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**Authors:**  
[Alexandra C. Hayes](#)

# Governor Sherrill's 2027 Budget Focuses on Affordability and Fiscal Responsibility for New Jersey

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On Tuesday afternoon, Governor Mikie Sherrill presented her Fiscal Year (FY) 2027 state budget to a joint session of the New Jersey Legislature in Trenton, NJ. This year's address marks Governor Sherrill's first budget presentation of her term in office. The proposed budget totals \$60.7 billion, which is \$980 million more than the adjusted FY 2026 budget appropriation.

The FY 2027 budget includes a projected ending undesignated surplus of \$5.4 billion and cuts costs by approximately \$2 billion. Governor Sherrill framed the proposal as an "affordability budget" that will make New Jersey "less vulnerable" to uncertainty at the federal level. The governor highlighted the areas below in her budget address.

## Property Tax and Utility Relief

Governor Sherrill addressed rising costs and inflation in her address. The proposed budget aims to improve affordability by proposing direct property tax relief totaling \$4.2 billion, which would provide assistance to over two million New Jersey residents. This expenditure would be provided through Stay NJ, the Affordable New Jersey Communities for Homeowners and Renters (ANCHOR) Property Tax Relief Program, and Senior Freeze. The governor proposed reductions to Stay NJ by lowering the income threshold limit to \$250,000, matching ANCHOR. The maximum benefit amount for Stay NJ would also be changed and capped at \$4,000.

On her first day in office, Governor Sherrill signed two executive orders to [offset future utility rate increases](#) and [declare a state of emergency](#) as to the current cost of electricity. The governor stated that she will expand power generation and support the Garden State Energy Storage and Community Solar Energy Programs to reduce New Jersey's supply shortage.

## Transportation

The governor's budget proposal includes over \$1 billion in state support for NJ Transit and increases Transportation Trust Fund spending. Governor Sherrill further stated that the budget will help modernize NJ Transit's fleet by providing 40 new rail cars and 250 new buses in 2026. The governor noted that NJ Transit is anticipating an 11% increase in operating costs, but farebox revenue is expected to remain stagnant. To address this issue, Governor Sherrill expressed support for NJ Transit's Leveraging Assets for Non-farebox Dollars (LAND) Plan, which proposes reforms to provide new revenue for NJ Transit and promotes affordable housing opportunities.

Additionally, Governor Sherrill reaffirmed her administration's commitment to fighting for the release of funding for the Gateway Tunnel project. In advance of the 2026 FIFA World Cup Final, Governor Sherrill committed resources to transportation infrastructure, highlighting that New Jersey will be opening the brand-new Portal Bridge.

## Education

The proposed budget includes a record-breaking \$22.6 billion in funding for pre-K to 12 education, representing an increase of \$222.6 million from FY 2026 and the highest amount of school aid funding provided in New Jersey history. Governor Sherrill also highlighted that the budget continues the state's investment in high-impact tutoring programs by allocating \$15 million.

## Youth Mental Health

During her first week in office, Governor Sherrill signed [Executive Order No. 6](#), which created a new office within the Department of Health to coordinate government efforts to keep kids safe online and prioritize children's mental health outcomes in the face of ever-growing interactions with technology. The budget includes \$125,000 in funding for the new Office of Youth Online Mental Health Safety and Awareness, along with \$500,000 for a new Social Media Research Center at one of New Jersey's

institutions of higher education to study the effects of online platforms on youth mental health.

Additionally, the FY 2027 budget includes the new School-based Partnerships for Access and Resilience for Kids (SPARK) program, which aims to increase access in K-12 schools to school-based counseling and mental health intervention services. An allocation of \$33 million is provided to launch the program.

## Pension Payment and State Operations

The FY 2027 budget includes a full payment to New Jersey's pension system in the amount of \$7.3 billion. To further efficiency initiatives, the budget includes an increase of \$13.3 million for the New Jersey Innovation Authority, which is tasked with implementing the Permitting Dashboard. As prescribed in [Executive Order No. 5](#), the Permitting Dashboard will allow applicants to track the progress of their government permit applications and display new permit timeframes.

In furtherance of the Sherrill administration's goal of expediting the permitting process, the budget establishes two new regulatory review teams at the NJ Department of Environmental Protection.

## Economic Development

Governor Sherrill's budget proposal will fortify the Business Action Center (BAC), with the goal of expanding the BAC's reach to New Jersey's business community and assisting in job creation.

To address the disparities in access to the state's procurement and contracting process, the proposed budget includes \$500,000 to establish a team of experts who can provide training and technical assistance to businesses certified as Minority and/or Women Business Enterprises (MWBES).

## Next Steps

As the budget process continues, the Legislature will hold public hearings, and each of the executive departments will make

presentations to the Senate Budget and General Assembly Budget Committees. Under New Jersey's Constitution, the Legislature must pass a balanced budget by the end of the current fiscal year on June 30, 2026. The text of Governor Sherrill's budget address can be [found here](#), and the *Budget in Brief* report can be [found here](#).

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