



State of New Jersey

REPORT ON THE
**FINANCIAL CONDITION
OF THE STATE BUDGET**
FOR FISCAL YEARS 2020 AND 2021

PHILIP D. MURPHY, GOVERNOR

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PHILIP D. MURPHY
Governor
Sheila Y. Oliver
Lt. Governor

Elizabeth Maher Muoio
State Treasurer

May 22, 2020

Dear Senate President Sweeney, Assembly Speaker Coughlin, Minority Leaders Kean and Bramnick, and Members of the 218th Legislature:

Pursuant to the COVID-19 Fiscal Mitigation Act (P.L.2020, c.19), I present to you a report on the financial condition of the State budget for both Fiscal Years 2020 and 2021.

This report is designed to serve as a road map to help New Jersey begin to navigate what is essentially uncharted territory. We are not alone. All across the country, states are facing similar challenges that seemed inconceivable just a few short months ago.

As a state, we had made great strides over the last two years to improve our fiscal condition - making record payments into the pension system, increasing our surplus significantly, making our first rainy day fund deposit in a decade, substantially boosting funding for education and NJ TRANSIT, and reducing our reliance on one-shots and diversions.

However, the global pandemic sparked by COVID-19 has halted this progress in its tracks.

Based on a wide variety of economic assumptions, the State of New Jersey is potentially facing a combined revenue shortfall of nearly \$10 billion over the remaining months of Fiscal Year 2020 and through the end of Fiscal Year 2021.

While there are many moving parts, what is clear is that a decline of this magnitude would be worse than the Great Recession. This means the sizeable surplus and rainy day fund we have built together will easily be depleted.

Managing this unprecedented fiscal crisis will require extremely difficult decisions in the weeks and months ahead, and will necessitate a combination of critically needed borrowing, budget and appropriation adjustments, and more robust federal assistance. While the enclosed report outlines the Administration's proposed path through the extended fiscal year ending September 30, 2020, we recognize the significant challenge that lies ahead in the development and passage of the FY2021 Appropriations. Act.

As we have already seen, times of great trial only increase the need for governmental services and leadership. Our primary goal from day one has been to ensure first and foremost that our departments and agencies have the resources they need to address this brutal health crisis. Now, we must work together with that same determination to address an unprecedented fiscal crisis and firmly position New Jersey on the road to recovery.

Sincerely,

A handwritten signature in blue ink, appearing to read "Elizabeth Maher Muoio".

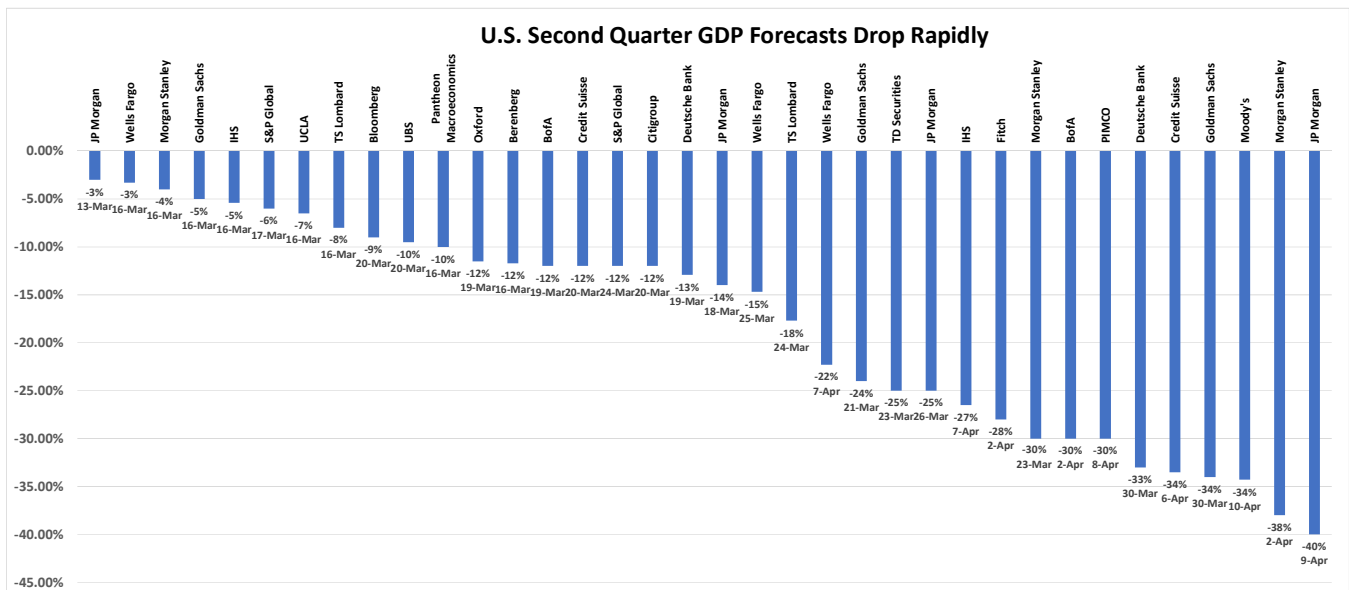
Elizabeth Maher Muoio
State Treasurer

Part 1: ASSESSMENT OF CURRENT ECONOMIC CONDITIONS

Economic Conditions

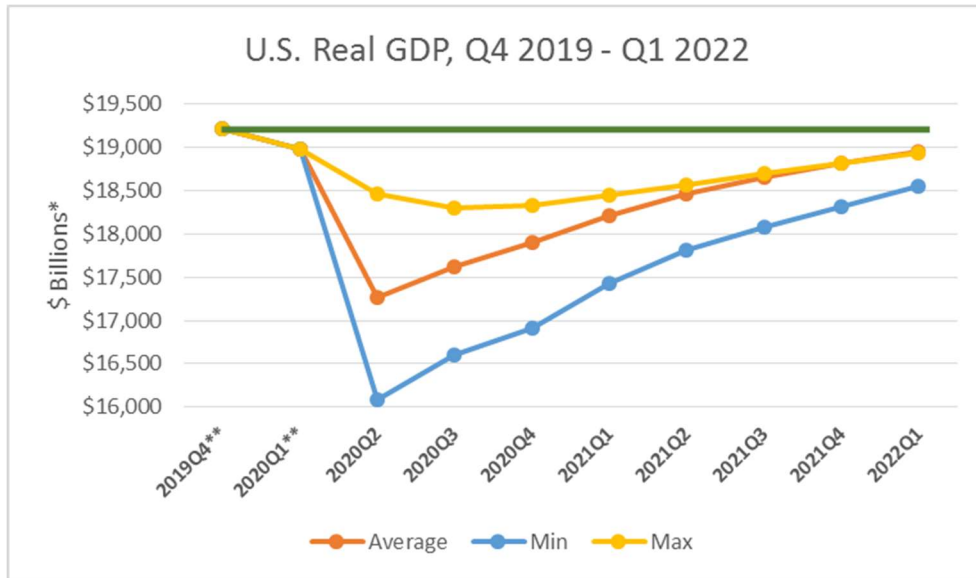
The onset of the COVID-19 health pandemic has created a global economic crisis that the world has not seen since the Great Depression nearly a century ago, and a health crisis not seen since the 1918 Spanish Flu pandemic. As a result, the Blue Chip Consensus Forecast is now predicting a 24.5 percent drop in national real GDP in the second quarter of 2020, with the range of individual forecasts varying from a 12.9 percent decline (average of the 10 “best case” forecasts) to a 36.9 percent decline (average of the 10 “worst case” forecasts).

The magnitude of the projected national real GDP decline in the second quarter is unprecedented, but so is the speed at which professional economic forecasters have revised their projections downward. In February most national forecasters were projecting low rates of growth for all quarters in 2020. Then, beginning in the middle of March and continuing for the next four weeks, as is shown in the graph below, most professional economic forecasters participated in a race to the bottom as forecasts plummeted. This rapidly evolving economic forecasting environment complicated an increasingly daunting revenue forecasting situation.



In little more than one month’s time it has now become a foregone conclusion that both the national and state economies will enter a recession in 2020. The advance estimate of real GDP growth for the U.S. during the first quarter of 2020 shows that economic activity declined by 4.8 percent on an annualized basis. There is no question that real GDP growth will be negative during the second quarter. The only question is how severe and how lasting the drop will be.

The economic ramifications of the COVID-19 health pandemic are described well in an April 24th blog post by the Congressional Budget Office (CBO). Economists at the CBO are projecting economic activity for the U.S. to decline by 39.6 percent in the second quarter. While growth will rebound in the second half of 2020, averaging 17.0 percent during this time, followed by 2.8 percent growth in 2021, the CBO expects the actual dollar value of real GDP for the U.S. at the end of 2021 to be 6.7 percent *below* its pre-COVID-19 projection.



*Seasonally adjusted at annual rates. **Actuals.

Note: Real GDP values are calculated based on the annualized quarterly rates of change reported by each firm included in the WSJ survey.

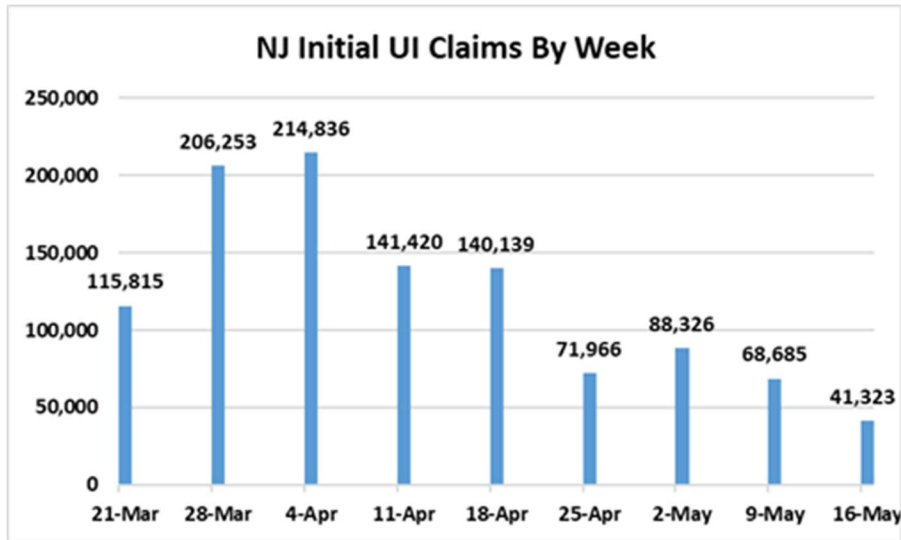
Source: Wall Street Journal Economic Forecasting Survey, May 8-12 2020

(<https://www.wsj.com/graphics/econsurvey/>); U.S. Bureau of Economic Analysis; OREA calculations.

Full recovery may take years. The graph above shows the range of projected real GDP trajectories through the first quarter (Q1) of 2022 based on survey responses from the May 2020 edition of the Wall Street Journal Economic Forecasting Survey. The minimum and maximum forecast lines represent the average quarterly GDP level of the five forecasts with the lowest Q2 2020 values and the five forecasts with the highest Q2 2020 values, respectively. While most forecasts are projecting positive growth beginning in Q3 2020, real GDP does not return to pre-COVID-19 levels (the horizontal green line in the graph) until mid-2022 at the earliest.

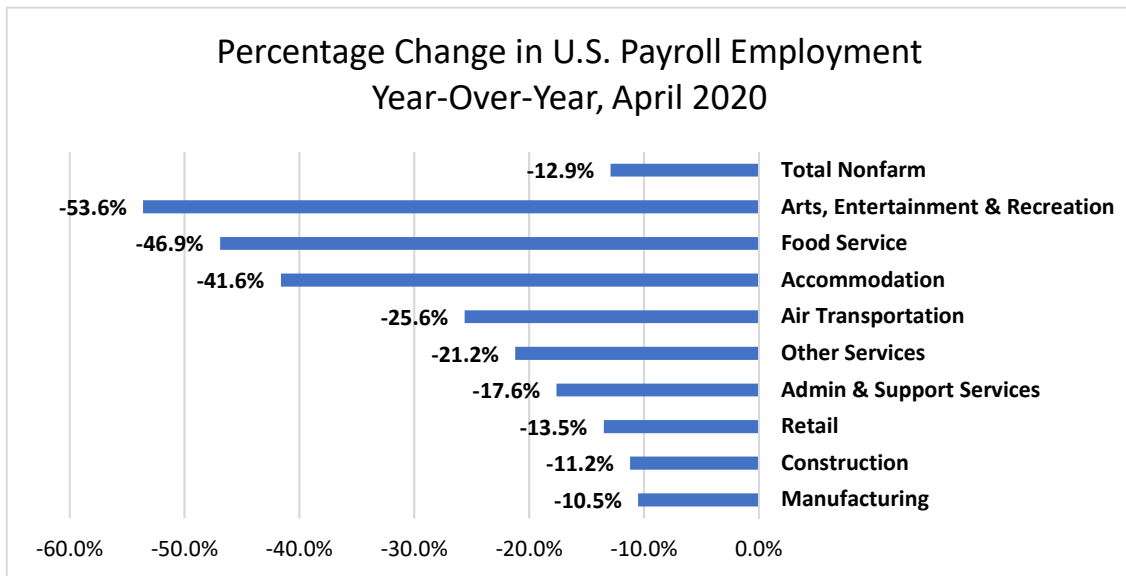
Based on a review of recent state-level forecast data, the trajectory of New Jersey's recession and recovery will be similar to that of the nation, reflecting the very real possibility that the state economy's productive output may not be fully restored to last year's levels for another two years or more.

The unemployment picture is also deteriorating rapidly. Nationally, over 38 million people have filed unemployment claims since the onset of the pandemic. In New Jersey the total claims filed (not all processed) since the pandemic began reached 1,088,763 through May 16. This total is equivalent to roughly 27 percent of the total insured in the state. The graph below displays initial unemployment claims by week; the weekly average for the period was 120,974. For comparison, the average number of weekly initial claims filed for the six-week period ending March 7 was 8,385.



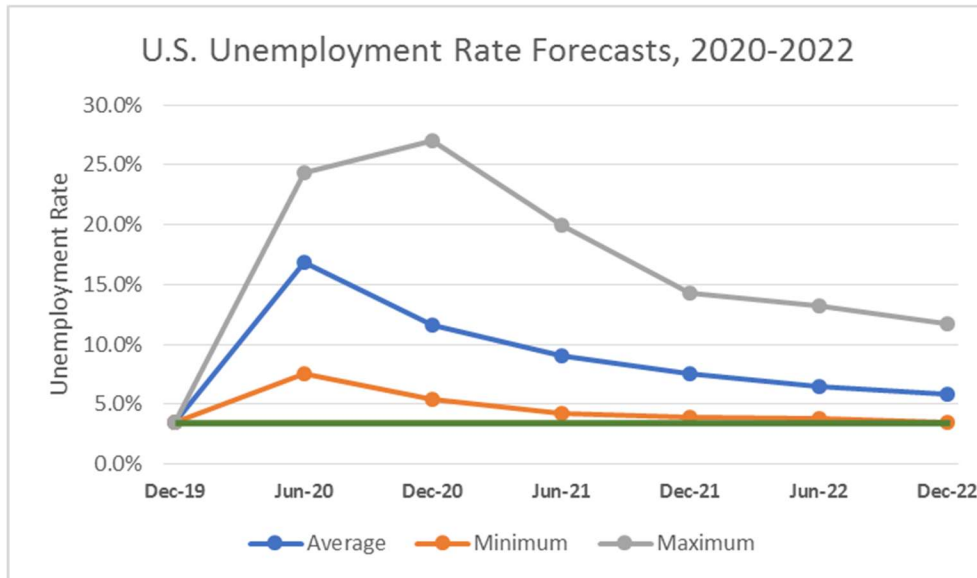
Source: U.S. Bureau of Labor Statistics.

The current surge in unemployment claims will have a significant impact on the reported monthly unemployment rate. In April, national unemployment rose to 14.7 percent, the highest level since the Great Depression nine decades ago, and payroll employment declined by 20.5 million jobs. The graph below shows the year-over-year employment growth rates for key sectors.



Source: U.S. Bureau of Labor Statistics.

New Jersey's unemployment rate rose to 15.3 percent in April. Those rates for both the state and the nation are expected to rise further in the short term and remain high well into next year. The CBO projects that the national unemployment rate will *average* 15.0 percent during the second and third quarters of 2020 and then begin to decline, reaching 9.5 percent by the end of 2021.



Source: Wall Street Journal Economic Forecasting Survey, May 8-12 2020 (<https://www.wsj.com/graphics/econsurvey/>).

The graph above displays the projected average, minimum and maximum national unemployment rates for June and December of 2020 through 2022 taken from the forecasts included in the Wall Street Journal’s May 2020 Economic Forecasting Survey. While the direst forecasts see the national unemployment rate spiking over 20 percent in Q2 and continuing to climb through the remainder of the year, on average forecasters expect an increase to about 17 percent in June, followed by a slow decline that will not return the nation to its historic lows of late 2019 (3.5 percent) by the end of 2022.

Again, based on a review of non-public forecasts for New Jersey, the state’s employment trajectory is expected to be similar to that of the U.S. average. As a point of reference, the national unemployment rate *peaked* at 10.0 percent during the 2008-09 Great Recession, while the New Jersey rate *peaked* at 9.8 percent.

The impact of the economic damage on New Jersey revenues will last well into Fiscal Year 2021 (FY21) and beyond. Spending will continue to be impacted well after the economic and social restrictions are lifted, as many residents will be in arrears on rent, utility bills and other debts that will need to be repaid. Although businesses will be able to re-open, they will face lower demand for their goods and services. They will also face several months of back-rent and supplier invoices that will need to be repaid. The job recovery is expected to be slow.

The revenue scenario described below assumes that New Jersey’s “stay-at-home” order remains largely in effect through June (a period of three-and-a-half months). The experiences of other countries across the globe indicate that economic activity does not return to normal as soon as the lockdown expires. Social distancing measures will need to remain in effect in some form as long as the virus continues to spread or until a vaccine is found.

Part 2: UPDATE ON STATE REVENUES AND FORECASTS

Initial April Tax Revenue Data: Tax revenue collection figures for April provide a first look at the impact of the COVID-19 health pandemic on New Jersey. Overall, Treasury reported total collections fell \$3.5 billion below April of 2019, down 59.7 percent. Sales Tax collections ended the month 13.7 percent lower than a year ago, while employer withholding fell about 7.0 percent for the comparable weeks in April. Meanwhile, corporate and individual tax filings plummeted by 60 percent to 90 percent, as taxpayers clearly availed themselves of the opportunity to delay payments from April to July, as temporarily allowed by law.

As bad as April collections were, May will be worse for many revenues. April Sales Tax collections reflect March sales. As it was not until the middle of the month that non-essential businesses were ordered to close, April collections do not fully capture the impact of the economic shutdown. Moreover, March sales benefitted from consumers buying in preparation for the lockdown. Similarly, unemployment insurance claims steadily rose over the course of April, suggesting that the full impact of the job losses will not be felt until May.

The Revenue Forecasts: The forecasts below are based on the best available information at this point in time and are subject to revision as the current, unprecedented landscape continues to evolve. It is important to note that the virus will dictate the outcome of this economic and health crisis and that prior economic downturns do not necessarily serve as appropriate models for forecasting purposes under the current conditions. As such, the situation will remain highly volatile for some time as states slowly ease out of lockdown during the summer and remain on watch for a possible resurgence of COVID-19 infections in the fall and winter. Moreover, *this current forecast does not assume a resurgence.* The forecast also does not include any new tax policy proposals for FY 2021 as recommended in the Governor’s Budget Message (GBM), in order to provide a clean baseline for understanding budget planning needs during the current pandemic.

The following forecasts are displayed in the traditional **12-month** (July 1, 2019 to June 30, 2020) format of the FY 2020 Appropriations Act as enacted and as updated in the February 25 GBM, providing a uniform analytical baseline. FY 2020 revenues under the September 30 extended fiscal year are discussed later in this report.

FY 2020 and FY 2021 Revenue Forecast Summary						
Millions of Dollars						
	<u>FY 2020 GBM</u>	<u>FY20 Revised May 22</u>	<u>FY 2020 Change</u>	<u>FY 2021 GBM</u>	<u>FY21 Revised May 22</u>	<u>FY 2021 Change</u>
Gross Income Tax	\$16,801.5	\$15,890.6	-\$910.9	\$17,795.3	\$13,840.4	-\$3,954.9
Sales Tax	\$10,406.5	\$9,276.0	-\$1,130.5	\$10,774.0	\$9,246.5	-\$1,527.5
Corporation Business Tax	\$3,897.0	\$3,445.1	-\$451.9	\$3,831.0	\$2,603.3	-\$1,227.7
<u>Other Revenues</u>	<u>\$8,360.1</u>	<u>\$8,121.5</u>	<u>-\$238.6</u>	<u>\$8,761.2</u>	<u>\$8,264.3</u>	<u>-\$496.9</u>
Total Budget Revenues	\$39,465.1	\$36,733.2	-\$2,731.9	\$41,161.5	\$33,954.5	-\$7,207.0

These numbers are estimates and subject to change.

As is shown in the table above, FY 2020 budget revenues of \$36.733 billion are projected to be \$2.732 billion, or 6.9 percent, lower than the GBM forecast, while FY 2021 budget collections of \$33.955 billion are projected to be \$7.207 billion, or 17.5 percent, lower than the GBM.¹

*Thus, the estimated budget revenue shortfalls for FY 2020 and FY 2021 equal approximately \$9.939 billion combined.*²

Selected important revenue assumptions are described below. The discussion generally assumes a sharp drop in certain revenues in the spring and summer months of 2020 followed by a gradual improvement in subsequent months through 2021.

Gross Income Tax (GIT): FY 2020 revenues are projected to be \$910.9 million, or 5.4 percent, lower than the GBM forecast, while FY 2021 collections are projected to be \$3.955 billion, or 22.2 percent lower.

- **Employer Withholding:** FY 2020 revenues are projected to be \$410.9 million, or 3.4 percent, lower than the GBM forecast, while FY 2021 collections are projected to be \$1.659 billion, or 13.1 percent, lower.
 - **April 2020:** Employer withholding declined by approximately 7.0 percent after adjusting for the difference in the number of Wednesday collection days.
 - **May 2020 thru July 2020:** Employer withholding is forecast to decline by 13.0 percent year-over-year during the remainder of the “stay-at-home” orders and extending into July as businesses are slow to recover, while others may not open at all.
 - **August 2020 thru January 2021:** Employer withholding is forecast to decline by 12.0 percent in August, tapering to a 7.5 percent decline by January, year-over-year. The continuation of social distancing measures means that businesses will be operating well below full capacity. For example, tables at restaurants will need to be at least six feet apart, meaning restaurants will be serving significantly fewer customers at any given time.

Consumers and businesses will begin to adapt, which is why the decline in collections is expected to moderate over time. This scenario is based on the assumption that there is no resurgence of COVID-19 infections during the fall and winter.

- **February 2021 thru June 2021:** Employer withholding is forecast to decline by 5.0 percent in February, tapering to a 2.5 percent decline by June 2021, year-over-year. The economy continues to recover but collections remain below pre-COVID-19 levels.

¹ The State revenue forecasts in this report do not assume a resurgence of COVID-19 cases later in 2020 or in 2021. Health experts continue to warn about a resurgence in the fall or winter. Under the alternative of a fall resurgence, FY 2021 revenues are projected to decline by an additional \$1.065 billion, yielding a potential total revenue shortfall of \$8.272 billion in FY 2021. Any additional waves of the pandemic, such as in the spring of 2021, could further negatively impact FY 2021 revenues with potential carry over into FY 2022.

² This compares to a stress test analysis recently conducted by Moody’s Analytics for all states in which their projected shortfalls for New Jersey, through the end of FY 2021, totaled \$9.6 billion under their “baseline scenario” and \$13.2 billion under a “severe scenario.” See *Stress-Testing States: COVID-19*, Moody’s Analytics, April 14, 2020.

- **Final Payments:** Although Tax Year 2019 liabilities are not affected by the COVID-19 health pandemic, the significant amount of jobs and income lost as a result of the pandemic means that some individuals may experience cash-flow problems and therefore will not be able to make their full final payment as scheduled. It is not possible to accurately quantify the magnitude of this concern, however, the forecast assumes a 10.0 percent reduction in final payments as a potential shortfall in final payments during the new July 15th due date.

FY 2021 final payments for Tax Year 2020 are projected to be \$1.359 billion, or 32.3 percent, lower due to the impact from the anticipated severe recession on personal income, business profits and capital gains.

- **Estimated Payments:** FY 2020 estimated payments are projected to be \$174.2 million, or 5.5 percent, lower than the GBM forecast, while FY 2021 collections are projected to be \$832.2 million, or 23.7 percent, lower.
 - **1st Quarter Estimated Payments (April):** Results indicate that approximately one-quarter of forecasted revenues was received. Taxpayers clearly responded to the opportunity to delay both their final and estimated payments. The forecast assumes that 75 percent of the balance will be received as taxpayers have the opportunity to adjust their estimated payments in light of the recent economic downturn.
 - **2nd Quarter Estimated Payment (June):** Taxpayers are likely to also delay their June estimated payment. The forecast assumes that behavior will be similar to April. Approximately one-quarter of forecasted revenues will be received by June 15th, while 75 percent of the balance will be received by July 15th.
 - **3rd Quarter Estimated Payments (September):** Collections are forecast to decline 15.0 percent year-over-year as the stock market remains below pre-COVID-19 levels, while business income over the first half of calendar year 2020 is lower as a result of the COVID-19 health pandemic.
 - **4th Quarter Estimated Payments (January):** Collections are forecast to decline 20.0 percent year-over-year as taxpayers continue to adjust estimated payments in response to a lower stock market as well as reduced business income.

Sales and Use Tax: FY 2020 revenues are projected to be \$1.131 billion, or 10.9 percent, lower than the GBM forecast, while FY 2021 revenues are projected to be \$1.528 billion, or 14.2 percent, lower.

April 2020: New data indicates that April collections were 13.7 percent lower year-over-year. April collections were for March economic activity and March is a complex month because non-essential businesses were not closed until March 16th, while the “stay-at-home” order did not go into effect until March 21st. Consumer spending also received a boost in March as consumers prepared for a potentially lengthy lockdown by purchasing goods such as exercise equipment, freezers, and electronic equipment in preparation for both working at home and children learning at home.

- **May 2020 thru July 2020:** Sales Tax collections are forecast to decline by 33.0 percent year-over-year during the duration of the “stay-at-home” order (April through June economic activity).

- **August 2020 thru March 2021:** Sales Tax collections are forecast to decline by between 25.0 percent and 5 percent year-over-year as social distancing measures remain in place despite the lifting of the lockdown. Businesses, including restaurants & bars, are not able to return to full capacity, while consumers are reluctant to spend, in part because of the continued presence of COVID-19 and in part due to concern about the health of the economy.

Sales Tax collections are forecast to decline by 15.0 percent year-over-year during the holiday spending season. As a point of reference, holiday spending declined by 10.0 percent during the Great Recession. The reduction in spending is even worse now given the more severe economic damage coupled with disruptions to the supply chain.

- **April 2021 thru July 2021:** Sales Tax collections are forecast to increase between 10.0 percent and 65.0 percent year-over-year because collections during the spring of 2020 were so abnormally low. However, revenues are still not expected to return to pre-COVID-19 levels.

Corporation Business Tax (CBT): FY 2020 revenues are projected to be \$451.9 million, or 11.6 percent, lower than the GBM forecast, while FY 2021 revenues are projected to be \$1.228 billion, or 32.0 percent lower. The projected two-year decline between the CBT revenue peak in FY 2019 and FY 2021 is 35.4 percent, similar to the two-year decline between FY 2008 and the CBT low-point in FY 2010 due to the Great Recession.

Forecasting CBT revenues is difficult under normal circumstances and becomes even more challenging when faced with an unprecedented situation such as the current health pandemic. April collections indicate that between 33.0 percent and 50.0 percent of projected final and estimated payments was received.

It is likely that the balance of projected revenues will be received during the revised July 15th tax filing deadline. However, a large amount of overpayment credits that companies have banked with the State of New Jersey over the years looms over CBT revenues. This forecast assumes that only half of the remaining payment will be received. It should be a straightforward process for companies to claim their overpayment credits since the money is theirs and doing so may be logical from a tax planning perspective.

Overall, CBT final payments are projected to end FY 2020 \$241.3 million, or 17.1 percent below the GBM forecast, while FY 2021 final payments are projected to be \$570.7 million, or 42.7 percent below GBM. Meanwhile, estimated payments are projected to end FY 2020 \$199.1 million, or 7.3 percent below the GBM forecast, while FY 2021 estimated payments are projected to be \$510.8 million, or 19.0 percent below forecast.

Selected Other Major Taxes:

- **Motor Fuels Tax:** FY 2020 revenues are projected to be \$65.4 million, or 13.5 percent lower than the GBM forecast. Collections are projected to decline between 40.0 percent and 50.0 percent during the duration of the lockdown. FY 2021 revenues are projected to be \$71.0 million, or 15.1 percent lower than the GBM forecast.
- **Petroleum Products Gross Receipts Tax:** FY 2020 revenues are projected to be \$169.0 million, or 11.6 percent below the GBM forecast. PPGR revenues are projected to decline in line with the Motor Fuels Tax. FY 2021 revenues are projected to be \$203.0 million, or 14.3 percent lower than the GBM forecast.

- **Casino Revenues:** FY 2020 revenues are projected to be \$27.9 million, or 9.6 percent below the GBM forecast. Sports betting revenues are expected to be non-existent for the remainder of the fiscal year given the absence of events. However, internet gaming revenues have increased sharply to help cushion the loss of revenue from brick & mortar casinos. The Division of Gaming Enforcement does expect Casino Revenues to recover in FY 2021, although they are still projected to be \$12.4 million, or 4.0 percent lower than the GBM forecast
- **Realty Transfer Fee:** FY 2020 revenues are projected to be \$60.6 million, or 15.7 percent lower than the GBM forecast. Although realtors are allowed to show homes to individuals, data from the New Jersey Realtors indicated that pending sales had already declined by 27.8 percent as early as March.

The significant amount of jobs lost will hurt home sales for the near future. As a result, FY 2021 revenues are projected to be \$134.5 million, or 33.8 percent below the original GBM forecast.

For additional revenue forecast amounts for other major taxes, see the more detailed table on the next page. The remainder of this report will describe the revenues and appropriations for the extended September 30 fiscal year.

FY 2020 and FY 2021 REVENUE DETAIL (12 Month Forecasts)

FY 2020 and FY 2021 Revenue Forecast Summary						
Millions of Dollars						
	<u>FY 2020 GBM</u>	<u>FY20 Revised May 22</u>	<u>FY 2020 Change</u>	<u>FY 2021 GBM</u>	<u>FY21 Revised May 22</u>	<u>FY 2021 Change</u>
Gross Income Tax	\$16,801.5	\$15,890.6	-\$910.9	\$17,795.3	\$13,840.4	-\$3,954.9
Sales Tax	\$10,406.5	\$9,276.0	-\$1,130.5	\$10,774.0	\$9,246.5	-\$1,527.5
Corporation Business Tax	\$3,897.0	\$3,445.1	-\$451.9	\$3,831.0	\$2,603.3	-\$1,227.7
<u>Other Revenues</u>						
Energy Tax Receipts - Sales Tax	\$788.5	\$788.5	\$0.0	\$788.5	\$788.5	\$0.0
Sales Energy	\$50.5	\$23.7	-\$26.8	\$50.5	\$50.5	\$0.0
Sales Tax Dedication	-\$824.6	-\$738.0	\$86.6	-\$852.3	-\$737.1	\$115.2
CBT-Energy	\$22.0	\$4.7	-\$17.3	\$22.0	\$6.5	-\$15.5
Motor Fuels Tax	\$485.0	\$419.6	-\$65.4	\$470.5	\$399.5	-\$71.0
Motor Vehicle Fees	\$465.6	\$404.7	-\$60.9	\$463.5	\$515.3	\$51.8
Transfer Inheritance Tax	\$389.5	\$358.4	-\$31.1	\$403.0	\$359.0	-\$44.0
Estate Tax	\$25.5	\$22.0	-\$3.5	\$10.0	\$10.0	\$0.0
Casino Revenue	\$290.7	\$262.8	-\$27.9	\$308.9	\$296.5	-\$12.4
Insurance Premiums Tax	\$557.5	\$654.7	\$97.2	\$557.5	\$543.5	-\$14.0
Cigarette Tax	\$71.1	\$81.2	\$10.1	\$257.5	\$53.6	-\$203.9
Petroleum Products Gross Receipts Tax	\$1,460.0	\$1,291.0	-\$169.0	\$1,422.5	\$1,219.5	-\$203.0
Petroleum Products Gross Receipts Cap Rese	-\$725.5	-\$491.1	\$234.4	-\$619.6	-\$345.6	\$274.0
CBT Banks & Financial Institutions	\$305.5	\$264.5	-\$41.0	\$175.5	\$119.7	-\$55.8
Alcoholic Beverage Excise Tax	\$114.5	\$105.0	-\$9.5	\$117.0	\$107.0	-\$10.0
Realty Transfer Tax	\$387.0	\$326.4	-\$60.6	\$398.5	\$264.0	-\$134.5
Tobacco Products Wholesale Tax	\$31.6	\$29.7	-\$1.9	\$33.6	\$31.1	-\$2.5
Public Utility Excise Tax	\$28.0	\$28.2	\$0.2	\$29.5	\$29.0	-\$0.5
Opioid Prescription Tax	\$0.0	\$0.0	\$0.0	\$20.0	\$0.0	-\$20.0
Franchise & Gross Receipts Tax	\$123.0	\$123.0	\$0.0	\$125.5	\$125.5	\$0.0
Real Assessment on Prop. > \$1.0 M	\$139.0	\$124.5	-\$14.5	\$143.0	\$130.0	-\$13.0
Hotel / Motel Occupancy Tax	\$120.0	\$86.3	-\$33.7	\$124.0	\$76.8	-\$47.2
Ride Share	\$36.0	\$30.0	-\$6.0	\$38.0	\$24.0	-\$14.0
Sports Betting (GF Share)	\$18.2	\$19.1	\$0.9	\$19.2	\$24.5	\$5.3
Other Miscellaneous Taxes & Fees	\$3,525.5	\$3,408.9	-\$116.6	\$3,742.9	\$3,604.4	-\$138.5
Interfund Transfers	\$476.0	\$493.7	\$17.7	\$512.0	\$568.6	\$56.6
<u>Other Revenues Total</u>	<u>\$8,360.1</u>	<u>\$8,121.4</u>	<u>-\$238.7</u>	<u>\$8,761.2</u>	<u>\$8,264.3</u>	<u>-\$496.9</u>
Total Budget Revenues	\$39,465.1	\$36,733.2	-\$2,731.9	\$41,161.5	\$33,954.5	-\$7,207.0

These numbers are estimates and subject to change.

FY 2021 REVENUE DETAIL (Allocated for 3 month/9 month Split)

FY 2021 Revenue Recast for 3-Month Extended FY 2020				
Millions of Dollars				
	<u>FY 2021 GBM</u>	<u>FY21 Revised May 22</u>	3 Months for FY20	<u>9 Months for FY21</u>
Gross Income Tax	\$17,795.3	\$13,840.4	\$2,831.6	\$11,008.8
Sales Tax	\$10,774.0	\$9,246.5	\$2,108.0	\$7,138.5
Corporation Business Tax	\$3,831.0	\$2,603.3	\$723.9	\$1,879.4
Other Revenues				
Energy Tax Receipts - Sales Tax	\$788.5	\$788.5	\$46.5	\$742.0
Sales Energy	\$50.5	\$50.5	\$0.0	\$50.5
Sales Tax Dedication	-\$852.3	-\$737.1	-\$156.6	-\$580.5
CBT-Energy	\$22.0	\$6.5	\$2.0	\$4.5
Motor Fuels Tax	\$470.5	\$399.5	\$92.5	\$307.0
Motor Vehicle Fees	\$463.5	\$515.3	\$167.7	\$347.6
Transfer Inheritance Tax	\$403.0	\$359.0	\$91.5	\$267.5
Estate Tax	\$10.0	\$10.0	\$3.0	\$7.0
Casino Revenue	\$308.9	\$296.5	\$75.0	\$221.3
Insurance Premiums Tax	\$557.5	\$543.5	-\$5.5	\$549.0
Cigarette Tax	\$257.5	\$53.6	\$0.0	\$53.6
Petroleum Products Gross Receipts Tax	\$1,422.5	\$1,219.5	\$273.0	\$946.5
Petroleum Products Gross Receipts Cap Reserve	-\$619.6	-\$345.6	\$0.0	-\$345.6
CBT Banks & Financial Institutions	\$175.5	\$119.7	\$41.5	\$78.2
Alcoholic Beverage Excise Tax	\$117.0	\$107.0	\$16.5	\$90.5
Realty Transfer Tax	\$398.5	\$264.0	\$64.0	\$200.0
Tobacco Products Wholesale Tax	\$33.6	\$31.1	\$4.4	\$26.7
Public Utility Excise Tax	\$29.5	\$29.0	\$0.0	\$29.0
Opioid Prescription Tax	\$20.0	\$0.0	\$0.0	\$0.0
Franchise & Gross Receipts Tax	\$125.5	\$125.5	\$46.6	\$78.9
Real Assessment on Prop. > \$1.0 M	\$143.0	\$130.0	\$40.2	\$89.8
Hotel / Motel Occupancy Tax	\$124.0	\$76.8	\$15.3	\$61.4
Ride Share	\$38.0	\$24.0	\$6.0	\$18.0
Sports Betting (GF Share)	\$19.2	\$24.5	\$2.8	\$21.7
Other Miscellaneous Taxes & Fees	\$3,742.9	\$3,604.4	\$910.7	\$2,693.8
Interfund Transfers	\$512.0	\$568.6	\$360.9	\$207.8
Other Revenues Total	<u>\$8,761.2</u>	<u>\$8,264.3</u>	<u>\$2,098.2</u>	<u>\$6,166.1</u>
Total Budget Revenues	\$41,161.5	\$33,954.5	\$7,761.7	\$26,192.8

These numbers are estimates and subject to change.

PART 3: DETAILED SPENDING PLAN FOR FY2020

As required by the COVID-19 Fiscal Mitigation Act, P.L.2020, c.19, the Department of the Treasury (hereafter “the Department”) is submitting a revised spending plan for Fiscal Year 2020 (FY 2020). Despite the extension of FY 2020, financial reporting for the State and its component units will continue to be prepared and reported for the twelve month period ended June 30, 2020.³ Thus, the revised spending plan contained within this report is presented in two parts: for the period ending June 30, 2020 and for the extended period beginning July 1, 2020 through September 30, 2020.

At the time of the Governor’s Budget Message in February, the Department had projected a total closing fund balance through June 30, 2020 of \$1.5 billion, including \$732 million projected in the Surplus Revenue Fund (SRF), also known as the Rainy Day Fund. However, given the unprecedented economic impact of the current pandemic, revenues through June 30 are expected to decline by \$2.7 billion. This decline does not include any revenue that might be deferred as a result of the extension of the federal and state tax filing and payment deadlines to July 15, 2020, since any deferred revenue collected in July will be accrued back to the period ending June 30, 2020. This revenue forecast results in a revised projected fund balance of negative \$1.2 billion, requiring drastic actions on the part of the administration in order for the State to continue the delivery of mandatory services while maintaining a positive fund balance.

In response to the pandemic and at the direction of the Governor, the Department of the Treasury, took several steps to ensure the State remained in a solvent financial position.

These steps included:

- Review of State spending across all branches of government and placement of approximately \$1 billion of available appropriations into reserve. This list is monitored and adjusted on an ongoing basis and includes, with certain exceptions, 50 percent of all uncommitted non-salary operating funds (other than funding needed to provide full-time care at State institutions); 50 percent of higher education operating aid; 50 percent of all uncommitted revolving and dedicated funding; and 100 percent of all non-entitlement, discretionary grants-in-aid, and state aid funding, including Homestead Rebates.
- Transfer of the entire \$421 million Surplus Revenue Fund (SRF) to the undesignated General Fund balance to help offset the anticipated shortfall and the planned additional deposit on June 30, 2020 will not be made.
- Implementation of a statewide hiring freeze with the exception of COVID-19 related needs.
- Limitation of hourly and temporary employees.
- Coordination with vendor partners to obtain better procurement terms and conditions for new contracts and extensions.
- Ongoing review and approval by the Office of Management and Budget of department spending and contracting.

³ In accordance with auditing standards, the financial statements prepared by the State should provide for the consistent application of Generally Accepted Accounting Principles (GAAP). As such, the State needs to remain with consistent 12 month financial reporting periods ending on June 30 regardless of the temporary change in budget fiscal year.

- Cancelling and reserving of pre-encumbrances will result in deferral or elimination of planned department spending.

FY2020 Deappropriations	
(In Thousands)	
Lapses as of February Governor's Budget Message	\$295,109
Additional Deappropriations:	
Surplus Medicaid Balances	\$397,257
Homestead Benefit Program	\$135,000
Senior Public College Operating Aid	\$102,760
Opioid Funding	\$67,996
Legislative Additions	\$45,649
ERG Grants	\$37,914
Transitional Aid Surplus	\$29,987
Mental Health & Addictions Services Trend	\$29,466
Higher Education Capital Improvement Fund Debt Service *	\$24,094
Judiciary Balances	\$21,000
25% of Non Salary Operating Funds Reserved	\$20,146
Employer Taxes	\$16,417
WFNJ Child Care Trend & Federal Funds Offset	\$14,060
OLS & Miscellaneous Legislative Commissions Carryforward	\$12,666
LPS Expungement Unit Surplus	\$12,000
Uncommitted Lead-Safe Home Renovation Funding	\$10,000
County College Operating Aid	\$9,730
NJBUILD Carryforward Balances	\$8,077
Central Motor Pool Carryforward Balances	\$8,000
Prior Year Lapses	\$7,931
FEMA Reimbursement for Prior Year Dredging Expenses	\$5,300
Housing Assistance for Veterans	\$5,000
Unused Capital Projects Balances	\$4,807
Statewide Assessment Program Savings	\$4,800
Brownfields Grants	\$3,634
Corrections Purchase of Community Services Trend	\$3,500
DEP Carryforward Balances from Delayed IT Project	\$3,000
Highlands Planning Grants	\$3,000
NJSEA Operations Subsidy Surplus	\$3,000
Office of Homelessness Prevention Carryforward Balances	\$3,000
Other Operating and Carryforward Surpluses < \$2M	
Environmental Protection	\$4,639
Law & Public Safety	\$3,838
Human Services	\$3,407
Agriculture	\$3,364
State	\$3,531
Treasury	\$2,364
Children & Families	\$2,088
Motor Vehicle Commission	\$2,000
Education	\$1,171
Banking & Insurance	\$400
Community Affairs	\$277
Less:	
Normal Lapse (Will not Occur Until 9/30)	(\$50,000)
Deappropriations as of May 22, 2020	\$1,321,379
* Offset by decreased revenue.	

- Deferral of other planned FY 2020 spending, including the pension contribution related to the revised experience study (\$279 million); the pension contribution to offset certain lottery shortfalls; the proposed lead infrastructure program in DEP (\$80 million); and the deferral of Economic Redevelopment & Growth (ERG) grants (\$49 million).

These actions, among others, have enabled the Department to avoid a negative fund balance and instead project a positive fund balance of \$344 million as of June 30, 2020. In addition, based on the revised spending plan presented for consideration for the 90 day extended fiscal year ending September 30, 2020, a revised FY 2020 ending fund balance of \$494 million.

For the financial period ending June 30, 2020, the revised spending plan takes the above spending controls into consideration. Because departments must continue to operate over the next five weeks, further adjustments to the plan will be necessary, and the Department has established guidelines to ensure an adequate ongoing projected fund balance. The revised spending plan will require de-appropriations of approximately \$1.32 billion, including State balances available as the result of the application of certain federal revenues towards State spending included in the fund balance model.

In addition, all operating reserves not currently considered for de-appropriation or needed by departments for financial year close out, as well as any additional unanticipated balances, which is often referred to as normal lapse, will be retained in reserve until final FY 2020 revenues are

determined and to the extent necessary, lapsed at the end of FY 2020 to ensure positive fund balance.

All remaining unreserved funds will be made available to departments in the extended fiscal year pursuant to the proposed FY 2020 supplemental appropriations bill.

FY2020 Fund Balance				
12 Month Period Ending June 30, 2020				
(In Millions)				
	Approp Act	February GBM	May Revised	Change from GBM
Undesignated Fund Balance	\$ 1,239	\$ 1,291	\$ 1,291	\$ -
CBT Open Space Reserve	110	111	111	-
Surplus Revenue Fund	401	421	421	-
Revenues				
Income	\$ 16,493	\$ 16,801	\$ 15,891	\$ (910)
Sales	10,242	10,406	9,276	(1,130)
Corporate	3,342	3,897	3,445	(452)
Other	8,440	8,361	8,121	(240)
Total Revenues	\$ 38,517	\$ 39,465	\$ 36,733	\$ (2,732)
Deappropriations	-	295	1,321	1,026
Total Resources	\$ 40,267	\$ 41,583	\$ 39,877	\$ (1,706)
Appropriations				
Original	\$ 38,720	\$ 38,720	\$ 38,720	\$ -
Supplemental	-	1,240	727	(513)
Total Appropriations	\$ 38,720	\$ 39,960	\$ 39,447	\$ (513)
CBT Open Space Reserve	(279)	(110)	(86)	24
Surplus Revenue Fund	(401)	(732)	-	732
Undesignated Fund Balance	\$ 867	\$ 781	\$ 344	\$ (437)
Surplus Revenue Fund	\$ 401	\$ 732	\$ -	\$ (732)
Total Combined Fund Balance	\$ 1,268	\$ 1,513	\$ 344	\$ (1,169)

FY2020 Fund Balance by Fund			
12 Month Period Ending June 30, 2020			
(In Millions)			
	General Fund/Other	Property Tax Relief Fund	Total
Undesignated Fund Balance	\$ 1,288	\$ 3	\$ 1,291
CBT Open Space Reserve	111	-	111
Surplus Revenue Fund	421	-	421
Revenues			
Income	\$ -	\$ 15,891	\$ 15,891
Sales	8,518	758	9,276
Corporate	3,445	-	3,445
Other	8,121	-	8,121
Total Revenues	\$ 20,084	\$ 16,649	\$ 36,733
Lapses	1,079	242	1,321
Total Resources	\$ 22,983	\$ 16,894	\$ 39,877
Appropriations			
Original	\$ 21,421	\$ 17,299	\$ 38,720
Supplemental	618	109	727
Total Appropriations	\$ 22,039	\$ 17,408	\$ 39,447
CBT Open Space Reserve	(86)	-	(86)
Surplus Revenue Fund	-	-	-
Year End GF/PTRF Adjustment	(514)	514	-
Undesignated Fund Balance	\$ 344	\$ -	\$ 344
Surplus Revenue Fund	\$ -	\$ -	\$ -
Total Combined Fund Balance	\$ 344	\$ -	\$ 344

Extended FY Budget Plan

The Governor's proposed supplemental budget for July 1 to September 30 defers and cuts essential spending in order to fulfill the constitutional obligation to maintain a balanced budget. The supplemental budget includes its allocable share of solutions totaling \$4.0 billion, including the elimination of \$849.7 million that the Governor proposed in late February:

Extended FY2020 Solutions

(In Thousands)

Department	Item	Amount
<u>Governor's Proposals Eliminated</u>		
Education	Year 3 of K-12 School Aid Formula	\$336,496
NJ Transit	Increase over FY20 General Fund Subsidy	\$132,000
Environmental Protection	Lead Infrastructure	\$80,000
Education	S2 Stabilization	\$50,000
Higher Education	Garden State Guarantee	\$50,000
Children & Families	Childrens System of Care Rate Increase	\$45,000
Education	Special Education & Transportation Collaboration	\$26,000
Education	Preschool Expansion - New Districts	\$25,000
Corrections	Hep C Testing and Treatment	\$21,547
Education	Nonpublic Security Aid - Per Pupil from \$150 to \$200	\$6,500
DHS - Mental Health	Psychiatrist Residencies and Justice Involved Mental Health Pilot	\$6,250
Community Affairs	Hudson County Reentry Pilot Program	\$6,000
Environmental Protection	NJ Infrastructure Bank	\$6,000
Community Affairs	Weequahic Park Senior Building	\$5,000
Community Affairs	Recreational Improvement Grants	\$5,000
Treasury	E-911 Grants	\$5,000
Community Affairs	Open Space PILOT Funding	\$3,517
DHS - Addiction Services	New Bridge Medical Center	\$3,000
Community Affairs	Repayment of Municipal Contribution to Mass Transit Facility	\$3,000
Community Affairs	Neighborhood Preservation	\$2,500
Law & Public Safety	Nonprofit Security Grant Program	\$2,050
Community Affairs	Prevention of Homelessness	\$2,500
Interdepartmental	Permitting Modernization	\$2,500
Environmental Protection	Harmful Algal Blooms	\$2,000
Treasury	Commission on Science and Technology	\$2,000
State	Business Marketing Initiative	\$2,000
Interdepartmental	9/11 Empty Sky Memorial	\$2,000
State	Primary Care Practitioner Loan Program	\$1,500
Health	Childhood Lead Outreach	\$1,500
Human Services	Office of Healthcare Affordability	\$1,500
Labor	Wage and Hour - Growth	\$1,000
Treasury	NJTV	\$1,000
University Hospital	Newark Emergency Medical Services	\$1,000
OSHE	State Policy Lab	\$1,000
Transportation	Pedestrian Safety Grants	\$1,000
Education	KEYS Academy	\$1,000

Medicaid	Increase Reimbursement for Midwife Care	\$1,000
Community Affairs	Newark Mayor's Brick City Peace Collective	\$750
DHS - Mental Health	Seton Hall Great Minds Campaign	\$500
Education	Restorative Justice In Education P.L.2019 c.412	\$500
Community Affairs	Hudson County Housing First Pilot Program	\$500
Community Affairs	Volunteer Income Tax Preparation Assistance	\$500
DHS - Mental Health	Rabbinical College Mental Health Initiative	\$300
Health	Implicit Bias Training	\$250
Education	Advanced Placement Fee Waiver	\$200
Community Affairs	Addressing Racial Bias Initiative	\$200
Community Affairs	Anti-Discrimination Training	\$200
Community Affairs	Wealth Disparity Taskforce	\$200
Community Affairs	Newark Public Library	\$200
Interdepartmental	Delaware River Basin Commission	\$200
State	NJ Historical Commission - Celebration of America	\$200
DHS - Mental Health	New Beginning Behavioral Health	\$195
Labor	Unity Community Center - Youth Development Training	\$150
Education	Jobs for New Jersey's Graduates	\$100
Education	Amistad Commission	\$75
State	Count Basie Center for the Arts	\$75
Community Affairs	Boys & Girls Club of NJ	\$45
Subtotal, Governor's Proposals		\$849,700
<u>Other Solution Items</u>		
Interdepartmental	Defer September Pension Payment to October	\$950,860
Education	Defer September 22 School Aid Payment to October	\$467,000
Community Affairs/Treasury	Defer September CMPTRA/ETR Payments to October	\$354,883
Education	Defer Extraordinary Special Education Aid Payment to October	\$250,000
Treasury	Senior Freeze	\$219,700
Treasury	Homestead Benefit Program	\$138,100
Higher Education	Senior Public College Operating Aid	\$119,870
NJ Transit	Defer NJ Transit Base Subsidy to October	\$114,367
Revenue Offset	Clean Energy Fund Uncommitted Balances	\$86,000
Revenue Offset	Affordable Housing Trust Fund Uncommitted Balances	\$60,000
Higher Education	County College Operating Aid	\$33,531
Community Affairs	Defer Transitional Aid Based on Timing of Payments	\$28,641
Various	Reduction to Statewide Discretionary Grants by 10%	\$28,305
Education	Defer Nonpublic Security Aid Payment to October	\$22,600
Various	Reduction to Statewide Department Non-Salary Operating by 5%	\$9,717
Treasury	Tenants Assistance Rebate Program	\$9,046
Treasury	Payments for Lifeline Credits	\$6,725
Education	Nonpublic Technology Initiative	\$5,400
Community Affairs	State Rental Assistance Program	\$4,625
Human Services	Social Services for the Homeless	\$3,554
Agriculture	Community Food Bank of New Jersey	\$1,750
Agriculture	Hunger Initiative/Food Assistance Program	\$1,705
Human Services	Supportive Housing Subsidies	\$1,097
Higher Education	Aid to Independent Colleges	\$800
Health	Public Health Infectious Disease Control	\$625
Agriculture	South Jersey Food Bank	\$250
Various	Other Miscellaneous Deferrals Based on Spending Patterns	260,350
Subtotal, Other Solutions		\$3,179,501
Grand Total, Supplemental Appropriation Solutions		\$4,029,201

Notably for the supplemental budget, the Governor proposes:

- Continuing to implement the school funding formula designed in partnership with the Legislature without any additional funding over FY 2020, and delaying the September 22 school aid payment into October.
- Maintaining tuition assistance programs for post-secondary students, including Tuition Aid Grants and Community College Opportunity Grants, at their FY 2020 funding levels.
- Delaying September payments for Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR) until October.
- Delaying the September pension payment to October.
- Across the board departmental reductions in non-salary operating funding and discretionary grants.

The supplemental budget does not include a subsidy to NJTRANSIT, senior freeze and homestead benefit payments, or operating aid for higher education. This proposed budget also does not include any new revenue raisers.

In general, the extended fiscal year budget provides 25 percent of projected annual need for social services programs and operating accounts not otherwise reduced. State Aid and grants and other mandatory payments are recommended to be appropriated during the three-month extended year based on normal timing of disbursements or as projected to cover actual services rendered.

The proposed budget does not impact debt service payments. It would appropriate about 35 percent of the typical annual Department of Transportation/NJTRANSIT's capital project list for this supplemental period. In total, the proposed budget provides the same overall funding for hospitals as the first quarter of FY 2020 (e.g., charity care, graduate medical education).

Where appropriate and in accordance with federal guidance, federal funds may be used to support areas impacted by reductions in State appropriations, such as K-12 education, institutions of higher education, local governments and social services.

EXTENDED FISCAL YEAR			
3 Month Period from July - September 2020			
(In Millions)			
	General Fund/Other	Property Tax Relief Fund	Total
Undesignated Fund Balance July 1	\$ 344	\$ -	\$ 344
CBT Open Space Reserve	86	-	86
Revenues			
Income	\$ -	\$ 2,831	\$ 2,831
Sales	1,946	162	2,108
Corporate	724	-	724
Other	2,099	-	2,099
Total Revenues	\$ 4,769	\$ 2,993	\$ 7,762
Lapses	-	-	-
Total Resources	\$ 5,199	\$ 2,993	\$ 8,192
Appropriations			
Original	\$ 4,672	\$ 2,904	\$ 7,576
Supplemental	-	-	-
Total Appropriations	\$ 4,672	\$ 2,904	\$ 7,576
CBT Open Space Reserve	(122)	-	(122)
Undesignated Fund Balance Sept 30	\$ 405	\$ 89	\$ 494

Coronavirus Relief Fund

The State's spend of the \$2.393 billion received through the Coronavirus Relief Fund (CRF) will be subject to the limitations defined in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as developing guidance from the U.S. Treasury on eligible uses of the CRF. Governor Murphy is currently proposing the below distribution plan for funds, although the plan allocation is subject to future statutes that modify the CARES Act, new federal appropriations, confirmation of actual expenditures incurred, the identification of additional unmet COVID-19 needs, and new guidance from the U.S. Treasury. Pursuant to existing U.S. Treasury guidance, all CRF funds must cover necessary COVID-19 expenditures incurred between March 1 and December 30, 2020. Because additional federal funds may become available to cover certain COVID-19 expenses identified below, and because federal guidance on CRF eligible expenses continues to be refined, the below material should only be read as a framework for the Administration's plans, and does not reflect the final allocation or distribution of CRF funds.

Payroll, Health Benefits, and Operations: \$600 million.

The State will use nearly a quarter of available CRF money to pay salaries for employees substantially dedicated to mitigating or responding to the COVID-19 pandemic, as well as for eligible increases in employee health benefits unaccounted for in previously enacted budgets. Eligible employees may include those hired through the Governor's Community Contact Tracing Corps, or relevant staff in public safety, public health, health care, and human services. CRF money will also go toward supporting the COVID-19-related expenses of maintaining state institutions, such as correctional facilities, psychiatric hospitals, and developmental centers so that they can comply with public health precautions.

K-12 Education Relief and Re-Opening: \$400 million.

The Department of Education will create a new account for districts to pay for the costs associated with recovery from the current COVID-19 related school closure or to prepare for future school closures related to the public health emergency. School districts will face significant costs associated with social distancing, reopening of schools, remote learning, and modified operations as a result of the COVID-19 crisis. Districts cannot use this funding for costs that are already covered by federal Elementary and Secondary School Emergency Relief Fund (ESSERF) grants, but can use the funding to support the COVID-19 related costs of the items enumerated above. Districts may also use funds for the payroll and benefit costs of staff to the extent that these costs are related to developing necessary online learning capabilities in response to school closures.

Higher Education Relief: \$300 million.

The Office of the Secretary of Higher Education (OSHE) will distribute funds to institutions of higher education for their expenditures for enabling distance learning, refunds for students' unused room and board, and pending COVID-related costs including intensified cleaning and disinfection procedures not covered by FEMA. Funds can also cover institutions' costs for implementing robust testing regimes. Institutions will not be able to use these CRF funds for expenses covered by the federal Governor's Emergency Education Relief Fund (GEERF) or the federal Higher Education Emergency Relief Fund (HEERF).

Social Services and Health Care Supports: \$300 million.

The Department of Human Services (DHS) and Department of Children and Families (DCF) will administer multiple programs to support increased social services needs for vulnerable populations. At least \$50 million of these funds will be specifically dedicated to addressing anticipated increases in substance misuse and mental health needs. The Administration will provide CRF money to address the increased needs of food banks and will support other service providers, including those providing child care or assisting individuals with intellectual and developmental disabilities. It will create a grant program to help impacted residents facing economic hardship cover their utility fees. The Department of Health (DOH) will also use at least \$10 million from the CRF to improve inspection, oversight, and protections at long-term care facilities impacted by the public health emergency.

COVID-related Expenses Unmatched by FEMA: \$250 million.

The Governor will continue to advocate for an increased federal cost-share due to the public health emergency. This allocation represents OMB's current estimate for likely expenditures due to the crisis, including personal protective equipment for workers and ventilators.

Local Government Relief Fund: \$250 million.

The Department of Community Affairs (DCA) will administer reimbursement-based grants to local governments for eligible CRF related costs that have not been reimbursed through other sources, including FEMA. Local units must demonstrate financial hardship directly attributable to COVID-19. Substantial COVID-19 related expenditures in public safety overtime, health services, self-insured health benefit outlays, and public works will substantially heighten local governments' budgetary and cash-flow challenges. \$5 million from this relief fund will be dedicated toward supporting projects that improve local government dispatch and public health services to enhance emergency response preparedness and system resilience. Funds may prioritize the twelve counties that were not eligible for their own Coronavirus Relief Fund allocations.

Economic Development and Re-Employment Programs: \$100 million.

The Economic Development Authority (EDA) and Department of Labor and Workforce Department (DOL) will administer programs that support New Jersey businesses and help residents return to work. The Administration has already committed \$50 million of CRF towards emergency grants that will serve as a vital lifeline for the thousands of small businesses struggling during these unprecedented times.

Housing Assistance Programs: \$100 million.

DCA will administer a short-term rental assistance grant program to provide temporary aid to households that have had a substantial reduction in income due to the COVID-19 pandemic. DCA will also use federal Emergency Solutions Grant (ESG) funding to expand this program.

Additional State Capacity Needs: \$90 million.

The Department of the Treasury and the Office of Information Technology (OIT) will use funds to improve enrollment for benefit programs and other resident-facing services impacted by COVID-19, including unemployment insurance. The State will also invest in improving its employees' ability to work remotely to maintain operations.

COVID-19 Federal Awards/Supplemental Appropriations
(March 2020 to Present)

This summary includes funding that the State of New Jersey has currently received from the federal government's COVID-19-related stimulus bills as of May 22, 2020. It does not include funds awarded to non-State entities, such as NJ TRANSIT or the State's public and private institutions of higher education. It also does not include funds for which the State is currently applying, such as Emergency Solutions Grants (ESGs) or the Emergency Supplemental Funding for the Byrne-Justice Assistance Grant (JAG) program.

Coronavirus Relief Fund (CRF)

Total Awarded: \$2,393,851,157

State Agency: Governor's Office/Department of the Treasury

Funding Description: The Governor will use the CRF to cover necessary expenditures incurred due to the public health emergency that were incurred between March 1 and December 30, 2020. Nine New Jersey counties received over \$1 billion in additional CRF money.

FEMA Disaster Act Funding

Total Awarded: \$750,000,000

State Agency: Department of Law & Public Safety, NJ State Police-NJ Office of Emergency Management

Period of Performance (Incidence Period): January 20, 2020 and Continuing.

Major Disaster Declaration: March 25, 2020

Funding Description: This is new emergency disaster funding from FEMA for the NJ COVID-19 Pandemic. New Jersey received a Major Disaster Declaration on March 25.

Medical Assistance Program (Medicaid)

Total Estimated Awarded: \$456,333,000

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding for the Medicaid program under the Families First Coronavirus Response Act that provides a temporary increase of 6.2% in the Medicaid Federal medical assistance percentage (FMAP).

Elementary and Secondary Education Emergency Relief (ESSER) Fund

Total Awarded: \$310,371,213

State Agency: Department of Education

Funding Description: The ESSER Fund provides grants to states for the purpose of providing local educational agencies (LEAs) with emergency relief funds. NJDOE can reserve up to 10 percent of funds for State-level activities that address emergency needs.

Child Nutrition Program – Lunch

Total Awarded: \$138,759,805

State Agency: Department of Agriculture

Funding Description: The increased funding allows for School Food Authorities throughout New Jersey to increase capacity to continue to provide lunches to students while they are not in school.

Governor's Emergency Education Relief (GEER) Fund

Total Awarded: \$68,864,994

State Agency: Governor's Office/Office of the Secretary of Higher Education (OSHE)

Funding Description: The GEER Fund provides Governors flexibility through an emergency block grant. Given the significant financial burdens that institutions of higher education are facing due to the unprecedented public health emergency, Governor Murphy will focus GEER funds on New Jersey postsecondary institutions.

Child Care and Development Block Grant (CCDF)

Total Awarded: \$63,058,005

State Agency: Department of Human Services

Funding Description: These funds will be used for continued payments and assistance to child care providers, as well as other eligible uses under the CARES Act.

Child Nutrition Program – Breakfast

Total Awarded: \$57,789,771

State Agency: Department of Agriculture

Funding Description: The increased funding allows for School Food Authorities throughout New Jersey to increase capacity to continue to provide breakfasts to students while they are not in school.

Cooperative Agreement for Public Health Emergency Response

Total Awarded: \$21,224,891

State Agency: Department of Health

Funding Description: This is supplemental funding from the CDC to help jurisdictions meet surveillance and community intervention requirements.

Child Nutrition Program – Child and Adult Care Food Program (CACFP)

Total Awarded: \$21,102,931

State Agency: Department of Agriculture

Funding Description: The increase in funding is to allow organizations that are part of the CACFP to provide an increased number of meals to children and adults.

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Total Awarded: \$15,400,178

State Agency: Department of Health

Funding Description: This is supplemental funding added to Health's existing ELC grant from the CDC.

Special Programs for the Aging, Title III, Part C, Nutrition Services

Total Awarded: \$12,721,735

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-ACL for eligible individuals in the Nutrition Services Program.

Help America Vote Act (HAVA) Election Security Grants

Total Awarded: \$10,250,690

State Agency: Department of State

Funding Description: These funds will be used to prepare for the potential increased costs of the 2020 Federal election cycle.

Child Nutrition Program – Summer Food Service Program

Total Awarded: \$5,951,966

State Agency: Department of Agriculture

Period of Performance: March 27, 2020 to September 30, 2020

Funding Description: The increased funding allows for organizations and schools that are part of the SFSP throughout New Jersey to increase capacity to provide meals to students while they are not in school.

Special Programs for the Aging, Grants for Supportive Services and Senior Centers

Total Awarded: \$5,300,723

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-ACL for supportive services and senior centers, and it is designed to maximize the informal support provided to older Americans to enable them to remain in their homes and communities.

Section 8 Housing Choice Vouchers

Total Awarded: \$4,721,112

State Agency: Department of Community Affairs

Funding Description: This administrative fee funding may be used by public housing agencies (PHAs) for administrative and other expenses related to coronavirus.

Special Programs for the Aging, Nutrition Services

Total Awarded: \$4,240,578

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-ACL for the Home Delivered Meals program that provides meals to eligible individuals in their place of residence.

National Family Caregivers Support

Total Awarded: \$2,671,147

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-ACL for the Family Caregiver Support Program to help meet the needs of older adults and people with disabilities.

Emergency Food Assistance Program

Total Awarded: \$2,236,607

State Agency: Department of Agriculture

Funding Description: This funding will be used to provide additional emergency food assistance due to the public health emergency.

Special Programs for the Aging, Nutrition Services

Total Awarded: \$2,120,289

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-ACL for the Congregate Meals program that provides meals to qualified individuals in a congregate or group setting.

Emergency Grants to Address Mental and Substance Abuse Disorders

Total Awarded: \$2,000,000

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-SAMHSA to provide increased mental and substance use disorder services

Special Programs for the Aging, Discretionary Projects

Total Awarded: \$1,100,000

State Agency: Department of Human Services

Funding Description: This award provides one time funding to support the coronavirus response for elderly residents.

Family Violence Prevention Funds

Total Awarded: \$935,733

State Agency: Department of Children and Families

Funding Description: The funds will provide temporary housing and supportive services to victims of family, domestic, and dating violence.

National Bioterrorism Hospital Preparedness Program (HPP)

Total Awarded: \$922,390

State Agency: Department of Health

Funding Description: This is emergency supplemental funding on top of Health's existing HPP award to support the urgent preparedness and response needs of hospitals and health systems.

Crisis Counseling

Total Awarded: \$882,035

State Agency: Department of Law & Public Safety

Funding Description: This funding provided by FEMA is for immediate crisis counseling services for COVID-19 survivors statewide.

Stephanie Tubbs Jones Child Welfare Services Program

Total Awarded: \$881,540

State Agency: Department of Children and Families

Funding Description: These funds are for keeping families together as part of the coronavirus response.

Child Nutrition Program – Summer Food Service Program

Total Awarded: \$778,189

State Agency: Department of Agriculture

Funding Description: The increased funding is to support increased administrative costs for SFSPs.

Ryan White HIV/AIDS Program Grants

Total Awarded: \$689,340

State Agency: Department of Health

Funding Description: This funding is for Ryan White HIV/AIDS Program (RWHAP) recipients to help their clients respond to coronavirus.

Child Nutrition Program – Milk

Total Awarded: \$562,363

State Agency: Department of Agriculture

Funding Description: The increased funding allows for School Food Authorities to increase capacity to continue to provide milk to students while they are not in school.

Special Programs for the Aging, Long-Term Care Ombudsman Services for Older Individuals

Total Awarded: \$530,072

State Agency: Department of Human Services

Funding Description: This is new COVID specific funding from HHS-ACL for the Ombudsman Program to help expand their virtual presence.

National Endowment for the Arts Funds

Total Awarded: \$492,700

State Agency: Department of State

Funding Description: Grants will go to support arts programs, services, and activities associated with carrying out the agency's National Endowment for the Arts-approved strategic plan.

Ryan White HIV/AIDS Program, Coordinated Services and Access to Research for Women, Infants, Children and Youth

Total Awarded: \$160,453

State Agency: Department of Health

Funding Description: This funding is to support family-centered care for clients of Ryan White HIV/AIDS Program (RWHAP) recipients.