
***The Real Cost of Living in
2002: The Self-Sufficiency
Standard for New Jersey***

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Preface

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The Real Cost of Living in 2002: The Self-Sufficiency Standard for New Jersey

How much money does it take for families to live and work without public or private assistance or subsidies?

Introduction

An uncertain economy and major changes in welfare and workforce development policy have given new urgency to the question of self-sufficiency. As many parents leave welfare and enter the labor market, they join a growing number of families who are unable to stretch their wages to meet the costs of basic necessities. Even though many of these families are not poor according to the official poverty measure, their incomes are inadequate. But what is adequate income—and how does this amount vary among different family types and different places? To answer that question we have a new measure of income adequacy, the Self-Sufficiency Standard.

The Self-Sufficiency Standard measures how much income is needed for a family of a given composition in a given place to adequately meet its basic needs—without public or private assistance. Below we will explain the origin of the Standard; how it differs from the official poverty standard; how it is calculated; what it looks like for New Jersey families; and how various public work supports, public policies, child support and other available resources can help families move toward self-sufficiency. We conclude this report with a discussion of the various ways that the Standard can be used as a tool for policy analysis, counseling, performance evaluation, and research.

Measuring Income Adequacy: Problems with the Poverty Line

How much is enough for families to meet their needs on their own? Although we may have trouble

coming up with an exact dollar figure, most of us know what adequacy looks like when we see it. As one participant in a training program put it when asked to define her progress towards economic self-sufficiency:

I wouldn't say I'm economically self-sufficient yet. When it comes to a point where I don't have to worry about the health care needs of my family, when I don't have to worry about the light bill, when the light man isn't knocking on the door saying "your bill is due." Not that you have a lot of money, but you're not worried about how your kid is going to get that next pair of shoes Just the simple things, that may not be all that simple because we don't have them yet.¹

Obviously, we cannot interview *every* person for his or her own assessment of income adequacy, as quoted above. Thus, there is a need for a standard that is consistent in the assumptions made and as objective as possible. Most often we turn to the federal poverty measure to determine that a family is "poor" if their income is below the appropriate threshold, and "not poor" if it is above that threshold. The poverty measure, however, has become increasingly problematic as a measure of income adequacy. Indeed, the Census Bureau itself states, "the official poverty measure should be interpreted as a statistical yardstick rather than a complete description of what people and families need to live."²

The most significant shortcoming of the federal poverty measure is that for most families, in most places, it is simply not high enough. That is, there are many families with incomes above the federal poverty line who nonetheless lack sufficient resources to adequately meet their basic needs. As a result, many assistance programs use a multiple of the poverty standard to measure need. For example, New Jersey Medicaid is extended to pregnant women with family incomes up to 185% of the federal poverty threshold, and New Jersey Family Care is available for children in families earning up to 350% of the federal poverty threshold.

Not only government, but the general public also considers the poverty line to be too low. A number of studies have shown that the public would set a minimum income 25-50% above the federal poverty standard, depending upon the family's composition and where the family lives.³

However, the official poverty measure has additional problems inherent in its structure. Simply raising the poverty line, or using a multiple of the threshold cannot solve these problems.

There are two basic methodological problems with the federal poverty measure. The first is that the

The most significant shortcoming of the federal poverty measure is that, for most families, in most places, it is simply not high enough.

federal poverty measure is based on the cost of a single item, food, not on a market basket of basic needs. At the time that it was developed, over four decades ago, families spent about one-third of their incomes on food. The food budget was then multiplied by three. Since it was first developed and implemented in the early 1960s the official poverty measure has only been updated to reflect inflation, and has not and cannot incorporate new needs.

In addition, the implicit demographic model (the two-parent family with a stay-at-home wife) has also changed significantly since the measure's inception. Particularly for families in which all adults are working—of whom there are many more today than in the 1960s—there are new needs associated with

employment, such as transportation, taxes, and if they have young children, child care.

The federal poverty measure is also the same whether one lives in Mississippi or Manhattan. That is, the poverty measure does not vary by geographic location. Although there was some geographic variation in costs three decades ago, differences in the cost of living between areas have increased substantially since then, particularly in the area of housing. Indeed, housing in the most expensive areas of the country costs about five times as much as the same size units in the least expensive areas.⁴

Public programs have recognized the failure of the one-size-fits-all poverty measure to capture differences in need. Thus, instead of using the poverty measure, federal housing programs assess need using local area median income as a way to take into account the significant differences in cost of living between localities. The Food Stamps program also takes into account variations in housing and child care costs between different localities.

Finally, the poverty measure does not distinguish between those families in which the adults are employed, and those in which the adults are not employed. At the time that the poverty measure was first developed, there was probably not a large difference between families in these situations: for example, taxes were very low for low-income families with earned income, and transportation was inexpensive. Most important, because the poverty measure assumed that two-parent families with children had only one worker and that single parent families had no workers, no child care costs were incorporated. Today, for both one and two-parent families, child care costs are often a necessary expense and many families do not have unpaid child care available. Also, taxes today even for low-income families are substantial and transportation can be costly.

For these and other reasons, many researchers and analysts have proposed revising the poverty standard. Suggested changes would reflect new needs as well as incorporate geographically-based differences in costs, and would build in more responsiveness to changes over time.⁵ Others have gone further, creating new measures of income adequacy, such as "Basic Needs Budgets" or Living Wages.⁶

The Self-Sufficiency Standard—And How It Differs from the Federal Poverty Measure

While drawing on the critiques and analyses of the poverty measure cited above, the Self-Sufficiency Standard takes a somewhat different approach to measuring income adequacy. As one observer put it: “Ask not where poverty ends, but where economic independence begins.”⁷ That is, at what point does a family have sufficient income and resources (such as health benefits) to meet their needs adequately, without public or private assistance?

As a standard of income adequacy, the Self-Sufficiency Standard defines the amount of income required to meet basic needs (including paying taxes) in the regular “marketplace” without public or private/informal subsidies. By providing a measure that is customized to each family’s circumstances, i.e., taking account of where they live and how old their children are, the Self-Sufficiency Standard makes it possible to determine if families’ incomes are enough to meet their basic needs.

While both the Self-Sufficiency Standard and the official poverty measure assess income adequacy, the Standard differs from the official poverty measure in several important ways:

- The Standard does not try to combine, or average together, the very different circumstances of families in which adults work, compared to those in which they do not. Rather, *the Self-Sufficiency Standard assumes that all adults (whether married or single) work full-time,⁸ and therefore, includes costs associated with employment, specifically, transportation, taxes, and for families with young children, child care.*
- *The Standard takes into account that many costs differ not only by family size and composition (as does the official poverty measure), but also by the age of children.* While food and health care costs are slightly lower for younger children, child care costs are much higher—particularly for children not yet in school—and are a substantial budget item not included in the official poverty measure.
- *The Standard incorporates regional and local variations in costs.* This is particularly important for housing, although regional variation also occurs for child care, health care and transportation. Unlike some approaches suggested for a revised

poverty standard, however, the Standard does not assume a fixed ratio of urban to rural costs, but uses actual costs. Although rural areas and small towns usually have lower costs than metropolitan areas in a given state, cost ratios vary and there are exceptions. For example, living costs in rural areas that have become desirable tourist or second-home destinations are often as high or higher than in a state’s urban areas. Availability of housing in rural and urban areas can also increase costs.

- *The Standard includes the net effect of taxes and tax credits.* It provides for state sales taxes, as well as payroll (Social Security and Medicare) taxes, and federal income taxes. Three federal credits available to workers and their families are “credited” against the income needed to meet basic needs: the Child Care Tax Credit, the Earned Income Tax Credit, and the Child Tax Credit. In

Self-Sufficiency means maintaining a decent standard of living and not having to choose between basic necessities—whether to meet one’s need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family sustaining wages.

addition to federal tax credits, the New Jersey Earned Income Tax Credit is included in the Standard.

- While the poverty standard is based on the cost of a single item, food, and assumes a fixed ratio between food and nonfood, *the Standard is based on the costs of each basic need, determined independently*, which allows each cost to increase at its own rate. Thus, the Standard does not assume that food is always 33% of a family’s budget, or constrain housing to 30%.

As a result, the Self-Sufficiency Standard is set at a level that is, on the one hand, not luxurious or even comfortable, and on the other, not so low that it fails to adequately provide for a family. Rather, the Standard includes income sufficient to meet minimum nutrition standards, for example, and to obtain housing that would be neither substandard nor overcrowded.

The Standard does not, however, allow for longer-term needs, such as retirement, college tuition, purchase of major items such as a car, or emergency

expenses (except possibly under the “miscellaneous” cost category). Self-sufficiency means maintaining a decent standard of living and not having to choose between basic necessities—whether to meet one’s need for child care but not for nutrition, or housing but not health care. Self-Sufficiency Wages are family-sustaining wages.

What the Self-Sufficiency Standard Is ... and Is Not

Using the Self-Sufficiency Standard, a given family’s income is deemed inadequate if it falls below the appropriate threshold (family type and location). However, we emphasize that, as with any measure or threshold, the exact amount is essentially arbitrary, i.e.,

Community, societal and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

if a family’s income falls a dollar above or below the monthly Self-Sufficiency Wage, it should not be interpreted in absolute terms as having, or not having, adequate income. Rather, we urge users of the Standard to think in relative terms of “wage adequacy,” that is, one should ask how close is a given wage to the Standard?

Thus, for example, if the Standard for a given family is \$10.00 per hour, but the adult supporting the family only earns \$5.15 per hour, then the latter wage has a “wage adequacy” level of only 51.5%. At the same time, a penny above or below \$10.00 is not a meaningful distinction.

The use of income thresholds should not be taken to mean that economic self-sufficiency can be achieved with just wages alone, or even wages combined with benefits. True self-sufficiency involves not just a job with a certain wage and benefits, but rather income security for a family over time. Thus, the Self-Sufficiency Wage represents a larger goal toward which one is striving, and is a process that one is engaged in, not a one-time achievement. As one person put it, “Self-sufficiency is a road I’m on.”⁹

Central to these efforts are access to education and training, access to jobs that provide real potential for skill development, and career advancement over the long-term. For some, this may mean entering jobs that

are nontraditional for women, and for others it may mean developing their own small businesses as their sole or an adjunct source of income. For many if not most, however, self-sufficiency is not achieved through stopgap measures or short-term solutions. Most individuals moving from welfare to work cannot achieve a Self-Sufficiency Wage in a single step, but require the needed assistance, guidance, transitional work supports and the time necessary to become self-sufficient.

The argument for education and training may not have the same urgency as do basic needs such as food and shelter; however, true long-term self-sufficiency increasingly requires investments that enhance skills and adaptability. Without technologically sophisticated and broad-based education which provides the flexibility to move into new jobs and careers—self-sufficiency is not likely to be sustainable.

Finally, the Self-Sufficiency Standard is not meant to imply that public work supports are not appropriate. Indeed, given the large number of families who have not yet achieved wage adequacy, assistance in meeting the costs of such high-priced items as child care, health care, and housing is frequently the only viable means for these families to have the necessary resources to secure their basic needs.

Likewise, it is important to recognize that self-sufficiency 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 inter-dependence between families, and community institutions such as schools or religious institutions, as well as informal networks of friends, family, and neighbors, that many are able to meet their non-economic needs as well as economic necessities. Such support and help is essential to our well-being, psychologically as well as materially, and should be supported.

Nothing about the Self-Sufficiency Standard should be taken to mean that such efforts to help each other should be discouraged. Nor should the Standard be understood as endorsing an ideal of self-dependence in complete isolation—we are not advocating a “Lone Ranger” model for families. The Standard is a measure of income adequacy, not of family functioning. Likewise, community, societal, and governmental response to families struggling to achieve family sustaining wages should be encouraged as supportive of the goal of self-sufficiency.

How the Self-Sufficiency Standard is Calculated

The goal of making the Standard as standardized and accurate as possible, yet varied geographically and by age, requires meeting several different criteria. As much as possible, the figures used here:

- are collected or calculated using standardized or equivalent methodology,
- come from scholarly or credible sources such as the U.S. Bureau of the Census,
- are updated at least annually, and
- are age- and/or geographically specific (where appropriate).

Thus, costs that rarely have regional variation (such as food) are usually standardized, while costs such as housing and child care, which vary substantially, are calculated at the most geographically specific level available.

For each county in New Jersey, the Self-Sufficiency Standard is calculated for 70 different family types—all one-adult and two-adult families, ranging from a single adult with no children, to one adult with one infant, one adult with one preschooler, and so forth, up to two-adult families with three teenagers. We have included the costs of each basic need and the Self-Sufficiency Wages for eight selected family types for each county in New Jersey in the Appendix to this report. (The costs of each basic need and the Self-Sufficiency Wages for all 70 family types for all geographic areas are available from Legal Services of New Jersey Poverty Research Institute.)

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

Housing: The Standard uses the Fiscal Year 2002 Fair Market Rents, which are calculated annually by the U.S. Department of Housing and Urban Development for every metropolitan housing market (PMSA or MSA) and non-metropolitan county (totaling over 400 housing market areas). Fair Market Rents (FMR's) are based on data from the decennial census,

the annual American Housing Survey, and telephone surveys.¹⁰ The FMRs (which include utilities except telephone and cable) are intended to reflect the cost of housing that meets minimum standards of decency, but is not luxurious. Generally, they reflect the cost of a given size unit at the 40th percentile level. (At the 40th percentile level, 40% of the housing in a given area would be less expensive than the FMR, while 60% would cost more than the FMR.) However, in New Jersey, due to higher housing costs, the FMRs have been raised to the 50th percentile in three metropolitan areas which include the following counties: Bergen, Burlington, Camden, Essex, Gloucester, Morris, Passaic, Salem, Sussex, Union, and Warren.

The Self-Sufficiency Standard assumes that parents and children do not share the same bedroom and that there are not more than two children per bedroom. Therefore, the Standard assumes that single persons and couples without children have one-bedroom units;¹¹ families with one or two children require two bedrooms, and families with three children, three bedrooms.

Child Care: The Standard uses the most accurate information available that is recent, geographically specific, and age- and setting- specific. In most states, this is the survey of child care costs originally mandated by the Family Support Act, which provides the cost of child care at the 75th percentile, by age of child and setting (family day care home, day care center, etc.).¹² The Standard in New Jersey uses the child care costs at the 75th percentile as reported by the New Jersey Association of Child Care Resource and Referral Agencies (NJCCRRA), specified by facility type and age.

Because it is more common for very young children to be in child care homes rather than centers,¹³ the Standard assumes that infants receive full-time care in day care homes. Preschoolers, in contrast, are assumed to go to day care centers full-time. Schoolage children are assumed to receive part-time care in before- and after-school programs.

Food: Although the Thrifty Food Plan and its successor have been used as the basis of both the poverty thresholds and the Food Stamps allotments, the Standard uses the Low-Cost Food Plan for food costs.¹⁴ While both of these USDA diets meet minimum nutritional standards, the Thrifty Food Plan was meant for emergency use only, while the Low-Cost Food Plan is based on more realistic assumptions about food preparation time and consumption patterns. Although the Low-Cost Food Plan amounts are about

The Self-Sufficiency Standard is calculated using scholarly or credible sources from data that are collected at least annually, are age- and geographically- specific (where appropriate), and are collected or calculated using standardized or equivalent methodology.

25% higher than the Thrifty Food Plan, they are nevertheless conservative estimates of the level of food expenditures required to meet nutritional standards. The Low-Cost Food Plan does not allow for any take-out, fast-food, or restaurant meals, even though, according to the Consumer Expenditure Survey, average American families spend about 42% of their food budget on food eaten away from home.¹⁵ Again, the choice to use this food budget reflects what it costs to adequately meet nutritional needs, not consumer behavior.

The food costs in the Standard are varied according to the number and age of children and the number and gender of adults. Since there is little regional variation in the cost of food overall, the Standard uses the national average throughout the state of New Jersey.

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 population to get to work. According to one study, if about 7% of the total public uses public transportation, that “translates” to about 30% of the low- and moderate- income population.¹⁶ In New Jersey, a substantial number of workers use public transportation in Bergen, Camden, Essex, Hudson, Middlesex, and Union Counties. In the remaining New Jersey counties, it is assumed that adults require a car;

if there are two adults in the family, we assume they need two cars. (It is unlikely that two adults with two jobs would be traveling to and from the same place of work at exactly the same time).

Private transportation costs are based on the costs of owning and operating an average car (or two cars, if there are two adults). The costs include the fixed costs of owning a car (including fire and theft insurance, property damage and liability, license, registration, taxes, repairs, and finance charges), as well as monthly variable costs (e.g., gas, oil, tires, and maintenance), but do not include the initial cost of purchasing a car.

To estimate fixed costs, we use the Consumer Expenditure Survey amounts for families in the second quintile (those whose incomes are between the 20th and 40th percentile) of income, by region. In addition, we use premium cost comparisons from five major insurance companies in forty territories (areas) available from the New Jersey Department of Banking and Insurance. County auto insurance cost differentials are determined by calculating a ratio for regional variations in the cost of auto insurance.¹⁷ For variable costs, we use the *AAA Your Driving Costs 2000* survey for per-mile costs. The Standard assumes that the car(s) will be used to commute to and from work five days per week, plus one shopping and errands trip per week. (The commuting distance is computed using the statewide average from the National Personal Transportation Survey). 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.

Health Care: Health care costs in the Standard include both the employee’s share of insurance premiums plus additional out-of-pocket expenses, such as co-payments, uncovered expenses (e.g., dental care and prescriptions), and insurance deductibles.

Although workers who do not have employer-provided health insurance often “do without” because of the high cost of health insurance, families cannot be truly self-sufficient without health care coverage. The Self-Sufficiency Standard assumes that the employer makes health insurance coverage available to employees. It should be noted, however, that there is data available that documents rapidly increasing health care costs for employers, and consequently, a trend toward increasing the amount employees pay for their coverage.¹⁸ In New Jersey, employees pay an average of 18% of the premium for coverage for themselves

only and 18% for family coverage. However, a substantial number pay significantly more than 18%, resulting in a tremendous burden on families' budgets. Nationally, the average employee pays 18% of the share of premium costs for a single adult and 24% for family coverage.¹⁹ The costs of health insurance in the Standard are based on the average premiums paid by New Jersey residents according to the Medical Expenditure Panel Survey, and adjusted for inflation using the Medical Consumer Price Index (Medical CPI). New Jersey state law standardizes health insurance costs, therefore, no within-state geographical differentials were calculated.²⁰

Data for out-of-pocket health care costs (by age) were obtained from the National Medical Expenditure Survey, adjusted by state using the Families USA report, *Skyrocketing Health Inflation: 1980–1993–2000*, and adjusted for inflation using the Medical CPI.

Miscellaneous: This expense category includes all other essentials such as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. It does not allow for recreation, entertainment, or savings. Miscellaneous expenses are calculated by taking 10% of all other costs. This percentage is a conservative estimate in comparison to estimates in other basic needs budgets, which usually use 15%.²¹

Taxes: Taxes include state sales tax, state and federal income taxes, and payroll taxes. The retail sales tax is 6% in New Jersey; however, there is no sales tax on clothing or shoes.²² Sales taxes are calculated only on “miscellaneous” items, as one does not ordinarily pay tax on rent, child care, and so forth. 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. Also, taxes on gasoline and automobiles are included as a cost of owning and running a car.

State income taxes are calculated using the Commerce Clearinghouse State Tax Handbook as well as the tax forms and instructions from the New Jersey Division of Taxation.

Although the federal income tax rate is higher than the payroll tax rate—15% for most family types—federal exemptions and deductions are substantial. As a result, while the payroll tax is paid on every dollar earned, families do not pay federal income tax on the first \$10,000 to \$12,000 or more, thus lowering the effective federal tax rate to 7% to 10% for most family types. Payroll taxes for Social Security and Medicare are calculated at 7.65% of each dollar earned.

Earned Income Tax Credit (EITC): The EITC, or as it is sometimes called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from payroll taxes owed by working-poor and near-poor families. The EITC is a “refundable” tax credit; that is, working adults may receive the tax credit whether or not they owe any federal taxes.

In addition to the federal EITC, the New Jersey Earned Income Tax Credit (NJEITC) is available to state residents with gross incomes of \$20,000 or less to further offset taxes owed by low-income families. The NJEITC is being phased in over a four-year period, which began in 2000. For the 2002 tax year, NJEITC refundable tax credit will be 17.5% of a family's federal EITC. The tax credit is expected to reach 20% of the federal EITC for the 2003 tax year.

Child Care Tax Credit (CCTC): The CCTC 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. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the federal CCTC is not a “refundable” tax credit. A family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing to the federal government in income taxes, receive little or no CCTC.

Child Tax Credit (CTC): The CTC is a refundable federal tax credit, like the EITC, that provides parents a deduction of up to \$600 (for children less than 17 years old). It is calculated as \$600 per child under 17, or 10% of earned income over \$10,000, whichever is less.

How Much is Enough in New Jersey?

Because the Self-Sufficiency Standard varies by family type and location, the amount of money that a family needs to be economically self-sufficient depends upon family size and composition, the age of children, and where they live. It is important to note that in counties with large urban areas, there are significant differences in costs between the urban, suburban, and

more rural areas of the counties. Consequently, this section presents the *average* costs of living for five different counties in New Jersey: Camden, Atlantic, Bergen, Mercer, and Monmouth Counties.

In Camden County, a single adult with no children needs to earn **\$7.46** per hour to be able to meet her/his

Table 1
**The Self-Sufficiency Standard for Selected Family Types
 in Camden County, NJ 2002***
Monthly Expenses and Shares of Total Budgets

Monthly Costs	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$679	52	\$839	35	\$839	29	\$839	26
Child Care	\$0	0	\$543	23	\$873	30	\$873	27
Food	\$176	13	\$266	11	\$396	14	\$544	17
Transportation	\$54	4	\$54	2	\$54	2	\$108	3
Health Care	\$81	6	\$163	7	\$176	6	\$210	7
Miscellaneous	\$99	8	\$186	8	\$234	8	\$257	8
Taxes**	\$223	17	\$424	18	\$516	18	\$536	17
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$40	-2	-\$80	-3	-\$80	-3
Child Tax Credit (-)	\$0	0	-\$50	-2	-\$100	-3	-\$100	-3
Total Percent Self-Sufficiency Wage - Hourly***	—	100	—	100	—	100	—	100
Monthly	\$7.46		\$13.55		\$16.52		\$9.06 per adult	
Annual	\$1,312		\$2,385		\$2,908		\$3,188	
	\$15,745		\$28,623		\$34,898		\$38,252	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

** Taxes include federal income taxes, payroll taxes and sales taxes.

*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

Note: Totals may not add exactly due to rounding.

Table 2
The Self-Sufficiency Standard for Selected Family Types
in Atlantic County, NJ 2002*
Monthly Expenses and Shares of Total Budgets

<i>Monthly Costs</i>	<i>One Adult</i>		<i>One Adult, One Preschooler</i>		<i>One Adult, One Preschooler, One Schoolage</i>		<i>Two Adults, One Preschooler, One Schoolage</i>	
	<i>Costs</i>	<i>% of total</i>	<i>Costs</i>	<i>% of total</i>	<i>Costs</i>	<i>% of total</i>	<i>Costs</i>	<i>% of total</i>
<i>Housing</i>	\$602	39	\$800	31	\$800	26	\$800	22
<i>Child Care</i>	\$0	0	\$499	19	\$779	26	\$779	21
<i>Food</i>	\$176	12	\$266	10	\$396	13	\$544	15
<i>Transportation</i>	\$279	18	\$285	11	\$285	9	\$545	15
<i>Health Care</i>	\$81	5	\$163	6	\$176	6	\$210	6
<i>Miscellaneous</i>	\$114	7	\$201	8	\$244	8	\$288	8
<i>Taxes**</i>	\$276	18	\$478	18	\$552	18	\$646	18
<i>Earned Income</i>								
<i>Tax Credit (-)</i>	\$0	0	\$0	0	\$0	0	\$0	0
<i>Child Care Tax Credit (-)</i>	\$0	0	-\$40	-2	-\$80	-3	-\$80	-2
<i>Child Tax Credit (-)</i>	\$0	0	-\$50	-2	-\$100	-3	-\$100	-3
<i>Total Percent Self-Sufficiency Wage - Hourly***</i>	—	100	—	100	—	100	—	100
Monthly	\$8.68		\$14.79		\$17.34		\$10.32 per adult	
Annual	\$1,528		\$2,602		\$3,052		\$3,632	
	\$18,339		\$31,228		\$36,620		\$43,589	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

** Taxes include federal income taxes, payroll taxes and sales taxes.

*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

Note: Totals may not add exactly due to rounding.

basic needs, as can be seen in the first column of Table 1. An adult with a preschool age child (column two) needs a two bedroom housing unit and child care, in addition to other expenses. Therefore, meeting all of her family's basic needs requires an increase in wages of more than \$6.00 per hour, as compared to the single adult: she must earn **\$13.55** per hour.²³ If she has two children, a preschooler and a schoolage child, she must earn more than twice as much as the single person with no children, **\$16.52** per hour to meet her family's needs. Finally, if there are two adults supporting two

children, a preschooler and a schoolage child, costs are increased slightly for additional food, health care, and miscellaneous costs, but the major costs of housing and child care stay the same. As a result, the amount *each* adult would need to earn is **\$9.06** per hour.

In Atlantic County (see Table 2), costs are higher than those in Camden County. A single adult's Self-Sufficiency Wage is **\$8.68** per hour. A single parent with one preschooler must earn **\$14.79** per hour to be self-sufficient. The single parent with two children

would need to earn **\$17.34** per hour to meet her family's needs. For a two-parent family in Atlantic County, costs are higher than those in Camden County, resulting in a Self-Sufficiency Wage of **\$10.32** per hour for each adult.

In Bergen County, costs are somewhat higher than those in Atlantic County and significantly higher than in Camden County. A single adult's Self-Sufficiency Wage is **\$9.25** per hour (see Table 3). A single parent with one preschooler needs to earn **\$16.75** per hour to meet the basic needs of her family. While these costs

are high, if she has two children, one preschooler and one schoolage child, she requires the substantially higher wage of **\$18.79** per hour to meet her family's needs. In the two-parent family, *each* adult would need to earn a Self-Sufficiency Wage of **\$10.19** per hour in Bergen County.

In Mercer County (see Table 4), the costs are even higher than in Bergen County. In Mercer County, a single adult with no children must earn **\$9.67** per hour to be self-sufficient. A single parent with a preschooler must earn over seven dollars more per hour to meet her

Table 3
**The Self-Sufficiency Standard for Selected Family Types
 in Bergen County, NJ 2002***
Monthly Expenses and Shares of Total Budgets

Monthly Costs	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$896	55	\$1,050	36	\$1,050	32	\$1,050	29
Child Care	\$0	0	\$716	24	\$934	28	\$934	26
Food	\$176	11	\$266	9	\$396	12	\$544	15
Transportation	\$54	3	\$54	2	\$54	2	\$108	3
Health Care	\$81	5	\$163	6	\$176	5	\$210	6
Miscellaneous	\$121	7	\$225	8	\$261	8	\$285	8
Taxes**	\$300	18	\$564	19	\$615	19	\$635	18
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$40	-1	-\$80	-2	-\$80	-2
Child Tax Credit (-)	\$0	0	-\$50	-2	-\$100	-3	-\$100	-3
Total Percent Self-Sufficiency Wage - Hourly***	—	100	—	100	—	100	—	100
Monthly	\$9.25		\$16.75		\$18.79		\$10.19 per adult	
Annual	\$1,628		\$2,948		\$3,307		\$3,586	
	\$19,537		\$35,375		\$39,679		\$43,033	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

** Taxes include federal income taxes, payroll taxes and sales taxes.

*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

Note: Totals may not add exactly due to rounding.

Table 4
The Self-Sufficiency Standard for Selected Family Types
in Mercer County, NJ 2002*
Monthly Expenses and Shares of Total Budgets

	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
Monthly Costs	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$741	44	\$903	30	\$903	23	\$903	20
Child Care	\$0	0	\$713	23	\$1,261	33	\$1,261	28
Food	\$176	10	\$266	9	\$396	10	\$544	12
Transportation	\$260	15	\$265	9	\$265	7	\$505	11
Health Care	\$81	5	\$163	5	\$176	5	\$210	5
Miscellaneous	\$126	7	\$231	8	\$300	8	\$342	8
Taxes**	\$318	19	\$586	19	\$757	20	\$844	19
Earned Income								
Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$40	-1	-\$80	-2	-\$80	-2
Child Tax Credit (-)	\$0	0	-\$50	-2	-\$100	-3	-\$100	-2
Total Percent Self-Sufficiency Wage - Hourly***	—	100	—	100	—	100	—	100
Monthly	\$9.67		\$17.26		\$22.04		\$12.59 per adult	
Annual	\$1,702		\$3,038		\$3,879		\$4,431	
	\$20,425		\$36,451		\$46,551		\$53,176	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

** Taxes include federal income taxes, payroll taxes and sales taxes.

*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

Note: Totals may not add exactly due to rounding.

family's needs, or **\$17.26** per hour. Further, an adult with a preschooler and schoolage child must earn an additional \$4.78 per hour, or **\$22.04** per hour. Two adults with a preschooler and schoolage child must each earn **\$12.59** per hour in Mercer County to meet their family's needs.

Monmouth County is the most expensive of these five counties, with the exception of the two largest family types in Mercer County. The cost of meeting one's basic needs for a single adult in Monmouth County is **\$10.35** per hour (see Table 5). A single

parent with a preschooler must earn **\$17.80** per hour, which is over seven dollars more than the single adult needs to meet her family's needs. An adult with two children, a preschooler and schoolage child, must earn **\$21.61** to meet costs—more than twice the amount of the single adult. In a two parent family with a preschooler and schoolage child, *each* adult must earn **\$12.56** per hour to be self-sufficient.

Both child care and housing costs account for the majority of the budget for New Jersey families with children. The proportions spent on each cost vary

somewhat from place to place. Among families with one adult and one child, child care costs in New Jersey average about 19% to 24% of family budgets, while housing costs range from 30% to 36%.

For families with two children, child care costs make up a larger part of the family budget. Unlike families with one child, child care costs for families with two children are either equal to or greater than housing costs, with the exception of Atlantic and Bergen Counties. Depending on the location, child care costs range from 26% to 33% of the family budget for one adult families with two children and 21% to 28% of the

family budget for two adult families with two children. In one parent families, housing costs account for 23% to 32%. For two parent families, housing ranges from 20% to 29% of the family budget.

The monthly cost of child care for two children, a preschooler (full-time) and a schoolage child (part-time), ranges from **\$779** in Atlantic County to **\$1,261** in Mercer County. The differential in housing costs is also large with the rent for a two-bedroom housing unit varying from a low of **\$800** per month (Atlantic County) to a high of **\$1,050** per month (Bergen County).

Table 5
**The Self-Sufficiency Standard for Selected Family Types
in Monmouth County, NJ 2002***
Monthly Expenses and Shares of Total Budgets

Monthly Costs	One Adult		One Adult, One Preschooler		One Adult, One Preschooler, One Schoolage		Two Adults, One Preschooler, One Schoolage	
	Costs	% of total	Costs	% of total	Costs	% of total	Costs	% of total
Housing	\$771	42	\$978	31	\$978	26	\$978	22
Child Care	\$0	0	\$651	21	\$1,083	28	\$1,083	24
Food	\$176	10	\$266	8	\$396	10	\$544	12
Transportation	\$312	17	\$317	10	\$317	8	\$602	14
Health Care	\$81	4	\$163	5	\$176	5	\$210	5
Miscellaneous	\$134	7	\$238	8	\$295	8	\$342	8
Taxes**	\$348	19	\$609	19	\$738	19	\$842	19
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	-\$40	-1	-\$80	-2	-\$80	-2
Child Tax Credit (-)	\$0	0	-\$50	-2	-\$100	-3	-\$100	-2
Total Percent Self-Sufficiency Wage - Hourly***	—	100	—	100	—	100	—	100
Monthly	\$1,822		\$3,132		\$3,803		\$4,420	
Annual	\$21,861		\$37,587		\$45,641		\$53,044	

* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

** Taxes include federal income taxes, payroll taxes and sales taxes.

*** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

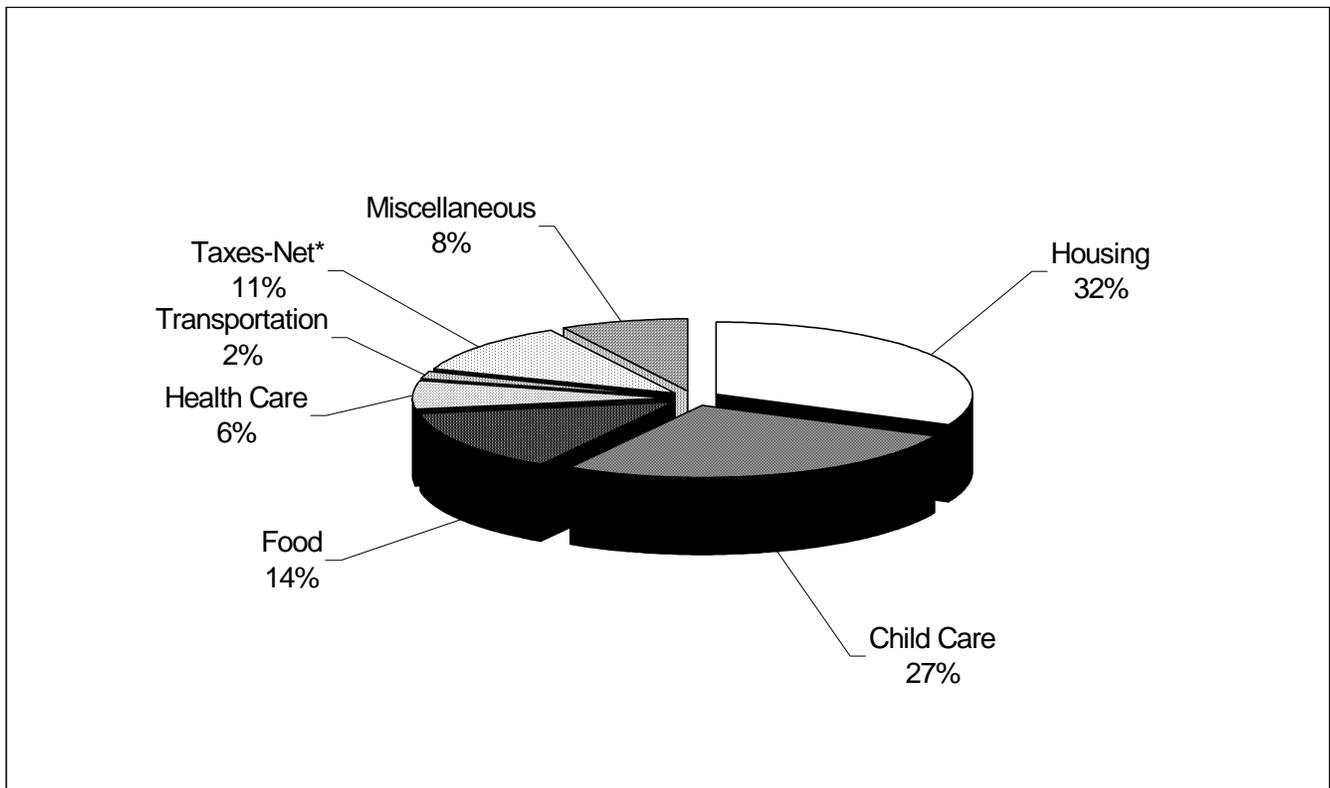
Note: Totals may not add exactly due to rounding.

In Figure 1, we have shown the proportion of income spent on each basic need for a single parent family with one preschooler and one schoolage child in Union County. Housing and child care are by far the greatest expenses for working families with children. Housing costs in particular are higher in New Jersey, accounting for an unusually high proportion of the budget compared to other states. Families with two children generally spend about half their incomes on these two expenses alone. In Union County, these expenses comprise 59% of this family's budget.

The next largest expenses for this New Jersey family are food and taxes, accounting for 14% and 11% of the total costs respectively. Although taxes account for 11% of this family's budget, the tax burden is

actually 18%, but is reduced by tax credits—the Earned Income Tax Credit, the New Jersey Earned Income Tax Credit (NJEITC), the Child Care Tax Credit, and the Child Tax Credit—to just 11%. Health care is a relatively small share at 6%, but this calculation assumes that the employer both provides health insurance and pays a portion of the premium. (As stated earlier, many people do not have access to affordable, employer-sponsored health care.) Transportation makes up just 2% of this family's budget because this calculation assumes that public transportation is used in Union County. In counties where public transportation is not available, transportation costs would be a larger proportion of the family budget.

Figure 1
Percentage of Income Needed to Meet Basic Needs, 2002
Based on the Self-Sufficiency Standard for a Family with One Parent, One Preschooler and One Schoolage Child in Union County, NJ



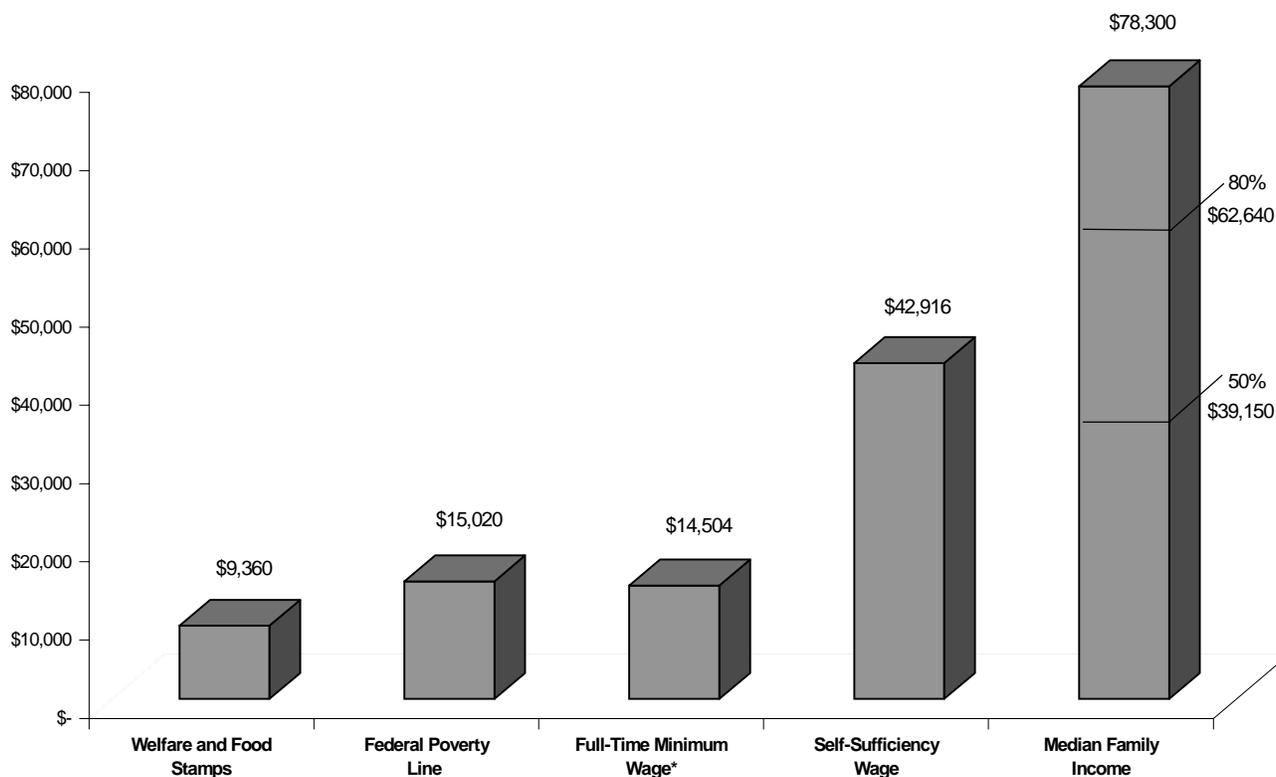
*Note: Percentages include the net effect of taxes and tax credits. Thus, the percentage of income needed for taxes is actually 18%, but with tax credits, the amount owed in taxes is reduced to 11%.

Comparing the Standard to Other Benchmarks of Income

To put the Standard in context, it is useful to compare it to other commonly used measures of income adequacy. In Figure 2 below, we have compared the Standard to four other benchmarks: the welfare grant package, the federal poverty measure, the federal minimum wage, and the median family income. This set of benchmarks is not meant to show *how* a family would

move from welfare or poverty to self-sufficiency. Rather, the concept of self-sufficiency assumes a gradual progression, one that takes place over time. (Please see the next two sections for a more detailed discussion of how New Jersey families can achieve Self-Sufficiency Wages.)

Figure 2
The Self-Sufficiency Standard Compared to Other Benchmarks, 2002
 Based on the Self-Sufficiency Standard for a Family with One Parent, One Preschooler and One Schoolage Child in Middlesex County, NJ



* Note: Full-time minimum wage is the year 2002 federal minimum wage of \$5.15 per hour, and includes the net effect of the addition of the Earned Income Tax Credit and the subtraction of taxes.

For purposes of comparison, we use the Standard for a three-person family consisting of one adult, one preschooler, and one schoolage child living in Middlesex County. (The other benchmarks presented are also for three-person families, where relevant; however none is as specific as the Standard in terms of age and number of children, and/or geographic location.) The Standard for this family type in Middlesex County is **\$42,916**.

The Welfare (TANF) Grant and Food Stamps: Including the cash value of Food Stamps as well as the TANF cash grant, the total assistance package is **\$780** per month in Middlesex County or **\$9,360** per year assuming no wage or other income. This amount is less than one-fourth (**22%**) of the Self-Sufficiency Standard for a three-person family in Middlesex County.

Federal Poverty Level: Not surprisingly, the Standard is quite a bit higher than the official poverty level for a family of three. A family consisting of one adult and two children would be considered “poor,” according to federal guidelines, if this family had a monthly income of **\$1,252** (**\$15,020** annually) or less—regardless of where they live, or the age of their children. Thus, the official poverty level for a three-person family is about one-third (**35%**) of the Self-Sufficiency Wage actually needed for a three-person family (with one adult, one preschooler and one schoolage child). Even in the least expensive jurisdictions in New Jersey, such as Camden County, the official poverty guideline is only 40% of the amount needed to meet family needs according to the Standard.

Minimum Wage: A full-time worker at the federal minimum wage of **\$5.15** per hour earns about **\$893** per month or **\$10,712** per year. Subtracting taxes—payroll (Social Security), and federal and state income taxes—and adding tax credits—the child care, child, and Earned Income Tax Credits—this worker would have a cash income of **\$1,209** per month, or **\$14,504** per year. This amount is more than her earnings alone because the federal EITC benefit for which she qualifies is the maximum and she also receives a small child tax credit. Together these are more than the taxes she owes. (At this income level, this worker only has to pay sales and payroll taxes—her income is below the threshold for paying federal and

state income taxes. Nevertheless, because she does not pay federal income taxes, she does not receive the Child Care Tax Credit.)

Even with the help of the federal EITC, NJEITC, and CTC, however, a full-time job with the minimum wage provides just slightly over one-third (**34%**) of the amount needed to be self-sufficient. If we assume that she pays taxes, but does not receive the EITC or the CTC payments on a monthly basis—as is true of most workers—she will only receive **\$9,799** during the year, which is just over one-fifth of the Self-Sufficiency Standard (**23%**).

Median Family Income: Median family income (half of an area’s families have incomes above this amount and half have incomes below this amount) is a rough measure of the relative cost of living in an area. The median income for a three-person family in Middlesex County is **\$78,300**. The Self-Sufficiency Standard for a single-parent family with one preschooler and one schoolage child is thus **55%** of the median family income for Middlesex County.

The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families’ needs for housing assistance. Those with incomes below 50% of the median area income are considered “Very Low Income,” while those with incomes below 80% of the median area income are considered “Low Income.” (Almost all assistance is limited to the “Very Low Income” category, and even then only about one-fourth of those eligible families receive housing assistance.) Thus, the Self-Sufficiency Standard for a Middlesex County family at 55% of the median family income, falls below the HUD definition of “Low Income,” but above the HUD definition of “Very Low Income.” As in most states and localities, the Self-Sufficiency Standard falls *between* 50% and 80% of area median income. That the Self-Sufficiency Standard is below the HUD 80%-of-area-median-income/“Low- Income” standard but above the 50%-of-area-median-income/ “Very Low Income” suggests that the Self-Sufficiency Standard for New Jersey families is neither too high nor too low.

Comparing the Standard for Essex County to Major Cities

The Self-Sufficiency Standard has now been completed for 24 states and cities. Because the Self-Sufficiency Standard uses the same methodology, the cost of meeting basic needs for a given family type in different states can be directly compared. Since the Standards for the various places were completed in different years, the Self-Sufficiency Wages have been updated to the year 2002. Although costs increase at different rates over time, for our purposes here it is acceptable to use the overall Consumer Price Index (CPI) to make the Standards comparable.

As can be seen in Table 6, we have chosen to compare the Standard for Essex County (including Newark), New Jersey to eleven large American cities: Baltimore, Boston, Denver, Indianapolis, Las Vegas, Louisville, Milwaukee, Oklahoma City, San Francisco, Seattle and Washington, DC. (Note that the Self-Sufficiency Wages for Essex County, unlike most of the cities in the table, reflect an average of costs across the whole county, both urban and suburban areas).

For a single adult, costs in Essex County require a Self-Sufficiency Wage of \$8.11 per hour, which is higher than six of the cities listed and lower than five others. In contrast, the Self-Sufficiency Wage for the one-child family in Essex County, which is \$15.07, is higher than the wages for the same family type in seven cities and lower than the remaining four cities. For the single adult with two children, the Self-Sufficiency Wage in Essex County, \$17.77, is less than six cities and greater than five other cities. In a two-parent family with a preschooler and schoolage child, each adult must earn \$9.68 for the family to be self-sufficient. These wages are lower than eight cities, and higher than only three other cities.

In conclusion, while Essex County is not the most expensive area to live in, it is also not the least expensive. Living in Essex County requires substantial resources, particularly for families with children, in order to meet basic family needs at an adequate level.

Table 7
The Self-Sufficiency Standard for Essex County
Compared to Major Cities, 2002*

City	Single Adult	City	Single Adult, Preschooler	City	Single Adult, Preschooler, Schoolage	City	Two Adults, Preschooler, Schoolage**
Seattle***	\$6.77	Indianapolis	\$11.96	Las Vegas	\$15.78	Indianapolis	\$9.00
Indianapolis	\$7.01	Oklahoma City	\$13.46	Oklahoma City	\$16.66	Las Vegas	\$9.48
Milwaukee	\$7.33	Las Vegas	\$13.78	Louisville	\$17.15	Seattle***	\$9.54
Oklahoma City	\$7.52	Seattle***	\$14.12	Baltimore	\$17.45	Essex County (Newark)***	\$9.68
Denver	\$7.97	Baltimore	\$14.50	Seattle***	\$17.47	Oklahoma City	\$9.99
Louisville	\$8.03	Denver	\$14.73	Essex County (Newark)***	\$17.77	Louisville	\$10.21
Essex County (Newark)***	\$8.11	Louisville	\$14.19	Denver	\$18.86	Baltimore	\$10.59
Boston***	\$8.30	Essex County (Newark)***	\$15.07	Indianapolis	\$19.75	Denver	\$10.70
Las Vegas	\$8.68	Milwaukee	\$16.33	Boston***	\$20.46	Boston***	\$11.12
Washington,DC***	\$8.68	Boston***	\$16.86	Milwaukee	\$21.22	Milwaukee	\$11.83
Baltimore	\$9.15	Washington,DC***	\$17.45	Washington,DC***	\$24.65	San Francisco***	\$13.22
San Francisco***	\$10.97	San Francisco***	\$21.15	San Francisco***	\$25.06	Washington,DC***	\$13.56

*All wages are updated to 2002 using the Consumer Price Index

**Wages shown are per adult

***Wage calculated assuming family uses public transportation

The Self-Sufficiency Wage Over Time

How much have the levels of Self-Sufficiency Wages changed in the last few years? Because this is the *second* Self-Sufficiency Report done in New Jersey, we can answer that question in some detail. The first report calculating the Self-Sufficiency Wage was completed in 1999, based on 1998 and 1999 data. This report is based on current data from 2001 and 2002. Thus, there is a difference of three years between the first report and this one.

What is apparent from Table 7 below is that costs have risen throughout New Jersey, but have done so at different rates, depending on place and family type. Changes range from 3% to 21% over the 3 years. The largest increases appear to be in Atlantic, Mercer, and Monmouth Counties for the single adult, followed by the single adult with a preschooler in Mercer County.

Costs have gone up for all family types in all places, but by different amounts in different places, defying easy generalizations. Housing costs in all counties have increased, but at different rates, ranging from +8% in Atlantic County up to +20% in Bergen County. Private transportation costs have risen substantially, ranging from +59% in Mercer County up to +78% in Atlantic County. These increases in private transportation costs do not affect Bergen and Camden Counties where public transportation costs were used in both the 1999 report and here. Taxes have also increased for all families in all locations, reflecting the rise in all costs. However, there is a large variation in the percent of increase, which ranges from +3 to +25%. Overall, costs have increased at similar rates, so the *proportion* devoted to each cost in the counties remained about the same.

Table 7
**The New Jersey Self-Sufficiency Standard for Four Family Types
 by County, by Year, 1999 and 2002**

	1 Adult	One Adult, One Preschooler	One Adult, One Infant, One Preschooler	Two Adults, One Infant, One Preschooler
	annual	annual	annual	annual
Camden County				
-1999	\$14,088	\$26,388	\$35,100	\$38,748
-2002	\$15,745	\$28,623	\$37,393	\$40,790
Change, 1999-2002	+12%	+8%	+7%	+5%
Atlantic County				
-1999	\$15,384	\$29,376	\$36,504	\$41,868
-2002	\$18,339	\$31,228	\$40,760	\$47,772
Change, 1999-2002	+19%	+6%	+12%	+14%
Bergen County				
-1999	\$16,968	\$31,592	\$45,744	\$49,399
-2002	\$19,537	\$35,375	\$47,563	\$50,960
Change, 1999-2002	+15%	+12%	+4%	+3%
Mercer County				
-1999	\$17,304	\$31,224	\$40,668	\$46,032
-2002	\$20,425	\$36,451	\$46,173	\$52,840
Change, 1999-2002	+18%	+17%	+14%	+15%
Monmouth County				
-1999	\$18,084	\$32,628	\$42,792	\$48,384
-2002	\$21,861	\$37,587	\$47,881	\$55,326
Change, 1999-2002	+21%	+15%	+12%	+14%

*In the 1999 report, Bergen County was divided into Northern and Southern Bergen County due to different child care costs. For this table, the Northern and Southern Bergen County child care costs were averaged to determine the 1999 Bergen Self-Sufficiency Wage.

Closing the Gap Between Incomes and the Self-Sufficiency Standard

Of course, many families do not earn Self-Sufficiency Wages, particularly if they have recently entered (or reentered) the workforce, live in high-cost areas, or work in low wage jobs. In New Jersey, many jobs (41.5%) pay under \$25,000 per year. Also, projections to 2006 estimate that the percentage of low-wage jobs will remain consistent.²⁴ Therefore, many cannot afford their housing *and* food *and* child care—much less their other basic needs. They must choose between needs, or accept substandard or inadequate child care, insufficient food, or substandard housing.

This wage gap presents states and localities with the challenge of how to aid families who are striving for self-sufficiency, especially families whose incomes may be above the “poverty” level and/or assistance eligibility levels, yet fall below what is needed for self-sufficiency. While many have benefited from the opportunities produced by an expanding economy during the late nineteen-nineties, helping families achieve self-sufficiency is an even greater challenge during economic downturns. In addition, dwindling time remains in which families can receive TANF cash assistance.

The two basic approaches for individuals to close this income gap are to: (1) reduce costs through supports—public or private, in cash or “in kind”, and (2) raise incomes. The first approach, that of reducing costs, can be accomplished through various subsidies and supports, such as child support, Food Stamps, and child care assistance. This approach will be discussed in more detail in the next section, “Modeling the Impact of Work Supports on Wages Required to Meet Basic Needs” starting on page 19.

The other approach, raising incomes, can be done at either the “micro” (or individual level), or at the “macro” level. “Micro” strategies that raise individuals’ incomes include training and education, context literacy, nontraditional employment for women, micro-enterprise, and individual development accounts. “Macro” strategies address labor market structures, and include labor market reforms, removing artificial

barriers to employment for women and/or persons of color, and sectorial employment initiatives. Below we will discuss in more detail each of these strategies.

These two approaches—reducing costs and raising incomes—are not mutually exclusive, but in fact can and should be used as appropriate, sequentially or in tandem. Thus, some parents may receive education and training, followed by jobs that are supplemented by supports (if necessary) until their wages reach the self-sufficiency level. Alternatively, individual parents may combine work and study from the outset. Whatever choices they make, parents should be able to choose the path to self-sufficiency that best safeguards their family’s well-being and allows them to balance work, education and family responsibilities.

Raising Incomes: Micro Approaches

Targeting Higher-Wage Employment: Increasing Access to Higher Education: Adults who have language difficulties, inadequate education, or who lack job skills or experience, cannot achieve Self-Sufficiency Wages without first addressing access to training and education. Training and education are often key to entering occupations and workplaces that will eventually, if not immediately, pay Self-Sufficiency Wages (see chart on following page). For some, this may mean skills training, GED (General Educational Development), ABE (Adult Basic Education), and /or ESL (English as a Second Language) programs. For others, this may mean two- or four-year degrees.

Education has always been a key to economic independence. Yet by promoting rapid attachment to employment or “workfirst”, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 restricted low-income women’s access to higher education. Thus, students enrolled in college must meet the strict work requirements of the welfare reform law and take approved courses that qualify as “vocational education training.” Currently, states can count only twelve months of vocational education as a work activity for TANF recipients. Effectively increasing

access to higher education requires a relaxing of such restrictions, as well as providing supports for low-income parents in college, including child care, tuition waivers, transportation, etc. In addition, in some states policy changes at the local, state as well as federal levels is necessary.

The development of an educated workforce is necessary for many employers to remain competitive. Indeed, businesses have long invested heavily in education and training for their skilled workers in order to take advantage of new technology. Expanding incumbent worker training results in increased productivity and increased efficiency benefitting the employer as well as higher wages for the employee.

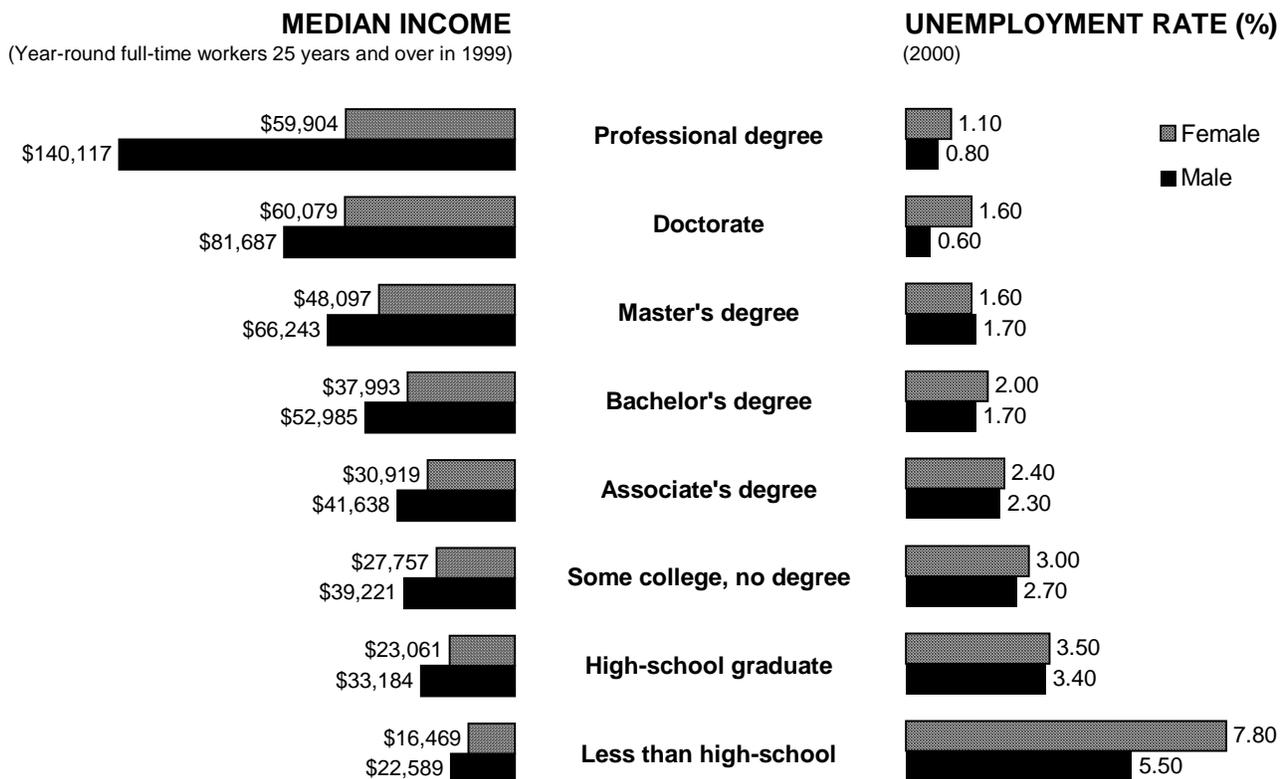
Functional Context Education: Functional Context Education (FCE) is an instructional strategy that integrates the teaching of literacy skills and job content to move learners more successfully and quickly toward their educational and employment goals. Programs that use the FCE model are more effective than traditional programs that teach basic skills and job skills in sequence because this innovative approach teaches literacy and basic skills in the context in which

the learner will use them. Participants see clearly the role literacy skills play in moving them toward their goals. For adults who have already experienced school failure, enrollment in programs that use traditional approaches to teaching often reproduce that failure. Functional Context Education programs address this problem by using content related to participant goals to teach basic skills. This strategy promotes better retention, encourages lifelong learning and supports the intergenerational transfer of knowledge.

In addition, most adults do not have time to spend years in basic education programs learning skills that may seem, at best, distantly related to their economic goals. Given welfare time limits and restrictions on education and training, it is more important than ever that individuals master basic and job-specific skills as quickly through FCE and as efficiently as possible.

Nontraditional Employment for Women: For many women, nontraditional jobs (such as construction, copy machine repair, X-ray technician, or computer-aided drafting) require relatively little post-secondary training, yet provide wages at self-sufficiency levels. Nontraditional employment for women is one high-

Figure 3
Impacts of Education on Unemployment and Earnings by Gender in the United States



Source: Bureau of Labor Statistics, Current Population Survey, unpublished data & Bureau of the Census

wage option that can enable families to move out of poverty. Nontraditional Occupations (NTOs) are jobs that are often thought of as “men’s jobs.” According to the U.S. Department of Labor, they include any occupation in which less than 25 percent of the workforce is female.

Increasing women’s access to nontraditional jobs is a compelling strategy for family economic self-sufficiency for several reasons. Most importantly, compared to jobs that are traditional for women, nontraditional jobs can provide better wages and

Public policies can have a substantial impact on the ability of families to meet their needs—aiding them with temporary work supports until they are able to earn self-sufficiency wages.

benefits than the traditionally female jobs. Enhancing women’s access to these jobs—or training leading to these jobs requires addressing a range of barriers that prevent women from entering and remaining in nontraditional occupations. Unfortunately, most female job training participants and welfare clients are steered towards traditionally female occupations. The additional earnings associated with NTOs significantly improve the ability of women to take care of their families. Nontraditional jobs also frequently have greater career and training opportunities, and many women find greater job satisfaction that can result in longer-term employment. In addition, hiring women in nontraditional jobs is good for business and produces positive results for employers.

Recognizing the significant benefits to nontraditional employment for low-income women and their families, many women’s community-based organizations began to offer nontraditional training 20 years ago. Their efforts were assisted by affirmative action guidelines for employers and apprenticeship programs that opened the construction trades, in particular, to women. While most community-based nontraditional employment programs were successful, few of the strategies used to train and place women in higher-wage, nontraditional jobs were institutionalized into the mainstream job training and vocational education systems. Institutionalizing nontraditional employment in the workforce development and welfare systems is key to this becoming a successful strategy for moving families out of poverty.

Targeting Higher-Wage Employment — Microenterprise Training and Development: Microenterprise development is an income-generating strategy that helps low-income people start or expand very small businesses. Generally, the business is owned and operated by one person or family, has fewer than five employees and can start up with a loan of less than \$25,000. Microenterprise is an attractive option for low-income women who may have skills in a particular craft or service. The lack of quality employment options especially for low-income, low-skilled women—makes microenterprise development a critical strategy for moving families out of poverty. Low-income women entrepreneurs, especially those living in rural or inner-city communities isolated from the economic mainstream, often lack the contacts and networks needed for business success. Peer networks (such as lending circles and program alumnae groups) help women learn to earn from each other, build self-esteem and organize around policy advocacy. Linkages between microentrepreneurs and more established women business owners provide program participants with role models, facilitate an ongoing transfer of skills, and expand networks.

Individual Development Accounts: For many low-income families, the barriers to self-sufficiency are accentuated by a near or total absence of savings. According to one report, a family with a household income between \$10,000 and \$25,000, had net financial assets of \$1,000, while a family with a household income of less than \$10,000 had net financial assets of \$10.²⁵ For these families with no savings, the slightest setback—a car needing repairs, an unexpected hospital bill, a reduction in work hours—can trigger a major financial crisis. These families can be forced to take out small loans at exorbitant interest rates just to make it to the next paycheck, often resulting in spiraling debt. Too often, public policies work against the promotion of savings by actively penalizing families that manage to put some money aside. For example, in New Jersey the general resource exemption limit under Workfirst New Jersey/TANF for an assistance unit is \$2,000.²⁶

Nonetheless, some recent policy changes have begun to promote and encourage asset development for low-income workers. One major development has been the Individual Development Account (IDA). Individual Development Accounts (IDAs) are dedicated savings accounts earmarked for purchasing a first home, for education and job training expenses or for capitalizing a small business. Contributions from

eligible low-income participants are matched, using both private and public sources. IDAs are managed by community-based organizations and are held at local financial institutions. In this program, a public or private entity provides a matching contribution towards regular savings made by a family. The match can be withdrawn if it is used for a specified objective, such as the down payment of a house, payment for higher education, or start-up costs for a small business. While less common than income supports, these “wealth supports” can be an important tool in helping families towards self-sufficiency.

Raising Incomes: Macro Approaches

Labor Market Reforms: As can be seen in Tables 1 through 6, even two parents working full-time must earn well above the federal minimum wage to meet their family’s basic needs. Raising the minimum wage, particularly in high cost areas, is essential because it raises the “floor” for wages, and therefore affects many workers’ earnings. Ten states, for example, have a minimum wage that is above the federal minimum wage, with the highest being Washington State at \$6.90 per hour. In all, 20% of the U.S. residents live in states and localities with a minimum wage higher than the federal minimum wage.²⁷ Higher wages also have a positive impact on both workers and their employers by reducing turnover, increasing work experience, and saving on training and recruitment costs for both workers and employers.

Another approach to raising wages of workers are the Living Wage laws that mandate that city contractors and employers receiving public subsidies pay a “living wage.” These policies would impact private sector workers’ wages as well as public sector workers. Union representation of workers also leads to higher wages as well as better benefits, moving workers closer to the Self-Sufficiency Standard.²⁸

Reducing Gender and Race Based Wage Disparities: It is important to recognize that not all barriers to self-sufficiency lie in the individual persons

and/or families seeking self-sufficiency. Women and/or people of color all too often face artificial barriers to employment not addressed by public policy or training/education strategies. For some, discrimination on the basis of gender and/or race is a key issue. At the same time, this does not necessarily mean that individuals or institutions are engaging in deliberate racism and sexism. Addressing the more subtle, yet substantial, barriers effectively requires all stakeholders—employers, unions, advocates, training providers and educators, welfare officials and program participants—to partner together to address the various difficulties, myths and misunderstandings that arise as more and more people seek to enter a workforce environment that is not always welcoming. Pay Equity laws raise the wages of women and people of color who are subject to race- and gender-based discrimination.²⁹

Sectoral Employment Intervention: A strategy for targeting high-wage jobs, Sectoral Employment Intervention determines the wage needed by a worker to sustain her/his family (using the Self-Sufficiency Standard), identifies well-paying jobs in growth sectors that lack trained workers, and analyzes the job training and support services infrastructure necessary to move individuals into these jobs. Key components include engaging industry representatives, Workforce development boards establishing occupational information systems based on local- and regional-labor-market-specific data, targeting training for specific jobs, and developing sensible outcome standards. Because this approach looks at labor market issues from both supply and demand perspectives, it helps communities strengthen their local economies while reinvesting in families and neighborhoods. Targeted training is necessary to help low-income clients access high-demand, high-wage jobs. By responding to businesses’ specific labor needs, a high-wage job targeting strategy improves a region’s ability to attract and keep industries and to support a healthier business climate.

Modeling the Impact of Supports on Wages Required to Meet Basic Needs

The Impact of Supports on Reducing Costs and Meeting Basic Needs

There are a number of ways to reduce the amount of income required to meet family needs, thus helping low-income families achieve self-sufficiency. Below we discuss health care coverage, child support and work supports as means to assist families reach self-sufficiency. We then model the effects of these resources on families' wages in Tables 8 and 9.

Health Care Coverage: Affordable health care coverage is essential to families working toward self-sufficiency. The Standard assumes that a Self-Sufficiency Wage includes employer-provided (and partially financed) health insurance. When families have affordable health care coverage, health care expenses are a relatively small cost item in their budgets (less than 10% for most family types). However, it should be noted again that many families cannot afford the health care coverage available through their employers or health care benefits are not offered, and purchasing health insurance independently is extremely expensive. For example, a sample average cost of health insurance for a single parent with children in New Jersey is \$758.61 per month. When health care benefits are not available or are not affordable, parents have to make difficult choices in order to try to meet their families' needs. Without health care coverage, an illness or injury in a family can become a very serious financial crisis. For example, families may need to risk eviction by using income budgeted for housing to pay for needed health care.

The expansions of the federal and state-supported Children's Health Insurance Program—which in New Jersey is known as Family Care and has been extended with state funding to cover adults and children at higher income levels—makes coverage available to many households who would not otherwise be able to afford it. Due to budget constraints and program guidelines, Family Care is not immediately available to all uninsured people. Medicaid is another resource available to some families. Families who enter the workforce from welfare are eligible for continued coverage by Medicaid for themselves and their children for up to 24 months.³⁰

After that, and for families not transitioning from welfare, children can be covered Family Care, depending upon each child's age, family income and household size.³¹ The impact of health care assistance on a family's wages, in addition to child support and other work supports, is modeled in the following tables.

Child Support: While not an option for all families, whenever possible child support from absent, non-custodial parents should be sought. Higher unemployment rates and lower wages among some groups may result in lesser amounts of child support. As a result, many low-income non-custodial parents are unable to pay child support. Nevertheless, whatever the amount, child support reduces the amount required for a family to meet their needs, while providing the support of both parents to meet children's needs.

Other Work Supports: In addition to assistance with health care coverage, there are other work supports that further assist families meet their basic needs. While the Self-Sufficiency Standard gives the amount of income that families need to meet their basic needs, without public or private assistance, many families cannot achieve self-sufficiency immediately. Work supports or aid such as cash assistance (TANF), housing (including Section 8 vouchers and public housing), child care, health care (Medicaid or Family Care), and/or transportation subsidies all aid families as they struggle to become economically independent. At the crucial point in their lives of entering employment, such work supports can help a family achieve stability without scrimping on nutrition, living in overcrowded or substandard housing, or using inadequate child care. This stability can help a family maintain employment, which is a necessary condition for improving wages. It should be noted, however, that work supports are limited. They are not available to all families whose incomes are insufficient to meet their needs, and often work support benefits are low. *Often families do not have income adequate to meet their needs, yet their incomes are too high to meet income eligibility guidelines for work supports that would help them reach self-sufficiency, as will be demonstrated in the following tables.*

Modeling the Impact of Supports: Tables 8 and 9

In Tables 8 and 9, we examine the effect of adding work supports for a single parent family with two children—a preschooler and schoolage child—living in Camden and Mercer Counties. These tables illustrate the impact of work supports in different combinations and under different cost of living conditions. The basis for these numbers can be found in the section entitled “How the Standard is Calculated,” starting on page 5.

Treatment of Tax Credits: Although we include federal and state Earned Income Tax Credit and/or the Child Tax Credit (when the family qualifies) in the calculation of the Self-Sufficiency Standard, in this model we want to show only income that is in fact

likely to be available to families each month to meet their needs. Although by law a family can receive part of the federal EITC to which they are entitled on a monthly basis, the great majority (approximately 99%) of families receive the EITC as a lump sum payment the following year when they file their tax returns.³² While this money is frequently used, according to research, to meet important family needs such as a security deposit for housing, to buy a car, to settle debts, to pay tuition, or to start a savings account, it is not available to meet daily or monthly needs.³³ Moreover, because of fluctuating hours and wages over the year, many workers find it difficult to gauge how much EITC they will be receiving when they file their taxes at the beginning of the next year.

Table 8
Impact of Work Supports on Monthly Costs and the Self-Sufficiency Wage
of a Single Parent with One Preschool and One Schoolage Child
Camden County, NJ 2002

	#1	WORK SUPPORTS				
		#2	#3	#4	#5	#6
	Self-Sufficiency Standard	Child Support	Family Care	Child Care, Family Care	Child Care, Food Stamps, Transportation, Family Care	Housing, Child Care, Food Stamps, Family Care
Monthly Costs:						
Housing	\$839	\$839	\$839	\$839	\$839	\$280
Child Care	\$873	\$873	\$873	\$183	\$150	\$78
Food	\$396	\$396	\$396	\$396	\$208	\$191
Transportation	\$54	\$54	\$54	\$54	\$0	\$54
Health Care	\$176	\$176	\$111	\$0	\$0	\$0
Miscellaneous	\$234	\$234	\$234	\$234	\$234	\$234
Taxes	\$516	\$413	\$495	\$253	\$180	\$103
Earned Income Tax Credit	\$0	**	**	**	**	**
Child Care Tax Credit (-)	-\$80	-\$80	-\$80	-\$44	-\$34	\$0
Child Tax Credit (-)	-\$100	-\$100	-\$100	-\$98	-\$68	-\$10
Child Support	\$0	-\$319	\$0	\$0	\$0	\$0
Self-Sufficiency Wage-						
Hourly	\$16.52	\$14.13	\$16.03	\$10.32	\$8.57	\$5.29
Monthly	\$2,908	\$2,486	\$2,822	\$1,817	\$1,509	\$931
Annual	\$34,898	\$29,834	\$33,864	\$21,799	\$18,110	\$11,167
Total Federal EITC (annual)**		\$479	\$0	\$2,171	\$2,948	\$4,005
Total State EITC (annual)**		\$84	\$0	\$380	\$516	\$701
Child Tax Credit (annual refundable)**		\$0	\$0	\$739	\$811	\$117

** In the modeling columns, refundable credits are shown as they are usually received, as an annual lump sum when taxes are filed early the next year. The child tax credit is split, with the part that is a credit against taxes owed received monthly, and the refundable portion shown as received annually. EITC is not received as a credit against taxes, so it is shown only annually.

Instead, we show the state and federal EITC and the refundable CTC that this family as annual amounts. Each is the amount they would receive when filing their taxes the following year, if they worked at this wage for the entire year. (See the three shaded lines at the bottom of Tables 8 and 9.) Note that because these amounts are not received monthly, they are not included in the calculation of the wages shown.

Similarly, the Child Tax Credit is split. The part that is a credit against federal taxes, if any, is shown as received monthly, as is the CCTC. The refundable portion, however, is only received as a lump sum payment, as is the EITC, so it is shown at the bottom of the table, as an annual amount.

Table 8-The Impact of Work Supports in Camden County

The Self-Sufficiency Standard (Column #1): In the first column of Table 8 in Camden County, the Standard provides the full amount of each of the family's expenses, including taxes, without any work or other supports to reduce these costs (except tax credits where applicable). With child care expenses of \$873 per month and housing costs of \$839 per month, it is not surprising that for this single parent the Self-Sufficiency Wage is **\$16.52** per hour in Camden County.

Private Support:

Child Support (Column #2): In the second column of Table 8, the private "subsidy" of child support is added. The amount of \$319 shown is the average child support payment per family per month in New Jersey (for families receiving support), as reported by the state.³⁴ Unlike additional earned income, child support is not reduced by taxes, and therefore it has a stronger impact on helping families meet their needs.

Not only does child support reduce the amount that must be earned, but it changes taxes as well. Taxes decrease from \$516 in Camden County in Column #1—when all income is earned, to \$413—when some income is received as child support. Note that altogether, these changes reduce the amount this single parent must earn to meet her family's needs from \$16.52 to **\$14.13** per hour.

Public Work Supports:

Family Care (Column #3): In the third column, we show the effect of Family Care, which is the health care coverage available to children in families with incomes below 350% of the federal poverty level and

available to parents and children in families with incomes below 200% of the federal poverty level. At this wage level, the children qualify for health care coverage but the adult in the family does not. This reduces her health care costs to those of a single adult (\$81) plus a \$30 premium for the children. Thus, Family Care reduces the income she needs to earn from \$16.52 to **\$16.03** per hour in Camden County.

Child Care and Family Care (Column #4): In the fourth column, we show the combined effect of Family Care and of a child care work support or subsidy available to low-income families. Child care assistance is available to New Jersey families with incomes below 200% of the federal poverty level. The child care subsidy dramatically reduces her monthly child care costs from \$873 to \$183, which is the income contingent co-payment. This combination of child care assistance and Family Care substantially reduces the amount she needs to earn for her family from \$16.03 with just Family Care, to **\$10.32** per hour in Camden County. We attempted to include Food Stamps in this column; however, when her wages were adequate to meet her family's needs with the assistance of child care and Family Care, she was not eligible for Food Stamps.

Child Care, Food Stamps, Transportation, and Family Care (Column #5): In addition to child care assistance and Family Care, we have added a transportation subsidy (monthly bus pass) in the fifth column of Table 8. As a result of this additional assistance, she is eligible for Food Stamps. This reduces both her families' transportation costs and health care costs to zero. Her child care costs are now lowered to \$150 per month, and with a partial Food Stamps benefit, her monthly food costs are nearly cut in half. Altogether this combination of subsidies lowers the income that must be earned from \$16.52 to **\$8.57** per hour.

Housing, Child Care, Food Stamps, and Family Care (Column #6): In the sixth column of Table 8, we show the combination of a housing subsidy, Food Stamps, child care assistance, and Family Care. The housing subsidy reduces the cost of housing to 30% of her income, lowering housing costs from \$839 to \$280 per month. The child care costs are also substantially reduced, with her co-payment now just \$78 per month. At this wage level, her health care costs are zero. Her families' food costs are also reduced with Food Stamps from \$396 to \$191 per month. These work supports reduce the wage needed to meet basic needs to just **\$5.29** per hour.

Table 9
Impact of Work Supports on Monthly Costs and the Self-Sufficiency Wage
of a Single Parent with One Preschool and One Schoolage Child
 Mercer County, NJ 2002

	#1	WORK SUPPORTS				
		#2	#3	#4	#5	#6
	Self-Sufficiency Standard	Child Support	[Family Care-Not Eligible]*	Child Care, Family Care	Child Care, [Food Stamps-Not Eligible]*, Transportation, Family Care	Housing, Child Care, [Food Stamps-Not Eligible]*, Family Care
Monthly Costs:						
Housing	\$903	\$903	\$903	\$903	\$903	\$540
Child Care	\$1,261	\$1,261	\$1,261	\$288	\$248	\$183
Food	\$396	\$396	\$396	\$396	\$396	\$396
Transportation	\$265	\$265	\$265	\$265	\$90	\$265
Health Care	\$176	\$176	\$176	\$0	\$40	\$0
Miscellaneous	\$300	\$300	\$300	\$300	\$300	\$300
Taxes	\$757	\$654	\$757	\$393	\$338	\$254
Earned Income	\$0	**	**	**	**	**
Tax Credit						
Child Care Tax Credit (-)	-\$80	-\$80	-\$80	-\$58	-\$55	-\$44
Child Tax Credit (-)	-\$100	-\$100	-\$100	-\$100	-\$100	-\$96
Child Support	\$0	-\$319	\$0	\$0	\$0	\$0
Self-Sufficiency Wage-						
Hourly	\$22.04	\$19.64	\$22.04	\$13.56	\$12.28	\$10.22
Monthly	\$3,879	\$3,457	\$3,879	\$2,387	\$2,161	\$1,798
Annual	\$46,551	\$41,487	\$46,551	\$28,648	\$25,933	\$21,576
Total Federal EITC (annual)**		\$0	\$0	\$728	\$1,300	\$2,218
Total State EITC (annual)**		\$0	\$0	\$127	\$228	\$388
Child Tax Credit (annual refundable)**		\$0	\$0	\$0	\$268	\$751

*We attempted to model this work support; however, if their income was high enough to meet their other expenses it was too high to qualify for this work support. Therefore, the family is not eligible for the support.

** In the modeling columns, refundable credits are shown as they are usually received, as an annual lump sum when taxes are filed early the next year. The child tax credit is split, with the part that is a credit against taxes owed received monthly, and the refundable portion shown as received annually. EITC is not received as a credit against taxes, so it is shown only annually.

Table 9 - The Impact of Work Supports in Mercer County

The Self-Sufficiency Standard (Column #1): In Table 9, we have attempted to model the same work supports as in Table 8. However, Mercer County is considerably more expensive for the same family type. Child care is almost \$400 more per month, and because transportation is private rather than public, it costs about \$200 more per month than in Camden County. Altogether, these higher costs result in a Self-Sufficiency wage of **\$22.04** per hour, which is more than \$900 more per month than in Camden County for the same family type.

Child Support (Column #2): In the second column of Table 9, we model the effect of child support. The amount of \$319 is the same number used in Table 8, as this number is the average amount of child support received in New Jersey. This private subsidy reduces her taxes by over \$100 per month from \$757 to \$654 per month. It also reduces the wage needed to meet basic needs for this family from \$22.04 to **\$19.64** per hour.

Family Care (Column #3): In the third column of Table 9, we attempt to show the effect of receiving the health care subsidy, Family Care, available to low-income families in New Jersey. However, if the

family's income is high enough to meet the costs of all their needs, it is too high to qualify for Family Care. Therefore, they are not eligible, and their Self-Sufficiency Wage is the same as in Column #1, at **\$22.04**. (Since this family does not actually receive this support, the column title is bracketed and the name of the work support is followed by "Not Eligible.")

Child Care and Family Care (Column #4): In the fourth column of Table 9, we model the effect of a child care subsidy as well as Family Care. With the addition of a child care subsidy in Column #4, this family is able to qualify for Family Care as well. The child care subsidy dramatically reduces the monthly cost of child care for this family from \$1,261 to \$288, her co-payment, saving her nearly one thousand dollars a month. The cost of health care is zero for this family, as Family Care covers the parent and her children. Altogether, these subsidies decrease the hourly wage needed to adequately meet the needs of this family by more than \$8.00 per hour to **\$13.56** per hour in Mercer County.

Child Care, Food Stamps, Transportation, and Family Care (Column #5): In addition to child care assistance and Family Care, we have added a transportation subsidy in the fifth column of Table 9 that only requires her to pay for the cost of gas, oil, and maintenance. This reduces her families' transportation costs to \$90 per month. At this income level, although Family Care covers both herself and her children, she must pay a premium of \$40 per month. Her child care costs are lowered to the co-payment of \$248 per month. We also attempted to model Food Stamps; however, her income is too high to qualify for Food Stamps and still meet her families' basic needs, even with the help of child care assistance, transportation assistance, and Family Care. Altogether, this combination of subsidies lowers the income that must be earned from \$22.04 to **\$12.28** per hour.

Housing, Child Care, Food Stamps, and Family Care: (Column #6): In the sixth column of Table 9, we show the combination of a housing subsidy, child care assistance, and Family Care. As in column #5, we attempted to model Food Stamps; however, her income is still too high to qualify. The housing subsidy reduces the cost of housing to 30% of her income, from \$903 to \$540 per month. The child care costs are also substantially reduced from \$1,261 to \$183 per month, and at this wage level, her health care costs are zero as she and her children are covered by Family Care and there

is no premium at this income level. These work supports reduce the wage needed to meet basic needs to **\$10.22** per hour.

The figures in Tables 8 and 9 provide examples for one family—a single parent with one preschooler, and one schoolage child, living in Camden and Mercer Counties. The impact of various work supports varies in different communities and family types, depending on cost levels and policy choices. What is clear from this example is that public policy choices can have a substantial impact on the ability of families to become self-sufficient, assisting families who receive the supports for which they are eligible.

By temporarily aiding families with work supports until they are able to earn Self-Sufficiency-level Wages, families are able to meet their needs adequately as they enter or re-enter the work force. Meeting their basic needs means that they are more likely to be able to achieve stability in their housing, child care, diet, and health care. This in turn helps support their achieving stable employment, depending on the state of the economy.

Modeling the Impact of Work Supports on Wage Adequacy: Table 10

In Tables 8 and 9, we began with a Self-Sufficiency Wage and modeled how various work supports, alone and in combination, could lower the wage needed for families to meet their needs. In Table 10 we show how adequately wages of \$8.00, \$10.00 and \$12.00 per hour (Panels A, B and C, respectively), can meet a family's needs with and without work supports.

In Table 10, the term "Wage Adequacy" refers to the degree to which a given wage is adequate to meet their basic needs, taking into account the availability of various work supports—or lack thereof. If Wage Adequacy is at or above 100%, that means the wage is adequate, or more than adequate, to meet the family's needs.

We use the same family modeled in Table 9, a single parent with one preschooler and a schoolage child in Mercer County. Panels A, B, and C show the level of Wage Adequacy that this family reaches with wages of \$8.00, \$10.00 and \$12.00 per hour in combination with various work supports. Work supports for which the family does not qualify are bracketed and followed by "Not Eligible." Costs reduced by work supports are noted in bold.

Table 10
Impact of Work Supports on Wage Adequacy
Single Parent with One Preschooler and One Schoolage Child
Mercer County, NJ 2002

Panel A: Wage Adequacy at \$8.00 per hour

	WORK SUPPORTS			
	<i>No Work Supports</i>	<i>Food Stamps & Family Care</i>	<i>Child Care, Food Stamps & Family Care</i>	<i>Housing, Child Care, Food Stamps & Family Care</i>
TOTAL INCOME:	\$1,408	\$1,408	\$1,408	\$1,408
Monthly Costs:				
<i>Housing</i>	\$903	\$903	\$903	\$422
<i>Child Care</i>	\$1,261	\$1,261	\$124	\$124
<i>Food</i>	\$396	\$191	\$191	\$298
<i>Transportation</i>	\$265	\$265	\$265	\$265
<i>Health Care</i>	\$176	\$0	\$0	\$0
<i>Miscellaneous</i>	\$300	\$300	\$300	\$300
<i>Taxes</i>	\$160	\$160	\$160	\$160
<i>Earned Income Tax Credit (-)</i>	**	**	**	**
<i>Child Care Tax Credit (-)</i>	(\$19)	(\$19)	(\$19)	(\$19)
<i>Child Tax Credit (-)</i>	(\$57)	(\$57)	(\$57)	(\$57)
TOTAL LIVING EXPENSES	\$3,386	\$3,005	\$1,867	\$1,493
SHORTFALL (-) or SURPLUS	-\$1,978	-\$1,597	-\$459	-\$85
WAGE ADEQUACY (Total Income/Total Expenses)	42%	47%	75%	94%

Note: Families costs are reduced by work supports shown in column headings and the cost amount is shown in bold. If they are not income eligible, the work support is followed by "not eligible".

**EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit.

Wage Adequacy with No Work Supports: In the first column, the parent's wage is \$8.00 per hour and she is not receiving any work supports. In this scenario, the family's expenses total \$3,386, while her wages are just \$1,408. Thus there is a shortfall of \$1,978 without work supports. In other words, these wages only provide 42% of the income needed to meet this family's needs. We call this percentage "Wage Adequacy." In Panels B and C on the following page, we show the effect of increasing her wages to \$10.00 and \$12.00 per hour. This increases Wage Adequacy to 52% and 61%, respectively, still far below what is needed. Indeed, even with higher wages, the family's monthly income is still \$1,622 and \$1,328 *less than* what is needed to be self-sufficient.

When a family's income is not adequate to meet their basic needs, parents must make difficult choices to try to address their most urgent needs. In other words, parents must "juggle" demands on their income to get by. For example, parents may need to alternate paying bills every other month, risking bad credit, utility cutoffs or eviction; forgo needed health care; move to over-

crowded living conditions; compromise on the quality of child care; or skip meals so that their children will have adequate food. Having to make these choices is extremely stressful, and does not allow families access to resources needed when unexpected crises arise.

Wage Adequacy with Food Stamps and Family Care: When the family receives the support of Family Care and Food Stamps, it reduces their health care and food costs, as shown in the second work support column of panels A, B and C. At \$8.00 per hour (Panel A) this increases Wage Adequacy to 47%. In other words, a wage of \$8.00 per hour with Food Stamps and Family Care, meets only 47% of this family's needs. At \$10.00 per hour, with the same package, the family's Wage Adequacy increases to 55%. At \$12.00 per hour, Wage Adequacy increases to 64%. However, only at \$8.00 per hour does this family qualify for Food Stamps. At the \$10.00 and \$12.00 wage levels, the income is too high to qualify for Food Stamps. The family's income at each wage level, even with the help of Family Care, is still significantly below Wage Adequacy.

Table 10 -- Continued
Impact of Work Supports on Wage Adequacy
 Single Parent with One Preschooler and One Schoolage Child
 Mercer County, NJ 2002

Panel B: Wage Adequacy at \$10.00 per hour

	WORK SUPPORTS			
	<i>No Work Supports</i>	<i>[Food Stamps-Not Eligible] & Family Care</i>	<i>Child Care, [Food Stamps-Not Eligible] & Family Care</i>	<i>Housing, Child Care, [Food Stamps-Not Eligible] & Family Care</i>
TOTAL INCOME:	\$1,760	\$1,760	\$1,760	\$1,760
Monthly Costs:				
Housing	\$903	\$903	\$903	\$528
Child Care	\$1,261	\$1,261	\$183	\$183
Food	\$396	\$396	\$396	\$396
Transportation	\$265	\$265	\$265	\$265
Health Care	\$176	\$0	\$0	\$0
Miscellaneous	\$300	\$300	\$300	\$300
Taxes	\$245	\$245	\$245	\$245
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	(\$72)	(\$72)	(\$72)	(\$72)
Child Tax Credit (-)	(\$93)	(\$93)	(\$93)	(\$93)
TOTAL LIVING EXPENSES	\$3,382	\$3,206	\$2,127	\$1,752
SHORTFALL (-) or SURPLUS	-\$1,622	-\$1,446	-\$367	\$8
WAGE ADEQUACY (Total Income/Total Expenses)	52%	55%	83%	100%

Panel C: Wage Adequacy at \$12.00 per hour

	WORK SUPPORTS			
	<i>No Work Supports</i>	<i>[Food Stamps-Not Eligible] & Family Care</i>	<i>Child Care, [Food Stamps-Not Eligible] & Family Care</i>	<i>Housing, Child Care, [Food Stamps-Not Eligible] & Family Care</i>
TOTAL INCOME:	\$2,112	\$2,112	\$2,112	\$2,112
Monthly Costs:				
Housing	\$903	\$903	\$903	\$634
Child Care	\$1,261	\$1,261	\$248	\$248
Food	\$396	\$396	\$396	\$396
Transportation	\$265	\$265	\$265	\$265
Health Care	\$176	\$40	\$40	\$40
Miscellaneous	\$300	\$300	\$300	\$300
Taxes	\$326	\$326	\$326	\$326
Earned Income Tax Credit (-)	**	**	**	**
Child Care Tax Credit (-)	(\$88)	(\$88)	(\$88)	(\$88)
Child Tax Credit (-)	(\$100)	(\$100)	(\$100)	(\$100)
TOTAL LIVING EXPENSES	\$3,440	\$3,304	\$2,291	\$2,021
SHORTFALL (-) or SURPLUS	-\$1,328	-\$1,192	-\$179	\$91
WAGE ADEQUACY (Total Income/Total Expenses)	61%	64%	92%	104%

Note: Families costs are reduced by work supports shown in column headings and the cost amount is shown in bold. If they are not income eligible, the work support is followed by "not eligible".

**EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit.

Wage Adequacy with Child Care, Food Stamps and Family Care: The very high cost of child care in New Jersey is a substantial burden on the budgets of families with young children, therefore, the addition of child care assistance raises the family's Wage Adequacy significantly (see Column #3 in Panels A, B and C of Table 10). When earning \$8.00 per hour, the addition of child care assistance to the Food Stamps and Family Care package previously modeled increases Wage Adequacy from 47% to 75%. At \$10.00 per hour, the addition of child care increases Wage Adequacy from 55% to 83%; at \$12.00 per hour, Wage Adequacy increases from 64% to 92% respectively.

Wage Adequacy with Housing, Child Care, Food Stamps, and Family Care: Like child care, housing is a significant expense, so assistance in meeting this need has a substantial impact on the family budget (see Column #4 of Panels A, B and C). With housing assistance, at a wage of \$8.00 per hour, the family reaches a Wage Adequacy of 94%. However, because of deductions available within the Food Stamp eligibility guidelines, at \$8.00 per hour with housing assistance, food costs actually rise. Conversely, at wages of \$10.00 and \$12.00 per hour, Wage Adequacy reaches 100% and 104%, respectively.

Although it is important for families to be able to meet their basic needs at an adequate level, it is also important to remember that these are "bare-bones" budgets. For example, whether receiving Food Stamps or not, the food budget does not allow for any take-out or restaurant food. Therefore, families with Wage Adequacy above 100% should not be viewed as having extravagant incomes. Rather, the additional income should be seen as a means to meet other essential expenses not included in the budget, such as the purchase of a car or a refrigerator or to put down first and last month's rent to secure housing.

Importance and Availability of the Work Supports Modeled Here: By temporarily aiding families with work supports until they are able to earn Self-Sufficiency Wages, families are able to meet their needs adequately as they enter or re-enter the workforce. Meeting their basic needs means that they are more likely to be able to achieve stability in their housing, child care, diet, and health care. This in turn helps support their ability to achieve stable employment, depending on the state of the economy. Thus, carefully targeted programs and tax policies can play an important role in helping families become fully self-sufficient.

Unfortunately, the various work supports modeled here are not available to all who need them:

- Nationwide, only about 12% of eligible families receive housing aid or live in public housing.³⁵ In New Jersey, the Department of Community Affairs, which administers approximately 20,000 of the 60,000 vouchers in the state, has 24,000 households on the waiting list for Section 8 housing assistance.³⁶ The Department receives three times more applications for affordable housing than they are able to serve.³⁷
- Between 1996 and 2000, the number of people receiving Food Stamps dropped by 8.6 million, according to the U.S. Department of Agriculture. Although some of this decline was due to the improving economy, a GAO report concluded that the decline was greater than would be expected according to economic indicators; also, the Urban Institute reported that about two-thirds of those who left the Food Stamps program as they left welfare remained eligible.³⁸
- Only 10% of about 15 million eligible children are receiving child care assistance nationwide³⁹; in New Jersey, it is estimated that 64,000 children each month will receive assistance in 2002.⁴⁰ According to the U.S. Department of Health and Human Services, 10% of eligible children in New Jersey were served in Fiscal Year 1999.⁴¹
- Families USA reports that in the 12 states with the largest numbers of uninsured children, Medicaid enrollment declined by nearly a million children. Some, but not all of that loss, was recouped with expanded CHIP (Child Health Insurance Program) enrollment.⁴² In New Jersey, there are 93,185 children and 173,514 adults served by Family Care. There are 164,309 children estimated to qualify, which means that about 57% of potentially eligible children are being covered by Family Care.⁴³
- Although 58% of custodial parents had child support awards, only 34% received at least part of the child support payment owed to them, and less than 20% received the full amount owed. (Again, many low-income, non-custodial parents are unable to pay child support.) Not surprisingly, the average monthly child support payment of \$312 represents just 17% of a single mother's, and 11% of a single father's income.⁴⁴ In New Jersey the average monthly child support payment is about \$319.⁴⁵

How the Self-Sufficiency Standard Can Be Used

The Self-Sufficiency Standard is relevant to a range of issues and arenas, providing crucial information about wage adequacy to help design strategies for self-sufficiency. The Standard can be used in a variety of settings: from welfare clients choosing the best route out of poverty for themselves and their families, to organizations weighing investment in various education and training opportunities, to state-level policymakers facing critical policy choices on TANF reauthorization, tax policy, work supports, welfare-to-work programs, economic development plans, education and training.

At a time when many policy and programmatic decisions are being made at the state and local levels, the Standard provides a tool and a means to evaluate many different options. The discussion below should be seen as a partial list of options, as new uses and applications of the Standard continue to emerge.

The Self-Sufficiency Standard as a Policy Tool to Target Job Training and Education Resources

The Self-Sufficiency Standard has a number of uses in the development and evaluation of policy in different areas. The Standard is a key component, for example, in the *Targeted Jobs Strategy*. This strategy uses the Standard to target resources to better match job seekers with jobs paying Self-Sufficiency Wages. First, the Standard is used to determine which jobs in the local market pay Self-Sufficiency Wages. Second, it examines local labor market supply and demand (to determine jobs that have expanding but unfilled openings). Next, it makes an assessment of the available job training and education infrastructure, and finally, it makes an evaluation of the skills and location of current/potential workers. Through such an analysis, it is possible to determine the jobs and sectors on which to target training and counseling resources. The Self-Sufficiency Standard has been used in this way in a number of places including California, Pennsylvania, and Washington, DC. In the District of Columbia, for example, the Self-Sufficiency Standard was used in formatting their FY 2000 Workforce Investment Act. This law requires that the Workforce Investment Board

not only look at “high growth” occupations to target job training dollars, but also at the quality of the jobs in terms of their ability to meet the wage and supportive service needs of job seekers.

The Standard can be used to *target education and job training investments*. Given the Self-Sufficiency Wages for most family types, the Standard can help demonstrate the “pay off” for investing in various types of post-secondary education and training, including training for occupations that are nontraditional for women and people of color. Such training and education provide access to a wide range of jobs paying Self-Sufficiency Wages. In California’s Santa Clara County, for example, the Self-Sufficiency Standard was used in a sectoral employment intervention analysis that focused on the availability of nontraditional jobs, the geographical spread of those jobs, the availability of training resources and wage rates. The analysis led to a curriculum and counselor training package that targets transportation jobs and \$140,000 to the community college system to explore how to strengthen preparation for transportation jobs. The Self-Sufficiency Standard was also used in Pennsylvania’s Delaware County to design and implement a sector employment intervention strategy that will identify, recruit, hire, train, retain and provide upward mobility to low-income residents.

The Self-Sufficiency Standard as a Tool to Evaluate Economic Development and Other Policies

The Standard has also been used to *evaluate economic development proposals*. By using the Standard to determine if the wages paid by new businesses seeking tax breaks and other government subsidies are at or above self-sufficiency, it can be determined if these proposed enterprises will require supports to the workers as well, essentially a “double subsidy.” Thus, such proposals can be evaluated as to their net positive or negative effect on the local economy as well as the well-being of the potential workers and their families. In Pennsylvania, the Standard was used to create a report, “The Road to

Self-Sufficiency,” which explores the impact of public subsidies on full and part-time low-wage workers and assess wage adequacy in Philadelphia.

The Standard has also been used to *evaluate the impact of proposed policy changes*. As shown in this report (see Tables 8 and 9), the Standard can be used to evaluate the impact of work support programs as well as other policy options such as child care co-payment schedules, or implementing tax reforms of various kinds. With the Standard it is possible not only to show the direct impact on family incomes, but to model the effects of the interaction of taxes, tax credits, and, where applicable, work supports. For example, the Self-Sufficiency Standard was instrumental in helping persuade the Indiana Housing Finance Authority that increases in housing assistance subsidies would have a powerful impact on helping low-income families achieve self-sufficiency. As a result, IHFA dedicated an additional \$2.5 million for acquisition, rehabilitation, construction and operation of emergency, transitional and supportive housing.

The Self-Sufficiency Standard as a Guideline for Determining Eligibility and Need for Services

The Standard can and has been used to determine where individuals are most in need of services, including career counseling, job training and various support services. For example, the Connecticut Legislature enacted a state statute that identifies “the under employed worker” as an individual without the skills necessary to earn a wage equal to the Self-Sufficiency Standard. The statute directs statewide workforce planning boards to recommend funding to assist such workers.

The Self-Sufficiency Standard as a Guideline for Wage-Setting

By determining the wages necessary to meet basic needs, the Standard provides information for setting minimum wage standards. It was used precisely this way by the Center for the Child Care Workforce, which developed specific guidelines for each county/school district in California for child care workers’ salaries. The Standard can and has been used in Illinois and Washington State to advocate for higher wages through Living Wage ordinances and in negotiating labor union agreements.

The Self-Sufficiency Standard as a Benchmark for Evaluation and Program Improvement

The Standard can be used to evaluate outcomes for a wide range of programs that result in employment, from short-term job search and placement programs, to programs providing extensive education or job training. By evaluating outcomes in terms of self-sufficiency, programs are using a measure of true effectiveness. That is, for each participant, the question asked is how close the wages achieved are to the family’s Self-Sufficiency Wage and thus how the program impacts on the ability of these adults to meet their families’ needs adequately. Such evaluations can help redirect resources to the types of approaches that result in improved outcomes for participants.

The first county in the country to adopt the Standard as its formal measure of self-sufficiency and benchmark for measuring success of welfare-to-work programs was Sonoma County, California. In Connecticut, the Self-Sufficiency Standard has been adopted at the state level. It is not only used as a performance measure for planning state-supported job training, placement and employment retention programs, but the law also requires that the Standard be distributed to all state agencies that counsel individuals who are seeking education, training or employment and that the Standard be used in initial client assessment. Under its Workforce Investment Act, the Chicago Workforce Investment Board adopted the Self-Sufficiency Standard as its self-sufficiency benchmark. In addition, the Illinois Department of Human Services uses the Standard as a tool for setting goals in their local offices statewide.

The California Department of Human Services uses the Standard as a benchmark on its state website. The Philadelphia Workforce Investment Board also adopted the Standard as its local benchmark for economic self-sufficiency as it relates to the city’s workforce investment system. The Seattle Workforce Development Council has adopted the Self-Sufficiency Standard as its official measure of self-sufficiency. In Massachusetts, the Standard was used to analyze the extent to which Massachusetts workforce development programs funded by the Department of Labor were enabling clients to move towards or maintain self-sufficiency.

The Self-Sufficiency Standard as a Counseling Tool

The Standard can and has been used as a counseling tool, to help participants in work and training programs make choices among various occupations and jobs. The Standard has also been used to develop the Self-Sufficiency Standard Budget Worksheet, which is a tool that counselors and clients can use to “test” the ability of various wages to meet a family’s self-sufficiency needs. With the information provided by the Standard, clients can make informed decisions about what kinds of training would most likely lead to Self-Sufficiency Wages and/or which jobs would best provide the resources they need. Alternatively, the Standard can help participants determine in what ways micro-enterprise or Individual Development Account strategies may, alone or together with paid employment, provide a path to self-sufficiency for themselves and their families.

The Standard has been used as a career counseling tool in Texas for low-income individuals enrolled in job training programs at Houston READ Commission, the Women’s Center of Tarrant County and Project Quest in San Antonio.

Computer-based Self-Sufficiency Budget Calculators, for use by counselors and clients, have been developed for Illinois, New York and Washington, DC. These computer-based tools, as well as paper-and-pencil Budget Worksheets developed in Pennsylvania, allow both counselors and clients to evaluate possible wages and compare information on available programs and work supports to their own costs and needs. These tools integrate in one place a wide range of data not usually brought together—even though clients often must coordinate these various programs, supports, costs and wages in their own lives.

The Self-Sufficiency Standard as a Public Education Tool

The Standard is an important public education tool. In 2001, the Self-Sufficiency Standard was presented in

over three hundred workshops to the public nationwide. It is also being used in classrooms across the country. It helps the public at large understand what is involved in making the transition to self-sufficiency. For employers, it shows the importance of providing benefits, especially health care, that help families meet their needs and protect against health crises becoming economic crises. For providers, both public and private, such as child care providers, community organizations and education and training organizations, it demonstrates how the various components fit together, thus helping to facilitate the coordination of various services and supports.

The Self-Sufficiency Standard in Research

Because the Self-Sufficiency Standard provides an accurate and specific (both geographically and in terms of the age of children) measure of income adequacy, it is finding increasing use in research on income adequacy and poverty. Since it has long been known that living costs differ greatly between different localities, the Self-Sufficiency Standard provides a means of estimating the true level of “poverty,” or income inadequacy, and how this differs from place to place, and among different family types. In addition, the Standard provides a means to measure the adequacy of various work supports, such as child support or child care assistance—given a family’s income, place of residence, and composition.

The Standard has been used in researching the impact of work supports on wage adequacy in Pennsylvania and Massachusetts, child care subsidies in California and health care costs in Washington State. More detailed information about these various applications of the Standard and links to reports and calculators can be found at the website www.sixstrategies.org and/or by contacting the specific state lead organization.

Conclusion

With the current debate on the reauthorization of the TANF welfare reform legislation, particularly the possible introduction of increased work requirements without increased resources for child care and job training/education, the challenge continues to be how to help low-income households become self-sufficient. The uncertain economy, the lack of available jobs paying sufficient wages, and time limits becoming an issue for many add further to the problems faced by many parents seeking self-sufficiency. The Self-Sufficiency Standard strives to inform this debate by documenting the cost of living that families must meet to live independently, without public or private assistance. The Self-Sufficiency Standard shows that, for most parents, earnings that are well above the official poverty level are nevertheless far below what they need to meet their families' basic needs.

The Standard is currently being used to better understand issues of income adequacy, to analyze policy and to help individuals striving for self-sufficiency. Community organizations, academic researchers, policy institutes, legal advocates, training providers, community action agencies, and state and local officials, among others, are using the Standard.

The Standard has been calculated for a number of other states, including Arizona, California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Montana, Nevada, New York, North Carolina, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Washington State, Washington, DC metropolitan area, West Virginia, and Wisconsin.

For further information about the Standard, or to learn about how to have the Standard developed for your community or state, contact Jennifer Brooks at Wider Opportunities for Women at (202) 638-3143 or Dr. Diana Pearce at pearce@u.washington.edu or (206) 616-2850, or go to www.sixstrategies.org.

For further implications of the Self-Sufficiency Standard for New Jersey, to order this publication or the Standard for a particular county, or to find out more about the New Jersey Family Economic Self-Sufficiency Project, please contact Connie Pascale at Legal Services of New Jersey at (732) 572-9100.

Endnotes

¹ Anonymous quote from Gowdy, E.A. & Pearlmutter, S.R. (1994). Economic Self-Sufficiency is a Road I'm On: The Results of Focus Group Research with Low-Income Women. In L.V. Davis, (Ed.), *Building on women's strengths: A social work agenda for the twenty-first century* (pp. 93). New York: The Haworth Press.

² See Dalaker, J. (2001). *Poverty in the United States: 2000* (U.S. Census Bureau, Current Population Reports, Series P60-214). Washington, DC: U.S. Government Printing Office.

³ See for example, O'Hare, W., Mann, T., Porter, K. & Greenstein, R. (1990). *Real life poverty in America: Where the American public would set the poverty line*. Center on Budget and Policy Priorities.

⁴ Using the 2001 Fair Market Rents (www.huduser.org) for two-bedroom units, which is the cost of housing including utilities at the 40th percentile, housing in the most expensive place, Marin County, CA, part of the San Francisco metropolitan area, cost \$1,747. This is almost five times as much as the least expensive housing, found in rural Alabama, such as Barbour County, where a two-bedroom unit costs \$359 per month.

⁵ One of the first was Patricia Ruggles, author of *Drawing the line*. Ruggles' work and the analyses of many others are summarized in Citro and Michael (1995). Citro, C. & Michael, R. (eds.). (1995). *Measuring poverty: A new approach*. Washington, DC: National Academy Press, 1995.

⁶ Living Wage campaigns exist in many states and/or cities, with many of them developing an estimate of the minimum wage for several family types in their area/state. The Basic Needs Budget was developed by Trudi Renwick and Barbara Bergmann. See Bergmann, B. & Renwick, T. (1993). A budget-based definition of poverty: With an application to single-parent families. *The Journal of Human Resources*, 28(1), 1-24. There are also some national projects documenting a need to increase wages and/or poverty measures. See Rouche, H., Brocht, C., Gundersen, B., & Bernstein, J. (2001). *Hardships in America: The real story of working families*. Washington, DC: Economic Policy Institute. Also see Sklar, H., Mykyta, L., & Wefald, S. (2001). *Raise the floor: Wages and policies that work for all of us*. Washington, DC: Ms. Foundation for Women.

⁷ See "New light on the cost of living." (1998, September 25). *Boston Globe*.

⁸ While the majority of employed women with children under 18 years of age work full-time (about 70% of married mothers, and 80% of single mothers), working part-time is clearly the desirable option under many circumstances—such as when

the children are very young, or in need of special care, or affordable/appropriate child care is not available. For many low-income mothers it is equally clear that economic necessity, as well as the new requirements under TANF, preclude this option.

⁹ Quoted in Gowdy & Pearlmutter (1994), *op.cit.*, p. 91.

¹⁰ These costs are based on a survey of units that have been on the market within the last two years, and excluding new housing (two years old or less), substandard housing, and public housing.

¹¹ Because of the lack of availability of efficiencies in some areas, and their very uneven quality, it was decided to use one-bedroom units for the single adult and childless couple.

¹² Under the 1988 Family Support Act (which was superceded by the Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996), states were required to fund or reimburse child care needed by those on welfare (or leaving welfare) at market rate, which was defined as the 75th percentile, for the age of child, setting, and location. Most states conducted surveys of costs, or commissioned child care referral networks or researchers to do these studies. Survey was not available in New Jersey. Therefore, child care costs were obtained from the New Jersey Association of Child Care Resource and Referral Agencies (NJCCRRA). Child care costs were not reported for Atlantic or Burlington Counties. Per NJCCRRA, costs for Camden and Gloucester Counties are comparable and were therefore used for Atlantic and Burlington Counties. Schoolage costs were not available; therefore, in order to calculate current schoolage costs, a ratio was created using 1999 and 2001 infant and preschool costs and applied to 1999 schoolage costs.

¹³ Child care centers are more frequently used for older children (two to four years old) than for infants according to Veum and Gleason (1991). See Veum, J.R. & Gleason, P.M. (1991). Child care arrangements and costs. *Monthly Labor Review*, 114(10), 10-17. However, particularly for younger children and lower-income parents, relative care (other than the parent) accounts for significant amounts of child care for children under three (27% compared to 17% in family day care and 22% in child care centers). It should be noted that relative day care is usually, but not always, in the relative's home, and is usually, though not always, paid; thus it more closely resembles (and may actually be) day care homes rather than day care centers. For children three years and older, the predominant child care arrangement is the child care center, accounting for 45% of the care (compared to 14% in family child care, and 17% in relative care.) See Capizzano, J., Adams, G. & Sonenstein, F. (2000). *Child Care*

Arrangements for Children under Five: Variation across States. Washington, DC: The Urban Institute. New Federalism: National Survey of America's Families, Series B, No. B-7.

¹⁴ Because the USDA does not produce annual averages for food costs, the Standard follows the Food Stamps Program and uses the costs for June as an annual average.

¹⁵ See the U.S. Department of Labor, Bureau of Labor Statistics. (n.d.) *Consumer Expenditure Survey* (2000 Standard Table 4. Size of consumer unit: Average annual expenditures and characteristics). Retrieved March 20, 2002, from <http://www.bls.gov/cex/2000/Standard/cusize.pdf>.

¹⁶ See Porter, C. & Deakin, E. (1995). *Socioeconomic and journey-to-work data: A compendium for the 35 largest U.S. metropolitan areas*. Berkeley, CA: Institute of Urban and Regional Development, University of California at Berkeley.

¹⁷ New Jersey Department of Banking and Insurance, *2000 Private Passenger Auto Insurance Premium Comparison*.

¹⁸ 82.5% of non-contingent workers have health insurance, most of whom receive health insurance through their or a relative's employer. See the U.S. Department of Labor, Bureau of Labor Statistics (n.d.). *Current Population Survey* (Table 9. Employed contingent and noncontingent workers and those with alternative work arrangements by health insurance coverage and eligibility for employer-provided pension plans, February 2001). Retrieved April 2, 2002, from <http://stats.bls.gov/news.release/conemp.t09.htm>. See also, New Jersey Business & Industry Association (2002). *2002 Health Benefits Survey*.

¹⁹ The Henry J. Kaiser Family Foundation, State Health Facts Online, *New Jersey: Employment-Based Premiums, 1999*. Retrieved January 12, 2002 from <http://statehealthfacts.kff.org>

²⁰ Ellen DeRosa, New Jersey Department of Banking and Insurance, Life and Health Section (personal communication, 01/31/02).

²¹ See Citro & Michael (1995), *op.cit.*

²² New Jersey Division of Taxation, *S&U-4 New Jersey Sales Tax Guide*. Retrieved December 22, 2001 from <http://www.state.nj.us/treasury/taxation/pdf/pubs/sales/su4.pdf>

²³ In this report, single parents are referred to as "she" because over 90% of single parents are women.

²⁴ New Jersey Department of Labor. *Industry and occupational employment projections for New Jersey, 1996-2006*.

²⁵ Montalco, C.P. (2001, February). *Wealth of American households: Evidence from the survey of consumer finances*, Report to the Consumer Federation of America.

²⁶ New Jersey Department of Human Services, *TANF State Plan Amendments*. Retrieved January 5, 2002 from <http://www.state.nj.us/humanservices/dfd/tanf1.html>.

²⁷ See the United States Department of Labor. (2002, January). *Minimum wage and overtime premium pay standard applicable to nonsupervisory nonfarm private sector employment under state and federal laws January 1, 2002*. Retrieved April 2, 2002, from <http://www.dol.gov/dol/esa/public/minwage/america.htm>.

²⁸ "Among union employees - 52% with medical care benefits had fully paid single coverage, compared with 30% of non-union employees." See the U.S. Department of Labor, Bureau of Labor Statistics. (2001, December). *Employee Benefits in Private Industry, 1999*. Retrieved April 2, 2002, from <http://www.bls.gov/news.release/ebs2.nr0.htm>. Union representation of workers also leads to higher wages. Also, "in March 1999, wages and salaries for private industry union workers averaged \$16.21 per hour, compared with \$13.54 per hour for nonunion workers." This is 20% more per hour for union workers. See Foster, A. (2000). *Compensation and Working Conditions Online*. Union-nonunion wage differences, 1997. Retrieved April 1, 2002, from <http://www.bls.gov/opub/cwc/2000/spring/brief2.htm>.

²⁹ See State Action (n.d.). *Equal Pay*. Retrieved April 1, 2002, from <http://www.stateaction.org/issues/workcompensation/equalpay/index.cfm>.

³⁰ New Jersey Department of Human Services, *Post-TANF Transitional Support Services*. Retrieved January 21, 2002 from <http://www.state.nj.us/humanservices/dfd/post-tanf.html>.

³¹ Under NJ Family Care, health care coverage is provided for adults in families with net incomes up to 200% of the federal poverty level (FPL) and children in families earning up to 350% of FPL. New Jersey Department of Human Services, *Support for Working Families*. Retrieved January 21, 2002 from <http://www.state.nj.us/humanservices/support/index.html>.

³² Of returns filed in 1999, only 183,859 taxpayers reported receiving advanced EIC payments out of more than 15 million families with children receiving the EITC. (Numbers cited by Rosa Castaneda of the Center on Budget and Policy Priorities, based on data reported in the IRS income Tax Section "Monthly Operational Review of Earned Income Credit.")

³³ Although some workers may be unaware of the advanced payment option, and others have employers who do not participate, there is strong evidence that receiving the EITC as a "lump sum" is the preferred option, and indeed families make financial decisions based on its receipt (together with tax refunds) when they file their taxes early in the following year. See Romich, J.L. & Weisner, T. (1999). *How Families*

View and Use the EITC: The Case for Lump-Sum Delivery. Paper delivered at Northwestern University, Joint Center for Poverty Research Conference on The Earned Income Tax Credit: Early Evidence.

³⁴ Robert Vaughan, Administrative Specialist, State of New Jersey, Child Support Enforcement Services, Administrative Offices of the Court (personal communication 4/04/02).

³⁵ U.S. Department of Housing and Urban Development, *Assisted Housing 1999*.

³⁶ Jackie Grabine, New Jersey Department of Community Affairs, Section 8 (personal communication 03/28/02).

³⁷ New Jersey Department of Community Affairs, *State of New Jersey 2002 Consolidated Draft Plan*. Retrieved on 03/26/02 from <http://www.state.nj.us/dca/dhcr/conplan2002.pdf>.

³⁸ See Food Research and Action Center. (2000, June 5). "8.6 million fewer food stamp participants in March 2000 than March 1996, Yet studies show persistent need." Retrieved from <http://www.frac.org/html/news/fsmar00nos.html>. Also see Zedlewski, S.R. & Brauner, S. (1999) *Are the Steep Declines in Food Stamp Participation Linked to Falling Welfare Caseloads?* Washington, DC: The Urban Institute. *Assessing the New Federalism: National survey of America's Families (NSAF). Series B, No. B-3.*

³⁹ See the U.S. Department of Health and Human Services. (2000, December 6). *New statistics show only small percent-*

age of eligible families receive child care help. [Press release]. Retrieved April 11, 2002 from <http://www.hhs.gov/news/press/2000pres/200001206.html>.

⁴⁰ State of New Jersey, Department for Human Services, *State Subsidies for Child Care*. Retrieved 1/18/02 from <http://www.state.nj.us/humanservices/dfd/statesubchildcare.html>

⁴¹ Collins, A.M., Layzer J.I., Kreader, J.L., Werner, A., & Glantz. (2000). *National study of child care for low-income families: State and community substudy interim report*. Prepared for the U.S. Department of Health and Human Services, Administration for Children and Families.

⁴² Families USA. (1999). *One Step Forward, One Step Back: Children's Health Coverage after CHIP and Welfare Reform* (Families USA Pub. No.99-106). Washington, DC: Families USA Foundation.

⁴³ Heidi Smith, Director of Family Care, State of New Jersey, Department of Human Services (personal communication 5/16/02).

⁴⁴ Scoon-Rogers, L. (1999). *Child Support for Custodial Mothers and Fathers: 1995* (US Bureau of the Census, Current Population Reports, Series P60-196). Washington, DC: U.S. Government Printing Office.

⁴⁵ Robert Vaughan, (personal communication 4/04/02), *op. cit.*

Data Sources

Data Type	Source	Assumptions
Child Care	New Jersey Association of Child Care Resource and Referral Agencies	<u>Infants</u> : Full Time, (0-2 years) <u>Preschoolers</u> : Full Time, (3-5 years) <u>Schoolage</u> : Before and After School, (6-12)
Food	USDA Low-Cost Food Plan, June 2000.	USDA plan used for all counties. Assumed single adult families headed by female.
Health Insurance	New Jersey Department of Banking and Insurance, Life and Health Section. Medical Expenditure Panel Survey, http://www.meps.ahcpr.gov/MEPSNct/IC/MEPSnetIC.asp Out of Pocket Costs: U.S. Department of Health and Human Services. 1987. <i>National Expenditure Survey</i> .	New Jersey State Law, NJSA 17B:27A-2, regulates health insurance costs regardless of age, location, or health status; therefore, no regional cost variation was used. MEPS provides a statewide average for both single and family coverage in 1998. Updated with Medical Consumer Price Index. Out of pocket costs are by age, and are updated with the Medical CPI.
Housing	Department of Housing and Urban Development; <i>Fair Market Rents for the Section 8 Housing Assistance Payments Program - Fiscal Year 2001</i> . (10/01/01). www.huduser.org	Fair Market Rents are used for each PMSA in New Jersey. The Bergen-Passaic, NJ; Newark, NJ; and Philadelphia, PA-NJ PMSA FMR's reflect the 50th percentile.
Taxes	U.S. Department of Treasury - <i>IRS 1040 Instructions</i> , State Income Tax Form, and State Tax Department Regulations New Jersey Division of Taxation www.state.nj.us/treasury/taxation	Taxes included state sales tax, federal and state income taxes, and payroll taxes. New Jersey has a state earned income tax credit. Sales taxes are calculated only on "miscellaneous" items. Food and clothing, in general, is not subject to sales tax. Sales tax in New Jersey is 6% except in Salem County where the sales tax is 3%. Standard deduction and all income from wages.
Transportation	Public: New Jersey Transit. www.njtransit.com Private: New Jersey Department of Banking and Insurance, 2000 Private Passenger Auto Insurance Premium Comparison and the 2000 Auto Insurance Complaint Ratios. www.state.nj.us/dobi U.S. Census, "Travel to Work Characteristics for the 50 Largest Metropolitan Areas by Population in the US: 1990 Census." www.census.gov <i>State Averages Expenditures & Premiums for Personal Automobile Insurance in 1998</i> , April 1998. National Association of Insurance Commissioners. www.naic.org	Public transportation costs assigned to Bergen, Hudson, Middlesex, Essex, Union, and Camden Counties. The cost of a two-zone bus pass was used. Using the top five market share auto insurance companies listed in the 2000 Auto Insurance Complaint Ratios and the premiums listed in the 2000 Private Passenger Auto Insurance Premium Comparison, the auto insurance cost for each county is calculated using a ratio to vary the statewide average cost of auto insurance (from the National Insurance Commissioners report).
Miscellaneous	Miscellaneous expenses are 10% of all other costs.	Includes all other essentials: clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products and household items, personal hygiene items and telephone.

About the Authors

Diana M. Pearce, Ph.D. teaches at the School of Social Work, University of Washington in Seattle, Washington. Recognized for coining the phrase “the feminization of poverty,” Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women. 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 on women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition, and currently is Director of the Center for Women’s Welfare at the University of Washington. She received her Ph.D. degree in Sociology and Social Work from the University of Michigan.

Jennifer Brooks is the Director of Self-Sufficiency Programs and Policy for Wider Opportunities for Women (WOW). In this role, she plans and oversees the development and implementation the Self-Sufficiency Standard in the states; oversees WOW's local, state and federal legislative involvement; works with the Executive Director to formulate WOW's policy positions; works to build coalitions of advocates at the local, state and national levels; represents WOW in national coalitions; and provides technical assistance to WOW's state and local partners on issues related to women, work and poverty. Ms. Brooks has testified before Congress and speaks widely on the issues of women, work, education and training, and poverty. Ms. Brooks received a Master of Arts in Public Policy with a Concentration in Women's Studies from The George Washington University, Washington, DC, where she was awarded the Women's Studies Graduate Prize for Feminist Scholarship. Ms. Brooks also holds a Bachelor of Fine Arts from Tufts University, Medford, MA and The School of the Museum of Fine Arts, Boston, MA.

List of New Jersey Counties by Metropolitan Area

Atlantic-Cape May, NJ PMSA

Atlantic County

Cape May County

Bergen-Passaic, NJ PMSA

Bergen County

Passaic County

Jersey City, NJ PMSA

Hudson County

*Middlesex-Somerset-Hunterdon,
NJ PMSA*

Hunterdon County

Middlesex County

Somerset County

Monmouth-Ocean, NJ PMSA

Monmouth County

Ocean County

Newark, NJ PMSA

Essex County

Morris County

Sussex County

Union County

Warren County

Philadelphia, PA-NJ PMSA

Burlington County

Camden County

Gloucester County

Salem County

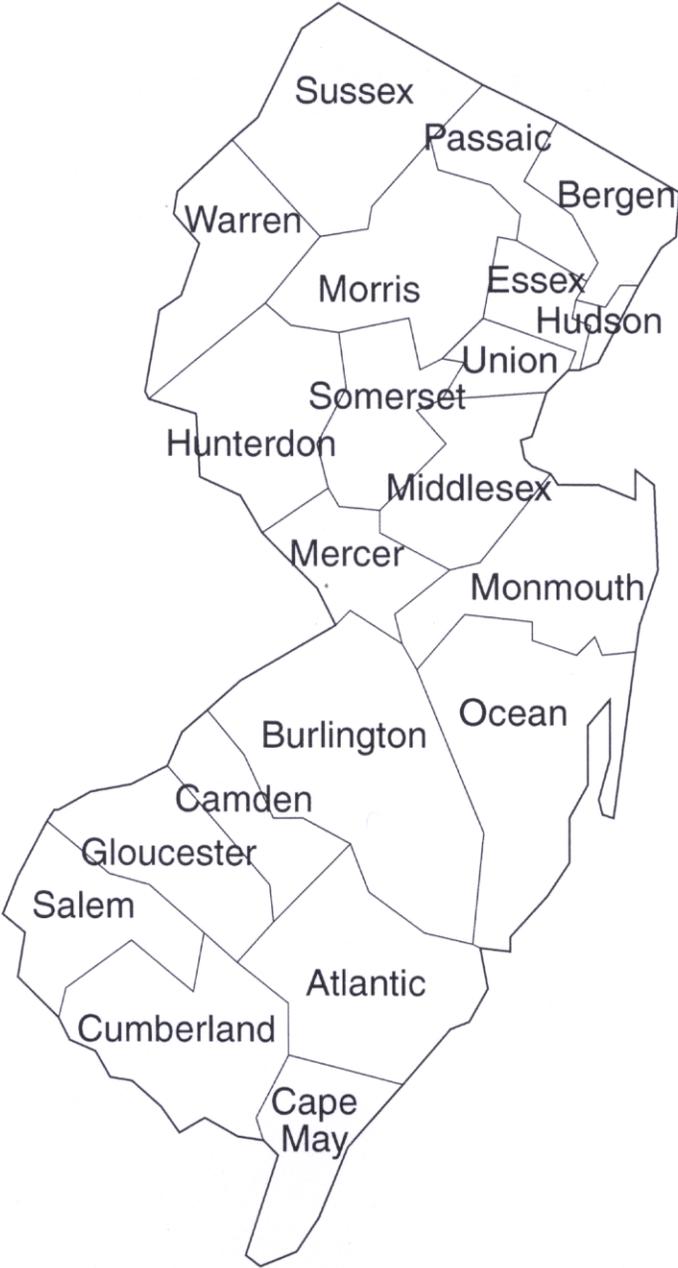
Trenton, NJ PMSA

Mercer County

Vineland-Millville-Bridgeton, NJ PMSA

Cumberland County

Map of New Jersey Counties



Appendix:
***The Self-Sufficiency Standard for
Selected Family Types, New Jersey***

Table 1
The Self-Sufficiency Standard for Atlantic County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	preschooler	teenager	schoolage	preschooler	schoolage
Housing	602	800	800	800	800	1003	800	800
Child Care	0	553	499	1052	280	1333	1052	779
Food	176	257	266	345	461	464	496	544
Transportation	279	285	285	285	285	285	545	545
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	114	207	201	267	202	329	312	288
Taxes	276	499	478	637	391	793	733	646
Earned Income								
Tax Credit (-)	0	0	0	0	-67	0	0	0
Child Care								
Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$8.68	\$15.27	\$14.79	\$19.30	\$13.66	\$23.75	\$11.31 <i>per adult</i>	\$10.32 <i>per adult</i>
-Monthly	\$1,528	\$2,688	\$2,602	\$3,397	\$2,405	\$4,180	\$3,981	\$3,632
-Annual	\$18,339	\$32,257	\$31,228	\$40,760	\$28,859	\$50,155	\$47,772	\$43,589

Table 2
The Self-Sufficiency Standard for Bergen County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	preschooler	teenager	schoolage	preschooler	schoolage
Housing	896	1050	1050	1050	1050	1399	1050	1050
Child Care	0	705	716	1421	218	1639	1421	934
Food	176	257	266	345	461	464	496	544
Transportation	54	54	54	54	54	54	108	108
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	121	224	225	306	198	376	330	285
Taxes	300	561	564	778	367	1052	799	635
Earned Income								
Tax Credit (-)	0	0	0	0	-91	0	0	0
Child Care								
Tax Credit (-)	0	-40	-40	-80	-42	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.25	\$16.69	\$16.75	\$22.52	\$13.11	\$28.16	\$12.06 <i>per adult</i>	\$10.19 <i>per adult</i>
-Monthly	\$1,628	\$2,937	\$2,948	\$3,964	\$2,308	\$4,957	\$4,247	\$3,586
-Annual	\$19,537	\$35,249	\$35,375	\$47,563	\$27,696	\$59,484	\$50,960	\$43,033

Table 3
The Self-Sufficiency Standard for Burlington County, NJ, 2002

Monthly Costs	Adult	Adult +		Adult +	Adult +	Adult +	2 Adults +	2 Adults +
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	infant + preschooler	preschooler + schoolage
Housing	679	839	839	839	839	1050	839	839
Child Care	0	510	543	1052	203	1256	1052	746
Food	176	257	266	345	461	464	496	544
Transportation	257	262	262	262	262	262	502	502
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	119	204	207	269	196	324	311	284
Taxes	295	489	500	643	358	774	731	633
Earned Income								
Tax Credit (-)	0	0	0	0	-100	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-42	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.13	\$15.05	\$15.28	\$19.44	\$12.90	\$23.31	\$11.29 <i>per adult</i>	\$10.16 <i>per adult</i>
-Monthly	\$1,608	\$2,649	\$2,690	\$3,421	\$2,270	\$4,103	\$3,975	\$3,578
-Annual	\$19,290	\$31,783	\$32,279	\$41,049	\$27,238	\$49,237	\$47,700	\$42,932

Table 4
The Self-Sufficiency Standard for Camden County, NJ, 2002

Monthly Costs	Adult	Adult +		Adult +	Adult +	Adult +	2 Adults +	2 Adults +
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	infant + preschooler	preschooler + schoolage
Housing	679	839	839	839	839	1050	839	839
Child Care	0	510	543	1052	330	1383	1052	873
Food	176	257	266	345	461	464	496	544
Transportation	54	54	54	54	54	54	108	108
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	99	184	186	248	188	315	272	257
Taxes	223	413	424	568	313	745	588	536
Earned Income								
Tax Credit (-)	0	-3	0	0	-145	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-44	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$7.46	\$13.29	\$13.55	\$17.71	\$11.87	\$22.64	\$9.66 <i>per adult</i>	\$9.06 <i>per adult</i>
-Monthly	\$1,312	\$2,340	\$2,385	\$3,116	\$2,089	\$3,984	\$3,399	\$3,188
-Annual	\$15,745	\$28,076	\$28,623	\$37,393	\$25,073	\$47,812	\$40,790	\$38,252

Table 5
The Self-Sufficiency Standard for Cape May County, NJ, 2002

Monthly Costs	Adult +							
	Adult	Adult + infant	Adult + preschooler	Adult + infant + preschooler	Adult + schoolage + teenager	Adult + infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	602	800	800	800	800	1003	800	800
Child Care	0	412	498	910	182	1092	910	680
Food	176	257	266	345	461	464	496	544
Transportation	265	270	270	270	270	270	516	516
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	112	192	200	252	191	303	295	275
Taxes	271	443	472	580	331	701	671	600
Earned Income								
Tax Credit (-)	0	0	0	0	-128	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$8.56	\$13.98	\$14.66	\$18.00	\$12.27	\$21.63	\$10.60 <i>per adult</i>	\$9.79 <i>per adult</i>
-Monthly	\$1,507	\$2,461	\$2,580	\$3,168	\$2,160	\$3,807	\$3,731	\$3,445
-Annual	\$18,087	\$29,527	\$30,956	\$38,011	\$25,920	\$45,681	\$44,769	\$41,337

Table 6
The Self-Sufficiency Standard for Cumberland County, NJ, 2002

Monthly Costs	Adult +							
	Adult	Adult + infant	Adult + preschooler	Adult + infant + preschooler	Adult + schoolage + teenager	Adult + infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	621	748	748	748	748	933	748	748
Child Care	0	553	499	1052	201	1253	1052	700
Food	176	257	266	345	461	464	496	544
Transportation	269	274	274	274	274	274	524	524
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	115	201	195	261	188	313	304	273
Taxes	279	476	455	614	313	735	706	591
Earned Income								
Tax Credit (-)	0	0	0	0	-145	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-44	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$8.76	\$14.75	\$14.27	\$18.78	\$11.87	\$22.42	\$11.01 <i>per adult</i>	\$9.69 <i>per adult</i>
-Monthly	\$1,541	\$2,597	\$2,511	\$3,306	\$2,089	\$3,946	\$3,875	\$3,410
-Annual	\$18,491	\$31,163	\$30,134	\$39,666	\$25,067	\$47,351	\$46,497	\$40,920

Table 7
The Self-Sufficiency Standard for Essex County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	758	913	913	913	913	1150	913	913
Child Care	0	521	651	1172	298	1470	1172	949
Food	176	257	266	345	461	464	496	544
Transportation	54	54	54	54	54	54	108	108
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	107	192	205	267	192	334	291	272
Taxes	251	444	490	638	337	813	659	590
Earned Income								
Tax Credit (-)	0	0	0	0	-122	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-42	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$8.11	\$14.02	\$15.07	\$19.31	\$12.41	\$24.19	\$10.46 <i>per adult</i>	\$9.68 <i>per adult</i>
-Monthly	\$1,427	\$2,468	\$2,652	\$3,399	\$2,184	\$4,258	\$3,682	\$3,407
-Annual	\$17,126	\$29,617	\$31,827	\$40,787	\$26,209	\$51,096	\$44,185	\$40,890

Table 8
The Self-Sufficiency Standard for Gloucester County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	679	839	839	839	839	1050	839	839
Child Care	0	543	673	1215	300	1515	1215	972
Food	176	257	266	345	461	464	496	544
Transportation	271	277	277	277	277	277	531	531
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	121	209	222	287	207	351	330	310
Taxes	300	506	552	707	418	874	801	725
Earned Income								
Tax Credit (-)	0	0	0	0	-40	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.25	\$15.44	\$16.49	\$20.91	\$14.29	\$25.59	\$12.09 <i>per adult</i>	\$11.23 <i>per adult</i>
-Monthly	\$1,629	\$2,717	\$2,902	\$3,680	\$2,515	\$4,503	\$4,255	\$3,951
-Annual	\$19,543	\$32,608	\$34,818	\$44,160	\$30,177	\$54,039	\$51,065	\$47,417

Table 9
The Self-Sufficiency Standard for Hudson County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	742	865	865	865	865	1099	865	865
Child Care	0	561	586	1147	292	1439	1147	878
Food	176	257	266	345	461	464	496	544
Transportation	54	54	54	54	54	54	108	108
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	105	191	193	260	187	326	284	261
Taxes	245	442	449	611	307	783	632	547
Earned Income								
Tax Credit (-)	0	0	0	0	-152	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-44	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$7.98	\$13.96	\$14.13	\$18.71	\$11.72	\$23.51	\$10.16 <i>per adult</i>	\$9.19 <i>per adult</i>
-Monthly	\$1,404	\$2,457	\$2,487	\$3,292	\$2,063	\$4,139	\$3,575	\$3,234
-Annual	\$16,846	\$29,481	\$29,841	\$39,508	\$24,759	\$49,663	\$42,906	\$38,803

Table 10
The Self-Sufficiency Standard for Hunterdon County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	802	1001	1001	1001	1001	1359	1001	1001
Child Care	0	922	760	1682	600	2282	1682	1360
Food	176	257	266	345	461	464	496	544
Transportation	262	267	267	267	267	267	508	508
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	132	262	246	349	252	458	391	362
Taxes	341	700	639	1012	596	1613	1021	917
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$10.20	\$19.87	\$18.48	\$26.51	\$18.35	\$36.45	\$14.61 <i>per adult</i>	\$13.42 <i>per adult</i>
-Monthly	\$1,794	\$3,496	\$3,252	\$4,666	\$3,230	\$6,416	\$5,143	\$4,723
-Annual	\$21,532	\$41,956	\$39,022	\$55,994	\$38,762	\$76,991	\$61,712	\$56,670

Table 11
The Self-Sufficiency Standard for Mercer County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	741	903	903	903	903	1222	903	903
Child Care	0	564	713	1277	548	1826	1277	1261
Food	176	257	266	345	461	464	496	544
Transportation	260	265	265	265	265	265	505	505
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	126	217	231	298	237	398	341	342
Taxes	318	533	586	749	540	1207	838	844
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.67	\$16.06	\$17.26	\$21.86	\$17.09	\$30.43	\$12.51 <i>per adult</i>	\$12.59 <i>per adult</i>
-Monthly	\$1,702	\$2,826	\$3,038	\$3,848	\$3,008	\$5,355	\$4,403	\$4,431
-Annual	\$20,425	\$33,911	\$36,451	\$46,173	\$36,095	\$64,262	\$52,840	\$53,176

Table 12
The Self-Sufficiency Standard for Middlesex County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	802	1001	1001	1001	1001	1359	1001	1001
Child Care	0	651	673	1324	495	1819	1324	1168
Food	176	257	266	345	461	464	496	544
Transportation	54	54	54	54	54	54	108	108
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	111	214	216	291	220	390	315	303
Taxes	267	524	530	725	480	1148	746	702
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$8.47	\$15.84	\$15.98	\$21.31	\$15.71	\$29.59	\$11.46 <i>per adult</i>	\$10.95 <i>per adult</i>
-Monthly	\$1,491	\$2,787	\$2,813	\$3,750	\$2,764	\$5,207	\$4,033	\$3,856
-Annual	\$17,895	\$33,448	\$33,753	\$44,999	\$33,170	\$62,484	\$48,396	\$46,270

Table 13
The Self-Sufficiency Standard for Monmouth County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	771	978	978	978	978	1300	978	978
Child Care	0	597	651	1248	432	1679	1248	1083
Food	176	257	266	345	461	464	496	544
Transportation	312	317	317	317	317	317	602	602
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	134	233	238	308	238	396	355	342
Taxes	348	591	609	784	544	1196	889	842
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$10.35	\$17.38	\$17.80	\$22.67	\$17.18	\$30.26	\$13.10 <i>per adult</i>	\$12.56 <i>per adult</i>
-Monthly	\$1,822	\$3,059	\$3,132	\$3,990	\$3,023	\$5,326	\$4,611	\$4,420
-Annual	\$21,861	\$36,711	\$37,587	\$47,881	\$36,277	\$63,913	\$55,326	\$53,044

Table 14
The Self-Sufficiency Standard for Morris County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	758	913	913	913	913	1150	913	913
Child Care	0	868	716	1584	552	2136	1584	1268
Food	176	257	266	345	461	464	496	544
Transportation	248	253	253	253	253	253	482	482
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	126	247	231	329	237	421	370	342
Taxes	320	643	586	877	541	1363	944	842
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.71	\$18.57	\$17.27	\$24.50	\$17.10	\$32.73	\$13.73 <i>per adult</i>	\$12.56 <i>per adult</i>
-Monthly	\$1,709	\$3,267	\$3,039	\$4,311	\$3,010	\$5,760	\$4,833	\$4,422
-Annual	\$20,513	\$39,209	\$36,467	\$51,735	\$36,125	\$69,117	\$57,996	\$53,063

Table 15
The Self-Sufficiency Standard for Ocean County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	771	978	978	978	978	1300	978	978
Child Care	0	618	603	1222	341	1563	1222	944
Food	176	257	266	345	461	464	496	544
Transportation	311	316	316	316	316	316	600	600
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	134	235	233	305	229	385	352	328
Taxes	348	599	592	775	511	1115	879	791
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$10.34	\$17.55	\$17.39	\$22.45	\$16.41	\$29.07	\$12.98 per adult	\$11.97 per adult
-Monthly	\$1,820	\$3,089	\$3,061	\$3,950	\$2,889	\$5,116	\$4,569	\$4,215
-Annual	\$21,843	\$37,074	\$36,731	\$47,406	\$34,667	\$61,388	\$54,833	\$50,577

Table 16
The Self-Sufficiency Standard for Passaic County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	896	1050	1050	1050	1050	1399	1050	1050
Child Care	0	477	608	1085	276	1361	1085	884
Food	176	257	266	345	461	464	496	544
Transportation	267	272	272	272	272	272	523	523
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	142	223	236	294	225	370	338	321
Taxes	377	558	603	735	498	1012	827	767
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$11.02	\$16.62	\$17.66	\$21.55	\$16.11	\$27.56	\$12.39 per adult	\$11.70 per adult
-Monthly	\$1,939	\$2,925	\$3,109	\$3,792	\$2,835	\$4,851	\$4,362	\$4,118
-Annual	\$23,271	\$35,095	\$37,305	\$45,504	\$34,022	\$58,213	\$52,343	\$49,422

Table 17
The Self-Sufficiency Standard for Salem County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	679	839	839	839	839	1050	839	839
Child Care	0	567	525	1092	436	1529	1092	962
Food	176	257	266	345	461	464	496	544
Transportation	257	262	262	262	262	262	502	502
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	119	210	206	273	219	351	315	306
Taxes	295	510	493	658	476	874	746	711
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.13	\$15.53	\$15.14	\$19.77	\$15.60	\$25.58	\$11.46 <i>per adult</i>	\$11.06 <i>per adult</i>
-Monthly	\$1,608	\$2,732	\$2,665	\$3,479	\$2,746	\$4,503	\$4,033	\$3,893
-Annual	\$19,290	\$32,790	\$31,974	\$41,751	\$32,956	\$54,032	\$48,402	\$46,720

Table 18
The Self-Sufficiency Standard for Somerset County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	infant + preschooler	schoolage + teenager	infant + preschooler + schoolage	2 Adults + infant + preschooler	2 Adults + preschooler + schoolage
Housing	802	1001	1001	1001	1001	1359	1001	1001
Child Care	0	868	754	1622	372	1994	1622	1126
Food	176	257	266	345	461	464	496	544
Transportation	271	277	277	277	277	277	527	527
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	133	258	246	343	230	430	387	341
Taxes	345	683	640	978	516	1422	1006	839
Earned Income								
Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$10.27	\$19.49	\$18.51	\$26.00	\$16.54	\$33.63	\$14.44 <i>per adult</i>	\$12.52 <i>per adult</i>
-Monthly	\$1,808	\$3,431	\$3,258	\$4,576	\$2,910	\$5,919	\$5,083	\$4,408
-Annual	\$21,695	\$41,166	\$39,090	\$54,914	\$34,923	\$71,023	\$60,990	\$52,899

Table 19
The Self-Sufficiency Standard for Sussex County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	preschooler	teenager	schoolage	preschooler	schoolage
Housing	758	913	913	913	913	1150	913	913
Child Care	0	686	608	1294	260	1554	1294	868
Food	176	257	266	345	461	464	496	544
Transportation	248	253	253	253	253	253	482	482
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	126	229	220	300	208	362	341	302
Taxes	320	577	547	754	424	963	839	697
Earned Income								
Tax Credit (-)	0	0	0	0	-34	0	0	0
Child Care								
Tax Credit (-)	0	-40	-40	-80	-40	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$9.71	\$17.05	\$16.36	\$21.98	\$14.43	\$26.82	\$12.52	\$10.90
							<i>per adult</i>	<i>per adult</i>
-Monthly	\$1,709	\$3,002	\$2,880	\$3,869	\$2,539	\$4,720	\$4,408	\$3,836
-Annual	\$20,513	\$36,019	\$34,562	\$46,427	\$30,466	\$56,639	\$52,901	\$46,037

Table 20
The Self-Sufficiency Standard for Union County, NJ, 2002

Monthly Costs	Adult	Adult +						
		infant	preschooler	preschooler	teenager	schoolage	preschooler	schoolage
Housing	758	913	913	913	913	1150	913	913
Child Care	0	679	529	1208	227	1436	1208	757
Food	176	257	266	345	461	464	496	544
Transportation	54	54	54	54	54	54	108	108
Health Care	81	177	163	190	193	203	224	210
Miscellaneous	107	208	193	271	185	331	295	253
Taxes	251	502	446	651	298	800	672	521
Earned Income								
Tax Credit (-)	0	0	0	0	-161	0	0	0
Child Care								
Tax Credit (-)	0	-40	-40	-80	-44	-80	-80	-80
Child Tax Credit (-)	0	-50	-50	-100	-100	-150	-100	-100
Self-Sufficiency Wage								
-Hourly	\$8.11	\$15.33	\$14.06	\$19.61	\$11.51	\$23.91	\$10.61	\$8.88
							<i>per adult</i>	<i>per adult</i>
-Monthly	\$1,427	\$2,699	\$2,474	\$3,452	\$2,027	\$4,208	\$3,735	\$3,126
-Annual	\$17,126	\$32,387	\$29,694	\$41,424	\$24,318	\$50,492	\$44,821	\$37,516

Table 21
The Self-Sufficiency Standard for Warren County, NJ, 2002

<i>Monthly Costs</i>	<i>Adult</i>	<i>Adult +</i>		<i>Adult +</i>	<i>Adult +</i>	<i>Adult +</i>	<i>2 Adults +</i>	<i>2 Adults +</i>
		<i>infant</i>	<i>preschooler</i>	<i>infant +</i>	<i>schoolage +</i>	<i>preschooler +</i>	<i>infant +</i>	<i>preschooler +</i>
				<i>preschooler</i>	<i>teenager</i>	<i>schoolage</i>	<i>preschooler</i>	<i>schoolage</i>
<i>Housing</i>	758	913	913	913	913	1150	913	913
<i>Child Care</i>	0	694	596	1291	259	1550	1291	856
<i>Food</i>	176	257	266	345	461	464	496	544
<i>Transportation</i>	248	253	253	253	253	253	482	482
<i>Health Care</i>	81	177	163	190	193	203	224	210
<i>Miscellaneous</i>	126	229	219	299	208	362	341	301
<i>Taxes</i>	320	580	543	753	424	960	838	693
<i>Earned Income</i>								
<i>Tax Credit (-)</i>	0	0	0	0	-34	0	0	0
<i>Child Care</i>								
<i>Tax Credit (-)</i>	0	-40	-40	-80	-40	-80	-80	-80
<i>Child Tax Credit (-)</i>	0	-50	-50	-100	-100	-150	-100	-100
<i>Self-Sufficiency Wage</i>								
<i>-Hourly</i>	\$9.71	\$17.12	\$16.27	\$21.96	\$14.42	\$26.78	\$12.51	\$10.85
							<i>per adult</i>	<i>per adult</i>
<i>-Monthly</i>	\$1,709	\$3,013	\$2,864	\$3,864	\$2,537	\$4,713	\$4,404	\$3,819
<i>-Annual</i>	\$20,513	\$36,162	\$34,365	\$46,373	\$30,445	\$56,555	\$52,847	\$45,825