

FISCAL YEAR 2020 BUDGET ADDRESS

Governor Philip Murphy

March 5, 2019

Lieutenant Governor Oliver. Senate President Sweeney, Speaker Coughlin, Majority Leaders Weinberg and Greenwald, Minority Leaders Kean and Bramnick, and members of the 218th Legislature.

Former Governors. Chief Justice Rabner. Judge Grant. Members of the Cabinet.

Faith leaders. Honored guests. Friends and fellow New Jerseyans.

Our license plates say, “New Jersey, the Garden State.” But even more than that, New Jersey is the middle-class state. We are all in this together. And, coming together is how we succeed.

So, today I am presenting a budget that is a blueprint for how we continue to build a more secure and inclusive middle class in New Jersey.

This budget is how we make real the promise of a stronger and fairer state that works for every family. And, it builds on the progress we have already made.

Together, we are paving the way for countless families – like the family I grew up in – who want nothing more than to move into the middle class, and we are smoothing the path for those already there.

Together, just a month ago, we put our state on a path to a \$15 an hour minimum wage. This path is the on-ramp that more than one million New Jerseyans will use to ultimately move into the middle class. The economic activity they will power will make those already in the middle class more secure.

But it’s about more than just economics. The New York Times said it best, “The \$15 minimum wage doesn’t just improve lives. It saves them.”

It goes further, “A living wage is an antidepressant. It is a sleep aid. A diet. A stress reliever. It is a contraceptive, preventing teenage pregnancy. It prevents premature death. It shields children from neglect.”

If anyone in this chamber ever questions whether what we do matters, simply think of the families striving to join the middle class, those whose paths have been blocked because of a yawning racial wealth gap, and the ALICE families working hard but falling behind -- and then look to this achievement.

Or, to this one. Two weeks ago, we expanded paid family leave to make an even greater difference for families who need time off from work to welcome a new baby, or care for a sick

loved one. And, one week ago today, workers who had never before had the ability to take a paid sick day finally began to enjoy this basic benefit so many of us take for granted.

Together, we are beginning to properly fund our public schools, strengthening a public education engine that is the foundation for the middle class – and, at the same time, providing much needed property tax relief.

Together, we are fundamentally redefining public education with greater access to pre-K and by beginning to make community college tuition-free. These are landmark achievements in strengthening the middle class and making New Jersey a national leader.

Together, we are making health insurance more affordable and finally funding Planned Parenthood, steps that take some of the edge off the high costs of health care.

Together, we are rebuilding NJ TRANSIT, directly benefiting everyone who commutes to work and school, and making our state more competitive.

Together, we are making real differences in the everyday lives of millions of people. Together, we are making New Jersey stronger and fairer.

For all of this, I thank you.

But, we must be clear where this journey started. This Administration, and this Legislature, inherited a state hollowed out by eight years of wrong-headed and short-sighted decisions.

It was eight years of shutting-out middle-class New Jersey families and shutting the door on those struggling to get there.

New Jersey lagged the nation in economic growth and in creating jobs. Eleven credit downgrades drove up costs and pushed down our reputation. Critical infrastructure projects were abandoned, NJ TRANSIT was gutted, and commuters were literally left behind. Public schools and pensions were underfunded year after year.

Again and again, New Jersey's middle class paid the price.

Of course, we heard the word "affordability" a lot over those eight years. But as with so many things over those years, the rhetoric and the reality didn't connect. Affordability was only defined in narrow, partisan terms.

For eight long years, the politics of division failed New Jersey. Just as the politics of division are today failing our nation.

Today, in New Jersey, we are climbing our way out of a deep hole. But in New Jersey, we don't give up, we just work harder. So, together, let's get to work.

In this budget, affordability is about the smart and honest investment of our resources where they will do the most good ... where they can create broad opportunity for many as opposed to just rewarding a privileged few ... where they can rebuild our middle class, rather than milk it.

And, affordability is about being good stewards of every taxpayer dollar and working together to find savings that no one had thought possible.

That is why this budget is rooted in over \$1.1 billion in real and sustainable savings -- including nearly \$800 million in public employee health benefit cost savings and another \$200 million-plus in departmental savings.

You heard that number right – over \$1.1 billion in real and sustainable savings.

Much of these significant savings were achieved through cooperation with our public employees rather than through confrontation. These savings were achieved through the power of working together.

These savings will allow us to take the steps we need to move New Jersey forward. Growing up in our family, the only way we could spend money is if we saved money. I know a lot of New Jerseyans understand that.

Of course, no one, especially not me, questions that taxes are a big piece in New Jersey's affordability puzzle.

That is why slowing the growth of property taxes to a record low matters. That is why our expansion of the Earned Income Tax Credit matters. That is why restoring the homestead property tax benefit matters. That is why tax fairness for middle-class families, seniors, and small and medium-sized businesses matters.

This budget continues us down this path.

But, growing our economy, and investing in the things that will make life better for our middle class and those who aspire to join it, are equally important.

Each of us came here to make things better, to meet our responsibilities, and to serve our constituents. This is a chamber filled with good people with good intentions.

Yet, here we are, paying the price for past years of pushing problems down a broken road.

That is why this blueprint for the middle class matters.

This budget is built upon four elements.

One: Doing the hard work to realize over \$1.1 billion in sustainable savings.

Two: Stabilizing New Jersey's credit-worthiness through responsible fiscal stewardship.

Three: Maintaining and growing our investments in education, infrastructure – in particular NJ TRANSIT – and an innovation-driven economy that reaches deep into every neighborhood.

Four: Ensuring tax fairness for our middle class.

We must remember that each number we write into the budget is a face – the face of one of millions of New Jerseyans looking to us to put aside our differences to overcome our challenges.

Several of these faces are here with us today, guests of the Lieutenant Governor and the First Lady. They are committed to being part of a better future, and they are the people this budget invests in.

Among them are Tawana Watkins, of East Orange, who is part of the new class of NJ TRANSIT engineers, and who will play a big part in once again making NJ TRANSIT the envy of the nation.

Lindenwold's Aurelio Sotelo is a finance student at Rutgers-Camden thanks, in part, to the Educational Opportunity Fund. Because of the EOF, Aurelio is well on his way to achieving his dream of owning his own clothing company.

And, Stacey Barrio-Lothrop and Jans Heinsohn of Carbon22, an innovative medical-device manufacturer which is taking root at the Kearny Point incubator space. Carbon22 is also the very first company to take advantage of the investment we are making in our startup culture through NJ Ignite, the EDA's collaborative workspace rent initiative. In our work to reclaim our dominance in the innovation economy, people like Stacey and Jans, and companies like Carbon22, will lead the charge.

Their faces, those of the other special guests with us today, and the millions of others like them across our state, are why the most important investment in this budget is in the middle class, and in those who dream to join its ranks.

We are as committed to them as we are to our principles, but as I have said before we can compromise on policy without compromising either our principles or our commitment to our people.

I understand the budget I am proposing today will not be identical to the one I will ultimately sign. We will talk, we will negotiate, and we will compromise. That is as it should be. That is how our system works best.

We will have to make hard choices, but that is different from false choices. We need to be

stronger and fairer. We can't have economic progress without social progress and we can't have social progress without economic progress.

Because when we remember that success and fairness are not mutually exclusive, we can do big things.

Last year, our Administration worked with our public employees to strike an agreement that is saving state and local taxpayers \$500 million across two years while protecting the health care of the men and women of state and local government, our educators, and our police, fire, and EMS first responders.

But, that was not an end, it was just a beginning, and our conversations never stopped.

We continued to present new ideas, to hear theirs, and to talk as partners, instead of as adversaries.

Negotiations and progress flow from mutual trust. They go nowhere when there is only mutual suspicion. That's the old way. That's the failed way. And, those days are over.

In total, our budget contains roughly \$800 million in real and lasting savings in the delivery of public employee health care in the coming fiscal year – a 16 percent year-over-year decrease from the current budget.

Importantly, the reforms we have agreed upon – and those we continue to work toward in good faith – will allow our taxpayers to keep hundreds of millions of dollars in their pockets. Their impact on local and school budgets is also expected to deliver more than \$400 million in property tax relief.

And, it will save money for those who serve our state, our communities, and our schools, while maintaining the high-quality health care they deserve.

It will make New Jersey more affordable across the board. Half of these savings we will be able to implement administratively, while others will be realized through collective bargaining and the work of the Plan Design Committees that craft the policies available to our public workforce.

Our public workers are not the enemy, they are our neighbors. They are also taxpayers. They are the heart of our middle class. It is not pandering to stand with them -- it is doing our jobs.

We accomplished this with the same mindset in which we worked to save residents an average of more than nine percent on individual health care policies by protecting the Affordable Care Act. The aim isn't to offer lesser care – it's to provide high-quality care at a lower cost. And, we are doing that.

We are doing it without yelling, threatening, or calling people names.

And, I will continue to work in partnership, and in good faith, with our partners in the public workforce on ways we can, collectively, ensure greater progress, and greater relief, for our taxpayers.

As I mentioned we have also identified another \$200 million-plus in departmental savings opportunities throughout the budget, which we will apply this year.

I thank Treasurer Liz Muoio and her team for their hard work – work that has added up to over \$1.1 billion in savings. By anybody's standard, over \$1.1 billion in sustainable savings is real and substantial.

I also thank Human Services Commissioner Carole Johnson for her knowledgeable leadership in finding an additional quarter-of-a-billion dollars in recoverable Medicaid funds, plus millions more in other efficiencies that will allow us to maximize our federal dollars while protecting beneficiaries.

We are building a stronger fiscal house for New Jersey. We are replacing gimmicks with stability.

For example, the projected surplus of the budget I signed last year was \$765 million – a vast improvement over prior budgets. But, through careful management and keeping an eye on every dollar, we have grown our surplus by one-third over the year and are now set to close Fiscal 2019 with a surplus of over \$1 billion.

This budget will grow our surplus even more in Fiscal 2020, to nearly \$1.2 billion.

I ask you to find the last time we had consecutive years of billion-dollar-plus surpluses.

Last year, I proposed a budget that significantly cut back on the use of one-shots, and this budget once again maintains that example. One-shot revenues are down to only 1.7 percent, a decrease of one-third over the current budget, and half the average yearly amount across the prior administration.

And, in this budget, we are significantly curtailing fund diversions. We are eliminating entirely the diversion from the Affordable Housing Trust Fund, so Lieutenant Governor Oliver and her team at DCA can do more to ensure the accessibility of safe and affordable housing. And, through the Clean Energy Fund, we will put more than \$70 million back to work to make critical investments in our clean-energy economy.

This shows how far we have already come in fixing the structural problems that years of past fiscal decisions had created. And, we know there's still work to do.

Especially with our surplus, we must remain vigilant to safeguard these funds, and not to view them as just extra cash laying around to be raided for any number of programs or projects, no matter how well-intentioned.

Reducing our reliance on one-shots and diversions means greater year-over-year fiscal predictability and reliability.

But the real value is that they allow us to make the investments we need, to make New Jersey a stronger and fairer state for every family.

And, reaching these fiscal mileposts will not go unnoticed by the rating agencies, with whom I will visit later this week, and whose decisions greatly impact our future sustainability.

Because, with a more sustainable fiscal future, we can make more sustainable investments in our future.

Last year, we began the process of finally fulfilling our obligations to our public schools, increasing our investment in K-through-12 classrooms by more than \$350 million.

Let there be no doubt, this investment is one reason why 2018 saw the lowest increase in the average statewide property tax bill not just in the last nine years – but on record.

And, the work to modernize our formula to meet the on-the-ground needs of districts today, led by Senate President Sweeney, is ensuring that school funding dollars are more efficiently and effectively following our children.

We also increased investment in high-quality pre-K programs. Today, in 64 additional school districts, more than 4,400 three-and four-year-olds now have access to pre-K they lacked just one year ago.

This budget maintains this commitment to our kids and our public schools – starting with an additional \$206 million to ramp-up to the full K-through-12 formula funding. There is \$68 million more to not only maintain, but to expand, pre-K. These commitments mean we can continue to be a national leader in the delivery of high-quality public education.

And, our budget continues our Computer Science for All initiative. This gives more high school students, especially minority students, access to an advanced computer science course, so they can earn college credits and industry credentials -- and go on to increase the diversity of our innovation economy.

Our budget includes \$5 million more for Tuition Aid Grants, and an additional \$2.25 million to support the Educational Opportunity Fund.

This is the 50th year in which accomplished students, like Aurelio, are benefitting from EOF. It is

the greatest legislative legacy of former Governor Tom Kean, who sponsored the original bill. Let's ensure it continues to write new chapters for our students.

Last year, we inaugurated a grant program that – in concert with EOF and TAG, and other available aid – is helping 13,000 qualified students to pursue an associate's degree tuition-free at one of 13 community colleges.

This budget will grow our investment in Community College Opportunity Grants to reach a total of 18,000 students in the 2019-2020 academic year at every community college – and more of them will be pursuing a degree full-time.

And, our budget looks to a new way to help our four-year public colleges and universities. We propose \$20 million in new formula-driven aid, based on what is needed to ensure the best outcomes for all students and reflect the diversity of our state. This is a first step in funding higher education through fairness, and not politics. It is part of the broader state plan which Higher Education Secretary Zakiya Smith-Ellis will be releasing in the near future.

Last year, we enhanced and refocused our investment in workforce development and apprenticeship programs. We awarded grants expanding opportunities for thousands more to learn and master the skills that will lead them into good-paying, family-supporting careers. This budget continues this commitment.

Our blueprint for the middle class, through its investments in education and workforce development, will continue to make a more competitive and more affordable New Jersey.

In our current budget, we restored direct property tax relief to thousands of middle-class families who were cut off by the prior Administration. I thank Speaker Coughlin for leading the fight to restore this relief, and this budget maintains our commitment with \$283 million in direct property tax relief for our middle-class families and seniors.

In a state with an unmatched location and a regional economy built on moving people and goods, there is no higher priority than fixing NJ TRANSIT. We owe our commuters a transportation system that makes their lives smoother rather than harder. They deserve a system that is safer, more reliable, and customer-oriented.

Our current budget began the long process of turning around an agency that had been hollowed-out by years of disinvestment and mismanagement, leaving customers as second-class citizens and hurting our economic well-being.

Last year, commuters were spared a fare hike. And, if we pass this budget's investment, there won't be one this year, either.

Through our current investment, NJ TRANSIT has moved ahead with procurement of new rail cars and buses to build capacity and relieve overcrowding. We are rebuilding the gutted ranks

of rail engineers and bus operators needed to keep the lines running – and I cannot wait to welcome our first class of new train engineers later this spring.

Because of our investment, NJ TRANSIT was able to push forward to meet the federal government's December 31, 2018 deadline on Positive Train Control – a feat almost no one outside our Administration, and I mean almost no one, thought possible.

On Friday, I signed legislation that expands a commuter tax cut, allowing more commuters to directly benefit from pre-tax savings accounts to pay for their rail or bus fares. This can keep hundreds of extra dollars a year in their pockets.

NJ TRANSIT has also reached agreement with Amtrak on millions of dollars' worth of back payments. They are now working together on joint investments in infrastructure and renovations at New York Penn Station that will improve the customer experience.

This budget maintains all of this progress. It will provide \$407 million in General Fund support to NJ TRANSIT. This \$100 million increase will replace \$75 million in fund diversions in addition to providing \$25 million in new direct funding. This keeps NJ TRANSIT on the path to being the turnaround story of the nation, it keeps rebuilding the ranks of professionals needed to keep our system running, and, most importantly, it keeps improving service to our commuters.

It's this simple – an investment in NJ TRANSIT is a direct investment in our economy, our business environment, and our commuters. It's an investment in hard-working people like Tawana, and in the people she will take to-and-from work every day.

And, we will responsibly invest in meeting our pension obligation and continuing the progress to bringing the pension funds back to health with a second-straight record-setting payment – this year's totaling \$3.8 billion.

Our pension obligation, like many of our challenges – NJ TRANSIT and school funding, among others – did not spring up overnight. It grew because decisions made by both parties allowed it to grow.

I know this particular challenge well, perhaps better than many. I studied it in-depth more than a decade ago when Governor Codey asked me to chair the first pension and benefits task force.

But, the message our Task Force put forward nearly a decade-and-a-half ago is just as true today – we cannot look for quick outs or easy fixes, because they simply don't exist. It took us years to get to this point, and it will take years of good-faith efforts – efforts that must include our public employees, our educators, and our first responders – to successfully get past it.

And, that is why we are making this record \$3.8 billion pension contribution – to keep our promises and to meet our fiscal challenges head-on.

We must ensure that our commitment to affordable, high quality health care and evidence-based policymaking remains as strong as ever. Our current budget restored funding for Planned Parenthood and women's health care. As a result of that investment, over 10,000 more patients – both women and men – were served in 2018 compared to 2017.

At the national level, President Trump and his administration are continuing their assault on Title X, putting the health of millions of women across the country at risk for starkly partisan and political reasons. In New Jersey, we're showing the better way forward.

Last year, four clinics were added where residents could receive family planning services, and an entirely new health clinic opened at Rutgers-Newark. Patients gained access to 8,000 additional hours to receive vital services – including potentially life-saving cancer screenings.

More than 40 critical staffing roles were filled. More than 80,000 STD tests were provided free-of-charge, and today, more women have access to Long Acting Birth Control.

This budget maintains our commitment, so we can continue to build upon this progress.

Over the past year, the First Lady has taken on the growing racial disparity in maternal health, alongside twelve of our commissioners, leaders in our health care and faith communities, legislators, and many others. I want to give a special shout-out to Health Commissioner Dr. Shereef Elnahal, Children and Families Commissioner Christine Norbut Beyer, and Human Services Commissioner Carole Johnson.

The facts are jarring. New Jersey ranks 45th in the nation – yes, 45th – in maternal death rate, nearly double the national average. Even worse, 60 percent of new mothers who die because of complications from childbirth are women of color.

A black baby in New Jersey is three times more likely to die in his or her first year of life than a white baby – the widest racial disparity in the nation.

To combat this, the First Lady and our administration inaugurated the NurtureNJ campaign to raise awareness of our maternal and child mortality crisis and to develop a comprehensive interagency plan. This budget will support these efforts, to bring together more experts and residents in the search for lasting solutions.

And, our budget will provide \$1 million through our Medicaid program for doulas who play a critical role in reversing these statistics. Medicaid covers 40 percent of all childbirths in New Jersey – and these babies deserve a chance as much as any other.

These babies are far from the only vulnerable New Jerseyans this budget seeks to help.

While we will maintain our commitment to emergency aid for homeless residents, this budget also recognizes that money, alone, is not an answer to this vexing problem.

We'll take a broader approach through the creation of an Office of Homelessness Initiatives, in the Department of Community Affairs, to act as a hub for more strategic and coordinated efforts, where we use data and analytics to create and implement solutions to address people's housing needs – especially among our veterans -- from prevention, to emergencies, to permanency.

And, our budget will provide critical resources to allow individuals with both developmental disabilities and mental health challenges to thrive in their communities.

In addition, we will do more to alleviate the costs pushed onto our Medicaid system by large employers who leave workers to rely on Medicaid, instead of offering a health care plan. This budget will ask employers with 50 or more employees on Medicaid to pay a small Corporate Responsibility Fee of \$150 for each one of these employees.

They should share in the burden of paying for their employees' care, rather than leaving it to the rest of us.

And, our budget will maintain our commitment to working families in other ways, including continuing the Child and Dependent Care Tax Credit we passed together last year, which is benefitting more than 74,000 New Jersey families.

We are continuing to support smart, compassionate and just prisoner reentry efforts. I commend Governor McGreevey and our faith-based communities for all their great work on the front lines. Our budget this year will increase investments in programs proven to decrease rates of recidivism, and will support the ability of incarcerated individuals to continue their education, so they can find second chances when they come back to our communities.

In every respect, we commit to reforming our criminal justice system for the better.

In our current budget, we set aside \$100 million to directly combat our opioid epidemic through carefully designed programs and thoughtful, data-driven analysis to put resources where they are most-needed. We are ever-mindful that the opioid epidemic was ravaging our cities long before it made headlines.

This budget maintains our commitment, and proposes increasing fees on opioid drug distributors and manufacturers to help support our fight against the opioid epidemic.

Other states, red and blue alike, are taking similar steps. Let's join them. Let's send a clear message that we should be working together to end our national addiction to opioids, not to continue feeding it.

As we look to building the New Jersey of the future, we must be mindful of our ability to continue these investments well into our future.

In my Budget Address one year ago, I called for us to enact a new way in which we provide the tax incentives that help us attract and retain businesses. I spoke directly to it in October, when I released my economic master plan. And, I reiterated this call in my State of the State Address seven weeks ago.

There are many opinions on our current system of open-ended corporate tax breaks. But, here is a simple fact – the potential impact of past corporate tax breaks on corporate business tax collection, in the coming fiscal year, surpasses \$1 billion. And, it will remain over \$1 billion annually for at least the next three fiscal years.

The simple fact is that we are currently obligated – I repeat, obligated – to corporate tax breaks totaling \$11 billion through at least Fiscal Year 2031.

And, lest we forget, for all of these incentives, before this Administration took office, New Jersey was 42nd in job growth and 49th in wage growth, while key investments in education and infrastructure, like a tunnel under the Hudson River, never happened.

Even under a capped program, yes, we would see some loss in corporate business tax revenues. But, it would be predictable and sustainable.

We can provide strategic incentives without hurting our ability to reinvest in the things that bolster our economy and help our businesses, like education and property tax relief, workforce development, and NJ TRANSIT.

That tunnel to New York would be nice, too.

Tax incentives, transparent and accountable, smartly devised and strategically deployed, have a vital role to play in a focused economic growth plan. They are a needed step in undertaking structural fiscal reform and restoring middle-class affordability.

I am a pro-growth progressive. I want the world's biggest and best technology, clean energy, and life-sciences companies to come and expand here – but I am even more committed to the next generation being born and growing here. Reforming how we jumpstart job creation needs to be about both creating jobs and more wisely investing taxpayer money.

The companies dreaming of making it big in New Jersey, like Carbon22, deserve our support. We must be smart and strategic about how we encourage new startups and entrepreneurs ... about how we nurture more businesses owned by women, by persons of color, and by veterans ... and about how we lead the world in clean energy solutions, like offshore wind.

We can reclaim and dominate all aspects of the innovation economy. That's why we need innovative incentive programs. To be pro-business in the 21st century you need to be agile and creative – just like the businesses we want to grow.

Our current programs expire June 30, along with the current budget.

I ask you to join me now, with renewed purpose, in creating the new suite of smart, focused, and capped incentive programs we need to boost our people and our economy, without compromising our ability to invest in our people and our economy.

We can do this on a parallel track as we work on our final budget, and we can enact them together. In fact, we must.

Because, together, we enacted a responsibly balanced budget that invests in our people and our infrastructure, and which stands for fairness for our middle class, New Jersey's priorities stand proudly in contrast with those of President Trump and his administration.

Right now, across the state, countless middle-class families are doing their taxes and wondering where the tax cuts they were promised by President Trump and his enablers went.

Many barely felt the impact in their take-home pay, and now they're getting less back in their refunds. Many others, because of their now-limited state and local tax deduction, are actually paying more.

Our new Congressional delegation, along with those from our neighboring states, Democrats and Republicans alike, announced legislation to restore the full middle-class SALT deduction by, in part, simply asking the wealthiest to go back to paying what they paid in 2017.

I commend their efforts and give them my full support.

And, ten days ago, I joined with governors from other states adversely impacted by the SALT cap to announce our concerted efforts to have it reversed.

But while those efforts are ongoing, and while our middle class is trying to figure out where their tax relief went, those at the very top are shouldering less and less of their fair share of the tax burden. That's the opposite of tax fairness.

Let's work together to apply the millionaire's tax to every millionaire. By doing so, we can do more to relieve the burden on middle-class taxpayers and senior citizens who are taking it on the chin from the Trump Administration's tax scam.

Let's be absolutely clear – this is not a tax that will be paid by anyone in the middle class. Period. Full stop.

But, it is revenue that is necessary to strengthen and expand the middle class. As I have underscored, we have done a great deal of work to save money – \$1.1 billion – in this budget in order to address our fiscal challenges and we must have the same commitment to support the

middle class, and those aspiring to get there.

Our taxpayers overwhelmingly support this, across party lines and across the state. We should listen to them and do this together.

And, we know they also support our work to legalize and regulate adult-use marijuana. I thank Senate President Sweeney, Speaker Coughlin, and Senator Scutari for their partnership. I know we're not across the finish line yet, but we are closer than ever before.

Most importantly, this is the right step for eliminating decades-old and persistent racial and social inequities. But it is also our chance to create an entirely new state-based industry with the potential to create thousands of good-paying jobs, expand opportunities for minority business owners, and jumpstart billions of dollars in new economic activity.

I will only sign this if it expunges the records of those who have been put through our criminal justice system for prior marijuana offenses.

This is an unfinished item from last year's to-do list. Let's commit to completing this effort, together.

And, I renew my call for us to increase the fees for gun licenses and handgun permits. It was long past time we did this last year, when we took so many steps to restore our standing as a national leader in gun safety, and it's even more past time today.

Our gun fees were set in 1966 – when Governor Richard Hughes worked in this building. It's now 2019. It is actually cheaper to get a permit to purchase a handgun – \$2 – than it is to get a dog license in many of our communities.

This is what's needed to support the efforts of Attorney General Gurbir Grewal, our State Troopers, and county and local law enforcement, to fight crime and track gun violence, and to combat the trafficking of illegal guns into our state. In 2018, roughly 80 percent of guns used in the commission of a crime came from out of state.

As with our other efforts, I know the people of New Jersey will support us.

This budget isn't about getting us through the next year. It's about putting ourselves on a trajectory to be that New Jersey we want to be in ten years.

We all must be part of this. No one should be pointing from the sidelines and leaving the hard work of governing to others. We must all find ourselves with some dirt on our uniforms.

It was one of our greatest presidents, Teddy Roosevelt, who told us the credit goes to those, "actually in the arena, whose face is marred by dust and sweat and blood."

I am proud of everyone who, over the course of this past year, has joined me in rolling up their sleeves and jumping into the arena to help with the hard work of restoring New Jersey -- Senate President Sweeney and Assembly Speaker Coughlin, many of you seated here in this Chamber, our Cabinet and team led by Lieutenant Governor Oliver, elected officials all across our state -- mayors, council members, boards of education, county officials -- faith leaders, the men and women of organized labor, first responders, our active-duty military and our veterans, our LGBTQ community, business leaders, educators, communities of color, countless advocates, and the thousands of everyday New Jerseyans I have met all across our state.

This really is about achieving big things by working together, and I thank you.

This budget continues our work to invest in the single most consequential asset in New Jersey -- our people. This budget doubles down on the middle class and all those dreaming to get there, just as my family was when I was growing up.

This budget is the blueprint for building this New Jersey. It is about value for our middle class. It is about our middle-class values.

We are the middle-class state, and when we listen to both the dreams and the concerns of our middle-class families, we can find the answers that help all of New Jersey move forward.

Because when people prosper, New Jersey prospers. When families can move forward, New Jersey moves forward. When seniors are more secure, New Jersey is more secure.

When we foster a better future for young people, young people will build their future here. When we open our doors to innovative new businesses, those businesses will power our economy.

My vision for New Jersey has never wavered -- we need to continue to build an economy that works from the middle class out and from the bottom up. We need an economy that embraces the future but stays true to the values of rewarding hard work, creating opportunity, and providing the tools people need to succeed.

Thank you. May God continue to bless the great people and state of New Jersey, and the United States of America