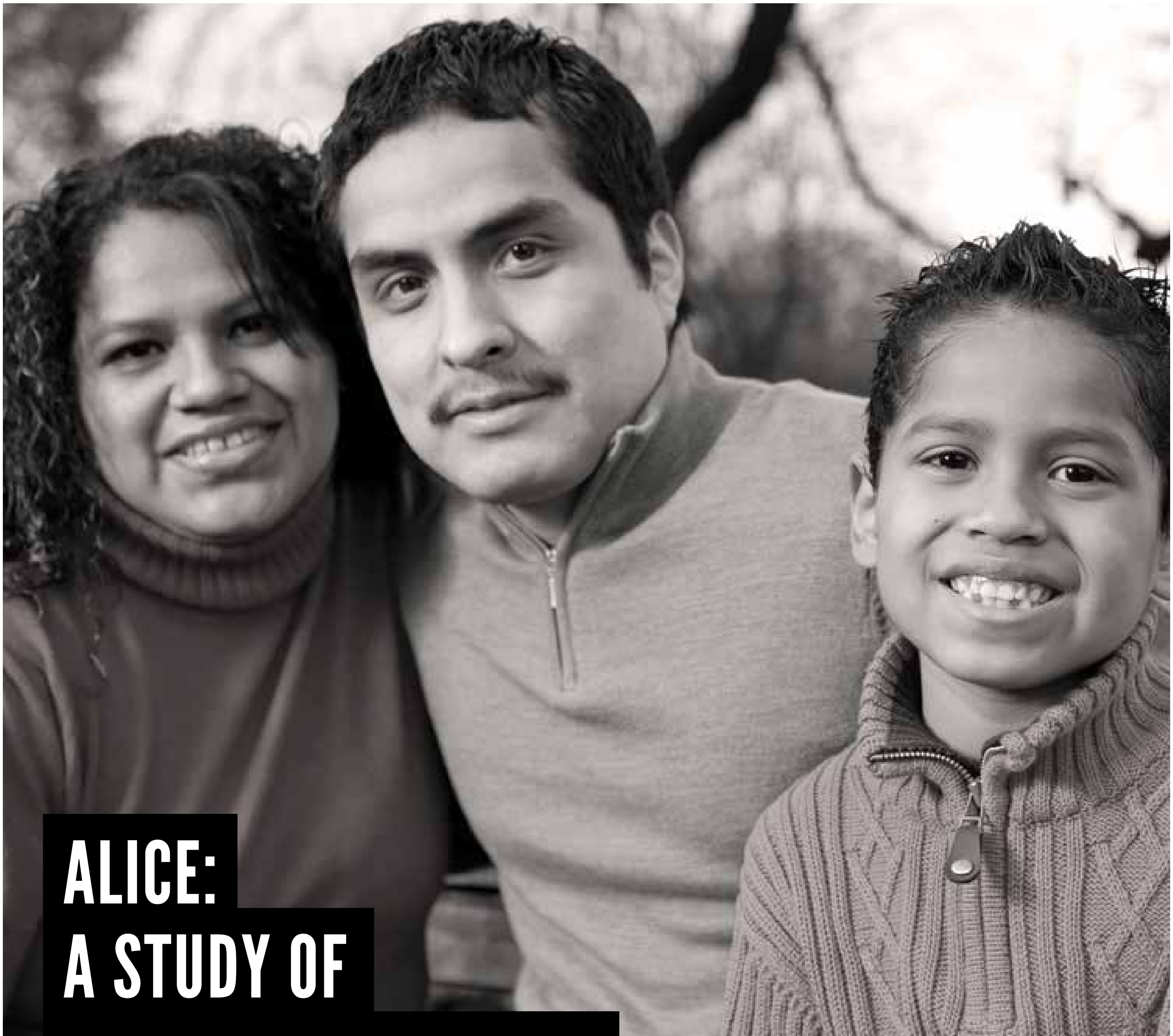

ALICE: A STUDY OF FINANCIAL HARDSHIP IN NEW JERSEY

LIVE UNITED®

2018 REPORT

ALICE® is an acronym for Asset Limited, Income Constrained, Employed.

The United Way *ALICE Project* is a collaboration of United Ways in Connecticut, Florida, Hawai'i, Idaho, Indiana, Iowa, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Texas, Virginia, Washington, and Wisconsin.

United Way

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NATIONAL ALICE ADVISORY COUNCIL

The following companies are major funders and supporters of the United Way *ALICE Project*.

**Aetna Foundation ▪ Alliant Energy ▪ AT&T ▪ Atlantic Health System ▪ Deloitte ▪ Entergy
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RWJBarnabas Health ▪ Thrivent Financial Foundation ▪ Union Bank & Trust ▪ UPS ▪ U.S. Venture**

LETTER TO THE COMMUNITY

Dear Fellow New Jerseyans,

At RWJBarnabas Health, our primary mission is to build healthier communities. In order to accomplish this goal, we understand that we must reach beyond the walls of our facilities to not only provide quality clinical health services but to practice "social" health, using our assets and resources to more equitably improve our communities' long-term well-being and quality of life.

New Jersey is one of the wealthiest states in the nation, yet more than one-third of the state's households are **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed (**ALICE**). The cost of living is increasing and low-wage jobs are continuing to dominate the landscape for the 38.5 percent of households with income below the ALICE threshold, according to the data released today. Combined, these elements negatively impact overall health and well-being for ALICE families.

That is why we are deeply committed to working with the United Way and its national ALICE Project. As the most comprehensive academic health care delivery system in New Jersey, with a service area covering over five million people, RWJBarnabas Health is dedicated to effectuating meaningful change by addressing the social determinants of health, which include economic stability, education, food security, affordable housing, access to transportation, and safe living environments.

Only recently have health care industry experts begun to attribute health outcomes to the social environment surrounding a person's well-being. These social determinants of health are estimated to impact between 70 to 80 percent of health outcomes, and job insecurity is a prime social determinant of health.

To realize our commitment and to address the needs of ALICE in the communities we serve, RWJBarnabas Health established several initiatives including:

- **Career Ladders for Front Line Employees**
  At Jersey City Medical Center, we are embracing a program to train and promote employees into higher-skill, higher-paying occupations to improve their financial environment. Since the program began in 2010, more than 100 of our employees have graduated, and many have dramatically changed their lives for the better. Due to the program's success, we will be rolling out Career Ladders across our entire health care system.

- **Hire Local**
  RWJBarnabas Health has pledged to hire 350 Newark residents as part of the Newark 2020 initiative to connect 2,020 Newark residents to living wage jobs by 2020. So far, we have hired 189 local workers into our health system and we plan to hire more than 200 additional full-time staff over the next two years.

We've embraced the United Way ALICE Report recommendations and are focusing intensively on our local hiring practices, formalizing our internal career pipelines, and creating pathways to livable wages. We've codified our support of ALICE as a part of the ALICE United Way National Advisory Council.

We recognize that in order to support ALICE in the communities where we live and work, it is imperative to leverage our position as an anchor institution for the long-term benefit of all New Jersey residents.

We are thrilled to work alongside United Way of Northern New Jersey to create opportunities for ALICE in our communities.

Warmest regards,

Barry H. Ostrowsky
President and Chief Executive Officer, RWJBarnabas Health

RWJBarnabas HEALTH

THE UNITED WAY ALICE PROJECT

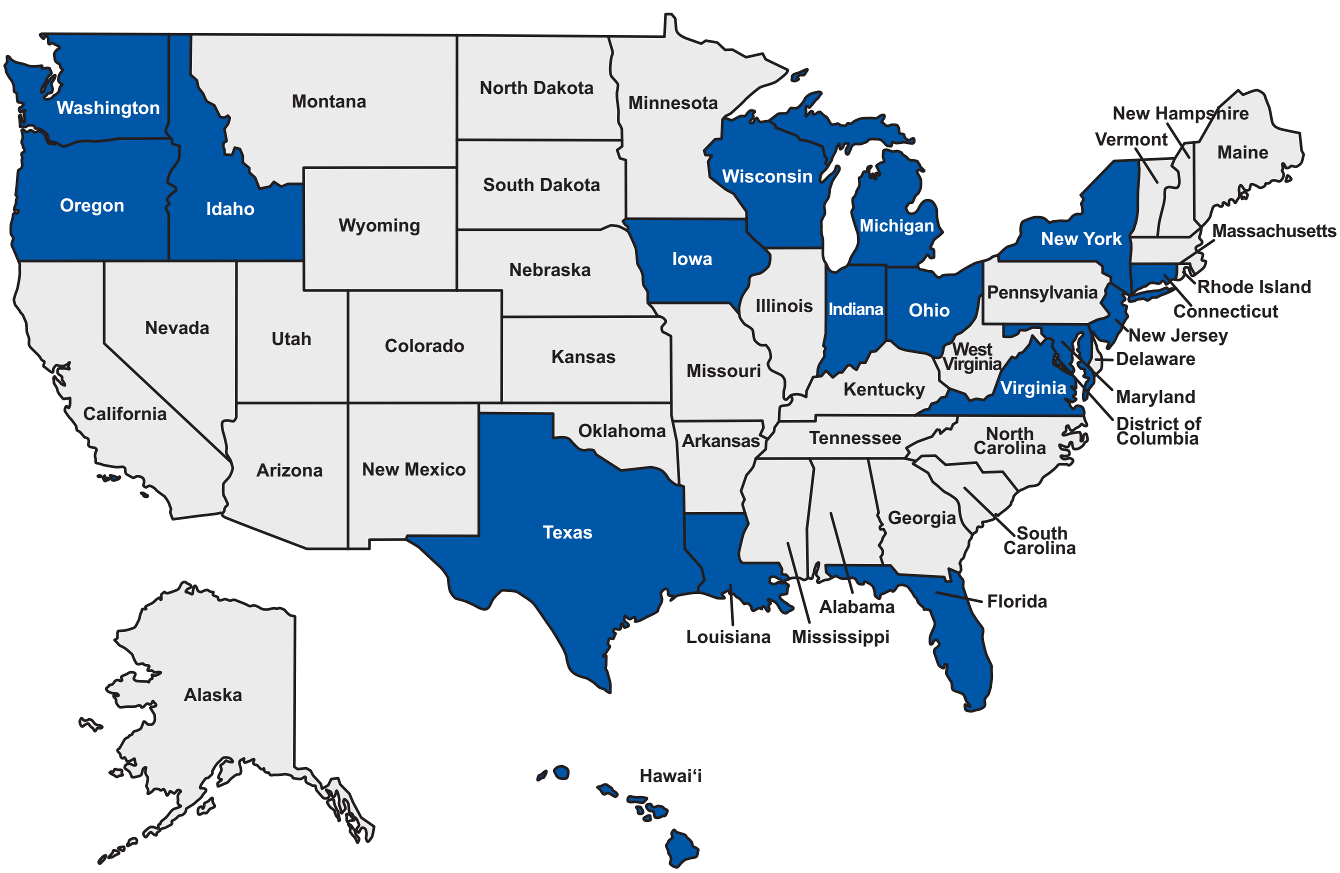
The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE is the growing number of households in our communities that do not earn enough to afford basic necessities. This research initiative partners with state United Way organizations to present data that can stimulate meaningful discussion, attract new partners, and ultimately inform strategies for positive change.

Based on the overwhelming success of this research in identifying and articulating the needs of this vulnerable population, the United Way *ALICE Project* has grown from a pilot in Morris County, New Jersey in 2009, to the entire state of New Jersey in 2012, and now to the national level with 18 states participating. United Ways in New Jersey are proud to join the more than 540 United Ways in these states that are working to better understand ALICE's struggles. Organizations across the country are also using this data to address the challenges and needs of their employees, customers, and communities. The result is that ALICE is rapidly becoming part of the common vernacular, appearing in the media and in public forums discussing financial hardship in communities nationwide.

Together, United Ways, government agencies, nonprofits, and corporations have the opportunity to evaluate current initiatives and discover innovative approaches that give ALICE a voice, and create changes that improve life for ALICE and the wider community.

To access reports from all states, visit UnitedWayALICE.org

States With United Way ALICE Reports



THE ALICE RESEARCH TEAM

The United Way *ALICE Project* provides high-quality, research-based information to foster a better understanding of who is struggling in our communities. To produce the United Way ALICE Report for New Jersey, a team of researchers collaborated with a Research Advisory Committee, composed of 12 representatives from across New Jersey, who advised and contributed to the report. This collaborative model, practiced in each state, ensures each report presents unbiased data that is replicable, easily updated on a regular basis, and sensitive to local context. Working closely with United Ways, the United Way *ALICE Project* seeks to equip communities with information to create innovative solutions.

Lead Researcher

Stephanie Hoopes, Ph.D., is the lead researcher and director of the United Way *ALICE Project*. Dr. Hoopes began this effort with a pilot study of a more accurate way to measure financial hardship in Morris County, New Jersey in 2009. Since then, she has overseen its expansion into a broad-based, state-by-state research initiative now spanning 18 states across the country. Her research on the ALICE population has garnered both state and national media attention.

Before joining United Way full time in 2015, Dr. Hoopes taught at Rutgers University and Columbia University. Dr. Hoopes has a doctorate from the London School of Economics, a master's degree from the University of North Carolina at Chapel Hill, and a bachelor's degree from Wellesley College.

Dr. Hoopes is on the board of directors of the McGraw-Hill Federal Credit Union, and she received a resolution from the New Jersey General Assembly for her work on ALICE in 2016.

Research Support Team

Andrew Abrahamson

Madeline Leonard

Dan Treglia, Ph.D.

ALICE Research Advisory Committee for New Jersey

Jeffrey Backstrand, Ph.D.
School of Public Affairs and Administration, Rutgers University

Staci Berger, M.P.A.
Housing and Community Development Network of New Jersey

Arnold Cohen
Housing and Community Development Network of New Jersey

Elizabeth Erbaugh, Ph.D.
Stockton University

Michael Gerardi, M.D.
Atlantic Health System

Andrea Hetling, Ph.D.
Edward J. Bloustein School of Planning and Public Policy, Rutgers University

Chris Kirk, Ph.D.
Northwest New Jersey Community Action Partnership, Inc.

Len Preston
New Jersey Department of Labor and Workforce Development

William Rodgers III, Ph.D.
Heldrich Center for Workforce Development, Rutgers University

Diane Wentworth, Ph.D.
Fairleigh Dickinson University

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Bibliography, Additional Data, and Methodology Overview available on the United Way ALICE Project website:
UnitedWayALICE.org

ALICE IN NEW JERSEY

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EXECUTIVE SUMMARY

In 2016, 1,230,061 households in New Jersey — 38.5 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology.

This United Way ALICE Report for New Jersey provides the most comprehensive look at the population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE households have incomes above the Federal Poverty Level (FPL) but struggle to afford basic household necessities. Since it is well established that economic conditions worsened during the Great Recession, this Report focuses on the recovery that started in 2010, and how households have fared since.

Despite recent reports of overall improvement in employment and gains in median incomes, the economic recovery in New Jersey has been uneven. Many families continue to face challenges from low wages, depleted savings, and the increasing cost of basic household goods. The total number of New Jersey households that cannot afford basic needs increased 15 percent between 2010 and 2016.

This Report shows what has changed in New Jersey since the last United Way ALICE Report for New Jersey was published in 2016. It updates the cost of basic needs in the **Household Survival Budget** for each county in New Jersey and the number of households earning below the amount needed to afford that budget **(the ALICE Threshold)**. The report delves into county and municipal data and looks at the demographics of ALICE and poverty-level households by race/ethnicity, age, and household type to reveal variations in hardship that are often masked by state averages. Finally, the Report highlights emerging trends that will affect ALICE families in the future.

For the period of 2010 to 2016, the data reveals an ongoing struggle for ALICE households and a range of obstacles to achieving financial stability:

- **The extent of hardship:** Of New Jersey's 3.2 million households, 10.5 percent lived in poverty in 2016 and another 28 percent were ALICE households. Combined, 38.5 percent (1,230,061 households) had income below the ALICE Threshold, an increase of 15 percent since 2010.

- **The basic cost of living:** The cost of basic household expenses in New Jersey increased steadily to $74,748 for a family of four (two adults with one infant and one preschooler) and $26,640 for a single adult — significantly higher than the FPL of $24,300 for a family of four and $11,880 for a single adult. The cost of the family budget increased by 28 percent from 2010 to 2016.

- **Jobs:** Low-wage jobs continue to dominate the landscape in New Jersey, with 51 percent of all jobs paying less than $20 per hour. Although unemployment rates fell during this period, wages remained low for many occupations. With more contract work and on-demand jobs, job instability also increased, making it difficult for ALICE workers to meet regular monthly expenses or to save.

- **The role of assistance:** Public and private assistance continued to provide support to many households living in poverty or earning slightly above the FPL, but it provided less support to ALICE households whose income is above eligibility levels. Spending on health care and health insurance outpaced spending in other budget areas; there remained large gaps in assistance in some budget categories, especially in housing and child care.

- **Emerging trends:** Several trends are changing the economic landscape for ALICE households:

- *The Changing American Household* — Shifting demographics, including millennials coming of age, the aging of baby boomers, and domestic and foreign migration patterns, are having an impact on who is living together in households and where and how people work. These changes, in turn, influence the demand for goods and services, ranging from the location of housing to the provision of caregiving.

- *Market Instability* — Within a global economy, economic disruptions, natural disasters, and technological advances in other parts of the world trigger rapid change across U.S. industries and cause shifts in supply and demand. This will increasingly destabilize employment opportunities for ALICE workers.

- *Growing Health Inequality* — As health costs rise, there will be increasing disparities in health according to income. Expensive medical advances that are out of reach of lower-income households will only further this divide. The societal costs of having large numbers of U.S. residents in poor health will also grow.

Using the best available information on those who are struggling, this Report offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. The FPL is an outdated calculation, and inaccurate information about the number of people struggling distorts the identification of problems related to poverty, misguides policy solutions, and raises questions of equity, transparency, and fairness in the allocation of resources. The United Way *ALICE Project* develops these resources in order to move beyond stereotypes and judgments of "the poor," and instead encourages the use of data to inform programmatic and policy solutions for these households and their communities.

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — households with income above the Federal Poverty Level but below the basic cost of living. A household consists of all the people who occupy a housing unit. In this report, households do not include those living in group quarters such as a dorm, nursing home, or prison.

The Household Survival Budget calculates the actual costs of basic necessities — housing, child care, food, transportation, health care, technology (smartphones), and taxes — in New Jersey, adjusted for different counties and household types.

The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in New Jersey. Unless otherwise noted in this report, households earning below the ALICE Threshold include both ALICE and poverty-level households.

The Household Stability Budget is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category and an expanded technology category (smartphone and basic home internet), and it is adjusted for different counties and household types.

The ALICE Income Assessment is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a shortfall, or Unfilled Gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

DATA & METHODOLOGY

WHAT'S NEW

Every two years, the United Way *ALICE Project* engages a national Research Advisory Committee of external experts to scrutinize the ALICE methodology and sources. This rigorous process results in enhancements to the methodology that ensure that the best local data is presented. While these changes impact specific calculations, the overall trends have remained the same.

For this Report, the following changes have been incorporated:

The inclusion of technology: Technology has become a regular part of life, and smartphones in particular are an expectation for employment. The Household Survival Budget now includes the cost of a smartphone plan for each adult. The Household Stability Budget includes the cost of a smartphone for each adult in the family as well as basic home internet service.

The source for state taxes has been updated: To provide greater consistency across states and reduce the complexity of calculations while maintaining accuracy, the Report uses the Tax Foundation's individual income tax rates and deductions for each state instead of state-level tax sources. Each state treasury's *1040: Individual Income Tax Forms and Instructions* is still used to confirm state tax deductions and exemptions, such as the Personal Tax Credit. This change resulted in slight changes in tax amounts; budgets have been recalculated for 2010, 2012, and 2014. To ensure consistency in change-over-time comparisons in this Report, the data has been recalculated for previous years (2010, 2012, and 2014). For example, the old Report stated that 1,164,722 households (37 percent) had income below the ALICE Threshold in 2014, whereas the new Report presents that 1,191,318 households (37 percent) had income below the ALICE Threshold in 2014.

Change over time ranges have shifted: The first United Way ALICE Reports measured change before and after the Great Recession, in 2007 and 2010. This Report focuses on the recovery, measuring change from the baseline of 2010, followed by the even years since — 2012, 2014, and 2016.

Additional detail at the sub-county level: More ALICE data is available at the local level on our website including by: subcounty, place, zip code, Public Use Microdata Area, and congressional district.

METHODOLOGY NOTES

This Report remains focused on the county level because state averages can mask significant differences between counties. For example, the percentage of households below the ALICE Threshold in New Jersey ranges from 27 percent in Hunterdon County to 61 percent in Cumberland County. The Report examines issues surrounding ALICE households from different angles to draw the clearest picture with the range of data available. Sources include the American Community Survey, the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the Bureau of Labor Statistics at the U.S. Department of Labor, the Internal Revenue Service, the Tax Foundation, and the New Jersey Department of Human Services. State, county, and municipal data are used to provide different lenses on ALICE households. The data are estimates; some are geographic averages, others are one- or five-year averages depending on population size.

Due to different rounding conventions in different data sources, total percentages may vary by +/-1 percent from 100 percent for a group. Typically, we present rounded numbers to make the ALICE data as clear as possible to a general audience.

For a more detailed description of the methodology and sources, see the Methodology Overview on our website, UnitedWayALICE.org/methodology. For a breakdown of the data by county and municipality, see the County Pages and Data File on the website (under "Downloads" at UnitedWayALICE.org/New-Jersey).

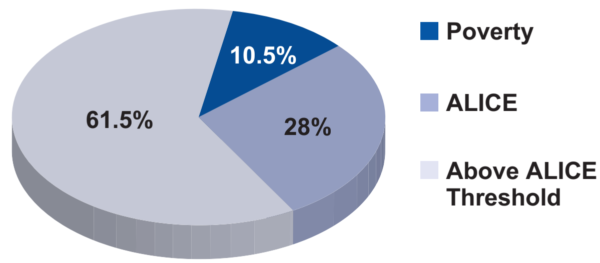
AT-A-GLANCE: NEW JERSEY

2016 Point-in-Time Data

Population: 8,944,469 | **Number of Counties:** 21 | **Number of Households:** 3,194,519

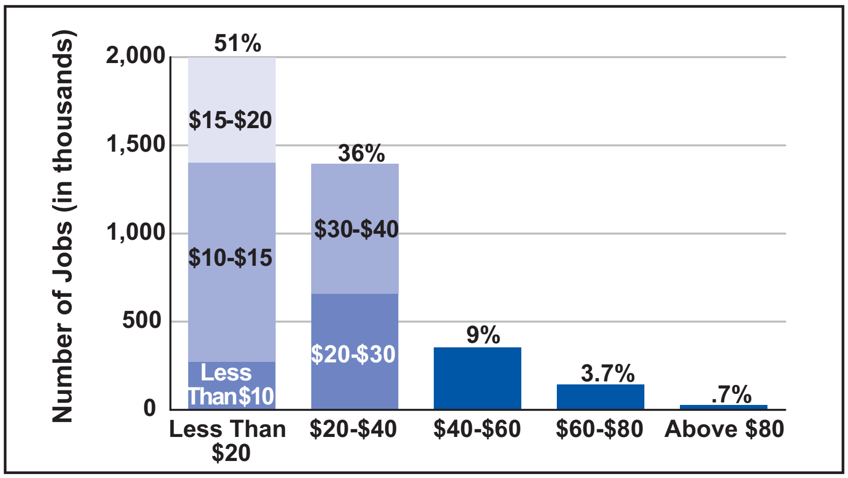
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the Federal Poverty Level, but less than the basic cost of living for the state (the ALICE Threshold). Of New Jersey's 3,194,519 households, 334,182 earn below the Federal Poverty Level (10.5 percent) and another 895,879 (28 percent) are ALICE households.



How much does ALICE earn?

In New Jersey, 51 percent of jobs pay less than $20 per hour, with more than two-thirds of those paying less than $15 per hour. Another 36 percent of jobs pay between $20 and $40 per hour. And 13 percent of jobs pay more than $40 per hour.



What does it cost to afford the basic necessities?

Despite low national inflation during the recovery (9 percent from 2010 to 2016), the bare-minimum Household Survival Budget increased by 16 percent for a single adult and 28 percent for a family. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of $11,880 for a single adult and $24,300 for a family of four.

Household Survival Budget, New Jersey Average, 2016		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	$922	$1,330
Child Care	$-	$1,512
Food	$182	$603
Transportation	$280	$544
Health Care	$211	$787
Technology	$55	$75
Miscellaneous	$202	$566
Taxes	$368	$812
Monthly Total	$2,220	$6,229
ANNUAL TOTAL	$26,640	$74,748
Hourly Wage*	*$13.82*	*$37.37*

**Full-time wage required to support this budget*

AT-A-GLANCE: NEW JERSEY

New Jersey Counties, 2016		
COUNTY	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Atlantic	96,777	48%
Bergen	337,227	30%
Burlington	165,862	32%
Camden	185,512	43%
Cape May	38,895	42%
Cumberland	50,787	61%
Essex	280,734	51%
Gloucester	105,436	35%
Hudson	253,321	39%
Hunterdon	47,195	27%
Mercer	128,332	43%
Middlesex	283,661	35%
Monmouth	230,769	31%
Morris	181,059	29%
Ocean	224,308	47%
Passaic	163,868	46%
Salem	24,195	49%
Somerset	116,169	31%
Sussex	51,978	29%
Union	187,922	39%
Warren	40,512	35%

Sources: Point-in-Time Data: *American Community Survey, 2016.* ***ALICE Demographics:*** *American Community Survey and the ALICE Threshold, 2016.* ***Wages:*** *Bureau of Labor Statistics, 2016.* ***Budget:*** *U.S. Department of Housing and Urban Development; U.S. Department of Agriculture, 2016; Bureau of Labor Statistics; Internal Revenue Service; Tax Foundation; and New Jersey Department of Human Services, 2016.*

I. ALICE BY THE NUMBERS

In 2016, six years after the end of the Great Recession, many households in New Jersey were still struggling to find jobs with high enough wages and long enough hours to cover their basic monthly household expenses. More than one in three households in New Jersey (38.5 percent) could not afford basic needs such as housing, child care, food, transportation, health care, and a smartphone. While many of New Jersey's households were living below the Federal Poverty Level (FPL), an even greater number were households with incomes above the FPL, but not high enough to afford basic necessities. These households are **ALICE** — **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

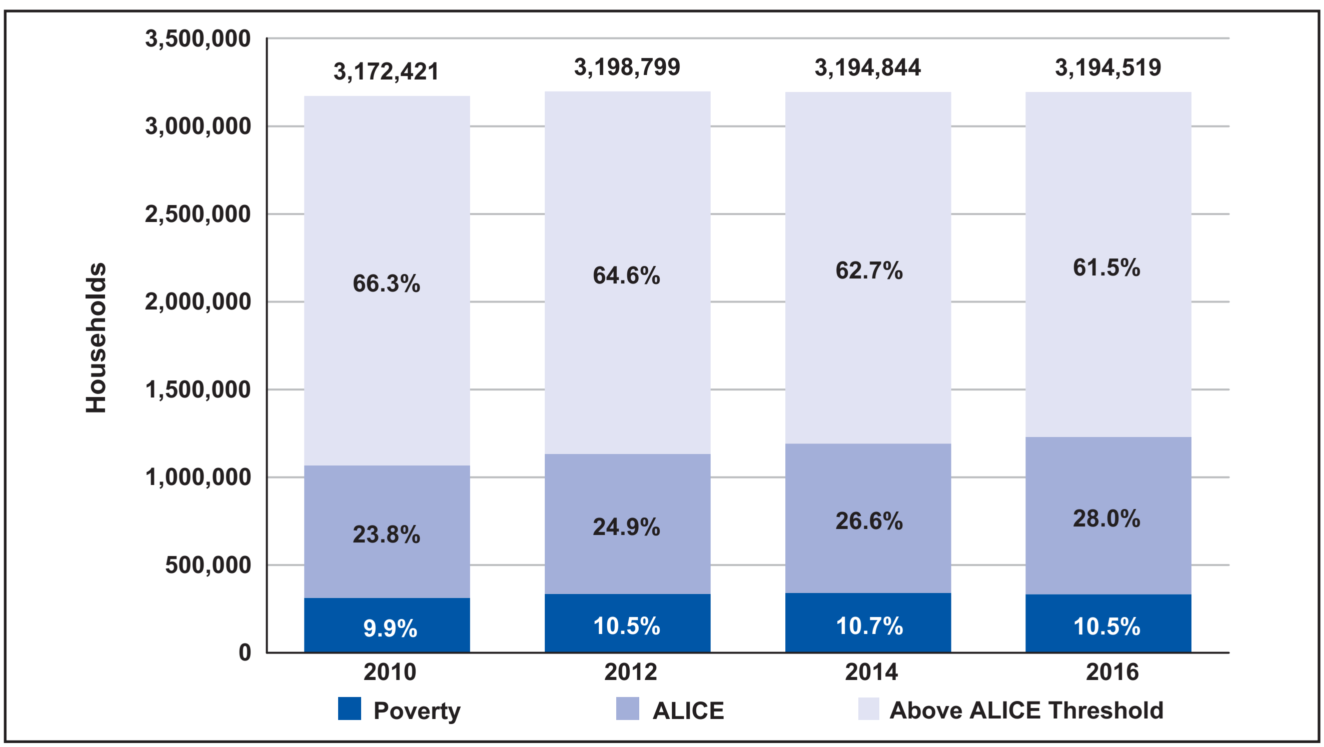
This section drills down to reveal demographic differences of ALICE and poverty-level households by age, race and ethnicity, and household type over time. Also reported are important local variations that are often masked by state averages. The first United Way ALICE Report for New Jersey, published in 2012 with 2010 data, showed that during the Recession there was an increase in the number of households with income below the ALICE Threshold, increasing from 29 percent in 2007 to 34 percent in 2010. This Report focuses on how New Jerseyans fared post-Recession, from 2010 to 2016. Despite an improvement in the overall economic climate since 2010, wages at the low end have remained flat, while the cost of basic necessities continued to rise, pushing up the number of ALICE and poverty-level households to 38.5 percent of all New Jersey households in 2016.

OVERVIEW

In New Jersey, the state with the highest population density of any state (1,218 persons per square mile), the total number of households increased by 1 percent between 2010 and 2016 to 3,194,519. But the number of ALICE and poverty-level households increased by much more — 15 percent (Figure 1) (American Community Survey, 2010, 2016; World Atlas, 2015):

- **Poverty:** The number of households in poverty — defined as those earning at or below the FPL of $11,880 for a single adult and $24,300 for a family of four — rose from 312,575 in 2010 to 334,182 in 2016, a 7 percent increase. The proportion of poverty-level households remained relatively flat, with 10.5 percent in poverty in 2016.
- **ALICE:** The number of ALICE households rose from 754,664 in 2010 to 895,879 in 2016, a 19 percent increase. The proportion of ALICE households rose from 24 to 28 percent during that period.

Figure 1.
Household Income, New Jersey, 2010 to 2016



Source: American Community Survey, 2007-2016, and the ALICE Threshold, 2007-2016. For the Methodology Overview and additional data, see UnitedWayALICE.org.

ALICE DEMOGRAPHICS

The number of households living below the ALICE Threshold in New Jersey increased in almost all age and racial/ethnic groups from 2010 to 2016. Yet two major age-related population bubbles are changing the state's overall demographics: the baby boomers and the millennials.

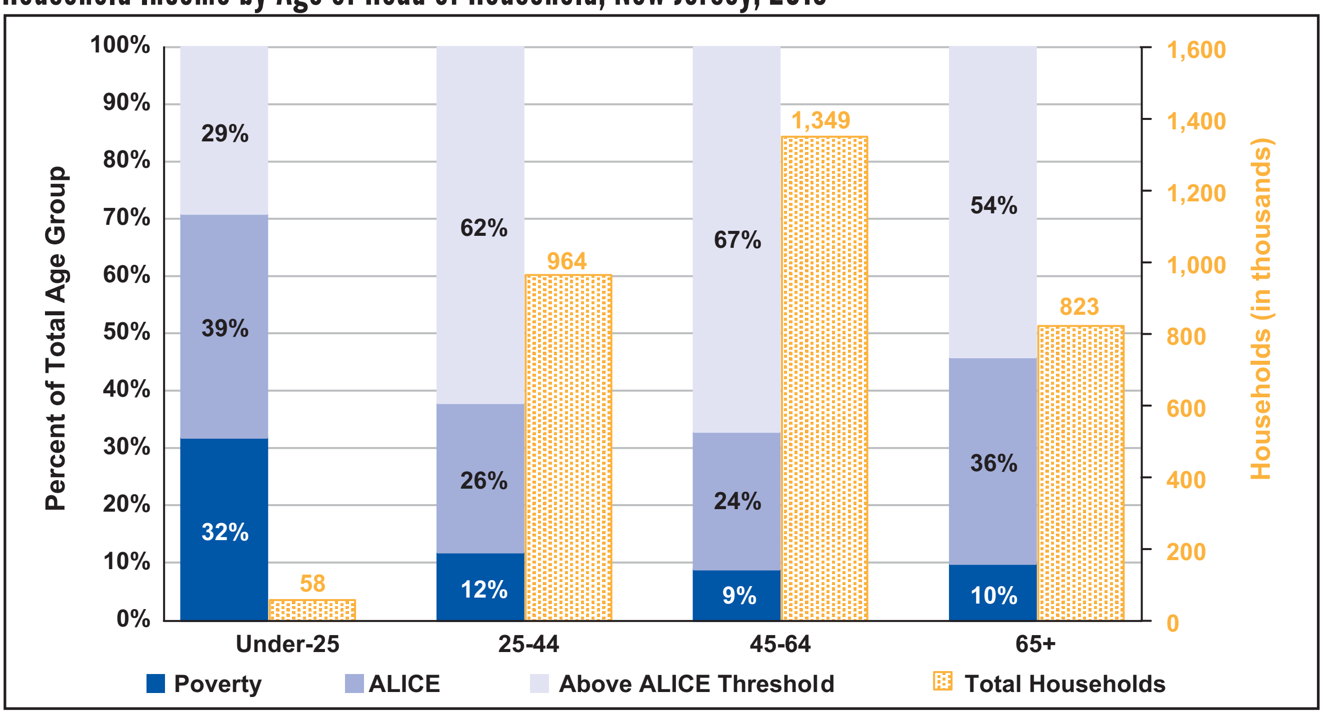
Households by Age

The baby boomers (born between 1946 and 1964) are the largest generation in the U.S. and have influenced many cultural and economic aspects of the country. As they age, their needs and preferences are changing, and continue to impact demand for goods and services. The second largest group is the millennials (adults born between 1981 and 1996), who are making different lifestyle and working choices than previous generations. Between the two population bubbles is the smaller Generation X, made up of adults born between 1964 and 1980. To analyze general trends, the ALICE data on age is presented here by household in these more precise Census breaks: under–25 years, 25–44 years, 45–64 years, and 65 and older. Though not exact, we reference millennials in the youngest two brackets and baby boomers in the oldest two (Dimock, 2018).

Young households: Even though the population of millennials is increasing, the number of households headed by them is decreasing in New Jersey. The youngest segment of millennials, households headed by under-25-year-olds, decreased 8 percent, from 63,324 households in 2010 to 58,201 in 2016, and the number with income below the ALICE Threshold remained the same (Figure 3). The older segment of millennials, households headed by 25- to 44-year-olds, also decreased by 8 percent overall, yet the number with income below the ALICE Threshold increased by 12 percent (American Community Survey, 2010, 2016).

In many ways, millennials differ from previous generations. First, they are more racially and ethnically diverse: Nationally, a much smaller percentage of millennials (56 percent) are White. And while the share of Black millennials resembles that of previous generations, a larger percentage of millennials (nearly 30 percent) are either Hispanic, Asian, or people identifying as two or more races. New Jersey is even more racially and ethnically diverse than most of the country. Second, millennials, especially millennials of color, tend to prefer to live in urban centers. Hoboken and Jersey City, for example, have some of the highest concentrations of millennials in the country. Third, many millennials cannot afford to live on their own. They are more likely than previous generations to live with their parents or roommates; and nationally, for the first time in more than a century, they are less likely to live with a romantic partner. Of those under-25-year-olds who head a household in New Jersey, 71 percent have income below the ALICE Threshold (Figure 2) (Cilluffo & Cohn, 2017; Cohn & Caumont, 2016; Evans, 2017; W.H. Frey, 2018; Schoonover, 2018).

Figure 2.
Household Income by Age of Head of Household, New Jersey, 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

Aging Population: The increase in the number of ALICE households in New Jersey is driven by older households, both seniors (65 and over) and those aged 45 to 64. From 2010 to 2016, the number of senior households increased by 15 percent from 2010 to 822,617 households, and the number of senior households with income below the ALICE Threshold increased by 12 percent (Figure 3).

Even with Social Security benefits, 46 percent of New Jersey seniors have income below the ALICE Threshold (Figure 2) (American Community Survey, 2010, 2016).

The number of households headed by those aged 45 to 64 years remained flat from 2010 to 2016, but the number of households in this age group with income below the ALICE Threshold jumped 22 percent. For a group in their prime earning years, it is surprising to see one-third (33 percent) with income below the ALICE Threshold (American Community Survey, 2010, 2016).

Figure 3.
Household Income by Age of Head of Household, New Jersey, 2010 to 2016

Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

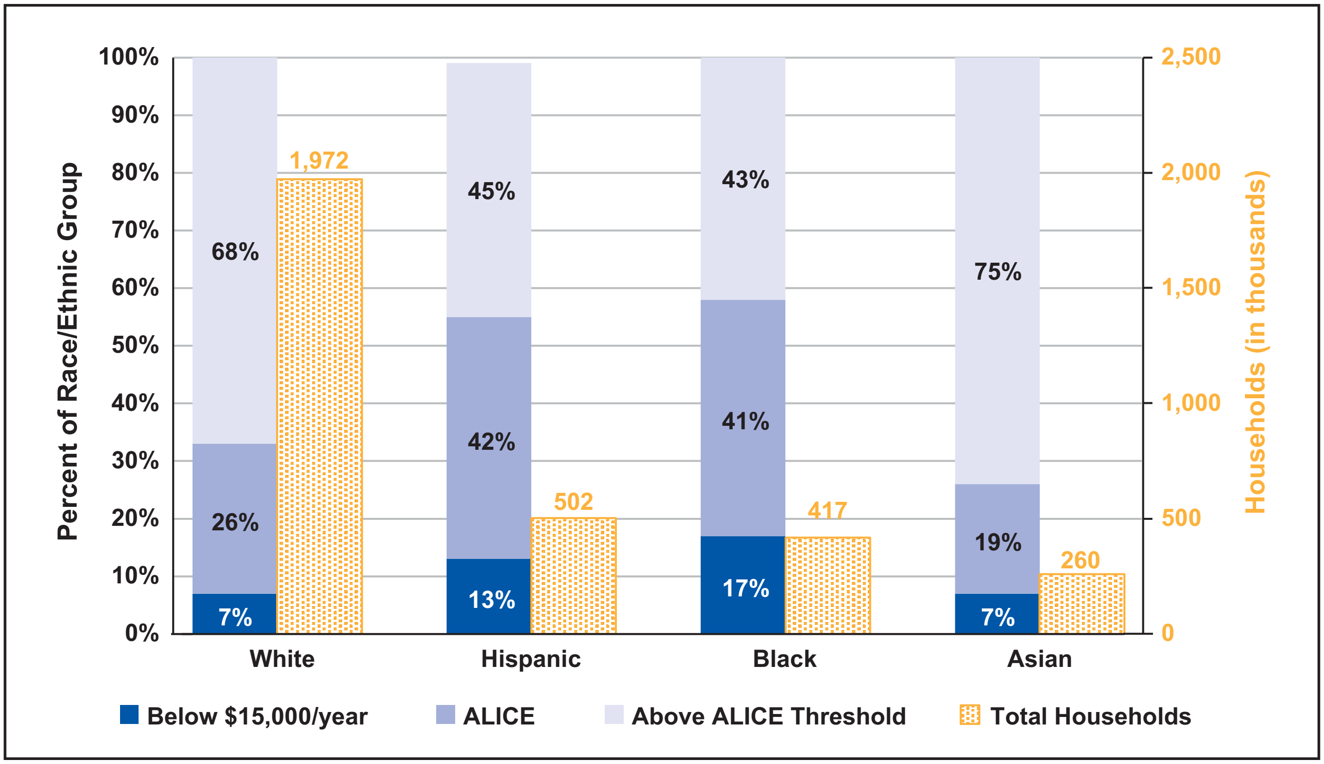
Households by Race and Ethnicity

New Jersey is one of the most diverse states in the nation. Almost 60 percent of residents self-identify as non-White and more than 20 percent are foreign-born. Several counties in New Jersey have majority non-white populations: Hudson County (71 percent), Essex County (68 percent), Passaic and Union counties (58 percent), Middlesex County (56 percent), and Cumberland County (53 percent) (Kelly & Baron, 2018; New Jersey Department of Health and Senior Services, 2011).

The United Way ALICE Reports follow U.S. Census classifications for the largest non-White populations — Black, Asian, Hispanic, and American Indian/Alaska Native, as well as people identifying as two or more races. Because people of any race, including Whites, can also be of Hispanic ethnicity, the ALICE data looks at White, Black, Asian, and American Indian/Alaska Native categories “alone” (i.e., not also Hispanic), as well as at Hispanic populations.

White New Jersey households are the largest racial group in New Jersey with 1,972,327 households in 2016, compared to 502,431 Hispanic households, 417,375 Black households, 259,518 Asian households, 6,866 American Indian/Alaska Native households, 151,413 households reporting some other race, and 52,673 reporting two or more races (Figure 4). ALICE and poverty-level households exist in every racial and ethnic group in New Jersey.

Figure 4.
Households by Race/Ethnicity and Income, New Jersey, 2016



Note: Because household poverty data is not available for the American Community Survey's Race/Ethnicity categories, annual income below $15,000 is used as a proxy for poverty.

Source: American Community Survey, 2016, and the ALICE Threshold, 2016

White households: White (non-Hispanic) households are the largest racial group in New Jersey, accounting for 62 percent of all households, but their total number has been declining, falling from 2.07 million in 2010 to 1.97 million in 2016 — a 5 percent decrease. Of White households, 33 percent were below the ALICE Threshold in 2016 (Figure 4).

Hispanic households: Hispanic households are the largest population of color in New Jersey, accounting for 16 percent of households, and are especially concentrated in northern New Jersey. Hispanic households account for more than 40 percent of the population in Hudson County, 36 percent in Passaic County, and 27 percent in Union County. Of Hispanic households in New Jersey, 55 percent were below the ALICE Threshold in 2016.

Waves of Hispanic immigration over the last seven decades have brought immigrants from different parts of Latin America to the U.S. Mexico has historically sent the largest numbers of migrants to the U.S., starting in the late 1800s. More recent waves include Puerto Rican migrants who moved to the mainland in the 1940s and 1950s, Cuban immigrants in the 1960s and early 1970s, immigrants from the Central American nations of El Salvador, Guatemala, Honduras, and Nicaragua in the 1970s and 1980s, and immigrants from Argentina, Chile, Colombia, Peru, and Ecuador between 2000 and 2010.

Date of entry also impacts income; Hispanic immigrants who have lived in the U.S. the longest earn higher incomes than those who immigrated more recently (Flores, 2017; Gutiérrez, 2013; Statistical Atlas, 2015).

In New Jersey, Hispanic immigrants accounted for 37 percent of foreign-born residents in 2016, with the largest segment coming from the Caribbean, followed closely by South America and Central America (American Community Survey, 2010, 2016; Migration Policy Institute, 2016).

Black households: Black (non-Hispanic) households are the next largest population of color in New Jersey, accounting for 13 percent of households, yet 58 percent of Black households were below the ALICE Threshold in 2016. The Black population in New Jersey is becoming more diverse. In addition to African-Americans who have lived in the state for generations or who moved to New Jersey from other states, there is an increasing number of African immigrants, who now account for 5 percent of New Jersey's foreign-born residents. Nationally, African immigrants are the most recent immigrants. Almost two-thirds (63 percent) arrived in the U.S. in 2000 or later. Among metropolitan areas in the U.S., the New York-Newark-Jersey City metropolitan area has by far the largest black immigrant population, containing 27 percent of the country's foreign-born black population (Anderson, 2015; Migration Policy Institute, 2016; Statistical Atlas, 2015).

Asian households: In New Jersey, and across the U.S., the Asian (non-Hispanic) population is the fastest-growing racial/ethnic group. Asians in New Jersey account for 8 percent of households. The foreign-born Asian population increased 63 percent from 2000 to 2016. Nationally, the population more than doubled from 1990 to 2016, and about three-quarters of the nation's Asian population was foreign-born. The largest concentration of Asian residents in New Jersey is in Middlesex County, where they account for 22 percent of the population; in Edison, Middlesex County's largest city, they account for 47 percent of the population. About 15 percent of all Asian residents identify as two or more races — much higher than the comparable mixed-race share of Black (7 percent), Hispanic (6 percent), and White individuals (3 percent) (Migration Policy Institute, 2016; Pew Research Center, 2017; Statistical Atlas, 2015; Wang, 2017).

In New Jersey, 26 percent of Asian households were below the ALICE Threshold in 2016. Unlike most immigrant groups, Asian households vary in their income status less by year of entry to the U.S. and more by their country of origin. For example, Indian Americans lead all other groups by a significant margin in their levels of income and education. Immigrants from India are more likely to have a college degree, followed by immigrants from Taiwan and Russia. Immigrants from Vietnam and the Philippines are less likely to have a college degree and more likely to have higher rates of poverty than the overall U.S. population. Immigrants from Korea and China represent a wider range of incomes and educational status and include some of the best educated, but also some with the lowest incomes (Migration Policy Institute, 2018; Pew Research Center, 2017).

Other racial/ethnic categories: Some racial and ethnic groups in New Jersey are extremely small so the U.S. Census does not report their income, and therefore ALICE data is not available. Less than 1 percent of households in New Jersey identify themselves as American Indian/Alaska Native; another 1.6 percent identify as "Some Other Race"; and 4.7 percent identify as being of "Two or More Races" (American Community Survey, 2016).

Trends in Race and Ethnicity in New Jersey

Refugees: Immigration to New Jersey includes a small number of refugees. Between 2013 and 2016, New Jersey received 1,700 refugees, primarily from Vietnam. More recent refugees have arrived from El Salvador, Honduras, Haiti, the Democratic Republic of the Congo, Syria, Iraq, and Afghanistan. The majority of refugees have settled in Camden, Elizabeth, and Jersey City (American Community Survey, 2014; American Immigration Council, 2017; Curtin, 2017; Hughes, 2017; Pfaff, 2018; Refugee Processing Center, 2018).

Young households: The number of the youngest White and Black households is decreasing. The number of White under-25-year-old households fell by 9 percent from 2010 to 2016, driving a decrease in the overall number of young households in New Jersey. Adding to the decline, the number of under-25-year-old Black households fell by 30 percent and under-25-year-old Hispanic households fell by 6 percent. However, under-25-year-old Asian households saw an increase of 5 percent.

Among households headed by 25- to 44-year-olds, Black households declined by 11 percent, while all other groups increased — Asian households by 38 percent, Hispanic households by 34 percent, and White households by 8 percent.

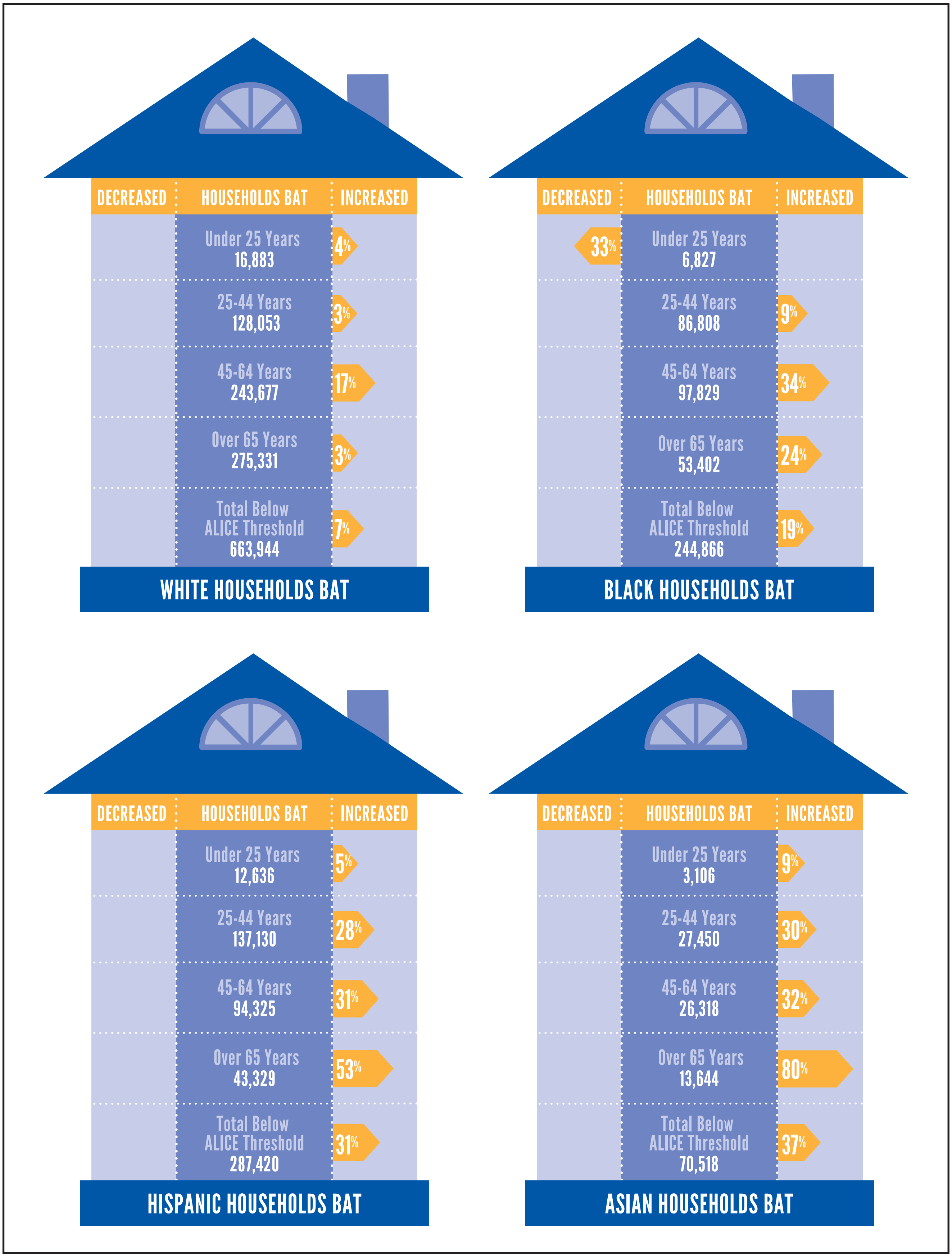
Older households: The number of senior households (65+) of all races and ethnic groups is increasing. White senior households are driving the overall growth in the senior population in New Jersey, increasing by 9 percent from 2010 to 2016. But other senior groups are experiencing significant growth as well: senior Asian households increased by 85 percent, senior Hispanic households by 44 percent, and senior Black households by 19 percent.

On a slightly different trajectory, White 45- to 64-year-old households actually fell by 9 percent, yet all other ethnicities increased in this age group: Hispanic households by 20 percent, Black households by 19 percent, and Asian households by 18 percent.

Households below the ALICE Threshold (Figure 5): Households earning below the ALICE Threshold increased across almost all groups from 2010 to 2016. The largest increases were among senior Asian and Hispanic households, which increased by 80 percent and 53 percent, respectively.

Black under-25-year-old households, the only group that saw a decrease in households below the ALICE Threshold, also experienced a decrease in total households.

Figure 5.
Households Below ALICE Threshold (BAT), by Age and Race/Ethnicity, New Jersey, 2010 to 2016



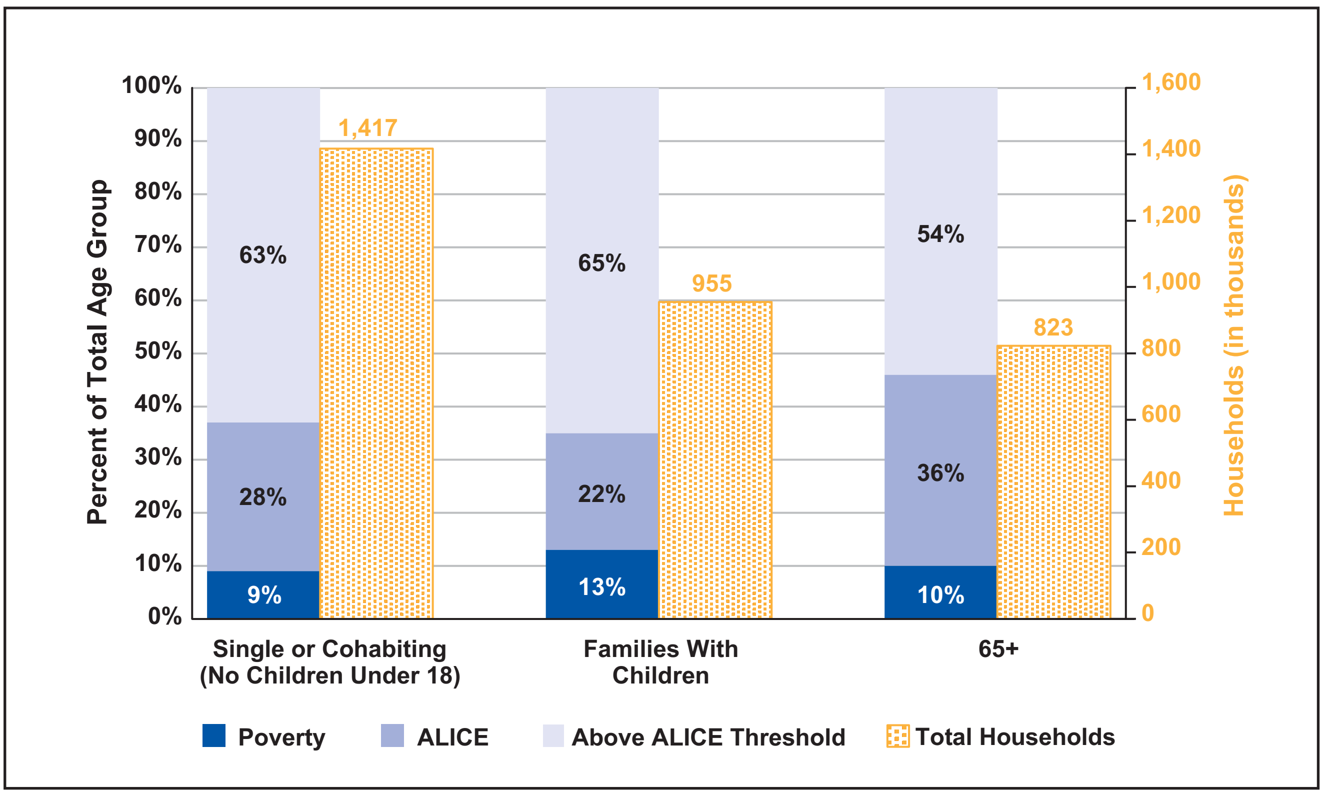
Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

THE AMERICAN HOUSEHOLD IS CHANGING

There are longstanding preconceptions about what types of families tend to be low-income — for example, homes headed by single mothers. Yet ALICE and poverty-level families exist in all configurations. There have been such dramatic changes in the living arrangements of Americans that it is important to re-evaluate these old stereotypes.

After decades of declining marriage rates and rising levels of divorce, remarriage, and cohabitation, the household made up of a married couple with two children is no longer typical. Since the 1970s, U.S. households have trended toward smaller households, fewer households with children, and fewer married-couple households. There are also more people living alone, especially at older ages. People are increasingly living in a wider variety of arrangements, including singles living alone or with roommates, and grown children living with parents. The share of American adults who have never been married is at a historic high. Single or cohabiting adults under age 65 with no children under age 18 make up the largest household type in New Jersey, accounting for 44 percent of households (Figure 6). Nationally, approximately 27 percent of all households are single-adult households younger than age 65 (Cohn & Caumont, 2016; Vespa, Lewis, & Kreider, 2013).

Figure 6.
Household Types by Income, New Jersey, 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

These single or cohabiting households without children under age 18 are also the group with the largest number of households below the ALICE Threshold in New Jersey. In 2016, 557,343 of these households, 37 percent, had income below the ALICE Threshold (Figure 6), up from 30 percent in 2010 (American Community Survey, 2010, 2016).

Families With Children

Families with children are also changing, with mothers doing more paid work outside the home as the cost of living continues to rise. Nationally, 42 percent of mothers were sole or primary breadwinners in 2015, bringing in 50 percent or more of family earnings, and another 22 percent were co-breadwinners, bringing home 25 to 49 percent of earnings. Gender roles are changing as well, with fathers doing more housework and child care. Over the last 30 years, the number of stay-at-home fathers has doubled to 2.2 million, and the amount of housework fathers report doing has also doubled to an average of nine hours a week (Cohn & Caumont, 2016; Glynn, 2016; Livingston, 2014; Parker & Livingston, 2017).

The composition of families with children is also changing. There are more families with several cohabiting generations and more with lesbian, gay, bisexual, and transgender (LGBT) parents. Households with combined children from parents' prior relationships are also on the rise. Almost one in six children under the age of 18 now lives in a family with parents and their children from previous relationships. More than one quarter of married LGBT couples are now raising children, and the number of same-sex marriages more than doubled nationally from 2012 to 2015. During that time, the Supreme Court ruled in 2013 that the federal government must recognize state-sanctioned same-sex marriages, and then in 2015, it ruled that all states must allow same-sex marriages (Cohn & Caumont, 2016; Gates & Brown, 2015; Pew Research Center, 2015).

From 2010 to 2016, the number of New Jersey families with children fell by 6 percent, but the number below the ALICE Threshold increased by 13 percent (Figure 7). **By 2016, more than one-third (35 percent) of all New Jersey families with children had income below the ALICE Threshold.** In particular:

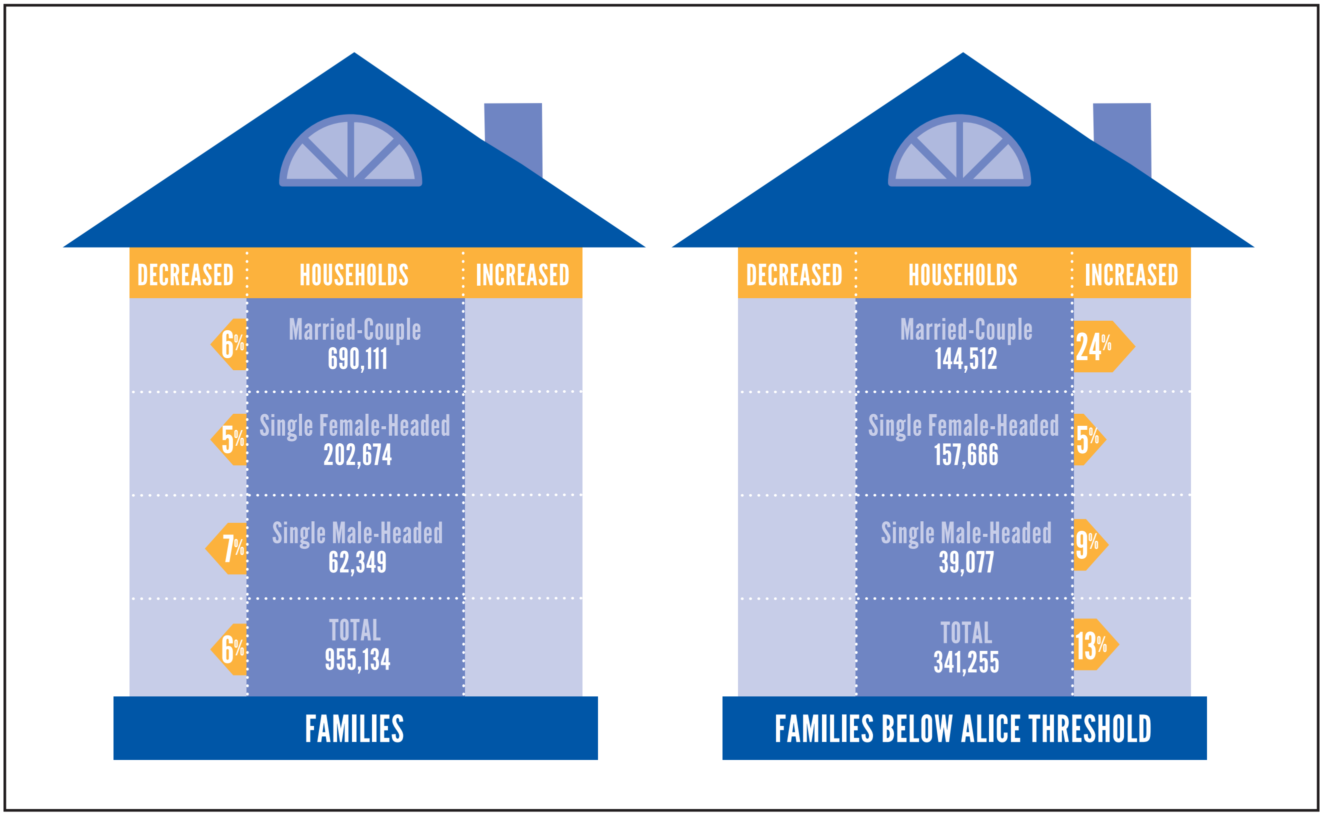
- **Married-parent families** decreased slightly, by 6 percent, but the number below the ALICE Threshold increased 24 percent. This group made up more than one-third of New Jersey families with children below the ALICE Threshold in 2016 (41 percent).

- **Single-female-headed families** also decreased by 5 percent, but the number below the ALICE Threshold increased by 5 percent. This group made up almost half of New Jersey families with children below the ALICE Threshold in 2016 (47 percent).

- **Single-male-headed families**, the smallest group, decreased by 7 percent, and the number below the ALICE Threshold increased by 9 percent. This group made up 11 percent of New Jersey families with children below the ALICE Threshold in 2016.

The large number of single-parent families may be in part due to how that arrangement is defined, as well as people becoming more comfortable self-identifying as single parents. According to the U.S. Census, the category of single-parent households includes one parent as the sole adult (37 percent nationally), a parent with a cohabiting partner (11 percent), or a parent with another adult age 18 or older who lives in the home, such as a grown child or grandparent (52 percent). In other words, in most single-parent families, there are nonetheless two adults in the home, and therefore potentially two income-earners (Vespa, et al., 2013).

Figure 7.
Families With Children by Income, New Jersey, 2010 to 2016



Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

CHANGES AT THE LOCAL LEVEL

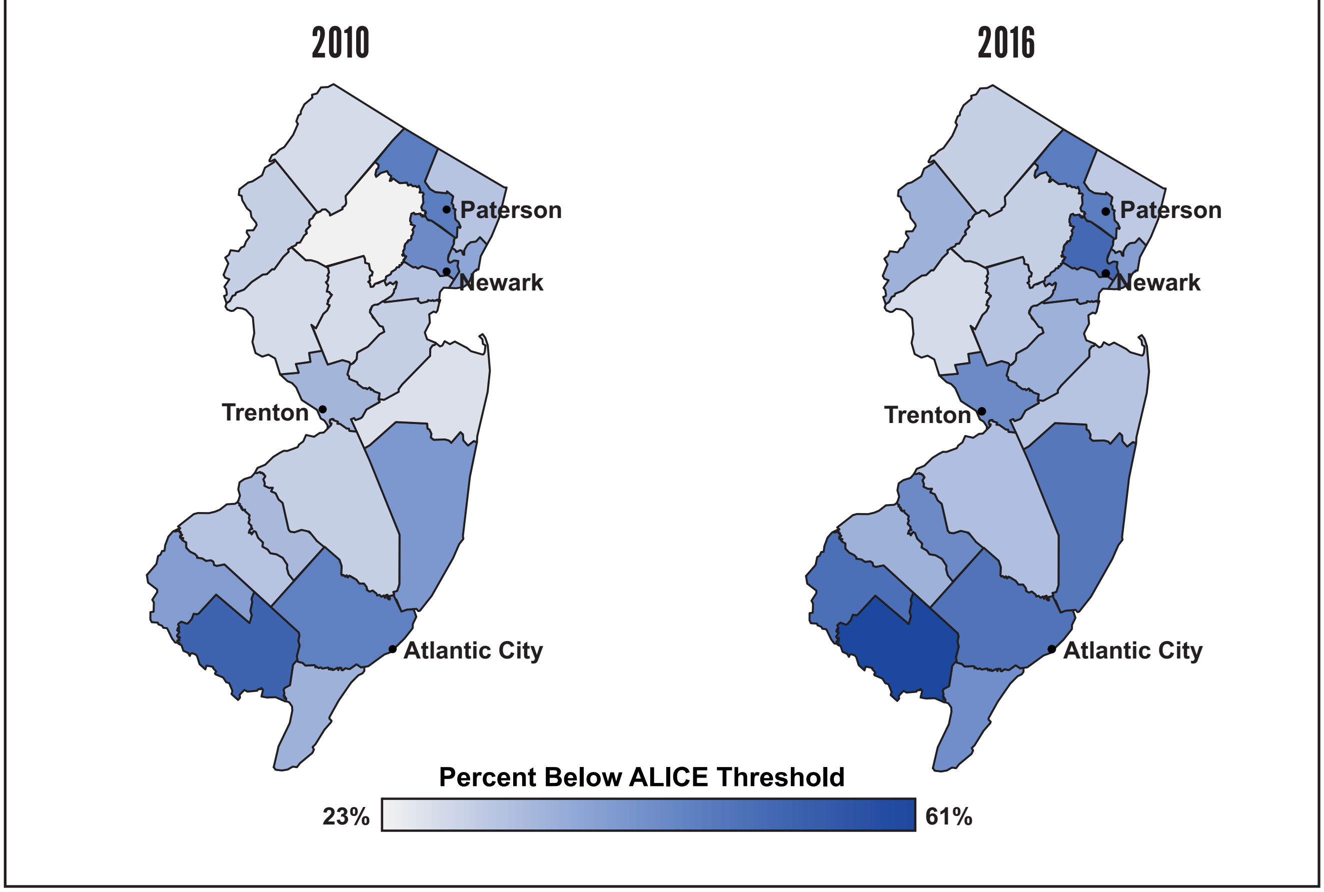
Local economic conditions largely determine the number of households that struggle financially in a given county or state. Examining these conditions gives a clearer, localized picture of the minimum income families need to afford basic household necessities.

ALICE by County

Counties are small enough to reveal regional variation and large enough to provide reliable, consistent data. Behind the New Jersey state average, there is enormous variation among counties in the percentage of ALICE and poverty-level households, ranging from 27 percent of households with income below the ALICE Threshold in Hunterdon County to 61 percent in Cumberland County. Contrary to stereotypes that suggest financial hardship only exists in inner cities, ALICE families live in every county in New Jersey, across rural, urban, and suburban areas (Figure 8).

County data also provides a useful lens on changes in financial hardship from 2010 and 2016. All counties experienced an increase in the percentage of households with income below the ALICE Threshold from 2010 to 2016, except Bergen County, which saw a decrease of 2 percent. Four counties — Morris, Union, Salem, and Camden — experienced an increase of more than 25 percent.

Figure 8.
Percentage of Households With Income Below ALICE Threshold, by County, New Jersey, 2010 and 2016



Source: American Community Survey, 2010, 2016, and the ALICE Threshold, 2010, 2016. Details on each county's household income and ALICE demographics, as well as further breakdown by municipality, are listed in the ALICE County Pages and Data File at UnitedWayALICE.org/New-Jersey.

ALICE by Towns and Cities

Looking at household income by towns and cities provides another view of financial hardship. In 2016, ALICE and poverty-level households represented more than 35 percent of households in most New Jersey towns and cities. Data from New Jersey's smaller towns and cities is limited to 5-year estimates, making it more difficult to track. However, there is reliable data on change over time for the state's largest cities and towns.

New Jersey's 20 largest cities — those with more than 15,000 households — are leading many of the demographic changes in the state, and this is reflected both in their changing numbers of households and the proportion of those households earning below the ALICE Threshold. From 2010 to 2016, seven of the cities experienced a slight drop in population while more than half grew, with the largest increase in Union City (12 percent). All of these cities, except Clifton and Passaic, experienced an increase in the percent of households below the ALICE Threshold, with some of the greatest increases in two of the towns hardest hit by Superstorm Sandy — Toms River (66 percent increase) and Sayreville (31 percent increase) (Figure 9).

Figure 9.
Households Below the ALICE Threshold, Largest Cities and Towns in New Jersey, 2016

Largest Cities and Towns (Above 15,000 Households)	Number of Households 2016	Percentage of Households Below ALICE Threshold 2016	Percent Change 2010–2016	
			TOTAL HOUSEHOLDS	HOUSEHOLDS BELOW ALICE THRESHOLD
Jersey City	99,715	41%	8%	16%
Newark	99,576	72%	9%	30%
Paterson	46,531	69%	3%	10%
Elizabeth	41,026	67%	7%	42%
Toms River	33,456	45%	4%	66%
Clifton	28,998	38%	6%	-2%
Trenton	26,849	72%	-4%	18%
Bayonne	25,222	41%	0%	20%
Hoboken	25,063	20%	8%	9%
Camden	24,774	78%	-1%	23%
Union City	24,642	51%	12%	17%
East Orange	22,751	66%	-5%	14%
Vineland	21,088	62%	1%	21%
Passaic	19,276	67%	-3%	-8%
West New York	19,048	49%	8%	16%
Hackensack	18,524	50%	-1%	18%
Fort Lee	16,599	38%	0%	13%
Sayreville	16,076	36%	6%	31%
Perth Amboy	15,784	58%	-5%	2%
Atlantic City	15,407	77%	-6%	6%

Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016; For additional data, see: UnitedWayALICE.org/New-Jersey.

COMPOUNDING FACTORS

This Report highlights the great variation among ALICE households by age, race and ethnicity, and location — variations often masked by state and national averages. As discussed in detail in the 2016 United Way ALICE Report for New Jersey, other factors can also increase the likelihood that households will be ALICE or in poverty. These include being a household headed by a recent immigrant, especially one who is undocumented or unskilled; by someone with low proficiency in English; by an LGBT individual (though gay men, particularly those in married couples, are less likely to be low-income than other LGBT groups); by someone with a low level of education; or by someone living with a disability. Groups with more than one of these factors — younger combat veterans, for example, who may have both a disability and a low level of education, or ex-offenders, many of whom are Black and may have a low level of education — are even more likely to fall below the ALICE Threshold. Public awareness of these challenges has increased, and this Report highlights some examples of structural change in the workplace designed to increase opportunity for these groups. However, these systemic trends persist in New Jersey, as they do across the country (Bui, 2016).

II. WHAT DOES IT COST TO LIVE IN TODAY'S ECONOMY?

THE HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget reflects the bare minimum cost to live and work in the modern economy. In 2016, the average Household Survival Budget in New Jersey was $74,748 for a four-person family and $26,640 for a single adult (Figure 10). These costs continue to outpace the national rate of inflation. The hourly wage necessary to support a family budget is $37.37 for one parent working 40 hours per week, 50 weeks per year (or $18.69 per hour each, if two parents work), and $13.32 per hour, full time, to support the budget for a single adult.

Figure 10.
Household Survival Budget, New Jersey Average, 2016

Household Survival Budget, New Jersey Average, 2016			Percent Change 2010-2016	
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs				
Housing	$922	$1,330	0%	9%
Child Care	$-	$1,512	N/A	14%
Food	$182	$603	1%	10%
Transportation	$280	$544	24%	25%
Health Care	$211	$787	113%	99%
Technology*	$55	$75	N/A	N/A
Miscellaneous	$202	$566	18%	58%
Taxes	$368	$812	18%	58%
Monthly Total	$2,220	$6,229	16%	28%
ANNUAL TOTAL	$26,640	$74,748	16%	28%
Hourly Wage*	*$13.32*	*$37.37*	*16%*	*28%*

**New to budget in 2016*
***Full-time wage required to support this budget*
Source: U.S. Department of Housing and Urban Development, 2016; U.S. Department of Agriculture, 2016; Bureau of Labor Statistics, 2016a; Consumer Reports, 2017; Internal Revenue Service, 2016; Tax Foundation, 2016; and New Jersey Department of Human Services, 2016. For the Methodology Overview and additional data, see UnitedWayALICE.org.

The cost of household basics in the Household Survival Budget — housing, child care, food, transportation, health care, technology, and taxes — increased by 16 percent for a single adult and 28 percent for a family of four in New Jersey from 2010 to 2016. At the same time, median earnings increased by only 12 percent in New Jersey and 11 percent nationwide, putting greater strain on households. And the national inflation rate — which covers many budget items that change at varying rates — was only 9 percent during this period. The cost of the specific items in the Household Survival Budget increased much more quickly.

The rise in the Household Survival Budget in New Jersey between 2010 and 2016 was driven primarily by a doubling in health care costs. Because each budget item reflects the bare minimum cost, health care costs do not include health insurance, but only out-of-pocket health care expenses plus the penalty for not purchasing health insurance that started in 2014 with the Affordable Care Act. This penalty is the bare minimum cost families are required to pay, and much less expensive than the marketplace premium plus deductibles (for more details on health care costs, see the Methodology Overview on our website: UnitedWayALICE.org). The rise in the budget was also driven by the addition of a smartphone and substantial increases in the cost of transportation and child care (Bureau of Labor Statistics, 2018).

SURVIVAL BUDGET COMPONENTS

Housing: The housing budget uses the U.S. Department of Housing and Urban Development's Fair Market Rent (FMR) for an efficiency apartment for a single adult and a two-bedroom apartment for a family. The cost includes utilities but not telephone service, and it does not include a security deposit.

Child Care: The child care budget represents the cost of registered home-based child care for an infant and a 4-year-old. Home-based child care sites may or may not be registered, based on state laws, so the quality of care that they provide is not fully regulated and may vary widely between locations. Licensed and accredited child care centers, which are fully regulated to meet standards of quality care, are significantly more expensive. The Household Survival Budget for New Jersey uses results of the state's Department of Human Services market rate survey, using the 75th percentile of costs because they are the most consistently available from 2007 to 2016 (New Jersey Department of Human Services, 2016).

Food: The food budget is based on the U.S. Department of Agriculture's (USDA) Thrifty Food Plan, which is also the basis for benefits provided by the Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Women, Infants, and Children.

Like the original Economy Food Plan, the USDA Thrifty Food Plan was designed to meet the nutritional requirements of a healthy diet, but it includes foods that need a lot of home preparation time with little waste, plus skill in both buying and preparing food. The cost of the Thrifty Food Plan takes into account broad regional variation across the country but not localized variation, which can be even greater, especially for fruits and vegetables (Hanson, 2008; Leibtag & Kumcu, 2011).

Transportation: The transportation budget is calculated using average annual expenditures for transportation by car and by public transportation from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES). Since the CES is reported by metropolitan statistical areas and regions, counties are matched with the most local level possible.

Health Care: The health care budget includes nominal out-of-pocket health care spending, medical services, prescription drugs, and medical supplies using the average annual health expenditure reported in the CES plus a penalty for not purchasing insurance as mandated by the Affordable Care Act (ACA). Because ALICE does not qualify for Medicaid and yet cannot afford even the Bronze Marketplace premiums and deductibles, the budget uses the cost of the "shared responsibility payment" — the penalty for not having coverage, which was a required payment in 2016. That year, the penalty was $695 annually for a single adult and $2,085 for a family of four.

Technology: Because cell phones have become essential for workers, the cost of a smartphone is added to the Household Survival Budget for each adult in the household. The cost is based on the cheapest available as reported by Consumer Reports. While there are government subsidies for low-income residents, the income eligibility threshold (135 percent of the Federal Poverty Level) is significantly less than the ALICE Threshold, so these subsidies are excluded.

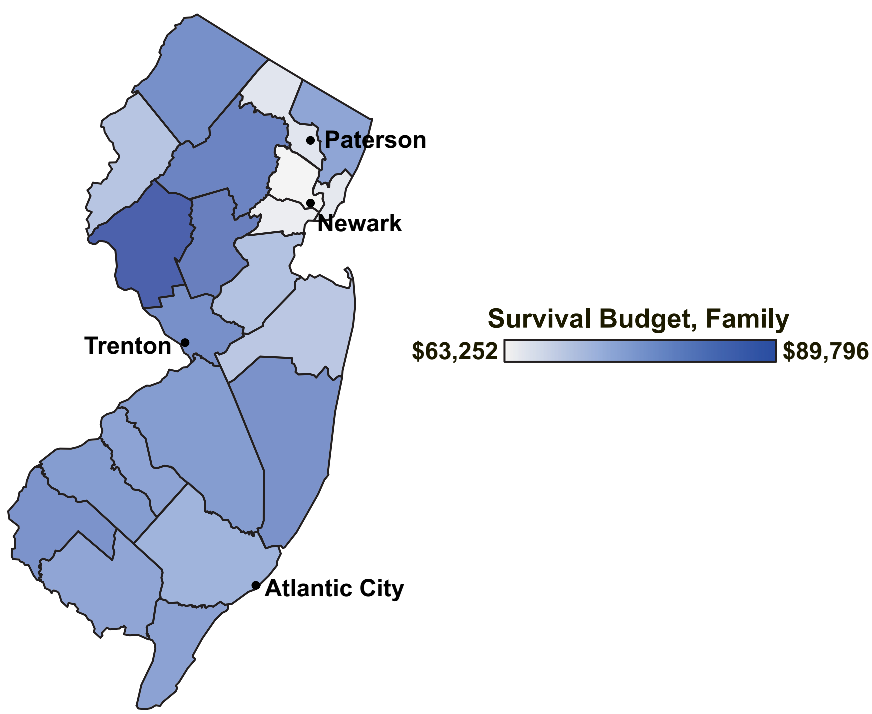
Miscellaneous: The miscellaneous category includes 10 percent of the budget total (including taxes) to cover cost overruns. This category also covers items many consider additional essentials, such as toiletries, diapers, cleaning supplies, or work clothes.

Taxes: The tax budget includes both federal and state income taxes where applicable, as well as Social Security and Medicare taxes. These rates include standard federal and state deductions and exemptions, as well as the federal Child Tax Credit and the Child and Dependent Care Credit as defined in the Internal Revenue Service *Form 1040: Individual Income Tax, Forms and Instructions*. They also include state tax deductions and exemptions such as the Personal Tax Credit and renter's credit as defined in each state Department of Revenue's *Form 1040: Individual Income Tax, Forms and Instructions*. But it doesn't include the Earned Income Tax Credit, because the Household Survival Budget total is well above the eligibility limit.

Across the country, the cost of basic necessities has risen faster than the cost of the wider range of goods included in the Consumer Price Index over the last 30 years. While steady increases are difficult for ALICE families to absorb, volatility presents another set of challenges, especially for budgeting. Of all expenses, food and energy costs experienced the greatest swings throughout a year (Bureau of Labor Statistics, 2014a; Church, 2015; Church & Stewart, 2013).

The Household Survival Budget varies across New Jersey's counties. In 2016, the basic essentials were least expensive for a family in Essex County at $63,252 per year and most expensive for a family in Hunterdon County at $89,796 (Figure 11). For a single adult, basic essentials were least expensive in Monmouth County at $23,124 and most expensive in Morris and Sussex counties at $29,160. A Household Survival Budget for each county in New Jersey is presented in the County Pages available on our website: UnitedWayALICE.org/New-Jersey.

Figure 11.
Household Survival Budget, Family of Four, New Jersey Counties, 2016



Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

COST OF LIVING FOR SENIORS

It is particularly important to understand the financial challenges that seniors, the largest growing population in the U.S., face. As people age, health issues increase along with associated costs of care. Even with Social Security and Medicare, many seniors struggle financially. As Figure 12 illustrates, Social Security provides, on average, sufficient funds for seniors to live above the Federal Poverty Level (FPL). According to a study by the Pew Foundation, without Social Security, the poverty rate among seniors in the U.S. would have been more than 50 percent in 2014 — more than triple the actual rate of 15 percent. Yet Social Security is not enough to cover a basic household budget, and the gap between benefits and expenses is getting wider. The purchasing power of Social Security payments dropped by 30 percent from 2000 to 2015, according to a study by the nonpartisan Senior Citizens League (Grovum, 2014; Johnson, 2017).

While Medicare provides crucial health care coverage and many seniors would be far worse off without it, the benefit does not cover all health care. It notably omits most dental and foot care, eye exams and glasses, hearing aids, home health aides, and most health care equipment. Nor does it cover short-term custodial care or long-term care (Centers for Medicare & Medicaid Services, 2016a, 2018; A. C. Foster, 2016).

The Household Survival Budget does not take into account different spending patterns for some seniors; its costs for housing, food, and transportation are on target for seniors who are healthy and working. However, many seniors face additional health care related expenses, including in-home health care, residential assisted living care, and residential nursing care. These are compared in Figure 12.

The Elder Economic Security Standard™ Index (the Elder Index), a budget tool from the Gerontology Institute at the University of Massachusetts Boston and the National Council on Aging, includes additional expenses that older people often incur, primarily in health care. The Elder Index is a measure of how much money seniors require in order to meet basic needs and age in place with dignity. As a basic budget, it does not include the cost of auto or home repairs, homemaker services such as cooking or cleaning, home health aide services for personal care such as bathing and dressing, or adult day health care. Yet even at this basic level, for a senior renter in 2016 in New Jersey, the budget needed according to the Index is still 9 percent higher than the Household Survival Budget for a single adult (Genworth, 2016; National Council on Aging, 2017).

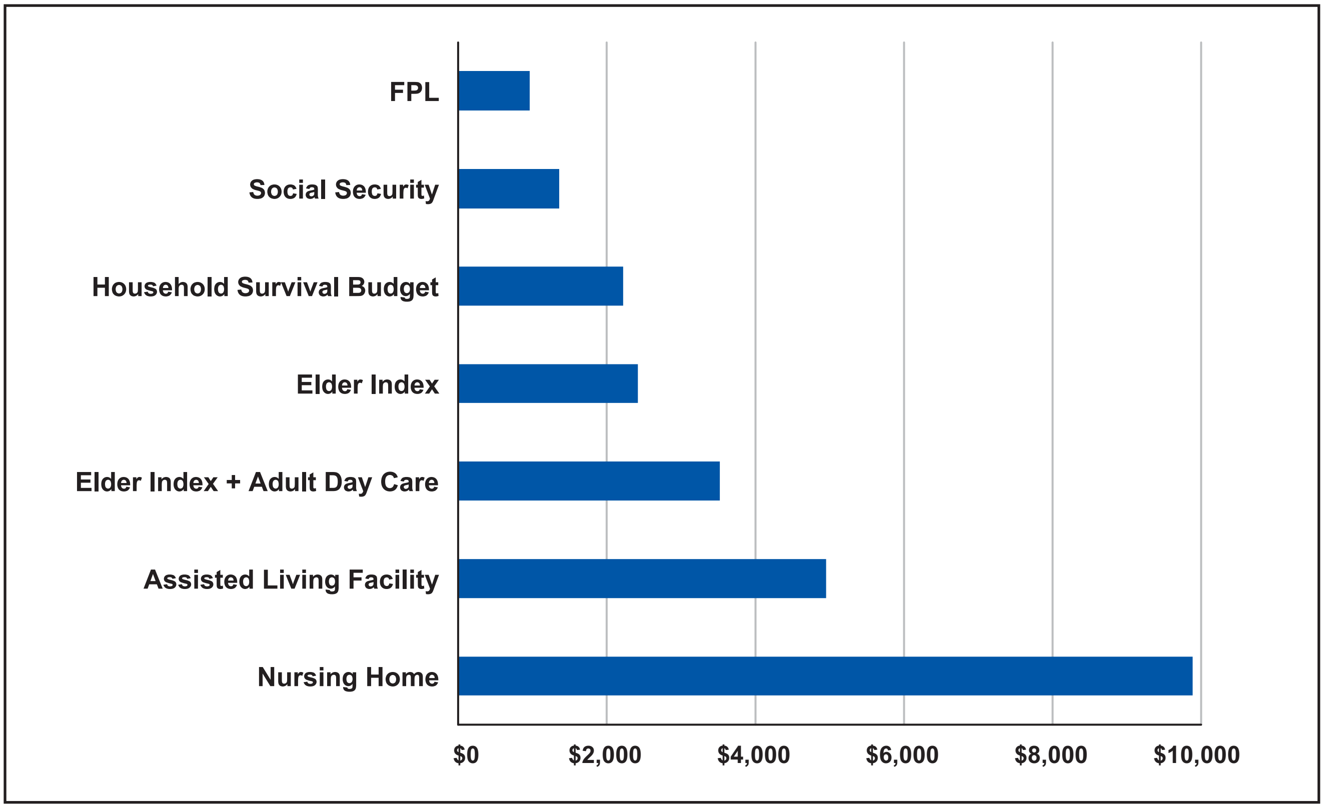
As more health care is required, basic budget costs for seniors increase:

- **Adult day care:** Adding three days per week of adult day care to the Elder Index budget increases the budget by 46 percent in New Jersey, an additional expense almost as large as a mortgage. If a senior has an injury, Medicare covers skilled nursing care necessary for recovery — 100 percent of the cost for the first 20 days and 80 percent for up to the 100-day mark — but it does not cover care for longer-term conditions (Genworth, 2016).

- **Assisted living:** The cost of assisted living arrangements adds even more expense — and the number of seniors needing these arrangements is increasing rapidly, in part due to higher rates of debilitating chronic conditions such as diabetes, cancer, high cholesterol, and high blood pressure. The median monthly rate for a semi-private room in an assisted living facility with personal care and health services in New Jersey was $4,950 ($59,400 annually) in 2016 — more than double the Household Survival Budget for a single adult.

- **Nursing home care:** A nursing home with 24-hour on-site nursing care is even more expensive, at $9,885 a month ($118,625 annually) for a semi-private room — more than three times higher than the Household Survival Budget. Medicare covers the cost of medically necessary care during short-term stays in a nursing facility, but not custodial care (such as help with bathing and dressing) or long-term care. Medicaid pays for an estimated half of total nursing home costs in the U.S. annually and is the largest payer of nursing home care. Yet it has strict eligibility guidelines: 100 percent of costs are covered only for those who make less than $26,460 annually and have financial resources of less than $2,000, though requirements vary depending on age, marital status, veteran status, and state of residence (Bradley, 2017; Genworth, 2016).

Figure 12.
Comparison of Monthly Senior Budgets for a Single Adult, New Jersey, 2016



Source: ALICE Household Survival Budget, 2016; Genworth, 2016; Mutchler, Li, & Xu, 2016; Social Security Administration, 2017; U.S. Department of Health and Human Services, 2016

HOW DOES THE SURVIVAL BUDGET COMPARE?

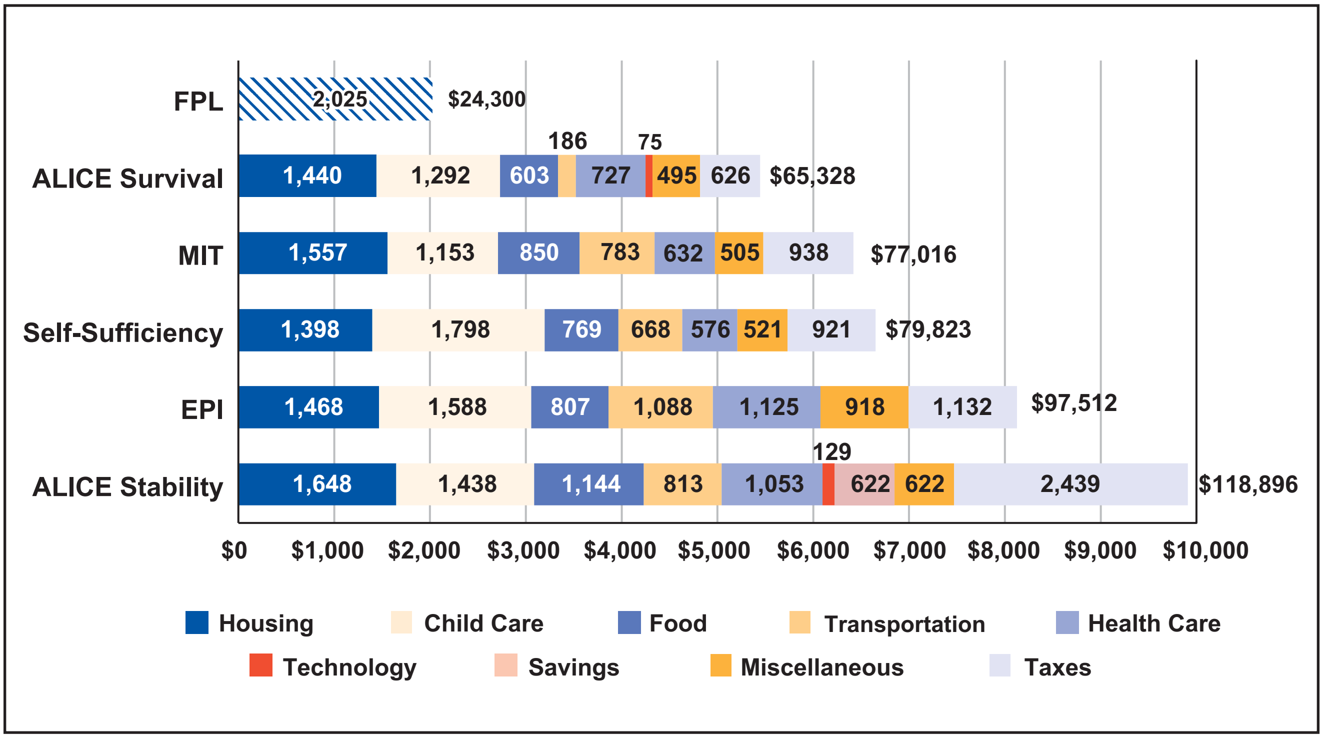
The Household Survival Budget measures the bare minimum costs for a household to live and work in the modern economy, calculated for actual household expenditures. Here it is compared to less modest budgets created by other organizations, which use different sets of measures. The Massachusetts Institute of Technology (MIT) Living Wage Calculator measures the minimum employment earnings necessary to meet a family's basic needs while also maintaining self-sufficiency. The Economic Policy Institute's (EPI) Family Budget Calculator measures the cost to provide a modest yet adequate standard of living. The Self-Sufficiency Standard measures the cost for a family to make ends meet without public or private assistance.

In addition, this Report presents another budget, the Household Stability Budget, which provides for stability over time, a reasonable quality of life, and a measure of future financial security. It is the most expensive of the budgets because it estimates what it costs to support and sustain a secure and economically viable household; this budget highlights how far short of that level an ALICE household's earnings fall. The average New Jersey Household Stability Budget for a family with two children is moderate in what it includes, yet it still totals $138,612 per year — almost double the Household Survival Budget of $74,748 and almost $60,000 more than the New Jersey median family income of $76,126 per year. To afford the Household Stability Budget for a two-parent family, each parent must earn $34.66 per hour or one parent must earn $69.31 per hour.

The Household Stability Budget for a single adult totals $44,220 per year, 66 percent higher than the single-adult Household Survival Budget, and slightly lower than the New Jersey median earnings for a single adult of $44,862. To afford the Household Stability Budget, a single adult must earn $22.11 per hour. The Stability Budget for various household types is available at UnitedWayALICE.org/New-Jersey.

Comparing these four budgets and the FPL for Passaic County, New Jersey, helps put these different tools in perspective (Figure 13).

Figure 13.
Comparison of Household Budgets (Family of Four), Passaic County, New Jersey, 2016



Source: Economic Policy Institute, 2018; Gould, Cooke, Kimball, & Davis, 2015; Glasmeier & Nadeau, 2017; Center for Women's Welfare, 2018; and ALICE Methodology Overview, 2018 (available at UnitedWayALICE.org)

Using the example of Passaic County, the FPL provides the lowest measure — $24,300 per year for a family of four (U.S. Department of Health and Human Services, 2016). After the FPL, the Household Survival Budget has the lowest costs. The MIT budget (using 2015 prices, the latest provided) is 18 percent higher than the Household Survival Budget; the Self-Sufficiency Standard (in 2017 costs) is 22 percent higher, and the EPI budget (in 2017 costs) is 49 percent higher. The Household Stability Budget is the most expensive, at 82 percent higher. A detailed comparison of the budgets is outlined in Figure 14 (Economic Policy Institute, 2018a; Glasmeier, 2018).

The budgets all use similar calculations for taxes, but as each total budget increases, the income needed to cover the expenses also increases, and higher income results in a larger tax bill (Glasmeier & Nadeau, 2017; Gould, Cooke, Kimball, & Davis, 2015; U.S. Department of Health and Human Services, 2016).

Figure 14.
Comparison of Household Budgets by Category, New Jersey, 2016

	Household Survival Budget	MIT Living Wage Calculator	Self-Sufficiency Standard	EPI Family Budget Calculator	Household Stability Budget
Objective	Calculate the bare minimum needed to live and work in the modern economy	Meet a family's basic needs while also maintaining self-sufficiency	Make ends meet without public or private assistance	Provide a reasonably secure yet modest standard of living	Support and sustain a secure and economically viable household
Housing	U.S. Dept. of Housing and Urban Development (HUD)'s 40th rent percentile for a two-bedroom apartment (which includes all utilities whether paid by landlord/owner or by renter)	HUD's 40th rent percentile for a two-bedroom apartment, plus additional utilities above HUD's estimate	HUD's 40th rent percentile for a two-bedroom apartment	HUD's 40th rent percentile for a two-bedroom apartment, plus additional utilities above HUD's estimate	Median rent for single adults and single parents, and a moderate house with a mortgage for a two-parent family
Child Care	Home-based child care for an infant and a preschooler	Lowest-cost child care option available (usually home-based care) for a 4-year-old and a school-age child, whose care is generally less costly than infant care	Home-based care for a 2-year-old and a 4-year-old, whose care is generally less costly than infant care	Lowest-cost child care option available (center care in metro area or family care in non-metro area) for a 4-year-old; after-school and summer care for an 8-year-old; all generally less costly than infant care	Licensed and accredited center for an infant and a preschooler
Food	USDA's Thrifty Food Plan for a family of four	USDA's Low-Cost Food Plan for a family of four	USDA's Low-Cost Food Plan for a family of four	USDA's Low-Cost Food Plan national average for a family of four, adjusted for county-level variation	USDA's Moderate Food Plan, plus one meal out per month
Transportation	Operating costs for a car, or public transportation where available	Operating costs for a car, vehicle expenses and financing, and public transportation	Operating costs for public transportation or a car, depending on the area	Operating costs for a car based on county-level data	Operating costs for a car, plus cost for leasing one car
Health Care	Out-of-pocket health care expenses plus the Affordable Care Act (ACA) penalty	Employer-sponsored health insurance, medical services and supplies, and prescription drugs	Lowest of average employee share of premiums for employer-sponsored insurance, or the premium for the second lowest cost Silver plan available on the Exchange, plus out-of-pocket health care expenses	ACA's least expensive plan, plus out-of-pocket health care costs	Employer-sponsored health insurance, plus out-of-pocket health care costs
Technology	Lowest-cost smartphone plan for each adult in household	None	None	Included in Miscellaneous	Cost of smartphone plan for each adult in family and basic home internet service
Miscellaneous	Cost overruns, estimated at 10 percent of budget	Includes essential clothing and household expenses	Clothing, telephone service, and basic household maintenance items; estimated at 10 percent of budget	"Other Necessities" includes apparel, entertainment, personal care expenses, household supplies, telephone services, and school supplies	Cost-overruns contingency as well as savings; each is 10 percent of budget
Savings	None	None	Emergency savings	None	To ensure stability over time, monthly savings set at 10 percent of budget
Latest year data available	2016	2015	Varies by state	2017	2016

Source: Economic Policy Institute, 2018; Gould, Cooke, Kimball, & Davis, 2015; Glasmeier & Nadeau, 2017; Center for Women's Welfare, 2018; and ALICE Methodology Overview, 2018 (available at UnitedWayALICE.org)

III. ALICE IN THE WORKFORCE

Today, ALICE workers primarily hold jobs in occupations that build and repair our infrastructure and educate and care for the workforce. These jobs go beyond the service sector as they ensure that the whole economy runs smoothly. These workers were aptly described as “maintainers” by technology scholars Lee Vinsel and Andrew Russel in 2016. With much credit for economic growth given to “innovators” — disruptors and inventors — it is important to recognize that the majority of jobs are focused on ensuring a strong and functioning infrastructure and a healthy and educated workforce. These maintainer jobs are not only vital to the running of our economy but are the base upon which successful innovation relies. Yet despite how essential these workers are to the economy, improvements in employment and productivity still have not enabled many of them to earn enough to afford a basic household budget (Frey & Osborne, 2013; Vinsel & Russell, 2016).

ALICE workers across the U.S. are still struggling for several reasons:

- **The structure of the new economy** has shifted more risk to workers, but few of the gains from increased productivity, and automation is changing the job landscape.

- **Low wages** and increasingly unstable work schedules make it harder to earn a viable regular income.

- **Barriers to job opportunities** come from many directions, including barriers by race/ethnicity, sex, gender identity, sexual orientation, education, immigration status, and the location and size of businesses.

THE NEW ECONOMY: NATIONAL TRENDS

While discussion of the economy today often focuses on novel jobs (such as Uber drivers) and automation, there are some larger, underlying national trends that are reshaping the financial landscape for families as well as businesses. These include the burgeoning of the gig economy, a shift of risk from employers to workers, automation of processes and services, the increasing importance of short-term productivity gains, and a growing underemployed workforce.

Gig Economy

In 2016, as the economy approached full employment (defined as less than 5 percent unemployment) in many New Jersey counties, ALICE workers were more likely to be employed, but their income still lagged behind the cost of living in most areas. In some cases, the problem is simply low wages. But there is also the challenge of finding full-time, continuous work.

Over the last decade there has been a shift away from traditional full-time, full-benefit jobs. In 2016, up to one-third of the workforce nationally was working as a consultant or contingent worker, temp, freelancer, or contractor (often referred to as the gig economy). According to a National Bureau of Economic Research report, as much as 94 percent of U.S. net employment growth in the last decade has come from alternative or contingent labor.

Many gig-economy workers, though, are struggling financially. Some evidence of this hardship comes from data on a subset of the gig economy called non-employer firms, defined in most cases as a self-employed individual operating a very small, unincorporated business with no paid employees. Non-employer firms are growing at a greater rate than firms with employees; nationally, there were 25 million businesses classified as “non-employers” in 2016. Average annual sales for these firms were $46,978, far short of the Household Survival Budget for a family of four in New Jersey, and approximately 45 percent of non-employer firms had total revenue of less than $25,000 per year, which could not even support the budget of a single adult in New Jersey (Abraham, Haltiwanger, Sandusky, & Spletzer, 2016; Economic Policy Institute, 2018b; Federal Reserve Bank, 2015; Katz & Krueger, 2016; U.S. Census Bureau, 2016a; Wald, 2014).

In 2016, there were a 693,239 non-employer firms in New Jersey, representing 16 percent of the state's total firms. Non-employer firms are concentrated in professional, scientific, and technical services (116,289 firms), real estate (99,105 firms), other services except public administration (76,432 firms), transportation (67,795 firms), and construction (55,150). Transportation was one of the fastest growing sectors for non-employer firms in the state, increasing more than 50 percent between 2014 and 2016. Sales receipts for all non-employer firms in New Jersey totaled $40.4 billion in 2016, a 6 percent increase since 2014. Non-employer firms are most concentrated in Essex, Middlesex, Hudson, and Monmouth counties (in that order). The majority of sales from non-employer firms come from Monmouth, Essex, Middlesex, and Morris counties (in that order) (U.S. Census Bureau, 2016a).

Many gig-economy workers, both those in non-employer firms and in on-demand jobs, experience gaps in employment and less regular schedules, and they do not have retirement plans, employer-sponsored health insurance, and worker safety protections. Many gig-economy workers struggle to afford ongoing monthly expenses and often don't qualify for loans or other financial products that require regular income (Economic Policy Institute, 2018b; Federal Reserve Bank, 2015; Freelancers Union & Elance-oDesk, 2016; U.S. Government Accountability Office, 2015).

Automation

Companies are increasing the number of tasks being automated to improve outcomes and reduce costs. The automation of tasks has also improved safety, reducing the risk of injury for workers such as coal miners, and increasing quality control in services such as pharmaceutical dispensing. The automation of these processes reduces room for human error and will continue to improve public safety through real-time monitoring and reaction in occupations such as long-distance driving and emergency response (McKinsey Global Institute, 2017).

Many are predicting the demise of ALICE workers' maintainer jobs due to automation; recent research and media coverage often focus on innovations that automate jobs, such as self-checkout lines at the grocery store. Yet jobs that repair the physical infrastructure and care for the workforce are actually predicted to grow faster than all other types of occupations in the coming decades. And many innovations, like online customer service, have created new maintainer jobs rather than replacing them with automation. It is more realistic to acknowledge that maintainer jobs, in one form or another, are here to stay (Frey & Osborne, 2013; Vinsel & Russell, 2016).

Productivity

Gains in productivity have traditionally been shared across the economy with workers, management, and even communities. In the last few decades, there has been a shift away from this shared prosperity. Compensation for most workers, especially in maintainer jobs, has not increased with the cost of living, even in cases where there have been significant gains in productivity. Instead of sharing gains in productivity with employees, companies have chosen to spend more on capital, and more recently on profits and dividends to increase stock prices. Since most corporate leaders' compensation is directly linked to stock prices, they have benefited hugely from this practice; the compensation of top U.S. executives has doubled or tripled since the first half of the 1990s, while workers' wages have remained flat. Investment in capital can have long-term benefits, but the shift in strategy to focus on short-term stock prices reduces prosperity — for wages and stock prices alike — in the long term (Economic Policy Institute, 2017; Lazonick, 2014; Sprague & Giandrea, 2017).

Unemployment

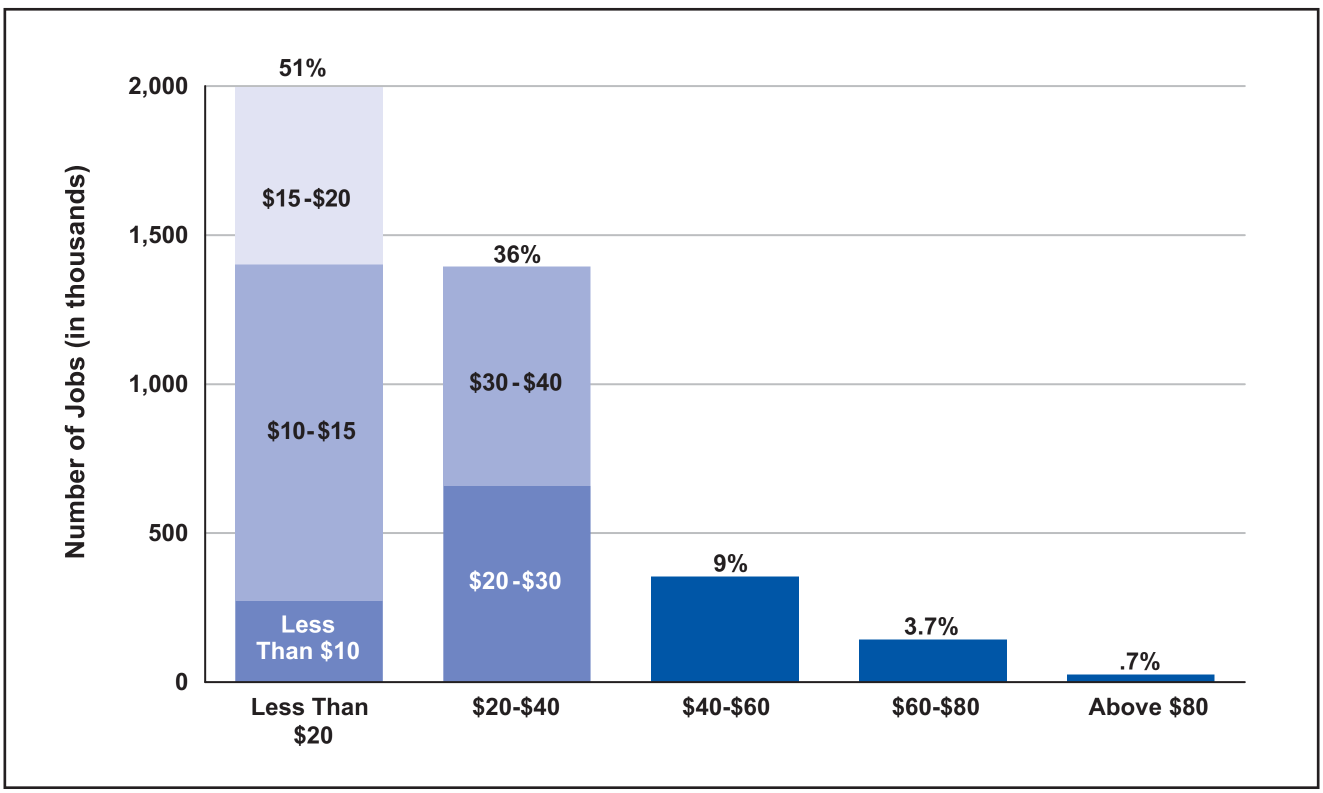
Low unemployment rates often suggest improving conditions for workers; however, in today's economy it is not a precise measure because there are large numbers of people who are not included in these official statistics. The unemployment rate includes workers aged 16 to 64 who are unemployed and who have actively looked for work in the previous month. It does not include adults who have stopped looking for work, seniors (65+), those who are underemployed (working fewer hours than they want in either the traditional or the gig economy), nor those who have accepted a lower income than they had in the past. This pool of potential workers may enter the workforce when wages become more attractive, which adds to the supply of workers and keeps wages down (Bureau of Labor Statistics, 2016a; Hipple, 2015).

THE NEW JERSEY ECONOMY: LOW WAGES

Low-wage jobs continue to dominate the New Jersey economy. The continued decline in the share of income going to workers, and the fact that medium-wage jobs have not returned, make it more challenging for workers to find jobs with wages that can support even a basic household budget.

With 3.9 million total jobs in New Jersey recorded by the Bureau of Labor Statistics in 2016, the job market has shown improvement since 2010, adding over 170,000 jobs. In New Jersey, **51 percent of jobs pay less than $20 per hour, with 70 percent of those paying less than $15 per hour** (Figure 15). A full-time job that pays $15 per hour grosses $30,000 per year, which is less than half of the Household Survival Budget for a family of four in New Jersey (Bureau of Labor Statistics, 2010, 2016).

Figure 15.
Number of Jobs by Hourly Wage, New Jersey, 2016



Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey – All Industries Combined, 2016

The top 20 occupations in New Jersey in terms of total employment are predominantly maintainer jobs, which are more likely to pay low wages. In 2016, only three of the top 20 most common occupations — general and operations managers, software developers, and registered nurses — paid enough to support the family Household Survival Budget, a minimum of $36.65 per hour (Figure 16).

The most common occupation in New Jersey, retail sales, pays a wage that is well below what is needed to make ends meet. The state's more than 131,000 retail salespeople make an average of $10.91 per hour, or $21,820 if working full time, year-round. These jobs fall short of meeting the family Household Survival Budget by more than $50,000 per year. Even if both parents in a two-parent family worked full time at this wage, they would fall short of the Household Survival Budget by almost $30,000 per year.

Several traditional occupations in New Jersey saw significant job growth from 2010 to 2016: The number of laborers and movers by hand increased by 46 percent, teacher assistants by 26 percent, and customer service representatives by 20 percent. Yet other occupations have been impacted by automation, for better or worse. Some jobs, such as food preparation, cashiers, and secretaries and administrative assistants, saw a decrease in numbers, and are being replaced in part by automation. Other jobs are growing due to automation, such as software developers, which increased by 52 percent. And some jobs are enhanced by the use of technology: General and operations managers, which increased by 15 percent, deliver work schedules to their employees by smartphone, while tractor-trailer truck drivers, which increased by 10 percent, are increasingly using computer-assisted driving software.

There has also been growth in median hourly wages, with wages in almost half the jobs growing faster than the rate of inflation, but none growing as fast as the increase in the cost of the Household Survival Budget. The jobs with the greatest increase in wages, 19 percent, grew just enough to support the Household Survival Budget of a single adult, slightly more than $13.32, but not nearly enough to support the budget for a family (Bureau of Labor Statistics, 2010, 2016).

Figure 16.
Top 20 Occupations by Employment and Wage, New Jersey, 2016

	2016		Percent Change 2010-2016	
OCCUPATION	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Retail Salespersons	131,080	$10.91	14%	3%
Laborers and Movers, Hand	107,840	$12.47	46%	9%
Cashiers	95,550	$9.67	-6%	8%
Registered Nurses	79,400	$38.36	4%	7%
Office Clerks	73,320	$15.45	-2%	13%
Customer Service Representatives	66,470	$17.93	20%	10%
Janitors and Cleaners	64,260	$13.68	-7%	19%
Secretaries and Administrative Assistants	60,300	$19.42	-6%	10%
Waiters and Waitresses	59,810	$11.19	5%	5%
Teacher Assistants	55,490	$13.93	26%	19%
Nursing Assistants	53,640	$13.61	5%	9%
Food Prep, including Fast Food	52,720	$9.59	-17%	10%
Receptionists and Information Clerks	52,470	$14.84	8%	15%
Bookkeeping and Auditing Clerks	45,120	$21.29	-6%	15%
General and Operations Managers	44,800	$69.15	15%	-2%
Elementary School Teachers	44,680	$34.41	-6%	17%
Business Operations Specialists	44,410	$34.53	-10%	10%
Sales Representatives	44,070	$31.59	8%	9%
Heavy and Tractor-Trailer Truck Drivers	42,990	$22.52	10%	10%
Software Developers	42,050	$46.06	52%	5%

Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey – All Industries Combined, 2010, 2016

THE NEW JERSEY ECONOMY: JOB OPPORTUNITIES

Wage and salary income growth has been uneven in New Jersey from 2010 to 2016. Overall, employment finally surpassed its pre-Recession level in 2016 and the state's unemployment rate dropped to 6 percent, slightly above the national rate of 5.8 percent. However, growth has been concentrated more in northern counties than southern parts of the state, and in the lower-paying service sector (Vitner & Feik, 2017).

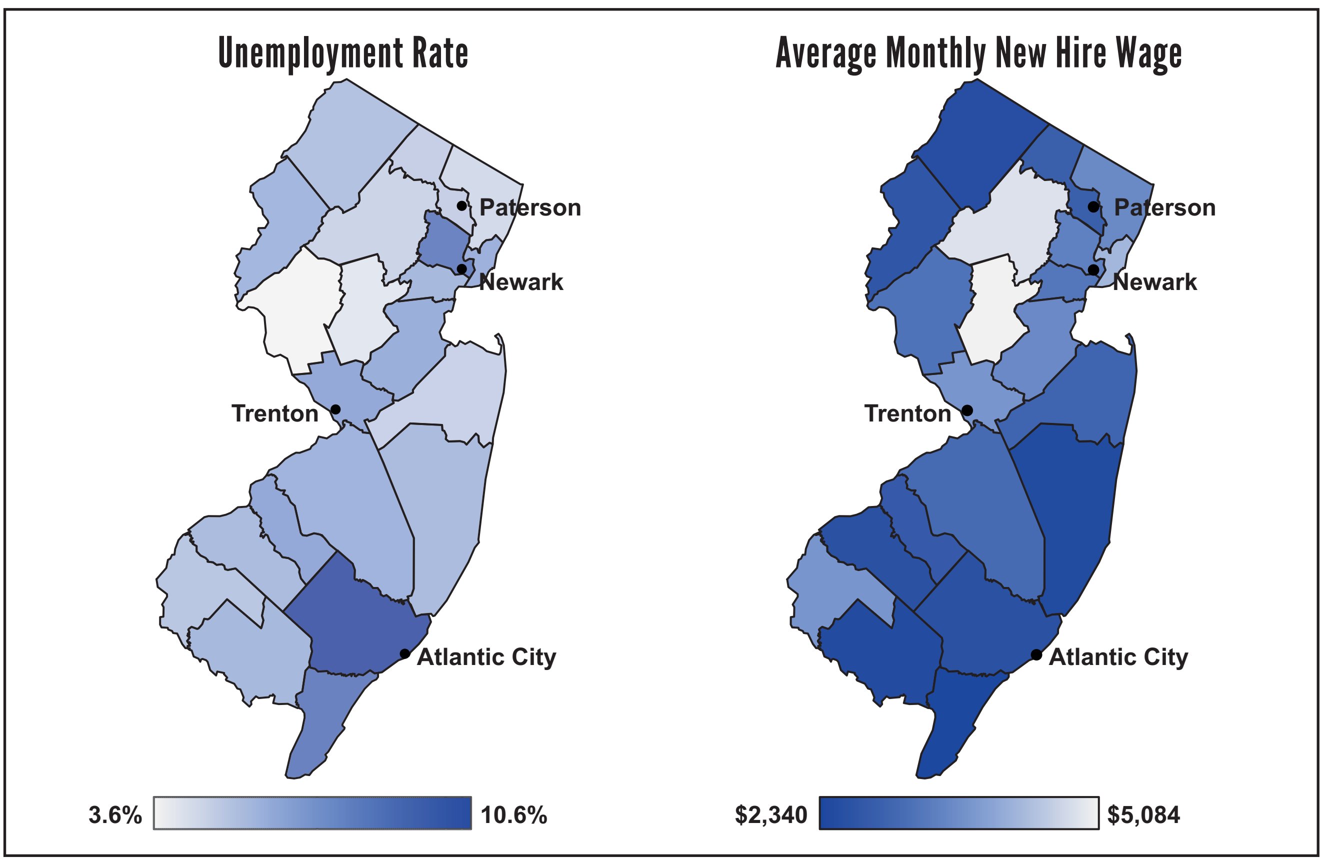
As the New Jersey economy approaches full employment, wages are expected to increase more, though there is still potential additional labor if companies tapped into part-time workers and those who have opted out of the work force (the labor force participation rate in New Jersey reached an all-time low in 2016).

The state economy is seeing its strongest growth in education and health, followed by professional and business services, and then by leisure and hospitality and retail. Even the manufacturing sector added jobs, led by food products and chemicals. Yet low-wage jobs continue to dominate New Jersey's economy. Technology is often said to be at the root of the divide between "high-skill, high-wage" and "low-skill, low-wage" jobs. Yet there are other factors that better explain job inequality in New Jersey, including job location, barriers to opportunity by gender and sexual orientation, education, race/ethnicity, and company size (New Jersey Department of Labor & Workforce Development, 2017; Schmitt, Shierholz, & Mishel, 2013; Vitner & Feik, 2017).

Job Location

Location often determines the availability of jobs and wages. Across New Jersey, there is wide variation across counties in both unemployment rates and wages. Unemployment rates ranged from 4 percent in Hunterdon County to 11 percent in Atlantic County and tend to be higher in counties that are home to two of the largest cities in the state — Newark and Atlantic City (Figure 17).

Figure 17.
Unemployment and Average New-Hire Wage by County, New Jersey, 2016



Source: American Community Survey, 2016; Bureau of Labor Statistics, Occupational Employment Survey, 2016

Location also impacts wages, with the average monthly wage for a newly hired employee ranging from $2,340 in Cape May County to $5,084 in Somerset County (Figure 17). Wages and unemployment rates are often inversely correlated: Workers in the areas around metro New York City, where unemployment rates are low, tend to earn higher wages, while those in rural areas with higher rates of unemployment have lower wages. In addition, wages are affected by firm size, as discussed below.

Barriers to Opportunity

Beginning in the 1970s, income disparities began to widen across the country. The average income for the top 0.01 percent of households grew 322 percent, to $6.7 million, between 1980 and 2015, whereas the average income of the bottom 90 percent increased only 0.03 percent. By 2015, half of all U.S. income went to the top 10 percent of earners. Though there have been some recent improvements in median wages, the most striking trend is that disparities continue to grow not only between income groups, but also within them, divided by knowledge and education, sex, sexual orientation, gender identity, and race/ethnicity. This is true both nationally and in New Jersey (Gilson & Rios, 2016; Gould, 2016; Saez, 2017; Stone, Trisi, Sherman, & Horton, 2017).

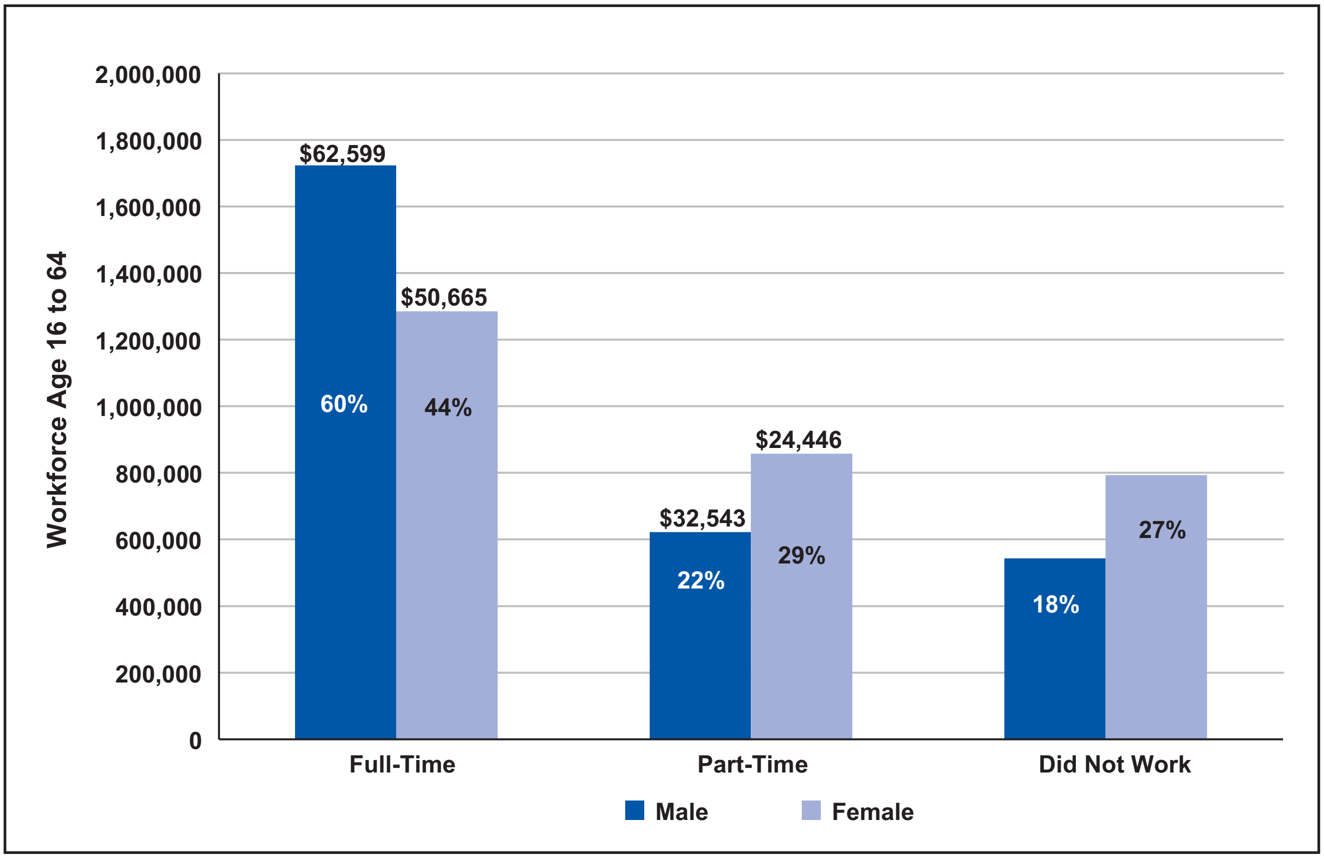
Sex, gender identity, and sexual orientation: In general, women's wages are lower than men's in New Jersey (Figure 18); men earn 24 percent more in full-time jobs and 33 percent more in part-time jobs. However, there appears to be some slow but consistent closing of the gender wage gap for all but the highest earners. Nationally from 2000 to 2015, the gender wage gap at the median fell, with median women's wages rising from 78 to 83 percent of median men's wages. Unfortunately, the primary reason for this narrowing has been *falling* men's wages. For the bottom 70 percent of male workers, wages have stagnated or declined since 2007 (Gould, 2016; Gould & Davis, 2015).

Nationally, among the college-educated, men's wages grew more than twice as fast as women's wages between 2000 and 2015. While gender wage gaps narrowed during those years for people without a college degree, they grew among people with an advanced degree (Gould, 2016).

Lack of opportunity can be an even more stubborn barrier than lack of equal pay for equal work. According to the research website PayScale, men and women tend to work at similar job levels, most starting in similar entry-level positions. Over the course of their careers, both men and women move into manager- or supervisor-level roles, and eventually to director- and executive-level roles. But men tend to move into these roles more often and more quickly than women (PayScale, 2016).

Since 2010, unemployment rates for those aged 16 to 64 years old in New Jersey have improved, but underemployment and inconsistent hours remain an issue for many workers. Women are more likely to work part-time (29 percent, compared to 22 percent of men). Perhaps more important is the percentage by gender who are out of the workforce: 27 percent of women and 18 percent of men in 2016 (American Community Survey, 2016). Nationally, for women 25 to 54 years old, the most common reason for not working was in-home responsibilities. For some, this is a choice, but for others it reflects the lack of high quality, flexible, and affordable care options for their children and/or aging parents. According to a 2016 report by The Hamilton Project, the primary reason for women not working was caregiving for a relative or friend (36 percent of respondents); men were far less likely to be caregivers, at only 3 percent (Hipple, 2015; Schanzenbach, Bauer, Nunn, & Mumford, 2017).

Figure 18.
Full- and Part-time Employment and Wages for Men and Women, New Jersey, 2016

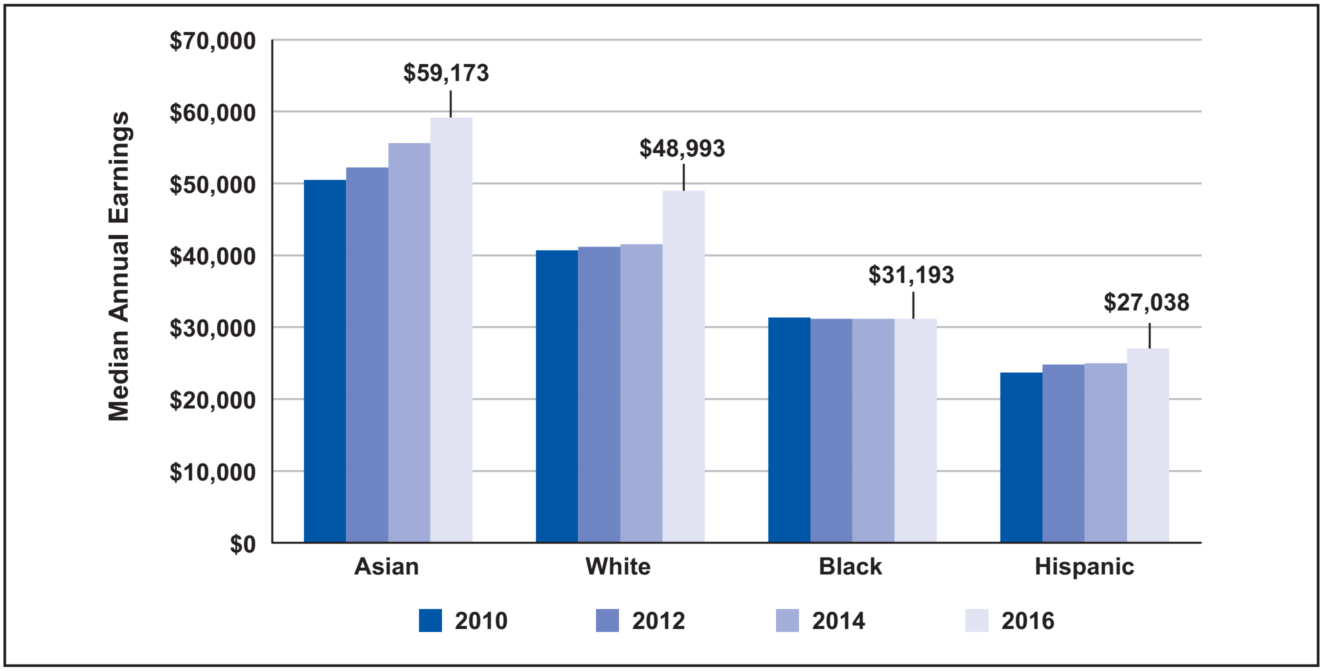


Source: American Community Survey, 2016

Differences in employment and wages are even greater for the more than 4 percent of the U.S. workforce who identify as lesbian, gay, bisexual, or transgender (LGBT). Despite having more education than the general population, these workers are more likely to earn less than their non-LGBT counterparts, and more likely to experience financial hardship as a result, such as poverty and food insecurity (Badgett, Durso, & Schneebaum, 2013; Flores, Herman, Gates, & Brown, 2016; Oakley, Brown, Saad-Lessler, & Rhee, 2016; The Williams Institute, 2015).

Race and ethnicity: In both earnings and employment, the differences between racial and ethnic groups in New Jersey are stark. Since 2010, Asian workers have had the highest median earnings and they have increased steadily, to $59,173 in 2016. White workers have the next-highest earnings with a big increase from 2014 to 2016 to $48,993. Black workers had the next to lowest median earnings, which remained virtually flat from 2010 to 2016 at $31,193. Hispanic workers had the lowest median earnings despite small but steady increases from 2010 to 2016, reaching $27,038 in 2016 (Figure 19) (American Community Survey, 2007, 2010, 2012, 2014, 2016).

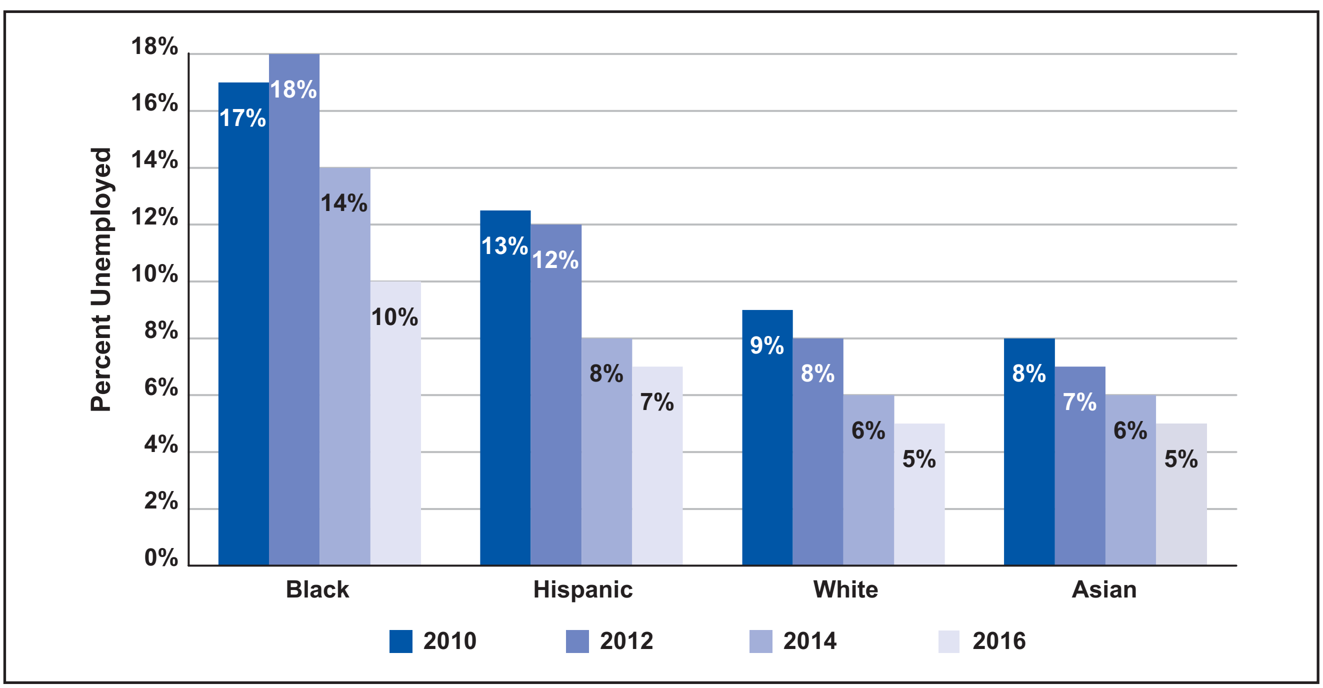
Figure 19.
Median Earnings for Asian, White, Black, and Hispanic Workers, New Jersey, 2010 to 2016



Source: American Community Survey, 2010-2016

While unemployment improved steadily from 2010 to 2016 for all workers, Black and Hispanic workers in New Jersey — both men and women — are still more likely to be unemployed than Asian and White workers (Figure 20). Unemployment steadily improved for White and Asian workers, reaching a low of 5 percent in 2016. Unemployment for Hispanic workers was 7 percent in 2016, while Black workers had the highest rate at 10 percent.

Figure 20.
Unemployment Rates for Black, Hispanic, White, and Asian Workers, New Jersey, 2010 to 2016



Source: American Community Survey, 2010-2016

In addition to differences between racial and ethnic groups, there is significant and growing variation within these groups. Most notably, while wages for Black workers in the U.S. as a whole have increased slightly, wages for the lowest-earning Black workers actually fell from 2000 to 2015. For both Asian and White workers, there has been increased variation within each group, primarily due to stronger growth at the top of the income distribution than at the bottom. For Hispanic workers, wages have increased slightly both at the lower end and across the board, so the gap between higher and lower earners has not widened (Gould, 2016).

Education: As the complexity of a job (and the knowledge required) rises, average hourly pay also rises. Over the last two decades, jobs with higher skills have commanded higher wages while jobs requiring low skills have not increased wages. According to the Federal Reserve of New York, growth in median wages in high-skill jobs (adjusted for inflation) increased by almost 50 percent from 1980 to 2010 in northern New Jersey, while wages in low-skill jobs increased by less than 15 percent (Abel & Deitz, 2012).

In New Jersey, the average hourly wage for workers in relatively low-skill jobs such as cashiers and stock clerks is $9.67 and $11.21, respectively. Wages steadily rise with each skill level, reaching an hourly rate of $17.93 for customer service representatives, $38.36 for registered nurses, $43.72 for mechanical engineers, and more than $70 per hour for most doctors. Access to medical and retirement benefits, paid sick leave, paid vacation, and holidays also rises significantly in jobs with higher wages. These differences have increased over time: Real wages for those without a college degree dropped from 2007 to 2013, started to improve in 2014, but have not yet rebounded to their 2007 levels (Gould, 2016; Monaco, 2017; U.S. Census Bureau, 2016b).

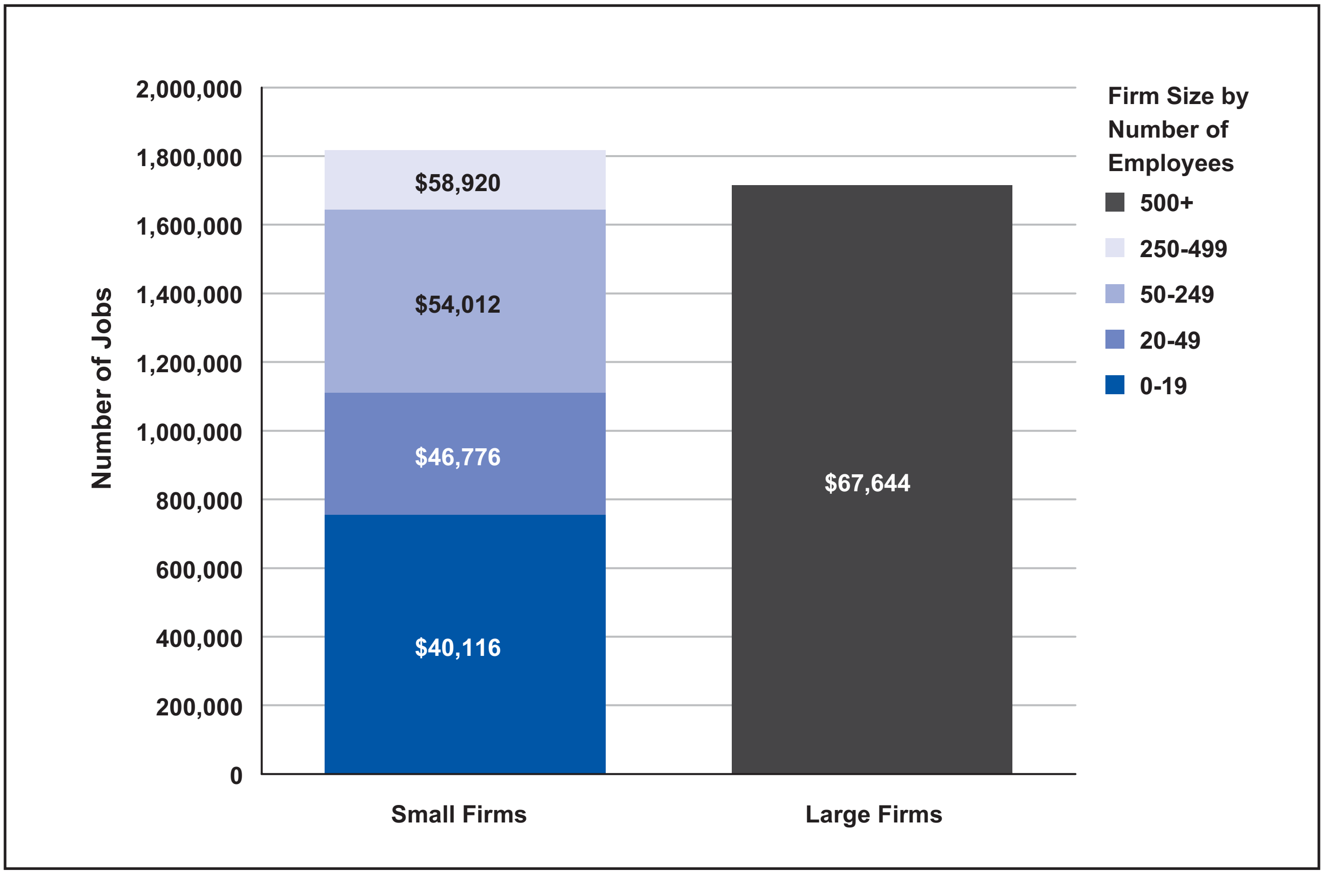
Following a similar pattern, wages steadily increase as education level increases. New Jerseyans with a high school diploma earned an average of $22,319 in 2016, while those with an associate degree earned $41,074, and those with a bachelor's degree earned $62,309. Nationally, the difference in lifetime earnings between high school graduates and those who hold a bachelor's degree is estimated to be $830,800. The difference in earnings between high school graduates and those with an associate degree is estimated at $259,000. And estimates of the difference in the net earnings of a high school graduate versus a high school dropout range from $260,000 to $400,000 (when including income from tax credits, and minus the cost of government assistance, institutionalization, and incarceration) (Carnevale, Rose, & Cheah, 2011; Center for Labor Market Studies, 2009; Daly & Bengali, 2014; Klor de Alva & Schneider, 2013; Tyler & Lofstrom, 2009).

Size of Employer

One of the key determinants of ALICE workers' wages, benefits, and job stability is their employers' size. Large companies have greater resources to offer career growth opportunities, continuous employment, and better benefits. Small businesses (defined by the Bureau of Labor Statistics as those with fewer than 500 workers nationally) have been an important engine for growth in the U.S. economy — driving job creation, innovation, and wealth — and traditionally have grown to become medium or large employers. However, small businesses are more vulnerable to changes in demand, price of materials, and transportation costs, as well as to cyberattacks and natural disasters. As a result, their employees face more instability, reduced wages, and a greater risk of job loss. The past two decades have been particularly tough for small businesses, with entrepreneurial growth in the U.S. largely down from the levels experienced in the 1980s and 1990s (Ewing Marion Kauffman Foundation, 2017; Haltiwanger, Jarmin, Kulick, & Miranda, 2017).

By 2016, small firms employed 51 percent of the private-sector workforce in New Jersey (Figure 21), and the very smallest firms — those with fewer than 20 people — account for the largest share of small-business employment.

Figure 21.
Private-Sector Employment by Firm Size With Average Annual Wage, New Jersey, 2016

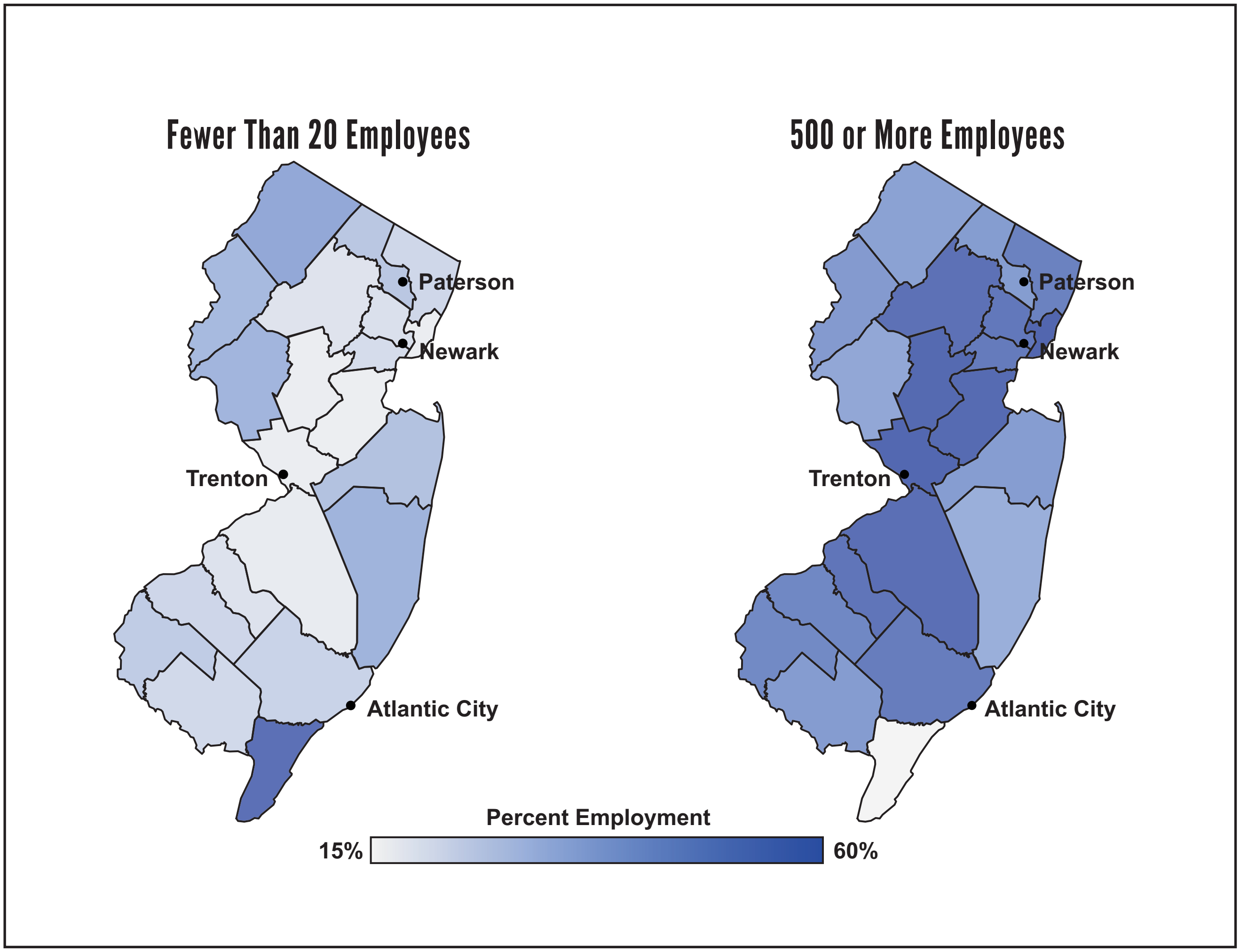


Source: U.S. Census Bureau, Quarterly Workforce Indicators, 2016

The wages of employees in the smallest firms increased from 2010 to 2016: by 9 percent for employees in firms with fewer than 20 employees and by 5 percent in firms with 20 to 49 employees. Yet wages fell by 3 percent for those in firms with 50 to 249 employees. Only wages in the smallest firms kept pace with the 9 percent rate of inflation, yet all of the increases fell far short of the increase in the Household Survival Budget during that time period. Those in larger firms started with higher wages and those wages increased from 2010 to 2016: by 27 percent for workers in firms with 250 to 499 employees and by 6 percent for those in companies with 500 or more employees.

Firm size in New Jersey varies widely by location and by sector. Small businesses operate across the state, and areas dominated by small firms tend to have lower wages and less job stability. Small firms account for the majority of employment in all but Burlington, Essex, Hudson, Mercer, Middlesex, Morris, and Somerset counties. The rest, particularly rural counties, are dominated by firms with fewer than 20 employees; in Cape May County more than half of employment is in firms with fewer than 20 employees (Figure 22). Large companies — those with 500 or more employees — are more concentrated around New Jersey's largest cities: Jersey City, Newark, Trenton, and Atlantic City.

Figure 22.
Percent Employment by Firm Size and Location, New Jersey, 2016



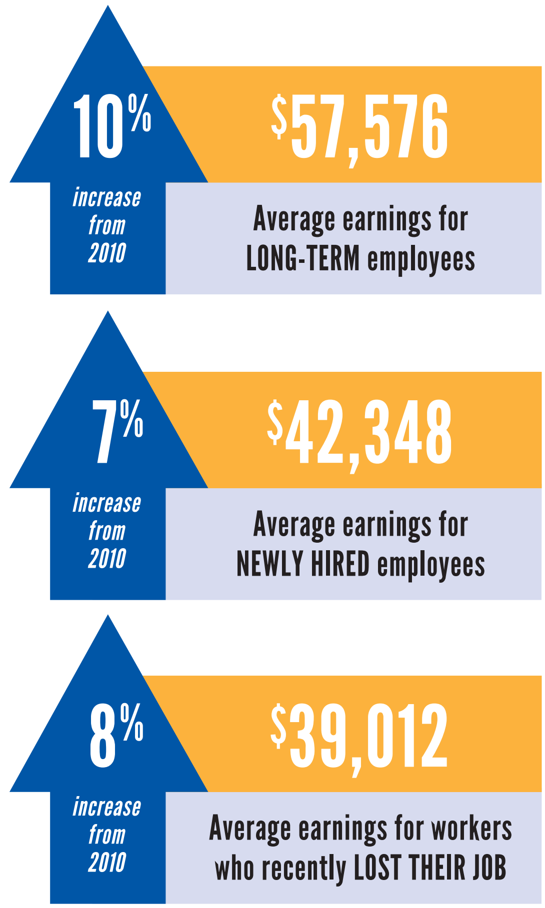
Source: U.S. Census Bureau, Quarterly Workforce Indicators, 2016. Further breakdown by county is included on the ALICE County Pages at UnitedWayALICE.org/New-Jersey

Small businesses and their employees experienced the greatest volatility during the Great Recession, a trend that continued through 2016. In the second quarter of 2014, for example, 6,417 small businesses started up in New Jersey and 6,844 exited (i.e., closed, moved to another state, or merged with another company). Small business startups generated 27,792 new jobs while exits caused 27,377 job losses (Bureau of Labor Statistics, 2016b; U.S. Small Business Administration, 2016).

These changes affect the wages of workers moving in and out of employment. Workers who are newly hired or who have recently lost their jobs tend to have lower wages than long-term, stable employees. Because new-hire wages are slightly higher than the wages of those losing their jobs, some losing jobs may be workers leaving a low-paying job for a higher-wage job. New employees and those losing jobs typically have the least seniority or the lowest-level positions — and they are the least likely to have resources to weather a period of unemployment (Figure 23).

Small businesses in New Jersey are concentrated in the service industry — in a range of sectors. The largest group is defined by the Small Business Association as "other" services, ranging from auto repair to personnel services, where 89 percent of employees work in small businesses. Other sectors with a concentration of small businesses include construction (88 percent work in small businesses), and arts, entertainment, and recreation (80 percent work in small businesses) (Figure 24). These sectors tend to have less stability in daily and weekly schedules and less job security. They also tend to have lower wages. The education and health care sectors are large employers in New Jersey; health care jobs are among the fastest growing, meeting the needs of the expanding senior population. Long-term projections for health care occupations show the greatest increases for registered nurses, nursing assistants, and home health aides. With more than half of the health care sector in small businesses, however, there will be less stability in daily and weekly schedules as well as a lack of job security in this sector (Bureau of Labor Statistics, 2018; U.S. Small Business Administration, 2016).

Figure 23.
Earnings by Duration of Employment, New Jersey, 2016



For many small businesses, there is a dual challenge when ALICE workers are both the employee and the customer. This is true in child care centers, where more than 90 percent of operators are sole proprietors. On the one hand, child care workers are ALICE; there are 17,750 child care workers in New Jersey, earning an average wage of $10.98 per hour ($21,960 annually if full time). On the other hand, ALICE families use child care so that parents can work, and it is often the most expensive item in an ALICE family budget — even more expensive than housing. The conundrum is that if these small businesses increase the wages of their employees (who are ALICE workers), those expenses are passed on to customers (who are also ALICE workers). Certain ALICE workers will earn more money, but child care will become more expensive for ALICE families overall (SBDCNet, 2014; U.S. Census Bureau, 2016b; U.S. Small Business Administration, 2016).

Figure 24.
Small Business Employment by Sector, New Jersey, 2013

	Small-Business Employment Share of Sector	Total Employment (excluding government positions)
Other Services (except Public Administration)	89%	150,477
Construction	88%	138,817
Arts, Entertainment, and Recreation	80%	56,971
Real Estate and Rental and Leasing	70%	53,733
Manufacturing	63%	221,052
Accommodation and Food Services	61%	297,477
Professional, Scientific, and Technical Services	60%	307,495
Wholesale Trade	57%	257,654
Educational Services	56%	100,489
Health Care and Social Assistance	50%	553,578
Total for all Sectors	***49%***	***2,137,743***

Source: U.S. Small Business Administration, 2016

IV. BEYOND INCOME: ASSETS, CREDIT, AND ASSISTANCE

When families do not have enough income to cover current expenses, they cannot save, and without savings, they cannot generate returns that improve a household's well-being over time. The lack of savings limits an ALICE family's ability to make a down payment on a house, for example, even if the monthly mortgage payments would be cheaper than renting. It limits their ability to invest in the future, such as in higher education or retirement savings. The lack of savings also leaves ALICE households vulnerable to unexpected economic events and emergencies. Savings and other assets are at least as powerful as income in reducing material hardship after an involuntary job loss or other negative event. Without them, families with income below the ALICE Threshold often find themselves in a vicious cycle of financial instability (Hendey, McKernan, & Woo, 2012; Lerman & McKernan, 2008; McKernan, Ratcliffe, & Vinopal, 2009).

While savings and assets are a crucial aspect of an ALICE family's financial status, little information on household savings, assets, income, and wealth is collected at the state or local level. For this reason, this Report relies on national data for overall trends along with the few state-level data points available in the sections below.

Nationally, household wealth, measured by the value of all assets owned by a household, has not fully recovered from the Great Recession. In 2016, the median wealth of all U.S. households was $97,300, well below median wealth levels from before the Recession began in late 2007 ($139,700 in 2016 dollars). Wealth is much more concentrated than income, and as a result, disparities in wealth are even greater than those in income. The recovery has been uneven for different income groups, and despite gains in wealth in recent years for lower- and middle-income families, differences in wealth have actually grown. The median household net worth for lower-income families was $10,800 in 2016, 42 percent lower than in 2007; for middle-income families it was $110,000, 33 percent lower than in 2007; and for upper-income families it was $810,800, 10 percent higher than in 2007. As a result, wealth inequality between upper-income families and lower- and middle-income families is currently at the highest levels ever recorded (Kochhar & Cilluffo, 2017).

This inequality is more striking when comparing racial and ethnic groups. Black and Hispanic households have substantially less wealth than White households, a gap that has been widening in recent years. Nationally (wealth data is not available at the state level), the median wealth of White households was 13 times the median wealth of Black households in 2013, compared with eight times the wealth in 2010, according to the Pew Research Center (Kochhar & Fry, 2014).

Disparities by race and ethnicity even exist within income groups. Among lower- and middle-income households, White families have four times as much wealth as Black families and three times as much as Hispanic families. These gaps have narrowed since 2007, primarily because lower-income White families lost roughly half of their wealth during the Great Recession, while losses for lower-income Black and Hispanic households were less than 5 percent. The larger losses for White lower-income households predominately stem from their greater exposure to the housing market crash. In 2007, the homeownership rate for White lower-income households was 56 percent, compared to 32 percent for Black and Hispanic lower-income households. The homeownership rate among White lower-income households fell to 49 percent in 2016, while the rate for Black and Hispanic households remained the same (Kochhar & Cilluffo, 2017).

Finally, there is a common misconception that working families do not need public or charitable assistance, but many ALICE families do turn to government and private sources for assistance with income and basic household necessities. This section looks at how much assistance is available, how close it brings families to the ALICE Threshold, and what gaps remain in specific budget areas.

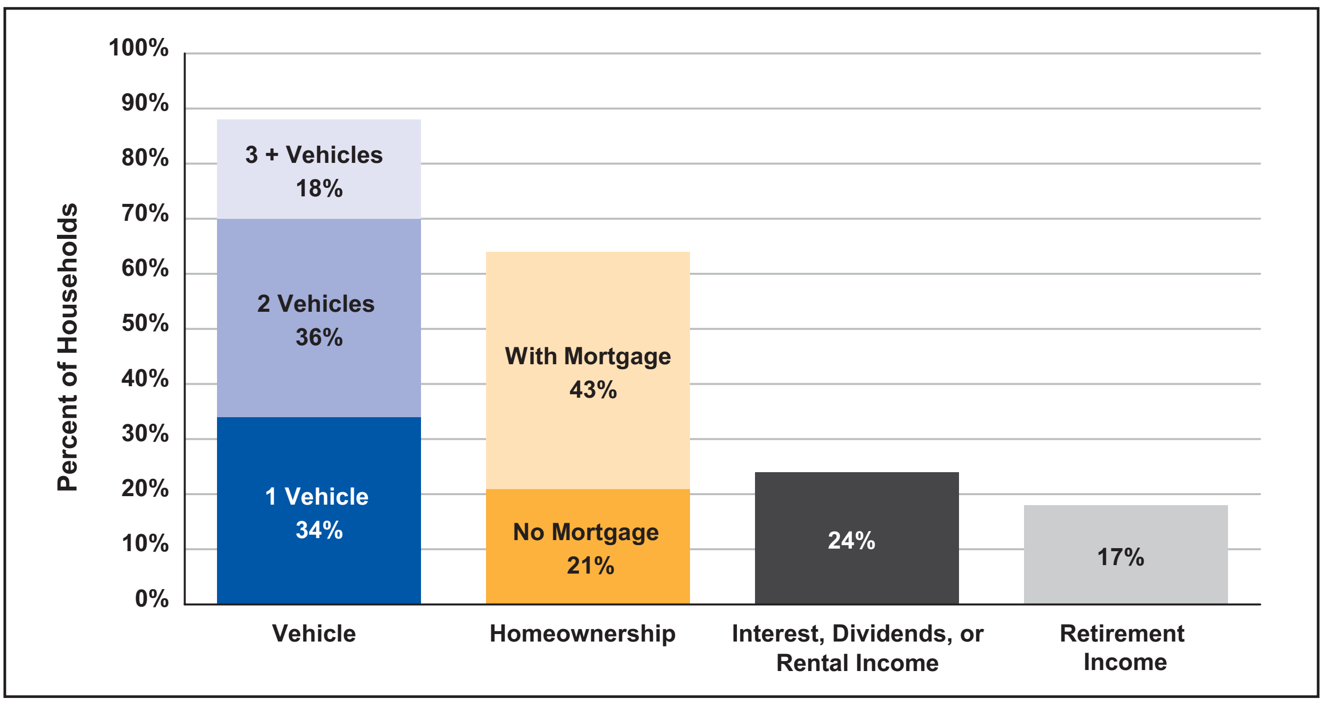
ASSETS

With so many ALICE families not able to keep up with the cost of living, accumulating assets is difficult in New Jersey. The cost of unexpected emergencies, ranging from natural disasters to personal health crises, can deplete savings. Job losses have forced people to tap into their retirement savings, or to take out second mortgages or home-equity lines of credit. Having few or no assets can also increase overall costs for ALICE households when they have to use alternative financing, with fees and high interest rates that make it difficult or impossible to save money or amass more assets.

Having savings can help families navigate job loss, pay unexpected bills, buy a home, start a business, or work toward a secure retirement. Yet in 2015, 47 percent of New Jersey residents did not have money set aside to cover expenses for three months as protection against an emergency such as illness or the loss of a job (FINRA Investor Education Foundation, 2016; McKernan, Ratcliffe, & Shanks, 2011; Prosperity Now, 2018).

While data on savings and investments is minimal, levels of ownership of three of the most common assets in New Jersey — vehicles, homes, and investments — show what resources families have to cope with emergencies and to accumulate wealth (Figure 25).

Figure 25.
Households With Assets, New Jersey, 2016



Source: American Community Survey, 2016

Car Ownership

Most New Jersey households have at least one vehicle, often a necessity to get to work. In 2016, 34 percent of all households had one vehicle, 36 percent had two, and 18 percent had three or more. Car ownership has been linked to positive employment outcomes. Yet while cars offer benefits beyond their cash value, they are not an effective means of accumulating wealth because the value of a car normally depreciates over time. In addition, many ALICE households need to borrow money in order to buy a vehicle (Center for Responsible Lending, 2014; Jones, 2014; Kiernan, 2016; McKernan, et al., 2011; Zabritski, 2016).

Homeownership

The second most common asset is a home, an asset that has traditionally provided financial stability and the primary means for low-income families to accumulate wealth. Homeownership can increase both financial and social stability for families. Children whose parents own their home tend to have higher educational attainment and lower rates of teen pregnancy. But not all families can ride out housing market downturns. The subprime housing crisis in 2007, coupled with a slow rate of increase in housing prices, and high real estate taxes in the state, has made homeownership a less reliable way of building assets. In 2016, 64 percent of New Jersey households owned a home, down from the peak of 70 percent in 2005 (Federal Reserve Bank of St. Louis, 2016; McKernan, et al., 2011).

In many locations, it would be more economical for ALICE households to buy a home than rent, but they often cannot save enough for a down payment and cannot qualify for a traditional low-rate mortgage. Many ALICE families have chosen non-traditional mortgage products as their use and outreach have expanded. But the higher borrowing costs of these products reduce the borrower's overall investment opportunity (Acolin, Bostic, An, & Wachter, 2016; Federal Reserve Bank of St. Louis, 2016; Federal Reserve, 2014; FINRA Investor Education Foundation, 2016; Herbert, McCue, & Sanchez-Moyano, 2013; McKernan, et al., 2011).

Investment and Retirement Assets

Income from an investment provides families with an effective resource to weather an emergency. Yet in 2016, only 24 percent of households in New Jersey (above the national average of 21 percent) received income from an investment, which can range from a checking account to a rental property to a stock or bond. In addition, there is likely a large overlap between households receiving investment income and those receiving retirement income. In 2016, 18 percent of New Jersey households received retirement, survivor, or disability income from a former employer, a labor union, the government, or the U.S. military, or regular income from IRA and other retirement plans (below the national average of 19 percent) (American Community Survey, 2016; FINRA Investor Education Foundation, 2016).

Investment assets also provide the means to accumulate more assets. By investing money in starting a small business or by owning a home, for example, families can increase their resources over time. Assets also enable families to develop socially and economically through education and new technology, and allow them to finance a secure retirement (McKernan, et al., 2011).

The number of households with investment income dropped during the Great Recession, as the assets lost value in the stock market crash or were used to cover emergencies and periods of unemployment and underemployment. These events led many families to become ALICE and made things harder for those who were already struggling. The recovery of investment has been slow: Nationally, the number of households with interest or dividend income decreased from 34 percent in 2010 to 24 percent in 2016. Interestingly, the number of households with retirement, survivor, or disability income increased from 2010 to 2016, but not as fast as the overall population; as a result, the percentage of households with retirement income fell from 21 percent in 2010 to 17 percent in 2016 (though a recent U.S. Census report suggests that retirement income is underreported) (American Community Survey, 2016; Bee & Mitchell, 2017; Bricker, et al., 2014; Federal Reserve, 2014).

In terms of retirements assets, several indicators show that Americans are not financially prepared to maintain their standard of living in retirement:

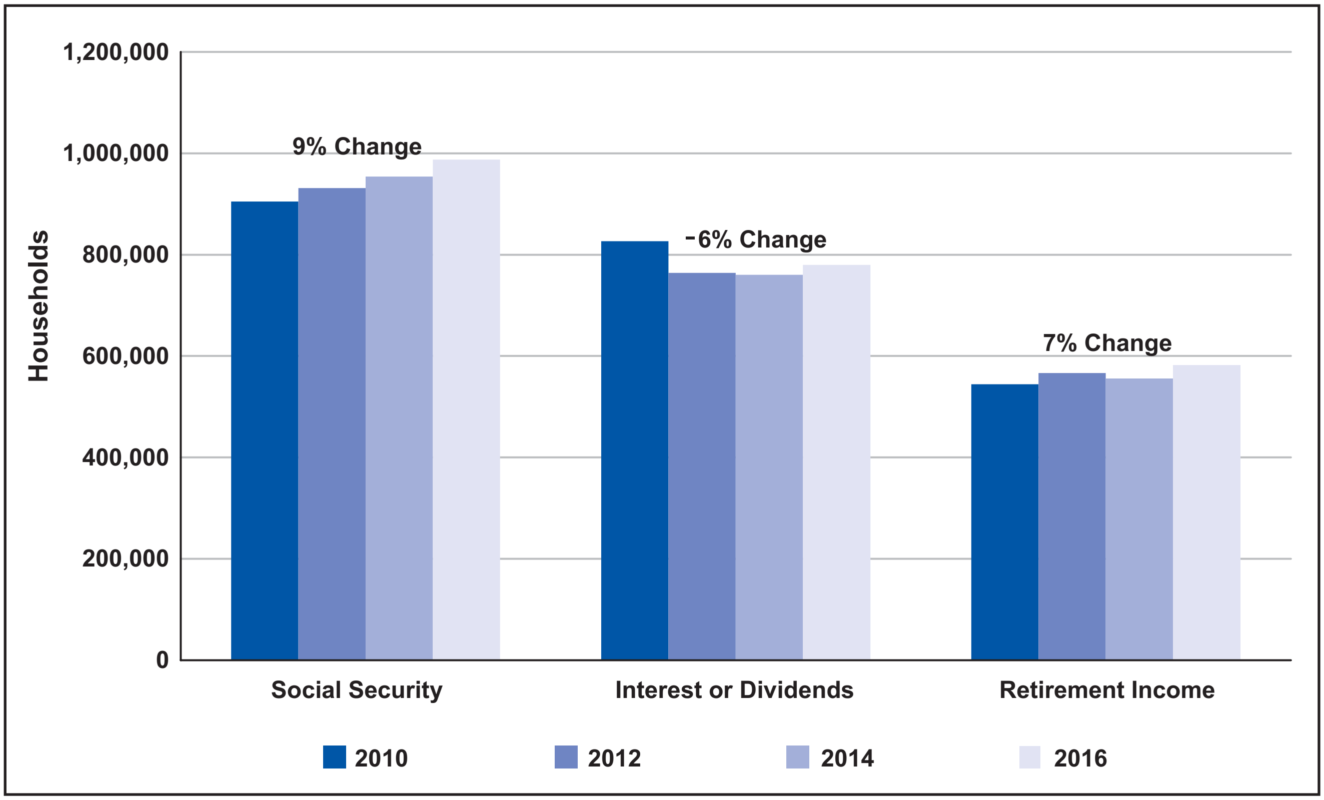
- According to the National Retirement Risk Index, 52 percent of Americans are at risk of being unable to maintain their standard of living in retirement, even if households work to age 65 and annuitize all their financial assets, including the receipts from reverse mortgages on their homes (Board of Governors of the Federal Reserve System, 2017; Munnell, Hou, & Sanzenbacher, 2017).

- The National Institute on Retirement Security has found that the median retirement account balance is $3,000 for all working-age households and $12,000 for near-retirement households (Oakley & Kenneally, 2017).

The makeup of retirement plans has shifted since the 1970s, from defined benefit plans (traditional pensions that provide benefits for the lifespan of the participant) to defined contribution plans, such as a 401(k). By 2000, defined contribution plans accounted for more than 90 percent of retirement plans nationally. In 2016, 34 percent of private-sector workers had no employer-sponsored plan, 44 percent had employee-managed defined contribution plans, and 15 percent had employer-funded defined benefit plans (U.S. Government Accountability Office, 2017).

The most common source of income for retirement, however, is Social Security. The aging of the U.S. population is evident in the 9 percent increase in the number of New Jersey households receiving Social Security between 2010 and 2016 — larger than the 7 percent increase in the number of New Jersey households receiving retirement income. In contrast, the number receiving investment income fell by 6 percent (Figure 26) (American Community Survey, 2010, 2016).

Figure 26.
Retirement and Investment Income, New Jersey, 2010 to 2016



Source: American Community Survey, 2010-2016

ACCESS TO CREDIT

An additional tool for weathering a financial emergency or investing in the future is borrowing. The ability to borrow varies greatly by income and assets: The higher the income and greater the assets, the more borrowing options at better rates a family has. Families with low incomes and no assets are often unable to borrow; as a result, in the face of an emergency, they often cannot afford emergency repairs or supplies, and household hardship increases (McKernan, et al., 2011).

When these families do borrow, it is often in high-risk markets, at high interest rates, and at an increased risk of predatory lending practices. The continued use of high-risk lending, despite these higher costs, underlines the degree of hardship that these families are experiencing (McKernan, et al., 2009; McKernan, et al., 2011; Mills & Amick, 2011).

The most common way to access credit is borrowing from a bank. But not all adults have access to traditional banking, due to low income, location, immigration status, or, in some cases, cultural norms. Families living in low-income neighborhoods often have only high-cost lending options available to them. In these neighborhoods, there is less saving and less borrowing. In New Jersey, 8 percent of adults do not have access to credit because they do not have a credit file or even a credit score (below the national average of 11 percent), and 27 percent of adults have a subprime credit score (below the national average of 31 percent). This sharply increases costs for borrowers: In some rural New Jersey counties, the rate to borrow with good credit is 30 percent, and the subprime rate is more than 39 percent. Nationally, 7 percent of the overall adult population is unbanked, meaning they do not have a checking, savings, or money market account, and 19 percent are underbanked, defined as having a bank account but also having used at least one alternative financial service in the prior year (Federal Deposit Insurance Corporation, 2015; Federal Reserve of New York, 2017; New Jersey Department of Banking and Insurance, 2011).

Another common way to access credit, especially in the short term, is with a credit card. There is large variation in credit card usage by income level; for example, the share of families with at least one credit card is 60 percent for families with income below $40,000 but more than 90 percent for families with income above that level (Hendey, et al., 2012).

Without access to quality financial products, lower-income families (including many Black and Hispanic families, who are disproportionately lower-income) are more likely to use alternative financial services, which charge higher interest rates. The impact is cumulative, with high rates leading to greater need and a vicious cycle of high-risk borrowing. Conversely, lower rates lead to greater savings and a better chance to pay off a loan. Such savings make an enormous difference in a family's budget and can also help them build equity and wealth (Board of Governors of the Federal Reserve System, 2017; Hendey, et al., 2012; Lerman & Hendey, 2011; Lerman & McKernan, 2008).

PUBLIC AND PRIVATE ASSISTANCE

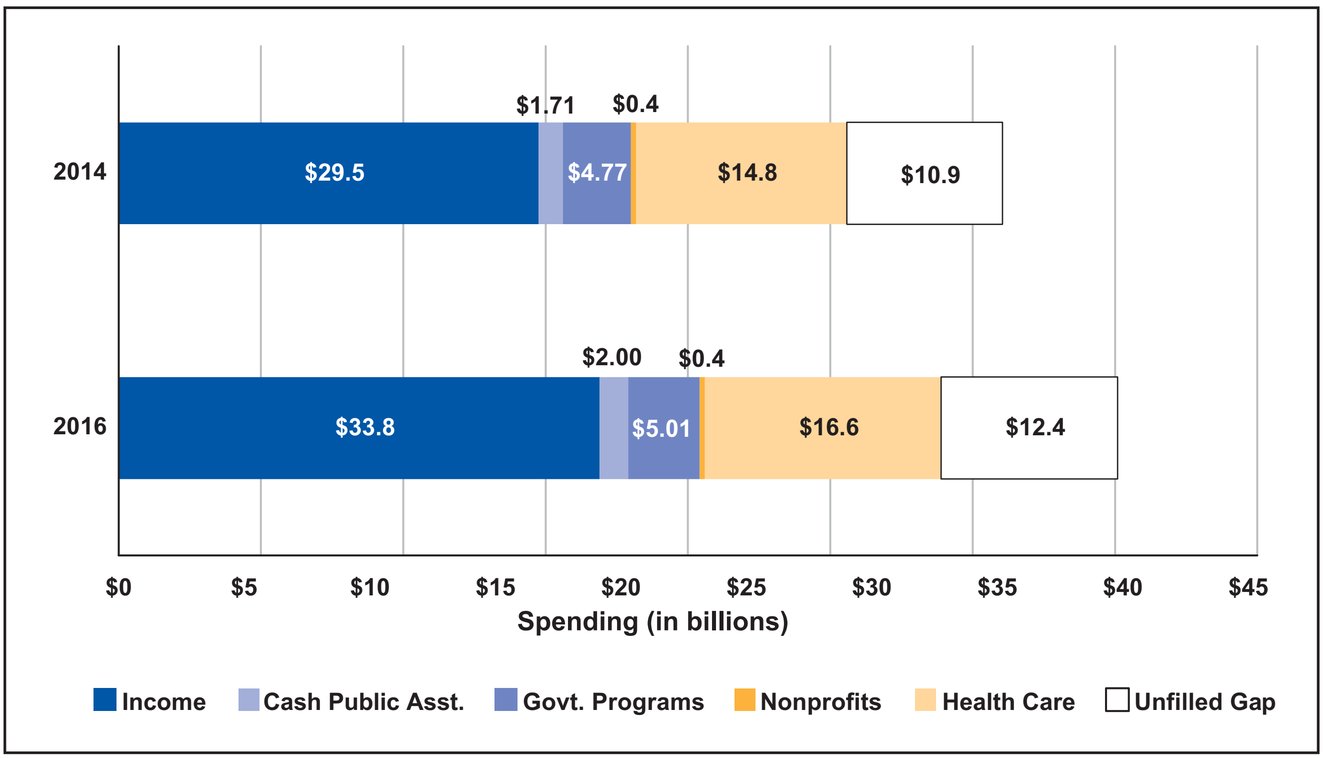
There is a common misconception that working families do not need public or charitable assistance. In addition to the wage and budget data presented here, national studies and surveys show that working families make up a majority of households facing the greatest need. As a result, many ALICE households have turned to government and charitable supports and services for assistance with income, food, health care, education and training, housing and utility assistance, and counseling. More than half of government spending on public assistance goes to working families (Allegretto, 2013; Dube & Jacobs, 2004; Feeding America, 2014; Jacobs, Perry, & MacGillvary, 2015; Pew Charitable Trusts, 2013; U.S. Department of Agriculture, 2017a; Wider Opportunities for Women, 2011). But even with this assistance added to their income, many working families cannot cobble enough together to make ends meet.

The **ALICE Income Assessment** quantifies the total need of all households below the ALICE Threshold and then compares it to their income and to the amount of public and nonprofit assistance directed toward low-income households. Even though assistance makes a significant contribution to financial stability for many families, there has not been enough assistance to bring all families above the ALICE Threshold in any state where the Income Assessment has been applied.

The picture in New Jersey has not improved since the 2016 United Way ALICE Report (sources for the assessment have changed slightly since the 2016 Report, so the 2014 estimates have been updated for the comparison with 2016 estimates). The average amount of assistance each New Jersey household received in 2016 was $18,542 in federal, state, and local government and nonprofit assistance, about the same as was provided in 2014. From 2014 to 2016, the number of households below the ALICE Threshold increased, and the earnings of these households also increased, from $29.5 billion to $33.8 billion. But the cost of basic necessities grew as well, from $62 billion to $70 billion (Figure 27).

Federal and state government spending on cash public assistance (excluding health care) increased from $1.7 billion in 2014 to $2 billion in 2016. Spending by government programs (also excluding health care) increased by 5 percent to $5 billion. Health care spending increased by 12 percent to $16.6 billion. As a result, the size of the Unfilled Gap — the amount still needed, after income and assistance, to bring all households to the ALICE Threshold — increased by 13 percent to $12.4 billion (American Community Survey, 2014, 2016; National Association of State Budget Officers, 2015, 2017; Office of Management and Budget, 2015, 2017; Urban Institute, 2012; U.S. Department of Agriculture, 2014, 2016. For more details, see the Methodology Overview on our website: UnitedWayALICE.org).

Figure 27.
Public and Private Assistance, New Jersey, 2014 to 2016

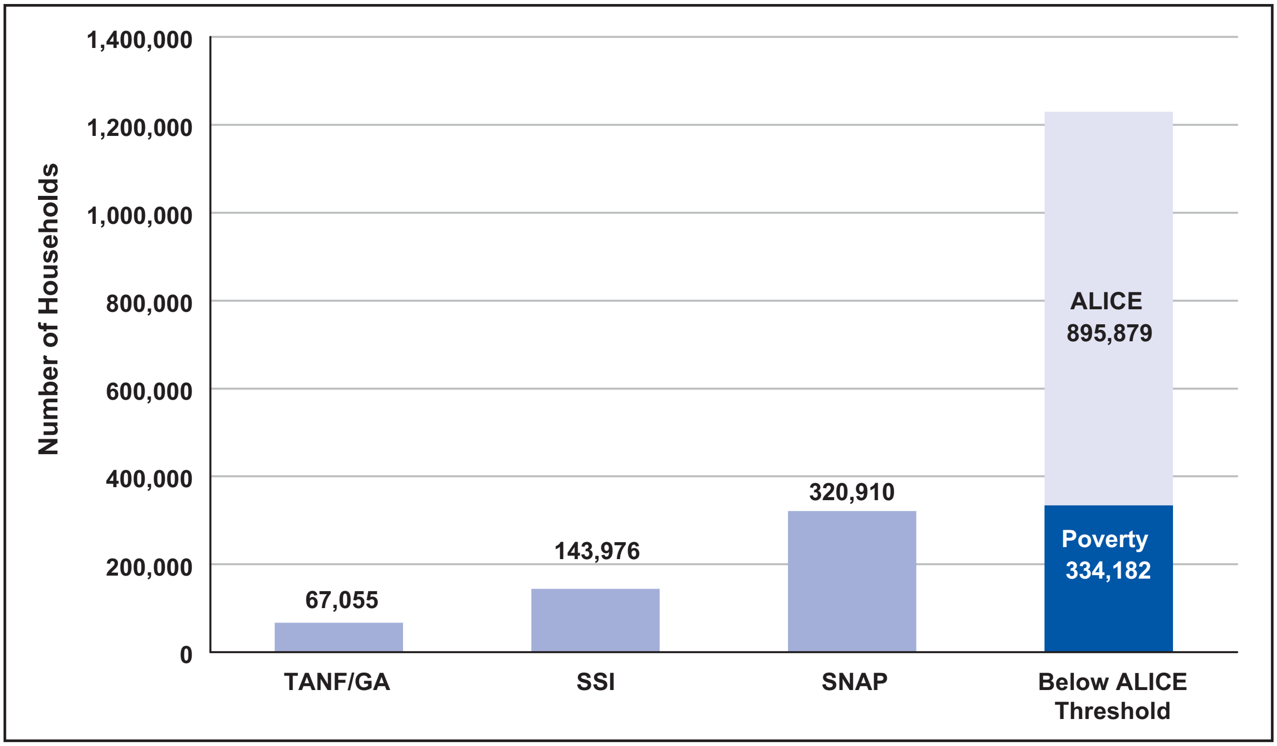


Source: Office of Management and Budget, 2015, 2017; American Community Survey, 2014, 2016; National Association of State Budget Officers, 2015, 2017; Urban Institute, 2012; U.S. Department of Agriculture, 2014, 2017b

Programs like the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), Medicaid, and food banks provide a critical safety net for basic household well-being, and enable many households to work (Coleman-Jensen, Rabbitt, Gregory, & Singh, 2015; Dowd & Horowitz, 2011; Feeding America, 2014; Grogger, 2003; Rosenbaum, 2013; Sherman, Trisi, & Parrott, 2013). While this assistance is critical in keeping ALICE households functioning, there are four significant barriers to this assistance meeting basic needs:

1. **Duration of benefits:** The majority of government programs are intended to fill short-term needs, such as basic housing, food, clothing, health care, and child care. By design, their goal is not to help households achieve long-term financial stability but to fill short-term gaps and alleviate immediate poverty. Benefits are often structured to end before a family reaches stability, known as the "cliff effect." In New Jersey, SNAP benefits disappear once income reaches 185 percent of the Federal Poverty Level (FPL), or just $45,516 for a family of four, well below the Household Survival Budget (Figure 28) (Ben-Shalom, Moffitt, & Scholz, 2012; Kaiser Family Foundation, 2015; New Jersey Department of Human Services, 2018; O'Dea, 2016; Shaefer & Edin, 2013).

Figure 28.
Households (Under 65) by Benefits and Income Status, New Jersey, 2016



Note: TANF - Temporary Assistance for Needy Families; GA - General Assistance; SSI - Supplemental Security Income; SNAP - Supplemental Nutrition Assistance Program
Source: American Community Survey, 2016; ALICE Threshold, 2016

2. **Eligibility thresholds:** Crucial resources are often targeted to households near or below the FPL, meaning that many struggling ALICE households are not eligible for assistance. Federal public assistance programs do not have enough resources to reach all those in need. SNAP, the government's largest program, reached 320,910 households in New Jersey in 2016, falling short of meeting the needs of almost all ALICE households requiring assistance in covering the cost of food (Figure 28). Other programs cover even fewer households: Temporary Assistance for Needy Families or General Assistance — which provide payments from state or local welfare offices — reached about 67,055 families in 2016, just 7 percent of those below the ALICE Threshold. And Supplemental Security Income, which includes welfare payments to low-income people who are 65 and older and to people of any age who are blind or disabled, supported 143,976 households — only 16 percent of households below the ALICE Threshold (Kaiser Family Foundation, 2015; U.S. Department of Health and Human Services, 2009, 2014).

3. **Uneven funding or distribution of assistance:** Resources may not be available where they are needed, either because there are geographic disparities in distribution across New Jersey — such as food pantries in some locations but not all — or because there is not enough funding for a program. For example, recent budget cuts lowered the average household SNAP benefit in New Jersey by 11 percent, from $138.03 per month in 2010 to $115.82 in 2016 (Kaiser Family Foundation, 2015).

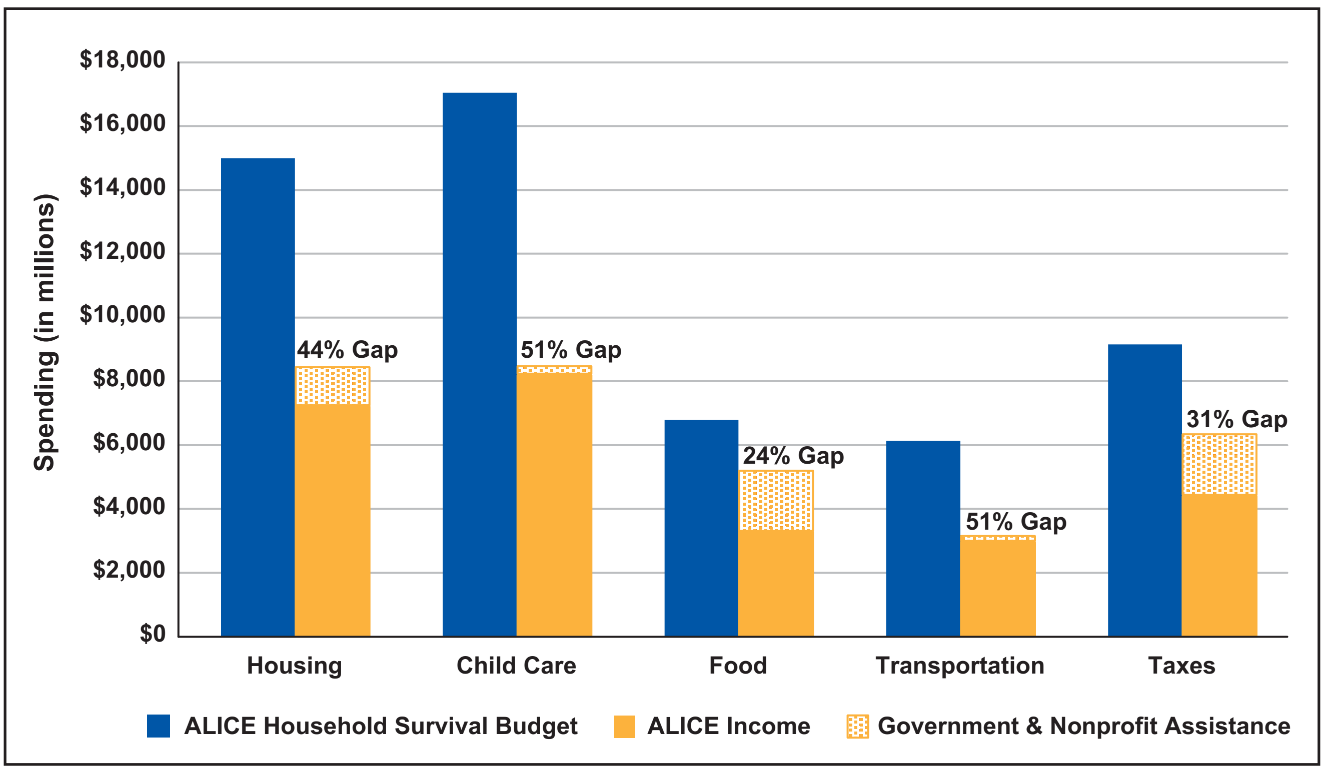
4. **Targeted assistance and services:** Because public and nonprofit assistance is allocated for specific purposes and often delivered as services, it can only be used for specific parts of the household budget. Only 5 percent of the assistance provided in New Jersey is done through cash transfers, which households can use toward any of their most pressing needs. The remainder is earmarked for specific items, like food assistance or health care. This means that not all households benefit equally from assistance. For example, a household that only visits a doctor for an annual checkup does not receive its share of the spending put toward health care assistance in New Jersey, while a household that experiences a medical emergency receives far more than the average.

Spending by Category

As outlined above, public and nonprofit assistance is often distributed to households in specific forms and for intended purposes, as opposed to cash assistance that can be used by households to cover needs as appropriate. Therefore, we analyze public and nonprofit assistance for families with children by spending category, to assess a household's ability to meet each necessity.

This analysis reveals large gaps in key areas, particularly housing, child care, and transportation. Figure 29 compares the Household Survival Budget numbers in each category for a family of four with the income earned by households below the ALICE Threshold, in addition to the public and nonprofit spending in each category. Earned income is appropriated based on its proportion of the Household Survival Budget; specific government programs are directed to their targeted budget areas, and nonprofit spending and cash assistance are evenly distributed across categories.

Figure 29. Comparing Basic Need With Assistance by Category for Households Below the ALICE Threshold, New Jersey, 2016



Note: Excludes health care and miscellaneous expense categories

Source: ALICE Household Survival Budget, 2016; ALICE Threshold, 2016; American Community Survey, 2016; Internal Revenue Service, 2016; National Association of State Budget Officers, 2017; Office of Management and Budget, 2017; Urban Institute, 2012; U.S. Department of Agriculture, 2017b

Housing

In the Household Survival Budget for a New Jersey family of four, housing accounts for 21 percent of the family budget. Yet if households spend 21 percent of their income on housing, they are left far short of what is needed to afford rent at the U.S. Department of Housing and Urban Development's 40th percentile. To make up the gap, federal housing programs, including Section 8 Housing Choice Vouchers, the Low Income Home Energy Assistance Program, the Public Housing Operating Fund, and the Community Development Block Grant Program, provide $1.1 billion in assistance. In addition, nonprofits spend an estimated $76.4 million on housing assistance in New Jersey. Despite this assistance, the state's households still fell $6.6 billion — 44 percent — shy of their total need in 2016.

Child Care

In the Household Survival Budget, child care accounts for 24 percent of the New Jersey family budget. Yet for many ALICE households, 24 percent of earned income is not enough to pay for even home-based child care, the least expensive organized care option. Additional child care resources available to New Jersey families include $154 million from the U.S. Department of Health and Human Services' Head Start program and New Jersey's early-education program. Nonprofits provide additional child care assistance, including vouchers and child care services estimated at $76.4 million. Yet even with these resources combined with income, New Jersey's households below the ALICE Threshold still had only half of what they needed to afford basic child care in 2016: This gap was half (51 percent) of what was required to meet their needs.

Food

In the Household Survival Budget, food accounts for 10 percent of the New Jersey family budget, yet for many ALICE households, 10 percent of what they actually earn is insufficient to afford even the U.S. Department of Agriculture's Thrifty Food Plan. Food assistance for New Jersey households includes $1.8 billion of federal spending on food programs — primarily SNAP, school breakfast and lunch programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Nonprofits also provide approximately $76.4 million in food assistance, including food pantries, food banks, and soup kitchens. Yet even with this assistance combined with income, New Jersey's households below the ALICE Threshold still fell 24 percent short of what they required to meet their most basic food needs in 2016.

Transportation

In the Household Survival Budget, transportation accounts for 9 percent of the New Jersey family budget. Yet for many ALICE households, 9 percent of what they actually earn is not enough to afford even the running costs of a car. While New Jersey's public transportation systems are state-funded, there is no government spending on transportation specifically for ALICE and poverty-level families. Nonprofits provide some assistance, spending an estimated $76.4 million on programming. Yet even with income and nonprofit assistance combined, there was still a 51 percent gap in resources for all of New Jersey's households below the ALICE Threshold to meet the basic cost for transportation in 2016.

Taxes

In the Household Survival Budget, taxes account for 13 percent of the New Jersey family budget. Though earning enough to afford the Household Survival Budget would put some ALICE households above the eligibility level for the EITC, many households below the ALICE Threshold benefit from the EITC; the median income for households receiving EITC in New Jersey in 2016 was $15,019. The federal EITC provided $1.4 billion in tax credits and refunds for New Jersey's working families in 2016. Eligible households collected an average federal tax refund of $2,281, which helped 596,000 ALICE and poverty-level households in New Jersey that year. New Jersey's EITC provided an additional $490 million in 2015 (Brookings, 2016; National Conference of State Legislatures, 2016). Yet with income, government credits, and refunds combined, there remained a 31 percent gap in resources for all of New Jersey's households below the ALICE Threshold to meet the basic cost of taxes in 2016.

The Special Case of Health Care

Health care resources are separated from other government and nonprofit spending because they account for the largest single source of assistance to low-income households: $16.3 billion, or 69 percent of all spending in New Jersey. Health care spending includes federal grants (along with state-matching grants) for Medicaid and the Children's Health Insurance Program (CHIP), as well as those for hospital Charity Care programs; state-matching grants for Medicare Part D "clawback" payments; and the cost of unreimbursed or unpaid services provided by New Jersey hospitals (Urban Institute, 2012; National Association of State Budget Officers, 2017; Office of Management and Budget, 2017). Between 2014 and 2016, this spending increased by 15 percent.

With the increasing cost of health care and the implementation of the Affordable Care Act, spending on health care has increased in New Jersey, but it's important to note that the percentage of residents who are insured has also increased across all income groups. In 2016, spending on health care in New Jersey surpassed the amount needed for each household below the ALICE Threshold to afford basic out-of-pocket health care expenses.

However, even this level of assistance does not necessarily guarantee good or improved health to low-income New Jersey households. Because there is greater variation in the amount of money families need for health care than there is in any other single category of budget spending, it is difficult to estimate the average health care needs and costs per household, and it's even more difficult to deliver health care efficiently to ALICE families or those living in poverty. An uninsured (or even an insured) household with a severe and sudden illness could be burdened with hundreds of thousands of dollars in medical bills in a single year, while a healthy household would have few expenses. National research has shown that a small proportion of households facing severe illness or injury account for more than half of all health care expenses, and those expenses can vary greatly from year to year (Kaiser Family Foundation, 2012; Stanton, 2006; U.S. Department of Housing and Urban Development, 2010).

V. LOCAL CONDITIONS: HOUSING AND COMMUNITY RESOURCES

According to the Harvard Equality of Opportunity Project, our lives are profoundly influenced by where we live, and especially where we grow up (Chetty & Hendren, 2015). This is particularly true for ALICE households; local economic conditions largely determine how many households in a county or state struggle financially. These conditions also determine how difficult it is to survive without sufficient income and assets to afford basic household necessities.

To understand the challenges that the ALICE population faces in New Jersey, it is important to recognize that local conditions do not impact all socioeconomic and geographic groups in the same way. For example, focusing only on New Jersey's relatively high cost of living obscures the problem of the lack of high-skill jobs in many counties. Likewise, while county unemployment statistics clearly reveal where there are not enough jobs, having a job is only part of the economic landscape for ALICE households.

The full picture requires an understanding of the local conditions that matter most to ALICE households, in addition to the job opportunities, local wages, and public and private assistance discussed in Sections III and IV. The most important local conditions are housing affordability and the level of community resources in the areas of education, health, and social capital (represented here by preschool enrollment, health insurance coverage, and voter turnout) in each county. While the ideal for a county is to do well in each of these areas, the reality is that these conditions vary across New Jersey's counties. This section reviews several indicators that help explain why so many households struggle to achieve basic economic stability throughout New Jersey, and why that struggle is harder in some parts of the state than in others.

HOUSING AFFORDABILITY

The more affordable housing there is in a county, the easier it is for a household in that county to be financially stable. In New Jersey, housing is generally more expensive than in most other states, though it has become easier to find affordable housing in many counties. Yet there is variation between counties, and a common challenge is to find job opportunities in the same counties that are affordable places for ALICE households to live.

The three key indicators of housing affordability for ALICE households in a given county are the affordable housing gap, the housing burden, and real estate taxes. These indicators, described below, show which counties offer an adequate supply of units that ALICE households can afford, have a relatively low percentage of households that are "housing burdened," and maintain low real estate taxes.

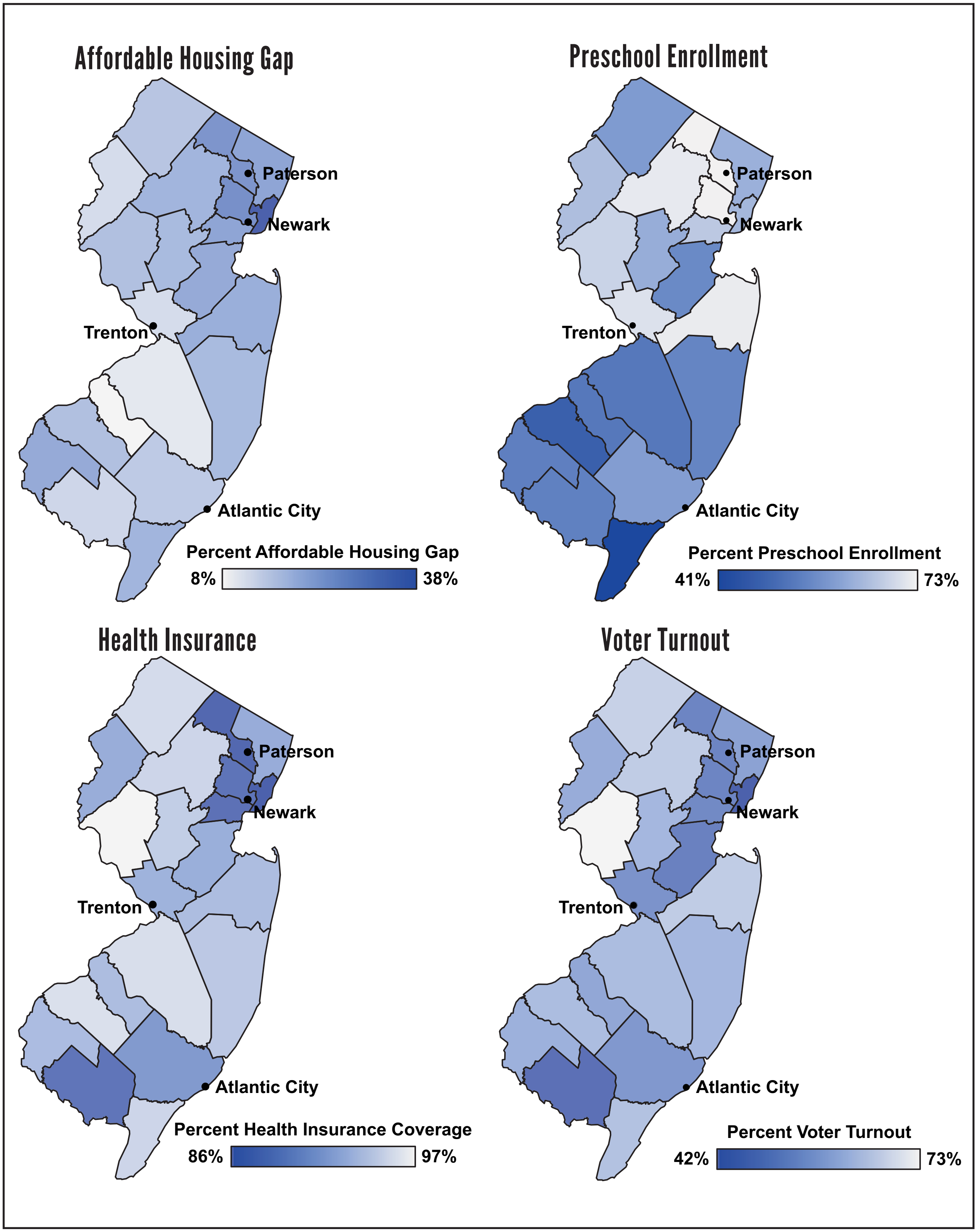
The Affordable Housing Gap

In New Jersey, housing is among the most expensive in the country and affordability is especially a strain for those at the low end of the market. New Jersey was hit hard by the housing crisis and the share of mortgages that are 90 days or more past due or in foreclosure is higher than in any other state; in 2016, 10 percent of homes with a mortgage were worth less than what was owed on their mortgage (Vitner & Feik, 2017).

While rental housing is more of a challenge, it became more affordable across New Jersey from 2010 to 2016. This is apparent from the affordable housing gap measure — an estimate of the difference between the total number of ALICE households (renters and owners) in a county and the number of available housing units that those households can afford while spending no more than one-third of their income on housing. This measure assesses the total housing stock in a county and includes subsidized as well as market-rate units that are affordable to ALICE and poverty-level households. The larger the gap, the harder it is for households below the ALICE Threshold to find affordable housing (Figure 30). For New Jersey residents, the average gap in affordable units has improved, falling from 30 percent in 2010 to 10 percent in 2016.

New Jersey's affordable housing gap varies between counties and regions; the gap in affordable units fell in every county except Cumberland, where it increased from 2 percent in 2010 to 13 percent in 2016. The largest gap in 2016 was in Hudson County at 38 percent; by contrast, the housing gap was less than 12 percent in Burlington, Camden, Mercer and Warren counties. The largest gaps are in counties surrounding New York City.

Figure 30.
Affordable Housing Gap, Preschool Enrollment, Health Insurance, and Voter Turnout by County, New Jersey, 2016



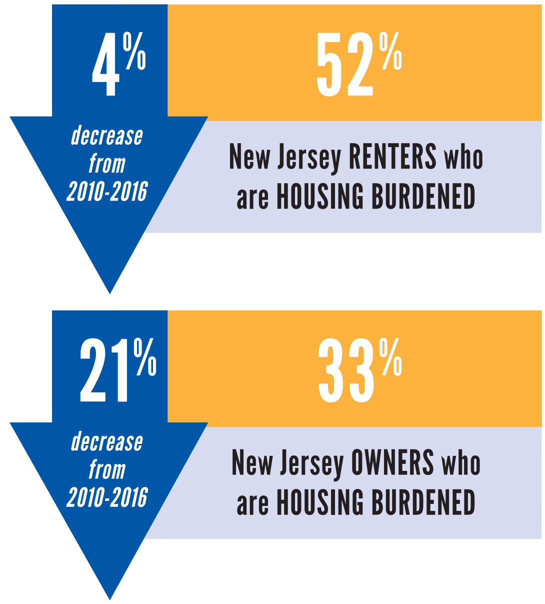
Source: American Community Survey, 2016, and the ALICE Threshold 2016

Housing Burden

The second key indicator of housing affordability in a county is housing burden — housing costs that exceed 30 percent of household income, as defined by the U.S. Department of Housing and Urban Development. That standard evolved from the United States Housing Act of 1937; while rent thresholds shifted over the ensuing decades, since 1981 the standard has been that 30 percent of income is the most a family can spend on housing and still afford other household necessities (Schwartz & Wilson, 2008).

The rate of housing burden in New Jersey is generally low for owners but remains much higher for renters, though rates for both groups fell slightly from 2010 to 2016. On average in 2016, 52 percent of New Jersey renters paid more than 30 percent of their household income on rent in 2016, down from 54 percent in 2010. Among homeowners, 33 percent paid more than 30 percent of their income on monthly owner costs (which included their mortgage) in 2016, down from 42 percent in 2010 (Figure 31) (American Community Survey, 2010, 2016).

Figure 31.
Housing Burden, Renters and Owners, New Jersey, 2016

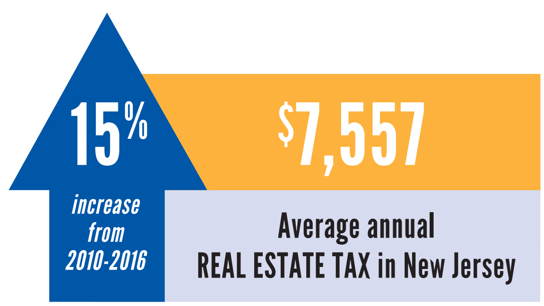


Rates vary across the state. In 2016, the highest rate of housing burden across both renters and owners was in Essex County (53 percent) with little improvement from 2010, while Hunterdon County had the lowest rate of housing burden at 30 percent, down from 40 percent in 2010 (American Community Survey, 2016).

Real Estate Taxes

While related to housing cost, real estate taxes also reflect a county's standard of living. Even for renters, real estate taxes raise the cost of housing. The average annual real estate tax in New Jersey was $7,557 in 2016 (a 15 percent increase from $6,573 in 2010) (Figure 32). There is wide variation across counties, ranging from $4,208 in Cumberland County to more than twice that in Bergen and Essex counties, at $10,000. From 2010 to 2016, taxes increased by more than 10 percent in all but two New Jersey's counties, and by more than 25 percent in Atlantic and Hudson counties (American Community Survey, 2010, 2016).

Figure 32.
Real Estate Taxes, New Jersey, 2016



COMMUNITY RESOURCES

Community resources — in the areas of education, health, and social capital — provide a fundamental support structure for working families. These resources can make a difference to the financial stability of ALICE households in both the short and long term. Yet it is a challenge across all New Jersey counties to find adequate key community resources, such as access to quality schools, high rates of health insurance coverage, and the types of community engagement that create social capital.

Although there are concerns about educational achievement gaps by race and ethnicity, overall, New Jersey is on par with the rest of the country in providing education resources (represented by preschool enrollment rates), and ahead of many states in health resources (represented by rates of health-insurance coverage) and community engagement (represented by rates of voter participation). While some community resources are fairly evenly spread across New Jersey, others vary widely by county, suggesting that availability of these resources is determined by a combination of state-level factors and local policies.

Education Resources

Education is a fundamental American value and widely regarded as a means to achieve economic success. Quality learning experiences, especially high-quality child care, have social and economic benefits for children, parents, employers, and society as a whole.

Education is also important for the health of communities: People with lower levels of education are often less engaged in their communities and less able to improve conditions for their families. Over half of people without a high school diploma report not understanding political issues, while 89 percent of those with a bachelor's degree have at least some understanding of political issues. Similarly, having a college degree significantly increases the likelihood of volunteering, even controlling for other demographic characteristics (Baum, Ma, & Payea, 2013; Campbell, 2006; Mitra, 2011).

Figure 33.
Preschool Enrollment, New Jersey, 2016

61% Average share of 3- and 4-year-olds enrolled in PRESCHOOL in New Jersey

Early learning in particular enables young children to gain skills necessary for kindergarten and beyond. In addition, it enables parents to work, which enhances the family's current and future earning potential. For these reasons, the quality of education available to low-income children could be one of the most important determinants of their future. The percentage of 3- and 4-year-olds enrolled in preschool is a proxy for the level of education resources in a county. The average share of 3- and 4-year-olds enrolled in preschool in New Jersey was 61 percent in 2016 (Figure 33). New Jersey funds three preschool education programs that reach more than 50,000 3- and 4-year-olds. The programs spend more than $12,500 per student and meet eight out of 10 benchmarks for quality standards (American Community Survey, 2016; National Institute for Early Education Research, 2016).

Within New Jersey, preschool enrollment varies widely across counties. In 2016, more than 70 percent of 3- and 4-year-olds were enrolled in preschool in Essex, Mercer, Monmouth, Morris, and Passaic counties, while only 41 percent were enrolled in Cape May County. This indicates that there are very different policies and resources devoted to early childhood education across the state (see Figure 30).

From early learning through post-secondary studies, ALICE households are challenged to find quality, affordable education at all levels in New Jersey. Secondary and higher education resources, including high school, two- and four-year colleges, and vocational training, are important to the functioning of the state economy. Ultimately, basic secondary education remains essential for any job. According to the Alliance for Excellent Education, if only 5 percent more male students graduated from high school in New Jersey, annual earnings for that graduating class would increase by $45 million, and annual crime-related savings across the state would be $367 million (Alliance for Excellent Education, 2013).

Over the past 25 years, New Jersey public school enrollment has shifted by race/ethnicity. White enrollment has declined, Black enrollment has remained flat, Asian enrollment has increased steadily, and Hispanic enrollment has increased rapidly. During this time, Black and Hispanic students were increasingly concentrated in schools serving a majority non-white student population. According to the UCLA Civil Rights Project, segregation of Black and Hispanic students is most severe in densely populated urban areas, in large part due to housing segregation (Orfield, Ee, & Coughlan, 2017).

The result is that the state's education system does not produce equal results for all residents; a significant educational achievement gap affects students from low-income families and Black and Hispanic families. The Education Equality Index shows that the state's K–12 achievement gap narrowed slightly between 2011 and 2014, suggesting that some structural changes are occurring. However, that gap remains higher than the national average, with New Jersey ranked 22 out of 34 states for which data is available. Out of the 100 largest cities in these 34 states, Jersey City ranked 48th, while Newark ranked 55th, falling by 9 percent from 2011 to 2014 (Education Equality Index, 2016).

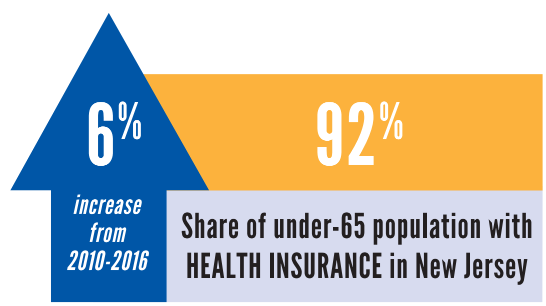
These systemic differences affect high school performance and graduation rates. Among teenagers in New Jersey, 82 percent of Black students, 83 percent of Hispanic students, and 82 percent of economically disadvantaged students (qualifying for free or reduced-price lunch) of all races and ethnicities graduated from high school compared to 94 percent of White students (Kids Count, 2017; National Center for Education Statistics, 2016).

Health Resources

For people living below the ALICE Threshold, poor health is both a cause and a consequence of being low-income. Access to quality, affordable health care is essential, and a strong predictor of receiving good care is having health insurance. ALICE families fall into a critical gap in health-insurance coverage because they often earn more than Medicaid eligibility levels, yet not enough to afford the high deductibles of the lowest-cost Affordable Care Act plans.

The percentage of uninsured people in New Jersey decreased significantly over two decades, from 13 percent in 1994 to 8 percent in 2016, but New Jersey's uninsured rate is higher than that of surrounding Mid-Atlantic states, including New York, Pennsylvania, and Delaware (whose uninsured rates are around 6 percent) (Barnett & Berchick, 2017; Kelly & Baron, 2018; U.S. Census Bureau, 1995). With the introduction of the Affordable Care Act in 2014, low-income households have had more access to health insurance, though they are still slightly less likely to have coverage than higher-income households. Of New Jersey residents under age 65 with annual income below 200 percent of the Federal Poverty Level, 85 percent were insured in 2016, compared to 92 percent of residents under age 65 at all income levels (Figure 34) (American Community Survey, 2016; Kaiser Family Foundation, 2016).

Figure 34.
Health Insurance Coverage, New Jersey, 2016



Coverage rates vary across New Jersey, and as rates have improved, differences across counties have decreased. The highest rate of insured households is 97 percent in Hunterdon County, and the lowest is 86 percent in Hudson County (see Figure 30) (American Community Survey, 2016).

New Jersey was the ninth healthiest state in the country in 2016, as measured by America's Health Rankings. Rankings are based on measures of behaviors, community and environment, policy, clinical care, and health outcomes. New Jersey's primary strengths were low rates of smoking, chlamydia, and infant mortality. The state still struggles, however, with a high prevalence of physical inactivity, low per capita public health funding, and a large disparity in health status by educational attainment (United Health Foundation, 2016). In addition, the New Jersey Department of Health State Health Assessment, which reports on local priorities, identified the top four areas that need improvement: mental health and substance abuse; access to health services (both physical and behavioral); nutrition, physical activity, and weight status (to address obesity and healthy behaviors); and chronic disease (including diabetes, cancer, heart disease, and stroke) (Kelly & Baron, 2018).

Civic Engagement

For this Report, voter turnout rates are a proxy for the level of civic engagement in a county. The share of voting-age New Jersey residents who voted in the 2016 presidential election (when turnout is traditionally highest) was 64 percent, above the national average of 60 percent. According to New Jersey exit polls, ALICE accounted for roughly one-fifth of the voting electorate: 21 percent of voters had household income below $50,000, 32 percent had income between $50,000 and $100,000, and 47 percent had income above $100,000 (Figure 35) (CNN Politics, 2016; U.S. Election Assistance Commission, 2016; United States Elections Project, 2016).

Figure 35.
Voter Turnout, 2016 Presidential Election, New Jersey, 2016

21% 2016 NEW JERSEY VOTERS with annual household income below $50,000

There was also great variation in voter turnout across the state: In Hudson County, only 42 percent of voting-age residents voted in 2016, while 73 percent voted in Hunterdon County. Variation in voting is not only due to candidates and issues on the ballot for local elections, but to the percent of residents who are citizens and therefore eligible to vote. As a rough indicator, voter turnout shows that citizens are more active in some areas of the state than in others (see Figure 30) (American Community Survey, 2016; U.S. Election Assistance Commission, 2016).

VI. EMERGING TRENDS

While ALICE families differ in their composition, challenges, and level of need, there are three broad trends that will impact the conditions these households face and their opportunities to change their financial status over the next decade: the changing American household; increasing market instability, both in the U.S. and globally; and growing inequality of health. These trends will have significant implications for both local communities and New Jersey as a whole.

THE CHANGING AMERICAN HOUSEHOLD

Decades of shifting demographic trends have created new household configurations, many of them in ALICE families. In the U.S., New Jersey ranks 34th in population growth, increasing 2 percent since 2010. As a result, demographics within the state are shifting. Baby boomers are aging, millennials are driving social change with lifestyles that differ from their parents and grandparents, and immigration trends are changing the racial and ethnic composition of communities. These changes impact the demand for housing, health care, transportation, and community services. The resulting households are creating different kinds of communities, with many implications for who ALICE is and where ALICE families live and work.

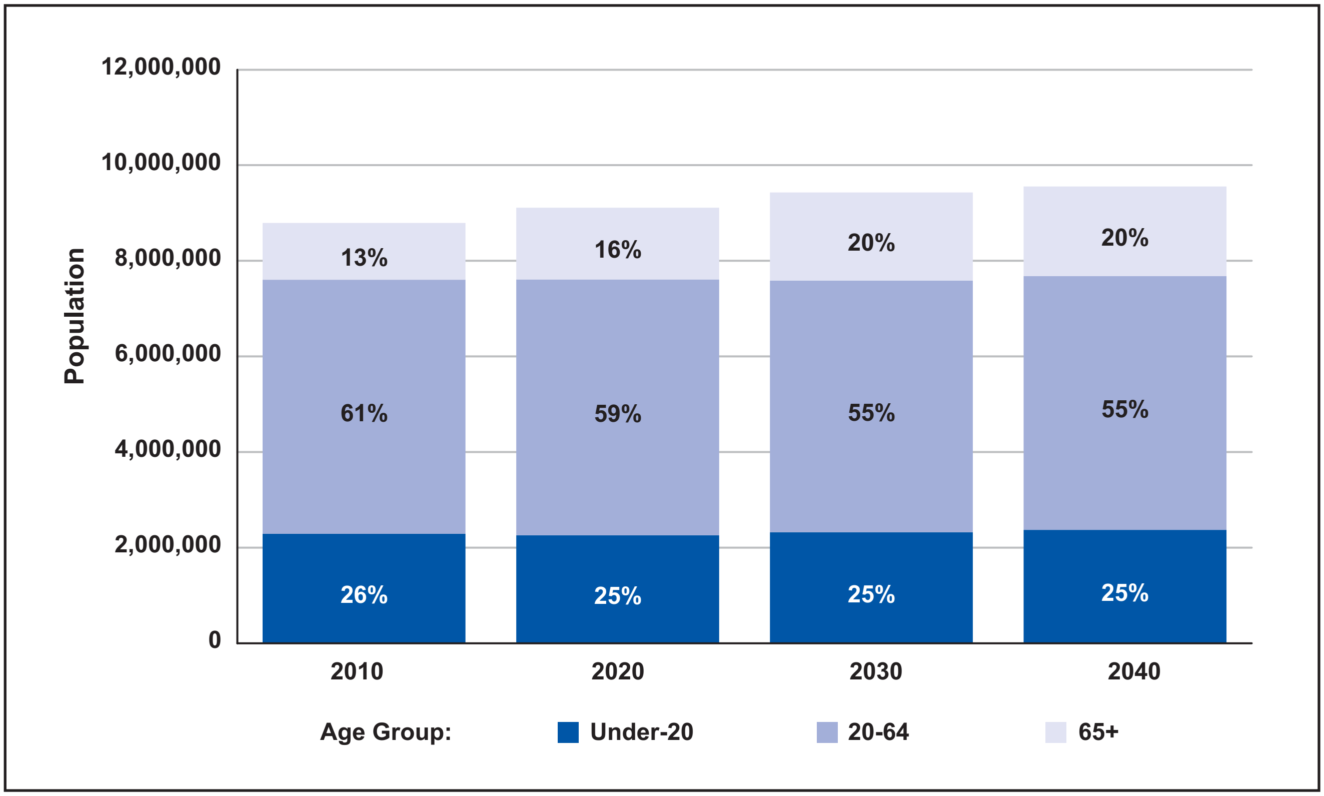
Growing Populations: Millennials and Baby Boomers

The growth of certain age groups is changing the landscape in New Jersey and across the country. Both millennials and baby boomers are powerful demographic forces. Millennials have different lifestyle preferences than past generations, including choosing to live in urban areas, and delaying both marriage and having children. The large boomer cohort encompasses a group that is working longer, remains involved in a wide array of activities, and is generally healthier than previous generations.

Seniors (65 years and over) are currently New Jersey's smallest population cohort by age, but the elderly population is projected to grow from 1.2 million (13 percent) in 2010 to 1.9 million (20 percent) by 2030, a 58 percent increase (Figure 36). In contrast, demographers predict that by 2040, the number of 0- to 19-year-olds will grow from 2.3 million to 2.4 million, but their share of the state population will decline from 26 percent to 25 percent. And the number of 20- to 64-year-olds will decrease by 70,000 to 5.3 million, their share declining from 61 percent to 55 percent (Evans, 2017; Weldon Cooper Center for Public Service, 2016).

Another change in American households is the record number (nearly 61 million in 2014) living in multigenerational households — those that include two or more adult generations or those with grandparents and grandchildren. Growing racial and ethnic diversity in the U.S. helps explain some of the rise in multigenerational living. The Asian and Hispanic populations overall are growing more rapidly than the White population, and these groups are more likely than Whites to live in multigenerational family households (Cilluffo & Cohn, 2017).

Figure 36.
Population Projection, New Jersey, 2010 to 2040



Source: Weldon Cooper Center for Public Service, 2016

New Jersey's overall growth in population also masks differences across the state. Most growth is expected to continue in northeastern New Jersey, especially in commuter towns around New York City, while many rural areas and shore areas are experiencing population declines (Astudillo, 2016).

Millennials: Millennials are the most racially diverse generation in American history and are also on track to be the most educated generation. Yet at the same time, they are more likely than previous generations to be in debt and living in their parents' homes (Cilluffo & Cohn, 2017; Cohn & Caumont, 2016).

Young workers are a state's future economic growth, but college debt, low wages, and underemployment limit their economic contribution and may cause them to become part of the ALICE population. New Jersey's college loan default rate was 10 percent in 2014, slightly lower than the national rate of 12 percent. As a result, many recent graduates and young workers have delayed living on their own, getting married, and having children. This is reflected in the decline in the number of New Jersey households headed by a younger millennial (someone under 25 years old), in the high rate of ALICE and poverty-level households among young people living alone, and in millennials having the lowest geographic mobility among young adults in 50 years. The financial constraints of the under-25 population have a ripple effect on the wider economy as well: Housing construction slows, as do furniture and appliance manufacturing, and there are indirect effects on retail and utilities, which all dampen economic growth (Cilluffo & Cohn, 2017; Keely, Van Ark, Levanon, & Burbank, 2012; U.S. Department of Education, 2017).

Baby Boomers: On the other end of the population spectrum, the senior population (older baby boomers) is growing even faster than the millennials. This senior generation also faces increased financial challenges — the added expenses of living longer, the increasing cost of health care, and minimal retirement savings. Because of these issues and the difficulties of working and saving as we age, the situation of the baby boomers raises well-founded concerns that extend beyond the impact on individual seniors to the potential slowing of the entire economy (Bloom, Canning, & Fink, 2011).

Workforce challenges have been especially severe for baby boomers. Because the demands of the labor market have changed — with job losses, lower-wage jobs, and less available work — many seniors do not have the retirement savings that they need. In 2014, 18 percent of those over age 55 had no savings for retirement and 35 percent had less than $10,000 (though this did not include the value of a primary residence or defined benefit plan) (Employee Benefit Research Institute and Greenwald & Associates, 2014).

As a result, those on the brink of retirement are finding that they often cannot afford to fully leave the workforce. Even younger baby boomers feel these pressures: Nationally, those aged 55 and over are expected to make up a larger share of the labor force in the next decade. The over-55 age group steadily increased its share of the U.S. labor force from 12 percent in 1992 to 14 percent in 2002 and further to 21 percent in 2012 and is projected to increase to 26 percent by 2022. In New Jersey, the number of seniors in the workforce is projected to double from 2000 to 2018 (Bricker, et al., 2014; Bureau of Labor Statistics, 2014; Wu, 2010).

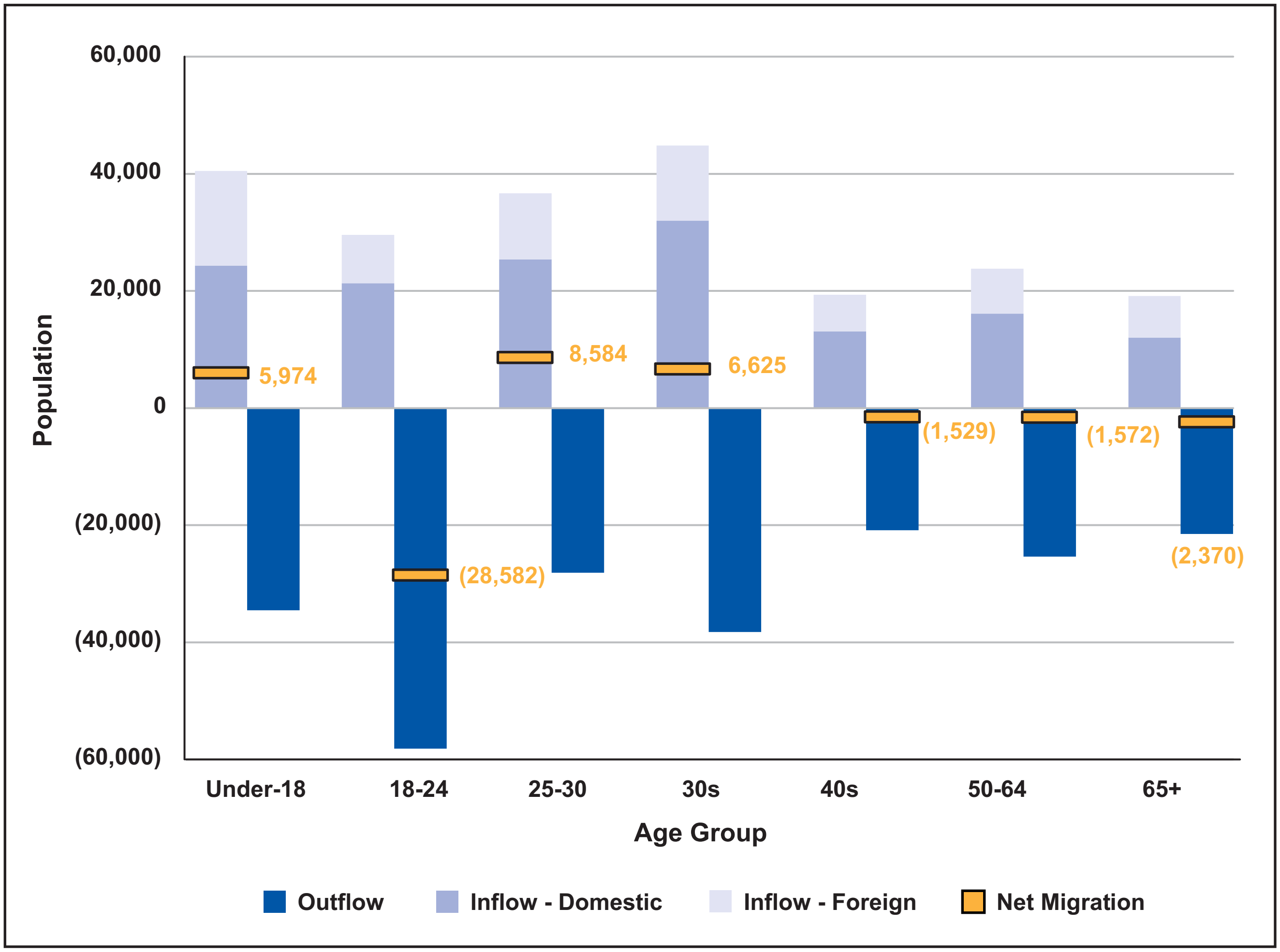
Many ALICE seniors are healthy and continue to work. But for those whose health has declined, the costs of managing their health conditions are often prohibitive. Health care expenses rise considerably for seniors, with 80 percent of adults 65 and older having at least one chronic condition, and 68 percent having at least two conditions. Multiple chronic diseases account for two-thirds of all health care costs and 93 percent of Medicare spending. Costs rise sharply for seniors who need residential health care, which can become essential for those with debilitating illnesses such as diabetes, cancer, or heart disease. The most expensive conditions, however, are Alzheimer's disease and other dementias, costing more than cancer and heart disease combined. The average Medicare spending for seniors with Alzheimer's is almost three times higher than average per-person spending for all other seniors. Today, there are about 5.2 million individuals treated for this disease in the U.S., and by 2050, the number is expected to triple (Alzheimer's Association, 2017; Bradley, 2017; Centers for Disease Control and Prevention, 2017; National Council on Aging, 2017).

As the population of U.S. seniors ages and needs more care, that demand will take a toll on younger ALICE workers who will struggle to continue working while providing caregiving to family members. Because the number of seniors is projected to increase at a faster rate than the workforce, there will be more pressure on the current workforce for caregiving. There will also be pressure on the government for additional revenue both to sustain Medicare and to accommodate the new infrastructure demands that seniors will make, which are discussed later in this section.

Growing Populations: Immigrants

In addition to internal growth and aging, New Jersey's population is changing through migration, both domestic (primarily from New York and Pennsylvania) and foreign. In New Jersey, there was significant variation in migration by age group in 2016, with the largest movement being a net outflow of almost 30,000 18- to 24-year-olds; over half of those leaving went to college in other states. Starting with people in their 40s, there is a smaller net outflow of residents. There are significant numbers of foreign-born migrants in all age groups (Figure 37) (Aisch, Gebeloff, & Quealy, 2014; Hatch & O'Leary, 2016; New Jersey Department of Health and Senior Services, 2011).

Figure 37.
Population Inflows and Outflows, New Jersey, 2016

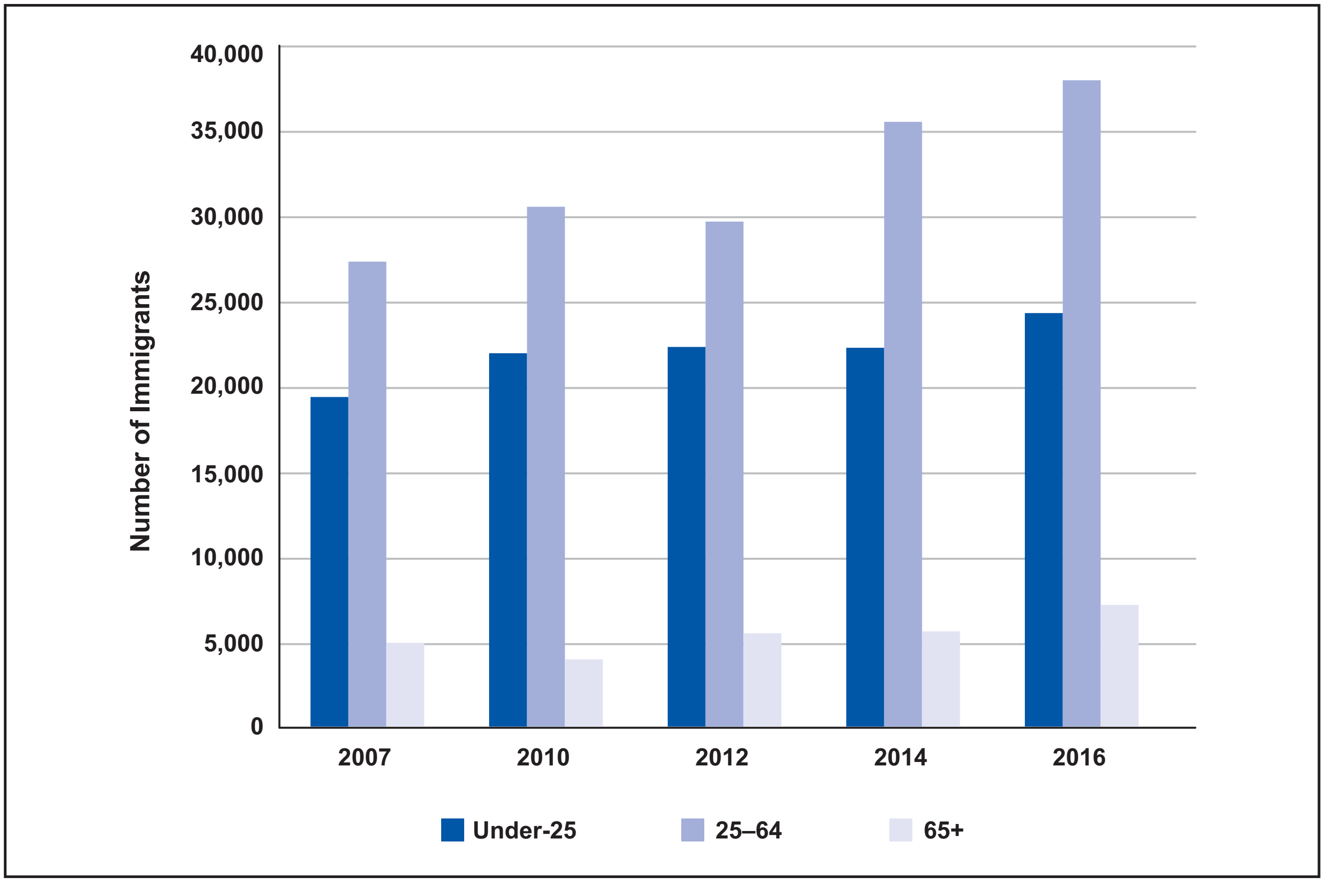


Source: American Community Survey, 2016

Immigration: Immigration plays an increasing role in New Jersey's racial and ethnic composition. The number of immigrants has risen over time, from 51,614 in 2007 to 69,601 in 2016. The largest group was college-age young adults (18-24 years old), followed by children and teens under 18 years old, and then by their parents — working-age people (25-64 years old) — and a smaller number of seniors (Figure 38) (American Community Survey, 2010, 2016).

By 2016, the foreign-born population had grown to 22.5 percent of New Jersey's total population, up from 17.5 percent in 2000. More than half (54 percent) have become citizens, 21 percent are legal permanent residents, and 25 percent are undocumented. Current immigrants in New Jersey have come from Mexico and Central America (46 percent), followed by Asia (33 percent), Eastern Europe (7 percent), and Africa (5 percent) (Aisch, Gebeloff, & Quealy, 2014; American Community Survey, 2016; Migration Policy Institute, 2014, 2016).

Figure 38.
Immigration by Age, New Jersey, 2007 to 2016



Source: American Community Survey, 2007, 2010, 2012, 2014, 2016

Immigrants in New Jersey vary widely in language, education, age, and skills, as well as in their financial stability. Within New Jersey's foreign-born population aged 25 and older, 29 percent have less than a high school education, compared to 10 percent of the native-born population. However, 15 percent of the foreign-born population has a graduate or professional degree, compared to 7 percent of the native-born population. They work in both low-skill and high-skill jobs, mainly in computer and mathematical sciences, agriculture, buildings and grounds maintenance, production, and health care support (American Community Survey, 2016; American Immigration Council, 2017; Cilluffo & Cohn, 2017).

There are many well-educated and financially successful immigrants in New Jersey. Yet there are also immigrant families with distinct challenges that make them more likely to be unemployed or in a struggling ALICE household. These challenges can include lower levels of education, minimal English proficiency, and lack of access to support services if their citizenship status is undocumented (American Community Survey, 2016; Aspen Institute, 2013).

As both workers and entrepreneurs, immigrants are an important source of economic growth in New Jersey, making up 28 percent of the state's workforce (1.3 million workers) in 2015, according to the U.S. Census. Across the state, there were 139,240 immigrant-owned businesses that had combined business income totaling $3.3 billion in 2015, according to the U.S. Census Survey of Business Owners. As consumers, New Jersey's immigrants had a combined purchasing power of about $55 billion, and paid $13.1 billion in federal taxes and $6.5 billion in state and local taxes in 2014 (American Immigration Council, 2017; New American Economy, 2017a, 2017b; O'Dea, 2018).

New Jersey's undocumented workers make up one-quarter of the foreign-born population and come primarily from Mexico, but also Guatemala, Ecuador, India, and the Dominican Republic. Nationally, the estimated number of undocumented immigrants in the U.S. roughly doubled from about 5.7 million in 1995 to about 11.1 million in 2014. In terms of race and ethnicity, Hispanic immigrants make up the largest share of the U.S. undocumented immigrant population — almost three-quarters — and Asian immigrants account for about 10 to 11 percent (Gee, Gardner, Hill, & Wiehe, 2017; National Academies of Sciences, Engineering, and Medicine, 2017; Pew Research Center, 2012, 2017).

The fiscal impact of New Jersey's undocumented residents is hotly debated. Undocumented workers make significant contributions to the economy and tax base. The Institute on Taxation and Economic Policy estimates that half of undocumented workers pay income tax, and another quarter pay other types of taxes. In New Jersey, undocumented workers paid $587 million in state and local taxes in 2014. In addition, The Perryman Group estimates that if all undocumented immigrants were removed from the state, New Jersey would lose $28 billion in economic activity and almost 300,000 jobs. According to the U.S. Chamber of Commerce, removing undocumented workers nationwide would not lead to the same number of job openings for unemployed Americans for two reasons: first, because it would remove millions of entrepreneurs, consumers, and taxpayers from the U.S. economy; and second, because immigrants and native-born workers typically do not compete for the same jobs (O'Dea, 2018; Perryman Group, 2008; U.S. Chamber of Commerce, 2013).

Critics, however, argue that undocumented workers use community resources. However, these are primarily local government services such as K–12 education, parks, and highways — services available to all New Jersey residents. New Jersey provides cash assistance for undocumented immigrant families (Temporary Assistance for Needy Families, or TANF) but not food assistance, health coverage, or assistance for seniors or those with disabilities (New Jersey Office of Administrative Law, 2017; NJ Family Care, 2013; Pereira, et al., 2012; Pew Charitable Trusts, 2014).

The fiscal impact of undocumented residents also shifts as the children of immigrants become adults. At working ages, these second-generation immigrants are among the strongest economic and fiscal contributors within the U.S. (National Academies of Sciences, Engineering, and Medicine, 2017).

Overall, immigrants have a positive impact on long-term U.S. economic growth. Immigrant workers run businesses, pay taxes, contribute to a range of fields from engineering and science to the service sector, and in 2012 were 30 percent more likely to start their own businesses than native-born residents. One-quarter of public U.S. companies backed by venture capital have been founded by immigrants — companies including Google, Intel, and eBay. At the other end of the occupational spectrum, in service jobs, lower-skilled immigrant workers such as child care providers or caregivers form the foundation that enables higher-income parents to pursue full-time careers while having children. All of these disparate factors contribute to economic growth and the tax base (Furman & Gray, 2012; National Academies of Sciences, Engineering, and Medicine, 2017).

Immigrants and their children will account for the vast majority of current and future U.S. workforce growth. Nationally, the portion of the labor force that is foreign-born has risen from about 11 percent to just over 16 percent in the last 20 years. Without immigrants, there would be an estimated 18 million fewer working-age adults in the country in 2035, and U.S. population growth would be less than 1 percent annually, slow by historical standards (National Academies of Sciences, Engineering, and Medicine, 2017). The full size of the next wave of immigrant workers and their children is not yet clear and could impact the growth trajectories of all age groups in New Jersey.

Implications of Demographic Trends

The growth of New Jersey's millennial, baby boomer, and immigrant populations will have an impact both on the wider economy and on the communities where ALICE lives and works. As these changes unfold, there will be opportunities to improve financial stability for ALICE families in New Jersey, but there will also be additional pressures, particularly in two areas — infrastructure and elder care.

Infrastructure

There will be greater pressure on the state's infrastructure, especially the housing market for smaller, affordable rental units. Different groups prioritize different amenities for these units: Many young millennials in New Jersey prefer housing near compact, mixed-use, walkable centers with shopping, restaurants, and public transportation; seniors generally want housing that is accessible to family, health care, and other services; and many immigrants want locations close to schools, jobs, and public transportation. However, most towns in New Jersey do not fit these criteria. In fact, according to New Jersey Future, less than one-third of New Jersey municipalities provide at least two of the following: activity density, a mixed-use center, and walkability and street network connectivity. Thus, supply and demand of affordable, desirable housing do not match; especially hard hit are seniors who are most likely to be living in areas that do not offer the accessibility and convenience they prefer. Unless changes are made to New Jersey's infrastructure or housing stock, the current shortage of affordable housing units will increase, pushing up prices for low-cost units and making it harder for ALICE households to find and afford basic housing (Astudillo, 2016; Evans, 2017; U.S. Census Bureau, 2017; Department of Numbers, 2017; U.S. Department of Housing and Urban Development, 2016).

Changes in modes of transportation may offer New Jerseyans more options in the future. With the rise of new forms of transportation, from ride-hailing companies like Uber to the prospect of self-driving cars, there are more ways to be mobile than owning a car or using public transportation. With many millennials preferring not to own cars and many older adults no longer driving, these services will be desirable. While we have yet to see the definitive shift toward automation predicted to happen in the next decade, self-driving technology is already being used in the long-haul trucking industry, enabling more goods to be transferred to and from rural areas. Ride-sharing companies have already altered the urban transportation landscape, providing new options for passengers but also impinging on the traditional taxi and livery industries, where many drivers are ALICE workers (Schmidt, 2017).

The changing transportation dynamic could also impact social service and health care delivery. For example, Uber is currently working with Meals on Wheels to provide rides to volunteers doing food deliveries. In the future, fleets of publicly owned self-driving cars could provide transportation for seniors and those with a disability to doctor's visits and social services at a fraction of the cost of building a new and easily accessible public transportation system (Arcadis, HR&A Advisors, and Sam Schwartz, 2017; Cakebread, 2017; Zimmer, 2016).

Housing could also be impacted by the evolution of self-driving cars. If they can offer lower-cost transportation and more productive commuting time, the proximity of housing to work and amenities might become less important, thereby increasing the range of locations for affordable housing. In addition, a reduced need for car ownership will change the demand for houses with garages, and for on-street parking (Jiao, Miró, & McGrath, 2017).

Elder Care

The aging population will increase demand for geriatric health services, including assisted-living and nursing facilities, and home health care. There will be increasing challenges to ensure seniors get the care they need, including not having enough savings and relying on fewer available caregivers.

Numbers of available caregivers: In New Jersey, the caregiver support ratio — the number of potential caregivers aged 45 to 64 for each person aged 80 and older — was 6.8 to 1 in 2010 and is projected to fall to 4.3 to 1 by 2030, and then to 2.9 to 1 in 2050. Out of the 50 states, the Long-Term Services and Supports State Scorecard ranked New Jersey 16th in 2017 in its support for family caregivers and 17th overall in its long-term support and services for older adults on a scale that measures affordability, access, and quality of life (AARP Public Policy Institute, 2015; Redfoot, Feinberg, & Houser, 2013; Reinhard, et al., 2017).

With the increased demand for caregivers, there is a growing need for more paid direct care workers (home health aides, personal-care aides, and nursing assistants), who are themselves likely to be ALICE. These jobs require obtaining a postsecondary nondegree award, yet are low-paying and physically and emotionally demanding. Nursing assistants, one of the fastest-growing jobs in New Jersey, are paid $13.61 per hour and require reliable transportation, which can consume a significant portion of the worker's wage (Bureau of Labor Statistics, 2016d).

With fewer resources to ensure highest quality care, some ALICE seniors may end up the victims of physical, mental, and financial abuse or neglect. This problem is on the rise in New Jersey and across the country (MetLife Mature Market Institute, 2011; National Center on Elder Abuse, 2018; U.S. Bureau of Justice Statistics, 2015).

Immigrants in the caregiving workforce: Immigrants make up a large share of employees at the nation's nursing homes, assisted living facilities, and home care agencies. A recent study found that one in four direct care workers is foreign-born, and that share is probably much higher among "gray market" workers — home care workers hired directly by families and often paid under the table (Espinoza, 2017).

The immigrant direct care workforce is economically and politically vulnerable. These workers are largely women who work mostly part-time or seasonal jobs with a median annual income of $19,000, despite the fact that immigrant direct care workers are more likely to have higher education degrees than U.S.-born direct care workers. Fewer immigrant direct care workers are nursing assistants, who earn higher wages and more often have employer-sponsored health insurance. A large majority of immigrant direct care workers come from Central American, Caribbean, and Southeast Asian countries that have been the target of immigration restrictions in the last year. Losing direct care workers from these populations at a time when the U.S. senior population is growing would both increase the cost and reduce the quality of care, adding pressure to families to provide their own care (Espinoza, 2017).

Unpaid family caregivers: While families of all income levels may choose to care for family members themselves, many ALICE caregivers are forced into the role because they cannot afford to hire outside care. Half of all family caregivers nationally report that they had no choice in taking on their caregiving responsibilities, and almost half (47 percent) report household income of less than $50,000 per year. And a recent report by AARP found that nationwide, family caregivers earning an annual income of less than $32,500 spent on average 44 percent of their income on caregiving ($5,114) in 2016 (AARP Public Policy Institute, 2015; Rainville, Skufca, & Mehegan, 2016).

Family caregiving has significant value; the presence of an informal caregiver can improve well-being and recovery and defray medical care and institutionalization costs. Yet caregiving is also costly for families in several ways, including mental and physical strain on the caregiver, direct costs, and lost income due to decreased hours or job loss, which also impact future earnings (AARP Public Policy Institute, 2015; Dixon, 2017; MetLife Mature Market Institute, 2011; Rainville, et al., 2016; Ramchand, et al., 2014; Tanielian, Ramchand, Fisher, Harris, & Harrell, 2013).

MARKET INSTABILITY

There are a few trends converging to destabilize markets and reshape the American, if not the global, workforce: the ripple effects of natural and human-made disasters through a connected global economy; the shifting of risk from companies to workers and from high- to low-wage jobs; and the effects of technology on jobs and workplaces.

Each of these trends is likely to become more prevalent going forward — and because ALICE workers have the fewest resources to weather instability and risk, these changes will impact them disproportionately. According to a recent workforce survey, more than three-quarters of U.S. workers live paycheck-to-paycheck at least some of the time, and nearly that many are in debt. What makes market instability especially difficult for ALICE families is their lack of financial resilience: They do not have savings or other resources that might sustain them through a low period of income or an unexpected disaster. Instead, an emergency can quickly spiral into a crisis, with devastating consequences for households (CareerBuilder, 2017).

Disasters Felt Globally

The global economy is a complex, integrated system which shares technological advances as well as disruptions. Technology has expanded international connections and increased the speed of these interactions; but that connectedness can function both for better (fresh fruit in winter from South America) and for worse. When an earthquake and tsunami pummeled Japan in 2011, the global supply chain of semiconductor equipment and materials was disrupted. With Japan responsible for 20 percent of the global semiconductor market, the cost of the world's semiconductor products increased, including those made for Apple's iPad. Unlike the U.S. with its Federal Reserve, there is no global governing body to help moderate the effects of cycles of disaster, inflation, or economic bubbles (Amadeo, 2011; Morgenstern, 2011; Van Paasschen, 2017; World Economic Forum, 2017).

Workers at Risk

The changing economy has put pressure on businesses to seek new ways to improve productivity and reduce costs. A common practice has been to shift the risk of market fluctuations in supply and demand from the business to the worker. For example, when crops are reduced after a drought, there are lower wages for field hands due to less work even if farm owners can charge more for limited output; and when demand for vacations falls after a hurricane in a tourist destination, hotels and restaurants can cut their losses by sending workers home (NASA, 2018; Van Paasschen, 2017).

Risks from environmental hazards, natural and human-made, are also often pushed onto workers and low-income communities, and these effects can last for years. Lower-income workers are particularly likely to be exposed to hazards such as pollutants in factory work, chemicals and pesticides in farming and manufacturing, and injuries in nursing and construction. Since these costs are often cumulative, intensifying as the volume of risk increases, years of such practices are being more harshly felt today, such as with the global effects of pollution and climate change. ALICE families are especially vulnerable to droughts, floods, crop failures, violent weather, rising sea levels, and ocean acidification — events that directly threaten their homes and their jobs. For example, of all New Jersey residents whose homes suffered significant structural damage from Superstorm Sandy in 2012, 27 percent were still experiencing moderate or severe mental health distress three years later and 14 percent were still experiencing symptoms of post-traumatic stress disorder (Kelly & Baron, 2018; NASA, 2018; Van Paasschen, 2017).

The growing use of a contingent workforce — another recent structural shift among U.S. businesses — enables companies to scale up or down more nimbly, but it subjects workers to unexpected gains or losses in work hours, making it difficult for ALICE households to pay bills regularly or to make long-term financial plans. Contingent work also reduces the responsibility of employers to provide benefits, such as health insurance and retirement plans. This increases costs to ALICE families and leaves them more vulnerable should they have a health crisis or have to retire early. And because some employer or government benefits — including paid and unpaid time off, health insurance, unemployment insurance, public assistance, and work supports — are tied to number of hours worked, unpredictable scheduling can put those benefits in jeopardy. For example, nationally, low-wage workers are 2.5 times more likely to be out of work than other workers, but half as likely to receive unemployment insurance (Garfield, Damico, Stephens, & Rouhani, 2015; U.S. Government Accountability Office, 2007; Watson, Frohlich, & Johnston, 2014).

Not surprisingly, in New Jersey, the challenges of low-income combined with fluctuating income cause significant stress, lead to mental health issues, and reduce quality of life. One ongoing manifestation of being low-income is that it limits the quality, convenience, and safety of where families can live. According to a recent Rutgers Center for State Health Policy survey, low-income respondents were more likely than those with higher incomes to view their neighborhoods unfavorably, rating them as a fair or poor place to live (43 percent), buy healthy food (46 percent), or exercise (41 percent) (Kelly & Baron, 2018).

Disruptive Technologies and Job Turnover

The cost of disruption is often borne disproportionately by ALICE workers. For example, when a business invests in a technological innovation, it increases productivity, eliminates some jobs, and creates new ones. The business increases profits and the economy benefits from greater productivity. The employee with the new job only benefits if wages are high enough to cover the job transition costs that employees incurred. These include training to gain the skills needed for the job and the transaction costs of getting a new job (job search, relocation, new clothes, etc.). The employee in the old job, who may have been excellent in that role, may not have the skills for the new job and/or may be unable to relocate and therefore becomes unemployed, imposing huge immediate costs on his or her family.

One of the clearest examples of the cost of finding new employment comes from the North American Free Trade Agreement. The agreement helped workers to search for re-employment, including job training, job search and relocation allowances, income support, and assistance with health-care premium costs. The cost was more than $4,800 per worker to secure new employment — an expense that most ALICE workers who lose their jobs cannot afford (U.S. Department of Labor, 2014).

Employee turnover is also costly for businesses. From a human resources perspective, experts estimate that turnover costs account for 20 to 30 percent of the annual salary of workers making less than $50,000, a cost that includes recruiting, interviewing, hiring, orientation and training, lost productivity, potential customer dissatisfaction, reduced or lost business, administrative costs, and lost expertise (Bersin, 2013; Bolden-Barrett, 2017; Boushey & Glynn, 2012; Merhar, 2016).

Finally, there are the costs of new technologies to consumers, including the time it takes to learn about a new product or process, the actual cost of the item, cancellation fees, and psychological effort and time to implement and incorporate it. ALICE families especially do not have the time or extra money to incur these costs and the disruption adds to ongoing stress of insufficient income (Klemperer, 1987; Zhang, Chen, Zhao, & Yao, 2014).

Future Jobs

New Jersey's workforce faces a future dominated by low-paying jobs requiring few advanced educational credentials. From 2016 to 2026, most of the fastest-growing jobs in New Jersey will pay less than $20 per hour (81 percent), and only 10 percent will require a bachelor's degree, 14 percent will require some college or post-secondary non-degree award, 26 percent will require only a high school diploma, and 50 percent will not require any formal educational credential (Figure 39) (Bureau of Labor Statistics, 2016d; Projections Management Partnership Central, 2016).

Many of these jobs are also at the greatest risk of being replaced by technology. In the next two decades, 90 percent of jobs in the top-20 fastest-growing occupations in New Jersey could be replaced by technology. In addition to automating existing jobs, technology is creating new on-demand jobs and services, with the most attention going to gig economy jobs such as TaskRabbit work and Uber and Lyft driving (Frey & Osborne, 2013).

Predicting new occupations: Beyond TaskRabbit and Lyft, there is a wide array of new jobs predicted to arise in the next 20 to 30 years, including augmented reality architects, alternative currency bankers, waste data managers, 3-D printing engineers, privacy managers, wind-turbine repair techs, nano-medics, drone dispatchers, robotic earthworm drivers, body part and limb makers, memory augmentation therapists, mass-energy-storage developers, and self-driving car mechanics (T. Frey, 2011; Hagan, 2017; Mejia, 2017; World Economic Forum, 2016).

While these jobs seem a long way from today's mechanics and personal care providers, most are still maintainer jobs — largely filled by ALICE workers who care for the infrastructure and the workforce, in occupations that ensure the economy runs smoothly. In other words, our physical infrastructure may change, but it will still need maintenance, and the maintainer workforce will still need to be educated and cared for (Vinsel & Russell, 2016).

The new jobs, however, will not necessarily be filled by the same workers who held the jobs that these new titles replace. For example, a cashier does not necessarily have the skills to repair digital checkout kiosks. Jobs that remain, especially those that require lower levels of education, will be service jobs that cannot be automated — such as health aides, janitors, sales representatives, and movers — and will continue to be the lowest-paid. Yet even these jobs will increasingly require digital skills (Brynjolfsson & McAfee, 2014; Frey & Osborne, 2013).

Ability to work with technology: In the face of rapidly rising computing power, an ability to work with data and make data-based decisions will become an increasingly vital skill even within maintainer jobs, so ALICE workers will need new skill sets. The ability to work with technology will be increasingly important for jobs at all levels, from retail assistants to more senior positions. With the increasing amount of digital information being generated and stored, there will be more value placed on utilizing data to improve business productivity. And with increased mechanization, many jobs will require working alongside machines as well as building and repairing them. In New Jersey, this dynamic is already a common aspect of jobs in agriculture and manufacturing.

The McKinsey Global Institute estimates that in 60 percent of all U.S. occupations, an average of 30 percent of work activities are automatable, and therefore more workers will be required to work alongside machines (Manyika, 2017). For example, at Ford's Chicago Assembly Plant, operators used to spend 70 percent of their time scanning and 30 percent repairing defects. Now they spend 10 percent of their time scanning and 90 percent of their time finessing the final assembly of a vehicle (Hagan, 2017; Pete, 2013).

In addition, the pace of these changes may have to be faster than anticipated. For example, experts predict that 50 percent of subject knowledge acquired during the first year of a four-year technical degree in 2016 will be outdated by the time students graduate (OECD, 2016; World Economic Forum, 2016).

More consultants, more risk: Initially, the gig economy was seen as a way for many ALICE households to fill short-term gaps in standard employment, with work that might be more lucrative than jobs in the traditional employment market. However, the size of the contingent workforce has increased to up to one-third of the overall workforce, with estimates that it could reach 40 to 50 percent by 2020. With more and more workers solely reliant on contract work, the number of people experiencing gaps in income and going without benefits is also rising, and this trend is expected to increase (Abraham, et al., 2016; Center for Economic Studies and Research Data Centers, 2017; Eden & Gaggl, 2015; Edison Research, 2018; Freelancers Union & Elance-oDesk, 2016; Intuit, 2017; Katz & Krueger, 2016; Manyika, et al., 2016; Smith, 2016; U.S. Government Accountability Office, 2015).

Figure 39.
New Job Growth by Occupation, New Jersey, 2016 to 2026

Occupation	2016 Employment	Annual New Growth	Hourly Wage	Education or Training	Likelihood of Being Replaced by Tech
Retail Salespersons	131,580	19,840	$10.91	None	92%
Laborers and Movers, Hand	120,410	19,260	$12.47	None	85%
Cashiers	96,080	17,460	$9.67	None	97%
Registered Nurses	86,980	5,730	$38.36	Bachelor's degree	1%
Office Clerks	73,430	8,290	$15.45	High school diploma or equivalent	96%
Customer Service Representatives	70,740	9,510	$17.93	High school diploma or equivalent	55%
Stock Clerks and Order Fillers	70,040	9,410	$11.21	High school diploma or equivalent	64%
Janitors and Cleaners	69,840	10,020	$13.68	None	66%
Secretaries and Administrative Assistants	68,150	6,450	$19.42	High school diploma or equivalent	96%
Waiters and Waitresses	62,040	13,290	$11.19	None	94%
Nursing Assistants	59,920	7,790	$13.61	Postsecondary nondegree award	93%
Teacher Assistants	59,590	6,520	$13.93	Some college, no degree	56%
Receptionists and Information Clerks	54,000	7,930	$14.84	High school diploma or equivalent	96%
Heavy and Tractor-Trailer Truck Drivers	49,850	6,080	$22.52	Postsecondary nondegree award	79%
Food Prep, Including Fast Food	48,980	10,890	$9.59	None	92%
Sales Representatives	46,970	5,120	$31.59	High school diploma or equivalent	85%
Bookkeeping and Auditing Clerks	46,950	5,120	$21.29	Some college, no degree	98%
Managers	46,370	3,630	$59.79	Bachelor's degree	1%
Business Operations Specialists	46,220	4,590	$34.53	Bachelor’s degree	23%
Elementary School Teachers	45,770	3,330	$34.41	Bachelor’s degree	0%

Source: Bureau of Labor Statistics, 2016c, 2016d; Frey & Osborne, 2013; Projections Management Partnership Central, 2016

GROWING INEQUALITY OF HEALTH

The third trend that will affect ALICE households throughout New Jersey is an increasing level of inequality in health. The cost of health care is increasing for all but the healthiest New Jersey residents. That cost is also increasing for government and businesses — a trend that is not sustainable. Access to health improved in New Jersey with the expansion of Medicaid starting in 2014. However, out-of-pocket costs have increased and it is often difficult to find doctors and dentists who accept Medicaid in parts of New Jersey. Other disparities also lead to health inequality: New Jersey is ranked 36th within the U.S. in terms of health disparity by education and ranked 33rd for air pollution. These factors will all lead to less access to quality health care for ALICE families, more costly health emergencies, and poorer health overall (Kelly & Baron, 2018; New Jersey Office of the State Auditor, 2017).

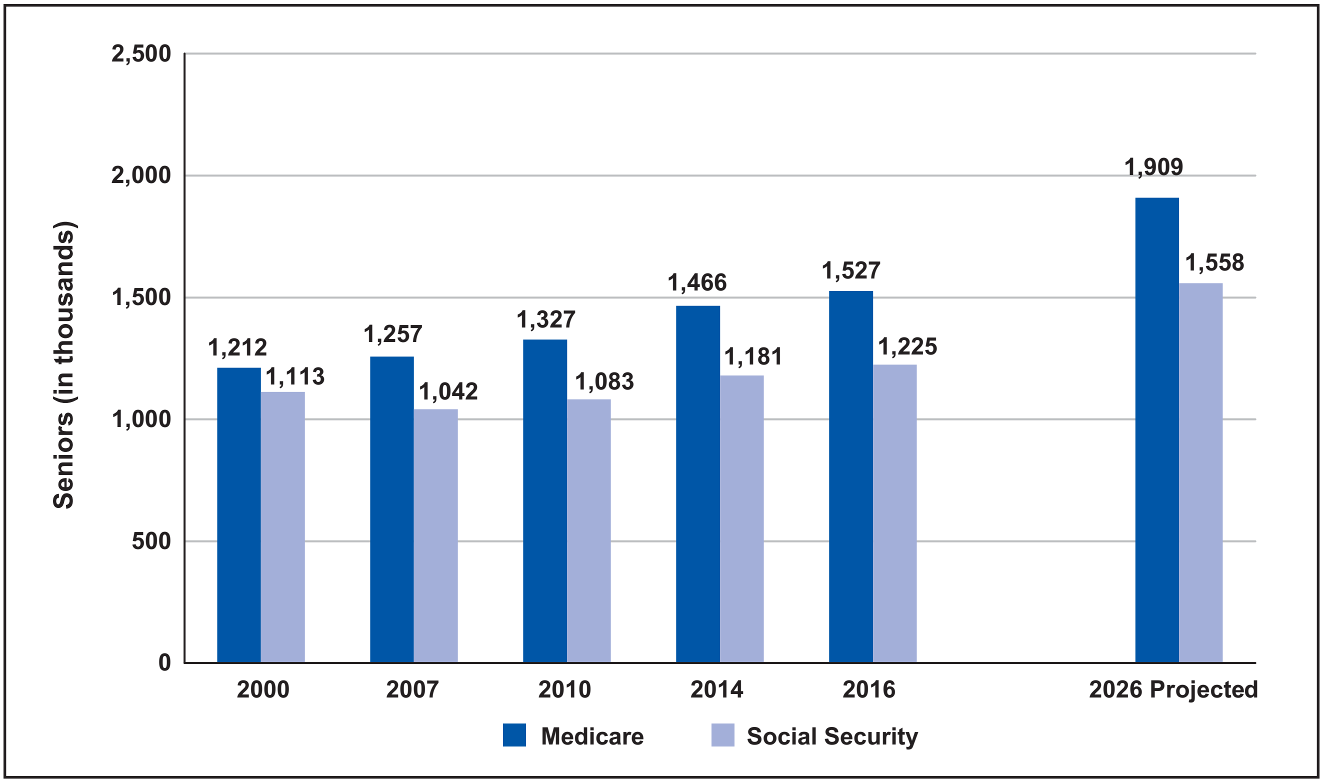
Cost of and Access to Health Insurance

The dwindling power of Medicare and Medicaid: The recent uptick in the percentage of New Jerseyans with health insurance is in large part due to the expansion of Medicaid. With more people covered and a falling ratio of workers to Medicaid recipients and seniors, there will be growing demand and decreasing sources of revenue.

Aging in particular adds significant costs to health care. While many seniors are active and healthy, as they live longer they require more health care than their younger counterparts. Chronic conditions such as cancer, dementia, and diabetes increase with age, and older bodies are more prone to injury. As a result, health care costs for seniors are higher than for other age groups. For example, nationally in 2010, health care spending amounted to $18,424 per person for people aged 65 and older, tripling the $6,125 that was spent on working-age individuals. And that spending gap only widens as seniors reach 80 and 90 years old (Leatherby, 2016; Nardi, French, Jones, & McCauley, 2015; Neuman, Cubanski, Huang, & Damico, 2015).

An aging population and increasing health care costs will impact the effectiveness and demands of Medicare and Medicaid on health care providers, beneficiaries, and taxpayers. As the New Jersey population ages, enrollment in Medicare and Social Security has increased steadily and is projected to increase even more. Medicare enrollment increased from 1.2 million New Jerseyans in 2000 to 1.5 million in 2016 and is projected to rise to 1.9 million in 2026 (a 25 percent increase from 2016 to 2026). The number of New Jersey residents collecting Social Security increased from 1.1 million in 2000 to 1.2 million in 2016 and is projected to reach 1.6 million in 2026 (a 27 percent increase from 2016 to 2026) (Figure 40).

Figure 40.
Enrollment in Medicare and Social Security, New Jersey, 2000 to 2026



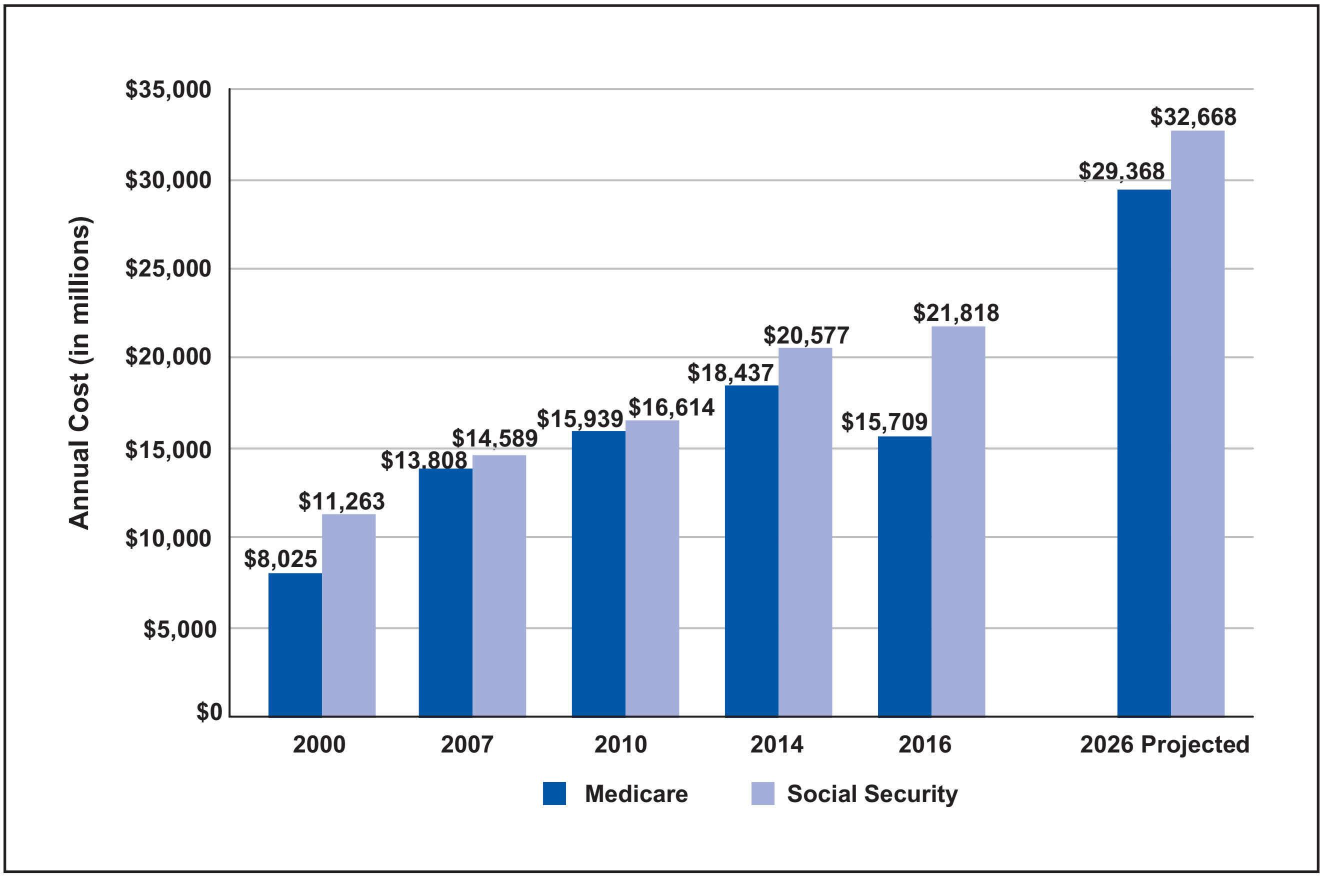
Source: Centers for Medicare & Medicaid Services, 2000, 2007, 2010, 2014, 2017; Social Security Administration, 2000, 2007, 2010, 2014, 2016

Medicare provides health care coverage primarily to adults ages 65 and over, but also to younger adults with permanent disabilities, and it has different sources of funding for different services, such as hospital care, physician care, and prescription drugs. Medicaid, which provides health coverage for low-income Americans, is often used by seniors to cover the long-term cost of nursing home facilities (Centers for Medicare & Medicaid Services, 2016b).

Medicare spending is growing at a faster rate than the growth in the senior population, Social Security, or the overall economy. In New Jersey, spending on both Medicare and Social Security is growing faster than their rates of enrollment and outpaces state economic growth. From 2000 to 2016, Medicare spending increased by 96 percent, while Social Security increased by 94 percent. Spending is projected to continue rising from 2016 to 2026 — by 87 percent for Medicare spending and 50 percent for Social Security (Figure 41).

Nationally, Medicare expenditures are expected to grow at an average rate of 7.1 percent from 2016 to 2025, higher than the 5.4 percent rate of economic growth overall. As a percentage of the Gross Domestic Product (GDP), the cost of Medicare will increase from 3.6 percent in 2016 to 5.9 percent by 2026. Medicaid spending, which slowed in its growth from 2016 to 2017, is expected to quicken and to average nearly 6 percent each year through 2026 — a direct result of the increasing elderly and disabled U.S. population (Centers for Medicare & Medicaid Services, 2017a, 2017b; Cubanski & Neuman, 2017; Van de Water, 2017).

Figure 41.
Cost of Medicare and Social Security, New Jersey, 2000 to 2026



Source: Centers for Medicare & Medicaid Services, 2000, 2007, 2010, 2014, 2017; Social Security Administration, 2000, 2007, 2010, 2014, 2016

Seniors will bear additional costs because Medicare does not cover all of their health care. Excluded are long-term services and supports as well as dental care, premiums, deductibles, and cost-sharing for Medicare-covered services. These costs are increasing to the point at which out-of-pocket health care costs are likely to use up half of a Medicare beneficiary's average Social Security income by 2030 (Cubanski, Neuman, Damico, & Smith, 2018).

Decreased availability of employer-sponsored health insurance: ALICE households also face the challenge of declining rates of employer-sponsored health insurance. Insurance through large employers has remained steady or even grown in some places, but some small employers have dropped insurance benefits. Nationally, while 96 percent of employers with 50+ employees offered health benefits in 2016 (up from 95 percent in 2014), the share of businesses with fewer than 50 employees offering coverage dropped from 32 percent in 2014 to 29 percent in 2016. Even households with health insurance are finding that their coverage comes with increasing deductibles and co-pays. And the increasing proportion of workers who rely on contingent work are typically not offered employer-sponsored insurance coverage. In addition, the repeal of the ACA's individual mandate in the 2017 tax bill means that young, healthy people will be more likely to forgo health insurance going forward, making insurance more expensive for those remaining in the market (Noguchi, 2017; Pear, 2017; Stearns, 2017).

The Wealth-Health Gap

Socioeconomic status has long been a powerful determinant of health. The National Academies of Sciences, Engineering, and Medicine project that of people born in 1960, those in the lowest-income quintile have a shorter life expectancy than those in the highest-income quintile: 13 years shorter for men (76 years compared to 89 years) and 14 years shorter for women (78 years compared to 92 years) (Harari, 2014; Komlos & Kelly, 2016; Regalado, 2015).

Race and ethnicity, in addition to being linked to income, are also associated with health outcomes. In New Jersey, for example, Hispanic individuals are three times as likely as White individuals to be uninsured or without a primary care physician; the infant mortality rate is 3.3 times greater for Black infants than for White infants, and 1.8 times greater for Hispanic infants than for White infants; and Black and Hispanic individuals are more likely to have asthma and tuberculosis than White individuals (Kelly & Baron, 2018).

The health-wealth divide is exacerbated by differences in the safety of both living and working environments depending on income. Those with the fewest resources live and often work in areas with unhealthy conditions, such as contaminated water and polluted air, because those areas are less expensive. The impact of pollution, toxic exposure, and disease compounds over time, and without resources, these families cannot afford to move to safer areas, mitigate these hazards, or avoid risky workplaces.

A variety of large studies have revealed an association between low socioeconomic status and greater harm from air pollution. A comprehensive review from Harvard University researchers revealed that compared to the rest of the population, Black, Asian, Hispanic, and Medicaid-eligible individuals had a higher likelihood of death from any pollution-related cause, with Black people almost three times as likely to die from exposure to air pollutants than other groups (Di, Wang, Zanobetti, & Wang, 2017). Moreover, a 30-year analysis of 319 commercial hazardous-waste treatment and storage sites in the U.S. found a consistent pattern of placing hazardous waste facilities in low-income and primarily Black and Hispanic neighborhoods (Mohai & Saha, 2015).

These differences are projected to grow wider as the compound impact of unsafe living and working environments produces even poorer health outcomes for those with the fewest resources, while technical advances in medical care offer even better health outcomes to those with the most resources (Chetty, Stepner, Abraham, et al., 2016; Komlos & Kelly, 2016; National Academies of Sciences, Engineering, and Medicine, 2015).

The health care gap is projected to widen because of two significant trends. First, precision medicine — the ability to personalize medical treatments, products, and intervention — is increasingly effective, but too costly and therefore out of reach for many patients. This is especially the case when it comes to treatments for cancer and rare diseases. Second, biotechnology and genetic engineering have made it possible to upgrade preventative health, beyond treatment of a specific injury and disease. Researchers are, for example, experimenting with procedures that could enable families to correct genes that cause illnesses like cystic fibrosis, or add genes that protect against infection or dementia, and pass those improvements on to future generations. Yet these types of innovations are all be extremely expensive (Harari, 2014; Komlos & Kelly, 2016; Regalado, 2015).

THE DENTAL HEALTH DIVIDE

Nowhere are wealth-health disparities starker than in the divide in dental care. Higher-income Americans have dental insurance (most often separate from health insurance) and access to care that provides resistance to tooth decay and breakage, and promotes jaw comfort, clear speech, and easier maintenance — all of which lead to better overall health. The wealthiest families spend thousands of dollars on supplemental dental care to achieve whiter, straighter, stronger smiles, which leads to more social and job opportunities.

Those with the lowest incomes rarely have dental insurance, and Medicaid's dental coverage varies from state to state, so these families often forgo preventative care. They are far more likely to suffer from tooth decay and gum infection, which can increase the risk of cancer and cardiovascular diseases and can affect speech, nutrition, sleeping, learning, playing, and overall quality of life. In addition, crooked or yellow teeth can stigmatize people in social settings and reduce job prospects, as they are associated with low educational achievement and social mobility. According to a 2015 American Dental Association survey, 44 percent of low-income residents of New Jersey reported that the appearance of their mouth and teeth affected their ability to interview for a job.

A 2015 report by the American Dental Association's Health Policy Institute found that New Jersey's gap in dental utilization between privately insured children and those enrolled in Medicaid was approximately 20 percent in 2013, which was larger than the 16 percent average gap nationally and is the 14th largest gap in coverage among all U.S. states. But the report showed a 75 percent reduction in that gap from 2005 to 2013 — larger than the average national reduction of 53 percent, and the 14th largest decrease in the dental utilization gap reported for all U.S. states.

New Jersey's public health care plan, NJ FamilyCare, provides coverage for children under the age of 18 with family incomes up to 355 percent of the Federal Poverty Level (FPL) ($7,426/month for a family of four), for adults with incomes up to 138 percent of the FPL ($1,397/month for a single person), and for pregnant women with incomes up to 205 percent of the FPL ($4,288/month for a family of four) without co-pays or premiums. While the plan covers an array of services, many of these (including crowns, bridges, full dentures, partial dentures, gum treatments, root canals, extractions, complex oral surgery, and orthodontics) require prior authorization, which may pose significant challenges to ALICE families in emergency situations.

Many ALICE households whose income exceeds the cutoff for programs like NJ FamilyCare forgo dental care because, even with dental insurance, many services require a co-pay that may make them unaffordable. For seniors, Medicare does not cover routine oral health or dental care. Unable to afford expensive root canals and crowns, many adults simply have their teeth pulled. As a result, 12 percent of New Jerseyans older than 65 do not have a single real tooth.

Dental coverage does not guarantee access to treatment. Even those with dental coverage have difficulty accessing care in New Jersey because there are 40 Dental Care Health Professional Shortage Areas (HPSAs), in both rural and urban areas, meaning that just 26 percent of need is met. While New Jersey's mean ratio of citizens to dentists (1,190:1) places it above the 90th percentile nationally (1,280:1), there is a dramatic range between the best performing county (Bergen, with one dentist per 780 residents) and the worst performing county (Salem, with one dentist for every 3,170 residents). These resource inequities in New Jersey worsen the dental divide.

Sources: Barnett & Berchick, 2017; Center for Health Care Strategies, 2018; County Health Rankings, 2018; Frakt, 2018; Health Policy Institute, 2015; Hinton & Paradise, 2016; Horizon NJ Health, 2018; Jordan & Sullivan, 2017; Kaiser Family Foundation, 2016, 2017; New Jersey Office of the State Auditor, 2017; NJ Family Care, 2013; Otto, 2017; Paradise, 2014; Vujicic & Nasseh, 2015; Wall, Nasseh, & Vujicic, 2014

NEXT STEPS

There is a basic belief in America that if you work hard, you can support your family. Yet the data presented in this report shows that for more than 1.2 million households in New Jersey, this is not the case. Working families are still struggling due to the mismatch between the basic cost of living and the wages of many jobs across the state, exacerbated by systemic inequities in opportunity and wealth. By making these inequities clear, the ALICE data challenges persistent assumptions and stereotypes about people who can't afford to pay their bills or are forced to utilize social services, like visit a food bank — that they are primarily people of color, live only in cities, are unemployed, or are struggling as the result of some moral failing. The data on ALICE households shows that hardship in New Jersey exists across boundaries of race, age, and geography.

With projected demographic changes and persistent barriers to stability, many ALICE and poverty-level families will continue to face hardship. In particular:

- At least 47 percent of New Jersey households do not have enough money set aside to cover expenses for three months, let alone enough to be able to save for emergencies or for the future.
- The majority of adults under age 25 across the country are unable to afford to live on their own, and for both economic and cultural reasons are delaying getting married, having children, or moving for new job opportunities.
- More seniors are aging without saving for retirement.
- There are fewer workers to meet the growing demand for senior caregiving.
- Income and wealth disparities persist by race, ethnicity, gender, and sexual orientation.

OVERCOMING THE OBSTACLES: IDEAS BEING DEBATED, CONSIDERED, AND PILOTED

Economic change will continue, and these changes will both provide opportunity and inflict costs. Yet the distribution of opportunity and cost is not usually even or equitable. To have a positive impact on ALICE families, communities need to consider a range of system changes that would help ALICE weather downturns in the short term and become more financially secure in the long term. Policymakers, academics, and advocates have proposed a range of broad ideas that could be adapted on a local, statewide, or national front. The following are four of the biggest obstacles to financial stability for ALICE families, and a sample of ideas and pilot programs being debated and considered across the country.

Widening Skills Gap

1

Going forward, most jobs, and especially higher-paying jobs, will require digital skills. Since 2004, the share of occupations that require high levels of digital skills has more than doubled, from 10 to 22 percent (Liu, 2017). For ALICE to maintain employment over time, workers will need accessible, high-quality technology training throughout their lifetime. Public K–12 schools can incorporate digital skills into all aspects of the curriculum for students, higher education can offer more focused programs, and companies can invest in training for their employees.

Lack of Stable and Viable Employment

2

For ALICE, finding well-paying jobs with security and financial stability is becoming harder as low-wage and gig-economy jobs continue to dominate the landscape. Fluctuating income — through unpredictable schedules and on-demand work — is one of the biggest problems ALICE workers face. At the same time, employers are also trying to navigate a changing business environment, remain competitive, and offer comprehensive benefit packages. The following are several possible solutions that address these challenges that ALICE workers and businesses face:

- **Fewer barriers to employment:** ALICE's barriers can include lack of job skills, family care responsibilities, physical and mental health problems (including substance abuse), limited English proficiency, and lack of reliable transportation. There are several evidence-based solutions such as work programs that provide direct connections to employment (including apprenticeships); an individualized approach (to address a wide range of challenges, from soft skills to housing); and the development of career pathways over time through work and education. Successful outcomes require employers, government agencies, and nonprofits to weave together larger webs of connected programs and resources (Fund for New Jersey, 2017; Tessler, 2013; U.S. Department of Health and Human Services, 2012; Van Horn, Edwards, & Greene; Yellen, 2017).

- **Portable benefits:** Benefits such as health insurance, retirement plans like a 401(k), or paid leave, could move with the worker from job to job, and across multiple jobs at once. These can be delivered in multiple forms — through programs that are not connected to work or the employer at all; or through programs that involve employers but establish benefits that can be provided across employers. Some examples of this approach already exist in the construction industry and business associations: Legislators in New York and Washington are considering benefit management systems that would allow employers to pay into workers' benefit funds (Foster, Nelson, & Reder, 2016; Guillot, 2017; Maxim & Muro, 2018; Quinton, 2017; Small Business Majority, 2017; Strom & Schmitt, 2016).

- **Small business support:** Because of the less stable nature of many small businesses, their employees would benefit from measures that helped them weather fluctuations in their schedule and long-term employment, which include establishing portable benefits as mentioned above. In addition, small business entrepreneurs and their employees need more support to help them overcome common barriers, such as limited resources to invest in skill development; student debt, which limits an owner's ability to invest in their businesses; and lack of access to affordable child care, which increases absenteeism and decreases their productivity (Beelsley, 2016; Small Business Majority, 2016, 2017).

- **Lifetime employment:** Considering examples from other countries can expand thinking on this topic. For example, guaranteed employment is an innovative policy that has been utilized in Germany and Japan. Companies guarantee employment for large numbers of workers. To avoid layoffs, the practice allows for transfers and defined reductions in hours and wages in lean times (Noorderhaven, Koen & Sorge, 2015).

Lack of Savings and Assets

3

Without enough money for even current expenses, ALICE families find it nearly impossible to save for emergencies or invest in future goals like education or retirement. A lack of savings is one of the biggest problems facing low-income families. Programs and infrastructure are needed to help them weather emergencies and periods of low income. Here are two approaches for policymakers to consider:

- **Access to credit:** For those with low incomes, saving for emergencies is nearly impossible. Access to credit at low rates has proven to be effective to help ALICE workers and employers — especially small businesses — weather an emergency. However, ALICE families still need to have enough income to repay the loan, or they risk greater long-term financial crises (Collins & Gjertson, 2013; Mayer & Jencks, 1989).

- **Private and public financial instruments:** These range from new types of financial products to a guaranteed income or allowance. Employers could make wages more immediately available (rather than wait two weeks until payday), and banks could do the same for deposited funds. Financial institutions and the government could offer insurance or credit, as well as tax credits and savings incentives, to protect workers against dips in income. Going even further, for centuries economists, theologians, and policy makers have proposed a minimum guaranteed income for all families, though proposals run the gamut of approaches. The idea has received more bipartisan attention recently as more workers face periods of low-wages or unemployment (Fund for New Jersey, 2017; Murray, 2016; Schiller, 2017; Shaefer & Edin, 2013; Van Parijs & Vanderborght, 2017).

Systemic Bias

4 Bias against marginalized groups persists in the workplace, the housing market, education, health care, and the law, despite positive shifts in public opinion and attitudes regarding differences in race and ethnicity, age, sex, gender identity, sexual orientation, and disability.

Racial bias is among the most persistent, despite research confirming that the gaps in education, income, and wealth that now exist along racial lines in the U.S. have little to do with individual behaviors. Instead, these gaps reflect systemic policies and institutional practices that create different opportunities for people of different races and ethnicities. Discriminatory practices have been embedded in our social structures and legal system, especially in terms of housing policies, immigration practices, voting rights, school funding, and health care programs. To make a difference for ALICE households, changes need to be made within institutions that impede equity in the legal system, health care, housing, education, and jobs (Agency for Healthcare Research and Quality, 2015; Cramer, 2012; Goldrick-Rab, Kelchen, & Houle, 2014; Shapiro, Meschede, & Osoro, 2013; The Sentencing Project, 2018).

For solutions to be effective, they must be as comprehensive and as interconnected as the problems are. Siloed solutions do not work. Because conditions vary across counties and states, the solutions to the challenges that ALICE and poverty-level households face will vary as well. Stakeholders — family, friends, nonprofits, businesses, policymakers, academics, and the government — will need to work together with innovation and vision, and be willing to change the structure of the local and national economy and even the fabric of their communities.

Ultimately, if ALICE households can become financially stable, New Jersey's economy will be stronger and its communities more vibrant — improving life not just for ALICE, but for everyone. The data detailed in this Report can be a jumping-off point to create new and better ideas that can help working families move toward this goal. There is no one solution: A range of strategies will be needed to ensure that working people and their families aren't left behind.