

September 17, 2020

To: Governor Phil Murphy
Senate President Steve Sweeney
Assembly Speaker Craig Coughlin
Senate Budget Chair Paul Sarlo
Assembly Budget Chairs Burzichelli and Pintor-Marin

On behalf of Jersey Renews, a coalition of more than 60 labor, environmental, and community organizations, we wish to respond to the recently announced FY21 budget. We believe that New Jersey does not have to choose between recovering from COVID-19 and addressing pollution and climate change -- in fact, taking action on climate offers a historic opportunity to invest in communities hit hardest by the pandemic and put people back to work.

In order to achieve a just, green recovery from the COVID-19 and economic crises, New Jersey will need to expend considerable resources, and we can't spend what we don't have, so we call on the Legislature to follow the recommendations we laid out extensively in our [Roadmap to a Just, Green Recovery](#) released this summer to ensure that we make the investments need to both recover from COVID-19 and build a more sustainable future for New Jersey. In that vein, the FY21 budget should reflect those priorities and include the following recommendations:

- 1) **Establish a sustainable and equitable revenue structure** by implementing progressive revenue streams like a millionaire's tax, ending tax breaks for the wealthy like the elimination of the estate tax and ending corporate financial loopholes so that we can raise new revenue of more than \$1 billion.
- 2) **Ensure investment in NJ Transit** by using the dedicated long-term funding source of \$375 million annually from NJTA and increasing annually and fully and equitably utilizing TCI revenue.
- 3) **Invest in public health** by fully funding charity care, providing supplies of Personal Protective Equipment (PPE) with transparent distribution to protect our frontline health workers who are dealing with the threat of COVID-19 every day and fully funding University Hospital.
- 4) **Reduce raids to the Clean Energy Fund**, which helps to provide low-income weatherization assistance, provides key incentives for energy efficiency, funds community solar and whole home retrofit programs, as well as provides our key EV rebate to spur more electric vehicles on our roadway. The additional \$40 million raid of the Clean Energy Fund -- paid by ratepayers -- will harm the clean energy economy.
- 5) **Invest in healthy homes** by putting all Lead Hazard Control Funds into a renewed Lead Hazard Control Assistance Fund (LHCAF), usable for both abatements and remediation. Apply \$10 million in the next fiscal year to the new LHCAF. Allot \$80 million for the State Revolving Fund to provide grants and loans for safe water infrastructure, prioritizing lead service line removal.
- 6) **Create a dedicated, long-term funding source for flood resilience**, including support for municipal-level resilience projects, investment to build Blue Acres into a comprehensive

floodplain restoration program, and dedicated funding for Community and Volunteer Organizations Active in Disaster.

ENSURE INVESTMENT IN MASS TRANSIT. Among the most urgent crises facing our state is the need to fully fund New Jersey Transit (NJT). Transit is a public health and a justice issue for both transit workers and riders. NJT must restore full service at reduced ridership levels to accommodate needed social distancing space, as well as staff transit sufficiently to enforce social distancing and other policies to protect workers and riders.

An infusion of funds is needed to restore service without raiding other programs and without passing funding needs on to riders through fare hikes. While the Murphy Administration has committed not to raise fares for FY21, we have concerns as to how this promise will be kept given the agency's financial challenges. NJT must engage in strategic planning prior to FY22. NJT is the only state transit agency of its size without a dedicated funding source, and the need for one has never been more clear. The price tag to fix the agency's structural deficit, which undermines NJ's long-term ability to expand mass transit and electrify our bus fleet, is \$750 million.

While the federal CARES action did provide NJT with a \$1.4 billion shot in the arm, the fare box revenue is painting an alarming picture for FY21. Traditionally fare box revenue brings in \$82 million a month; this July, the revenue stood at \$16 million. Transit ridership isn't bouncing back, and while NJT is advocating for additional federal recovery dollars through the HEROES Act, the best source of funding is sitting right here in New Jersey. Specifically, the toll hike on the New Jersey Turnpike and Garden State Parkway that went into effect on Sunday, September 13, will provide additional revenue to support transit, and NJDOT committed to a dedicated annual allotment of \$375 million to NJT in May, which is an increase of close to \$250 million from the current allotted transfer of \$129 million. This funding transfer would be dedicated and provide the dedicated funding that NJT desperately needs. That being said, the toll revenue on the Turnpike and Parkway has rebounded much more quickly than the ridership of NJ Transit. NJ Transit is in a crisis right now and NJTA -- and the Legislature and Governor -- should prioritize funding for NJ Transit and fix-it-first repair projects with immediate need as opposed to engineering studies for future highway expansion which are not needed, wildly expensive and have huge environmental and air pollution impacts.

New Jersey Transit should explore numerous other non-fare based revenue sources, including but not limited to congestion pricing and smart development of transit-adjacent land. Additionally, TCI (the Transportation and Climate Initiative) has potential as a future capital funding source because it can be applied to all clean transit projects, in contrast to other funding sources that may be restricted to operating expenses. It is critical that this funding be allotted so as to contribute to emissions reductions in the NJ communities most burdened by pollution and climate change.

INVEST IN PUBLIC HEALTH. Now more than ever is the time to invest in public health. This includes funding for University Hospital, Charity Care, and supplies of personal protective equipment (with

transparency surrounding the distribution) to protect our frontline healthcare workers, many of whom are currently serving patients at unnecessary and unacceptable risk to their own health. One mechanism to reduce costs on Medicaid and Charity Care is to support the Healthy Terminals Act (S989/A2487), which will save state and local governments an average of \$7 million dollars a year.

MINIMIZE RAIDS TO THE CLEAN ENERGY FUND and other clean technology funds. New Jersey has an annual practice of raiding the Clean Energy Fund to balance the state budget, and this year is no exception. Yet at a time of health and economic crisis, we need the Clean Energy Fund more than ever: to reduce COVID-exacerbating air pollution, to put people to work in the emerging green economy, and to bring long-term energy savings to New Jerseyans burdened by high utility bills.

According to the most recent budget language, the Clean Energy Fund will be raided, with more than \$60 million allocated to NJ Transit's operating budget and another \$40 million to the state's General Fund. This indicates a \$40 million raid on top of more than \$80 million raids in each of the last five years for NJ Transit. Between the FY20 and FY21 Clean Energy Program budgets, we have also specifically seen a \$78 million decrease in funding for residential and commercial energy efficiency programs. Yet demand for these programs has increased recently, as climate change brings longer periods of extreme heat and families and small businesses struggle to keep up with utility bills during the pandemic. We urge the Legislature to fill these holes for FY21 and recommit to investing the Clean Energy Fund in the initiatives it was intended to support.

On the other hand, we are pleased to see that the diversions from EV Rebate Program have been reduced in this new budget revision to \$7 million, despite previous revisions showing a \$10 to \$16 million cut. Of course, we support allocating the full \$30 million mandated by the EV Law signed in January; offering the full \$5,000 rebate to all qualified applicants will significantly increase adoption of electric vehicles, thereby reducing air pollution and greenhouse gas emissions. We also strongly support the allotment of roughly \$80 million to the Regional Greenhouse Gas Initiative (RGGI). RGGI not only reduces power plant emissions across the state, but also creates revenue that is reinvested in the clean energy economy.

INVEST IN HEALTHY HOMES. While many of us have been privileged to be able to shelter in place during the pandemic, staying indoors isn't safe for all New Jerseyans. We applaud the \$2 million Whole House pilot program highlighted in the Governor's FY21 Budget in Brief. This support will reduce the barrier that many low income residents face when necessary home improvements are financially out of reach. The Whole Home approach will allow workers to fix health, safety, and structural issues, uniting efficiency and clean energy with other programs' targets to repair homes and mitigate dangers in low-income communities. We are encouraged to see the increase of \$2.7 million for Residential Existing Homes, which can be used to support the whole-home approach pilot.

Meanwhile, renewed funding for lead hazard control projects in 2017 has made possible the elimination of this toxic hazard in hundreds of homes, but community-based agencies are still restricted from protecting *all* New Jersey families. We support our partner Isles' proposal to put all Lead Hazard Control

Funds into a renewed Lead Hazard Control Assistance Fund (LHCAF). LHCAF funding should be usable for both abatements and remediation, thus ensuring both prevention and elimination of active hazards. We recommend applying \$10 million in the next fiscal year to the new LHCAF. These projects would generate hundreds of jobs, dramatically reduce lead exposure in children, save New Jersey millions of dollars each year and support lower income landlords and homeowners to make their homes safe.

Another pernicious source of lead in New Jersey is our drinking water: communities across the state continue to be plagued by lead service lines. We request \$80 million for the State Revolving Fund to provide grants and loans for safe water infrastructure, prioritizing lead service line removal.

BUILD UP CLIMATE RESILIENCE. Following a summer of extreme weather events, the need for a dedicated funding source for flood risk reduction is becoming apparent. The state should evaluate options for a long-term resilience funding source, which can provide a return of 6:1 on investment. This fund could build upon the ResilientNJ program and prioritize investments based on risk reduction and social vulnerability. Such a fund should include increased support for resilience and municipalities; building Blue Acres into a comprehensive floodplain restoration program; and creating dedicated funding for Community and Volunteer Organizations Active in Disaster, our flooding first responders whose resources have been exhausted in responding to COVID-19.

Thank you for considering our input on a budget that will shape the lives of New Jerseyans as our state recovers from COVID-19 for years to come. We sincerely hope the Legislature will seize the opportunity to invest in a just, green recovery, and we would be happy to meet with you regarding these matters.

Sincerely,

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Amy Goldsmith, NJ State Director, Clean Water Action
Fletcher Harper, Executive Director, GreenFaith
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