

# POVERTY BENCHMARKS 2010

## Assessing New Jersey's Progress in Combating Poverty

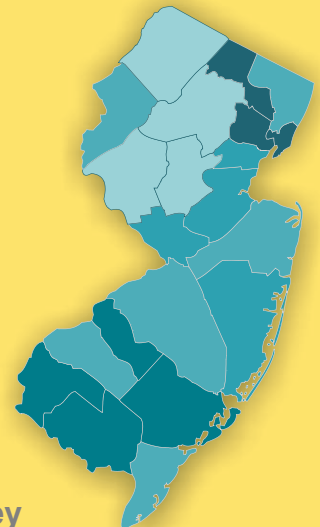
Income Inadequacy  
Unemployment  
Concentrated Poverty  
**Increased Hardships**  
Foreclosures  
Economic Crisis  
Legal Needs  
Hunger



A Report from the  
Legal Services of New Jersey  
Poverty Research Institute

February 2010

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# **Poverty Benchmarks 2010**

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Poverty Research Institute

**February 2010**

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# Legal Services of New Jersey Poverty Research Institute

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Legal Services of New Jersey heads a statewide system of seven non-profit corporations which provide free legal assistance in civil matters to low-income people in all twenty-one counties of New Jersey. The Poverty Research Institute (NJPRI) was established by LSJ in 1997 to create greater public awareness of poverty's scope, causes, consequences and remedies, as a way to help alleviate some of the legal problems of those living in poverty. It is the first and only entity exclusively focused on developing and updating information on poverty in the state. The NJPRI conducts systemic research on the incidence, effects and other aspects of poverty – as well as the relationship among poverty, work and public policy – and makes its findings available to the public.

Information on NJPRI can be found at [www.lsnj.org/PRI](http://www.lsnj.org/PRI). For further questions, please email [pri@lsnj.org](mailto:pri@lsnj.org) or call 732-572-9100. To submit comments or ideas in response to this report, please email [pri@lsnj.org](mailto:pri@lsnj.org).

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# Introduction

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No single source collects and reports New Jersey-specific data across a spectrum of poverty-related indicators on a regular basis. The Legal Services of New Jersey Poverty Research Institute inaugurated the annual Poverty Benchmarks Report in 2007 to fulfill this need.

The purpose of the Poverty Benchmarks Report is threefold:

1. To provide a singular source for New Jersey poverty-related data;
2. To track changes in the extent and consequences of poverty over time; and
3. To assess selected state program approaches in addressing issues of poverty and inadequate income.

This report is the fourth in the Benchmarks series. While providing a broad overview of poverty in the state, it focuses, in particular, on those poverty-related variables that have changed over time, both positively and negatively. Short-term changes may not necessarily be good indicators of long-term trends, but they do provide a reasonable snapshot of the status of poverty in the state. The Poverty Benchmarks Report relies heavily on American Community Survey (ACS) data, which describe the state of poverty in 2008. Given the deterioration in economic conditions during 2009, the 2008 Census poverty data understate the hardships people of low income are currently suffering. To offer greater currency, this report adds a new section that examines the current economic crisis and the ensuing increasing hardships on residents of the state.

## **Benchmarking Poverty**

Poverty in New Jersey is concentrated demographically and geographically. Tracking its highly segregated land use pattern, New Jerseyans of low income or minimum assets live in a world separated from that of wealthier residents. Divided in employment, housing, health care, education, and transportation, people struggling to meet their daily needs rarely rub elbows with, or even are noticed by, those with higher incomes. Before there can be effective programs to address the issue of poverty, society must share a common understanding that we are all worse off for the existence of poverty in our midst. More accessible poverty data contributes to this understanding. In accordance with Legal Services' mission, any consequent reduction in poverty will lessen the legal problems and consequent need for legal representation for those without means.

## **Focus on Selected State Government Responses**

Many governmental and non-governmental entities seek to address problems related to poverty and inadequate income, although no comprehensive state anti-poverty policy guides these efforts. While this network of diverse responses — many absolutely vital to the well-being of people of low income — must be acknowledged, state government has a unique ability and responsibility to respond to poverty in New Jersey, and the State of New Jersey must be held accountable for its effectiveness in addressing the systemic causes and consequences of



poverty. This report presents context for such an accountability analysis. Unquestionably, the current economic climate has created both an increased need for government assistance programs and a significantly reduced capacity to fund them. Reconciling these opposing forces presents the new state governor with an immense immediate challenge. Recognition and understanding of the hardships facing people of low income, particularly at this time of economic crisis, is more important than ever and will require intense commitment from state leadership to avoid catastrophic consequences for people in poverty. Legal Services of New Jersey produces a separate *Eye on the Budget* series, which examines the costs and effectiveness of various state programs to address poverty, and offers recommendations — and cost analyses — for various improvements and enhancements to these state initiatives.

## **Information and Perspective Provided in this Report**

In order to meet the goals of benchmarking poverty and assessing the effectiveness of the State's response, this report compiles extensive information. To make this wealth of data easier to navigate, the report divides the presentation according to discrete, though related sections.

### **Part A: Economic Crisis and Increased Hardships**

1. Economy in Crisis

Provides a brief overview of the crisis facing the New Jersey economy, highlighting the growing ranks of the unemployed and underemployed as the recession progressed and the disparate impact on Black or African American and Hispanic or Latino residents.

2. Increased Hardships

Examines the increasing hardships faced by people of low income, which have been manifested in rising numbers of unemployment insurance claimants, increasing numbers of people with longer durations of unemployment, ever-growing numbers of foreclosure and bankruptcy filings, more people living in homelessness, increasing use of food stamps and food banks, and substantially more people suffering hunger.

### **Part B: Poverty in New Jersey**

3. Alternative Definitions of Poverty

Discusses briefly alternative measures of adequate income and emphasizes the shortcomings of the official poverty measure and the additional factors that should be accounted for when calculating the income that is needed to be self-sufficient.

4. Vulnerable Populations in New Jersey

Disaggregates the poverty data and shows that children, Blacks or African Americans, Hispanics or Latinos, and women living in female-headed households are the most vulnerable groups in the population.

5. Working and Poor in New Jersey

Focuses on the working population and stresses that full-time work does not necessarily guarantee a route out of poverty for many Blacks or African Americans, Hispanics or Latinos, and single women who work full-time.

6. Income and Inequality in New Jersey

Underscores income disparities and shows that severe income inequality remains a persistent characteristic of New Jersey's socio-economic structure.

7. Places in Poverty in New Jersey

Examines the geographical distribution of poverty and shows that poverty is more concentrated in certain counties and not in others and that within these counties, certain towns, particularly those with a plurality of people of color and minorities, have especially high poverty rates.

**Part C: Aspects of Poverty**

8. Hunger and Food Insecurity

Demonstrates that food deprivation has not been overcome and that food insecurity remains a tangible problem for a significant proportion of households.

9. Housing

Depicts the plight of rental households, a substantial proportion of whom still find it necessary to expend an excessive share of their income to pay their rental costs.

10. Health Care

Examines health insurance coverage and health status and shows that, for the overall population as well as for children living below the official poverty level, a sizeable, although smaller, share still lacks insurance coverage.

11. Education

Looks at proficiency disparities in mathematics and language arts between schools of lower and higher socio-economic status and reveals that, while disparities between school districts persist, access to qualified teachers has improved and the number of underperforming school districts in the lower socio-economic areas has declined.

12. Transportation

Examines the different modes of commuting used to travel to work and shows that people living in poverty are still more likely than are those of higher income to be dependent on modes other than the private car.

**Part D: Major State Programs and Processes Tracked by the Benchmarks Report**

Examines specific major state programs that address elements of poverty and evaluates their performance.

13. Income Support

Examines program developments related to Work First New Jersey, Earned Income Tax Credit, and Supplemental Security Income.

14. Employment

Examines program developments related to the minimum wage, Unemployment Insurance, New Jersey Cares for Kids, and Family Leave Insurance.

15. Food and Nutrition

Examines program developments related to the Food Stamp Program and school nutrition programs.

16. Housing and Land Use

Examines program developments related to COAH and the Mt. Laurel Process and the State Rental Assistance Program.

17. Health Care

Examines program developments related to the New Jersey FamilyCare program.

18. Education

Examines program developments related to public school funding reform.

19. Legal Needs

Examines developments related to the work of Legal Services.

**Appendices**

Additional data tables and state program explanations.

## **Acknowledgements**

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All opinions are those of Legal Services of New Jersey.

Melville D. Miller, Jr.  
Edison, New Jersey  
February 2010

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# Poverty in New Jersey: Main Findings and Policy Recommendations

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## **Part A: Economic Crisis and Increased Hardships**

The United States economy officially entered into recession in December 2007. What has come to be known as the Great Recession, the longest and deepest since the Great Depression of the 1930s, had continued, by the end of December 2009, for 24 months.

### **1. Economy in Crisis**

The pre-eminent feature of the current economic crisis, both nationally and in New Jersey, is the growing unemployment and the swelling ranks of jobless workers — no surer path to poverty.

- The unemployment rate in New Jersey reached its highest level in 30 years in 2009.
- Large disparities in the unemployment rate exist between racial and ethnic groups with the unemployment rate for Blacks or African Americans and Hispanics or Latinos considerably higher than the state average.
- The underemployment rate in New Jersey is considerably higher than the unemployment rate and increased faster than the unemployment rate did in 2009.

### **2. Increased Hardships**

The rise in unemployment and the concomitant loss in income have led to increasing hardships as residents of the state who have recently lost their jobs face unforeseen mounting challenges.

- Initial unemployment insurance claims increased sharply after the onset of the recession as unemployment grew.
- As the recession progressed, the number of people receiving unemployment insurance for longer durations increased sharply.
- Residential foreclosure filings have been steadily increasing over the last four years.
- Chapter 7 bankruptcy filings have been increasing at the same rate as the increase in foreclosure filings over the last four years.
- Household participation in the Food Stamp Program in New Jersey has been steadily increasing as the recession has progressed.
- The number of people seeking food assistance at emergency pantries increased substantially during the first six months of 2009.
- The number of New Jersey's residents living in households that struggled with hunger increased significantly during the early months of the recession.

## **Part B: Poverty in New Jersey**

The 2008 Census poverty data does not convey the full impact of the Great Recession on residents and places of low income; however, disaggregating the data by demographic groups

and geographical areas reveals that certain population groups and certain places are more exposed to the fluctuations of the economy and, consequently, are more vulnerable to the repercussions of an economic downturn.

### **3. Alternative Definitions of Poverty**

- The federal poverty level (FPL), commonly referred to as the “official” poverty measure, and widely used to define poverty, is considered to be seriously flawed.
- A proposal that is under consideration by Congress to change the way poverty is measured would shift New Jersey’s ranking from being one of the states with the lowest poverty rate to the bottom half of the rankings with the highest poverty rates.

### **4. Vulnerable Populations in New Jersey**

Disaggregating the poverty data for different demographic groups shows that children, women living in female-headed households, Blacks or African Americans, and Hispanic or Latinos were already disproportionately represented among the poor.

- Children continued to be the most vulnerable to poverty among all age groups — in 2008, the proportion of children below the official poverty level increased.
- Women, of all age groups, had higher poverty rates than men did in 2008.
- A disproportionately large share of female-headed families with children was living below the official poverty level in 2008.
- The poverty rate of female-headed households was more than seven times that for married-couple households in 2008.
- The poverty rate for female-headed households with children was almost eight times that for married-couple households with children in 2008.
- The poverty rates for Blacks or African Americans and Hispanics or Latinos remained more than three times that for Whites in 2008.
- Children of color continued to be more vulnerable to poverty than children in general did in 2008.
- Hispanic or Latino seniors were most likely to live below the official poverty level, although the poverty rate for this group declined slightly in 2008.
- Black or African American and Hispanic or Latino female-headed households were especially vulnerable to poverty in 2008; the incidence of poverty was particularly high for Hispanic or Latino female-headed households.
- Although the poverty rate increased for all female-headed households with very young children, the poverty rate for Hispanic or Latino female-headed households was by far the highest.

### **5. Working and Poor in New Jersey**

Working Blacks or African Americans, Hispanics or Latinos, and women living in female-headed households were more likely than other demographic groups to be living in poverty.

- The median incomes of females working full-time and year-round were considerably lower than those of males working full-time and year-round in 2008.

- The median earnings of females are considerably lower than those of males at all levels of education, even as earnings rise with higher educational attainment.
- Hispanic or Latino males were considerably more likely than White or Black or African American males to be working full-time and year-round, while among females of working age, working full-time and year-round, Black or African American females had the highest participation rate in 2008.
- Hispanics or Latinos working full-time and year-round were more likely than their White and Black or African American counterparts were to be earning less than \$30,000 in 2008.
- Working full-time and year-round is not a guarantee that poverty will be avoided; some jobs pay wages that are lower than the official poverty level.
- Females living in one-worker female-headed families with no husband present were much more likely to be living in poverty than other one-worker family types in 2008.
- The mean income deficit for female-headed households living below the poverty level increased in 2008 to reach the highest level in four years.

## **6. Income and Inequality in New Jersey**

Severe income inequality remains a persistent feature of New Jersey's socio-economic structure.

- The median household incomes for Black or African American and Hispanic or Latino households were considerably lower than they were for White and Asian households in 2008.
- Substantially large disparities existed between the mean household incomes of the highest quintile and the top five percent and the mean household incomes of the lowest three quintiles in 2008.
- Income inequality in New Jersey has been growing for more than two decades, as the income of the rich increased proportionately more than that of people of lower income.

## **7. Places in Poverty in New Jersey**

Geographical disparities in the incidence of poverty remain a persistent feature of the New Jersey landscape.

- Concentration of residents of low income persists in certain counties.
- Counties with high poverty rates have lower living costs, while counties with low poverty rates have higher living costs; the result is the concentration of residents with low incomes in some counties and not others.
- Counties with high poverty rates have lower median incomes, while counties with low poverty rates have higher median incomes.
- As child poverty increased, the concentration of child poverty grew in some counties in 2008.
- As the high cost of living makes living in the state increasingly unaffordable for people of low income, residents with low incomes migrate to other states.
- Intense patterns of concentration of poverty exist at the municipal level.



- High rates of poverty persist in towns with large concentrations of people of color and minorities.
- Large disparities exist in child poverty rates at the urban level.

## **Part C: Aspects of Poverty**

Poverty manifests itself in different aspects of a person's life, with explicit implications for a person's health care, education, housing, food, and transportation needs, which are often not met for people of low income at standards enjoyed by people of higher incomes.

### **8. Hunger and Food Insecurity**

- Food insecurity increased for the third consecutive year, reaching the highest level in ten years.

### **9. Housing**

- The percentage of renters living in poverty declined slightly in 2008.
- Overall, the proportion of cost-burdened renters in New Jersey declined in 2008.
- Housing affordability continued to be a challenge for residents of low income in 2008.
- New Jersey residents living in the state's urban centers were among the most severely cost-burdened in 2008.
- The percentage of renter-occupied homes that were overcrowded increased considerably in 2008.
- Access to a personal telephone service improved substantially in 2008.

### **10. Health Care**

- Overall, New Jersey's health insurance coverage rate was higher than the national average in 2008, and it improved slightly over 2007.
- The health insurance coverage of New Jersey residents living in poverty continued to be lower than the national average for the third consecutive year, although it improved from 2007 to 2008.
- A larger share of New Jersey children had health insurance coverage in 2008 than in 2007, although New Jersey continued to lag the nation in child health insurance coverage in 2008.
- The share of New Jersey children living in poverty without health insurance coverage remained higher than the national average for the third consecutive year; however, there was an improvement in coverage between 2007 and 2008.
- The health status of New Jersey residents with the lowest incomes improved in 2008.
- The incidence of health problems such as diabetes and obesity declined among residents with the lowest incomes in 2008.

## **11. Education**

- Significant proficiency disparities in mathematics and language arts persist between grade four students from the lowest and highest socio-economic school districts, although the gap narrowed slightly in 2008.
- The proficiency disparities in mathematics and language arts between students from the lowest and highest socio-economic middle school districts remained especially pronounced in 2008.
- The proficiency disparities in mathematics and language arts between students from the lowest and highest socio-economic high school districts remained large, while the proportion of students who were partially proficient in language arts increased in 2008.
- Access to qualified teachers improved in all school districts in 2008, including districts of lower socio-economic status.
- The number of school districts of lower socio-economic status in need of improvement decreased in 2008.
- The percentage of people living below the official poverty level with some college experience or an associate's degree increased in 2008.

## **12. Transportation**

- A large disparity in car ownership between renters and owners continued to persist in 2008.
- People living below the official poverty level continued to rely less on a car but more on other means of transportation to travel to work than residents of higher incomes did.

# **Part D: Major State Programs and Processes Tracked by the Poverty Benchmarks Report**

Part D examines major state programs that address elements of poverty and evaluates their performance in relation to income support, employment, food and nutrition, housing and land use, health care, education, and legal needs as a context for accountability analysis.

New Jersey, like other states, has a history of a fragmented approach to poverty. There is no state-based government program in New Jersey that addresses, in a broad way, the defining problem of inadequate income. A growing number of states have taken up the challenge of a coordinated response to poverty by establishing state task forces or commissions that develop strategies and recommendations to reduce poverty as a whole. Since 2003, twenty states have participated in this effort and more than half of these states have targets for reducing poverty in the next ten years. Created either by governors or through legislatures, these task forces and commissions are raising the political profile of economic opportunity for all and working toward establishing the political and public will to create policy change.

### **Call for State Action**

*In order to effectively harness the resources of state government to make real progress in reducing and ameliorating the effects of poverty, the efforts of the diverse departments and programs that do, or could, address poverty must be coordinated. Such coordination, which emulates comprehensive poverty programs undertaken by other states, requires committed leadership and the articulation of a plan.*

*Setting a poverty-reduction target should be central to this initiative in order to provide a shared agenda for action that resists the tendency to focus narrowly on individual functions and responsibilities.*

*The initiative should also work to build political will in support of investments in poverty reduction as essential to the broader economic health of the state.*

Until New Jersey takes on a more coordinated approach to poverty, evaluation of the State's response to poverty can only be assessed by looking at individual program developments.

## **13. Income Support**

- The TANF caseload decreased in New Jersey in 2009. Because of the diminishing benefit levels, **Work First New Jersey (WFNJ)** is no longer a safety net that is responsive to downturns in the economy.

Grant levels have not been raised since 1987. Cash income levels are currently below the level of income measured by the severe poverty income threshold — an annual income of less than \$8,673 for a family of three.

### **Call for State Action**

*For New Jerseyans with the lowest incomes who must depend on public assistance, provide a level of income that is adequate to meet their most basic needs and allows them to succeed in the task of moving toward self-sustaining work. First, the State should increase the cash grant by a small amount in the next New Jersey budget to begin the process of bringing cash grants to a level that can meet basic needs. Moving forward, the State should pass legislation to automatically increase grant levels to accommodate the rising cost of living and create a commission to study the adequacy of WFNJ grant levels and ensure the fulfillment of program goals.*

- New Jersey's **Supplemental Security Income (SSI)** benefits are marked by a lack of progress. Monthly state supplements have not been increased in 20 years.

Claims have risen dramatically over the last year and backlogs have increased.

### **Call for State Action**

*Address the inadequacy of income support for individuals with disabilities and limited assets by increasing the state SSI supplement. The State should also ensure that the NJ Disability Determination Services (DDS) is not included in any*

*“required holidays,” staff reductions, hiring freezes, or other state budget reduction measures. The State would not save money by implementing the aforementioned measures and instead would only increase the burgeoning case delays.*

- **Earned Income Tax Credit (EITC)** eligibility thresholds have been expanded and participation has increased.

## 14. Employment

- The history of New Jersey’s **minimum wage** in recent decades shows a sporadic pattern of inadequate adjustment. New Jersey’s rate remains at \$7.25, raised only nominally from its 2006 level of \$7.15 to be on par with the federal level (effective July 2009). The state minimum wage is inadequate and continues to decline in value.

### **Call for State Action**

*In accordance with the New Jersey Minimum Wage Advisory Commission’s recommendation, increase the minimum wage to at least \$8.50 per hour and establish an automatic annual increase each year based on the increase in the consumer price index.*

- New Jersey qualified for EUC and was able to draw down incentive funds through ARRA; however, eligibility and benefit calculation limitations keep **Unemployment Insurance (UI)** from being most accessible and effective for New Jersey’s workers of low income.

### **Call for State Action**

*Provide the maximum benefits to unemployed workers during these tight economic times by implementing additional expansions to eligibility and benefit calculations. Ensure that unemployed workers can quickly access the full benefits to which they are entitled by addressing administrative barriers, application delays, and staffing shortages.*

- As of December 2009, New Jersey has drawn down 16.8 percent of approximately \$34 million in CCDBG funds to reduce the number of children on the **New Jersey Cares for Kids’ (NJCK)** waiting list, among other initiatives. However, co-pays and low payment standards continue to hamper the success of the NJCK program.

### **Call for State Action**

*Ensure that the ARRA funds are used effectively to maintain and improve child care policies. To build a case for permanent funding, New Jersey should document the use of the funds to improve child care quality and assist families with low income in the recovery from the current economic crisis. Looking ahead, the State’s commitment of resources to assist parents of low income to secure safe, reliable, quality child care for their children must be increased.*

- Although eligibility and coverage gaps still exist, the implementation of **Family Leave Insurance (FLI)** has been an important step in the right direction of work policies that move us away from trade-offs between necessary income and family responsibilities.

**Call for State Action**

*The effectiveness of Family Leave Insurance needs to be closely monitored to assess how well it is complied with and enforced, and ultimately addresses the needs of New Jersey employees of low income.*

**15. Food and Nutrition**

- Current **Food Stamp** eligibility criteria create a gap in responding to households below true poverty.

New Jersey continues to be among the lowest performing states in participation rate among eligible households, particularly among working poor households.

**Call for State Action**

*Improve access to food assistance for those individuals facing income challenges in New Jersey by adopting the Department’s proposed regulations that would expand categorical eligibility and by instituting procedures that will narrow the gap between those who are eligible for the program and those who enroll.*

- New Jersey’s participation in the **School Breakfast Program** remains among the lowest in the nation.

**Call for State Action**

*Improve access to children’s food assistance by instituting procedures that will narrow the gap between those children who are eligible for the program and those who enroll by implementing a “universal” school breakfast program that would provide breakfast to all children in schools in which 60 percent or more of the students are eligible for free or reduced priced lunches, and issuing a policy directive to all schools stating that breakfast after the bell be considered part of instructional time.*

**16. Land Use Policy, Redevelopment, Affordable Housing, and Foreclosure**

- The revised third round **Council on Affordable Housing (COAH)** rules substantially increased the statewide goal for new and rehabilitated affordable units across the state — mandating one affordable unit for every four market rate units built, and one affordable unit for every 16 new jobs. It is important to keep in mind, however, that the mechanism used by COAH to calculate the projected need fails to account for the need for affordable housing among the hundreds of thousands of cost-burdened households in the state.
- A comprehensive housing reform bill (A-500), which was signed into law on July 17, 2008, addressed key provisions of both the COAH process and the state’s

redevelopment law, including the elimination of Regional Contribution Agreements (RCAs) as a mechanism for meeting COAH obligations.

The New Jersey Economic Stimulus Act of 2009 contained a provision to suspend temporarily collection of non-residential developer fees, which were standardized at 2.5 percent by A-500 one year earlier.

#### **Call for State Action**

*Prevent the restoration of Regional Contribution Agreements (RCA's). One of the most important changes brought about by A500 was the elimination of RCA's as a mechanism for meeting COAH obligations.*

*Include affirmative deconcentration policies in affordable housing creation programs. The differences in development costs between areas of low income and higher income also produce a built-in incentive for affordable housing development projects to be located in less expensive, more highly concentrated areas. In order to counteract this tendency and ensure options for residents of low income to live in areas of higher income, housing development programs need to incorporate affirmative deconcentration goals.*

*Tie state subsidies for municipalities to development of affordable housing. The State could promote inclusionary policies and practices by linking municipal efforts to develop affordable housing with incentive funding, and restrict state funding for municipalities that refuse to promote affordable housing.*

New Jersey remains one of the most unaffordable states in the nation. Addressing this ever-increasing challenge requires renewed commitment from the State both to produce affordable housing and to provide direct housing subsidy assistance in the rental market. For a summary of state affordable housing production activity levels, see figure 16.3 in Part D.

**State Rental Assistance Program (S-RAP)** appropriations increased and some administrative problems were resolved, yet the need for rental assistance remains unmet.

#### **Call for State Action**

*Provide housing stability to a greater share of struggling households of low income by increasing funding for S-RAP assistance. Even in these difficult budget times, a substantial infusion of new funding into S-RAP represents the surest and fastest way to help struggling households obtain or retain housing and avoid homelessness.*

*Develop state standards for use of credit-worthiness in housing applications. The State should act to develop standard parameters for credit evaluation appropriate to the difficult realities confronted by households of low income in a high-cost state.*

*Create zoning laws to develop more affordable market-rate housing. State zoning laws, in coordination with the State Plan, could create mandatory zoning laws to prevent municipal ordinances from blocking development of accessory apartments and high-density development of smaller units.*

- The **New Jersey Judiciary Foreclosure Mediation Program** was put into place at the beginning of 2009. While the program provides the hope of slowing the spread of foreclosures, the lack of obligations placed on servicers as well as the assumption that foreclosure results exclusively from economic hardship (not predatory lending or lender wrongdoing) hampers the effectiveness of the program.

#### **Call for State Action**

*Help provide access to attorney evaluation and representation so that homeowners can make informed decisions about options available to them. As currently organized (i.e., without requiring foreclosing mortgagees to provide documentation and without affording homeowners with full attorney representation), foreclosure mediation is best suited for homeowners without legal defenses to foreclosure.*

*Impose necessary servicer obligations and stay all proceedings until the servicer has complied in good faith with all such obligations.*

## **17. Health Care**

- The “New Jersey Health Care Reform Act of 2008” expanded **New Jersey FamilyCare** eligibility for parents, created a mandate for children’s health insurance, and established an Outreach, Enrollment and Retention Work Group.

Co-pays for Medicaid were taken out of the last budget, but Medicaid physician reimbursement rates continue to restrict access.

#### **Call for State Action**

*Provide meaningful access to health care for families of low income that currently must choose between the costs of health care and other basic needs, by eliminating premiums and cost-sharing in New Jersey FamilyCare for all recipients, including parents, at or below 200 percent of the FPL.*

*Ensure that New Jerseyans of low income insured through the State’s Medicaid program have access to quality health care by increasing the Medicaid physician reimbursement rate to at least 75 percent of the Medicare rate.*

*The State should open NJ FamilyCare to undocumented children. The Act mandates that all children in New Jersey obtain health care coverage through either private or public insurance options, yet undocumented children are likely to fall through the gaps in eligibility.*

## 18. Education

- In January 2008, Governor Corzine signed the **School Funding Reform Act (SFRA)**, which created a new school funding allocation in which supplementary school funding follows students of low income regardless of where they live rather than through designated districts of low income. While the changes in the school-funding system offer the opportunity for ensuring that all children of low income receive higher educational quality, the implementation is still in the early phases.

The proposed \$25 million Preschool Incentive Aid program to begin pre-school expansion in the 2009-10 school year was put on hold in the most recent budget.

### **Call for State Action**

*The State's efforts need to be carefully monitored to ensure that resources are being appropriately directed toward ensuring educational opportunity for children of low income and addressing the unique challenges faced by schools in high-poverty areas.*

*New Jersey continues to be cited as a leader in its commitment to preschool education and the State should preserve this status by compensating for this year's lack of implementation within the designated timeframe.*

## 19. Legal Needs

- The severe economic downturn has created a crisis in which more people are in need of assistance through **Legal Services** programs. The network of Legal Services programs, the largest provider of free legal assistance in civil matters to people who cannot afford the cost of legal representation, has seen an increase in the need for representation, brief services, and advice across its substantive areas of law.

### **Call for State Action**

*Significantly greater resources are required, principally financial, but augmented by the pro bono efforts of private lawyers. History teaches that most of this funding will have to come from public sources. Resources must be targeted first at the most critical legal problems, involving the most essential human needs.*

*Wherever possible, court rules and processes must be made more accessible to unrepresented litigants. Usually, these individuals are unrepresented because of poverty and circumstance, not by choice. New Jersey courts have made significant efforts over the years to make judicial procedures more accommodating to the unrepresented, but there needs to be a renewed and major judicial emphasis. In addition to the pro se help provided by Legal Services and some other legal assistance providers, the courts themselves must continue to expand such efforts, building upon the very well-received work of the ombuds offices in each New Jersey vicinage.*



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# PART A: ECONOMIC CRISIS & INCREASED HARDSHIPS

## **Poverty Pro**

By Derrick Branch

God Bless the child  
That has its own  
And those who don't  
He leaves them alone  
Those who have done more  
Tend to get a lot  
Those who have less  
Tend to lose  
What they've got  
So the poor gets poorer  
And the rich get richer  
There's no more truer  
Or clearer picture  
As a matter of fact  
Let it be said  
Let the living live  
And the dead be dead.  
Let those who have ears  
Hear and listen.  
And those who have minds  
Let them pay attention.  
Below the level of poverty  
I'm down on my luck.  
In the clutches of financial  
Gravity I'm trapped and  
stuck  
I live out of a bag  
Around this town I must  
drag  
Don't even have a tub  
When I want to take a  
bath.  
I eat at the city's soup  
kitchen, where I wait in  
line  
listenin' to people  
complaining  
and bitchin' about the food  
and

stuff that was freely given.  
That's what makes me a  
poverty pro. Bein' down  
further  
than I thought I'd ever go  
down so low feels like I'm  
a part of the flow  
that's what makes me a  
poverty pro.  
Now I don't have the  
money  
To wash my clothes, can't  
afford the tissue to blow  
my  
Nose and wouldn't you  
Know it I got a cold.  
I sleep in a different  
Bed every night of the week  
At the city's men's shelter  
Among men who stink and  
reek.  
I bum cigarettes 'cause  
To nicotine I'm addicted  
Or I pick the ones, from the  
Ground that people have  
discarded  
Of this I am ashamed I  
Feel regret and pain  
And my poverty is the only  
thing that can be blamed.  
That's what makes me a  
poverty  
Pro. Bein' down further  
than  
I thought I'd ever go. Down  
So long so low and it hurts  
So what do you do when  
you're down on your  
Luck.

Like in the bottom of the  
ninth and you batter up  
The bases are loaded  
Two out and two strikes  
And you're gripping your  
bat and  
Gripping it tight.  
As the pitcher is posed  
On his mound standing tall  
As he's staring you down  
In his hand is the ball  
The score is tied and  
It's all up to you  
The pressure is on  
What will you do.  
Now the noise from the  
crowd is a deafening roar  
You're nervous and  
trembling and sweat starts  
to pour  
At 90 mph here comes  
the pitch with all of your  
might, you swing and  
that's it  
So what do you do  
At the end of the game  
Try and find your way  
Through the pain and you  
may  
Find a greater strength  
That you have gained.  
In this I've become a  
Poverty pro, I've been  
where  
I've been and know what  
I know and God always  
opens  
a window when he closes a  
door  
Yes that's what makes me a  
poverty pro.

May 2009

# Economic Crisis and Increased Hardships

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The United States economy officially entered into recession in December 2007. What has come to be known as the Great Recession, the longest and deepest since the Great Depression of the 1930s, had continued, by the end of December 2009, for 24 months. Although a recent economic report showing an increase in GDP (Gross Domestic Product) for the third quarter of 2009 may indicate that the recession is technically over, the situation for people of low income continues to be dire, with few signs for improvement in the near future.

The first part of this Benchmarks Report presents a brief overview of the employment crisis facing the New Jersey economy as well as the consequent increase in hardships for people of low income. By focusing on the current state of the New Jersey economy, the purpose of this section is to show that, because economic conditions deteriorated considerably during 2009, the 2008 Census poverty data, which are the focus of Part B of this report, understate the hardships people of low income are currently suffering. The 2008 Census data depict the economic conditions that prevailed during the first twelve months of the recession. They do not capture the magnitude of poverty currently prevailing in New Jersey or the gravity of the circumstances people of low income find themselves facing at this time.

## 1. Economy in Crisis

The pre-eminent feature of the current economic crisis, both nationally and in New Jersey, is the growing unemployment and the swelling ranks of jobless workers — no surer path to poverty. While the official unemployment rate, which tends to get the most attention, has risen considerably over the duration of the recession, unemployment has affected African Americans or Blacks and Hispanics or Latinos disproportionately. Moreover, large underemployment exists in the state economy and the proportion of underemployed residents has risen much faster than the officially unemployed.

### a. Unemployed in New Jersey

#### **The unemployment rate in New Jersey reached its highest level in 30 years in 2009.**

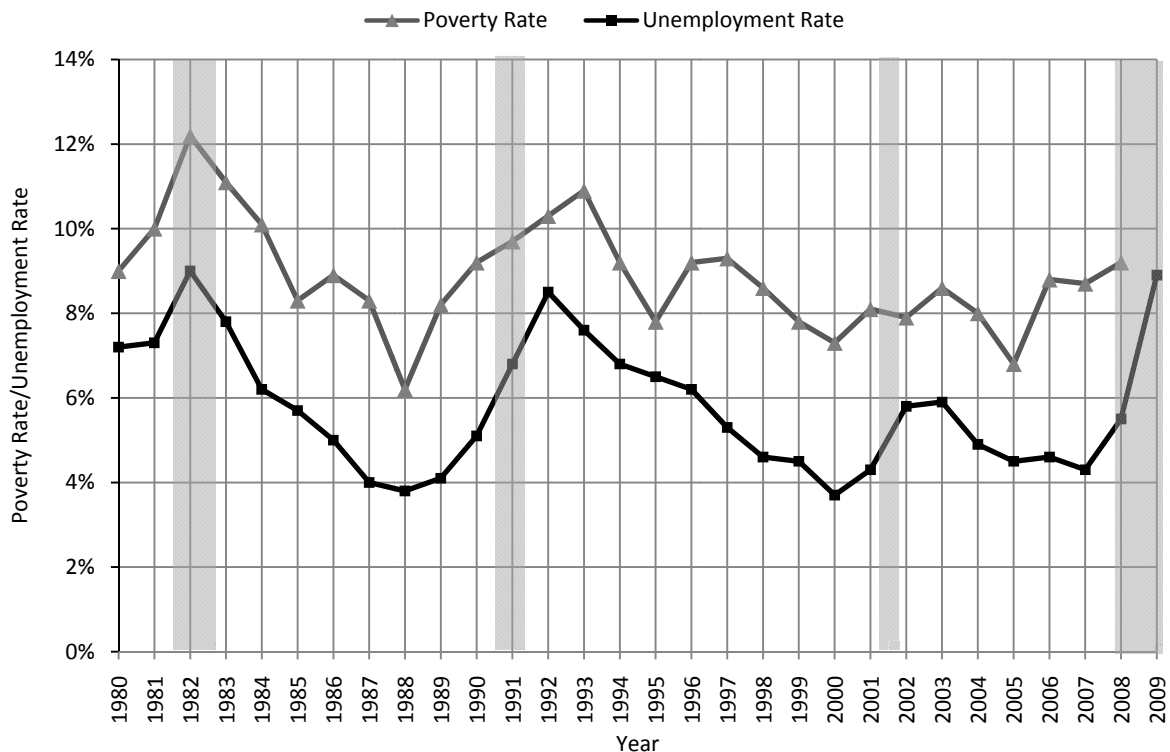
Despite the growth in the national economy in the third quarter of 2009, the growth rate is well below that needed to bring about a substantial reduction in unemployment in the near future. Unemployment remains very high both across the nation and in New Jersey.

Unemployment in New Jersey has been steadily trending upward since the recession started in December 2007. In 2007, the average unemployment rate was 4.3 percent. In 2008, it increased to 5.5 percent, an increase of 1.2 percentage points over 2007. By November 2009, the unemployment rate had reached 9.7 percent, an increase of 5.4 percentage points since 2007. The 1.2 percentage points increase in unemployment between 2007 and 2008 captures about 22 percent of the total rise in unemployment over the period from the beginning of the recession to the end of November. With the unemployment rate expected to remain close to

10.0 percent well into 2010, the New Jersey labor market is likely to continue to remain weak for many months.

The increase in unemployment, despite the growth in the national economy, does not portend well for people of low income. As Figure 1.1 shows, over the last 30 years, during which the economy faced three recessions, the poverty rate tended to track the unemployment rate and both tended to peak after the economy began to grow again. With unemployment increasing rapidly over the period of the Great Recession, it is reasonable to assume that poverty will follow likewise.

**Figure 1.1: Poverty Rate and Unemployment Rate in New Jersey, 1980-2009**



**Source:** U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Table 21 & New Jersey Department of Labor and Workforce Development, Labor Market and Demographic Analysis

**Note:** Shaded areas represent recessions.

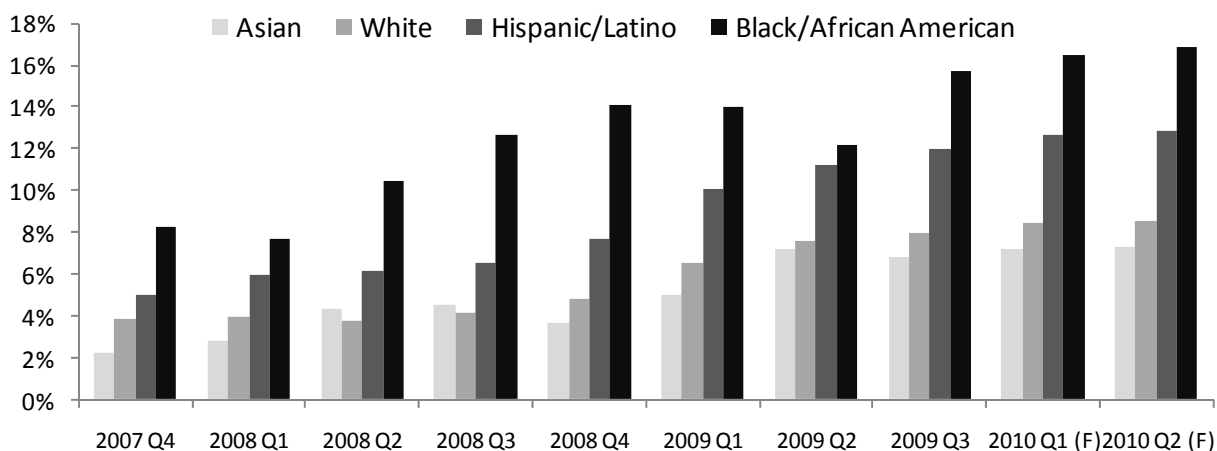
## **b. Disparate Consequences of Unemployment**

**Large disparities in the unemployment rate exist between racial and ethnic groups, with the unemployment rate for Blacks or African Americans and Hispanics or Latinos considerably higher than the state average.**

As high as the overall unemployment rate is, it conceals the large disparities that exist between racial and ethnic groups in New Jersey (see figure 1.2). While unemployment rates for White and Asian residents of New Jersey have trended below the state average, the unemployment rates for Black or African American and Hispanic or Latino residents have been well above the

average. The unemployment rate for Blacks or African Americans, which was 8.2 percent for the fourth quarter of 2007, reached 15.7 percent in the third quarter of 2009, almost six percentage points higher than the average for the overall population in September 2009. The Economic Policy Institute forecasts that unemployment for Blacks or African Americans in New Jersey will reach 16.8 percent in the second quarter of 2010.<sup>1</sup> Similarly, the unemployment rate for Hispanic or Latino residents, which was 5.0 percent in the fourth quarter of 2007, reached 12.0 percent in the third quarter of 2009, considerably more than double the 5.0 percent unemployment rate in the fourth quarter of 2007.

**Figure 1.2: Unemployment by Race and Ethnicity, New Jersey, 2007-2010**



**Source:** Economic Policy Institute’s Analysis of the Bureau of Labor Statistics and Moody’s Economy.Com

**Note:** (F) = Forecast

### c. Underemployment in New Jersey

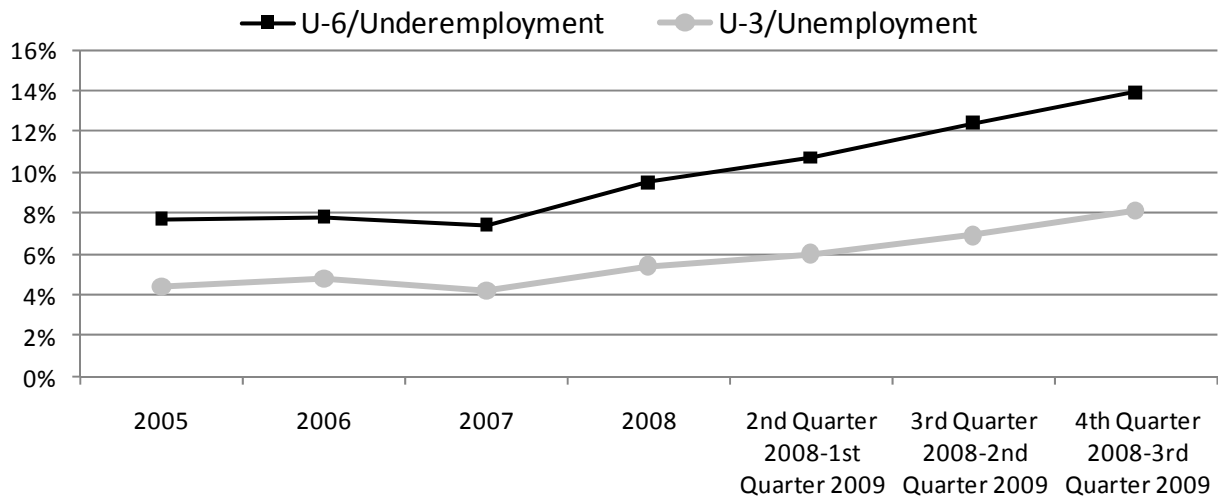
**The underemployment rate in New Jersey is considerably higher than the unemployment rate and increased faster than the unemployment rate did in 2009.**

To better assess the extent of unemployment in the economy and thereby to capture all forms of labor market difficulties, it is necessary to account for marginally attached workers. The official definition of unemployment includes only those people who are able to work, available for work, and actively seeking work, but currently are not employed. It excludes marginally attached workers and involuntary part-time workers; that is, those people who are available for and would take a job if offered, but have not been looking recently, as well as those people who would prefer full-time work but are instead working part-time.

The Bureau of Labor Statistics has recently begun to publish various alternative measures of underemployment at the state level, in addition to the official unemployment rate. Figure 1.3 below tracks the official unemployment level (U-3) against the most inclusive measure of underemployment currently available (U-6). This measure includes discouraged workers, marginally attached workers, including those people who recently have given up the job search for a range of reasons other than discouragement, and all those people working part-time who

would prefer to have full-time jobs. When this number is added to the official employment rate, underemployment in New Jersey reached 13.9 percent for the period of the fourth quarter of 2008 through the third quarter of 2009, 5.8 percentage points higher than the official unemployment rate of 8.1 percent for the same period. Moreover, while the official unemployment rate has increased 3.9 percentage points since 2007, the underemployment U-6 rate rose 6.5 percentage points. The large differential between the official unemployment rate and the U-6 underemployment statistic points to a considerable amount of underutilized potential labor resources in the New Jersey economy. It indicates that there are many people who have given up searching for work, due to poor prospects, and many part-time workers who would prefer full-time employment.

**Figure 1.3: Official and Alternative Measures of Labor Underutilization, Annual Averages for New Jersey, 2005-2009**



**Source:** U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

## 2. Increased Hardships

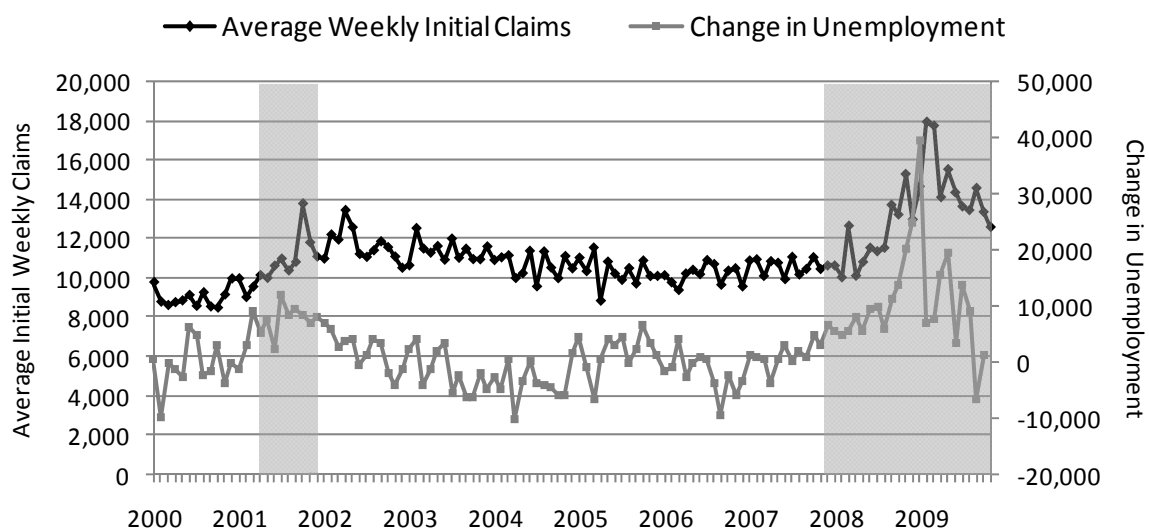
The rise in unemployment and the concomitant loss in income have led to increasing hardships as residents of the state who have recently lost their jobs face unforeseen, mounting challenges. For many people whose incomes were at levels that allowed them to be self-sufficient, the sudden lack of a steady job has forced them to draw on the state as well as other organizations to provide assistance so that they can make ends meet. Escalating hardships have manifested themselves in rising numbers of unemployment insurance claimants, increasing numbers of people with longer durations of unemployment, ever-growing numbers of foreclosure and bankruptcy filings, more people living in homelessness, increasing use of food stamps and food banks, and substantially more people suffering hunger. This section of the report draws upon both selected secondary data and anecdotal evidence in those areas for which data are available to document the increase in hardships as the recession progressed over the course of 2009.

### a. Rising Unemployment Insurance Claims

**Initial unemployment insurance claims increased sharply after the onset of the recession as unemployment grew.**

With the rapid growth in unemployment and the loss of incomes for many New Jersey families, unemployment insurance weekly claims increased greatly in 2009. As the upper dark line in figure 2.1 below shows, after the onset of the recession initial unemployment insurance weekly claims increased sharply from 10,430 claims, on average, in November 2007 to a peak of 17,917

**Figure 2.1 Weekly Average Initial Unemployment Insurance Claims and Change in the Number of Monthly Unemployed, New Jersey, January 2000-November 2009 (Seasonally Adjusted)**



**Source:** State of New Jersey, Department of Labor and Workforce Development

**Note:** Shaded areas represent recessions.



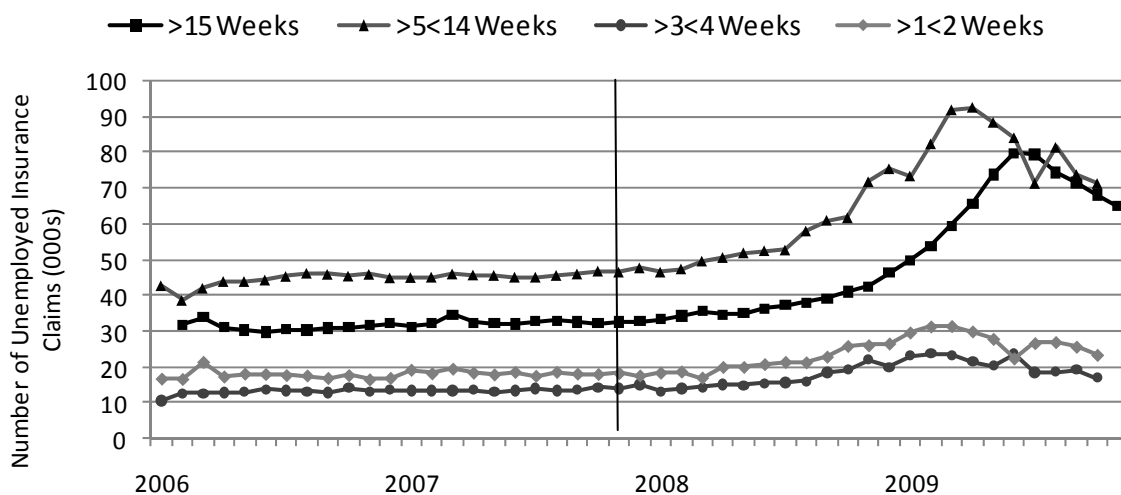
claims in February 2009, an increase of almost 72 percent. As of November 2009, the number of initial weekly claims had declined to 12,565, on average, for the month. (For more information on UI eligibility and benefits, see Section 14.b in Part D.)

The decrease in the number of initial weekly claims since February 2009, however, is not a result of a growth in employment but a result of the falling rate in the growth of unemployment, shown by the lighter lower line in figure 2.1. This line shows a similar upward trend to that of initial weekly claims. In other words, jobs were still being lost each month after February 2009 (except October 2009) but only at a slower rate. In fact, the New Jersey economy has shed jobs continuously since February 2007, with the exception of May 2007 and October 2009. The number of monthly job losses peaked in February 2009 when 39,500 jobs were lost.

**As the recession progressed, the number of people receiving unemployment insurance for longer durations increased sharply.**

The continuous growing loss of jobs has extended the duration people are unemployed. It is taking unemployed workers longer to find new jobs, if they succeed at all. As a result, the number of people out of work for longer durations increased steadily. Figure 2.2 shows the number of people receiving unemployment insurance each month by four periods of unemployment, for those people receiving regular benefits up to a limit of 26 weeks. The number of people receiving unemployment insurance each month has increased much more steeply for the two longer durations, those people receiving unemployment insurance for between five and 14 weeks and between 15 and 26 weeks. The top line shows that the number of people receiving unemployment insurance for between five and 14 weeks grew from 46,800

**Figure 2.2: Number of Unemployment Insurance Claims by Duration of Unemployment, New Jersey, 2006-2009**



**Source:** State of New Jersey, Department of Labor and Workforce Development

**Note:** 1: Vertical line represents onset of recession. 2: The data in this figure are only for people receiving regular unemployment benefits; that is, for the first 26 weeks. It does not include people who have had their benefits extended.

in November 2007 to a peak of 91,900 in April 2009, an increase of 96 percent. Similarly, the number of people receiving unemployment insurance for between 15 and 26 weeks grew from 32,500 in November 2007 to a peak of 79,700 in June 2009, an increase of 145 percent.

Although the number of people receiving unemployment for these two periods, as well as those who have been receiving benefits for the two shorter periods, has declined recently, this is also a result of the falling rate of unemployment, not a consequence of gains in employment and people finding work. Moreover, many people have exhausted their regular unemployment insurance benefits and have moved over to receiving extended benefits, which are not depicted by the data shown here.

## **b. Mounting Residential Foreclosure Filings, New Bankruptcy Cases and Increasing Homelessness**

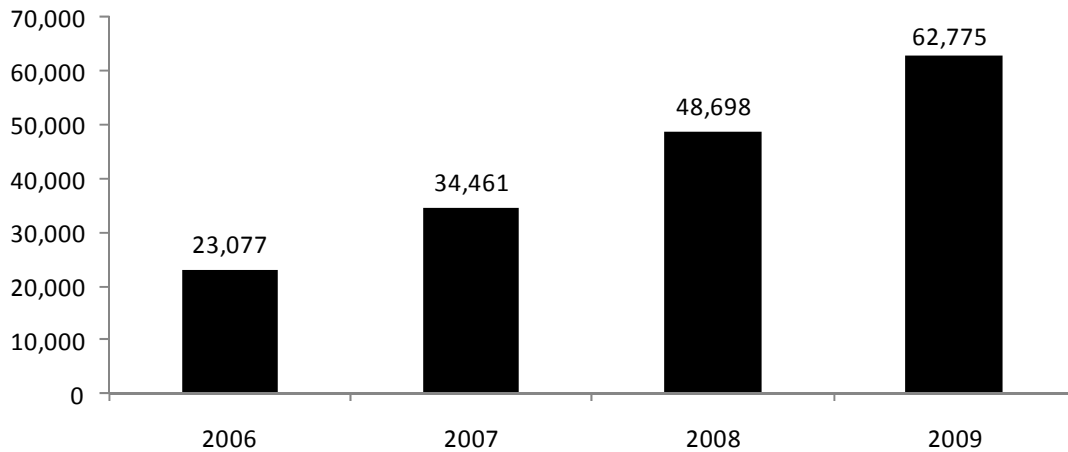
**Residential foreclosure filings have been steadily increasing over the last four years.**

The bursting of the housing bubble, which precipitated the recession, forced thousands of homeowners into personal economic crises as their homes declined in value. In addition, many loans were predatory subprime loans, which stripped equity from the home and which were destined to failure even in the absence of the economic crisis. As a result, many homeowners who were unable to meet their mortgage payments found themselves facing foreclosure proceedings on their homes.

Data provided by the New Jersey Superior Court Clerk's Office shows the continuous rise in residential foreclosure filings since 2006 (see figure 2.3). In 2009, there were considerably more residential foreclosure filings than in any of the three previous years. The almost 63,000 residential foreclosure filings recorded by the Superior Court were more than 172 percent greater than the total for 2006 and almost 30 percent larger than the total for 2008. On average, there were 5,231 residential foreclosure filings each month in 2009, compared with 1,923 filings in 2006, 2,872 filings in 2007, and 4,058 filings in 2008.

The absolute increase in residential foreclosure filings since 2006 has been especially acute in Bergen, Essex, Union, Middlesex, and Ocean, counties, each with an increase of more than 3,000 filings. In Bergen County, residential foreclosure filings increased from 1,411 filings in total for 2006 to 5,034 filings in 2009, an increase of 3,623 filings, or a 257 percent increase. Over the same period, residential foreclosure filings increased in Essex County by 3,549, in Union County by 3,218, in Middlesex County by 3,173, and in Ocean County also by 3,173 filings.

**Figure 2.3: Annual Residential Foreclosure Filings, New Jersey, 2006-2009**



**Source:** New Jersey Superior Court Clerk's Office

Throughout 2009, both the print and online media have published articles showing the surging rate of foreclosure filings and their impact on New Jersey families. Below is an extract from one article, originally published in the New York Times in May 2009.

### **In New Jersey, Dreams of a Better Life Dashed by Foreclosure Crisis**

By KAREEM FAHIM and JANET ROBERTS

IRVINGTON

**T**HE boarded-up houses of Grove Street are multiplying, taunting Cassandra Sparrow as she fights to keep her home.

Ms. Sparrow has lived in her single-family house on the street since 1995, when she had a well-paying job as a lab technician and bought the house, for \$79,000, to share with her companion. But about six years ago, Ms. Sparrow learned she had lupus. "I loved my work," she said. "But it makes my arms swell up." She has not been able to keep a full-time job in the years since because of the pain from the swelling and has applied for Supplemental Security Income, a disability benefit. As she waits to be approved, she has fallen more than \$18,000 behind on her mortgage payments over about two years. Without help, she said, she will most likely lose her house this summer.

If it were foreclosed, it would join eight boarded-up houses on her block, in a neighborhood that is increasingly deserted and one of the worst hit in the metropolitan New York area by home mortgage foreclosures, according to street-level mapping analysis of foreclosure data by The New York Times

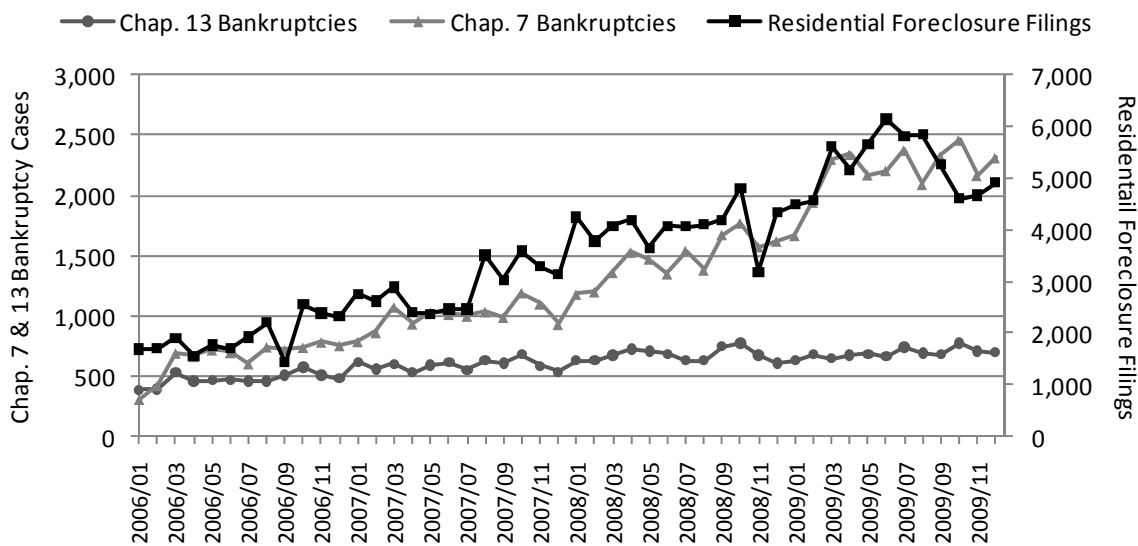
The shuttered houses and for-sale signs in Irvington and neighboring Newark have helped give Essex County a foreclosure rate almost double the overall rate in the region. So many homeowners are at least 90 days behind on their mortgage payments that the delinquency rate in Essex exceeds that of Genesee County, Mich. — home of Flint, a symbol for cities economically devastated by the sinking fortunes of America's auto industry. . . .

**New York Times  
17 May 2009**

**Chapter 7 bankruptcy filings have been increasing at the same rate as the increase in foreclosure filings over the last four years.**

When a family faces foreclosure on their home, a potential remedy for a wage-earning family would be to file Chapter 13 bankruptcy and come to an arrangement with their creditors to save their home.<sup>2</sup> Figure 2.4 below tracks monthly residential foreclosure filings against new and reopened Chapter 7 and 13 bankruptcy cases. The expected correlation between residential foreclosure filings and Chapter 13 bankruptcy cases appears to hold for most of 2006, but thereafter the two lines diverge significantly. While residential foreclosure filings have increased precipitously, Chapter 13 bankruptcy cases has remained more or less stable since early 2007. On the other hand, Chapter 7 new and reopened bankruptcy cases have increased in tandem with the residential foreclosure filings and the two appear to correlate. The monthly average of new and reopened Chapter 7 bankruptcy cases have increased from 654 in 2006 to 2,199 cases per month for 2009, an increase of 236 percent per month. It seems that many families facing foreclosure on their homes have not had the resources to put together a viable plan to save their homes within the framework of a Chapter 13 bankruptcy and have preferred to file for Chapter 7 bankruptcy. The reason for this action may be that family members have lost their jobs and are no longer earning wages or because the equity remaining in their homes has declined so much that it is more advantageous to walk away from the home than to continue to pay the mortgage.

**Figure 2.4: Monthly Residential Foreclosure Filings and Chapter 7 & 13 New and Reopened Bankruptcy Cases, New Jersey, 2006-2009**



**Source:** New Jersey Superior Court Clerk’s Office & United States Bankruptcy Court, District of New Jersey

With the mounting foreclosure crisis and subsequent loss of their homes, many New Jersey families have been forced into various forms of homelessness. Reliable numbers of the homeless are difficult to obtain. In addition, many families who are doubling-up with other family members or friends technically might not be considered as homeless; yet, with the loss of their homes, they are in effect homeless. Ample anecdotal evidence describing the difficulties of the newly homeless, however,

does exist. The extract of an article from a recent edition of the New York Times inserted below is just one palpable example.

### **THE HOMELESS ARE WHEREVER JOBS VANISH**

**By DIANE CARDWELL**

HACKENSACK, N.J.

**W**HILE she was married and raising two daughters in the New Jersey suburbs, Penny Banach was steadily employed, her income providing ballast for the family. After a divorce in which her husband, who owned an automotive business, gained custody of the girls, Ms. Banach moved in with her father, taking care of him and living rent-free so she could pay child support. But after her father died, which hit her hard, she said, and she lost her job as an administrative assistant at a software company a year ago, she entered a steep decline. Struggling with mounting bills and depression, by February she was homeless, bunking in an ostensibly temporary shelter, a dingy, trailer-like structure that has stood in the shadow of the

county government complex in Hackensack for 25 years.

“I was lucky to get a bed,” said Ms. Banach, 47 and clear-eyed, wearing jeans with a turtleneck and a dark blue fleece. “You lose that paycheck, you don’t know where you’re going to end up,” she added, sitting in a bright room in a new, permanent shelter that opened in October.

That insecurity is becoming more common in the suburbs these days. Officials say that homeless shelters are suddenly filled to capacity, with some suburban communities resorting to housing families in motels, for the first time in years. . . .

**New York Times  
13 December 2009**

### **c. Growing Food Stamps and Food Bank Usage and Increasing Hunger**

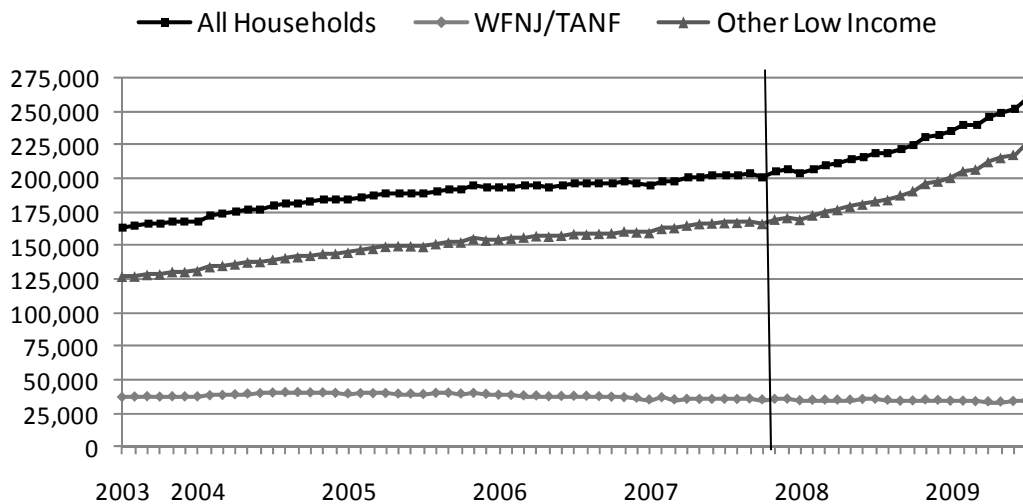
**Household participation in the Food Stamp Program in New Jersey has been steadily increasing as the recession has progressed.**

A further outstanding feature of the Great Recession has been the need for many residents to seek the most basic assistance — help in providing regular meals for themselves and their families. The deepening of the recession as 2009 progressed and the increasing rate of joblessness forced many state residents who no longer had sufficient income to cover their basic needs to turn to the state and other organizations for nutritional assistance. The numbers of families enrolling in the Food Stamp Program, or Supplemental Nutrition Assistance Program (SNAP), as it is called now, as well as those turning to food banks have grown substantially.

The top darker line in figure 2.5 below shows the upturn in total household food stamp participation since the onset of the recession in December 2007 (shown by the vertical line). Overall, food stamp participation in December 2007 was 204,799 households. By August of 2009, over the first 20 months of the recession, participation had increased to 259,548 households, an increase of 54,749 households, or 26.7 percent. Previously, between August 2003 and December 2007, a period of 52 months, food stamp participation increased by 41,220 households. As the New York Times reported in its feature article on 28 November 2009, the stigma associated with food stamp usage is fading as its usage is increasing.

Disaggregating overall food stamp participation between WFNJ/TANF and other households of low income shows that, while the rate of increase for other households of low income has been similar to that of the overall household participation rate, the participation of WFNJ/TANF households has remained more or less stable. In fact, the number of WFNJ/TANF households has decreased from 36,525 in August 2003 to 33,887 in August 2009, a decrease of 2,638 households. On the other hand, the participation of other households of low income over the same period has grown from 127,054 to 225,661 households, an increase of 98,607 households, or 77.6 percent.

**Figure 2.5: Food Stamp Program Participation by Household, New Jersey, August 2003-August 2009**



**Source:** State of New Jersey, Department of Human Services, Division of Family Development, Current Program Statistics

**Note:** Vertical line represents onset of recession.

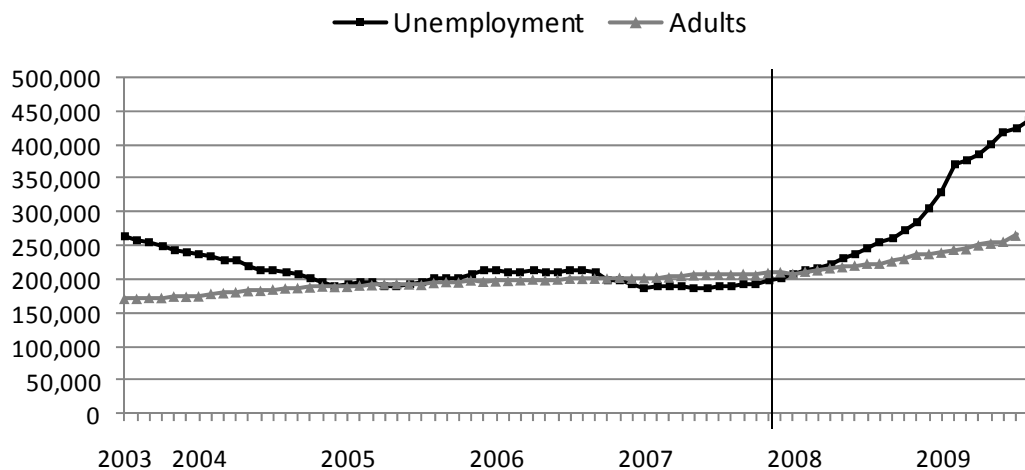
With the gradual increase in food stamp participation over the last six years, a little more than one in twenty New Jersey residents were using food stamps on average each month for the year August 2008 to July 2009. Whereas 4.2 percent of all New Jersey residents used food stamps on average each month for the year August 2003 to July 2004, this ratio had increased to 5.5 percent for the 2008-2009 year. Of more concern, however, was the growth in children receiving food stamp assistance; 10.5 percent of all New Jersey children received food stamps each month on average for the year August 2007 to July 2008, up from 8.7 percent for the 2003-2004 year.

Despite increasing participation in the Food Stamp Program, New Jersey's participation rate lags that of the national average. According to calculations of the Food and Nutrition Service of the U.S. Department of Agriculture, only 59 percent of New Jersey residents who were eligible for food stamps in 2007 participated in the program. Nationally the participation rate was 66 percent. Overall, New Jersey ranked 42<sup>nd</sup> among states, with only nine states having lower participation rates (see figure 15.1 in Part D for more details).

New Jersey's low participation rate in the Food Stamp Program is one explanation for the increasingly large divergence shown in figure 2.6 between the growth in the number of

unemployed and the growth in adult food stamp participation since the onset of the recession (shown by the vertical line). While the number of officially unemployed people increased 118.7 percent over the first 20 months of the recession, the number of adults participating in the Food Stamp Program grew only 26.6 percent. The lower adult food stamp participation growth probably also can be attributed to the extension of unemployment insurance benefits, which has pushed many potential participants over the qualifying income level.

**Figure 2.6: Comparison of Adult Food Stamp Participation and Unemployment Numbers, New Jersey, August 2003-August 2009**



**Source:** State of New Jersey, Department of Human Services, Division of Family Development, Current Program Statistics & NJ Dept. of Labor and Workforce Development, Labor Market and Demographic Analysis  
**Note:** Vertical line represents onset of recession.

**The number of people seeking food assistance at emergency pantries increased substantially during the first six months of 2009.**

Food bank usage is also a statistic that is not available in an organized and consistent manner to allow detailed analysis of the numbers of people seeking assistance from food banks. A news release, however, put out by the Community Food Bank of New Jersey does provide a good indication of the rising use of food banks over the initial period of the Great Recession. They reported that the number of people seeking food assistance at emergency pantries served by the organization increased 69 percent during the first six months of 2009 over the same period in 2007. The corresponding figure comparing the first six months of 2009 with 2008 showed a 28 percent increase.

Anecdotal evidence also suggests that many more people have turned to food banks to supplement their food needs as the recession has progressed. Increasingly, working families who are finding that their incomes are inadequate to cover their needs are among the population turning to food banks for nutritional assistance. The article extract, shown below, published in the South Jersey Magazine, describes such a situation.

## Hungry in SJ

By Jayne Jacova Feld

You may be surprised to learn who is walking into food pantries looking to feed their families. SJ residents who are employed, but aren't making enough to pay the bills, are turning to area food banks for support. For the nonprofits committed to assisting them, the increasing number of hungry families is straining resources - at a time when the economy has taken a bite out of community donations.

Tammy\*, an SJ mother of four, never expected money would become so tight she would rely on a



food pantry to feed her family. But since she and her longtime partner split up four years ago - causing chaos on so many fronts - she has had to turn to a community food pantry to feed her children.

"I never planned on being a single mom," says Tammy, a Willingboro resident who relies on the Family Service Food Pantry. "It hits you all of a sudden: what am I going to do?"

Some 87,000 people in SJ are at risk of hunger, according to a study conducted by the Food Bank of South Jersey and Feeding America™, a national network of food banks. Thirty-two thousand SJ children are not sure when they will have their next meal.

The Food Bank of South Jersey, which distributes food to some 200 charitable providers, has tracked a 41-percent increase in demand since last fall. Already, in the first eight months of the year, the hunger relief organization has dispensed 4.9 million pounds of food, surpassing last year's gross of 4.2 million pounds. The tally is likely to rise to near 7 million pounds by year's end - given that holidays are the highest-need time of the year, says Valerie Brown Traore, chief executive officer of the Pennsauken-based organization . . .

**SJ Magazine**  
**November 2009**

## **The number of New Jersey's residents living in households that struggled with hunger increased significantly during the early months of the recession.**

Not only are more people enrolling in the Food Stamp Program and turning to food banks for assistance, but the U.S. Department of Agriculture reported that food insecurity increased in New Jersey. According to their annual report, 10.3 percent of New Jersey's residents lived in households that struggled with hunger during the 2006-2008 period, an increase of 2.2 percent over the 2003-2005 period. This increase was the ninth largest in the nation.



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# PART B: POVERTY IN NEW JERSEY

**IVE GOT NOTHING THAT WILL MAKE ME RICH**

*By Richard Rice*

*I've got nothing that will make me rich*

*The best that I can do it keep the poet from the ditch*

*They promise you the moon but you know that there's a hitch, but I've got nothing that will make me rich*

*I have no need to tell the masses what they really want hear I don't want to wind up selling soda soap and beer.*

*I've got nothing that will make me known they still say who are you even when my covers blown*

*But I' not gona gripe I'm not gona moan but I've got nothing that will make me known*

*I have no need to tell the masses what they really want to hear I don't want to wind up selling soda soap and beer.*

*So I have nothing that will make me rich I don't want to pander I don't want to pitch so I guess I'll just hang out here in my little nitch cause I got nothing that will make me rich*

# Poverty in New Jersey

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Part B of this Benchmarks Report focuses primarily on 2008 American Community Survey (ACS) data to present the state of poverty in New Jersey during the first twelve months of the Great Recession. The first section briefly presents alternative definitions of poverty. It reiterates the position that, although the data used in Part B to describe poverty often draws on the official federal definition of poverty, this measure of poverty substantially understates the amount of income that is needed to be self-sufficient. The next section examines particularly vulnerable groups in the population. It disaggregates the data to show that children, women living in female-headed households, Blacks or African Americans, and Hispanics or Latinos are the most vulnerable groups in the population. They were already feeling the pain of the recession in 2008 and the changing economic circumstances of 2009 are likely to have affected them disproportionately. The third section narrows the perspective to focus on the working population. This section emphasizes that full-time work does not necessarily guarantee a route out of poverty. For many Blacks or African Americans, Hispanics or Latinos, and single women who worked full-time, their economic circumstances were already challenging in 2008. The disparate impacts on these groups, described in Part A above, were not unforeseen, given the trends observed in the data detailed below. The fourth section shows that severe income inequality remains a persistent feature of New Jersey's socio-economic structure. The final section examines the geographical distribution of poverty. It shows that poverty is more concentrated in certain counties and not in others and that within these counties, certain towns, particularly those with a plurality of people of color and minorities, have especially high poverty rates.

## 3. Alternative Definitions of Poverty

A family's well-being depends on having an income level that allows them to be self-sufficient so that they can meet all their basic needs. The federal poverty level (FPL), commonly referred to as the "official" poverty measure, and widely used to define poverty, is considered to be seriously flawed. Social circumstances have changed substantially since the early 1960s when the FPL was first introduced. Some of its most notable shortcomings are: it is a nation-wide single poverty threshold, although the cost of living varies geographically; it has failed to take into account changes in living standards that have resulted in changes in consumption patterns; it does not account for the growing prominence of child care and transportation expenses as more women entered the labor force; and it does not take into account variations in family composition.

### a. Poverty Measures Used in this Report

This report draws on a number of measures to highlight the different dimensions of poverty. In addition to the FPL, the official poverty rate, the report presents poverty data at two income levels that are multiples of the FPL — severe poverty and true poverty. Severe poverty counts all families or individuals with incomes below 50 percent of the FPL. True poverty counts all families or individuals with incomes below 200 percent of the FPL. The third measure, the Real Cost of Living (RCL), attempts to more realistically define an income level below which families are unable to

make ends meet (see appendix B).<sup>3</sup> The true poverty measure, because it more closely approximates the RCL, is widely considered a more realistic measure of near-adequate income than the FPL.

The Census Bureau does not track the RCL, with the result that it is not broadly available as the FPL and the two multiples of the FPL, severe poverty and true poverty, are. In fact, the RCL is not updated annually or calculated for all states in the nation. Consequently, it is used only selectively in this report. Much of the data in the report relate to the FPL or one of the multipliers of the FPL, both of which are updated annually. Although the FPL is not a realistic measure of income adequacy, it is useful as a benchmark to analyze poverty trends.

## **b. Income Thresholds for the Federal Poverty Level and the Real Cost of Living**

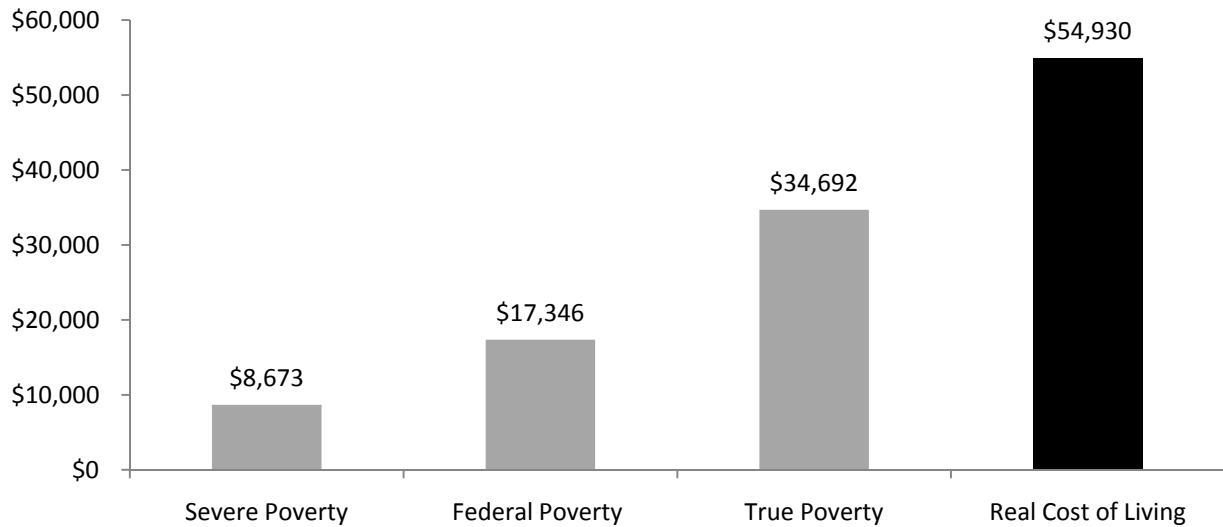
In 2008, a three-person family with two children was “officially” considered to be living in poverty if their annualized income was \$17,346 or less. A similar family was considered to be in severe poverty if their annualized income was \$8,673 or less (see figure 3.1). Figure 3.1 also shows that the “true” poverty income level for a three-person family was \$34,692 or less. Finally, the income level needed by a three-person family to meet the real cost of living in New Jersey in 2008 was \$54,930, on average. Only at this income level, more than three times the FPL, was a family of three able to be self-sufficient and to cover all their basic needs without any outside support.

Figure 3.2 presents the annual self-sufficiency income (RCL) for a three-person family, comprising one adult, one preschooler, and one school-age child, as a percentage of the FPL. It shows that, in all counties, the actual income required to be self-sufficient was between 2.5 and four times the FPL for a family of similar composition in 2008. For example, for a three-person family living in Middlesex County, the RCL was 347 percent of the FPL. The true poverty threshold was only 55 percent of the RCL. Thus, there is a large gap between the true poverty threshold and the income needed to be self-sufficient.

Congress is considering proposing legislation to amend the official definition of poverty so that it will be a more realistic measure of poverty. One proposed measure is to adopt a measure recommended by the National Academy of Sciences with a geographical adjustment factor. When this measure is applied to New Jersey, New Jersey’s ranking shifts from being one of the states with the lowest poverty rate to the bottom half of the rankings with the highest poverty rates. More precisely, New Jersey’s ranking shifts from the second lowest poverty rate to the 31<sup>st</sup> lowest rate in the nation.

Source: Center for Law and Social Policy (CLASP), November 2009

**Figure 3.1: Different Income Levels for a Three-Person Family, New Jersey, 2008**



Source: U.S. Census Bureau, Poverty Thresholds for 2008

**Figure 3.2: The Real Cost of Living as a Percentage of the Federal Poverty Level by County, New Jersey, 2008**

County	Annual Self-Sufficiency Income	Real Cost of Living as a Percentage of FPL	County	Annual Self-Sufficiency Income	Real Cost of Living as a Percentage of FPL
Atlantic	\$44,680	254%	Middlesex	\$61,149	347%
Bergen	\$63,538	361%	Monmouth	\$59,683	339%
Burlington	\$55,027	301%	Morris	\$60,199	342%
Camden	\$45,583	259%	Ocean	\$57,647	328%
Cape May	\$44,539	253%	Passaic	\$48,434	275%
Cumberland	\$48,898	278%	Salem	\$43,562	248%
Essex	\$46,686	265%	Somerset	\$70,146	399%
Gloucester	\$48,898	278%	Sussex	\$53,384	303%
Hudson	\$47,763	271%	Union	\$55,843	317%
Hunterdon	\$65,122	370%	Warren	\$50,005	284%
Mercer	\$58,758	334%			

Source: The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey

### c. New Jersey: An Expensive Place to Live

Recent calculations on housing costs substantiate the claim that New Jersey is among the most expensive places in the country to afford housing and that geographical variations in housing costs need to be accounted for in calculating poverty income thresholds. According to 2008 ACS data, the median monthly housing costs for owner- and renter-occupied housing units in New Jersey were among the top five in the country. A report published by the National Low Income Housing Coalition classifies New Jersey as one of the four least affordable states in the country for rental

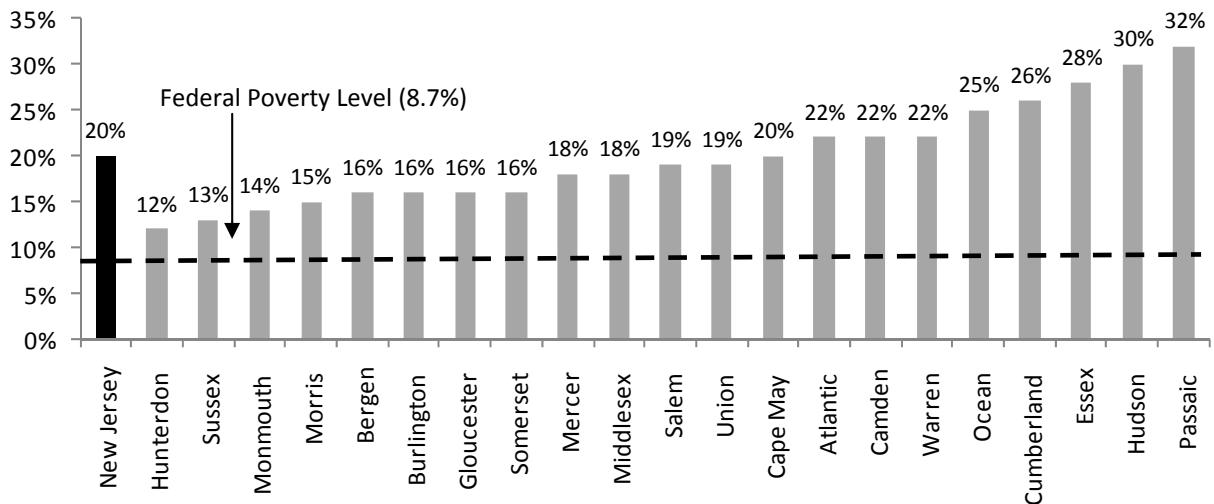
tenants.<sup>4</sup> It calculated that to afford a two-bedroom unit at Fair Market Rent, a New Jersey resident needed an hourly wage of at least \$23.12 per hour, working a minimum of 40 hours a week, 52 weeks a year.

Figure 3.3 shows the population in each county with an income level below the RCL. While 8.7 percent of the total population lived below the FPL in 2008, about 20 percent of the households had incomes that were not sufficient to meet the real cost of living. This large disparity in the two measures lends strong support to the claim that the FPL is a flawed measure for measuring poverty.

A Princeton University study shows that, on average, New Jersey loses 5.5 residents per 1,000 people each year; below the state's median family income, there is a net loss of 26 people for every 100 out-migrants. The study finds that New Jersey's net domestic out-migration is primarily occurring at the bottom end of the income distribution level and attributes out-migration to the high cost of living in the state.

Source: Trends in New Jersey Migration, Princeton University, September 2008

**Figure 3.3: Percentage of Households with Incomes below the Real Cost of Living, New Jersey, 2008**

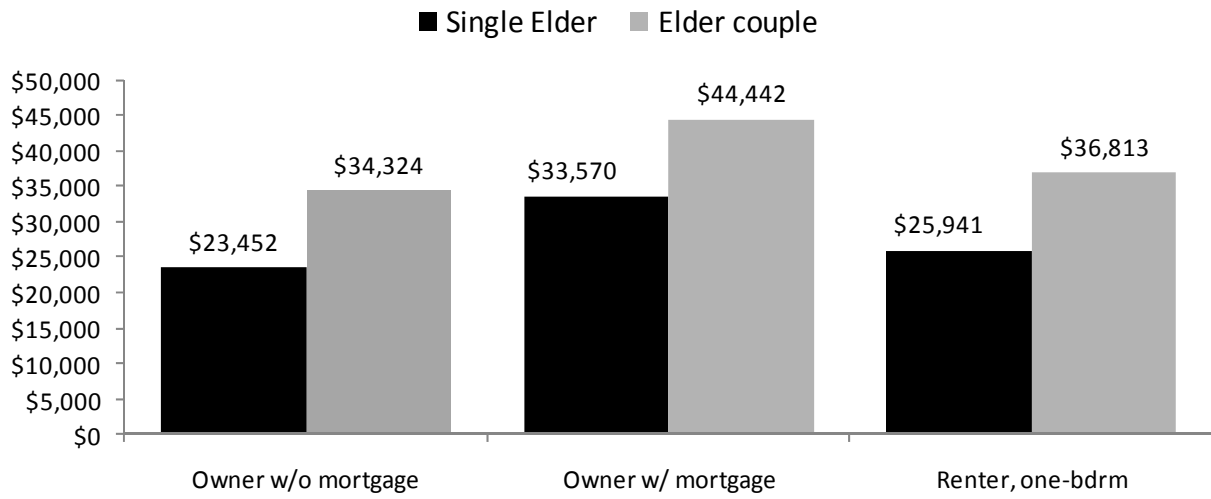


**Source:** Not Enough to Live On: Characteristics of Households Below the Real Cost of Living in New Jersey, Diana M. Pearce, June 2008

#### **d. The Real Cost of Living for Elderly Residents in New Jersey**

The Elder Economic Security Index<sup>5</sup> is a measure of income adequacy designed to provide an estimate of the amount of income the elderly population in New Jersey needs to meet their basic needs. The RCL calculations do not include calculations of the self-sufficiency income for this population group. Figure 3.4 shows that an elder couple with a mortgage needed at least \$44,442 to be self-sufficient in 2008. A single elder, owning a home, needed a minimum amount of \$23,452 annually; the FPL for a similar family size was \$10,326 in 2008, less than one-half.

**Figure 3.4: Statewide Elder Economic Security Standard Index, New Jersey, 2008.**



**Source:** Elders Living on the Edge: When Basic Needs Exceed Income in New Jersey, New Jersey Foundation for Aging, 2009



## 4. Vulnerable Populations in New Jersey

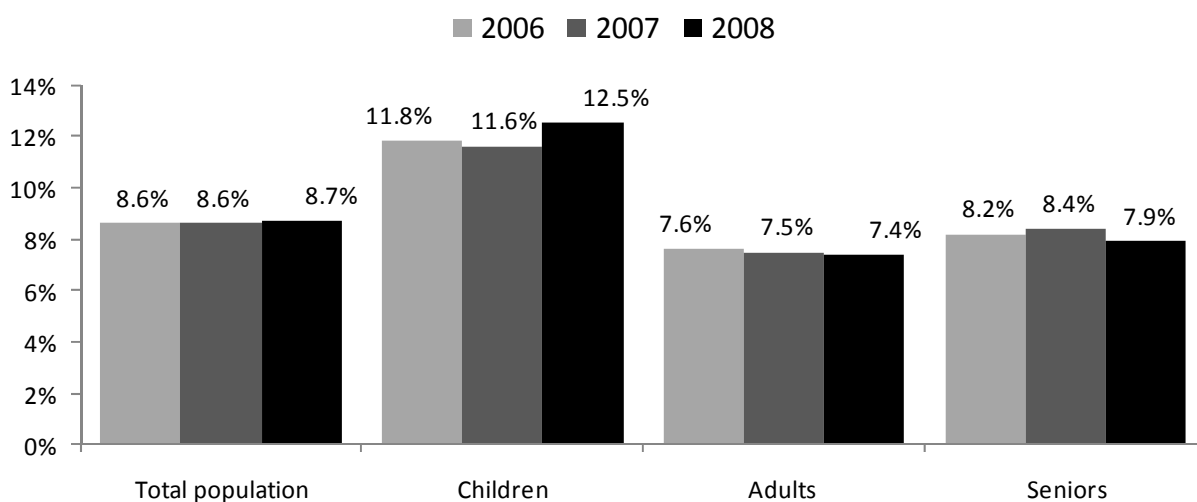
An economic downturn signifies hard times for many New Jerseyans, but the most severe blow is reserved for those residents of low income who are particularly vulnerable to changes in economic conditions and the most likely to be affected by a recession. They are not only the first to succumb to financial pressures but are also the last to emerge from hard times. An analysis of the 2008 Census poverty data does not convey the full impact of the Great Recession on residents of low income; however, disaggregating the data for different demographic groups shows that children, women living in female-headed households, Blacks or African Americans, and Hispanic or Latinos were already disproportionately represented among the poor and those living below the FPL. This section focuses on these three population groups.

### a. Children in Poverty

**Children continued to be the most vulnerable to poverty among all age groups — in 2008, the proportion of children below the official poverty level increased.**

Overall, poverty in New Jersey increased slightly from 8.6 percent in 2007 to 8.7 percent in 2008. However, child poverty increased considerably — from 11.6 percent in 2007 to 12.5 percent in 2008. An additional 17,000 children were in poverty in 2008. On the other hand, the poverty rate for seniors and adults declined over this period (see figure 4.1).

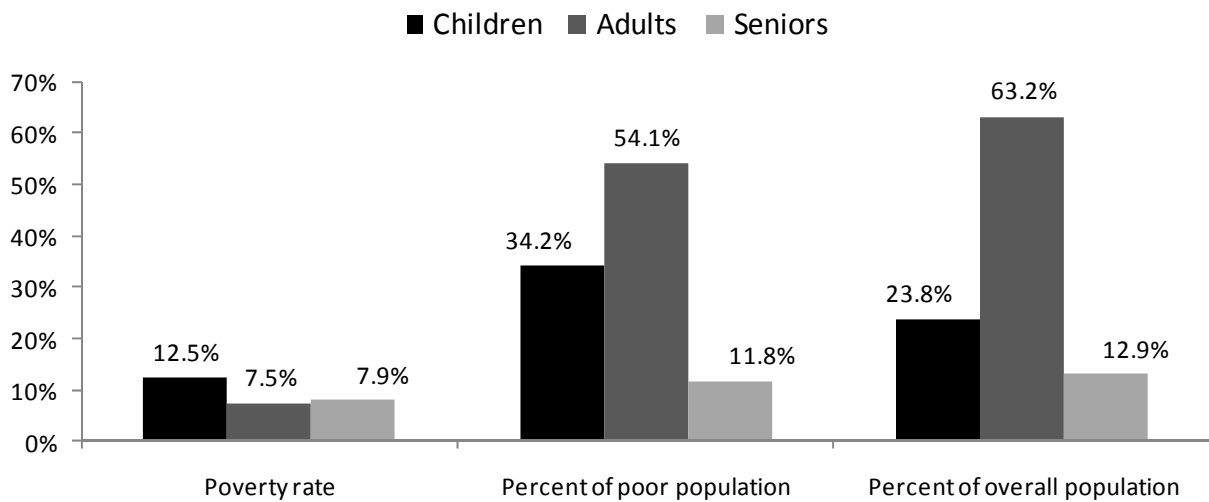
**Figure 4.1: Poverty Rate for Children, Adults, and Seniors by Age, New Jersey, 2006-2008**



**Source:** U.S. Census Bureau, American Community Survey, 2006–2008

Figure 4.2 shows that, not only was the poverty rate for children higher than it was for adults and seniors in 2008, but children were disproportionately represented among those living below the official poverty level. Although children represented 23.8 percent of the total population, 34.2 percent of all people living in poverty were children.

**Figure 4.2: Share of Overall Population, Share of Population in Poverty, and Poverty Rates for Children, Adults, and Seniors, New Jersey, 2006-2008**



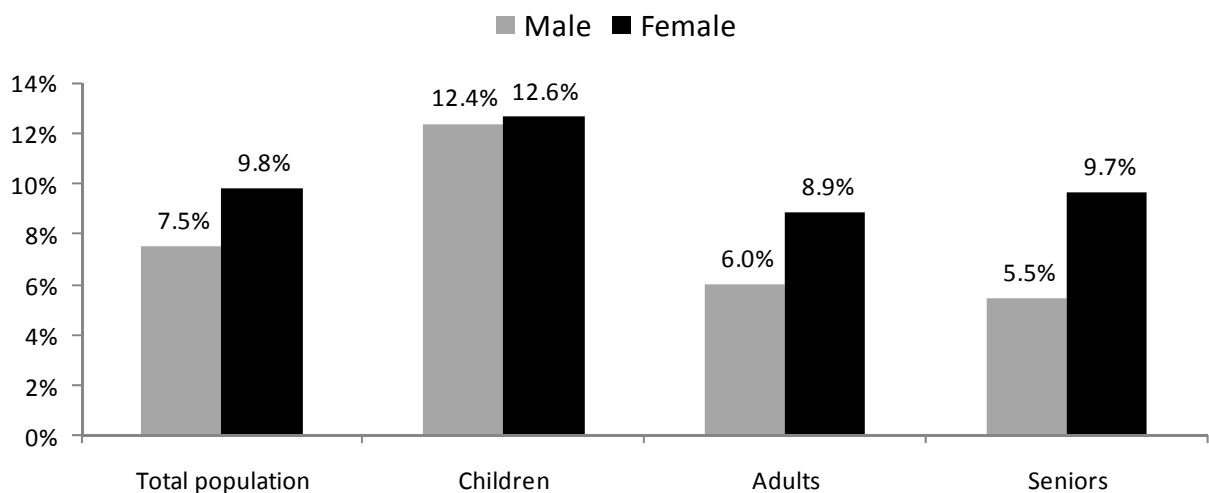
Source: U.S. Census Bureau, American Community Survey, 2008

### b. Women in Poverty

**Women, of all age groups, had higher poverty rates than men did in 2008.**

Figure 4.3 shows the poverty rate by gender. Overall, 9.8 percent of women experienced poverty, compared to 7.5 percent of men in 2008. The disparity in the incidence of poverty was highest among seniors — 9.7 percent of elderly women lived in poverty in 2008, compared to 5.5 percent of elderly men.

**Figure 4.3: Poverty Rate for Children, Adults, and Seniors by Sex, New Jersey, 2008**

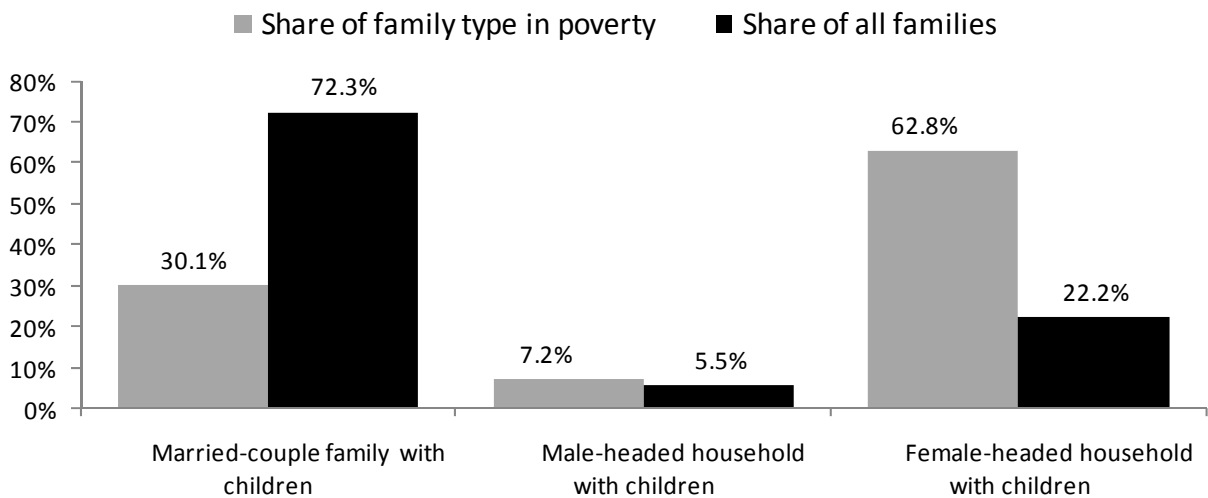


Source: U.S. Census Bureau, American Community Survey, 2008

**A disproportionately large share of female-headed families with children was living below the official poverty level in 2008.**

Figure 4.4 shows that, although female-headed households with children constituted 22.2 percent of all families, they represented 62.8 percent of all families living below the official poverty level. On the other hand, while married-couple households comprised 72.3 percent of all families, they represented only 30.1 percent of families living below the official poverty level.

**Figure 4.4: Share of Family Type in Poverty and Share of All Families with Children, New Jersey, 2008**

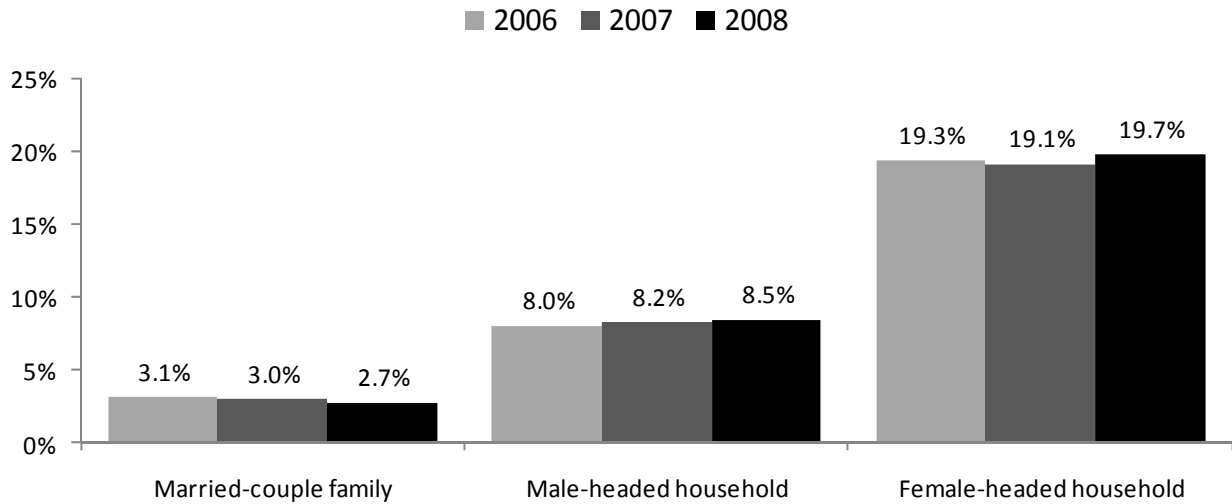


Source: U.S. Census Bureau, American Community Survey, 2008

**The poverty rate of female-headed households was more than seven times that for married-couple households in 2008.**

Figure 4.5 examines poverty by household type. It shows that the poverty rate for female-headed households was more than seven times higher than that for married-couple households (19.7 percent versus 2.7 percent, respectively) and more than twice the poverty rate for male-headed households (8.5 percent) in 2008. Additionally, poverty among female-headed and male-headed households increased slightly over the 2006 to 2008 period, while the poverty rate for married-couple families declined.

**Figure 4.5: Poverty Rate by Type of Family, New Jersey, 2006-2008**

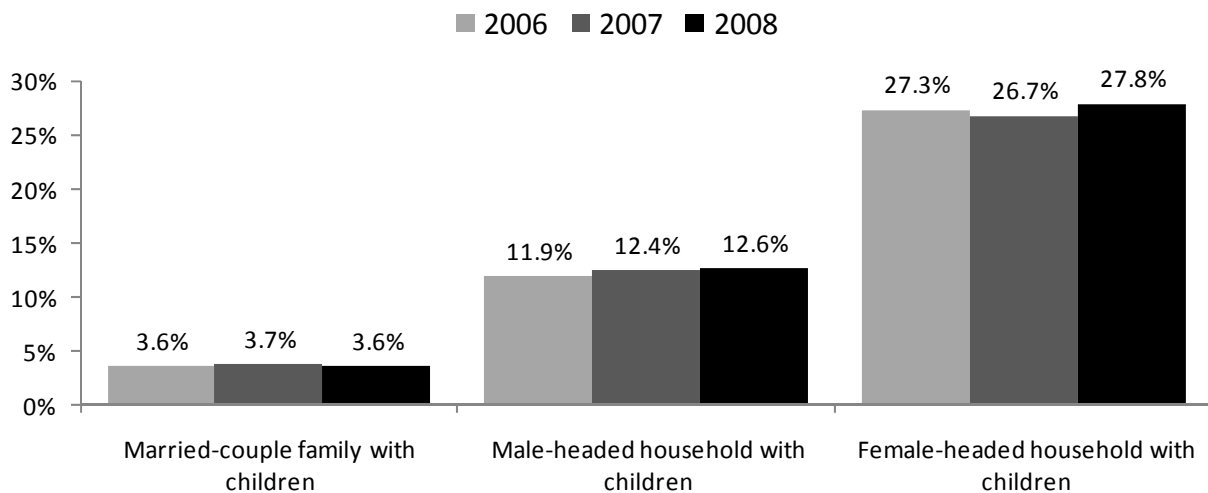


Source: U.S. Census Bureau, American Community Survey, 2006-2008

**The poverty rate for female-headed households with children was almost eight times that for married-couple households with children in 2008.**

The added responsibility of taking care of children is economically harder for single women and, as a result, they are more likely to be living in poverty. Figure 4.6 shows that the poverty rate for female-headed households with children was almost eight times higher than that for married-couple households in 2008 (27.8 percent versus 3.6 percent, respectively). In addition, the poverty rate for female-headed families with children increased from 26.7 percent in 2007 to 27.8 percent in 2008.

**Figure 4.6: Poverty Rate for Families with Children, New Jersey, 2006-2008**



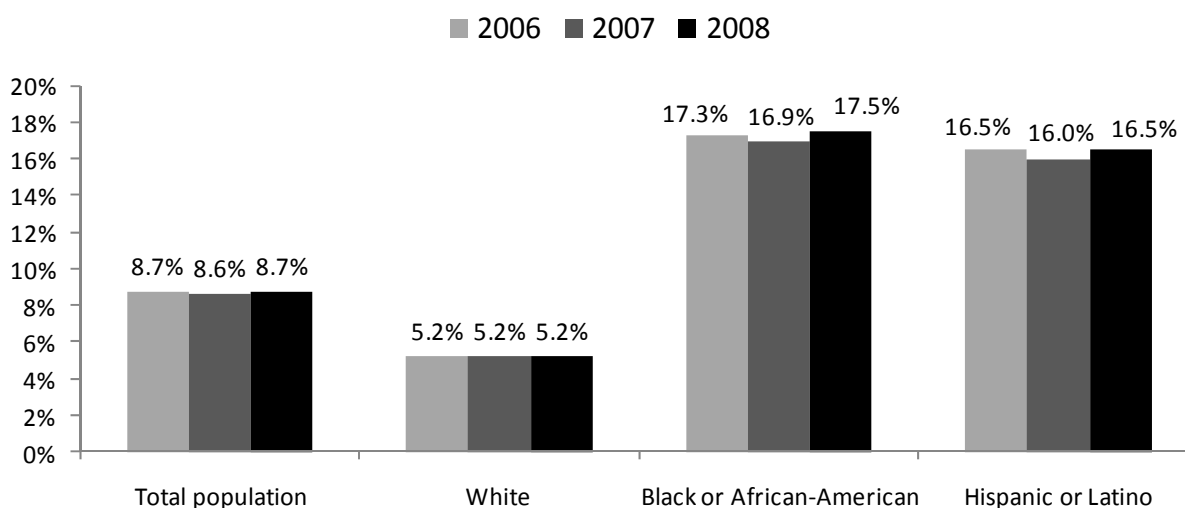
Source: U.S. Census Bureau, American Community Survey, 2006-2008

### c. Blacks or African Americans and Hispanics or Latinos in Poverty

**The poverty rates for Blacks or African Americans and Hispanics or Latinos remained more than three times that for Whites in 2008.**

Figure 4.7 examines poverty rates by race and ethnicity. It shows that the poverty rates for Blacks or African Americans and Hispanics or Latinos in 2008 remained more than three times the rate for Whites. Additionally, while the poverty rate for Whites remained constant from 2007 to 2008 (5.2 percent), the poverty rate for Blacks or African Americans increased from 16.9 percent in 2007 to 17.5 percent in 2008. The percentage of Hispanics or Latinos living below the official poverty level also grew in this period, increasing from 16 percent in 2007 to 16.5 percent in 2008.

**Figure 4.7: Poverty Rate by Race and Ethnicity, New Jersey, 2006-2008**

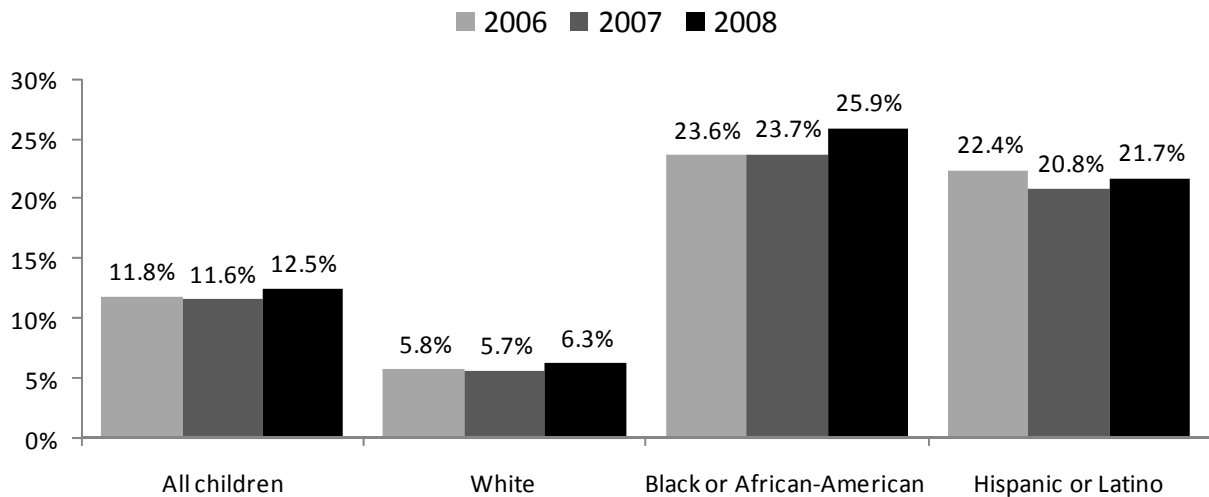


**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

**Children of color continued to be more vulnerable to poverty than children in general did in 2008.**

Disaggregating the data by racial and ethnic origin reveals substantial differences in poverty rates among children. Figure 4.8 shows that about one in four Black or African American children (25.9 percent) and about one in five Hispanic or Latino children (21.7 percent) lived below the official poverty level in 2008. In contrast, the poverty rate for White children was 6.3 percent in 2008. Moreover, the percentage of Black or African American children living below the official poverty level increased by more than two percentage points — from 23.7 percent in 2007 to 25.9 percent in 2008. The poverty rate for Hispanic or Latino children also increased — from 20.8 percent in 2007 to 21.7 percent in 2008.

**Figure 4.8: Poverty Rate for Children by Race and Ethnicity, New Jersey, 2006-2008**



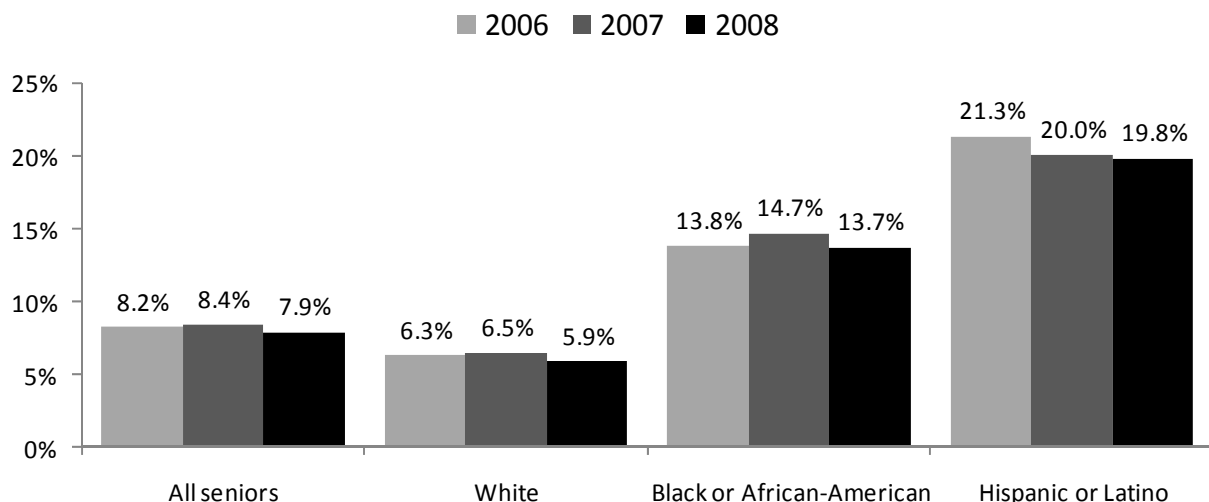
**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

**Note:** Hispanics or Latinos are excluded from the population of Whites and Blacks or African Americans; Hispanic or Latino can be of any race.

**Hispanic or Latino seniors were most likely to live below the official poverty level, although the poverty rate for this group declined slightly in 2008.**

Figure 4.9 disaggregates the poverty rate among seniors according to racial and ethnic origin. Overall, 7.9 percent of all seniors were living below the federal poverty level in 2008. Hispanic

**Figure 4.9: Poverty Rate for Seniors by Race and Ethnicity, New Jersey, 2006-2008**



**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

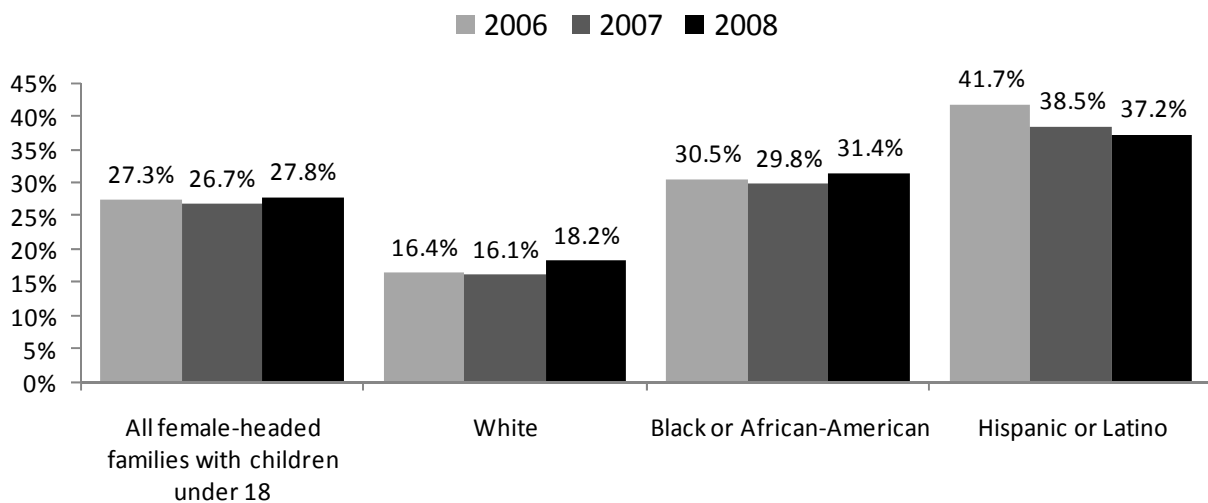
**Note:** Hispanics or Latinos are excluded from the population of Whites and Blacks or African Americans; Hispanic or Latino can be of any race.

or Latino seniors were the most likely to be living below the FPL. However, the poverty rate for this group, although it remained high, declined slightly. It decreased from 20 percent in 2007 to 19.8 percent in 2008. The poverty rate for Black or African American seniors also declined, decreasing from 14.7 percent in 2007 to 13.7 percent in 2008. The poverty rate of 5.9 percent for White seniors was considerably lower than it was for either Black or African American or Hispanic or Latino seniors in 2008.

**Black or African American and Hispanic or Latino female-headed households were especially vulnerable to poverty in 2008; the incidence of poverty was particularly high for Hispanic or Latino female-headed households.**

Figure 4.10 depicts the poverty rate for female-headed households with children under 18 by race and ethnicity. Overall, 27.8 percent of female-headed households with children lived below the official poverty level in 2008. The poverty rate was highest for Hispanic or Latino female-headed households, although the poverty rate for this group declined from 38.5 percent in 2007 to 37.2 percent in 2008. The poverty rate for Black or African American female-headed households with children increased from 29.8 percent in 2007 to 31.4 percent in 2008. The percentage of female-headed White families living in poverty was much lower than it was for either Black or African American or Hispanic or Latino female-headed households. However, female-headed White families experienced a two percentage point growth in poverty between 2007 and 2008 — an increase from 16.1 percent in 2007 to 18.2 percent in 2008.

**Figure 4.10: Poverty Rate for Female-headed Families with Children by Race and Ethnicity, New Jersey, 2006-2008**



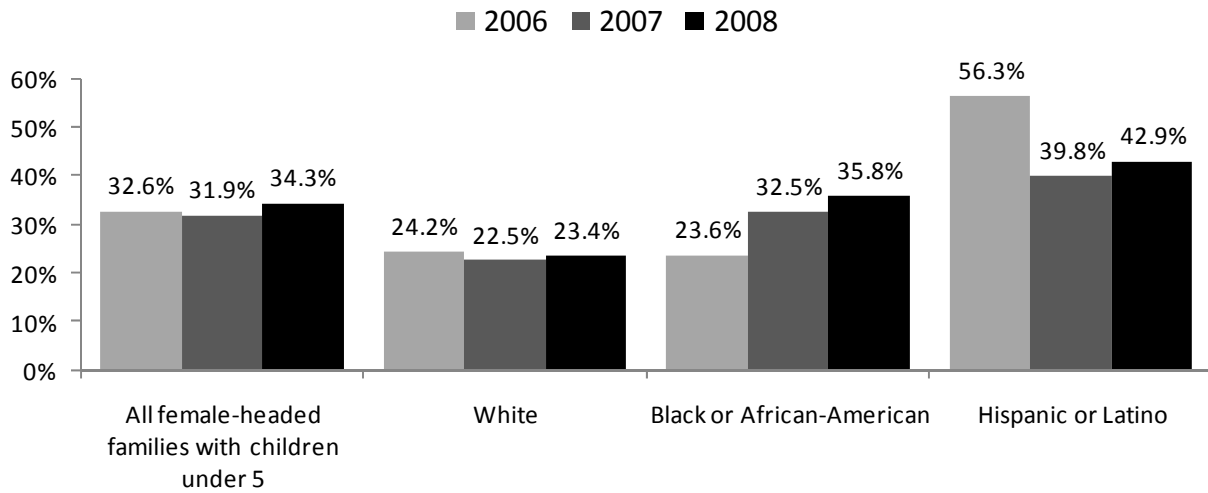
**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

**Note:** Hispanics or Latinos are excluded from the population of Whites and Blacks or African Americans; Hispanic or Latino can be of any race.

**Although the poverty rate increased for all female-headed households with very young children, the poverty rate for Hispanic or Latino female-headed households was by far the highest.**

Figure 4.11 shows the poverty rate for female-headed households with very young children. Overall, the poverty rate for female-headed households with children under five increased by 2.4 percentage points between 2007 and 2008, growing from 31.9 percent in 2007 to 34.3 percent in 2008. Furthermore, the poverty rate also increased for White, Black or African American, and Hispanic or Latino female-headed households with very young children. The poverty rate for Hispanic or Latino female-headed households with children under five was by far the highest. About 43 percent of Hispanic or Latino female-headed households with very young children lived in poverty in 2008, a more than three percentage point increase since 2007. Black or African American female-headed households with children under five also experienced a more than three percentage point increase in poverty between 2007 and 2008. Their poverty rate increased from 32.5 percent to 35.8 percent. The poverty rate for White female-headed households with very young children increased from 22.5 percent in 2007 to 23.4 percent in 2008.

**Figure 4.11: Poverty Rate for Female-headed Families with Children under Five by Race and Ethnicity, New Jersey, 2006-2008**



**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

**Note:** Hispanics or Latinos are excluded from the population of Whites and Blacks or African Americans; Hispanic or Latino can be of any race.



## 5. Working and Poor in New Jersey

While the prior section examined particularly vulnerable groups in the population in general, this section focuses on the working population. It draws on the 2008 American Community Survey (ACS) data to show the differential outcomes for working Blacks or African Americans, Hispanics or Latinos, and women living in female-headed households, even before the sharp decline in the job market in 2009. It reinforces the observations made above that, although they were working, Blacks or African Americans, Hispanics or Latinos, and women living in female-headed households are more exposed to the fluctuations of the economy and, consequently, are more vulnerable to the repercussions of a downturn. They are more likely than other groups to be living in poverty.

In 2008, the median incomes for all males as a group and males who worked full-time and year-round were higher than they were for their respective female counterparts. Despite working full-time and year-round as much as or more than Whites did, Black or African American and Hispanic or Latino full-time and year-round workers were more likely than were White and Asian workers to be earning less than \$30,000. Moreover, working full-time and year-round was no guarantee for not living in poverty. For female householders living in one-worker, female families the likelihood of living below the official poverty level was especially high, while the income needed to bring the average female-headed family up to the level of the official poverty threshold was considerably larger than that for both male-headed and married-couple families.

### **a. Disparities in Income by Gender, Education, and Work Participation Rate**

**The median incomes of females working full-time and year-round were considerably lower than those of males working full-time and year-round were in 2008.**

Large discrepancies in median income existed between male and female residents, in general, as well as between males and females who worked full-time and year-round (see figure 5.1). The median income for females was about 60 percent lower than that for males (\$25,743 compared to \$42,146), while the median income for females who worked full-time and year-round was about 80 percent that of males (\$45,843 compared to \$57,961).

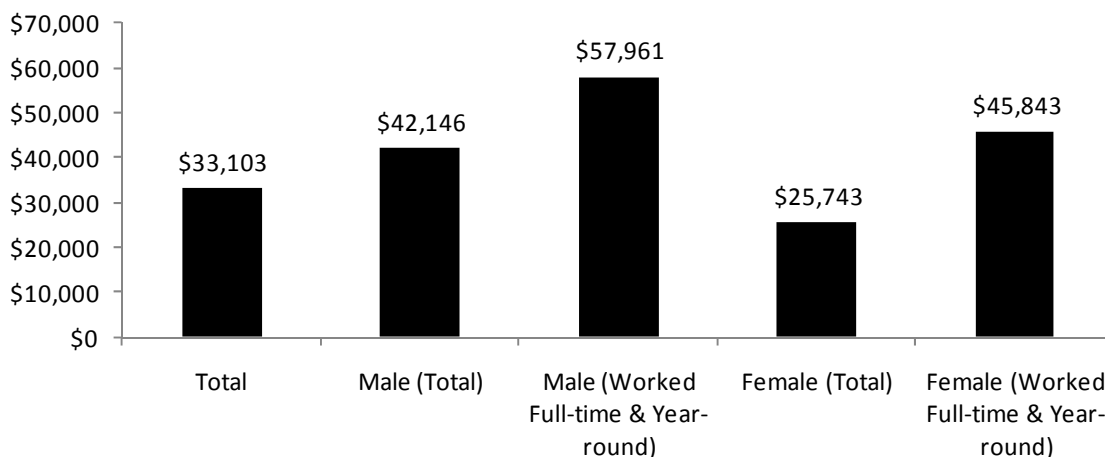
**The median earnings of females are considerably lower than those of males at all levels of education, even as earnings rise with higher educational attainment.**

In addition to disparities in median incomes between males and females who worked full-time and year-round, substantial disparities existed by educational attainment in the median earnings of men and women (see figure 5.2). At all levels of education, males earned more than females. In fact, the median earnings of men were higher than those of women whose educational attainment was one level higher.

While the median earnings of men with a Bachelor's degree was \$70,406 in 2008, the median earnings of women with a graduate or professional degree was only \$62,423, considerably less. Similarly, while the median earnings for women with a Bachelor's degree was \$48,809, the median earnings for men with some college or an associate's degree was higher at \$50,060.

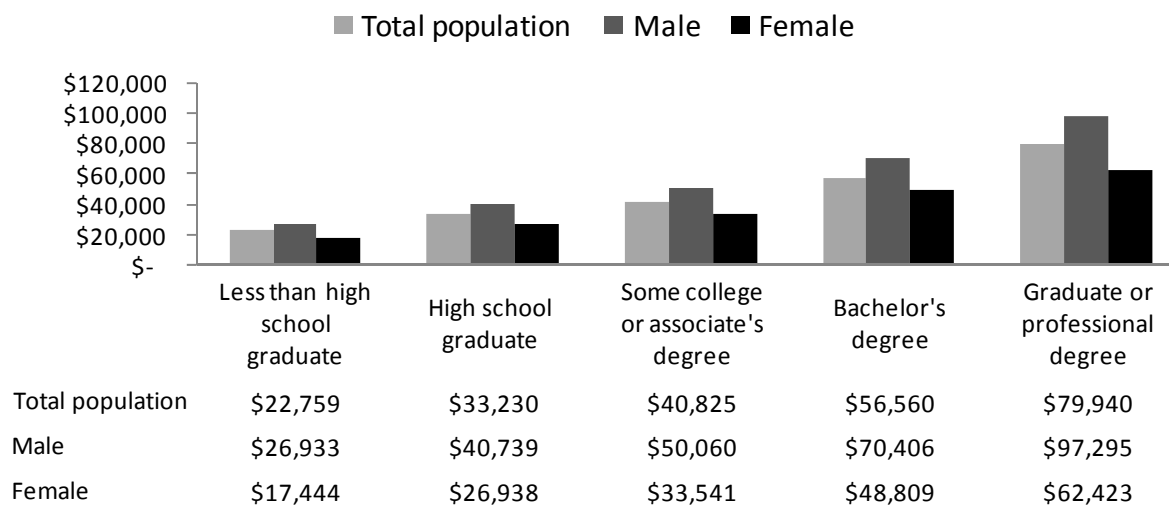
For both men and women as educational level rose, median earnings increased. For both men and women there were increasing returns from higher levels of education.

**Figure 5.1: Median Income for the Population 15+ Years by Sex and Work Experience, New Jersey, 2008 (2008 Inflation Adjusted Dollars)**



Source: U.S. Census Bureau, American Community Survey, 2008

**Figure 5.2: Median Earnings by Educational Attainment and Gender, New Jersey, 2008**



Source: U.S. Census Bureau, American Community Survey, 2008

## b. Disparities in Full-time Year-round Work Participation by Gender, Race and Ethnicity

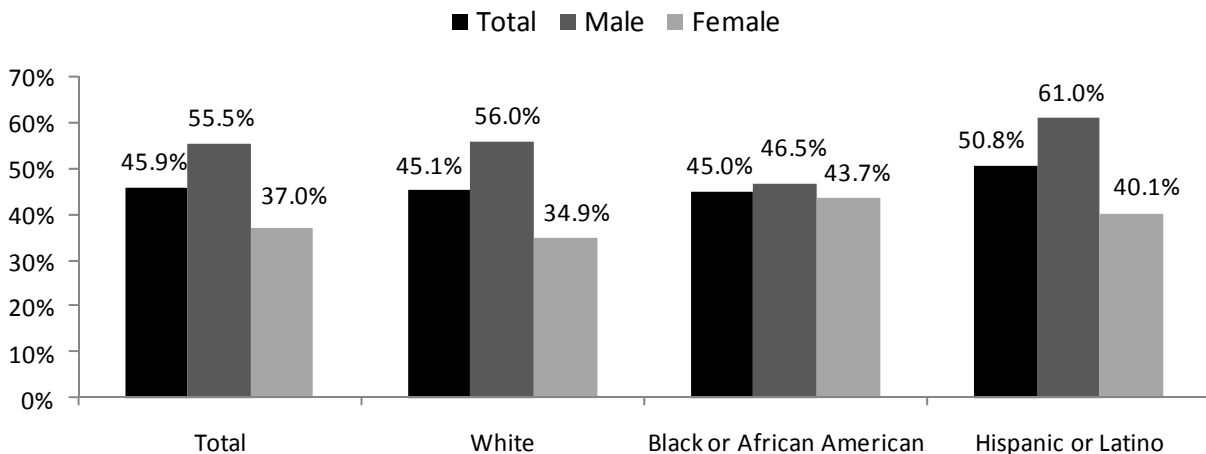
**Hispanic or Latino males were considerably more likely than White or Black or African American males to be working full-time and year-round, while among females of working age, working full-time and year-round, Black or African American females had the highest participation rate in 2008.**

In 2008, of the population 16 years and older, Hispanics or Latinos had the highest full-time year-round work participation rate, with almost 51 percent working full-time and year-round. Blacks or African Americans were as likely as Whites were to be working full-time and year-round (45 percent).

Hispanic or Latino males were considerably more likely than White or Black or African American males to be working full-time and year-round (61.0 percent compared to 56.0 percent for Whites and 46.5 percent for Blacks or African Americans) (see figure 5.3). On the other hand, the Black or African American male work participation rate considerably lagged those of Hispanics or Latinos and Whites. The full-time and year-round work participation rate of 46.5 percent for Black or African American males was almost 10 percentage points lower than that for White males and almost 15 percent lower than that for Hispanic or Latino males.

Among females of working age, working full-time and year-round, Black or African American females had the highest participation rate in 2008. Black or African American females were more likely than White or Hispanic or Latino females to be working full-time and year-round (43.7 percent compared to 34.9 and 40.1 percent, respectively).

**Figure 5.3: Work Experience for the Population 16+ Years Who Worked Full-time, Year-round by Gender, New Jersey, 2008**



Source: U.S. Census Bureau, American Community Survey, 2008

**c. Disparities in Full-time Year-round Work Participation by Gender, Race and Ethnicity, and Earned Less than \$30,000**

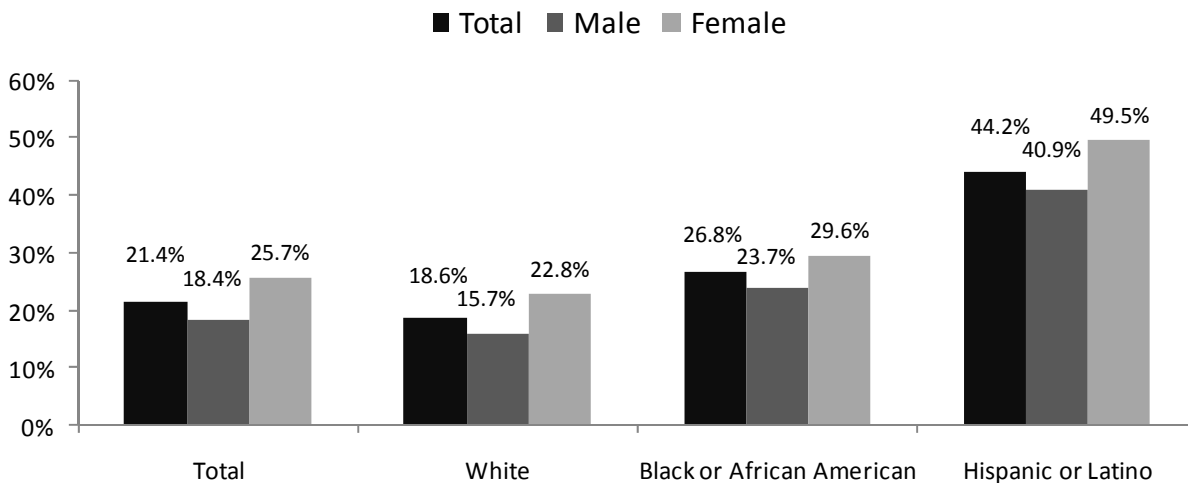
**Hispanics or Latinos working full-time and year-round were more likely than their White and Black or African American counterparts were to be earning less than \$30,000 in 2008.**

Although a larger percentage of Hispanics or Latinos worked full-time and year-round than both Whites and Blacks or African Americans in 2008, they were much more likely than either these two racial groups to be earning less than \$30,000 (see figure 5.4). Overall, 44.2 percent of Hispanics or Latinos working full-time and year-round earned less than \$30,000. This percentage was about 65 percent more than that for Blacks or African Americans and almost two and a half times that for Whites. Similarly, although Blacks or African Americans were as likely as Whites to be working full-time and year-round, about eight percent more Blacks or African Americans than Whites earned less than \$30,000 (26.8 percent compared to 18.6 percent).

Among male full-time and year-round workers, a substantially larger percentage of Hispanic males than both White and Black or African American males earned less than \$30,000. More than 40 percent of Hispanic or Latino males earned less than \$30,000. This percentage was more than one and a half times that for Black or African American males and more than two and a half times that for White males.

Likewise, Hispanic or Latino females were the most likely female group to be earning less than \$30,000 in 2008. Almost one-half (49.5 percent) of all Hispanic or Latino females working full-time and year-round earned less than \$30,000. This percentage was more than one and a half times that for Black or African American females and more than twice that for White females.

**Figure 5.4: Work Experience for the Population 16+ Years Who Worked Full-time, Year-round and Earned Less than \$30,000 by Gender(2008 Inflation Adjusted Dollars), New Jersey, 2008**



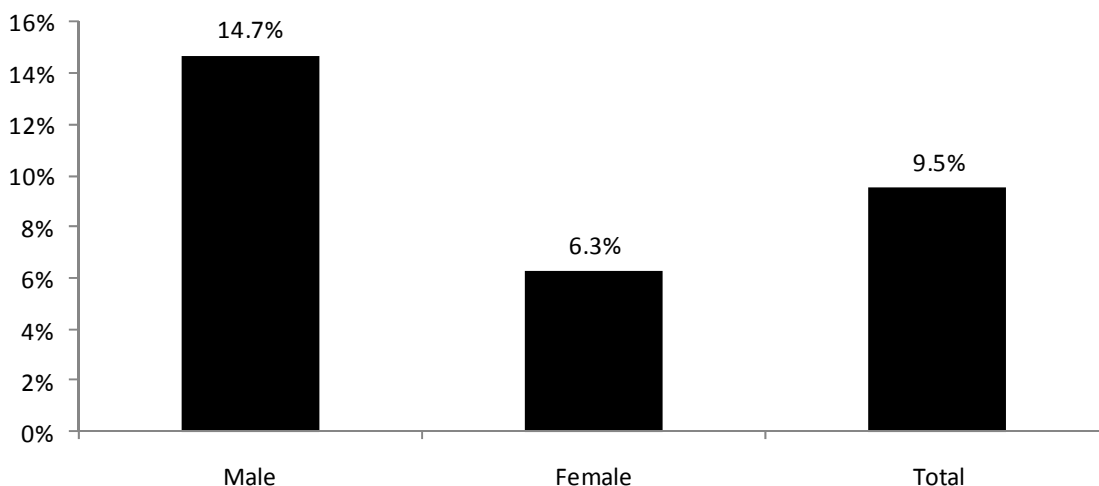
Source: U.S. Census Bureau, American Community Survey, 2008

#### **d. Working Full-time and Year-round and Living in Poverty**

**Working full-time and year-round is not a guarantee that poverty will be avoided; some jobs pay wages that are lower than the official poverty level.**

Certain jobs within the economy do not pay wages that are sufficient to allow the wage-earner to live above the official poverty level. Almost ten percent of the working age population living in poverty in 2008 worked full-time and year-round (see figure 5.5). In addition, another 27 percent of those living in poverty worked part-time or part-year. Among the working age male population living below the official poverty level, almost 15 percent worked full-time and year-round, while another 28 percent worked part-time or part-year.

**Figure 5.5: Poverty Status in the Past 12 Months for People 16 Years and Over who Worked Full-time and Year-round by Sex, New Jersey, 2008**

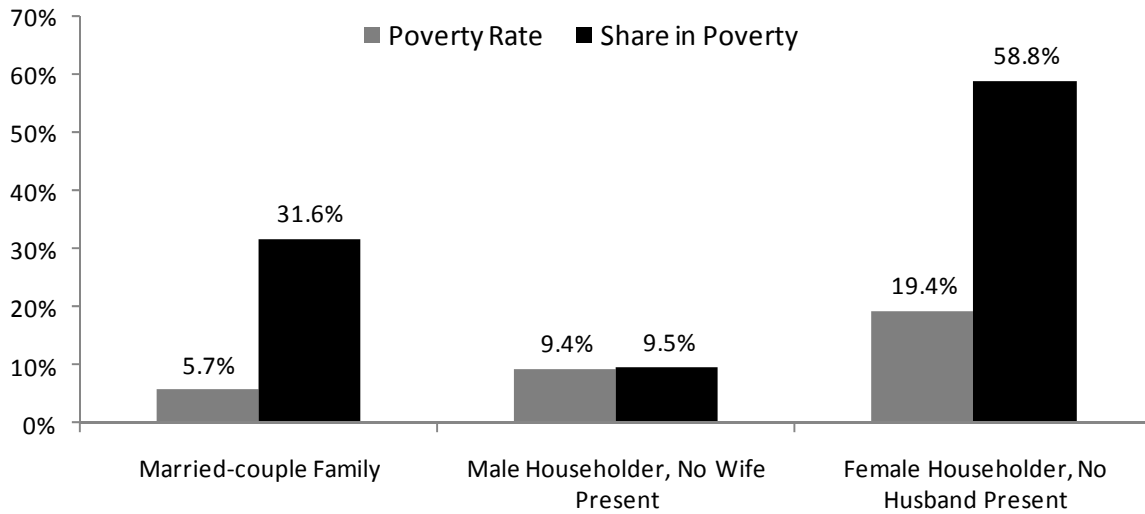


**Source:** U.S. Census Bureau, American Community Survey, 2008

**Females living in one-worker female families with no husband present were much more likely to be living in poverty than other one-worker family types in 2008.**

Certain groups within the population are more likely to be working in lower paying jobs and, thus, more vulnerable to experiencing poverty. Figure 5.6 shows that female householders living in one-worker female families with no husband present were much more likely to be living in poverty than both male householders who lived in families with no wife present and married-couple families in which only one family member was working. In 2008, almost one-fifth of all one-worker, female householder families were living below the official poverty level (19.4 percent), more than double that of a one-worker, male householder family and more than three times that of a one-worker, married-couple family. Furthermore, one-worker female householder families made up almost 60 percent (58.8 percent) of all the one-worker families living in poverty, more than six times that for one-worker, male householder families and almost double that of one-worker, married-couple families.

**Figure 5.6: Poverty Rate and Share in Poverty in the Past 12 Months for One-worker Families by Household Type, New Jersey, 2008**

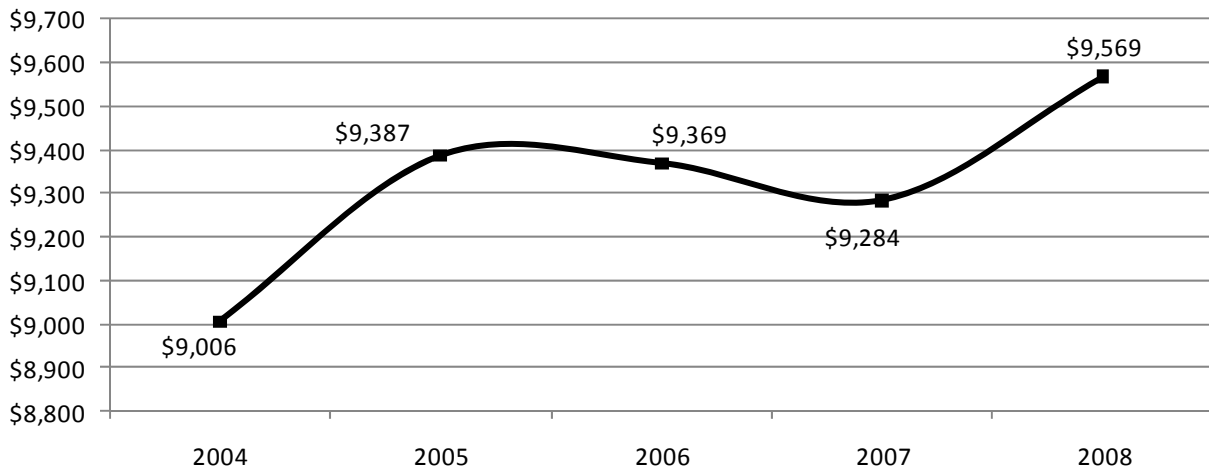


Source: U.S. Census Bureau, American Community Survey, 2008

**The mean income deficit for female-headed households living below the poverty level increased in 2008 to reach the highest level in four years.**

The high poverty rate for female-headed families does not reveal the extent to which the income of these families falls short of the official poverty threshold. With the use of Census data, it is possible to calculate the average income deficit for female-headed households. This calculation shows the amount of income, on average, required to bring a household counted as falling below the official poverty level up to the poverty threshold. In 2008, female-headed households, with no husband

**Figure 5.7: Mean Income Deficit for Female-headed Families Living Below the Poverty Level, New Jersey, 2004-2008 (2008 Inflation-Adjusted Dollars)**



Source: U.S. Census Bureau, American Community Survey, 2008

present, faced the largest income deficit, \$9,569 on average. This was about \$2,000 more than the average income deficit for both male householders with no wife present and married-couple families. Moreover, considering that the official poverty threshold for a three-person family was \$17,346 in 2008, a \$9,569 deficit means that, on average, the income deficit for a similar sized family was more than 50 percent of the official poverty threshold.

Figure 5.7 shows that the average income deficit for female-headed families has been growing over time. After declining for two years, the average income deficit for female-headed families climbed almost \$300 in 2008 and rose to a level that was more than \$500 larger than it was in 2004, in 2008 inflation-adjusted dollars.

## 6. Income and Inequality in New Jersey

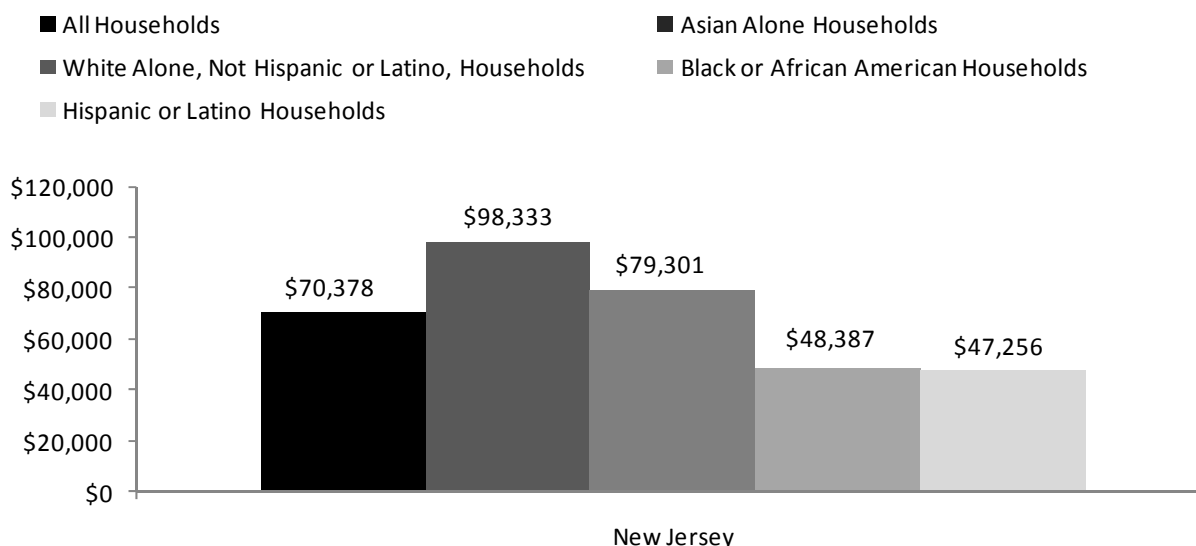
This section builds on the examination of the disproportionate representation of children, women, and Blacks or African Americans and Hispanics or Latinos in poverty to show that severe income inequality remains a persistent feature of New Jersey's socio-economic structure. The United States economy entered the current recession following an expansionary period in which real incomes had not risen. With inequality reaching levels last experienced just prior to the Great Depression, the disparities between rich and poor are more glaring than ever. According to an Economic Policy Institute analysis, while real median incomes fell slightly over the 2000 to 2007 business cycle, the real median income of working-age households fell significantly. Given the large disparities in income inequality and the overwhelming concentration of income at the highest end of the income scale, residents with lower incomes face daunting challenges weathering the current economic recession. "Research indicates that high inequality reverberates through societies on multiple levels, correlating with, if not causing, more crime, less happiness, poorer mental and physical health, less racial harmony, and less civic and political participation."<sup>6</sup>

### a. Racial and Ethnic Disparities in Household Income

**The median household incomes for Black or African American and Hispanic or Latino households were considerably lower than they were for White and Asian households in 2008.**

In 2008, large disparities in median household income existed between racial and ethnic groups (see figure 6. 1). The median income for Asian households was more than double that for Black

**Figure 6.1: Median Household Income by Race & Ethnicity, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2008



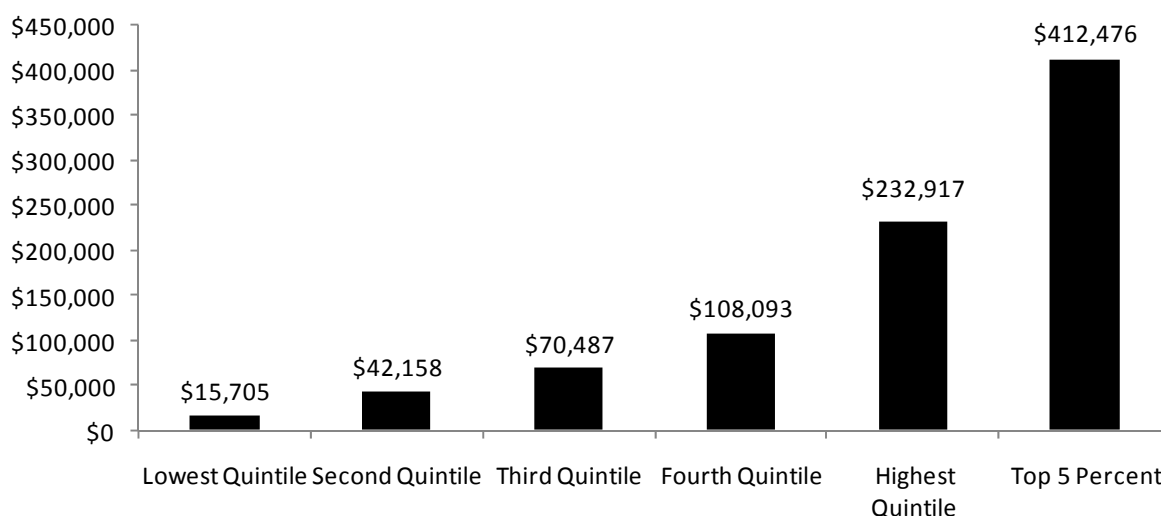
or African American and Hispanic or Latino households (\$98,333 compared to \$48,387 and \$47,256, respectively), while the median income of Black or African American and Hispanic or Latino households was about 60 percent that of White alone households.

## **b. Persistent Income Inequality**

**Substantially large disparities existed between the mean household incomes of the highest quintile and the top five percent and the mean household incomes of the lowest three quintiles in 2008.**

In addition to the large disparities that existed in household median income between racial and ethnic groups, the gaps in mean household income between different income groups were extremely large (see figure 6.2). The average household income of the highest quintile was \$232,917, almost 15 times the mean household income of the lowest quintile. The mean household income of \$412,476 for the top five percent was almost double that for the highest quintile and more than 26 times that for the lowest quintile.

**Figure 6.2: Mean Household Income by Quintile, New Jersey, 2008**



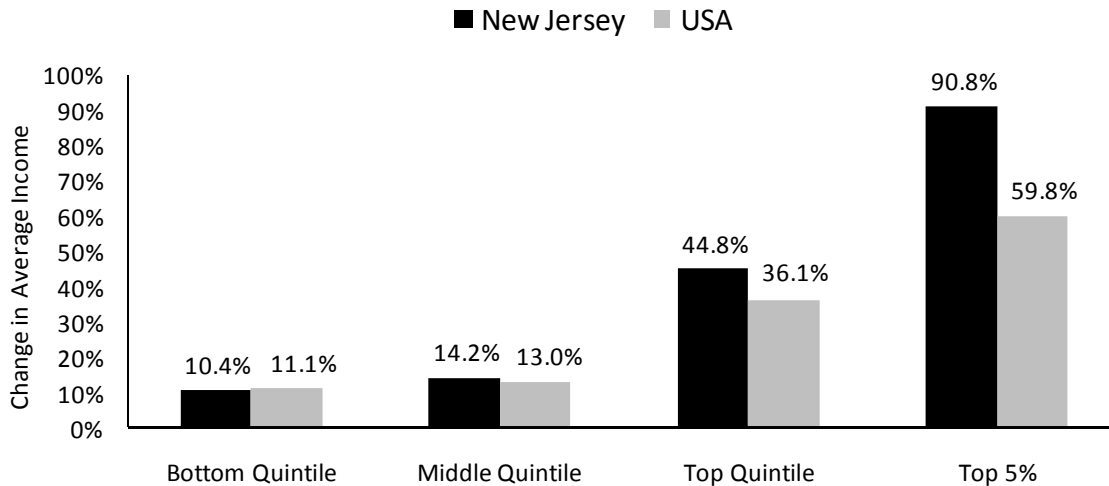
**Source:** U.S. Census Bureau, American Community Survey, 2008

**Income inequality in New Jersey has been growing for more than two decades, as the income of the rich increased proportionately more than that of people of lower income.**

An analysis conducted by the Center for Policy and Budget Priorities together with the Economic Policy Institute showed that in the period of the late-1980s to the mid-2000s the richest families in New Jersey had the greatest income gains, which were considerably more than the national averages. On the other hand, the income gains of families in the bottom quintile were more or less the same as those at the national level (see figure 6.3). While incomes for families in the top 5 percent grew about 91 percent, those for the bottom quintile grew a little more than 10 percent. The growth in income inequality between New Jersey's richest families and poorest families was

the 9<sup>th</sup> largest in the nation, while the growth in income inequality between the richest families and families in the middle was the 7<sup>th</sup> largest in the nation.

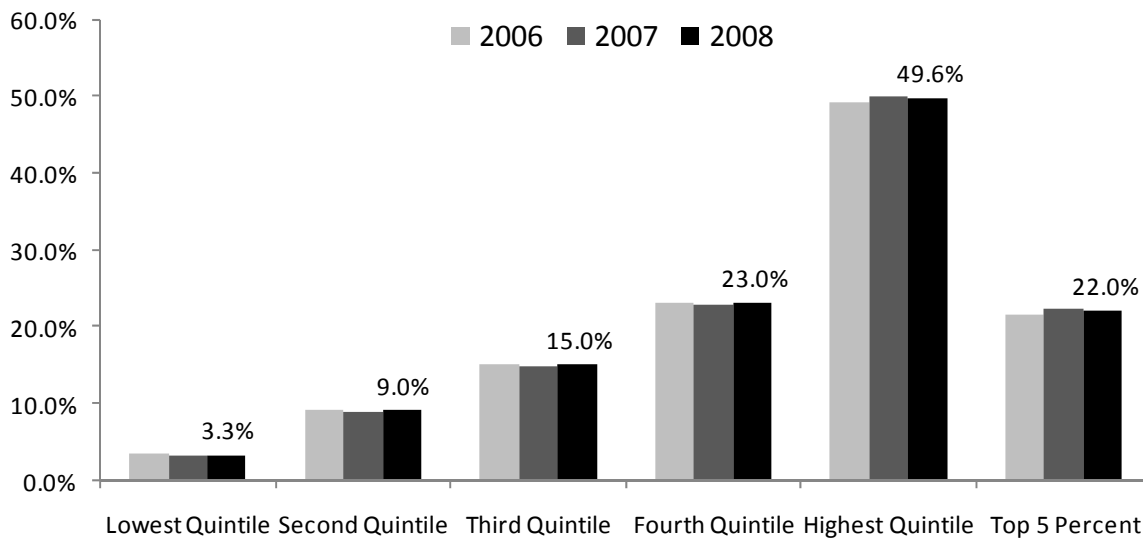
**Figure 6.3: Change in Average Income in New Jersey: Late-1980s-Mid-2000s**



**Source:** Center for Budget and Policy Priorities & Economic Policy Institute. Pulling Apart: A State-by-State Analysis of Income Trends. April 2008

Consequently, the distribution of aggregate household income, although it has remained more or less the same for the three-year period between 2006 and 2008, is very much lopsided toward

**Figure 6.4: Shares of Aggregate Household Income by Quintile, New Jersey, 2006-2008**



**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

the highest quintile (see figure 6.4). The highest quintile garnered about one-half of total household income in 2008, while the lowest quintile's share was 3.3 percent. The share of the top five percent of households in the state was 22 percent.

## 7. Places in Poverty in New Jersey

The prevalence of poverty is expressed disproportionately not only among demographic groups, but also by location. Geographical disparities in the incidence of poverty remain a persistent feature of the New Jersey landscape. Certain counties in the state have higher concentrations of poverty than others, while some municipalities, particularly those where there is a majority of Blacks or African Americans and Hispanics or Latinos, also have considerably higher rates of poverty. In addition, because the cost of living varies by county, making those counties with a higher cost of living more expensive to live in for people of low income, one consequence has been the migration of people of low income from New Jersey to other states.

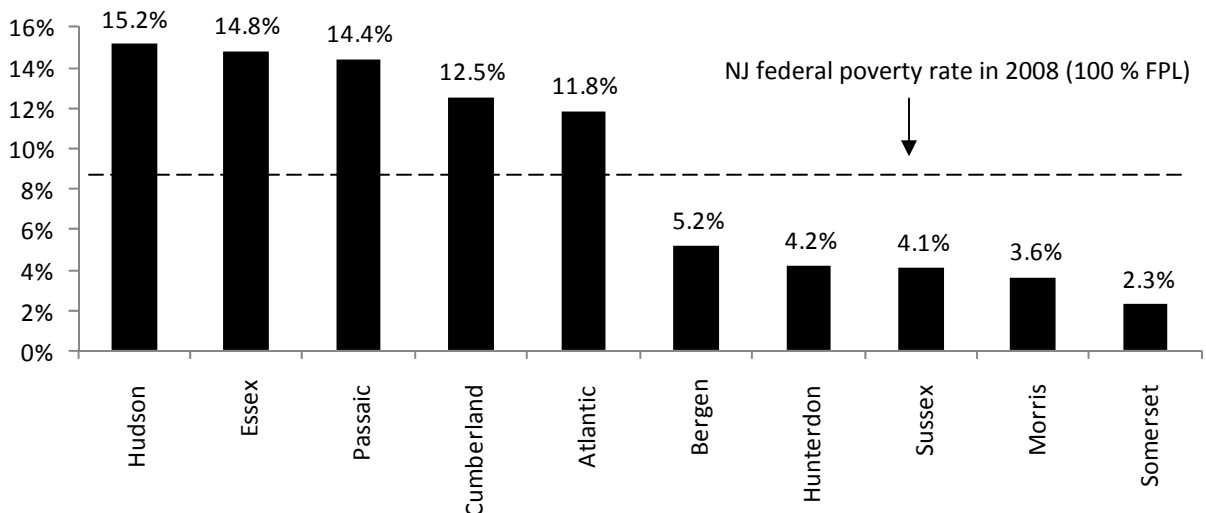
### a. Disparities in County Poverty Rates

**Concentration of residents of low income persists in certain counties.**

#### i. Federal Poverty Level

Overall, 8.7 percent of New Jersey residents lived below the official poverty level in 2008. However, county level data reveal significant disparities in the incidence of poverty by county of residence. Figure 7.1 shows the five New Jersey counties with highest and the five with the lowest poverty rates in 2008. At the upper end was Hudson County where 15.2 percent of its residents lived below the official poverty level, compared to 2.3 percent in Somerset County, at the lower end.

**Figure 7.1: Federal Poverty Rate for Selected Counties, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2008

Among the counties with the highest poverty rates, Hudson, Essex, and Passaic, the top three counties, experienced a rise in the poverty rate between 2007 and 2008 (see figure 7.2). The poverty rate in all three counties exceeded the average rate of 13.2 percent for the U.S. as a whole. On the other hand, the poverty rate declined in four of the five counties with the lowest poverty rates.

**Figure 7.2: Change in the Federal Poverty Level for Selected Counties, New Jersey, 2006-2008**

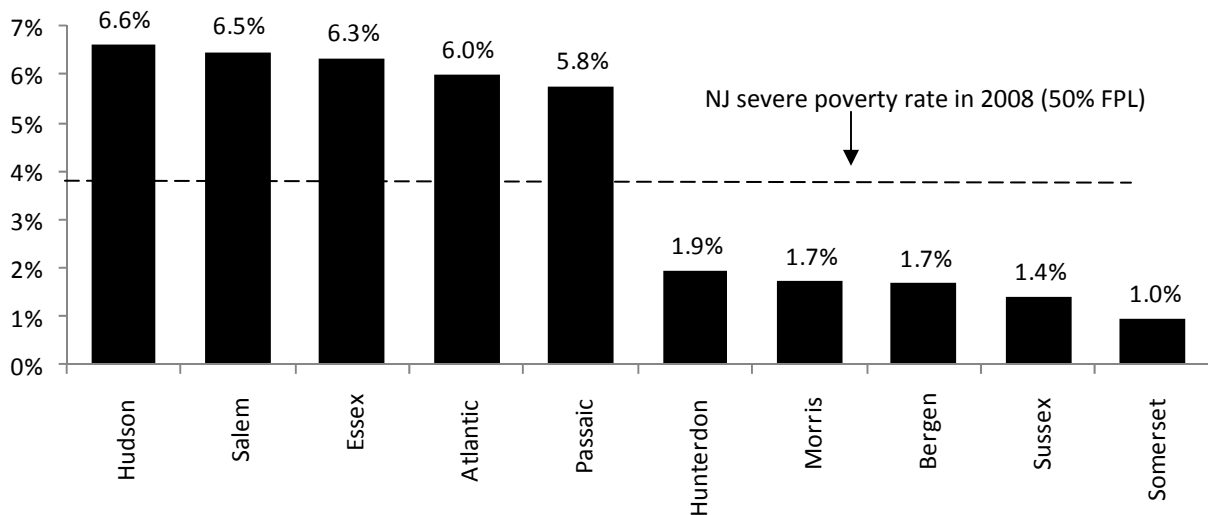
Highest Federal Poverty Rate in 2008					Lowest Federal Poverty Rate in 2008				
County	2006	2007	2008	Change (07-08)	County	2006	2007	2008	Change (07-08)
Hudson	15.2%	13.7%	15.2%	Increase	Somerset	4.4%	2.6%	2.3%	Decrease
Essex	14.5%	13.3%	14.8%	Increase	Morris	3.9%	3.9%	3.6%	Decrease
Passaic	15.0%	13.7%	14.4%	Increase	Sussex	4.8%	4.6%	4.1%	Decrease
Cumberland	15.3%	18.5%	12.5%	Decrease	Hunterdon	3.5%	4.1%	4.2%	Increase
Atlantic	9.2%	12.8%	11.8%	Decrease	Bergen	5.2%	5.9%	5.2%	Decrease

Source: U.S. Census Bureau, American Community Survey, 2006-2008

**ii. Severe Poverty**

Any family whose annualized income is less than 50 percent of the official poverty level is considered to be living in severe poverty. For example, the severe poverty level for a family of three, with one adult and two children, was \$8,673 or less in 2008. Overall, 329,573 New Jersey residents (3.9 percent) lived in severe poverty in 2008. Figure 7.3 shows the five counties with the highest and lowest severe poverty rates in 2008. The incidence of poverty in Hudson County, the county with highest severe poverty level, was more than six times the severe poverty rate for Somerset County, the county with the lowest severe poverty rate.

**Figure 7.3: Severe Poverty Rate for Selected Counties, New Jersey, 2008**



Source: U.S. Census Bureau, American Community Survey, 2008

Additionally, the severe poverty rate increased in two of the five high poverty counties, Hudson and Salem, between 2007 and 2008. Among the five counties with lowest severe poverty rates in the state, the rate decreased in four counties between 2007 and 2008 (see figure 7.4).

**Figure 7.4: Change in the Severe Poverty Rate for Selected Counties, New Jersey, 2006-2008**

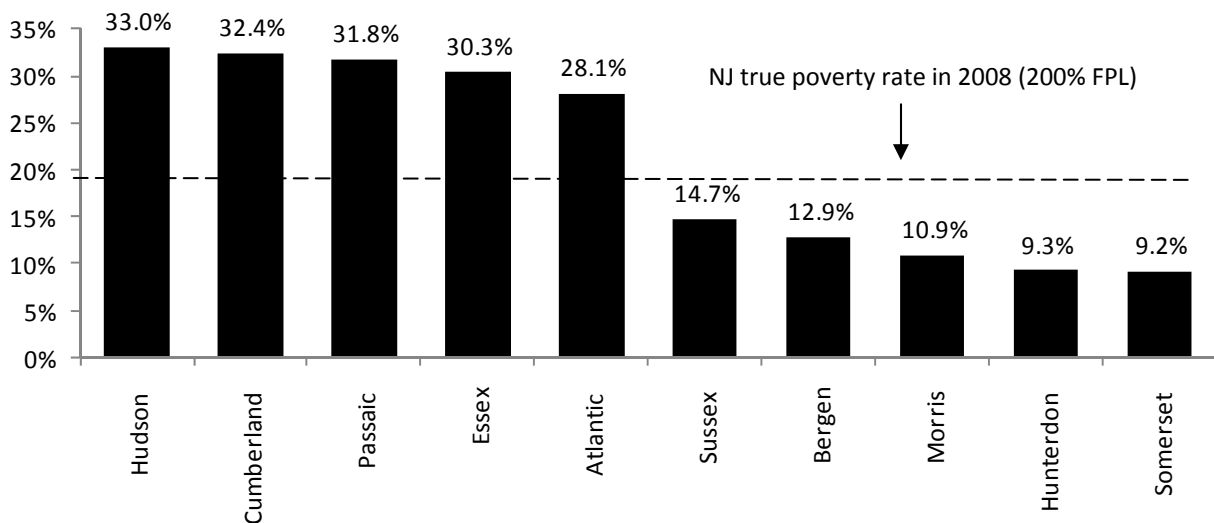
Highest Severe Poverty Rate in 2008					Lowest Severe Poverty Rate in 2008				
County	2006	2007	2008	Change (07-08)	County	2006	2007	2008	Change (07-08)
Hudson	6.0%	5.5%	6.6%	<b>Increase</b>	Somerset	1.9%	1.3%	1.0%	<b>Decrease</b>
Salem	4.2%	5.7%	6.5%	<b>Increase</b>	Sussex	1.8%	2.3%	1.4%	<b>Decrease</b>
Essex	6.7%	7.5%	6.3%	Decrease	Bergen	2.4%	2.8%	1.7%	<b>Decrease</b>
Atlantic	4.7%	6.7%	6.0%	Decrease	Morris	1.8%	1.4%	1.7%	Increase
Passaic	6.5%	6.5%	5.8%	Decrease	Hunterdon	1.2%	2.1%	1.9%	<b>Decrease</b>

**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

### iii. True Poverty

True poverty is defined by an income level that is twice the official federal poverty level. For a family of three, with one adult and two children, the true poverty level was \$34,692 in 2008. In total, 1,772,797 residents lived below true poverty in 2008, almost 21 percent of the state’s population. Figure 7.5 shows the five counties with the highest and lowest true poverty rates in 2008. The incidence of true poverty was highest in Hudson County — one-third of the residents had incomes that were below true poverty. Somerset and Hunterdon counties, on the other hand, had the lowest incidences of true poverty — less than half of the statewide average, and almost four times less than the true poverty rate in Hudson County.

**Figure 7.5: True Poverty Rate for Selected Counties, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2008

Figure 7.6 displays the five counties with the highest and the five with the lowest true poverty rates for the period 2006 to 2008. It shows that the true poverty rates increased between 2007 and 2008 in two of the five counties — Passaic and Essex — with the highest true poverty rates. In Atlantic

County, the rate remained unchanged. On the other hand, the true poverty rate decreased in only one of the five counties with the lowest rates — Bergen County.

**Table 7.6: Change in the True Poverty Rate for Selected Counties, New Jersey, 2006-2008**

Highest True Poverty Rate in 2008					Lowest True Poverty Rate in 2008				
County	2006	2007	2008	Change (07-08)	County	2006	2007	2008	Change (07-08)
Hudson	36.1%	34.5%	33.0%	Decrease	Somerset	11.2%	9.0%	9.2%	Increase
Cumberland	34.0%	35.4%	32.4%	Decrease	Hunterdon	10.1%	8.2%	9.3%	Increase
Passaic	32.2%	29.9%	31.8%	<b>Increase</b>	Morris	10.7%	9.6%	10.9%	Increase
Essex	29.9%	30.2%	30.3%	<b>Increase</b>	Bergen	14.9%	14.4%	12.9%	<b>Decrease</b>
Atlantic	24.9%	28.1%	28.1%	No Change	Sussex	11.2%	13.9%	14.7%	Increase

**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

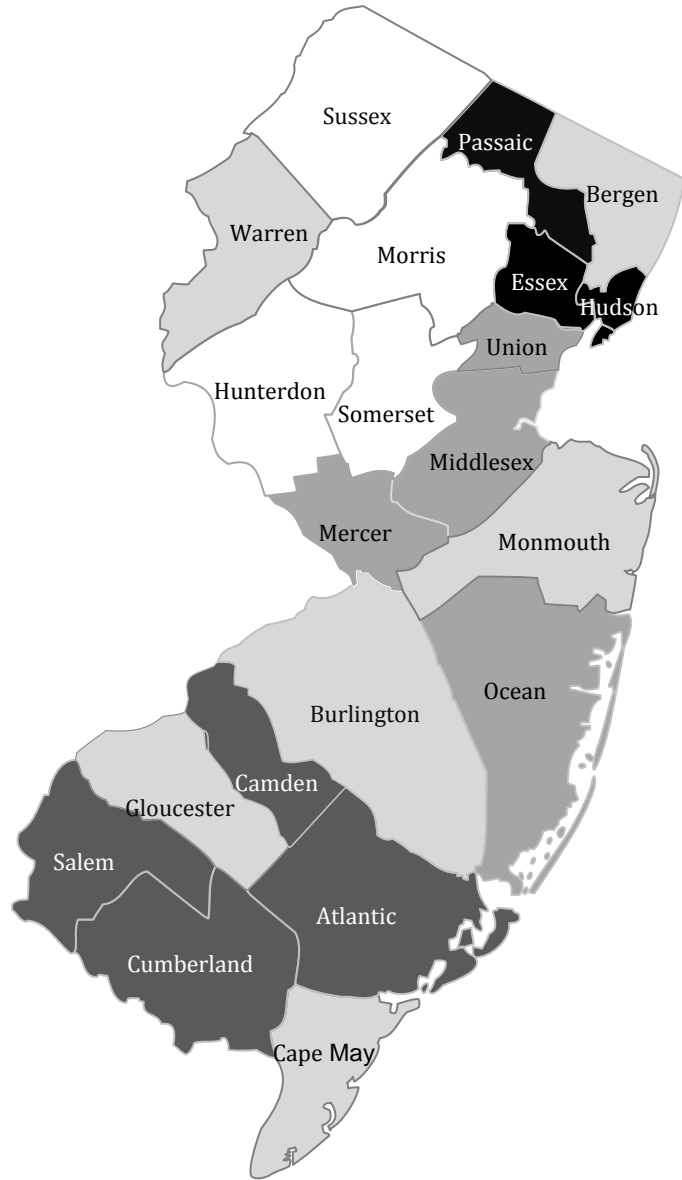
## **b. Geographical Variations in Concentration of Poverty**

### **i. Real Cost of Living**

Figure 7.7 presents a map of the distribution of poverty by county in 2008. While the FPL is used to depict the poverty rate in each county, a similar pattern would be discerned when using severe or true poverty rates. The map reveals two broad areas of poverty concentration — one, in the northeast congregating around older urban centers in Passaic, Essex, and Hudson counties, and the second, in the south, focusing on the rural counties of Salem, Cumberland and Atlantic and also Camden County. In contrast, the poverty rates were much lower in the northwest portion of the state, in Hunterdon, Somerset, Sussex, and Morris counties. One explanation for this distinct pattern is the variation in the cost of living by county.

**Figure 7.7: Distribution of Poverty by County, New Jersey, 2008**

**Federal Poverty Level, 2008**





**Counties with high poverty rates have lower living costs, while counties with low poverty rates have higher living costs; the result is the concentration of residents with low incomes in some counties and not others.**

Figure 7.8 shows the minimum annual income required to be self-sufficient in each of New Jersey’s 21 counties. (The Poverty Research Institute’s Real Cost of Living Study provides more detail on these numbers.) The counties where the annual income needed to be self-sufficient is the highest are among those with the lowest poverty rates (e.g., Somerset and Hunterdon). On the other hand, in those counties where the poverty rates are among the highest (Salem, Atlantic, Camden, Cumberland in the south and Essex, Hudson, and Passaic in the northeast), the annual income needed to be self-sufficient is considerably lower.

It is reasonable to assume that people with low incomes are unable to afford to live in counties with a high cost of living. They have no option other than to reside in areas where the cost of living is considerably lower. Areas where the cost of living is low, thus, tend to become locations of concentration for people of low income. As a result, a segregated pattern develops with people of low income concentrating in areas where the cost of living is lower, while people of higher incomes are concentrated in areas where the cost of living is higher.

**Figure 7.8: Annual Self-Sufficiency Income for a Three-person Family by County, New Jersey, 2008**

County	Annual Self-Sufficiency Income
Salem (lowest)	\$43,562
Cape May	\$44,539
Atlantic	\$44,680
Camden	\$45,583
Essex	\$46,686
Hudson	\$47,763
Passaic	\$48,434
Cumberland	\$48,898
Gloucester	\$48,898
Warren	\$50,005
Sussex	\$53,384
Burlington	\$55,027
Union	\$55,843
Ocean	\$57,647
Mercer	\$58,758
Monmouth	\$59,683
Morris	\$60,199
Middlesex	\$61,149
Bergen	\$63,528
Hunterdon	\$65,122
Somerset (highest)	\$70,146

**Source:** U.S. Census Bureau, American Community Survey, 2008

**Note:** Three-person family is made up of one adult, one preschooler, and one school-age child

**ii. Median Household Incomes**

**Counties with high poverty rates have lower median incomes, while counties with low poverty rates have higher median incomes.**

Analysis of median household income by county confirms that residents with low incomes tend to be concentrated in those counties with higher poverty rates. Figure 7.9 displays median household income by county in 2008. It shows that counties with high poverty rates have lower median incomes and vice versa.

**Figure 7.9: Median Household Income by County, New Jersey, 2008**

<b>Counties with Higher Poverty Rates</b>		<b>Counties with Lower Poverty Rates</b>	
<b>County</b>	<b>Median Income</b>	<b>County</b>	<b>Median Income</b>
Cumberland	\$50,833	Cape May	\$60,176
Atlantic	\$52,696	Gloucester	\$70,837
Essex	\$55,105	Warren	\$76,368
Hudson	\$55,465	Burlington	\$77,179
Passaic	\$56,816	Sussex	\$79,058
Ocean	\$59,356	Bergen	\$82,361
Salem	\$60,200	Monmouth	\$82,736
Camden	\$61,066	Morris	\$99,706
Union	\$67,540	Somerset	\$100,608
Mercer	\$73,800	Hunterdon	\$102,683
Middlesex	\$77,179		

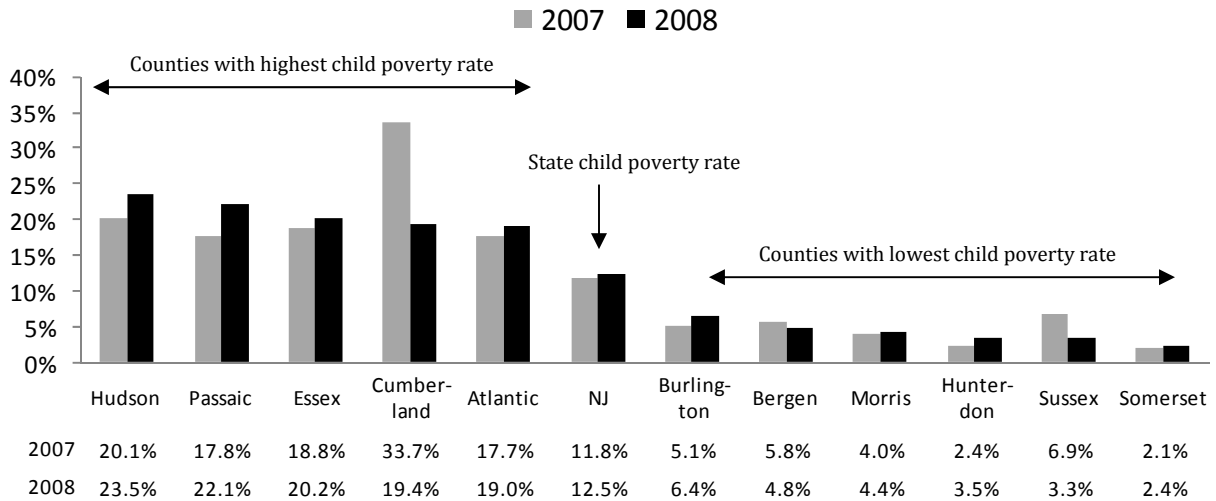
Source: U.S. Census Bureau, American Community Survey, 2008

**iii. Child Poverty**

**As child poverty increased, the concentration of child poverty grew in some counties in 2008.**

Figure 7.10 shows the incidence of child poverty in the five counties with the highest rates of child poverty and in the five counties with the lowest child poverty rates. Overall, child poverty increased in the state from 11.8 percent in 2007 to 12.5 percent in 2008. Child poverty in all five counties with the highest child poverty rates exceeded the national average of 18.2 percent in 2008. The percentage of children in poverty in Hudson County, the county with the highest child poverty rate, was about ten times that of Somerset County, the county with the lowest child poverty rate. The largest increase in child poverty occurred in Passaic County, where the child poverty rate increased from 17.8 percent in 2007 to 22.1 percent in 2008, an increase of 4.3 percentage points. The largest decrease in child poverty was in Sussex County, where the rate declined from 6.9 percent in 2007 to 3.3 percent in 2008.

**Figure 7.10: Child Poverty Rate for Selected Counties, New Jersey, 2007 & 2008**



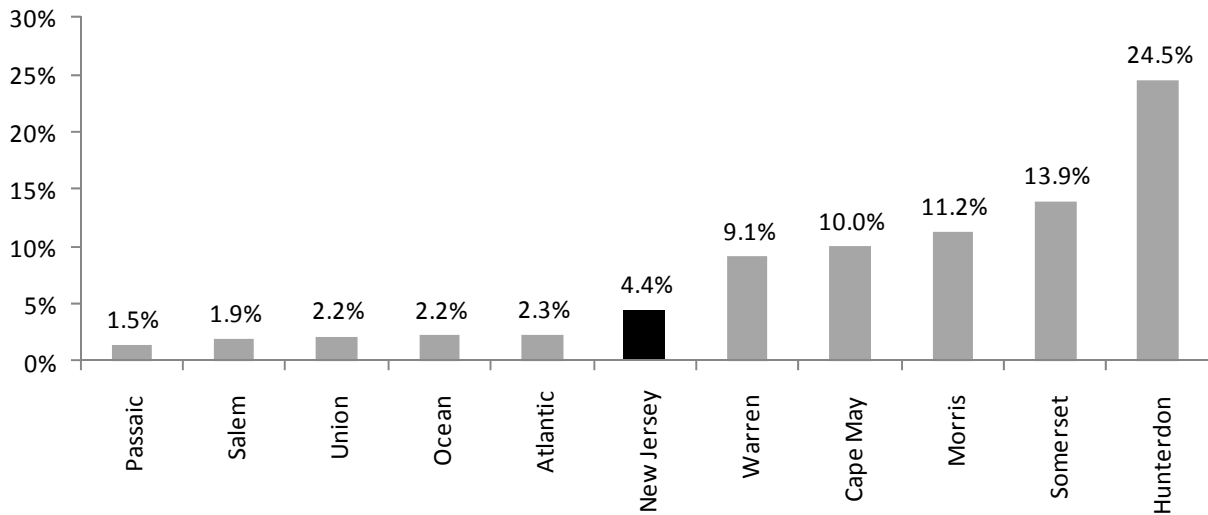
Source: U.S. Census Bureau, American Community Survey, 2007-2008

**iv. Migration**

**As the high cost of living makes living in the state increasingly unaffordable for people of low income, residents with low incomes migrate to other states.**

People of low income are much more likely to move than are people of higher incomes. Moreover, in New Jersey, a larger proportion of people of low income moved to a different state in 2008 than did residents with higher incomes.

**Figure 7.11 Percentage of Residents Living Below the Official Poverty Level who Moved out of State for Selected Counties, New Jersey, 2008**



Source: U.S. Census Bureau, American Community Survey, 2008

The proportion of residents living below the official poverty level migrating out-of-state in 2008 was highest from three counties that were among the five counties with the highest real cost of living (see figures 7.8 and 7.11 above). In Hunterdon County, nearly 25 percent of the residents living below the FPL migrated out of state in 2008, as did 13.9 percent from Somerset County and 11.2 percent from Morris County. On the other hand, only 1.9 percent of Salem County’s residents and 2.3 percent of Atlantic County’s residents living below the FPL, two counties among the five with the lowest real cost of living, migrated out-of-state in 2008.

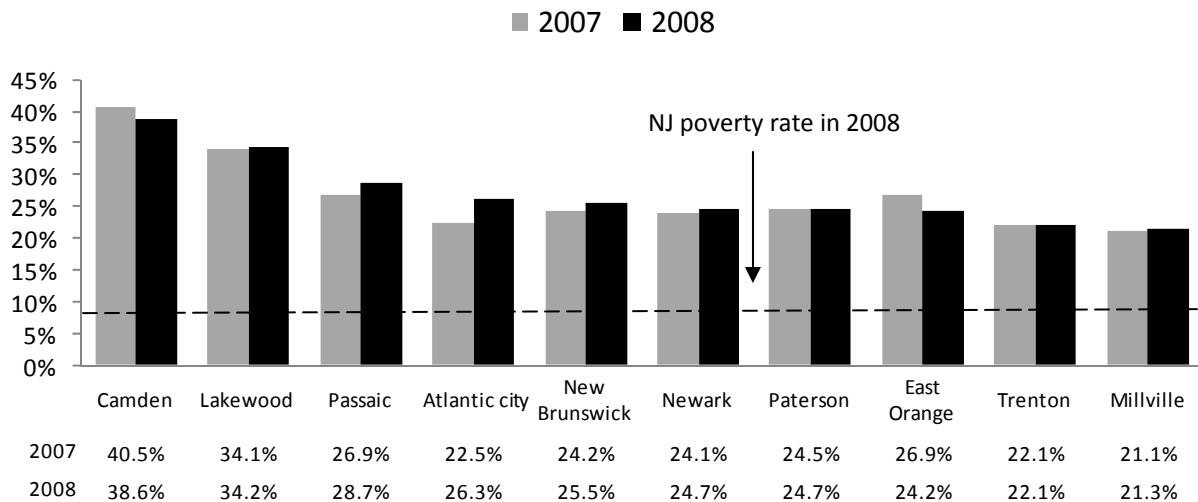
### c. Variations in Municipal Poverty Rates

#### i. Disparities in Municipal Poverty Rates

##### Intense patterns of concentration of poverty exist at the municipal level.

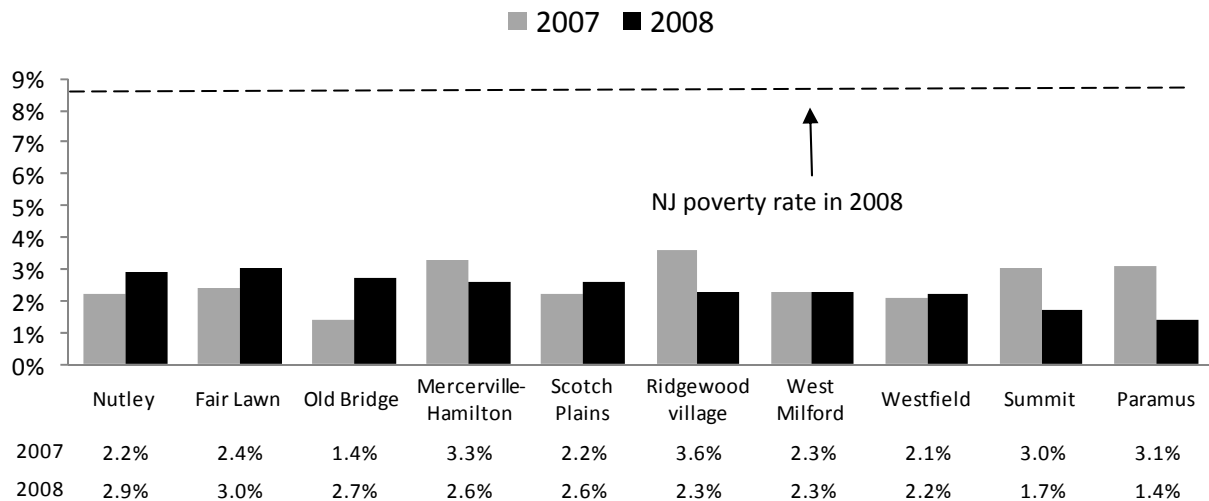
Figures 7.12 and 7.13 display the ten New Jersey towns and cities with the highest and the lowest official poverty rates, respectively. While the official U.S. poverty rate averaged 13.2 percent in 2008, all ten New Jersey municipalities with the highest poverty rates exceeded the nation’s average. The ten highest municipal poverty rates ranged from 38.6 percent in Camden to 21.3 percent in Millville. Furthermore, among the more than two thousand places in the country for which Census poverty rate data are available, Camden’s poverty rate was the 18<sup>th</sup> highest. On the other end of the spectrum, Paramus and Summit were among the twenty U.S. cities with the lowest poverty rates in the nation. Among New Jersey towns and cities, Kearny had the largest increase in poverty — from seven percent in 2007 to 12.2 percent in 2008. Carteret, on the other hand, had the largest decrease in poverty — from nine percent in 2007 to 6.6 percent in 2008.

**Figure 7.12: Municipalities with the Highest Poverty Rates, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2007-2008 (3-year average)

**Figure 7.13: Municipalities with the Lowest Poverty Rates, New Jersey, 2008**



Source: U.S. Census Bureau, American Community Survey, 2007-2008 (3-year average)

**ii. Disparities in Municipal Poverty Rates by Racial and Ethnic Composition**

**High rates of poverty persist in towns with large concentrations of people of color and minorities.**

Analysis of the racial and ethnic composition of New Jersey towns reveals that people of color and minorities are clustered disproportionately in places with high poverty rates. Figures 7.14 and 7.15 show the racial and ethnic make-up of the towns with the highest and lowest poverty rates.

**Figure 7.14: Racial & Ethnic Composition of Places with High Poverty Rates, New Jersey, 2008**

County	White, Not Hispanic or Latino	Black or African American	Hispanic or Latino
Camden	4.7%	50.1%	42.3%
Lakewood	77.4%	7.5%	14.8%
Passaic	15.8%	9.4%	69.7%
Atlantic City	19.2%	41.7%	24.1%
New Brunswick	30.5%	14.1%	49.5%
Newark	12.8%	53.6%	31.9%
Paterson	11.2%	31.2%	55.1%
East Orange	3.0%	88.3%	7.1%
Trenton	15.9%	53.2%	29.8%
Millville	68.1%	18.9%	9.8%
Bridgeton	21.1%	36.9%	39.1%
West New York	15.4%	5.1%	78.1%
<b>New Jersey</b>	<b>62.0%</b>	<b>13.6%</b>	<b>15.9%</b>

Source: U.S. Census Bureau, American Community Survey, 2008 (3-year average)

Figure 7.14 shows that, although 62 percent of New Jersey residents were White<sup>7</sup> in 2008, in ten out of the twelve towns with the highest poverty rates, the percentage of Whites was less than the statewide average and Whites were a minority group in these ten towns. On the other hand, the share of Blacks or African Americans was greater than the statewide average in nine of the twelve towns and they comprised the majority in five of the towns (Camden, Atlantic City, Newark, East Orange, and Trenton). Hispanics or Latinos exceeded the statewide average in nine of the twelve towns and constituted a majority in five of the towns (Passaic, New Brunswick, Paterson, Bridgeton, and West New York).

A very different picture emerges when the towns with the lowest poverty rates are disaggregated by their racial and ethnic composition. In all thirteen towns, Whites are by far the dominant group (see figure 7.15). Whites exceed the statewide average in twelve of the thirteen towns. Only Maplewood has a sizeable Black or African American population. For the rest, the shares of Blacks or African Americans and Hispanics or Latinos are considerably less than their statewide average.

**Figure 7.15: Racial & Ethnic Composition of Places with Low Poverty Rates, New Jersey, 2008**

County	White, Not Hispanic or Latino	Black or African American	Hispanic or Latino
Paramus	67.3%	1.1%	6.9%
Summit	76.8%	7.6%	10.5%
Westfield	84.1%	1.6%	7.4%
Ridgewood	76.5%	1.1%	8.1%
West Milford	93.5%	N/A	4.1%
Mercerville-Hamilton	89.6%	3.6%	2.5%
Scotch Plains	80.7%	6.5%	4.5%
Old Bridge	76.7%	3.9%	9.3%
Nutley	79.2%	3.6%	8.8%
Fair Lawn	79.6%	1.2%	9.0%
Wayne	80.6%	2.2%	9.0%
Maplewood	54.7%	33.2%	9.2%
Livingston	80.6%	N/A	3.2%
<b>New Jersey</b>	<b>62.0%</b>	<b>13.6%</b>	<b>15.9%</b>

**Source:** U.S. Census Bureau, American Community Survey, 2008 (3-year average)

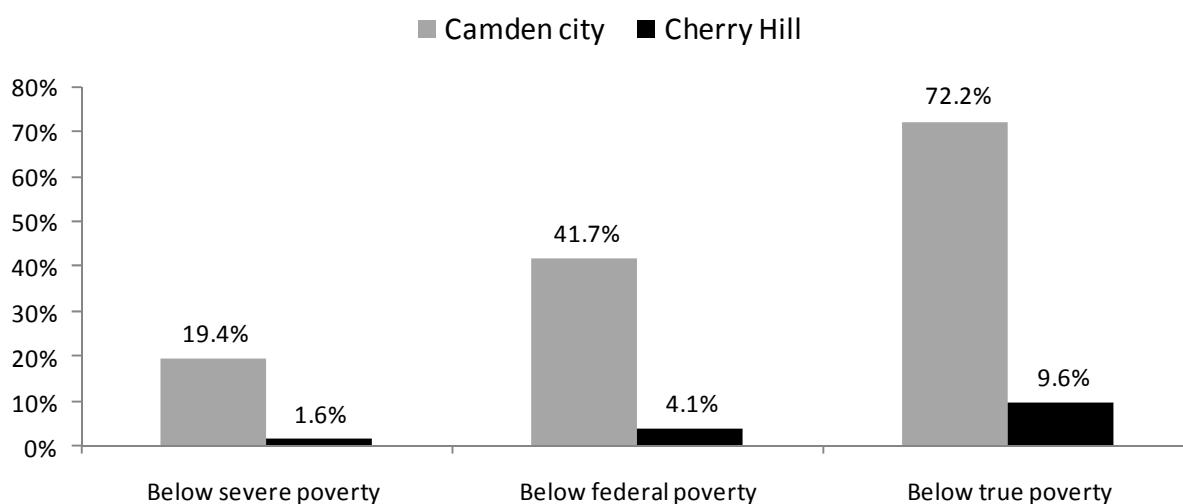
### iii. Camden and Cherry Hill — Examples of Pockets of Extreme Poverty and Extreme Wealth

#### **Stark differences exist between Camden and Cherry Hill despite their close geographical proximity.**

Disparities in poverty and income exist not only between racial and ethnic groups but also between places in New Jersey. New Jersey's older urban areas, historically centers of a disproportionate share of minorities, concentrated poverty, and insufficient employment opportunities, are likely to have become even poorer during 2009. A comparison of poverty rates and median household income for two towns in close proximity to each other — Camden, an example of an older urban area with a disproportionate share of minorities, and Cherry Hill, a newer suburban location — illustrates the large geographical disparities in poverty and income at the municipal level that continue to persist in New Jersey.

Figure 7.16 shows the proportion of residents living below the FPL in Camden and Cherry Hill. Nearly one in two people in Camden lived below the FPL, while in Cherry Hill only one in ten people were below this level. In Camden, 72.2 percent of the residents lived below true poverty, compared to 9.6 percent in Cherry Hill. In addition, 19.4 percent of Camden's residents were considered to be living in severe poverty, whereas the severe poverty rate for Cherry Hill was 1.6 percent.

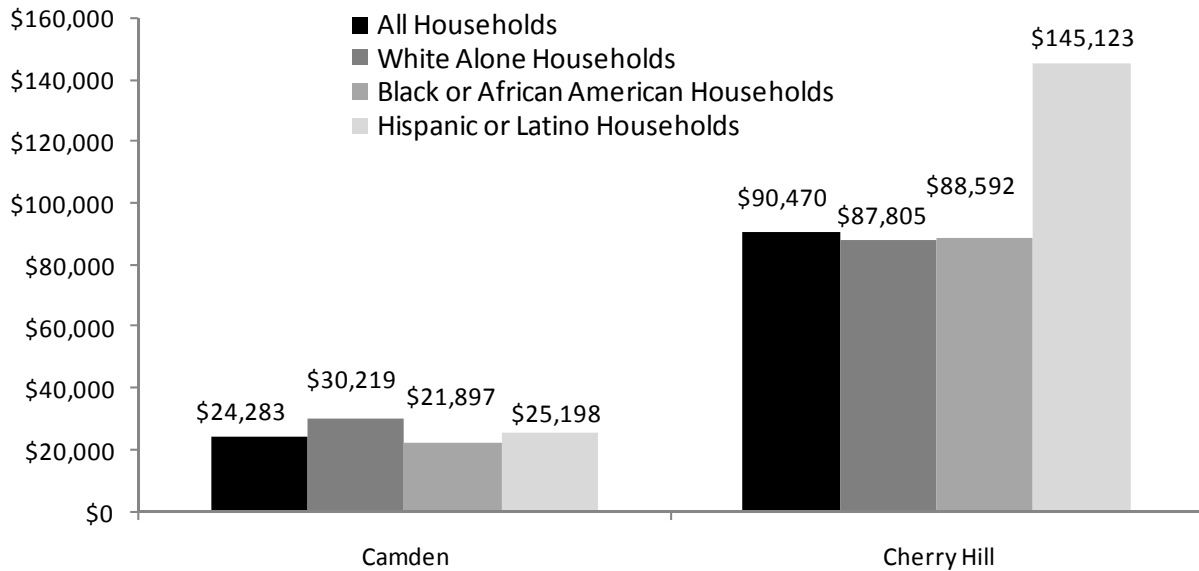
**Figure 7.16: Poverty Rates for Camden and Cherry Hill, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2008

Figure 7.17 shows that the median household income in Camden was a little more than one-quarter that of Cherry Hill in 2008. Furthermore, the median household income was substantially lower for all racial or ethnic groups in Camden than in Cherry Hill, the proportion ranging from almost one-third (\$30,219 compared to \$87,805) for Whites alone (not Hispanic or Latino), to more than one-quarter (\$21,897 compared to \$88,592) for Blacks or African Americans, to almost one-sixth (\$25,198 compared to \$145,123) for Hispanic or Latino households.

**Figure 7.17: Median Household Incomes for Camden and Cherry Hill, New Jersey, 2008**



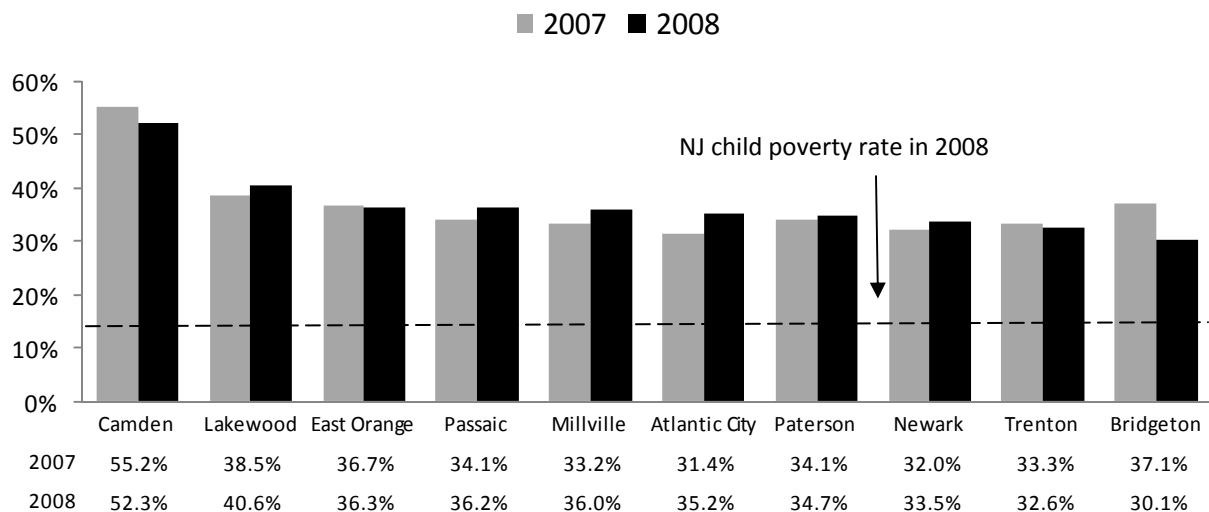
Source: U.S. Census Bureau, American Community Survey, 2008

**d. Disparities in Municipal Child Poverty Rates**

**Large disparities exist in child poverty rates at the urban level.**

Large geographical disparities exist in the incidence of child poverty at the urban level. Figures 7.18 and 7.19 display the ten New Jersey towns with the highest and the lowest child poverty rates in 2008, respectively. All ten places with the highest poverty rates had at least 32 percent or more of their children living below the official poverty level in 2008. Twenty-four New Jersey towns

**Figure 7.18: Municipalities with the Highest Child Poverty Rates, New Jersey, 2008**

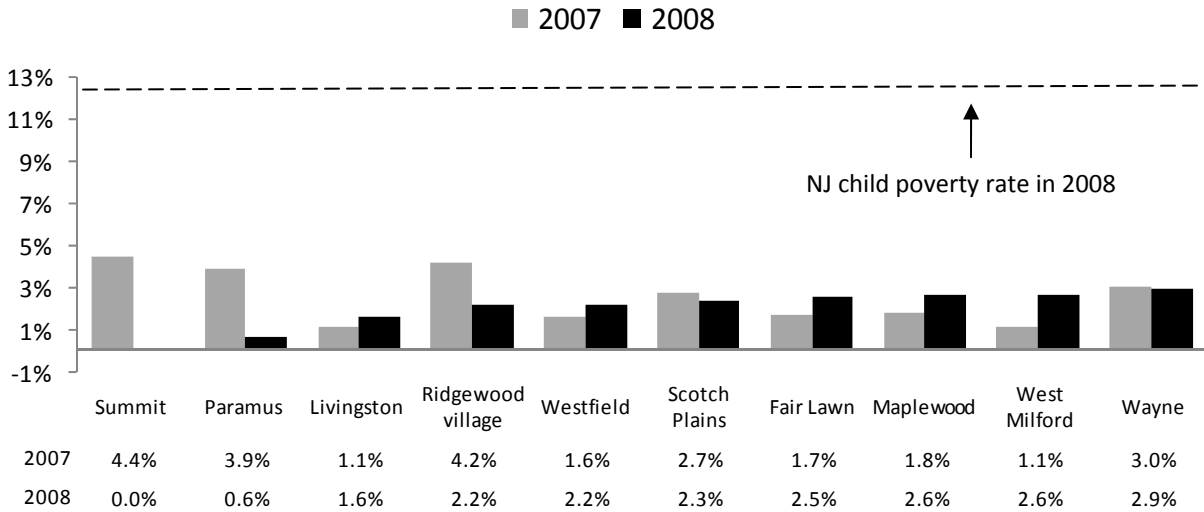


Source: U.S. Census Bureau, American Community Survey, 2008 (3-year average)



exceeded the U.S. child poverty rate of 18.2 percent. At the one end, the child poverty rate for Camden, a predominantly minority city, was 52.3 percent in 2008, the tenth highest in the country. At the other end, Summit and Paramus, predominantly White towns, had low child poverty rates — zero percent and 0.6 percent, respectively.

**Figure 7.19: Municipalities with the Lowest Child Poverty Rates, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2008 (3-year average)

# PART C: ASPECTS OF POVERTY

## **MR. POVERTY**

By Kyle David Dorsey

*My name is POVERTY.  
Let me tell you something  
about me.  
I am that child looking out  
of the window  
Whose family can't afford a  
Christmas tree.  
I am that old lady dressed in  
rags  
Living out of her bags that  
asks you for a dime  
You look at her as if she's  
crazy or just committed a  
crime.  
I am that harsh reality  
under which millions of  
people dwell  
Hungry, naked and out of  
doors, I have a story to tell  
So listen closely to my story  
and you might just see  
What it's like to live in this  
world being me.*

*My name is POVERTY.  
I often have to search the  
dumpster in hopes of finding  
bread  
I walk the streets with my  
head down wishing I was  
dead.  
When the weather gets hot I  
make my bed on the street  
But as soon as winter time  
comes I pray for the heat.  
I pray for something to eat  
and for clothes to warm my  
flesh  
I pray for someone to look  
me in the eyes and smile, Just  
that alone would make me  
feel blessed.*

*I often look back on my life  
with tears pouring from my  
face  
I didn't always used to be  
this way, just got caught up  
in the rat race.  
Lost everything to drugs,  
alcohol, bad relationships  
and more...  
You don't ever have to meet  
me even if you are poor.  
I've been known to come  
around before or after a war  
Check out the history books  
and you'll find so much in  
store.*

*My name is POVERTY.  
My home is the world; let me  
show you a sign.  
Many people look my way  
and act as if they're blind.  
Africa, Asia, the Caribbean,  
Europe and yes, in the great  
U.S.  
I can be found in the holiest  
lands where everyday life is  
a mess.  
It matters not the place, not  
the race, not the face that I  
chose to take  
But what is most important  
is that you let not your spirit  
break.  
You may have riches, a  
house, a boat, a private jet  
or new car  
Some people are so  
possessed by wealth that  
they don't even know who  
they are.  
The lack of material gain to  
sustain ones life can spell my  
name of course*

*But ignorance and the lack  
of compassion is what  
causes the real remorse.  
One time I called Prosperity  
and asked "What's it like  
being you?"  
"Does everyone who has  
some wealth live their lives  
true?"  
Prosperity answered "To be  
me is quite the opposite of  
being you, most people feel."  
"To have clothes, a home  
and some heat when winter  
time arrives  
Is not like someone having  
to live on the street  
struggling to survive".  
Prosperity added, "I pray  
that one day the differences  
between you and I will be  
erased.  
The sooner people learn to  
love each other then Mr.  
Poverty...  
The world will be a much  
better place."*

*My name is POVERTY.  
Have we met before?  
I am that child looking out  
of the window  
With a heart that is made  
pure  
I am that old lady dressed in  
rags living out of her bags  
After having traveled a  
rough road  
You ask her for a dime,  
She gives you a pot of gold.*

December 16, 2009

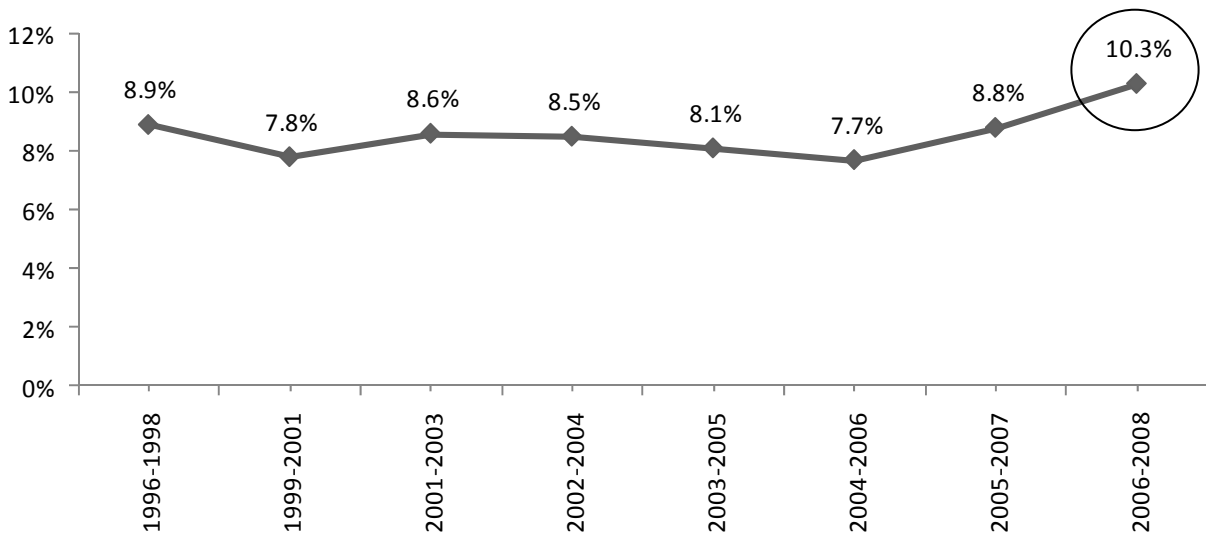
# Aspects of Poverty

Living in poverty and in neighborhoods where essential facilities and amenities may be lacking or underserved has immediate implications for different aspects of a person’s life and affects opportunities people of low income might otherwise be able to pursue. This section focuses on five different areas of need, which, if lacking or insufficient, can have profound consequences for a person’s individual development — food, housing, health care, education, and transportation. The first section focuses on hunger and food insecurity and shows that food insecurity increased for the third consecutive year, reaching its highest level in ten years. The next section, which examines four aspects of housing needs, stresses the plight of rental households, a substantial proportion of which still find it necessary to expend an excessive share of their income to pay their rental costs. The third section explores the health insurance coverage and health status aspects of health care. It shows that, for the overall population as well as for children living below the FPL, a sizeable, although smaller, share still lacks insurance coverage. The fourth section focuses on education and looks at proficiency disparities in mathematics and language arts between schools of lower and higher socio-economic status and reveals that, while disparities between school districts persist, access to qualified teachers has improved and the number of underperforming school districts in the lower socio-economic areas has declined. The final section examines the different modes of commuting used to travel to work and shows that people living in poverty are still more likely than are those of higher incomes to be dependent on modes other than the private car.

## 8. Hunger and Food Insecurity

**Food insecurity increased for the third consecutive year, reaching the highest level in ten years.**

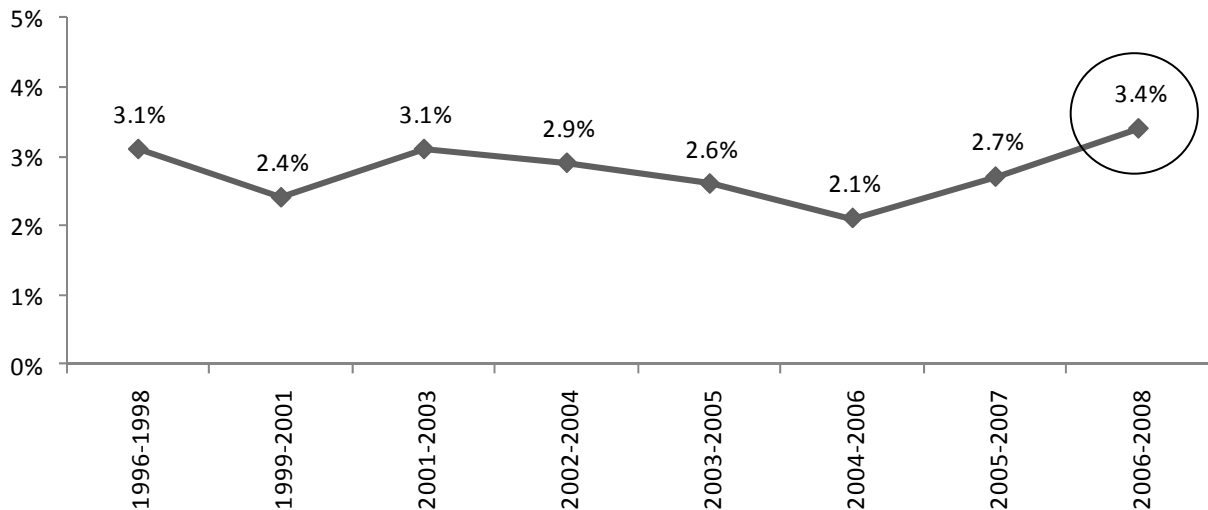
**Figure 8.1: Percentage of Food Insecure Households,<sup>8</sup> New Jersey, 1996-2008**



**Source:** United States Department of Agriculture, Household Food Insecurity Index

According to a recent publication of the U.S. Department of Agriculture, the percentage of New Jersey households experiencing hunger grew for the third consecutive year in 2008, reaching the highest level of food insecurity since 1998. Figure 8.1 tracks the percentage of food insecure households for the period 1998 to 2008. It shows that the percentage of households that were food insecure grew from 7.7 percent in 2006 to 10.3 percent in 2008.

**Figure 8.2: Percentage of Households with Very Low Food Security, New Jersey, 1996-2008**



**Source:** United States Department of Agriculture, Household Food Insecurity Index

Figure 8.2 tracks the percentage of New Jersey residents who had very low food security. A household is considered to have very low food security when the food intake of some members is reduced or an eating pattern is disrupted, because of a lack of resources. The chart shows that the rate of very low food security increased in 2008, growing from 2.1 percent in 2006 to 3.4 percent in 2008, the highest since 1998.

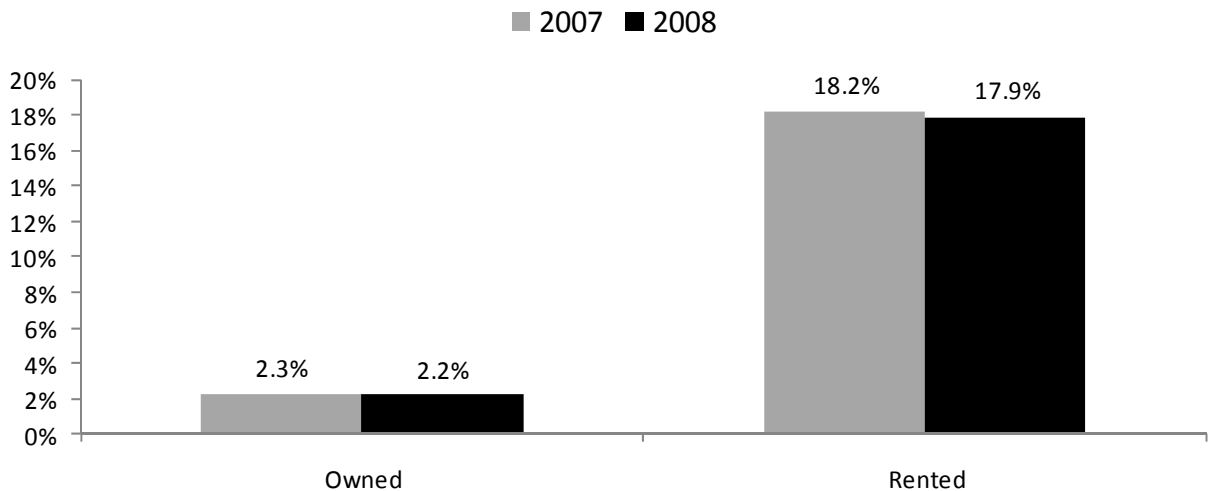
## 9. Housing

### a. Tenure and Poverty

**The percentage of renters living in poverty declined slightly in 2008.**

Figure 9.1 shows poverty rate by type of housing. While the poverty rate was much higher for renters than for homeowners in 2008, the percentage of renters with incomes below the FPL declined from 18.2 percent in 2007 to 17.9 percent in 2008.

**Figure 9.1: Poverty Rate by Type of Housing, New Jersey, 2007 & 2008**



Source: U.S. Census Bureau, American Community Survey, 2007 & 2008

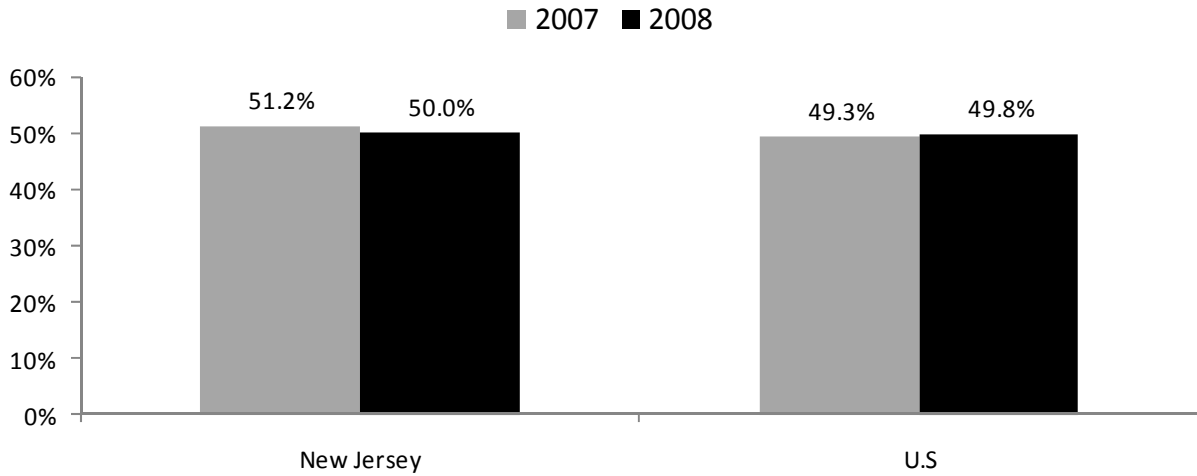
### b. Rental Housing Affordability

**Overall, the proportion of cost-burdened renters in New Jersey declined in 2008.**

Figure 9.2 shows the percentage of renters who were cost-burdened (housing costs are more than 30 percent of annual income) in 2007 and 2008 in New Jersey and in the U.S. Overall, one in two New Jersey renters was cost-burdened in 2008, about the same level as in 2007. For the U.S. as a whole, the proportion of cost-burdened renters increased slightly between 2007 and 2008.

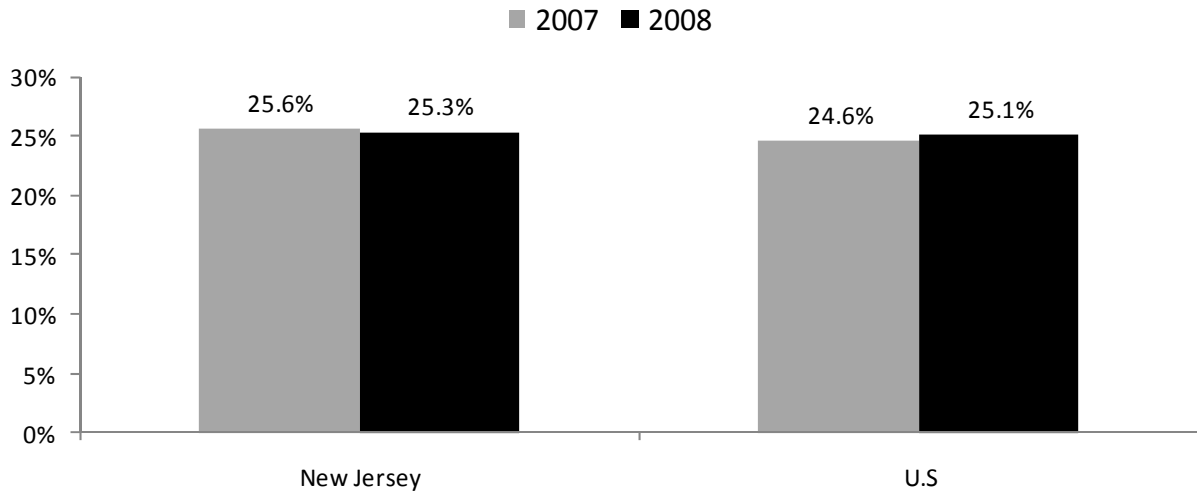
Figure 9.3 shows percentage of renters who were severely cost-burdened (housing costs are more than 50 percent of annual income) in 2007 and 2008 in New Jersey and for the nation, overall. The percentage of severely cost-burdened renters declined slightly from 25.6 percent in 2007 to 25.3 percent in 2008, while for the U.S. as a whole it increased slightly.

**Figure 9.2: Percentage of Cost-burdened Rental Households, New Jersey & U.S., 2007 & 2008**



Source: U.S. Census Bureau, American Community Survey, 2007 & 2008

**Figure 9.3: Percentage of Severely Cost-burdened Rental Households, New Jersey & U.S., 2007 & 2008**



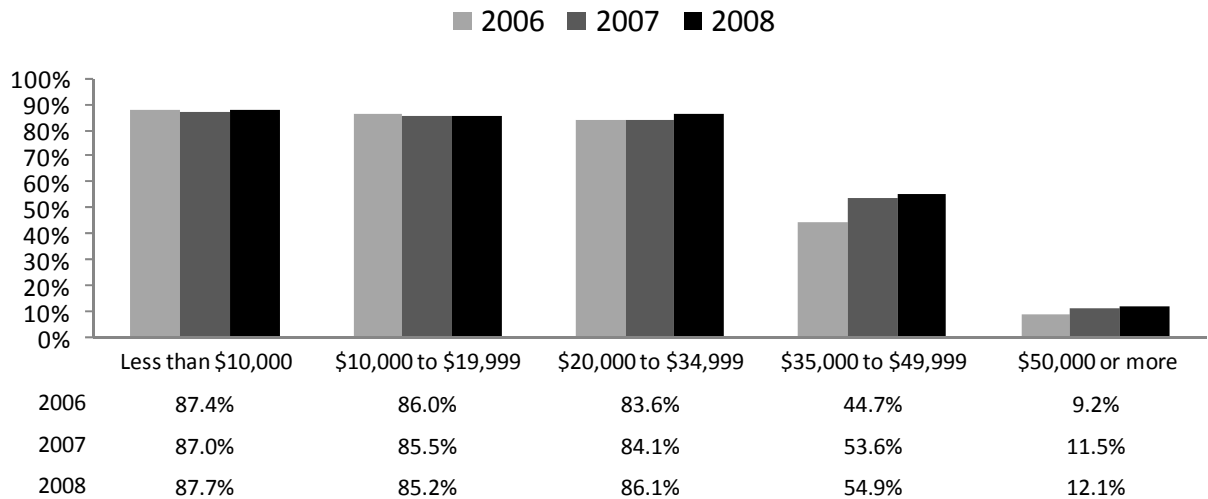
Source: U.S. Census Bureau, American Community Survey, 2007 & 2008

**Housing affordability continued to be a challenge for the residents of low income in 2008.**

Figure 9.4 shows the percentage of renters who were cost-burdened by income level for the three years 2006, 2007 and 2008. More than 85 percent of renters with incomes less than \$35,000 were cost-burdened in 2008. The percentage of renters with incomes less than \$10,000 and with incomes between \$20,000 and \$35,000 who were cost-burdened increased between 2007 and 2008. On the other hand, the share of renters earning more than \$35,000 who were cost-burdened

was considerably less, although they increased over the three previous years. Whereas 9.2 percent of renters earning more than \$50,000 a year were cost-burdened in 2006, the proportion increased to 12.1 percent in 2008.

**Figure 9.4: Percentage of Cost-burdened Rental Households by Income Level, New Jersey, 2006-2008**



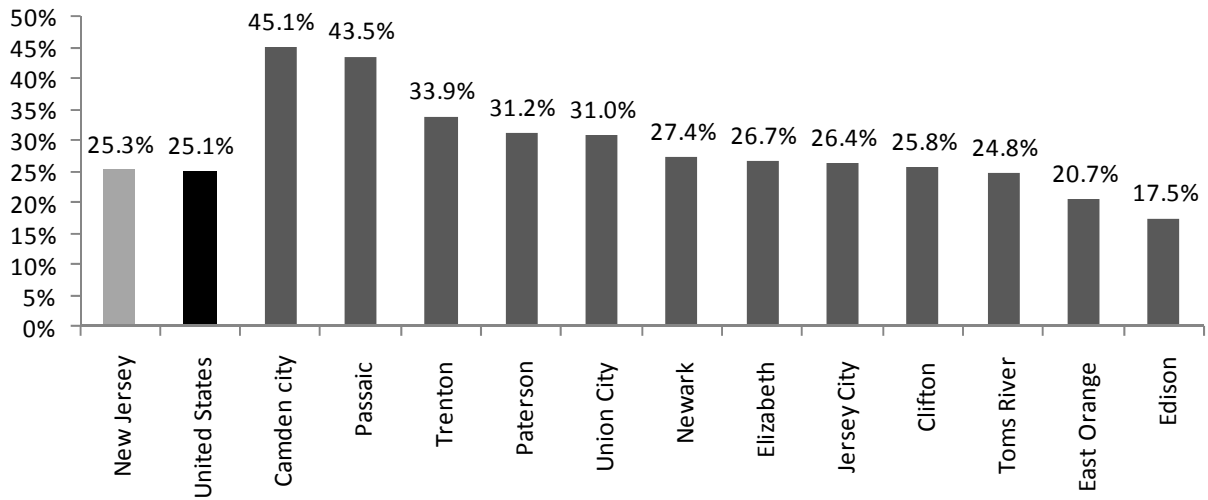
**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

**New Jersey residents living in the state’s urban centers were among the most severely cost-burdened in 2008.**

Figure 9.5 depicts the percentage of households that were severely cost-burdened by place of residence in 2008. It shows that among the most severely cost-burdened households were households living in New Jersey’s urban centers such as Camden, Passaic, Trenton, Paterson, and



**Figure 9.5: Percentage of Severely Cost-burdened Rental Households by Place of Residence, New Jersey, 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2008

Union City, where 45.1 percent, 43.5 percent, 33.9 percent, 31.2 percent, and 31.0 percent, respectively, spent more than 50 percent of their income on housing costs. In the case of Camden and Passaic, the percentages were more than one and a half times the state average.

### **c. Overcrowding**

#### **The percentage of renter-occupied homes that were overcrowded increased considerably in 2008.**

The proportion of renter-occupied homes that were overcrowded (more than one occupant per room) increased considerably between 2007 and 2008, growing from 5.6 percent in 2007 to 9.2 percent in 2008 (see figure 9.6). Moreover, renters were much more likely to be living in overcrowded conditions than owners were. In 2008, 75.2 percent of all overcrowding occurred in renter-occupied homes, whereas only 24.8 percent were in owner-occupied homes.

**Figure 9.6: Percentage of Overcrowded Households by Tenure, New Jersey, 2007 & 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2007-2008

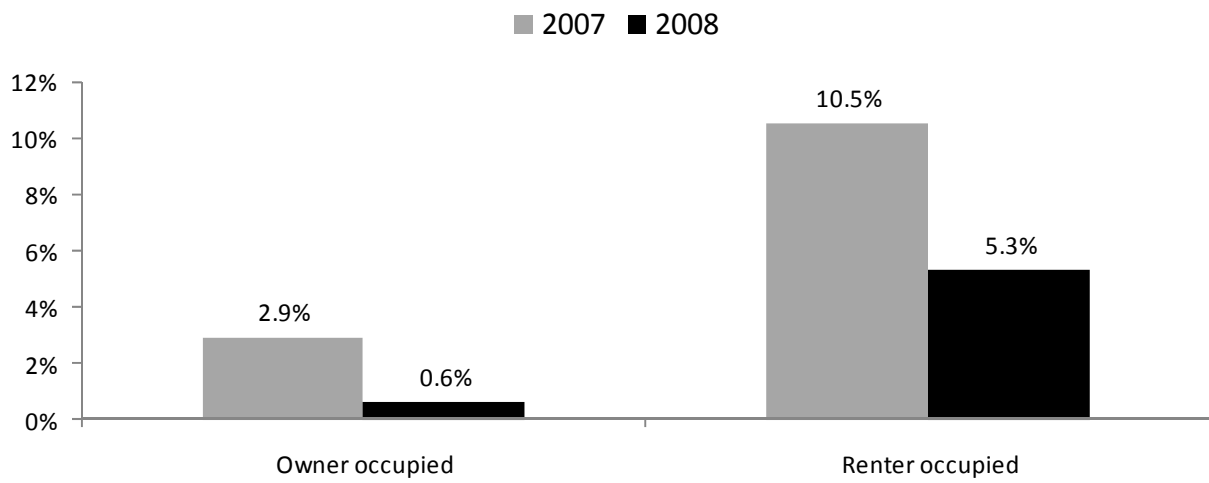
#### **d. Telephone Service**

##### **Access to a personal telephone service improved substantially in 2008.**

Figure 9.7 shows the percentage of households that did not have telephone service in 2007 and 2008 by tenancy. It shows that the percentage of renters who had no access to telephone services in 2008 was half that of the previous year. In 2007, 10.3 percent renters did not have access to a telephone; in 2008, only 5.3 percent lacked access. Access to telephone service also improved among homeowners — 2.9 percent lacked access in 2007, compared to less than one percent in 2008.

Analysis at the urban level, however, shows that there were a number of towns where the share of households that were without telephone service was considerably higher than the state average in 2008. More than 15 percent of renters living in the cities of Union, Trenton, and Clifton did not have telephone service in 2008.

**Figure 9.7: Percentage of Households with No Telephone Service by Tenure, New Jersey, 2007 & 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2007-2008

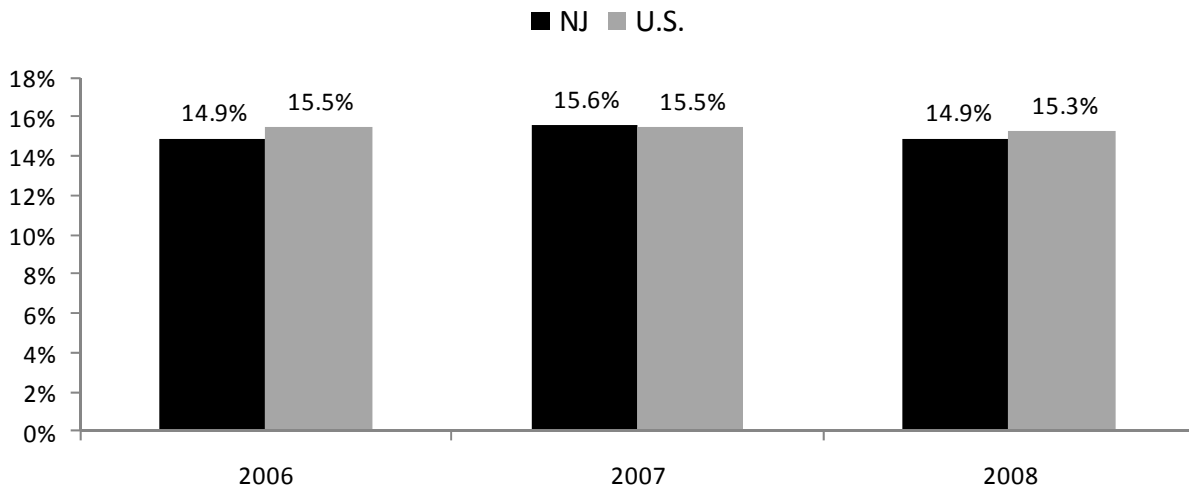
## 10. Health Care

### a. Health Insurance Coverage: Overall Population

**Overall, New Jersey's health insurance coverage rate was higher than the national average in 2008, and it improved slightly over 2007.**

In 2008, 14.9 percent of New Jersey residents did not have health insurance coverage, slightly lower than the national average of 15.3 percent (see figure 10.1). The share of New Jersey residents with no health insurance coverage declined between 2007 and 2008, falling from 15.6 percent in 2007 to 14.9 percent in 2008. Over the same period, the share of the nation's population with no health insurance coverage rate declined marginally, from 15.5 percent in 2007 to 15.3 percent in 2008.

**Figure 10.1: Percentage of Population with No Health Insurance Coverage, New Jersey & U.S., 2006-2008**



**Source:** U.S. Census Bureau, Current Population Survey (2-year average)

**The health insurance coverage of New Jersey residents living in poverty continued to be lower than the national average for the third consecutive year, although it improved from 2007 to 2008.**

While the rate of health insurance coverage for New Jersey's population, as a whole, was higher than that of the nation in 2008, the opposite was true for New Jersey residents living at various levels of poverty. Forty-four percent of New Jersey residents in severe poverty, 33.5 percent below the FPL, and 30.6 percent living in true poverty did not have health insurance coverage, compared to 35 percent, 30.7 percent, and 27.1 percent, respectively, at the national level (see figure 10.2).

On the other hand, the health insurance coverage rate for New Jersey residents living below severe poverty, the FPL, and true poverty improved between 2007 and 2008. In 2007, about 50 percent of New Jersey residents in severe poverty lacked health insurance coverage; in 2008, the share declined to 44 percent. The uninsurance rate for those residents living below the FPL declined from

40.7 percent in 2007 to 33.5 percent in 2008. For those residents living below true poverty, the uninsurance rate decreased from 32.1 percent in 2007 to 30.6 percent in 2008.

**Figure 10.2: Percentage of Population Living in Poverty with No Health Insurance Coverage, New Jersey & U.S., 2006-2008**

Poverty Level		2006	2007	2008
Below Severe Poverty	New Jersey	40.0%	50.1%	44.0%
	United States	35.2%	35.8%	35.0%
Below the Federal Poverty Level	New Jersey	37.6%	40.7%	33.5%
	United States	31.1%	31.3%	30.7%
Below True Poverty	New Jersey	30.1%	32.1%	30.6%
	United States	27.5%	27.6%	27.1%

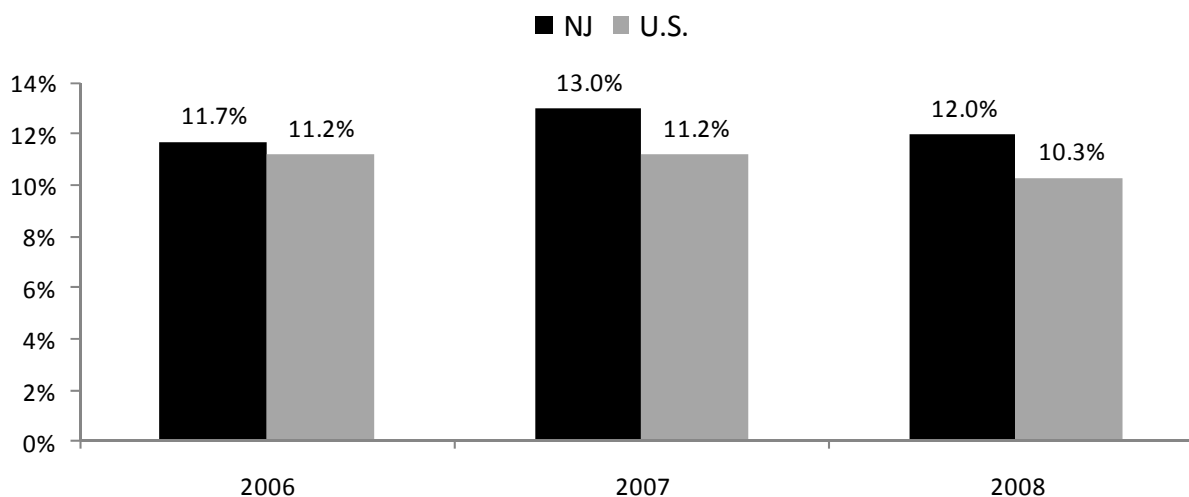
Source: U.S. Census Bureau, Current Population Survey (2-year average)

### b. Health Insurance Coverage: Children

**A larger share of New Jersey children had health insurance coverage in 2008 than in 2007, although New Jersey continued to lag the nation in child health insurance coverage in 2008.**

In 2008, there was an improvement in child health insurance coverage, with the decline in the share of children lacking health insurance coverage from 13.0 percent in 2007 to 12.0 percent in 2008 (see figure 10.3). On the other hand, a larger share of children in New Jersey did not have health insurance than their counterparts nationwide in 2008 — 12 percent of the state’s children, compared to 10.3 percent at the national level. This continues the trend of the previous two years in which a larger share of children in New Jersey than nationwide lacked health insurance coverage.

**Figure 10.3: Percentage of Children with No Health Insurance Coverage, New Jersey & U.S., 2006-2008**



Source: U.S. Census Bureau, Current Population Survey (2-year average)

**The share of New Jersey children living in poverty without health insurance coverage remained higher than the national average for the third consecutive year; however, there was an improvement in coverage between 2007 and 2008.**

A considerably larger proportion of New Jersey children at different levels of poverty did not have health insurance coverage in New Jersey than nationwide for the years, 2006, 2007, and 2008 (see figure 10.4). In 2008, 26.2 percent of New Jersey’s children living in severe poverty lacked health insurance coverage, compared to the lower U.S. average of 16.7 percent. Similarly, 23.4 percent of children living below the FPL and 24 percent of children living below true poverty lacked health insurance, compared to the much lower national averages of 16.6 percent and 16.2 percent, respectively.

Although the health insurance coverage rates for children living in poverty were lower than they were for the nation, there were improvements in coverage from 2007 to 2008. The share of children in severe poverty who lacked health insurance coverage decreased from 34.6 percent in 2007 to 26.2 percent in 2008, a substantial improvement. Similarly, the uninsurance rate declined for children living below the FPL by ten percentage-points, decreasing from 33.4 percent in 2007 to 23.4 percent in 2008. The percent of children without health insurance coverage living below true poverty decreased from 26.6 percent in 2007 to 24 percent in 2008.

**Figure 10.4: Percentage of Children Living in Poverty with No Health Insurance Coverage, New Jersey & U.S., 2006-2008**

Poverty Level		2006	2007	2008
Below Severe Poverty	New Jersey	36.6%	34.6%	26.2%
	United States	18.9%	18.3%	16.7%
Below the Federal Poverty Level	New Jersey	30.6%	33.4%	23.4%
	United States	19.0%	18.4%	16.6%
Below True Poverty	New Jersey	23.0%	26.6%	24.0%
	United States	17.9%	17.6%	16.2%

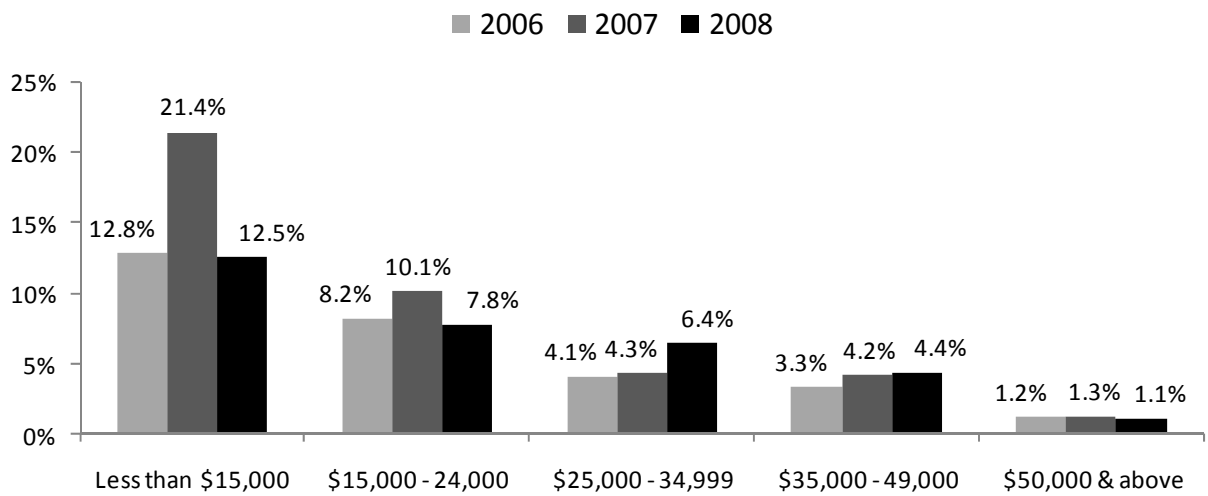
Source: U.S. Census Bureau, Current Population Survey (2-year average)

**c. Health Status**

**The health status of New Jersey residents with the lowest incomes improved in 2008.**

Although substantial disparities existed in the share of New Jersey residents who reported being in poor health, based on income, the disparity narrowed significantly for the two lowest income groups in 2008. Figure 10.5 shows that approximately 12.5 percent of New Jersey residents with incomes less than \$15,000 reported being in poor health in 2008, compared to 21.4 percent in 2007, a nearly nine percentage point improvement. Likewise, a smaller share of residents with incomes between \$15,000 and \$24,999 reported being in poor health in 2008 than in 2007. On the other hand, a larger share of residents in the \$25,000 to \$34,999 and the \$35,000 to \$49,999 income groups reported being in poor health in 2008 than in 2007.

**Figure 10.5: Percentage of Population Reporting Poor Health by Income Level, New Jersey, 2006-2008**



**Source:** Center of Disease Control, Behavioral Risk Factor Surveillance System, Prevalence and Trends Data, New Jersey, 2006-2008

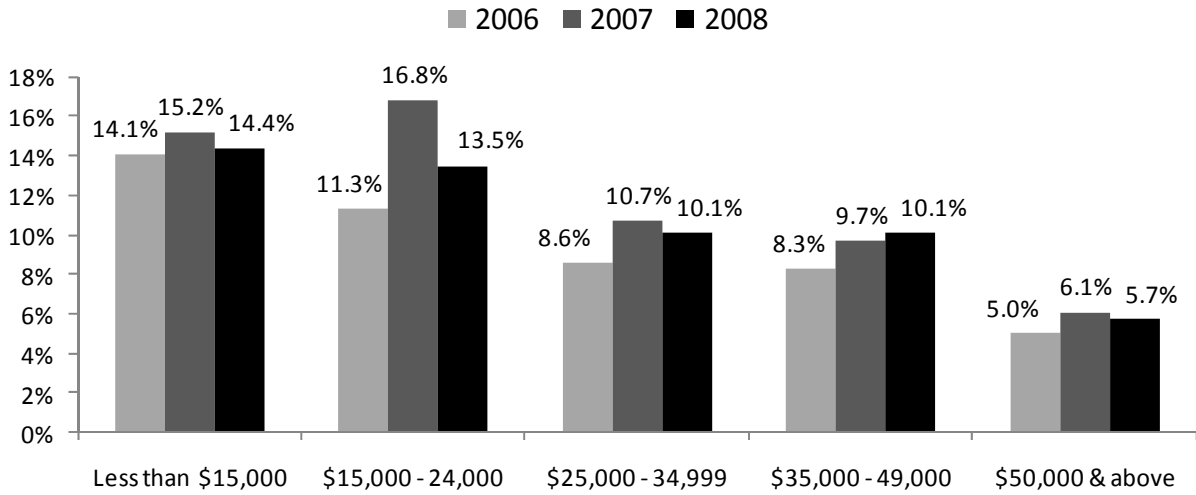
**The incidence of health problems such as diabetes and obesity declined among residents with the lowest incomes in 2008.**

Figures 10.6 and 10.7 present the share of the population in New Jersey reporting diabetes and obesity, by income level. They show that, although the incidence of individuals reporting both health conditions is higher among residents with the lowest income, the percent reporting having these two conditions declined in the lowest three income categories for diabetes and in two of the lowest three income categories for obesity.

Figure 10.6 shows that the percentage of residents with incomes below \$15,000 who reported having diabetes decreased from 15.2 percent in 2007 to 14.4 percent in 2008. Similarly, the incidence declined for the \$15,000 to \$24,999 and \$25,000 to \$34,999 income groups from 16.8 percent to 13.5 percent and from 10.7 percent to 10.1 percent, respectively. The incidence was much lower in the highest income group, where only 5.7 percent of residents reported having diabetes.

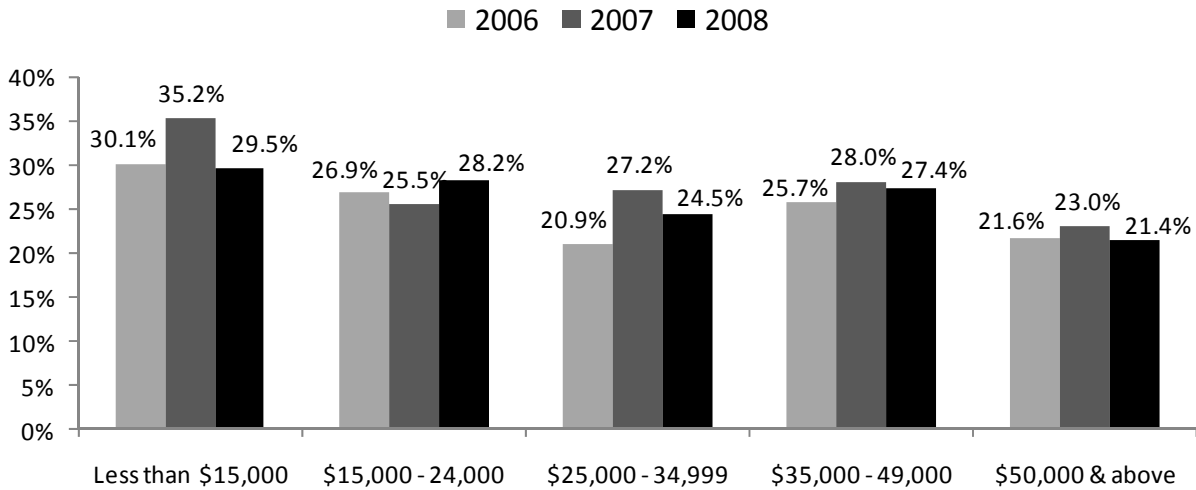
Figure 10.7 shows the percentage of residents who reported being obese by income level. The percentage of residents in the lowest income group (below \$15,000) reporting obesity decreased from 35.2 percent in 2007 to 29.5 percent in 2008. On the other hand, a much lower percentage of the highest income group reported being obese in 2008 — 21.4 percent of residents with incomes above \$50,000.

**Figure 10.6: Percentage of Population Reporting Diabetes by Income Level, New Jersey, 2006-2008**



**Source:** Center of Disease Control, Behavioral Risk Factor Surveillance System, Prevalence, and Trends Data, New Jersey, 2006-2008

**Figure 10.7: Percentage of Population Reporting Obesity by Income Level, New Jersey, 2006-2008**



**Source:** Center of Disease Control, Behavioral Risk Factor Surveillance System, Prevalence and Trends Data, New Jersey, 2006-2008



# 11. Education

## a. Student Proficiency in Mathematics and Language Arts

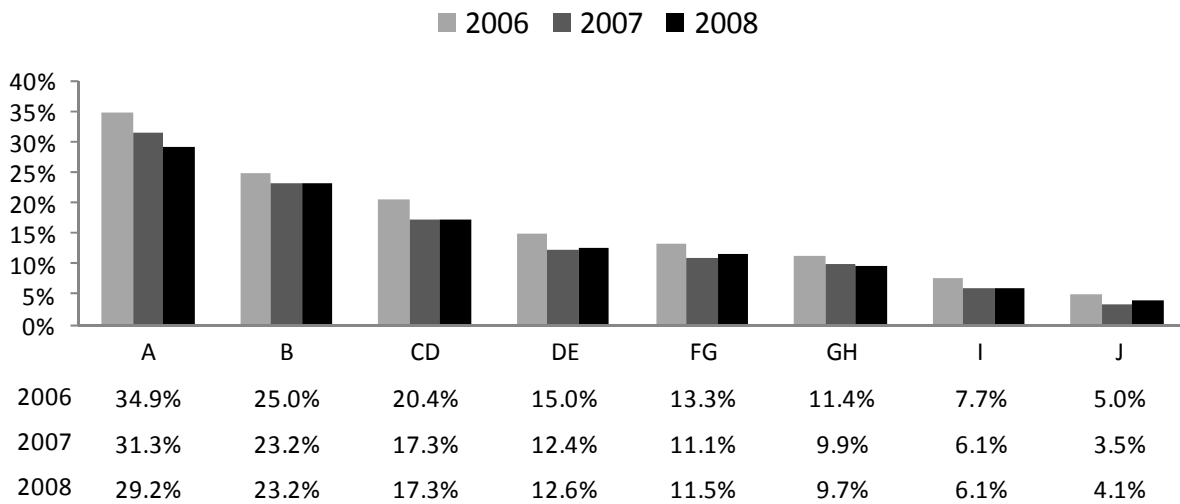
**Significant proficiency disparities in mathematics and language arts persist between grade four students from the lowest and highest socio-economic school districts, although the gap narrowed slightly in 2008.**

The percentage of students from school districts with the lowest socio-economic status (“A” and “B”) who were partially proficient in mathematics and language arts continued to decrease in 2008; however, significant disparities in achievement persisted.

Figure 11.1 shows that 29.2 percent of students from “A” districts were partially proficient in grade four mathematics in 2008. This was a slight improvement over 2007, when 31.2 percent of the students were partially proficient. In the “J” school districts, however, more than 95 percent of students were proficient in mathematics.

The New Jersey Department of Education classifies school districts within New Jersey into eight District Factor Groups (DFGs) based on their relative socioeconomic status — “A” being the lowest and “J” being the highest. The Department of Education refers to these variables as an approximate measure of a community’s socioeconomic status. The variables used in the calculation of DFG status include percentage of individuals in poverty, median family income, unemployment rate, occupational status, percent of individuals with no high school diploma, and percentage with some college education.

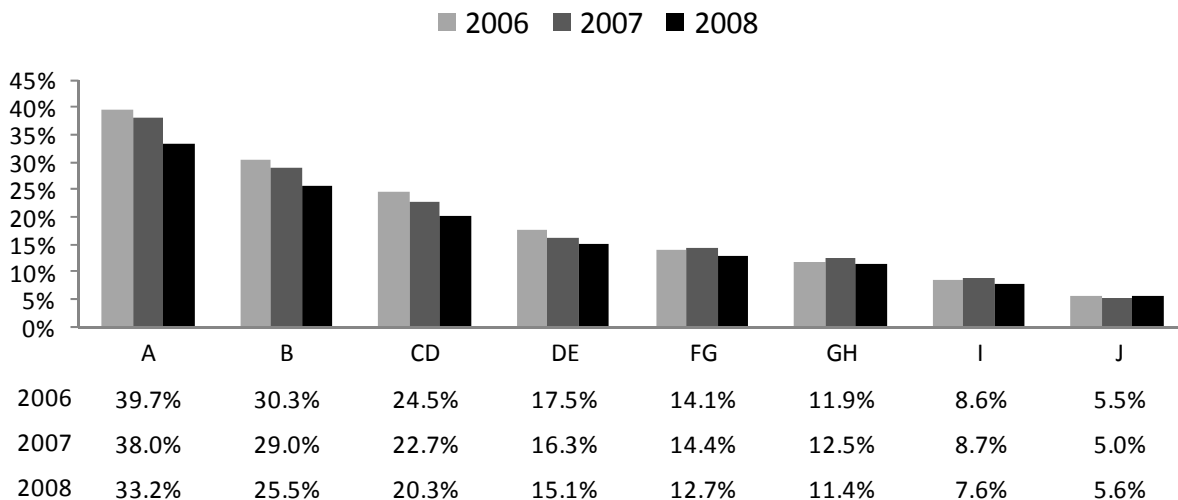
**Figure 11.1: Percentage of Students Partially Proficient in Grade Four Mathematics by School District, New Jersey, 2006-2008**



Source: New Jersey Department of Education

Figure 11.2 shows that the percentage of students partially proficient in grade four language arts was not much different from the rates for mathematics. Among “A” school districts, 33.2 percent of students were partially proficient in 2008, compared to 38.0 percent in 2007. The percent of partially proficient students in the “J” districts, however, remained much lower — only 5.6 students in 2008, a slight increase over 2007.

**Figure 11.2: Percentage of Students Partially Proficient in Grade Four Language Arts by School District, New Jersey, 2006-2008**



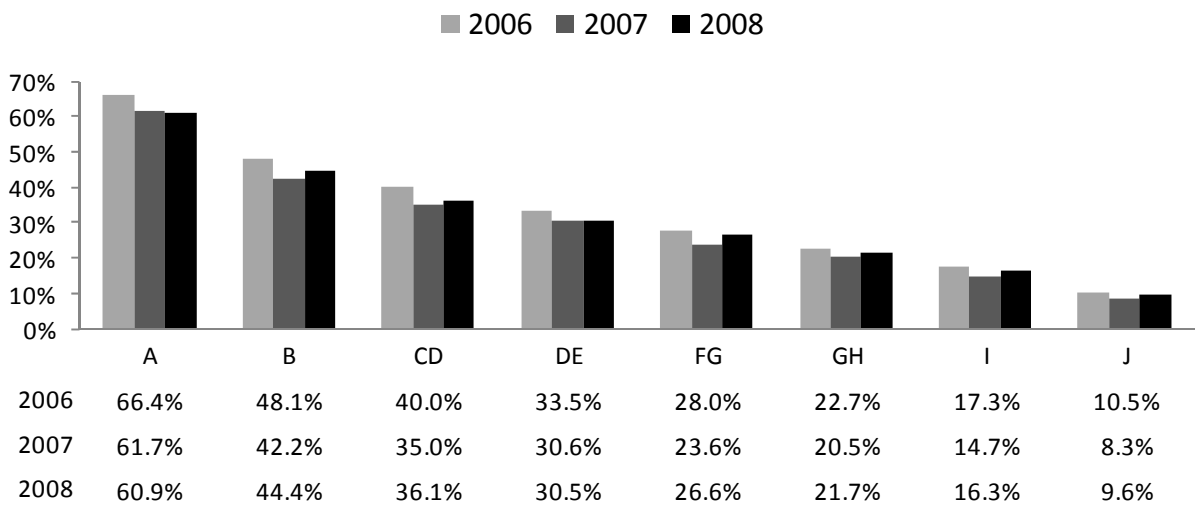
Source: New Jersey Department of Education

**The proficiency disparities in mathematics and language arts between students from the lowest and highest socio-economic middle school districts remained especially pronounced in 2008.**

The share of grade eight students partially proficient in mathematics remained especially high in school districts of lower socio-economic status. Figure 11.3 shows that 60.9 percent of grade eight “A” school districts students were partially proficient in mathematics in 2008, a slight improvement over the 61.7 percent rate in 2007, but were more than double that of the primary schools. Among middle school “J” district students, a substantially lower percentage was partially proficient in mathematics, although the rate was more than double that of the primary schools and it increased between 2007 and 2008. In 2008, 9.6 percent of students were only partially proficient in middle school mathematics, compared to 8.3 percent in 2007.

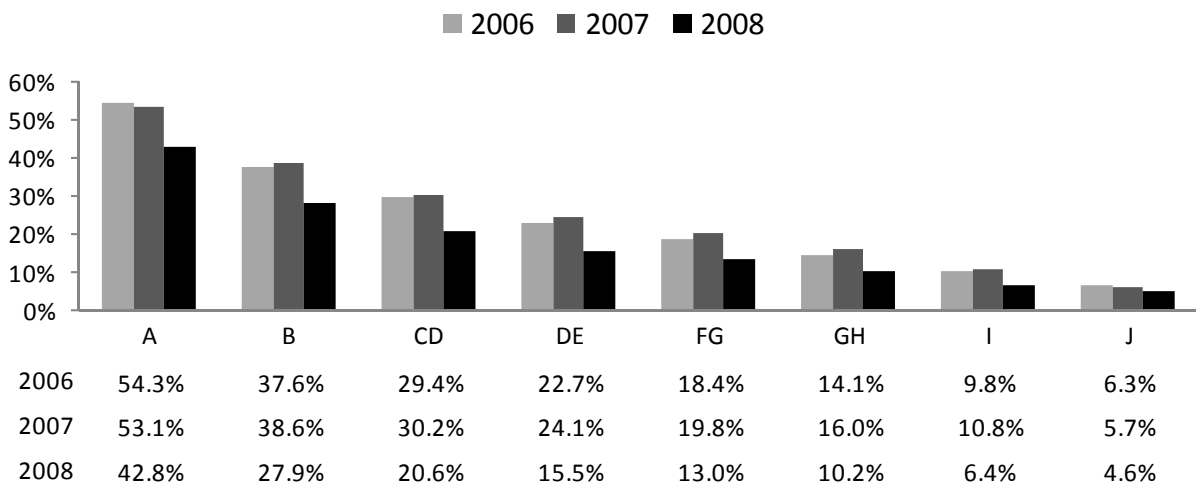
Middle school students were more proficient in language arts than they were in mathematics. The partially proficient rates for grade eight students were considerably lower in language arts than they were in mathematics and some improvement in proficiency rates occurred between 2007 and 2008. Figure 11.4 shows that the percentage of partially proficient students in language arts decreased from 53.1 percent in 2007 to 42.8 percent in 2008 in “A” school districts, while the percentage of partially proficient students in the “J” districts decreased from 5.7 percent in 2007 to 4.6 percent in 2008. However, substantial proficiency differences persisted between students from “A” school districts and those from “J” districts, although improvements occurred in both districts.

**Figure 11.3: Percentage of Students Partially Proficient in Grade Eight Mathematics by School District, New Jersey, 2006-2008**



Source: New Jersey Department of Education

**Figure 11.4: Percentage of Students Partially Proficient in Grade Eight Language Arts by School District, New Jersey, 2006-2008**



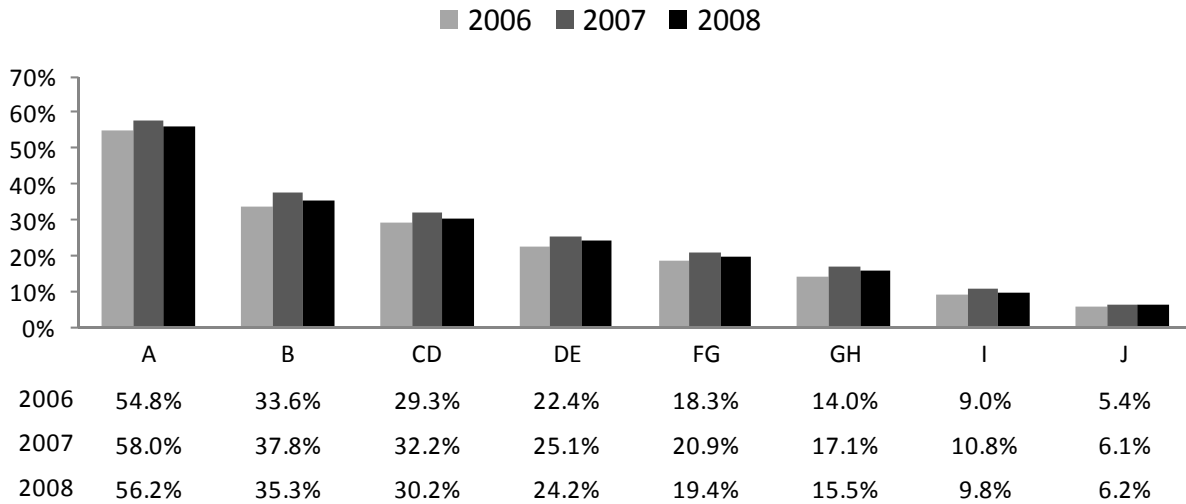
Source: New Jersey Department of Education

**The proficiency disparities in mathematics and language arts between students from the lowest and highest socio-economic high school districts remained large, while the proportion of students who were partially proficient in language arts increased in 2008.**

Figure 11.5 highlights mathematics proficiency for high school students in 2008. More than half the high school students in the “A” school districts remained only partially proficient in mathematics, although the proportion of partially proficient students declined slightly, decreasing from 58

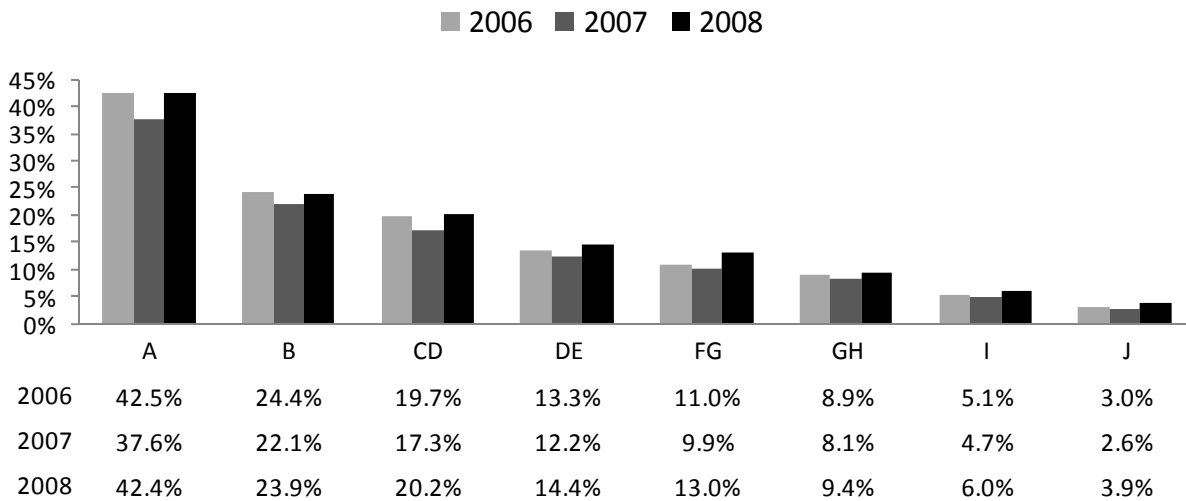
percent in 2007 to 56.2 percent in 2008. The percent of partially proficient students in the “J” districts continued to be substantially lower at 6.2 percent in 2008.

**Figure 11.5: Percentage of Students Partially Proficient in High School Mathematics by School District, New Jersey, 2006-2008**



Source: New Jersey Department of Education

**Figure 11.6: Percentage of Students Partially Proficient in High School Language Arts by School District, New Jersey, 2006-2008**



Source: New Jersey Department of Education

Figure 11.6 shows that the percentage of students in the “A” school districts who did not meet the state’s criteria for high school language arts proficiency increased in 2008 — from 37.6 percent in 2007 to 42.4 percent in 2008. While the proportion of student who did not meet the state’s criteria of proficiency also increased in the “J” districts in 2008, only 3.9 were partially proficient.

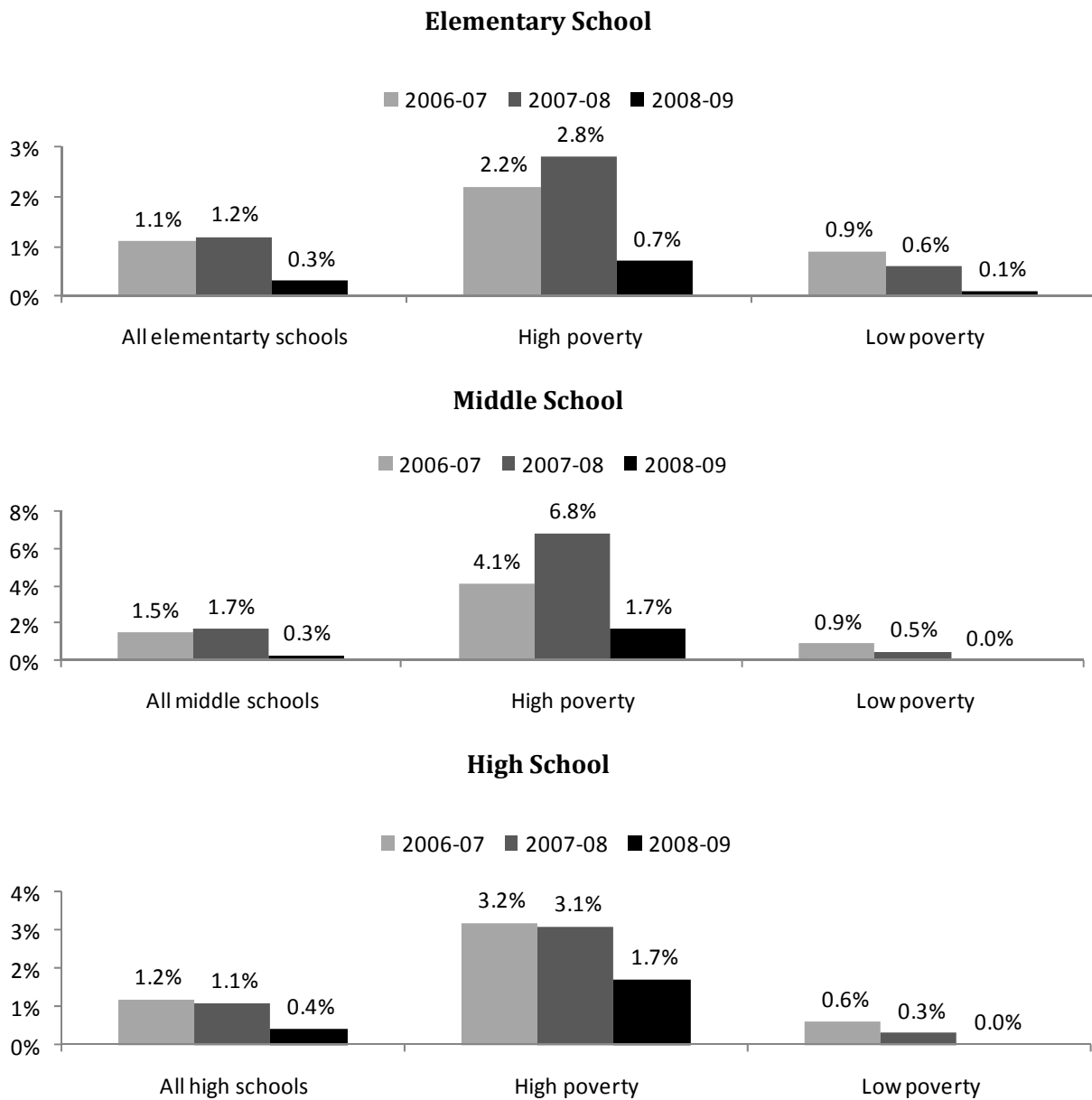
Nevertheless, a smaller percentage of students were partially proficient in language arts than in mathematics in both “A” and “J” districts.

## b. Teacher Qualification

**Access to qualified teachers improved in all school districts in 2008, including in districts of lower socio-economic status.**

Figure 11.7 shows the percentage of teachers who did not meet the state’s basic qualification criteria in elementary, middle, and high schools from 2006 to 2008. It shows that for all schools, at

**Figure 11.7: Percentage of Non-highly Qualified<sup>9</sup> Teachers by School Level, New Jersey, 2006-2008**



Source: New Jersey Department of Education

the elementary, middle and high school levels, the percentage of teachers who were not qualified decreased in 2008, reaching their lowest levels for the three-year period. Similarly, the percentage of non-highly qualified teachers declined for schools of lower socio-economic status at the three levels.

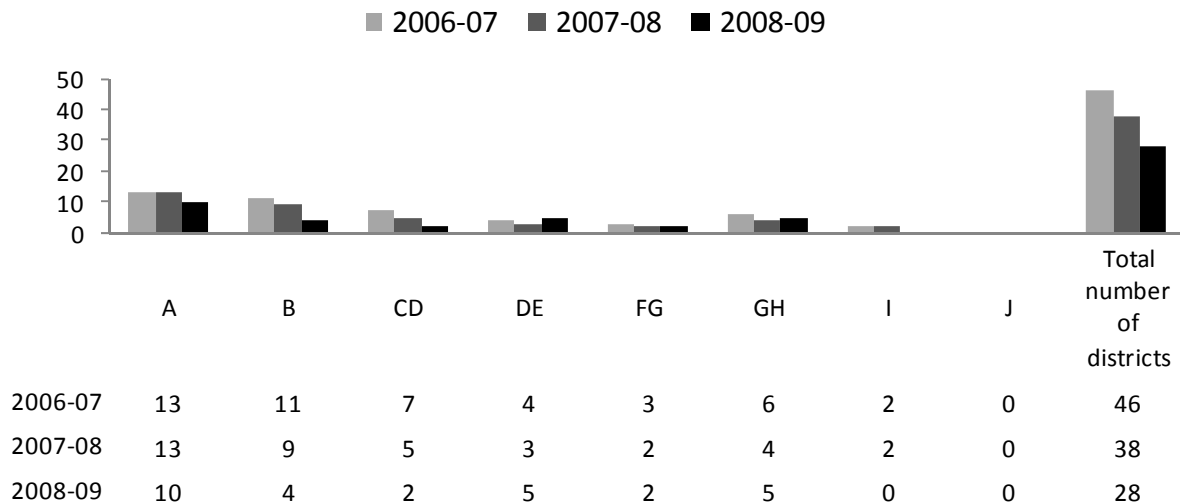
While the proportion of teachers who were not highly qualified in districts of lower socio-economic status was almost negligible in 2008 for the three levels of schooling, there were still a small percentage of non-highly qualified teachers in these schools. At the elementary level, almost one percent was not highly qualified, and at the middle and high school levels, almost two percent each.

### c. School Performance

#### The number of school districts of lower socio-economic status in need of improvement decreased in 2008.

The number of school districts of lower socio-economic status (“A” and “B”) failing to make adequate progress declined in 2008. Figure 11.8 shows that in 2008, 14 “A” and “B” districts out of 28 districts failed to make adequate progress. This was a marked improvement over 2007 when 22 “A” and “B” districts out of 38 districts failed to meet the State’s performance criteria.

**Figure 11.8: Number of School Districts in Need of Improvement by School District, New Jersey, 2006-2008**



Source: New Jersey Department of Education

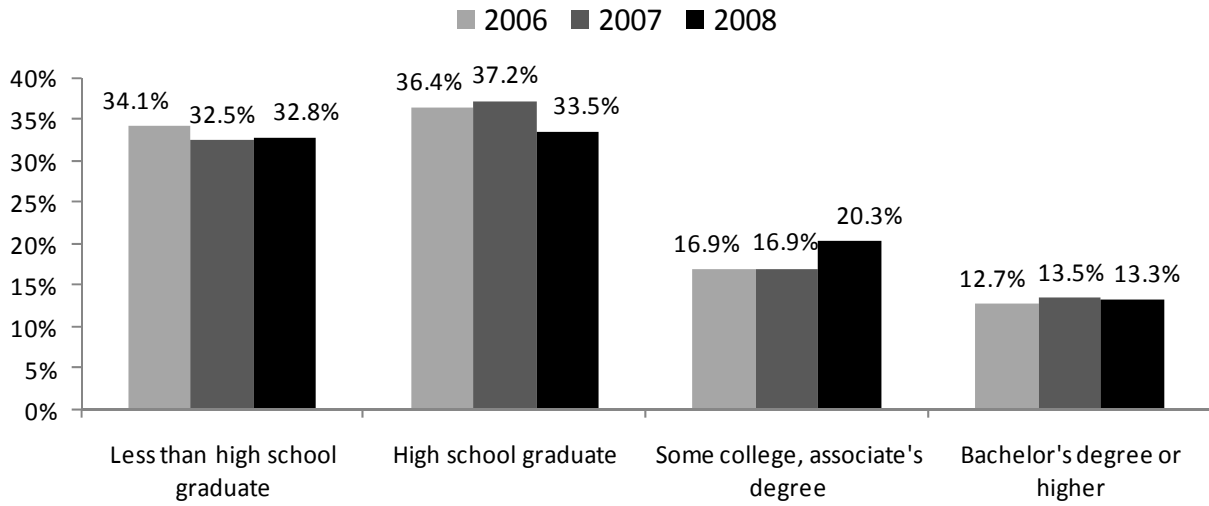
### d. Educational Attainment and Poverty

#### The percentage of people living below the official poverty level with some college experience or an associate’s degree increased in 2008.

Figure 11.9 shows that the percentage of individuals living below the FPL with some college or an associate’s degree increased from 16.9 percent in 2007 to 20.3 percent in 2008. On the other hand, the proportion of people living below the FPL who were high school graduates declined from 37.2

percent in 2007 to 33.5 percent in 2008, while those with no high school diploma or Bachelor's degree remained more or less unchanged.

**Figure 11.9: Educational Level of People Living Below the Official Poverty Level, New Jersey, 2006 to 2008**



**Source:** U.S. Census Bureau, American Community Survey, 2006-2008

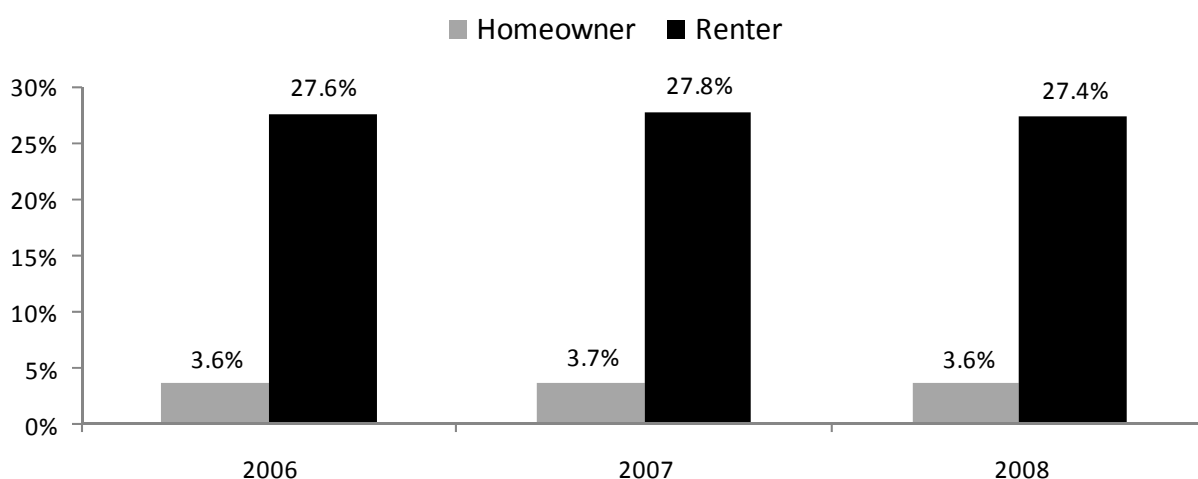
## 12. Transportation

### a. Car Ownership

**A large disparity in car ownership between renters and owners continued to persist in 2008.**

A much larger proportion of renters than owners did not own a car in 2008 — 27.4 percent of renters, compared to 3.6 percent of owners (see figure 12.1). This continued the trend of the previous two years.

**Figure 12.1: Percentage of Residents Not Owning a Car by Tenure, New Jersey, 2006-2008**



Source: U.S. Census Bureau, American Community Survey, 2006 - 2008

### b. Journey to Work by Poverty Status

**People living below the official poverty level continued to rely less on a car but more on other means of transportation to travel to work than residents of higher incomes did.**

Although New Jerseyans living below the FPL relied most heavily on the car to travel to work in 2008, they were less likely than those with incomes greater than the FPL to use a car to travel to work (see figure 12.2). In 2008, 46.1 percent of the people with incomes below the FPL traveling to work used a car, compared to 50.6 percent of those with incomes between 100 and 149 percent of the FPL and 73.6 percent of those people with incomes greater than 150 percent of the FPL. Instead, they were more likely to make use of public transportation, walk, use a taxicab and other means of transportation, and work at home.

The proportion of people with incomes less than the FPL traveling to work by car declined in 2008, decreasing from 47.8 percent in 2007 to 46.1 percent in 2008. On the other hand, public transportation usage went up from 15.7 percent in 2007 to 18.1 percent in 2008, while carpooling, taxicab usage, and other means of commuting went up slightly. Walking declined from 11.3 percent



in 2007 to 10.4 percent in 2008, as did the share of people who worked at home, which declined from 5.5 percent in 2007 to 5.3 percent in 2008.

**Figure 12.2: Means of Transportation to Work by Level of Poverty, New Jersey, 2006-2008**

	2006	2007	2008
<b>Below 100% FPL</b>			
Drove Alone	44.7%	47.8%	46.1%
Carpool	13.8%	13.2%	13.5%
Public Transportation	20.5%	15.7%	18.1%
Walked	10.0%	11.3%	10.4%
Taxicab, Motorcycle, Bicycle, or Other Means	6.3%	6.4%	6.5%
Worked at Home	4.6%	5.5%	5.3%
<b>100% - 149% FPL</b>			
Drove Alone	50.5%	50.3%	50.6%
Carpool	15.3%	16.1%	14.5%
Public Transportation	15.3%	17.1%	16.9%
Walked	10.3%	8.1%	8.9%
Taxicab, Motorcycle, Bicycle, or Other Means	5.0%	5.6%	5.8%
Worked at Home	3.5%	2.8%	3.3%
<b>At or Above 150% FPL</b>			
Drove Alone	73.9%	73.7%	73.6%
Carpool	8.9%	8.8%	8.8%
Public Transportation	9.7%	10.0%	9.8%
Walked	2.8%	2.5%	2.6%
Taxicab, Motorcycle, Bicycle, or Other Means	1.6%	1.8%	1.9%
Worked at Home	3.2%	3.3%	3.2%

**Source:** U.S. Census Bureau, American Community Survey, 2006 - 2008

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PART D: MAJOR STATE PROGRAMS  
AND PROCESSES TRACKED BY THE  
BENCHMARKS REPORT

# Major State Programs and Processes Tracked by the Benchmarks Report

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The final part of this report gauges the effectiveness of the State's interventions with regard to several elements of poverty described in the preceding sections. Some state programs that focus on specific impacts of poverty can be readily linked to the problems they aim to address, and developments in these programs can be assessed in the context of the data measuring the problem. It is much more difficult, however, to gauge the effectiveness of programs' response to poverty as a whole.

New Jersey, like other states, has a history of a fragmented approach to poverty. For example, the State has been cited as a leader in several programmatic responses in such areas as health care coverage and educational equity, yet the State lags behind in instituting welfare grant and minimum wage increases. Concurrently, the State responses to issues of hunger and affordable housing have often been inconsistent. Even within several of these areas, inconsistencies in addressing the effects of poverty exist. For instance, while the State has made significant advances to address the health insurance needs of children and parents, the health insurance needs of adults without custodial care of children have been neglected.

There is no state-based government program in New Jersey that addresses, in a broad way, the defining problem of inadequate income. In order to effectively harness the resources of state government to make real progress in reducing and ameliorating the effects of poverty, the efforts of the diverse departments and programs that do, or could, address poverty must be coordinated. A growing number of states have taken up this challenge of a coordinated response to poverty by establishing state task forces that develop strategies and recommendations to reduce poverty. Since 2003, twenty states have participated in this effort and more than half of these states have targets for reducing poverty in the next ten years. In addition, ten states have recently held governor's summits as forums for discussing strategies to increase economic opportunity.<sup>10</sup>

New Jersey has taken a step in this direction through pending legislation that would initiate a "New Jersey Council on Child Poverty."<sup>11</sup> The legislation would create a council to examine "the policies, procedures, and operations of state and local government agencies and community-based organizations that provide services to children and families living in poverty." In addition, the legislation would develop a 10-year plan to reduce the number of children living in poverty by 50 percent. The legislation is an important step toward addressing elements of poverty for children. It could also serve as a model for instituting a comprehensive approach to poverty as a whole.

Until New Jersey takes on a more coordinated approach to poverty, evaluation of the State's response to poverty can only be assessed by looking at individual program developments. Our focus in this report is on major state programs, processes and expenditures. While many essential governmental and nongovernmental entities seek to address problems related to poverty and inadequate income, state government has a unique ability and responsibility to respond to poverty in New Jersey, and the State of New Jersey must be held accountable for its effectiveness in addressing the systemic causes and consequences of poverty. At the same time, this section does

not include every state program or expenditure with any relevance to the given challenge; such a list would be unmanageable. Instead, Part D examines specific major programs that address elements of poverty and looks to previous years' reports to establish current "benchmarks." One further note: although we focus on state programs and processes, some of the state's priorities and actions are necessarily considered in the context of federal action.

Part D will examine specific major state programs that address elements of poverty and evaluate their performance in relation to income support, employment, food and nutrition, housing and land use, health care, education, and legal needs as a context for accountability analysis. The matrix on the following page provides a list of the programs tracked by the report and shows how each program addresses, or aims to address, impacts of poverty discussed in the previous sections.

At a Glance	Income Support	Employment	Food & Nutrition	Housing & Land- Use	Health Care	Education	Legal Needs
<i>Major State Programs Tracked by this Report</i>	Almost 20 percent of the state's population lived below 200 percent of FPL in 2008.	Almost 10 percent of the working age population living in poverty worked full-time and year round. The unemployment rate has skyrocketed over the last two years.	The percentage of New Jersey families experiencing hunger grew for the third consecutive year in 2008, the highest since 1998.	2008 saw persistence of economic and racial segregation and the housing affordability crisis continues.	Despite substantial improvements in health insurance coverage in 2008, the uninsurance rate of New Jersey residents continued to be higher than the national average.	The achievement gap between students from the lowest and highest socioeconomic districts narrowed in 2007, although disparities still exist.	The vast majority of New Jersey residents with lower incomes do not get the legal assistance they need for their legal problems.
Work First New Jersey	X						
Earned Income Tax Credit	X						
Supplemental Security Income	X						
Minimum wage		X					
Unemployment Insurance		X					
New Jersey Cares for Kids		X					
Family Leave Insurance		X					
The Food Stamp Program			X				
School nutrition programs			X				
COAH & the Mt. Laurel Process				X			
State Rental Assistance Program				X			
New Jersey FamilyCare					X		
Public school funding reform						X	
Legal Services							X

# 13. Income Support

## a. Work First New Jersey (WFNJ)

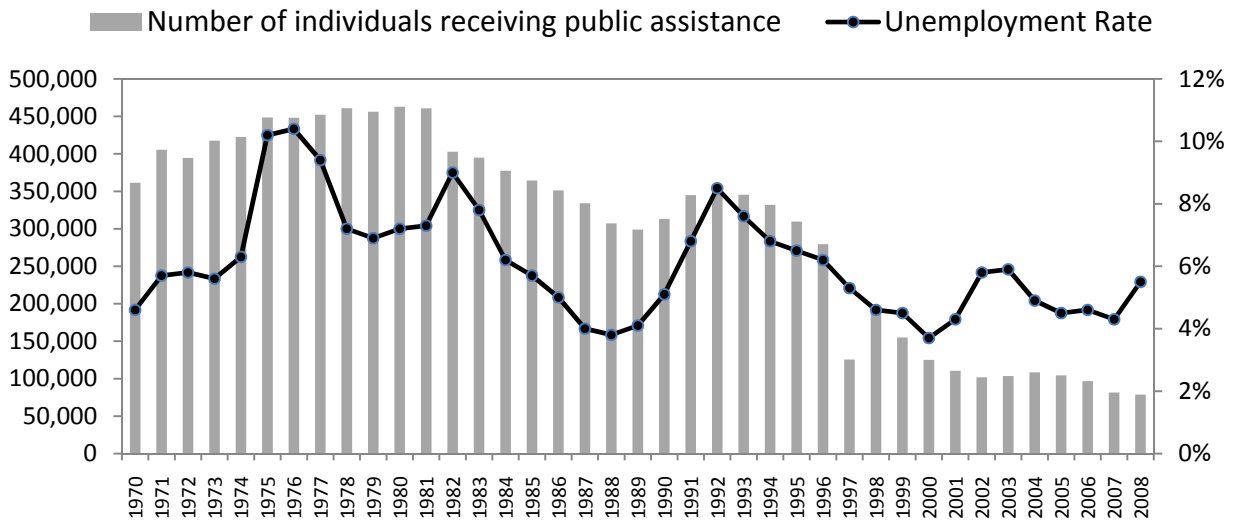
The Work First New Jersey program provides cash assistance and selected support services to families and individuals of the lowest income in the state. The program is designed as a temporary support focused on moving participants into employment through mandatory participation in work activities for all individuals who are judged to be able to work. (For more information about WFNJ eligibility, see Appendix V.)

**The TANF caseload decreased in New Jersey in 2009. Because of the diminishing benefit levels, WFNJ is no longer a safety net that is responsive to downturns in the economy.**

In New Jersey, the TANF caseload decreased by 679 cases from 37,515 in July 2008 to 36,836 in July 2009, a 1.8 percent decline.<sup>12</sup> According to a recent survey, New Jersey was one of only seven states in the nation to see a TANF caseload decrease over the last year.<sup>13</sup>

Historically, public assistance in New Jersey has been responsive to every major recession since the 1970's. Figure 13.1 shows that when unemployment increased in a recession, the public assistance caseload also increased. The current recession is the first major recession in which the New Jersey public assistance caseload has declined. Decreases in dependence on public assistance can indicate reductions in need when they correlate with greater economic well-being. However, the current trend shows that case loads are declining as unemployment rates steadily increase, suggesting a more complicated explanation.

**Figure 13.1: Number of Individuals Receiving Public Assistance and the Unemployment Rate, New Jersey, 1970-2008**



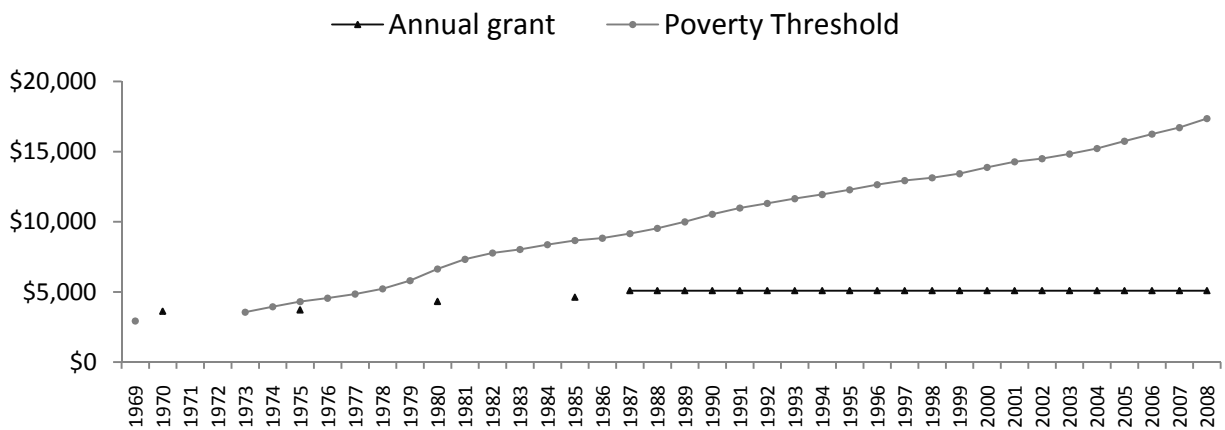
**Source:** U.S. Administration for Children and Families and the New Jersey Department of Labor and Workforce Development

A possible explanation is two-fold: First, the low benefit amount discourages many eligible families from going through the lengthy bureaucratic process that is necessary to receive assistance. Second, the low grant amount makes more families ineligible for WFNJ. Eligibility for the program is restricted to households with incomes below 150 percent of the maximum benefit level, which means that a single parent with two children earning more than \$636 per month is ineligible for assistance.

**Grant levels have not been raised since 1987. Cash income levels are currently below the level of income measured by the severe poverty income threshold — an annual income of less than \$8,673 for a family of three.**

Welfare grant levels have remained static since 1987 with a maximum grant of \$424 per month for a family of three, which annualizes to just \$5,088. Figure 13.2 tracks the growing divergence between grant levels and the poverty threshold. In the late 60s and early 70s, individuals receiving grants were actually close to, or even above, 100 percent of the federal poverty threshold. In 2008, however, the grant level amount was a mere 30 percent of the poverty threshold. Each year the grant level's value diminishes and becomes less adequate. Average costs for housing, transportation, and other necessary expenses have increased substantially since 1987. Although some supplemental support is provided for food, transportation, and sometimes housing, these forms of assistance do not rise anywhere near what it takes to meet basic needs.

**Figure 13.2: Poverty Threshold for a One-Adult, Two-Child Family, and the Annual Welfare Grant for a Three-Person Family in New Jersey, 1969-2008**



**Source:** U.S. Census Bureau, Current Population Survey Historic Poverty Tables; U.S. House Ways and Means Committee Green Book

**The low benefit level inhibits program goals.**

The central goal of WFNJ is to assist participants in moving into self-sufficient work. This goal is undermined by the extremely low grant levels. The basic cash grant does not provide the stability necessary to allow participants to obtain adequate employment that would create the opportunity for economic self-sufficiency.



## CALL FOR STATE ACTION

- *For New Jerseyans with the lowest income who must depend on public assistance, provide a level of income adequate to meet their most basic needs and allows them to succeed in the task of moving toward self-sustaining work.<sup>14</sup>*

In 2008, almost 20 percent of the state's population lived below 200 percent of the FPL, a more realistic assessment of the share of the population living with an income that does not meet basic needs.

In order to accomplish the goals of Work First New Jersey and raise the grant amount to a reasonable standard of adequate income the State should take the following steps. First, the State should increase the cash grant by a small amount in the next New Jersey budget to begin the process of bringing cash grants to a level that can meet basic needs. Moving forward, the State should pass legislation to automatically increase grant levels to accommodate the rising cost of living and create a commission to study the adequacy of WFNJ grant levels and ensure the fulfillment of program goals.

The TANF block grant is due for reauthorization in 2010 and the state's artificially low case load numbers set the stage to more permanently limit federal funding for this vital program. However, reauthorization could also create an opportunity to re-set the TANF grant amount for New Jersey. The State must work to maximize resources, including federal dollars, to improve the adequacy of income assistance for the poorest children and adults.

### **b. Earned Income Tax Credit (EITC)**

The state Earned Income Tax Credit mirrors the federal credit of the same name. Both programs provide households of low income with a refundable credit that can reduce the amount owed in income taxes, or provide subsidiary income if the benefit exceeds the amount of taxes owed, including when no tax is owed. Studies have shown that the EITC increases labor force participation among families of low income, especially for families with single mothers.<sup>15</sup> [For more information about New Jersey's EITC eligibility, see Appendix V].

#### **EITC eligibility thresholds have been expanded and participation has increased.**

When New Jersey's state EITC was created in 2000, credit levels were linked to the federal tax credit (equaling 20 percent of the tax filer's federal credit), but income eligibility was cut off at \$20,000, unlike the federal eligibility which adjusts every year. This eligibility was raised to mirror the federal program beginning with the 2007 tax year. At the same time, the amount of the credit was increased to 22.5 percent of the federal credit in 2008, rising to 25 percent in 2009. This expansion of the program means both that more families become eligible and receive relatively more assistance to help make their incomes adequate. As figure 13.3 shows, expanded eligibility has translated into increases in participation.

**Figure 13.3: New Jersey State Earned Income Tax Credit Data by Tax Year<sup>16</sup>**

	<b>TY 2006</b>	<b>TY 2007</b>	<b>TY 2008</b>
Number of recipients	195,896	473,874	482,769
Average EITC benefit	\$576.53	\$396.87	\$460.69
Total EITC expenditure	\$112,040,494	\$188,065,187	\$222,408,425

**Source:** Tax year information provided by New Jersey Department of the Treasury

### **c. Supplemental Security Income (SSI)**

SSI is a cash assistance program for individuals with documented long-term disabilities who lack a sufficient work history to be eligible for Social Security Disability benefits. Although SSI is administered by the Federal Social Security Administration (SSA), New Jersey provides an optional state supplement, as do all but six other states.

#### **Monthly state supplements have not been increased in 20 years.**

New Jersey's SSI benefits are marked by a lack of progress. The federal portion of the benefit is subject to automatic annual increases to account for inflation, but the monthly state supplement of \$31.25 for individuals and \$25.36 for couples has not been increased in more than 20 years. New Jersey's supplement is relatively meager in comparison with many other high cost states (such as California, Connecticut, Massachusetts, New York, and Rhode Island), which all provide state supplements of more than \$100 per month for an individual. New Jersey is also one of only seven states where the state supplement for couples is lower than the supplement for individuals.

#### **The SSA claims backlog has increased.**

Disability claims have risen dramatically over the last year. In FY 2009, Americans filed 400,000 more disability claims than SSA predicted, and the agency expects more than 700,000 claims filed in 2010 than 2008. The backlog of claims, which the agency has been working to decrease for years, stood at 780,000 in the Fall of 2009. The fact that many state governments have furloughed Disability Determination Services (DDS) employees, who are considered state employees but are paid through the federal government, has exacerbated the backlog. According to a recent inspector general report, the furloughs have delayed approximately 69,000 claims nationwide. So far, New Jersey is not among the states choosing to furlough DDS employees, and the State should refrain from taking this action.

#### **CALL FOR STATE ACTION**

- *Address the inadequacy of income support for individuals with disabilities and limited assets by increasing the state SSI supplement.*

The state supplement has not been increased since 1986. The monthly income provided to SSI recipients is far from adequate to cover basic needs, as the increase in SSI emergency assistance recipients suggests.<sup>17</sup> SSI recipients are among the most vulnerable residents in the state. The seriousness of their disabilities makes it very difficult to earn income from work, and also makes the medical insurance coverage provided through Medicaid to SSI recipients essential.

Most recipients are left with no alternative to increase their income to adequate levels when the monthly assistance does not cover expenses.

- *Ensure that the NJ Disability Determination Services (DDS) is not included in any “required holidays,” staff reductions, hiring freezes, or other state budget reduction measures.*

Although employees of the NJ Disability Determination Services (DDS), which makes medical findings in SSI/SSDI cases at the first two levels, are technically state employees, they are not state-funded. The state would not save money by implementing the aforementioned measures and instead would only increase the burgeoning case delays.

## 14. Employment

### a. Minimum Wage

Although not a state program, the State is responsible for setting requirements for employers to provide adequate compensation to their employees. The basic premise of the minimum wage is to ensure that work is rewarded and that a full-time worker has adequate income to meet basic needs.

#### **New Jersey’s minimum wage is inadequate and continues to decline in value.**

New Jersey’s rate remains at \$7.25, raised only nominally from its 2006 level of \$7.15 to be on par with the federal level (effective July 2009). The history of New Jersey’s minimum wage in recent decades shows a sporadic pattern of inadequate adjustment. From its inception in 1966 until the early 1980s, New Jersey’s minimum wage roughly kept pace with the federal poverty threshold income for a family of three.

Almost ten percent of the working age population living in poverty in 2008 worked full-time and year-round.

However, the adequacy of the minimum wage began to drop sharply in the 1980s when increases ceased to be implemented with their previous regularity.

In addition, the relative value of the minimum wage has not kept pace with the overall cost of living in the state. In its second annual report released in December 2008, which recommended raising the minimum wage to \$8.50, the New Jersey Minimum Wage Advisory Commission cited to the fact that the overall cost of living in New Jersey as well as housing costs are well above the national average. The impact of this disparity is felt most intensely by low-wage workers as they struggle to meet their basic needs.<sup>18</sup>

#### **CALL FOR STATE ACTION**

- *In accordance with the New Jersey Minimum Wage Advisory Commission’s recommendation,<sup>19</sup> increase the minimum wage to at least \$8.50 per hour and establish an automatic annual increase each year based on the increase in the consumer price index.<sup>20</sup>*

Fourteen states plus the District of Columbia have already set their minimum wage above the federal level and eight of these states have minimum wages set at or above \$8.00.<sup>21</sup> The

Commission’s third annual report will be released shortly, and its recommendations should be taken into consideration and ultimately followed.

## **b. Unemployment Insurance (UI)**

The Unemployment Insurance system is a joint federal-state program funded by payroll taxes that provides temporary replacement income for workers who lose their jobs through no fault of their own. Federal and state governments partner in funding the unemployment safety net and in setting the rules that govern state programs. During the recent economic crisis, the federal role in managing the nation’s unemployment predicament has expanded. The federal government has implemented a federally-funded temporary extension of unemployment insurance and also included additional funding and expansion as part of the American Recovery and Reinvestment Act (ARRA). [For more information on Unemployment Insurance eligibility, see Appendix V.]

**There are currently four Emergency Unemployment Compensation (EUC) benefit extensions available as well as Extended Benefits (EB).**

**Figure 14.1: New Jersey Unemployment Benefit Extensions**

EUC Tier 1	Up to 20 weeks or 80 percent of an individual’s maximum benefit amount from the original claim, whichever amount is less.	Effective July 6, 2008.
EUC Tier 2	Up to 14 weeks or 54 percent of an individual’s maximum benefit amount from the original claim, whichever amount is less.	Federal legislation in November 2008 provided 13 weeks of benefits. The additional week was added on November 6, 2009.
EUC Tier 3	Up to 13 weeks or 50 percent of an individual’s maximum claim from the original claim, whichever amount is less.	Effective November 8, 2009.
EUC Tier 4	Up to 6 weeks or 24 percent of an individual’s maximum benefits amount from the original claim, whichever amount is less.	Effective November 8, 2009.
Extended Benefits (EB)	13 weeks or 50 percent of the maximum benefits amount from the original claim, whichever amount is less.	Effective March 15, 2009 (triggered due to an unemployment rate that averaged over 6.0 percent over three months).
High EB	Additional 7 weeks for a total of 20 weeks or 80 percent of the individual’s maximum benefit amount, whichever amount is less.	Effective May 3, 2009

**Source:** New Jersey Department of Labor and Workforce Development

## **Eligibility and benefit calculation limitations continue to keep unemployment benefits from being most accessible and effective for New Jersey's workers of low income.**

Of the total number of workers officially without jobs (440,500), only 180,100 were among the insured unemployed in November 2009,<sup>22</sup> meaning that they were eligible for unemployment benefits.<sup>23</sup> Self-employed workers and some contracted employees are not eligible to receive benefits, and among workers who do pay into the system through payroll taxes, an additional threshold of earnings and base weeks must be satisfied. However, there are two options within the federal legislation that could provide UI benefits to more unemployed workers with families, who often face the greatest deprivation during times of unemployment. New Jersey currently only provides benefits to workers who leave work for compelling family reasons in one of the three possible federal categories. Workers who are forced to leave work due to the illness of a child, parent, or other immediate relative are ineligible for unemployment insurance in New Jersey, even though benefits are allowed under federal rules.

An additional limitation on benefits to unemployed workers with families is New Jersey's dependent allowance. Workers eligible for a weekly benefit that is lower than the maximum benefit can receive a supplemental dependent allowance. Since New Jersey's dependent allowance is calculated as a percentage of weekly benefits (seven percent for the first dependent and four percent each for up to two more dependents), unemployed workers with the lowest benefit also receive the least assistance to cover the expenses of their dependents. The federal model for dependent allowances would ensure a minimum of \$15 per week per dependent, so that those with the lowest benefits could have more resources to care for their dependents while unemployed.

Finally, New Jersey unnecessarily restricts potential benefit levels in the limited use of alternative base years. Workers who are not eligible for benefits using the standard base year calculation may be eligible using alternative base years to calculate weeks worked and earnings. However, workers who are eligible under the standard base year cannot opt to have their benefits calculated under an alternative base year, even if their benefit would be higher. Workers with low wages in short-term employment, and those with irregular work hours, could frequently be eligible for a higher benefit under alternative base years, and they are thus denied maximum benefit levels even though they paid enough into the system to be eligible otherwise.

### **CALL FOR STATE ACTION**

- *Provide the maximum benefits to unemployed workers during these tight economic times by implementing additional expansions to eligibility and benefit calculations. Increased federal funding from the stimulus bill would limit the impact of these changes on the Unemployment Compensation Fund.<sup>24</sup>*

Although New Jersey was not required to make substantial changes to the state UI program to leverage the federal

The unemployment rate in New Jersey has increased significantly over the past two years. By November of 2009, it had reached 9.7 percent, an increase of 5.4 percentage points since 2007.

stimulus money,<sup>25</sup> there are options within the federal legislation that could provide UI benefits to more unemployed workers with families. The State should expand UI eligibility rules to include individuals who leave work to care for a sick child, parent, or other close relative.<sup>26</sup> The State should also implement a minimum dependent allowance of \$15 per dependent to ensure more adequate benefits to claimants of low income. Finally, the State should allow calculation of benefits based on whichever base year provides the highest weekly benefit.

### **c. New Jersey Cares for Kids (NJCK)**

New Jersey Cares for Kids is the umbrella program for the State's child care subsidy programs, including means-based child care assistance, as well as programs for special populations (e.g. welfare, post-welfare, and DYFS families). Covered children may either be enrolled in a subsidized child care center or parents may use a voucher to purchase market rate child care in a center, registered family day care, or through family or friends. [For additional information about NJCK eligibility, see Appendix V.]

#### **Job search eligibility has been expanded.**

Under changes made last year to the NJCK Voucher Program, DFD has extended job search eligibility from 30 to 90 days for active voucher subsidy recipients who lose their jobs due to a lay-off or other recession related reason.

#### **As of December 2009, New Jersey has drawn down 16.8 percent of approximately \$34 million in CCDBG funds<sup>27</sup> among other initiatives, to reduce the number of children on the waiting list for child care assistance.**

ARRA, passed in February 2009, provided an additional \$2 billion nationally in funding for the CCDBG in the form of discretionary funds, meaning that there is no state match requirement to draw down the funds.<sup>28</sup> According to the Department, plans are in place to utilize all of the available funds for initiatives, including reducing the number of children on the waiting list (using existing eligibility criteria). As of October 22, 2009, the waiting list for the NJCK Voucher Program was 5,128 children. Although this is a point in time estimate, it is up from approximately 4,600 children in September 2008.<sup>29</sup> The Department also plans to use the ARRA funds in supporting quality improvement efforts and exploring the use of Electronic Benefits Transfer (EBT) systems. Targeted funds will be allocated to offer one-time quality enhancement grants to support equipment and supply purchases.<sup>30</sup>

#### **Co-pays and low payment standards continue to hamper the success of the NJCK program.**

Even though co-pays were eliminated in 2008 for families with incomes below the FPL, the co-pays continue to remain unaffordable for many families who have income above this level. This is particularly true in light of the fact that the state's payment rates fall well below the 75<sup>th</sup> percentile level recommended by the federal Child Care Development Block Grant. Although payment standards have been raised a few

Households with children account for nearly two-thirds (62 percent) of all households below income self-sufficiency in New Jersey, even through less than half (46 percent) of all New Jersey households have children.

times over the last several years, they still fall below the costs reflected in market rate surveys. Thus, families that participate in the program are not only responsible for co-pays, but also differential costs between the payment standard and the actual rates. These costs can make even subsidized child care unaffordable, ultimately forcing many parents of low income to opt for unregulated and sometimes unreliable care available through informal networks.

### **CALL FOR STATE ACTION**

- *Ensure that the ARRA funds are used effectively to maintain and improve child care policies. To build a case for permanent funding, New Jersey should document the use of the funds to improve child care quality and helping families with low income recover from the current economic crisis.<sup>31</sup>*
- *Looking ahead, the State's commitment of resources to assist parents of low income to secure safe, reliable, quality child care must be increased to allow elimination of the co-pay for families with incomes below 200 percent of the FPL and to increase the payment standard to at least 75 percent of market rates.<sup>32</sup>*

In New Jersey, unless contracted, child care providers can charge parents receiving child care assistance the difference between the reimbursement rate and the actual fee. Although this approach might be intended to help child care providers avoid lost income, it places a real financial burden on families of low income whose eligibility for assistance already demonstrates that they cannot afford any additional charges.

### **d. Family Leave Insurance (FLI)**

In May 2008, Governor Corzine signed a family leave insurance bill as an amendment to the existing Temporary Disability law. New Jersey's Family Leave Insurance program, which provides workers with up to six weeks of paid benefits to care for newborns, newly-adopted children, and sick family members, was implemented in July 2009. New Jersey is now the third state in the nation to adopt paid family leave and the second state to implement it.<sup>33</sup>

**Although eligibility and coverage gaps still exist, the implementation of FLI has been an important step in the right direction of work policies that move us away from trade-offs between necessary income and family responsibilities.**

Paid leave is especially crucial for workers with low income, who are less likely to have access to employer-provided leave benefits.<sup>34</sup> Workers with low income are also less likely to be able to afford to pay for safe and quality child care, adult care, or other family care needs and are more likely to be forced to make difficult trade-offs between work and family.<sup>35</sup>

**A discord between the FLI and other state and federal laws remains.**

A challenge for workers is the discord that exists between the new FLI and the already existing NJ Family Leave Act (NJFLA) and the federal Family and Medical Leave Act (FMLA).<sup>36</sup> For example, it may be possible for an employee to be eligible under the NJFLA but ineligible for paid family leave if she or he needs to care for an ill parent-in-law. Unlike the FLI, the NJFLA includes a broad definition of "parents" as "in-laws, step-parents, foster parents, adoptive parents, or others having a parent-child relationship with an employee."<sup>37</sup> In addition, FLI does

not protect the worker's job while she or he is on leave. A worker on leave might be protected under the NJFLA or the FMLA, but the difference in eligibility criteria keeps this protection out of the reach for many. In order to be eligible for protection under either the NJFLA or the FMLA, a worker must have been employed for at least 12 months for an employer who has 50 or more employees. Although workers will now be able to have a partial wage replacement for a limited amount of time, without job protection a worker may still have to make the difficult trade-off between caring for a sick family member and facing the risk of a job loss.

### **CALL FOR STATE ACTION**

- *The effectiveness of Family Leave Insurance needs to be closely monitored to assess how well it is complied with and enforced, and ultimately addresses the needs of New Jersey employees with low income.*

Given the fact that paid family leave was implemented recently, additional options for state programs and policies will become known as more claims are filed. As the process unfolds, advocates should be looking to identify areas for critique, expansion, or improvement.

## **15. Food and Nutrition**

### **a. Food Stamp Program/Supplemental Nutrition Assistance Program (SNAP)**

The Food Stamp Program, now known federally as the Supplemental Nutrition Assistance Program, provides in-kind assistance for the purchase of designated food items. While the program is federally funded, the State is responsible for administering the program locally. This includes incurring all costs related to the administration of the program, including conducting outreach, determining eligibility and issuing monthly benefits. [For additional information about Food Stamps/SNAP eligibility and benefits, see Appendix V.]

#### **Current eligibility criteria create a gap in responding to households below true poverty.**

Currently, only households with incomes below 130 percent of the FPL can qualify for food stamp assistance. The amount of food stamp benefits is based on the total monthly income and size of the household. A recipient household with no income receives the maximum monthly food stamp allocation for its size, while a household with some counted cash income receives a lesser amount, reduced from the maximum at the rate of 30 cents for each dollar of counted income.<sup>38</sup>

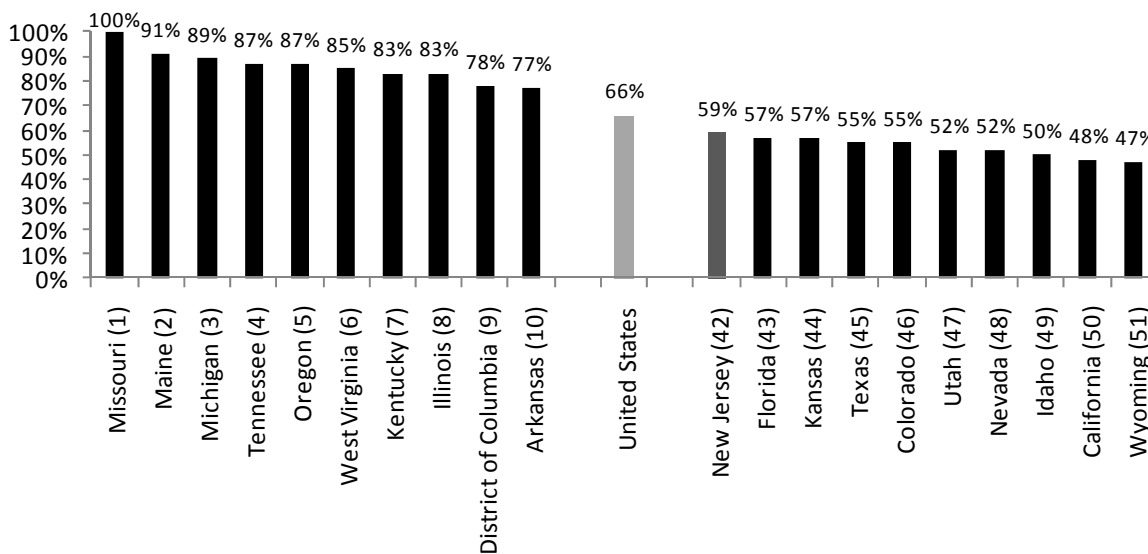
The current system for delivering food assistance is fairly comprehensive (including some additional programs, such as senior nutrition programs, not addressed in this report); however, a true gap exists in responding to the very real needs of households with incomes between 130 percent of the FPL and 200 percent of the FPL ("true poverty").



**New Jersey is among the lowest performing states in participation rate among eligible households, and particularly among working poor households.**

New Jersey’s participation rate is among the lowest in the country. Although the rate has improved since 2004, as figure 15.1 shows, only 59 percent of those eligible participated in the program in New Jersey in 2007. Among the states, New Jersey ranked 42nd in the number of eligible people receiving benefits.

**Figure 15.1: State Supplemental Nutrition Program (SNAP) Participation Rates, 2007**



Source: *Reaching Those in Need*, USDA, November 2009

**CALL FOR STATE ACTION**

- *Improve access to food assistance for those individuals facing income challenges in New Jersey by adopting the Department’s proposed regulations that would expand categorical eligibility. Increasing categorical eligibility will bring in more federal dollars because New Jersey is required to bear just a portion of the cost of the administration of the program; all costs related to the actual Food Stamp Program are borne by the federal government.*

The Department of Human Services has proposed new regulations<sup>39</sup> that would expand categorical eligibility to 185 percent of the FPL and repeal the resource limit. Expanding categorical eligibility is crucial for ensuring access to sufficient food for those facing income challenges, especially in this economic climate in which food needs are rising dramatically. The Food Stamp Program is the first line of defense against hunger, and the proposed regulations would provide much needed access to many more households who are going hungry.<sup>40</sup>

The percentage of New Jersey families experiencing hunger grew for the third consecutive year in 2008, the highest since 1998.

- *Improve the participation rate by instituting procedures that will narrow the gap between those who are eligible for the program and those who enroll. Many of these measures will also reduce costs incurred by the state government.*<sup>41</sup>

The state program must operate within federal rules, but the effectiveness of the State's administration of the program does impact participation. New Jersey has taken a step in improving access by instituting telephone redetermination; however, more needs to be done. Extending the time between administrative case reviews and improving the application and redetermination procedures by simplifying the application process — distinguishing between information necessary for eligibility and information necessary for additional benefits — will improve access to the program. Eliminating documentation requests for unnecessary items will not only assist new applicants but will also streamline the administrative burden on caseworkers.

## **b. School Nutrition Programs**

School-based nutrition and related programs, including school lunch, school breakfast, and summer nutrition provide meals for children in households of low income in learning or care environments. The stated purpose of the programs is to provide nutritious meals to promote good health and academic achievement. The School Lunch Program offers per meal cash reimbursement to schools. To receive free meals, household income must be below 130 percent of the FPL and for reduced-priced meals, household income must be between 130 percent and 185 percent of the FPL. All children eligible for free and reduced-price lunches are also eligible for the School Breakfast Program, but they are only able to participate if their school participates in the program. While the programs are all federally funded, New Jersey's Department of Agriculture administers the programs.

### **New Jersey's participation in the School Breakfast Program remains among the lowest in the nation.**

Student participation in the program ranked 46<sup>th</sup> in the school year 2007-2008, having regressed from the already low position of 44<sup>th</sup> the previous year.<sup>42</sup> Only 36.7 percent of School Lunch Program participants received subsidized school breakfasts. New Jersey was also in the bottom ten states for school participation in the 2007-2008 school year.<sup>43</sup>

### **CALL FOR STATE ACTION**

- *Improve access to children's food assistance by instituting procedures that will narrow the gap between those children who are eligible for the program and those who enroll by implementing a "universal" school breakfast program that would provide breakfast to all children in schools in which 60 percent or more of the students are eligible for free or reduced priced lunches and issuing a policy directive to all schools, stating that breakfast after the bell be considered part of instructional time.*<sup>44</sup>

The benchmark goal of the program is to serve breakfast to 60 per 100 of children of low income receiving lunch. Far from reaching this goal, New Jersey lost out on drawing down federal funds and many children went without nutritious breakfasts for which they were eligible. Other states have demonstrated that this goal is achievable — New Mexico reached 63

percent of eligible children and South Carolina reached 60 percent.<sup>45</sup> Even in difficult budget times, the goal is reachable due to the fact that nearly all breakfast costs for children of low income are paid by the federal government. New Jersey can look toward one of its own cities as an example. In the Food Research and Action Center’s report on “School Breakfast in America’s Big Cities,” Newark ranked first in participation with an 89 percent participation rate during the 2006-2007 school year. Unlike many other school systems, Newark operated a program that served breakfast in the classroom and at no charge to the students.<sup>46</sup>

## **16. Land Use Policy, Redevelopment, Affordable Housing, and Foreclosure**

### **a. Council on Affordable Housing (COAH) and the Mt. Laurel Process**

As Part B of this report demonstrates, data on poverty, income, and racial and ethnic groups at the country and municipal level reveals significant patterns of concentration of poverty and parallel concentration of Black or African American residents. In part, these data are a reflection of New Jersey’s development process, which is routed through local planning and zoning, and where principles of home rule control the creation of affordable housing.

Starting in 1975, a series of state Supreme Court cases, collectively referred to as Mt. Laurel, established an obligation on the part of New Jersey municipalities undergoing growth to incorporate their “fair share” of affordable housing. The cases were in response to exclusionary zoning laws that acted to exclude would-be residents of low and moderate income of the relatively wealthy Mt. Laurel Township. The resulting doctrine created a statewide precedent for counteracting such zoning laws and their effective concentration of affordable housing in areas of lower income.<sup>47</sup>

In 1985, in a follow-up to the court’s activity, the New Jersey legislature passed the “Fair Housing Act” or FHA. The FHA stated that there exists a constitutional obligation for municipalities to create affordable housing. It established the Council on Affordable Housing (COAH) to establish regulations for each municipality regarding the number of housing units required to satisfy their “fair share.”

**Figure 16.1: COAH Estimated Need and Completed Affordable Units (including Prior Round Obligations), 2008**

	<b>New Construction</b>	<b>Rehab Units</b>
Projected Need	189,872	51,904
Units Completed	59,338	13,536

**Source:** COAH, Proposed and Completed Affordable Units, updated on an ongoing basis and COAH and Rehabilitation Share, Prior Round Obligation and Growth Projections, effective October 20, 2008

The first two rounds of the COAH process (from 1987 to 1999) calculated a need for approximately 117, 897 new and rehabilitated units, of which fewer than half were created. The revised third round rules, as required by the Appellate Court’s rejection of the initial rules,

substantially increased the statewide goal for new and rehabilitated affordable units across the state — mandating one affordable unit for every four market rate units built, and one affordable unit for every 16 new jobs. It is important to keep in mind, however, that COAH does not include the definition of cost-burdened households, which refers to households who spend more than 30 percent of their income on housing costs, in calculating need.<sup>48</sup> As a result, the calculated needs underestimate actual need.

### **A-500 addressed provisions of the COAH process.**

A comprehensive housing reform bill (A-500), which was signed into law on July 17, 2008, addressed key provisions of both the COAH process and the state’s redevelopment law. From the perspective of planning for adequate affordable housing everywhere in the state, this bill took important steps. For instance, it created a State Housing Commission responsible for developing an annual estimate of housing need and preparing an annual housing plan, though the Commission has yet to meet. A-500 also eliminated Regional Contribution Agreements (RCAs) as a mechanism for meeting COAH obligations. Prior to A500, municipalities were allowed to meet up to 50 percent of their COAH obligation through RCA contributions or a set value per unit of obligation shifted to the receiving towns. Essentially, RCAs shifted the production to develop new affordable units from areas of higher opportunity to lower opportunity areas that had seen job losses, reinforcing concentration patterns.

### **Non-residential developer fees have been suspended.**

The New Jersey Economic Stimulus Act of 2009 contained a provision to temporarily suspend collection of non-residential developer fees, which were standardized at 2.5 percent by A-500 one year earlier. Moneys collected through the fee were slated to support the development of affordable housing throughout New Jersey and to fund the Urban Housing Assistance Fund created as part of the legislation. The fee, which resulted in the collection of approximately \$10 million in its first six months,<sup>49</sup> also assisted in leveling the playing field between municipalities who participate in COAH and those that do not by applying the fee on non-residential development in every municipality. The suspension of the developer’s fee affects affordable housing production by limiting the subsidy available.

### **CALL FOR STATE ACTION**

The overall need for affordable housing options in New Jersey is growing and poverty and race concentrations are increasing. Solutions will take true commitment at all levels of government. Given the current state of flux in the legislative process around A500, additional options for state programs and policies will need to be considered in light of upcoming developments.

- *Prevent the restoration of Regional Contribution Agreements (RCAs).*

One of the most important changes brought about by A500 was the elimination of RCAs as a mechanism for meeting COAH obligations. Since the passage of A500, opposition to the removal of RCAs has been persistent. Recently, Bill S-

There is widespread disparity in the incidence of poverty by county and town. Furthermore, people of color are disproportionately clustered in high poverty areas of the state.

2524 (corresponding bill A-3697) was introduced in the Senate, which would again allow towns to transfer up to 50 percent of their fair share obligation to another municipality through RCAs.<sup>50</sup> RCAs are detrimental to the effort to ameliorate pockets of poverty and should not be reinstated.

- *Include affirmative deconcentration policies in affordable housing creation programs.*<sup>51</sup>

The magnitude of the need for affordable housing dwarfs the resources currently committed to this goal, but the problem of concentrated poverty presents a different type of challenge in designing development programs. The differences in development costs between areas of low income and higher income also produce a built-in incentive for affordable housing development projects to be located in less expensive, more highly-concentrated areas. In order to counteract this tendency and ensure options for residents of low income to live in areas of higher income, housing development programs need to incorporate affirmative deconcentration goals.

- *Tie state subsidies for municipalities to development of affordable housing.*<sup>52</sup>

The State could promote inclusionary policies and practices by linking municipal efforts to develop affordable housing with incentive funding, and restrict state funding for municipalities that refuse to promote affordable housing. Recent changes to the school funding formula that will allow state funding to follow students of low income opens this door, but more direct triggers could be built into school funding allocations to encourage housing for families of low income. Other municipal aid and subsidies could also be linked with participation in efforts to develop adequate supplies of affordable housing at the municipal level.

## **b. Affordable Housing Production Programs**

For many years, the federal government has played a primary role in the production of affordable housing. In recent decades, however, the federal role has waned, making the State’s responsibility in affordable housing production and assistance all the more important. Moreover, New Jersey remains one of the most unaffordable states in the nation. As figure 16.2 shows, in New Jersey, a family needs 3.2 full-time jobs at minimum wage in order to afford a two-bedroom unit at fair market rent. Addressing this ever-increasing challenge requires renewed commitment from the State both to produce affordable housing and to provide direct housing subsidy assistance in the rental market.

**Figure 16.2: Annual Income and Full-time Jobs at Minimum Wage Needed to Afford Fair Market Rent (FMR), New Jersey, 2009**

	<b>2009 Fair Market Rent</b>	<b>Annual Income Needed to Afford FMR</b>	<b>Full-Time Minimum Wage Jobs Needed</b>
<b>Zero-Bedroom</b>	\$917	\$36,674	2.5
<b>One-Bedroom</b>	\$1,033	\$41,312	2.8
<b>Two-Bedroom</b>	\$1,202	\$48,087	3.2

**Source:** FY 2009 Fair Market Rent (HUD, 2008); National Low-Income Housing Coalition “Out of Reach”

A patchwork of state programs exists to encourage the development of much-needed affordable housing. Most state-funded programs and many federally-funded development programs operate through the New Jersey Department of Community Affairs and the Housing and Mortgage Finance Agency. Figure 16.3 illustrates the funding and activity levels of some of the highest producing programs. A brief description of these programs can be found in Appendix V.

**Figure 16.3: State Affordable Housing Production Funding and Activity Levels, New Jersey, 2007-2009**

	2007 Funding Level (actual)	2007 Activity Level <sup>53</sup> (actual)	2008 Funding Level (actual)	2008 Activity Level (actual)	2009 Funding Level (estimated)	2009 Activity Level (estimated)	2009 Funding Level (actual)	2009 Funding Level (actual)
Neighborhood Preservation								
Balanced Housing Program	\$24.7M	900 units	\$36M	500 units	\$30M	300 units	TBD	TBD
CHOICE	\$18.4M	500 units	\$28.8M	403 units	\$20M	250 units	\$17.9M	388 units
Special Needs Housing Trust Fund	\$24.1M	307 units	\$25.8M	238 units	\$48.5M	400 units	\$48M	427 units
Low-Income Housing Tax Credit Program <sup>54</sup>	\$19.3M	-	\$21.3M	-	\$20M	-	\$20M	-
Multi-Family Rental Housing Program	\$269M	3,242 units	\$119.4M	1,052 units	\$146M	1,390 units	\$52.3M	875 units

**Source:** Department of Community Affairs, Consolidated Plans FY 2007, 2008, 2009; Draft Consolidated Annual Performance and Evaluation Report, FFY 2008

### c. State Rental Assistance Program (S-RAP)

The State Rental Assistance Program provides a subsidized housing voucher similar to the federal Section 8 Housing Choice Voucher Program.<sup>55</sup> Recipients use the vouchers to secure moderately priced rental housing and are responsible to pay 30 percent<sup>56</sup> of their total income toward the rent, with the rest paid by S-RAP. [For more information about S-RAP eligibility, see Appendix V.]

#### **S-RAP Appropriations increased and some administrative problems were resolved, yet the need remains unmet.**

In FY09, S-RAP received an increase in appropriations of \$52.5 million (\$32.5 million from the General Fund and \$20 million from the Balanced Housing Fund). The S-RAP is currently providing assistance to more than 4,000 households. With a new FY 2010 budget of \$52 million,

the program plans to assist approximately 5,000 households.<sup>57</sup> In addition, although the S-RAP program continues to be burdened by administrative problems in part caused by inadequate staffing levels, some initial delays and problems with getting the vouchers into the hands of eligible households have been resolved.

Although New Jersey's commitment to providing tenant-based rental assistance through S-RAP is being steadily implemented, it is still at a level well below the actual need. Waiting lists for rental assistance in New Jersey are several years and thousands of persons long. The S-RAP waiting list for the disabled, for example, which closed in March 2007, currently has 2,348 names on it. The S-RAP waiting list for the elderly, which closed in December 2008, has 1,639 names.<sup>58</sup>

### **CALL FOR STATE ACTION**

- *Provide housing stability to a greater share of struggling households of low income by increasing funding for S-RAP assistance.*

Even in these difficult budget times, a substantial infusion of new funding into S-RAP represents the surest and fastest way to help struggling households obtain or retain housing and avoid homelessness.

- *Develop state standards for use of credit-worthiness in housing applications.*<sup>59</sup>

Credit-scoring and unfair standards are used to deny applications for subsidized housing and market-rate housing for applicants with subsidized vouchers, despite the fact that the subsidy would resolve the financial circumstances that resulted in poor credit. The State should act to develop standard parameters for credit evaluation appropriate to the difficult realities confronted by households of low income in a high-cost state.

- *Create zoning laws to develop more affordable market-rate housing.*<sup>60</sup>

One of the most significant factors in the high cost of housing statewide is high-cost development patterns that spring from local zoning ordinances, which prohibit more affordable forms of development. Since zoning authority resides with local governments only because the State has ceded this authority, the State has the authority to take back aspects of zoning laws that could materially increase the opportunities for development of affordable housing. State zoning laws, in coordination with the State Plan, could create mandatory zoning laws to prevent municipal ordinances from blocking development of accessory apartments and high-density development of smaller units.

### **d. New Jersey Judiciary Foreclosure Mediation Program**

A statewide mortgage foreclosure mediation program was put into place at the beginning of 2009. The program provides eligible homeowners access to housing counselors, attorneys (limited to the mediation), and mediators. The mediation program's goal is to resolve

In 2008, New Jersey continued to be among the states with the most expensive housing. The percentage of New Jersey renters with low income who were cost-burdened increased, as did overcrowding, both of which are clear indicators of a shortage of affordable housing.

foreclosure actions by offering work-out and payment arrangements between borrowers and lenders.<sup>61</sup>

### **Foreclosure mediation is currently limited in its effectiveness.**

A number of states have instituted foreclosure mediation programs in the last year in response to the ongoing foreclosure crisis. While mediation programs provide the hope of slowing the spread of foreclosures, there have been questions as to the effectiveness of the programs. The primary concern in New Jersey is that the mediation program assumes that the foreclosure results exclusively from a homeowner's economic hardship, and not from predatory lending or any wrong-doing on the part of the lender. Attorneys provided by the state are limited to representing homeowners at the mediation only and these attorneys are not given access to loan origination documents or even full accounts of histories. As such, the homeowner is unable to assess his or her best outcome and is left at the mercy of the loan servicer. Homeowners unaware of defenses to foreclosure — defenses that are inherently difficult to understand — could accept unfavorable (and sometimes unaffordable) terms in a desperate effort to save their homes.

Other concerns relate to the lack of obligations placed upon servicers. For example, loan servicers are not required to disclose their modification guidelines or even to document the most basic facts, such as the amount claimed due.

### **CALL FOR STATE ACTION**

- *Help provide access to attorney evaluation and representation so that homeowners can make informed decision about options available to them.*

As currently organized (i.e., without requiring foreclosing mortgagees to provide documentation and without affording homeowners with full attorney representation), foreclosure mediation is best suited for homeowners without legal defenses to foreclosure. Mortgage documents and defenses to foreclosure are inherently complex, and many homeowners are not aware of the existence of legal defenses that can help save their homes. For mediation to be truly successful across the board, full attorney representation is crucial so that homeowners understand their rights and can evaluate their options in a complex system. The number of homeowners of low income able to access attorneys is still well below the need. As a first step, a revolving fund for litigation expenses should be created for attorneys who represent homeowners of low income on a pro bono basis in order to encourage and support private attorney involvement. The fund could be replenished with court-awarded costs to prevailing litigants under relevant fee-shifting statutes.

2009 saw a substantial increase in foreclosure filings. The 53,000 residential foreclosure filings recorded by the Superior Court through October 2009 are more than 130 percent greater than the total for 2006.

- *In order to increase the program's effectiveness, the State should impose necessary servicer obligations, such as requiring the servicer to provide its affordable loan modification calculation and net present value calculations; to produce such documents as*



*loan origination documents and payment history; to document that specific alternatives to foreclosure have been considered; and to comply with all mediation obligations in good faith.<sup>62</sup>*

- *The State should also stay all proceedings until the servicer has complied in good faith with all servicer obligations; and provide for direct court supervision over enforcement of obligation, including the imposition of sanctions.<sup>63</sup>*

## 17. Health Care

### a. New Jersey FamilyCare

Both Medicaid and CHIP function under the umbrella of New Jersey FamilyCare, which is the term used to describe New Jersey's subsidized health insurance program for children and adults who are not elderly or disabled. [For more information about NJ FamilyCare eligibility, see Appendix V.]

**The “New Jersey Health Care Reform Act of 2008” expanded eligibility for parents,<sup>64</sup> created a mandate for children’s health insurance, and established an Outreach, Enrollment, and Retention Work Group.**

The “New Jersey Health Care Reform Act of 2008” (the Act) was signed into law on July 7, 2008. Among other reforms, the Act expanded access to NJ FamilyCare for parents by raising income eligibility thresholds back up to 200 percent of the FPL from 133 percent.<sup>65</sup> The Act also mandated that all children in the state have health insurance coverage and directed the Commissioner of Human Services to establish an Outreach, Enrollment, and Retention Work Group (Work Group). The Work Group was created to strengthen outreach to families who may be eligible for NJ FamilyCare and to maximize and retain enrollment in these programs.

**The increase in insurance coverage is encouraging; however, it is important to keep in mind that the uninsurance rate is likely worse today, given the rise in unemployment.**

According to a recent Urban Institute report, a one percentage point rise in the national unemployment rate can be expected to increase the number of uninsured adults by 1.1 million.<sup>66</sup> The ACS data reflect a time period in which the average unemployment rate was 5.5 percent, while the unemployment rate reached 9.7 percent this past November. Some of the newly uninsured will qualify for some state assistance like Medicaid or CHIP, yet many others will be forced to look for insurance in the private insurance market where they may not be able to afford the high cost of a policy with adequate benefits.

**Co-pays for Medicaid were taken out of the budget, but Medicaid physician reimbursement rates continue to restrict access.**

Co-pays for Medicaid were included in last year's original budget; however, advocates and providers fought the cost sharing and helped maintain health care services for Medicaid beneficiaries without the imposition of co-pays.<sup>67</sup> Although the retention of Medicaid benefits

without co-pays is an important step, a significant access issue persists. A 2009 national survey of State Medicaid programs found that New Jersey's physician reimbursement rates were the lowest in the country.<sup>68</sup> New Jersey did increase rates for pediatric providers effective January 2008, but rates for adult providers remain at their lowest-in-the-nation level. Because rates are so low, very few physicians participate as Medicaid providers. This means that, while many Medicaid recipients theoretically have health care coverage, they practically have no health care access.

### **Federal changes are on the horizon.**

As of this writing, the House and Senate have passed versions of a health care bill. The bills have yet to be combined and voted on before being sent to President Obama to sign, yet the reform measures will likely have a significant impact on New Jerseyans.

### **CALL FOR STATE ACTION**

- *Provide meaningful access to health care for families of low income that currently must choose between the costs of health care and other basic needs by eliminating premiums and cost-sharing in New Jersey FamilyCare for **all** recipients, including parents, at or below 200 percent of the FPL.<sup>69</sup>*

Although premiums for children below 200 percent of the FPL have been eliminated, no such proposal is included for parents. Research by PRI demonstrates that families at these low income levels generally do not have enough disposable income to pay any portion of their health care expenses and also be able to pay for other basic needs. The result of this current policy is that many parents who are otherwise eligible for NJFC do not participate, or are disenrolled due to failure to pay premiums.

- *Ensure that New Jerseyans of low income insured through the State's Medicaid program have access to quality health care by increasing the Medicaid physician reimbursement rate to at least 75 percent<sup>70</sup> of the Medicare rate.<sup>71</sup>*
- *The State should open NJ FamilyCare to undocumented children.*

Despite substantial improvements in health insurance coverage in 2008, the uninsurance rate of New Jersey residents in poverty continued to be higher than the national average for the second year in a row.

The Act mandates that all children in New Jersey obtain health care coverage through either private or public insurance options. Undocumented children are likely to fall through the gaps in eligibility. Undocumented children are ineligible for NJ FamilyCare and are unlikely to have access to coverage through an employer or private insurance. Expanding eligibility to undocumented children would help close the gap in the mandate.<sup>72</sup> Other states, such as New York and Illinois, provide coverage to undocumented children.<sup>73</sup>

## 18. Education

### a. Public School Funding Reform

Until 2008, New Jersey's public school funding directed special resources to 31 of the state's 616 local school districts. These specially designated districts, commonly referred to as Abbott districts, evolved from a multi-decade litigation before the New Jersey Supreme Court, which resulted in a series of decisions requiring significant changes to the public school funding formula. In January 2008, Governor Corzine signed the School Funding Reform Act (SFRA), which created a new school funding allocation in which supplementary school funding follows students of low income regardless of where they live, rather than through designated districts of low income.

#### **SFRA implementation is still unfolding.**

While the changes in the school-funding system offer the opportunity for ensuring that all children of low income receive higher educational quality, the implementation is still in the early phases.

The proposed \$25 million Preschool Incentive Aid program to begin pre-school expansion in the 2009-10 school year was put on hold in the most recent budget. Full implementation of preschool expansion, which is defined as serving 90 percent of eligible preschool children, was slated to occur over a six year period, with FY 2009 (school year 2008-2009) designated largely as a planning year. In enacting SFRA, the State of New Jersey committed to the statewide expansion of high quality preschool for all "at-risk" three- and four-year-olds. The lack of funding in the first non-planning year of the program raises concerns about the State meeting the goal of statewide expansion.

#### **CALL FOR STATE ACTION**

- *The State's efforts need to be carefully monitored to ensure that resources are being appropriately directed toward ensuring educational opportunity for children of low income and addressing the unique challenges faced by schools in low socio-economic areas.*
- *New Jersey continues to be cited as a leader in its commitment to preschool education<sup>74</sup> and the State should preserve this status by compensating for this year's lack of implementation within the designated timeframe.*

The achievement gap between students from the lowest and the highest socio-economic school districts narrowed in 2008, although significant disparities persist.

Continued budgetary commitment to preschool expansion is crucial to ensure the realization of preschool expansion goals, for which district planning has begun. Many studies have shown that high quality preschool raises a child's achievement levels, reduces grade repetition and the need for special education, and increases the likelihood he or she will complete school. Studies have also shown that the benefits of high quality preschool go beyond the years a child is in the public education system. Children who participate in effective early learning programs are more likely to attend a postsecondary education program and attain adequate employment that

will enable them to attain financial self-sufficiency. Even in light of the current economic climate, preschool expansion funding represents sound fiscal planning, as it will promote reduction in future state expenditures in areas such as special education and social services programs, reduced involvement in the criminal justice system, and increased financial self-sufficiency in adulthood. An investment in high quality preschool now will save the state money in the future.

## 19. Legal Needs

### a. Legal Services

In New Jersey, the network of Legal Services programs is the largest provider of free legal assistance in civil matters to people who cannot afford the cost of legal representation. Consisting of a web of seven non-profit corporations, Legal Services serves and has offices in all 21 counties. Legal Services of New Jersey (LSNJ), the statewide umbrella program, provides coordination to the six regional programs in addition to providing full representation, brief service, and advice to clients in 14 substantive areas of law.

#### **Legal needs are increasing and the economic downturn has created a legal needs crisis.**

The severe economic downturn has created a crisis in which more people are in need of assistance through Legal Services programs. Among recent trends in legal needs being tracked by LSNJ are:<sup>75</sup>

- Significant increases in the number of callers to the LSNJ Hotline. For the period January through April 2009, there were 41,484 callers, compared with 23,678 callers during the same period in 2008.
- Between 2007 and 2008, the number of “credit access” cases handled by the state’s six regional Legal Services programs increased by 54 percent.
- Between 2006 and 2007, statewide, the number of cases involving public utilities increased by 33 percent, and those increased numbers continued into 2008.
- In 2007, New Jersey’s Legal Services programs handled more than 18,000 housing cases (including more than 12,500 landlord/tenant matters), an increase of seven percent over the prior year.
- Between 2007 and 2008, the number of cases involving food stamps handled by the state’s regional Legal Services programs increased by 22 percent.
- Between 2006 and 2007, statewide, the number of collection cases handled by Legal Services increased by 25 percent. In 2008, this amounted to over 5,700 cases.
- Between 2007 and 2008, the number of employment cases handled by the state’s regional Legal Services programs increased by 48 percent, including a 142 percent increase in cases involving wage claims.

## CALL FOR STATE ACTION

As the *Unequal Access to Justice* report explained, many more New Jerseyans with lower incomes need lawyers for their legal problems.<sup>76</sup>

- *Significantly greater resources are required, principally financial, but augmented by the pro bono efforts of private lawyers. History teaches that most of this funding will have to come from public sources. Resources must be targeted first at the most critical legal problems.*
  - The greatest share of additional funding will need to come from the State, because the great majority of legal problems arise under state laws and regulations, and most adversary proceedings occur within state courts and agencies.
  - That said, the federal government began the national Legal Services program in 1965, and continues to spearhead the effort now through the federally-funded grants and leadership of the Legal Services Corporation. Congress and the President must increase this federal share; in equivalent dollars it constitutes presently only half of what the total federal contribution was in the last year of the Carter administration.
  - The great majority of new funds should be used to strengthen and expand the core statewide staff delivery system. Legal Services constitutes the backbone of New Jersey's – and the nation's – civil legal assistance delivery system. To achieve maximum effect from scarce dollars, the vast majority of resources must go into this statewide Legal Services system, which is the analog to the Public Defender system on the criminal side.
  - *Pro bono* efforts of the private bar must be expanded. With fewer than 35,000 practicing lawyers in New Jersey, according to court figures, the majority of whom are in one or two person firms, it is clear that the private bar cannot be expected to absorb anything like the lion's share of the more than 736,000 unmet legal needs. On the other hand, available evidence suggests that at best ten percent of New Jersey's practicing private lawyers contribute time to the *pro bono* legal assistance programs. Some other states and localities within them have reported percentages five and six times greater. Without question, New Jersey's contribution can be expanded significantly.

- *Wherever possible, court rules and processes must be made more accessible to unrepresented litigants. Usually, these individuals are unrepresented due to poverty and circumstance, not by choice. New Jersey courts have made significant efforts over the years to make judicial procedures more accommodating to the unrepresented, but there needs to be a renewed and major judicial emphasis.*
- *In addition to the pro se help provided by Legal Services and some other legal assistance providers, the courts themselves must continue to expand such efforts, building upon the very well-received work of the ombuds offices in each New Jersey vicinage.*

# APPENDICES

# Appendix I: Poverty in New Jersey

## The Real Cost of Living

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The Real Cost of Living (RCL), as measured by the Self-Sufficiency Standard, is an alternative poverty measure that addresses the shortcomings of the FPL and tries to more realistically define an income level below which families are unable to make ends meet. It is based on a methodology developed by Dr. Diana Pearce and is regularly updated in New Jersey in report series: *The Real Cost of Living in New Jersey*. The RCL measures how much income is required for a family of a given composition to meet all basic needs without any public or private support. It takes into account the number of members in a family, ages of all children and place of residence, and relies on conservative estimates of costs for basic needs, with no allowance for extras like eating out or savings. One assumption inherent in the RCL model is that all adults are working full-time and, therefore, child care costs are incorporated in the RCL calculations. Because of the differential costs for the elderly (above 65 years) and persons with disabilities, the standard does not apply to households that have members with special needs. In general, the RCL is a more realistic option than the FPL for evaluating economic self-sufficiency, and Self-Sufficiency Standards have been developed for thirty-five other U.S. states, which are extensively used as a public advocacy tool.

The Self-Sufficiency Standard differs from the FPL in five important ways:

1. The Standard independently calculates the cost of each basic need (not just food) and does not assume that any single cost will account for a fixed percentage of the budget.
2. The Standard assumes that all adults — married or single — work full-time and includes all major costs (child care, taxes, and so forth) associated with employment.
3. The Standard varies costs not only by family size (as does the FPL), but also by family composition and the ages of children to create 70 family types.
4. Whenever possible and appropriate, the Standard varies costs geographically (by state, region, county and, in some cases, by city or locality).
5. The Standard includes federal, state, and local taxes (e.g., income, payroll, and sales taxes) and tax credits. Federal tax credits include the Earned Income Tax Credit (EITC), Child Care Tax Credit (CCTC), and Child Tax Credit (CTC). When applicable, state tax credits can include a state EITC and/or other credits applicable to families of low income.

The resulting Self-Sufficiency Standards are no-frills budgets that allow just enough for families to meet their basic needs at a minimally adequate level. For example, the food budget contains no restaurant or take-out food, even though Americans spend an average of over 40 percent of their food budget on take-out and restaurant food. Costs are derived, whenever possible, from the minimally adequate amount needed (e.g., for housing or child care), as determined by government assistance programs. The Standard does not allow for retirement savings, education expenses, credit card debt, or emergencies.



# Appendix II: Poverty in New Jersey Vulnerable Populations

Note: All tables in this section use data from U.S. Census Bureau's American Community Survey

TABLE 1: LEVELS OF POVERTY & POVERTY BY AGE AND GENDER  
NEW JERSEY, 2007 & 2008

	Poverty rate		Number		
	2007	2008	2007	2008	Change
Total Population					
Below 100% FPL	8.6%	8.7%	729,211	741,472	12,261
Below 50% FPL	3.9%	3.9%	334,610	329,573	(5,037)
Below 200% FPL	20.9%	20.8%	1,776,479	1,772,797	(3,682)
<i>Below 100% FPL</i>					
Children	11.6%	12.5%	236,098	253,378	17,280
Adults	7.5%	7.5%	401,681	400,970	(711)
Seniors	8.4%	7.9%	91,432	87,124	(4,308)
Male	7.3%	7.5%	304,939	313,167	8,228
Female	9.7%	9.8%	424,272	428,305	4,033
Male children	11.5%	12.4%	120,867	128,498	7,631
Female children	11.6%	12.6%	115,231	124,880	9,649
Men(18-64)	5.9%	6.0%	157,533	159,560	2,027
Women(18-64)	11.6%	8.9%	244,148	241,410	(2,738)
Elderly men	5.9%	5.5%	26,539	25,109	(1,430)
Elderly women	10.2%	9.7%	64,893	62,015	(2,878)

TABLE 2: POVERTY RATE BY FAMILY TYPE  
NEW JERSEY, 2007 & 2008

	Poverty rate		Number		
	2007	2008	2007	2008	Change
Married-couple family	3.0%	2.7%	49,031	44,341	(4,690)
Female-headed family	19.1%	19.7%	77,116	78,720	1,604
<i>With children under 18</i>					
Married-couple family	3.7%	3.6%	29,708	28,350	(1,358)
Female-headed family	26.7%	27.8%	67,547	69,078	1,531
<i>With children under five</i>					
Married-couple family	4.9%	3.1%	7,791	4,689	(3,102)
Female-headed family	31.9%	34.3%	11,302	13,268	1,966

TABLE 3: POVERTY RATE BY FAMILY TYPE & RACE AND ETHNICITY  
NEW JERSEY, 2007 & 2008

	2007	2008
Married-couple family	3.0%	2.7%
Female-headed family	19.1%	19.7%
Married-couple family with children under 18	3.7%	3.6%
Female-headed family with children under 18	26.7%	27.8%
Married-couple family with children under five	4.9%	3.1%
Female-headed family with children under five	31.9%	34.3%
<i>White, not Hispanic or Latino</i>		
Married-couple family	2.0%	1.7%
Married-couple family with children under 18	2.5%	2.2%
Married-couple family with children under five	3.3%	2.1%
Female-headed family	10.1%	11.1%
Female-headed family with children under 18	16.1%	18.2%
Female-headed family with children under five	22.5%	23.4%
<i>Black or African-American, not Hispanic or Latino</i>		
Married-couple family	4.3%	3.9%
Married-couple family with children under 18	5.6%	5.3%
Married-couple family with children under five	7.4%	6.2%
Female-headed family	24.6%	25.4%
Female-headed family with children under 18	29.8%	31.4%
Female-headed family with children five	32.5%	35.8%
<i>Hispanic or Latino</i>		
Married-couple family	7.2%	7.5%
Married-couple family with children under 18	7.2%	8.9%
Married-couple family with children under five	7.6%	7.6%
Female-headed family	31.4%	30.6%
Female-headed family with children under 18	38.5%	37.2%
Female-headed family with children under five	39.8%	42.9%

# Appendix III: Places in Poverty

*Note: All tables in this section use data from U.S. Census Bureau's American Community Survey*

TABLE 1: RATIO OF INCOME TO POVERTY  
NEW JERSEY, 2006-2008

	Severe Poverty			Federal Poverty			True Poverty		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
<i>New Jersey</i>	3.9%	3.9%	3.9%	8.7%	8.6%	8.7%	21.3%	20.9%	20.8%
Atlantic	4.7%	6.7%	6.0%	9.2%	12.8%	11.8%	24.9%	28.1%	28.1%
Bergen	2.4%	2.8%	1.7%	5.2%	5.9%	5.2%	14.9%	14.4%	12.9%
Burlington	2.7%	1.9%	2.6%	5.9%	4.7%	5.3%	15.4%	15.3%	14.9%
Camden	5.5%	4.9%	5.2%	11.0%	10.7%	11.5%	24.6%	24.6%	25.3%
Cape May	4.8%	3.7%	2.9%	9.2%	8.6%	6.4%	25.3%	25.5%	23.1%
Cumberland	7.1%	7.4%	5.2%	15.3%	18.5%	12.5%	34.0%	35.4%	32.4%
Essex	6.7%	7.5%	6.3%	14.5%	13.3%	14.8%	29.9%	30.2%	30.3%
Gloucester	3.7%	4.1%	2.9%	6.8%	8.1%	6.9%	17.7%	18.5%	17.2%
Hudson	6.0%	5.5%	6.6%	15.2%	13.7%	15.2%	36.1%	34.5%	33.0%
Hunterdon	1.2%	2.1%	1.9%	3.5%	4.1%	4.2%	10.1%	8.2%	9.3%
Mercer	3.8%	4.1%	4.2%	8.4%	9.3%	8.8%	22.3%	21.1%	19.3%
Middlesex	3.4%	3.1%	4.2%	7.2%	6.7%	7.3%	17.5%	17.0%	18.7%
Monmouth	2.5%	2.5%	2.5%	5.8%	6.1%	5.8%	15.9%	16.0%	15.1%
Morris	1.8%	1.4%	1.7%	3.9%	3.9%	3.6%	10.7%	9.6%	10.9%
Ocean	3.4%	3.3%	3.6%	8.8%	8.7%	8.9%	22.8%	23.1%	22.2%
Passaic	6.5%	6.5%	5.8%	15.0%	13.7%	14.4%	32.2%	29.9%	31.8%
Salem	4.2%	5.7%	6.5%	8.9%	10.9%	11.7%	23.3%	22.2%	25.9%
Somerset	1.9%	1.3%	1.0%	4.4%	2.6%	2.3%	11.2%	9.0%	9.2%
Sussex	1.8%	2.3%	1.4%	4.8%	4.6%	4.1%	11.2%	13.9%	14.7%
Union	4.0%	3.2%	4.3%	7.7%	7.8%	8.8%	22.6%	20.9%	23.1%
Warren	2.7%	3.0%	3.0%	5.6%	6.3%	6.9%	17.6%	17.3%	16.1%

TABLE 2: CHILD POVERTY RATE BY COUNTY  
NEW JERSEY, 2006–2008

	2006	2007	2008
Atlantic	13.2%	17.7%	19.0%
Bergen	5.9%	5.8%	4.8%
Burlington	7.5%	5.1%	6.4%
Camden	16.3%	15.1%	16.6%
Cape May	11.8%	9.7%	7.2%
Cumberland	20.9%	33.7%	19.4%
Essex	18.6%	18.8%	20.2%
Gloucester	7.2%	10.4%	8.4%
Hudson	25.7%	20.4%	23.5%
Hunterdon	3.2%	2.4%	3.5%
Mercer	11.0%	14.3%	11.9%
Middlesex	8.5%	7.6%	10.3%
Monmouth	6.3%	7.5%	8.3%
Morris	4.3%	4.0%	4.4%
Ocean	14.0%	13.2%	16.5%
Passaic	22.9%	17.8%	22.1%
Salem	12.2%	15.8%	18.4%
Somerset	5.5%	2.1%	2.4%
Sussex	5.9%	6.9%	3.3%
Union	8.5%	11.0%	12.3%
Warren	6.5%	8.3%	12.1%

TABLE 3: RACIAL & ETHNIC COMPOSITION OF MUNICIPALITIES WITH HIGHEST POVERTY  
NEW JERSEY, 2006-2008

	White, Not Hispanic or Latino		Black or African American		Hispanic or Latino		Poverty rate in 2008
	2007	2008	2007	2008	2007	2008	2008
<i>New Jersey</i>	62.5%	62.0%	13.6%	13.6%	15.6%	15.9%	8.7%
Atlantic City	19.4%	19.2%	38.9%	41.7%	24.4%	24.1%	26.3%
Bridgeton	20.3%	21.1%	39.9%	36.9%	36.3%	39.1%	20.7%
Camden city	5.4%	4.7%	49.5%	50.1%	42.1%	42.3%	38.6%
East Orange	2.6%	3.0%	88.5%	88.3%	7.7%	7.1%	24.2%
Lakewood	74.7%	77.4%	10.7%	7.5%	15.2%	14.8%	34.2%
Millville	67.8%	68.1%	17.9%	18.9%	14.3%	9.8%	21.3%
New Brunswick	30.8%	30.5%	14.6%	14.1%	48.2%	49.5%	25.5%
Newark	12.4%	12.8%	53.1%	53.6%	31.7%	31.9%	24.7%
Passaic	18.2%	15.8%	9.4%	9.4%	67.0%	69.7%	28.7%
Paterson	11.3%	11.2%	31.0%	31.2%	55.3%	55.1%	24.7%
Trenton	17.0%	15.9%	50.5%	53.2%	30.8%	29.8%	22.1%
West New York	15.2%	15.4%	5.6%	5.1%	79.1%	78.1%	15.6%

TABLE 4: RACIAL & ETHNIC COMPOSITION OF MUNICIPALITIES WITH LOWEST POVERTY  
NEW JERSEY, 2006-2008

	White, Not Hispanic or Latino		Black or African American		Hispanic or Latino		Poverty rate in 2008
	2007	2008	2007	2008	2007	2008	2008
<i>New Jersey</i>	62.5%	62.0%	13.6%	13.6%	15.6%	15.9%	8.7%
Fair Lawn	80.8%	79.6%	1.8%	1.2%	8.2%	9.0%	3.0%
Livingston	77.9%	80.6%	0.9%	NA	3.0%	3.2%	3.8%
Maplewood	54.4%	54.7%	36.7%	33.2%	4.8%	9.2%	3.7%
Mercerville-Hamilton	92.4%	89.6%	1.4%	3.6%	3.0%	2.5%	2.6%
Nutley	80.4%	79.2%	3.0%	3.6%	7.2%	8.8%	2.9%
Old Bridge	76.0%	76.7%	3.6%	3.9%	9.0%	9.3%	2.7%
Paramus	68.3%	67.3%	1.2%	1.1%	6.9%	6.9%	1.4%
Ridgewood village	78.0%	76.5%	0.9%	1.1%	5.4%	8.1%	2.3%
Scotch Plains	78.9%	80.7%	6.6%	6.5%	5.9%	4.5%	2.6%
Summit	77.7%	76.8%	6.1%	7.6%	11.1%	10.5%	1.7%
Wayne	81.8%	80.6%	2.1%	2.2%	7.8%	9.0%	3.4%
West Milford	92.1%	93.5%	NA	NA	4.4%	4.1%	2.3%
Westfield	83.6%	84.1%	2.9%	1.6%	6.6%	7.4%	2.2%

TABLE 5: ELDER SECURITY STANDARD, NEW JERSEY  
NEW JERSEY, 2008

	Elder Person (age 65+)			Elder Person (one or both age 65+)		
	<i>Owner w/o mortgage</i>	<i>Owner w/ mortgage</i>	<i>Renter, one-bdrm</i>	<i>Owner w/o mortgage</i>	<i>Owner w/ mortgage</i>	<i>Renter, one-bdrm</i>
Atlantic	\$22,058	\$30,445	\$24,196	\$33,004	\$41,392	\$35,143
Bergen	\$26,000	\$38,481	\$28,664	\$36,897	\$49,377	\$39,560
Burlington	\$21,743	\$30,395	\$24,302	\$32,610	\$41,262	\$35,169
Camden	\$22,534	\$29,461	\$22,708	\$33,401	\$40,328	\$33,575
Cape May	\$20,918	\$31,202	\$22,271	\$31,968	\$42,252	\$33,321
Cumberland	\$20,193	\$27,492	\$22,714	\$31,242	\$38,541	\$33,764
Essex	\$26,405	\$38,580	\$24,794	\$32,438	\$39,911	433,555
Gloucester	\$21,571	\$29,044	\$22,688	\$32,438	\$39,911	33,555
Hudson	\$25,138	\$36,912	\$26,526	\$36,034	\$47,808	\$37,423
Hunterdon	\$25,300	\$37,163	\$28,069	\$36,167	\$48,030	\$38,936
Mercer	\$22,670	\$31,830	\$25,090	\$33,617	\$36,037	\$42,777
Middlesex	\$23,173	\$33,501	\$27,364	\$34,040	\$44,368	\$38,231
Monmouth	\$24,175	\$35,898	\$26,039	\$35,042	\$46,764	\$36,906
Morris	\$25,147	\$37,164	\$27,774	\$36,014	\$48,031	\$38,641
Ocean	\$20,816	\$28,956	\$26,956	\$31,683	\$39,823	\$37,292
Passaic	\$25,104	\$38,358	\$26,471	\$36,001	\$37,367	\$49,254
Salem	\$21,444	\$28,917	\$21,957	\$32,214	\$39,687	\$32,727
Somerset	\$25,453	\$35,546	\$28,588	\$36,320	\$46,413	\$39,455
Sussex	\$22,937	\$31,929	\$25,979	\$33,804	\$42,796	\$36,846
Union	\$25,115	\$38,005	\$25,759	\$35,982	\$48,872	\$36,626
Warren	\$22,245	\$31,386	\$23,975	\$33,015	\$42,156	\$34,745

TABLE 6: POVERTY RATE BY MUNICIPALITY (3-YR AVERAGE)  
NEW JERSEY, 2007 & 2008

	2007	2008		2007	2008
Atlantic City	22.5%	26.3%	Montclair	5.8%	6.4%
Bayonne	12.2%	13.0%	Newark	24.1%	24.7%
Belleville	8.2%	7.0%	New Brunswick	24.2%	25.5%
Bergenfield	5.5%	5.2%	North Brunswick	8.4%	8.7%
Bloomfield	6.7%	6.6%	North Plainfield	6.3%	6.1%
Bridgeton	24.9%	20.7%	Nutley	2.2%	2.9%
Camden city	40.5%	38.6%	Old Bridge	1.4%	2.7%
Carteret	15.6%	9.0%	Orange	16.7%	18.0%
Cliffside Park	10.6%	9.8%	Paramus	3.1%	1.4%
Clifton	10.0%	9.1%	Passaic	26.9%	28.7%
Cranford	2.2%	4.0%	Paterson	24.5%	24.7%
East Brunswick	3.8%	3.7%	Pennsauken	8.1%	8.7%
East Orange	26.9%	24.2%	Perth Amboy	17.4%	17.0%
Edison	6.4%	7.6%	Plainfield	17.1%	14.3%
Elizabeth	17.6%	16.9%	Rahway	5.5%	6.4%
Englewood	7.9%	10.0%	Ridgewood village	3.6%	2.3%
Ewing	9.8%	10.5%	Roselle	5.1%	5.4%
Fair Lawn	2.4%	3.0%	Sayreville	7.9%	5.7%
Fort Lee	7.1%	5.8%	Scotch Plains	2.2%	2.6%
Garfield	12.4%	12.4%	Somerset	4.4%	7.2%
Hackensack	10.5%	9.1%	South Plainfield	5.5%	5.3%
Hoboken	9.7%	10.4%	Summit	3.0%	1.7%
Irvington	14.8%	13.6%	Teaneck	5.2%	7.1%
Jersey City	17.4%	16.8%	Toms River	4.6%	5.0%
Kearny town	7.0%	12.2%	Trenton	22.1%	22.1%
Lakewood	34.1%	34.2%	Union city	4.6%	5.1%
Linden	6.5%	5.6%	Union CDP	19.3%	19.1%
Livingston	3.4%	3.8%	Vineland	13.3%	13.4%
Lodi	14.8%	13.7%	Wayne	3.7%	3.4%
Long Branch	15.5%	14.7%	Westfield	2.1%	2.2%
Maplewood	3.3%	3.7%	West Milford	2.3%	2.3%
Mercerville-Hamilton Sq.	3.3%	2.6%	West New York town	17.1%	15.6%
Millville	21.1%	21.3%	West Orange	5.2%	5.2%

TABLE 7: CHILD POVERTY RATE BY MUNICIPALITY (3-YR AVERAGE)  
NEW JERSEY, 2007 & 2008

	2007	2008		2007	2008
Atlantic City	31.4%	35.2%	Montclair	7.1%	7.2%
Bayonne	20.0%	23.1%	Newark	32.0%	33.5%
Belleville	9.5%	9.2%	New Brunswick	28.2%	29.2%
Bergenfield	6.7%	6.5%	North Brunswick	9.1%	10.0%
Bloomfield	8.2%	6.7%	North Plainfield	11.6%	12.6%
Bridgeton	37.1%	30.1%	Nutley	2.7%	3.2%
Camden city	55.2%	52.3%	Old Bridge	1.3%	5.3%
Carteret	26.3%	12.4%	Orange	20.8%	25.9%
Cliffside Park	10.7%	9.2%	Paramus	3.9%	0.6%
Clifton	15.4%	17.7%	Passaic	33.7%	36.2%
Cranford	1.7%	4.3%	Paterson	34.1%	34.7%
East Brunswick	4.2%	4.2%	Pennsauken	11.7%	14.1%
East Orange	36.7%	36.3%	Perth Amboy	26.3%	25.8%
Edison	4.4%	9.2%	Plainfield	19.6%	17.9%
Elizabeth	27.7%	24.8%	Rahway	4.5%	4.4%
Englewood	3.3%	6.6%	Ridgewood village	4.2%	2.2%
Ewing	9.7%	7.5%	Roselle	8.4%	6.3%
Fair Lawn	1.7%	2.5%	Sayreville	11.3%	7.0%
Fort Lee	6.4%	3.3%	Scotch Plains	2.7%	2.3%
Garfield	20.5%	20.7%	Somerset	4.9%	11.7%
Hackensack	11.0%	11.4%	South Plainfield	6.8%	7.2%
Hoboken	20.0%	20.6%	Summit	4.4%	0.0%
Irvington	21.2%	18.2%	Teaneck	5.7%	10.1%
Jersey City	27.3%	26.5%	Toms River	4.8%	4.9%
Kearny	10.1%	19.8%	Trenton	33.3%	32.6%
Lakewood	38.5%	40.6%	Union CDP	4.9%	5.9%
Linden	9.3%	5.8%	Union city	29.0%	28.3%
Livingston	1.1%	1.6%	Vineland	20.7%	22.2%
Lodi	22.2%	20.0%	Wayne	3.0%	2.9%
Long Branch	27.1%	25.9%	Westfield	1.6%	2.2%
Maplewood	1.8%	2.6%	West Milford	1.1%	2.6%
Mercerville-Hamilton Sq.	5.6%	3.9%	West New York	22.5%	19.3%
Milville	33.2%	36.0%	West Orange	6.7%	4.3%



# Appendix IV: Aspects of Poverty

*Note: All tables in this section use data from U.S. Census Bureau's American Community Survey*

TABLE 1: POVERTY RATE BY TYPE OF HOUSING  
NEW JERSEY, 2008

	Owner Occupied	Renter Occupied
<i>New Jersey</i>	2.2%	17.9%
Atlantic	4.2%	28.1%
Bergen	1.9%	10.8%
Burlington	2.0%	16.6%
Camden	2.6%	27.8%
Cape May	2.9%	8.1%
Cumberland	1.7%	32.6%
Essex	2.4%	23.4%
Gloucester	2.9%	19.2%
Hudson	3.5%	18.4%
Hunterdon	1.9%	14.7%
Mercer	2.3%	17.4%
Middlesex	1.4%	11.5%
Monmouth	1.6%	17.5%
Morris	1.4%	6.8%
Ocean	2.9%	20.4%
Passaic	4.7%	24.1%
Salem	1.6%	26.4%
Somerset	0.6%	4.4%
Sussex	2.6%	10.3%
Union	1.3%	15.8%
Warren	3.2%	15.5%

TABLE 2: PERCENTAGE OF COST-BURDENED & SEVERELY COST-BURDENED RENTAL HOUSEHOLDS  
NEW JERSEY COUNTIES, 2008

	Cost-burdened	Severely Cost-burdened
<i>New Jersey</i>	50.0%	25.3%
Atlantic	57.3%	26.8%
Bergen	45.4%	23.6%
Burlington	48.2%	22.6%
Camden	53.8%	28.3%
Cape May	31.1%	15.2%
Cumberland	55.7%	28.7%
Essex	50.9%	25.9%
Gloucester	53.4%	22.6%
Hudson	48.6%	25.8%
Hunterdon	53.8%	26.5%
Mercer	49.7%	23.0%
Middlesex	43.4%	20.9%
Monmouth	54.2%	27.4%
Morris	39.1%	19.0%
Ocean	65.4%	34.8%
Passaic	59.3%	30.5%
Salem	53.4%	27.7%
Somerset	46.7%	23.1%
Sussex	44.6%	20.8%
Union	51.0%	26.3%
Warren	44.2%	20.2%

TABLE 3: PERCENTAGE OF COST-BURDENED & SEVERELY COST-BURDENED RENTAL HOUSEHOLDS  
NEW JERSEY MUNICIPALITIES, 2008

	Cost-burdened	Severely Cost-burdened
<i>New Jersey</i>	50.0%	25.3%
Camden city	70.7%	45.1%
Clifton	48.2%	25.8%
East Orange	40.6%	20.7%
Edison CDP	35.8%	17.5%
Elizabeth	52.2%	26.7%
Jersey City	48.2%	26.4%
Newark	53.8%	27.4%
Passaic	72.4%	43.5%
Paterson	65.1%	31.2%
Toms River CDP	49.9%	24.8%
Trenton	61.0%	33.9%
Union city	57.3%	31.0%

TABLE 4: PERCENTAGE OF COST-BURDENED & SEVERELY COST-BURDENED RENTAL HOUSEHOLDS BY INCOME LEVEL, NEW JERSEY, 2008

	\$10,000 to \$19,999	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 or more
<i>New Jersey</i>	85.2%	86.1%	54.9%	12.1%
Atlantic	72.3%	84.4%	51.8%	15.0%
Bergen	81.6%	89.8%	68.6%	14.8%
Burlington	95.1%	92.5%	48.7%	12.3%
Camden	90.2%	80.5%	34.3%	5.3%
Essex	81.9%	85.0%	46.1%	8.0%
Hudson	87.6%	82.4%	44.8%	13.4%
Mercer	83.0%	82.4%	53.0%	11.4%
Middlesex	85.3%	86.8%	66.4%	9.1%
Monmouth	82.2%	92.5%	60.0%	19.4%
Morris	82.5%	89.6%	64.3%	10.3%
Ocean	92.3%	97.0%	77.2%	26.0%
Passaic	94.4%	83.9%	68.0%	9.9%
Union	90.3%	86.4%	53.4%	10.1%

TABLE 5: RATE OF OVERCROWDING BY TYPE OF HOUSING  
NEW JERSEY COUNTIES, 2008

	Owner Occupied	Renter Occupied
<i>New Jersey</i>	1.5%	9.2%
Atlantic	1.2%	5.5%
Bergen	1.1%	3.9%
Burlington	0.9%	3.2%
Camden	1.5%	2.9%
Cumberland	2.1%	8.0%
Essex	2.1%	11.2%
Gloucester	0.9%	4.3%
Hudson	4.8%	8.8%
Mercer	1.1%	5.7%
Middlesex	1.3%	8.7%
Monmouth	0.5%	6.7%
Morris	1.2%	4.5%
Ocean	0.8%	6.4%
Passaic	3.7%	23.2%
Somerset	0.8%	4.6%
Sussex	0.3%	5.4%
Union	4.2%	25.6%

TABLE 6: RATE OF OVERCROWDING BY TYPE OF HOUSING  
 NEW JERSEY MUNICIPALITIES, 2008

	Owner Occupied	Renter Occupied
<i>New Jersey</i>	1.5%	9.2%
Camden city	3.7%	6.3%
Clifton	4.7%	26.6%
East Orange	1.6%	6.7%
Edison CDP	1.1%	8.4%
Elizabeth	20.4%	41.4%
Jersey City	4.9%	6.0%
Newark	4.0%	10.3%
Passaic	20.9%	52.6%
Paterson	8.9%	16.4%
Trenton	0.9%	8.3%
Union city	8.1%	16.9%

TABLE 7: PERCENTAGE OF HOUSEHOLDS WITH NO TELEPHONE SERVICE  
NEW JERSEY COUNTIES, 2008

	Owner Occupied	Renter Occupied
<i>New Jersey</i>	0.6%	5.3%
Atlantic	1.0%	10.2%
Bergen	0.8%	4.5%
Burlington	0.0%	3.3%
Camden	0.3%	3.3%
Cape May	0.4%	3.3%
Cumberland	2.5%	6.7%
Essex	1.1%	4.7%
Gloucester	0.3%	4.4%
Hudson	1.9%	7.2%
Hunterdon	0.5%	3.7%
Mercer	0.4%	7.1%
Middlesex	0.5%	5.4%
Monmouth	0.0%	1.9%
Morris	0.3%	2.5%
Ocean	0.2%	3.2%
Passaic	0.8%	10.8%
Salem	1.7%	0.8%
Somerset	0.0%	1.8%
Sussex	0.8%	0.9%
Union	0.8%	6.9%
Warren	0.2%	0.9%

TABLE 8: PERCENTAGE OF HOUSEHOLDS WITH NO TELEPHONE SERVICE  
NEW JERSEY MUNICIPALITIES, 2008

	Owner Occupied	Renter Occupied
<i>New Jersey</i>	0.6%	5.3%
Camden city	1.7%	4.8%
Clifton	0.5%	17.2%
East Orange	0.0%	4.2%
Edison CDP	0.2%	3.3%
Elizabeth	0.4%	6.8%
Jersey City	1.9%	7.1%
Newark	1.5%	5.4%
Passaic	0.0%	13.0%
Paterson	2.8%	9.1%
Toms River CDP	0.0%	4.0%
Trenton	1.4%	16.8%
Union city	6.4%	15.7%

# Appendix V: Major State Programs and Processes

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## **Work First New Jersey (WFNJ)**

As New Jersey's public assistance program, Work First New Jersey provides a minimum level of monthly income to the lowest income children and adults in the state who are not otherwise eligible for alternative income assistance programs. The program is divided into two categories of assistance, depending on household composition. Temporary Assistance to Needy Families (TANF) serves families with children, including single- and two-parent households and legal guardians. The General Assistance (GA) program provides more limited assistance to adults without custodial care of children.

Although no longer a means-tested entitlement program, WFNJ does have an income eligibility threshold. To be found income-eligible for assistance, the household must have a total income below 150 percent of the maximum grant level for the relevant family size. Income could be from part-time work or child support payments from an absent parent; SSI income is not considered in calculating income eligibility, but the recipient is also excluded from household size in calculating benefits. Applicants must also:

- Cooperate with child support (assign rights to future child support collections to the agency, cooperate in locating the absent parent, and cooperate with establishing, modifying, and enforcing support orders);
- Provide all necessary documentation;
- Sign an agreement to repay benefits in the event of receipt of income or resources;
- Obtain and/or provide a Social Security Number for all members of the assistance unit; and
- Comply with personal identification requirements, which may employ the use of high technology processes for the detection of fraud.

Certain groups are excluded from eligibility for cash assistance even if they otherwise meet income eligibility thresholds. Some immigrants are excluded altogether because they have an "ineligible status" such as individuals with Temporary Protected Status or another status not deemed "permanent." Other immigrants who have been in the country less than five years are barred from the program as well. New Jersey has also opted to exclude permanently some categories of individuals with convictions for controlled dangerous substances. New Jersey has also exercised the federal option to implement a family cap, meaning that a child born to a welfare recipient more than 10 months after the beginning of receipt of benefits does not trigger an increase in benefits, in effect making that child ineligible for assistance.

## **Earned Income Tax Credit (EITC)**

As with the federal EITC, the state program provides a refundable tax credit targeted to working households of low income. Generally, the credits are received as a refund when participants file their state and federal income tax but, starting in 2004, some employees with custodial care of children have the option of filing for advance payment through their employer, allowing them to collect a portion of the credit throughout the year and the balance when filing their taxes. Because the credit generally is refunded upon tax filing, the credit can act as an artificial saving mechanism whereby income tax deductions from income earned over the course of the year are returned with an additional supplement as a lump-sum cash payment. This sum can be used to assist households of low income with asset building or the purchase of needed big-ticket items (such as a car), but it is frequently also used to pay off debt that has accumulated as a consequence of inadequate monthly income.

Eligibility for the state credit is linked directly to the federal income eligibility schedule. Eligibility thresholds are based on the number of dependent children in the household. Any household whose earned income and adjusted gross income are below the threshold for the given family size is eligible for the credit, even if their income is below the tax filing threshold, but they must file federal and state income tax returns to receive the credits. The American Recovery and Reinvestment Act included some temporary changes to the federal EITC, including an increase in the benefit for families with three or more children and relief from current marriage penalties in the way that the credit is structured. To the extent that these changes impact the value of the federal credit received by a household, they will also impact the New Jersey credit, since the value of the New Jersey credit is calculated as a percentage of the federal credit.

The New Jersey credit is based on the federal credit in terms of the dollar value of the benefit. In tax year 2009, New Jersey filers are eligible for a state credit equal to 25 percent of the federal credit for which they are eligible. Beneath the income eligibility thresholds for the program, the amount of the credit varies depending on income, so that workers at the bottom and top of the income eligibility scales receive smaller credits than those in the middle, who receive the maximum benefit.

## **Unemployment Insurance (UI)**

Unemployment Insurance is designed to provide temporary, partial wage replacement to support workers who lose their jobs through no fault of their own. An individual's weekly benefit is set at 60 percent of their average weekly earnings during their base year prior to losing employment, but it cannot exceed the maximum weekly benefit. Unemployed workers with benefits below the maximum benefit can also apply to receive dependency benefits for unemployed spouses and children under age 19. Dependency benefits are determined as a percentage of the recipient's weekly benefit, with seven percent for the first dependent and four percent each for two additional dependents.

To be eligible, workers must have paid into the system through payroll taxes withheld by their employer, so self-employed workers and some contracted employees are not eligible to receive benefits. Among workers who do pay into the system there is an additional threshold of

earnings and base weeks that must be satisfied to receive benefits. Workers must have either worked a minimum of 20 base weeks (defined as a week in which a claimant earned 20 times the minimum wage) or earned a minimum of \$7,200 during the base period on which benefits are calculated.

There are three base year periods on which eligibility can be established. The standard base year counts earnings and weeks worked during the first four of the last five completed calendar quarters preceding the date of the claimant's application for benefits. If the applicant is eligible for benefits during the standard base year, their benefits are calculated based on earnings during this time period. Two alternative base years are used in New Jersey to determine eligibility if the worker does not qualify under the standard base year; both use more recent work history in determining earnings and number of base weeks. For workers in short-term employment, this can increase the chance of being eligible for unemployment benefits, although many temporary and seasonal workers still fail to qualify for benefits under the alternative base years.

Under normal employment conditions, the maximum duration of benefits is 26 weeks, although not all workers receive the maximum due to work history or exceeding 50 percent of base period wages in total benefit payments. Under recent federal action, unemployed workers in New Jersey can now potentially receive benefits for substantially longer periods of time.

### **New Jersey Cares for Kids (NJCK)**

Income-eligible working families or families with parents attending job training or educational programs may qualify for subsidies under the NJCK program. Families earning up to 200 percent of the federal poverty level qualify for subsidies. After the first year of program enrollment, families may remain eligible if their total income remains below 250 percent of the federal poverty level. This subsidy may come in the form of either a voucher to purchase market-rate child care, or a slot in a contracted center. While any income-eligible family whose parent(s) is either working or attending job training or education may apply for assistance, priority is given to certain groups. Priority for admission to the program is in the following order: families leaving welfare (once all transitional child care is utilized), children identified by DYFS, children identified as having special needs or circumstances, and children in families with incomes below 150 percent of the federal poverty level. Aside from the above prioritization, income-eligible families are served on a first-come, first-served basis.

### **Food Stamp Program/Supplemental Nutrition Assistance Program (SNAP)**

The Food Stamp program is a federal entitlement program designed to provide in-kind food assistance to eligible individuals and families of low income. Currently, households with incomes below 130 percent FPL may qualify for Food Stamp assistance. Elderly or disabled adults may qualify at higher income levels if, after certain expenses, their net income is less than 100 percent FPL. Participants in welfare programs such as TANF and SSI are automatically eligible to receive at least a minimum Food Stamp benefit if all members of their households are also welfare recipients. In addition, General Assistance (GA) recipients are also eligible under the program. All other individuals and families need to meet specific income and asset tests to



become eligible for the program. In addition to financial eligibility requirements, there is also a work requirement for many Food Stamp participants.

Benefits are provided in the form of an electronic benefits card (EBT) that can be used to purchase designated food items from local stores. The EBTs are refilled automatically every month through third party vendors who are then reimbursed by the USDA. Food Stamp benefits are based on USDA's Thrifty Food Plan, which is the lowest cost food plan model and is intended to keep people of given age and gender free from negative health consequences for up to three months. The amount of Food Stamp benefit that can be received by an entity is based on the total monthly income and size of the household. A recipient household with no income receives the maximum monthly Food Stamp allocation for its size, while a household with some counted cash income receives a lesser amount, reduced from the maximum at the rate of 30 cents for each dollar of counted income. Food Stamp benefits are adjusted each year to account for inflation.

## **State Affordable Housing Production Programs**

### **Neighborhood Preservation Balanced Housing Program**

The Neighborhood Preservation Balanced Housing Program, funded through a portion of state collections of Realty Transfer Fees, provides state funds for the development of affordable housing for low- and moderate-income households. Affordability standards require that residents of low- or moderate-income not be required to spend more than 30 percent of their household income on housing costs. Municipalities or developers who receive the funds must use them for activities related to the rehabilitation or development of units that must remain affordable for a minimum of ten years. In addition, a portion of the fund is committed to the Deep-Subsidy Balanced Housing program that provides much larger per-unit subsidies to enable developers to build or rehabilitate units affordable to households of very low income.

### **CHOICE (Choices in Homeownership Incentives Created for Everyone)**

CHOICE is the HMFA's financing program for the development of new construction and substantially rehabilitated homeownership housing. Through below-market interest rate construction loans and construction subsidy funding as well as favorable end loan financing for eligible homeowners, the program helps promote viable and affordable markets.

### **Special Needs Housing Trust Fund**

The fund, administered by HMFA, provides grants and loans to housing developers providing housing units for people with special needs. Funded housing projects can include supported housing units or other community residences, along with the associated structures and facilities.

### **Low-Income Housing Tax Credit Program**

The Federal Low-Income Housing Tax Credit Program is federally-funded but administered through the HMFA. The tax credit, rather than being a federal subsidy, provides a dollar for dollar credit to offset owners' federal tax liability on ordinary income. In 2008, the HMFA allocated \$21.3 million in competitive and non-competitive tax credits to support the production of housing units.

## **Multi-Family Rental Housing Program**

This program provides low-interest financing for construction, rehabilitation, and/or permanent financing loans for the creation or preservation of multi-unit rental housing for families and individuals of low- and moderate-income.

## **State Rental Assistance Program (S-RAP)**

S-RAP is a state-funded program administered by the Department of Community Affairs (DCA). The greater part of S-RAP assistance is in the form of tenant-based rental assistance vouchers for individuals and households of low income in New Jersey that rent market-rate housing. These vouchers are comparable to Housing Choice vouchers and are terminated upon the award of a Housing Choice subsidy to the same household or individual. In addition, S-RAP provides project-based rental assistance, whereby rental payments are allocated to new or rehabilitated housing units for 10 years and paid when qualified tenants occupy those units. The total funding provided for S-RAP is divided between several tenant-based and project-based voucher programs.

In addition to the DCA waiting lists, there are multiple Public Housing Authorities (PHAs) in each county, each with its own selection policies. Households may be placed on both state and local S-RAP waiting lists.

## **New Jersey FamilyCare (Medicaid/CHIP)**

As noted previously, New Jersey FamilyCare is a general term used to describe New Jersey's health care assistance program that is comprised of Medicaid (which is actually broader than FamilyCare) and the CHIP program. Based on level of poverty and individual characteristics, eligible residents are placed into either of the two programs. Children up to 133 percent FPL and parents up to 29 percent FPL are covered under Medicaid. The program also covers adults without custodial care of children up to 23 percent FPL. In addition, Medicaid covers pregnant women up to 185 percent FPL and disabled and elderly individuals up to 100 percent FPL. Disabled and elderly individuals who need long-term care are covered up to 224 percent FPL under Medicaid. Children between 133–350 and parents between 33–200 percent FPL are eligible for health coverage under CHIP. CHIP also covers pregnant women between 185–200 percent FPL.

While those enrolled in Medicaid receive services at no cost, many CHIP enrollees are required to pay monthly premiums and co-pays. The Division of Medical Assistance and Health Services (DMAHS) administer both programs, which is in the Department of Human Services.

## Endnotes

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<sup>1</sup> Economic Policy Institute's Analysis of the Bureau of Labor Statistics and Moody's Economy.Com <http://www.economytrack.org/>

<sup>2</sup> Chapter 13 bankruptcy provides for the adjustment of debts of an individual who has a regular income. It allows a debtor to keep property and pay debts over a specified period. Chapter 7 bankruptcy involves "liquidation", the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors. See: U.S. Bankruptcy Court, District of New Jersey, <http://www.njb.uscourts.gov/dw/faqs/>

<sup>3</sup> The self-sufficiency standard measure is based on a methodology developed by Dr. Diana Pearce and is regularly updated in New Jersey in the report series: *The Real Cost of Living in New Jersey*. For the purpose of this report, the terms Real Cost of Living (RCL) and Self-Sufficiency Standard (SSS) are used interchangeably.

<sup>4</sup> Out of Reach 2009, National Low Income Housing Coalition, April 2009.

<sup>5</sup> Elders Living on the Edge: When Basic Needs Exceed Income in New Jersey, New Jersey Foundation of Aging, 2009. The Elder Index measures how much income an older adult needs to adequately meet basic needs without public or private assistance. The calculation of the index is based on the person's place of residence or location, housing arrangement, and health status.

<sup>6</sup> Elizabeth Gudrais, *Unequal America*, Harvard Magazine, 2008.

<sup>7</sup> Hispanic and Latinos are excluded from the population of Whites.

<sup>8</sup> Includes households that had low as well as very low food security.

<sup>9</sup> The New Jersey Department of Education defines a "highly qualified teacher" as someone who holds a bachelors degree, is fully certified or licensed, and demonstrates competence in each of the core academic subjects s/he teaches.

<sup>10</sup> Jodie Levin-Epstein, *Poverty and Opportunity: State Government Task Forces*. CLASP, September 2009; Jodie Levin-Epstein and Kristen Michelle Gorzelany, *Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America*. A joint report from CLASP and the Spotlight on Poverty and Opportunity, April 2008.

<sup>11</sup> A1411, Primary Sponsors: Fisher, Douglas H; Burzichelli, John J; Munoz, Eric; and Evans, Elease (Introduced 1/8/2008).

<sup>12</sup> The counties that saw the largest decreases since July 2008 were Essex (-6.0 percent), Passaic (-7.3 percent) and Union (-11.3 percent). State of New Jersey Department of Human Services Division of Family Development, Current Program Statistics, July 2009.

<sup>13</sup> National Conference of State Legislatures and the Wall Street Journal, 2009.

<sup>14</sup> This recommendation has been made in previous versions of *Benchmarks* and *Eye on the Budget*.

<sup>15</sup> For more information about the benefits and costs of state EITC's see *State Earned Income Tax Credits: 2008 Legislative Update*, Center for Budget and Policy Priorities, June 6, 2008; *A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006*, Center for Budget and Policy Priorities, March 2006.

<sup>16</sup> An error in the program code for the reporting of the State EITC resulted in previous incorrect reporting of the TY2007 and TY2008 data. The numbers below reflect the statistics from the corrected program totals.

<sup>17</sup> Beyond the monthly cash grant, SSI recipients received a one-time additional payment in 2009 as part of the federal stimulus legislation.

<sup>18</sup> A recent study also found that the declining minimum wage rates have contributed to the increasing rate of obesity in the United States. See ,David Meltzer and Zhuo Chen, *The Impact of the Minimum Wage Rates on Body Weight in the United States*, Working Paper 15485, National Bureau of Economic Research, November 2009.

<sup>19</sup> As of this writing, the Third Annual Report was unavailable. The recommendation is based on the following: The State of New Jersey Minimum Wage Advisory Commission's Second Annual Report, December 23, 2008.

<sup>20</sup> Versions of this recommendation have been made in previous editions of *Benchmarks* and *Eye on the Budget*. Note also that most states that link minimum wage to CPI do not allow for wage declines. In contrast, Colorado became the first state to decrease the state minimum wage due to the Colorado CPI decrease.

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- <sup>21</sup> Department of Labor, <http://www.dol.gov/esa/minwage/america.htm#Consolidated>
- <sup>22</sup> This number refers only to those receiving benefits within the basic 26 weeks without extensions.
- <sup>23</sup> *New Jersey Economic Indicators*, New Jersey Department of Labor and Workforce Development, December 2009.
- <sup>24</sup> This recommendation has been made in previous versions of *Benchmarks* and *Eye On the Budget*.
- <sup>25</sup> New Jersey did repeal the “off-trigger” of the State’s UI program through Assembly Bill No. 3818.
- <sup>26</sup> Providing benefits to workers who have to leave work due to a family responsibility is consistent with the goals of the UI system. Workers who must leave work for family needs are essentially leaving their jobs for reasons beyond their control. UI is meant to compensate the involuntarily employed and help them remain a part of the labor force.
- <sup>27</sup> \$29.7 million is available for general child care assistance and the remaining \$4.4 million in targeted funds for quality expansion and infant/toddler quality improvements. *Tracking American Recovery and Reinvestment Act Funds: Child Care and Development Block Grant Outlays*, CLASP.
- <sup>28</sup> *How States are Using Economic Recovery Funds for Child Care: Fall 2009 Update*, National Women’s Law Center, November 2009.
- <sup>29</sup> Department program statistics, provided by e-mail on October 23, 2009 and September 29, 2008.
- <sup>30</sup> Department description of initiatives, provided by email on December 2, 2009.
- <sup>31</sup> *Making Use of Economic Recovery Funds: Child Care Policy Options for States*, CLASP, March 9, 2009.
- <sup>32</sup> This recommendation has been made in previous versions of *Eye on the Budget*.
- <sup>33</sup> California and Washington have also adopted such a program, and California was the first state to implement it.
- <sup>34</sup> According to an Urban Institute study, only four out of ten working families with low income have access to paid parental leave and of those with leave, 31 percent have only one paid week of leave or less. *Getting Time Off: Access to Leave Among Working Parents*, Urban Institute, 2004.
- <sup>35</sup> *Economics and Politics of Work-Family Policy: The Case for a State Family Leave Insurance Program*, The Working Poor Families Project policy brief, Spring 2009.
- <sup>36</sup> It is important to note that a worker entitled to leave covered under the NJFLA or FMLA must take any FLI benefits concurrently. This means that workers can still only receive the maximum of 12 weeks (FLI does not provide six weeks of partially paid leave on top unpaid leave under NJFLA or FMLA).
- <sup>37</sup> State of New Jersey Department of Law and Public Safety, Division on Civil Rights.
- <sup>38</sup> 2008 Green Book, Ways and Means Committee.
- <sup>39</sup> N.J.A.C 10:87-2.36
- <sup>40</sup> Expanding categorical eligibility will also establish similar eligibility criteria as the School Lunch program, the Low Income Home Energy Assistance Program (LIHEAP) and the Earned Income Tax Credit, which would create more uniformity between programs.
- <sup>41</sup> This recommendation has been made in previous versions of *Benchmarks* and *Eye on the Budget*.
- <sup>42</sup> *State of the States*, Food Research and Action Center, 2008.
- <sup>43</sup> *School Breakfast Scorecard*, Food Research and Action Center, 2008.
- <sup>44</sup> Varieties of this recommendation have been made in previous versions of *Eye on the Budget* and *Benchmarks*. This recommendation was also based on the NJ Anti-Hunger Coalition’s recommendations.
- <sup>45</sup> *Low Rate of Participation in School Breakfast means More Hunger, Less Learning, and Weaker State Economies*, FRAC January 14, 2009.
- <sup>46</sup> *Ibid.*
- <sup>47</sup> The recent federal court ruling in *Anti-Discrimination Center, Inc. v. Westchester County* (and the HUD’s active participation in, and strong endorsement of the decision) is a significant milestone in the effort to eliminate residential segregation and presents opportunities for New Jersey advocates. Many counties and municipalities in New Jersey exhibit similar characteristics as Westchester and in the process of preparing five-year Consolidated Plans to receive funds have repeatedly signed the same certification to “affirmatively further fair housing.”
- <sup>48</sup> The New Jersey Department of Community Affairs Consolidated Plan includes recognition that nearly 900,000 New Jersey households are considered cost-burdened, based on U.S. Census Bureau data.
- <sup>49</sup> Housing and Community Development Network of NJ Policy Bulletin, February 3, 2009.
- <sup>50</sup> *Van Drew Bill Would Reform Affordable Housing Laws*, New Jersey Senate Democrats press release, March 4, 2009.

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- <sup>51</sup> This recommendation has been made in previous versions of *Benchmarks*.
- <sup>52</sup> This recommendation has been made in previous versions of *Benchmarks*.
- <sup>53</sup> Reported as “Actual Activity Level” in the 2008 Consolidated Plan with a note that final figures may have changed.
- <sup>54</sup> The Low-Income Housing Tax Credit Program is federally funded, but administered through the HMFA.
- <sup>55</sup> Section 8 funds more than 80 independent public housing authorities, in addition to the DCA Section 8 Program.
- <sup>56</sup> The contribution percentage is reduced to 25 percent for elderly or disabled heads of household. Voucher payments are also not to exceed housing region payment standards for the given unit size, and tenants are responsible for any rent charged above this standard, in addition to their 30/25 percent contribution.
- <sup>57</sup> DCA 2009 Consolidated Plan.
- <sup>58</sup> Numbers provided by DCA via email on 12/01/09.
- <sup>59</sup> This recommendation was made in previous versions of *Benchmarks*.
- <sup>60</sup> This recommendation was made in previous versions of *Benchmarks*.
- <sup>61</sup> *Statewide Mortgage Foreclosure Mediation Program Launched* Press Release Office of the Attorney General of New Jersey, January 6, 2009.
- <sup>62</sup> The following recommendations were adapted from and informed by the National Consumer Law Center’s report, *State and Local Foreclosure Medication Program*, September 2009.
- <sup>63</sup> Unlike several other states in which homeowner participation is more automatic, New Jersey sets up specific procedural requirements for homeowners to follow in order to “opt in” to the mediation program (there is no fixed time limit for making a request for mediation). These requirements may exclude homeowners who misunderstand or fear the court procedures. In addition, proceedings are not stayed or delayed automatically by the request. Homeowners have to apply to the courts or a sheriff for a stay if the mediation is not complete by a sale date.
- <sup>64</sup> A recommendation to expand eligibility for parents was made in previous versions of *Benchmarks*.
- <sup>65</sup> When the NJ Family Care program was originally expanded to include parents in 2000, eligibility was set at 200 percent FPL, but was closed to parents in June 2002 due to cost concerns. Beginning in September 2005, parent eligibility was re-opened at 100 percent FPL until it was gradually restored to the 200 percent level in 2008.
- Increasing the health insurance status of parents also has important ramifications for children’s health. Research has shown that when parents are covered, children are more likely to be enrolled in insurance programs and more likely to access care. See Dubay, L. & Kenney, G. 2003. *Expanding Public Health Insurance to Parents. Effects on Children’s Coverage Under Medicaid*. *Health Sciences Research*, October, 38(5): 1283-1302 and Davidoff, A.; Dubay, L.; Kenney, G.; Yemane, A. 2003. *The Effect of Parents’ Insurance Coverage on Access to Care for Low-Income Children*. *Inquiry Excellus Health Plan*, Fall, 40(3): 254-268.
- <sup>66</sup> Stan Dorn, *Health Care Coverage in a Recession*, The Urban Institute, December 2008.
- <sup>67</sup> After co-pays were placed into New Jersey’s original budget, advocates argued that cost sharing, including co-payments, makes health care less affordable for individuals with low income, forcing some beneficiaries to choose between health care services and other necessities such as food or housing costs. In addition, they cited research that has shown that higher co-payments reduce use of medical care and ultimately lead to more expensive forms of care, such hospitalization. Report citing L. Ku, *Charging the Poor More for Health Care: Cost-Sharing in Medicaid*, Center of Budget and Policy Priorities, May 7, 2003. B. Stuart and C. Zacker, *Who Bears the Burden of Medicaid Drug Co-Payment Policies?* *Health Affairs*, March/April 1999.
- <sup>68</sup> *Health Affairs*, Health Tracking Trends, April 28, 2009.
- <sup>69</sup> This recommendation has been made in previous versions of *Eye on the Budget*.
- <sup>70</sup> The January 2008 Reinhardt Commission Report specifically recommended increasing Medicaid physician reimbursement rates to at least 75 percent of the Medicare rate.
- <sup>71</sup> This recommendation has been made in previous versions of *Benchmarks* and *Eye on the Budget*.
- <sup>72</sup> In addition, although the numbers may be small, expanding eligibility would also reduce some of the financial burdens on such health care providers as emergency rooms who provide back-up medical services for ineligible children and their families. In addition, expanding enrollment would likely

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decrease the number of documented children with undocumented parents who hesitate to interact with government agencies.

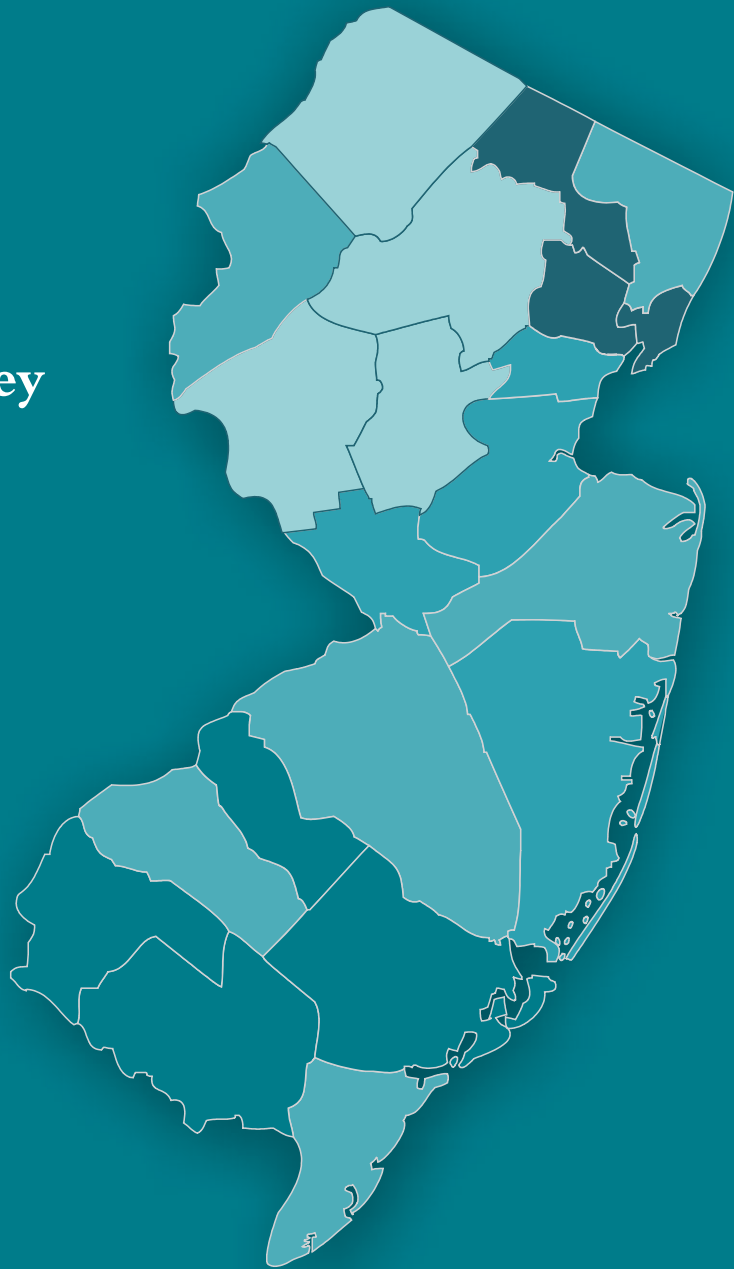
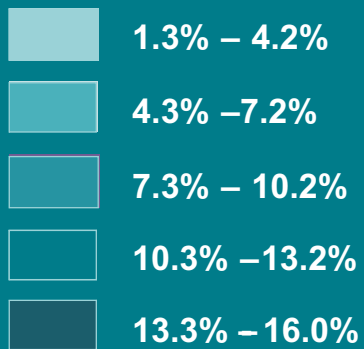
<sup>73</sup> NJ FamilyCare Outreach, Enrollment and Retention Report, May 2009

<sup>74</sup> New Jersey was one of two states singled out by a recent Pew Center on the States report as maintaining its commitment to preschool programs despite the fact that the \$25 million were taken out of the budget. See *Pre[K]Now*, Pew Center on the States, October 2009.

<sup>75</sup> The following data are reproduced from *Eye On the Budget*, 2009.

<sup>76</sup> The following recommendations were previously made in *Unequal Access to Justice: Many Legal Needs, Too Little Legal Assistance*, LSJ, 2009.

## Poverty in New Jersey



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