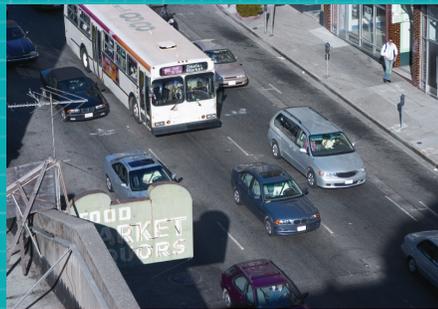




# THE REAL COST OF LIVING IN 2008: THE SELF-SUFFICIENCY STANDARD FOR NEW JERSEY

Prepared for The Legal Services of New Jersey Poverty Research Institute

Legal Services of New Jersey  
**NJPRI**  
Poverty Research Institute



## THE LEGAL SERVICES OF NEW JERSEY POVERTY RESEARCH INSTITUTE

Legal Services of New Jersey (LSNJ) coordinates the statewide Legal Services system in New Jersey, which provides free legal assistance to low-income people in civil matters. Part of LSNJ's mission is to make people more aware of poverty in New Jersey and the serious effects that poverty has on the lives of low-income people. Accurate, state-specific data concerning the nature and the extent of poverty, especially how it relates to employment, welfare and other government programs is essential to sound judgments and policymaking concerning the needs and problems of low-income people. To this end, in 1998 Legal Services of New Jersey formed The New Jersey Poverty Research Institute (NJPRI) to carry out research on the incidence, effects and other aspects of poverty in the state, as well as on the relationships among poverty, work and public policy. This fourth edition of the Self-Sufficiency Standard for New Jersey is another in an ongoing series of publications, studies and lectures through which NJPRI will make its findings available to the public. For further information on NJPRI, go to <http://www.lsnj.org/PovResrch.htm> or contact:

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## CENTER FOR WOMEN'S WELFARE

The Center for Women's Welfare at the University of Washington is devoted to furthering the goal of economic justice for women and their families. Under the direction of Dr. Diana Pearce, the Center researches questions involving poverty measures, public policy and programs that address income adequacy. The Center partners with a range of non-profit, women's, children's, and community-based groups to evaluate public policy, to devise tools for analyzing wage adequacy, and to help create programs to strengthen public investment in low-income women, children, and families.

For more information about the Center's programs, or work related to the Self-Sufficiency Standard, call (206) 685-5264. Full copies of this report can be viewed at <http://www.wowonline.org/ourprograms/fess>.



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# THE REAL COST OF LIVING IN 2008: THE SELF-SUFFICIENCY STANDARD FOR NEW JERSEY

By Diana M. Pearce, Ph.D. • 2008

DIRECTOR, CENTER FOR WOMEN'S WELFARE  
UNIVERSITY OF WASHINGTON SCHOOL OF SOCIAL WORK

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PREPARED FOR  
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**NJPRI**  
Poverty Research Institute



# Preface

The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce, who was at that time Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for its original development.

This New Jersey update report has been prepared through the cooperative efforts of Liesl Eckert, Sarah Fickeisen, Karen Granberg, Cat Hirst, Lisa Manzer, Kate Morgan, Maureen Newby, and Norma Timbang, at the University of Washington, Center for Women's Welfare, and Allan Lichtenstein, Shivi Prasad, Melissa Quaal, Serena Rice, and Anjali Srivastava of Legal Services of New Jersey (LSNJ).

A number of other people have also contributed to the development of the Standard, its calculation, and/or the writing of state reports over the last decade. Jennifer Brooks, Maureen Golga, and Kate Farrar, former Directors of Self-Sufficiency Programs and Policies at WOW, played significant roles in developing the original Self-Sufficiency Standard, were instrumental in facilitating and nurturing FESS state coalitions, and have been key to the development of initiatives that promote the concept of self-sufficiency and the use of the Standard. Additional past contributors to the Standard have included Laura Henze Russell, Janice Hamilton Outtz, Roberta Spalter-Roth, Antonia Juhasz, Alice Gates, Alesha Durfee, Melanie Lavelle, Nina Dunning, and Seook Jeong.

The conclusions and opinions contained within this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author's responsibility.

LSNJ's Poverty Research Institute arranges for the updating of *The Real Cost of Living: The Self-Sufficiency Standard for New Jersey* every two to three years.



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# Introduction

As income inequality has increased in the United States, more and more families are finding that they are unable to stretch their wages to meet the rising costs of basic necessities. Though many of these families are not defined as poor according to the official poverty measure, their incomes are inadequate. But what is an adequate income and how does this amount vary among different family types and different places? The Self-Sufficiency Standard is a sophisticated measure of income adequacy designed to answer this question.

*The Self-Sufficiency Standard measures the **real cost of living**—how much income is needed for a family of a certain composition in a given place to adequately meet their basic needs—**without public or private assistance**.* The Self-Sufficiency Standard methodology is used to create estimates of the Real Cost of Living in New Jersey for 70 family types in all 21 counties.

New Jersey's high median income translates to elevated prices for basic necessities that burden lower-income residents. At the same time, official measures of poverty do not accurately account for these geographic differences or other variations that affect the costs faced by New Jersey families. How great is the burden faced by low-income families in New Jersey? This report reflects a partnership between Legal Services of New Jersey and the Center for Women's Welfare at the University of Washington aimed at answering that question. The result is a detailed analysis of the Real Cost of Living across different family types and in all parts of the state. This measure affords an accurate assessment of the costs of living by county and for specific family types. With this information, it becomes possible to assess the needs of those living in "true poverty", not only those living below the federal poverty line (FPL), but also those above the FPL but below self-sufficiency. It then becomes possible to focus on lifting people out of poverty by targeting assistance programs and developing public policies pegged to the *real* standards.

This partnership between Legal Services of New Jersey and the Center for Women's Welfare at the University of Washington began in 1999 with a desire to assess the true costs associated with life in New Jersey. Follow-up reports in 2002, 2005 and now in 2008 have continued to provide detailed data regarding the costs for different family types in different parts of the state as they change over time. At the heart of this effort is a desire to illuminate the need for a nationwide alternative to the poverty measure and to push for public policy that is cognizant of the true benchmarks of self-sufficiency.

## FOCUS OF THIS REPORT

This report has a two-fold focus:

*First, it provides a benchmark of adequate income:* Advocates, legislators, and policymakers can use the Self-Sufficiency Standard as a solid benchmark for efforts aimed at improving work supports and increasing wage levels. Rather than relying on a general sense that costs are too high the Standard provides an evidence-based measure with which to set or guide policymaking.

*Second, it can be used to assess the effectiveness of public policy efforts.* When assessing public policy efforts, such as minimum wage increases, the Real Cost of Living data can be used as a yardstick for their likely success at helping New Jersey residents reach self-sufficiency.

## MEASURING INCOME ADEQUACY: PROBLEMS WITH THE FEDERAL POVERTY LEVEL

How much income is enough for families to meet their needs without public subsidies? Although determining an exact dollar figure may be difficult, most people know if their income is adequate or not. One participant in a training program defined economic self-sufficiency as:

Being able to take care of yourself and your family, you can pay the rent, you have a car for transportation, you have a job and you can pay your bills. You don't need to depend on anyone for anything; you are off all assistance programs. You can pay for daycare for your children, you can buy groceries and you can pay for life necessities.<sup>1</sup>

Because it is not possible to interview every person for his or her assessment of their income adequacy, there is a need for a measurement that uses objective and consistent assumptions. Historically, the federal poverty measure or the Federal Poverty Level (FPL)<sup>2</sup> has been used to characterize a family as “poor” if their income is below a certain level and “not poor” if it is above that level. The federal 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 as a complete description of what people and families need to live.”<sup>3</sup>

The most significant shortcoming of the federal poverty measure is that for most families, in most places, it is simply not high enough. Because families can have incomes above the federal poverty measure and yet lack sufficient resources to adequately meet their basic needs, most assistance programs use a multiple of the federal poverty measure to determine need. For instance, New Jersey's Children's Health Insurance Program (SCHIP) is available for families with income below 350% of the FPL.<sup>4</sup>

Not only does the government consider the poverty line to be too low, but so does the general public. A number of studies have shown that the public would set a minimum income up to 47% above the Federal Poverty Level, depending upon the family's composition and where the family lives.<sup>5</sup>

However, simply raising the poverty level, or using a multiple of the FPL, cannot solve the structural problems inherent in the official poverty measure.

.....

## THE MOST SIGNIFICANT SHORTCOMING OF THE FEDERAL POVERTY MEASURE IS THAT FOR MOST FAMILIES, IN MOST PLACES, THE POVERTY LEVEL IS SIMPLY NOT HIGH ENOUGH.

.....

There are four basic methodological problems with the federal poverty measure:

- *First, the measure is based on the cost of a single item—food—not on a “market basket” of basic needs.* This is because over four decades ago when the FPL was developed, families spent about one-third of their income on food. The food budget was then simply multiplied by three to determine poverty levels.
- *Second, the federal poverty measure uses the demographic model of a two-parent family with a stay-at-home wife.* However, according to the U.S. Bureau of Labor Statistics, both parents were employed in 62% of two-parent families with children in 2006. Likewise, the adult was employed in a substantial number of single-parent families in 2006.<sup>6</sup> For these families there are many additional costs associated with employment including taxes, transportation, and, most significantly, child care for those families with young children in family, center, or after school care.
- *Third, the poverty measure does not distinguish between those families in which the adults are employed and those in which the adults are not employed.* For instance, when the poverty measure was first developed, taxes were very low, transportation was inexpensive, and child care was not an issue, therefore the difference in expenses between families with earned incomes compared to those without earnings was not as great as it is today.
- *Finally, the poverty measure does not vary by geographic location.* That is, the federal poverty measure is the same whether one lives in Louisiana or in the San Francisco Bay area of California. Although the FPL

accounted for some geographical variation in costs four decades ago, differences in the cost of living between areas have increased substantially since then. Indeed, housing in the most expensive areas of the U.S. costs nearly four times as much as the same size units in the least expensive areas.<sup>7</sup> Even within states, costs vary considerably. For example, in New Jersey housing costs are 25% higher for a single parent family with a preschooler in Hudson County than in Cumberland County. Child care costs also vary by locality; for instance, child care costs are 13% higher in Hudson County than in Cumberland County for a single parent with one preschooler. Thus, rather than simply use the FPL to determine need, federal housing programs and the Food Stamp Program assess eligibility after accounting for the significant local differences in the cost of housing and child care.

For these and other reasons, many researchers and analysts have proposed revising the federal poverty measure. Suggested changes would reflect twenty-first century needs, incorporate geographically based differences in costs, and build in more responsiveness to changes over time.<sup>8</sup> In addition to the Self-Sufficiency Standard, examples of proposals for alternative measures of income adequacy include the Living Wage and the Basic Needs Budget.<sup>9</sup>

## HOW THE STANDARD DIFFERS FROM THE FEDERAL POVERTY MEASURE

In order to provide a realistic measurement of the income necessary for a given family to meet their needs without public or private assistance, the Self-Sufficiency Standard addresses each of the methodological problems with the federal poverty measure cited above.

- *The Standard is based on the cost 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 one-third of a family's budget, as the federal poverty measure does.
- *The Standard assumes that all adults, whether married or single, work full-time,<sup>10</sup> and therefore includes all major costs associated with employment (i.e., taxes, transportation, and child care for families with young children).*
- *The Standard incorporates geographical variations in costs.* While this is particularly important for housing, there is also substantial geographic variation in child care, as well as some variation in health care, food, and transportation. While some proposed revisions to the poverty measure, the Standard uses actual costs and does not assume fixed relationships geographically between urban and rural costs. Although rural areas generally have lower costs than metropolitan areas, the urban-rural cost ratios can vary. In fact, in some cases a rural area can be more expensive. For example, costs in rural areas that have become desirable tourist or second-home locations are often as high or higher than costs in a state's urban areas.
- *The Standard accounts for cost variation by family size and composition (as does the FPL), but also by the ages of children.* While food and health care costs are slightly lower for younger children, child care costs can be much higher—particularly for children not yet in school—and are a substantial budget item not included in the official poverty measure.
- *The Standard includes the net effect of taxes and tax credits.* All taxes, including state sales and use tax, payroll (Social Security and Medicare) tax, and federal, state, and city income taxes are calculated into the Standard. Additionally, the federal Child and Dependent Care Tax Credit (referred to in the Standard as the Child Care Tax Credit or CCTC), Earned Income Tax Credit (EITC), and Child Tax Credit (CTC) are “credited” against the income required to meet basic needs.

The Self-Sufficiency Standard can establish a family-sustaining wage specific to most families throughout the U.S. by making real-world assumptions, varying data regionally and by family type, and including the net effect of taxes and tax credits. A Self-Sufficiency Wage means the family or individual is on the road to economic independence and is not forced to choose between basic necessities (child care versus nutritional food or adequate housing versus health care). However, it is important to note that the Standard is a conservative measure that does not allow for longer-term needs (such as savings or college tuition), credit card or other debt repayment, purchases of major items (such as a car or

refrigerator), emergency expenses, or even items such as school supplies.

### THE REAL COST OF LIVING: THE SELF-SUFFICIENCY STANDARD

Using the Self-Sufficiency Standard, a given family’s income is deemed inadequate if it falls below the appropriate threshold based on their family type and location. However, users of the Standard are urged to think in terms of “wage adequacy.” That is, one should ask: How close is a given wage to the Standard? For example, if the Standard for a certain family type is \$20 per hour, but the adult supporting the family only earns \$10 per hour, then the latter wage has a “wage adequacy” level of only 50%.

.....

### A SELF-SUFFICIENCY WAGE MEANS THE FAMILY OR INDIVIDUAL IS ON THE ROAD TO ECONOMIC INDEPENDENCE AND IS NOT FORCED TO CHOOSE BETWEEN BASIC NECESSITIES (CHILD CARE VERSUS NUTRITIONAL FOOD, OR ADEQUATE HOUSING VERSUS HEALTH CARE).

.....

Likewise, the Standard’s use of income thresholds should not be taken to mean that economic self-sufficiency can be achieved with wages alone, or even wages combined with benefits. True self-sufficiency involves more than a job with a certain wage and benefits at one point in time; true self-sufficiency is a larger goal toward which one is striving and a process in which one is actively engaged. As one person put it, “Self-sufficiency is a road I’m on.”<sup>11</sup>

Central to efforts to attain self-sufficiency is access to education, training, and jobs that provide real potential for skill development and career advancement over the long-term. Most individuals moving from welfare to work cannot achieve self-sufficiency through stopgap measures or in a single step, but require assistance, guidance, and transitional work supports to become self-sufficient over time. While meeting basic needs may be more urgent than access to education and training, true long-term self-sufficiency increasingly requires investments that enhance skills and adaptability. Self-

sufficiency is not likely to be sustainable without a technologically advanced and broad-based education, which can provide the flexibility to move into new, innovative, or nontraditional jobs and careers.

Finally, although the Self-Sufficiency Standard determines a wage that is adequate *without* public benefits, this does not imply that public work supports are inappropriate for New Jersey families. Indeed, given the number of families who have not yet achieved “wage adequacy”, assistance in meeting the costs of such high-price necessities as child care, health care, and housing is frequently the only viable means for these families to obtain resources that meet their basic needs. Nor does the Self-Sufficiency Standard imply that any family at any income should be completely self-reliant and independent of one another or the community at large. Indeed, it is through interdependence with community institutions, informal networks of friends, extended family, and neighbors that many families are able to meet both their non-economic and economic needs.

### ORGANIZATION

There are several distinct sections of this report that address different aspects of the Standard and its uses. The introduction of the report explains the origin of the Standard, how it differs from the official Federal Poverty Level, and how it is calculated. The body of the report explores what an adequate income is for New Jersey families and how this compares to other income benchmarks. The report also examines the impact of public work supports and disability-related factors on family self-sufficiency incomes, and explores options for closing the gap between wages and self-sufficiency. The report concludes with a discussion of the many and varied ways the Self-Sufficiency Standard can be used as a tool for policy analysis, counseling, performance evaluation, and research.

Given the specificity of the Standard’s calculations the discussions in the body of this report reference Standards for particular counties and family types in New Jersey. The selection of these examples provides the opportunity to illuminate diverse factors of the Real Cost of Living in New Jersey that emerge from this research.

## HOW THE SELF-SUFFICIENCY STANDARD IS CALCULATED

Making the Standard methodologically consistent, accurate, and timely, requires that—to the extent possible—data are:

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

The components included in the calculations of the Self-Sufficiency Standard for New Jersey are described in Table 1 below. (Note: See Appendix A for more detailed information on sources and methodology.)

Table 1: Summary of Data Components of The Self-Sufficiency Standard for New Jersey

<b>HOUSING</b>	The cost of rent and utilities is based on the Fair Market Rents calculated by the U.S. Department of Housing and Urban Development (HUD). Estimates for New Jersey counties are adjusted for specific geographic areas using ratios based on median gross rents from U.S. Census data, calculated by the National Low Income Housing Coalition.
<b>CHILD CARE</b>	Child care data is calculated based on the 75th percentile of the market rate survey from the New Jersey Department of Human Services by age, setting, and place.
<b>FOOD</b>	The food costs are estimated based on the U.S. Department of Agriculture's Low-Cost Food Plan. Geographic differences are varied using ACCRA's Cost of Living Index.
<b>TRANSPORTATION</b>	Public transportation is calculated for Atlantic, Camden, Essex, Hudson, and Passaic counties. The cost is based on the use of a 2-zone pass.  The remaining counties assume private transportation. The costs of owning and operating a car are calculated based on the American Automobile Association, the National Household Travel Survey, the National Association of Insurance Commissioners, and the Consumer Expenditure Survey. For New Jersey, geographic variation in insurance cost is created using rates for the top five carriers from the New Jersey Department of Banking and Insurance.
<b>HEALTH INSURANCE</b>	Health care premiums and out-of-pocket costs are based on data calculated by the U.S. Medical Expenditure Panel Survey. There is no documented within-state geographical difference in the cost of health care in New Jersey.
<b>TAXES &amp; TAX CREDITS</b>	Federal taxes include income tax and payroll taxes. State taxes for New Jersey include state sales and income tax. Federal credits include the Earned Income Tax Credit, the Child Care Tax Credit, and the Child Tax Credit. State credits for New Jersey include the state Earned Income Tax Credit.
<b>MISCELLANEOUS</b>	Miscellaneous expenses are calculated as 10% of all other costs, including all other essentials, such as clothing, shoes, diapers, nonprescription medicines, household items, and telephone.

**Counties Highlighted:** While the Self-Sufficiency Standard for all 21 counties in the state are reviewed in Appendix B of this report, a number of counties are highlighted in the body of the report. In an effort to analyze the diversity of the state, this report looks, in detail at Atlantic, Cumberland, Mercer, Middlesex, Monmouth, Somerset, and Union counties. Atlantic and Cumberland represent the less well-off counties of the state with median household incomes below \$53,000 and poverty rates higher than nine percent. Union, Mercer, and Middlesex are essentially 'middle of the

road' counties with median household incomes between \$62,000 and \$73,000 and between seven and eight and half percent of the population in poverty. Monmouth and Somerset are higher income portions of the state with median household incomes between \$77,000 and \$92,000 and poverty rates below six percent. In addition, to reflect the geographic variation across the state, these seven counties span the southern, central, and northern regions of the state and include areas that vary from rural to suburban and urban.

**Family Types Examined:** While a number of family types are discussed in this report, the discussion tends to focus on the three-person family consisting of a single parent, one schoolage child, and one preschool-aged child. This family type is focused on for three primary reasons:

- First, the average household size in New Jersey, according to the 2000 Census, was approximately three persons;
- Second, single parent households face greater economic challenges than two parent households;
- Third, in analyzing child care costs this analysis assumes that preschool aged children attend center-based daycare which can be the most expensive, while a schoolaged child receives part-time care in before- and after-school programs which is less expensive. As such, we hope to achieve a balanced view of the cost of caring for children.

**Notes On Appendix Tables:** Appendix A describes, in detail, the methodology for calculating the Standard, the assumptions behind these calculations, and lists the sources for all data points.

Appendix B lists the cost of each basic need, Self-Sufficiency Wages, and annual income for eight selected family types for all New Jersey counties. The Self-Sufficiency Standard for 70 different family types across all 21 counties in New Jersey is available electronically on the Poverty Research Institute website at [www.lsnj.org/PovResrch.cfm](http://www.lsnj.org/PovResrch.cfm), and on the accompanying CD.

Appendix C provides the Self-Sufficiency Standard as a percent of the Federal Poverty Level for three different family types across all counties in the state.

## How Much is Enough in New Jersey?

The Self-Sufficiency Standard varies by both family type and by geographic location because the amount of money a family needs to be economically self-sufficient depends on family size, composition, and children's age, and on the state and county of residence. This section of the report uses examples from Middlesex, Union, and Monmouth Counties to present an overview of how much is enough to live in New Jersey.

To illustrate how a Self-Sufficiency Standard is calculated, **Table 2** shows the monthly expenses and the Self-Sufficiency Wages in Middlesex County for four different family types (one adult; one adult with one preschooler; one adult with one preschooler and one schoolage child; and two adults with one preschooler and one schoolage child). The costs in Middlesex County are among the

highest of New Jersey counties. In Middlesex County, a single adult needs to earn \$13.78 per hour to be able to meet her/his basic needs. With the addition of a preschooler, the single parent needs to earn \$23.57 per hour, nearly ten dollars more per hour than the single adult requires to be self-sufficient. A single adult with a preschooler needs a two-bedroom housing unit and full-time child care, in addition to other expenses. A single adult with a preschooler and schoolage child requires \$28.95 per hour to meet all basic needs. If this family has two adults and two children—a preschooler and a schoolage child—costs for basic needs such as child care, food, transportation, and health care increase, and each adult must now earn \$16.39 per hour to meet the family's needs. Therefore, meeting all of the basic needs

**Table 2. The Self-Sufficiency Standard for Selected Family Types\***  
*Monthly Expenses and Shares of Total Budgets*  
Middlesex County, NJ 2008

MONTHLY COSTS	ONE ADULT		ONE ADULT, ONE PRESCHOOLER		ONE ADULT, ONE PRESCHOOLER, ONE SCHOOLAGE		TWO ADULTS, ONE PRESCHOOLER, ONE SCHOOLAGE	
	COSTS	%	COSTS	%	COSTS	%	COSTS	%
Housing	\$1,122	46	\$1,320	32	\$1,320	26	\$1,320	23
Child Care	\$0	0	\$864	21	\$1,453	29	\$1,453	25
Food	\$245	10	\$371	9	\$555	11	\$763	13
Transportation	\$301	12	\$307	7	\$307	6	\$590	10
Health Care	\$133	6	\$318	8	\$339	7	\$395	7
Miscellaneous	\$180	7	\$318	8	\$397	8	\$452	8
Taxes	\$445	18	\$785	19	\$991	19	\$1,064	18
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	(\$50)	-1	(\$100)	-2	(\$100)	-2
Child Tax Credit (-)	\$0	0	(\$83)	-2	(\$167)	-3	(\$167)	-3
<b>TOTAL PERCENT</b>		100		100	—	100	—	100
<b>SELF-SUFFICIENCY WAGE</b>								
<b>HOURLY**</b>	<b>\$13.78</b>		<b>\$23.57</b>		<b>\$28.95</b>		<b>\$16.39</b>	per adult***
<b>MONTHLY</b>	<b>\$2,425</b>		<b>\$4,148</b>		<b>\$5,096</b>		<b>\$5,770</b>	combined***
<b>ANNUAL</b>	<b>\$29,104</b>		<b>\$49,773</b>		<b>\$61,149</b>		<b>\$69,241</b>	combined***

\* The Standard is calculated by adding expenses and taxes and subtracting tax credits. Taxes include federal, state, and city income taxes (including state tax credits except state EITC) and payroll taxes.

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

\*\*\* The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined.

Note: Totals may not add exactly due to rounding.

of a family consisting of two adults with a preschooler and a schoolage child requires a combined wage almost four dollars per hour more than the wage required by the single adult with one preschooler. The two adult and two children family require a combined wage over \$19 per hour more than the wage required by a single adult.

In addition to the basic expenses such as housing and child care, the Standard includes taxes and tax credits in the calculation of the Self-Sufficiency Wage. Table 2 shows that the Self-Sufficiency Wage for all of these family types is too high to qualify for the Earned Income Tax Credit. However, a family with one adult and one preschooler receives a Child Care Tax Credit of \$50 per month and a Child Tax Credit of \$83 per month. With the addition of a schoolage child, these tax credits double. These federal tax credits are subtracted from the other expenses and taxes to calculate the Self-Sufficiency Wage. Appendix B of this report shows the monthly expenses, tax credits, and Self-Sufficiency Wages for eight different family types for each county in New Jersey.

**Figure 1** shows the proportion of income spent on each basic need for a single parent family with one preschooler and one schoolage child in Union County. Each monthly expense is shown as a percentage of the total income necessary for this family to be self-sufficient. Generally, families with two children (when one is under schoolage) spend about half their incomes on housing and child care expenses alone. Indeed, for this family in Union County, with child care costs consisting of 29% the family's monthly costs and housing 24%, over half (53%) of this parent's expenses consist of housing and child care costs alone. The cost of food for this family is 12% of total expenses, far lower than the 33% assumed by the methodology of the Federal Poverty Level.

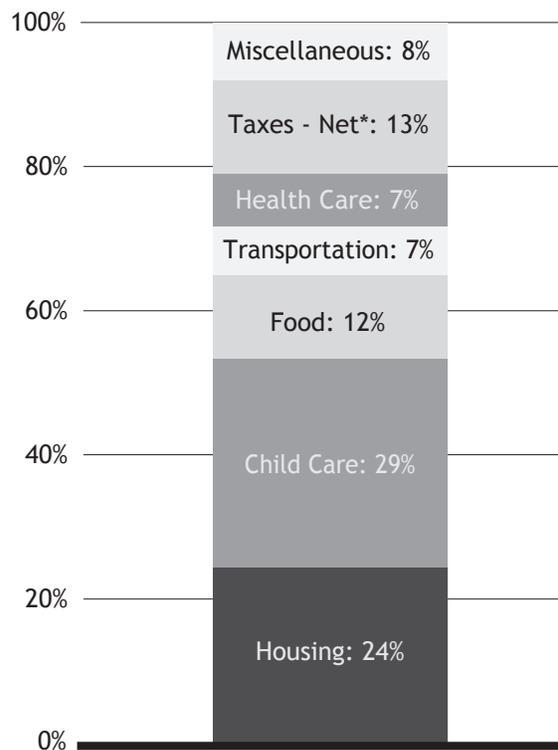
Other expenses account for smaller shares of the Standard:

- **Health Care:** Health care makes up a relatively small share at 7%. However, the calculation for health care assumes that the employer both provides health insurance for the family, and pays 84% percent of the premium, which is the average proportion paid by New Jersey employers. For New Jersey families who do not have employer-sponsored health insurance, it is

likely that health care costs would account for a greater proportion of the family budget than shown in Figure 1.

- **Transportation:** Transportation costs also account for 7% of total monthly costs. The Standard for Union County has been calculated assuming that workers use private transportation to get to and from work.
- **Miscellaneous:** Miscellaneous items (such as clothing and household items) make up 8% of household costs.
- **Taxes and Tax Credits:** Taxes account for 13% of the total monthly costs. Note that this tax percentage includes all tax credits, although credits are generally not received until the following year after taxes are filed. If it is assumed, as is generally the case, that tax credits are received annually in a lump sum, then the monthly tax burden for this family in Union County would be 19% of total costs.

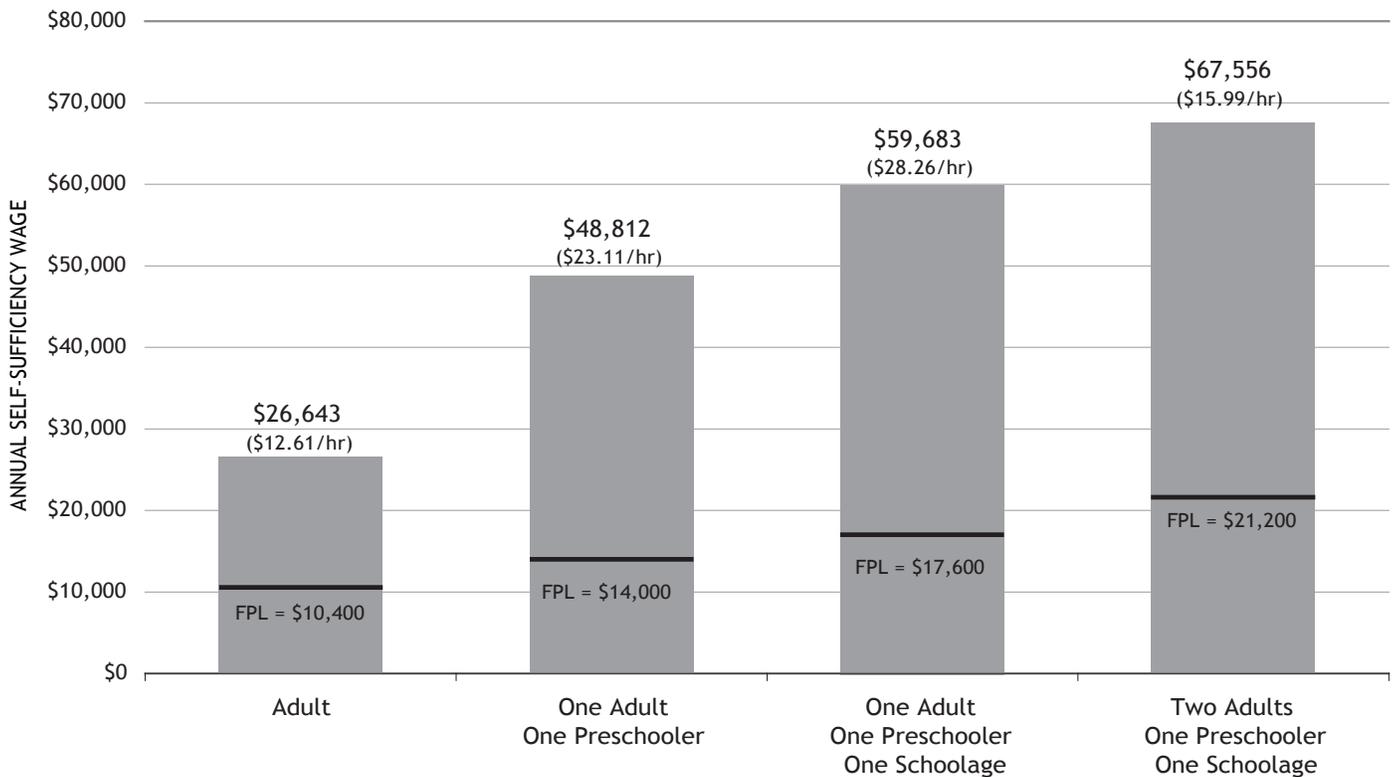
**Figure 1. Percent of the Self-Sufficiency Standard Needed to Meet Basic Needs**  
*One Adult, One Preschooler, and One Schoolage Child*  
Union County, NJ, 2008



\* Percentage includes the net effect of taxes and tax credits. Thus, the percentage of income needed for taxes is actually 19%, but with tax credits, the amount owed is reduced to 13%.

**Note:** The annual Self-Sufficiency Wage for One Adult, One Preschooler and One Schoolage Child in Union County, NJ is \$55,843.

Figure 2. The Self-Sufficiency Standard for Select Family Types  
Monmouth County, NJ, 2008

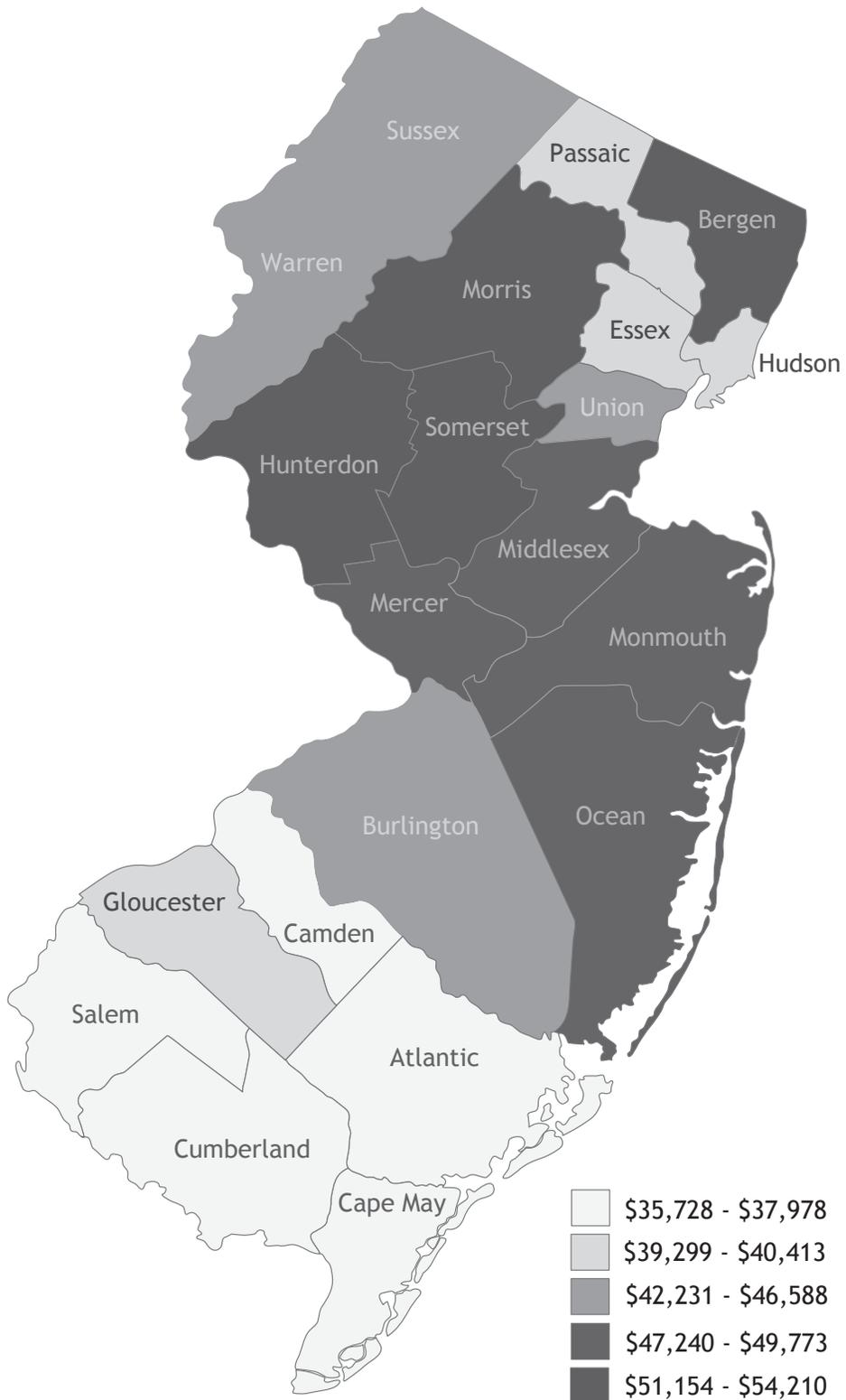


**Figure 2** uses Monmouth County to provide another illustration of how the Self-Sufficiency Wage varies by family type. The bar chart shows that one adult in Monmouth County needs a yearly income of \$26,643 to be self-sufficient, while a single adult with one preschooler must earn nearly twice as much, or \$48,812 per year. The single parent with two children (one preschooler and one schoolage child) must earn \$59,683 per year or \$28.26 per hour to meet the family's needs. Note that wages of over \$28 per hour are nearly four times the amount of New Jersey's 2008 hourly minimum wage of \$7.15.<sup>12</sup> In a two-parent family with a preschooler and schoolage child, the family needs a combined income of \$67,556 to meet their basic needs.

In addition to varying by family composition, the Self-Sufficiency Standard also varies by geographic location. In the map on the following page (**Figure 3**), the Self-Sufficiency Standards for New Jersey's counties

are shown, visually displaying the geographical variation in the Standard for a family with one adult and one preschooler. Figure 3 reveals a noticeable disparity that suggests multiple regional factors have an impact on the cost of living. The areas with the lowest cost of living (under \$40,000 annually) include primarily urban counties such as Camden, Hudson and Essex as well as primarily rural/agricultural counties such as Salem and Cumberland. On the other hand, the Self-Sufficiency Wages in New Jersey's semi-rural/suburban areas of Hunterdon and Somerset Counties rise to over \$50,000 annually. Overall, Southern counties, with the exception of Ocean County, have the lowest cost of living for a family of one adult and one preschooler, while Central New Jersey counties including Middlesex, Monmouth, and Somerset have the highest costs of living for the same family type.

Figure 3. Map of Counties by Level of Annual Self-Sufficiency Wage  
One Adult and One Preschooler  
New Jersey, 2008



# 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 4 A and B**, a comparison is made between the Self-Sufficiency Standard and six other benchmarks of income:

- Temporary Assistance for Needy Families (TANF), Food Stamps and WIC (Women, Infants and Children);
- the New Jersey State minimum wage;
- the median family income for a family of three in Middlesex County.
- 100%, 200%, and 250% of the Federal Poverty Level (FPL) for a family of three;

For this comparison, income benchmarks are shown for a family of three including one adult, one preschooler, and one schoolage child living in Middlesex County. This set of benchmarks is not meant to show how a family would move from a lower income to economic self-sufficiency. Rather, the concept of self-sufficiency assumes a gradual progression that takes place over time. Where relevant, the comparison benchmarks are also for three-person families. However, none is as specific as the Standard in terms of age and number of children and/or geographic

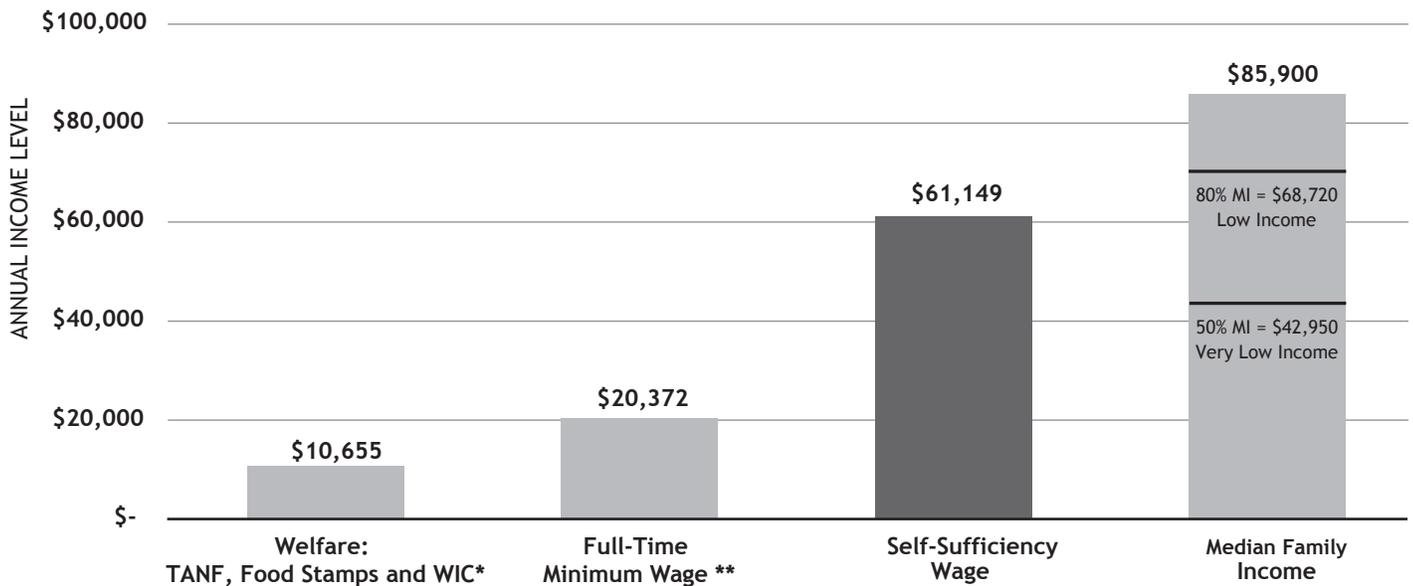
location. As indicated in the third bar from the left in **Figure 4a**, the Self-Sufficiency Wage for this Middlesex County family is \$61,149 per year.

**TANF, Food Stamps and WIC:** Including the cash value of food stamps, WIC, and the TANF cash grant, and assuming no wage or other income, the total basic “cash” assistance package is \$10,655 per year. This amount is less than one fifth (17%) of the Standard for a three-person family in Middlesex County and is 62% of the FPL.

**Minimum Wage:** The New Jersey State 2008 minimum wage is \$7.15 per hour. A full-time worker at \$7.15 per hour earns \$15,101 per year. Subtracting payroll taxes (Social Security and Medicare) and adding tax credits when eligible (the state and federal Earned Income Tax Credit, Child Tax Credit, and Child Care Tax Credit), this worker would have a net cash income of \$20,372 per year. This amount is more than the worker’s earnings alone because the EITC benefit for which the parent qualifies is more than the taxes owed.

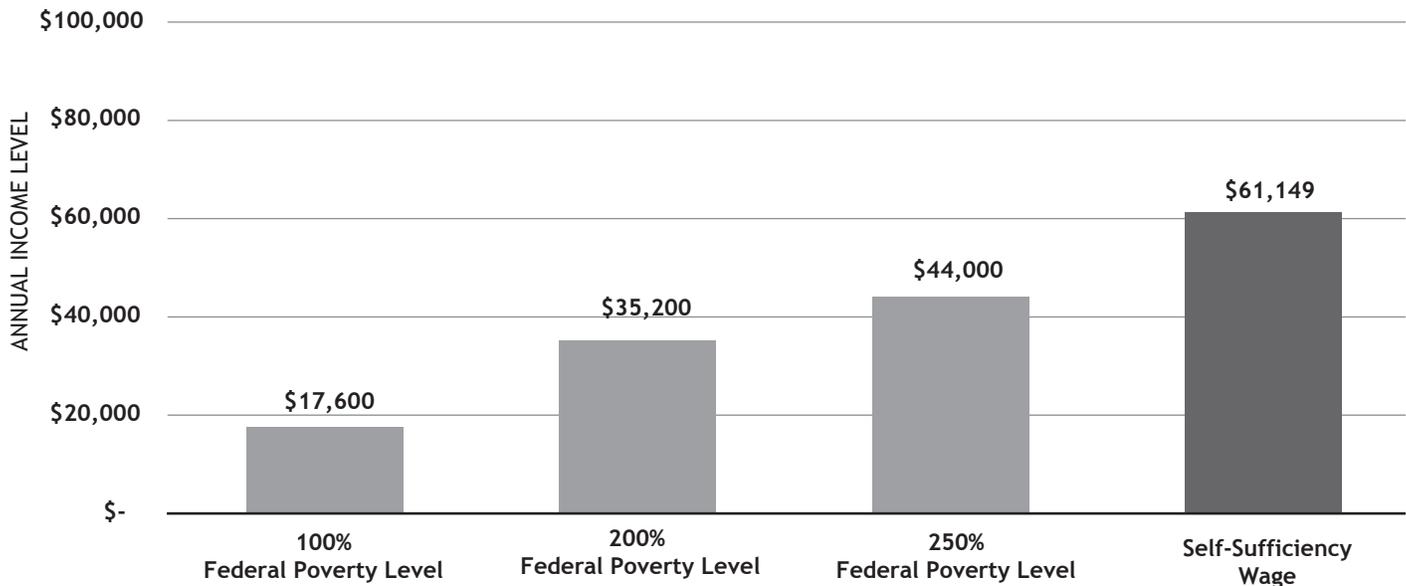
Even with the help of the EITC, a full-time job at the minimum wage provides only 33% of the amount needed

**Figure 4a. The Self-Sufficiency Compared to other Benchmarks, 2008**  
*One Parent, One Preschool, and One Schoolage Child*  
 Middlesex County, NJ, 2008



\* The TANF benefit is \$5,543 annually (\$462 per month) and the Food Stamps benefit is \$5,112 annually (\$426 per month) for a family of three in New Jersey.  
 \*\*The New Jersey minimum wage is \$7.15 per hour for 2008. Calculated before taxes and tax credits this amounts to \$15,101 per year. The second bar includes the net effect of the addition of tax credits (EITC, CTC, and CCTC) and the subtraction of federal, state, and city taxes.

Figure 4b. The Self-Sufficiency Compared to the Federal Poverty Level, 2008  
 One Parent, One Preschool, and One Schoolage Child  
 Middlesex County, NJ 2008



to be self-sufficient. If it is assumed that the worker pays taxes monthly through withholding, but does not receive the EITC payments on a monthly basis (as is true of most workers), she will only receive \$14,713 during the year. This is 24% of the Self-Sufficiency Standard and about 86% of the FPL.

**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 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 between 50% and 80% of the median area income are considered “Low Income” and those with incomes below 50% of the median are considered “Very Low Income”.<sup>13</sup> The median income for a three-person family in Middlesex County is \$85,900 annually. A family of three living in Middlesex County with an income between \$42,950 and \$68,720 is therefore considered “Low Income”. The Self-Sufficiency Standard of \$61,149 for a single-parent family with one preschooler and one schoolage child is 71% of the median family income for Middlesex County.<sup>14</sup> Thus, Figure 4a shows that the Self-Sufficiency Standard for a Middlesex County family falls within HUD’s definition of “Low Income,” suggesting that a substantial portion of New Jersey

families lack adequate income to meet their needs. At the same time, it suggests that the Standard is set at a level that is neither too high nor too low.

**Federal Poverty Level:** Not surprisingly, as shown in **Figure 4b** the Standard wage is quite a bit higher than the poverty level for a family of three. According to 2008 federal guidelines, a family consisting of one adult and two children would be considered “poor” with a monthly income of \$17,600 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 only 28% of the Self-Sufficiency Wage. Even in Salem County, the least expensive county in New Jersey, the FPL is only 40% of the amount necessary to be self-sufficient for this family type.

In Middlesex County the Self-Sufficiency Wage is also higher than both 200% and 250% of the FPL, which represent common income limits used to determine eligibility for work support and public assistance programs. A Middlesex County family of three earning 200% of the poverty level only earns \$35,200 per year, or 58% of the Standard. At 250% of the official poverty level, a Middlesex County three-person family earns \$44,000 per year, still only 72% of the Standard. The Self-Sufficiency Standard for this family in Middlesex County is 347% of the FPL for a family of three.

## Comparison of a New Jersey City to Other U.S. Cities

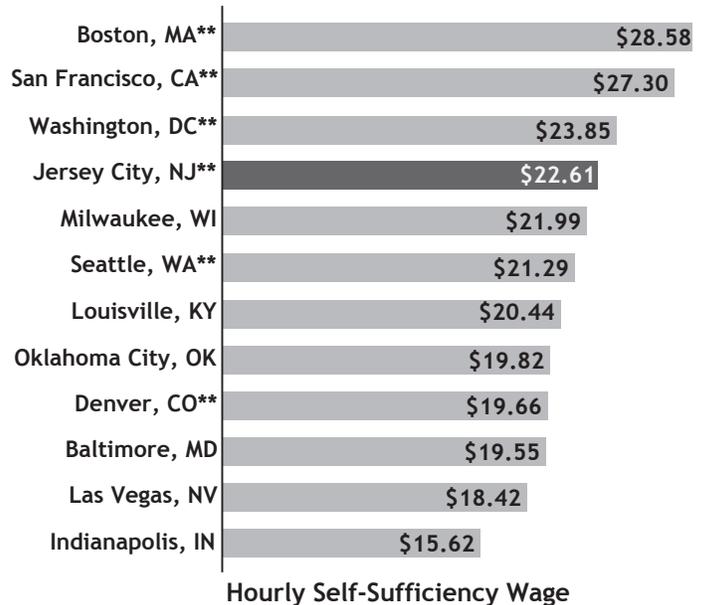
The Self-Sufficiency Standard has been completed for 35 states, plus the Washington, D.C. Metro Area and New York City. Because the Self-Sufficiency Standard uses the same methodology across states, the cost of meeting basic needs for a given family type in different states can be directly compared.

Since the Standards have been completed in different years, all numbers have been updated to December 2007 dollars for the purpose of this analysis. While costs are likely to increase at varying rates in different places, for the sake of consistency the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) is used to estimate inflation when updating other Standards for this figure.

In **Figure 5**, the Standard for Hudson County, which includes Jersey City is compared to the cities of Baltimore City, MD; Boston, MA; Seattle, WA; and Washington, D.C.; and to seven counties that have moderately sized cities: Denver County, CO (Denver); Marion County, IN (Indianapolis); Clark County, NV (Las Vegas); Jefferson County, KY (Louisville); Milwaukee County, WI (Milwaukee); Oklahoma County, OK (Oklahoma City); and San Francisco County, CA (San Francisco).

The wages shown in Figure 5 are Self-Sufficiency Wages for a single adult with one preschooler and one schoolage child. In Jersey City, the single parent of this family type must earn a wage of \$22.61 per hour to be self-sufficient, making Jersey City the fourth most expensive city in this comparison, for this family type. Living in Jersey City is less expensive than Washington, D.C., San Francisco, and Boston. The most comparable costs of living to Jersey City are found in Washington, D.C. and Milwaukee, with Jersey City costing \$1.24 less than Washington, D.C. and \$0.62 cents more than Milwaukee for this single adult family with two children. Jersey City's cost of living is about 79% of the cost of living in Boston, the most expensive city shown in Figure 5, with a Self-Sufficiency Wage of \$28.58 per hour for a family of three. The cost of living in Jersey City is 45% more expensive than Indianapolis, the least expensive city shown, where this family needs \$15.62 per hour to meet their basic needs.

Figure 5. The Self-Sufficiency Wage for Jersey City, NJ Compared to Other U.S. Cities, 2008\*  
One Adult with One Preschooler and One Schoolage Child



\*Wages are updated to December 2007 using the Consumer Price Index.  
\*\*Wage calculated assuming family uses public transportation.

The Self-Sufficiency Standard for Jersey City is calculated assuming public transportation for this family's transportation costs. Public transportation costs are significantly less than the cost of owning and operating a car; thus, in areas where public transportation costs are assumed, the Self-Sufficiency Wage reflects lower transportation expenses. Public transportation is also assumed for the three cities shown in Figure 5 that have higher Self-Sufficiency Wages than Jersey City and for Seattle and Denver. The higher Self-Sufficiency Wage needed in Boston, San Francisco, Washington, D.C., and Jersey City therefore is likely to be at least partially attributed to higher costs for basic needs other than transportation.

While Jersey City is less expensive than three of the 11 places with which it has been compared here, a family with one adult, one preschooler, and one schoolage child living in Jersey City still requires over three times New Jersey's 2008 minimum wage of \$7.15 per hour to meet basic needs.

## The Self-Sufficiency Wage Over Time

How much have costs increased over time in New Jersey? To illustrate the increase in the cost of living over time, this section compares the historical Self-Sufficiency Wages in New Jersey for one family type in several different counties to the current Self-Sufficiency Wage. Because the first New Jersey Self-Sufficiency Standard was completed in 1999, and then updated in 2002, 2005, and now again in 2008, there are four points in time to use to examine cost changes.

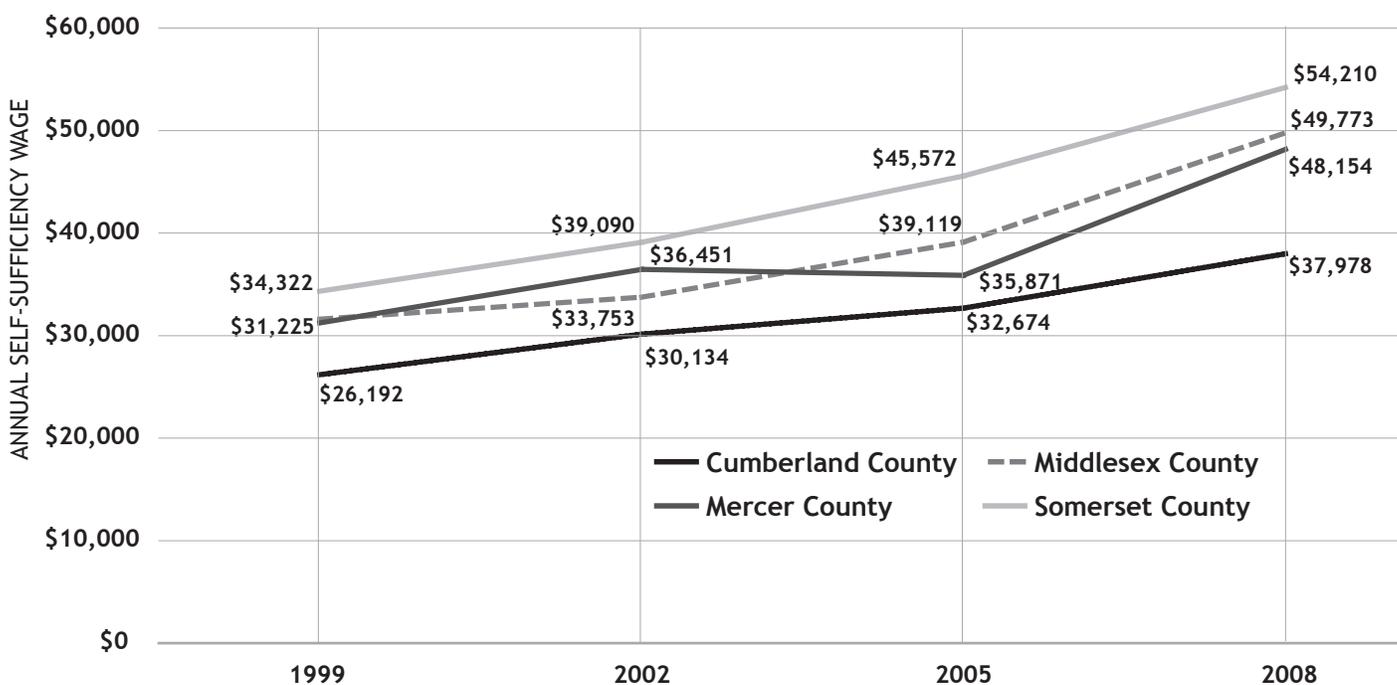
**Figure 6** compares the Self-Sufficiency Wages in 1999, 2002, 2005 and 2008 for four counties (Cumberland, Middlesex, Mercer, and Somerset) for a family with one adult and one preschooler. It is clear from Figure 6 that costs in New Jersey have risen significantly since 1999 in all of the counties examined. The small decrease in costs between 2002 and 2005 in Mercer County primarily reflects the change from assuming private transportation to less expensive public transportation (as well as changes in federal taxes and tax credits).

Since 1999 the Self-Sufficiency Standards for an adult with one preschooler increased between 31% and 37%, depending on the county. The growth of the Self-Sufficiency Wage from 1999 to 2008 is due to the growth of all costs in all four counties.

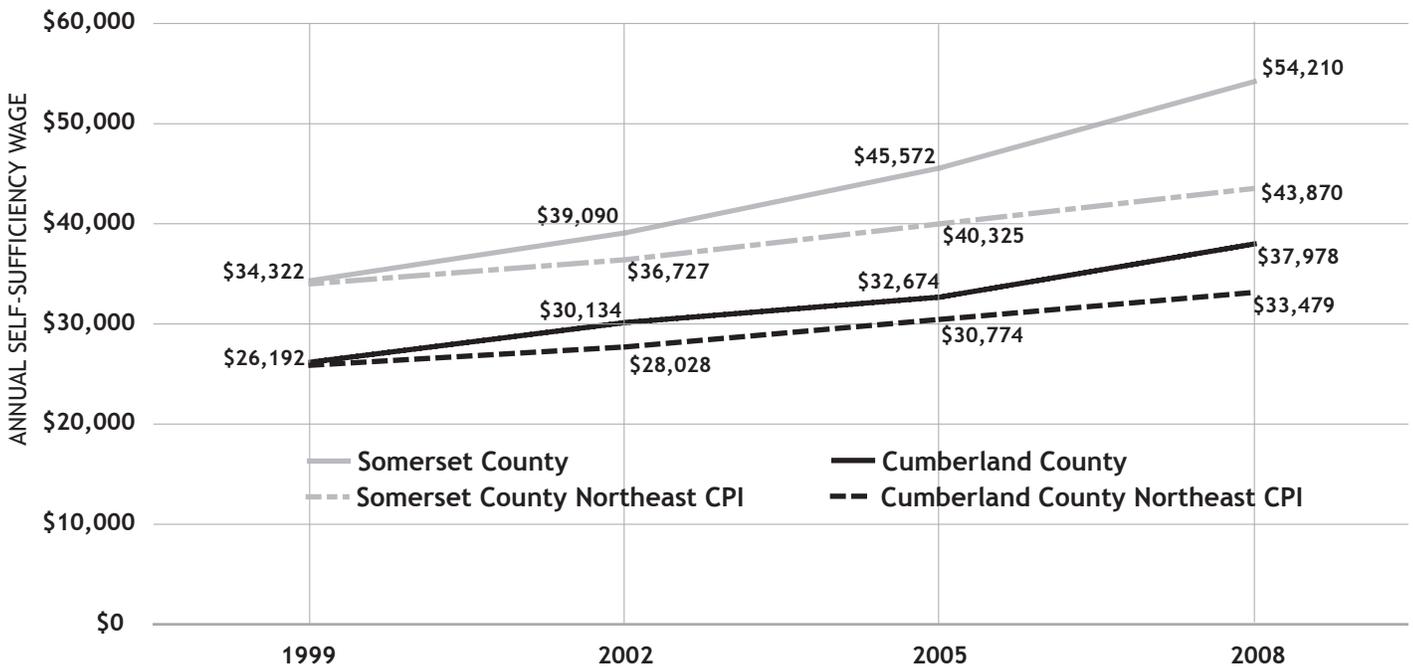
However, some costs grew at higher rates than others. Health care costs grew 50% from 1999 to 2008. Over the last nine years housing costs increased between 27% and 32% in all counties while child care costs increased between 21% to 40%, depending on county. The greatest increases of child care costs occurred in Somerset (40%) and Mercer (38%) counties. In Cumberland and Somerset counties, where private transportation is assumed for all years, transportation costs increased by 39% and 43%, respectively. Food costs have grown by 33% since 1999 in all four counties.

In the last three years, however, cost increases in the Self-Sufficiency Standard has been due primarily to the

**Figure 6. The New Jersey Self-Sufficiency Standard by County and Year, 1999-2008**  
*One Adult and One Preschooler*



**Figure 7. Cost Increases in two New Jersey Counties, 1999-2008**  
**Comparing the Self-Sufficiency Standard to the Consumer Price Index\***  
*One Adult and One Preschooler*



\*Source: United States Department of Labor, Bureau of Labor Statistics. *Consumer Price Index: Northeast Region All Items, 1982-1984=100* - CUUR0100SA0. Retrieved from <http://www.bls.gov/cpi/home.htm>

growing costs of health care, child care, and housing. For all four counties, health care costs have risen 20% between 2005 and 2008. Child care costs for a family with one preschooler have increased between 8% and 24% since 2005, with the greatest increases occurring in Mercer and Somerset counties. Housing costs grew by 10% to 15% between 2005 and 2008. Private transportation increased by 11% for Cumberland and Somerset Counties.

**COMPARING THE STANDARD WITH THE CONSUMER PRICE INDEX**

Clearly basic costs for families earning Self-Sufficiency Wages have increased in New Jersey over the last decade. However, how does this compare with overall inflation rates? We examine this question in **Figure 7** by comparing the Self-Sufficiency Standard in Somerset and

Cumberland counties for one adult and one preschooler to the rate of inflation as measured by the Consumer Price Index (CPI).

If the Self-Sufficiency Standard Wage in 1999 was increased using the CPI, the amount a family would need in Cumberland County to meet basic needs would be \$33,479 in 2008. This is over \$4,000 less than the actual increase in the cost of basic needs. Somerset County, if inflated with the CPI, would only be \$43,870, over \$10,000 less than the actual increase. This shortfall is in spite of tax cuts and increased tax credits that have helped offset rising costs for families. It appears that the rate of inflation as measured by the CPI substantially underestimates the rising cost of basic needs for families with incomes at Self-Sufficiency Standard levels.



# Modeling the Impact of Work Supports

While the Self-Sufficiency Standard provides the amount of income that meets a family’s basic needs without public or private assistance, many families cannot achieve self-sufficiency immediately. “Work supports”—such as child care assistance, health care (Medicaid or New Jersey’s Children’s Health Insurance Program), housing assistance (including Section 8 vouchers and public housing), Temporary Assistance for Needy Families (TANF) cash assistance, Food Stamps, and/or Women, Infants and Children (WIC) programs—can help a working family achieve stability without scrimping on nutrition, living in overcrowded or substandard housing, or leaving children in unsafe and/or non-stimulating environments. Work supports also offer the stability to help a family retain employment, which is a necessary condition for improving wages.

Below is a brief discussion of each work support modeled in this section. Child support, although not a work support per se, can assist a family in meeting basic needs and so is also modeled. In addition, an explanation of how the taxes credits are treated differently in the modeling tables than in the Self-Sufficiency Standard is provided.

**Child Support:** Child support payments from absent, non-custodial parents can be a valuable addition to some family budgets, even in cases where the non-custodial parent’s income is relatively low. When both parents provide support to meet their children’s needs, whatever the amount, children are likely to benefit.

**Child Care:** Since child care is one of the major expenses for families with children, a child care subsidy can substantially reduce this expense. For this reason, child care assistance is modeled separately as well as in combination with other work supports. The addition of a child care subsidy generally provides single parents the greatest financial relief of any work support.

**Health Care:** While health care expenses are a relatively small cost item in the Standard (less than 10%), health care coverage is essential. As previously discussed, the Standard assumes that a Self-Sufficiency Wage includes employer-sponsored health insurance for workers and

their families, with the cost partially financed by the employer. Without health benefits, most people would find it difficult, and sometimes prohibitively expensive, to meet their families’ health care needs. Without health care coverage, an illness or injury in a family can become a very serious financial crisis.

.....

## WORK SUPPORTS...CAN HELP A WORKING FAMILY ACHIEVE STABILITY WITHOUT SCRIMPING ON NUTRITION, LIVING IN OVERCROWDED OR SUBSTANDARD HOUSING, OR LEAVING CHILDREN IN UNSAFE AND/OR NON-STIMULATING ENVIRONMENTS.

.....

However, with the expansions of the federal and state-supported Children’s Health Insurance Program, or SCHIP, many working families now have the option of covering their children’s health care needs when their employer does not offer family coverage, but the family does not qualify for Medicaid. Families that enter the workforce from welfare are eligible for continued coverage by Medicaid for themselves and their children for up to 24 months depending on the parent’s income level and the availability of employer-sponsored health insurance.<sup>15</sup> After that time, and for those families not transitioning off welfare, children can be covered by New Jersey FamilyCare, as long as family income is below 350% of the FPL.<sup>16</sup>

**Food Stamps and Women, Infants & Children (WIC):** Most households with a gross monthly income of 130% or less of the Federal Poverty Level (FPL) are eligible for the federal Food Stamp Program. This program, administered by individual states, provides crucial support to needy households. Additionally, New Jersey’s WIC program helps pay for specific nutrient-rich foods and nutrition counseling for pregnant or postpartum women, infants, and children up to age five if their income falls at or below 185% of the FPL.<sup>17</sup> For those who qualify, the work support tables includes WIC benefits (along with food stamps) in the calculation of food costs.

**Housing:** As with the child care subsidy, housing assistance is a major support for families, as housing is usually the largest expense or the second largest when child care costs are high. Typically, housing assistance reduces housing costs to 30% of income. Families with income below 80% of area median income are eligible for federal housing assistance. However, most new program participants must be families with extremely low income (defined by HUD as income below 30% of area median income).

**Tax Credits:** Tax credits can also provide needed income for families. The Standard shows tax credits as if they are received *monthly*. However, for the work supports modeled in Table 3 (Columns 2–6), the refundable (state and federal) EITC and the “additional” refundable portion of the Child Tax Credit (CTC) are shown as received *annually*. The Child Care Tax Credit, which is *not* refundable, is only shown as a monthly credit against federal taxes, if any, in both the Self-Sufficiency Standard and in the modeling columns of the table.

The tax credits are shown this way in order to be as realistic as possible. Although by law, a family can receive part of their forthcoming federal EITC on a monthly basis (called Advance EITC), most workers receive it annually. According to one study, some prefer to use the EITC as “forced savings” to meet important family needs, such as paying the security deposit for housing, buying a car, or settling debts.<sup>18</sup> Some may be unaware of the option to receive it monthly. At any rate, nearly all families receive the federal EITC as a lump sum payment the following year when they file their tax returns.<sup>19</sup> Therefore, for all but the first column (the Self-Sufficiency Standard) of Table 3, the total amount of the refundable EITC tax credit the family would receive annually (when they file their taxes) is shown in the first shaded line at the bottom of the table (assuming the adult works at this same wage, full-time, for the year). Likewise, the New Jersey State EITC, which is 20% of the federal EITC, is shown on the second shaded line in Table 3.

Like the EITC, the federal Child Tax Credit (CTC) is shown as received monthly in the Self-Sufficiency Standard. However, for the modeled work support columns, the CTC is split into two amounts with only the portion that can be used to offset any remaining (after

the CCTC) federal taxes owed shown monthly, while the “additional” refundable portion of the CTC is shown as a lump sum received annually in the third shaded line of Table 3. Note that one cannot legally receive the “additional” refundable portion of the Child Tax Credit on a monthly basis.

### TABLE 3: MODELING THE IMPACT OF WORK SUPPORTS AND CHILD SUPPORT IN ATLANTIC COUNTY

In **Table 3**, the impact of adding work supports and child support is modeled for a single-parent family with one preschooler and one schoolage child living in Atlantic County. Costs that have been reduced by these supports are indicated with bold font in the table. Brackets in the column headings indicate that the work support was attempted to be modeled, but could not be modeled. In such instances, if the family’s income is high enough to meet their needs, their income is too high to qualify for the work support.

**The Self-Sufficiency Standard (Column 1):** The first column of Table 3 shows the Self-Sufficiency Standard without any work or other supports to reduce costs (except tax credits where applicable) for an Atlantic County family consisting of a single parent with one preschooler and one schoolage child. This family has monthly child care expenses of \$1,076 and monthly housing costs of \$1,033; therefore, this parent must earn a Self-Sufficiency Wage of \$3,723 per month or \$21.16 per hour working full-time.

**Child Support (Column 2):** In Column 2, child support is added. The child support payment of \$308 per month is the average amount received by families participating in the Child Support Program in New Jersey.<sup>20</sup> Unlike additional earned income, child support is not taxable. Therefore it reduces the amount families need to earn both directly and indirectly through reduced taxes, which in turn has a strong impact on helping families meet their needs. Overall, with the addition of child support (and without the refundable CTC of \$535) the wage needed to meet basic needs is reduced to \$3,364 per month or \$19.11 per hour.

**NJ Cares for Kids Child Care (Column 3):** In Column 3, the first work support—child care—is added. New

Table 3.  
**Impact of the Addition of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage**  
*Single Parent with One Preschooler and One Schoolage Child*  
 Atlantic County, NJ 2008

MONTHLY COSTS:	#1	CHILD SUPPORT AND WORK SUPPORTS				
	SELF-SUFFICIENCY STANDARD	#2 Child Support	#3 Child Care	#4 Child Care, [Food Stamps]/ WIC* & Medicaid	#5 Child Care, [Food Stamps]/ WIC & NJ FamilyCare	#6 Housing, Child Care, Food Stamps/ WIC & NJ FamilyCare
Housing	\$1,033	\$1,033	\$1,033	\$1,033	\$1,033	\$520
Child Care	\$1,076	\$1,076	\$234	\$166	\$192	\$122
Food	\$537	\$537	\$537	\$499	\$499	\$407
Transportation	\$59	\$59	\$59	\$59	\$59	\$59
Health Care	\$339	\$339	\$339	\$0	\$152	\$133
Miscellaneous	\$304	\$304	\$304	\$304	\$304	\$304
Taxes	\$641	\$555	\$410	\$299	\$343	\$187
Earned Income Tax Credit	\$0	**	**	**	**	**
Child Care Tax Credit (-)	-\$100	-\$110	-\$59	-\$46	-\$52	-\$21
Child Tax Credit (-)	-\$167	-\$122	-\$85	-\$31	-\$48	\$0
Child Support		-\$308				
<b>SELF-SUFFICIENCY WAGE:</b>						
HOURLY	\$21.16	\$19.11	\$15.76	\$12.97	\$14.11	\$9.73
MONTHLY	\$3,723	\$3,364	\$2,773	\$2,283	\$2,483	\$1,712
ANNUAL	\$44,680	\$40,370	\$33,280	\$27,390	\$29,793	\$20,541
Total Federal EITC annually refundable**		\$0	\$948	\$2,189	\$1,683	\$3,631
Total State EITC annually refundable**		\$0	\$190	\$438	\$337	\$726
Total Federal CTC annually refundable**		\$532	\$977	\$1,624	\$1,421	\$1,319

\* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in New Jersey. Assumes average monthly value of WIC benefit \$37.89 (FY 2006).

\*\* See discussion at the beginning of this section titled “Modeling the Impact of Supports of Wages Required to Meet Basic Needs”.

Note: Work supports in brackets [ ] indicate that we attempted to model this work support; however, if the income was high enough to meet the family’s needs, it was too high to qualify for the work support.

Jersey’s child care assistance program, New Jersey Cares for Kids, provides child care for families whose income is less than 200% of the FPL. (Note that after one year, a family remains eligible up to 250% of the FPL.) Since child care is \$1,076 per month for this family type, receiving this support reduces child care costs substantially to \$234 per month. The addition of just child care assistance reduces the wage this parent must earn by about a quarter, from \$3,723 to \$2,773 per month (\$21.16 to \$15.76 per hour).

**NJ Cares for Kids Child Care, [Food Stamps], WIC, and Medicaid (Column 4):** For adults moving from welfare to work, child care, food stamps, WIC, and Medicaid comprise the typical “package” of benefits. In

Column 4, it is assumed that Medicaid will cover all of the family’s health care expenses, reducing health care costs from \$339 per month to zero. This family is eligible for WIC benefits as well, which reduces food costs from \$537 to \$499 per month. The reduced health care and food costs reduces the wage needed to meet basic needs, therefore reducing the New Jersey Cares for Kids child care co-payment from \$234 to \$166. Altogether, child care assistance, WIC, and Medicaid, lower the wage required to meet basic needs to \$2,283 per month (\$12.97 per hour) in Atlantic County, which is more than a 63% reduction in the hourly Self-Sufficiency Wage. However, note this wage level is too high for the family to qualify for food stamps, as income must be below 130% of the FPL (\$1,860 per month).

**NJ Cares for Kids Child Care, [Food Stamps], WIC, and NJ FamilyCare (Column 5):** After one year, the parent making the transition from welfare to work loses Medicaid coverage for the entire family. However, as with all families in New Jersey, if her family income remains below 350% of the FPL her children would be eligible for NJ FamilyCare, New Jersey’s State Children’s Health Insurance Program (SCHIP). Under these circumstances, the parent would pay only for the cost of her own health care, including her share of the health insurance premium that is available through her employer as well as her out-of-pocket costs. Column 5 shows the same work support package as Column 4, with NJ FamilyCare for the children substituted for Medicaid for the whole family. As a result, the cost of health care increases to \$152 per month to cover the parent’s costs, and the parent goes from needing to earn \$2,283 per month (\$12.97 per hour) in Column 4 to needing to earn \$2,483 per month (\$14.11 per hour) to meet her family’s basic needs.

**Housing, NJ Cares for Kids Child Care, Food Stamps, WIC, and NJ FamilyCare (Column 6):** In the final column, housing assistance is added to the work support package modeled in Column 5. Housing assistance generally reduces the cost of housing to 30% of income. In this case, housing assistance reduces housing costs from \$1,033 to \$520 per month. This family is now eligible for a partial food stamps benefit (in addition to WIC), which together reduce food costs from \$499 to \$407. With the addition of a housing subsidy, this parent needs to earn about \$5 less per hour to meet the family’s basic needs. Overall, with this benefit package, the parent needs to earn just \$1,712 per month (\$9.73 per hour) to meet the family’s basic needs. Note this wage is still over two dollars more than New Jersey’s 2008 minimum wage of \$7.15 per hour. Additionally, at this wage level, the parent is eligible for over \$5,500 in annual refundable tax credits if she works at this wage throughout the year.

#### **TABLE 4: MODELING THE IMPACT OF WORK SUPPORTS ON WAGE ADEQUACY IN MERCER COUNTY**

While in Table 3 we examined how child support and work supports reduced the wage a parent needs to meet their needs, in **Table 4** we reverse this analysis, and ask “How adequate are various wages in meeting a family’s

needs, without and with various work supports?” In Table 4, and throughout the Self-Sufficiency Standard, we define “wage adequacy” as the degree to which a given wage is adequate to meet basic needs, taking into account various work supports—or lack thereof. If wage adequacy is at or above 100% then the wage is enough or more than enough to meet the family’s basic needs.

To model wage adequacy, Table 4 uses the same family type (a single parent with one preschooler and one schoolage child) as Table 3 but in Mercer County. Costs in Table 4 that are reduced by work supports are also noted in bold. As in Table 3, it is assumed that the “refundable” federal EITC and the “additional” refundable portion of the CTC are received annually; therefore these credits are not shown in Table 4 as available to reduce costs monthly, but again the annual credits are shown in shaded rows at the bottom of each panel.

In Table 4, Panel A models how “no work supports” (wages only) impacts the wage needed for a family to meet basic needs at six wage levels. The next three illustrations of wage adequacy are modeled using the same six wage levels with the addition of work supports. Panel B models child care alone; Panel C models child care, food stamps/WIC, and NJ Family Care; and Panel D adds a housing subsidy to the supports modeled in Panel C.

The six wages used in each of the Panels represent commonly used benchmarks of income. In each Panel, Column 1 models the New Jersey minimum wage (\$7.15 per hour in 2008); Columns 2 through 4 models the full-time hourly equivalent of 100%, 200%, and 250% of the FPL; and Columns 5 and 6 model the full-time hourly equivalent of 30% and 50% of Median Family Income (MFI) for a three person family in Mercer County, as calculated by the U.S. Department of Housing and Urban Development. (Note that HUD designates incomes below 30% of Median Family Income as “Extremely Low Income” and income below 50% as “Very Low Income”.)

**Panel A—No Work Supports (Wages Only):** In Panel A the parent is not receiving any work supports. In Column 1, the parent earning the minimum wage or \$7.15 per hour, for a total monthly income of \$1,258,

Table 4  
**Impact of Work Supports on Wage Adequacy**  
*Single Parent with One Preschooler and One Schoolage Child*  
 Mercer County, NJ 2008

	#1	#2	#3	#4	#5	#6
	NJ State Minimum Wage	100% of Federal Poverty Level	200% of Federal Poverty Level	250% of Federal Poverty Level	30% Median Family Income	50% Median Family Income
<b>HOURLY WAGE:</b>	\$7.15	\$8.13	\$16.26	\$20.32	\$10.91	\$18.21
<b>TOTAL MONTHLY INCOME:</b>	\$1,258	\$1,431	\$2,862	\$3,577	\$1,921	\$3,204
<b>PANEL A: NO WORK SUPPORTS</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120
Child Care	\$1,531	\$1,531	\$1,531	\$1,531	\$1,531	\$1,531
Food	\$555	\$555	\$555	\$555	\$555	\$555
Transportation	\$296	\$296	\$296	\$296	\$296	\$296
Health Care	\$339	\$339	\$339	\$339	\$339	\$339
Miscellaneous	\$384	\$384	\$384	\$384	\$384	\$384
Taxes	\$126	\$141	\$431	\$605	\$227	\$514
Earned Income Tax Credit (-)	*	*	*	*	*	*
Child Care Tax Credit (-)	\$0	\$0	(\$125)	(\$105)	(\$42)	(\$115)
Child Tax Credit (-)	\$0	\$0	(\$32)	(\$159)	\$0	(\$93)
<b>TOTAL MONTHLY EXPENSES</b>	\$4,351	\$4,367	\$4,500	\$4,567	\$4,411	\$4,532
<b>SHORTFALL (-) OR SURPLUS</b>	<b>(\$3,093)</b>	<b>(\$2,936)</b>	<b>(\$1,638)</b>	<b>(\$990)</b>	<b>(\$2,491)</b>	<b>(\$1,328)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>29%</b>	<b>33%</b>	<b>64%</b>	<b>78%</b>	<b>44%</b>	<b>71%</b>
<b>PANEL B: CHILD CARE</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120
Child Care	\$0	\$115	\$245	\$1,531	\$135	\$1,531
Food	\$555	\$555	\$555	\$555	\$555	\$555
Transportation	\$296	\$296	\$296	\$296	\$296	\$296
Health Care	\$339	\$339	\$339	\$339	\$339	\$339
Miscellaneous	\$384	\$384	\$384	\$384	\$384	\$384
Taxes	\$126	\$141	\$431	\$605	\$227	\$514
Earned Income Tax Credit (-)	*	*	*	*	*	*
Child Care Tax Credit (-)	\$0	\$0	(\$125)	(\$105)	(\$42)	(\$115)
Child Tax Credit (-)	\$0	\$0	(\$32)	(\$159)	\$0	(\$93)
<b>TOTAL MONTHLY EXPENSES</b>	\$2,820	\$2,950	\$3,213	\$4,567	\$3,015	\$4,532
<b>SHORTFALL (-) OR SURPLUS</b>	<b>(\$1,562)</b>	<b>(\$1,520)</b>	<b>(\$352)</b>	<b>(\$990)</b>	<b>(\$1,094)</b>	<b>(\$1,328)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>45%</b>	<b>48%</b>	<b>89%</b>	<b>78%</b>	<b>64%</b>	<b>71%</b>
<b>Total Federal EITC (annually refundable**)</b>	\$4,716	\$4,341	\$725	\$0	\$3,103	\$0
<b>Total State EITC (annually refundable**)</b>	\$943	\$868	\$145	\$0	\$621	\$0
<b>Total Federal CTC (annually refundable**)</b>	\$503	\$813	\$1,617	\$89	\$1,695	\$880

\*\* EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

Note: Brackets [ ] indicate that this family is not income eligible for this work support.

Table 4 (Continued)  
**Impact of Work Supports on Wage Adequacy**  
*Single Parent with One Preschooler and One Schoolage Child*  
 Mercer County, NJ 2008

	#1	#2	#3	#4	#5	#6
	NJ State Minimum Wage	100% of Federal Poverty Level	200% of Federal Poverty Level	250% of Federal Poverty Level	30% Median Family Income	50% Median Family Income
<b>HOURLY WAGE:</b>	\$7.15	\$8.13	\$16.26	\$20.32	\$10.91	\$18.21
<b>TOTAL MONTHLY INCOME:</b>	\$1,258	\$1,431	\$2,862	\$3,577	\$1,921	\$3,204
<b>PANEL C: CHILD CARE, FOOD STAMPS/WIC, NJ FAMILY CARE</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120
Child Care	\$0	\$115	\$245	\$1,531	\$135	\$1,531
Food	\$224	\$230	\$555	\$555	\$517	\$555
Transportation	\$296	\$296	\$296	\$296	\$296	\$296
Health Care	\$133	\$133	\$171	\$208	\$133	\$171
Miscellaneous	\$384	\$384	\$384	\$384	\$384	\$384
Taxes	\$126	\$141	\$431	\$605	\$227	\$514
Earned Income Tax Credit (-)	*	*	*	*	*	*
Child Care Tax Credit (-)	\$0	\$0	(\$125)	(\$105)	(\$42)	(\$115)
Child Tax Credit (-)	\$0	\$0	(\$32)	(\$159)	\$0	(\$93)
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$2,282</b>	<b>\$2,420</b>	<b>\$3,045</b>	<b>\$4,435</b>	<b>\$2,771</b>	<b>\$4,363</b>
<b>SHORTFALL (-) OR SURPLUS</b>	<b>(\$1,024)</b>	<b>(\$989)</b>	<b>(\$183)</b>	<b>(\$858)</b>	<b>(\$850)</b>	<b>(\$1,159)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>55%</b>	<b>59%</b>	<b>94%</b>	<b>81%</b>	<b>69%</b>	<b>73%</b>
<b>PANEL D: HOUSING, CHILD CARE, FOOD STAMPS/WIC, NJ FAMILY CARE</b>						
<b>MONTHLY COSTS:</b>						
Housing	\$378	\$429	\$859	\$1,073	\$576	\$961
Child Care	\$0	\$115	\$245	\$1,531	\$135	\$1,531
Food	\$224	\$230	\$555	\$555	\$517	\$555
Transportation	\$296	\$296	\$296	\$296	\$296	\$296
Health Care	\$133	\$133	\$171	\$208	\$133	\$171
Miscellaneous	\$384	\$384	\$384	\$384	\$384	\$384
Taxes	\$126	\$141	\$431	\$605	\$227	\$514
Earned Income Tax Credit (-)	*	*	*	*	*	*
Child Care Tax Credit (-)	\$0	\$0	(\$125)	(\$105)	(\$42)	(\$115)
Child Tax Credit (-)	\$0	\$0	(\$32)	(\$159)	\$0	(\$93)
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$1,540</b>	<b>\$1,729</b>	<b>\$2,783</b>	<b>\$4,388</b>	<b>\$2,227</b>	<b>\$4,204</b>
<b>SHORTFALL (-) OR SURPLUS</b>	<b>(\$281)</b>	<b>(\$298)</b>	<b>\$79</b>	<b>(\$811)</b>	<b>(\$306)</b>	<b>(\$1,000)</b>
<b>WAGE ADEQUACY Total Income/Total Expenses</b>	<b>82%</b>	<b>83%</b>	<b>103%</b>	<b>82%</b>	<b>86%</b>	<b>76%</b>
<b>Total Federal EITC (annually refundable**)</b>	<b>\$4,716</b>	<b>\$4,341</b>	<b>\$725</b>	<b>\$0</b>	<b>\$3,103</b>	<b>\$0</b>
<b>Total State EITC (annually refundable**)</b>	<b>\$943</b>	<b>\$868</b>	<b>\$145</b>	<b>\$0</b>	<b>\$621</b>	<b>\$0</b>
<b>Total Federal CTC (annually refundable**)</b>	<b>\$503</b>	<b>\$813</b>	<b>\$1,617</b>	<b>\$89</b>	<b>\$1,695</b>	<b>\$880</b>

\* EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit (which is a credit against federal taxes) is shown, if any (see text for explanation).

Note: Brackets [ ] indicate that this family is not income eligible for this work support.

excluding tax credits, experiences a shortfall of \$3,093 per month and a wage adequacy of just 29%. In other words, working full-time at the New Jersey minimum wage, without any other support or resources, only provides 29% of the income needed to meet this family's needs. The second column of Panel A increases the parent's wage to \$8.13, or 100% of the FPL for a family of three. Column 3 demonstrates the parent's wage at 200% of the FPL, \$16.26 per hour, and Column 4 show the parent's wage at 250% of the FPL, \$20.32 per hour. These income levels increase wage adequacy to 33%, 64%, and 78% respectively. The final Columns show the parent's wage at 30% and 50% of Median Family Income or \$10.91 and \$18.21 per hour; these wages, without work supports, yield a wage adequacy of 44% and 71% respectively. The family's monthly income at these wage levels is still far below what is needed to meet basic needs at a minimally adequate level.

**Panel B—NJ Cares for Kids Child Care:** When the family receives child care assistance, it reduces their expenses, and raises Wage Adequacy, as shown in Panel B. At \$7.15 per hour, child care assistance alone decreases the cost of child care from \$1,531 to \$0, increasing wage adequacy from 29% with no work supports to 45% with child care assistance. As child care assistance is added to each increased wage, the wage adequacy increases to 48% at around \$8 per hour (the FPL) and 64% at \$10.91 per hour (30% MFI). At \$16.26 per hour (200% of FPL) child care assistance increases wage adequacy to the highest percentage at 89%. However, notice that at \$18.21 per hour (50% MFI) and at \$20.32 per hour (250% of FPL) the family is not eligible for child care assistance and the wage adequacy level stays the same as in Panel A with no work supports.

**Panel C—NJ Cares for Kids Child Care, Food Stamps, WIC, and NJ FamilyCare:** Receiving help with health care and food costs further increases wage adequacy. With help paying the full cost of health care for the children, health care costs decrease from \$339 for the whole family without supports to between \$133 and \$208 per month, depending on wage level. Additionally, at wages ranging from the minimum wage (\$7.15 per hour), 100% of the FPL, and 30% of MFI, the addition of WIC and/or food stamps reduces food costs from

\$555 to between \$224 and \$517 per month. As a result, wage adequacy increases at each income level. At the minimum wage of \$7.15 per hour, the additions of food stamps, WIC, and SCHIP (NJ FamilyCare) to child care assistance increases wage adequacy from 45% with child care assistance alone to 55%. At 100%, 200% and 250% of FPL, Wage Adequacy increases from 48%, 89%, and 78%, to 59%, 94%, and 81% respectively. At 30% and 50% of MFI, wage adequacy increases from 64% and 71% to 69% and 73% respectively.

**Panel D—Housing, NJ Cares for Kids Child Care, Food Stamps, WIC, and NJ FamilyCare:** With the addition of housing assistance, the cost of housing is substantially reduced from \$1,120 to between \$378 and \$1,073, depending on wage level. The result is a wage adequacy rate increasing by around 20% or more at the lower wage levels. At 200% of the FPL, with housing assistance, child care assistance, and NJ FamilyCare, the wage adequacy for this family reaches 103%, enough to meet this family's basic needs.

## IMPORTANCE AND AVAILABILITY OF WORK SUPPORTS

When assisted temporarily with work supports until they are able to earn Self-Sufficiency Wages, families are able to meet their basic needs as they enter or re-enter the workforce. In turn, re-entering the workforce means families can continue to meet basic needs. Thus, carefully targeted programs and tax policies can play a critical role in helping families break out of a poverty cycle. Unfortunately, the various work supports modeled here are not available to all who need them.

**Housing:** Nationally, nearly two million households received federally assisted housing vouchers in 2007.<sup>21</sup> However, according to the Center on Budget and Policy Priorities (CBPP), 15 million low-income families have unaffordable housing costs (exceeding 30% of their income) and nearly nine million households have severe housing cost burdens (exceeding 50% of their income).<sup>22</sup> Of the households receiving federal housing assistance, 59% are households with children.<sup>23</sup> In New Jersey, around 153,924 households received federally assisted housing in 2005.<sup>24</sup> However, the CBPP estimates that during the same year there were 458,618 low-income

families in New Jersey with unaffordable housing-cost burdens, in which case approximately one-quarter of eligible households received assistance.<sup>25</sup>

**Food:** Nationally, enrollment in the Food Stamp Program has increased steadily since 2002, reaching 26.5 million people or 12 million households in 2007.<sup>26</sup> In New Jersey, participation in the Food Stamp Program rose from 319,799 participants in fiscal year 2002 to 414,503 in fiscal year 2007, a 30% increase. In October 2007, 204,503 households in New Jersey participated in the Food Stamp Program.<sup>27</sup> However, it is likely that many families who leave TANF cash assistance programs to begin employment remain eligible for food stamps that they do not receive. The Center on Budget and Policy Priorities states, “Research by both the Department of Health and Human Services and the Urban Institute has shown that fewer than half of the individuals who leave TANF cash assistance continue to participate in the Food Stamp Program despite earning low wages and (in most cases) remaining eligible for food stamp benefits.”<sup>28</sup> Moreover, according to the Urban Institute, in 2002 nearly 30% of children under age six were children of immigrants.<sup>29</sup> Documented immigrants are excluded from federal benefits for five years after entry into the U.S., and undocumented immigrants are always ineligible for food stamps. Thus, a large number of low-income children do not receive food benefits because of their citizenship status. Although citizen children of non-citizen parents are eligible for benefits, it is unlikely that non-citizen parents will apply for federal benefits, either due to perceived risk or lack of knowledge.<sup>30</sup>

**Child Care:** According to calculations done by the National Women’s Law Center, the FY 2007 Federal Child Care and Development Block Grant (CCDBG) was nearly \$500 million less than the grant for FY 2002, when adjusted for inflation.<sup>31</sup> Although some states made progress in improving child care assistance policies in 2006-2007, 17 states continue to have waiting lists or have frozen new intakes for families seeking child

care assistance in 2007.<sup>32</sup> Additionally, in over 25 states copayments made up a greater percentage of parents’ income in 2007 than in 2001.<sup>33</sup> Low-wage working parents continue to face barriers to accessing quality child care. In New Jersey, around 37,900 children, or 25,900 families, received Child Care and Development Fund (CCDF) subsidies in fiscal year 2006.<sup>34</sup> Those children represent just 7% of New Jersey’s 540,000 children under age 19 who lived in households with incomes at or below 200% of the Federal Poverty Level.<sup>35</sup>

**Health Insurance:** According to the Center on Budget and Policy Priorities, nearly 16% of Americans lacked health insurance in 2006, compared to 14% in 2001. The percentage of all children who lack health insurance has grown nationwide from 11% in 2005 to nearly 12% in 2006.<sup>36</sup> However, Families USA reports “since 2001, low-income children’s access to health insurance coverage has been negatively affected by state budget cuts” resulting from fiscal pressures of the recent economic recession.<sup>37</sup> Although SCHIP has expanded since 2001, the number of uninsured children has continued to increase at an even faster pace. According to the CBPP, “the main reason that both children and adults have been losing ground in health insurance coverage is the erosion of employer-sponsored insurance.”<sup>38</sup> New Jersey’s SCHIP program currently serves approximately 120,884 children and teens under 19 years of age.<sup>39</sup> According to U.S. Census Health Insurance Data (2006), over five percent of New Jersey’s children in families at or below 200% of the Federal Poverty Level do not have health insurance.<sup>40</sup>

**Child Support:** Although 60% of custodial parents in the United States have child support awards, only 45% receive the full amount owed to them. Of the remaining 55%, only 31% receive a portion of the child support payment awarded, leaving 24% with no support at all.<sup>41</sup> Of families who receive payments with the assistance of state department of child support enforcement agencies, the national average amount received is \$235, and in New Jersey the average is \$343.<sup>42</sup>

## Disability and Self-Sufficiency

How much does it cost to be economically self-sufficient if you have a disability?<sup>43</sup> The Self-Sufficiency Standard provides a refined and detailed answer to the question of what it takes for individuals and families to be self-sufficient. It accounts for the critical considerations of where they live, the number of adults and children in a household, and the ages of the children. It does, however, presume that all adults are uniformly capable of transforming a given amount of resources into a given level of well-being.<sup>44</sup> For example, it is assumed that a family of three with one adult, one preschooler and one schoolage child can use a set amount of funds for food to provide meals and nutritional sustenance to satisfy all members of the family. Yet, for people with disabilities, this may not be the case. It may, indeed, be that the cost of a nutritionally adequate diet is higher for someone with a disability if certain kinds of food or food preparation are required.

There are additional types of costs as well that are incurred for adults and children with disabilities that are fundamental to their ability to achieve economic self-sufficiency. Specific disability-related circumstances can affect communication and transportation costs, which are crucial to maintaining a job, access to resources and a minimum level of social interaction. The effect of isolation should not be underestimated. It is a too common phenomenon among people with disabilities. One study found that 40% of people with disabilities had not gone out for shopping or to visit other people in the previous four weeks.<sup>45</sup> The Self-Sufficiency Standard estimates the resources needed to meet minimal needs, with public or private transportation sufficient to get to and from work and go shopping once a week. Communication costs such as telephone use are subsumed under miscellaneous. However, minimal levels of communication and transportation may well cost considerably more if a disability limits physical access and/or requires special equipment. The basic Self-Sufficiency Standard for someone without a disability would not be enough to meet the costs associated with many disabilities.

This section outlines some of the issues involved in estimating the extra costs associated with disabilities, and makes some estimates of what those costs may be. It should be emphasized, however, that these estimates are illustrative, not exhaustive, as the study of such factors is an emerging field.<sup>46</sup> These estimates are meant to stimulate further research and discussion, as a first step toward better understanding the costs of disability.

### FACTORS AFFECTING THE MEASUREMENT OF DISABILITY-RELATED COSTS

As with the basic Self-Sufficiency Standard, disability-related cost estimates vary according to specific factors. For the basic Self-Sufficiency Standard, a child's age is important because it determines child care costs. Likewise, in order to estimate the extra costs associated with having a disability, there are a number of characteristics that must be taken into account. These include:

- **Severity and Type of Disability:** Disability-related costs vary greatly depending on number, type, and severity of disabilities. While some researchers estimating disability-related costs have used a severity index,<sup>47</sup> others have estimated costs on the basis of various sets of needs, rather than impairments.<sup>48</sup> Some types of impairment incur more costs than others. One study found that costs associated with disabilities in the areas of dexterity/reaching and locomotion were higher than for those related to incontinence or seeing/hearing.<sup>49</sup>
- **Type of Costs:** There are two distinct types of costs associated with having a disability. First, there are higher costs associated with basic expenses, such as food and shelter. For example, wheelchair accessibility may increase the cost of housing. Second, there are needs specific to disabilities for items and services, such as Braille readers. One of the highest costs associated with disabilities can be the cost of hiring personal attendants.
- **Current vs. Long-term Expenditures:** As with most cost of living budgets, the Self-Sufficiency Standard

is intended to account for current costs, and does not include past or future investments. Thus, for example, it includes the cost of rent, but not the deposits often required to secure housing. In contrast, studies of disability-related costs often include the cost of purchasing or replacing adaptive equipment such as wheelchairs, cars with lifts, and communication devices.

- **Life-cycle Stage:** In the Self-Sufficiency Standard, life-cycle stage refers to whether a person is a child, working age adult, or retired adult. Because the Self-Sufficiency Standard is designed to measure the needs of adults in the life-cycle stage before retirement, in this report, we do not estimate the costs for people with disabilities who are of retirement age, but rather concentrate on making estimates for those who are in the age range during which people are more likely to be in the workforce. It should be noted that the principles presented here could be applied to making estimates for those who are older, however, to do so would require taking into account earned and non-earned sources of income and receipt of Social Security, as well as creating models with explicit assumptions about workforce participation.
- **Living Arrangements:** Whether an individual with a disability lives alone, with others who do not have disabilities, or with a partner who has disabilities, affects cost of living estimates. As with the Self-Sufficiency Standard, in this report costs for people with disabilities are modeled according to different living arrangements. Costs have been found to be lower for couples in which one person has a disability, compared to costs for a single person with a disability or couples in which both partners have disabilities. It is hypothesized that the second adult in these households substitutes some unpaid care services for disability-related needs that would otherwise generate additional costs. For this reason, some researchers have concentrated on estimating costs for a single person, living alone, so as not to inadvertently underestimate disability-related costs because they have been mitigated by others in the household or the household budget in general.
- **Resources:** The resources available in a community or from the government affect disability-related costs and

any analyses of those costs. For example, the presence of curb cuts and special accessible public transportation can affect mobility greatly, and may vary significantly from one county or community to another. However, there is no data currently available to assess this component of costs.

## MEASURING DISABILITY-RELATED COSTS

Ideally, as with all the costs estimated in the Standard, disability-related cost estimates would be based on direct measures of specific costs, both higher costs for general basic needs such as food and shelter, as well as costs that are specific to a disability. Unfortunately, regular data for specific disability-related costs are not available. Nor are there government-set cost estimates that are disability-specific such as those established by the Department of Agriculture for food budgets intended to meet minimum nutritional standards. Disability benefits are standardized, and are not set in relation to costs.<sup>50</sup>

Given the lack of cost-specific data, there are basically two approaches to measuring disability-related costs. The first is to determine, using surveys, the level of expenditures in households of similar composition, comparing those with and without members with disabilities. Researchers Zaida and Burchardt in their monograph took this approach in the United Kingdom. They estimated percentage increases in expenditures due to disability-related costs, by severity of disability. In England, as in the United States, individuals with disabilities have lower than average incomes, and higher levels of poverty, which thus constrain expenditures artificially. In other words, average disability-related expenditures may be less than they should be, as some of these households do not have adequate income to meet all their needs, whether disability-related or not.

To control for the impact of associated income constraints, the researchers used data from across the income spectrum, and statistically controlled not only for income level, but also other factors that affect expenditure levels, such as gender and housing tenure. Zaida and Burchardt use a severity of disability index that ranges from 0 to 22 and determine the average additional expenditure associated with each point on this scale.<sup>51</sup> For non-retired individuals and couples

at an average income level, approximately 4% to 4.6% additional expenditure is associated with each point on this disability severity scale. For example, a single, non-retired person with a low severity of disability (score 3), would incur additional disability-related expenses of 14% on average; at the medium severity level (score 9), disability costs would increase the budget by 41%; and at the high severity level (score 17), disability-related costs would result in expenses increasing by 78%.

A second approach to measuring disability-related costs is to first determine what individuals with disabilities need, and then price this item list. This approach, as with the Standard, avoids the problem of income constraints artificially lowering cost estimates. It is the method used by Smith, Middleton, Ashton-Brooks, Cox, Dobson and Reith in their research. Smith, et al. used focus groups to estimate both the general and the disability-specific needs of five case study individuals, reflecting five different clusters of disability-related needs. Resulting expenditure lists were checked by another set of focus groups, priced independently, and then compared to the average costs for the needs of a person without a disability. Although approximately four out of five persons with disabilities do not live alone, Smith et al.

decided to develop costs for a single person in order not to inadvertently incorporate the hidden subsidies of other household members providing services or care.

To illustrate the impact of disability-related costs on economic self-sufficiency, we have used findings from both of these research studies to estimate the costs for different levels or types of disability. Estimates based on Zaidi and Burchardt's research use the three levels of disability severity as described above (low, medium, and high), for three different household composition/ disability combinations. Estimates based on Smith et al.'s study use the five types of disability described in that study.

In order to illustrate additional costs associated with disability in New Jersey, we start with the Self-Sufficiency Standard for a single adult and for two adults in Mercer County. Although not all individuals with disabilities are employed, or receive all of their income from earnings, we have maintained the assumption from the basic Standard that all income is earned by someone in the household. This assumption makes the costs shown comparable to costs in the basic Standard. As shown in the models, because additional costs require earning

Table 5.  
**Disability Related Costs of Living per Household, by Disability Level/Type and Living Arrangements**  
*Mercer County, NJ 2008*

LEVEL OF DISABILITY	SINGLE ADULT		COUPLE, ONE DISABLED		COUPLE, BOTH DISABLED	
	Percentage Increase for Disability Related Costs	Total Costs, Including Disability Related Costs	Percentage Increase for Disability Related Costs	Total Costs, Including Disability Related Costs	Percentage Increase for Disability Related Costs	Total Costs, Including Disability Related Costs
<b>NO DISABILITY</b>	0%	\$2,131	0%	\$2,356	0%	\$2,356
<b>WITH DISABILITY</b>						
<b>BASED ON ZAIDI &amp; BURCHARDT (2003)*</b>						
Low Severity (score 3)	14%	\$2,480	13%	\$3,498	24%	\$4,777
Medium Severity (score 9)	41%	\$3,156	39%	\$4,446	72%	\$8,616
High Severity (score 17)	78%	\$4,238	73%	\$5,696	136%	\$13,248
<b>BASED ON NOEL SMITH ET AL (2004)**</b>						
Low -Medium Needs	34%	\$2,978				
Medium-High Needs	107%	\$5,121				
Intermittent Needs	42%	\$3,182				
Needs Related to Hearing Impairment	47%	\$3,309				
Needs Related to Vision Impairment	46%	\$3,284				

\*Zaidi & Burchardt, *Comparing Incomes When Needs Differ: Equivalisation for the extra costs of disability in the UK*, Feb 2003. See text for explanation of methodology and detailed findings.

\*\*Noel Smith, Sue Middleton, Kate Ashton-Brooks, Lynne Cox and Barbara Dobson with Lorna Reith, 2004. *Disabled People's Costs of Living: More Than You would Think* Joseph Rowntree Foundation, University of Loughborough.

additional income to cover them, taxes increase as costs rise.

As can be seen from **Table 5**, disability-related needs increase costs by 14% to 136%, depending on the severity of the disability.<sup>52</sup> Depending on the study assumptions used, having a medium to high level of disability approximately doubles one's expenses. Thus, the single, nondisabled person living in Mercer County needs to earn at least \$2,131 per month but, if this person has a disability, he or she needs to earn from \$2,480 to \$5,121 per month, depending on the severity of the disability and the estimate percentage used. Note that the costs for those with more severe disabilities are estimated to be higher in the Smith study, due to the methodology used. High as some of these cost estimates are, they are likely to be substantial underestimations for several reasons:

1. These estimates are based on studies from the United Kingdom, where there is substantially more public subsidy of some costs, especially health care and, for a substantial number, housing. Thus, some of the additional costs associated with disability, such as special housing or health care, are more likely to be covered universally in England than in the United States.
2. The Self-Sufficiency Standard takes into account the cost of obtaining private health insurance. Private coverage, however, is insufficient to meet the needs of many people with disabilities. It generally does not cover personal care attendant costs, and often limits coverage of pre-existing conditions or schedules higher premiums for people with higher actuarial risk. In the past, working disabled people automatically lost their eligibility for Medicaid and faced a difficult choice of being underinsured or unemployed. However, the NJ WorkAbility Program created in 1999, offers full New Jersey Medicaid health coverage to working permanently disabled individuals whose earnings level would otherwise make them ineligible for Medicaid.<sup>53</sup>
3. The methodology used assumes that costs associated with disability are fixed, and do not rise with income.<sup>54</sup>
4. Costs, such as initial investment in equipment, or adaptation, are included in these estimates to some

degree. Some of these investments may be essential to personal mobility and social interaction. Even with these important reservations, it is clear that, for people with disabilities to achieve minimally adequate income and resources, substantially more is required than the basic Self-Sufficiency Standard.

## CHILDREN WITH DISABILITIES

All of the above estimates are for adults with disabilities. The costs for children with disabilities would be similar in some ways, but unfortunately, we do not have comparable models with data, so we are limited to simply outlining some of the conceptual and methodological issues involved.<sup>55</sup>

Due to multiple factors such as environmental exposures and limited access to health care, children in low-income families have been found to have a higher likelihood of being disabled<sup>56</sup> At the same time, lower income families by definition have fewer resources to meet the increased costs to families of children with disabilities as they struggle to achieve enough income to meet their basic needs. Moreover, children's disabilities might also require parent care (such as doctor visits, therapies and help with daily living tasks) that conflicts with the parent's availability to work full-time or even part-time. As a result, families with a child or children with disabilities may experience greater economic hardship than families whose children do not have disabilities even at similar income levels and family compositions.

There would be several types of disability-associated costs that would need to be taken into account in estimating costs for a family with one or more children with disabilities.

One of the most important, and often the largest costs would be the "opportunity" cost that could prevent at least one adult in the family from participating fully in the workforce. Depending on a child's age and the nature of his or her disability, a parent might be required to limit workforce participation to part-time work, jobs with flexible hours or working from home. Other parents may be constricted from undertaking paid work at all. Workforce limitations could be due to the need for adults to take children to medical and therapy appointments, difficulties with children being able to be at home or

outside on their own, and/or difficulties in obtaining suitable respite or day care that meets a disabled child's needs. Several past studies have found that parents (and particularly mothers) of special needs children are much less likely to participate in the workforce than parents of children without special needs. Further, as the severity and number of children with disabilities increase, so does the impact on participation in the workforce.<sup>57</sup>

- Disability-related increased costs of food, transportation, and so forth may be similar to that of adults, although more research is needed. As with adults, out-of-pocket expenses increase with the severity of the disability condition. In the 1997 study, "The Cost of Caring: Childhood Disability and Poor Families" researchers found that about half of families with children with any special needs incurred increased expenses for special services such as transportation and food. This study found that nearly 40 percent of families with one child with a mild or moderate condition incurred some out-of-pocket expenses within the last month. Likewise, 57 percent of families with more than one child with any severe condition incurred out-of-pocket expenses in the last month. Disability-specific costs may be similar to that of an adult, but child care may be considerably more expensive, again depending upon the type and severity of disability.

- Finally, in addition to accruing additional costs, disabled children may also receive some benefits. For school age children with disabilities they receive some goods and services in connection with their public education such as occupational, speech, or physical therapy, or are otherwise covered categorically, that is, coverage is not income-related. Sometimes, however, public benefits are income-based such as child care subsidies for special needs care. As such, any assessment of costs for children with disabilities would have to take into account eligibility for means-tested and non means-tested benefits. The Self-Sufficiency Wage for nondisabled adults is nearly always above the eligibility level required for means-tested programs such as Medicaid. On the other hand, persons with disabilities, particularly children, may be eligible for some types of assistance at higher incomes or regardless of income

When income is below the level needed for economic self-sufficiency, families and individuals are often faced with difficult household budget decisions. Disability-related costs are likely to affect families with a disabled child at even higher income levels than those of the Self-Sufficiency Standard. Further research is needed to determine the income adequacy levels necessary to meet the needs of both children and adults with disabilities.

## Policy Implications: Closing the Gap Between Incomes and the Self-Sufficiency Standard

Many families do not earn Self-Sufficiency Wages, particularly if they have recently entered (or re-entered) the workforce or live in high cost or low-wage areas. Such families cannot afford their housing and food and child care, much less other expenses and are forced to choose between basic needs. This section provides strategies to close the gap between wages earned and the cost of meeting all basic needs for working families.

**Table 6** below shows average wages for New Jersey's top ten occupations (by number of employees). The data was collected by the Bureau of Labor Statistics (BLS) from the 2006 National Survey of Employers. A single parent with a preschooler and a schoolage child in Middlesex County requires \$61,149 per year or \$28.95 per hour (without work supports) to be self-sufficient. Only three of the

**Table 6**  
**Wages of New Jersey's Ten Largest Occupations: 2006**

OCCUPATION TITLE	NUMBER OF EMPLOYEES	AVERAGE WAGE**	
		Hourly	Annual
Office and administrative support occupations	761,070	\$16.13	\$33,550
Sales and related occupations	418,290	\$19.65	\$40,870
Transportation and material moving occupations	318,750	\$14.58	\$30,320
Food preparation and serving occupations	266,400	\$10.30	\$21,430
Education, training, and library occupations	265,780	\$23.88	\$49,660
Production occupations	223,550	\$15.37	\$31,960
Healthcare practitioners and technical occupations	201,670	\$34.86	\$72,510
Business and financial operations occupations	200,310	\$32.32	\$67,220
Management occupations	185,110	\$53.82	\$111,940
Installation, maintenance, and repair occupations	147,460	\$21.02	\$43,730
<b>Self-Sufficiency Wage for one adult with a preschooler and a schoolage child in Middlesex County is \$61,149 per year</b>			

\*Occupational data was obtained from the latest National Survey of Employers completed in 2006.

\*\*The wages and annual income listed here are the median wages and annual income for that occupation.

Source: US Department of Labor. May 2006 *State Occupational and Wage Estimates*. Retrieved from [http://www.bls.gov/oes/oes\\_dl.thm](http://www.bls.gov/oes/oes_dl.thm)

top ten occupations in New Jersey provide wages above the Self-Sufficiency Standard for this family type (health care practitioners and technical occupations, business and financial operations, and management occupations). The third most common New Jersey occupation—transportation and material moving occupations—has an average wage that is half of this Self-Sufficiency Wage. In many cases, parents working in New Jersey's most common occupations and at these wage levels will not reach economic self-sufficiency. The gap between wages and expenses presents a challenge for state and local agencies to seek strategies that will aid families striving to reach self-sufficiency

### STRATEGIES TO CLOSE THE GAP

There are two basic approaches for individuals to close the income gap: *reduce costs and raise incomes*. The first approach, reducing costs through subsidies and work supports, such as child support, food stamps, and child care assistance was modeled and discussed in the previous section. Note, however, that reducing costs and raising incomes are not mutually exclusive, but can and should be used sequentially or in tandem. Some parents may, for instance, receive education and training leading to new jobs, yet continue to have their incomes supplemented by work supports until their wages reach the self-sufficiency level. Whatever choices they make, parents should be able to choose the path to self-sufficiency that best safeguards their families' well-being and allows them to balance work, education, and family responsibilities. Strategies for the second approach, raising incomes, are detailed below.

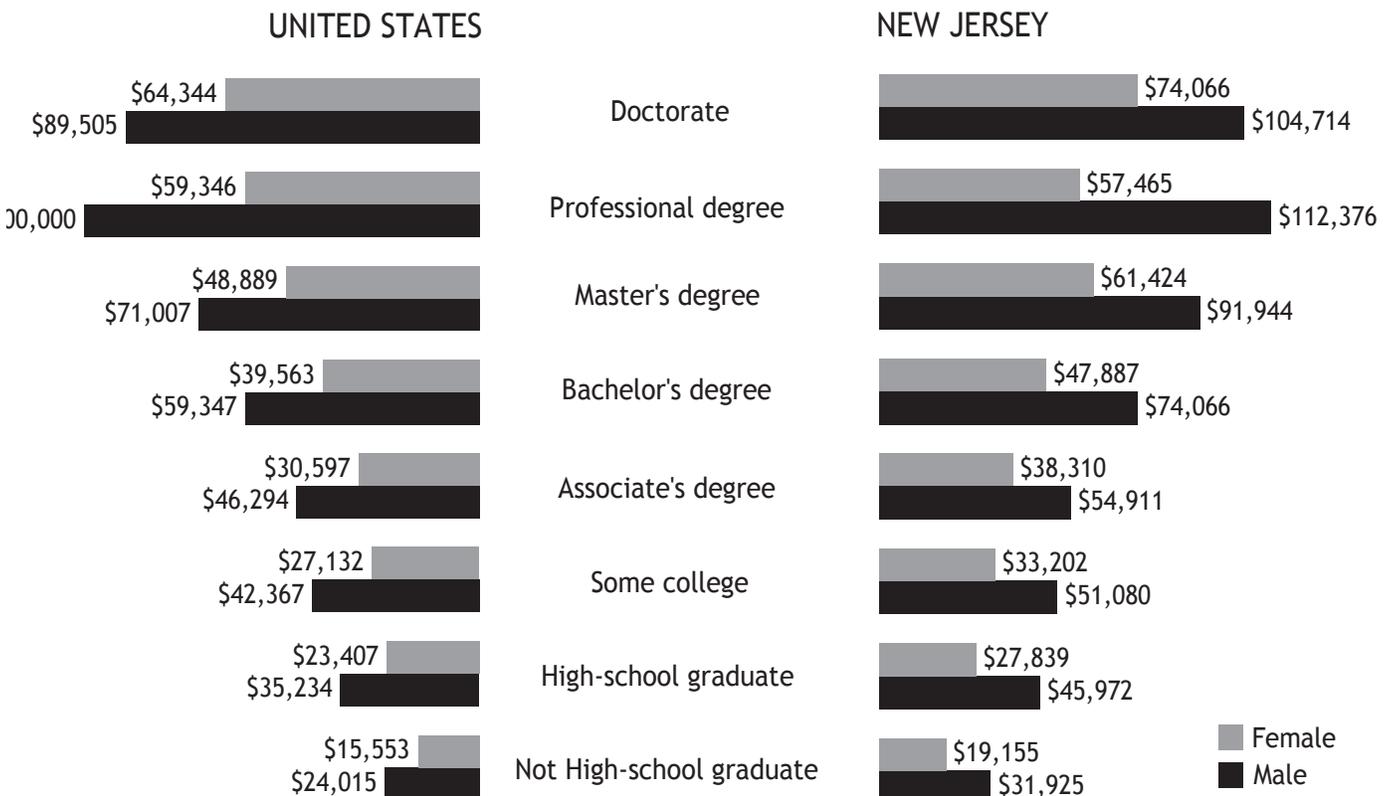
**Improve Access to Higher Education:** Education is often the key to entering occupations and workplaces that eventually, if not immediately, pay Self-Sufficiency Wages. **Figure 8** clearly depicts the increases in annual income as education levels increase for U.S. and New Jersey workers.<sup>58</sup> Also notable is the considerably lower average incomes for women at each educational level, as compared to men, even while incomes rise alongside education levels.

Education has always been a key to economic independence. Yet welfare recipients, one of the most economically disadvantaged populations, face decreased access to higher education. By promoting rapid attachment to employment or “work first,” the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) limits New Jersey’s Work First welfare program enrollment in post-secondary education programs.<sup>59</sup> In particular, new rules under the Deficit Reduction Act, both via the provisions themselves and via the regulations issued by the Department of Health and Human Services implementing the provisions, have increased the proportion of welfare program participants who must be working, while also narrowing the definition of acceptable work activities. The result is a further restriction of access to education and skill training. Although New Jersey has created a program for parents enrolled in school full-time, slots are limited.<sup>60</sup>

Effectively coupling work and access to higher education requires balancing work requirements and access to training within the welfare program, as well as providing income supports for low-income parents in college. The development of an educated workforce is necessary for employers and the state to remain competitive. Opportunities for low-income workers to obtain more education are therefore vital.

**Expand and Enhance Adult Basic Education:** Adults with language difficulties, inadequate education, or insufficient job skills and experience usually cannot achieve Self-Sufficiency Wages without access to training and education. For some, this may mean skills training, GED (General Educational Development), ABE (Adult Basic Education), and/or ESL (English as a Second Language) programs. Expansion and improvement of training programs aimed at these necessary work skills could assist adults struggling to enter the workforce. One

Figure 8. Impacts of Education on Earnings by Gender in the United States and New Jersey



Source: United States, Bureau of Labor Statistics, current Population Survey 2003; New Jersey Decennial Census 2000.  
 Note: Males with professional degrees are top-coded as \$100,000 and over in the Current Population Survey data.

component of an enhanced adult education program would involve Functional Context Education (FCE), FCE is an instructional strategy that teaches literacy and job skills within the context of the learners educational and employment goals. Programs that use the FCE model are more effective than traditional programs that teach basic skills and job skills separately, because this innovative approach teaches literacy and basic skills in the context in which the learner will use them.

Due to the welfare time limits and restrictions on education and training discussed above, it is now more important than ever for individuals to master basic and job-specific skills as quickly and efficiently as possible. Short-term, high quality adult education trainings can assist in accomplishing this goal. Expanded and enhanced adult education programs not only benefit workers but they also benefit employers. Expanding incumbent worker trainings can result in increased productivity and increased efficiency benefiting the employer as well as the employee.

**Increase Availability and Enrollment in Targeted Training for Higher-Wage Jobs:** As discussed earlier in this report, only three of the ten largest occupations in New Jersey pay above the Self-Sufficiency Wage (management occupations; healthcare practitioners and technical occupations; and business and financial operations occupations). By identifying sectors within entry-level jobs that require less post-secondary education but pay higher wages, targeted training increases access to these positions, helping low-wage workers move into careers with Self-Sufficiency Wages.

In New Jersey, the John J. Heldrich Center for Workforce Development has compiled extensive information regarding the educational requirements and occupational demands for the state's largest industries. Their website, [www.njnextstop.com](http://www.njnextstop.com), is targeted at teenagers and provides succinct information about the requirements for entry into various careers. This information provides industry transparency and helps guide potential employees into the appropriate trainings to suit their career goals. Efforts of this kind can be expanded to target adults and geared at actively assisting the unemployed. This presents an opportunity for

coordination between informational resources and the appropriate skill training.

**Increase Access to Nontraditional Employment by Women:** Entering “nontraditional” occupations —jobs often thought of as “men’s jobs”—is an under utilized but effective strategy for women to access higher-wage jobs. According to the U.S. Department of Labor, NTOs include any occupation in which less than 25% of the workforce is female. Many nontraditional jobs such as construction, banking officer, computer repairer, police officer, or truck driver, require relatively little post-secondary training yet can provide wages at self-sufficiency levels.

Increasing women’s access to nontraditional jobs is a compelling strategy for family economic self-sufficiency for several reasons. In addition to the higher wages, NTOs frequently have greater career and training opportunities, which can lead to job satisfaction and result in long-term employment. Moreover, hiring women in nontraditional jobs is good for business because it opens up a new pool of skilled workers and creates a more diverse workforce that is reflective of the community.<sup>61</sup>

**Support the Development of Local Entrepreneurs/ Microenterprise:** 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 individuals who may have skills in a particular craft or service.

Low-income 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) can help adults living in poverty “learn to earn” from each other, build self-esteem, and organize around policy advocacy. Linkages between other micro entrepreneurs and established business owners can provide program

participants with role models, facilitate an ongoing transfer of skills, and expand networks.

In New Jersey, over 900,000 people worked in microenterprise in 2004 and there were a total of nearly 700,000 microenterprises across the state.<sup>62</sup> New Jersey also hosts a Microenterprise Program modeled after successful efforts in the country of Bangladesh. State government funds are distributed to non-profit organizations that, in turn, make small loans to local entrepreneurs. The organizations provide intensive training and on-going technical assistance to grant recipients to ensure their small businesses are successful. Microenterprise is also a local economic development strategy, since micro businesses have the potential to grow into small businesses that respond to local demand, create jobs, and add to the local tax base.<sup>63</sup>

**Encourage Individual Development Accounts or Family Savings 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, the average family with a household income between \$10,000 and \$25,000 had net financial assets of \$1,000, while the average family with a household income of less than \$10,000 had net financial assets of \$10.<sup>64</sup> 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 (e.g., “payday loans”) just to make it to the next paycheck, often resulting in spiraling debt.

In addition, public policies too often work against the promotion of savings by actively penalizing families that manage to put some money aside. For example, in New Jersey, a family with savings of more than \$2,000 is ineligible for New Jersey’s TANF program.<sup>65</sup>

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) or Family Savings Account (FSA) program. IDAs or FSAs 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 savings can be withdrawn if it is used for a specified objective, such as the down payment for a house, payment for higher education, or start-up costs for a small business.<sup>66</sup>

New Jersey developed a similar IDA program using a combination of one-time TANF transfer funding, a federal Assets for Independence grant, and private funding. The combined resources served nearly 400 participants, but the program is currently awaiting additional state funding to leverage additional federal funds. While less common than income supports, these “wealth supports” can be an important tool in helping families move towards economic stability and self-sufficiency.

**Expand Direct Assistance to the Working Poor through Tax Reform:** Work is central to a families’ ability to get ahead but, as this report illustrates, it is not always enough. For workers with incomes below the Self-Sufficiency Standard, public policy can help by “making work pay”. Specifically, tax credits could be expanded so that they are provided to all working families below the Self-Sufficiency Standard. The Earned Income Tax Credit (EITC), the Child Care Tax Credit (CCTC), and the Child Tax Credit all benefit working families with low wages, but two of these credits offer reduced benefits to many families well below the Standard. As incomes increase, these benefits decrease, well before reaching their Self-Sufficiency Standard. For example, families with two children with incomes at \$35,000 receive an EITC equal to just 4% of their income. Likewise, the CCTC begins decreasing at \$15,000, and caps expenses that could be deducted at \$250 per month for one child and \$500 for two children, well below child care costs anywhere in New Jersey.

**Enhance Family-Friendly Work Policies:** Another work-supporting policy option is to focus on reducing the barriers to balancing work and family responsibilities. Employment of all adults in the household can help to raise the household income of low-wage workers, but child care can be prohibitively expensive. For those who are working in low-wage jobs, the short-term need to stay home from work to care for a new infant or an ill family member can cause employment disruptions or

cause financial strain because of the lost income. Family-friendly policies such as subsidized child care and paid family leave can benefit both workers as well as employers looking to retain employees.

**Institute Labor Market Reforms:** As demonstrated in this report, 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. As of January 2008, thirty states and the District of Columbia have a minimum wage that is above the federal minimum wage. In all, over 65% of U.S. residents live in states and localities with a minimum wage higher than the federal minimum wage, the highest being Washington State at \$8.07 per hour, followed by California and Massachusetts at \$8.00 per hour.<sup>67</sup>

In New Jersey, the minimum wage is currently \$7.15 an hour, which as an annualized wage for a full-time worker is still only 84% of the FPL for a family of three. Additionally, the purchasing power of the minimum wage declines over time if adjusted for inflation. A recent report of the state's Minimum Wage Advisory Commission has recommended increasing New Jersey's minimum wage to \$8.25 in 2008 and indexing this wage to inflation for future years. Implementing a higher minimum wage can have a positive impact on both workers and their employers by decreasing turnover, increasing work experience, and reducing training and recruitment costs.

Another approach to raising wages of workers is through the use of Living Wage laws (see Endnote 9) that mandate city contractors and employers receiving public subsidies to pay a “living wage.” These policies would impact private sector as well as public sector wages. According to the Bureau of Labor Statistics and the U.S. Department of Labor, union representation of workers also leads to higher wages<sup>68</sup> as well as better benefits,<sup>69</sup> moving workers closer to the Self-Sufficiency Standard.

**Establish Gender- and Race-Based Wage Reform:** 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 people of color all

too often face artificial barriers to employment—barriers not addressed by public policy or training and 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 requires all stakeholders—employers, unions, advocates, training providers and educators, welfare officials, and program participants—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 require employers to assess and compensate jobs based on skills, effort, responsibility, and working conditions, and not based on who holds those jobs. These laws raise the wages of women and people of color who are subject to race and gender-based discrimination.<sup>70</sup>

**Build Pathways to High-Wage Jobs with Sectoral Employment Interventions:** A strategy that targets high-wage jobs, Sectoral Employment Intervention, determines the wage needed by a worker to sustain her or his family, 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 and workforce development boards, establishing occupational information systems based on local and regional labor market specific data, targeting training for specific jobs, and developing realistic outcome standards.

Because Sectoral Employment Intervention looks at labor market issues from both supply and demand perspectives, it helps communities strengthen their local economies while reinvesting in families and neighborhoods. Also responding to businesses' specific labor needs, a strategy targeting high-wage job improves a region's ability to attract and keep industries and to support a healthy business climate.

For example, the National Economic Development & Law Center and Wider Opportunities for Women (WOW) hosted a Sector Training Institute to prepare a cadre of workforce development practitioners and

intermediaries from around the country to facilitate sectoral employment projects. This team of certified trainers is now available to help community-based organizations, employment and job training agencies, and others understand the process involved in a sector project—from the research phase through program planning and implementation.<sup>71</sup>

Additionally, The Wisconsin Regional Training Partnership (WRTP) operates in the Milwaukee-area through partnerships with employers, unions, community colleges, and community residents in the hospitality, health care, construction, manufacturing, technology and transportation industries. The WRTP focuses on using community colleges to provide training that meets the immediate needs of employers. Between 1995 and 2000, the WRTPs' efforts resulted in 6,000 new jobs in the area and the placement of 1,300 residents in jobs with starting wages above \$10 with benefits. Workers showed a jump in earnings from \$9,000 to \$23,000. After the first year, 75% were still working with well over half in the same job or a better job. Over 90% of the workers placed in these jobs were people of color and about half received some form of public assistance prior to employment.<sup>72</sup>

**Address Concentrated Poverty:** The concentration of poverty within many of New Jersey's urban and rural areas is dramatic and can affect the work prospects of its residents. While many of these places have lower costs, the Self-Sufficiency Wage is still far above the incomes of many people. The result is a chronic strain on existing social resources and an inability to finance the additional social services needed to address the basic needs of all residents. In the end, public educational institutions lack the funding they need to raise education levels and to equip a skilled workforce. Even in a state like New Jersey where a substantial amount of school funding in poorer districts comes from state-wide financing mechanisms, redistribution of resources is not always enough to overcome the educational deficits that result from underfunded educational facilities and programs. This disparate access to resources perpetuates racial, economic, and social divides. Overcoming these inequities requires neighborhood improvement and redevelopment efforts aimed at improving availability of higher-wage jobs as well as enhanced educational skill levels in the workforce.



## How the Self-Sufficiency Standard Has Been Used

The Self-Sufficiency Standard provides a tool and a means to evaluate policy and program options at the state and local level. For instance, the Standard has been used to help design effective strategies for: low-wage workers and welfare recipients choosing the best route out of poverty for themselves and their families; dislocated workers who are seeking new employment opportunities and careers; organizations weighing investment in various education and training opportunities; and state-level policymakers making critical policy choices on workforce development, TANF implementation, tax policy, work supports, child care co-payments, and education and training programs.

The discussion below illustrates ways the Standard has been used, followed by a bulleted list of specific examples of such uses. This 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 TOOL TO EVALUATE POLICY

The Standard can be used to evaluate the impact of current and proposed policy changes. For instance, the Standard can be used to evaluate the impact of a variety of work supports (food stamps, Medicaid) or policy options (child care co-payments, tax reform or credits) on family income.

- When the Oklahoma Department of Human Services proposed large increases in the child care co-payments, the Oklahoma Community Action Project of Tulsa County (CAP) incorporated analysis based on the Standard in the report *Increased Child Care Co-Payments Threaten Access to Care for Low-Income Families*.
- In Colorado, the Colorado Center on Law and Policy used the Colorado Self-Sufficiency Standard to determine the impact of affordable housing on family stability and upward mobility (see <http://www.cclponline.org/pubs/SelfSufficiency10-05.pdf>). In addition, the Colorado Division of Housing used information from the Colorado Self-Sufficiency Standard in its 2002 statewide report *Housing Colorado:*

*The Challenge for a Growing State* (see <http://www.dola.state.co.us/Doh/Documents/HousingColo02.pdf>). .

- In December 2005, the Human Services Coalition of Dade County in Florida issued a policy brief titled *Nonprofits, Government, and The New War on Poverty: Beating the Odds in a Global Economy*, which used the Standard to examine Florida's human services sector from an economic and community perspective (see <http://www.hscdade.org/>).

### THE SELF-SUFFICIENCY STANDARD AS A TOOL TO EVALUATE ECONOMIC DEVELOPMENT

The Standard can be used to evaluate economic development proposals. For instance, the Standard can help determine if new businesses seeking tax breaks or other government subsidies will create jobs that pay wages that are at or above self-sufficiency. If proposed wages are below the Self-Sufficiency Standard and the employees will need work supports to be able to meet their basic needs, the new business is essentially seeking a “double subsidy.” In this way, economic development proposals can be evaluated for their net positive or negative effect on the local economy, as well as on the well-being of the potential workers and their families.

- Colorado's Fort Carson is one of the first military bases to consider reviewing its vendor contracts using the Self-Sufficiency Standard. Under consideration is that vendors will demonstrate an ability to pay livable wages to their employees when negotiating contracts with the military.
- In Nebraska, the Nebraska Appleseed Center developed a set of job quality standards that corporations should follow prior to receiving public funds (see <http://www.neappleseed.org/>).
- The Delaware Economic Development Office applies the Delaware Self-Sufficiency Standard to strategic fund grant applications in order to focus on quality employment growth (see <http://www.state.de.us/dedo/information/databook/financing.shtml>).

## THE SELF-SUFFICIENCY STANDARD AS A TOOL TO TARGET JOB TRAINING

The Self-Sufficiency Standard has a number of uses related to the development and evaluation of job training programs. For example, using a “targeted jobs strategy,” the Standard helps to match job seekers with employment that pays Self-Sufficiency Wages. First, the Standard is used to determine which jobs in the local market pay Self-Sufficiency Wages. Then the local labor market supply and demand is evaluated and the available job training and education infrastructure is assessed. Following this evaluation, the skills and geographic location of current or potential workers are evaluated and job seekers are matched to employment with family sustaining wages. Through this analysis it is possible to determine the jobs and sectors on which to target training and education resources.

- The District of Columbia used the Self-Sufficiency Standard in the 2000 Workforce Investment Act statute, which requires that the Workforce Investment Board target job-training dollars in “high growth” occupations and assess the quality of the jobs in order to meet the wage and supportive service needs of job seekers (see <http://www.does.dc.gov/does/cwp/view,a,1233,q,538387.asp>).

## THE SELF-SUFFICIENCY STANDARD AS A TOOL TO TARGET EDUCATION RESOURCES

Given the Self-Sufficiency Wages for most family types, the Standard can also help demonstrate the “pay off” for investing in various education resources such as post-secondary education and training, including training for occupations that are nontraditional for women and people of color.

- In California’s Santa Clara County, 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 targeted transportation jobs and

provided \$140,000 to the community college system to explore how to strengthen preparation for these jobs (see <http://www.nedlc.org>).

- The Missouri Women’s Council of the Department of Economic Development used the Standard to begin a program to promote nontraditional career development among low-income women. The program encourages women and girls to explore different, nontraditional career options that will pay a Self-Sufficiency Wage (see [http://www.womenscouncil.org/about\\_WC.htm](http://www.womenscouncil.org/about_WC.htm)).
- In Pennsylvania’s Delaware County, the Self-Sufficiency Standard was used to design and implement a sector employment intervention strategy that identifies, recruits, hires, trains, retains, and provides upward mobility to low-income residents.
- In North Carolina, the Wilford County working group for the NC State project developed a *Targeting Higher-Wage Jobs Resource Guide* for social services caseworkers. The project presented legislative testimony and made presentations at conferences and trainings (see <http://www.sixstrategies.org/states/statewhatdone.cfm?strStateProject=NC>).
- In Connecticut, the Self-Sufficiency Standard has been adopted at the state level since 1998. It has been used in planning state-supported job training, placement and employment retention programs, and has been distributed to all state agencies that counsel individuals who are seeking education, training, or employment (see <http://www.ct.gov>).
- In New York, the Standard has been used in modeling services for young adults in career education to demonstrate how their future career choices and educational paths might impact their ability to support a future family or to address changing family dynamics. The Standard has also been used in New York for job readiness planning for women seeking skilled employment.
- In Delaware, the Standard was used to train people from the developmental disability community on how to retain their benefits when returning to the workforce.

## THE SELF-SUFFICIENCY STANDARD AS A GUIDELINE FOR DETERMINING ELIGIBILITY AND NEED FOR SERVICES

The Standard can and has been used to determine which individuals are eligible and most in need of support or training services.

- The Connecticut Legislature enacted a state statute that identified “the under-employed worker” as an individual without the skills necessary to earn a wage equal to the Self-Sufficiency Standard. The statute directed statewide workforce planning boards to recommend funding to assist such workers (see [http://www.larcc.org/documents/mapping\\_change\\_2002.pdf](http://www.larcc.org/documents/mapping_change_2002.pdf)).
- Voices for Virginia’s Children successfully advocated for the state’s TANF Authorization Committee to use the Virginia Self-Sufficiency Standard as a tool for setting eligibility guidelines in their recommendations to the state (see <http://www.vakids.org/FES/TANF.pdf>).
- The Nevada Director of Human Resources and Human Services incorporated the Self-Sufficiency Standard into Nevada’s 2005 needs projections. Additionally, the Director used the Standard in the recommendations related to caseloads (see <http://www.hr.state.nv.us/directors/grantsmanage.htm>).
- At Pennsylvania’s Laurel House, a Self-Sufficiency Specialist trained all staff how to use Self-Sufficiency materials with survivors of domestic violence. Staff used the Standard and the Budget Worksheet with clients moving to transitional housing to test eligibility for programs and benefits. Additionally, Pittsburgh advocates used the Standard to determine water and sewage affordability for residents.

## THE SELF-SUFFICIENCY STANDARD AS A COUNSELING TOOL

The Standard can be used as a counseling tool to help participants in work and training programs make informed choices among various occupations and jobs. The Standard can also be used to develop a Self-Sufficiency Standard Budget Worksheet, a tool that counselors and clients can use to “test” the ability of various wages to meet a family’s self-sufficiency needs. Additionally, the Standard can help participants

determine how microenterprise or Individual Development Account strategies can, along with paid employment, provide a path to self-sufficiency for themselves and their families.

- The Denver County Office of Economic Development uses the Self-Sufficiency Standard as well as the Colorado Economic Self-Sufficiency Standard Calculator to inform participants about career choices that will move them towards economic self-sufficiency. The Workplace Center at the Community College of Denver utilizes the Colorado Economic Self-Sufficiency Standard Calculator to counsel participants on career choices, real wage determination and avoiding potential obstacles to economic self-sufficiency such as the systemic “cliff effect” built in to many work support programs.
- The Snohomish Workforce Development Council in Washington has developed a self-sufficiency matrix that is used in case management. The self-sufficiency matrix can be used as a case management tool, a self-assessment tool, a measurement tool, and a communication tool. The matrix is composed of 25 key outcome scales (e.g. employment stability, education, English language skills, life skills, and child care). The scales are based on a continuum of “in crisis” to “thriving”. The case manager works with the customer to score the scales and monitor progress. To learn more about the matrix please visit: <http://www.worksourceonline.com/js/documents/Instructions.pdf>
- The Self-Sufficiency Standard for Virginia – Budget Worksheet Exercise (see [http://www.vakids.org/Publications/budget\\_exercise.htm](http://www.vakids.org/Publications/budget_exercise.htm)).
- The Self-Sufficiency Standard for Colorado – Budget Worksheet Exercise (see [http://www.larimer.org/compass/budget\\_exercise\\_worksheet.pdf](http://www.larimer.org/compass/budget_exercise_worksheet.pdf)).
- Women Work! (National Network for Women’s Employment) used the Standard as a career-counseling tool in South Dakota (see <http://www.womenwork.org>).
- The Houston READ Commission, the Women’s Center of Tarrant County, and Project Quest in San Antonio in Texas, all used the Standard with low-income individuals enrolled in job training programs (see <http://www.houread.org>, <http://www.womenscenter.info>, and <http://www.questsa.com/>).

- In the D.C. Metropolitan Area, Wider Opportunities for Women developed and piloted a Teen Curriculum based on the Standard that educates adolescents about career choices, life decisions, and self-sufficiency (see <http://www.sixstrategies.org>).
- In New York the Women's Center for Education and Career advancement has used the Standard to train counselors to better communicate ideas about Self-Sufficiency and economic issues with their clients and assess benefit eligibility.

## THE SELF-SUFFICIENCY STANDARD AND ONLINE CALCULATORS

Computer-based Self-Sufficiency Calculators, for use by counselors with clients and the public, have been developed for Colorado, Illinois, New York, Pennsylvania, the San Francisco Bay Area in California, Washington State, Washington, DC, and Wyoming. These computer-based tools allow users to evaluate possible wages and compare information on available programs and work supports to their own costs and needs. These tools integrate a wide variety of data not usually brought together and allow clients to access information about the benefits of various programs and work supports that can move them towards self-sufficiency. Through online calculators, clients are empowered with information and tools that allow them to develop and test out their own strategies for achieving self-sufficient incomes.

- The Colorado Center on Law and Policy hosts the Colorado Self-Sufficiency Calculator at: <http://www.coloradoselfsufficiencystandardcalculator.org/ColoradoCalculator/home.aspx>
- The Illinois Department of Employment Security hosts the Illinois Self-Sufficiency Calculator at <https://www.ides.state.il.us/calculator/counties.asp>.
- The Self-Sufficiency Calculator for the City of New York can be accessed at <http://www.wceca.org/index.html#calculator>.
- The Pennsylvania Self-Sufficiency On-Line Budget Worksheet can be found at <http://www.pathwayspa.org/Worksheet/worksheet.htm>.
- The Bay Area Self-Sufficiency Calculator in California can be found at <http://www.nedlc.org/calcba.htm>.
- In Washington a statewide Self-Sufficiency Calculator can be viewed at <http://www.thecalculator.org>.
- The Washington, DC Metro Area Self-Sufficiency Calculator can be found at <http://www.dcmassc.org/>
- The Wyoming Self-Sufficiency Calculator can be viewed at [http://www.wyomingworkforce.org/resources/ss\\_index.aspx](http://www.wyomingworkforce.org/resources/ss_index.aspx)

## THE SELF-SUFFICIENCY STANDARD AS A BENCHMARK FOR EVALUATION AND PROGRAM IMPROVEMENT

The Standard can be used to evaluate a wide range of employment programs, 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. Such evaluations can help redirect resources to approaches that result in improved outcomes for participants.

- In 1999, Sonoma County, California was 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 (see [http://www.dss.cahwnet.gov/cdssweb/CountyPlan\\_291.htm](http://www.dss.cahwnet.gov/cdssweb/CountyPlan_291.htm)).
- Under its Workforce Investment Act, the Chicago Workforce Investment Board adopted the Self-Sufficiency Standard as its self-sufficiency benchmark (see <http://www.ccwib.org>).
- The Philadelphia Workforce Investment Board adopted the Standard as its local benchmark for economic self-sufficiency.
- The Seattle-King County Workforce Development Council has adopted the Self-Sufficiency Standard as its official measure of self-sufficiency and uses the Standard as a program evaluation benchmark (see <http://www.seakingwdc.org/>).
- The Colorado Center on Law and Policy successfully lobbied the Eastern Region Workforce Board in Fort Morgan, Colorado to officially adopt the Self-Sufficiency Standard to determine eligibility for intensive and training services (see <http://www.cclponline.org/pubs/SelfSufficiency10-05.pdf>).

## THE SELF-SUFFICIENCY STANDARD AS A PUBLIC EDUCATION TOOL

Each year, the Self-Sufficiency Standard is presented in hundreds of workshops and classrooms across the country. As an education tool, the Standard helps the public at large understand what is involved in making the transition to self-sufficiency; shows employers the importance of providing benefits, especially health care, which help families meet their needs; and demonstrates to service providers, both public and private, how the various components fit together, helping to facilitate the coordination of a range of services and supports.

- In Seattle, bookmarks were distributed during the run of a play based on *Nickel and Dimed: On (Not) Getting By in America*, a book by Barbara Ehrenreich that explores the struggles confronted by low-wage workers. A computer with a mock website allowed participants to enter their incomes and compare them to the Standard and begin to understand the plight of working families.
- MassFESS developed an Economic Self-Sufficiency Standard Curriculum that can be used by organizations to support their work in career development, education/training, economic literacy, living wage campaigns, and other types of community organizing, policymaking and advocacy efforts (see [http://www.weiu.org/pdf\\_files/MassFESSCurriculum.pdf](http://www.weiu.org/pdf_files/MassFESSCurriculum.pdf)).
- In an initiative started at the University of Washington School of Social Work, policymakers participate in the “Walk-A-Mile” program, where they “walk” in the shoes of welfare recipients by living on a Food Stamp budget for one month.
- The Wisconsin Women’s Network distributed the Wisconsin Self-Sufficiency Standard to its many and varied women’s coalition members, many of whom continue to find a use for the Standard in their advocacy work (see <http://www.wiwomensnetwork.org/>).
- Voices for Utah Children distributed copies of the Utah Self-Sufficiency Standard to state legislators and candidates during the 2003 legislative session to frame a discussion about increasing funding for the Children’s Health Insurance Program (see <http://www.utahchildren.org/>).

## THE SELF-SUFFICIENCY STANDARD AS A GUIDELINE FOR WAGE-SETTING AND LIVING WAGE CAMPAIGNS

By determining the wages necessary to meet basic needs, the Standard provides information for setting minimum wage standards and for “living wage” campaigns.

- The Standard has been used in California, Illinois, New York, New Jersey, Hawaii, Nebraska, South Dakota, Tennessee, Virginia, and Washington State to advocate for higher wages through Living Wage ordinances and in negotiating labor union agreements (see <http://www.ncsl.org/programs/employ/livingwage2005.htm>).
- At the request of the state of California, the Center for the Child Care Workforce used the Self-Sufficiency Standard in 2002 to develop specific salary guidelines by county (see <http://www.ccw.org/data.html>).
- In Maryland, the Center for Poverty Solutions and Advocates for Children and Youth (among other organizations) proposed state legislation that would require the Maryland Secretary of Budget and Management to consider a specified Self-Sufficiency Standard when setting or amending a pay rate and require that a state employee whose pay rate is less than the Self-Sufficiency Standard receive a specified pay increase (see <http://www.acy.org/>).
- The Self-Sufficiency Standard was an integral tool for increasing Hawaii’s minimum wage to \$6.75 on January 1, 2006 and \$7.25 on January 1, 2007.
- Georgetown University students ended a 9-day hunger strike when the University administration agreed to improve wages for the low-paid custodial, food service, and security workers. The student group utilized the Self-Sufficiency Standard for the District of Columbia in their campaign advocacy. The negotiated agreement included raising the minimum hourly wage to \$13 beginning July 2006 and annual wage adjustments based on the Consumer Price Index.
- Vanderbilt University in Tennessee currently uses the Standard to educate employees and administrators about the need to increase the take-home pay of service staff (see <http://www.vanderbilt.edu/students4livingwage/info.php>).

## THE SELF-SUFFICIENCY STANDARD IN RESEARCH

Because the Self-Sufficiency Standard provides an accurate and specific measure of income adequacy, it is frequently used in research. The Standard provides a means of estimating how poverty 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.

- In Pennsylvania, the Standard was used to create a report, *The Road to Self-Sufficiency*, which used individual vignettes to explore the impact of public subsidies on full and part-time low-wage workers. Also in Pennsylvania, PathWaysPA teamed with the University of Washington to demonstrate how work supports impact family budgets as wages increase, resulting in the report, *Making Wages Work: The Impact of Work Supports on Wage Adequacy for Pennsylvania Families*.
- The Self-Sufficiency Standard has been used to examine the cost of health insurance in Washington and Massachusetts. *Income Adequacy and the Affordability of Health Insurance in Washington State* and the *Health Economic Sufficiency Standard for Massachusetts* uses the Standard to examine the cost of health insurance for different family types, with varying health statuses and health care coverage, in different locations (see <http://www.ofm.wa.gov/accesshealth/research/33affordability.pdf> and [http://www.weiu.org/HESS/HESS\\_11-11.pdf](http://www.weiu.org/HESS/HESS_11-11.pdf)).
- In several states, the Self-Sufficiency Standard has been used along with data from the U.S. Census Bureau to measure the number of families above and below the Self-Sufficiency Standard, as well as their characteristics (e.g., race, ethnicity, family type, education, employment). Findings from these studies can be found in the reports on California, *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California* (see <http://www.nedlc.org>); Washington State, *Overlooked and Undercounted: Wages, Work and Poverty in Washington State* (see [http://depts.washington.edu/pcls/documents/wa-state-research/Overlooked\\_and\\_Undercounted.pdf](http://depts.washington.edu/pcls/documents/wa-state-research/Overlooked_and_Undercounted.pdf)); Colorado: *Overlooked and Undercounted: Struggling to Make Ends Meet in Colorado* (see [http://www.wfco.org/documents/CCLP\\_SSPproof\\_final.pdf](http://www.wfco.org/documents/CCLP_SSPproof_final.pdf)); Connecticut: *Overlooked and Undercounted: Where Connecticut Stands* (see <http://www.cga.ct.gov/pcsw/Publication%20PDFs/2007/WCS%20Full%20Report.pdf>); and a forthcoming report on New Jersey.
- The Women's Union has released a report titled *Achieving Success in the New Economy: Which Jobs Help Women Reach Economic Self-Sufficiency in Massachusetts*. The findings of the report indicate that the majority of job vacancies in key nontraditional sectors, which will lead to economic self-sufficiency, do not require a four-year degree or Bachelor's degree (see <http://www.weiu.org/>).

## Conclusion

The challenge facing New Jersey is to determine how to make it possible for low-income households to become economically self-sufficient. The high costs of housing, child care and health care, the lack of education and skills, welfare time limits, and restrictions on training and education all add to the problems faced by many parents seeking self-sufficiency. In addition, there are thousands of families in New Jersey who have never been on TANF but are trapped in low-wage jobs and are struggling to make ends meet.

The Self-Sufficiency Standard documents the income required for families to live independently, without public or private assistance. The Self-Sufficiency Standard shows that, for most parents, earnings that are well above the official Federal Poverty Level are nevertheless far below what is needed to meet their families' basic needs.

The Self-Sufficiency 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.

In addition to New Jersey, the Standard has been calculated for Alabama, Arizona, California, Colorado,

Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, Nevada, New York City, New York State, North Carolina, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington State, West Virginia, Wisconsin, Wyoming, and the Washington, D.C. metropolitan area.

For further information about the Standard, how it is calculated or used, or the findings reported here, contact Dr. Diana Pearce at [pearce@u.washington.edu](mailto:pearce@u.washington.edu) or (206) 616-2850, or the Center for Women's Welfare staff at (206) 685-5264. To learn about how to have the Standard developed for your community or state, contact Dr. Pearce or Wider Opportunities for Women at (202) 464-1596.

For more information on The Self-Sufficiency Standard for New Jersey, to order this publication or the Standard wage tables for any of New Jersey's counties, or to find out more about the programs at the Legal Services of New Jersey Poverty Research Institute, contact Melissa Quaal, at (732) 572-9100 or visit <http://www.lsnj.org/PovResrch.cfm>.



## Endnotes

<sup>1</sup> Women’s Foundation of Genesee Valley. (2004). *Improving economic self-sufficiency: Current status, future goals, and intervention strategies project*. Retrieved May 23, 2005, from [http://www.womensfoundation.org/pdfs/Womens\\_Foundation\\_Research.pdf](http://www.womensfoundation.org/pdfs/Womens_Foundation_Research.pdf)

<sup>2</sup> There are two federal measurements of poverty. A detailed matrix of poverty thresholds is calculated each year by the U.S. Census Bureau. The threshold is used to calculate the number of people in poverty for the previous year. The other form of the poverty measure is called the “federal poverty guidelines” or the “Federal Poverty Level” (FPG/FPL). The FPL is calculated by the U.S. Department of Health and Human Services each February and is primarily used by federal and state programs to determine eligibility and/or calculate benefits, such as for Food stamps. The FPL only varies by family size, regardless of composition; the 2007 FPL for a family of three was \$17,170 and is \$17,600 in 2008. The Standard uses the FPL in its calculations. For more information about the federal poverty measurements, see <http://aspe.hhs.gov/poverty/faq.shtml#thrifty> and <http://aspe.hhs.gov/poverty/08poverty.shtml>

<sup>3</sup> DeNavas-Walt, C., Proctor, B. & Hill-Lee, C. (2004). *Income, poverty, and health insurance coverage in the United States: 2004*. (U.S. Census Bureau, Current Population Reports, Series P60-229). Washington, DC: U.S. Government Printing Office. Retrieved September 14, 2005, from <http://www.census.gov/prod/2005pubs/p60-229.pdf>

<sup>4</sup> NJ FamilyCare. *New Jersey Child Health Insurance Program*. Retrieved July 27, 2007, from <http://www.njfamilycare.org/pages/whatItCosts.html>

<sup>5</sup> NPR Online. NPR/Kaiser/Kennedy School Poll. (2001). *Poverty in America*. Retrieved September 25, 2005, from <http://www.npr.org/programs/specials/poll/poverty/>

<sup>6</sup> U.S. Bureau of Labor Statistics. (2007, May). *Employment characteristics of families in 2006*. Retrieved January 22, 2008, from <http://www.bls.gov/news.release/pdf/famee.pdf>

<sup>7</sup> Using the 2008 Fair Market Rents, the cost of housing (including utilities) at the 40th percentile, for a two-bedroom unit in the most expensive places—8 towns in Connecticut, is \$1,642. This is three and a half times as much as the least

expensive housing, found in 21 of the 64 Parishes in Louisiana, where a two-bedroom unit cost \$474 per month. U.S. Housing and Urban Development Department. (2008). Fair Market Rents. Retrieved November 13, 2007, from <http://www.huduser.org/datasets/fmr.html>

<sup>8</sup> One of the first to advocate building changes over time into the Federal Poverty Level was Patricia Ruggles, author of *Drawing the Line*. Ruggles’ work and the analyses of many others are summarized in Citro, C. & Michael, R. Eds. (1995). *Measuring poverty: A new approach*. Washington, DC: National Academy Press. Retrieved from <http://www.census.gov/hhes/poverty/povmeas/toc.html>

<sup>9</sup> A living wage is usually the wage a full time worker would need to earn to support a family above the FPL without depending upon government assistance. Economic Policy Institute. Retrieved February 22, 2006, from [http://www.epi.org/content.cfm/issueguides\\_livingwage\\_livingwagefaq](http://www.epi.org/content.cfm/issueguides_livingwage_livingwagefaq). A Basic Needs Budget encompasses families’ differing needs for child care, transportation, food, health care, regional differences in housing costs, taxes and non-cash benefits from government and private sources, and other miscellaneous items such as clothing and personal care products. *The Basic Needs Budget* was developed by Trudi Renwick and Barbara Bergmann. 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.

<sup>10</sup> Although about 70% of employed women with children under 18 years of age worked full-time in 2006, 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 when affordable/appropriate child care is not available. For many low-income mothers it is equally clear that economic necessity, as well as the TANF requirements that limit benefits and stipulate that recipients participate in job searches, preclude this option. U.S. Bureau of Labor Statistics. (2007, May). *Employment Characteristics of Families in 2006*. Retrieved January 21, 2008, from <http://www.bls.gov/news.release/pdf/famee.pdf>

<sup>11</sup> 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 (p. 91). New York: The Haworth Press.

<sup>12</sup> In 2008, New Jersey's minimum wage is \$7.15. Retrieved February 22, 2008, from <http://www.dol.gov/esa/minwage/america.htm#NewJersey>

<sup>13</sup> Families with incomes between 30% and 50% of the median area income (or between \$25,770 and \$42,950 for a family of three in Middlesex County) are considered "Very Low Income". Those with incomes below 30% of the median area income (or below \$25,770 for a family of three in Middlesex County) are considered "Extremely Low Income". Most housing assistance is limited to the "Very Low Income" category, and in some instances to the "Extremely Low Income" category. U.S. Housing and Urban Development. *Transmittal of FY 2007 Income Limits for the Public Housing and Section 8 Programs*. Retrieved October 1, 2007, from <http://www.huduser.org/datasets/il/il07/Medians2007.pdf>. *FY 2007 Median Family Income* for New Jersey counties retrieved on November 13, 2007, from [http://www.huduser.org/datasets/il/index\\_mfi.html](http://www.huduser.org/datasets/il/index_mfi.html)

<sup>14</sup> HUD calculates the median family income using Core-Based Statistical Areas; their methodology yields a slightly different number from the Census median family income calculations. For HUD's methodology see <http://www.huduser.org/datasets/il/il07/Medians2007.pdf>

<sup>15</sup> New Jersey Department of Human Services. Division of Family Development. *Support for working families* (Post-TANF Support Services). Retrieved October 4, 2007 from <http://www.state.nj.us/humanservices/dfd/posttanf.html>

<sup>16</sup> NJ FamilyCare. New Jersey Child Health Insurance Program. *What it costs*. Retrieved July 27, 2007, from [http://www.njfamilycare.org/pages/whatItCosts\\_print.html](http://www.njfamilycare.org/pages/whatItCosts_print.html)

<sup>17</sup> U.S. Department of Agriculture. Food and Nutrition Service. WIC Program. Average monthly benefit per person. Retrieved October 11, 2007, from <http://www.fns.usda.gov/wic/FAQs/faq.htm>

<sup>18</sup> Some workers may be unaware of the advanced payment option, and others may have employers who do not participate. Also, research has shown that families make financial decisions based on receipt of the EITC (together with tax refunds) when they file their taxes early in the following year.

Romich, J. L. & Weisner, T. (2000). *How families view and use the EITC: The case for lump-sum delivery*. Paper delivered at Northwestern University, Joint Center for Poverty Research Conference.

<sup>19</sup> Of federal returns filed in 2001, only 137,685 taxpayers reported having received advanced EITC payments out of more than 16 million families with children receiving the EITC. Numbers cited by John Wancheck 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.

<sup>20</sup> U.S. Department of Health and Human Services. Administration for Children & Families. Office of Child Support Enforcement. 2004 Annual Statistical Report. (Tables 4, 10, 11 and 52). Retrieved November 8, 2007, from [http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual\\_report/#40](http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual_report/#40)). Data has been inflated using the Bureau of Labor Statistics for the West Urban Region CPI for August 2007.

<sup>21</sup> 1.95 million households received federal housing vouchers in 2007. Center on Budget and Policy Priorities. *Introduction to the housing voucher program*. Revised July 6, 2007. Retrieved December 20, 2007, from <http://www.centeronbudget.org/5-15-03hou.pdf>

<sup>22</sup> These figures are based on a Center on Budget and Policy Priorities analysis of data from the 2000 and 2005 American Community Surveys (the most recent Census data available). Rice, D. and Sard, B. (2007, June 1). *Congress should increase HUD's budget to prevent families from losing assistance and address growing need*. Center on Budget and Policy Priorities. Retrieved December 20, 2007, from <http://www.cbpp.org/5-29-07hou.htm>

<sup>23</sup> Center on Budget and Policy Priorities. (2007, July 6). *Introduction to the housing voucher program*. Retrieved December 20, 2007, from <http://www.centeronbudget.org/5-15-03hou.pdf>

<sup>24</sup> Rice, D. and Sard, B. (2007). *The effects of the federal budget squeeze on low-income housing assistance*. Center for Budget and Policy Priorities. Retrieved on February 6, 2008, from <http://www.centeronbudget.org/2-1-07hou.pdf>

<sup>25</sup> Ibid.

<sup>26</sup> U.S. Department of Agriculture. Food and Nutrition Service. Program Data. *Food Stamp Program: Average monthly participation and number of households participating*. (Data as of January 9, 2008). Retrieved February 6, 2008, from <http://www.fns.usda.gov/pd/15fsfypart.htm> and <http://www.fns.usda.gov/pd/30fslatehh.htm>

<sup>27</sup> U.S. Department of Agriculture. Food and Nutrition Service. Program Data. *Food Stamp Program: Average monthly participation and number of households participating*. (Data as of January 9, 2008). Retrieved February 6, 2008, from <http://www.fns.usda.gov/pd/15fsfypart.htm> and <http://www.fns.usda.gov/pd/30fslatehh.htm>. Note that this increase does not control for population change in New Jersey, or any USDA methodological changes.

<sup>28</sup> Center on Budget and Policy Priorities. (2003, November 10). *Transitional Food Stamps: Background and implementation issue*. Retrieved October 10, 2005, from <http://www.cbpp.org/11-10-03fa.htm>

<sup>29</sup> Capps R., Fix M., Ost J., Reardon-Anderson J., and Passel J. (2005). *Immigrant families and workers: The health and well-being of young children and immigrants*. Facts and Perspectives Brief Number 5. Urban Institute Immigration Studies Program. Retrieved July 2007, from [http://www.urban.org/UploadedPDF/311182\\_immigrant\\_families\\_5.pdf](http://www.urban.org/UploadedPDF/311182_immigrant_families_5.pdf)

<sup>30</sup> Capps et al. state that, “many eligible citizen children with noncitizen parents do not participate in these programs because the parents are unaware that their children are eligible. They may also be afraid of receiving benefits because of the consequences for retaining legal status or becoming a citizen.” Capps et al. (2005). *Immigrant Families and Workers: The health and well-being of young children and immigrants*. Facts and Perspectives Brief Number 5. Urban Institute Immigration Studies Program. Retrieved July 2007, from [http://www.urban.org/UploadedPDF/311182\\_immigrant\\_families\\_5.pdf](http://www.urban.org/UploadedPDF/311182_immigrant_families_5.pdf)

<sup>31</sup> The FY 2007 funding for CCDBG was \$4.979 billion. When adjusted for inflation, the funding level for FY 2002 was \$5.530 billion. Schulman, K. and Blank, H. (2007). *State child care assistance policies 2007: Some steps forward, more progress needed*. National Women’s Law Center. Issue Brief. Retrieved on December 18, 2007, from <http://www.nwlc.org/pdf/StateChildCareAssistancePoliciesReport07Web.pdf>

<sup>32</sup> States made limited improvements in child care assistance policies between February 2006 and February 2007, such as slight decreases to number of families on waiting lists; however, states have not been able to recover from declining federal funding and gaps remain in policies such as eligibility limits, copayments, and reimbursement rates. Schulman, K. and Blank, H. (2007). *State child care assistance policies 2007: Some steps forward, more progress needed*. National Women’s Law Center. Issue Brief. Retrieved on December 18, 2007, from <http://www.nwlc.org/pdf/StateChildCareAssistancePoliciesReport07Web.pdf>

<sup>33</sup> Ibid.

<sup>34</sup> U.S. Department of Health and Human Services. Administration for Children and Families. Retrieved February 6, 2008, from [http://www.acf.hhs.gov/programs/ccb/data/ccdf\\_data/05acf800/table1.htm](http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/table1.htm)

<sup>35</sup> U.S. Census Bureau. (2004, 2005, and 2006). *Number and percent of children under 19 at or below 200% of poverty by health insurance coverage and state: 2005*. Retrieved on February 6, 2008, from <http://www.census.gov/hhes/www/hlthins/liuc06.html>

<sup>36</sup> Center on Budget and Policy Priorities (2007). *More Americans, including more children, now lack health insurance*. Retrieved on September 4, 2007, from <http://www.cbpp.org/8-28-07health.htm>

<sup>37</sup> Families USA. (2004, September) *Health care: Are you better off today than you were four years ago?* Retrieved September 14, 2005, from [http://www.familiesusa.org/site/docserver/Are\\_you\\_better\\_off\\_final.pdf](http://www.familiesusa.org/site/docserver/Are_you_better_off_final.pdf)

<sup>38</sup> The number of uninsured children has increased from 7.72 million in 2004 to 8.6 million in 2006. The percentage of people with employer-sponsored health insurance coverage has decreased from 63.2% in 2001 to 59.7% in 2006. Center on Budget and Policy Priorities (2007) *More Americans, including more children, now lack health insurance*. Retrieved on September 4, 2007, from <http://www.cbpp.org/8-28-07health.htm>

<sup>39</sup> Centers for Medicare and Medicaid Services. *FY 2006 number of children ever enrolled year-SCHIP by program type*. Retrieved on February 6, 2008, from <http://www.cms.hhs.gov/NationalSCHIPPolicy/downloads/FY2006StateTotalTable.pdf>

<sup>40</sup> U.S. Census Bureau. *Number and percent of children under 19 at or below 200% of poverty by health insurance coverage and state: 2006*. Retrieved February 6, 2008, from <http://www.census.gov/hhes/www/hlthins/liuc06.html>

<sup>41</sup> Grall, T. (2006). *Custodial mothers and fathers and their child support: 2003*. (U.S. Census Bureau, Current Population Reports, Series P60-230). Washington, DC: U.S. Government Printing Office. Retrieved December 19, 2007, from <http://www.census.gov/prod/2006pubs/p60-230.pdf>

<sup>42</sup> This amount is the average of those who participate in child support enforcement. Note that the average child support figure excludes families on assistance, as any child support collected on their behalf goes directly to the state. Also note that because the monthly child support average excludes those currently receiving TANF, it disproportionately represents those who have received cash assistance. The child support figures in this report were originally compiled in 2004, and have been inflated to 2007 to more accurately reflect trends for the last calendar year. U.S. Department of Health and Human Services. Administration for Children and Families. Office of Child Support Enforcement. (FY 2004). *Annual statistical report*. (Tables 4, 10, 11, and 52). Retrieved November 8, 2007, from [http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual\\_report/#40](http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual_report/#40). Updated for August 2007 CPI.

<sup>43</sup> Thank you to Dan Florio for his help to frame the issues and uncover difficult to locate literature for this section.

<sup>44</sup> Sen, A. K. (1993). *Capability and Well-Being*. In M. Nussbaum and A.K. Sen (Eds.), *The Quality of Life* (pp. 30-53). Oxford: Clarendon Press. See also Kuklys, W. (2004). *A monetary approach to capability measurement of the disabled – Evidence from the UK*. MPI Working Paper on Strategic Interaction # 08-2004, Jena Germany.

<sup>45</sup> Grundy, E., Ahlburg, D., Ali, M., Breeze, E. and Sloggett, A. (1999). *Disability in Great Britain*. Department for Social Security Research Report No. 94. London: Corporate Document Services. (Cited in Smith, N., Middleton, S., Ashton-Brooks, K., Cox, L., and Dobson, B. with Reith, L. (2004). *Disabled people's costs of living: More than you would think*. Joseph Rowntree Foundation, University of Loughborough.)

<sup>46</sup> These estimates are extrapolated from previously published monographs done by UK researchers. Despite extensive

searching, no comparable work has been found for the United States. There has been extensive work on the medical costs associated with various disabilities, but no analysis could be found on the living costs associated with disability.

<sup>47</sup> Zaidi, A. and Burchardt, T. (2003, February). *Comparing incomes when needs differ: Equivalisation for the extra costs of disability in the UK*. (CASE paper 64). Center for Analysis of Social Exclusion, Long School of Economics.

<sup>48</sup> Smith, N., Middleton, S., Ashton-Brooks, K., Cox, L., and Dobson, B. with Reith, L. (2004). *Disabled people's costs of living: More than you would think*. Joseph Rowntree Foundation, University of Loughborough.

<sup>49</sup> Zaidi, A. and Burchardt, T. op. cit.

<sup>50</sup> Eligibility for and levels of disability-related government benefits are often surprisingly disconnected from a person's need for assistance. A person with a severe physical disability, for example, may be ineligible for assistance to pay for expensive devices that would improve his or her ability to function independently at home. If the disability began prior to age 18, however, an individual may be eligible for assistance through the Division of Developmental Disability. Similarly, people with all types and levels of disability generally receive the same level of benefit as Supplemental Security Income recipients. The lone exception is the larger amount received by blind or visually impaired people.

<sup>51</sup> The index used was the OPCS severity scale of disability, described by the authors as the "gold standard" in the UK for measuring disability severity in non-medical settings. For further discussion, see Zaida and Burchardt, op. cit., p. 11, and Appendix 1, as well as Martin, Meltzer, and Elliott (1988). See also <http://www.cdc.gov/nchs/about/otheract/icd9/icfhome.htm> for a discussion of the International Classification of Functioning, Disability and Health (ICF), the classification system agreed to by the World Health Organization in 2001.

<sup>52</sup> Note that, for two adult households in which both partners have disabilities the disability-related costs are doubled, as this is how the marginal costs were calculated in the Zaidi and Burchardt monograph.

<sup>53</sup> The NJ WorkAbility Program, New Jersey State's program created under auspices of the Federal Ticket to Work Act of 1999, offers full New Jersey Medicaid health coverage to

working permanently disabled individuals whose earnings level would otherwise make them ineligible for Medicaid. The income eligibility level for NJ WorkAbility is yearly earned income of no more than \$51,852 for an individual and \$69,252 for couples (both with a permanent disability and both working). While this greatly mitigates the problem of losing essential Medicaid coverage, it is not entirely alleviated. We estimate, for example, that a severely disabled person in Mercer County may require more than \$4,238 monthly (\$50,856 annually) to be self-sufficient. This is just an estimate, however, and it is likely that some individuals may have particular needs that would lead to even greater disability-related expenses than what would be typical for a severely disabled person. Our estimate of self-sufficiency at \$4,238 per month for an individual with a severe disability exceeds NJ Workability's income eligibility limits for Medicaid coverage. If the individual required \$2,500 in monthly personal care attendant services, then her individually "adjusted" self-sufficiency standard would be over \$6,700. Retrieved March 5, 2008, from <http://www.state.nj.us/humanservices/dds/njworkability.html>.

<sup>54</sup> Zaidi, A. and Burchardt, T., op. cit.

<sup>55</sup> See Middleton, S., Ashworth, K. and Braithwaite, I. (1997). *Small fortunes. spending on children, childhood poverty and parental sacrifice*. York: YPS for the Joseph Rowntree Foundation.

<sup>56</sup> See Meyers, M., Lukemeyer, A., and Smeeding, T. (July 1997). *The cost of caring: Childhood disability and poor families*. Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, New York. Twelve percent of children had disabilities in families who were current or recent welfare recipients according to the California AFDC Household Survey while six percent of children in the general population had disabilities in the 1996 National Health Interview Survey. P 4;17.

<sup>57</sup> Meyers, M., Lukemeyer, A., and Smeeding, T. op. cit. p 17; 30.

<sup>58</sup> U.S. Census Bureau. Educational attainment in the United States: 2004. Table 9 in Current Population Report, P20-550. Retrieved June 16, 2005, from <http://www.census.gov/population/www/socdemo/education/cps2004.html>. New Jersey data compiled from the Decennial Census 2000 and UW Center for Social Sciences Computation and Research. Retrieved November 28, 2007, from <http://julius.csscr>.

washington.edu/. Also, U.S. Department of Labor. Bureau of Labor Statistics. (2006, May). State occupational employment and wage estimates. Retrieved November 8, 2007, from [http://www.bls.gov/oes/current/oes\\_co.htm](http://www.bls.gov/oes/current/oes_co.htm)

<sup>59</sup> Center for Women Policy Studies. (2002). *From poverty to self-sufficiency: The role of postsecondary education in welfare reform*. Retrieved February 28, 2006, from <http://www.centerwomenpolicy.org/pdfs/POV1.pdf>

<sup>60</sup> Although the authorizing legislations allows the program to serve up to 1,500 participants, the program is only funded for approximately 600 students and was not accepting new participants at the time of printing.

<sup>61</sup> For more information about NTOs see Workplace Solutions. Women in Nontraditional Occupations and Apprenticeships at <http://www.workplacesolutions.org/about/grantees.cfm>

<sup>62</sup> Association for Enterprise Opportunity. *Microenterprise in New Jersey*. Statistics derived from U.S. Census Bureau and U.S. Department of Commerce 2004 data sources.

<sup>63</sup> For more information about microenterprise training and development see <http://www.womensinitiative.org>

<sup>64</sup> Montalto, C. P. (2002, May). *Wealth of American households: Evidence from the survey of consumer finances*. Report to the Consumer Federation of America. Retrieved February 9, 2005, from [http://www.consumerfed.org/pdfs/cfa5\\_wealth\\_poor\\_final\\_report.PDF](http://www.consumerfed.org/pdfs/cfa5_wealth_poor_final_report.PDF)

<sup>65</sup> National Center for Children in Poverty. New Jersey Temporary Assistance for Needy Families (TANF) Cash Assistance. Retrieved July 27, 2007, from [http://nccp.org/profiles/NJ\\_profile\\_36.html](http://nccp.org/profiles/NJ_profile_36.html)

<sup>66</sup> For more information about Individual Development Accounts see [http://gwbweb.wustl.edu/csd/Areas\\_Work/Asset\\_building/IDAs/](http://gwbweb.wustl.edu/csd/Areas_Work/Asset_building/IDAs/)

<sup>67</sup> Those states are Alaska, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, West Virginia and Wisconsin. U.S. Department of Labor. Employment Standards Administration. Wage and Hour

Division. Retrieved November 14, 2007, from <http://www.dol.gov/esa/minwage/america.htm>

<sup>68</sup> In 2006, union workers averaged \$23.33 per hour, compared to \$18.53 for nonunion workers. U.S. Department of Labor, Bureau of Labor Statistics. (2007, June). National compensation survey: Occupational wages in the United States. (Summary 07-03). Retrieved January 22, 2008, from <http://www.bls.gov/ncs/ocs/sp/ncbl0910.pdf>

<sup>69</sup> In 2007, a union employee's average share of employer-sponsored health insurance was 8% of the medical care premium for single coverage and 12% for family coverage, compared with a nonunion employee's average share of 20% and 32% for single and family premiums, respectively. U.S. Department of Labor, Bureau of Labor Statistics. (2007, August). National compensation survey: Employee benefits in

private industry in the United States. March 2007. (Summary 07-05). Retrieved January 22, 2008, from <http://www.bls.gov/ncs/ebs/sp/ebsm0006.pdf>

<sup>70</sup> State Action.Org. State Issues. (n.d.) *Equal Pay*. Retrieved October 12, 2005, from <http://www.stateaction.org/issues/issue.cfm?issue=EqualPay.xml>. Also, see National Committee on Pay Equity at <http://www.pay-equity.org/>

<sup>71</sup> For more information on Sector Training Institute and the Insight Center for Community Economic Development see <http://www.insightccd.org/> and <http://www.sixstrategies.org/sixstrategies/targetingsect.cfm>

<sup>72</sup> Center on Wisconsin Strategy. Wisconsin Regional Training Partnership. Retrieved February 15, 2008, from <http://www.cows.org/>

## About the Author

Diana M. Pearce, Ph.D. teaches at the University of Washington School of Social Work in Seattle, Washington, and is Director of the Center for Women's Welfare. Recognized for coining the phrase "the feminization of poverty," Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women. She has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition. She received her Ph.D. degree in Sociology and Social Work from the University of Michigan.

## About the Project

Wider Opportunities for Women (WOW) established the national Family Economic Self-Sufficiency (FESS) Project in 1996. In partnership with the Ms. Foundation for Women, the Corporation for Enterprise Development, and the National Economic Development and Law Center, WOW designed the Project to put tools and resources in the hands of state-level policymakers, business leaders, advocates and service providers to help move low-income, working families forward on the path to economic self-sufficiency. The Self-Sufficiency Standard was developed by Dr. Diana Pearce, while the Director of the Women and Poverty Project at WOW. Through a partnership between WOW and the Center for Women's Welfare at the University of Washington, the Self-Sufficiency Standard has now been calculated in 35 states, New York City and the District of Columbia. Over 2,500 community- and state-based organizations and agencies, representing a broad range of sectors, are connected through the FESS Project network. In twelve years, the Project has revolutionized the way policies and programs for low-income workers are structured and what it means to be in need in the United States. For more information about the Project, visit the website: <http://www.wowonline.org/ourprograms/fess/>



## Appendix A: Methodology, Assumptions and Sources

This Appendix explains the methodology, assumptions, and sources used to calculate the Standard. We begin with a discussion of our general approach, followed by the specifics of how each cost is calculated, ending with a list of Data Sources. Making the Standard as consistent and accurate as possible, yet varied by geography and the age of children, requires meeting several different criteria. To the extent possible, the data used in the Self-Sufficiency Standard are:

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

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

The Self-Sufficiency Standard is calculated for 70 different family types for 21 counties in New Jersey. The 70 different family types range 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. These 70 family types represent the majority of households. The Self-Sufficiency Standard can also be calculated for a wider range of family types, including larger and multi-generational families. The cost of each basic need and the Self-Sufficiency Wages for eight selected family types for each New Jersey county are included in Appendix B.

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

### HOUSING

For housing costs, the Standard uses the most recent Fiscal Year (FY) Fair Market Rents (FMRs), calculated annually by the U.S. Department of Housing and Urban Development (HUD) for each state's metropolitan and non-metropolitan areas. Section 8(c)(1) of the United States Housing Act of 1937 (USHA) requires the Secretary to publish Fair Market Rents (FMRs) periodically, but not less than annually, to be effective on October 1 of each year. On October 1, 2007, HUD published final FMRs for fiscal year 2008.

The FMRs are calculated for Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas (HMFAs), and non-metropolitan counties. The term MSA is used for all metropolitan areas. They are also known as Core-Based Statistical Areas (CBSAs), and if they are particularly large (with a population core of at least 2.5 million), they may be divided into "Metropolitan Divisions" (i.e. HMFAs). These designations were new to 2005, a "rebenchmarking" year, in which FMRs were calculated based on 2000 Census data for the first time. This process (and a revised definition of an MSA) caused over 300 counties nationwide to be removed from or added to metro areas, or else moved to another metro area. In New Jersey, rebenchmarking resulted in several name changes and two additional MSA classifications increased the total to 10 HUD metro areas.

Annual FMRs, used to determine the level of rent for those receiving housing assistance through Section 8 vouchers, are based on data from the 2000 decennial census, the biannual American Housing Survey, and random digit dialing telephone surveys, updated for inflation. The survey sample includes renters who have rented their unit within the last two years, excluding new housing (two years old or less), substandard housing, and public housing. FMRs, which include utilities (except telephone and cable), are intended to reflect the cost of housing that meets minimum standards of decency. In most cases, FMRs are set at the 40th percentile; meaning 40% of the housing in a given area is less expensive than the FMR.<sup>a</sup>

For New Jersey, housing is calculated using the FY2008 HUD Fair Market Rents. All of New Jersey's FMRs are set at the 40th percentile.

HUD has grouped New Jersey's counties into 10 MSAs. There are no non-metro areas in New Jersey. Of the 10 MSAs in New Jersey, five consist of more than one county and one includes counties in more than one state. Since HUD calculates only one set of FMRs for each of these five New Jersey metropolitan areas, the Standard used the National Low Income Housing Coalition (NLHC) median gross rents for each county (Bergen, Burlington, Camden, Essex, Gloucester, Morris, Passaic, Salem, Sussex, and Union) to obtain the individual county housing costs.

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

## CHILD CARE

The Family Support Act, in effect from 1988 until welfare reform in 1996, required states to provide child care assistance at market-rate for low-income families in employment and/or education and training. States were also required to conduct cost surveys biannually to determine the market-rate (defined as the 75th percentile) by setting, age, and geographical location or set a statewide rate. Many states, including New Jersey, have continued to conduct or commission the surveys as well as reimburse child care at this level. Data for New Jersey is from the most recent child care rate survey, completed in 2006 for the New Jersey Department of Human Services Division of Family Development.

Care by family relatives accounts for the largest proportion of care for children less than three years of

age (30% compared to 15% in family day care and 18% in child care centers). However, since one of the basic assumptions of the Standard is that it provides the costs of meeting needs *without* public or private subsidies, the "private subsidy" of free or low cost child care provided by relatives and others is not assumed.

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

When even a minimal proportion of relative care is added to the paid family day care setting amount (e.g., it is assumed that just 20% of relative care is paid), then this combined grouping (family day care homes plus paid relative care) becomes the most common paid day care setting for infants. That is, 15% of children in family day care plus (at least) 6% who are in relative care (20% of the 30%) totals 21%, and thus is more than the 18% of infants who are in paid care in day care centers.

For children three and four years old, however, clearly the most common child care arrangement is the child care center, accounting for 42% of the care (compared to 12% in family child care and 23% in relative care).<sup>b</sup>

In New Jersey, infant rates (defined by the Standard as 0 to 3 years of age) were calculated by averaging the cost of licensed family care rates for infants and the toddlers (defined as 0 to 18 months and 19 months to 2.5 years by the New Jersey Department of Human Services). New Jersey's licensed center care rates were used to calculate child care costs for preschoolers (defined as 3 to 5 years of age by the Standard, but 2.5 to 6 years by the New Jersey Department of Human Services). For schoolage children, the licensed center "before and after school" category was used.

## FOOD

Although the Food Stamps Program uses the U.S. Department of Agriculture (USDA) Thrifty Food Plan to calculate benefits, the Standard uses the Low-Cost Food

Plan for food costs. While both of these USDA diets were designed to meet minimum nutritional standards, the Food Stamps Program (which is based on the Thrifty Food Plan) is intended to be only a temporary safety net.<sup>c</sup>

The Low-Cost Food Plan, although 25% higher than the Thrifty Food Plan, is based on more realistic assumptions about food preparation time and consumption patterns, while still being a very conservative estimate of food costs. For instance, the Low-Cost Food Plan also does not allow for any take-out, fast-food, or restaurant meals, even though according to the Consumer Expenditure Survey, the average American family spends about 41% of their food budget on food prepared away from home.<sup>d</sup>

The USDA Low-Cost Food Plan varies by month and does not give an annual average food cost, so the Standard follows the Food Stamps Program protocol of using June as the average month.

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

Within-state geographic differences in food costs were varied by using ACCRA's Cost of Living Index. Overall, across New Jersey, food costs range from 13% to 17% higher than the national average. ACCRA's average cost of groceries for the first through the fourth quarter was averaged and applied to their respective counties. Note that although the ACCRA Cost of Living Index is generally intended for upper-middle income families, the grocery index is standardized to price budget grocery items regardless of the shopper's socio-economic status.

## TRANSPORTATION

If there is an "adequate" public transportation system in a given area, it is assumed that workers use public transportation to get to and from work. A public transportation system is considered "adequate" if it is used by a substantial percentage of the working population. According to one study, if about 7% of the total public uses public transportation that "translates"

to approximately 30% of the low- and moderate-income population.<sup>e</sup> The Standard assumes private transportation (a car) where public transportation use is less than 7%. In the counties of Atlantic, Camden, Essex, Hudson, Passaic, public transportation use ranges from 7.7% to 33.6%.<sup>f</sup> Thus for these counties, the Standard calculates public transportation costs.

The cost of public transportation assumes that travel is within state (intrastate pass). In Atlantic, Camden, and Passaic counties, the cost of public transportation assumes a 2-zone bus pass. In Hudson County a 2-zone bus pass was averaged with the cost of a monthly pass for Hudson Bergen Light Rail. For Essex County, a two-zone bus pass was averaged with a monthly pass for the Newark City Subway.

Note that the counties of Bergen, Mercer, Middlesex, Monmouth, and Union have public transportation use greater than 7%. However, by examining data from the 2006 American Community Survey, it was clear that the majority of public transportation commuters in these counties are not low or moderate-income populations. Additionally, it appears that the large percent of high-income populations using public transportation in these counties commute out of state (to New York or Philadelphia). As stated above, the Standard assumes that adults work within state and as well, within county. Therefore, private transportation was assumed.

For 16 New Jersey counties not using public transportation, the Standard assumes that adults need a car to get to and from work. Private transportation costs are based on the average costs of owning and operating a car. One car is assumed for the single-parent family and two cars are assumed for a family with two adults. It is understood that the car(s) will be used to commute to and from work five days per week, plus one trip per week for shopping and errands. In addition, one parent in each household with young children is assumed to have a slightly longer weekday trip to allow for "linking" trips to a day care site. For per-mile costs, driving cost data from the American Automobile Association is used. The commuting distance is computed from the most recent national data available, the National Household Travel Survey 2001.

The auto insurance premium is the average premium cost for a given state from a survey conducted by the National Association of Insurance Commissioners (NAIC).

To create within state variation (regional or county) in auto insurance premiums, ratios are created using sample premiums from up to five automobile insurance companies with the largest market shares in the state. For New Jersey, ratios were created using quotes for the top five carriers from the New Jersey Department of Banking and Insurance report 2006 Private Passenger Auto Insurance Premium Comparison.

The fixed costs of car ownership such as fire, theft, property damage and liability insurance, license, registration, taxes, repairs, monthly payments, and finance charges are included. The monthly variable costs (e.g., gas, oil, tires, and maintenance) are also included, but the initial cost of purchasing a car is not. To estimate private transportation fixed costs, the Standard uses Consumer Expenditure Survey amounts for families with incomes between the 20th and 40th percentile living in the Census Northeast region of the U.S.

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

## HEALTH CARE

The Standard assumes that an integral part of a Self-Sufficiency Wage is employer-sponsored health insurance for workers and their families. Nationally, 70% of non-elderly individuals in households with at least one full-time worker have employer-sponsored health insurance coverage. Nationally, the employer pays 83% of the insurance premium for the employee and 75% of the insurance premium for the family. In New Jersey, the full-time worker's employer pays an average of 84% of the insurance premium for the employee and for the family.<sup>g</sup>

Health care premiums are obtained from The Henry J. Kaiser Foundation State Health Facts Online, Employment-Based Health Premium for a single adult and for a family. The Kaiser Foundation bases the cost of health insurance premiums on the average premium paid by a state's residents, according to the national Medical Expenditure Panel Survey (MEPS). These costs are then

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

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

Note that although the Standard assumes employer-sponsored health coverage, many workers do not have access to affordable health insurance coverage through their employers, and there are some indicators of employee costs rising through increased premiums, increased deductibles and co-payments, and more limited coverage. In New Jersey, between 2000 and 2004, the worker's share of health care premium increased 43% while the average worker's earnings increased 10%.<sup>h</sup> Those who do not have access to affordable health insurance through their employers must either purchase their own coverage or do without health insurance. When an individual or a family cannot afford to purchase health coverage, an illness or injury can become a very serious financial crisis.

## MISCELLANEOUS

This expense category consists of all other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service. It does not allow for recreation, entertainment, savings, or debt repayment.

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 commonly use 15%.<sup>i</sup>

## TAXES

Taxes include federal and state income tax, payroll taxes, and state and municipal sales tax where applicable.

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

New Jersey state income taxes are calculated using the tax forms and instructions from the New Jersey state tax department. The state income tax calculations include state specific deductions, exemptions, and tax credits.

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

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

Although by law an eligible family can receive part of the federal EITC on a monthly basis (Advance EITC),

many workers prefer to receive it annually, as it is difficult to estimate the amount of EITC eligibility due to fluctuating hours and wages. In addition, some workers prefer to use EITC as “forced savings” to meet important family needs, such as paying the security deposit for housing, buying a car, settling debts, paying tuition, or starting a savings account. Thus, nearly all families receive the federal EITC as a lump sum payment the following year when they file their tax returns, even though the Standard shows the EITC as income available monthly.

In addition to the federal EITC, the New Jersey Earned Income Tax Credit (NJEITC) is 20% of the federal EITC amount.

The Child Care Tax Credit (CCTC), also known as the Child and Dependant Care Tax Credit, is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. 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 federal tax credit; that is, a family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little or nothing in federal income taxes will receive little or no CCTC. In 2007, up to \$3,000 in child care costs was deductible for one qualifying child and up to \$6,000 for two or more qualifying children.

The Child Tax Credit (CTC) is like the EITC in that it is a refundable federal tax credit. In 2007, the CTC provided parents with a deduction of \$1,000 for each child under 17 years old, or 15% of earned income over \$11,750, whichever was less. For the Standard, the CTC is shown as received monthly.

## Endnotes For Appendix A

<sup>a</sup> The U.S. Housing and Urban Development. *Fair Market Rents for the Section 8 Housing Assistance Payments Program*. Retrieved October 19, 2007, from <http://www.huduser.org/datasets/fmr/fmrover.docFMRs>

<sup>b</sup> Capizzano, J., Adams, G. & Sonenstein, F. (2000). *Child Care arrangements for child under five: Variation across states*. New federalism: National Survey of America's Families. (Series B, No. B-7). Washington DC: The Urban Institute; Urban Institute calculations from the 1999 National Survey of America's Families from [http://www.urban.org/UploadedPDF/anf\\_b7.pdf](http://www.urban.org/UploadedPDF/anf_b7.pdf). Capizzano notes in a 2003 report analyzing updated NSAF data that "...there seems to have been little change in the distribution of child care arrangements among both low- and higher-income families from 1999 to 2002." Capizzano, J. and Adams, G. (2003). *Children in low-income families are less likely to be in center-based child care*. Washington DC: The Urban Institute. Retrieved from <http://www.urban.org/publications/310923.html>.

<sup>c</sup> Food Research and Action Center. *Federal Food Programs*. Retrieved February 15, 2006, from [http://www.frac.org/html/federal\\_food\\_programs/programs/fsp\\_faq.html](http://www.frac.org/html/federal_food_programs/programs/fsp_faq.html)

<sup>d</sup> U.S. Department of Labor. Bureau of Labor Statistics. (2005). Consumer expenditures in 2003. Table 4. *Size of consumer unit: Average annual expenditures and characteristics*.

Retrieved September 12, 2005, from <http://www.bls.gov/cex/csxann03.pdf>

<sup>e</sup> 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.

<sup>f</sup> Census Transportation Planning Package 2000. *Profiles for New Jersey*. Retrieved July 27, 2007, from <http://transportation.org/ctpp/home/>.

<sup>g</sup> Kaiser Family Foundation. *State Health Facts Online*. Retrieved October 6, 2007, from <http://www.statehealthfacts.org>.

<sup>h</sup> Families USA (2004). *New report shows health care is far less affordable than it was four years ago*. Retrieved October 6, 2007, from [http://www.familiesusa.org/assets/pdfs/Are\\_You\\_Better\\_Off\\_Press\\_Release\\_Englisha43a.pdf](http://www.familiesusa.org/assets/pdfs/Are_You_Better_Off_Press_Release_Englisha43a.pdf)

<sup>i</sup> Citro, C. & Michael, R. Eds. (1995). *Measuring poverty: A new approach*. Washington, DC: National Academy Press. Retrieved October 12, 2005, from <http://www.census.gov/hhes/poverty/povmeas/toc.html>

## Data Sources

DATA TYPE	SOURCE	ASSUMPTIONS
HOUSING	<p>Department of Housing and Urban Development. Fair Market Rents - Fiscal Year 2008. Available at <a href="http://www.huduser.org">http://www.huduser.org</a></p> <p>Adjusted for more specific geographic areas using ratios based on median gross rents by city. National Low Income Housing Coalition (NLIHC), <i>Median Gross Rent by County, 2000</i>. Available at <a href="http://www.nlihc.org/research/lalhd/renterreport.pdf">http://www.nlihc.org/research/lalhd/renterreport.pdf</a></p>	<p>Fair Market Rents (FMRs) by HUD statistical area.</p> <p>FMRs were calculated for counties. Where the MSA/HMFA included more than one county, FMRs were adjusted with ratios obtained from the NHLIC median gross rents. Where the MSA/HMFA included counties from states other than New Jersey, NHLIC data was used for those states in addition to the New Jersey data.</p>
CHILD CARE	<p>New Jersey Department of Human Services and Division of Family Development, <i>New Jersey Child Care Market Rate Survey 2006</i>. Available at <a href="http://www.state.nj.us/humanservices/dfd/">http://www.state.nj.us/humanservices/dfd/</a> County level 75th percentile rates calculated by request.</p>	<p><b>Infant/toddlers:</b> Under 2.5 years old. Family Care. Full-time <b>Preschooler:</b> 2.5-6 years old. Child Care Centers. Full-time. <b>Schoolage:</b> 6-13 years old. Child Care Centers. Before and after school.</p>
FOOD	<p>U.S. Department of Agriculture, <i>Low-Cost Food Plan</i>, June 2007. <a href="http://www.cnpp.usda.gov/Publications/FoodPlans/2007/CostofFoodJun07.pdf">http://www.cnpp.usda.gov/Publications/FoodPlans/2007/CostofFoodJun07.pdf</a> ACCRA. <i>Cost of Living Index</i>. (2005, First, Second, and Third Quarter average). Available at <a href="http://www.c2er.org/">http://www.c2er.org/</a></p>	<p>USDA Low-Cost Food Plan used for all counties.</p> <p>Assumed single adult families headed by female.</p>
TRANSPORTATION	<p><b>Public Transportation:</b> New Jersey Transit. Available at <a href="http://www.njtransit.com">http://www.njtransit.com</a>.</p> <p><b>Private Transportation:</b> <b>Fixed Costs.</b> Bureau of Labor Statistics. 2005. <i>Consumer Expenditure Survey</i>. Available at <a href="http://data.bls.gov">http://data.bls.gov</a> <b>Mileage.</b> U.S. Department of Transportation. <i>National Household Travel Survey 2001</i>. Available at <a href="http://nhts.ornl.gov/2001/index.shtml">http://nhts.ornl.gov/2001/index.shtml</a> <b>Driving Costs.</b> American Automobile Association. <i>Your Driving Costs 2007</i>. Available at <a href="http://www.aaawa.com/news_safety/documents/DrivingCosts2007.pdf">http://www.aaawa.com/news_safety/documents/DrivingCosts2007.pdf</a> <b>Insurance Premiums.</b> National Association of Insurance Commissioners (2004). <i>State Averages Expenditures &amp; Premiums for Personal Automobile Insurance in 2002</i>. <b>Regional Ratio.</b> New Jersey Department of Banking and Insurance. <i>2006 Private Passenger Auto Insurance Premium Comparison</i>. Available at <a href="http://www.state.nj.us/dobi/acrobat/2006autoinsconsinforeport.pdf">http://www.state.nj.us/dobi/acrobat/2006autoinsconsinforeport.pdf</a></p>	<p>Public transportation is calculated for Atlantic, Camden, Essex, Hudson, and, Passaic Counties. Monthly 2-zone bus pass costs \$59 in Atlantic and Camden Counties and \$65 in Passaic County. For Hudson County, a two-zone bus pass is averaged with the cost of a monthly pass for Hudson Bergen Light Rail and is \$62. For Essex County, a two-zone bus pass is averaged with a monthly pass for the Newark City Subway and is \$62.</p> <p>Private transportation assumes one average car per adult, a short child care “linking” trip for on adult five days a week, and one shopping trip a week.</p> <p>Regional ratios are applied to the state premium to create county level costs.</p>
HEALTH INSURANCE	<p><b>Premiums.</b> Kaiser Family Foundation. <i>Average Annual Costs of Employment-Based Health Insurance--Single &amp; Family Coverage, 2004</i>. <a href="http://www.statehealthfacts.kff.org/Out-of-Pocket-Costs">http://www.statehealthfacts.kff.org/Out-of-Pocket-Costs</a>. Agency for Healthcare Research and Quality. <i>Household Component Analytical Tool (MEPSnet/HC)</i>. 2003. Rockville, MD. <a href="http://www.meps.ahrq.gov/mepsnet/HC/MEPSnetHC.asp">http://www.meps.ahrq.gov/mepsnet/HC/MEPSnetHC.asp</a></p>	<p>In addition to health insurance premiums, health costs include regional out-of-pocket costs calculated for adults, infants, preschoolers, schoolage children, and teenagers.</p> <p>All data updated with the Medical CPI.</p> <p>NJ has no regional variation in health insurance costs.</p>
TAXES	<p><b>Federal Income Tax and Tax Credits:</b> U.S. Department of Treasury. <i>IRS 1040 Instructions</i>. Available at <a href="http://www.irs.gov/individuals/index.html">http://www.irs.gov/individuals/index.html</a> <b>State Income Tax and Tax Credits:</b> State of New Jersey Division of Taxation. <i>Instructions for the NJ-1040</i>. Available at <a href="http://www.state.nj.us/treasury/taxation/index.html">http://www.state.nj.us/treasury/taxation/index.html</a> <b>State Sales Tax:</b> State of New Jersey Division of Taxation. Available at <a href="http://www.state.nj.us/treasury/taxation/index.html">http://www.state.nj.us/treasury/taxation/index.html</a></p>	<p>State Income Tax is on a graduated scale between 1.4%-6.4%.</p> <p>State Sales and Use Tax is 7% for the entire state.</p> <p>Food is not taxed.</p> <p>New Jersey State EITC is 20% of the Federal EITC.</p>
MISCELLANEOUS	<p>Miscellaneous expenses are 10% of all other costs.</p>	<p>Includes all other essentials: clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone.</p>



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



Table 1  
The Self-Sufficiency Standard for Atlantic County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	866	1033	1033	1033	1033	1310	1033	1033
Child Care	0	646	1270	1076	430	1700	1270	1076
Food	237	359	467	537	621	630	672	739
Transportation	59	59	59	59	59	59	118	118
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	130	241	316	304	251	405	348	336
Taxes	261	503	683	641	437	930	671	628
Earned Income Tax Credit (-)	0	0	0	0	-62	0	0	0
Child Care Tax Credit (-)	0	-60	-100	-100	-63	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$9.58	\$17.13	\$22.10	\$21.16	\$16.49	\$28.60	\$12.01 per adult	\$11.53 per adult
MONTHLY	\$1,686	\$3,016	\$3,889	\$3,723	\$2,901	\$5,034	\$4,229	\$4,058
ANNUAL	\$20,229	\$36,188	\$46,670	\$44,680	\$34,818	\$60,409	\$50,746	\$48,697

Table 2  
The Self-Sufficiency Standard for Bergen County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1188	1332	1332	1332	1332	1645	1332	1332
Child Care	0	927	1746	1558	631	2377	1746	1558
Food	245	371	483	555	642	651	694	763
Transportation	299	306	306	306	306	306	588	588
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	187	325	420	409	327	533	474	464
Taxes	468	817	1125	1062	741	1680	1148	1107
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$14.32	\$24.22	\$31.10	\$30.08	\$23.44	\$40.87	\$17.33 per adult	\$16.87 per adult
MONTHLY	\$2,521	\$4,263	\$5,474	\$5,294	\$4,125	\$7,192	\$6,101	\$5,940
ANNUAL	\$30,247	\$51,154	\$65,682	\$63,528	\$49,497	\$86,308	\$73,206	\$71,278

Table 3  
The Self-Sufficiency Standard for Burlington County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	880	1050	1050	1050	1050	1257	1050	1050
Child Care	0	837	1488	1293	456	1944	1488	1293
Food	239	362	471	542	627	636	678	745
Transportation	289	296	296	296	296	296	568	568
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	154	286	363	352	279	448	417	405
Taxes	350	669	859	814	563	1145	932	888
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-55	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$11.62	\$20.93	\$26.07	\$25.11	\$19.38	\$32.53	\$14.91 per adult	\$14.42 per adult
MONTHLY	\$2,046	\$3,684	\$4,589	\$4,419	\$3,412	\$5,726	\$5,249	\$5,076
ANNUAL	\$24,550	\$44,208	\$55,065	\$53,027	\$40,938	\$68,714	\$62,989	\$60,912

Table 4  
The Self-Sufficiency Standard for Camden County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	737	879	879	879	879	1053	879	879
Child Care	0	764	1340	1270	506	1845	1340	1270
Food	239	362	471	542	627	636	678	745
Transportation	65	65	65	65	65	65	130	130
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	117	239	308	310	244	395	341	342
Taxes	218	494	656	660	401	894	647	650
Earned Income Tax Credit (-)	0	0	0	0	-99	0	0	0
Child Care Tax Credit (-)	0	-60	-100	-100	-63	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$8.58	\$16.92	\$21.49	\$21.58	\$15.66	\$27.78	\$11.74 per adult	\$11.78 per adult
MONTHLY	\$1,510	\$2,977	\$3,781	\$3,799	\$2,756	\$4,889	\$4,133	\$4,145
ANNUAL	\$18,115	\$35,728	\$45,377	\$45,583	\$33,078	\$58,663	\$49,593	\$49,739

Table 5  
The Self-Sufficiency Standard for Cape May County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	712	895	895	895	895	1172	895	895
Child Care	0	579	1122	970	391	1512	1122	970
Food	237	359	467	537	621	630	672	739
Transportation	289	295	295	295	295	295	566	566
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	137	245	311	304	256	396	364	356
Taxes	288	514	664	638	470	897	730	703
Earned Income Tax Credit (-)	0	0	0	0	-29	0	0	0
Child Care Tax Credit (-)	0	-60	-100	-100	-60	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.20	\$17.39	\$21.68	\$21.09	\$17.25	\$27.86	\$12.69 per adult	\$12.38 per adult
MONTHLY	\$1,796	\$3,061	\$3,815	\$3,712	\$3,036	\$4,903	\$4,466	\$4,357
ANNUAL	\$21,553	\$36,734	\$45,785	\$44,539	\$36,430	\$58,833	\$53,589	\$52,284

Table 6  
The Self-Sufficiency Standard for Cumberland County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	759	956	956	956	956	1162	956	956
Child Care	0	575	1183	1139	564	1747	1183	1139
Food	245	371	483	555	642	651	694	763
Transportation	289	295	295	295	295	295	566	566
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	143	251	324	328	282	421	378	382
Taxes	308	540	714	729	575	990	787	801
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-58	-100	-100	-53	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.66	\$17.98	\$22.82	\$23.15	\$19.64	\$29.92	\$13.30 per adult	\$13.45 per adult
MONTHLY	\$1,876	\$3,165	\$4,016	\$4,075	\$3,457	\$5,265	\$4,681	\$4,735
ANNUAL	\$22,517	\$37,978	\$48,198	\$48,898	\$41,486	\$63,185	\$56,177	\$56,823

Table 7  
The Self-Sufficiency Standard for Essex County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	894	1021	1021	1021	1021	1222	1021	1021
Child Care	0	828	1446	1196	369	1815	1446	1196
Food	240	363	473	544	630	639	681	749
Transportation	57	57	57	57	57	57	114	114
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	132	259	333	316	244	408	365	348
Taxes	271	567	744	683	401	943	733	670
Earned Income Tax Credit (-)	0	0	0	0	-99	0	0	0
Child Care Tax Credit (-)	0	-55	-100	-100	-63	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$9.82	\$18.61	\$23.50	\$22.10	\$15.66	\$28.89	\$12.72 per adult	\$12.01 per adult
MONTHLY	\$1,728	\$3,275	\$4,136	\$3,890	\$2,756	\$5,085	\$4,477	\$4,226
ANNUAL	\$20,732	\$39,299	\$49,632	\$46,686	\$33,074	\$61,017	\$53,722	\$50,716

Table 8  
The Self-Sufficiency Standard for Gloucester County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	749	893	893	893	893	1070	893	893
Child Care	0	758	1496	1214	456	1952	1496	1214
Food	239	362	471	542	627	636	678	745
Transportation	289	296	296	296	296	296	568	568
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	141	263	348	328	263	430	402	382
Taxes	303	582	802	729	506	1038	876	799
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-55	-100	-100	-58	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.53	\$18.94	\$24.82	\$23.15	\$18.06	\$30.81	\$14.29 per adult	\$13.44 per adult
MONTHLY	\$1,854	\$3,333	\$4,368	\$4,075	\$3,179	\$5,422	\$5,031	\$4,729
ANNUAL	\$22,246	\$39,999	\$52,421	\$48,898	\$38,149	\$65,063	\$60,368	\$56,752

Table 9  
The Self-Sufficiency Standard for Hudson County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1022	1192	1192	1192	1192	1445	1192	1192
Child Care	0	651	1204	1069	418	1622	1204	1069
Food	245	371	483	555	642	651	694	763
Transportation	65	65	65	65	65	65	130	130
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	147	260	327	322	268	413	360	355
Taxes	323	571	724	705	522	961	717	697
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-55	-100	-100	-58	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.99	\$18.68	\$23.05	\$22.61	\$18.44	\$29.30	\$12.54 per adult	\$12.31 per adult
MONTHLY	\$1,934	\$3,288	\$4,057	\$3,980	\$3,245	\$5,157	\$4,416	\$4,334
ANNUAL	\$23,211	\$39,460	\$48,686	\$47,763	\$38,937	\$61,890	\$52,988	\$52,004

Table 10  
The Self-Sufficiency Standard for Hunterdon County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1151	1354	1354	1354	1354	1700	1354	1354
Child Care	0	979	2064	1640	661	2725	2064	1640
Food	245	371	483	555	642	651	694	763
Transportation	273	280	280	280	280	280	536	536
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	180	330	451	417	330	571	503	469
Taxes	445	835	1315	1109	750	1939	1263	1127
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$13.80	\$24.62	\$34.14	\$30.83	\$23.65	\$44.69	\$18.56 per adult	\$17.09 per adult
MONTHLY	\$2,428	\$4,333	\$6,008	\$5,427	\$4,163	\$7,865	\$6,532	\$6,017
ANNUAL	\$29,139	\$51,995	\$72,101	\$65,122	\$49,950	\$94,386	\$78,385	\$72,200

Table 11  
The Self-Sufficiency Standard for Mercer County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	932	1120	1120	1120	1120	1338	1120	1120
Child Care	0	982	1614	1531	549	2163	1614	1531
Food	245	371	483	555	642	651	694	763
Transportation	290	296	296	296	296	296	568	568
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	160	309	384	384	297	480	438	438
Taxes	372	751	937	937	630	1336	1012	1011
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$12.11	\$22.80	\$27.82	\$27.82	\$20.91	\$35.60	\$15.81 per adult	\$15.79 per adult
MONTHLY	\$2,131	\$4,013	\$4,896	\$4,896	\$3,680	\$6,265	\$5,564	\$5,559
ANNUAL	\$25,576	\$48,154	\$58,752	\$58,758	\$44,160	\$75,180	\$66,769	\$66,713

Table 12  
The Self-Sufficiency Standard for Middlesex County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1122	1320	1320	1320	1320	1657	1320	1320
Child Care	0	864	1607	1453	589	2196	1607	1453
Food	245	371	483	555	642	651	694	763
Transportation	301	307	307	307	307	307	590	590
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	180	318	404	397	322	516	459	452
Taxes	445	785	1034	991	722	1566	1092	1064
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$13.78	\$23.57	\$29.64	\$28.95	\$23.00	\$39.16	\$16.70 per adult	\$16.39 per adult
MONTHLY	\$2,425	\$4,148	\$5,216	\$5,096	\$4,047	\$6,893	\$5,880	\$5,770
ANNUAL	\$29,104	\$49,773	\$62,598	\$61,149	\$48,569	\$82,716	\$70,557	\$69,241

Table 13  
The Self-Sufficiency Standard for Monmouth County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	997	1217	1217	1217	1217	1586	1217	1217
Child Care	0	927	1665	1491	564	2229	1665	1491
Food	245	371	483	555	642	651	694	763
Transportation	285	291	291	291	291	291	559	559
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	166	312	398	389	308	511	452	443
Taxes	394	765	998	957	669	1533	1064	1028
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$12.61	\$23.11	\$29.06	\$28.26	\$21.81	\$38.65	\$16.39 per adult	\$15.99 per adult
MONTHLY	\$2,220	\$4,068	\$5,115	\$4,974	\$3,838	\$6,802	\$5,768	\$5,630
ANNUAL	\$26,643	\$48,812	\$61,376	\$59,683	\$46,054	\$81,620	\$69,219	\$67,556

Table 14  
The Self-Sufficiency Standard for Morris County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1169	1336	1336	1336	1336	1599	1336	1336
Child Care	0	977	1845	1424	447	2292	1845	1424
Food	240	363	473	544	630	639	681	749
Transportation	273	280	280	280	280	280	536	536
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	182	327	426	392	306	516	478	444
Taxes	450	825	1166	967	661	1566	1162	1033
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$13.91	\$24.39	\$31.75	\$28.50	\$21.62	\$39.16	\$17.49 per adult	\$16.05 per adult
MONTHLY	\$2,448	\$4,293	\$5,589	\$5,017	\$3,805	\$6,892	\$6,156	\$5,650
ANNUAL	\$29,371	\$51,518	\$67,062	\$60,199	\$45,662	\$82,699	\$73,870	\$67,796

Table 15  
The Self-Sufficiency Standard for Ocean County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1076	1314	1314	1314	1314	1712	1314	1314
Child Care	0	738	1465	1277	539	2004	1465	1277
Food	245	371	483	555	642	651	694	763
Transportation	289	295	295	295	295	295	566	566
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	174	303	388	378	315	501	442	431
Taxes	424	732	952	913	697	1471	1027	986
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$13.30	\$22.37	\$28.17	\$27.30	\$22.43	\$37.69	\$15.98 per adult	\$15.53 per adult
MONTHLY	\$2,341	\$3,937	\$4,958	\$4,804	\$3,947	\$6,634	\$5,625	\$5,465
ANNUAL	\$28,091	\$47,240	\$59,499	\$57,647	\$47,370	\$79,605	\$67,497	\$65,583

Table 16  
The Self-Sufficiency Standard for Passaic County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1018	1141	1141	1141	1141	1409	1141	1141
Child Care	0	764	1322	1165	401	1724	1322	1165
Food	245	371	483	555	642	651	694	763
Transportation	57	57	57	57	57	57	114	114
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	145	265	333	326	260	419	366	358
Taxes	318	591	746	719	493	983	736	708
Earned Income Tax Credit (-)	0	0	0	0	-5	0	0	0
Child Care Tax Credit (-)	0	-55	-100	-100	-58	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.89	\$19.14	\$23.55	\$22.93	\$17.78	\$29.80	\$12.76 per adult	\$12.44 per adult
MONTHLY	\$1,916	\$3,368	\$4,144	\$4,036	\$3,129	\$5,244	\$4,491	\$4,378
ANNUAL	\$22,997	\$40,413	\$49,732	\$48,434	\$37,545	\$62,931	\$53,893	\$52,534

Table 17  
The Self-Sufficiency Standard for Salem County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	699	834	834	834	834	998	834	834
Child Care	0	629	1205	970	341	1546	1205	970
Food	239	362	471	542	627	636	678	745
Transportation	289	296	296	296	296	296	568	568
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	136	244	313	298	246	383	367	351
Taxes	284	512	674	618	412	847	741	684
Earned Income Tax Credit (-)	0	0	0	0	-88	0	0	0
Child Care Tax Credit (-)	0	-60	-100	-100	-63	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$10.12	\$17.33	\$21.90	\$20.63	\$15.91	\$26.74	\$12.81 per adult	\$12.16 per adult
MONTHLY	\$1,781	\$3,050	\$3,855	\$3,630	\$2,801	\$4,706	\$4,509	\$4,279
ANNUAL	\$21,369	\$36,605	\$46,256	\$43,562	\$33,606	\$56,468	\$54,106	\$51,353

Table 18  
The Self-Sufficiency Standard for Somerset County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1192	1402	1402	1402	1402	1760	1402	1402
Child Care	0	1042	1948	1824	781	2730	1948	1824
Food	245	371	483	555	642	651	694	763
Transportation	287	293	293	293	293	293	563	563
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	186	343	446	441	348	578	499	495
Taxes	465	882	1282	1257	816	1993	1247	1229
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$14.25	\$25.67	\$33.62	\$33.21	\$25.17	\$45.49	\$18.38 per adult	\$18.19 per adult
MONTHLY	\$2,508	\$4,518	\$5,916	\$5,845	\$4,429	\$8,006	\$6,471	\$6,404
ANNUAL	\$30,101	\$54,210	\$70,995	\$70,146	\$53,154	\$96,070	\$77,657	\$76,848

Table 19  
The Self-Sufficiency Standard for Sussex County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	1046	1195	1195	1195	1195	1430	1195	1195
Child Care	0	774	1598	1181	407	2006	1598	1181
Food	240	363	473	544	630	639	681	749
Transportation	273	280	280	280	280	280	536	536
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	169	293	388	354	287	470	439	406
Taxes	405	694	950	822	595	1279	1017	889
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-53	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$12.88	\$21.50	\$28.10	\$25.28	\$20.10	\$34.68	\$15.86 per adult	\$14.44 per adult
MONTHLY	\$2,267	\$3,783	\$4,946	\$4,449	\$3,538	\$6,104	\$5,584	\$5,083
ANNUAL	\$27,208	\$45,402	\$59,346	\$53,384	\$42,454	\$73,248	\$67,005	\$60,997

Table 20  
The Self-Sufficiency Standard for Union County, 2008

MONTHLY COSTS	Adult	Adult + Preschooler	Adult + Infant Preschooler	Adult + Preschooler Schoolage	Adult + Schoolage Teenager	Adult + Infant Preschooler Schoolage	2 Adults+ Infant Preschooler	2 Adults + Preschooler Schoolage
Housing	995	1138	1138	1138	1138	1362	1138	1138
Child Care	0	866	1546	1343	477	2024	1546	1343
Food	240	363	473	544	630	639	681	749
Transportation	306	313	313	313	313	313	602	602
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	168	300	380	368	292	469	435	423
Taxes	399	719	921	875	612	1269	1001	954
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-50	-100	-100	-50	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
HOURLY	\$12.74	\$22.06	\$27.46	\$26.44	\$20.50	\$34.52	\$15.68 per adult	\$15.16 per adult
MONTHLY	\$2,242	\$3,882	\$4,833	\$4,654	\$3,608	\$6,075	\$5,520	\$5,336
ANNUAL	\$26,904	\$46,588	\$57,999	\$55,843	\$43,295	\$72,896	\$66,242	\$64,027

Table 21  
The Self-Sufficiency Standard for Warren County, 2008

<b>MONTHLY COSTS</b>	<b>Adult</b>	<b>Adult + Preschooler</b>	<b>Adult + Infant Preschooler</b>	<b>Adult + Preschooler Schoolage</b>	<b>Adult + Schoolage Teenager</b>	<b>Adult + Infant Preschooler Schoolage</b>	<b>2 Adults+ Infant Preschooler</b>	<b>2 Adults + Preschooler Schoolage</b>
Housing	861	1007	1007	1007	1007	1205	1007	1007
Child Care	0	754	1497	1147	393	1890	1497	1147
Food	240	363	473	544	630	639	681	749
Transportation	303	309	309	309	309	309	595	595
Health Care	133	318	328	339	363	350	384	395
Miscellaneous	154	275	362	335	270	439	416	389
Taxes	349	628	853	752	531	1092	931	828
Earned Income Tax Credit (-)	0	0	0	0	0	0	0	0
Child Care Tax Credit (-)	0	-53	-100	-100	-55	-100	-100	-100
Child Tax Credit (-)	0	-83	-167	-167	-167	-250	-167	-167
<b>SELF-SUFFICIENCY WAGE</b>								
<b>HOURLY</b>	<b>\$11.59</b>	<b>\$20.00</b>	<b>\$25.93</b>	<b>\$23.68</b>	<b>\$18.65</b>	<b>\$31.68</b>	<b>\$14.90</b> per adult	<b>\$13.76</b> per adult
<b>MONTHLY</b>	<b>\$2,040</b>	<b>\$3,519</b>	<b>\$4,563</b>	<b>\$4,167</b>	<b>\$3,282</b>	<b>\$5,575</b>	<b>\$5,245</b>	<b>\$4,844</b>
<b>ANNUAL</b>	<b>\$24,483</b>	<b>\$42,231</b>	<b>\$54,757</b>	<b>\$50,005</b>	<b>\$39,378</b>	<b>\$66,904</b>	<b>\$62,941</b>	<b>\$58,125</b>



Appendix C  
The Self-Sufficiency Standard as a Percent of the Federal Poverty Level, 2008

COUNTY	ONE ADULT, ONE SCHOOLAGE			ONE ADULT, ONE PRESCHOOLER, ONE SCHOOLAGE			TWO ADULTS, ONE PRESCHOOLER, ONE SCHOOLAGE		
	Self-Sufficiency Standard		Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Self-Sufficiency Standard		Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)	Self-Sufficiency Standard		Self-Sufficiency Standard as Percentage of Federal Poverty Level (FPL)
Atlantic County	Hourly	\$15.93	240%	Hourly	\$21.16	254%	Hourly*	\$11.53	230%
	Monthly	\$2,804		Monthly	\$3,723		Monthly**	\$4,058	
Bergen County	Hourly	\$22.39	338%	Hourly	\$30.08	361%	Hourly*	\$16.87	336%
	Monthly	\$3,940		Monthly	\$5,294		Monthly**	\$5,940	
Burlington County	Hourly	\$18.33	276%	Hourly	\$25.11	301%	Hourly*	\$14.42	287%
	Monthly	\$3,225		Monthly	\$4,419		Monthly**	\$5,076	
Camden County	Hourly	\$15.25	230%	Hourly	\$21.58	259%	Hourly*	\$11.78	235%
	Monthly	\$2,684		Monthly	\$3,799		Monthly**	\$4,145	
Cape May County	Hourly	\$16.42	248%	Hourly	\$21.09	253%	Hourly*	\$12.38	247%
	Monthly	\$2,890		Monthly	\$3,712		Monthly**	\$4,357	
Cumberland County	Hourly	\$18.55	280%	Hourly	\$23.15	278%	Hourly*	\$13.45	268%
	Monthly	\$3,264		Monthly	\$4,075		Monthly**	\$4,735	
Essex County	Hourly	\$15.24	230%	Hourly	\$22.10	265%	Hourly*	\$12.01	239%
	Monthly	\$2,682		Monthly	\$3,890		Monthly**	\$4,226	
Gloucester County	Hourly	\$17.00	257%	Hourly	\$23.15	278%	Hourly*	\$13.44	268%
	Monthly	\$2,993		Monthly	\$4,075		Monthly**	\$4,729	
Hudson County	Hourly	\$17.34	262%	Hourly	\$22.61	271%	Hourly*	\$12.31	245%
	Monthly	\$3,051		Monthly	\$3,980		Monthly**	\$4,334	
Hunterdon County	Hourly	\$22.60	341%	Hourly	\$30.83	370%	Hourly*	\$17.09	341%
	Monthly	\$3,978		Monthly	\$5,427		Monthly**	\$6,017	
Mercer County	Hourly	\$19.81	299%	Hourly	\$27.82	334%	Hourly*	\$15.79	315%
	Monthly	\$3,487		Monthly	\$4,896		Monthly**	\$5,559	
Middlesex County	Hourly	\$21.92	331%	Hourly	\$28.95	347%	Hourly*	\$16.39	327%
	Monthly	\$3,857		Monthly	\$5,096		Monthly**	\$5,770	
Monmouth County	Hourly	\$20.73	313%	Hourly	\$28.26	339%	Hourly*	\$15.99	319%
	Monthly	\$3,648		Monthly	\$4,974		Monthly**	\$5,630	
Morris County	Hourly	\$20.61	311%	Hourly	\$28.50	342%	Hourly*	\$16.05	320%
	Monthly	\$3,627		Monthly	\$5,017		Monthly**	\$5,650	
Ocean County	Hourly	\$21.35	322%	Hourly	\$27.30	328%	Hourly*	\$15.53	309%
	Monthly	\$3,758		Monthly	\$4,804		Monthly**	\$5,465	
Passaic County	Hourly	\$16.72	252%	Hourly	\$22.93	275%	Hourly*	\$12.44	248%
	Monthly	\$2,942		Monthly	\$4,036		Monthly**	\$4,378	
Salem County	Hourly	\$15.48	233%	Hourly	\$20.63	248%	Hourly*	\$12.16	242%
	Monthly	\$2,724		Monthly	\$3,630		Monthly**	\$4,279	
Somerset County	Hourly	\$24.12	364%	Hourly	\$33.21	399%	Hourly*	\$18.19	362%
	Monthly	\$4,245		Monthly	\$5,845		Monthly**	\$6,404	
Sussex County	Hourly	\$19.04	287%	Hourly	\$25.28	303%	Hourly*	\$14.44	288%
	Monthly	\$3,350		Monthly	\$4,449		Monthly**	\$5,083	
Union County	Hourly	\$19.43	293%	Hourly	\$26.44	317%	Hourly*	\$15.16	302%
	Monthly	\$3,420		Monthly	\$4,654		Monthly**	\$5,336	
Warren County	Hourly	\$17.58	265%	Hourly	\$23.68	284%	Hourly*	\$13.76	274%
	Monthly	\$3,094		Monthly	\$4,167		Monthly**	\$4,844	

\* per adult \*\*combined





Legal Services of New Jersey Poverty Research Institute