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The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce, while serving as Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for the Standard’s original development.

The 2011 New Jersey Self-Sufficiency Standard has been prepared through the cooperative efforts of Sarah Lowry and Lisa Manzer, at the University of Washington, Center for Women’s Welfare and Anjali Srivastava of Legal Services of New Jersey.


The Self-Sufficiency Standard was developed by Dr. Diana Pearce while she was the Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). WOW established the national Family Economic Security (FES, formerly known as Family Economic Self-Sufficiency) Project in 1996. In partnership with the Ms. Foundation for Women, the Corporation for Enterprise Development, and the Insight Center for Community Economic Development (formerly the National Economic Development and Law Center), WOW designed the FES Project to put tools and resources in the hands of state-level policymakers, business leaders, advocates, and service providers to help move low-income, working families forward on the path to economic self-sufficiency. For more information about the FES Project, visit the website: www.wowonline.org/ourprograms/fess.

Over the past 15 years, the Standard has been calculated in 37 states as well as the District of Columbia and New York City, and it has revolutionized the way policies and programs for low-income workers are structured and what it means to be in need in the United States. For further information about any of the other state Standards, including the latest reports, the Standard data itself, and related reports such as demographic reports (which analyze how many and which households are above and below the Standard), please see www.selfsufficiencystandard.org. A list of Self-Sufficiency Standard state partners is also available at this website, or contact Lisa Manzer with the Center at (206) 685-5264/lmanzer@uw.edu, or the report author and Center Director, Dr. Diana Pearce, at (206) 616-2850/pearce@uw.edu.

The conclusions and opinions contained in this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author’s responsibility.
I. INTRODUCTION

Even without job loss or home foreclosure, the Great Recession has impacted the lives of American households across the economy in many ways. We entered the economic crisis with stagnating wages and widening income inequality, and these trends continue. At the same time, as a result, millions of parents find that even with full-time jobs they are unable to stretch their wages to pay for basic necessities. Many of these families lack enough income to meet the rising costs of food, housing, transportation, health care, and other essentials. To properly describe the growing gap between sluggish wages and ever increasing expenses requires an accurate measure of income adequacy. The Self-Sufficiency Standard represents such a measure. The Standard tracks and calculates the true cost of living faced by American families, illuminating the economic “squeeze” experienced by so many today.

The Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs—without public or private assistance.

The Self-Sufficiency Standard calculates a family-sustaining wage that does not require choosing between basic necessities such as child care, nutritious food, adequate housing, or health care. At the same time, the Standard does not include longer-term needs such as retirement savings or college tuition, purchases of major items such as a car, emergency expenses, or extras such as gifts, video rentals, or soccer fees. The Standard therefore reflects a decent, though very modest, standard of living.

Economic self-sufficiency cannot necessarily be achieved by wages alone. For some families to meet the costs of high-price necessities such as health care, child care, and housing, public work supports (e.g., Medicaid, child care assistance, or housing assistance) are often necessary, even critical. Moreover, long-lasting self-sufficiency involves more than a job with a certain wage and benefits at one point in time. Central to attaining true self-sufficiency is access to education, job training, and jobs that provide real potential for skill development and career advancement over the long-term.

Being “self-sufficient”, however, does not imply that any family at any income should be completely self-reliant and independent of one another or the community-at-large. Indeed, it is through interdependence among families and community institutions (such as schools or religious institutions), as well as informal networks of friends, extended family, and neighbors that many families are able to meet both their economic and non-economic needs.

This appendix explains the methodology, assumptions, and sources used to calculate the 2011 New Jersey Self-Sufficiency Standard. It begins with a discussion of how the Standard differs from the official Federal Poverty Level, followed by the methodology and assumptions of how each cost is calculated in the Standard, ending with a list of data sources used to calculate The Self-Sufficiency Standard for New Jersey 2011.

II. MEASURING INCOME ADEQUACY: PROBLEMS WITH THE FEDERAL POVERTY LEVEL

The Federal Poverty Level (FPL), or federal poverty measure, is the official measurement used by the federal government to determine poverty status. Families are characterized as “poor” if their income is below the Federal Poverty Level and “not poor” if it is above the FPL. The federal poverty measure, however, has become increasingly outdated as a measure of income adequacy. Indeed, the Census Bureau itself states that the official poverty measure “…should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live.” Despite the known problems with the federal poverty measure, it is still used to calculate eligibility for a number of work support programs.

The most significant shortcoming of the federal poverty measure is that for most families, in most places, the poverty level is simply too low. Because families can have incomes above the federal poverty measure and still lack
sufficient resources to adequately meet their basic needs, most assistance programs use a multiple of the federal poverty measure to determine eligibility. For instance, the federal Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) uses a gross income limit of 130% of the FPL, and New Jersey uses an income limit of 350% of the FPL to qualify for NJ Family Care, New Jersey’s Children’s Health Insurance Program (CHIP).3

Not only does the government consider the poverty line to be inadequate, but the general public does as well. When asked to indicate what they think the “smallest level of income needed to get along in their local communities is,” those surveyed responded on average that a family of four living in the United States needs about $45,000 (about 60% of median income or 200% of the FPL).4

However, simply raising the poverty level, or using a multiple of the FPL, cannot solve the structural problems inherent in the official poverty measure. In addition to the fundamental problem of being too low, there are five basic methodological problems with the federal measure.

First, the measure is based on the cost of a single item—food—rather than a “market basket” of all basic needs. Over four decades ago, when the Federal Poverty Level was first developed by Mollie Orshansky, food was the only budget item for which the cost of meeting a minimal standard, in this case nutrition, was known. (The Department of Agriculture had determined household food budgets based on nutritional standards.) Having only the information on what portion of income families spent on food (about one-third), the food budget was multiplied by three to estimate the amount needed to meet other basic needs, and this became the FPL.5

Second, the measure’s methodology is “frozen,” not allowing for changes in the relative cost of food or non-food items, nor the addition of new necessary costs. Since it was developed, the poverty level has only been updated annually using the Consumer Price Index. As a result, the percentage of the household budget devoted to food has remained at one-third of the FPL even though American families spend an average of 13% of their income on food.6 At the same time, other costs have risen much faster and unevenly—such as health care, housing, and more recently transportation and energy—and new costs have arisen, such as child care and taxes. Because the federal poverty measure is based on a “frozen” methodology, none of these changes are, or can be, reflected in it.

Third, the federal poverty measure is dated, implicitly using the demographic model of a two-parent family with a “stay-at-home” wife, or if a single parent, implicitly assumes she or he is not employed. This family demographic no longer reflects the reality of the majority of American families today. According to the U.S. Bureau of Labor Statistics, both parents were employed in 58% of two-parent families with children in 2010.7 Likewise, 67% of the mothers in single-mother families with children and 76% of the fathers in single-father families were employed in 2010. Thus, working and its associated costs such as child care, transportation, and taxes are the norm for the majority of families rather than the exception. Moreover, when the poverty measure was first developed, these employment-related items were not a significant expense for most families: taxes were relatively low, transportation was inexpensive, and child care for families with young children was not common. However, today these expenses are substantial, and thus these costs should be included in a modern poverty measure.

Fourth, the poverty measure does not vary by geographic location. That is, the federal poverty measure is the same whether one lives in Louisiana or in the San Francisco Bay area of California (with Alaska and Hawaii the only exceptions to the rule). However, housing in the most expensive areas of the United States costs over three times as much as in the least expensive areas.8 Even within states, costs vary considerably. In New Jersey, housing costs in Bergen County are over one and a half times higher than the cost of housing in Cape May County; the monthly cost of a two-bedroom unit in Bergen County is $1,612 compared to $949 in Cape May County.

Finally, the federal poverty measure provides no information or means to track how individual costs change, therefore making it impossible to capture the impact of work supports, taxes, and tax credits that reduce those costs. When assessing the impact of work
supports, taxes, and tax credits, poverty measures cannot trace the impact they have on reducing costs unless they are explicitly included in the measure itself.

For these and other reasons, many researchers and experts have proposed revising the federal poverty measure. Suggested changes would reflect twenty-first century needs, incorporate geographically-based differences in costs, and respond to changes over time. In addition to the Self-Sufficiency Standard, examples of proposals for alternative measures of income adequacy include “living wages,” the Basic Needs Budget, and the National Academy of Science’s proposed alternatives, now being developed by the Census Bureau as the Supplemental Poverty Measure.

III. METHODOLOGY, ASSUMPTIONS, AND SOURCES

Making the Self-Sufficiency Standard as consistent and accurate as possible, yet varied by geography and the ages of children, requires meeting several criteria. To the extent possible, the data used in the Self-Sufficiency Standard are:

- collected or calculated using standardized or equivalent methodology nationwide;
- obtained from scholarly or credible sources such as the U.S. Census Bureau;
- updated regularly; and,
- geographically- and/or age-specific, as appropriate.

Costs that vary substantially by place, such as housing and child care, are calculated at the most geographically-specific level for which data are available. Other costs, such as health care, food, and transportation, are varied geographically to the extent there is variation and appropriate data available. In addition, as improved or standardized data sources become available, the methodology used by the Standard is refined accordingly, resulting in an improved Standard that is comparable across place as well as time.

The components of *The Self-Sufficiency Standard for New Jersey 2011* and the assumptions included in the calculations are described below.

The Self-Sufficiency Standard is calculated for 70 family types for all 21 counties in New Jersey. The 70 family types range from a single adult with no children, to one adult with one infant, one adult with one preschooler, one adult with one school-age child, and so forth, up to two-adult families with three teenagers. These 70 family types represent the majority of households. The Self-Sufficiency Standard can also be calculated for a wider range of family types, including larger and multi-generational families.

**Housing**

For housing costs, the Standard uses the most recent Fiscal Year (FY) Fair Market Rents, which are calculated annually by the U.S. Department of Housing and Urban Development (HUD) for each state’s metropolitan and non-metropolitan areas, and are used to determine the level of rent for those receiving housing assistance through the Housing Choice Voucher Program.

The FMRs are based on data from the 2000 decennial census, the American Community Survey, the biannual American Housing Survey, and random digit dialing telephone surveys, and are updated for inflation. The survey sample includes renters who have rented their unit within the last two years, excluding new housing (two years old or less), substandard housing, and public/subsidized housing. Thus FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing in the current market and that meets minimum standards of decency. FMRs are typically set at the 40th percentile meaning 40% of the housing in a given area is less expensive than the FMR. In New Jersey, the counties of Bergen, Burlington, Camden, Gloucester, Passaic, and Salem are set at the 50th percentile. The *Self-Sufficiency Standard for New Jersey 2011* calculates housing using the FY 2011 HUD Fair Market Rents.

HUD has grouped New Jersey’s counties into 11 MSAs. There are no non-metro areas in New Jersey. Of the 11 MSAs in New Jersey, five consist of more than one county. Since HUD calculates only one set of FMRs for each of these five New Jersey metropolitan areas, the Standard used the 2007-2009 American Community Survey median gross rents for each county (Bergen, Burlington, Camden, Essex, Gloucester, Hunterdon,
Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Sussex, and Union) to adjust the metropolitan-wide FMRs to create housing costs for each individual county within the metropolitan area. The Self-Sufficiency Standard’s housing costs for the remaining counties in New Jersey are calculated using HUD FMRs without adjustments.

To determine the number of bedrooms required for a family, the Standard assumes that parents and children do not share the same bedroom and no more than two adults or two children share a bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units, families with one or two children require two bedrooms, and families with three or four children require three bedrooms. Because there are few efficiencies (studio apartments) in some areas, and their quality is very uneven, the Self-Sufficiency Standard uses one-bedroom units for single adult and childless couples.

**Data Sources**


**Child Care**

The Family Support Act, in effect from 1988 until welfare reform in 1996, required states to provide child care assistance at market-rate for low-income families in employment, education and/or training. States were also required to conduct cost surveys biannually to determine the market rate (defined as the 75th percentile) by setting, age, and geographic location or set a statewide rate. Many states, including New Jersey, have continued to conduct or commission the surveys as well as reimburse child care at or close to this level. In New Jersey, the latest market rate survey was not yet available at the time this report was published and was not to include county level data at the 75th percentile. Child care costs for the 2011 New Jersey Standard are calculated using 2010 data from the New Jersey Association of Child Care Resource and Referral Agencies (NJACCRRA). Average rates by county, age, and type of care facility from NJACCRRA are adjusted to 75th percentile levels using the percent difference between average rates and 75th percentile rates in the 2009 NJACCRRA report, *The High Price of Child Care.*

Care by family relatives accounts for the largest proportion of care for children less than three years of age (30% compared to 15% in family day care and 18% in child care centers). However, since one of the basic assumptions of the Standard is that it provides the costs of meeting needs without public or private subsidies, the “private subsidy” of free or low-cost child care provided by relatives and others is not assumed.

Thus the question becomes, which paid setting is most used for infants (defined as children under three), family day care or center care? Some proportion of relative care is paid care, with estimates ranging from one-fourth to more than half. In addition, a substantial proportion of relative caregivers also provide care for non-relative children. As a result, relative care, when paid for, closely resembles the family day care home setting.

When even a minimal proportion of relative care is added to the paid family day care setting amount (e.g., it is assumed that just 20% of relative care is paid), then this combined grouping (family day care homes plus paid relative care) becomes the most common paid day care setting for infants. That is, 15% of children in family day care plus (at least) 6% who are in relative care (20% of the 30%) totals 21%, and thus is more than the 18% of infants who are in paid care in day care centers. For children three and four years old, however, clearly the most common child care arrangement is the child care center, accounting for 42% of the care (compared to 12% in family child care and 23% in relative care).

For children three and four years old, however, clearly the most common child care arrangement is the child care center, accounting for 42% of the care (compared to 12% in family child care and 23% in relative care). For *The Self-Sufficiency Standard for New Jersey 2011,* child care costs for infants are calculated as the 75th percentile of the reported cost of full-time care at licensed family child care homes. Child care costs for preschoolers
are calculated as the 75th percentile of full-time care at licensed child care centers. The cost of child care for school-age children are calculated as the 75th percentile of the cost of part-time care at licensed child care centers.

**Data Sources**


**Food**

Although the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) uses the U.S. Department of Agriculture (USDA) Thrifty Food Plan to calculate benefits, the Standard uses the Low-Cost Food Plan for food costs. While both of these USDA diets were designed to meet minimum nutritional standards, SNAP (which is based on the Thrifty Food Plan) is intended to be only a temporary diet.¹⁷

Although 25% more expensive than the Thrifty Food Plan, the Low-Cost Food Plan, is based on more realistic assumptions about food preparation time and consumption patterns, while still being a very conservative estimate of food costs. For instance, the Low-Cost Food Plan also does not allow for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, the average American family spends about 42% of their food budget on food prepared away from home.¹⁸

The USDA Low-Cost Food Plan costs vary by month and the USDA does not give an annual average food cost; therefore, the Standard follows the SNAP protocol of using June data of the current year to represent the annual average. The Self-Sufficiency Standard for New Jersey 2011 uses data for June 2011.

Both the Low-Cost Food Plan and the Standard’s budget calculations vary food costs by the number and ages of children and the number and gender of adults. The Standard assumes that a single-person household is one adult male, while the single-parent household is one adult female. A two-parent household is assumed to include one adult male and one adult female.

Within-state geographic differences in food costs for the New Jersey Standard are varied using the ACCRA Cost of Living Index, published by the Council for Community and Economic Research, and data from the U.S. Department of Agriculture Economic Research Service based on the Quality Food-at-Home Price Database (QFAHPD).

The ACCRA grocery index is standardized to price grocery items regardless of the shopper’s socio-economic status. The ACCRA 2010 annual average cost of groceries index is applied to three urban areas in New Jersey: Edison, Newark-Union, and New York-White Plains-Wayne.

The QFAHPD prices 52 separate food groups in 35 market groups that cover all 48 contiguous States. Using the QFAHPD, the USDA Economic Research Service priced out the cost of the Thrifty Food Plan for a family of four in each of the 35 market groups from 2002-2006. Counties not included in the ACCRA urban areas listed above are applied a ratio based on this data from the Economic Research Service.

**Data Sources**


Transportation

Public Transportation. If there is an “adequate” public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered “adequate” if it is used by a substantial percentage of the working population. According to a study done by the Institute of Urban and Regional Development at the University of California, if about 7% of workers use public transportation that “translates” to approximately 30% of the low- and moderate-income working population using the public transportation system.19 The Standard assumes private transportation (a car) where public transportation use to commute to work is less than 7%. In New Jersey, public transportation use is assumed for the counties of Atlantic, Essex, and Hudson based on commuting data from the 2007-2009 American Community Survey.20 The cost of public transportation assumes that travel is within state (intrastate pass) and is based on the cost of a monthly 2-zone bus pass.

Note that the counties of Bergen, Camden, Mercer, Middlesex, Monmouth, Passaic, and Union have public transportation use greater than 7%. However, by examining data from the 2007-2009 American Community Survey, it was clear that the majority of public transportation commuters in these counties are not low or moderate-income populations.21 Additionally, it appears that the large percentage of high income populations using public transportation in these counties commute out of state (to New York or Philadelphia).22 As stated above, the Standard assumes that adults work within state and as well, within county. Therefore, private transportation was assumed.24

Private Transportation. For private transportation the Standard assumes that adults need a car to get to and from work. Private transportation costs are based on the average costs of owning and operating a car, however, the initial cost of purchasing a car is not included in the Standard’s transportation costs. One car is assumed for households with one adult and two cars are assumed for households with two adults. It is understood that the car(s) will be used to commute to and from work five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for “linking” trips to a day care site.

The auto insurance premium is the statewide average premium cost from the 2008 State Averages Expenditures and Premiums for Personal Automobile Insurance, the most recent survey conducted by the National Association of Insurance Commissioners (NAIC). To account for within state variation (regional or county) in auto insurance premiums, ratios are created using sample premiums from the top market share companies in the state. In New Jersey, ratios were created using quotes for the top five carriers23 from the New Jersey Department of Banking and Insurance report 2011 Private Passenger Auto Insurance Premium Comparison.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are calculated using 2009 Consumer Expenditure Survey data for families with incomes between the 20th and 40th percentile living in the U.S. Census North East region. The monthly variable costs of owning a car (e.g., gas, oil, tires, and maintenance) are obtained from the American Automobile Association publication, Your Driving Costs: 2011. The commuting distance is computed from the 2009 National Household Travel Survey; the round trip distance for commuting to work ranges from an average of 25.34 miles to 28.84 miles in New Jersey.

Auto insurance premiums and fixed auto costs are adjusted for inflation using the most recent and area-specific Consumer Price Index.

Data Sources


Health Care

The Self-Sufficiency Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Nationally, 68% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. In New Jersey, 76% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. Nationwide, employers pay 79% of the insurance premium for the employee and 73% of the insurance premium for the family on average. In New Jersey, the full-time worker’s employer pays an average of 79% of the insurance premium for the employee and 72% for the family.

Health care premiums are obtained from the Insurance Component of the 2010 Medical Expenditure Panel Survey (MEPS), produced by the Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends. The MEPS health care premiums are the average employment-based health premium paid by a state’s residents for a single adult and for a family. Health premium costs are adjusted for inflation using the Medical Care Services Consumer Price Index.

To vary premium costs by county or regions within the state, the Standard uses average premiums from the health care insurance companies with the largest market shares. However, in New Jersey, state law standardizes health insurance costs across the state. Therefore, there are no within-state geographical differences in the cost of health care in New Jersey.

Health care costs also include regional out-of-pocket costs calculated for adults, infants, preschoolers, school-age children, and teenagers. Data for out-of-pocket health care costs (by age) are also obtained from the MEPS, adjusted by Census region using the MEPS Household Component Analytical Tool, and adjusted for inflation using the Medical Care Consumer Price Index.

Note that although the Standard assumes employer-sponsored health coverage, not all workers have access to affordable health insurance coverage through their employers. Those who do not have access to affordable health insurance through their employers must either purchase their own coverage or do without health insurance. When an individual or a family cannot afford to purchase health coverage, an illness or injury can become a very serious financial crisis. Likewise, a serious health condition can make it extremely expensive to purchase individual coverage. However, in 2014 the Patient Protection and Affordable Care Act will require individuals who can afford it to either obtain minimal
health insurance or contribute a fee towards the costs of uninsured Americans. By 2014 the Affordable Care Act will also prohibit all discrimination against pre-existing conditions; and, in the meantime, states can opt to participate in a Pre-Existing Condition Insurance Plan, which provides coverage options for people who have been without health insurance for six months due to a pre-existing condition.

Data Sources


Miscellaneous expenses are calculated by taking 10% of all other costs except for taxes and tax credits. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which commonly use 15% and account for other costs such as recreation, entertainment, savings, or debt repayment.

Taxes

Taxes include federal and state income tax, payroll taxes, and state and local sales and use tax where applicable. Federal payroll taxes for Social Security and Medicare are calculated at 7.65% of each dollar earned. Although the federal income tax rate is higher than the payroll tax rate, federal exemptions and deductions are substantial. As a result, while payroll tax is paid on every dollar earned, most families will not owe federal income tax on the first $10,000 to $15,000 or more, thus lowering the effective federal tax rate to about 7% for some family types.

New Jersey state income taxes are calculated using the tax forms and instructions from the New Jersey Department of Treasury. The state income tax calculations include state specific deductions, exemptions, and tax credits. New Jersey state income tax rates vary from 1.40% to 6.37% depending on the amount of taxable income.

State sales taxes are calculated only on “miscellaneous” items, as one does not ordinarily pay tax on rent, child care, and so forth. In New Jersey, the statewide sales tax rate is 7% and is not applied to groceries. Indirect taxes (e.g., property taxes paid by the landlord on housing) are assumed to be included in the price of housing passed on by the landlord to the tenant. Additionally, taxes on gasoline and automobiles are included as a cost of owning and running a car.

Miscellaneous

This expense category consists of other essential items including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and landline telephone service.

Data Sources


The Standard includes federal tax credits (the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit) and applicable state tax credits. Federal and state tax credits are shown as received monthly in the Standard. Tax credits are shown as negative numbers in the Standard, as they reduce the amount of income that a family must have to meet their needs, or put another way, tax credits offset other costs and taxes.

The Earned Income Tax Credit (EITC), also called the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by low-income working families. The EITC is a “refundable” tax credit, meaning working adults may receive the tax credit whether or not they owe any federal taxes. The federal EITC has a maximum benefit in 2011 of $3,094 per year for families with one child, $5,112 per year for families with two children, and $5,751 per year for families with three or more children. The New Jersey Earned Income Tax Credit (NJEITC) is 20% of the federal EITC amount.

The Child Care Tax Credit (CCTC), also known as the Child and Dependent Care Tax Credit, is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Unlike the EITC, the federal CCTC is not a refundable federal tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing in federal income taxes will receive little or no CCTC. In 2011, a percentage (which decreases as income increases) of up to $3,000 in child care costs is deductible for one qualifying child and up to $6,000 for two or more qualifying children. New Jersey does not have a state CCTC.

The Child Tax Credit (CTC) is a partially refundable federal tax credit. For 2011, the CTC provides parents with a deduction of $1,000 for each child under 17 years old or 15% of earned income over $3,000, whichever is less. New Jersey does not have a state CTC.

Data Sources


IV. ENDNOTES

1. There are actually two versions of the federal poverty measure. A detailed matrix of poverty thresholds that varies by family composition is calculated each year by the U.S. Census Bureau and is used primarily for statistical purposes such as calculating the number of people in poverty for the previous year. The other form of the poverty measure is called...
the “federal poverty guidelines” or the “Federal Poverty Level” (FPG/FPL). The FPL is a simplified version of the federal poverty measure, varying only by household size but not by composition, and is calculated by the U.S. Department of Health and Human Services each February, based on the previous year’s detailed matrix and the previous year’s CPI. The FPL/FPG is primarily used by federal and state programs to determine eligibility and/or calculate benefits, such as for SNAP (formerly Food Stamps). The 2011 FPL for a family of three is $18,530. For the purposes of this report, the Standard refers to the “Federal Poverty Level” as the federal measure of poverty. For more information about the federal poverty measures, see http://aspe.hhs.gov/poverty/faq.shtml#thrifty and http://aspe.hhs.gov/poverty/11poverty.shtml.


8. Using the proposed 2011 Fair Market Rents, the cost of housing (including utilities) at the 40th percentile, for a two-bedroom unit in the most expensive place—San Mateo County, New Jersey, is $1,833. This is over three and a half times as much as the least expensive housing, found in several counties in Kentucky, where two-bedroom units cost $503 per month. U.S. Department of Housing and Urban Development, “2011 Fair Market Rents,” Data Sets, http://www.huduser.org/portal/datasets/fmr.html (accessed August 12, 2010).


15. Child Care Arrangements, p. 8.


About the Author

Diana M. Pearce, PhD teaches at the School of Social Work, University of Washington in Seattle, Washington, and is Director of the Center for Women’s Welfare. Recognized for coining the phrase “the feminization of poverty,” Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women (WOW). She has written and spoken widely on women’s poverty and economic inequality, including testimony before Congress and the President’s Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition. She received her PhD degree in Sociology and Social Work from the University of Michigan.
Legal Services of New Jersey (LSNJ) coordinates the statewide Legal Services system in New Jersey, which provides free legal assistance to low-income people in civil matters. Part of LSN J’s mission is to make people more aware of poverty in New Jersey and the serious effects that poverty has on the lives of low-income people. Accurate, state-specific data concerning the nature and the extent of poverty, especially how it relates to employment, welfare and other government programs is essential to sound judgments and policymaking concerning the needs and problems of low-income people. To this end, in 1998 Legal Services of New Jersey formed The New Jersey Poverty Research Institute (NJPRI) to carry out research on the incidence, effects and other aspects of poverty in the state, as well as on the relationships among poverty, work and public policy. This fourth edition of the Self-Sufficiency Standard for New Jersey is another in an ongoing series of publications, studies and lectures through which NJPRI will make its findings available to the public. For further information on NJPRI, go to http://www.lsnj.org/PovResrch.htm.

The Center for Women’s Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The main work of the Center focuses on the development of the Self-Sufficiency Standard. Under the direction of Dr. Diana Pearce, the Center partners with a range of government, non-profit, women’s, children’s, and community-based groups to research and evaluate public policy related to income adequacy; to create tools to assess and establish income adequacy, and to develop programs and policies that strengthen public investment in low-income women, children, and families. Initially through a partnership with WOW, and now independently, the Center has calculated the Self-Sufficiency Standard for 37 states, New York City, and the District of Columbia. Since 1996, through the reports, projects, and online tools, the Self-Sufficiency Standard has revolutionized the way policies and programs for low-income workers are structured and what it means to be in need in the United States. For more information and access to this data, call (206) 685-5264 or visit www.selfsufficiencystandard.org.