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Gibbons SFY 2026 Report: New Jersey Department of Children & Families Presents Its FY 2026 Budget Proposal

This is the latest installment in a series of posts that offers a detailed look into the budget proposals for the major departments that constitute the state government.

On April 22, 2025, and April 30, 2025, New Jersey Department of Children & Families (NJDCF) Commissioner Christine Norbut Beyer appeared before the Senate Budget and Appropriations Committee (SBA) and the Assembly Budget Committee (ABU), respectively, to present the Department's proposed FY 2026 \$1.449 billion budget, which is a decrease of \$74.6 million or 4.9 percent from the FY 2025 adjusted appropriation.

Backdrop of Looming Federal Funding Cuts

Congress recently passed a [budget resolution](#) requiring the House Committee on Energy and Commerce to cut a minimum of \$880 billion through 2034. Medicaid accounts for approximately 93 percent of non-Medicare spending under the jurisdiction of the Committee. To meet the targeted objectives, the majority of the Committee's cuts will likely come from the Medicaid program. To achieve these reductions, Republican lawmakers are considering proposals to shrink federal matching funds that support state Medicaid expansion populations and change program eligibility requirements by imposing work requirements.

The Federal Medical Assistance Percentage (FMAP) is the percentage rate used to determine the amount a state receives from the federal government for its Medicaid program. Currently, states that have enacted Medicaid expansion under the Affordable Care Act receive a 90 percent FMAP. New Jersey is matched at different rates for different services, with the floor being 50 percent. This means the federal government takes on 50 percent of those costs, while the state government takes on the other 50

percent. Commissioner Norbut Beyer testified that NJDCF depends on \$465 million in Medicaid funding annually and that cuts to Medicaid or the Medicaid rate calculation would trigger “catastrophic” reductions in federal reimbursement for foster care and adoption subsidies, kinship support, and investigations into child abuse and neglect.

In federal FY 2025, NJDCF received \$43.3 million in Social Services Block Grant (SSBG) funding. The SSBG is a federal program that provides funding to states to support a variety of social services for vulnerable populations. According to the Commissioner’s [written testimony](#), the proposed elimination of SSBG funding “would affect case management for children and families involved in the child protection system, staff salaries, office rents and general maintenance.”

Child Care

NJDCF is responsible for licensing child care centers. Specifically, the NJDCF’s Office of Licensing (OOL) handles the licensing process and ensures child care centers meet required health, safety, and educational standards. The OOL also inspects licensed child care centers annually to enforce these requirements. In response to a SBA member question, Commissioner Norbut Beyer testified that NJDCF will be releasing amended regulations that will increase the minimum indoor space requirements for licensed child care facilities from 35 to 42 square feet of usable activity floor space per child. The Commissioner also testified that existing facilities that already meet the 35 square-foot requirement will be grandfathered into the new regulation. Facilities in the contract or planning stage, however, will need to comply with the new requirements.

Child Welfare and Family Health

Commissioner Norbut Beyer testified that the FY 2026 budget contains no cuts to the Children’s System of Care and that Child Protection and Permanency (CP&P) staff levels will not be affected. According to the Commissioner’s written testimony, this will allow NJDCF to continue to administer the public mental health system for youth under 21 with enough staff to meet statutory caseload caps. In the latest federal reporting on child welfare agencies,

NJDCF reportedly has the lowest out-of-home removal rate in the country. According to the Commissioner's written testimony, in 2022, New Jersey's out-of-home removal rate was 1.6 per 1,000 children, compared to the U.S. average of 6.1 per 1,000 children.

The Commissioner testified that the proposed NJDCF budget contains funding to preserve the New Jersey Statewide Student Support Services program (NJ4S). The program is designed to support the emotional, social, and mental health of youth and young adults and their parents or caregivers, in schools and other convenient community locations, such as libraries and community centers. The proposed appropriation for NJ4S is \$8.4 million, which is a significant decrease from the FY 2025 appropriation of \$43 million. Beginning in FY 2026, however, \$34.6 million of the NJ4S's program funding will be funded by the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund.

The Commissioner also testified that NJDCF will maintain funding for the expansion of the Family Connects NJ universal home visiting program to achieve statewide reach. Under the proposed budget, NJDCF will continue operating in the current 11 counties receiving universal newborn home visiting, and in 2026, expand to six new counties: Camden, Salem, Atlantic, Burlington, Cape May, and Monmouth.

Commissioner Norbut Beyer testified that in 2024, the New Jersey Healthcare Quality Institute (NJHCQI) was established under P.L. 2024, c.100. The Commissioner stated that NJDCF has finalized a memorandum of understanding and has contracted with the NJHCQI to perform an assessment of New Jersey's youth mental health service needs. In response to a SBA member question regarding cuts to youth mental health services, the Commissioner clarified that while the proposed budget reflects a \$30 million cut to a "Mental Health Initiatives" line item, the \$30 million in question was added in FY 2025 and will be carried into FY 2026 to implement the findings of the NJHCQI assessment.

Be on the lookout for our next post about the New Jersey Department of Human Services budget hearing.

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