



FISCAL YEAR 2026-2027



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF CORRECTIONS AND STATE PAROLE BOARD

Prepared by the

NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES

May 2026

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF CORRECTIONS AND STATE PAROLE BOARD

Budget Pages C-3, C-10, C-18, C-25, D-85 to D-102, G-1, G-2

FISCAL SUMMARY (\$000)				
	Expended FY 2025	Adjusted Appropriation FY 2026	Recommended Appropriation FY 2027	Percentage Change FY 2026-2027
State Budgeted	\$1,195,484	\$1,331,538	\$1,323,825	(0.6%)
Federal Funds	\$145,032	\$18,945	\$18,945	0.0%
All Other Funds	\$45,174	\$65,229	\$63,931	(2.0%)
Grand Total	\$1,385,690	\$1,415,712	\$1,406,701	(0.6%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE				
	Actual FY 2025	Revised FY 2026	Funded FY 2027	Percentage Change FY 2026-2027
State Budgeted	6,298	6,354	6,580	3.6%
Federal Funds	11	13	14	7.7%
All Other Funds	130	126	120	(4.8%)
Total Positions	6,439	6,493	6,714	3.4%

FY 2025 (as of December) and revised FY 2026 (as of January) personnel data reflect actual payroll counts.
FY 2027 data reflect the number of positions funded.

Link to Website: <https://www.njleg.state.nj.us/budget-finance/governors-budget>

Highlights

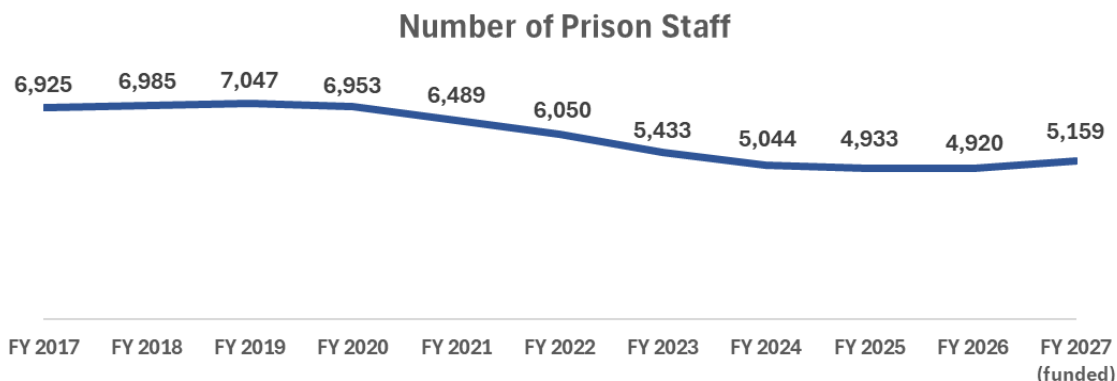
- The Department of Corrections' and the State Parole Board's combined recommended FY 2027 State funds appropriations total \$1.32 billion, which is about \$7.7 million, or 0.6 percent, less than the equivalent FY 2026 adjusted appropriations.

DEPARTMENT OF CORRECTIONS

- The Department of Corrections' recommended FY 2027 State funds appropriations total \$1.20 billion, which is about \$9.3 million, or 0.8 percent, less than FY 2026 adjusted appropriations.
- The average daily population of State-sentenced incarcerated persons housed in State facilities increased by 474, or 4.2 percent, from 11,219 in FY 2025 to 11,693 in FY 2026. The number of State-sentenced incarcerated persons housed in county facilities and in community settings or private contracted residential facilities (halfway houses) is projected to decrease by 64, or approximately 4.0 percent.

Counts of State-Sentenced Inmates Housed by Type of Facility (Average Daily Population)				
	State Facilities	County Penal Facilities	Halfway House	Total
FY 2022 (actual)	10,741	676	716	12,133
FY 2023 (actual)	11,107	969	831	12,907
FY 2024 (actual)	11,564	722	977	13,263
FY 2025 (actual)	11,219	606	1,030	12,855
FY 2026 (revised)	11,693	600	972	13,265
FY 2027 (estimated)	11,693	600	972	13,265

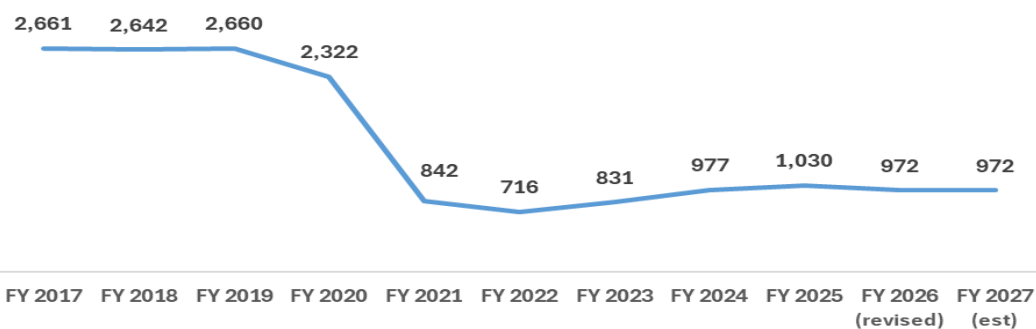
- The recent freefall in the number of filled positions at the State prisons has ended. Although continuing to decline, workforce totals have stabilized. In FY 2020, the number of filled positions equaled 6,953. In January FY 2025 and 2026, the number was down to 4,933 and 4,920, respectively. The FY 2027 Governor's Budget includes funding for 5,159 positions in FY 2027.



Highlights (Cont'd)

- The Executive recommends not renewing in the next fiscal year \$10.0 million of the anticipated \$18.8 million in supplemental FY 2026 appropriations to compensate for the non-realization of savings that were budgeted to accrue from technical parole violation reforms. The modifications, however, have not been implemented. The remaining \$8.8 million of the FY 2026 supplemental appropriations is to be continued in FY 2027.
- The FY 2027 Governor's Budget includes an additional \$4.6 million for incarcerated persons' healthcare costs. The net increase has four components:
 - a projected \$6.9 million increase due to higher costs under a new healthcare contract with Rutgers University Correctional Health Care – the current seven-year contract expires this year;
 - a projected \$2.7 million increase attributed to updated contract terms for inpatient and outpatient services provided by Capital Health Regional Medical Center;
 - a \$1.0 million increase for the first year of purchasing telehealth services from ViaPath Technologies that would be available on the tablets provided to the incarcerated persons; and
 - a projected \$6.0 million in savings related to the department's expansion of the federal 340B prescription drug program. The federal program allows certain eligible entities that serve low-income patients to purchase discounted outpatient drugs from manufacturers that participate in Medicaid and Medicare Part B.
- The FY 2027 Governor's Budget includes a \$26.5 million appropriation for payments to counties for housing State-sentenced incarcerated persons in county jails, a \$5.0 million increase from \$21.5 million in FY 2026. The additional \$5.0 million is recommended for technical parole violator housing at the Essex County Correctional Facility. Starting October 2024, the State engaged in a pilot program with Essex County to house State-sentenced technical parole violators at the Essex County Correctional Facility pending their revocation hearing. As of January 2026, that facility housed 220 State-sentenced technical parole violators.
- The FY 2027 Governor's Budget recommends maintaining the \$46.9 million appropriation for the Purchase of Community Services for inmates housed in private contracted residential facilities or halfway houses. Of the \$46.9 million total, \$35.0 million is recommended to be allocated to the General Fund and \$11.9 million to the dedicated, off-budget Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund.

Residential Community Release Bed Spaces



Highlights (Cont'd)

- Consistent with the Governor's general and broad-based FY 2027 policy of eliminating or reducing funding for many discretionary grant programs, the FY 2027 Governor's Budget recommends reducing by \$8.0 million the appropriation to Essex County for substance use disorder programs at the Essex County Correctional Facility, from \$23.0 million in FY 2026 to \$15.0 million in FY 2027.

STATE PAROLE BOARD

- The State Parole Board's proposed FY 2027 State funds appropriation of \$119.0 million is \$1.6 million, or 1.3 percent, more than the FY 2026 adjusted appropriation of \$117.5 million.
- The board projects supervising an unchanged 16,202 parolee population in FY 2027. Of that total caseload, some 8,700 individuals, or 53.7 percent, are projected to be sex offenders. The recommended specifically identified FY 2027 appropriation for sex offender supervision is an unchanged \$13.9 million composed of \$11.8 million for the Sex Offender Management Unit and \$2.2 million for the Satellite-based Monitoring of Sex Offenders.
- The FY 2027 Governor's Budget includes a \$1.7 million increase for non-salary operating costs.
- The Governor recommends a total reduction of \$140,000 for Medication-Assisted Treatment (MAT) Expansion (\$100,000) and Narcan Administration and Training (\$40,000). The programs have not been operational since at least FY 2023.

Background Papers:

Prison Health Costs Rise Despite Decreasing Population	p. 16
Custody Overtime Expenditures Begin to Stabilize	p. 20
New Jersey's Parole Process and Parole Violations	p. 23
Sex Offenders Account for More than Half of the Parolee Population	p. 26

Fiscal and Personnel Summary: Department of Corrections

FUNDING BY SOURCE OF FUNDS (\$000)						
	Expended FY 2024	Expended FY 2025	Adj. Approp. FY 2026	Recom. FY 2027	Percentage Change	
					FY 2025-27	FY 2026-27
State Budgeted Total	\$1,141,013	\$1,083,506	\$1,214,070	\$1,204,797	11.2%	(0.8%)
General Fund Total	\$1,100,335	\$1,044,371	\$1,213,020	\$1,203,747	15.3%	(0.8%)
Direct State Services	\$1,040,996	\$977,443	\$1,133,500	\$1,127,227	15.3%	(0.6%)
Grants-In-Aid	\$58,194	\$66,286	\$56,520	\$61,520	(7.2%)	8.8%
State Aid	\$0	\$0	\$23,000	\$15,000	--	(34.8%)
Capital Construction	\$1,145	\$642	\$0	\$0	(100.0%)	--
Debt Service	\$0	\$0	\$0	\$0	--	--
Property Tax Relief Fund Total	\$40,678	\$39,135	\$1,050	\$1,050	(97.3%)	0.0%
Direct State Services	\$0	\$0	\$0	\$0	--	--
Grants-In-Aid	\$0	\$0	\$0	\$0	--	--
State Aid	\$40,678	\$39,135	\$1,050	\$1,050	(97.3%)	0.0%
Casino Revenue Fund	\$0	\$0	\$0	\$0	--	--
Casino Control Fund	\$0	\$0	\$0	\$0	--	--
Federal Funds	\$58,191	\$145,025	\$18,945	\$18,945	(86.9%)	0.0%
Other Funds	\$43,762	\$45,161	\$65,219	\$63,921	41.5%	(2.0%)
Grand Total	\$1,242,966	\$1,273,692	\$1,298,234	\$1,287,663	1.1%	(0.8%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE						
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Funded FY 2027	Percentage Change	
					FY 2025-27	FY 2026-27
State	5,729	5,649	5,687	5,908	4.6%	3.9%
Federal	22	11	13	14	27.3%	7.7%
All Other	134	130	126	120	(7.7%)	(4.8%)
Total Positions	5,885	5,790	5,826	6,042	4.4%	3.7%

FY 2024 (as of December), FY 2025 (as of December) and revised FY 2026 (as of January) personnel data reflect actual payroll counts.
FY 2027 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA						
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Funded FY 2027	Percentage Change	
					FY 2025-27	FY 2026-27
Minority Percentage	51.7%	52.9%	55.0%	N/A	---	---

Fiscal and Personnel Summary: State Parole Board

FUNDING BY SOURCE OF FUNDS (\$000)						
	Expended FY 2024	Expended FY 2025	Adj. Approp. FY 2026	Recom. FY 2027	Percentage Change	
					FY 2025-27	FY 2026-27
State Budgeted Total	\$103,385	\$111,978	\$117,468	\$119,028	6.3%	1.3%
General Fund Total	\$103,385	\$111,978	\$117,468	\$119,028	6.3%	1.3%
Direct State Services	\$74,248	\$81,618	\$85,632	\$87,192	6.8%	1.8%
Grants-In-Aid	\$29,137	\$30,360	\$31,836	\$31,836	4.9%	0.0%
State Aid	\$0	\$0	\$0	\$0	--	--
Capital Construction	\$0	\$0	\$0	\$0	--	--
Debt Service	\$0	\$0	\$0	\$0	--	--
Property Tax Relief Fund Total	\$0	\$0	\$0	\$0	--	--
Direct State Services	\$0	\$0	\$0	\$0	--	--
Grants-In-Aid	\$0	\$0	\$0	\$0	--	--
State Aid	\$0	\$0	\$0	\$0	--	--
Casino Revenue Fund	\$0	\$0	\$0	\$0	--	--
Casino Control Fund	\$0	\$0	\$0	\$0	--	--
Federal Funds	\$0	\$7	\$0	\$0	(100.0%)	--
Other Funds	\$0	\$13	\$10	\$10	(23.1%)	0.0%
Grand Total	\$103,385	\$111,998	\$117,478	\$119,038	6.3%	1.3%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE						
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Funded FY 2027	Percentage Change	
					FY 2025-27	FY 2026-27
State	608	649	667	672	3.5%	0.7%
Federal	0	0	0	0	--	--
All Other	0	0	0	0	--	--
Total Positions	608	649	667	672	3.5%	0.7%

FY 2024 (as of December), FY 2025 (as of December) and revised FY 2026 (as of January) personnel data reflect actual payroll counts.
FY 2027 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA						
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Funded FY 2027	Percentage Change	
					FY 2025-27	FY 2026-27
Minority Percentage	47.5%	47.7%	48.8%	N/A	---	---

Significant Changes/New Programs (\$000)**Department of Corrections: Detention and Rehabilitation**

General Fund, Direct State Services Salaries and Wages					Budget Page: D-92	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$580,643	\$619,642	\$653,695 (S) \$10,000	\$653,695		(\$10,000)	(1.5%)

The FY 2026 Appropriations Act included \$30.0 million in savings from the previous Governor's proposed closure of East Jersey State Prison in Woodbridge, contingent upon the enactment of legislation that would shorten the reincarceration period for individuals under parole supervision who commit a technical parole violation. The legislation, however, is yet to be enacted and East Jersey State Prison has not been closed. As a result, the Executive anticipates that an \$18.8 million supplemental appropriation will be necessary in FY 2026 to compensate for the unrealized savings: \$10.0 million for Salaries and Wages, \$5.4 million for Materials and Supplies, \$2.3 million for Services Other Than Personal, \$940,000 for Maintenance and Fixed Charges, and \$105,000 for Additions, Improvements and Equipment.

Whereas the additional resources for the Services Other Than Personal and Maintenance and Fixed Charges budget lines are recommended to be continued in the FY 2027 Governor's Budget, the \$10.0 million Salaries and Wages supplemental appropriation is proposed not be renewed based on FY 2027 salary projections.

The FY 2026 supplemental appropriation for Salaries and Wages is to be utilized for the following correctional facilities: \$5.0 million for East Jersey State Prison, \$3.0 million for Northern State Prison, and \$2.0 million for the Adult Diagnostic and Treatment Center.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Services Other Than Personal					Budget Page: D-92	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$160,816	\$62,192	\$156,679 (S) \$2,275	\$166,540		\$7,586	4.8%

General Fund, Direct State Services Special Purpose: Mid-State Licensed Drug Treatment Program					Budget Page: D-92	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$4,000	\$4,000	\$4,000	\$0		(\$4,000)	(100.0%)

The Services Other Than Personal appropriation is used mostly to cover the costs of providing healthcare services to incarcerated persons in State correctional facilities. It also pays private contractors for services such as waste removal and pest control.

Two countervailing factors account for the recommended \$7.6 million net growth in FY 2027:

- 1) The reallocation of the unchanged \$4.0 million appropriation for the Mid-State Licensed Drug Treatment Program from a stand-alone special purpose appropriation to the department's Services Other Than Personal appropriation. This reflects the transfer of the program from the Mid-State Correctional Facility to South Woods State Prison starting FY 2027.
- 2) The remaining \$3.6 million net increase is attributable to the cost of providing health care services to the incarcerated population and has three components:
 - o a projected \$6.85 million increase due to higher costs for a new healthcare contract with Rutgers University Correctional Health Care;
 - o a projected \$2.7 million increase attributed to updated contract terms for inpatient and outpatient services provided by Capital Health Regional Medical Center; and
 - o a projected \$6.0 million in savings related to the department's expansion of the federal 340B prescription drug program. The federal program allows certain eligible entities that serve low-income patients to purchase discounted outpatient drugs from manufacturers that participate in Medicaid and Medicare Part B.

Of note, the Executive recommends incorporating into the FY 2027 Services Other Than Personal appropriation the anticipated \$2.3 million supplemental appropriation in FY 2026 to backfill unrealized savings from the non-implementation of the prior Governor's proposed technical parole violation reform and the associated non-closure of East Jersey State Prison.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Additions, Improvements and Equipment					Budget Page: D-92	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$3,059	\$6,077	\$2,394 (S) \$105	\$1,056		(\$1,443)	(57.7%)

The recommended reduction is due to the non-recurrence of a one-time FY 2026 expenditure for the purchase and installation of security food ports for restrictive housing units in the following State facilities: Garden State Youth Correctional Facility, New Jersey State Prison, South Woods State Prison, and Northern State Prison.

Of note, the Executive recommends incorporating into the FY 2027 appropriation the anticipated \$105,000 supplemental appropriation in FY 2026 to backfill unrealized savings from the non-implementation of the prior Governor's proposed technical parole violation reform and the associated non-closure of East Jersey State Prison.

Department of Corrections: Detention and Rehabilitation – Bureau of State Use Industries

Revolving Fund (DEPTCOR/Bureau of State Use Industries) Materials and Supplies					Budget Page: G-1	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$3,357	\$3,637	\$2,400	\$1,300		(\$1,100)	(45.8%)

The recommended reduction for the Bureau of State Use Industries, which is also known under its trademark DEPTCOR, reflects the discontinuation of its bakery operations in FY 2027. DEPTCOR operates work-training projects in the State's correctional facilities. Its manufactured products are sold to agencies of the State, county, and municipal governments. The bureau's sales are projected to decline by \$1.5 million from \$7.05 million in FY 2026 to \$5.90 million in FY 2027.

Significant Changes/New Programs (\$000) (Cont'd)**Department of Corrections: System-Wide Program Support**

General Fund, Direct State Services Services Other Than Personal				Budget Page: D-94	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
\$33,598	\$15,652	\$43,761	\$44,761	\$1,000	2.3%

This appropriation is used mostly to cover the costs of providing centralized medical services to incarcerated persons in State correctional facilities.

The FY 2027 Governor's Budget includes an additional \$1.0 million appropriation for the first year of purchasing an add-on telehealth service from ViaPath Technologies that would be available on the tablets provided to the incarcerated persons.

General Fund, Direct State Services Special Purpose: Medication Assisted Treatment (MAT) Program				Budget Page: D-94	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
\$3,452	\$4,400	\$2,550	\$3,550	\$1,000	39.2%

The projected increase is related to the expanded use of injectable medications, rather than oral medications, in Restrictive Housing Units and Close Custody Units. This change was made for reasons of operational security to mitigate the misuse of the oral medication.

General Fund, Direct State Services Special Purpose: Narcan Equipment and Training for Staff				Budget Page: D-94	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
\$176	\$196	\$486	\$386	(\$100)	(20.6%)

General Fund, Direct State Services Special Purpose: Inhaled Narcan for Released Incarcerated Persons				Budget Page: D-94	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
\$58	\$25	\$355	\$75	(\$280)	(78.9%)

Significant Changes/New Programs (\$000) (Cont'd)

The Executive recommends aligning the appropriations for the two substance use disorder programs better with recent expenditure trends. As of May 1, 2026, the Narcan Equipment and Training for Staff account recorded \$39,000 in expenditures in FY 2026 and has an uncommitted balance of \$641,000. The Inhaled Narcan for Released Incarcerated Persons account, in turn, recorded \$21,000 in expenditures in FY 2026 and has an uncommitted balance of \$394,000. Both accounts have carryforward authority so that any balances remaining unexpended in the accounts at the end of FY 2026 will be available to supplement the Governor's recommended appropriations in FY 2027.

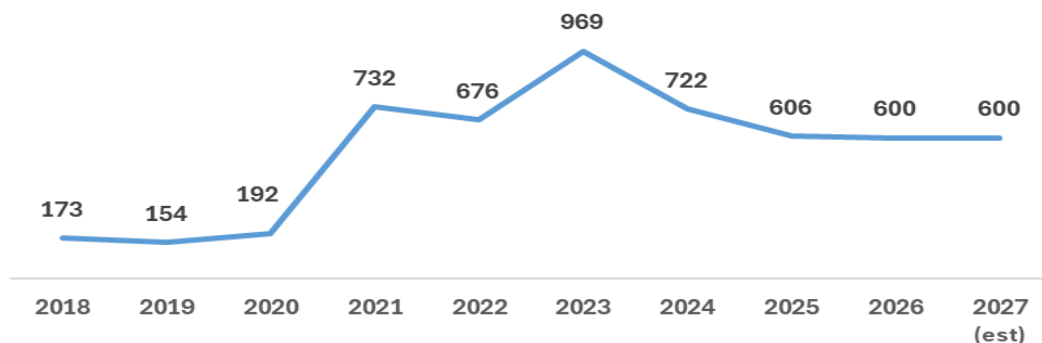
General Fund, Grants-in-Aid Purchase of Service for Persons Incarcerated in County Penal Facilities				Budget Page: D-95	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.	Change FY 2026 – FY 2027	
\$8,407	\$20,168	\$21,520	\$26,520	\$5,000	23.2%

This appropriation funds payments to counties for housing State-sentenced incarcerated persons in county jails. The population is estimated to remain unchanged at 600 in FY 2027, about three times higher than a total of 154 in FY 2019, the last pre-COVID-19 year.

The additional \$5.0 million is for technical parole violator housing at the Essex County Correctional Facility. Starting October 2024, the State engaged in a pilot program with Essex County to house State-sentenced technical parole violators at the Essex County Correctional Facility pending their revocation hearing. As of January 2026, the facility housed 220 State-sentenced technical parole violators.

Technical parole violations are non-criminal types of behavior by an individual under parole supervision that violate that individual's terms of parole, such as failing to report for a scheduled office visit, missing a curfew, lack of employment or attendance at school, testing positive for drug or alcohol use, or contacting a victim or co-defendant. Technical parole violations can result in the revocation of parole and reincarceration.

**Average Number of State-Sentenced Incarcerated
Persons in County Penal Facilities**



Significant Changes/New Programs (\$000) (Cont'd)

General Fund, State Aid Essex County – County Jail Substance Use Disorder Programs					Budget Page: D-95	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$23,000	\$23,000	\$23,000	\$15,000		(\$8,000)	(34.8%)

The recommended funding reduction is consistent with the Governor's general and broad-based FY 2027 policy of eliminating or reducing funding for many discretionary grant programs.

In response to an FY 2026 Senate Budget and Appropriations Committee follow up question, the department explained that the appropriation supports substance abuse programs at the Essex County Correctional Facility. Clinical services include weekly programs such as Alcoholic Anonymous and Narcotics Anonymous meetings, transitional skills training, drug education, and relapse prevention. All participants receive a 60-minute individual counselling session per week, 80 total hours of transitional skills training, and drug education relapse prevention programming.

Department of Corrections: Central Planning, Direction and Management

All Other Funds Administration and Support Services					Budget Page: D-101	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$67	\$380	\$1,628	\$1,480		(\$148)	(9.1%)

The recommended decrease reflects lower anticipated revenue collections under the State Facilities Education Act of 1979. Under that law, for each child in a State facility, the Department of Education deducts from the State aid payable to the school district of which the child is a resident an amount as authorized in law to support the cost of educating the child in the State facility.

Significant Changes/New Programs (\$000) (Cont'd)**State Parole Board**

General Fund, Direct State Services Materials and Supplies					Budget Page: D-98	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$572	\$514	\$463	\$863		\$400	86.4%

General Fund, Direct State Services Services Other Than Personal					Budget Page: D-98	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$1,818	\$2,121	\$3,007	\$4,007		\$1,000	33.3%

General Fund, Direct State Services Maintenance and Fixed Charges					Budget Page: D-98	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$872	\$927	\$953	\$1,253		\$300	31.5%

The increases in these budget lines reflect the expectation that the operating costs of the State Parole Board will increase in FY 2027. The board's FY 2026 adjusted appropriations total \$117.5 million, which are requested to be raised to \$119.0 million. Its FY 2025 spending equaled \$112.0 million.

Significant Changes/New Programs (\$000) (Cont'd)

General Fund, Direct State Services Special Purpose: Medication-Assisted Treatment (MAT) Expansion					Budget Page: D-99	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$0	\$0	\$100	\$0		(\$100)	(100.0%)

General Fund, Direct State Services Special Purpose: Narcan Administration and Training					Budget Page: D-99	
FY 2024 Expended	FY 2025 Expended	FY 2026 Adj. Approp.	FY 2027 Recomm.		Change FY 2026 – FY 2027	
\$0	\$0	\$40	\$0		(\$40)	(100.0%)

The recommended elimination of these budget lines is consistent with the dormancy of the concerned substance use disorder-related programs. As of May 1, 2026, the accounts show no expenditure activity in the current fiscal year, just as in FY 2024 and FY 2025, and the Executive has placed the entire account balances of a combined \$398,865 in reserve in anticipation of their return to the General Fund at the end of the current fiscal year.

Significant Language Changes

Deletes Inoperative Language on Earnings of Work Release Program Participants

Deletion

FY 2026 Handbook: p. B-51

FY 2027 Budget: N/A

~~Payments received by the State from employers of incarcerated persons on their behalf, as part of any work release program, are appropriated for the purpose provided under section 4 of P.L.1969, c.22 (C.30:4-91.4).~~

Explanation

The FY 2027 Governor's Budget recommends discontinuing the recurring language that allowed the department to withdraw certain amounts from work-related income earned by incarcerated persons who participate in work release programs. The department last collected receipts from the concerned population in FY 2014. Accordingly, the obsolete language is recommended for deletion.

EXPLANATION: FY 2026 language not recommended for FY 2027 denoted by strikethrough.
Recommended FY 2027 language that did not appear in FY 2026 denoted by underlining.

Background Paper: Prison Health Costs Rise Despite Decreasing Population

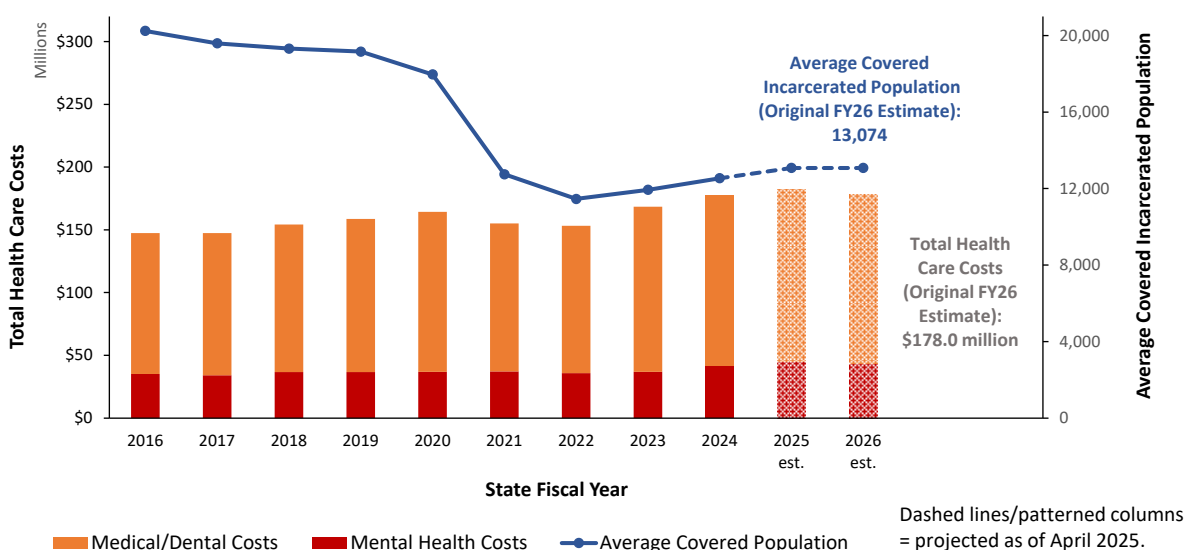
KEY POINTS:

- The department's correctional health care costs have significantly increased in recent years despite the incarcerated population decreasing.
- Rutgers University Correctional Health Care is contracted to provide most of the medical, dental, and mental health services received by the incarcerated population.
- The department has identified multiple sources of cost growth within the University Correctional Health Care contract and is pursuing various cost-control measures.

Since October 2008, the Department of Corrections has contracted with the Rutgers University Correctional Health Care program to provide most of the medical, dental, and mental health services received by the department's incarcerated population.ⁱ The department is statutorily required to provide these services through public employees since the 2012 enactment of the New Jersey Medical and Health Sciences Education Restructuring Act (see N.J.S.A.18A:65-94).ⁱⁱ This paper summarizes key trends and sources of cost growth under this contract, as well as recent cost-control efforts.

Total health care costs under the University Correctional Health Care contract increased by 20 percent from FY 2016 to FY 2024, while the incarcerated population covered by the contract, which includes halfway houses, decreased by 38 percent. Last year, the department originally projected the contract's health costs to total \$178.0 million in FY 2026, with an average covered population of 13,074 estimated by OLS.ⁱⁱⁱ

**Department of Corrections: University Correctional Health Care (UCHC)
Total Costs Versus Average Covered Incarcerated Population**

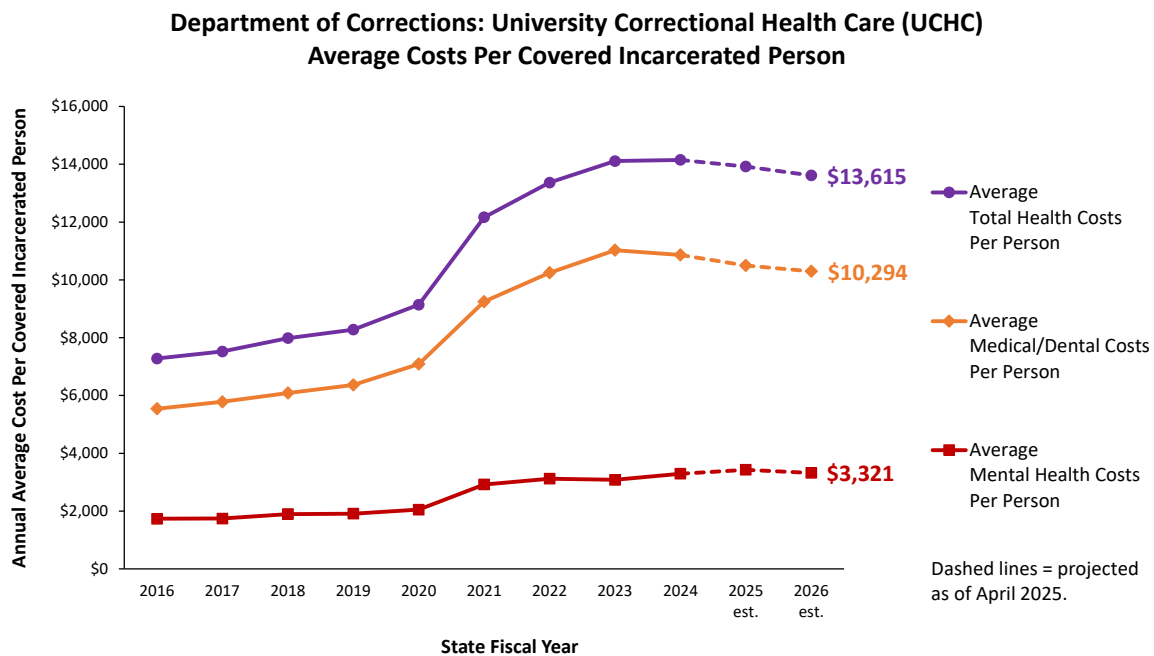


FY 2025 and FY 2026 covered incarcerated populations are as estimated in the FY 2026 Governor's Budget for comparability with projected UHC contract costs from the department's responses to FY 2026 OLS Discussion Points (April 2025).

Background Paper: Prison Health Costs Rise Despite Decreasing Population (Cont'd)

Per-person health care costs under the University Correctional Health Care contract also increased substantially after FY 2019. On average, contract expenditures per covered incarcerated person grew by roughly four percent annually between FY 2016 and FY 2019 but increased by 11 percent annually between FY 2019 and FY 2024.

This per-person cost growth was primarily driven by spending on medical and dental services, which represents the largest share of health costs under the contract. However, per-person costs for medical and dental services and for mental health services have increased at similar rates since FY 2019. These per-person cost trends are displayed below:^{iv}



Per-person health costs are calculated for the total covered incarcerated population. FY 2025 and FY 2026 covered incarcerated populations are as estimated in the FY 2026 Governor's Budget for comparability with projected UCHC contract costs from the department's responses to FY 2026 OLS Discussion Points (April 2025).

In recent years, the department has identified the following key sources of cost growth in the University Correctional Health Care contract:

- Increases in salary and fringe benefit costs within negotiated staff contracts
- Pharmaceutical costs, including rapidly increasing use of biologic medications
- Rebounding use of outpatient/ancillary screening services after the COVID-19 pandemic
- Use of temporary professional services due to post-pandemic staffing shortages
- Longer average sentences and aging of the incarcerated population, both of which lead to increases in chronic disease and co-occurring conditions among incarcerated persons
- Growth in long-term acute care hospitalizations for conditions such as aneurysms, trauma, cancer, and neurological disorders that require ongoing care
- Inpatient hospital costs borne by the department, partially due to hospitals not consistently identifying Medicaid-reimbursable admissions of 24 hours or longer

Background Paper: Prison Health Costs Rise Despite Decreasing Population (Cont'd)

The department reported the following efforts to control cost growth within the University Correctional Health Care contract as of April 2025:

- Reducing long-term acute care hospitalizations' negotiated reimbursement rates, lengths of stay, and associated overtime costs
- Upgrading technology for health care data and electronic medication records
- Examining bed fees for inpatient hospital stays and reviewing University Correctional Health Care's use of temporary professional services
- Working with University Correctional Health Care, hospitals, and the Department of Human Services to improve completion of Presumptive Eligibility applications and increase Medicaid coverage for inpatient hospital admissions of 24 hours or longer
- Reviewing the prescription drug formulary for cost avoidance opportunities
- Expanding receipt of drug discounts under the federal 340B drug pricing program
- Negotiating a new health care agreement with University Correctional Health Care

Recent developments are also expected to affect the department's correctional health costs:

1. *Renegotiation and extension of the department's contract with University Correctional Health Care, driving a \$6.85 million FY 2027 State cost increase projected in the Governor's Budget.*

2. *Updated contract terms for hospital services provided by Capital Health Regional Medical Center, driving a \$2.70 million FY 2027 State cost increase projected in the Governor's Budget.*

3. *Expansion of the department's participation in the federal 340B drug discount program, which the Governor's Budget estimates will generate \$6.00 million in State savings for FY 2027.*

4. *The department's plans to resume health care copayments after a temporary suspension during the COVID-19 pandemic:*

- Consistent with the practices in most other states, New Jersey State law requires incarcerated persons to be charged nominal fees for any medical care, surgery, dental care, hospitalizations, or other treatment provided during incarceration, including any prescription drugs or other medications.^v Although care cannot be denied for inability to pay, the copayments are charged to individuals' correctional accounts and may create debt balances.
- The department sets the copayment amounts through regulation, including exemptions for certain services.^{vi} Although existing regulations require copayments of \$5.00 for medical services and \$1.00 for prescription drugs, copayments were suspended during the COVID-19 public health emergency. In February 2026, a *New Jersey Monitor* news article reported that the department had resumed prescription drug copayments and planned to resume medical visit copayments at an unspecified future date.

Background Paper: Prison Health Costs Rise Despite Decreasing Population (Cont'd)

ⁱ Although the department generally bears the full cost of these contracted services, the State's Medicaid program covers the costs of incarcerated persons' admissions to hospitals or other medical institutions for 24 hours or longer. These Medicaid expenditures qualify for federal Medicaid reimbursement at a matching rate that currently ranges from 50 to 90 percent, based on each person's specific eligibility category. Other correctional health care services, including outpatient care and shorter inpatient admissions, are not eligible for Medicaid reimbursement under federal law and associated guidance.

In addition, as of January 2025, federal law requires the State's Medicaid program and its Children's Health Insurance Program (CHIP) to cover certain pre-release and post-release medical, dental, and behavioral health screenings and targeted case management services for all eligible incarcerated youth under age 21 and for eligible incarcerated individuals under age 26 with previous foster care experience. These requirements apply to a small portion of the Department of Corrections' incarcerated population.

ⁱⁱ Under section 3 of P.L.2012, c.45 (C.18A:65-94), which transferred certain units of the University of Medicine and Dentistry of New Jersey to Rutgers University, Rutgers was required to maintain its existing University Correctional Health Care contract with the Department of Corrections through expiration. That section also requires the contracted University Correctional Health Care services to continue to be provided by public employees following expiration of the previous existing contract.

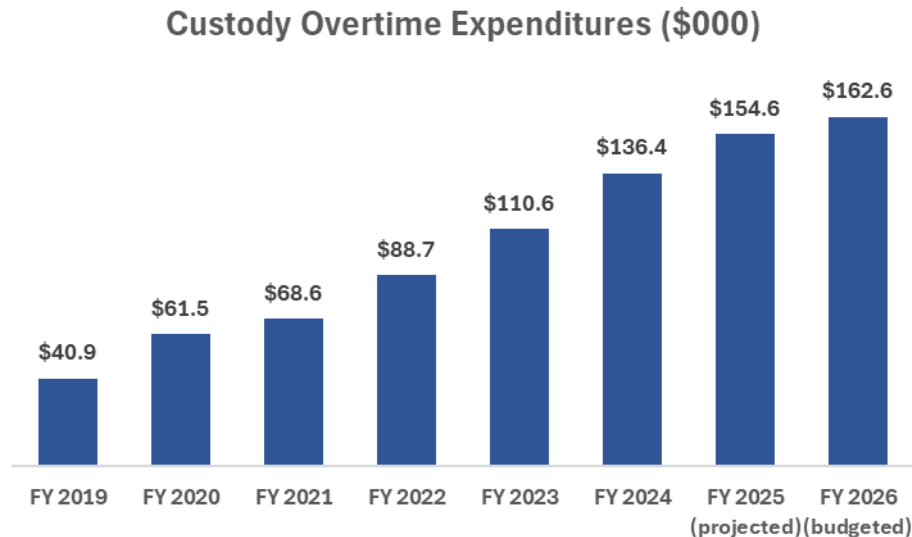
ⁱⁱⁱ The chart presents information from the following data sources: UCHC contract expenditures as reported in the department's responses to OLS Discussion Points, FY 2018 to FY 2026; and OLS estimates of the incarcerated population covered by the UCHC contract from summing average daily population in correctional facilities plus Residential Community Reintegration Program (i.e., halfway house) contracted bed spaces, as reported in the annual Governor's Budgets.

^{iv} The chart displays OLS per-person cost calculations based on the following data sources: UCHC contract expenditures as reported in the department's responses to OLS Discussion Points, FY 2018 to FY 2026; and OLS estimates of the incarcerated population covered by the UCHC contract from summing average daily population in correctional facilities plus Residential Community Reintegration Program (i.e., halfway house) contracted bed spaces, as reported in the annual Governor's Budgets.

^{vi} New Jersey's health care copayments are authorized pursuant to P.L.1995, c.254 (C.30:7E-1 et seq.).

^{vii} See N.J.A.C.10A:16-1.5. Examples of services exempted from copayments include: intake and discharge exams, laboratory and X-ray services, immunizations and public health services, mental health and substance abuse care, certain ongoing treatments, staff-initiated health care visits, follow-up visits and referrals, infirmary care, emergency care, and medications provided immediately during medical visits.

Background Paper: Custody Overtime Expenditures Begin to Stabilize



Since the COVID-19 pandemic, the Department of Corrections has contended with escalating overtime costs. In FY 2019, overtime costs totaled \$40.9 million, while the department budgeted \$162.6 million therefor in FY 2026. If still accurate, this projection would amount to nearly four times the FY 2019 expenditures for overtime.

The department has consistently emphasized staffing vacancies as the main driver of escalating overtime costs. The staffing shortfall has been exacerbated by the rate of correctional police officer attrition persistently exceeding the rate of recruitment. As a result, in order to maintain adequate staffing levels within correctional facilities, the department has increasingly relied on overtime hours. The closure of four State correctional facilities between FY 2020 and FY 2023 as well as the early release of incarcerated persons during the pandemic only tempered the department's acute prison staffing pressures. Without the closures and early release initiatives, overtime expenditures may even be higher today.

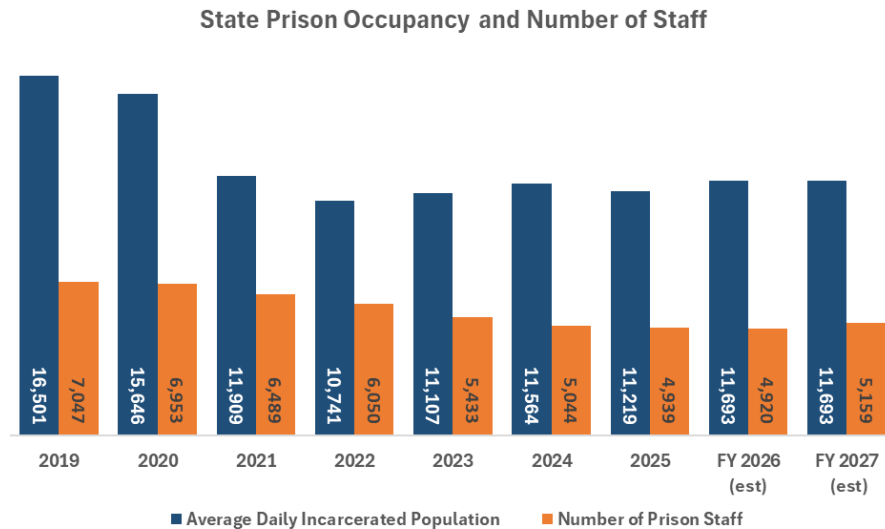
Specifically, in FY 2019, some 7,047 positions were filled at the correctional facilities, including non-uniformed positions; in January 2026, only 4,920 were, representing a 30 percent decline.

In addition, the average daily population of State-sentenced incarcerated persons housed in State facilities has declined, from 16,501 in FY 2019 to an estimated 11,693 in FY 2026 and FY 2027, also a drop of about 30 percent.

The department was concerned early about workforce shortages and the ensuing escalating overtime trend. In May 2023, a third-party vendor, CGL Companies LLC, submitted its findings and recommendations on a comprehensive study of the department's staffing. The contractor corroborated the staffing concerns and found staff vacancies to be the main driver of overtime, accounting for 73 percent of total overtime costs. Among the consultant's recommendations was increasing the compensation of correctional police officers.

The Legislature, however, had already acted on this concern. P.L.2021, c.406 increased correctional police officer salaries and enabled hiring outside of the regular civil service process to help the department with recruitment.

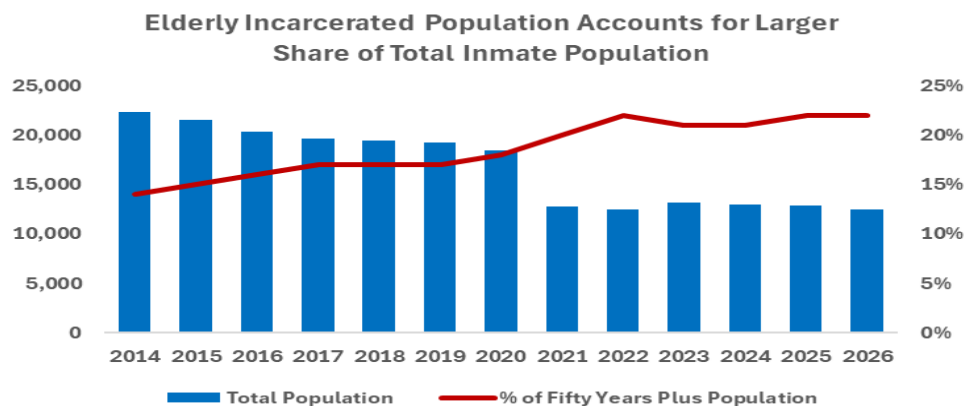
Background Paper: Custody Overtime Expenditures Begin to Stabilize (Cont'd)



Key Drivers of Overtime Costs Other Than Vacancies

In response to an FY 2026 OLS Discussion Point, the department identified four key drivers of overtime costs other than vacancies.

1. Mandatory trainings for custody officers require coverage by other correctional police officers, which results in overtime hours. Overtime costs for staff training, including the mandated 40 hours of training, totaled \$16.6 million in FY 2024 and were projected at \$19.7 million for FY 2025.
2. An increase in unscheduled medical trips due to an aging incarcerated population. As of January 2026, 22 percent of the incarcerated population is at least fifty years of age or older. For context, overtime costs for hospital trips totaled \$20.6 million in FY 2024 and were projected at \$19.9 million for FY 2025.



Background Paper: Custody Overtime Expenditures Begin to Stabilize (Cont'd)

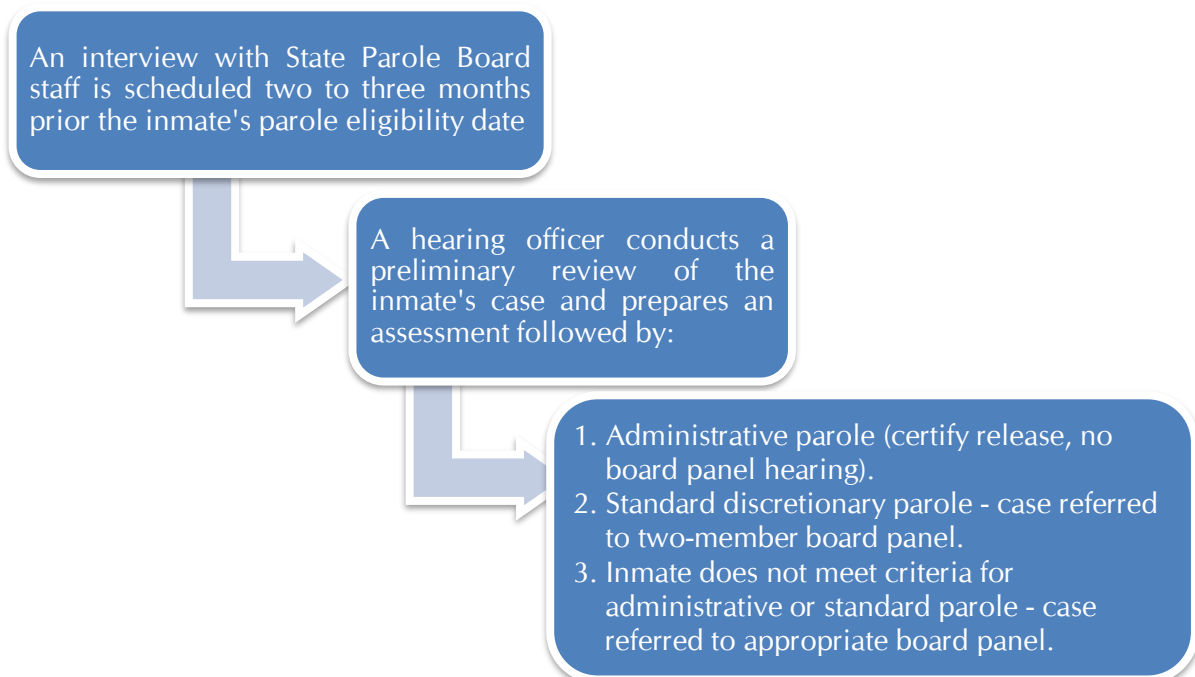
3. The department has also experienced increases in long-term care placements in the community for acute rehabilitation and specialized care. Such settings require continuous staff coverage. The FY 2024 overtime related to staffing of long-term care facilities was \$9.5 million and was projected at \$7.4 million for FY 2025.
4. The Isolated Confinement Act requires an increased number of officers for incarcerated persons for various out-of-cell activities, resulting in increased need for custody supervision hours. Overtime costs related to isolated confinement totaled \$8.7 million in FY 2024 and were projected at \$10.4 million in FY 2025.

Background Paper: New Jersey's Parole Process and Parole Violations

- For an incarcerated person, parole is the transitional step between incarceration and reintegration into the community as an unsupervised individual.
- The State Parole Board has two main functions. It determines eligibility for parole release for persons incarcerated in State and county correctional facilities. In addition, for the period of supervised release into the community, the board provides assistance to the parolee and sets the terms of parole. Non-compliance with these conditions triggers parole revocation proceedings, which may lead to reincarceration.
- In response to a FY 2025 OLS Discussion Point, the State Parole Board noted that the annual cost of maintaining one person in parole status is \$6,609.

Parole Process:

- Barring certain exceptions, such as if the inmate is subject to a mandatory minimum term of incarceration, inmates are eligible for parole after having served one-third of the prison term as part of the standard discretionary parole.
- Effective February 1, 2021, P.L.2019, c.364 ("Earn Your Way Out Act") established automatic administrative parole release for certain inmates with non-violent offenses, at the time of primary or subsequent parole eligibility.



Background Paper: New Jersey's Parole Process and Parole Violations (Cont'd)

- At the conclusion of the standard discretionary parole hearing, the Board will either:
 - grant parole;
 - impose pre-release conditions before release of the inmate;
 - deny parole and establish a future eligibility term; or
 - refer the case to a third Board panel.
- Board panels tend to deny about 40 percent of all parole applications, including certifications of automatic administrative parole releases.

State Prisoner Parole Statistics						
	FY 2019	FY 2020	FY 2021	FY 2022*	FY 2023*	FY 2024*
Cases Decided	5,417	5,318	3,402	3,120	3,731	3,616
Parole Granted*	2,571 (47.5%)	2,899 (54.5%)	1,719 (50.5%)	1,868 (59.9%)	2,315 (62.0%)	2,214 (61.2%)
Parole Denied	2,846 (52.5%)	2,419 (45.5%)	1,683 (49.5%)	1,252 (40.1%)	1,416 (38.0%)	1,402 (38.8%)
* Includes certification for Administrative Parole Release since FY 2022						

Parole Revocation Process and Technical Parole Violations:

- Noncompliance with the terms of parole leads to a proceeding before the Parole Revocation Hearing Unit, which decides whether an individual's parole status is continued or revoked. The revocation of parole is tantamount to reincarceration.

Parole Revocation Hearing Unit Statistics					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revocation Decisions	1,651	1,173	1,318	1,442	1,477
Continued Parole	316 (19.1%)	234 (19.9%)	291 (22.1%)	305 (21.2%)	347 (23.5%)
Parole Revoked	1,335 (80.9%)	939 (80.1%)	1,027 (77.9%)	1,137 (78.8%)	1,130 (76.5%)

- Technical parole violations may cause reincarceration. Technical violations are non-criminal types of behavior by a parolee in violation of the terms of parole, such as failing to report for a scheduled office visit, missing a curfew, lack of employment or attendance at school, testing positive for drug or alcohol use, or contacting a victim or co-defendant.
- The board replied to an FY 2026 OLS Discussion Point that 87 percent of parole revocation decisions in FY 2024 involved solely technical violations while the other 13 percent involved the failure to obey laws and ordinances.

Background Paper: New Jersey's Parole Process and Parole Violations (Cont'd)

- In 2025, the board received a report from a consultant, Dr. Alexandra Walker, on the board's technical parole violation policies. The consultant recommended the development of a structured, remedial action tool for parole officers to ensure consistent and effective responses to parole violations. At the time of its response to the FY 2026 OLS Discussion Points, the board was developing a plan for the implementation of a technologically feasible remedial action tool.
- In FY 2026, the prior Governor sought to implement technical parole violation reforms, but legislation to address the proposed reforms has not been enacted.
- In response to an FY 2026 OLS Discussion Point, the State Parole Board noted that the best approach to reducing technical parole violations is to provide supportive measures to promote positive reentry, as well as intermediary sanctions that include residential programming to treat substance use and mental health issues.

Background Paper: Sex Offenders Account for More than Half of the Parolee Population

Budget Page D-97

On the surface, the stability of the State Parole Board's caseload over the last ten years seems like a paradox. With parole being the transitional step between incarceration and reintegration into the community as an unsupervised individual, the board's caseload could be reasonably expected to mirror trends in the State's incarcerated persons population, albeit with a time delay. In New Jersey, however, this is not the case.

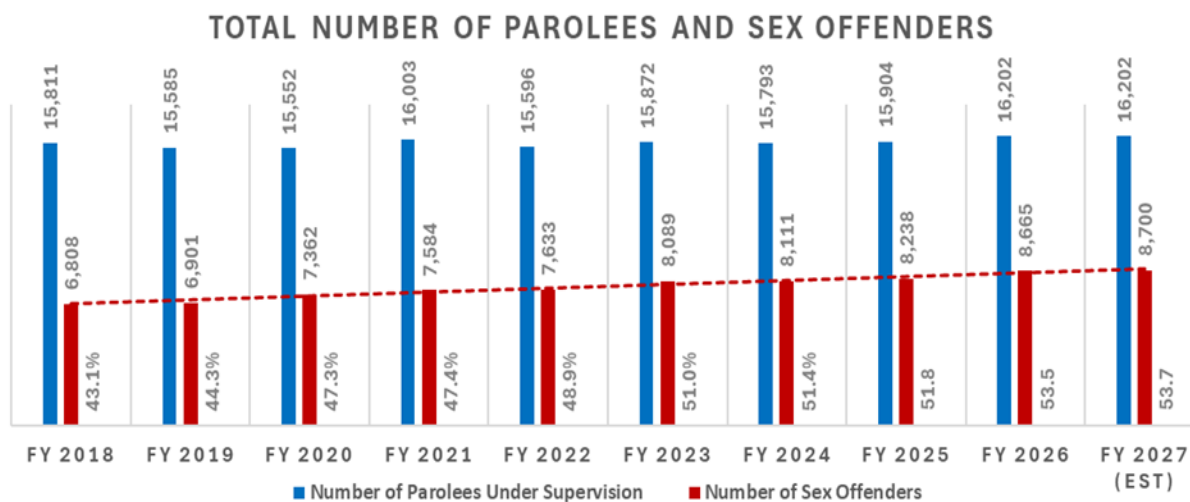
From FY 2018 to FY 2027, the number of State-sentenced incarcerated persons is projected to drop from 16,660 to 11,693 individuals. The decline is in significant part due to criminal justice reform, prison diversion programs, early release programs, and the decriminalization of certain marijuana-related offenses.

Conversely, the State Parole Board's caseload has grown slightly over the last decade. The reason for this divergence is New Jersey's treatment of sex offenders. Whereas the number of non-sex offender parolees has been shrinking, the board's overall caseload has remained steady due to a rising number of sex offenders under its supervision.

P.L.1994, c.130, or the "Violent Predator Incapacitation Act of 1994," is the cause for the persistent increase in the number of sex offenders under board supervision. That law made lifetime supervision by the board mandatory for the majority of sex crimes committed on or after October 31, 1994. Lifetime parole can only be terminated by a court after a minimum of 15 years of compliant supervision.

Prior to the implementation of this law, sex offenders made up less than five percent of the agency's caseload, the board previously noted. Now, they make up the majority. According to the board, its sex offender caseload is one of the largest in the nation.

In FY 2027, some 8,700 sex offenders are projected to be supervised by the board, of whom 7,600 would be supervised by the board's Sex Offender Management Unit, while the remaining 1,100 sex offenders would be supervised in other special caseloads.



NEW JERSEY LEGISLATURE

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Individuals wishing information and committee schedules on the FY 2027 budget are encouraged to contact:

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