways onto each budget," a reference to additions that have come from both the Legislature and past Administrations at the 11th hour.

The Governor's budget includes \$7.3 billion to fully fund the state pension system and \$22.5 billion in funding for K-12 education. Throughout her address, Gov. Sherrill mentioned affordability, especially for working families and the middle class, and highlighted the many actions she has already taken to address the high costs of utilities and other necessities. She also focused on youth mental health, noting that her budget replaces the New Jersey Statewide Student Support Services (NJ4S) regional hub and spoke prevention and behavioral health treatment program for students with a new program, School-based Partnerships for Access and Resilience for Kids (SPARK).

NJAMHAA President and CEO Debra L. Wentz, Ph.D. commented on what is known so far of the Governor's proposed budget stating, "We are pleased and grateful that Governor Sherrill's proposed budget will invest in youth mental health, though remain concerned regarding disruption to existing services as well as to the ability of community providers to meet the ongoing increasing needs and demand for services not only for children and youth, but for adults too. We recognize the severe fiscal restraints facing the State, but do hope that much needed investment in community based care and the workforce will be made in FY2027."

The Governor spoke on many areas of affordability including housing, grocery costs, child care and health care, sharing several pieces of legislation she hopes to see land on her desk to address these costs. Those include legislation to limit high-tech ways that grocery prices are adjusted according to consumer data that is collected and pharmacy benefit manager reforms. Several items in the Governor's budget are in response to cuts that stem from H.R.1, the federal bill that affects Medicaid, the Supplemental Nutrition Assistance Program (SNAP) and other

safety net programs. One proposal to reduce the state’s share of Medicaid funding is to ask “any company with 50 or more employees on Medicaid... to cover their workers” or be penalized financially. This is estimated to raise \$145 million a year.

Near the end of her address, the Governor stated that her proposed budget “is the most fiscally responsible budget our state has seen in years” and noted that it “almost halved the structural deficit, avoided raising taxes and fully funded pensions.” And she told the legislators present that any addition will require a subtraction.

Items that have been maintained or increased in the Governor’s proposed budget that are significant wins for NJAMHAA members and those they serve include:

- Maintenance of \$20 million in funding for the ARRIVE (Alternative Responses to Reduce Instances of Violence & Escalation) Together Program
- Total funding for the Children’s System of Care in the amount of \$513.5 million, an increase over the FY2026 total of \$498.75 million.
- A \$3 million investment for the Division of Consumer Affairs to upgrade its licensing system and complaint database.

Many of the initiatives the Governor included to support her commitment to affordability and accountability serve all New Jerseyans, though they certainly largely support the vulnerable populations served by NJAMHAA members. Among them are:

- Children and Families
 - \$7.5 million to the childcare facilities loan program.
 - \$582 million for childcare assistance.
 - Funding for the Office of Youth Online Mental Health safety and Awareness established by Executive Order No. 6.
 - \$500,000 for a new Social Media Research Center, to better understand the impact of online platforms on youth mental health.
 - A total of \$1.2 billion for the Division of Child Protection and Permanency in the Department of Children and Families.
 - An additional \$12.8 million to expand Family Connects NJ, the State’s program to deploy registered nurses to conduct home visits for mothers and newborns within the first two weeks after birth to all 21 counties.
 - \$582 million in state funds for child care assistance, which is projected to support care for up to 77,500 children, or 2,500 more than in FY 2026.
- Tax Relief
 - A total of \$24 million for the Child and Dependent Care Tax Credit.
 - \$207 million for the Child Tax Credit.
 - Maintains New Jersey’s Earned Income Tax Credit.

- Affordable Housing and Homelessness
 - An increase in funding for the Down Payment Assistance Program by \$5 million, which brings the total investment to \$45 million.
 - Restoration of the Affordable Housing Trust Fund by reducing diversions by more than \$70 million and making \$30 million available for new construction.
 - \$25 million to expand rapid re-housing programs for vulnerable households in imminent risk of homelessness.
 - \$7.5 million to the affordable housing loan program.
 - \$11 million for the Bringing Veterans Home initiative.
- Education
 - \$22.5 billion in funding for pre-K to 12 education, an increase of \$222.6 million over the previous year.
 - Doubling last year's investment in high-impact tutoring to \$15 million.
 - \$1.4 billion for pre-K, which represents a 9.3 percent increase over FY26.
- Health Care and Nutrition
 - An increase of \$154 million for the Division of Development Disabilities to meet the needs of adults in this community.
 - Continued funding for the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and Their Families.
 - Continuation of the Cover All Kids initiative.
 - Continued investment in the Office of Health Care Affordability and Transparency within the Department of Health.
 - Continues Charity Care subsidies.
 - Maintenance of the \$218 million in Graduate Medical Education, \$34 million in Supplemental Graduate Medical Education
 - Maintenance of the \$210 million for the Quality Improvement Program (QIP).
 - \$30.2 million to maintain a minimum monthly \$95 SNAP benefit for 40,000 households.
 - \$71 million to support counties with new SNAP administrative costs and to maintain Medicaid coverage for families.
 - \$85 million for aid to New Jersey's food banks and emergency feeding organizations.
- Seniors
 - \$22.4 million for the Pharmaceutical Assistance to the Aged and Disabled and Senior Gold programs, which provide prescription drug benefits.
 - Maintains \$250 ANCHOR bonus for senior renters.

Click [here](#) to read the transcript of Gov. Murphy's speech and [here](#) to read the Budget in Brief.

As additional details become available, NJAMHAA will continue to bring them to you.