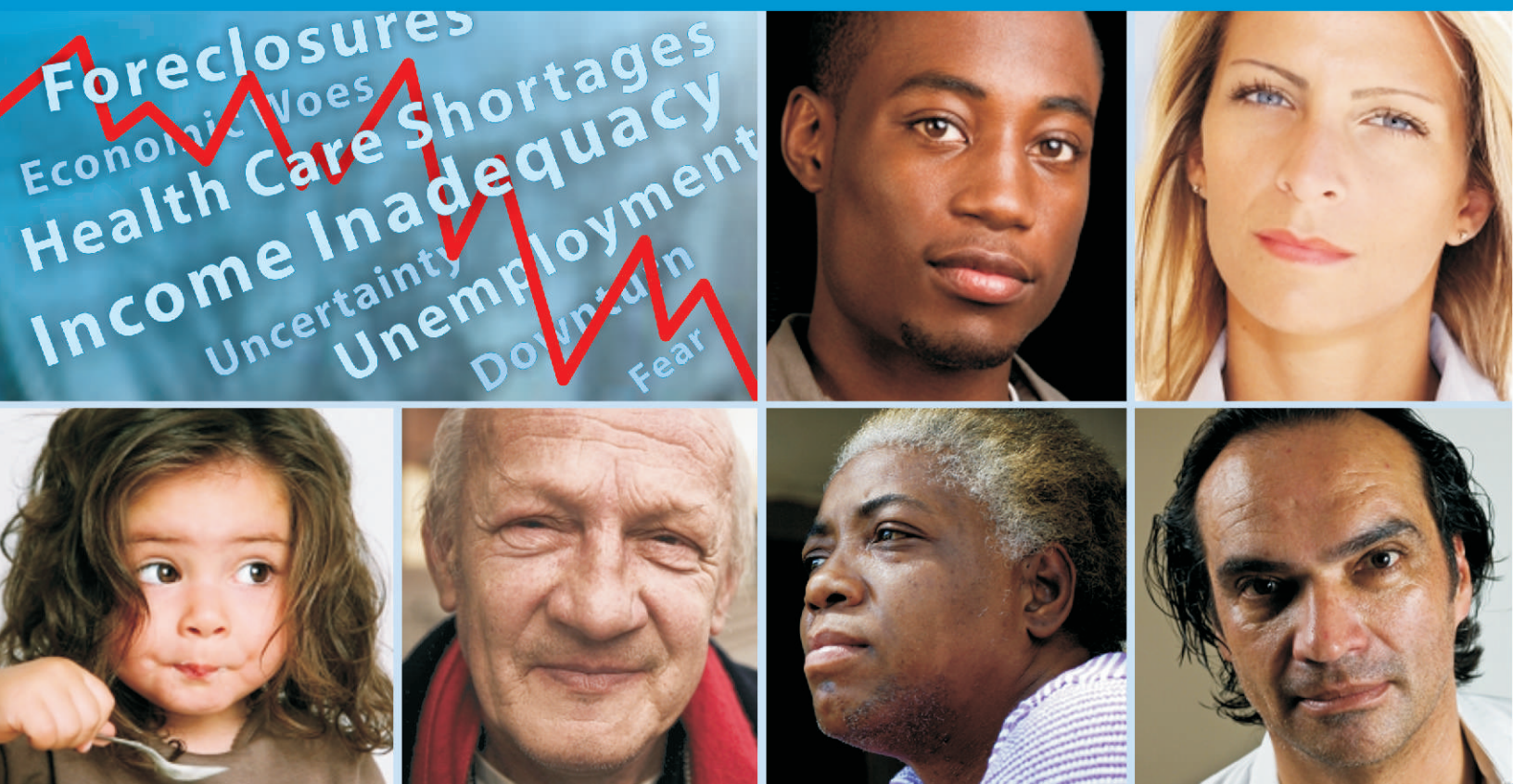


POVERTY BENCHMARKS 2009

Assessing New Jersey's Advances, Declines, and Growing Challenges in Addressing Problems of Inadequate Income



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

December 2008

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Legal Services of New Jersey Poverty Research Institute

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 LSNJ 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. For further questions, please email pri@lsnj.org or call 732-572-9100. To submit comments or ideas in response to this report, please email pri@lsnj.org.

Table of Contents

Introduction	7
Benchmarking Poverty	7
Focus on State Government Response	7
Information and Perspective Provided in this Report.....	8
Acknowledgements.....	9
1. Poverty in New Jersey: Main Findings & Policy Recommendations.....	10
Key Themes from the Poverty Data	10
Evaluating Progress in State Responses.....	13
Proposals for State Action.....	15
2. What Do We Mean By Poverty?.....	20
Defining and Measuring Poverty.....	20
Levels of Poverty	25
Widening Divide	29
Economic Trends and Poverty.....	33
3. Characteristics of Populations in Poverty.....	35
An Overview of Who Lives in Poverty in New Jersey.....	35
Populations in Poverty: An In-Depth Look	37
Age.....	37
Race	39
Household Composition.....	42
4. Places with Poverty	45
5. Aspects of Poverty.....	53
Health	53
Education.....	59
Housing.....	65
Credit.....	70
Employment	73

Hunger	76
Transportation.....	78
6. Major State Programs Addressing Elements of Poverty	81
Broad Themes in Poverty Data.....	82
Poverty-Related Challenges Related to Specific Needs	100
Appendices	117
Appendix 1: Data Tables.....	118
Appendix 2: Note on Sources and Methodology	134
Appendix 3: Acronyms	135

Table of Figures

CHAPTER 2

Figure 2-1: Different Wage Levels for a Three-Person Family, New Jersey, 2005 to 2007.....	22
Figure 2-2: Real Cost of Living for a Three-Person Family, New Jersey, 2005 & 2008	22
Figure 2-3: The Real Cost of Living as a Percent of Federal Poverty Level	25
Figure 2-4: Levels of Poverty, New Jersey, 2005 to 2007	26
Figure 2-5: Population below Poverty Level, Selected Counties, New Jersey, 2007	27
Figure 2-6: Population below Poverty Level, Selected Counties, New Jersey, 2006 & 2007.....	27
Figure 2-7: Poverty Thresholds for a Three-Person Family, New Jersey, 2007	28
Figure 2-8: Real Cost of Living in New Jersey, 2008.....	28
Figure 2-9: Average Income Deficit by Family Type (in 2007 dollars).....	29
Figure 2-10: Mean Family Income Deficit (in 2007 dollars), New Jersey, 2004 to 2007	30
Figure 2-11: Median Household Income by Quintile, New Jersey, 2007.....	30
Figure 2-12: Share of Aggregate Household Income by Quintile, New Jersey, 2006 & 2007.....	32
Figure 2-13: Change in Average Income, New Jersey, Late 1980s to Mid 2000s	32

CHAPTER 3

Figure 3- 1: Poverty Rate for Different Demographic Groups, New Jersey, 2007	35
Figure 3- 2: Age of Persons Living in Poverty & Share in the Overall Population, New Jersey, 2007.....	37
Figure3- 3: Poverty Rate for Children by Race, New Jersey, 2006 & 2007	38
Figure3- 4: White Children in Poverty, New Jersey, 2005 to 2007	38
Figure3- 5: African-American Children in Poverty, New Jersey, 2005 to 2007.....	39
Figure3- 6: Hispanic or Latino Children in Poverty, New Jersey, 2005 to 2007	39
Figure 3- 7: Poverty Rate by Age and Race, New Jersey, 2007	40
Figure 3- 8: Poverty Rate for Seniors by Race, New Jersey, 2006 & 2007	40
Figure 3- 9: Median Household Income by Race and Ethnicity, New Jersey, 2006 & 2007	41
Figure 3- 10: Poverty Rate by Household Composition, New Jersey, 2006 & 2007	42
Figure 3- 11: Share of Population in Poverty & Overall Population of Families with Children.....	43
Figure 3- 12: Poverty Rate of Related Children in Female-headed Households, Selected Counties.....	43

CHAPTER 4

Figure 4- 1: Poverty Rate, New Jersey and Counties, 2006 & 2007.....	45
Figure 4-2: Percent below the Real Cost of Living in New Jersey, 2008	46
Figure 4-3: Median Household Income, New Jersey, 2007	47
Figure 4-4: Median Household Income by Place, New Jersey, 2007	48
Figure 4-5: The Real Cost of Living, New Jersey, 2008.....	49
Figure 4-6: Severe Poverty Rate by Township of Residence, New Jersey, 2007	51
Figure 4-7: Percent below True Poverty by Township of Residence, New Jersey, 2007	51

Figure 4-8: Percent below Federal Poverty by Township of Residence, New Jersey, 2007	51
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CHAPTER 5

Figure 5- 1: Uninsurance Rate by Level of Poverty, New Jersey, 2005 to 2007.....	54
Figure 5- 2: Uninsurance Rate by Level of Poverty, United States, 2005 to 2007	55
Figure 5- 3: Children's Uninsurance Rate by Level of Poverty, New Jersey, 2005 to 2007.....	55
Figure 5- 4: Children's Uninsurance Rate by Level of Poverty, United States, 2005 to 2007	56
Figure 5- 5: Percent Reporting Poor Health by Income Level, New Jersey, 2005 & 2006	57
Figure 5- 6: Percent with Disability by Level of Poverty, New Jersey, 2005 to 2007.....	57
Figure 5- 7: Percent with Diabetes by Income Level, New Jersey, 2006 & 2007	58
Figure 5- 8: Percent Suffering from Obesity by Income Level, New Jersey, 2006 & 2007	59
Figure 5- 9: District Factor Group Classification System.....	60
Figure 5- 10: Percent only Partially Proficient in High School Language Arts.....	60
Figure 5- 11: Percent only Partially Proficient in High School Mathematics	61
Figure 5- 12: Number of Districts Failing to Make Adequate Yearly Progress by Socioeconomic Status...	62
Figure 5- 13: Percent of Teachers Not Highly Qualified, New Jersey, 2006-07 to 2007-08.....	63
Figure 5- 14: Educational Attainment of Populations in Poverty, New Jersey, 2006 & 2007	64
Figure 5- 15: Median Earnings by Educational Attainment & Gender, New Jersey, 2007	64
Figure 5- 16: Fair Market Rent for a Two-Bedroom Housing Unit, New Jersey, FY 2009	65
Figure 5- 17: Percent of Cost-Burdened Renters, New Jersey & U.S., 2005 to 2007.....	66
Figure 5- 18: Percent of Severely Cost-Burdened Renters, New Jersey & U.S., 2005 to 2007	66
Figure 5- 19: Percent of Cost-Burdened Renters by Income, New Jersey, 2005 to 2007.....	67
Figure 5- 20: Poverty Rate by Type of Housing, New Jersey, 2007.....	68
Figure 5- 21: Overcrowding by Type of Housing, New Jersey, 2005 to 2007	69
Figure 5- 22: Percent of Households with No Telephone Service by Tenure, New Jersey, 2007	69
Figure 5- 23: Average Interest Rate for 30 Year Lien Loans by FICO Score, New Jersey, 2007 & 2008.....	71
Figure 5- 24: Average Interest Rate for Used Auto Loans by FICO Score, New Jersey, 2007 & 2008.....	72
Figure 5- 25: Number of Non-Business Bankruptcy Filings, New Jersey, 2006 & 2007.....	73
Figure 5- 26: Percent below Poverty Working Full-Time & Year-Round, New Jersey, 2007	74
Figure 5- 27: Individuals Working Full-Time Earning Less than \$20,000, New Jersey, 2007	75
Figure 5- 28: Poverty Rate & Share of Population in Poverty for Households with One-Worker	75
Figure 5- 29: Median Income for Population Working Full-Time (in 2007 inflation-adjusted dollars).....	76
Figure 5- 30: Household Food Insecurity Index, New Jersey, 2007	77
Figure 5- 31: Average Change in Demand for Food Assistance from Food Pantries, New Jersey	78
Figure 5- 32: Means of Transportation to Work by Poverty Status, New Jersey, 2006 & 2007	79
Figure 5- 33: Percent Not Owning a Car by Type of Housing, New Jersey, 2006 & 2007	80

Introduction

No single source collects and reports New Jersey specific data across a spectrum of poverty-related indicators. The Legal Services of New Jersey Poverty Research Institute inaugurated the annual Poverty Benchmarks Report in 2007 to compile such data, and thereby both illuminate the extent and consequences of poverty in the state and evaluate progress or declines in the state's responses. This report is the *third* in the series and seeks to update key developments and attendant policy implications. It also seeks to expand our critique of poverty-related programs and policies of the state government in terms of specific changes and more comprehensive effectiveness.

Benchmarking Poverty

In many ways, those without significant income or assets live in a world quite distant from that of wealthier New Jerseyans. Separated in housing, employment, health care, education, and transportation, people struggling to meet their daily needs rarely rub elbows with, or are even noticed by, those with greater means. Before there can be effective solutions to the problems of poverty, society must share a common understanding and resolve to address the causes and change the conditions. Awareness of available information concerning poverty is a precondition to lasting change. These annual Poverty Benchmarks reports gather and present available information concerning the current extent and impacts of poverty, and begin to amass evidence of the effectiveness of state governmental responses.

Focus on State Government Response

Many governmental and nongovernmental entities seek to address problems related to poverty and inadequate income, although no universal or comprehensive anti-poverty policy guides these efforts. While this network of diverse responses – many absolutely vital to the well-being of low income and vulnerable people – 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. The current state governor, Jon Corzine, in word and deed has made combating poverty a major theme of his administration, and the past three years contain several significant successes in this regard, notably in the state rental assistance program, recent COAH third round rules, funding for Legal Services, steps toward restoration of the Family Care program, and increased anti-hunger assistance. The severely strained resources during the current economic crisis, however, pose new and dangerous

challenges to the well-being of the most disadvantaged, and will require even deeper commitment from state leadership to avoid catastrophic consequences for those in poverty.

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 concepts.

1. Poverty in New Jersey: Main Findings and Policy Recommendations

Themes from the analysis of poverty data and program responses which are most urgent and telling, followed by priority policy recommendations to address these concerns.

2. What Do We Mean By Poverty?

Data drawn from various alternative measures of inadequate income in addition to the federal poverty level, including discussion of the factors to be considered in efforts to measure poverty. Related issues of economic trends and the widening economic divide.

3. Characteristics of Populations Living in Poverty

Profile of New Jersey households with inadequate incomes, as well as detailed examinations of poverty data for various demographic groups.

4. Places with Poverty

Examination of geographic trends at the county and, where available, municipal level. Specific analysis of patterns of economic and racial concentration.

5. Aspects of the Experience of Poverty

Evidence of the challenges experienced by low-income households in key categories of basic needs.

6. Major State Programs Addressing Elements of Poverty

Review of state programs that do or should have the most direct impact on identified poverty-related problems facing New Jersey, as well as proposals for alternative responses.

We offer one caution. Poverty derives from complex social and economic dynamics, and data that describes the manifestations of poverty should not be used to draw conclusions about the causes of poverty. Rather, in portraying poverty's effects the data presents the public — and policy makers — with information necessary to fashioning a comprehensive and effective approach to ameliorating poverty.

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All opinions are those of Legal Services of New Jersey.

Melville D. Miller, Jr.
Edison, New Jersey
December 2008

1. Poverty in New Jersey: Main Findings and Policy Recommendations

Key Themes from the Poverty Data

The data on poverty and inadequate income in New Jersey reveals many dimensions to the challenge facing the state. This report reviews a number of indicators that present a mixed picture of poverty in the state, including both areas of recent progress as well as areas of stagnation and growing problems. The time periods reflected in this data is important however, for drawing conclusions about the direction the state is headed. For the most part this data relies on information collected in 2007, before the current economic crisis began to really gain momentum. The most current data points, including information on unemployment rates, job losses and the foreclosure crisis, present a more consistently negative picture, suggesting that the more time-lagged data in this report may actually understate the severity of conditions now. The following key findings focus on areas of special concern that need to be addressed now, in order to ease the impact of worsening economic conditions:

- **Income inequality is worsening in New Jersey, both in comparison to the rest of the nation and in absolute terms, as most income groups stagnate relative to the wealthiest twenty percent of state residents. (Chapter 2)**
 - ❖ In 2006, income inequality in New Jersey was 19th worst in the nation; in 2007, it rose to 15th worst.
 - ❖ The share of aggregate state income held by low- and middle-income populations continued to decrease in 2007.
 - ❖ The share of all income in the state decreased for the bottom four-fifths of the population in 2007, while the share of the wealthiest 20 percent increased.

- **Geographic population distributions reveal persistent and concerning concentration patterns related to both people of color and households at all levels of poverty in selected areas of the state, drawing sharp contrasts with statewide averages and more affluent areas. (Chapter 4)**
 - ❖ Among the nineteen townships for which data is available, six have poverty rates more than double the statewide rate of 8.7 percent, including two with poverty rates well over three times the statewide average (Camden City, 38.2 percent and Passaic, 30.9 percent).

- The same six townships have severe poverty rates well over twice the statewide rate of 3.9 percent (ranging from 8.3 percent in Lakewood to 20 percent in Camden City), and the share of their residents living on incomes below 200 percent of the federal poverty level ranged from 48 to 66 percent of total resident.
- ❖ People of color are disproportionately clustered in townships with high poverty rates.
 - While only 14 percent of the population of New Jersey consisted of African-Americans in 2007, more than 50 percent of residents were African American in Camden City and Newark (two of the four New Jersey cities with the highest concentrations of poverty).
 - More than 60 percent of the population in the cities of Passaic and Paterson was either Hispanic or Latino in 2007. The same cities had a close to a quarter of their resident living below federal poverty level and close to 50 percent or more living in true poverty in 2007. At the state level, only 15.9 percent of the population was either Hispanic or Latino in 2007.
 - Townships like Cherry Hill and Clifton, on the other hand, which had lower poverty rates than the state average in 2007, has such low Black populations that they were too small to even form a part of the sample for the data reported by the Census.
 - ❖ As an example of the manifestation of statewide concentration and exclusion patterns, the income divide between Camden City and Cherry Hill, two neighboring cities, became even more prominent in 2007.
 - The percent of the population living in severe poverty in Camden City increased to 20 percent in 2007 from 18.6 percent in 2006. During the same period, the population living in severe poverty in Cherry Hill decreased to 0.9 percent in 2007 from 2.7 percent in 2006.
 - The population living with more adequate income levels — above 200 percent of poverty — decreased over the same period in Camden City (34.2 percent in 2007 from 39.5 percent in 2006); in Cherry Hill, the population living above 200 percent of poverty increased to 91.1 percent in 2007 from 87.8 percent in 2006.
- **New Jersey is falling behind in ensuring adequate health care, as rates of health insurance coverage for adults as well as children are worsening in New Jersey — unlike the nation as a whole — while the health status of the lowest income group in New Jersey is deteriorating. (Chapter 5)**

- ❖ While the national uninsurance rate declined in 2007, the average rate from 2006 to 2007 for New Jersey shows an increase in the percent of New Jerseyans without any health insurance coverage.
 - The ranks of uninsured living in severe poverty in New Jersey grew by 10 percent to more than 50 percent in 2006-2007, compared to 2005-2006. At the national level, 35.8 percent of those in severe poverty were uninsured during the same time.
 - The percent of uninsured children also increased to 13 percent in 2006-2007 from 11.7 percent in 2005-2006. While the uninsurance rate of children in severe poverty declined slightly, nearly 35 percent were uninsured within this income group. In the 50-99 percent and 100-199 percent income level, the percent of uninsured children grew to 32.8 percent 27.6 percent, and to 21.8 percent from 17.6 percent, respectively.
 - ❖ The percent of individuals in the lowest income group (earning less than \$15,000) who report being in poor health has nearly doubled — to 21.4 percent in 2007 from 12.8 percent in 2006.
- **New Jersey's housing affordability crisis is expanding in both home ownership and rental housing, as New Jersey is among the states hit by skyrocketing foreclosures and more than half of rental households now face unaffordable housing costs. (Chapter 5)**
- ❖ New Jersey's foreclosure rate was 8th highest in the nation in October 2008, with one out of every 410 household units in foreclosure, exceeding the national average of one out of every 452 household units.
 - ❖ Five New Jersey metro areas were amongst the top 100 metro areas with the highest number of foreclosures in the nation in the second quarter of 2008.
 - ❖ The percent of cost-burdened renters in New Jersey has increased to 51.2 percent in 2007 from 49.8 percent in 2006. The percent of cost-burdened renters in the U.S. decreased during this period to 49.3 percent in 2007 from 49.8 percent in 2006.
- **New Jersey's declining job market suggests even more difficult times ahead for low-wage working households. (Chapter 2)**
- ❖ Although New Jersey's unemployment rate decreased slightly in September, the rate has been steadily increasing since January 2008 and hit 5.9 percent in August 2008, the highest rate in five years.

- ❖ Over the first three quarters of 2008, New Jersey employment fell by 21,000 jobs (-.52 percent), and declined by another 3,900 jobs in September.

Evaluating Progress in State Responses

As discussed in the introduction of this report, our evaluation of the state's progress with addressing poverty combines both benchmarking of diverse poverty indicators and assessing the effectiveness of major state programs that address, or should address, key poverty-related challenges. While these programs clearly cannot be effective in isolation, the problems described in this report are simply too big to be adequately addressed through volunteerism, charity, or non-governmental agencies without massive involvement of state government as well. Our focus on state programs aims to recognize areas of effectiveness and progress, identify ways in which the current response is ineffective, and ultimately hold the state accountable for its responsibility to address poverty. This assessment recognizes the genuine commitment of Governor Corzine to increasingly prioritize the needs of low-income New Jerseyans in allocating state resources, as demonstrated in some important recent investments. New Jersey must protect the investments and programs that are working, and consider new approaches for the conditions and problems that remain unremediated.

➤ **Income assistance programs for the most severely poor are inadequate both in the level of assistance provided and in the coverage of all groups in need of aid. Selected groups are benefitting from expansion of some elements of the welfare program and Earned Income Tax Program (EITC), but the system as a whole is providing diminishingly effective income assistance.**

- ❖ Benefit levels in the two primary cash assistance programs in New Jersey are either set (in the case of the welfare grant) or supplemented (in the case of SSI) by the state. As a consequence, the buying power of people who depend on this assistance has been steadily eroding as each year the state fails to provide any increase to keep pace with inflation or even higher price increases for basics like housing.
- ❖ Maximum welfare grant levels for all family sizes are now well below severe poverty income thresholds.
- ❖ Those welfare recipients who are able to secure relatively stable part-time employment (more than 20 hours a week) are now more likely to remain eligible for a partial welfare grant for the first seven months of employment because of an increase in the earned income disregard used to calculate continued eligibility.

- ❖ Expansion in the eligibility thresholds for New Jersey's EITC program, and planned increases in the benefit level, have increased the assistance available, although participation did not increase as would have been expected in tax year 2007.
- **Recent state housing legislation provides tools to reduce some factors that concentrate poverty in limited areas, but fails to ensure adequate creation of necessary affordable housing, especially in new development and redevelopment projects.**
 - ❖ Bill A500, which was signed into law in July of 2008, makes a number of significant changes to New Jersey's housing and redevelopment laws.
 - The elimination of Regional Contribution Agreements (RCA) removes a mechanism that had been widely used to shift obligations to build affordable housing from wealthier suburbs into higher-poverty urban areas. This change provides an improved prospect for affordable housing development in areas that have historically excluded low-income households.
 - The replacement funding designated in the bill for municipalities that previously received RCA money, unfortunately does not target this funding to development of housing that will be affordable to low-income families.
 - Changes to the state redevelopment statute provide some improved protections for residents of the low-income communities primarily targeted for redevelopment across the state, but the one-for-one replacement requirement on demolished affordable housing is limited to units that are deed restricted. This means that most unsubsidized or unrestricted affordable homes and apartments are unprotected, and can be replaced with unaffordable market-rate units that are beyond the reach of displaced residents and other lower-income households.
- **The expanded eligibility thresholds for enrollment of adults in subsidized health insurance through the New Jersey Family Care program provides the opportunity to reduce the uninsurance rate among both parents and their children.**
 - ❖ The Family Health Care Coverage Act expanded access to the program for uninsured parents of eligible children.
 - After initial expansion of the program to adults was discontinued for funding reasons the program was re-opened to parents in 2005, but at eligibility thresholds much lower than the original level (re-opened to 100 percent of poverty in 2005, increasing to 133 percent by 2007). In July 2008 new legislation raised eligibility levels back to the original level of 200 percent of poverty for parents.

- ❖ New Jersey already leads the nation in providing subsidized health insurance for children in households with incomes up to 350 percent of federal poverty, although enrollment of eligible children remains a concern.
- **New Jersey's commitment to providing tenant-based rental housing assistance through the State Rental Assistance Program (S-RAP) is being steadily implemented, although still at a level well below the actual need.**
 - ❖ Funding levels from the initial \$25 million level were raised to \$37.5 million in the fiscal year 2007-2008 budget and again to \$52.5 million in the most recent budget.
 - ❖ Initial administrative challenges have now also been resolved, so that all of the voucher funding is being used to subsidize rental housing for low-income households, and the project-based funding is committed to projects that will produce more affordable units, many of which are already occupied.
- **The continuing pattern of only occasional increases in the state Minimum Wage is resulting in the rapid devaluation of this minimum threshold for compensating our state's poorest workers.**
 - ❖ The minimum wage was last increased in 2006 to \$7.15 per hour, as a result of 2005 legislation that instituted an annually-reporting Minimum Wage Advisory Commission.
 - The Commission was established to address the pattern of the last three decades in which periodic pressure results in a legislated minimum wage increase that only partially adjusts for increasing prices over the time of inactivity.
 - The Commission recommended an increase in the minimum wage to \$8.25 in January 2008, but the legislature and Governor did not act on this recommendation.
 - ❖ Because the minimum wage does not increase automatically with inflation, even one year without a legislated increase undercuts its adequacy.
 - Because the wage has not been increased since 2006, the minimum wage now has a buying power equivalent to just \$6.59 in 2006 dollars – a loss of nearly eight percent of its value.

Proposals for State Action

While important recent gubernatorial and state initiatives hold promise, it is clear that much more must be done to address poverty, particularly in light of the growing economic crisis.

Currently the state (and federal) response is a patchwork of diverse and often uncoordinated policies and programs. An improved state effort would have to proceed from a commitment to fashion a comprehensive response to poverty, not just isolated programs dealing with separate impacts. The final chapter of this report presents a number of proposals for specific action. Here are those that are most urgent based on the data in this report.

➤ **Create a statewide comprehensive anti-poverty initiative.**

- ❖ 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 twelve other states as well as four more with pending proposals, 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.

➤ **In order to address rising income inequality in New Jersey, the state needs to target direct income assistance to the lowest-income households.**

- ❖ Refundable tax credits provide a proven mechanism for effectively raising the incomes of low-income households.
 - New Jersey should consider creating refundable child tax credit and child care tax credit programs, in order to target more assistance to low-income families with children, given high poverty rates among this group.
- ❖ Create a state-based cash assistance program for people with disabilities not eligible for existing disability programs.
 - The eligibility criteria for existing disability programs leave gaps in the assistance system for individuals with long-term, work-inhibiting disabilities that are not recognized by the federal SSI program or are not adequately documented to meet requirements. These individuals are left to rely on the welfare system, which creates problems for the state in meeting federal work participation requirements and problems for the individuals for whom the welfare program structure may not be appropriate.

➤ **In order to address racial and economic concentration patterns, the state must provide opportunities for people trapped in high-poverty neighborhoods to either move out of these areas or to improve their circumstances in their current communities.**

- ❖ Promote anti-exclusionary land use zoning in currently unaffordable areas through state intervention.
 - Current local control over zoning tends to reinforce concentration patterns because high-income communities use zoning laws to prevent development of affordable housing. Two types of state intervention could address this trend:
 - The state could pursue, or provide funding for, litigation against municipalities using exclusionary-zoning practices and failing to participate in the COAH planning process.
 - The state could also reclaim some of the zoning authority it has delegated to municipalities in order to mandate higher-density development of smaller units and alternatives to traditional development.
- ❖ Ensure that the benefits of redevelopment, such as job creation projects, are targeted to low-income residents of the redevelopment area.
 - Revise or update current UEZ job development targets to mandate that new jobs go to low-income residents or participating municipalities. A significant portion of zone development funds should be required to be used for affordable housing for zone workers.

➤ **To address declining health outcomes and health insurance rates among low-income groups, expand access to truly affordable health insurance.**

- ❖ Increase the reach and effectiveness of the current state subsidized health insurance programs.
 - Since health care remains unaffordable in the private market for households with incomes above 200 percent of the federal poverty level, eligibility should be raised to at least 300 percent for parents and 200 percent for individuals without children.
 - For those families currently eligible for the program, premium and co-pay requirements should be eliminated for families with incomes below 200 percent of federal poverty.
 - All individuals enrolled in Medicaid and Family Care should have the option of enrolling in HMO-plans, since the very low fee-for-service reimbursement rates create problems with finding doctors willing to provide services.

- ❖ Provide incentives for employer-subsidized health care
 - The dropping rates of employer-subsidized health insurance are leaving families without coverage and placing an increasing burden on New Jersey's subsidy programs. The state needs to provide both carrots and sticks to employers that do not provide or are considering dropping coverage for their employees.

- **In order to address the increasing housing affordability crisis among both renters and homeowners, the state must act to improve access to affordable housing.**
 - ❖ The state's existing subsidy programs need to be further examined and efficiently administered to address the large unmet need.
 - The State Rental Assistance Program still assists only a fraction of rental households that are cost-burdened and more funding is needed to provide more vouchers.
 - With the foreclosure crisis threatening the homeownership dreams of so many low-income families, the Housing and Mortgage Finance Agency needs to create and adequately fund new mortgage products that are truly affordable for low-income homeowners, especially those threatened with foreclosure.

 - ❖ The state should impose standards for use of credit-worthiness tests in housing applications.
 - Credit-scoring is being used as a legal mechanism for discrimination in housing applications. Many low-income households eligible for and desperately in need of affordable housing are being denied access to affordable units because of "bad credit," even though the unaffordable cost of their current, unsubsidized housing unit is a primary cause of their credit problems. The state should pass legislation that prohibits such discriminatory use of credit evaluation and credit-scoring, and develop statewide standards that meaningfully recognize the barriers and difficulties faced by households with inadequate income.

- **To address the declining job market and low wages, New Jersey should take steps to improve both wages and job access for the lowest-income workers who are most likely to be hurt in poor economic times.**
 - ❖ The state should immediately pass an increase in the minimum wage to \$8.50 per hour, and institute automatic annual inflation adjustments with periodic review.

- ❖ The state should develop transitional job programs in public works to promote employment among hard-to-employ populations and also contribute economic stimulus to the state's economy.

2. What Do We Mean By Poverty?

In order to effectively present data on poverty, we proceed from a clear understanding of the definition of the term. Although the federal poverty level is the most commonly used measure of poverty, this definition excludes many individuals facing income challenges in New Jersey. The experience of poverty cannot be simplified to one defining income level that separates those in need from those who are not. Instead, multiple measures and comparisons are needed to build a more layered understanding of what it means to lack enough income to meet one's basic needs. This report relies on a number of measures to present different dimensions of poverty in New Jersey, and it must be understood that poverty is experienced at many different levels — from “severe” poverty to “effective” poverty to relative poverty. We begin with an examination of a number of measures that present different points along the poverty spectrum and then expand the discussion to consider other important points of reference.

Defining and Measuring Poverty

For the general public the term poverty generally evokes a notion of income that is too low to meet basic needs. In other words, poverty is equivalent to *income inadequacy*,¹ or the level of income at which a family is unable to afford the cost of the basic necessities for a minimum standard of living. In contrast, poverty as defined by the federal government and calculated by the U.S. Census Bureau, is a statistical measure that does not necessarily reflect a realistic income threshold for a minimum budget. It does, however, represent the official government assessment and measurement of poverty. While this report mainly uses data based on the inherited federal poverty measure because the majority of regularly updated data uses this standard, by no means is the measure endorsed as a reliable guideline for measuring poverty.

Despite its weighty importance, the poverty rate determined by the Census Bureau is considered by many to be far from adequate to meet a family's basic needs. As a result, the current federal poverty level (FPL) has been heavily criticized as inaccurately indicating well-being among low-income families and individuals. Federal calculations of poverty began in 1963 when Mollie Orshansky, an employee of the Social Security Administration, developed a simple equation. She used the estimated cost of a minimum diet developed by the Department of Agriculture, and multiplied it by three to account for all other expenditures. According to this calculation, poverty for a family of four in 1963 was about \$3,100. This income level was intended to represent a

¹ The terms *income inadequacy*, or *inadequate income* will be used throughout this report to refer to the full spectrum of income levels that fall short of what is needed to meet basic needs.

benchmark of *income adequacy*, or the level at which a family or individual's income is sufficient to meet basic needs. This formula was eventually adopted by the Census Bureau and, except for being annually adjusted for inflation and modified to account for the number of children in a given family size, has remained the same. Therefore, the 2007 threshold for a family of four with two children—\$21,027— theoretically represents the same level of income adequacy as did \$3,100 in 1963.

Much has changed, however, in the more than 40 years since the development of the poverty line. To start, the federal poverty thresholds do not account for medical expenses or changes in consumption patterns. Consumption of food no longer represents one third of a family's budget, but rather has been displaced by other costs, especially housing and health care. As a result, food costs today are likely to be closer to one sixth of a family's budget rather than a third.² The federal thresholds also do not include any tax benefits or non-cash subsidies (i.e., Food Stamps or housing assistance) when calculating the income of the poor, all of which affect real income. Furthermore, the federal measure neglects to consider child care cost differences for families whose adults are all working versus families with a non-working adult, despite the increase in dual-worker households in the last several decades and the substantial cost of child care.

Another omission from the federal calculation of poverty is its failure to adjust for local differences in the cost of living. The poverty line remains the same regardless of where an individual lives in the continental United States, despite the fact that some places are far more expensive than others. New Jersey is among the most expensive states in the nation according to a variety of state-by-state comparison measures,³ making the use of a nationwide standard particularly problematic for measuring true need in New Jersey. As a standard measure of

There are a number of reasons that the measure of poverty by the Census Bureau is significant. Calculations based on the federal measure are used to calculate the number of persons living in poverty at a given time and are therefore important in motivating public concern and political response to the problem of poverty. It is also a basis for the poverty guidelines that determine who is eligible for specific benefits such as Food Stamps, Low-Income Home Energy Assistance, Head Start, and other programs of significant assistance to the poor. Most of these programs use some multiplier of the guidelines, but they are inconsistent in how far up they adjust their eligibility standards. If poverty measures are too low, then persons in need of this vital assistance are deemed ineligible and go without these programs.

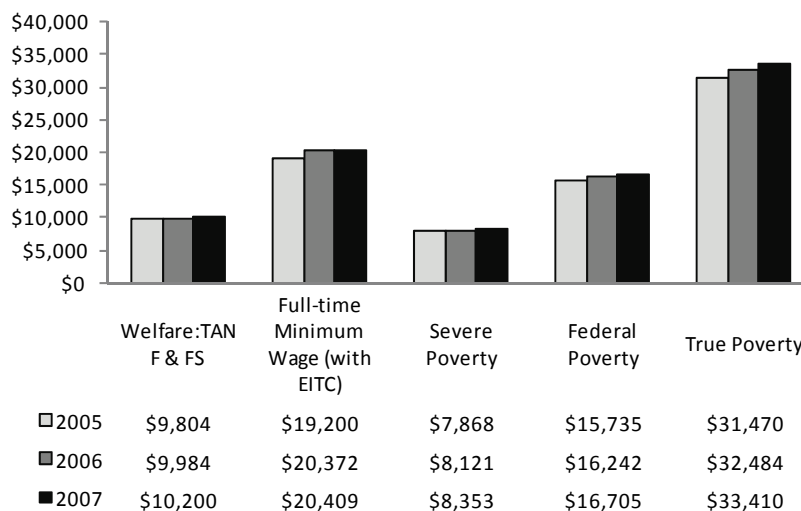
² Ziliak, James P. September 2003. "Filling the Poverty Gap, Then and Now." Department of Economics and UK Center for Poverty Research, University of Kentucky.

³ Such measures include the ACCRA Cost-of-Living Index produced by the Council for Community and Economic Research, and the Real Cost of Living research of Dr. Diana Pearce referenced later in this chapter.

adequate income, the federal poverty threshold is therefore incapable of comparing equivalent levels of need across areas with different costs of living.

Additionally, it is important to recognize one key limitation of all poverty measures that rely on annual income estimates: they do not capture populations that move in and out of poverty or income inadequacy as income fluctuates with job loss, family disruptions, or other changes. While this study cannot assess the deficit faced by this group, due to dearth of data tracking transience of poverty at the state level, this aspect of poverty must be borne in mind while judging the proportions of populations facing income inadequacy and also while devising assistance programs for the at-risk populations.

Figure 2-1: Different Wage Levels for a Three-Person Family, New Jersey, 2005 to 2007

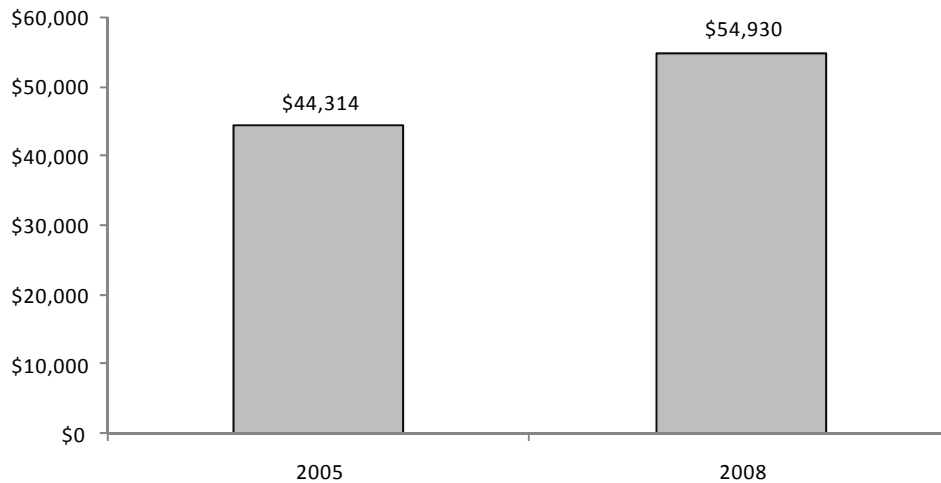


Source: U.S. Census Bureau, Federal Poverty Thresholds (2005 to 2007) & Green Book (2008)

Because of the problems with the federal poverty thresholds, it is necessary to start the analysis of federal poverty level data in comparison to other measures and income levels. *Figure 2-1* presents income measured by the federal poverty threshold for the three most recent years available (2005 – 2007) relative to two other measures of poverty, *severe poverty* (50 percent FPL) and *true poverty* (200 percent FPL). The chart also compares these income adequacy measures to the annual income available to two low-income groups, welfare recipients, who receive cash assistance and Food Stamps, and full-time minimum wage workers, including potential income from the Earned Income Tax Credit. The annual change for the measures based on the poverty threshold is minimal, reflecting only the inflation adjustment used to calculate annual poverty threshold increases. When the income levels of some of the poorest populations in New Jersey are considered, the gains are similarly modest. Welfare recipients have not received an increase in cash assistance since 1987, so the only increase is from increases in the

federal Food Stamp benefit. While New Jersey's minimum wage was increased in 2006 and the EITC benefit increases modestly each year, the increase in annual income is still relatively small, and leaves total annual income well below the true poverty income threshold.

Figure 2-2: Real Cost of Living for a Three-Person Family, New Jersey, 2005 & 2008



Source: *The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey* by Diana Pearce and Legal Services of New Jersey Poverty Research Institute

The Real Cost of Living (RCL), as measured by the Self-Sufficiency Standard,⁴ is an alternative poverty measure that addresses the shortcomings of the federal poverty level and tries to more realistically define an income level below which families are unable to make ends meet. It 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 including these members. 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 and are extensively used as a public advocacy tool. Nevertheless, even though the RCL offers a more realistic measure of income adequacy it has not been adopted by the federal government. As a result, it is not tracked or measured on a national scale. Therefore, much of the data in this report uses the federal poverty line or a multiplier of the FPL, while the RCL is used

⁴ The self-sufficiency standard measure 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*. For the purpose of this report, the terms Real Cost of Living (RCL) and Self-Sufficiency Standard (SSS) are used interchangeably to refer to this measure.

wherever pertinent data is available. Additionally, the term “poverty” wherever used alone refers to the income level measured by the FPL.

The self-sufficiency wage for a three-person family, based on the 2008 RCL, is \$54,930 (see *Figure 2-2*). A three-person family with two children, an infant and a preschooler, needs at least at least this income to get by without outside support in New Jersey. Even though the RCL in *Figure 2-2* reflects income sufficiency levels for 2008,⁵ and the poverty data in *Figure 2-1* reflect 2007 thresholds, a comparison of the rates of increase is telling. The increase in the self-sufficiency wage (or RCL) between 2005 and 2008 is substantial, nearly a 25 percent over three years. Due to time lags in government reports of federal poverty thresholds, the same three-year comparison is not available for the poverty threshold and multipliers, but the magnitude of the one-year changes reflect a much smaller rate of growth. While the poverty threshold does not reflect true need to begin with, the stagnation of this measure in comparison to the RCL suggests that its relevance is slipping even further behind the actual cost of living in New Jersey.

In order to demonstrate the shortcoming of the federal poverty threshold as a measure of income adequacy, *Figure 2-3* presents the annual self-sufficiency income (RCL) for a three-person family (with 1-adult, 1 preschooler, and 1 school-age child) as a percent of the FPL. It shows that in all counties, the real income required to be self-sufficient is between 2.5 to 4 times higher than the federal poverty threshold for this family size. For example, a Middlesex County family of three with an income at 200 percent of the poverty level would be earning \$33,410 per year or just 55 percent of the RCL. The

⁵ Data is only available for 2005 and 2008, not the intervening years.

Recent developments at the state and federal level indicate a growing interest and attention toward developing an alternative to the current measure for assessing poverty. The Self-Sufficiency Standard used in Real Cost of Living research is one such measure that is already being used across the country. This research, however, provides data-based minimum income estimates only for the population that is non-elderly and in which no members have significant disabilities. Other standards are being or have been developed that look into this and other populations.

The City of New York this year released data on poverty rates based on an alternative measure that adjusted both what is counted as income and estimates of income needs, based on recommendations of the 1995 National Academy of Sciences (NAS) report on alternative measures. The Economic Policy institute and National Center for Children in Poverty have both developed calculators for basic need budgets specific to locals. The federal government has also begun to take action. The culmination of multiple subcommittee hearings on Income Security and Family Support has been the drafting of a new bill, *The Measuring American Poverty Act*, which would replace the official poverty measure with an alternative measure of income sufficiency based on the NAS recommendations.

RCL in Middlesex County is 347 percent of the FPL for a family of three.

Figure 2-3: The Real Cost of Living as a Percent of the Federal Poverty Level

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	\$63,528	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%			

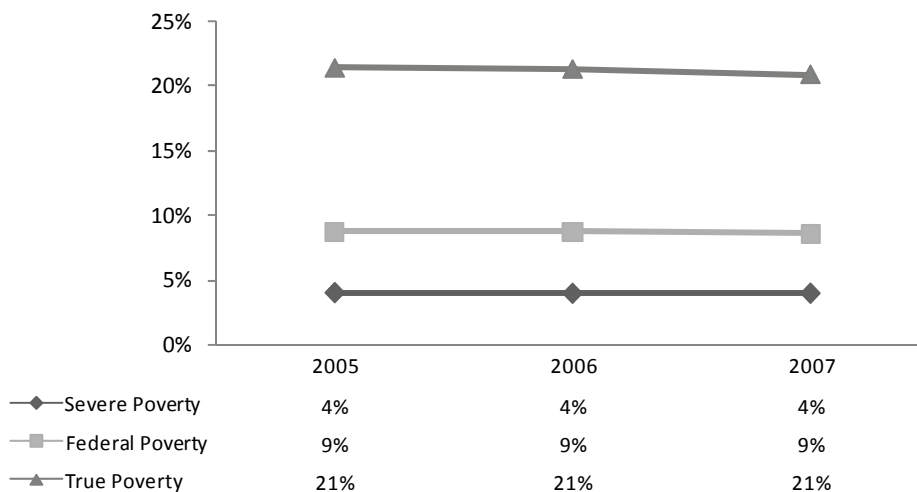
Source: The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey by Diana Pearce and Legal Services of New Jersey Poverty Research Institute

Levels of Poverty

Poverty is a very complex reality and a family’s well-being depends on the adequacy of their income rather than whether or not their income is above or below a set cutoff line that defines poverty. Since the federal poverty measure is more of a statistical yardstick than an absolute indicator of need, data collected by the U.S. Census also includes groups both above and below the official measure, allowing a more multi-dimensional look at the experience of poverty. This report, in addition to using the standard FPL which is used for tracking the official poverty rate, also analyzes data at two other income standards: *severe poverty* and *true poverty*. Severe poverty is so-called by the Census Bureau and counts families or individuals with incomes below 50 percent of the federal poverty line, thus reflecting an even deeper level of deprivation than that tracked by the FPL. A more realistic measure of near-adequate income, for which data is also available from the Census, is 200 percent FPL, a figure we define as “true poverty” since it comes closer to the income needs calculated by the RCL. It is important to keep in mind that calculations of the number of persons below severe, official, or true poverty do not indicate individuals at that level of income but rather all persons below that income level. For example, the federal poverty rate includes all persons living in severe poverty in its calculation as well as those between severe poverty and official poverty level incomes. One of the most disturbing

trends in New Jersey’s poverty story is the almost stagnant poverty rates during the last three years.⁶ *Figure 2-4* tracks poverty rates for populations with incomes at or below severe poverty, official poverty and true poverty incomes from 2005 to 2007. It shows that although nine percent of New Jersey residents lived in poverty as measured by the FPL in 2007, 21 percent of the state’s population lived in true poverty that year. The lack of change in rates at all levels of poverty, suggests the chronic nature of this social condition. Unfortunately, the intransigence of the problem tends to drain attention and energy for change efforts, signifying the need for strong leadership in developing a comprehensive state policy that targets eradication of poverty.

Figure 2-4: Levels of Poverty, New Jersey, 2005 to 2007



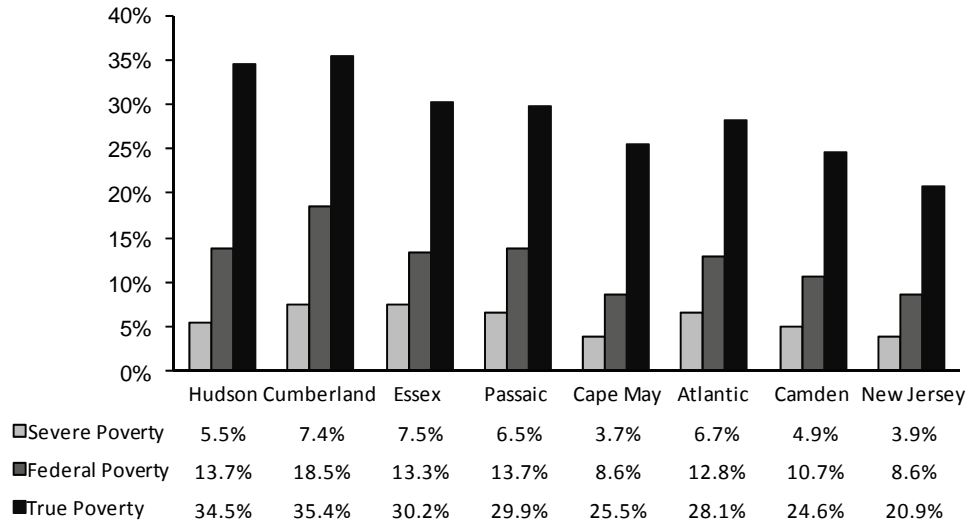
Source: Calculation from the U.S. Census Bureau, American Community Survey (2005-2007)

While New Jersey’s poverty rate is much lower than that in many other states in the country, the overall state poverty number conceals significant inequities in the distribution of poverty within the state. *Figure 2-5* shows the share of local populations below all three levels of poverty in some of the poorest counties of New Jersey. It reveals that although only nine percent of New Jerseyans were living below the official poverty level in 2007, nearly 19 percent of the population of Cumberland County was below the FPL. Three other counties, Hudson, Passaic and Essex, had official poverty rates close to 14 percent in 2007. The true poverty rate in these counties reveals even greater imbalances. Nearly a third or more of the populations in Cumberland (35.4 percent), Hudson (34.5 percent), Essex (30.2 percent) and Passaic (29.9 percent) counties had incomes below 200 percent of the FPL in 2007. Overall, almost 21 percent,

⁶ Beginning in 2006, the population in Group Quarters (GQ) is included in the ACS data tabulations. The inclusion of the GQ population may affect the distribution of characteristics in areas where a significant proportion of the population lives in group quarters and such tabulations should be read with caution. Nevertheless, stagnant poverty from 2004 to 2005 when GQ was not included in the universe strengthens this observation.

or a little more than one in five individuals, lived on less than this level of inadequate income in New Jersey in 2007.

Figure 2-5: Population below Poverty Level, Selected Counties, New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

In addition, it is interesting to note that while the overall population in poverty in New Jersey remained constant over the past three years (2005 to 2007), significant swings in poverty rate within counties have taken place. Some counties such as Hudson, Essex and Passaic saw a slight decline in their poverty rate in 2007 (see Figure 2-6). Others, such as Cumberland and Atlantic saw more than a three percent increase in their poverty rates. This development will be discussed in greater detail in the chapter on places with poverty.

Figure 2-6: Population below Poverty Level, Selected Counties, New Jersey, 2006 & 2007

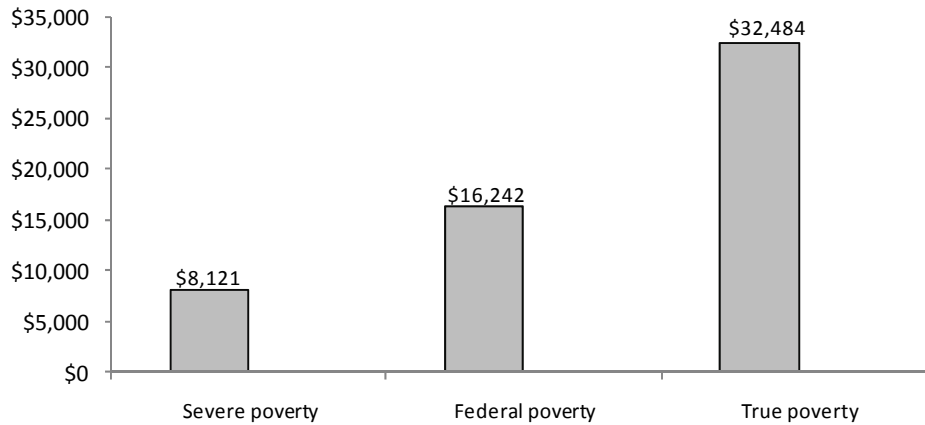
	Hudson		Cumberland		Essex		Passaic		Cape May		Atlantic		Camden	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Severe Poverty	6%	6%	7%	7%	7%	8%	7%	7%	5%	4%	5%	7%	6%	5%
Federal Poverty	15%	14%	15%	19%	15%	13%	15%	14%	9%	9%	9%	13%	11%	11%
True Poverty	36%	34%	34%	35%	30%	30%	32%	30%	25%	26%	25%	28%	25%	25%

Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007)

Figure 2-7 provides a reminder of the amount of income available for a three-person family (one adult and two children) at severe, official and true poverty levels. A three-person family in severe poverty had an annual income of \$8,353 or less in 2007. The official poverty income threshold for such a family was \$16,705. The true poverty income threshold, at \$33,410, still represents a very modest income in a high cost state like New Jersey, as illustrated by the RCL

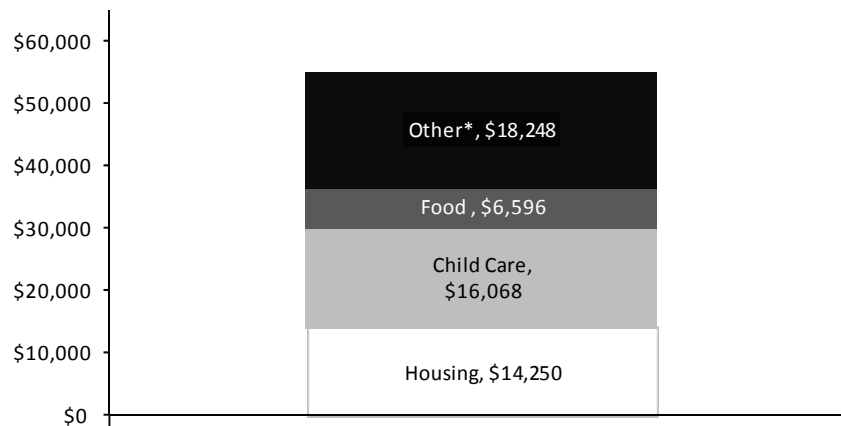
which shows that such a family needs at least \$54,930 to meet basic needs without any outside support.

Figure 2-7: Poverty Thresholds for a Three-Person Family, New Jersey, 2007



Source: U.S. Census Bureau, Poverty Threshold for 2006 & 2007 by the size of family and number of related children. Thresholds noted here reflect the annual income required for a 3-person family (one adult and two children)

Figure 2-8: Real Cost of Living in New Jersey, 2008



Source: The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey by Diana Pearce with Legal Services of New Jersey Poverty Research Institute (2008);

*Other includes average expenses for transportation, employee share of health care costs, miscellaneous expenses and taxes.

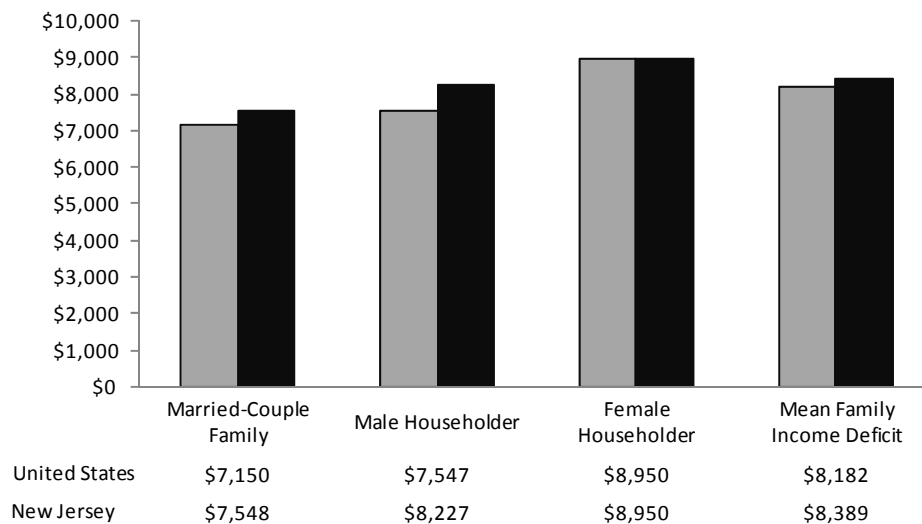
In comparison to the various poverty measures, *Figure 2-8* breaks down average costs for a three-person family with one preschooler and one school age child based on the RCL calculations. It shows that housing consumes approximately one-quarter of income and child care consumes an additional 29 percent. Housing and child care alone add up to more than \$30,000 annually, far exceeding the 2007 federal poverty level income and approaching the true poverty level. Close to one-tenth of the population in New Jersey is below the federal poverty level and more than one-fifth is below true poverty. Clearly, daily budgeting presents a nearly

impossible challenge when income falls so far below costs. While many families find creative ways to survive, like working in shifts to avoid child care costs, taking help from friends and family, juggling expenses and using credit cards to finance bills they cannot cover with current income, these are only short term solutions that often have long term repercussions. As discussed earlier, though the RCL and poverty thresholds in the preceding two figures do not represent parallel years, the unequal rates of growth of these two measures makes it highly unlikely that increases in the poverty thresholds for 2008 would substantially close the stated gaps.

Widening Divide

Most poverty statistics provide information on the number of individuals living with incomes below a given adequacy threshold, but do not give any indication about the gap between actual incomes and the threshold level in absolute dollar terms. Analysis of the depth of poverty provides additional insight into the severity of income inadequacy faced by households living below the poverty level — is a family missing just a few dollars or is the gap much larger? The only data that tracks depth of poverty currently is provided by the Census and is based on the federal poverty thresholds.

Figure 2-9: Average Income Deficit by Family Type (in 2007 dollars)

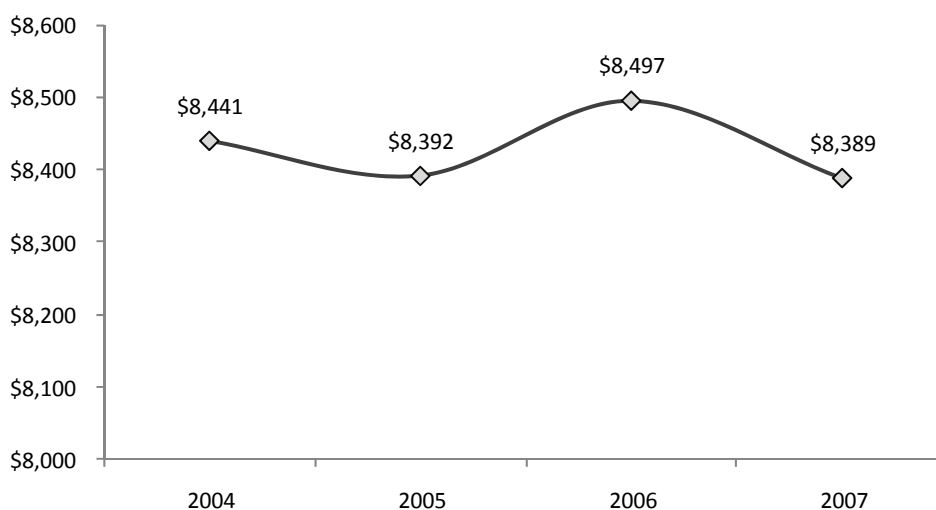


Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

The Census groups all families and individuals with income levels below the federal poverty line into one category — those living in poverty. The poverty gap measures the amount of income required to bring the income of households counted as falling below poverty up to the poverty threshold. Although this calculation does not measure income shortfall in comparison to levels of income adequacy, it does offer some insight into depth of need. This depth can be obscured by

reports on the number of households with income below the poverty level, since these figures are associated with the maximum income of these households represented by the poverty threshold. *Figure 2-9* displays the average annual deficit that different families in poverty faced in 2007 and compares them to the national average. In 2007, a typical New Jersey family in poverty faced an average income deficit of \$8,389, \$207 more than the overall U.S. deficit. Female-headed households in New Jersey faced the toughest challenge and needed an extra \$8,950 to lift their income to the federal poverty level; this is the same as the national deficit. The mean deficit of both married-couple households and male-headed households were larger in New Jersey than nationally by \$398 and \$680 respectively.

Figure 2-10: Mean Family Income Deficit (in 2007 dollars), New Jersey, 2004 to 2007

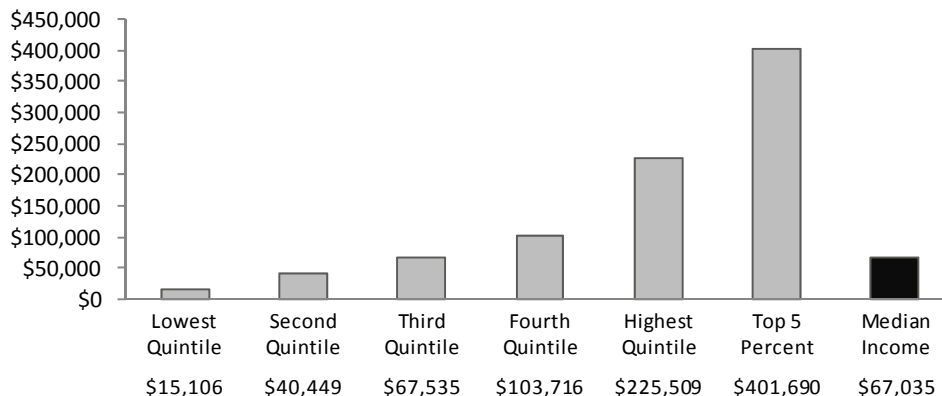


Source: Calculation from the U.S. Census Bureau, American Community Survey (2004-2007)

Analyzing the mean family income deficit over time provides a broad overview of whether low-income New Jerseyans are facing increasing or decreasing deficits over time. It also provides one data point for assessing the impact of policies designed to reduce income inadequacy. *Figure 2-10* charts the mean income deficit faced by an average family in poverty from 2004 to 2007 in 2007 dollars. The chart shows that after peaking in 2006, the deficit has returned approximately to the shortfall experienced in 2005. The income deficit of New Jersey's families in poverty with respect to other states also improved in 2007 to the 16th worst in the nation from the 8th worst in 2006. (See appendix chart on average income deficit.) While this development is encouraging, it may not be sustained, and once the spiraling impact of the current economic crisis is felt, all gains may be wiped out. In addition, comparing the deficit to the federal poverty threshold shows the enormity of the task of closing the gap. The federal poverty threshold for a three-person family in 2007 was \$16,705 and the mean deficit during this period for an average family in

poverty was \$8,389. This suggests the need to essentially double the income of households below the federal poverty level just to reach the federal poverty income threshold.

Figure 2-11: Median Household Income by Quintile, New Jersey, 2007



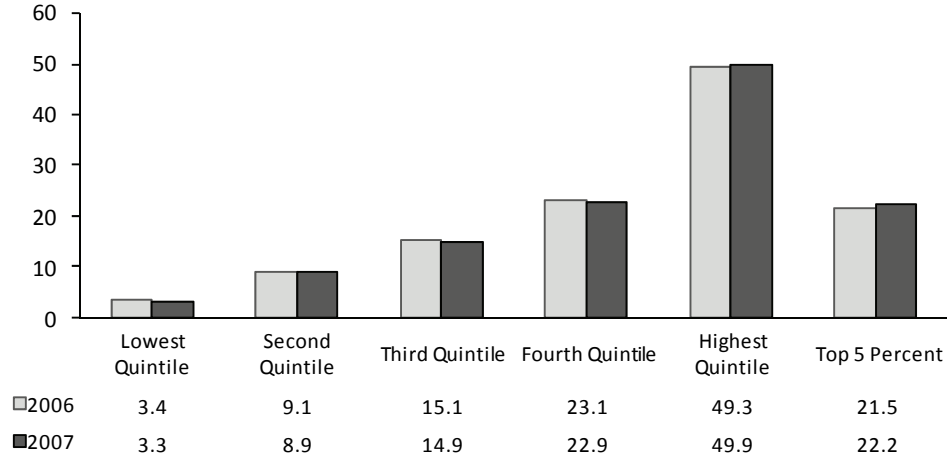
Source: U.S. Census Bureau, American Community Survey (2007)

Another factor in the widening income divide in New Jersey is the distribution of income across the entire spectrum of state residents. The story of wealth and poverty in New Jersey presents a disturbing dichotomy that is often concealed by statistical averages showing the state's relative affluence. In reality, New Jersey is home to both rich and poor, with a wide gap separating the two. For those with limited income, living in New Jersey means living near, but yet separated from, the wealthy sections of the population. *Figure 2-11* shows the distribution of median household income by quintile⁷. The absolute difference in median income between the lowest quintile (\$15,106) and the top five percent (\$401,690) as well as the highest quintile (\$225,509) demonstrates the severity of the problem of income inequality in the state.

Figure 2-12 looks at the distribution of aggregate income by quintiles in 2006 and 2007. It shows that in 2006, almost 49.3 percent of the state income was held by the highest income quintile; this increased to 49.9 percent in 2007. The share of aggregate income held by the bottom four-fifths of the populations declined to allow for this gain among the wealthiest 20 percent. Those in the wealthiest five percent of the population (the top quarter of the highest quintile) also witnessed an increase in their share of aggregate income to 22.2 percent in 2007 from 21.5 percent in 2006.

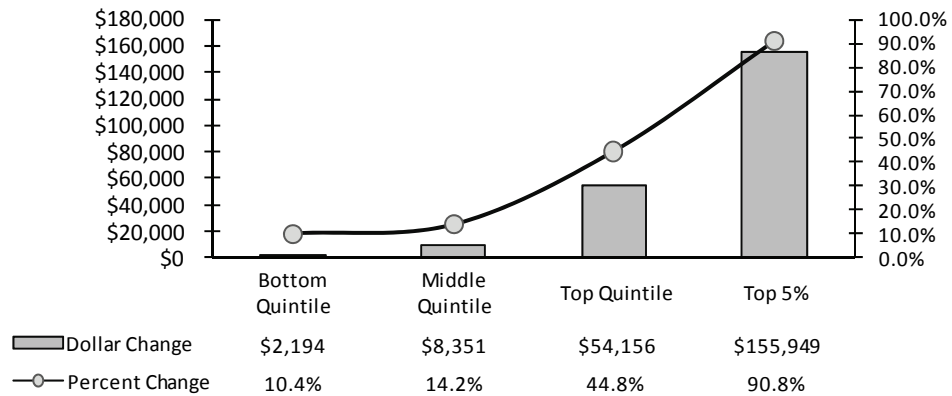
⁷ Analysis of the population by quintile divides the total number of households into equal groups by income, each equaling one-fifth, or 20 percent, of the households in the total population.

Figure 2-12: Share of Aggregate Household Income by Quintile, New Jersey, 2006 & 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007)

Figure 2-13: Change in Average Income, New Jersey, Late 1980s to Mid 2000s



Source: Center for Budget and Policy Priorities & Economic Policy Institute, Pulling Apart: A State-by-State Analysis of Income Trends (2008)

Figure 2-13 tracks changes in average income over a longer period of time in New Jersey. It shows that in the nearly two decades from the late 1980s to mid 2000s the average income of the bottom increased by only \$2,194, which is a ten percent increase. During the same period, the average income of the top quintile increased by \$54,156, which is a 44.8 percent increase. The average income of the top 5 percent increased by \$155,949 or 90.8 percent over the same period.

In New Jersey, Unemployment Insurance is restricted to those individuals earning above a certain “base amount.” New Jersey UI eligibility requires employment in the last 18 months with twenty or more weeks of work and weekly earnings of \$143. Alternatively, total earnings of \$7,200 in any one year period in the last 18 months is required.

Low wage workers with sporadic work histories have a particularly difficult time meeting the earning level necessary to be eligible for benefits. While the federal extension will provide temporary assistance to many unemployed workers, the benefits are irrelevant to the lowest-income workers who are unable to access them.

A final indicator of worsening inequality in New Jersey is the Gini index⁸ — another statistical measure that calculates income inequality. Analysis of the Gini index shows that the rising inequality in New Jersey between 2006 and 2007 occurred at a faster rate than in other areas of the nation. In 2006, income inequality in New Jersey was 18th worst in the nation; in 2007, it rose to 15th worst in the nation. (See appendix chart on Gini index for more information).

Economic Trends and Poverty

All of the poverty and income data presented to this point has reflected trends up to 2007. The slowdown in New Jersey’s economic climate began in mid-2007 and has steadily continued through the third quarter of 2008. Measuring New Jersey’s recent economic performance according to the Federal Reserve Bank of New York’s indexes of coincident economic indicators (CEI), which is a composite measure calculated from the unemployment rate, payroll employment, real wages and salary earnings, and average weekly hours worked in the manufacturing sector, shows outright declines in activity from July to October of 2007 and again from March to August 2008, when the CEI was down 0.6 percent from the year before.⁹

Reflecting New Jersey’s state of the economy, employment fell and unemployment rates rose throughout 2008. Although New Jersey’s unemployment rate decreased slightly in September 2008 to 5.8 percent, the rate has been steadily increasing since January 2008 and hit 5.9 percent in August 2008, the highest rate in five years.¹⁰ Compared to one year earlier, the unemployment rate has increased by 1.6 percent.¹¹ Over the first three quarters of 2008, New Jersey employment fell by 21,000 jobs (-.52 percent), closely mirroring the nationwide job loss of 760,000 (-.55 percent). In September, employment in New Jersey declined by another 3,900

⁸ The gini index is a commonly used statistical measure which calculates the degree of income inequality within a population group. A lower coefficient indicates less inequality and a higher coefficient is indicative of higher inequality, such that zero represents perfectly equality when everyone in the population has the same income and one signifies perfect inequality, when all the income is held by one person.

⁹ Federal Reserve Bank of New York’s Current Issues in Economics and Finance. *Employment in the New York-New Jersey Region: 2008 Review and Outlook*, Volume 14, Number 7, September/October 2008.

¹⁰ The national rate hit 6.1 percent in August, which was also a five year high.

¹¹ U.S. Department of Labor, Bureau of Labor Statistics.

jobs.¹² Although the current job losses track the national trend, in 2006 and 2007 New Jersey lagged the United States in job growth by more than 1 percentage point.¹³ Considering this foundation, the current job losses in New Jersey are even more of a cause for concern.

The rising unemployment rates and number of job losses is of particular concern for low-income workers. Unemployment Insurance (UI), which is a federal-state partnership, is designed to partially replace lost earnings of those individuals who become unemployed through no fault of their own. Although a federal extension known as Extended Unemployment Compensation 2008 (EUC) was signed into law on June 30, 2008 to provide up to an additional 13 weeks of federally-funded benefits beyond the 26 weeks of unemployment insurance provided by states, eligibility for benefits continues to be a serious issue for low-wage workers.¹⁴

Considerable gaps exist in state unemployment programs, which frequently deny benefits to low-wage and part-time workers. Nationally, only 36 percent of unemployed workers receive unemployment benefits due in large part to state eligibility rules.¹⁵ According to a recent study by the U.S. Government Accountability Office (GAO), low-wage workers are almost two-and-one-half times as likely to become unemployed as higher wage workers, but only half as likely to receive unemployment benefits. In addition, low-wage workers are more likely to be working in the retail and service sectors, the two sectors with the lowest rates of UI receipt. According to the GAO study, the low levels of UI receipt among low-income workers can in part be explained by states' UI eligibility rules.¹⁶

Economists are predicting more difficult times ahead as working families brace for major layoffs and growing unemployment amidst a slowing economy. Uncertainty in the national economic climate is expected to have a significant impact on New Jersey's employment in the near future. In addition, developments in New York City's financial sector will likely influence regional employment trends.¹⁷ According to James Hughes, Dean of Rutgers Bloustein School of Planning and Public Policy who testified before the New Jersey Senate Budget and Appropriations Committee on October 20th, 2008, the New Jersey unemployment rate (as well as the national rate) is "heading in the wrong direction at a rapid pace."¹⁸

¹² State of New Jersey Department of Labor and Workforce Development.

¹³ Federal Reserve Bank of New York's Current Issues in Economics and Finance. *Employment in the New York-New Jersey Region: 2008 Review and Outlook*, Volume 14, Number 7, September/October 2008.

¹⁴ State of New Jersey Department of Labor and Workforce Development. "Extended Unemployment Benefits."

¹⁵ National Employment Law Project, *Federal Jobless Benefits will Stimulate the Economy while Helping Over Three Million Jobless Families Who Will Run Out of State Benefits this Year.* February 12, 2008.

¹⁶ U.S. Government Accountability Office, *Unemployment Insurance: Receipt of Benefits Has Declined, With Continued Disparities for Low-Wage and Part-Time Workers (September 18, 2007).*

¹⁷ Federal Reserve Bank of New York's Current Issues in Economics and Finance. *Employment in the New York-New Jersey Region: 2008 Review and Outlook*, Volume 14, Number 7, September/October 2008.

¹⁸ New Jersey Office of Legislative Services, Senate Budget and Appropriations Meeting. Monday, October 20, 2008.

3. Characteristics of Populations in Poverty

A fundamental reality of poverty in New Jersey is the disproportionate incidence of income inadequacy among certain demographic groups. This section explores the variances in the incidence of poverty along the lines of age, racial and ethnic background, household composition, educational attainment, disability, and employment status. Most of the analysis uses data from the U.S. Census Bureau, which employs the federal poverty threshold as a marker for classifying populations in poverty. While this measure is deficient on many fronts and not broad enough to encompass all populations experiencing poverty, it works as a benchmark for identifying populations facing income challenges and studying changes in their vulnerabilities over time. The analysis also employs selected income inadequacy data from the demographics report “Not Enough to Live On” based on the Real Cost of Living in New Jersey.

An Overview of Who Lives in Poverty in New Jersey

Figure 3-1 shows poverty rates for different demographic groups in New Jersey. Overall, 8.6 percent of New Jersey residents were living in poverty in 2007 (a decrease of 0.1 percentage points since 2006). The national poverty rate during the same period was substantially higher at 13.0 percent (decrease of 0.3 percentage points); however, given New Jersey’s high population, the state’s relatively low poverty rate translates to a large number of individuals, estimated at almost 729,211. Echoing national trends, data on poverty rates among sub-populations in New Jersey shows that this demographic make-up, while diverse, does not mirror the overall population distribution in the state. Within the population experiencing poverty, some groups have much higher rates of representation than others

Sorting poverty rates by demographic characteristics reveals the groups that are more likely to experience poverty. *Figure 3-1* shows that children, by far, have the highest poverty rate of all age groups. Among adults, women are more vulnerable than men. The largest variation is seen in poverty rates of households with children. While only 3.7 percent of married-couple households with children were in poverty, 26.7 percent of female-headed households with children experienced poverty in 2007.

Disparities are also evident when we divide the total population on the basis of disability status, race, and educational attainment. Susceptibility to poverty increases twofold for those with disabilities compared to those without any disability. Additionally, the experience of poverty for Hispanics and African Americans is three times the rate experienced by Whites. Finally, those with higher poverty rates are less likely to have advanced education. Individuals with less than a

high school education have a poverty rate of 18.2 percent. In contrast, those with a graduate or professional degree have a poverty rate of less than 2.8 percent.

Figure 3-1: Poverty Rate for Different Demographic Groups, New Jersey, 2007

Age	
Total Population	8.7%
Children	11.6%
Adults	7.5%
Seniors	8.2%
Disability Status	
Persons with no disability	7.1%
Persons with disability	16.4%
Gender	
Male	7.3%
Female	9.7%
Race and Ethnicity	
White, not Hispanic or Latino	5.2%
Black, Not Hispanic or Latino	16.9%
Hispanic or Latino	16.0%
Asian	6.2%
Household Composition	
Married-couple household	3.0%
Married-couple with children under 18	3.7%
Female-headed household	19.1%
Female-headed households with children under 18	26.7%
Education (ages 25 and over)	
Less than high school	18.2%
High school graduate	8.4%
Some college/associate's degree	5.4%
Bachelor's degree or higher	2.8%

Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

These disparities in the rate at which different demographic groups experience poverty cannot provide explanations for why poverty is not experienced at the same rate, but they do indicate the persistence of historically disproportionate representation of the same vulnerable populations among the poverty population. This persistence indicates that existing policies have not succeeded in equalizing the prevalence of poverty across all population groups.

In order to target resources to minimize hardships within high-poverty groups, it is important to first understand who makes up these groups by exploring their characteristics in greater detail. The following discussion takes an in-depth look at some of these groups.

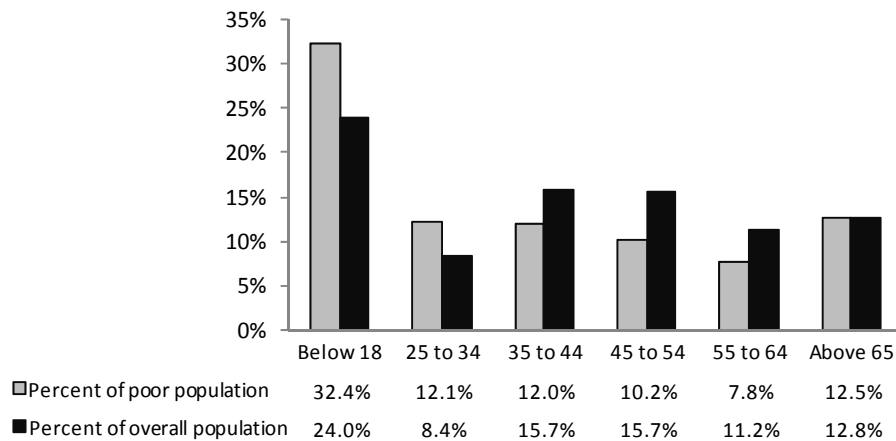
Populations in Poverty: An In-Depth Look

Assessing only broad trends can camouflage the challenges for some groups within the larger population. This section explores the overall poverty trends highlighted earlier through the added lenses of age, race, and household composition. By comparing the representation of demographic groups in the total population and in the poverty population, a deeper perspective is obtained showing that poverty trends are further magnified by the interaction of multiple factors.

Age

Children under the age of 18 are disproportionately represented in the population in poverty. *Figure 3-2* divides both the total population and the population in poverty according to the same discrete age categories. This division shows that almost one-third of the population living in poverty is made up of children, although less than one in four New Jerseyans overall are children.

**Figure 3- 2: Age of Persons Living in Poverty and Share in the Overall Population
New Jersey, 2007**

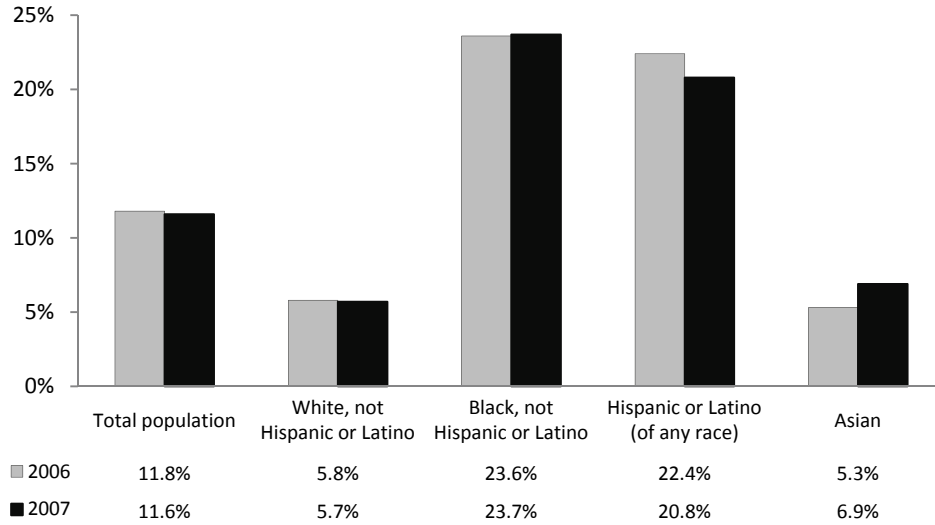


Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

Separating the population of poor children by race and ethnic origin reveals important realities about the compounding effects of age and racial/ethnic origin. *Figure 3-3* displays the percent of children in poverty by selected racial or ethnic populations. Overall, the percentage of New Jersey children living in poverty decreased in 2007 to 11.6 percent from 11.8 percent the year before. The poverty rate of Hispanic children also decreased by nearly two percentage points during 2007. It is important to note that the share of population that is Hispanic or Latino actually increased in 2007 and any decrease in poverty rate is not attributable to out-migration. African American children, however, experienced a slight increase in their poverty rate from 23.6 to 23.7 percent in 2007. In addition, African American children along with Hispanic or

Latino children continue to have the highest poverty rates, nearly four times the poverty experienced by white children.

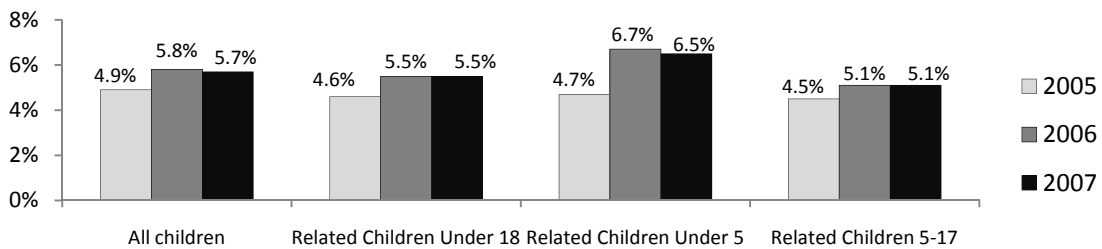
Figure 3-3: Poverty Rate for Children by Race, New Jersey, 2006 & 2007



Source: U.S. Census Bureau, American Community Survey, Selected Population Profiles (2007)

Figures 3-4, 3-5, and 3-6 further break up the ages of children in poverty by race and ethnicity to enable an in-depth analysis of trends during the years 2005 to 2007. It is important to note that during this period, the poverty rate of African American children less than 5 years in age showed a marked increase from 23.6 percent in 2006 to 27.9 percent in 2007, an increase of more than 4 percentage points. While the poverty rate of white children remained relatively stable, the poverty rate of all age-categories of Hispanic or Latino children declined.

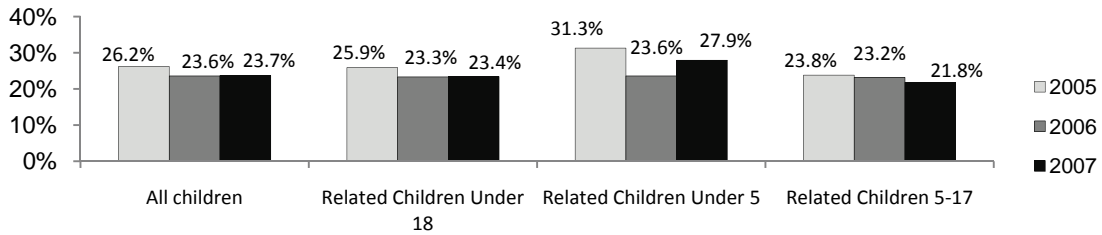
Figure 3-4: White* Children in Poverty, New Jersey, 2005 to 2007



Source: U.S. Census Bureau, American Community Survey, Selected Population Profiles (2007)

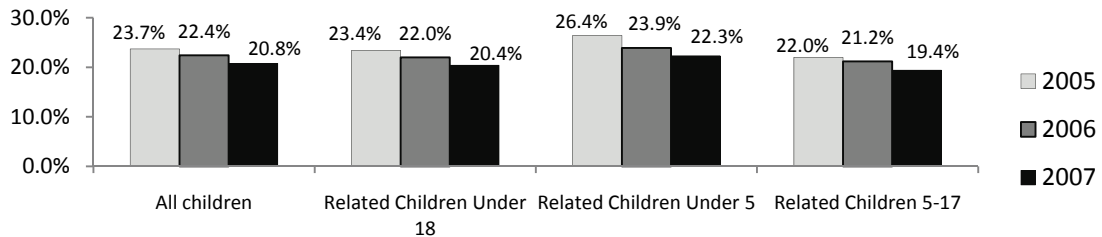
*excludes Hispanic and Latinos

Figure 3-5: African-American* Children in Poverty, New Jersey, 2005 to 2007



Source: U.S. Census Bureau, American Community Survey, Selected Population Profiles (2007)
 *excludes Hispanic and Latinos

Figure 3-6: Hispanic or Latino* Children in Poverty, New Jersey, 2005 to 2007

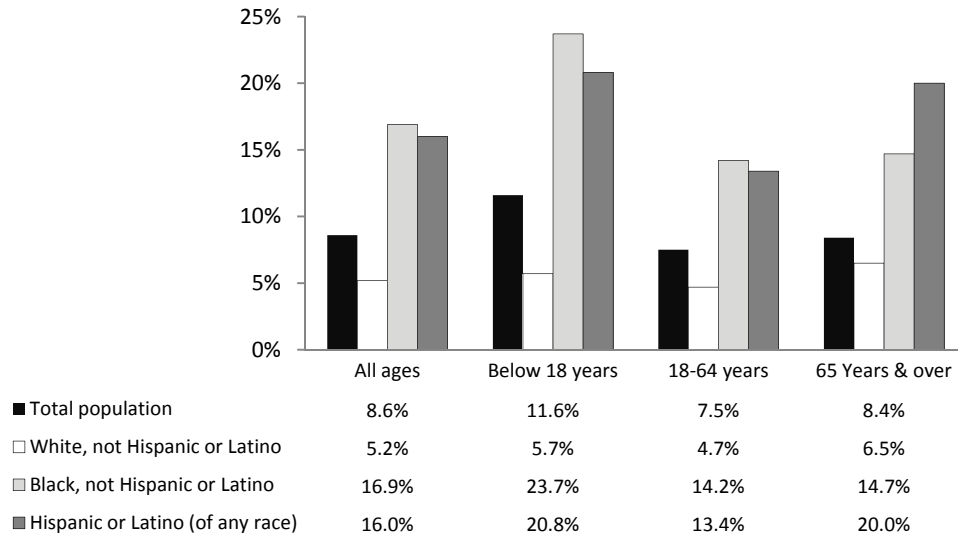


Source: U.S. Census Bureau, American Community Survey, Selected Population Profiles (2007)
 *includes Hispanics and Latinos of all races

Race

New Jersey poverty statistics also reveal the significant disparity in poverty rates between racial and ethnic groups regardless of age. *Figure 3-7* shows the poverty rate of selected racial and ethnic populations by age in 2007 according to census data. Nearly 16.9 percent of African Americans and 16 percent of Hispanics or Latinos lived in poverty in 2007, a decline of about half a percentage point since 2006 for both the groups. The poverty rate for Whites of all ages remained relatively constant during this period. While the poverty rate of African American and Hispanics or Latinos of all ages decreased in 2007 (see appendix chart on poverty rate by race and ethnicity), it is clear that the odds of experiencing poverty are still greater among the African American and Hispanic groups.

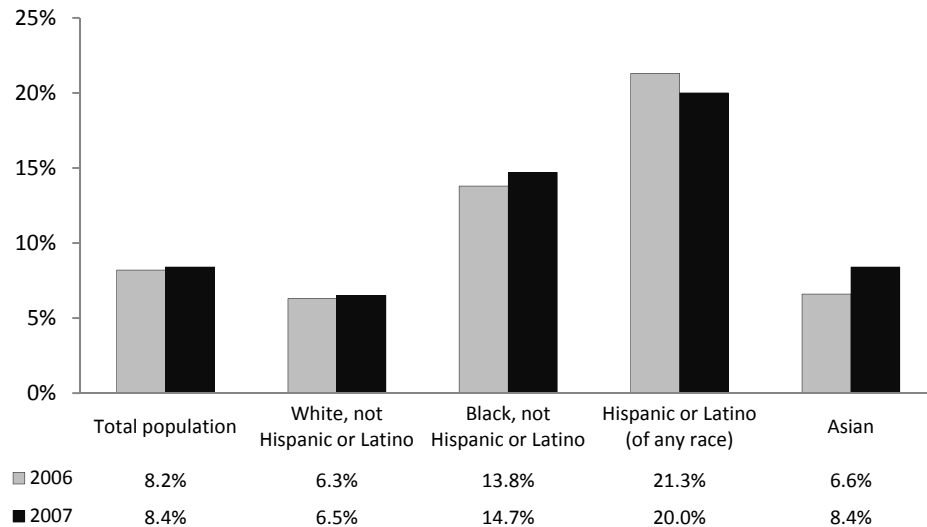
Figure 3-7: Poverty Rate by Age and Race, New Jersey, 2007



Source: U.S. Census Bureau, American Community Survey, Selected Population Profiles (2007)

Figure 3-8 displays the poverty rate of seniors by race and ethnicity in 2007 and compares it to the previous year. It shows that the poverty rate of seniors who are Hispanic or Latino decreased to 20 percent in 2007 from 21.3 percent in 2006. As discussed earlier, this decrease did not occur

Figure 3-8: Poverty Rate for Seniors by Race, New Jersey, 2006 & 2007



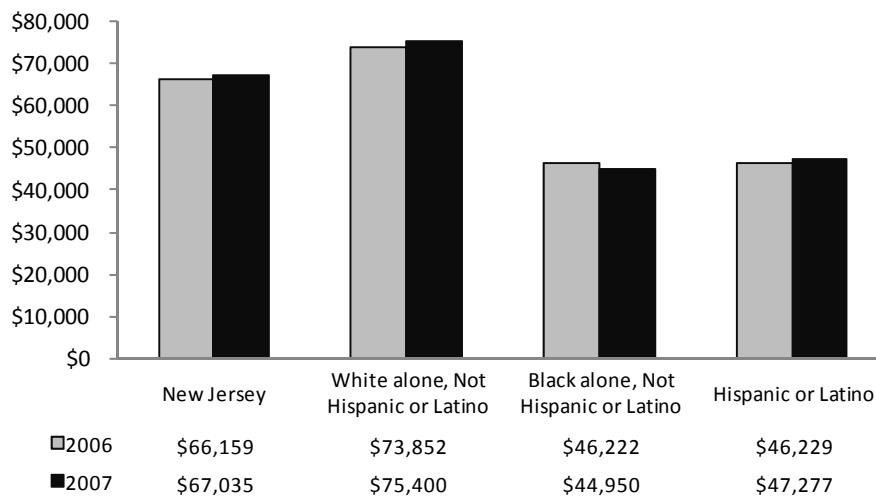
Source: U.S. Census Bureau, American Community Survey, Selected Population Profiles (2007)

because of any decrease in the share of Hispanic or Latino population and cannot be attributed to out migration as the overall share of Hispanics/Latinos in the total population increased during this period. However, the poverty rate of all seniors other than Hispanic/Latino, (that is African

American, white as well as Asian), increased in 2007 along with the poverty rate for seniors in general.

As discussed earlier in the report, the Real Cost of Living (RCL) attempts to more realistically define an income level required for a family of a given composition to meet all basic needs without public or private support. Similar to the data based on the federal poverty level, when using the RCL as a measure, white households are the least likely to experience income inadequacy with only 13 percent of white households having income below the RCL. However, analyzing income inadequacy using the RCL as the primary measure reveals that a much larger percentage of households with insufficient income is found among Latinos (42 percent) followed by African Americans (34 percent).¹⁹

Figure 3-9: Median Household Income by Race and Ethnicity, New Jersey, 2006 & 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007). The rate of inflation is calculated using the CPI-U index. To approximate New Jersey's market costs more closely, a weighted CPI-U formula is used — one-third Philadelphia region CPI-U and two-thirds New York region CPI-U

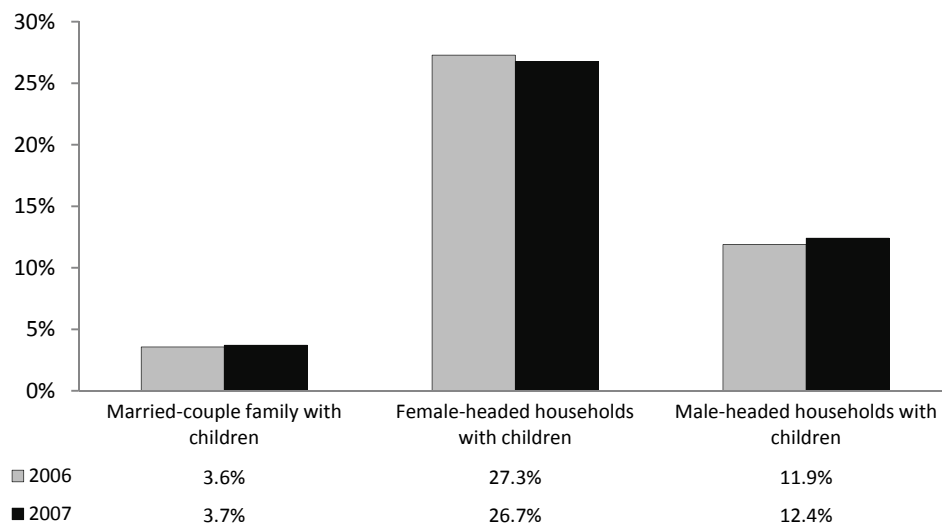
Not only do African Americans have a greater chance of experiencing poverty, average household income for this group lags behind. Adjusting median income to inflation, we find that real incomes dropped for African Americans in 2007 as wages failed to keep up with inflation. *Figure 3-9* shows median household income for 2006 and 2007 in 2007 inflation-adjusted dollars. It reveals that median income in real dollars increased modestly for New Jersey. However, the purchasing power of median income for African Americans decreased to \$44,950 in 2007 from \$46,222 in 2006, a drop of more than \$1,200 annually. In addition, the increase in real income for Whites was greater than for Hispanics or Latinos.

¹⁹ *The Real Cost of Living in 2008: The Self Sufficiency Standard for New Jersey* by Diana Pearce and Legal Services of New Jersey Poverty Research Institute.

Household Composition

Female-headed households are another traditionally disadvantaged group and the data on poverty rates by family type shows the most dramatic disparities of all poverty data in New Jersey.

Figure 3-10: Poverty Rate by Household Composition, New Jersey, 2006 & 2007



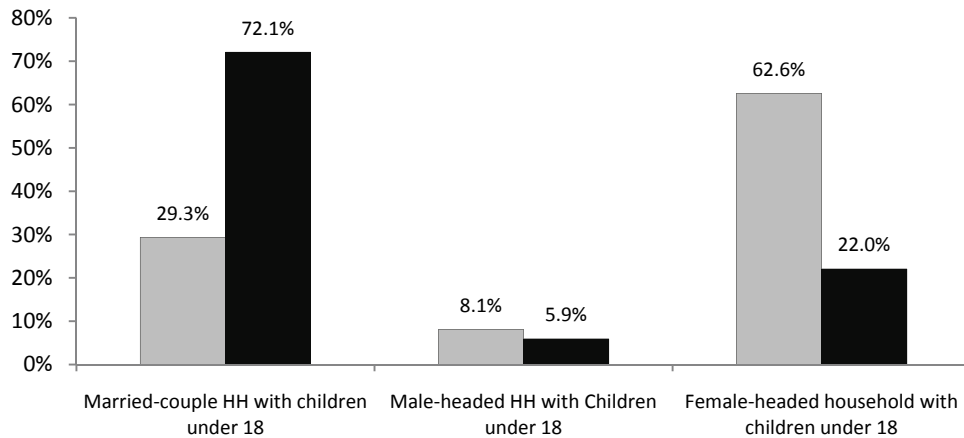
Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007).

Figure 3-10 examines three types of households (with children) in poverty — married-couples, male-headed, and female-headed and compares their poverty rate from 2006 to 2007. The data shows that the poverty rate for male-headed households increased to 12.4 percent in 2007 from 11.9 percent in 2006 and that the poverty rate for female-headed households with children declined over the same period to 26.7 percent in 2007 from 27.3 percent in 2006. The increase in the percent of male-households with children in poverty, however, needs to be interpreted cautiously since the group’s population size is small and even a minor fluctuation in the overall population can cause a large change in this group’s percentage in poverty. Nevertheless, female-headed households are clearly the most vulnerable group with a poverty rate that is twice the rate experienced by male-headed households.

Figure 3-11 looks at the share of population in poverty and overall population of families with children. It shows that although female-headed households represent only 22 percent of the overall population, they represent 62.6 percent of the population in poverty in 2007. While their condition has improved since 2006 when they represented 22.5 percent of the overall population and 65 percent of the population in poverty, the chart illustrates enormous discrepancy in the poverty rate and share when female-headed households are compared to other household types.

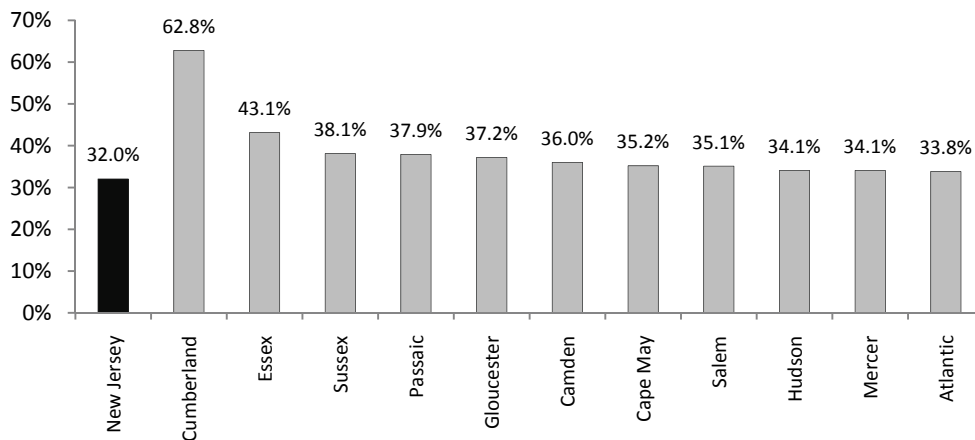
In contrast, in 2007, married-couple households with children represented 72.1 percent of the overall population but only 29.3 percent of the population in poverty.

Figure 3-11: Share of Population in Poverty & Overall Population of Families with Children, New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007).

Figure 3-12: Poverty Rate of Related Children in Female-headed Households, Selected Counties, New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007).

Figure 3-12 looks exclusively at the poverty rate of related children in female-headed households in selected counties within the state. It is clear from the chart that while children in female-headed households generally have very high poverty rates with 32 percent living in poverty in the state in 2007, some counties are disproportionately impacted. Cumberland County with 62.8 percent of related children in female-headed households living in poverty and Essex

County with 43.1 percent of such households living in poverty reveal the complexities of geographic distribution within an already vulnerable group.

Using the RCL as a standard measure also shows that the presence of children, which is associated with increased costs, correlates with higher rates of income inadequacy. The RCL indicates that households with children account for nearly two-thirds (62 percent) of all households living below the Self-Sufficiency Standard in New Jersey, even though less than half (46 percent) of all New Jersey households have children. Just as the FPL data indicates, by looking at families with children by family type, we see that female-headed households have the highest rates of income inadequacy of any family type. However, by viewing the data through the lens of the RCL, we see an even more dramatic concentration of poverty among female-headed households with children. More than half of single mothers raising children alone (57 percent) lack adequate income compared to about one in three single fathers (35 percent) and one in five (18 percent) married couples with children.²⁰

²⁰ *The Real Cost of Living in 2008: The Self Sufficiency Standard for New Jersey* by Diana Pearce and Legal Services of New Jersey Poverty Research Institute.

4. Places with Poverty

This section examines regional differences in the incidence of poverty and explores how income inadequacy rates fluctuate among residents of different counties and cities within the state. It also notes significant developments since 2006 for all 21 counties and selected cities for which census data is available. In addition, the analysis includes county and city level statistics based on the Real Cost of Living (RCL). Following trends from the previous chapter, which highlighted a higher incidence of income inadequacy among certain demographic groups, this segment reveals that there is also significant geographical disparity in the incidence of poverty across New Jersey. Certain regions of the state experience poverty at consistently higher rates. In addition, this section draws attention to patterns depicting concentrations of income and poverty in certain areas of New Jersey.

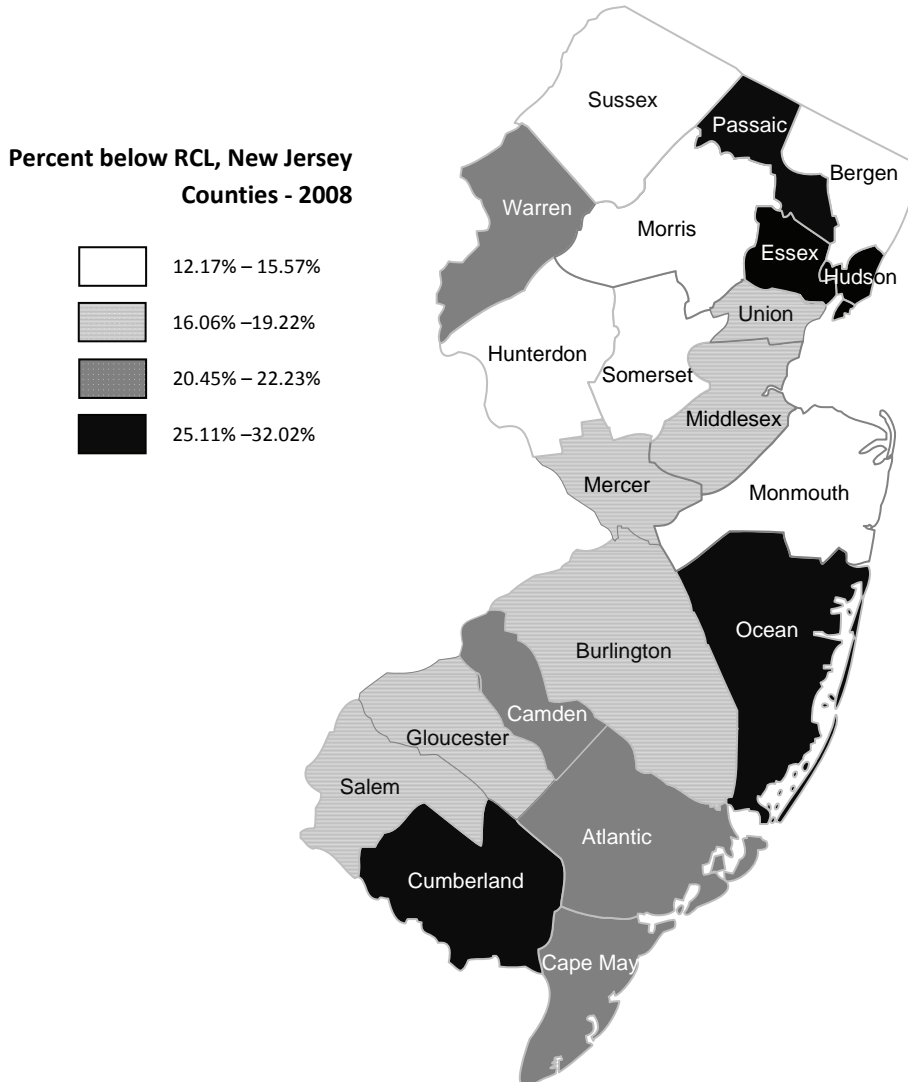
Figure 4- 1: Poverty Rate, New Jersey and Counties, 2006 & 2007

State & County Poverty Rate	2006	2007	Change 2006 - 2007
New Jersey	8.7%	8.6%	-0.1%
Atlantic	9.2%	12.8%	3.7%
Bergen	5.2%	5.9%	0.7%
Burlington	5.9%	4.7%	-1.1%
Camden	11.0%	10.7%	-0.3%
Cape May	9.2%	8.6%	-0.6%
Cumberland	15.3%	18.5%	3.3%
Essex	14.5%	13.3%	-1.2%
Gloucester	6.8%	8.1%	1.3%
Hudson	15.2%	13.7%	-1.5%
Hunterdon	3.5%	4.1%	0.7%
Mercer	8.4%	9.3%	0.9%
Middlesex	7.2%	6.7%	-0.5%
Monmouth	5.8%	6.1%	0.3%
Morris	3.9%	3.9%	0.0%
Ocean	8.8%	8.7%	0.0%
Passaic	15.0%	13.7%	-1.3%
Salem	8.9%	10.9%	2.0%
Somerset	4.4%	2.6%	-1.8%
Sussex	4.8%	4.6%	-0.2%
Union	7.7%	7.8%	0.1%
Warren	5.6%	6.3%	0.7%

Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007)

Figure 4-1 shows that the percent of New Jerseyans living in poverty remained relatively constant in 2007. Some counties, however, witnessed a noticeable increase in the percentage of those living below the federal poverty level. The poverty rate in Cumberland County, for instance, rose by more than three percentage points to 18.5 percent in 2007 from 15.3 percent in 2006. In Atlantic county, the poverty rate increased to 12.8 percent in 2007 from 9.2 percent in 2006. Poverty in Salem increased to 10.9 percent in 2007 from 8.9 percent in 2006. Conversely,

Figure 4-2: Percent below the Real Cost of Living in New Jersey, 2008

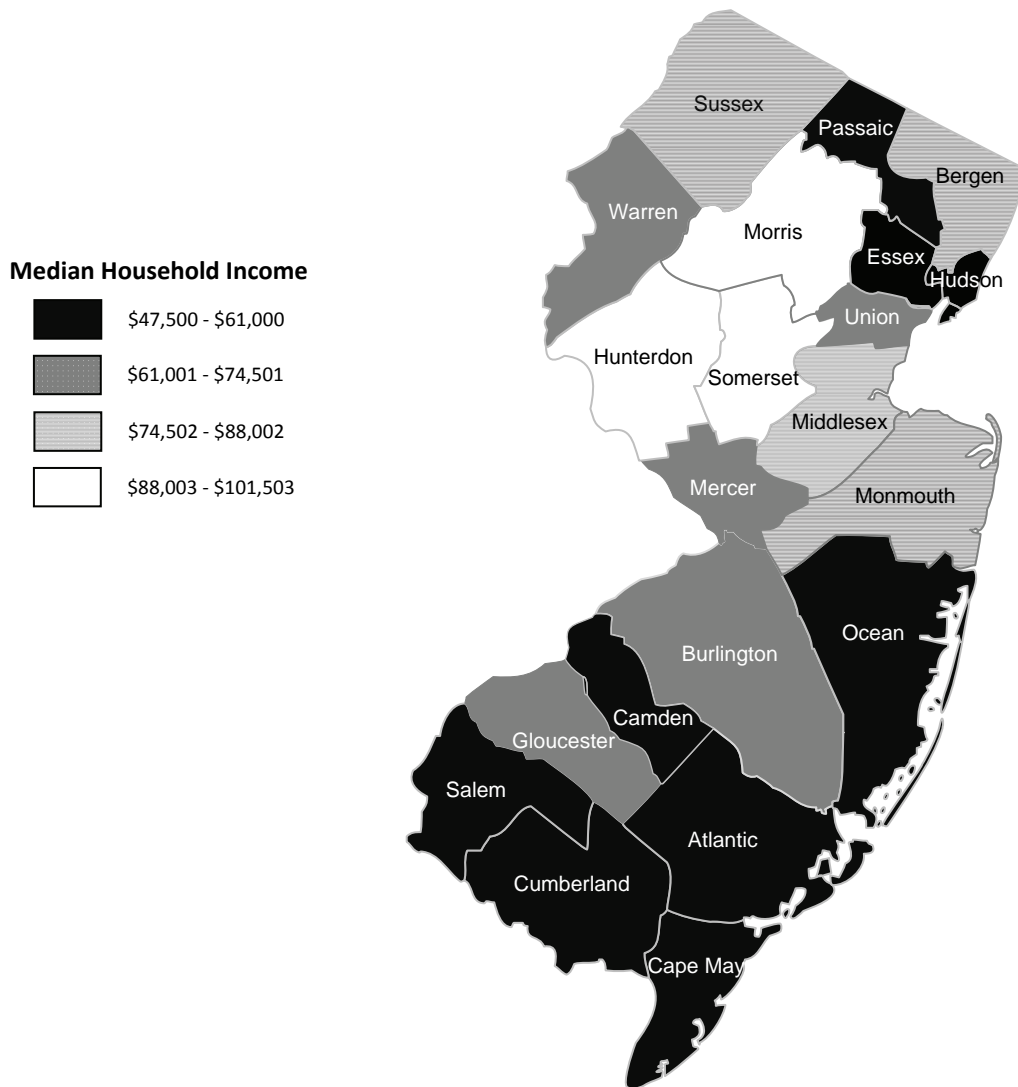


Source: The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey by Diana Pearce and Legal Services of New Jersey Poverty Research Institute

the poverty rate of other traditionally poor counties like Camden, Hudson, Essex, and Passaic decreased in 2007. Nevertheless, all of the previously mentioned counties continued to have high poverty rates of more than 10 percent in 2007, ranging from 10.7 percent in Camden County to 18.5 percent in Cumberland County.

Analyzing income inadequacy using the Real Cost of Living (RCL) as the primary measure reveals that an even larger section of the population in these counties is unable to make ends meet than is portrayed by the FPL. *Figure 4-2* illustrates the percent of population below the RCL in different counties of the state. The data shows that nearly 32 percent of the population in Passaic County lived on an inadequate income in 2007. The income inadequacy rate for Hudson, Essex, and Cumberland County using the RCL standard reveals income inadequacy rates of 30, 28, and 26 percent respectively. Both the FPL and the RCL measures identify the same counties with the highest rate of poverty; however, the actual proportion of population facing income inadequacy is significantly larger when looking through the lens of the Self-Sufficiency Standard.

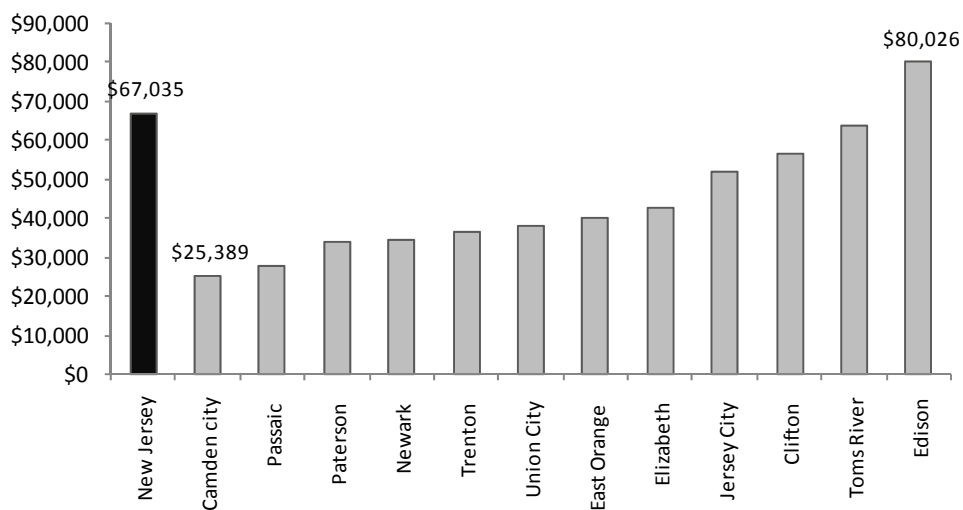
Figure 4-3: Median Household Income, New Jersey, 2007



Source: U.S. Census Bureau, American Community Survey (2007)

New Jersey's counties span a large range in median income, from Cumberland County's low of \$47,883 to the high of \$100,327 in Hunterdon County. *Figure 4-3* illustrates median household income for all New Jersey counties. The trend reflected in this map as compared to the preceding map are not surprising – low poverty areas have the highest median household incomes in the state and high poverty areas have the lowest median household incomes. The northwest counties of Hunterdon, Morris and Somerset, which all have poverty rates below five percent, continue to have the highest median household incomes. Hudson and Cumberland, which are among the poorest counties, continue to have the lowest median household incomes. Passaic, Cape May, Essex, Atlantic, Salem, Ocean, Union, and Warren are other counties where median household incomes are significantly lower than the statewide average of \$67,035.

Figure 4-4: Median Household Income by Place, New Jersey, 2007



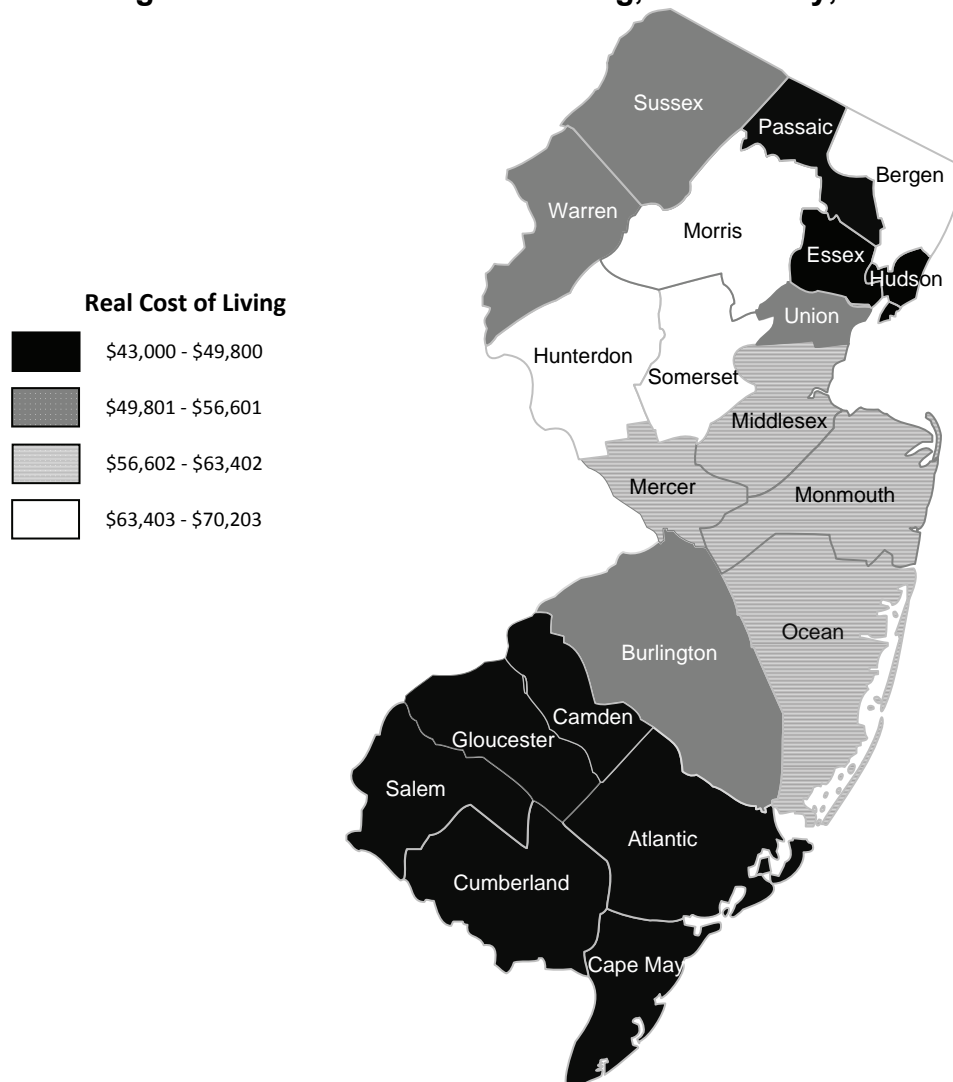
Source: U.S. Census Bureau, American Community Survey (2007)

While income data at the county level reveals significant disparities based on geography, these inequities are further amplified when we analyze smaller geographical units within individual counties. *Figure 4-4* compares the median household income of all towns in New Jersey for which data is available from the Census. We find that overall median household income for New Jersey conceals major differences in income patterns in diverse places within the state. For instance, the two bars at the extremes in *Figure 4-4* represent Camden city and Cherry Hill in Camden County. Although these cities are only a few miles apart, they represent two pockets of extremes; the median household income of Camden city in 2007 was \$25,389, Cherry Hill's median income of \$86,352 was more than three times higher. The median incomes of many other towns represented on the left of the chart (like Passaic city, Paterson, Newark, and Trenton) were nearly \$30,000 less than the state's median income and more than \$50,000 less than median income of Cherry Hill. Needless to say, these cities' median household incomes are extremely

low and represent much less than what it actually takes to get by in a high-cost state like New Jersey.

While median income provides some indication of wellbeing, this analysis is incomplete without a simultaneous evaluation of cost of living in the state. Because basic costs can vary by region, high incomes do not always translate to similar buying power, which in turn magnifies the challenge faced by those with the lowest incomes in the state. As such, the federal poverty level, which does not take regional differences into account, fails to capture what it takes to make ends meet in a high-cost state such as New Jersey.

Figure 4-5: The Real Cost of Living, New Jersey, 2008

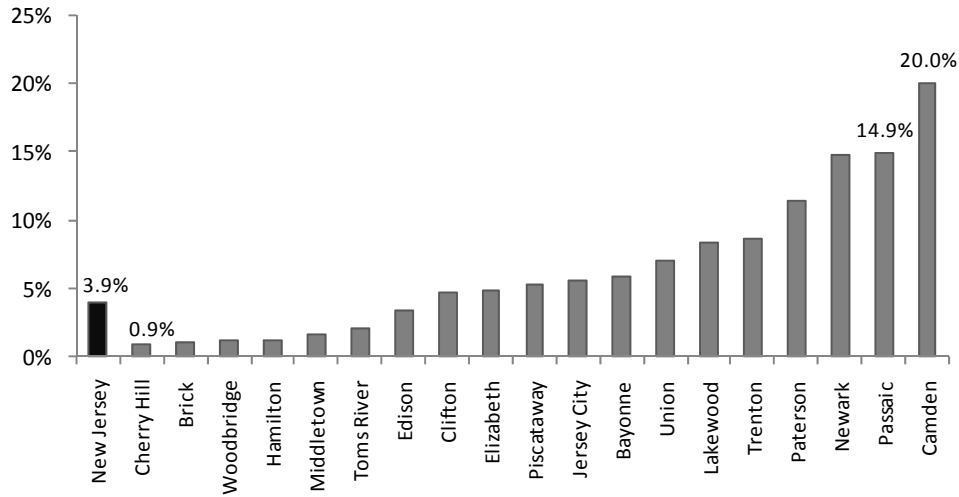


Source: The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey by Diana Pearce and Legal Services of New Jersey Poverty Research Institute

Figure 4-5 depicts the self-sufficiency income based on the RCL needed for a three-person family (one-adult, one preschooler, and one-school-age child) in different counties within the state. Clearly, the range of incomes (\$43,000 to \$70,000) needed to be self-sufficient is much more than the official federal threshold of \$16,705 for a three-person family or even the 2007 true poverty threshold of \$33,410. A comparison of the map to county poverty rates shows that counties that have the highest cost of living also have the lowest poverty rates and counties with the lowest cost of living have the highest poverty rates. For example, while Somerset County had a poverty rate of 2.6 percent in 2007, the annual real cost of living income for a three-person family is estimated at \$70,146. On the other end of the spectrum, a three-person family in Cumberland County, which has a very high poverty rate (18.5 percent), needs \$48,898 to make ends meet without any outside help. This pattern follows in other New Jersey counties as well and suggests that the concentration of low-income New Jerseyans in certain areas of the state may relate to issues of affordability. As a result, the lower poverty rates of high cost counties like Hunterdon, Somerset, Bergen and Morris may correlate with the difficulty people of lower income face in affording to live there.

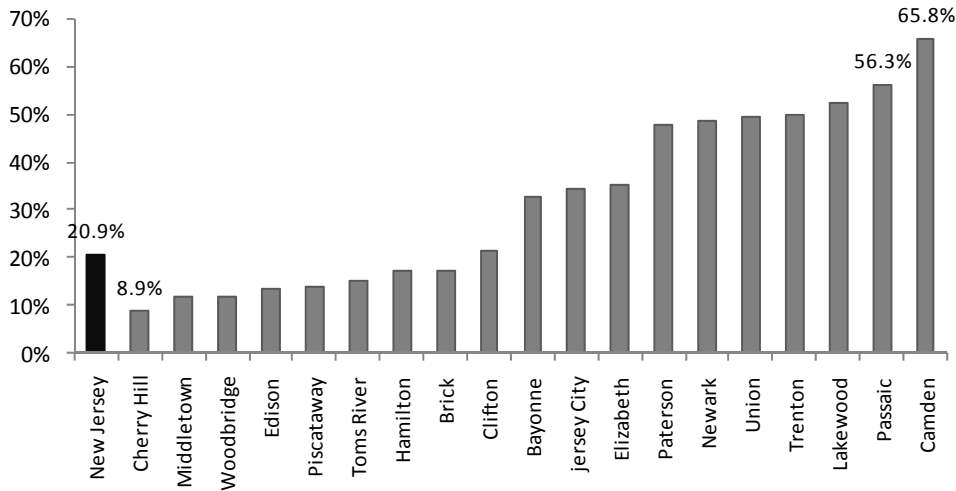
In addition to disparities based on geography, we find that selected parts of the state still have a dramatically higher concentration of people at all levels of poverty. *Figures 4-6, 4-7, and 4-8* illustrate the percent of population living in poverty in 2007 in different towns within the state. Among the nineteen townships for which data is available, six have poverty rates more than double the statewide rate of 8.7 percent, including two with poverty rates well over three times the statewide average (Camden city, 38.2 percent and Passaic, 30.9 percent). The same six townships have severe poverty rates well over twice the statewide average of 3.9 percent (ranging from 3.9 percent in Lakewood to 20 percent in Camden city), and nearly well over half of their total residents are living on incomes below 200 percent of the federal poverty level. Similar to the median income disparity between Cherry Hill and Camden city described above, the comparison of poverty rates in the two towns is striking and serves as an example of the geographic divide in the concentration of poverty. Again, the two bars at either ends of the chart in *Figures 4-6 to 4-8* represent the towns of Cherry Hill and Camden city. Comparing the 2007 income inadequacy rates of these areas to previous year (see appendix for more details), we find that the income divide between them became even more prominent in 2007. The percent of population living in severe poverty in Camden city increased to 20 percent in 2007 from 18.6 percent in 2006. During the same period, the population living in severe poverty in Cherry Hill decreased to 0.9 percent in 2007 from 2.7 percent in 2006. It is significant to note that more than 65 percent of the population in Camden city was living in true poverty in 2007.

Figure 4-6: Severe Poverty Rate by Township of Residence, New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

Figure 4-7: Percent below True Poverty by Township of Residence, New Jersey, 2007

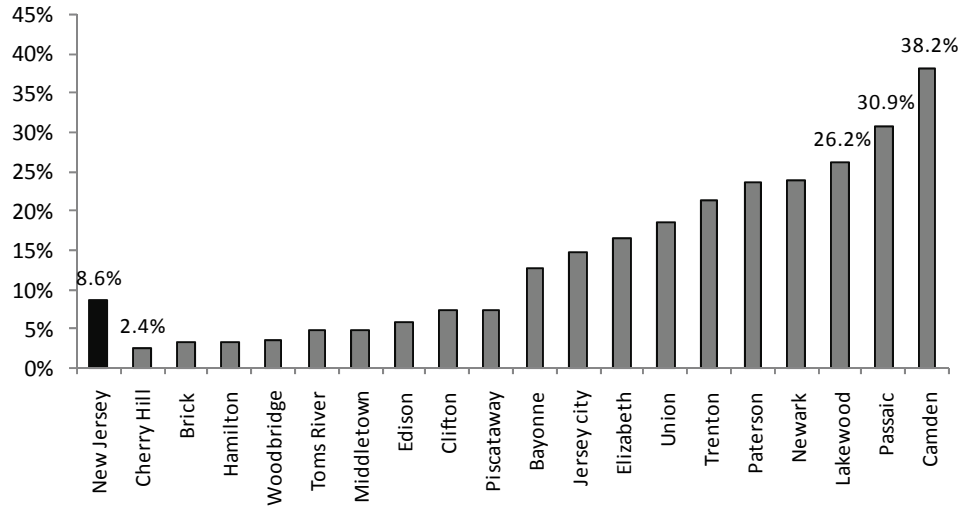


Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

Using the RCL as a standard measure also depicts this pattern of concentration of poverty in certain areas of the state. Statistics based on this measure show that eight of New Jersey’s 21 counties — Atlantic, Camden, Cumberland, Essex, Hudson, Ocean, Passaic, and Warren — housed over 52 percent of the state’s population with inadequate income in 2007 (although only 40 percent of the state’s total households reside in these counties). In addition, both Newark (in Essex County) and Camden city (Camden County) carried a disproportionate share of their

respective counties' households with incomes below the RCL relative to the size of their populations.²¹

Figure 4-8: Percent below Federal Poverty by Township of Residence, New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

Analysis of racial and ethnic composition of the population at the township level also demonstrates that people of color are disproportionately clustered in areas with dramatically high poverty rates. While only 14 percent of the overall population of New Jersey consisted of African Americans in 2007, more than 50 percent of the populations of Camden city and Newark (two cities with the highest concentration of poverty) were African American in 2007. The black population in such towns as Cherry Hill and Clifton, on the other hand, was too insignificant to be even included in the Census (less than one percent). It is important to note that the poverty rate in Cherry Hill is among the lowest in the state (0.9 percent); the poverty rate of 7.3 percent in Clifton is also lower than the statewide average. Similarly, while at the state level, only 15.9 percent of the population was either Hispanic or Latino in 2007, more than 60 percent of the population in Passaic and Paterson was either Hispanic or Latino. These areas had close to a quarter of their population living below FPL in 2007 and almost 50 percent or more living in true poverty in the same year.

²¹ *The Real Cost of Living in 2008: The Self-Sufficiency Standard for New Jersey* by Diana Pearce and Legal Services of New Jersey Poverty Research Institute.

5. Aspects of Poverty

Much of the discussion in the previous sections of the report focused on exploring demographic characteristics of populations facing income inadequacy and regional variations in the experience of poverty along with considering how to interpret the data as measurements of need respective to cost of living. While examining these statistics illuminates our understanding of patterns of income insufficiency, a comprehension of how these numbers translate into socioeconomic hardships, including the impact on the ability to access basic needs like healthcare, housing, and food, is particularly significant. This section goes beyond poverty statistics to examine more closely the populations in poverty and the challenges they face in meeting their basic needs. The findings in this section reflect both the immediate and long-term toll that having inadequate income takes on various aspects of the lives of people of lower income. While impacts of poverty can be varied and widespread, this analysis addresses only those affecting essential needs like health, education, housing, employment, hunger, transportation and credit.

Health

Poor health not only affects physical and emotional wellbeing but also disrupts an individual's ability to engage meaningfully in work, society, and other daily activities. Many studies have highlighted the positive correlation between income and health. Since income is a predictor of a person's ability to afford and access health care including preventive care, populations living on inadequate incomes have a greater likelihood of going without needed care and consequently have higher susceptibility to illness and face detrimental effects on their overall state of health.

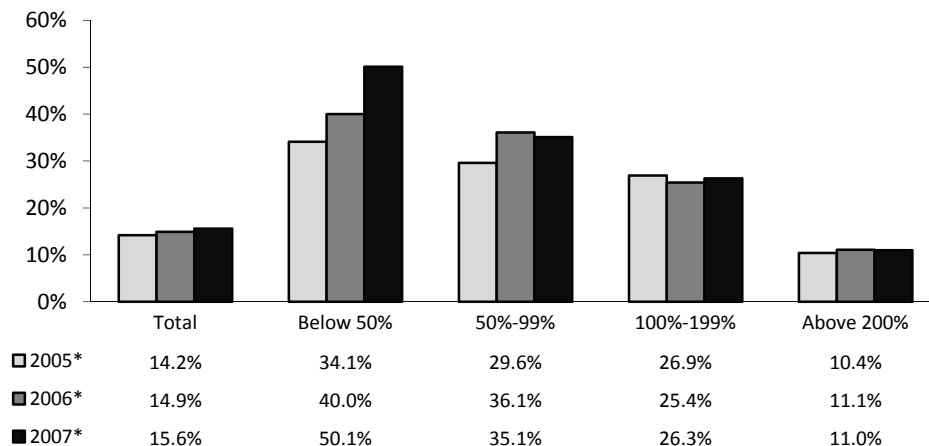
Health insurance is often crucial in improving access to emergent-need as well as preventative medical care. Unfortunately, the uninsurance rate in New Jersey has increased over the last few years. *Figure 5-1* examines the uninsurance rate of New Jersey residents by level of poverty over the three most recent years for which data is available (2005 to 2007).²² We find that the overall percent of uninsured state residents has increased to 15.6 in 2007 from 14.2 percent in 2005. Even more disturbing is the fact that the ranks of the uninsured living in severe poverty in New Jersey grew to more than 50 percent in 2007 from 40 percent the year before. This increase in the uninsurance rate, of children as well as adults, is particularly unsettling as a large proportion of uninsured individuals within this group have eligibility under the New Jersey's public health

²² The data for each year represents two-year averages with the year noted being the starting year of data collection. The Current Population Survey of the Census Bureau recommends using two year averages for calculations at the state level which involve comparisons to other years.

insurance programs. In contrast, the uninsured rate of the population over 200 percent of poverty during this period, while stable at 11 percent, was much lower than the statewide average.

It is helpful to also look at national health insurance statistics in order to place the New Jersey uninsurance numbers into context. *Figure 5-2* explores the health insurance statistics at the national level using the same calculation methodology (see footnote 1 for more details). We find that at the national level, 35.8 percent of those living in severe poverty were uninsured in 2007, which is lower than the New Jersey rate within the same income group by nearly 15 percentage points. While *figure 5-2* shows that the overall percent of population with no health insurance remained constant at the national level in 2007 at 15.5 percent, focusing just on the one-year average²³ at the national level (see appendix for data on 1-year average) shows a reverse trend. It reveals that the uninsurance rate at the national level actually declined to 15.3 percent in 2007 from 15.8 percent in 2006. Additionally, the uninsurance rate at other levels of poverty declined including the rate of those in severe poverty, which declined to 35.3 percent in 2007 from 36.2 percent in 2006.

Figure 5- 1: Uninsurance Rate by Level of Poverty, New Jersey, 2005 to 2007

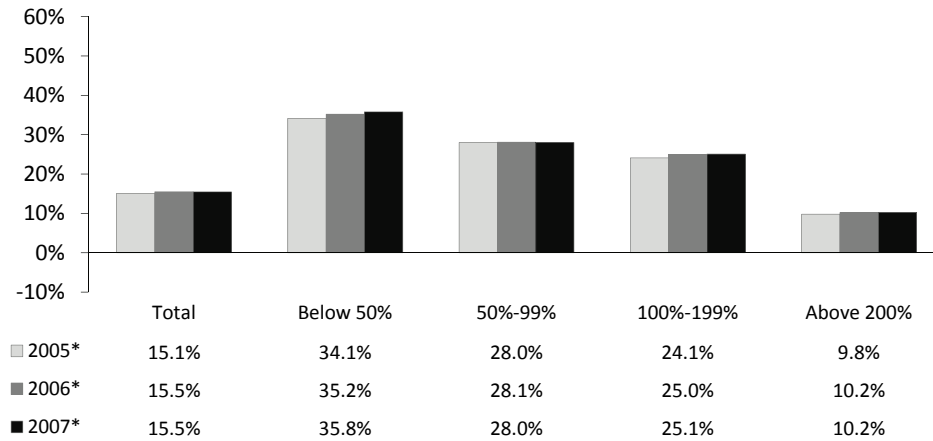


Source: U.S. Census Bureau, Current Population Survey, Annual Social & Economic Supplement
 *All figures represent two-year averages with the year noted being the starting year of data collection

Examining health insurance statistics by age reveals that New Jersey, unlike the nation as a whole, is also falling behind in ensuring adequate health care for children. Although inadequate access to health care is a cause for concern for all populations, the effect on children is particularly disturbing because not only are children more susceptible to falling sick, the long-term impact on their developing brains and bodies can be serious. Additionally, preventive care can assist in the early identification of risks and reduces the possibility of facing preventable diseases in adult life.

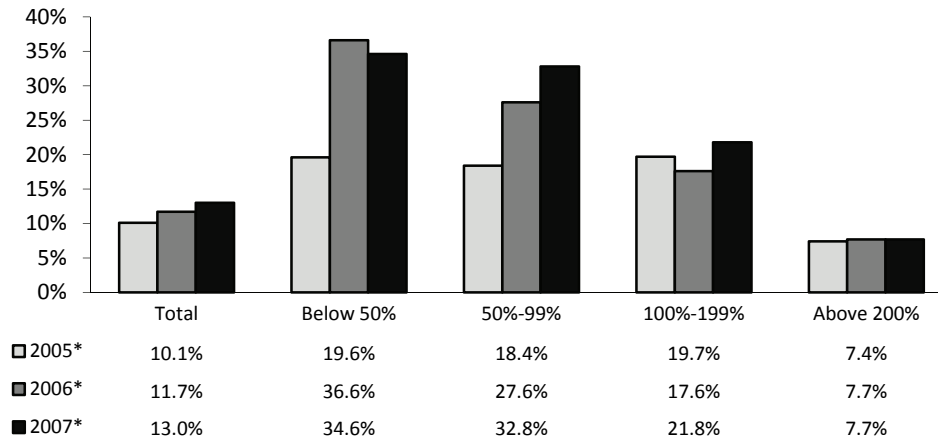
²³ One-year average reports data from a single year. Current Population Survey permits using 1-year average for calculations at the national level because of larger sample size and therefore, 1-year estimates at the national level are considered reliable. 1-year estimates are not permissible for calculations at the state-level because of much smaller sample sizes.

Figure 5- 2: Uninsurance Rate by Level of Poverty, United States, 2005 to 2007



Source: U.S. Census Bureau, Current Population Survey, Annual Social & Economic Supplement
 *All figures represent two-year averages with the year noted being the starting year of data collection

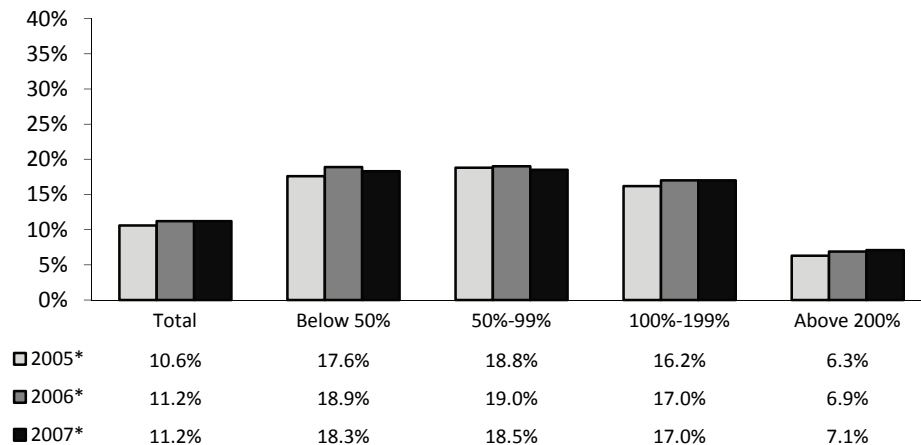
Figure 5- 3: Children's Uninsurance Rate by Level of Poverty, New Jersey, 2005 to 2007



Source: U.S. Census Bureau, Current Population Survey, Annual Social & Economic Supplement
 *All figures represent two-year averages with the year noted being the starting year of data collection

Figure 5-3 shows that the percent of uninsured children increased in 2007 to 13 percent from 11.7 percent in 2006. In the 50-99 percent of FPL and 100-199 percent of FPL income levels, the percent of uninsured children grew to 32.8 percent in 2007 from 27.6 percent in 2006 and to 21.8 percent in 2007 from 17.6 percent in 2006, respectively. While the uninsurance rate of children in severe poverty declined slightly in 2007, nearly 35 percent were uninsured within this income group.

Figure 5-4: Children's Uninsurance Rate by Level of Poverty, United States, 2005 to 2007



Source: U.S. Census Bureau, Current Population Survey, Annual Social & Economic Supplement
 *All figures represent two-year averages with the year noted being the starting year of data collection

Figure 5-4 shows the uninsurance rate at the national level using two-year averages.²⁴ We find that while the overall uninsurance rate remained constant in 2007 compared to 2006, the percent of children with no insurance below severe poverty decreased in 2007 to 18.3 percent from 18.9 percent in 2006. The proportion of children with no health insurance also decreased in the 50-99 percent poverty level. The 1-year average²⁵ at the national level (see appendix for data on 1-year average), shows a decline in uninsurance rate by a much larger margin. While the overall percent of children with no health insurance at the national level declined to 11.2 percent in 2007 from 12 percent in 2006, the uninsurance rate of children at all other levels of poverty also decreased. The uninsurance rate of children living in severe poverty decreased by two percentage points to 18.4 percent in 2008 from 20.4 percent in 2007. In comparison, the uninsurance rate for children in severe poverty in New Jersey is 34.6 percent, higher by almost 15 percentage points compared to the national rate.

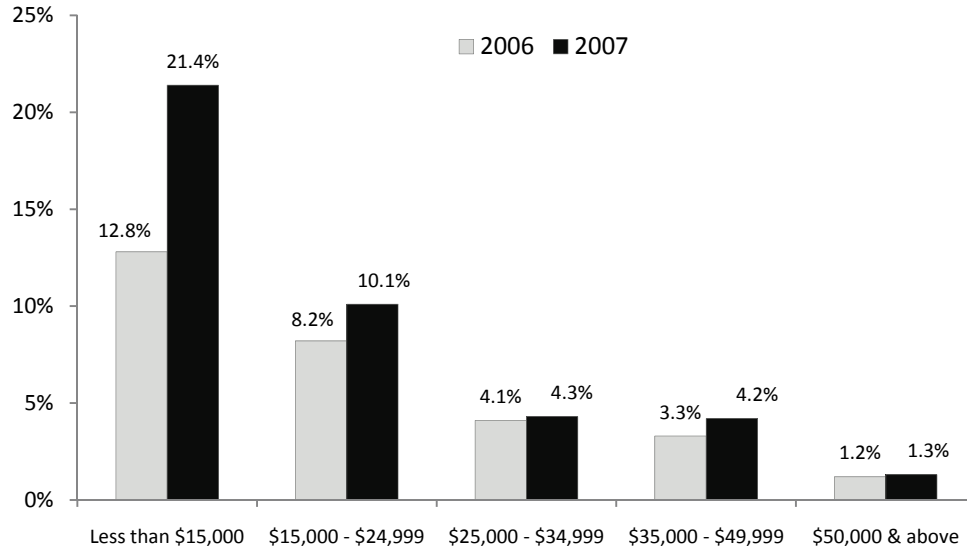
As would be expected, poverty and lack of access to health care resources, including health insurance, correlates with health outcomes. Figure 5-5 exhibits the percent of New Jersey residents reporting poor health by their income level. It shows that health status is directly correlated to income level — 21.4 percent of those earning less than \$15,000 reported being in poor health in 2007 compared to only 1.3 percent of the population earning more than \$50,000 annually. Further, we find that the percent of residents earning less than \$15,000 annually who reported poor health in 2007 nearly doubled to 21.4 percent in 2007 from 12.8 percent in 2006.

²⁴ Current Population Survey recommends using two-year averages for calculation at the state level but at the national level 2-year average is not mandatory and 1-year average is considered reliable.

²⁵ One-year average reports data from a single year. Current Population Survey permits using 1-year average for calculations at the national level because of larger sample size and therefore, 1-year estimates at the national level are considered reliable. However, 1-year estimates are not permissible for calculations at the state-level because of much smaller sample size.

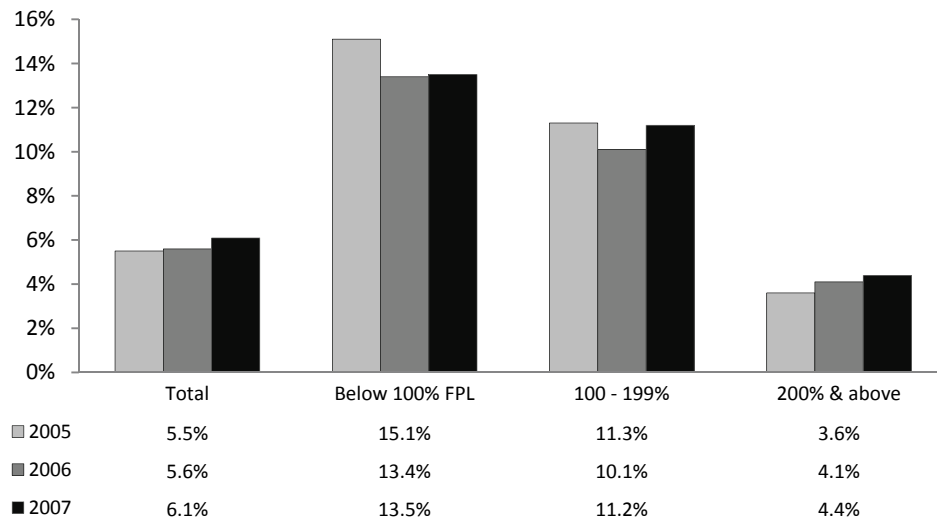
While an increase in percent of population reporting poor health in 2007 is also visible at all other income levels, the rate of increase diminishes with increasing income.

Figure 5-5: Percent Reporting Poor Health by Income Level, New Jersey, 2005 & 2006



Source: Center for Disease Control, Behavioral Risk Factor Surveillance System, Prevalence and Trends Data, New Jersey – 2006 & 2007

Figure 5-6: Percent with Disability by Level of Poverty, New Jersey, 2005 to 2007

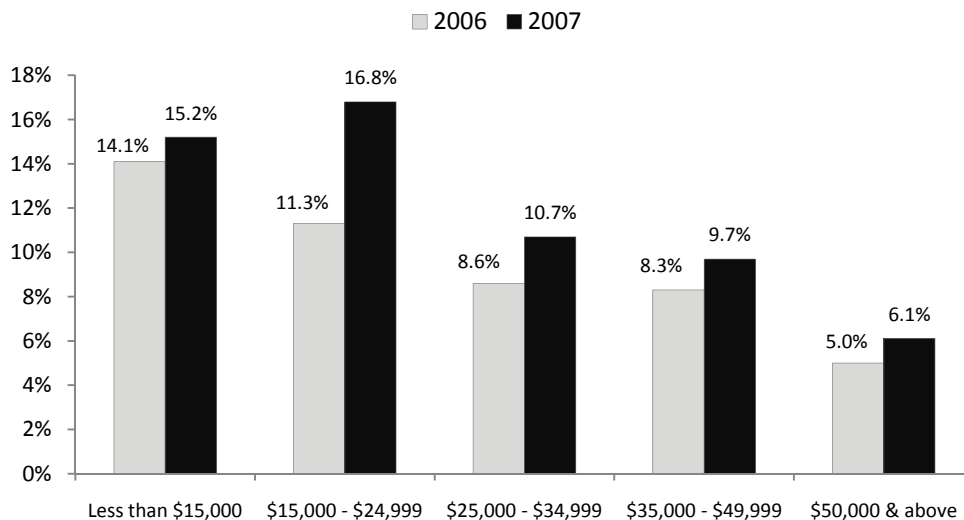


Source: U.S. Census Bureau, Current Population Survey, Annual Social & Economic Supplement
 *All figures represent two-year averages with the year noted being the starting year of data collection
 *Disability refers to health problem limiting work

Those in poverty with disabilities face added disadvantages over the general population in accessing health care services. *Figure 5-6* tracks the percent of New Jersey residents with a

disability or health problem, which limits their ability to work in 2007 and compares the data to the two previous years. We find that although the population with a disability increased at all levels of poverty in 2007, the disparity between those below FPL and those above 200 percent FPL continued to be quite large. While only 4.4 percent of those above 200 percent FPL suffered from a disability in 2007, the percent of New Jerseyans with a disability living below the FPL was more than three times greater at 13.5 percent.

Figure 5-7: Percent with Diabetes by Income Level, New Jersey, 2006 & 2007



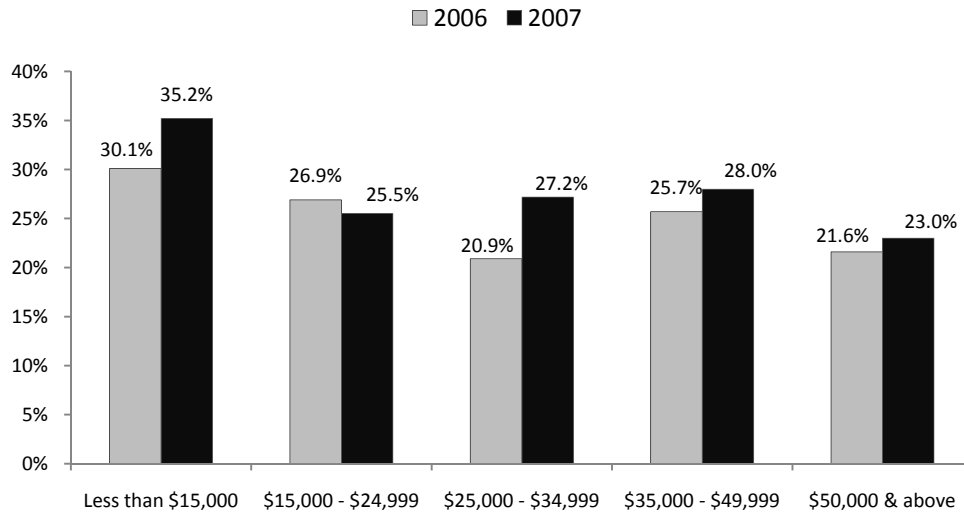
Source: Center for Disease Control, Behavioral Risk Factor Surveillance System, Prevalence and Trends Data, New Jersey – 2006 & 2007

A number of health conditions also vary in their incidence by income level. We find that those individuals at lower income levels report a higher incidence of illnesses such as diabetes. *Figure 5-7* highlights the percent of New Jerseyans who report suffering from diabetes by their income level. While the reporting of diabetes increased across all income groups in 2007, those individuals earning less than \$25,000 annually had an incidence rate which was 2.5 times higher than the population earning more than \$50,000 —15.2 percent of individuals earning less than \$15,000 and 16.8 percent in the income range \$15,000-\$24,000 reported suffering from diabetes in 2007 compared to only 6.1 percent earning above 200 percent of FPL in 2007.

Obesity is another condition which, although not a diagnosed illness, does relate to a predisposition for certain types of illnesses, including heart disease and diabetes. *Figure 5-8* shows the percentage of New Jersey residents suffering from obesity by income level. The chart illustrates that the obesity rate of those at the lowest income bracket (earning less than \$15,000) in 2007 was higher by 12 percentage points than for those earning more than \$50,000. Additionally, comparing the 2007 data to the year before, the chart shows that the obesity rate of

the population at the lowest income level increased by 5 percentage points to 35.2 percent in 2007 from 30.1 percent in 2006.

Figure 5-8: Percent Suffering from Obesity by Income Level, New Jersey, 2006 & 2007



Source: Center for Disease Control, Behavioral Risk Factor Surveillance System, Prevalence and Trends Data, New Jersey – 2006 & 2007

Education

Access to quality education not only empowers individuals but also lays a strong foundation for economic wellbeing and living a life devoid of poverty. Low-income populations often do not have equitable access to education, especially advanced education, which is a strong predictor of higher income. This section examines educational outcomes based on socioeconomic status, explores quality of education, and looks at the impact of educational disparity on long-term wellbeing.

Educational Outcomes

Growing up in an economically disadvantaged environment often exposes students to factors that put them at risk of failure. This segment discusses gaps in academic achievement of students from diverse socioeconomic backgrounds using the District Factor Group (DFG) classification created by the New Jersey Department of Education. The DFG divides school districts into eight categories based on their relative socioeconomic status – “A” being the lowest and “J” being the highest. *Figure 5-9* shows the number of New Jersey school districts within each DFG and variables used in the calculation of DFG. The Department of Education refers to these variables

as an approximate measure of a community’s relative socioeconomic status. For this report, DFGs are used to approximate relative poverty levels of communities.

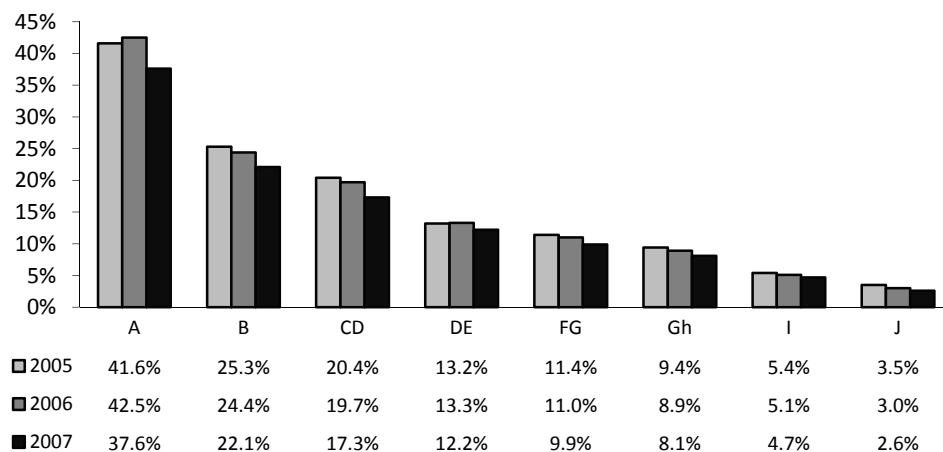
Figure 5-9: District Factor Group Classification System

Calculation of DFG	DFG	Number of Districts
Variables used in the calculation of DFG include -	A (lowest)	39
1. Percent of Adults with no high school diploma	B	67
2. Percent of adults with some college education	CD	67
3. Occupational status	DE	83
4. Unemployment rate	FG	89
5. Percent of Individuals in poverty	GH	76
6. Median family income	I	103
	J (Highest)	25

Source: New Jersey Department of Education

The New Jersey Department of Education publishes annual statistics on the proportion of students who were “only partially proficient” in specific grade levels in language arts and math by their DFG status. *Figure 5-10* depicts the language arts proficiency of high school students from economically diverse districts and compares the proficiency rate to previous years. We find that although the percent of students scoring “only partially proficient” decreased in 2007 among all socioeconomic groups, an achievement gap of more than 35 percentage points exists between students from DFG “A” and DFG “J.” Only 2.6 percents of students from the highest income districts were “only partially proficient” in language arts at the high school level compared to 37.6 percent in the lowest income district.

Figure 5-10: Percent only Partially Proficient in High School Language Arts by Socioeconomic Status, New Jersey

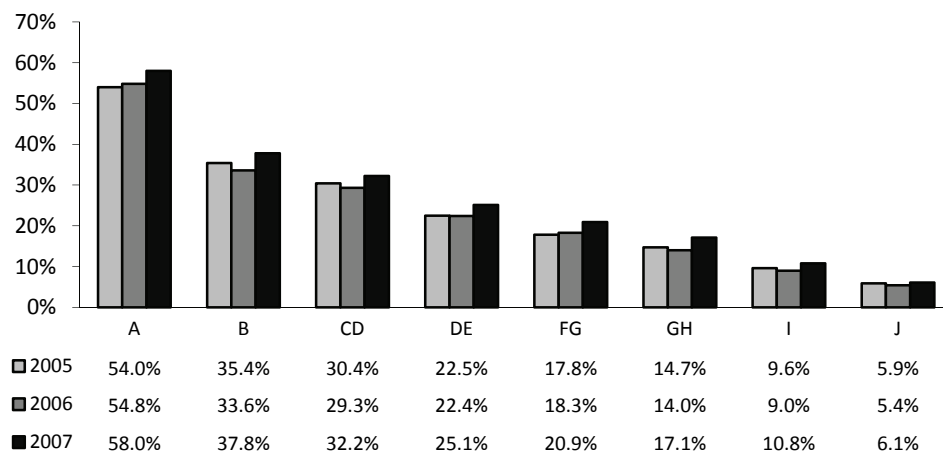


Source: New Jersey Department of Education

This achievement gap between high and low-income districts is also discernible when language arts proficiency of students in grades 3, 4, and 8 is examined (see appendix for more details). While the percent of students scoring below proficiency in language arts decreased at the 3rd and 4th grade level and remained relatively constant in 8th grade, a large gap persists between students from high and low-income districts with a much larger proportion of students scoring below proficiency in the low-income districts.

Figure 5-11 depicts mathematics proficiency of high school students from economically diverse districts. Not only is the achievement gap even larger than the language arts achievement gap between high school students of “A” and “J” districts, the gap became wider in 2007. According to Figure 5-11, only 6.1 percent of students were partially proficient in math in DFG “J” in 2007 compared to 58 percent in DFG “A” — a gap of more than 52 percentage points. In addition, the percent of students scoring “only partially proficient” increased in all districts, with the lowest-income districts experiencing the biggest increase, growing to 6.1 percent in 2007 from 5.4 percent the year before.

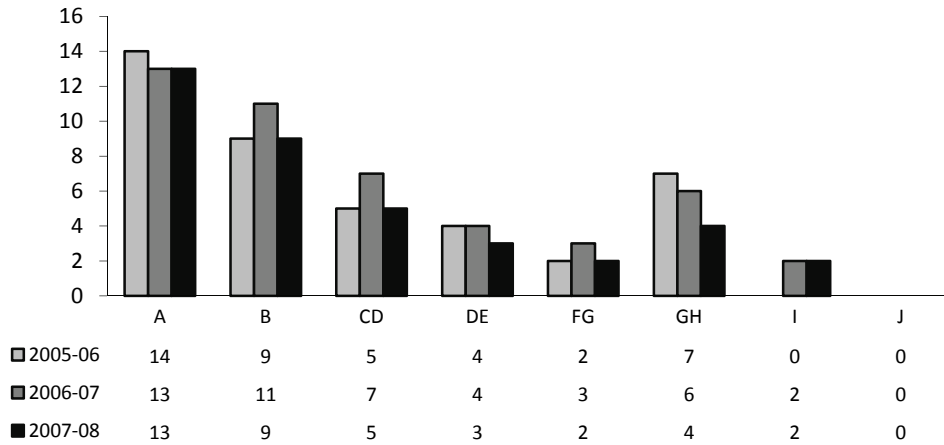
Figure 5-11: Percent only Partially Proficient in High School Mathematics by Socioeconomic Status, New Jersey, 2005 to 2007



Source: New Jersey Department of Education

While 3rd and 8th grade students from the lowest income districts continued to make progress in mathematics with the percent of students scoring “only partially proficient” decreasing in 2007 (see appendix for more details), the gap in achievement rates of students from the lowest and highest income group continues to be substantial. For example, in 8th grade, 61.3 percent of students from the lowest-income districts were “partially proficient” in math. In contrast, only 8.3 percent of students in the highest income districts were “partially proficient,” a difference of 53 percentage-points.

Figure 5-12: Number of Districts Failing to Make Adequate Yearly Progress by Socioeconomic Status, New Jersey, 2005-06 to 2007-08



Source: New Jersey Department of Education

On an aggregate level, a greater number of districts with a larger percentage of population living in poverty failed to make adequate yearly progress²⁶ (AYP) in 2007. *Figure 5-12* illustrates that districts DFG “A,” which is the grouping considered least affluent, had the largest number of schools that failed to make AYP in 2007. In addition, while the number of schools failing to make AYP decreased in all other district groupings, districts failing to make AYP stagnated at the 2006-07 level in DFG “A.” In contrast, the districts in DFG “J,” which has the highest socioeconomic ranking, continued to have zero districts that failed to make AYP in 2007.

School Quality

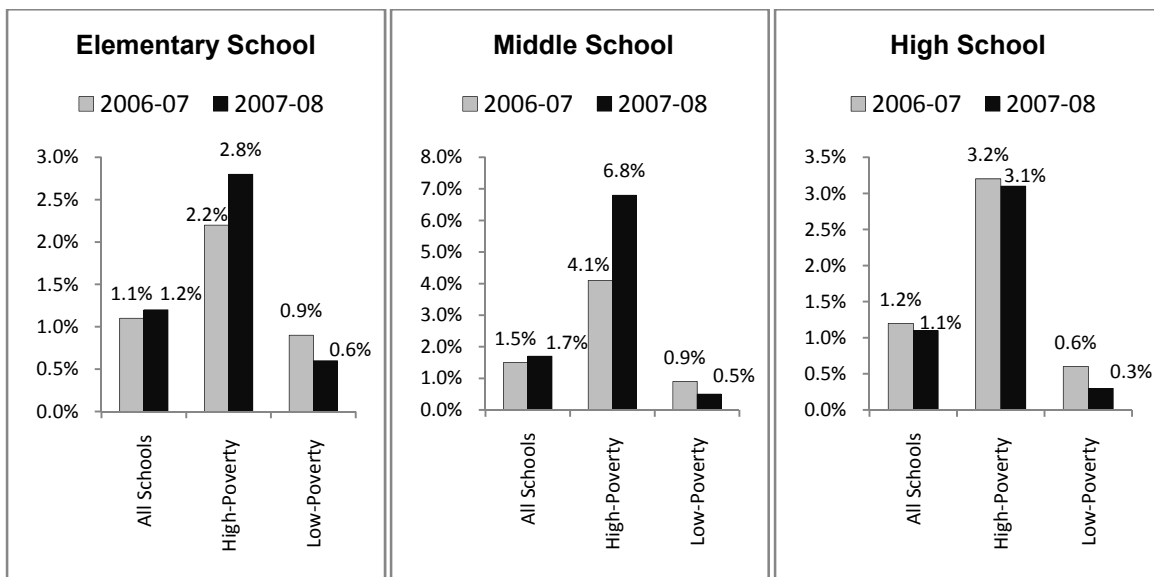
Teachers who have requisite education and training can impart knowledge to their students in the most beneficial and desirable way. Children living in poverty often need additional attention since they are more likely to be exposed to risk factors correlated to lack of success in education. As *figure 5-13* illustrates, however, schools in high poverty areas of New Jersey have a higher percentage of less than highly qualified teachers as compared to low poverty schools.

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. *Figure 5-13* shows that the gap in teacher quality

²⁶ Calculation of Advanced Yearly Progress (AYP) – “Under No Child Left Behind Act (NCLB), every state is required to create assessments aligned to the state’s academic standards. Every school must be evaluated annually to see if it has made AYP towards meeting the state benchmarks. If the total student population and each sub group meet or exceed the statewide performance and participation goals, the school has made AYP.” - NJ Department of Education (NJDOE)

between the high and low-poverty schools²⁷ grew in 2008. The percent of teachers at the elementary level who were “not highly qualified” increased to 2.8 percent in 2008 from 2.2 percent in 2007 in high-poverty schools. It is significant to note that the teachers who were “not highly qualified” actually decreased during this time in the low-poverty elementary schools. At the middle school level, the percent of teachers who were “not highly qualified” in the high-poverty districts rose to 6.8 percent in 2008 from 4.1 percent in 2007, an increase of more than 2 percentage points. The percent of teachers “not highly qualified” in low-poverty middle schools, however, declined to 0.5 percent in 2008 from 0.9 percent in 2007. While gaps in teacher quality between high and low poverty districts also persist at the high school level, these gaps became smaller with the percent of teachers who were “not highly qualified” decreasing in all school districts.

Figure 5-13: Percent of Teachers Not Highly Qualified, New Jersey, 2006-07 to 2007-08



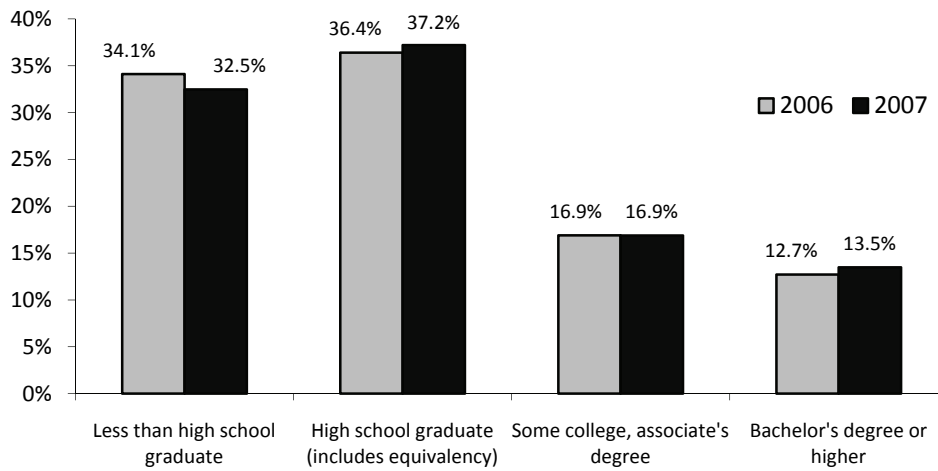
Source: New Jersey Department of Education

Impact of Disparity

The earlier discussion marked how children from weaker socioeconomic backgrounds often fail to perform on par with children from higher-income backgrounds, in many instances, due to factors over which they have no control. While academic progress creates a desire for higher learning, negative educational outcomes can cause a student to prematurely drop out of school. *Figure 5-14* highlights educational attainment for the population living in poverty in New Jersey.

²⁷ NJDOE defines high poverty schools as the 25 percent of schools in the state with the largest percentage of students eligible for free or reduced lunch. Low poverty schools are the 25 percent schools with the smallest percentage of students eligible for free or reduced lunch.

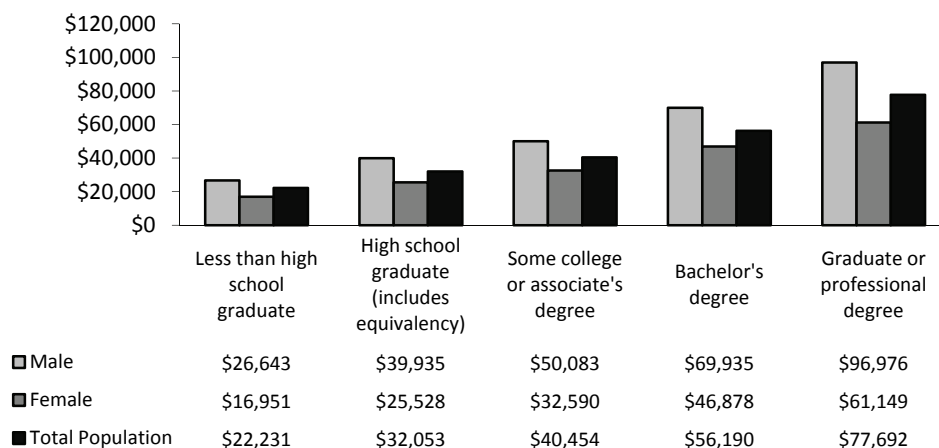
Figure 5-14: Educational Attainment of Populations in Poverty, New Jersey, 2006 & 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

It shows that 32.5 percent of adults (25 years and older) with below-poverty incomes in 2007 did not graduate from high school. Another 37.2 percent had no education beyond high school. The data shows that a very large percentage of adults in poverty do not have advanced education, with the associated foundation for financial stability. Another unsettling fact is that 13.5 percent of individuals in New Jersey with a bachelor's degree or higher were also living in poverty. This number shows that those individuals living in poverty face additional hurdles in their pursuit of income sufficiency.

Figure 5-15: Median Earnings by Educational Attainment & Gender, New Jersey, 2007



Source: U.S. Census Bureau, American Community Survey (2007)

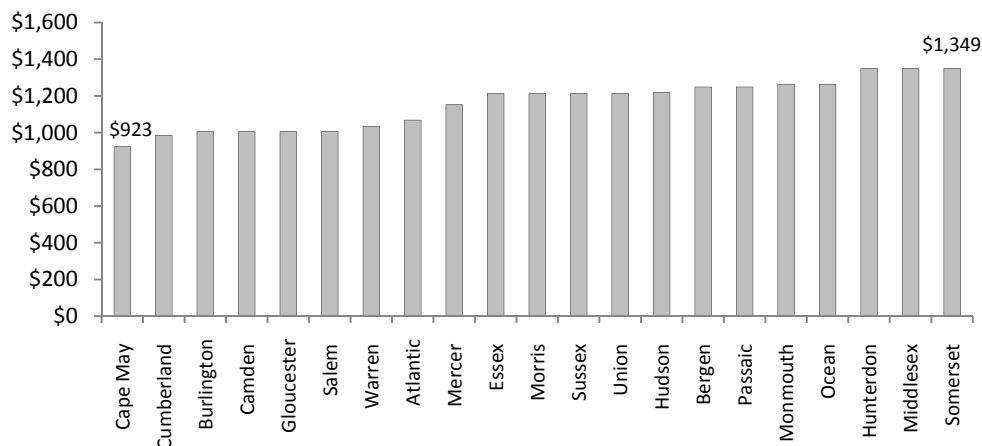
Lack of education narrows job options available to individuals since many job sectors require specialized training or higher education. In this sense, educational attainment has a direct impact

on the earnings potential of individuals. Those who have less education also earn less on average irrespective of the number of hours they work. *Figure 5-15* shows that, in 2007, those who did not graduate high school earned \$22,231 per annum on average. Those with a graduate or a professional degree, on the other hand, had a median income of \$77,692 per annum. The chart also displays a disparity in returns from education by gender — females who did not graduate from high school earned \$16,951 on average; males with similar educational backgrounds, on the other hand, had median earnings of \$26,643 on average. Similarly, females with a graduate or professional degree earned approximately \$61,149 on average in 2007; males with such educational attainment had median earnings of \$96,976 in 2007.

Housing

Housing is one of the most fundamental necessities and affects all aspects of wellbeing. A safe and affordable housing unit is not only important for healthy growth and development of children but also provides stability to families. However, the high cost of housing in New Jersey makes it difficult for many who are forced to either forgo other essentials in order to pay for decent housing or live in substandard housing.

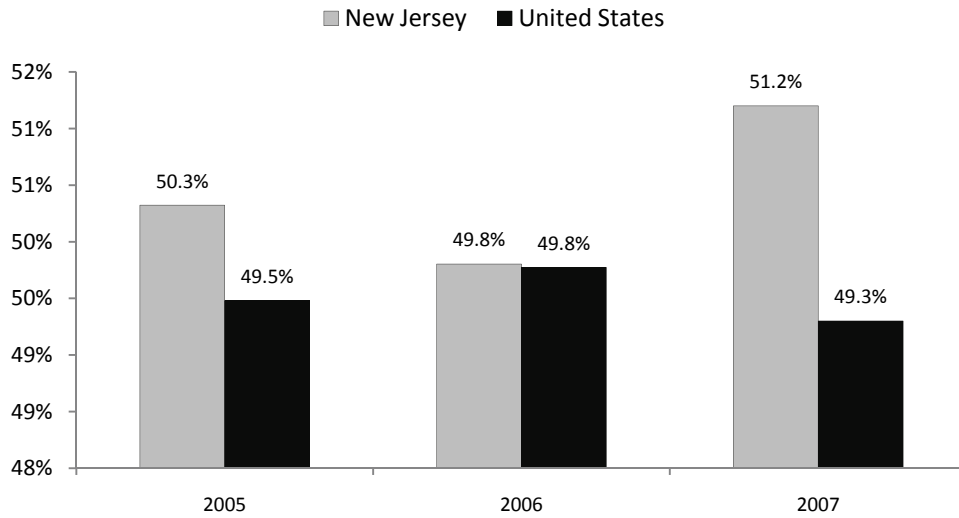
Figure 5-16: Fair Market Rent for a Two-Bedroom Housing Unit, New Jersey, FY 2009



Source: U.S. Department of Housing & Urban Development, FMR (FY 2009)

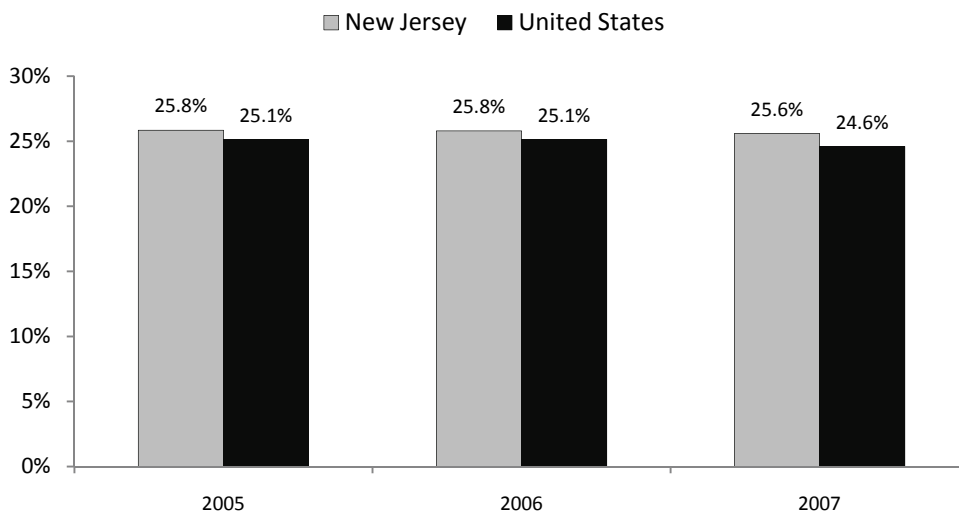
Figure 5-16 illustrates the fair market rent (FMR) for a two bedroom unit in New Jersey. While rents vary from approximately \$923 in Cape May County to \$1,349 in Somerset County, relative to most areas of the country rents in all New Jersey counties are high. The average annual out-of-pocket cost for a two-bedroom unit at FMR in New Jersey is almost \$13,632. For a family of three living at 100 percent FPL, this leaves barely \$3000 to meet all other expenses for the entire year.

Figure 5-17: Percent of Cost-Burdened Renters, NJ & U.S., 2005 to 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2005 to 2007).
*Cost-burdened renters are those who pay more than 30 percent of their gross income on rent.

Figure 5-18: Percent of Severely Cost-Burdened Renters, NJ & U.S., 2005 to 2007



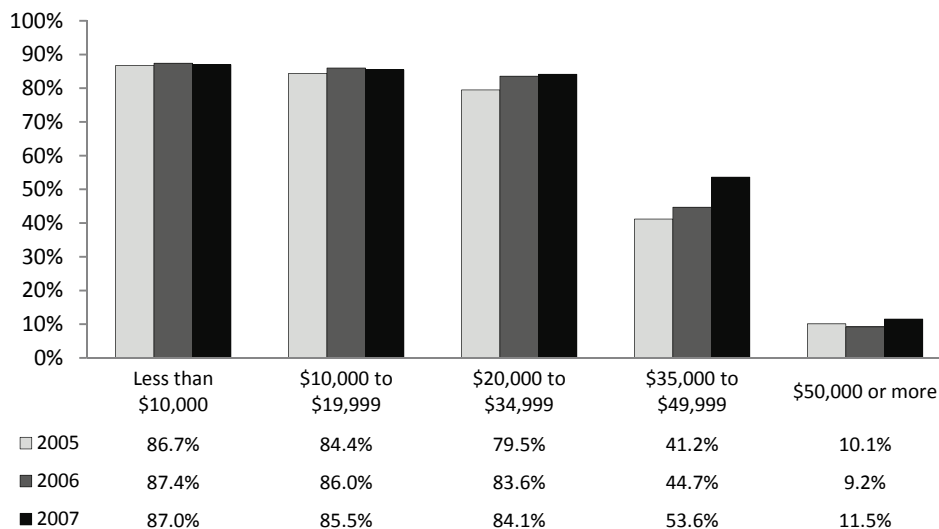
Source: Calculation from the U.S. Census Bureau, American Community Survey (2005 to 2007).
*Severely cost-burdened renters are those who pay more than 50 percent of their gross income on rent.

Households paying more than 30 percent of income on rent are said to be “cost-burdened,” meaning they have little left to pay for all other household expenses. *Figure 5-17* examines the percent of renters who were cost-burdened in New Jersey from 2005 to 2007 and compares it to the national rate. We find that while the percent of cost-burdened renters in New Jersey increased to 51.2 percent in 2007 from 49.8 percent in 2006, the percent of cost-burdened renters nationally declined to 49.3 percent in 2007 from 49.8 percent in 2006.

Households paying more than 50 percent of income on rent are defined as “severely cost-burdened.” *Figure 5-18* shows the percent of rental households in New Jersey paying more than 50 percent of income toward housing costs and compares them to the national rate. We find that the percent of renters who are severely cost-burdened in the state decreased slightly to 25.6 percent in 2007 from 25.8 in 2006. However, a higher proportion of households continue to be severely cost-burdened in New Jersey compared to the national rate.

While the analysis of income used on rent shows populations that are not able to reasonably afford their current housing costs, this data reveals only part of the story. For example, a household with an income of \$100,000 may spend 50 percent on housing but will still have enough left to meet all other needs, whereas even 30 percent of a \$10,000 annual household income leaves far too little to cover other essential expenses. For this reason, it is also important to look at cost-burden by income level. *Figure 5-19* shows the percent of renters who were cost-burdened by their income level. It reveals that 87 percent of rental households with income less than \$10,000 per annum were cost-burdened in 2007. While this percentage decreased slightly in 2007, a very large proportion of the low-income population continues to face significant challenges while trying to meet the cost of housing.

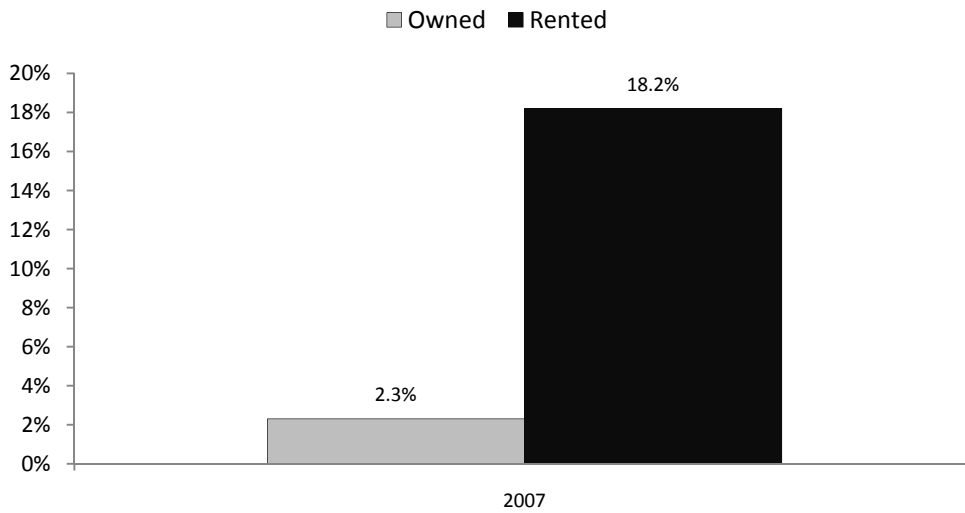
Figure 5-19: Percent of Cost-Burdened Renters by Income, New Jersey, 2005 to 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2005 to 2007).

Figure 5-20 analyzes poverty rate by type of housing and reveals that a higher proportion of the population that rents lives in poverty compared to those who own their homes. *Figure 5-20* reveals that in 2007, the poverty rate for households that own their homes is only 2.3 percent compared to 18.2 percent for households that live in rented units.

Figure 5-20: Poverty Rate by Type of Housing, New Jersey, 2007



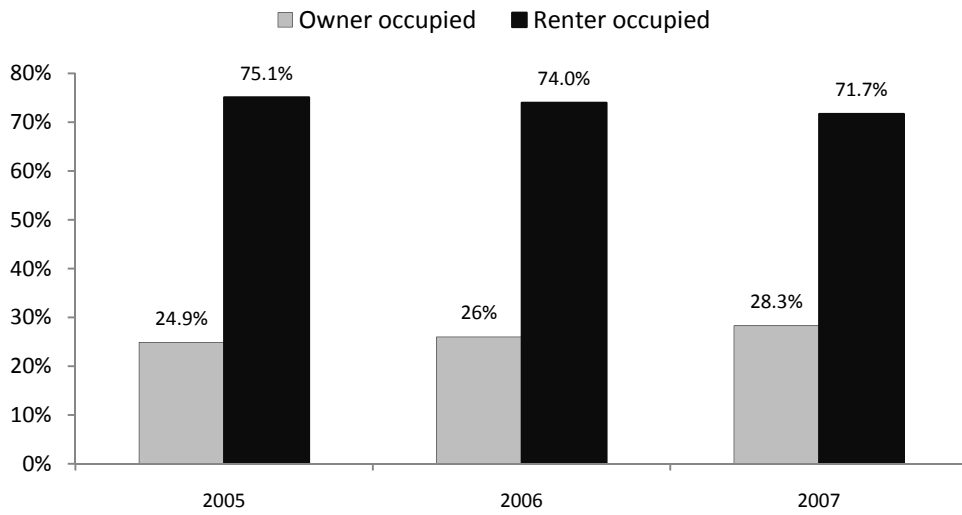
Source: Calculation from the U.S. Census Bureau, American Community Survey (2007).

While home ownership rates vary by family-type (see appendix for more details), female-headed households continue to be the least likely to own their home. Although, in the below-poverty population, the percent of female-headed households that were owner occupied increased to 18.9 percent in 2007 from 16.7 percent in 2006, large disparities continue to persist between family types. In the below-poverty population in 2007, 38.1 percent of married-couple households and 33.5 percent of male-headed households were owner occupied.

Figure 5-21 shows that renters are also more likely to live in crowded housing situations.²⁸ While the proportion of renters living in crowded housing situations decreased to 71.7 percent in 2007 from 74 percent in 2006, a wide gap persists between renters and owners living in crowded housing. There is also a disparity between renters and home owners in the ability to access basic services such as telephone service, including access to cell phones. *Figure 5-22* shows that 10.5 percent of renter-occupied households had no telephone service in 2007 compared to only 2.9 percent of owner-occupied households.

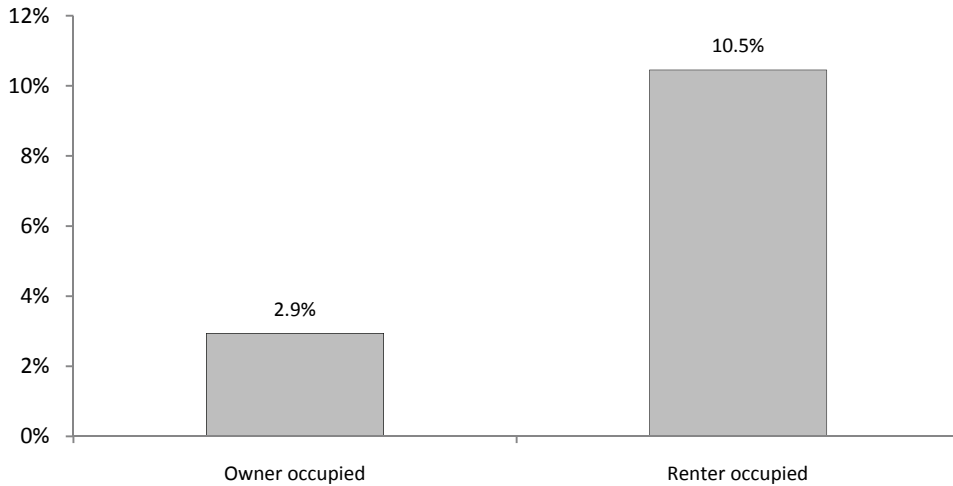
²⁸ The U.S. Census Bureau considers households with more than one occupant per room as being crowded.

Figure 5-21: Overcrowding by Type of Housing, New Jersey, 2005 to 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2005 to 2007).

Figure 5-22: Percent of Households with No Telephone Service by Tenure New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2007).

Credit

The impact of poverty on credit can have long-term consequences that can extend well beyond periods of income inadequacy and can serve as a hindrance to achieving long-term security. Those with inadequate incomes are more likely to lack savings and have the greatest need for credit, but their economic vulnerability also results in higher costs and a greater difficulty accessing credit. Low-income New Jerseyans ultimately pay a larger sum for commonly needed goods and services due to common practices related to borrowing and lending. This section examines credit trends during the recent economic down-turn, the disproportionate access to credit by income, and recent increases in non-business bankruptcy.

The ongoing financial crisis has markedly impacted New Jerseyans as the credit crunch faced by the state's residents is among the worst in the nation. Quarterly data reveals that New Jersey was facing a serious home foreclosure crisis even early in the year, which monthly data reveals is worsening every month. During the second quarter of 2008, New Jersey's foreclosure rate was ranked 12th highest in the nation, with five New Jersey metro areas among the top 100 U.S. metro areas with the highest number of foreclosures in 2008 (see appendix for more details). Newark and Camden City, two of the poorest regions of New Jersey, were ranked as having the 38th and 42nd highest number of foreclosures, respectively in the second quarter.²⁹ In the third quarter, Camden's foreclosure rate rose to 39th worst, while Newark's stayed at 38th.³⁰

Monthly foreclosure filing data reveal that foreclosures are increasing in New Jersey at a faster rate than in the country as a whole. During the month of August, New Jersey (with 6,475 foreclosure filings) ranked among the ten worst states with the highest number of foreclosures in the country.³¹ At the same time New Jersey's foreclosure rate — foreclosures as a share of total household units — was one per 536 units, making it the 11th highest in the country. In September New Jersey's foreclosure rate exceeded the nation's at one per every 452 units and New Jersey's ranking rose to 8th worst among the 50 states and D.C. In October 2008, approximately 8,473 properties across the state were filed for foreclosure, a 75 percent increase over the last year. The state foreclosure rate during this month was one per 410 household units, the 8th worst rate in the nation and far exceeding the U.S. average of one foreclosure per 452 household units (see appendix for county-by-county foreclosure statistics for October 2008).

Using a different approach to calculate foreclosure activity (considering only the proportion of homes that are actually owner-occupied), the Federal Reserve Bank of New York has revealed in

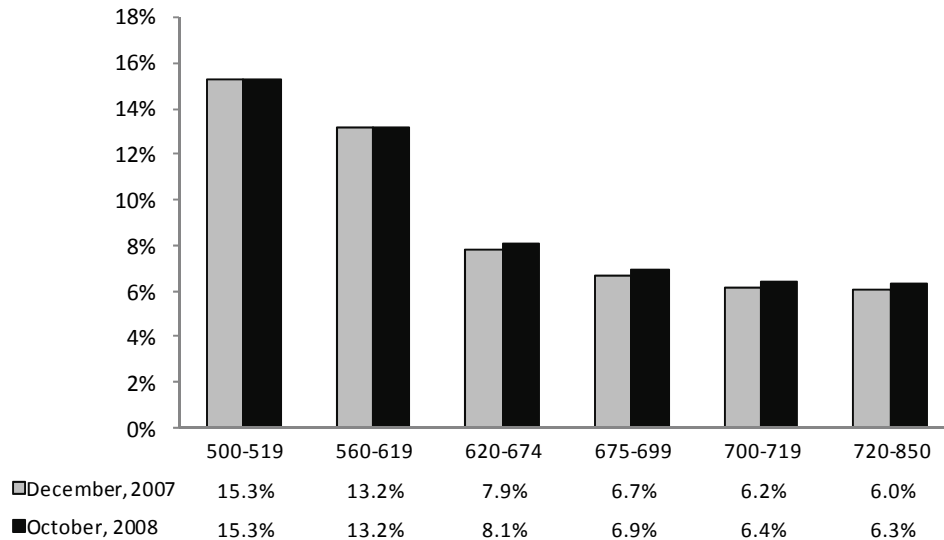
²⁹ RealtyTrac data for U.S. and 50 states and Top 100 Metro Foreclosure Market Data, Q2, 2008.

³⁰ RealtyTrac data for Top 100 Metro Foreclosure Market Data, Q3, 2008.

³¹ RealtyTrac: The total number of foreclosure filings in New Jersey during August was 6,475.

a new report³² that New Jersey’s ratio of subprime mortgages in foreclosure is the fifth highest in the nation, exceeding the U.S. average. The report details that most of the foreclosure activity in the state is concentrated in zip codes that have low to moderate household incomes. In Essex County, for instance, 75 percent of subprime mortgages in foreclosure were concentrated in 11 zip codes in the cities of Bloomfield, East Orange, Irvington, Newark, Orange, and West Orange. In Union County, 75 percent of subprime mortgages in foreclosure were concentrated in 8 zip codes in the cities of Elizabeth, Hillside, Linden, Plainfield, Roselle, and Union. Further, it is projected that 35,117 additional subprime foreclosures are expected to occur in New Jersey between the third quarter of 2007 and the end of 2009 (nearly 1 out of every 5 subprime loans). It is important to note that this is a conservative estimate which does not take into account declines in employment growth.³³

Figure 5-23: Average Interest Rate for 30 Year Lien Loans by FICO Score, NJ, 2007-2008



Source: New Jersey Department of Banking and Insurance
 Note: Interest rates are as of October 21, 2008

In addition to the ongoing foreclosure crisis, which has the potential to further affect the economic stability of the lowest income families, populations with lower incomes also deal with the challenge of unequal access to credit. *Figure 5-23* summarizes the average annual percentage rates (APRs) that may be charged by New Jersey lenders based on the borrower’s FICO score ranges.³⁴ FICO is a credit score model used by many institutions in making decisions related to consumer credit. According to the New Jersey Department of Banking and Insurance, the FICO score and interest rates reflect only averages and in reality, lenders can go far beyond these numbers. The Department states that “each lender determines its own rates, and those may vary

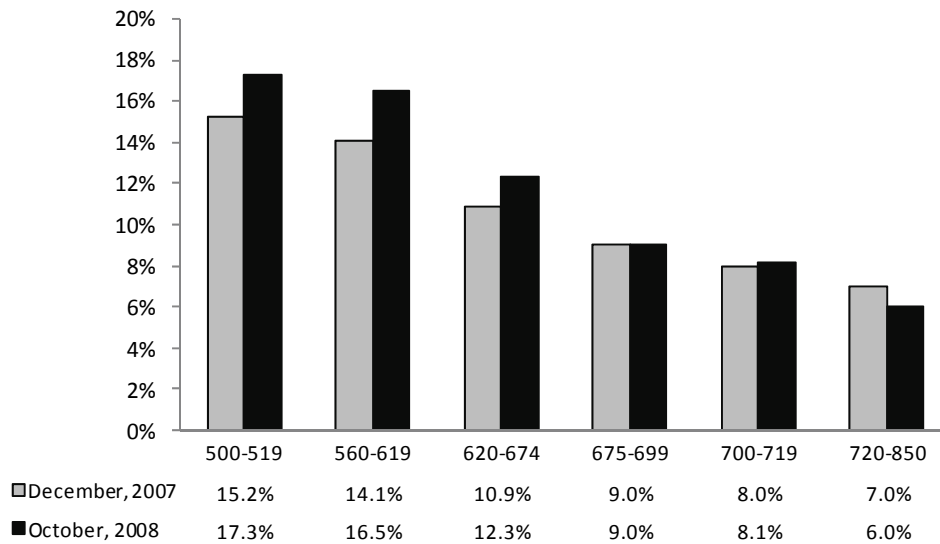
³² Facts & Trends, Federal Reserve Bank of New York, Vol 1, No. 1 (August 2008). www.newyorkfed.org/regional

³³ www.hcdnj.org

³⁴ State of New Jersey, Department of Banking & Insurance, Division of Banking. Interest rates are as of October 21, 2008

from the rates in the charts. Lenders also look at income, assets, liabilities, payment history, credit reports, debt-to-income ratios, employment history and other financial information to determine the interest rates they charge.” Based on these factors that can determine FICO scores, the lowest income populations are more likely to also have the lowest credit scores, which in turn affect interest rates. *Figure 5-23* shows that a consumer in New Jersey with a FICO score range of 720-850 pays only 6.3 percent interest rate on average compared to a borrower with a FICO score range of 500-519 who pays more than double (15.3 percent).

Figure 5-24: Average Interest rate for Used Auto Loans by FICO Score, NJ, 2007-2008



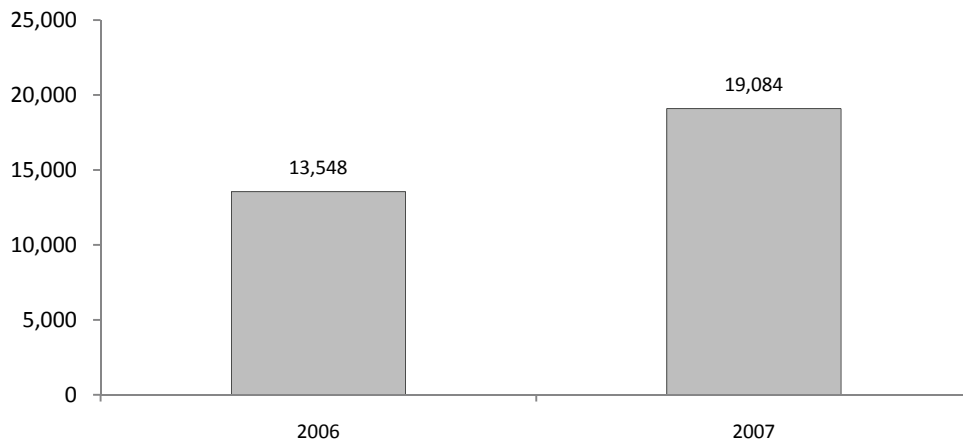
Source: New Jersey Department of Banking and Insurance
 Note: Interest rates are as of October 21, 2008

Figure 5-24 shows the annual percentage rate that may be charged on used automobiles loans based on the borrowers FICO score. While those with the highest credit scores (720-850) may be charged 6 percent on these loans, those with the lowest credit scores (500-519) can be charged as much as 17.3 percent for same vehicle. Moreover, while the average interest rate that may be charged from those with the highest scores declined by 1 percentage point in 2007, the average interest rate that may be charged from those with the lowest credit scores has increased by more than two percentage points to 17.3 in 2007 from 15.2 percent in 2006.

The combination of the high cost of living in New Jersey and consumer debt continues to increase the economic insecurities of low-income New Jerseyans. *Figure 5-25* shows that non-business bankruptcy filings increased by 41 percent between 2006 and 2007; the number of individuals filing for bankruptcy increased to 19,084 in 2007 from 13,548 in 2006. While

bankruptcy data is available for previous years, a comparison to earlier years would reflect change in bankruptcy policy³⁵ rather than a change in credit trends.

Figure 5-25: Number of Non-Business Bankruptcy Filings, New Jersey, 2006 & 2007



Source: American Bankruptcy Institute

Employment

While employment is an important safeguard against poverty, it does not lift all families out of poverty in New Jersey. The following analysis shows that many working families in the state fail to bring in enough income to meet all of their basic needs. Additionally, it shows that the benefits of employment vary even for households with similar workforce participation patterns and that full-time, year-round employment does not guarantee a life without poverty. The following employment statistics are based on the most recent census data available, which reflect the beginning stages of the national and statewide economic slowdown. A discussion about the ways in which the current economic picture impacts unemployment and job trends in New Jersey can be found in the *Measuring Poverty* chapter.

Our data shows that, of the adults with incomes below the poverty level who were in the labor force in 2007 (meaning that they were either working or actively looking for work in the previous four weeks), 72.2 percent were employed in 2007.³⁶ Using the RCL, we find that among households with insufficient income in New Jersey, 85 percent had at least one-worker in 2007.³⁷

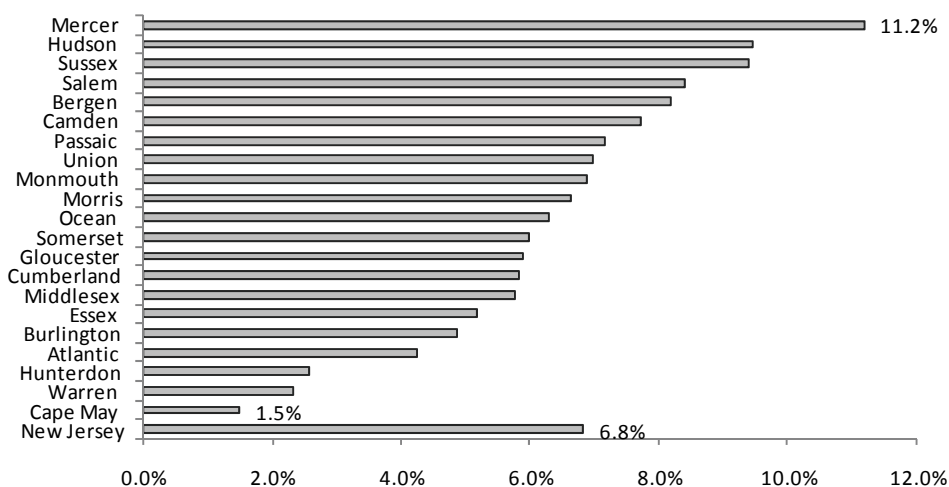
³⁵ The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 was passed by Congress and signed into law by President Bush in April 2005. The new law makes it more difficult to file for bankruptcy and provides fewer protections for filers.

³⁶ Calculation from the U.S. Census Bureau, American Community Survey (2007)

³⁷ Not Enough to Live On: Characteristics of Households Below The Real Cost of Living in New Jersey by Diana Pearce with Legal Services of New Jersey Poverty Research Institute (June 2008)

Figure 5-26 reveals that even full-time employment is not enough to raise all families above the poverty level in New Jersey. On average, nearly 7 percent of individuals working full-time and year-round in New Jersey lived below the federal poverty level in 2007. Moreover, in some counties a much higher proportion of the population that worked full-time was unable to reach the federal poverty level. Considering that the federal poverty level is an unrealistic indicator of income needs for self-sufficiency, in reality a larger proportion of New Jerseyans working full-time experience income inadequacy. Using the RCL as a standard of need, we find that about 13 percent, or one in eight households, with one member working full-time and year-round had insufficient income to meet daily household needs in New Jersey.³⁸

Figure 5-26: Percent below Poverty Working Full-Time & Year-Round, New Jersey, 2007

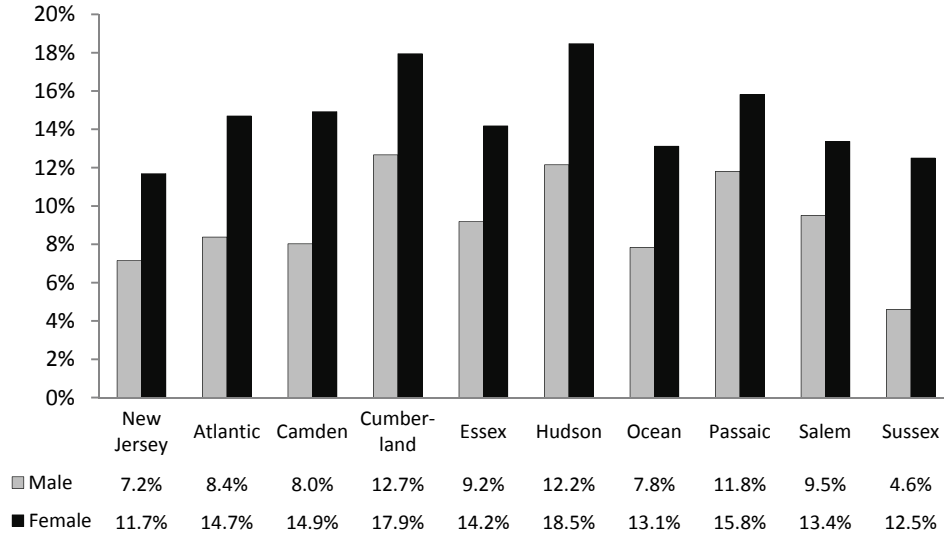


Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

Figure 5-27 examines individuals earning less than \$20,000 while working full-time and year-round by gender and county of residence for selected counties. An annual income of less than \$20,000 falls far below the minimum income required to cover basic needs as measured by either the true poverty standard or the Real Cost of Living. Figure 5-27 shows that a significant percent of the New Jersey population working full-time and year-round earned less than \$20,000 annually, with women overrepresented in this category. At the state level, 7.2 percent of men working full-time and year-round earned less than \$20,000 compared to 11.7 percent of women. In Cumberland County 17.9 percent of women working full-time and year-round earned less than \$20,000 in 2007 compared to 12.7 percent of men. In Hudson County 18.5 percent of women earned less than \$20,000 compared to 12.2 percent of men.

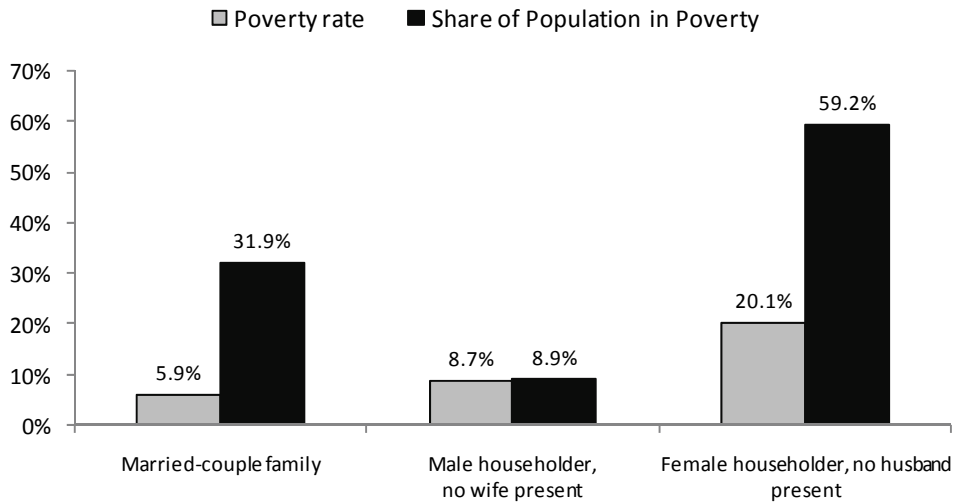
³⁸ Not Enough to Live On: Characteristics of Households Below The Real Cost of Living in New Jersey by Diana Pearce with Legal Services of New Jersey Poverty Research Institute (June 2008)

Figure 5-27: Individuals Working Full-time & Year-Round Earning Less than \$20,000 New Jersey, 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

Figure 5-28: Poverty Rate & Share of Population in Poverty by Family-Type for Households with One-Worker, New Jersey, 2007

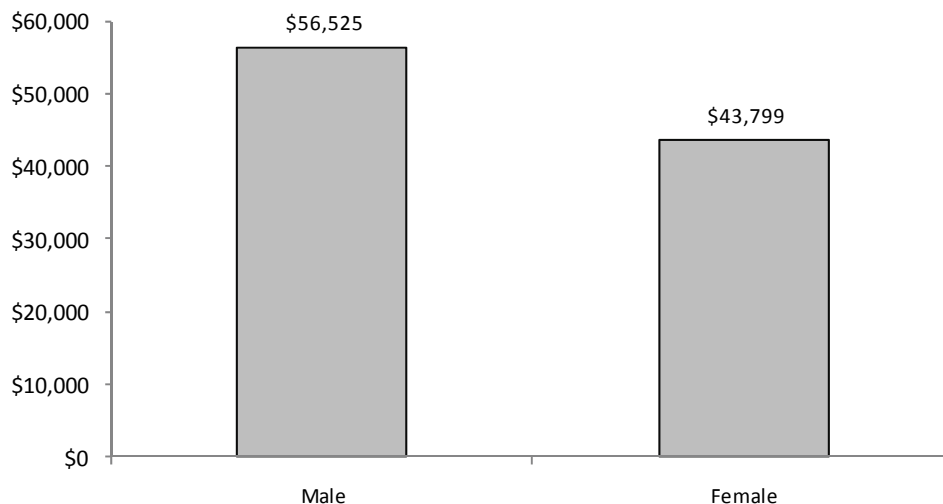


Source: Calculation from the U.S. Census Bureau, American Community Survey (2007)

The disparity in returns from employment is also evident when we examine the poverty rate of different types of households with similar workforce participation patterns. *Figure 5-28* divides all New Jersey households with one worker by composition. Three family types are considered: married-couple families, male-headed households with no wife present and female-headed households with no husband present. We find that the poverty rate of female-headed households

with one worker was the highest at 20.1 percent in 2007; male-householder families had a poverty rate of 8.7 percent in 2007 and the married-couple households with one worker had a poverty rate of 5.9 percent.

Figure 5-29: Median Income for Population Working Full-Time & Year-Round (in 2007 inflation-adjusted dollars), New Jersey, 2007



Source: U.S. Census Bureau, American Community Survey (2007)

Figure 5-29 shows median household income for those working full-time and year-round by gender. Women working full-time and year-round have a much lower median income, earning \$12,726 less annually on average than men.

Hunger

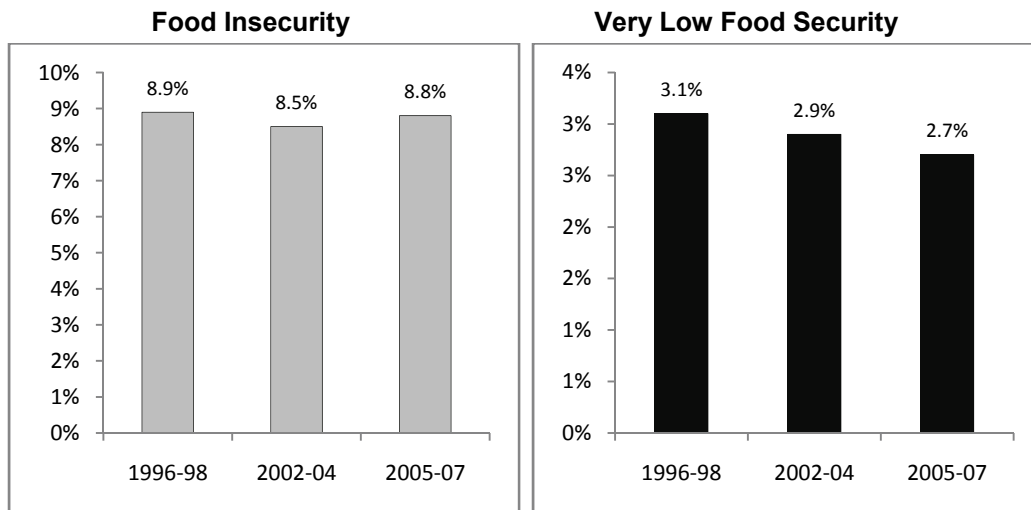
Lack of access to sufficient food due to financial constraints is among the most severe forms of deprivation. Shortage of food affects the overall physical and mental wellbeing of individuals. Malnourishment not only impairs concentration in school and work, but can lead to deficiencies that impact short- and long-term health.

The United States Department of Agriculture recognizes food insecurity as “*limited or uncertain availability of nutritionally adequate and safe food or limited or uncertain ability to acquire acceptable foods in socially acceptable ways.*”³⁹ The U.S. Department of Agriculture tracks extent and severity of food insecurity in two categories, *food insecurity* and *very low food*

³⁹ United States Department of Agriculture (USDA), “Definitions are from the Life Sciences Research Office, S.A. Andersen, ed., “Core Indicators of Nutritional State for Difficult to Sample Populations,” *The Journal of Nutrition*, Vol. 120, 1990, 1557S-1600S”.

security.⁴⁰ Figure 5-30 shows that 8.8 percent of New Jersey households were food insecure in 2007 and 2.7 percent experienced very low food security. The chart also shows that the percent of New Jersey households that were food insecure increased in 2007 and the percent households with very low food security decreased. While these changes are not statistically significant, they do signify persistence of food insecurity among New Jerseyans and continuing challenges related securing adequate food.

Figure 5-30: Household Food Insecurity Index, New Jersey, 2007



Source: United States Department of Agriculture, *Household Food Insecurity in the United States, 2007* by Mark Nord, Margaret Andrews and Steven Carlson (November, 2008)

Another recent statewide survey⁴¹ on hunger indicates a rise in the need for food assistance in New Jersey in 2007 compared to 2006. The number of people served by food pantries increased by an average of 24 percent in 2007, and food packages distributed by food pantries increased by an average of 27.61 percent. In addition, 66.5 percent of food pantries reported an increase in the number of families with children that were served. Figure 5-31 shows the average change in number of persons served and packages provided in 2006 and 2007 by county. It shows that the greatest increase in demand for food assistance was in Somerset County, which is amongst the richest counties in the state. Morris and Sussex were other counties in which the percent of persons served by food pantries increased substantially indicating a permeation of economic hardships in more affluent areas. The survey also indicates a swelling in the number of people coming on an ongoing basis rather than on a one-time basis due to lack of resources to meet food needs. Needless to say, the recent economic slowdown has the potential of aggravating the

⁴⁰ USDA defines food-insecure households as those that had difficulty providing enough food for all family members due to lack of resources at some point during the year. Households with very low food security are those whose members had to reduce their food intake and whose normal eating patterns were disrupted because of lack of sufficient resources.

⁴¹ The survey was conducted by SEFAN (Statewide Emergency Food and Anti-Hunger Network) and includes response from 361 emergency food providers in 21 counties of New Jersey.

current demand for food assistance and is expected to substantially add to the looming food crisis.

**Figure 5-31: Average Change in Demand for Food Assistance from Food Pantries
New Jersey, 2006 & 2007**

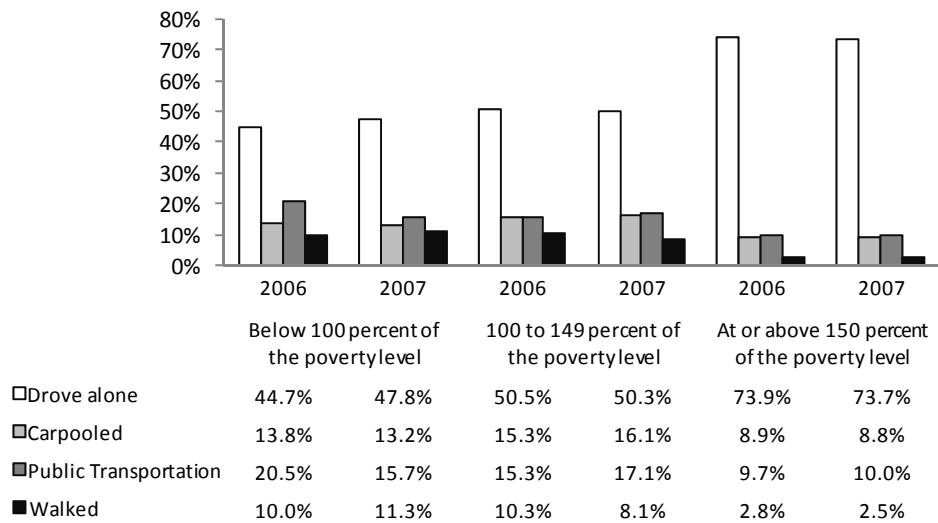
County	Persons Served	Packages Provided
Atlantic	45.4%	13.1%
Bergen	13.8%	15.9%
Burlington	12.9%	22.8%
Camden	31.3%	2.0%
Cape May	3.6%	13.0%
Cumberland	-6.3%	8.3%
Essex	19.8%	20.8%
Gloucester	26.6%	16.1%
Hudson	12.9%	16.4%
Hunterdon	5.0%	-1.8%
Mercer	7.0%	18.1%
Middlesex	21.4%	28.8%
Monmouth	17.5%	19.7%
Morris	54.6%	29.5%
Ocean	58.7%	100.0%
Passaic	11.8%	14.7%
Salem	42.7%	35.1%
Somerset	173.4%	221.2%
Sussex	61.5%	8.9%
Union	9.9%	13.8%
Warren	8.3%	3.5%
Total	24.1%	27.6%

Source: SEFAN Hunger Survey

Transportation

Populations with inadequate income face significant challenges in trying to secure convenient and reliable transportation, which in turn, has broad impacts on their daily lives and realm of activities. An absence of readily available transportation confines people of low income to their local neighborhoods and restricts their employment prospects. Longer commute times due to dependence on public transportation, uncertainties due to unreliable vehicles and reliance on relatives and friends for day-to-day transportation needs produce additional hardships. Such problems get exacerbated for households with children who need to be taken to and from school or day care, and families experiencing emergencies, especially at odd hours, and during times of adverse weather.

Figure 5-32: Means of Transportation to Work by Poverty Status, NJ, 2006 & 2007



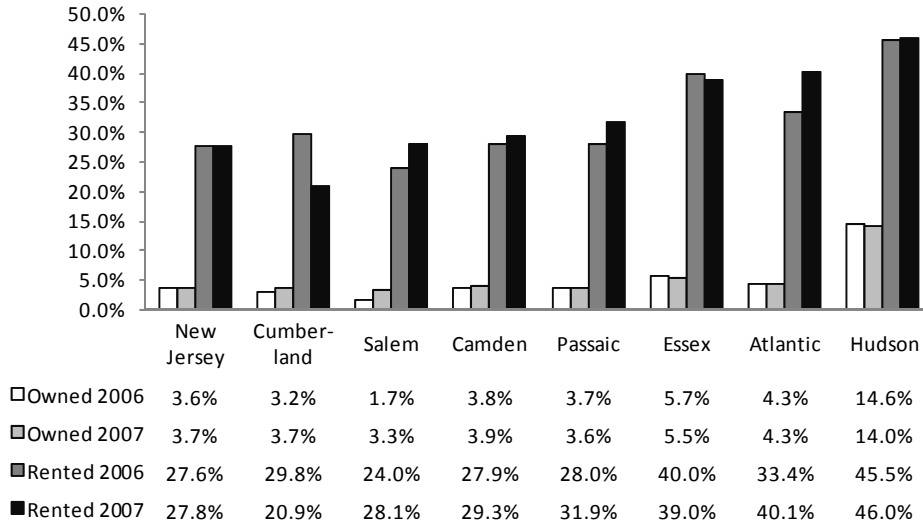
Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007)

While no data are collected on a regular basis detailing people’s daily travel behavior, some assessment of the transportation hardships faced by people in poverty can be made using U.S. Census journey-to-work travel data. *Figure 5-32* compares the modes of transportation used to travel to work for individuals at different levels of the FPL in 2006 and 2007. The data shows that in 2007, as in 2006, people living below FPL were less likely to use a private automobile and more likely to depend on other forms of transportation (public transportation, carpooling, and walking) to travel to work than individuals with income greater than 150 percent of the poverty level. In 2007, 47.8 percent of individuals below 100 percent of federal poverty level compared to 73.7 percent of those above 150 percent of the FPL drove alone to work. On the other hand, of those individuals below 100 percent FPL, 13.2 percent carpoled, 15.7 percent used public transportation and about 11.3 percent walked to work. However, at 150 percent of poverty, only 8.8 percent carpoled, 10 percent used public transportation and 2.5 percent walked to work.

Although the Census does not publish data on vehicle ownership for people living in poverty, housing tenure can be used as a proxy for poverty based on our findings on housing hardships which showed that individuals in poverty were more likely to be renters than homeowners. *Figure 30* displays the percentage of individuals who do not own a car by housing tenure in some of New Jersey’s poorer counties. While the overall percentage of renters and homeowners who did not own a car remained about the same in 2007 as in 2006, those who rent their homes were much more likely not to own a car. Only 3.7 percent of homeowners did not own a car in New Jersey in 2007, while 27.8 percent of renters did not have personal vehicle. Similar differences between renters and homeowners exist for the other counties shown in this chart

other than Hudson County where the availability of a number of different public transportation modes as well as its close proximity to New York City has resulted in a lower share of car ownership and greater use of public transportation.

Figure 5-33: Percent Not Owning a Car by Type of Housing, NJ, 2006 & 2007



Source: Calculation from the U.S. Census Bureau, American Community Survey (2006 & 2007)

6. Major State Programs Addressing Elements of Poverty

In assessing the state's response to poverty, certain programs that focus on specific impacts of poverty can be readily linked to the problems they aim to address, so developments in data measuring the problem can be compared with changes in these programs. It is much harder to assess the effectiveness of programs' response to poverty as a whole. Issues which are fundamental to the challenge of poverty — those related to inadequacy of income and resources and the disparities in these experiences between different social groups — are more difficult to connect with particular programmatic responses. Twelve states have taken up this challenge, having established comprehensive state initiatives that include poverty-reduction targets with specific goals and timelines.⁴²

No state-based government program addresses in a broad way the defining problem of inadequate income. On the federal level, Social Security is the only government program designed to ensure a minimum adequate income for the defined target population of the elderly and disabled. In the final section of this report we begin the process of assessing the effectiveness of the state's interventions in regard to the problems described in the preceding sections, both comprehensive and specific. This year's report sets the groundwork for such analysis by grouping together programs with a potential impact on identified poverty-related problems in the state. This grouping does not include every state program or expenditure with any relevance to the given challenge; such a list would be unmanageable. It does, however, reflect major efforts of state government that either are, or should be, central to an effective state response. Since this project is an on-going, evolving analysis, we welcome feedback on other state programs or program ideas that are relevant to the highlighted challenges.⁴³

One further note — this report is focused specifically on providing a framework for holding *state government* accountable for the effectiveness of its response to poverty in New Jersey. In focusing specifically on programs either funded or significantly administered by state government, we recognize that this analysis excludes many players with a role in addressing poverty, including non-governmental organizations and federal programs not mediated by the state. This is not to devalue the importance of these efforts or to propose that fighting poverty is solely the province of state government. On the contrary, state efforts cannot be effective in isolation. At the same time, New Jersey's state government is in a unique position to impact

⁴² Levin-Epstein, Jodie and Kristen Michelle Gorzelany. *Seizing the Moment: State Governments and The New Commitment to Reduce Poverty in America*. A Joint Report from CLASP and Spotlight on Poverty and Opportunity, April 2008.

⁴³ To submit comments and ideas visit the Poverty Research Institute website at www.lsnj.org/PRI or e-mail PRI@lsnj.org

poverty in a comprehensive way because of its sheer size and resources. What is more, the allocation of public resources through the state budget requires that these allocations be subject to special scrutiny to assess their appropriateness and effectiveness. Given the evidence in this report of the pervasiveness and impact of poverty in the New Jersey, the state's response requires careful evaluation.

Broad Themes in Poverty Data

I. Severity and inequality in the experience of poverty.

The various measures of poverty presented in this report reveal a much more serious challenge than the statewide federal poverty rate of 8.6 percent suggests. Some slight gains between 2006 and 2007 do not erase the severity of the income shortage faced by families below the federal poverty level, who need an average of \$8,389 in additional yearly income just to reach the federal poverty standard. Since New Jersey's high *real cost of living* means that many more households face inadequate incomes the share of households struggling to make ends meet is in fact much larger than the poverty rate indicates, reaching 20 percent among non-disabled working age households, and potentially higher in other groups. Income inequality measures offer a broader perspective on the challenges in New Jersey related to assuring adequate income for all residents, and show the widening gap between the wealthiest residents and all other income groups, especially the lowest income. In order to effectively respond to these challenges, New Jersey's system must include *programs to provide adequate income, a tax structure that promotes greater equity, and diverse forms of targeted in-kind assistance.*

Relevant state programs

Income adequacy programs

- **Work First New Jersey (cash welfare)**

The Work First New Jersey (WFNJ) program provides cash assistance and selected support services to the lowest income families and individuals in 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 able to work. Eligibility for the program is restricted to households with incomes below 150 percent of the maximum benefit level,⁴⁴ which means that a single parent with two

⁴⁴ The maximum cash grant for a three-person family is \$424 a month.

children earning more than \$636 a month is ineligible for assistance. Current maximum benefit levels for all family sizes are substantially below severe poverty level incomes (ranging from 31 percent — single employable adult — to 63 percent of severe poverty incomes — 3-person family). Not all participants receive the maximum grant amount. Grant amounts may be temporarily cut during periods of sanction or they may be supplemented by unearned income (such as a \$50 child support pass-through) or earned income (as from part-time employment). A portion of earned income is “disregarded” in calculating reductions in benefits levels, so some families may exceed severe poverty income levels while on welfare, but only if welfare grants are supplemented.

Recent developments and related observations

Grant levels have not been raised since 1987. Even at that time the maximum grant for a single parent with two children, \$424 per month, equaled only 55.6 percent of the federal poverty threshold income. The same grant level equals only 30.5 percent of the federal poverty threshold income for 2007, reflecting the growing gap between assistance levels and any reasonable standard of adequate income. No neighboring northeastern state⁴⁵ has failed to raise its grants at least once over the same time period and only Delaware and Pennsylvania still have grant levels below New Jersey’s for a three-person family.

Recent changes in the Earned Income Disregard (EID) do provide the opportunity for some WFNJ participants to substantially raise their income while retaining eligibility for a limited cash grant and the other benefits of the program. In 2008 the percentage of earned income disregarded in calculating benefit reductions was raised from 50 percent to 75 percent for the first six months of earnings (following the initial month of 100 percent disregard). This allows a parent with two children to earn up to \$1,392 a month and still receive the minimum grant of \$10 for up to seven months. Although the increased disregard is only available for workers who are employed more than 20 hours a week on a consistent basis, the limited households eligible to participate can raise their incomes above the federal poverty level and potentially gain relative stability in employment prior to transitioning off of welfare.

- **Supplemental Security Income**

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

⁴⁵ Connecticut, Delaware, Maryland, Massachusetts, New York, and Pennsylvania.

Jersey provides an optional state supplement, as do all but six other states. In addition to cash assistance administered by the SSA, New Jersey also provides supportive services, including housing assistance through the Emergency Assistance program administered by county welfare agencies.

Recent developments and related observations

New Jersey's SSI benefits are marked by a lack of progress. The share of the New Jersey population receiving SSI has stayed basically stable since 1996 (ranging between 1.7 and 1.8 percent).⁴⁶ 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.⁴⁷ New Jersey is also one of only seven states where the state supplement for couples is lower than the supplement for individuals.

- **Earned Income Tax Credit**

The state Earned Income Tax Credit (EITC) mirrors the federal credit of the same name. Both programs provide low-income households 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. The credit is only available for households with earned income (i.e. income from employment) and eligible households below eligibility thresholds. Maximum income eligibility varies by family size, number of children (workers without children lose eligibility at much lower incomes), and tax filing status — with the maximum eligibility income for married couples with two or more children. New Jersey's credit for the 2008 tax year will equal 22.5 percent of the federal tax credit for which a given household is eligible.

Recent developments and related observations

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 for the 2007 tax year, so that in

⁴⁶ 2008 Green Book, Section 3 – Supplemental Security Income. House Committee on Ways and Means.

⁴⁷ For example: California provides a \$205 monthly state supplement for individuals and \$515 for couples, as of 2002.

tax year 2008 the maximum income level (for a married couple with 2 or more children) will be 41,646 for both the New Jersey and federal credits. 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 in the program means both that more families can potentially be assisted and that they can receive relatively more assistance to increase the adequacy of their incomes. Unfortunately, this program expansion did not translate to substantial increases in the program in the 2007 tax year. Participation increased less than 6,000 filers (205,116, up from 199,542) and was actually marginally lower than in the 2005 tax year.⁴⁸ The average benefit was also slightly smaller than in 2006 (\$571.94 compared with \$579.29).⁴⁹

- **Minimum wage * (see “Inadequate wages and unstable employment” for a full discussion of the New Jersey state minimum wage and recent developments)**

The state minimum wage provides a floor level for hourly compensation of workers in most categories of employment. This state policy is relevant to the severity and inequality of poverty in New Jersey because it defines the income available to the lowest wage workers. A minimum wage set to reflect the state’s cost of living can directly impact the adequacy of wages, but if this wage is set too low, or is not regularly increased, it virtually guarantees that a sub-set of workers will not be able to earn enough to make ends meet. New Jersey’s minimum wage has not been increased since 2006.

State tax structure

- **State taxes on individuals and households (income and sales tax)**

The most direct tool available to governments for addressing inequality in the distribution of income is the income tax. Although the primary function of the income tax is that of revenue-raising, the state’s tax structure may either increase or decrease inequality. A progressive tax structure charges a higher incremental tax rate as income increases, so that those more able to afford taxes shoulder more of the responsibility to pay them, while those on the bottom of the income scale pay a smaller portion of their total income. New Jersey’s income tax is designed according to a progressive tax structure.

Unfortunately, the state’s general sales tax counteracts the progressivity of the income tax because it is not assessed with consideration of ability to pay. The sales tax is a standard percentage tax on purchases of most goods other than food and clothing, and all

⁴⁸ Department data for EITC 2005, 2006, and 2007.

⁴⁹ Ibid.

purchasers pay the same rate. Since people in poverty must use all of their available income to purchase basic necessities⁵⁰ they pay a substantial share of their income toward sales taxes, while higher income households that are able to save, invest, and purchase services which are less consistently subject to the state sales tax, pay sales tax only on that share of their income used for the purchase of taxed items.

Recent developments and related observations

These two basic taxes have both undergone changes in the last several years. In 2004 New Jersey added a new tax bracket of 8.97 percent for households with incomes above \$500,000, dubbed the “millionaire’s tax.” This change increased the progressivity of New Jersey’s income tax structure by pulling a larger share of income tax revenues from the wealthiest residents most able to pay. What is more, a recent study out of Princeton University reveals that the feared consequence of driving high-income households out of the state has not materialized. Instead, New Jersey saw a 70 percent increase in the number of half millionaires between 2002 and 2006.⁵¹ Unfortunately, this positive step in 2004 was followed by a step backward in 2007 with the passage of a one cent increase in the state sales tax (raised to seven cents per dollar of eligible purchases). Although the prohibition of local sales taxes on top of the statewide sales tax keeps New Jersey’s rate below the highest combined sales taxes in the nation, the increase is still significant for low-income New Jerseyans. When the tax increase was proposed, the expanded EITC eligibility and benefit were presented as a partial offset to the disproportionate burden on low-income New Jerseyans of the sales tax hike, however the EITC changes only benefit a portion of the working poor and does not assist those unable to work who are often the lowest income more severely impacted by the sales tax increase.

In-kind assistance programs

- **In-kind subsidies and need-targeted assistance*** (see “**Poverty-related challenges related to specific needs**” for recent developments in various in-kind assistance programs.)

In-kind assistance programs target aid to assist households in meeting specific needs, such as assuring adequate nutrition or making safe, quality housing affordable. Although these programs are designed to address particular challenges associated with inadequate income, rather than the status of income inadequacy, they are an essential element of the

⁵⁰ Although New Jersey exempts basic food items and clothing from the state sales tax, many other basic necessities included in a basic needs budget are taxed, including household and cleaning supplies, personal items, diapers, and paper goods.

⁵¹ Young, Cristobal, Charles Varner, and Douglas S. Massey. *Trends in New Jersey Migration: Housing, Employment and Taxation*. Policy Research Institute for the Region, September, 2008.

state's comprehensive response to the realities to severity and inequality in New Jersey poverty experiences. Recent years have seen developments that suggest progress in some areas, but lost ground in others, as described later in this chapter.

Additional potential state responses

Income adequacy programs

- **State-based cash assistance program for people with disabilities.**

A number of programs providing temporary or long-term cash assistance to specific populations exist in New Jersey, of which the largest are Work First New Jersey and SSI, discussed previously, and Unemployment Insurance, which will be discussed in connection with employment challenges later in this chapter. Each of these programs is subject to individual critiques, but a larger concern is the gaps left among the populations served by the existing programs. SSI is the only program designed to provide long-term income for individuals with disabilities, but eligibility for this program is restricted by federal standards. When an individual's disability does not fit within these standards, the state's welfare program becomes the only alternative, and is often an inappropriate one given time limits and work requirements. This not only places strains on individual, but on the state, since the inability to meet work requirements has consequences for the work participation rate reported to the federal government. A better alternative would be to create a state-based cash assistance program for people with work-inhibiting disabilities that are not covered by SSI that offers the flexibility and levels of assistance appropriate to the needs of New Jersey's disabled population.

State tax credits

- **State child and child care tax credits*** (see “Disproportionate incidence of poverty between identifiable groups” for a full discussion of this proposal)

In addition to the Earned Income Tax Credit, the federal government provides similar tax credits for low-income families based on the number of children and expenditures for dependent care. These federal credits include a refundable additional child tax credit targeted only to low-income families, which provides the possibility of income coming back to the family over and above the elimination of federal income tax liability. The extension of these tax credits to the state level would serve to improve the capacity of the New Jersey tax system to address poverty and income inequality.

II. Disproportionate incidence of poverty between identifiable groups.

Data on the share of the population with incomes below the federal poverty level does not expose the full scope of the problem of inadequate income in our state, but it does indicate the disproportionate representation of some groups among those facing these challenges. Census poverty data, supplemented by data on households with incomes below the *Real Cost of Living*, shows that despite modest gains there is still a much higher chance of experiencing poverty if you are a child, live in a household with children, particularly if headed by a single mother, or identify yourself as Black or African American or Hispanic or Latino. Given these marked disparities, New Jersey must develop and enhance efforts to target assistance to vulnerable groups, including investment in *social mobility programs*, *assistance for families with children*, and *support for tools that can improve low-wage job quality*.

Relevant state programs

Social mobility programs

- **Public education*** (see “**Low educational quality and outcomes in high poverty areas**” for a fuller discussion of recent developments in school funding)

Public education, from preschool programs through public colleges and universities, is among the government programs with the broadest impact, in terms of the sheer number of individuals it addresses. The core of the state’s public educational system, primary and secondary education, is currently in a state of flux due to major changes in state funding allocations to the state’s over 600 local school districts. Other developments in public education that impact the capacity of the state’s education system to provide opportunities for high-poverty groups includes the recent the expansion of universal preschool for 3- and 4-year olds and reductions in state funding for higher education. While the prospects in coming years are difficult to predict during the current reorganization, the importance of quality and accessible public education at all levels is clearly vital to addressing the disproportionate incidence of poverty amongst disadvantaged groups. Education can provide the pathways to higher-paying jobs and continued self-sufficiency, while failures of the educational system can trap children and adults in a cycle of continuous poverty and heightened dependence on government assistance.

- **Employment and training services*** (see “**Inadequate wages and unstable employment**” for a fuller discussion of the state workforce development system and recent developments.)

The other key resource for youth and adults to be able to access higher-paying jobs with good benefits is a solid system of employment and training services. Particularly for groups with the highest poverty rates (including single-parents and people of color who face disadvantages in the job market), access to quality training and programs to promote career advancement can open the door to job options that might otherwise be unattainable.

Assistance for families with children

- **New Jersey Cares for Kids**

Given the high rate of poverty among families with young children, subsidized child care is a very important program that enables parents to be assured that their children are supervised in safe and nurturing environments while they work. New Jersey Cares for Kids (NJCK) 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 (this later arrangement is very uncommon). For most assistance recipients parents are required to pay a co-payment set according to their income and the subsidy makes up the remainder of the cost, up to maximum payment standards. If the actual cost of the child care exceeds the state payment standard parents are also responsible to make up this difference.

Recent developments and related observations

Four primary limitations hamper the success of the NJCK program — waiting lists, eligibility levels, co-pay requirements, and payment standards — none of which have been substantially addressed in recent years. As of September 23, 2008, the waiting list for NJCK was 4,598 children,⁵² up from about 3,100 in early 2008 and approximately equal to the waiting list in early 2007.⁵³ While this number is concerning, especially considering that 34 states do not have a waiting list for their child care assistance due to

⁵² Department program statistics, provided by e-mail on Sept. 29, 2008.

⁵³ Schulman, Karen. “State Child Care Assistance Policies 2008: Too Little Progress for Children and Families.” National Women’s Law Center, Issue Brief, September 2008.

other program limitations. Initial eligibility for the program is restricted to families with incomes below 200 percent FPL, and eligible families lose assistance once their income reaches 250 percent FPL. Since the real cost of living for families in many areas of the state exceeds this income threshold, many families in need of subsidized child care are ineligible. What is more, the subsidy levels may be too low for eligible families to be able to use the assistance. Even though co-pays were eliminated in 2008 for families with incomes below the FPL, they continue to remain unaffordable for many families who have incomes well above this level. This is particularly true in light of the fact that the state's payment rates fall well below the 75th percentile level recommended by the federal Child Care Development Block Grant. Although payment standards have been raised a few times over the last several years, they still fall far 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 low-income parents to opt for unregulated and sometimes unreliable care available through informal networks.

- **DCF Family Support Services**

Although located within the child welfare system, the Department of Children and Families Family Support Services are prevention and assistance programs with relevance to the reduction of poverty and associated challenges among low-income and vulnerable families. Both the Differential Response system and Family Success Centers are structured to assist struggling families to connect to available services and resources, which can potentially ameliorate the impacts of poverty. Family Success Centers provide support, information and services at no charge to neighborhood families. The Differential Response initiative is an opt-in program for families referred for child welfare investigations where the need is one of resources or service needs rather than abuse or neglect. Participating families may work with a differential response worker at a contracted vendor to develop a network of formal and informal supports and connect with community resources. By brokering connections to available resources, these Family Support Services can assist low-income families to mediate the impacts of poverty on their children.

Recent developments and related observations

Family Support Services are still a relatively new effort of the Department of Children and Families, initiated in 2007. In 2008 all 31 Family Success Centers are now operating, but it is too early to assess their effectiveness as prevention programs or whether they are

having a positive impact on the rates and consequences of childhood poverty. Many of these centers are located within previously existing community programs, making it easier for them to connect with at-risk families but making it harder to measure the impact of the new investment. The community-based nature of the centers also means that they are only available to families living in communities served by the centers. The centers provide some services directly, but they are also designed to be a one-stop point of access for referral to other services in the community. 2008 has seen no further expansion of the Differential Response initiative beyond the counties in which it was operational or planned in 2007 (a total of six counties). For both services, their ability to connect low-income families with services to address poverty-related challenges is central to their effectiveness in ameliorating the conditions of child poverty, but effectiveness is limited by the availability of outside community services.

- **EITC* (see “Severity and inequality in the experience of poverty” for a fuller discussion of New Jersey’s EITC and recent developments)**

The state EITC program is an important component of the New Jersey’s response to relatively high rates of poverty among families with children, including single parent families, because the program provides a direct income supplement for families at or near poverty incomes. Higher tax credits and higher eligibility thresholds for households with children reflect the higher expenses faced by such families and target assistance to this vulnerable group.

Additional potential state responses

Assistance for families with children

- **Refundable state child and child care tax credits.**

The state EITC is currently the only household tax credit targeted to low-income families in the New Jersey income tax system. While the state does have a \$1,500 per dependent child exemption for purposes of calculating income tax liabilities, the state has not followed the federal model of providing child and child care tax credits against state income tax liabilities, or providing a refundable credit for low-income families to parallel the federal additional child tax credit. Since refundable credits are the most efficient tax model for addressing income problems among low-income households because they do not lose value in the event of drops in income that reduce income tax obligations,⁵⁴ the

⁵⁴ Robert Greenstein, Executive Director of the Center on Budget and Policy Priorities provided a clear articulation of this effect of refundable tax credits in testimony before the House Ways and Means Committee on October 29, 2008.

most effective way for the state to direct assistance to low-income families would be to create refundable dependent care and child tax credits. A state corollary to the federal additional child tax credit could provide needed income by offsetting state income taxes or potentially providing a refund beyond the family's tax liability. New Jersey could also follow the lead of New York which provides a refundable dependent care tax credit (unlike the federal credit which is not refundable). Given that New Jersey's income tax system is a gross income tax, with very few exemptions and deductions, low-income families that face the high costs of raising children in the state can be burdened by income tax levels only marginally lower than their counterparts without children. A refundable child tax credit is particularly important for parents with disabilities, those pursuing education, or others that may have relatively little income in a given year, since it is designed to benefit households with children regardless of earnings. For those households where the parent or parents are working, a refundable dependent care tax credit would help to offset the very high costs of child care or care for disabled or elderly relatives in New Jersey by translating this necessary expenditure into a refundable credit against state income tax liability. Policies supporting Unionization* (see "Severity and inequality in the experience of poverty" for a fuller discussion of the wage and job quality impacts of unionization)

III. Uneven distribution of poverty and racial and ethnic groups by place of residence.

Data on poverty, income and racial and ethnic groups at the county and municipal level reveals significant patterns of concentration, including both the concentration of poverty in certain counties and local areas and parallel concentration of African American residents. This evidence of concentration raises concerns about inequities in the opportunities available to these residents, given the findings from diverse research that racial and economic segregation often results in low private-sector investment and job opportunities, higher prices for basic goods and services, a lack of employment networks, poor educational opportunity, higher crime rates, negative health options, and lack of home-price appreciation.⁵⁵ At least one central factor in such concentration patterns is the lack of options for many members of disadvantaged groups who are trapped in high-poverty areas due to the very high cost of housing in most areas of the state. In order to adequately respond to this problem the state needs responses that will both provide access to other areas of the state that may present greater opportunities and also improve high-poverty communities for the current residents without involuntary displacement. State efforts that can affect these dual goals involve

⁵⁵ For a detailed discussion of research findings on the impacts of concentrated poverty see *The Enduring Challenge of Concentrated Poverty in America: Case Studies of Communities Across the U.S.*, The Federal Reserve System and Brookings Institution, October 2008.

policies and programs related to *land use policy and redevelopment*, as well as *job development, transportation and linkages*.

Relevant state programs

Land Use Policy and Redevelopment

- **Council on Affordable Housing (COAH) and Mt. Laurel process**

Two parallel processes exist in New Jersey to meet the New Jersey Supreme Court mandate to create a reasonable opportunity for a fair share of affordable housing in every municipality in the state (the Mount Laurel obligation): 1) lawsuits brought by affordable housing developers and 2) municipal participation in the COAH planning process. Since COAH was created in 1985 this state agency has become the main vehicle for municipalities to meet their fair share obligation, with builder's remedy lawsuits still an option in those municipalities that do not chose to participate in the COAH process. 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 less than half were created. The third round has been significantly delayed, in part due to court rejection of the initial need estimate, which has resulted in a higher obligation but lack of progress in the mean time. Towns are now required to submit their plans by the beginning of 2009 for how adequate affordable housing will be built in their township. The total statewide obligation for 2000-2018 is 115,666 new affordable units and 51,891 rehabilitated units. While many townships and cities are in the process of submitting their plans to meet this obligation, there is further litigation pending challenging these requirements.

Recent developments and related observations

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, although they still fail to account for the need for affordable housing among the hundreds of thousands of cost-burdened households in the state.⁵⁶ While the increased obligation is a step in the right direction, the efficacy of this process is limited by the voluntary nature of participation. Because the development process is all routed through local planning and zoning, principles of home rule control the creation of affordable housing. Many higher income areas of the state that exclude low-income households by virtue of the very high cost of housing are typified by de facto racial and

⁵⁶ The New Jersey Department of Community Affairs Consolidated Plan includes recognition that nearly 900,000 New Jersey households face housing cost-burdens, based on U.S. Census Bureau data.

economic segregation and controlling NIMBY (Not-In-My-Back-Yard) attitudes. Since municipalities are not required to participate in the COAH process, those towns that are most resistant to providing housing options for low-income households can choose to simply leave themselves open to builder's remedy lawsuits, which may or may not actually produce a requirement to build affordable housing.

- **Recent reforms to the redevelopment and COAH process included in A500 legislation**

In July of 2008 a new comprehensive housing reform bill (A500) was signed into law, which reforms 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 takes important steps. It creates a State Housing Commission⁵⁷ responsible for developing an annual estimate of housing need and preparing an annual housing plan. This new entity will keep attention on the need for affordable housing and ensure strategic targeting of resources to the greatest needs. Planning efforts will also be bolstered through the requirement that any redevelopment plans include a study looking at the impact of the redevelopment on current residents.

One of the most important new changes is the elimination of Regional Contribution Agreements (RCAs) as a mechanism for meeting COAH obligations.⁵⁸ Prior to this change RCAs generally shifted the obligation to develop new affordable units from higher-income suburban and rural areas to lower-income urban areas, so their elimination removes one factor that was reinforcing concentration patterns. This step is clearly positive in the context of areas that were formerly "sending municipalities" of RCAs, since the obligation to build affordable units now cannot be shifted out of these towns. On the receiving side the change is less clearly positive. The reform law provides \$20 million in replacement funding⁵⁹ for the municipalities that will be losing RCA income, but only requires that the housing produced be affordable to households below 120 percent of the area median income, with no obligation that any portion be set-aside for housing affordable to low-income households. While this will theoretically reduce concentration of poverty as higher-income households move into the redeveloped neighborhoods, there is no assurance that low-income residents will not be squeezed out through this development process. This concern is further amplified by the revisions to the state's redevelopment law included in A500. While some positive changes to the redevelopment law are included in the bill, many needed reforms from other legislative

⁵⁷ This Commission provides an executive branch corollary to the Joint Legislative Housing Commission created in 2007.

⁵⁸ Prior to this law, municipalities were allowed to meet up to 50 percent of their COAH obligation through RCA contributions of a set value per unit of obligation shifted to the receiving towns.

⁵⁹ Funding is to come from the new statewide developer fee, set at 2.5 percent of all non-residential development.

proposals were left out. Most importantly, the requirement for one-for-one replacement of affordable housing within redevelopment projects is limited to deed restricted units, which represent only a small portion of units affordable to and occupied by low-income families in most areas targeted for redevelopment. Thus, the bill fails to ensure that redevelopment efforts protect current low-income residents and provide options for them to benefit from the efforts to revitalize areas currently impacted by the negative consequences of concentration.

- **Neighborhood Preservation Program**

The Neighborhood Preservation Program (NPP) provides funding and assistance to improve local neighborhoods in ways that will directly benefit local residents. Grants or loans are provided to municipalities for specific projects to revitalize or preserve designated neighborhoods within the context of a strategic plan. NPP is unique in relation to the other redevelopment programs funded through the state because it requires neighborhood participation in the planning process. Thus, in areas of concentrated poverty, these projects are more likely to directly benefit the residents who are facing the disadvantages of concentration, rather than redeveloping the communities to attract new residents while displacing current residents, who are often low-income people of color.

Recent developments and related observations

The funding and scope of the Neighborhood Preservation Program is relatively small and has remained static for years. The total annual appropriation is \$2.75 million. Thirty-seven projects have been funded in each of the last three budget years, which translates to a little under \$75,000 per project (with a maximum of \$100,000 per project per year). Beyond limited resources the program is also constrained by a time-consuming organizational process for funding approval, and restricted to use in defined areas that are “viable, yet threatened.” The vast majority of redevelopment projects currently underway in New Jersey do not participate in this program and are not subject to the same neighborhood participation and focus.

- **Neighborhood Revitalization Tax Credit Program**

The Neighborhood Revitalization Tax Credit (NRTC) Program provides a 100 percent tax credit to businesses for investment in low- and moderate-income neighborhoods in eligible cities. The investments are given to participating non-profit agencies that work with the New Jersey Department of Community Affairs to approve a revitalization plan for a specific neighborhood, with particular projects targeted to the needs of the

community. Sixty percent of tax credit funds in a given project must be used for activities related to the development of housing and economic development.

Recent developments and related observations

Legislation⁶⁰ in 2007 doubled the total state funds available for tax credits to \$10 million per year, and increased the tax credit value for participating businesses from 50 percent to 100 percent in order to improve participation in the program.

Job Development, Transportation, and Linkages

- **Urban Enterprise Zones**

The Urban Enterprise Zone Authority provides tax incentives and other benefits to businesses in targeted zones located in economically distressed cities designated as Urban Enterprise Zones (UEZs). To qualify as a UEZ an area must have a high concentration of unemployed and economically disadvantaged residents. The incentives available through UEZ status are designed to attract business investment and thereby stimulate economic and job development to benefit the area.

Recent developments and related developments

There are currently 33 UEZs in New Jersey and approximately 26,500 participating businesses.⁶¹ Current obligations under participation in the UEZ program require benefiting employers to fill 25 percent of created jobs with local workers, and state data estimates creation of 15,000 jobs in fiscal year 2008, down from 17,000 job created by 25,000 participating businesses in fiscal year 2007. This decline in the job creation impacts is disappointing, and the low percentage requirement for hiring locally diffuses some of the potential positive impact of this program for improving the prospects for residents of the areas of the state that are definitionally among the areas of most concentrated poverty. Moreover, the statute allows higher-income people to be included among the 25 percent set-aside as long as they reside in the zone municipality.

⁶⁰ S-2095.

⁶¹ New Jersey fiscal year 2008 Budget Book, p. D-431.

- **Transit Villages**

The New Jersey Department of Transportation, in coordination with other state agencies that make up the Transit Village task force, encourages mixed use development and redevelopment efforts surrounding existing transit hubs through designation of Transit Villages. Transit Villages are eligible for special grants, and have a priority for many other state funding streams. Development in Transit Villages is also exempt from the statewide 2.5 percent developer fee. The Transit Village Initiative is designed to focus redevelopment efforts around existing transit infrastructure to reduce reliance on automobile transportation. Residential development within walking distance of transit hubs is central to this effort. With the focus on both residential development near public transportation and the secondary development of employment options, this initiative could be used to reduce the negative impact of concentrated poverty in areas that have transit hubs, as well as to connect more low-income workers to public transportation options to reach job locations.

Recent developments and related observations

There are currently 19 designated Transit Villages, with no new designations since 2007. While some are located in areas with high concentration of poverty (including Jersey City and Elizabeth), the majority of these designations are in higher-income, more suburban areas of the state (such as Bound Brook and Metuchen). Since the initial development of the Transit Village Initiative in New Jersey, affordable housing development has been added as the last of 15 Transit Village criteria, “to consider how to incorporate some affordable housing within walking distance of transit.”⁶² While this criteria is rather vague, the new housing reform law A500 includes a requirement that all Transit Oriented Development projects (including Transit Villages) reserve at least 20 percent of residential units constructed for occupancy by low or moderate income households. Thus, if future Transit Villages are designated there will be a requirement that the housing development makes the benefits of Transit Village residents available to the low-income communities that depend most on public transportation.

⁶² Transit Village Criteria posted on Department of Transportation website at <http://www.state.nj.us/transportation/community/village/criteria.shtml>.

Additional potential state responses

Assistance to benefit residents in highly concentrated areas

- **Further amendments to state redevelopment law**

Prior to the passage of A500 a number of bills to reform the state redevelopment law were being negotiated in the legislature with input from key stakeholders, including affordable housing advocates. Only a few of these important changes were incorporated into A500, and only to a limited degree. Comprehensive redevelopment-reform legislation needs to be passed in order to ensure a redevelopment process that serves the interests of the residents who are living within the disadvantaged areas. True one-for-one replacement of all affordable units demolished in a redevelopment project is essential. One of the key factors in the occurrence of concentrated poverty is the limited availability of affordable housing outside low-income areas. The areas are concentrated with low-income households specifically because housing is relatively affordable, including not just deed-restricted units but market-rate housing as well. Thus demolition of these neighborhoods displaces the residents and provides nowhere for them to go. One option is to make moving to other areas affordable through long-term housing subsidies, but residents should also have the opportunity to stay in their neighborhoods and reap the benefits of the redevelopment. What is more, redevelopment projects must not result in a net loss of affordable units to a state that already had such great unmet affordable housing need. Protections for residents to prevent involuntary displacement also need to be strengthened in the redevelopment law, including imposition of an affirmative obligation on the redeveloping municipality to examine the needs of any residents to be displaced. Finally, for those residents who do chose to relocate, relocation assistance needs to be substantially increased to be commensurate with housing market costs.

- **Job creation targeted to low-income residents.**

Given trends of low private-sector investment in areas with concentrated poverty resulting in poor job opportunities,⁶³ efforts to ameliorate the negative impacts of concentrated poverty must include expanded job creation efforts. As with redevelopment investments, however, job creation must be targeted to the disadvantaged residents, rather than simply importing outside workers. The most pressing problem with economic and racial segregation is the negative impact on the residents of neighborhoods characterized by high poverty concentration. Creating “mixed income” neighborhoods only solves this

⁶³ *Enduring Challenge of Concentrated Poverty*, Federal Reserve and Brookings Institute

problem if it is achieved by raising the incomes of current residents.⁶⁴ Such focused job development efforts also protect disadvantaged communities from the danger of “last in, first out” connection to surrounding labor markets in times of economic downturn as New Jersey is facing now.

Programs to increase affordable housing options outside of current areas of concentrated poverty.

- **Affordable housing creation programs with affirmative deconcentration policies*** (see “Unaffordable and substandard housing” for a fuller discussion of and evaluation existing housing creation programs)

The State of New Jersey operates a variety of affordable housing development programs funded by both state and federal sources. 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 low-income and higher-income areas of the state which foster concentration patterns 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 low-income residents to live in higher-income areas, housing development programs need to incorporate affirmative deconcentration goals.

Anti-exclusionary land use and tax policy

- **Tie school funding and other state subsidies for municipalities to development of affordable housing.**

More positively, 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 low-income students opens this door, but more direct triggers could be built into school funding allocations encourage housing for low-income families. Other municipal aid and subsidies could also be linked with participation in efforts to develop adequate supplies of affordable housing at the municipal level.

⁶⁴ A recent report from the Brookings Institute Greater Washington Research Program provides detailed analysis of the need for workforce development efforts to explicitly target low-income city residents. See Ross, Martha and Brooke DeRenzis, *Reducing Poverty in Washington, D.C. and Rebuilding the Middle Class from Within*. The Brookings Greater Washington Research Program, March 2007.

Transportation linkages

- **Transportation options to link low-income workers with areas of job growth**

Since job development patterns in New Jersey reveal much of the job growth to be occurring outside of areas with high populations of low-income workers, the state's efforts to alleviate the negative impacts of concentration must also provide transportation options to reach these job centers, through improvements and realignment in public transportation routes, transportation subsidies, or other alternatives.

Poverty-Related Challenges Related to Specific Needs

I. Poor health and inadequate health care

While recent data on many issues related to poverty show a mixed picture of some progress and some worsening of conditions in New Jersey, data related to the health of the lowest-income New Jerseyans is consistently negative. Those in the lowest income groups report much higher rates of poor health and while the nation as a whole made progress in reducing the number of uninsured, New Jersey has continued to see an increase in the share of its residents that lack health care coverage. To address this growing crisis, New Jersey has to do more to improve the effectiveness of the major *subsidized public health care* programs, as well as considering how to promote greater responsibility in the business community for *employer-provided health insurance*.

Relevant state programs

Public programs

- **Medicaid**

Medicaid is a state and federal health insurance programs designed to ensure adequate health care for the lowest income residents. Although created by federal legislation, the state administers the program and determines the services and mechanisms for delivering health care to program participants. Income eligibility thresholds for Medicaid are generally the lowest of the major subsidized health insurance programs, and the benefits include physician, hospital, dental, optometry, and home and personal care services. The program receives state funding with a 50 percent federal match.

Recent developments and related observations

While the range of services covered by New Jersey's Medicaid program is relatively broad, access to services is more problematic. Since 1995 the state Medicaid program has been moving participants from fee-for-service plans into one of five HMO managed care plans to which the state pays a set fee per beneficiary regardless of the number of health care services provided. This shift has reduced the number of Medicaid recipients who are unable to find doctors willing to accept Medicaid patients, although HMO plans have not attracted many physicians because they set their physician reimbursement rates at relatively low levels. For the Medicaid recipients still covered by fee-for-service coverage, including most of the 140,00 beneficiaries who are dually eligible for Medicare, payment rates in New Jersey are extremely low and consequently create serious access problems.⁶⁵

In combination with New Jersey's State Children's Health Insurance Program (Family Care) enrollment of eligible children in Medicaid is also a concern. These two programs make up the state's subsidized health insurance system for low- and middle-income children. Only 52 percent of children eligible for one or the other of these programs were enrolled in 2007, compared with enrollment rates for 66 to 83 percent in other northeastern states.⁶⁶ What is more, a higher share of the children who were uninsured in 2007, as opposed to the 2005-2007 time period, were eligible for health insurance in one of these programs but were not enrolled, including 45 percent who were eligible for Medicaid.

- **NJ Family Care (SCHIP)**

NJ Family Care provides health insurance coverage for low-income and middle-income children, as well as some adults, who are not eligible for Medicaid. Income eligibility thresholds are much higher for Family Care than for Medicaid, with children in families with incomes up to 350 percent of poverty and parents up to 200 percent of poverty eligible for subsidized insurance. Unlike Medicaid, there is some cost-sharing of premiums and co-pays for recipients on the higher end of the income spectrum. The cost of the program to the state is also defrayed by a 65 percent federal match.

⁶⁵ A national survey of Medicaid programs found that New Jersey's physician reimbursement rates were the lowest in the country. *Public Citizen Health Research Group Unsettling Scores A Ranking of State Medicaid Programs April 2007*. The 2007-2008 Medicaid Reimbursement Survey of the American Academy of Pediatrics also collected data for all 50 states on the reimbursement provided by Medicaid for services provided to patients in the most commonly reported pediatric codes, as well as some codes for older recipients. For preventive medicine services provided to Medicaid patients (18-39 years) NJ Medicaid reimburses physicians only \$25, as compared to rates ranging from \$60 to \$100 in Connecticut, Delaware, D.C., Maryland and Massachusetts. New Jersey did increase rates for pediatric services effective January 2008, but rates for adult services remain at their same abysmal levels. .

⁶⁶ American Academy of Pediatrics. *State Reports: Children's Health Insurance Status and Medicaid/SCHIP Eligibility and Enrollment*, September 2008. Comparison states are Massachusetts, New York, Pennsylvania, Delaware, and Connecticut.

Recent developments and related observations

The availability of health insurance through Family Care was significantly expanded in 2008 for parents by raising income eligibility thresholds back up to 200 percent of federal poverty from 133 percent.⁶⁷ This expansion should be expected to have a positive impact on access to health care for not only parents, but also to their eligible children who are more likely to enroll in the program when their parents do.

Additional potential state responses

- **Incentives for employer-subsidized health care**

Rates of employer-subsidized health insurance are dropping in New Jersey as across the country, and the crisis for the state will only grow if this trend continues. While government-subsidized health insurance is a necessary component of reducing the rate of the uninsured, in the absence of a transformed universal health care system employer-based coverage is indispensable as well. The state must work on measures to control health care costs so that employers can continue to afford to provide comprehensive coverage. The state must also hold employers who do not provide coverage accountable for the burden this places on publicly-subsidized health care.

II. Mixed educational outcomes in high poverty areas.

Although educational performance is improving for most indicators across income groups, concerns still remain. While the disparities in performance between higher- and lower-income school districts decreased by some measures, they have and increased by others, and low proficiency rates continue to be disturbingly prevalent in poorer districts. Also of concern are worsening proficiency rates in mathematics in some grades, once again particularly in poorer districts. The clear correlation between concentrated poverty and lower educational attainment remains a central concern of the state's efforts to *reform the public school system*.

⁶⁷ When the NJ Family Care program was originally expanded to include parents in 2000 eligibility was set at 200 percent FPL, but was close to parents in June 2002 due to cost concerns. Beginning in September 2005, parent eligibility was re-opened at 100 percent FPL and restoration of this threshold to the 200 percent level in 2008 was part of the first phase of a legislative effort to achieve universal health care in New Jersey.

Relevant state programs

Public school funding reform

- **Abbott Schools and the School Funding Reform Act (SFRA)**

Up 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 multi-decade spanning litigation before the New Jersey Supreme Court which resulted in a series of decisions requiring significant changes to the public school funding formula. The Abbott decisions sought to promote greater educational parity between districts in high-income and low-income areas and to ensure that all New Jersey children received a thorough and efficient public education, regardless of their socioeconomic status. In addition to supplementary funding for K-12 one of the biggest programmatic requirements that came out of the Abbott litigation was free high quality preschool programs, including wrap-around childcare for all 3- and 4-year old Abbott district residents. In 2007, New Jersey's \$10,494 per-child investment was the highest in the nation and far exceeded the second ranked state (Oregon with \$7,853) and the national average of \$2,966.⁶⁸

Recent developments and related observations

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 low-income students regardless of where they live rather than through designated low-income districts. This is accomplished by increasing state aid on a per pupil basis by 47 to 57 percent based on the percentage of children in the district eligible for free or reduced price lunch.⁶⁹ Changes to preschool funding are somewhat more complicated. Funding for full-day preschool for 3- and 4-year olds is slated to be expanded over the next six years to all children eligible for free or reduced-price lunches, which is estimated to increase the number of children served from 40,000 to 70,000. At the same time the Abbott wrap-around funding, which funds pre- and post-preschool day childcare is being limited. Thus, some families who received this service in Abbott districts will now be charged the full cost of wrap-around care.

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

⁶⁸ National Institute for Early Education Research, *The State of Preschool 2007*, p. 20.

⁶⁹ Eligibility for free or reduced price lunch is set at 185 percent FPL.

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

Additional potential state responses

Given the current state of flux in the state's efforts to ensure better educational quality and outcomes, additional options for state programs and policies are not clear. As the plan unfolds advocates should be looking to identify areas for critique, expansion or improvement, and feedback on relevant options to include in future versions of this report are encouraged.

III. Unaffordable and substandard housing

New Jersey's housing affordability crisis, which has been a reality for a long time, is expanding, with both homeowners and renters impacted. Foreclosure rates are skyrocketing and the share of rental households unable to afford their housing exceeded 50 percent in 2007. Overcrowding also remains a problem, particularly among communities of color. Addressing this ever-increasing challenge requires renewed commitment from the state to both *produce affordable housing*, and to provide *direct housing subsidy assistance* in the rental market.

Relevant state programs

Affordable housing production

- **Balanced Housing Program**

The Neighborhood Preservation Balanced Housing Program (Balanced Housing) provides state funds⁷⁰ for the development of affordable housing for low- and moderate-income households. Affordability standards require that low- or moderate-income residents 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 very low-income households. Additional funds are diverted annually to fund a portion of the assistance provided through the State Rental Assistance Program.

⁷⁰ The program is funded through a portion of state collections of Realty Transfer Fees.

Recent developments and related observations

Over the past several years the level of production of affordable housing units through the program has been increasing from 2,200 units in fiscal year 2005 to an estimated 3,600 in fiscal year 2008.⁷¹ While this increase represents an improved level of investment from available resources, it does not necessarily reflect direction of those resources to the neediest populations. Aside from the Deep-Subsidy program, many of the units developed through this fund are not affordable to the residents with the highest rates of cost-burden (below \$35,000 a year). Moderate-income thresholds are set at 80 percent of the area median income which ranges from over \$46,000 to nearly \$70,000 for a three-person family, depending on the area of the state, and in all but one housing region income thresholds for even low-income housing exceed \$35,000 a year in 2008.⁷² The requirement that the municipality in which the funds are to be used must approve the project also prevents development of much-needed housing in unwilling communities.

- **Housing and Mortgage Finance Agency housing development and affordability resources**

The Housing and Mortgage Finance Agency (HMFA) is a subsidiary agency of state government that serves as a financing resource for both developers and potential home buyers. HMFA administers a number of programs, including funding from state and federal sources, and makes funds available for rehabilitation and new construction of rental and owner-occupied units, as well as funding mortgages for first-time homebuyers. While HMFA does not directly develop the housing, policies and priorities of the agency directly impact the level and location of development statewide, and is determinative in the income levels targeted by affordable housing production and home-ownership programs.

Recent developments and related observations

The federal fiscal year 2008 investments of HMFA show a modest increase in production over 2007 levels, primarily in multi-family rental housing development. This increase of a few hundred more units of new housing does not match expectations for the dramatically increased production needed to meet the Governor's goal of developing or preserving 100,000 affordable units in ten years. With the growing mortgage crisis and the increased difficulty of securing bonds for government agencies HMFA is facing

⁷¹ State fiscal year 2008 Budget Book, p. D-53.

⁷² The exception is the Atlantic, Cape May, Cumberland and Salem housing region.

serious challenges that might compromise its future capacity to expand development assistance or even maintain its current level of assistance to developers and homeowners.

- **State Rental Assistance Program**

The State-Rental Assistance Program (S-RAP) is a pioneering state program that provides a subsidized housing voucher similar to federal Section 8 vouchers. Recipients use the vouchers to secure market-rate rental housing but are only responsible to pay 30 percent⁷³ of their total income toward the rent, with the rest paid by SRAP. The voucher can be used to subsidize housing costs for up to five years. Assistance is targeted to a number of vulnerable groups, including homeless families, seniors, and disabled heads of household. A portion of the funding is also directed to develop or rehabilitate new affordable housing units.

Recent developments and related observations

In fiscal year 2007 funding for SRAP was increased to \$37.5 million, a 50 percent increase, and increased again to \$52.5 million in fiscal year 2008. Even more significant for low-income households in need of the rental subsidy, initial delays and problems with getting the vouchers into the hands of eligible households is being resolved, with over 2,700 households currently receiving voucher subsidies and more than 550 households in project-based units (with additional units still in development).

Additional potential state responses

- **State zoning laws**

One of the most significant factors in the high cost of housing statewide is high-cost development patterns that spring from local zoning ordinances that 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 process, could create mandatory zoning laws to prevent municipal ordinances from blocking development of accessory apartments and high-density development of smaller units. The state could also prioritize appropriate zoning for manufactured home parks in conjunction

⁷³ 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.

with the State Plan. Such zoning laws would open up tremendous opportunities for development of more market-rate housing that is also affordable to lower-income households.

- **State standards for use of credit-worthiness in housing applications.**

A current challenge for many low-income households to secure affordable housing, even when subsidy options are available to them, is the use of credit scoring or unfair credit evaluation standards to deny applications. Both rental housing and mortgage applications are vulnerable to this discriminatory practice. Credit-scoring and unfair standards are even 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 low-income households in a high-cost state.

IV. Tightening credit and foreclosure crisis

The entire nation is facing a growing credit crisis, and New Jersey is not immune. The core challenge in this crisis is skyrocketing rates of foreclosure. New Jersey is among the states hit hard by rising foreclosure rates, and key areas of concentrated poverty are specific focal points of this crisis. The state needs to complement recent federal action to *target foreclosure assistance* to those most in need.

Relevant state programs

Foreclosure assistance

- **Foreclosure relief, mediation, and homeownership preservation proposals.**

Both the state and federal responses to the new foreclosure crisis are still developing, but there is clear intention on the part of New Jersey's leadership to take direct actions to prevent foreclosures for at least segments of New Jersey homeowners at risk. The Hope for Homeowners Program and other federal or private institutions currently under development will play an important role in meeting at least a portion of the need. In addition to these programs, the Governor and some state legislators have presented some options for direct state responses. The Governor has proposed a broader economic stimulus plan that incorporates important support for low-income families, as well as

expanded funding for legal assistance programs that represent low-income households in foreclosure cases and other types of litigation that are impacted by the current economic crisis.⁷⁴ In certain areas where foreclosures have already occurred in significant numbers, the Neighborhood Stabilization Program will provide funding for the acquisition of foreclosed and abandoned units and their conversion to affordable housing, with at least 25 percent going to low-income people. Finally, the state courts have created a mandatory foreclosure mediation program for foreclosure proceedings in which the home is the owner's primary residence.

Recent developments and related observations

The effectiveness of federal and state efforts in the coming months needs to be closely monitored to assess whether they are adequately addressing the needs of households facing foreclosure, or whether additional assistance needs to be made available. What should be particularly considered is the extent to which assistance is targeted to low- and moderate-income homeowners who took loans for the purchase of a first home apparently within their means, for needed repairs on a home they already owned, or for other non-speculative purposes. These households are the ones most victimized by the current crisis and protecting them from foreclosure should be a priority of state efforts.

Additional potential state responses

In the current environment of competing plans and concurrent action on the federal and state levels it is difficult to determine where there will be gaps in the response that will eventually emerge. As plans become more clear advocates will need to attend to the extent to which the needs of the most vulnerable households are prioritized. Feedback on relevant options to include in future versions of this report are welcomed.

V. Inadequate wages and unstable employment

Although employment is usually necessary to secure adequate income, work is not always sufficient. There has been improvement in the share of the population working full-time and year-round with low incomes (below \$20,000) from 2006 to 2007, but nearly seven percent of the population of full-time year-round workers in 2007 was still earning incomes below the poverty level. With rising unemployment rates in 2008, there is real cause for concern with the status of supports for low-wage workers. The state's response needs to incorporate

⁷⁴ \$9.5 million in funding in this proposal would be directed to Legal Services of New Jersey.

adequate income supports for workers, as well as efforts to address the instability of the labor market.

Relevant state programs

Adequate income supports

- **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 their basic needs. New Jersey's current minimum wage for most categories of workers⁷⁵ is \$7.15 per hour, and has been set at this level since October 1, 2006.

Recent developments and related observations

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 the minimum wage roughly kept pace with the federal poverty threshold income for a family of three. Since then it has only occasionally approached this benchmark as failure to regularly increase the wage has resulted in declining real values which are occasionally adjusted to somewhere below the poverty threshold. The most recent adjustment resulted from legislation that increased the wage to \$6.15 in 2005 and \$7.15 in 2007, which left the annual minimum wage nearly \$3,000 short of its original 1966 value in adjusted dollars. The failure to enact further increases over the last two years has resulted in further declines in the adequacy of this wage as high price inflation means that low-wage workers need more income just to meet the most basic needs.

- **EITC* (see “Severity and inequality in the experience of poverty” for a fuller discussion of this program and recent trends in benefits)**

The Earned Income Tax Credit directly addresses the inadequacy of income for low-wage workers through payment of a refundable tax credit. What is more, the nature of the credit makes it more effective than traditional tax deduction models of assistance because tax deductions are limited by the level of tax obligations. Low-wage workers often face

⁷⁵ Some categories, such as tipped workers, are not subject to the minimum wage.

the double challenge of unstable employment that reduces overall earnings even more, and by consequence reduces tax liabilities. The refundable EITC can still supplement income because the full value of the credit is paid to the recipient even if this exceeds the amount of income tax owed.

Programs to address labor market instability

- **Unemployment Insurance**

The Unemployment Insurance (UI) 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. The maximum weekly benefit payment for an unemployed worker is 60 percent of their average weekly wage, with a cap of \$560 a week in 2008. Recipients are also required to conduct job search efforts or enroll in training to remain eligible for assistance.

Recent developments and related observations

Due to the national rise in unemployment rates and tightening job markets the federal government passed a 13-week extension of UI benefits, which would otherwise expire after 26 weeks. This extension is particularly helpful in New Jersey, which consistently ranks among the top five states for UI exhaustion rate with nearly half of all recipients unable to find work before they lose benefits.

This positive development, however, is only helpful for those workers eligible to receive UI benefits. Applicants must have a minimum value of earnings and minimum number of weeks worked in order to be eligible for benefits. Since low-wage workers earn relatively little and low-wage employment often is more temporary and inconsistent, many unemployed low-wage workers are ineligible for any cash assistance from UI, despite the fact that they pay into the system.

Additional potential state responses

- **Transitional jobs program**

Transitional jobs programs promote employment of hard-to-employ populations by providing subsidized wage-paying employment linked to training and supportive services. In the current economic environment with high unemployment and job losses, low-wage employees with limited skills or work experience face serious challenges in

competing for jobs. Using state resources to develop transitional jobs to serve this population would not only provide protection for the most vulnerable workers but also have an economic stimulus effect.

VI. Hunger and food insecurity

Data from New Jersey's emergency food providers – food banks, food pantries and soup kitchens – reveals the increasing demand for assistance across a broad spectrum of households, including families with children, seniors, veterans, and working people. The state's response to rising need must require effective use of broad based programs providing *food assistance to households*, as well as *targeted assistance to children*.

Relevant state programs

Household food assistance

- **Food Stamps/ Supplemental Nutrition Assistance Program**

Food Stamps, now known Federally as The Supplemental Nutrition Assistance Program, provides in-kind assistance for the purchase of designated food items. The program provides benefits based on a calculation of the cost for a minimally adequate nutritional diet, subtracting the share of income the recipient household is expected to contribute toward food costs. The difference is provided in the form of an electronic benefits transfer card that can be used like a debit card to purchase groceries.

Recent developments and related observations

The Federal government renamed the Food Stamps program the Supplemental Nutrition Assistance Program (SNAP) in 2008 and also made some modest policy improvements, including increasing the minimum benefit to \$14 per month from \$10, and increases in some deductions and income exclusions for the purpose of calculating countable income. 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 historically been among the lowest performing states in participation rate among eligible households, and particularly among working poor households.⁷⁶ More recent participation rate data was not available at the time of printing, but data on the total numbers of households served in

⁷⁶ New Jersey was one of only 7 states whose participation rate was significantly lower than half of the other states in the nation from 2003-2005. Cunnyngham, Karen, Laura A. Castner, and Allen L. Schirm. *Reaching Those in Need: State Food Stamp Participation Rates in 2005*. U.S. Department of Agriculture Food and Nutrition Service, October 2008.

2005-2007 does indicate modest increases in the reach of the program. Total households receiving benefits rose from 184,000 in 2005 to 193,000 in 2006 and 196,000 in 2007. New Jersey limits the program to families under 130 percent of the FPL for all non-elderly/disabled households. There was also an increase in the average benefit per household in 2007 to just over \$200, from an average of about \$193 in 2005 and 2006.⁷⁷ Updated data on state participation rates are needed to confirm whether this expansion of households served reflect substantial improvements in efforts to enroll a higher percentage of eligible households.

- **State Food Purchase Program**

The State Food Purchase Program was instituted in 2007 with an initial funding line of \$3 million. The program provides aid to seven emergency feeding operations across the state that supply food and resources to about 660 food pantries, soup kitchens and homeless shelters. This food is then used to feed program participants and to supply food bags for low-income households seeking assistance.

Recent developments and related observations.

In the second year of the program total funding for food purchase was increased to \$4 million. While rising food costs are a factor not only in the purchasing power of this funding but also in the need for assistance among emergency food providers, the increase reflects progress in the state's response to the hunger crisis. Budgeted assistance for this program still falls significantly short of funding for similar programs in New York and Pennsylvania (\$24 million and \$15.4 million respectively). An additional \$3 million in emergency funding was also approved in November, 2008 as part of a larger state economic stimulus package.

Children's nutrition programs

- **School nutrition programs**

School-based nutrition and related programs, including school lunch, school breakfast, and summer nutrition provide meals for low-income children 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 is provided at all schools, with free or reduced-price lunches available to children in households with

⁷⁷ *Characteristics of Food Stamp Households: Fiscal Year 2005; Characteristics of Food Stamp Households: Fiscal Year 2006; and Characteristics of Food Stamp Households: Fiscal Year 2007.* U.S. Department of Agriculture, Food and Nutrition Service.

incomes below 185 percent of the federal poverty level. 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.

Recent developments and related observations

New Jersey's participation in the School Breakfast program is among the worst in the nation. Student participation in the program ranked 44th among the states and D.C., with only 36 percent of School Lunch Program participants receiving subsidized school breakfasts. New Jersey's ranking in the 2006-2007 school year for school participation was also very low, dropping to 49th from 48th the previous year.⁷⁸ There are several steps that the state could take to address the very low participation and in doing so draw down more federal funding for child nutrition. The state could encourage schools to provide breakfast in the classroom during school hours, and could also implement a "universal" school breakfast program to provide breakfast for all students in schools in which 60 percent or more of student are eligible for the federal program. Both policies would increase the likelihood that eligible children would participate.

Additional potential state responses

The current system for delivering food assistance is fairly comprehensive (including some additional programs, such as senior nutrition programs, not addressed in this report), but fails to adequately provide assistance to households above 130 percent of FPL. For food insecure families up to 200 percent, there is a real gap. The primary need is for increased levels of assistance and expansion of income eligibility to incorporate more households within existing programs to address rising food costs and strained household budgets.

VII. Unaffordable and inadequate transportation

While data on transportation needs is limited, there is clear evidence that the reliance on private automobiles for transportation which is taken for granted among higher-income populations is much more difficult to achieve among low-income populations. Thus, state responses to this need must consider need for *subsidized transportation options*, and well as *practical transportation alternatives to car-ownership*.

⁷⁸ Food Research and Action Center. "School Breakfast Scorecard", 2007.

Relevant state programs

Subsidized transportation

- **Subsidized fares on NJ Transit**

New Jersey Transit (NJ Transit) operates the public transportation system in New Jersey. Passenger fares are charged for all travel, but discount fares are available for seniors and individuals with disabilities who either have a Medicare card or apply for a Reduced Fare ID Card. Subsidized bus cards are also available to current welfare recipients and those transitioning to work. Welfare recipients who are participating in work activities and former recipients who leave assistance for work can receive free transit cards to defray the costs of work-related transportation.⁷⁹ Welfare leavers are eligible for this assistance for up to 6 months following case closure.

Recent developments and related observations

There have been no changes in these fare subsidy programs in recent years, and there have been no expansions of fare subsidies to assist other low-income individuals and families with the costs of public transportation. Considering that utilization of public transportation is substantially higher among low-income groups than higher-income groups, the limited scope of the assistance is inadequate.

Alternative transportation options

- **Public bus system**

While a number of significant improvements have been made to the rail infrastructure system over the last 15 years and more are in various stages of advanced planning, these primarily serve those commuters who work in New York City. The rail system, moreover, tends to serve people of higher income who work in the higher paying New York City market. For people of low income, who lack a car, the public bus system provides the primary means of transportation to their various daily destinations, in particular their places of work.

⁷⁹ In areas of the state where the public transportation system is inadequate for commuting purposes, welfare recipients may alternatively receive \$6 per day to cover the costs of transportation.

Recent developments and related observations

As a recent New York Times article notes, while most of the recent growth in NJ Transit rail and bus ridership has come from commuters traveling to New York City, the majority of rides (131 million out of 260 million in the last fiscal year) are in-state bus rides, for the most part made by people of low income.⁸⁰ With the suburbanization of jobs these trips are not easy to navigate for people of low income living in New Jersey's older urban neighborhoods who rely on the bus system for their daily commute. Bus routes have not changed much over the last 20 years and, as a result, do not match changes in the distribution of destinations that have taken place. Bus trips to and from suburban destinations are time consuming and often require transfers from one bus line to another. NJ Transit is currently undertaking five separate studies that examine bus service in the state. While NJ Transit recognizes the need to adapt bus services to the changes in land-use patterns and travel demand, it is important that the recommendations of these studies are followed up with actual changes in the bus service network.

- **Access Link and county paratransit**

The Americans with Disabilities Act mandates that NJ Transit operate a paratransit system to serve people whose disabilities prevent use of ordinary bus services. New Jersey's Access Link coverage area is determined by local bus routes, and about 61 percent of bus lines are shadowed. NJ Transit also supports the states county paratransit systems which serve broader populations than Access Link, but generally have limited routes and hours of operation.

Recent developments and related observations

The existing transit systems for individuals with disabilities are limited in the accessibility they provide and the convenience of travel, but there has been no recent attention to expanding the programs. Low-income individuals with severe disabilities face multiple intersecting transportation challenge. Private automobile transportation is frequently not an option either because of physical limitations, or because of the high cost of vehicles with necessary accommodations. At the same time, the public transportation options available are much more limited than those available to the general public because of accessibility issues.

⁸⁰ Coyne Kevin. A Long Haul to Work, Navigating the State. New York Times. September 28, 2008.

Appendices

Appendix 1: Data Tables

Table 1: Poverty Rate, New Jersey, 2005 to 2007

	Severe Poverty			Federal Poverty			True Poverty		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
New Jersey	4.0%	3.9%	3.9%	8.7%	8.7%	8.6%	21.4%	21.3%	20.9%
Atlantic	4.3%	4.7%	6.7%	8.9%	9.2%	12.8%	26.0%	24.9%	28.1%
Bergen	2.5%	2.4%	2.8%	5.5%	5.2%	5.9%	15.6%	14.9%	14.4%
Burlington	2.5%	2.7%	1.9%	4.6%	5.9%	4.7%	12.5%	15.4%	15.3%
Camden	5.6%	5.5%	4.9%	12.4%	11.0%	10.7%	26.2%	24.6%	24.6%
Cape May	3.4%	4.8%	3.7%	7.4%	9.2%	8.6%	25.3%	25.3%	25.5%
Cumberland	6.1%	7.1%	7.4%	12.6%	15.3%	18.5%	32.3%	34.0%	35.4%
Essex	7.7%	6.7%	7.5%	14.7%	14.5%	13.3%	32.0%	29.9%	30.2%
Gloucester	3.5%	3.7%	4.1%	6.7%	6.8%	8.1%	16.9%	17.7%	18.5%
Hudson	6.0%	6.0%	5.5%	16.5%	15.2%	13.7%	39.1%	36.1%	34.5%
Hunterdon	0.5%	1.2%	2.1%	1.4%	3.5%	4.1%	7.4%	10.1%	8.2%
Mercer	3.1%	3.8%	4.1%	8.5%	8.4%	9.3%	20.8%	22.3%	21.1%
Middlesex	3.8%	3.4%	3.1%	7.8%	7.2%	6.7%	17.1%	17.5%	17.0%
Monmouth	2.6%	2.5%	2.5%	6.0%	5.8%	6.1%	15.3%	15.9%	16.0%
Morris	1.0%	1.8%	1.4%	2.9%	3.9%	3.9%	11.3%	10.7%	9.6%
Ocean	3.5%	3.4%	3.3%	7.4%	8.8%	8.7%	21.2%	22.8%	23.1%
Passaic	7.3%	6.5%	6.5%	14.6%	15.0%	13.7%	32.3%	32.2%	29.9%
Salem	5.0%	4.2%	5.7%	10.0%	8.9%	10.9%	21.7%	23.3%	22.2%
Somerset	1.4%	1.9%	1.3%	3.6%	4.4%	2.6%	11.2%	11.2%	9.0%
Sussex	1.5%	1.8%	2.3%	4.4%	4.8%	4.6%	12.8%	11.2%	13.9%
Union	3.8%	4.0%	3.2%	8.9%	7.7%	7.8%	21.0%	22.6%	20.9%
Warren	2.6%	2.7%	3.0%	4.7%	5.6%	6.3%	17.0%	17.6%	17.3%

Table 2: State & County FPL, 2006 & 2007

	2006	2007	Change 2006 -07
New Jersey	8.7%	8.6%	-0.1%
Atlantic	9.2%	12.8%	3.7%
Bergen	5.2%	5.9%	0.7%
Burlington	5.9%	4.7%	-1.1%
Camden	11.0%	10.7%	-0.3%
Cape May	9.2%	8.6%	-0.6%
Cumberland	15.3%	18.5%	3.3%
Essex	14.5%	13.3%	-1.2%
Gloucester	6.8%	8.1%	1.3%
Hudson	15.2%	13.7%	-1.5%
Hunterdon	3.5%	4.1%	0.7%
Mercer	8.4%	9.3%	0.9%
Middlesex	7.2%	6.7%	-0.5%
Monmouth	5.8%	6.1%	0.3%
Morris	3.9%	3.9%	0.0%
Ocean	8.8%	8.7%	0.0%
Passaic	15.0%	13.7%	-1.3%
Salem	8.9%	10.9%	2.0%
Somerset	4.4%	2.6%	-1.8%
Sussex	4.8%	4.6%	-0.2%
Union	7.7%	7.8%	0.1%
Warren	5.6%	6.3%	0.7%

Table 3: Poverty Rate by Town, New Jersey, 2007

	Severe poverty	Federal poverty	True poverty
New Jersey	3.9%	8.6%	20.9%
Bayonne	5.8%	12.6%	32.6%
Brick	1.1%	3.2%	17.0%
Camden	20.0%	38.2%	65.8%
Cherry Hill	0.9%	2.4%	8.9%
Clifton	4.7%	7.3%	21.3%
Edison	3.4%	5.9%	13.3%
Elizabeth	4.9%	16.6%	35.2%
Hamilton	1.1%	3.4%	17.0%
Jersey City	5.5%	14.9%	34.2%
Lakewood	8.3%	26.2%	52.4%
Middletown	1.6%	4.8%	11.5%
Newark	14.7%	23.9%	48.7%
Passaic	14.9%	30.9%	56.3%
Paterson	11.4%	23.7%	47.9%
Piscataway	5.2%	7.5%	13.9%
Toms River	2.1%	4.8%	15.0%
Trenton	8.6%	21.4%	49.8%
Union	7.0%	18.6%	49.5%
Woodbridge	1.1%	3.6%	11.7%

**Table 4: Poverty Rate by Age
New Jersey Counties, 2007**

	Children	Seniors	Adults
New Jersey	11.6%	8.4%	7.5%
Atlantic	17.7%	16.6%	10.0%
Bergen	5.8%	9.0%	5.2%
Burlington	5.1%	5.5%	4.4%
Camden	15.1%	7.0%	9.6%
Cape May	9.7%	5.0%	9.4%
Cumberland	33.7%	6.0%	14.8%
Essex	18.8%	9.6%	11.7%
Gloucester	10.4%	6.8%	7.6%
Hudson	20.4%	16.7%	11.0%
Hunterdon	2.4%	3.7%	4.9%
Mercer	14.3%	6.2%	8.0%
Middlesex	7.6%	8.2%	6.1%
Monmouth	7.5%	6.1%	5.6%
Morris	4.0%	5.9%	3.5%
Ocean	13.2%	7.0%	7.5%
Passaic	17.8%	13.7%	11.9%
Salem	15.8%	7.1%	10.0%
Somerset	2.1%	5.0%	2.3%
Sussex	6.9%	5.8%	3.6%
Union	11.0%	8.3%	6.5%
Warren	8.3%	6.8%	5.4%

Table 5: Poverty Rate by Age, NJ Towns, 2007

	Children	Seniors	Adults
Bayonne	20.8%	7.2%	10.9%
Brick	1.7%	9.4%	2.0%
Camden	45.1%	16.1%	32.8%
Cherry Hill	1.4%	4.7%	2.2%
Clifton	9.5%	12.6%	5.0%
Edison	2.4%	10.2%	6.3%
Elizabeth	23.2%	18.6%	11.7%
Hamilton	4.6%	2.9%	3.2%
Jersey City	20.2%	17.8%	11.9%
Lakewood	27.9%	5.9%	24.5%
Middletown	5.3%	8.0%	3.9%
Newark	27.2%	14.7%	20.6%
Passiac	30.4%	28.4%	29.2%
Paterson	24.9%	30.2%	20.4%
Toms River	3.9%	4.8%	4.8%
Trenton	28.7%	17.0%	16.5%
Union	21.5%	22.3%	14.7%
Woodbridge	2.7%	10.2%	2.7%

**Table 6: Median Household Income
New Jersey, 2007**

County	Township
Atlantic	Bayonne \$44,410
Bergen	Brick \$63,521
Burlington	Camden \$25,389
Camden	Cherry Hill \$86,352
Cape May	Clifton \$56,478
Cumberland	Edison \$80,026
Essex	Elizabeth \$42,587
Gloucester	Hamilton \$69,736
Hudson	Jersey City \$51,830
Hunterdon	Lakewood \$40,084
Mercer	Middletown \$85,049
Middlesex	Newark \$34,452
Monmouth	Passiac \$27,691
Morris	Paterson \$34,067
Ocean	Piscataway \$80,572
Passaic	Toms River \$67,037
Salem	Trenton \$36,293
Somerset	Union \$38,164
Sussex	Woodbridge \$73,544
Union	
Warren	
New Jersey	\$67,035

**Table 7: Poverty Rate by Age and Race
New Jersey, 2006 & 2007**

All ages		
	2006	2007
Total population	8.7%	8.6%
White, not Hispanic or Latino	5.2%	5.2%
Black, not Hispanic or Latino	17.3%	16.9%
Hispanic or Latino (of any race)	16.5%	16.0%
Asian	5.7%	6.2%
Under 18 years		
	2006	2007
Total population	11.8%	11.6%
White, not Hispanic or Latino	5.8%	5.7%
Black, not Hispanic or Latino	23.6%	23.7%
Hispanic or Latino (of any race)	22.4%	20.8%
Asian	5.3%	6.9%
18-64 years		
	2006	2007
Total population	7.60%	7.5%
White, not Hispanic or Latino	4.7%	4.7%
Black, not Hispanic or Latino	14.9%	14.2%
Hispanic or Latino (of any race)	13.4%	13.4%
Asian	5.7%	5.8%
65 years and over		
	2006	2007
Total population	8.2%	8.4%
White, not Hispanic or Latino	6.3%	6.5%
Black, not Hispanic or Latino	13.8%	14.7%
Hispanic or Latino (of any race)	21.3%	20.0%
Asian	6.6%	8.4%

**Table 8: Ratio of Income to Poverty, Camden County
New Jersey, 2006 & 2007**

	Camden city		Cherry Hill	
	2006	2007	2006	2007
Below 50 Percent FPL	18.6%	20.0%	2.7%	0.9%
50 -100 Percent FPL	17.0%	18.1%	2.0%	1.5%
100 -200 Percent FPL	25.0%	27.7%	7.5%	6.4%
Above 200 Percent FPL	39.5%	34.2%	87.8%	91.1%

**Table 9: Racial & Ethnicity Composition of Towns
New Jersey, 2007**

	White alone, not Hispanic or Latino	Black or African- American	Hispanic or Latino
New Jersey	61.9%	13.7%	15.9%
Bayonne	56.4%	10.4%	22.5%
Brick	88.5%	*	7.9%
Camden city	6.0%	51.6%	39.4%
Cherry Hill	80.3%	*	4.1%
Clifton	59.8%	*	25.9%
Edison	49.0%	9.3%	6.2%
Elizabeth	19.3%	20.5%	57.3%
Hamilton	77.4%	10.6%	8.0%
Jersey city	23.7%	28.4%	28.2%
Lakewood	74.9%	11.1%	12.4%
Middletown	88.7%	4.6%	3.7%
Newark	12.6%	53.8%	30.6%
Passaic	18.0%	9.3%	67.8%
Paterson	9.6%	29.4%	59.0%
Piscataway	25.7%	28.5%	8.1%
Toms River	88.7%	1.4%	7.3%
Trenton	15.0%	54.9%	28.9%
Union	19.5%	7.8%	73.8%
Woodbridge	54.8%	8.0%	17.6%

* Data for these geographic areas cannot be displayed because the number of sample cases is too small.

Table 10: Median Household Income by Quintile, New Jersey, 2007

	Lowest	Second	Third	Fourth	Highest	Top 5 Percent
New Jersey	\$15,106	\$40,449	\$67,535	\$103,716	\$225,509	\$401,690
Atlantic	\$12,103	\$32,698	\$55,923	\$82,777	\$164,325	\$292,536
Bergen	\$18,859	\$49,035	\$80,616	\$122,567	\$278,329	\$508,807
Burlington	\$20,765	\$47,318	\$73,592	\$104,808	\$201,304	\$333,615
Camden	\$13,476	\$35,778	\$58,857	\$88,124	\$163,337	\$253,968
Cape May	\$14,547	\$35,502	\$53,022	\$79,218	\$165,444	\$295,598
Cumberland	\$10,868	\$27,098	\$47,132	\$72,694	\$142,353	\$238,358
Essex	\$10,472	\$31,153	\$54,011	\$91,407	\$239,085	\$462,690
Gloucester	\$16,674	\$44,122	\$70,886	\$99,537	\$173,345	\$253,188
Hudson	\$10,826	\$29,955	\$51,775	\$84,464	\$192,172	\$341,415
Hunterdon	\$28,851	\$67,022	\$100,931	\$151,923	\$328,664	\$592,737
Mercer	\$15,578	\$41,804	\$70,249	\$110,669	\$239,145	\$407,356
Middlesex	\$17,945	\$47,038	\$75,310	\$108,436	\$196,314	\$304,105
Monmouth	\$17,450	\$47,212	\$78,373	\$121,260	\$265,598	\$480,410
Morris	\$25,830	\$60,541	\$93,957	\$137,737	\$303,440	\$547,613
Ocean	\$14,191	\$34,046	\$56,669	\$88,458	\$176,356	\$293,982
Passaic	\$10,098	\$30,905	\$55,105	\$88,086	\$170,821	\$267,555
Salem	\$12,496	\$32,849	\$55,619	\$84,840	\$149,580	\$235,590
Somerset	\$26,408	\$62,531	\$98,195	\$143,335	\$334,384	\$633,657
Sussex	\$20,001	\$52,501	\$77,895	\$109,230	\$205,795	\$344,387
Union	\$14,519	\$36,788	\$62,072	\$95,492	\$222,291	\$400,388
Warren	\$16,571	\$40,738	\$66,474	\$98,501	\$166,898	\$234,640

Table 11: Quintile Share of Aggregate Income, New Jersey, 2007

	Low est Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile	Top 5 Percent
New Jersey	3.3	8.9	14.9	22.9	49.9	22.2
Atlantic	3.5	9.4	16.1	23.8	47.2	21
Bergen	3.4	8.9	14.7	22.3	50.7	23.2
Burlington	4.6	10.6	16.4	23.4	45	18.6
Camden	3.7	10	16.4	24.5	45.4	17.7
Cape May	4.2	10.2	15.2	22.8	47.6	21.3
Cumberland	3.6	9	15.7	24.2	47.4	19.9
Essex	2.5	7.3	12.7	21.5	56.1	27.1
Gloucester	4.1	10.9	17.5	24.6	42.8	15.6
Hudson	2.9	8.1	14	22.9	52	23.1
Hunterdon	4.3	9.9	14.9	22.4	48.5	21.9
Mercer	3.3	8.8	14.7	23.2	50.1	21.3
Middlesex	4	10.6	16.9	24.4	44.1	17.1
Monmouth	3.3	8.9	14.8	22.9	50.1	22.7
Morris	4.2	9.7	15.1	22.2	48.8	22
Ocean	3.8	9.2	15.3	23.9	47.7	19.9
Passaic	2.8	8.7	15.5	24.8	48.1	18.8
Salem	3.7	9.8	16.6	25.3	44.6	17.6
Somerset	4	9.4	14.8	21.6	50.3	23.8
Sussex	4.3	11.3	16.7	23.5	44.2	18.5
Union	3.4	8.5	14.4	22.1	51.6	23.2
Warren	4.3	10.5	17.1	25.3	42.9	15.1

Table 12: Gini Index, 2007

2006			2007		
1	Utah	0.410	1	D.C.	0.542
2	D.C.	0.537	2	New York	0.500
3	New York	0.495	3	Connecticut	0.481
4	Connecticut	0.480	4	Mississippi	0.480
5	Louisiana	0.475	5	Louisiana	0.478
6	Texas	0.474	6	Texas	0.473
7	Alabama	0.472	7	Alabama	0.471
8	Mississippi	0.471	7	Tennessee	0.471
9	Tennessee	0.468	9	California	0.469
10	Florida	0.467	9	Florida	0.469
11	California	0.466	11	Massachusetts	0.467
12	South Carolina	0.462	12	Illinois	0.466
12	Illinois	0.462	13	Kentucky	0.465
14	Massachusetts	0.461	13	North Carolina	0.465
14	Georgia	0.461	15	Georgia	0.464
16	Oklahoma	0.460	15	New Jersey	0.464
16	Kentucky	0.460	17	Oklahoma	0.463
16	Arkansas	0.460	18	Arkansas	0.462
19	North Carolina	0.458	19	Pennsylvania	0.460
19	New Jersey	0.458	20	New Mexico	0.459
21	New Mexico	0.457	20	South Carolina	0.459
22	Virginia	0.456	22	Rhode Island	0.457
23	Pennsylvania	0.455	23	Virginia	0.456
24	Arizona	0.454	24	West Virginia	0.454
25	Colorado	0.450	25	Colorado	0.452
26	Ohio	0.449	26	Missouri	0.450
26	Missouri	0.449	27	Arizona	0.448
28	West Virginia	0.447	27	Michigan	0.448
29	Oregon	0.444	27	Ohio	0.448
29	Michigan	0.444	30	Kansas	0.444
31	Washington	0.443	30	Washington	0.444
32	Rhode Island	0.442	32	Montana	0.443
33	Kansas	0.441	33	Maryland	0.442
34	South Dakota	0.439	33	Oregon	0.442
35	Hawaii	0.438	35	Maine	0.440
36	North Dakota	0.434	35	North Dakota	0.440
36	Nevada	0.434	37	Nevada	0.437
36	Delaware	0.434	37	Wyoming	0.437
39	Maryland	0.433	39	Idaho	0.436
40	Indiana	0.432	39	Minnesota	0.436
41	Nebraska	0.430	41	Delaware	0.435
41	Minnesota	0.430	42	Indiana	0.429
43	Maine	0.428	42	Nebraska	0.429
44	Montana	0.426	44	Vermont	0.428
44	Wisconsin	0.424	44	Wisconsin	0.428
44	Iowa	0.424	46	Iowa	0.426
47	Idaho	0.421	47	South Dakota	0.423
48	Vermont	0.420	48	Hawaii	0.422
49	New Hampshire	0.417	49	New Hampshire	0.417
49	Alaska	0.417	50	Alaska	0.409
51	Wyoming	0.413	50	Utah	0.409
	United States	0.464		United States	0.467

Table13: Average Income Deficit, U.S. and States (with D.C.), 2007

Rank by Mean Deficit	State	Mean Family Income Deficit	Married-Couple Family	Male Householder	Female Householder
	United States	\$8,182	\$7,150	\$7,547	\$8,950
1	Arizona	\$9,067	\$7,818	\$8,721	\$10,181
2	South Dakota	\$8,819	\$7,069	\$7,939	\$10,018
3	D.C.	\$8,751	\$7,895	\$7,835	\$8,943
4	Hawaii	\$8,648	\$8,610	\$7,032	\$8,899
5	Illinois	\$8,588	\$7,139	\$8,374	\$9,500
6	Delaware	\$8,497	\$7,420	\$8,604	\$8,944
7	Indiana	\$8,497	\$7,719	\$8,052	\$8,986
8	Georgia	\$8,488	\$7,326	\$7,127	\$9,286
9	Ohio	\$8,481	\$7,325	\$8,146	\$9,053
10	New York	\$8,459	\$7,440	\$7,959	\$9,145
11	Colorado	\$8,440	\$7,503	\$8,258	\$9,295
12	Texas	\$8,425	\$7,324	\$7,170	\$9,581
13	Louisiana	\$8,407	\$6,831	\$7,527	\$9,147
14	Michigan	\$8,406	\$7,411	\$7,827	\$9,054
15	Mississippi	\$8,404	\$6,997	\$8,392	\$9,025
16	New Jersey	\$8,389	\$7,548	\$8,227	\$8,950
17	Connecticut	\$8,376	\$7,096	\$6,871	\$9,060
18	Nevada	\$8,349	\$6,884	\$7,378	\$9,531
19	South Carolina	\$8,315	\$7,200	\$6,658	\$9,062
20	Wyoming	\$8,301	\$8,551	\$6,123	\$8,732
21	New Mexico	\$8,297	\$7,022	\$7,830	\$9,281
22	Oklahoma	\$8,161	\$6,958	\$6,997	\$9,221
23	Pennsylvania	\$8,157	\$7,057	\$7,383	\$8,895
24	Nebraska	\$8,129	\$7,060	\$7,505	\$8,926
25	California	\$8,119	\$7,380	\$7,472	\$8,891
26	Washington	\$8,087	\$7,655	\$7,345	\$8,519
27	Maryland	\$8,067	\$7,014	\$8,030	\$8,506
28	North Carolina	\$8,003	\$6,858	\$7,298	\$8,800
29	West Virginia	\$7,993	\$6,923	\$7,727	\$9,132
30	Missouri	\$7,986	\$6,903	\$8,266	\$8,571
31	Alabama	\$7,973	\$6,637	\$8,043	\$8,588
32	Rhode Island	\$7,939	\$7,199	\$8,589	\$8,195
33	Kentucky	\$7,900	\$7,260	\$6,860	\$8,591
34	Tennessee	\$7,887	\$6,603	\$7,218	\$8,802
35	North Dakota	\$7,841	\$6,381	\$7,446	\$8,882
36	Wisconsin	\$7,835	\$6,971	\$6,943	\$8,457
37	Oregon	\$7,822	\$6,886	\$8,471	\$8,369
38	Kansas	\$7,816	\$7,473	\$6,888	\$8,239
39	Minnesota	\$7,781	\$6,881	\$7,798	\$8,264
40	Iowa	\$7,696	\$6,713	\$8,214	\$8,196
41	Virginia	\$7,673	\$6,524	\$7,509	\$8,337
42	Florida	\$7,649	\$6,589	\$6,508	\$8,581
43	Massachusetts	\$7,644	\$6,742	\$6,685	\$8,150
44	Idaho	\$7,631	\$7,099	\$7,478	\$8,228
45	Montana	\$7,614	\$7,448	\$6,618	\$7,945
46	Arkansas	\$7,507	\$6,530	\$6,413	\$8,349
47	New Hampshire	\$7,362	\$5,513	\$8,234	\$8,026
48	Alaska	\$7,361	\$6,846	\$6,528	\$7,875
49	Utah	\$7,222	\$5,977	\$7,551	\$8,566
50	Vermont	\$7,115	\$6,429	\$7,487	\$7,385
51	Maine	\$6,907	\$6,150	\$6,486	\$7,496

Table14: Average Income Deficit, U.S. and States (with D.C.), 2006

Rank by Mean Deficit	State	Mean Family Income Deficit	Married-Couple Family	Male Householder	Female Householder
	United States	\$8,046	\$7,136	\$7,368	\$8,759
1	D.C.	\$8,930	\$5,898	\$5,762	\$9,899
2	Illinois	\$8,596	\$7,299	\$8,603	\$9,312
3	Nevada	\$8,584	\$7,242	\$8,938	\$9,484
4	Arizona	\$8,423	\$7,443	\$7,545	\$9,535
5	Louisiana	\$8,407	\$6,996	\$7,488	\$9,147
6	Texas	\$8,401	\$7,623	\$7,217	\$9,235
7	Hawaii	\$8,381	\$7,730	\$8,341	\$8,887
8	New Jersey	\$8,280	\$7,650	\$7,537	\$8,801
9	Alabama	\$8,265	\$6,902	\$7,116	\$9,107
10	Michigan	\$8,253	\$7,468	\$7,445	\$8,831
11	New York	\$8,250	\$7,175	\$7,659	\$8,973
12	Colorado	\$8,248	\$7,151	\$8,141	\$9,147
13	Ohio	\$8,232	\$7,242	\$7,661	\$8,823
14	Tennessee	\$8,218	\$6,965	\$7,322	\$9,145
15	Georgia	\$8,192	\$7,016	\$7,652	\$8,880
16	Mississippi	\$8,189	\$6,911	\$7,002	\$8,878
17	Indiana	\$8,186	\$7,457	\$7,469	\$8,709
18	Delaware	\$8,182	\$6,753	\$8,848	\$8,681
19	Maryland	\$8,123	\$7,020	\$8,484	\$8,517
20	Connecticut	\$8,090	\$6,851	\$7,845	\$8,671
21	North Dakota	\$8,057	\$7,342	\$9,838	\$8,315
22	South Dakota	\$8,035	\$7,266	\$9,208	\$8,356
23	New Mexico	\$8,020	\$7,382	\$6,859	\$8,715
24	Oklahoma	\$7,983	\$7,095	\$7,512	\$8,767
25	California	\$7,959	\$7,314	\$7,147	\$8,748
26	Minnesota	\$7,950	\$7,311	\$7,646	\$8,441
27	South Carolina	\$7,924	\$6,488	\$6,868	\$8,681
28	Wisconsin	\$7,903	\$7,197	\$7,369	\$8,373
29	Pennsylvania	\$7,897	\$7,020	\$7,734	\$8,401
30	North Carolina	\$7,879	\$6,801	\$7,211	\$8,581
31	Missouri	\$7,765	\$6,737	\$7,701	\$8,428
32	Utah	\$7,745	\$7,168	\$6,325	\$8,680
33	Alaska	\$7,703	\$7,195	\$7,953	\$7,959
34	West Virginia	\$7,694	\$6,799	\$7,391	\$8,567
35	Washington	\$7,688	\$7,161	\$7,007	\$8,233
36	Iowa	\$7,677	\$6,621	\$6,712	\$8,513
37	Massachusetts	\$7,609	\$7,006	\$7,277	\$7,928
38	Florida	\$7,607	\$6,663	\$6,706	\$8,464
39	Arkansas	\$7,597	\$6,396	\$6,122	\$8,621
40	Virginia	\$7,578	\$6,543	\$6,889	\$8,257
41	Kentucky	\$7,568	\$6,837	\$6,757	\$8,323
42	Nebraska	\$7,553	\$6,551	\$6,979	\$8,363
43	Montana	\$7,541	\$7,082	\$6,316	\$8,311
44	Oregon	\$7,449	\$6,889	\$7,932	\$7,745
45	Wyoming	\$7,413	\$6,747	\$4,886	\$8,127
46	New Hampshire	\$7,405	\$6,695	\$7,185	\$7,940
47	Rhode Island	\$7,362	\$6,916	\$6,679	\$7,614
48	Kansas	\$7,285	\$7,061	\$6,205	\$7,573
49	Maine	\$7,022	\$6,317	\$6,620	\$7,541
50	Idaho	\$6,884	\$6,278	\$6,352	\$7,864
51	Vermont	\$6,524	\$5,959	\$5,820	\$6,964

Table 15: Uninsurance Rate by Level of Poverty, U.S. & NJ

United States, One-Year Average					
Total Population					
	Total	Below 50%	50%-99%	100%-199%	200% & above
2005	15.2%	34.2%	27.8%	24.7%	10.0%
2006	15.8%	36.2%	28.2%	25.4%	10.5%
2007	15.3%	35.3%	28.0%	24.7%	9.9%
Children					
	Total	Below 50%	50% -99%	100% -199%	Above 200%
2005	11.1%	19.7%	19.0%	17.4%	6.6%
2006	12.0%	20.4%	20.0%	17.7%	7.7%
2007	11.2%	18.4%	18.4%	17.4%	7.0%
United States, Two-Year Average					
Total Population					
	Total	Below 50%	50%-99%	100%-199%	200% & above
2005	15.1%	34.1%	28.0%	24.1%	9.8%
2006	15.5%	35.2%	28.1%	25.0%	10.2%
2007	15.5%	35.8%	28.0%	25.1%	10.2%
Children					
	Total	Below 50%	50% -99%	100% -199%	Above 200%
2005	10.6%	17.6%	18.8%	16.2%	6.3%
2006	11.2%	18.9%	19.0%	17.0%	6.9%
2007	11.2%	18.3%	18.5%	17.0%	7.1%
New Jersey, Two-Year Average					
Total Population					
	Total	Below 50%	50%-99%	100%-199%	200% & above
2005	14.2%	34.1%	29.6%	26.9%	10.4%
2006	14.9%	40.0%	36.1%	25.4%	11.1%
2007	15.6%	50.1%	35.1%	26.3%	11.0%
Children					
	Total	Below 50%	50% -99%	100% -199%	Above 200%
2005	10.1%	19.6%	18.4%	19.7%	7.4%
2006	11.7%	36.6%	27.6%	17.6%	7.7%
2007	13.0%	34.6%	32.8%	21.8%	7.7%

Table 16: Home Ownership Rates by Family Type, New Jersey & U.S., 2007

	Married-couple Family		Male householder, no wife present		Female householder, no husband present	
	Owner occupied	Renter occupied	Owner occupied	Renter occupied	Owner occupied	Renter occupied
U.S.	49.6%	50.4%	33.4%	66.6%	23.4%	76.6%
New Jersey	38.1%	61.9%	33.5%	66.5%	18.9%	81.1%
Atlantic	55.8%	44.2%	74.4%	25.6%	23.5%	76.5%
Bergen	45.1%	54.9%	31.1%	68.9%	35.4%	64.6%
Burlington	58.6%	41.4%	55.6%	44.4%	44.3%	55.7%
Camden	38.7%	61.3%	40.1%	59.9%	20.7%	79.3%
Cape May	100.0%	0.0%	0.0%	100.0%	23.3%	76.7%
Cumberland	38.2%	61.8%	33.0%	67.0%	14.5%	85.5%
Essex	22.1%	77.9%	15.9%	84.1%	5.9%	94.1%
Gloucester	77.7%	22.3%	100.0%	0.0%	14.6%	85.4%
Hudson	15.6%	84.4%	18.8%	81.2%	4.7%	95.3%
Hunterdon	100.0%	0.0%	*	*	81.4%	18.6%
Mercer	18.5%	81.5%	24.3%	75.7%	27.3%	72.7%
Middlesex	28.0%	72.0%	0.0%	100.0%	22.1%	77.9%
Monmouth	60.8%	39.2%	28.7%	71.3%	33.9%	66.1%
Morris	56.4%	43.6%	100.0%	0.0%	31.7%	68.3%
Ocean	51.5%	48.5%	83.9%	16.1%	46.0%	54.0%
Passaic	24.7%	75.3%	37.3%	62.7%	10.0%	90.0%
Salem	66.7%	33.3%	*	*	22.3%	77.7%
Somerset	51.2%	48.8%	76.5%	23.5%	26.0%	74.0%
Sussex	91.8%	8.2%	78.4%	21.6%	25.0%	75.0%
Union	25.0%	75.0%	0.0%	100.0%	14.5%	85.5%
Warren	82.1%	17.9%	11.6%	88.4%	16.2%	83.8%

Source (Tables 1 —16): U.S. Census Bureau (American Community Survey/Current Population Survey).

**Table 17: New Jersey Assessment of Skills and Knowledge
Percent Only Partially Proficient by Socioeconomic Status**

Grade 4, Language Arts									
	Abbott	A	B	CD	DE	FG	GH	I	J
2005	34.0%	34.8%	27.0%	22.2%	15.8%	13.4%	11.6%	7.9%	6.1%
2006	39.2%	39.7%	30.3%	24.5%	17.5%	14.1%	11.9%	8.6%	5.5%
2007	37.8%	38.0%	29.0%	22.7%	16.3%	14.4%	12.5%	8.7%	5.0%
Grade 4, Mathematics									
	Abbott	A	B	CD	DE	FG	GH	I	J
2005	35.7%	35.9%	29.7%	21.9%	17.1%	14.6%	13.3%	9.4%	7.5%
2006	34.2%	34.9%	25.0%	20.4%	15.0%	13.3%	11.4%	7.7%	5.0%
2007	30.7%	31.3%	23.2%	17.3%	12.4%	11.1%	9.9%	6.1%	3.5%
Grade 8, Language Arts									
	Abbott	A	B	CD	DE	FG	Gh	I	J
2005	53.4%	56.0%	38.2%	31.6%	25.0%	20.6%	16.5%	11.5%	6.9%
2006	52.7%	54.3%	37.6%	29.4%	22.7%	18.4%	14.1%	9.8%	6.3%
2007	52.2%	53.1%	38.6%	30.2%	24.1%	19.8%	16.0%	10.8%	5.7%
Grade 8, Mathematics									
	Abbott	A	B	CD	DE	FG	GH	I	J
2005	66.0%	68.4%	49.9%	43.0%	36.4%	29.4%	25.4%	18.7%	10.5%
2006	65.1%	66.4%	48.1%	40.0%	33.5%	28.0%	22.7%	17.3%	10.5%
2007	60.3%	61.7%	42.2%	35.0%	30.6%	23.6%	20.5%	14.7%	8.3%
High School Language Arts									
	A	B	CD	DE	FG	Gh	I	J	
2005	41.6%	25.3%	20.4%	13.2%	11.4%	9.4%	5.4%	3.5%	
2006	42.5%	24.4%	19.7%	13.3%	11.0%	8.9%	5.1%	3.0%	
2007	37.6%	22.1%	17.3%	12.2%	9.9%	8.1%	4.7%	2.6%	
High School Mathematics									
	A	B	CD	DE	FG	GH	I	J	
2005	54.0%	35.4%	30.4%	22.5%	17.8%	14.7%	9.6%	5.9%	
2006	54.8%	33.6%	29.3%	22.4%	18.3%	14.0%	9.0%	5.4%	
2007	58.0%	37.8%	32.2%	25.1%	20.9%	17.1%	10.8%	6.1%	

Source: New Jersey Department of Education

Table 18: Foreclosures by State, 2008 (October)

Rate Rank	State Name	1/every X HH (rate)	%Change from Sep 08	%Change from Oct 07
--	<u>U.S.</u>	452	5.11	24.55
1	Nevada	74	11.22	118.84
2	Arizona	149	34.86	176.18
3	Florida	157	13.28	79.94
4	California	231	-18.11	13
5	Colorado	390	23.68	-0.09
6	Georgia	391	6.46	-12.79
7	Michigan	396	7.96	-15.07
8	New Jersey	410	10.64	74.92
9	Illinois	410	24.27	31.08
10	Ohio	417	5.57	-29.91
11	Connecticut	460	136.12*	95.23*
12	Virginia	493	2.47	160.33
13	Utah	497	3.78	72.57
14	Indiana	510	-5.94	2.27
15	Idaho	525	9.42	95.5
16	Oregon	558	21.2	159.45
17	Washington	631	119.16	95.08
18	Tennessee	664	-1.46	-11.23
19	Arkansas	672	16.98	26.67
20	Missouri	714	26.62	2.43
21	Massachusetts	746	-8.84	25
22	Rhode Island	772	-5.52	60.77
23	Maryland	774	32.31	-15.71
24	New Hampshire	854	34.17	20.38
25	Minnesota	858	24.07	61.21
26	Texas	932	7.69	-19.43
27	South Carolina	973	-7.77	262.68*
28	Alaska	1,072	25.24	2.38
29	D.C.	1,246	8.61	176.83*
30	North Carolina	1,254	29.75	-20.15
31	Hawaii	1,266	-33.5	201.53
32	Wisconsin	1,341	22.34	-24.62
33	Pennsylvania	1,362	-4.39	26.34
34	Kansas	1,841	-36.86	30.68
35	Delaware	1,849	-51.75	58.02
36	Oklahoma	1,967	-36.02	-37.2
37	Maine	1,975	7.69	138.10*
38	New York	2,102	13.21	-42.31
39	Wyoming	2,345	15.91	104
40	Alabama	2,524	15.47	0.84
41	Iowa	2,641	29.53	-25.71
42	Louisiana	2,851	35.44	-10.83
43	New Mexico	3,220	9.09	-45
44	Kentucky	3,576	-33.5	-34.98
45	Mississippi	6,302	-30.39	-10.05
46	North Dakota	7,329	16.67	68
47	West Virginia	9,863	36.92	85.42
48	South Dakota	10,377	-33.33	78.95
49	Montana	10,801	-4.76	-72.6
50	Nebraska	15,497	31.58	-85.21
51	Vermont	23,812	116.67	44.44

*Actual increase may not be as high due to data collection changes or improvements

Table 19: Top 100 U.S. Metro Foreclosure Market Data – Q2 2008

Rate Rank	State	Metro Name	Props with Filings	1/every X HH (rate)	%Change from Q1 08	%Change from Q2 07
--		U.S. Total	739,714	171	13.82	121.36
1	CA	STOCKTON	9,066	25	19.92	170.63
2	CA	RIVERSIDE/SAN BERNARDINO	43,600	32	17.08	193.42
3	NV	LAS VEGAS/PARADISE	21,742	35	25.53	143.66
4	CA	BAKERSFIELD	6,431	41	25.78	294.78
5	CA	SACRAMENTO	15,505	49	11.01	125.46
6	FL	FORT LAUDERDALE	15,558	51	42.39	215.26
7	AZ	PHOENIX/MESA	31,613	51	36.65	306.81
8	CA	OAKLAND	15,904	60	25.56	237.31
9	CA	FRESNO	4,806	62	26.08	178.13
10	FL	MIAMI	15,260	62	30.39	112.86
11	CA	SAN DIEGO	17,343	65	13.24	206.52
12	MI	DETROIT/LIVONIA/DEARBORN	12,826	66	3.42	52.91
13	FL	ORLANDO	11,809	72	12.23	247.94
14	FL	SARASOTA/BRADENTON/VENICE	4,690	82	9.1	163.34
15	CA	ORANGE	12,439	82	29.69	276.71
16	CA	VENTURA	3,177	85	34.62	228.88
17	FL	TAMPA/ST	14,960	87	26.66	158.51
18	FL	PALM BEACH	7,141	88	50.69	188.29
19	CA	LOS ANGELES/LONG BEACH	36,955	91	14.85	168.24
20	GA	ATLANTA/SANDY SPRINGS/MARIETTA	22,484	91	-0.31	77.05
21	OH	TOLEDO	3,253	92	73.31	121.44
22	OH	AKRON	3,283	93	58.68	24.4
23	CO	DENVER/AURORA	10,829	95	-18.99	44.71
24	CA	SAN JOSE/SUNNYVALE/SANTA CLARA	6,437	97	35.66	343.32
25	TN-MS-AR	MEMPHIS	5,141	105	3.75	95.33
26	OH	CLEVELAND/LORAIN/ELYRIA/MENTOR	8,735	108	-2.61	-3.69
27	DC-MD-VA-	WASHINGTON/ARLINGTON/ALEXAND	15,569	109	3.05	250.97*
28	MI	WARREN/FARMINGTON HILLS/TROY	9,312	113	17.22	100.26
29	OH	DAYTON	3,304	115	21.47	18.68
30	IN	INDIANAPOLIS	6,058	122	-4.3	30.87
31	OH	COLUMBUS	6,285	122	17.74	39.11
32	MA	ESSEX	2,418	122	1.77	365.90*
33	FL	JACKSONVILLE	4,540	125	-0.37	73.35
34	IN	GARY	1,980	144	10.61	61.11
35	IL	CHICAGO	21,488	144	22.08	58.3
36	MA	WORCESTER	2,156	146	-14.24	188.62*
37	AZ	TUCSON	2,820	148	51.29	138.18
38	NJ	NEWARK	5,458	154	26.25	170.47
39	IL	LAKE/KENOSHA	1,573	159	5.93	61.66
40	MA	BOSTON/QUINCY	4,719	159	-1.34	333.33*
41	OH-KY-IN	CINCINNATI	5,601	161	15.6	16.49
42	NJ	CAMDEN	1,588	177	40.04	137.37
43	WA	TACOMA	1,732	179	14.4	112.78
44	WI	MILWAUKEE/WAUKESHA/WST ALLIS	3,545	184	16.23	208.8
45	MO-KS	KANSAS CITY	4,643	187	38.1	94.84
46	MO-IL	ST LOUIS	6,357	192	-4.05	76.73
47	MA	SPRINGFIELD	1,449	195	-24.57	198.15*
48	MA	CAMBRIDGE/NEWTON/FRAMINGHAM	2,994	197	9.59	337.08*
49	TX	DALLAS	7,638	202	-8.38	10.11
50	TX	FORT WORTH/ARLINGTON	3,785	203	-17.7	27.44

Top 100 U.S. Metro Foreclosure Market Data – Q2 2008 (Continued)

Rate Rank	State	Metro Name	Props with Filings	1/every X HH (rate)	%Change from Q1 08	%Change from Q2 07
51	TX	HOUSTON/BAYTOWN/SUGARLAND	9,827	214	-21.18	83.96
52	UT	SALT LAKE CITY	1,768	217	17.16	89.29
53	OK	TULSA	1,772	222	41.65	69.57
54	MD	BETHESDA/FREDERICK/GAITHERSBUR	1,939	229	-9.69	167.45*
55	NC-SC	CHARLOTTE/GASTONIA	2,923	232	-5.65	25.45
56	TN	NASHVILLE/DAVIDSON	2,626	238	0.69	126.18
57	CT	NEWHAVEN/MILFORD	1,452	240	-36.81	-3.33
58	NY	POUGHKEEPSIE/NEWBURGH/MIDDLE	1,015	241	210.40*	423.20*
59	MN-WI	MINNEAPOLIS/ST	5,120	256	28.64	106.04
60	CA	SAN FRANCISCO	2,778	263	28.43	203.94
61	NC	RALEIGH/CARY	1,515	270	8.45	64.5
62	AR	LITTLE ROCK/NORTH LITTLE ROCK	1,074	270	-16.42	167.16
63	RI	PROVIDENCE/NEW BEDFORD	1,660	271	5	444.26*
64	CT	BRIDGEPORT/STAMFORD/NORWALK	1,283	272	-31.68	43.19
65	NJ	EDISON	3,367	276	25.26	54.1
66	OK	OKLAHOMA CITY	1,826	282	5.86	75.58
67	OR-WA	PORTLAND/VANCOUVER/BEAVERTON	2,961	295	10.57	132.05
68	TX	SAN ANTONIO	2,452	301	-5.66	39.08
69	NY	SUFFOLK/NASSAU	3,298	304	-1.61	82.41
70	NC	GREENSBORO/HIGHPOINT	1,007	304	-4.73	75.44
71	NE-IA	OMAHA/COUNCIL BLUFFS	1,075	322	113.29	97.97
72	PA	PHILADELPHIA	4,977	324	62.43	46.6
73	MD	BALTIMORE/TOWSON	3,389	325	-19.65	105.64*
74	CT	HARTFORD	1,470	333	-35.67	-0.14
75	TN	KNOXVILLE	856	354	-17.77	108.78
76	NY	ALBANY/SCHENECTADY/TROY	1,062	356	74.67	276.6
77	SC	COLUMBIA	813	373	47.82*	354.19*
78	TX	AUSTIN/ROUND ROCK	1,611	381	-3.19	12.42
79	PA	PITTSBURGH	2,880	383	73.29	87.74
80	NY	ROCHESTER	1,124	392	13.77	10.63
81	LA	NEW ORLEANS	1,127	398	-1.31	83.85
82	NM	ALBUQUERQUE	857	405	-6.13	64.81
83	WA	SEATTLE/BELLEVUE/EVERETT	2,616	411	25.89	69.1
84	NY-NJ	NEW YORK/WAYNE/WHITE PLAINS	10,189	432	16.61	66.19
85	VA	RICHMOND	1,104	456	-6.6	804.92*
86	KS	WICHITA	548	466	56.13	122.76
87	DE-MD-NJ	WILMINGTON	576	483	-9.29	244.91
88	SC	GREENVILLE	536	492	40.68	587.18*
89	KY-IN	LOUISVILLE	1,032	523	3.72	-21.22
90	VA-NC	NORFOLK/VIRGINIA	1,081	551	-1.28	170.25*
91	TX	EL PASO	408	611	65.85	2.77
92	TX	MCALLEN/EDINBURG/PHARR	392	612	-25.62	276.92
93	SC	CHARLESTON	437	627	21.39	67.43*
94	PA	SCRANTON/WILKES/BARRE/HAZLETO	360	715	115.57	56.52
95	NY	BUFFALO/CHEEKTOWAGA/TONAWAN	680	765	0.44	77.55
96	LA	BATON ROUGE	400	780	13.96	132.56
97	AL	BIRMINGHAM/HOOVER	574	798	48.7	-43.39
98	NY	SYRACUSE	331	860	5.75	154.62
99	PA	ALLENTOWN/BETHLEHEM/EASTON	317	972	1168	10.84
100	HI	HONOLULU	250	1,331	61.29	63.4

**Table 20: Foreclosure Filings by County
New Jersey, 2008(October)**

County	Number of Foreclosure Properties	Foreclosure rate
Atlantic	317	1 in every 393 housing units
Bergen	947	1 in 367 units
Burlington	348	1 in 495 units
Camden	458	1 in 446 units
Cape May	176	1 in 564 units
Cumberland	181	1 in 302 units
Essex	1297	1 in 238 units
Gloucester	229	1 in 460 units
Hudson	485	1 in 517 units
Hunterdon	48	1 in 1010 units
Mercer	281	1 in 497 units
Middlesex	403	1 in 708 units
Monmouth	465	1 in 544 units
Morris	228	1 in 804 units
Ocean	445	1 in 610 units
Passaic	829	1 in 206 units
Salem	76	1 in 359 units
Somerset	191	1 in 628 units
Sussex	170	1 in 353 units
Union	809	1 in 242 units
Warren	88	1 in 512 units

Source (Table 18, 19, & 20): RealtyTrac

Appendix 2: Note on Sources and Methodology

This report primarily uses U.S. Census Bureau data and reports from other government, academic, and policy institutions. When data are directly reported or quoted from the work of other organizations and/or people, the source note below the chart/data table provides the name of the organization and/or author with year of publication. If additional statistics are generated using available data, the source note is “Calculation from the Source”. For example, the data which directly quotes statistics from the pre-tabulated Census data tables is sourced as “U.S. Census Bureau”. However, when additional calculations are done using U.S. Census data (not available from the tables on the U.S. Census website), the source note reads “Calculation from the U.S. Census Bureau”.

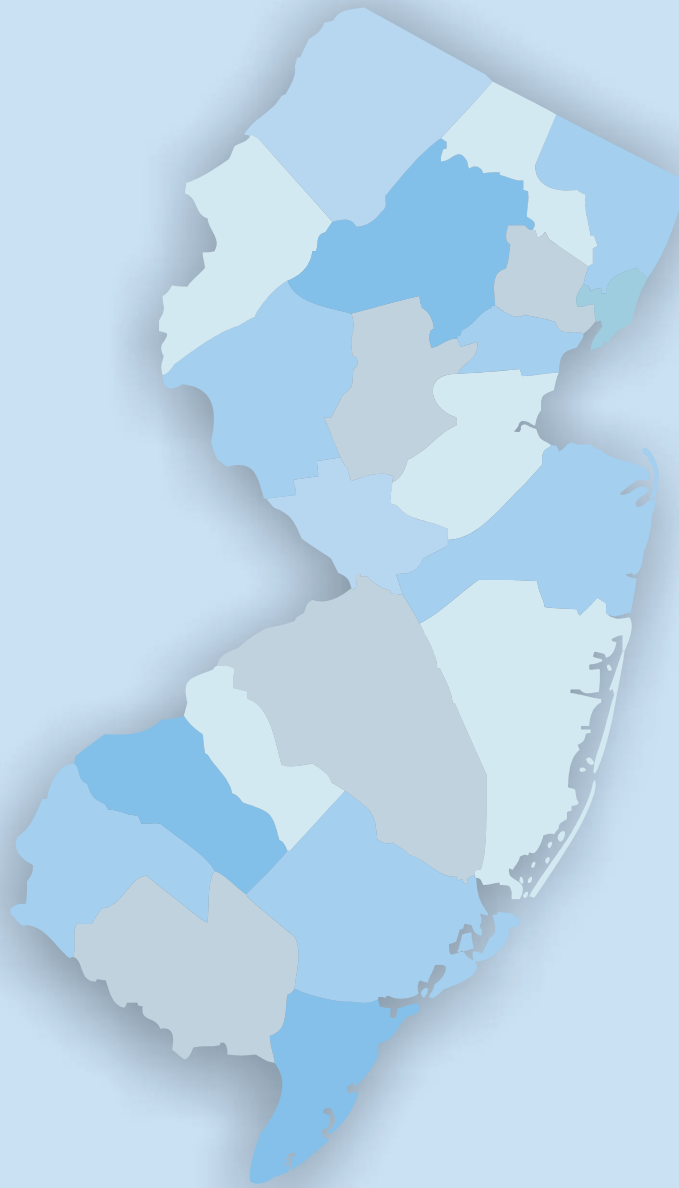
The study presents the most significant trends for New Jersey for the years examined. While this allows the reader to get an at-a-glance look at the important data pertaining to the state’s residents of low income, some data get excluded from the main body of the report. The tables in the appendices include data points that were either discussed but not displayed in charts as well as other data that was not discussed in the report. The broad criteria used in making judgment about the geographical depth of analysis included the following:

- Areas that reflect an average that was higher than the state/national average
- Data available from the Census (or other sources) were restricted to only those areas that are included in the analysis either because the population size and sample characteristics of the place made the results inconclusive or because data is simply not collected for those areas (at this point).
- Areas that have the highest proportion or percent of population in poverty
- Areas that reflect the greatest change since last year

The majority of the charts displayed in the report include statistics for the years 2005 to 2007. For the most part the text, however, limits comparison to the last year (2006). Some charts present only current statistics (2007) either because there have been no discernable trend changes or because it is repetitive. Additionally, a few charts omit prior year data because it visually impacted the presentation of the chart. In these cases the data is still discussed in the text. On the other hand, some charts track data over a period of time that is longer than two years in order to better demonstrate the trend.

Appendix 3: Acronyms

ACS	American Community Survey
APR	Annual Percentage Rate
AYP	Adequate Yearly Progress
BRFSS	Behavioral Risk Factor Surveillance System
CBPP	Center on Budget and Policy Priorities
CDC	Center of Disease Control
COAH	Council on Affordable Housing
CPS	Current Population Survey
DCA	Department of Community Affairs
DCF	Department of Children and Families
DFG	District Factor Group
EID	Earned Income Disregard
EITC	Earned Income Tax Credit
FHA	Fair Housing Act
FICO	Fair Isaac Corporation
FMR	Fair Market Rent
FPL	Federal Poverty Level
FSP	Food Stamp Program
FT/YR	Full-Time/Year- Round
GA	General Assistance
GEPA	Grade 8 Proficiency Assessment
GQ	Group Quarters
HMO	Health Maintenance Organization
HQT	Highly Qualified Teacher
HFMA	Housing and Mortgage Finance Agency
HSPA	High School Proficiency Assessment
MSA	Metropolitan Statistical Area
NCLB	No Child Left Behind
NJASK	New Jersey Assessment of Skills and Knowledge
NJCK	New Jersey Cares for Kids
NJDOE	New Jersey Department of Education
NPP	Neighborhood Preservation Program
NRTC	Neighborhood Revitalization Tax Credit
NSLP	National School Lunch Program
RCA	Regional Contribution Agreement
RCL	Real Cost of Living
SBP	School Breakfast Program
SCHIP	State Children's Health Insurance Program
SFRA	School Funding Reform Act
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SRAP	State Rental Assistance Program
SSA	Social Security Administration
SSD	Social Security Disability
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
UEZ	Urban Enterprise Zone
UI	Unemployment Insurance
USDA	United States Department of Agriculture
WFNJ	Work First New Jersey



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