

# Introducing ALICE:

*Asset Limited, Income Constrained, and Employed*



**United Way of Morris County**

**Task Force on the Low-Income Population in Morris County**

August 2009

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August 2009

To the Community:

When we look around our wealthy county, it is hard for some to understand that we have an existing need for social services, community organizing, and the philanthropy needed to support these services. To address this, United Way brought together a team of staff and volunteers to conduct a comprehensive study examining the low- and middle-income families and individuals living and working in Morris County.

I would like to introduce you to ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, yet **E**mployed. ALICE focuses on those individuals and families living in the gray area between abject poverty and some semblance of financial and social stability. Through our research, we discovered that nearly 25 percent of Morris County falls into the ALICE population. ALICE is our son or daughter, our parents, a neighbor or co-worker, a local service provider, or even ourself.

ALICE has many strengths and has the potential to become financially stable, but also has the very real potential of falling into a downward spiral that leads to poverty, homelessness, and human suffering. This has become even more apparent as we look at the impact of this recent economic downturn on individuals and families in the ALICE population and above.

United Way's ALICE report is available at [www.LiveUnitedMorris.org](http://www.LiveUnitedMorris.org) for the entire community to read and interpret. The data is open to challenge, but identifying and developing the solutions needed to help ALICE should be a continuous dialogue throughout the community. United Way's role in the community is as a convener and facilitator. We are here to organize the community around critical health and human service issues in Education, Income, and Health. I am hoping ALICE will help us focus our energies and get more work done.

ALICE is not done. ALICE is a starting point. We intend to build on this study to get an even better understanding of our community and how we might improve the lives of all our neighbors.

I want to thank the volunteers who worked so tirelessly for 18 months on the research necessary to produce this report: Michael Girardi, MD, Head of Pediatric Emergency at Morristown Memorial Hospital; Charles Robinson, former Director of Research for the New York Times; William Tyler, Marketing Research Consultant; and Stephanie Hoopes Halpin, PhD and Chair of the ALICE Committee.

I also want to recognize the work of our staff that supported this effort: Melissa Wankmuller, Income Community Impact Manager; Michelle Roers, Director of Community Impact; and Kristin Coleman, Manager of Marketing & Communications.

I look forward to engaging you wherever you work, live, or get involved in this community.

Sincerely,



John B. Franklin  
CEO, United Way of Morris County

# Executive Summary

Almost a quarter of Morris County residents live in households which earn incomes above the poverty line, \$21,000 annually for a family of four, but below the level of self-sufficiency, \$60,000 annually for the same size family. We have labeled this part of the Morris County population ALICE because although these individuals are working, they have limited assets and circumstances that constrain their earning capacity. After 18 months of research, United Way of Morris County's Task Force on the low-income population in Morris County presents a picture of where ALICE lives and works, how ALICE spends money, and what social services ALICE uses.

## Who is ALICE?

- ALICE lives in a household with an annual income between \$20,000 and \$60,000.
- ALICE can be any race, young or old.
- ALICE is working, sometimes more than one job.
- ALICE faces challenges: less education, language barriers, physical or mental disabilities, lack of transportation.
- ALICE is more likely to rent, therefore, ALICE's housing situation is less stable.
- ALICE is working in low-paying jobs; half of Morris County's workforce is currently working part-time or not at all.
- ALICE has little or no opportunity to save money.
- ALICE has trouble getting by (and is definitely not getting ahead).

We found that ALICE is a central part of the Morris County workforce. When ALICE struggles, the entire community is affected. As a result, there are many opportunities for community planning and policy change which would help ALICE maintain self-sufficiency including more affordable housing solutions, accessible transportation, job training, and social services to meet the growing needs of ALICE.

## Key Findings:

**More than half the jobs in Morris County provide income between \$20,000 – \$60,000. These jobs are important to our community now and in the future, but do not provide an income sufficient to meet basic needs in Morris County.**

- Half of this potential workforce is currently working part-time or not at all.
- More than half of the jobs in Morris County pay employees less than \$20-per-hour (\$40,000 annually).
- While Morris County is home to a large number of professional jobs, there are actually three times as many low-paying jobs
- The low-income jobs provide essential services that provide support to the professional positions, yet compensation is insufficient for these households to meet their basic needs.
- Most of the employment growth between now and 2014 will be in low-skilled jobs.

### **Morris County is part of an interdependent region.**

- The number of individuals commuting into Morris County from surrounding counties for work has more than quadrupled since 1970.
- ALICE knows no county boundaries. ALICE lives, works, and uses social services in and out of Morris County.
- Transportation is a significant expense for ALICE, both in time and money.

### **The high cost of living in Morris County prevents ALICE from building assets. The lack of assets significantly reduces opportunities for ALICE to achieve financial self-sufficiency.**

- ALICE has little or no opportunity to save. As a result, ALICE faces challenges in buying a house, a car, or surviving a financial emergency.
- Morris County has the highest cost of housing in New Jersey and does not have sufficient affordable housing opportunities. This has several negative implications for ALICE – a greater likelihood of home rental versus home ownership; the need to move further away from employment to afford the cost of living; and fewer opportunities to build equity.
- Access to health care for ALICE is diminishing. There is a reduction in employer-provided health insurance, individual policies are not affordable and use of the hospital emergency room by uninsured and under-insured patients is increasing.

### **The disparity in income levels in Morris County is growing and creating pressure on social services.**

- The ALICE population grew 28 percent from 1989 to 2007. This is double the rate of Morris County's population, which grew only 14 percent.
- Nearly the same financial inequality exists across Morris County as across the United States (i.e. Mississippi to Manhattan).
- The top 20 percent of Morris County's population earns almost half of all income earned in the county, while the bottom 20 percent earns only four percent
- More than \$315 million is being spent on households earning below \$60,000 annually in Morris County. This includes spending by federal, state, and county governments, hospitals, and non-profit organizations.

# Introduction

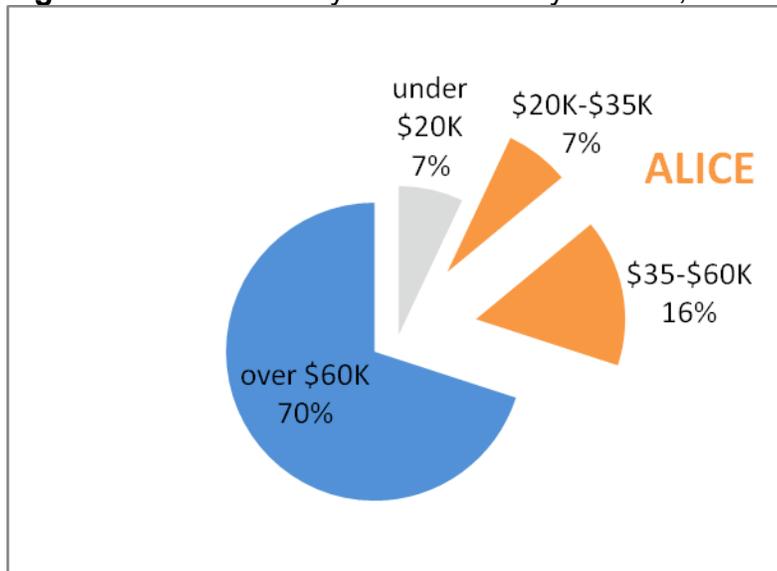
In Morris County, more than one quarter of households do not earn enough to afford the basics of housing, child care, transportation, food and health care. Morris County’s reputation as one of the wealthiest counties in the United States – with a poverty rate of less than four percent – hides the fact that households earning less than \$60,000 annually struggle to be self-sufficient.

In Morris County, there are many men, women, and children who live in households which are:

- Renting because they do not have enough savings for the down payment on a home purchase.
- Working at part-time, low-paying jobs because they cannot afford full-time child care.
- Dropping out of college because they cannot afford the rising tuition costs.
- Using the local food pantry because their car broke down and the food budget paid for repairs.
- The emergency room becomes the primary health care option, because their employer does not offers health insurance.

There are more than just a few households living in poverty, facing these issues everyday. According to Legal Services of New Jersey, roughly the minimum annual income for a family of four to be self-sufficient in Morris County is \$60,000. With this criteria, more than a quarter of Morris County households struggle to be self-sufficient. Seven percent of the households in Morris County earn less than \$20,000 annually, another seven percent earn between \$20,000 and \$35,000 annually, and 16 percent earn between \$35,000 and \$60,000 annually, see Figure 1.

**Figure 1.** Morris County Households by Income, 2007



Source: American Community Survey, 2007

Who lives in these households – where the income is above the poverty line (\$21,000 annually for a family of four), but below the level of self-sufficiency (approximately \$60,000 annually for a family of four)? Where do they live? Where do they work? What do they spend their money on?

To answer these questions, United Way of Morris County, as part of its mission to advance the common good of our community, created a Task Force to research this hidden population. The Task Force, comprised of marketing and research professionals gathered extensive data to help bring this group to life, indentifying this population as ALICE – **A**sset **L**imited, **I**ncome **C**onstrained, and **E**mployed. Though we have chosen a woman's name, it must be recognized that this population is comprised of households with men and women alike, and includes children and families.

The findings from 18 months of research are presented in this report. A full discussion of the scope of the project is presented in Section 1, as well as issues surrounding gathering and evaluating the data. Section 2 provides a statistical picture of ALICE's demographics including race and ethnicity, age, sex, disability, language and geography, which reflects much of the Morris County population with a couple notable exceptions. Section 3 addresses the cost of living in Morris County. Section 4 focuses on the most costly item for Morris County households – housing.

The defining element of ALICE is employment. Section 5 looks at the current and future job market within Morris County, as well as the broader areas where Morris County residents commute and where much of the Morris County workforce resides.

When a large portion of the population is not self-sufficient, there is an impact on the community as a whole. Section 6 examines one tangible impact: spending on social services. The Task Force undertook a financial quantification of state and non-profit spending on households with income levels below \$60,000. Finally, Section 7 considers Morris County in the context of state and national trends.

We invite you to meet ALICE.

### **United Way Task Force on the Low-Income Population in Morris County**

Stephanie Hoopes Halpin, PhD, *Task Force Chair*

Michael Gerardi, M.D.

Charles F. Robinson, PhD

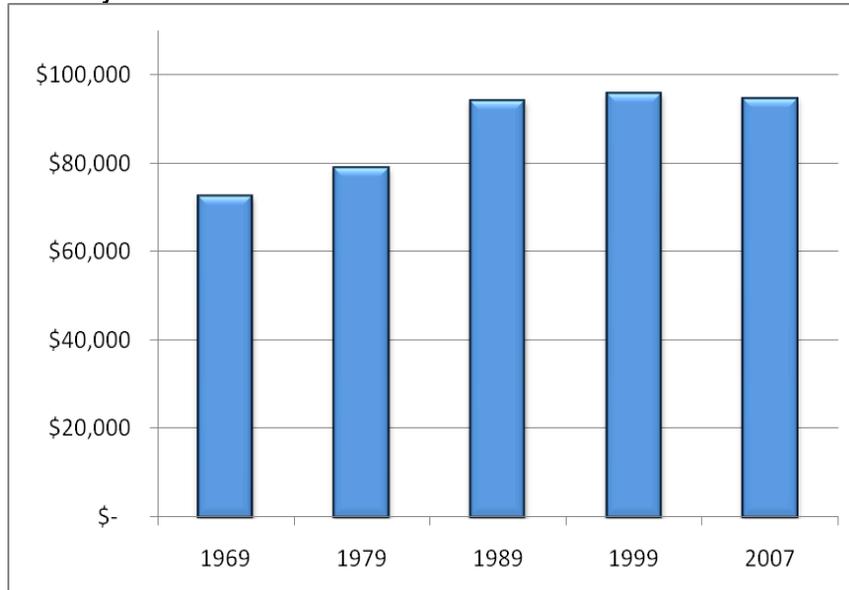
William (Toby) Tyler

Melissa Wankmuller, LSW

## ALICE: Scope of the Project

The most common depiction of Morris County is that it is one of the wealthiest counties in the country, with a median household income of \$94,684 annually (2007). The actual median income has been consistently high and rising steadily from 1969 to 1989. Since then it has leveled off, see Figure 2.

**Figure 2.** Median Household Income in Morris County, 2007  
CPI adjusted dollars

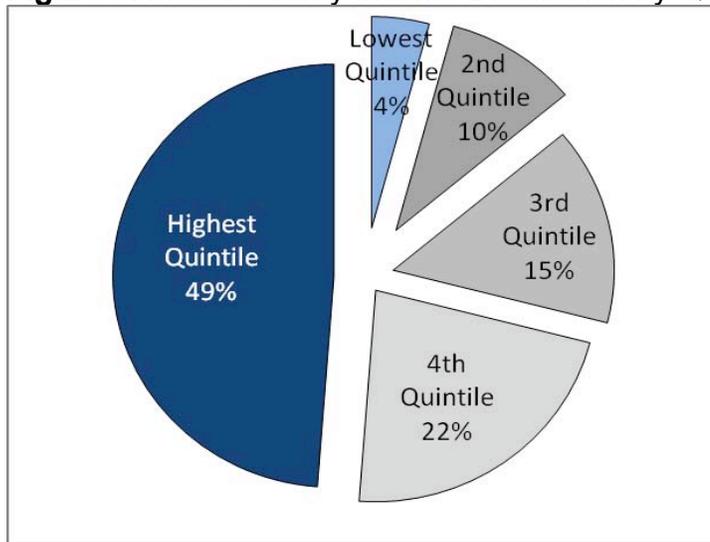


*Source: American Community Survey, 2007, and US Census, Historical Census and 2000 and 1990.*

However, the aggregate picture in Figure 2 conceals the many different income levels that exist for households in Morris County. The challenge for the Task Force was to provide deeper insight into the different income levels hidden behind the high median household income associated with the county.

First, the distribution of income in Morris County is unequal. The top 20 percent of Morris County's population earns almost half of all income earned in the county, while the bottom 20 percent earns only four percent, see Figure 3. If Morris County residents divided \$100 (in fifths) according to the current distribution of income in the county, the first person would receive \$49, the second would get \$22, the third \$15, the fourth \$10 and the last \$4.

**Figure 3. Morris County Income Distribution by Quintile**



*Source: American Community Survey, 2007.*

Next, the Task Force worked to identify who lives in Morris County without enough income to be self-sufficient; where they live and work; and what social services they use. The scope of the project was narrowed by focusing on the population above the poverty level. The federal government's official poverty measure suggests that there are relatively few households in Morris County facing such struggles. However, the official poverty level has remained static since 1965 and is the same across the U.S. Therefore, it is limited in identifying those in need, especially in areas with as high a cost of living as Morris County.

The project was narrowed again by focusing on the population below the level of self-sufficiency, approximately \$60,000 annually for a family of four. The Task Force created a picture of ALICE using demographic, employment, income, and spending data at the county level.

In addition, the Task Force investigated the wide range of social services targeted to low-income households and estimated the total cost of providing social services for low-income households. With so many households living below the level of self-sufficiency in Morris County, the Task Force sought to tally the financial cost of help. Reviewing all programs with services for low-income households, the Task Force was unable to separate spending on those below the poverty line and those earning between \$20,000 and \$60,000 annually. It is partly because many of the services are needed by both groups (though in differing amounts) and many households move between the two categories.

The Task Force gathered a significant amount of information that helps us understand ALICE. However, because this earning bracket is not an official measure and because the group is not tracked well, information is more difficult to locate, if it exists at all. Therefore, some information presented in this report is extrapolated from state and national trends. In a number of instances, the Task Force has resorted to describing an expected or likely ALICE problem or the likely impact on those who fall into the ALICE income parameters, using small pieces of local data but relying more heavily on state and federal data.

For example, we know that commuting to jobs in Morris County, especially from the west, has been growing. We also know that people with lower incomes are having trouble finding affordable housing in the county and are moving out of the county. But we also know that many support and service jobs are continually being created in the county. So, the Task Force feels confident in reporting the likelihood that some low-income households from Morris County are moving out of the county for housing, but commuting back for jobs.

By necessity, the group has had to operate with similar indirect “proofs” about ALICE’s work and life. In some cases, we were able to extrapolate to Morris County. In other cases, we found that Morris County fit into broader trends, which many might not think relevant to a high income county.

While the scope of the project is broad, it is not so large as to include policy recommendations or even judgment of current practices. The aim of the report is to shed light on a portion of the county’s population that is often not recognized or understood. In addition, the aim is that this factual examination will be the basis for future dialogue with service providers, community leaders, and policy makers.

This report relies primarily on data collected in 2007, before the current economic downturn. Many of the concerns identified can only be exacerbated by worsening economic conditions.

## Who is ALICE? Demographics

### Race and Ethnicity

The ALICE population includes a diverse group of people from all age groups, ethnic backgrounds, physical abilities, and geographic locations throughout Morris County. ALICE is employed, but has few assets and few employment opportunities that lead to self sufficiency. ALICE households earn between \$20,000 and \$60,000 annually, and account for 23 percent of the Morris County population. The number of ALICE households grew 28 percent from 1989 to 2007, double the rate of the overall population, see Figure 4. For more detail on Morris County demographics, see Appendix A.

Generally, ALICE households look like most households in Morris County. The average size household in Morris County is 2.75 people per household.

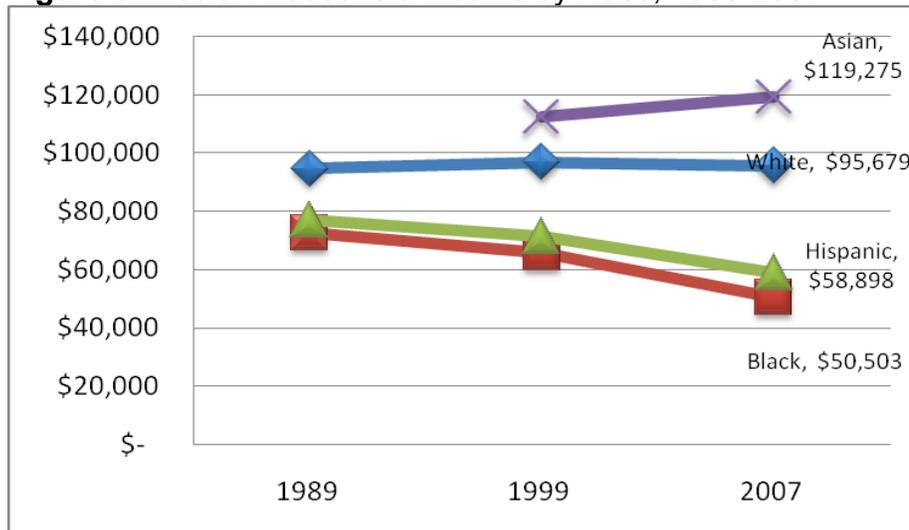
<b>Figure 4. Morris County Demographics</b>	<b>General Population</b>	<b>ALICE Population</b>
<b>Households</b>	175,000	40,000
<b>Percent of population</b>	100%	23%
<b>Growth from 1989-2007</b>	14%	28%
<b>Race/Ethnicity (Growth from 1989-2007)</b>		
<b>White</b>	83% (5%)	81%
<b>Black</b>	3% (20%)	8%
<b>Hispanic</b>	11% (62%)	14%
<b>Asian</b>	8% (59%)	5%
<b>Age of Head of Household</b>		
<b>Under 25</b>	1%	3%
<b>25 – 44</b>	34%	29%
<b>45 – 64</b>	45%	36%
<b>65+</b>	20%	32%
<i>Source: American Community Survey, 2007; U.S. Census, 2000 and 1990</i>		

In order to study race and ethnicity the Task Force uses language consistent with US Census studies. In terms of race and ethnicity, ALICE is only slightly more diverse than the general county population. The total Morris County population is 83 percent white; ALICE is 81 percent white. As the number of black and Hispanic households has grown in Morris County, their proportion of the ALICE population has also grown. Because race and ethnicity can be overlapping categories, the totals are greater than 100 percent.

Blacks and Hispanics have lower earning power and are slightly overrepresented in the ALICE population. The median household income by ethnicity shows that Asians are the wealthiest group with a median household income of \$119,000 in 2007, followed by whites

with \$95,679. The median income for blacks and Hispanics is not only less, but has declined over time. The median household income for blacks declined from \$72,000 annually in 1989 to \$50,503 in 2007; for Hispanics, from \$78,000 in 1989 to \$58,898 in 2007 (inflation adjusted dollars, see Figure 5. Asian household income was not measured in 1989, but increased from \$112,000 in 1999 to \$119,000 in 2007 (American Community Survey, 2007; and U.S. Census 1990 and 2000).

**Figure 5. Median Household Income by Race, 1989-2007**



Source: American Community Survey, 2007, and US Census, 2000 and 1990.

### Age

Similar to the general population, the largest percentage of ALICE households are headed by someone 45-64 years-old (36 percent of the total population). However, ALICE is over represented in the older and younger age groups. This is particularly noteworthy for the over 65 age group, which is projected to grow as the Baby Boomers age.

Of the Morris County population of over 65 years-olds, 37 percent live in ALICE households. While the median household income in Morris County is \$95,000; the median household income for someone 65 years or older is only \$54,000. This is due to the fact that many people retire at age 65. In fact less than one-third of the 65 plus population is employed. In addition, 71 percent of seniors have a disability, and household earnings for those with a disability are almost half of those without a disability. Another indicator of seniors' financial situation is that 73 percent receive Social Security benefits and the mean household income for those receiving social security was \$17,000 in 2007. About half of Morris County residents over 65 have additional private income; 47 percent receive a pension, in which case their mean household income is \$27,000 (American Community Survey, 2007). The senior population faces dual challenges of having reduced income opportunities, yet an increase in costs, such as health care needs/medications, special transportation requirements, and adult daycare.

### Gender

In Morris County, there are slightly more women (247,000) than men (241,000). Similarly, in the workforce there are more women (198,000) than men (188,000). While exact numbers are not available for the ALICE population by gender, there are several factors that suggest ALICE is more likely to be female. Women are more likely to be employed part-time and in lower-paid occupations. In addition, wage inequality continues for all occupations and across all ethnicities (American Community Survey, 2007). For more information, see the Employment Section below.

### **Disability**

Because a disability is often a barrier to high-paid employment, people with disabilities are more likely to fall into the ALICE group. The median earnings of people with disabilities are significantly less than those without, and even lower for women. The median earning for women with a disability is \$28,000 annually and \$36,000 without; for men with disability it is \$33,000 annually and \$58,000 without. Over 46,000 residents, nearly 10 percent of the population, have a physical or mental disability.

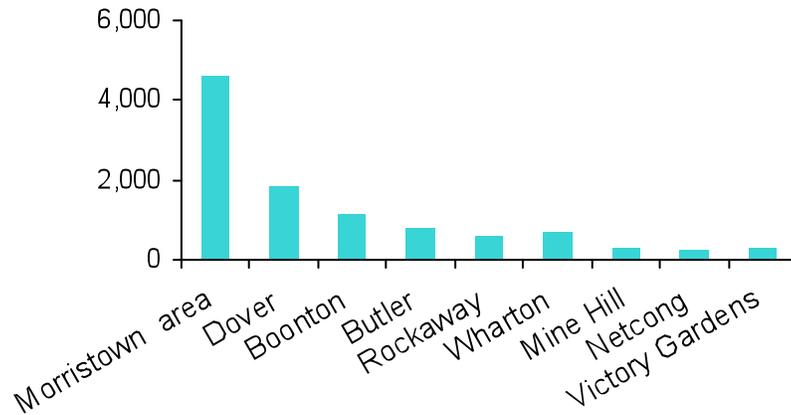
### **Language**

There are more than 17 different primary languages spoken in Morris County households. However, 95 percent of households are proficient in English. For the five percent of the households that are linguistically isolated, meaning there are no household members over the age of 14 who speak English “very well,” there are significant challenges to employment and use of social services. Linguistically isolated households are evenly divided between households speaking Spanish, other European, and Asian languages (American Community Survey, 2007).

### **Geography**

ALICE is clustered in many towns throughout Morris County. Morristown and Dover are the most commonly identified with the largest low-income populations, see Figure 6. However, there are at least six other towns where more than 25 percent of the population is below self-sufficiency: Boonton, Butler, Rockaway, Wharton, Netcong, and Victory Gardens (Diana Pearce, *The Self-Sufficiency Standard for Morris County, NJ*, The Legal Services of New Jersey Poverty Research Institute, 2008.)

**Figure 6.** Number of ALICE households by town



Source: *The Self-Sufficiency Standard for Morris County, NJ, The Legal Services of New Jersey Poverty Research Institute, 2008*

## ALICE: Cost of Living in Morris County

In 2008, economist Diana Pearce assessed the minimum cost for an individual or family to be self-sufficient for each county in New Jersey. Her expense categories are listed below in Figure 7. She compiled data for every family combination from one adult to two adults and three teenagers. For Morris County, the cost of living for a single adult is \$2,500 per month which requires a full-time hourly wage of \$13.91 or \$29,000 annually to achieve self-sufficiency. The cost of living for a family of two adults and two pre-school-aged children is over \$6,000 per month, requiring a salary for *each* adult of \$18 per hour for a combined total of \$76,000 annually to achieve self-sufficiency, see Figure 7 (Pearce, *The Self-Sufficiency Standard for Morris County, NJ*, 2008).

<b>Figure 7. Self-Sufficiency Budget: Monthly Costs, 2008</b>		
	<b>One Adult</b>	<b>2 Adults + 2 Pre-K</b>
Housing	\$ 1,169	\$ 1,336
Child care	0	1,954
Food	240	691
Transportation	273	536
Health care	133	383
Misc.	182	490
Taxes (net)	450	944
<b>Total</b>	<b>\$ 2,448</b>	<b>\$ 6,335</b>
Self-Sufficiency wage	\$13.91/hour \$29,371/year	\$18.00/hour per adult \$76,016 total/year
<i>Note: no allowances are made for clothing, entertainment or travel</i>		
<i>Source: Pearce, Legal Services of New Jersey, 2008</i>		

In Morris County, housing is the largest single cost of all households except those with two or more children in child care. A housing budget of \$1,336 per month is most likely a rental since by extension this figures supports an \$180,000 mortgage, which is in scarce supply in Morris County. The housing cost is based on an ideal situation. In reality, the supply of affordable rental units is small and affordable owner occupied units are almost non-existent in Morris County. This is a problem discussed further in the next section. The taxes listed in Pearce's budget are net of tax credits such as earned income and child tax credit. It is also important to note what is not included in this self-sufficiency expense profile – travel, entertainment, and clothing.

## **Child Care**

Child care is a major factor keeping families from obtaining self-sufficiency. In New Jersey, income inadequacy rates are higher for households with children, at least partly because of the cost of child care. New Jersey households with children account for 62 percent of all households below self-sufficiency, and rates are substantially higher for single mothers raising children. More than half of single mothers raising kids lack adequate income (Diana Pearce, *Not Enough to Live On: Characteristics of Households Living Below the Real Cost of Living in New Jersey*, Legal Services of New Jersey Poverty Research Institute, June 2008.).

There are two sides to the impact of child care; first, care is expensive; second, it is essential for a parent to work. In addition, children limit housing options by making shared housing more difficult.

Morris County Child and Family Resources provided a snapshot of the families that use child care vouchers: 65 percent are white, 87 percent have a biological parent in the home, 45 percent earn \$20,000 – \$34,999 annually, and another 43 percent earn less than \$20,000 annually. Income is comprised primarily (72 percent) from salary, pension or Supplemental Security Income (Morris County Child and Family Resources, cases n = 588, 2007). This information serves to disprove any belief that families needing support are primarily non-white and non-working.

## **Transportation**

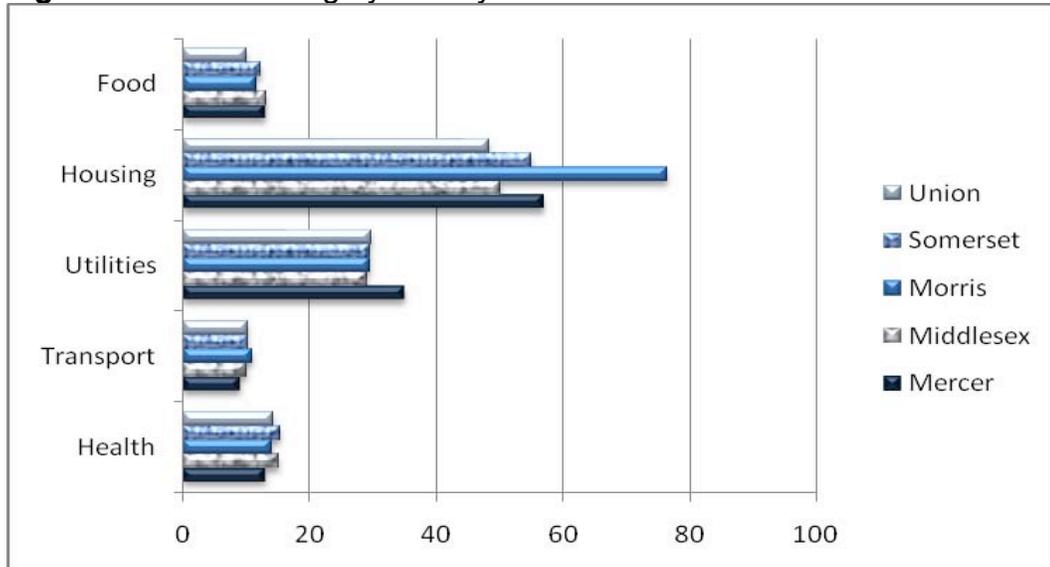
It is difficult to be self sufficient in Morris County without a car. Those who walk to work are more likely to have a low income (American Community Survey, 2007). Lack of personal transportation restricts neighborhoods where ALICE can live, and public transportation often makes commute times longer. Another common problem for ALICE is an unreliable vehicle pressing ALICE to spend income on maintenance and repair and/or depend on friends and family for rides (Pearce, *Not Enough to Live On*, 2008.)

A typical U.S. household spends 18 percent of its income on transportation costs (Bureau of Labor Statistics). In the Morris County self-sufficiency budget, transportation accounts for 11 percent of the budget for a single adult and eight percent for a family of four. Thus, Pearce's budget may underestimate the actual cost for many families, especially those commuting in and out of Morris County. While many high paying jobs in surrounding counties incur high transportation costs to get to them, many low paying jobs do as well. It is important to note that many of the low paying jobs are in the service sector where telecommuting is not an option.

# ALICE: How Does ALICE Find Housing?

Generally, the cost of living in New Jersey is high. However, a comparison of cost of living between Morris County and four neighboring counties shows that housing is notably higher in Morris County, see Figure 8. With a \$50,000 annual income, a resident of Morris County uses 54 percent of net take home pay for housing, while a resident of Mercer or Somerset County spends 45 percent and a resident of Union or Middlesex County spends 43 percent.

**Figure 8. Cost of Living by County**

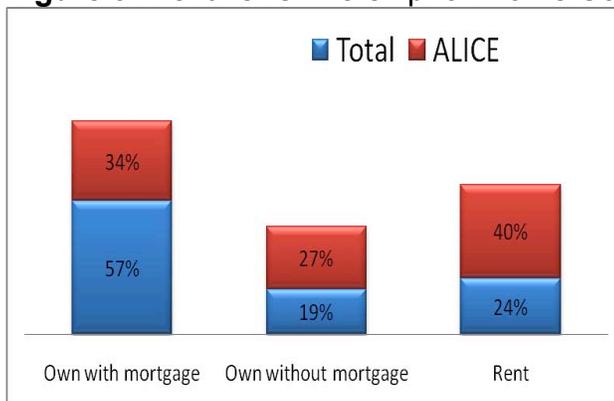


Source: *Relocationessentials.com*

## Homeowners

Like the general population, the ALICE population is more likely to own than to rent a home. However, the rate of homeownership for Morris County as a whole is 76 percent, but it is 60 percent for the ALICE population, see Figure 9. The high costs renting prevents many ALICE households from making a long term investment in homeownership.

**Figure 9. Rent vs. Ownership for Morris County**



Source: *American Community Survey, 2005-2007*

ALICE is slightly more likely than the total population to own their home without a mortgage; however, housing costs remain a large percentage of ALICE's budget. Of all homeowners, 75 percent have a mortgage and 36 percent spend more than 30 percent of their income on housing costs. For ALICE, housing costs are a much larger portion of their income, with 62 percent of ALICE homeowners spending more than 30 percent of their income on housing.

The 27 percent of ALICE households who own their home without a mortgage are older residents who have paid off their mortgage. With such a sizable asset, they are in a different situation than the balance of ALICE households who have almost no assets. However, even though a house is valuable, it is hard to maintain if income is drastically reduced. Of all seniors, 39 percent spend more than 30 percent of their income on homeowner costs. In addition, property is not quickly liquid in an emergency (3-year estimates, American Community Survey, 2005-2007).

In Morris County in 2007, 99,000 homes, or 74 percent of all homes, have a mortgage. This is an increase of 10 percent since 2000. Twenty-seven percent have a home equity loan, an increase of 44 percent since 2000 (American Community Survey, 2007).

Foreclosures in Morris County have risen drastically over the last three years. In 2006, there were less than 500 foreclosures. In 2007 there were 838, and in 2008 there were over 2,000 (RealtyTrac, as reported in the *Star Ledger*, February 8, 2009). This is comparable to surrounding counties. In addition, across the state more than nine percent of all homes with mortgages have had a value less than the outstanding balance on its mortgage (data from First American CoreLogic, as reported in the *Wall Street Journal*, October 31, 2008). The peak of the sub-prime lending occurred in the summers of 2005 and 2006 and the first "re-set" or adjustment to those loans hit in the summer and fall of 2008. However, the reset periods peak at slightly different times in different parts of the US. Since the number of sub-prime loans increased from 2005 to 2007, there are more reset periods to come, and likely more foreclosures (Experian, "Shifting Consumer Delinquency Trends and the Potential Impact on Lending Policies: Trends May Effect What Defines Consumer Risk," *Market Insight from Experian*, 2008).

A home is the primary asset for the majority of America's families. When ALICE is a homeowner, she is more likely to have bought recently and to have a sub-prime mortgage. Therefore, ALICE is the population group most at risk of foreclosure due to sub-prime loans. For ALICE, a foreclosure results not only in the loss of a stable living place and significant portion of wealth, but also reduces the homeowner's credit rating, creating barriers to future home purchases and even rentals (Federal Reserve Board, "Household debt service payments," August 2008). With few or no other assets to cushion the impact, ALICE will have difficulty finding new housing.

### **Renters**

The situation for renters is more challenging, as they tend to earn less. The median household income for owner occupied units was \$109,000 annually in 2007, while it was half that for renters at only \$55,000 (American Community Survey, 2007). Twenty-six percent of renters earn less than half of the area's median income. Renters also spend a

greater portion of their income on housing. Forty-five percent of low-income renters spend more than half of their income on rent (National Low Income Housing Coalition, NJ 11<sup>th</sup> district, June 2008). Rent costs increase ALICE's financial disadvantage, yet it is often the only option for people who have difficulty accumulating enough savings for a down payment on a home or qualifying for a mortgage.

The lack of available housing in Morris County at affordable prices is also a significant barrier to self-sufficiency for ALICE. Affordable housing is defined as housing that costs up to one-third of a person's income. The percentage of housing units available to ALICE has decreased over time. At the same time, the number of ALICE households has increased, therefore creating a situation of greater demand for less supply. Although the total number of rental units has increased from 30,000 in 1970 to 40,700 in 2007; they have declined as a percentage of total housing stock from 27 to 23 percent. In addition, affordable housing units have declined in absolute terms since 1989. The availability of rental units for less than \$1,500/month has declined by 14 percent and the availability of units for less than \$1,000/month has declined by 56 percent. Of the existing rental units, only 3,550 rental units are income restricted and 2,644 of these are for seniors (American Community Survey, 2007; U.S. Census, 1990 and 2000; and the Housing Partnership of Morris County, 2007).

At the same time the percentage of rental units was decreasing in Morris County, the number of owner occupied units increased from 80,000 in 1970 to over 130,000 in 2007. However, few owner occupied units are specifically allocated to ALICE. Of the owner occupied units, only 1,132 are income restricted for purchase. According to the Housing Partnership of Morris County, this means that there is a shortfall of 10,000 low-income units (American Community Survey, 2007; the Housing Partnership of Morris County, 2007).

In addition to the financial disadvantages ALICE faces in terms of housing, ALICE also faces the instability that comes from renting. In Morris County, half of all renters moved into their homes in the last 2 years (American Community Survey, 2007). Since ALICE is more likely to be a renter, ALICE households are more likely to have moved in the last few years. A change in housing location has a range of costs, from financial transition costs and reduced wages due to time off from work, to social start up costs for new schools and becoming invested in the community. Less stability is another factor that makes it more difficult for ALICE to be self-sufficient and to get ahead.

When ALICE is unable to afford or find housing within Morris County, there are few options: moving to a less expensive area or living in crowded or substandard housing. There is evidence of both of these options in Morris County. Internal Revenue Service and commuting data suggests that ALICE moves to neighborhoods and counties with less expensive housing. According to occupational data for Morris County, eight percent of renters live in crowded housing, which is defined as more than one person per room (American Community Survey, 2007). According to the Affordable Housing Coalition, many of the rental units in Morris County are substandard.

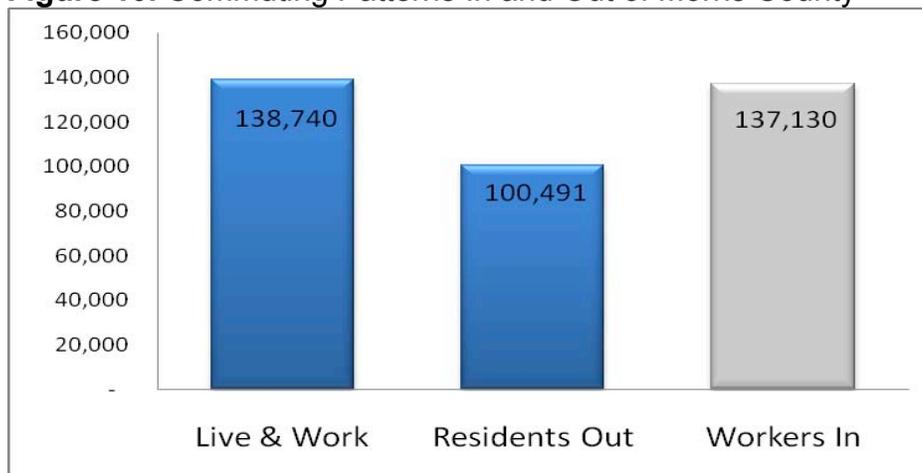
## ALICE: The ALICE Workforce Now and in the Future

Employment often determines if ALICE can afford to live in Morris County. There are several employment trends in Morris County that have an impact on ALICE, particularly commuting, job skill level, and job growth. When looking at employment, there are two groups to consider: Morris County residents and the Morris County workforce.

### Commuting

The number of people commuting in and out of Morris County for employment is large and growing. According to the Bureau of Economic Analysis, in 2000 (the most recent year available) there were as many people commuting into Morris County as there were living and working in the county. Almost 139,000 Morris County residents live and work in the county, while another 100,000 commute to work outside the county. At the same time, 137,000 workers who reside outside Morris County commute in to work, see Figure 10.

**Figure 10.** Commuting Patterns In and Out of Morris County

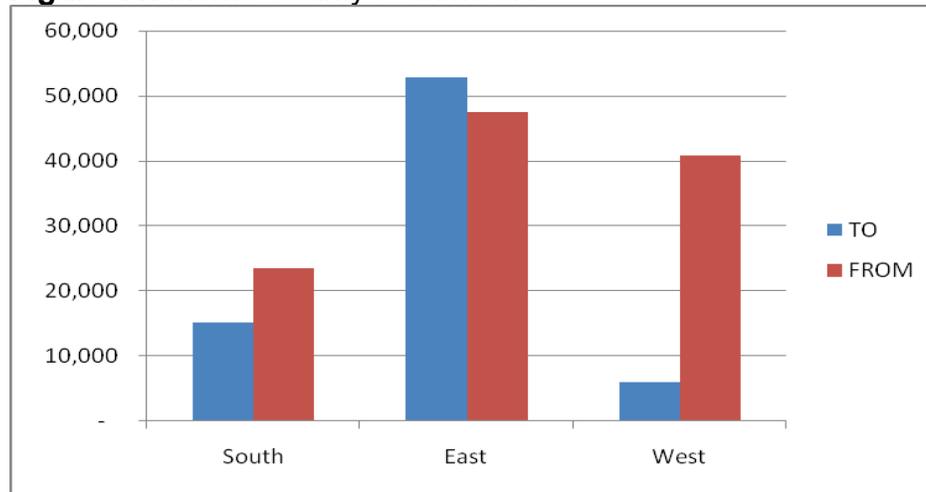


Source: Bureau of Economic Analysis, *Regional Economic Accounts*, 2004.

Commuting trends over time indicate that some important changes are occurring. The number, as well as the proportion, of those commuting into Morris County has risen drastically over time. In 1970, 30,000 workers commuted to Morris County, or 25 percent of the Morris County workforce. In 2000, 137,000 workers commuted to Morris County, or 50 percent of the workforce. At the same time, the portion of Morris County residents commuting out of the county has remained constant.

The greatest exchange of reciprocal commuting occurs between Morris County and the east (inclusive of both those counties to the east and New York City), see Figure 11. From the west and the south there is a disproportionality with more workers commuting to Morris County than those commuting out: 41,000 commute to Morris County from the west, while only 6,000 commute from Morris County to western counties (Bureau of Economic Analysis, U.S. Department of Commerce, *Regional Economic Accounts*, 2004). For greater detail, see Appendix C.

**Figure 11. Morris County Commuters**



Source: *Regional Economic Accounts, Bureau of Economic Analysis, 2004.*

Data from the Department of Transportation show this trend increased from 2000 to 2007. The number of vehicle miles traveled on interstate highways in Morris County increased by 18 percent from 2000 to 2007 and by 12 percent on all roads. There was also a 12 percent increase on all New Jersey roads over the same time period. Morris County accounted for 20 percent of all vehicle miles traveled in the state in 2007 (State of New Jersey, “VMT by Functional Classification Distributed by County,” 2000 and 2007).

Another way of looking at the impact of commuters is to consider the number of housing units that would be required to house all the workers necessary for jobs in Morris County should commuting become too arduous or expensive (37,000 housing units!). Commuting is part of ALICE’s story. The counties to the west of Morris County have a lower cost of living and are more likely to be affordable for ALICE. In addition, surrounding counties have more low-income units actually available.

However, the jobs remain in Morris County. Therefore, we hypothesize that ALICE is moving out of Morris County and commuting back, a trend supported by IRS migration data. In 2005, those moving into Morris County had a median household income of \$45,400 a year, while those moving out had a median household income of \$43,600 a year (U.S. Internal Revenue Service, 2005).

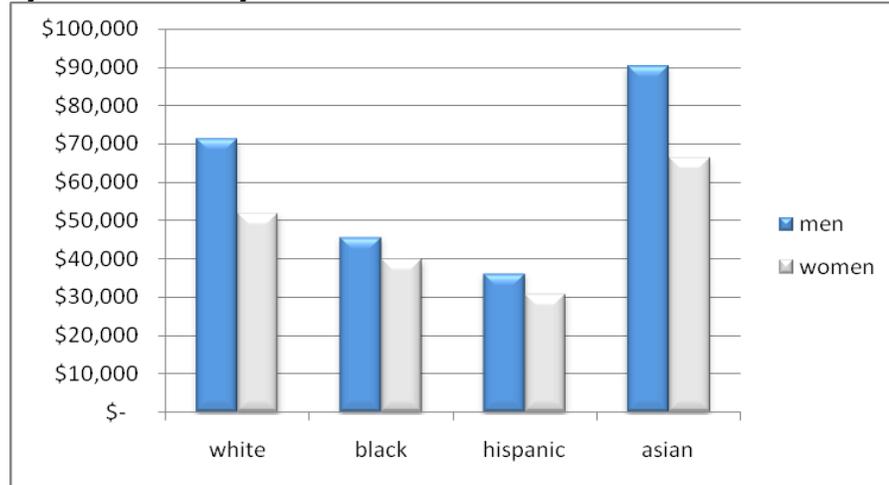
### **Employment of Morris County Residents**

Because more than a quarter of Morris County residents commute to work outside the county, and more than half of the county workforce lives outside the county, there are some key differences between the two groups that are useful to distinguish, see Figure 12. Exact categories for comparison are not available. However, there are similar data categories that are useful to establish general, broad comparisons. These show that Morris County residents are more likely to be employed in high paying management and professional occupations than the county workforce. Conversely, Morris County residents are less likely to be employed in low paying service occupations than the county workforce.

<b>Figure 12: Employment - Morris County Residents and Workforce</b>				
	<b>County Residents</b>		<b>County Workforce</b>	
	<b>Total</b>	<b>Average Salary</b>	<b>Total</b>	<b>Average Salary</b>
<b>Total employed</b>	256,000	\$51,000	324,000	\$48,000
<b>Full-time</b>	172,000	\$62,000		
<b>Occupation</b>				
<b>Management, business, and financial</b>	23%	\$85,000	14%	\$88,000
<b>Professional and related</b>	26%	\$61,000	13%	\$68,000
<b>Service</b>	12%	\$20,000	40%	\$33,000
<b>Sales and office jobs</b>	25%	\$37,000	11%	\$44,000
<b>Production and transport</b>	8%	\$37,000	17%	\$31,000
<b>Construction</b>	6%	\$45,000	4%	\$53,000
<i>Source: American Community Survey, 2007; and calculations using Occupational Employment Statistics Wage Survey, New Jersey Department of Labor and Workforce Development, August 2007.</i>				

In terms of wages, minorities and women residents have less earning power than the white population and males. The one exception is the Asian population. In 2007, Asians had the highest median earnings followed by whites, blacks, and Hispanics. However, women earn less than men in every race/ethnic group, see Figure 13.

**Figure 13. Median Earnings for Morris County Residents by Race/Ethnicity and Gender**

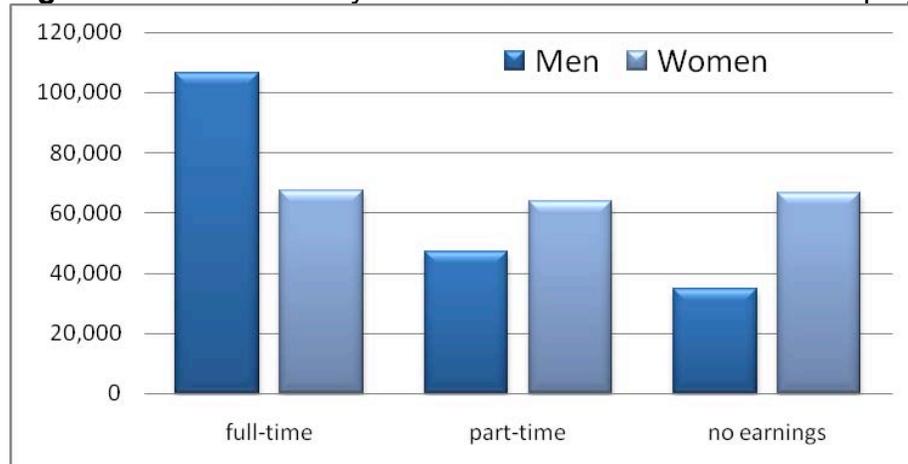


Source: American Community Survey, 2007

The discrepancy in earnings between different racial and ethnic groups often leads to the assumption that the low-income population in Morris County is largely non-white. However, we know from demographic information that the minority populations are small in Morris County and therefore account for a small percentage of the ALICE population. In addition, these numbers are averages; there are large numbers of white women earning above \$53,000 annually as well as below.

Employed Morris County residents are slightly more likely to be women than men. Forty-five percent of the Morris County population over the age of 16 worked full-time, year-round in 2007. The majority of men worked full-time; women were spread evenly between full-time, part-time and not working, see Figure 14 (American Community Survey, 2007). The large number of people working in part-time jobs helps to explain ALICE’s lower income level.

**Figure 14. Morris County Residents: Full- and Part-Time Employment**



Source: American Community Survey, 2007.

The number of workers in a household can vastly change the total household income. Thirty-nine percent of households have one worker, 33 percent have two workers, and nine percent have more than three workers. Of the households that have no workers, most are headed by someone over the age of 65.

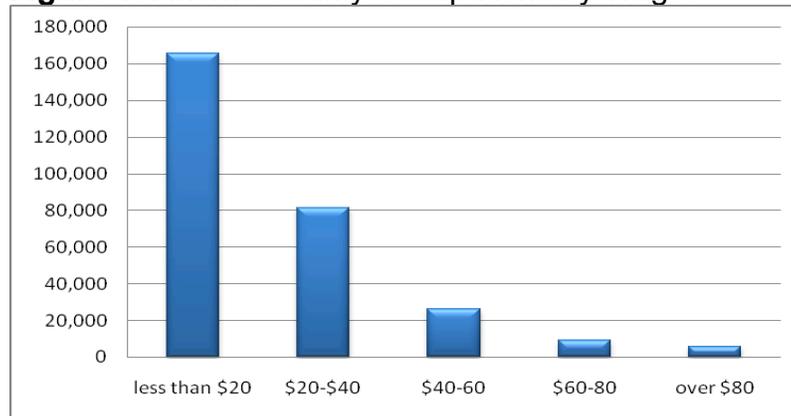
For the last decade, Morris County has had an unemployment rate below three percent. However, during the current economic downturn, the county's unemployment rate has risen to 4.3 percent in 2008 (Lawrence Ragonese, "*Welfare requests spike in Morris County*," *The Star-Ledger*, October 07, 2008). The unemployment numbers do not include those who have used up their unemployment insurance eligibility, or those who are underemployed or working part-time, but wanting to work more hours. Especially for ALICE, struggling to be self-sufficient, even a slight decrease in pay can have consequences ranging from shopping at the food pantry, to skipping car or rent payments, to losing housing.

### **Morris County Workforce**

The workforce located in Morris County, of whom half live outside the county, we find a slightly different employment picture despite the fact that Morris County is known for its highly educated professional workforce, with more than 50 Fortune 500 company headquarters or major facilities located in the county. The 35 largest employers in Morris County are listed in Appendix D.

Despite the public attention on management and professional occupations, a much greater number of support, infrastructure, and service occupations exist in the county. When examining the number of occupations in Morris County by wages, occupations earning less than \$20 per hour account for more than half of all occupations in the county, see Figure 15. More than 165,000 workers in Morris County are in occupations that pay less than \$20 per hour, which translates to \$40,000 per year for full-time work. Because many of these jobs are not full-time, not all employees will realize the full annual amount of an hourly wage. Occupations paying between \$20 and \$40 per hour account for 25 percent of occupations. Occupations with wages between \$40 and \$60 per hour account for eight percent of occupations. Those paying between \$60 and \$80 per hour account for three percent. Lastly, those paying over \$80 per hour include 400 CEOs but account for only two percent of all occupations and (NJ DLWD, *Occupational Employment Statistics (OES) Wage*, 2007).

**Figure 15. Morris County Occupations by Wages**



Source: NJ DLWD, Occupational Employment Statistics (OES) Wage, 2007.

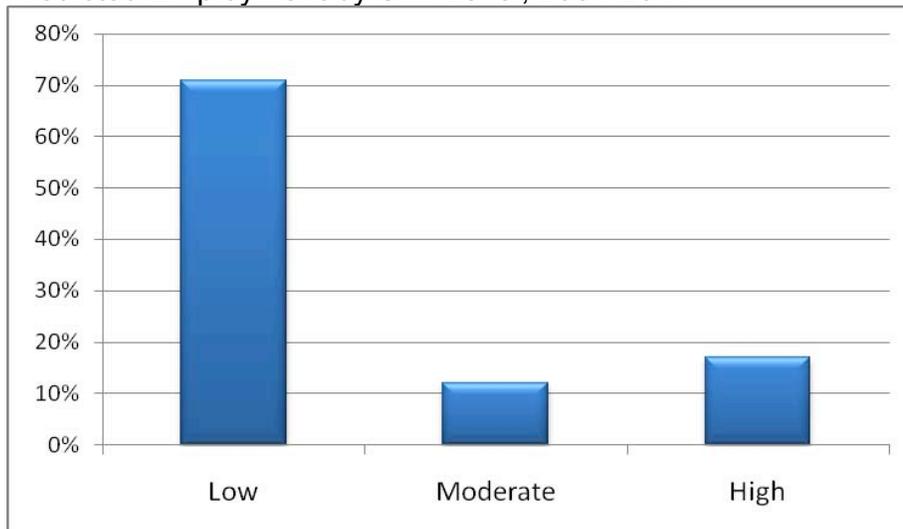
Of workers earning less than \$20 per hour, more than half earn \$10 to \$15 per hour. A sampling of jobs that earn less than \$20 per hour are listed in Figure 16. They are occupations that we interact with everyday, ranging from cashiers, to food servers, to bankers.

<b>Figure 16: Occupations and salaries</b>	
	<b>Average Salary</b>
Cashiers	\$18,800
Child care	\$19,900
Food service	\$21,700
Bank teller	\$24,100
Health aid	\$27,300
Transportation	\$33,700
Insurance Claim Clerk	\$35,430
Social Service Counselor	\$38,618
Auto Mechanic	\$39,288
Source: Occupational Employment Statistics Wage Survey, New Jersey Department of Labor and Workforce Development, August 2007.	

The number of jobs in the county is expected to grow by nine to 12 percent over the next decade (Jobs on Demand, Third Edition, 2005; and Morris County Economic Development Corporation, 2007). Job growth by skill level shows that the ALICE population will continue to be a significant part of the Morris County workforce. Growth in high-skilled jobs is widely heralded in the county; however, job growth is expected to be concentrated on low-skilled

jobs. It is estimated that an astounding 70 percent of all new jobs created between 2004 and 2014 will be low-skilled jobs, while 12 percent will be moderate-skilled jobs, and 17 percent will be high-skilled<sup>1</sup>, see Figure 17. With the downturn of the economy starting in 2007, these projections may be modified.

**Figure 17. Morris County Workforce:  
Predicted Employment by Skill Level, 2004-2014**



*Source: NJ Dept of Labor and Workforce Development: Jobs on Demand, 2005.*

### **Employment Conclusions**

Employment and commuting trends have a great effect on ALICE. While the demand for employees is in Morris County, low salaries make it difficult to reside in the county. Therefore, ALICE must decide whether to pay higher housing costs to live close to work or pay lower housing costs and higher transportation expenses to commute to work. As is often the case, ALICE also finds other alternatives, such as living in overcrowded or substandard housing or struggling with an unreliable, inexpensive vehicle.

Employment and commuting trends also have a great effect on Morris County, primarily making the county more interdependent with surrounding areas. As a result, Morris County residents, employers, and planners have reason to be concerned about increased foreclosures in Newark, growing traffic on Route 80, and the downsizing on Wall Street.

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<sup>1</sup> High skilled jobs require an associate's degree or higher. Moderate skill jobs have long term on the job training, require work experience or post secondary/vocational/technical training. Low skill jobs have short-term or moderate-term on the job training, including up to 12 months of on the job experience and informal training.

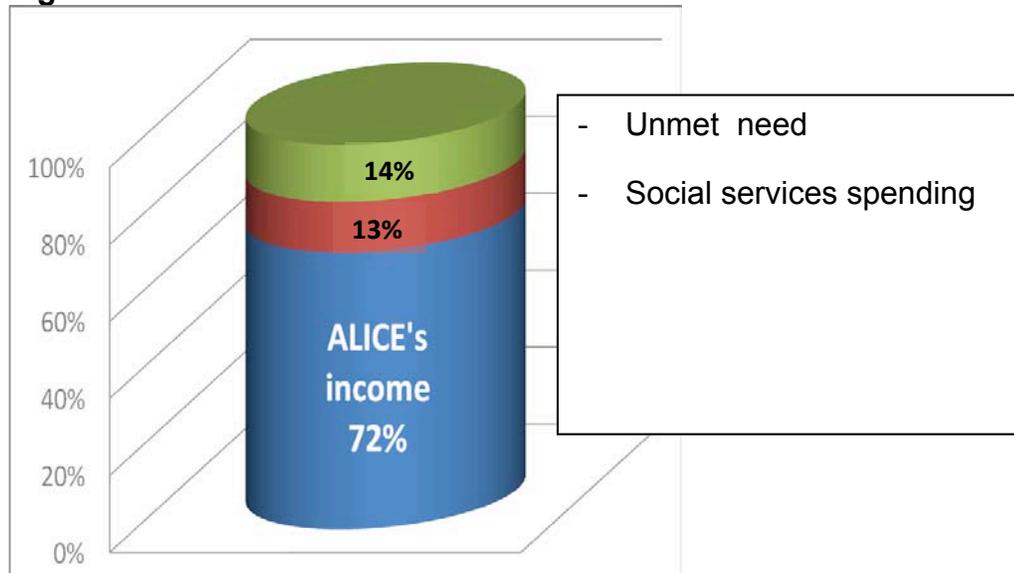
## Spending on ALICE and People below the Poverty Line

Government and non-profit organizations provide assistance for those who are not self-sufficient. Until now, these costs have not been fully tallied. The Task Force did so by compiling a list of all programs and services directed towards low-income households in Morris County. In the process, the Task Force was unable to separate spending on those below the poverty line and those earning between \$20,000 and \$60,000 annually. This is partly because many of the services are needed by both groups (though in differing amounts) and many households move back and forth between the two categories over time. Therefore, the totals presented include spending on ALICE, as well as people earning below the poverty level.

The conservative estimate of total spending on social services in Morris County for those earning below \$60,000 annually is \$315 million. This includes money from the federal, state and county government, as well as private organizations. Spending estimates include services for health care, schools, housing, and child care. For comparison, \$315 million is 1.4 percent of the total income for all Morris County residents in 2005 (as reported in the latest available tax returns) and is slightly higher than the \$294 million Morris County budget for 2008.

To put government and non-profit spending in context of ALICE households, the Task Force calculated the gap between ALICE household income and self-sufficiency. For ALICE households to be self-sufficient, household income provides 72 percent, government and non-profit spending provides 13 percent, leaving 14 percent unmet. Government and non-profit spending fills less than half of the gap between ALICE's income and the level of self-sufficiency in Morris County, see Figure 18.

**Figure 18:** Resources needed for ALICE to be self-sufficient



Source: United Way task force calculations using official documents

For a better understanding of the goods and primarily services provided by government and non-profit organizations, see the breakdown of categories in Figure 19.

<b>Figure 19. Public Spending on Programs for Households in Morris County Earning Below \$60,000 Annually</b>	
Health care	\$ 150,000,000
Federal school aid	\$18,000,000
Housing assistance	\$25,000,000
Morris County	\$31,000,000
Child care subsidies	\$25,000,000
NJ Kid Care	\$2,000,000
Non-profit organizations	\$46,000,000
Other	\$18,000,000
<b>TOTAL</b>	<b>\$ 315,000,000</b>

Among spending categories, health care is the largest single expenditure at \$150 million. A full explanation is provided below. Federal school aid aimed at low-income students is \$18 million (Federal Education Budget Project, *School Districts funding statistics for Morris County, NJ*, New America Foundation, 2008). Housing assistance is \$25 million, while child care subsidies are \$25 million.

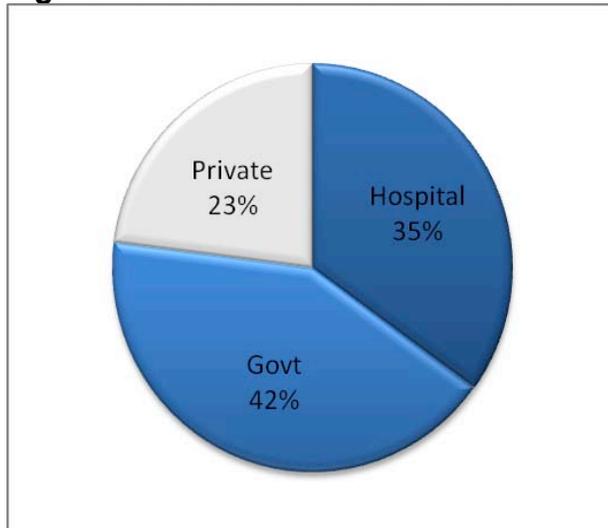
The County of Morris spends approximately \$31 million on services for people earning below \$60,000 annually, including NJ Kid Care, aid to hospitals, work programs, health care for children, temporary assistance, supplemental security, transportation, Morris View Nursing Home, and services for low-income youth and seniors.

In 2007, non-profit organizations' spent at least \$46 million to assist people earning below \$60,000 annually. While there are almost 2,000 non-profits in Morris County (including primarily schools, churches, and even sports clubs), a much smaller number focus on ALICE (Center for Non-profits, "An Economic Force," 2007-8 edition, 2007). Using United Way of Morris County member agencies as a starting point, the Task Force identified programs for low-income households. The list was then reviewed to avoid double counting, especially in government assistance through non-profits. We estimate very conservatively that \$46 million is being spent by non-profits on services for those earning below \$60,000.

When breaking down funding by source, the largest portion - 42 percent - comes from the government. Of total government funding, the federal government provides 37 percent, the State of New Jersey provides 40 percent, and Morris County provides 23 percent.

The next largest portion of funding - 35 percent - comes from hospitals and doctors. Twenty three percent comes from the private sector, see Figure 20.

**Figure 20.** Sources of Assistance for ALICE



Source: *United Way task force calculations using official documents*

Within the private sector the Task Force analyzed United Way’s donors. Approximately 40 percent of private sector donations come from corporations and 60 percent come from individuals, a distribution that has been stable since 2003 (Source: United Way funding records, 2003 to 2007).

Despite this spending, most households with income less than \$60,000 annually do not take advantage of regular assistance. The food stamp usage is particularly low in New Jersey. Only 60% of people eligible for food stamps in the state participated in the program in 2005 (USDA Food and Nutritional Serve, “Reaching Those in Need,” State Food Stamp Participation Rates in 2005). Census data reflect similar rates for Morris County. According to Legal Services of New Jersey 94 percent of NJ households below the self-sufficiency income level do not receive ongoing assistance (Pearce, *Not Enough to Live On*, 2008). More often, ALICE uses emergency services, such as Temporary Assistance and the hospital emergency room. Most ALICE households think they can be self-sufficient, and it is only when things go wrong that they reach out for social service assistance.

However, with the economic downturn welfare requests have risen almost six percent over the past year, the second highest increase of all New Jersey counties. In addition, the county’s emergency aid has increased by 79 percent this year from about \$1.1 million in 2007 to \$1.6 million in 2008. Similarly, requests for food from the Interfaith Food Pantry are 19 percent higher than last year and 23 percent higher than two years ago. According to Morris County Human Services Director Mary Jo Buchanan, many people seeking

assistance are new to the welfare system, requesting aid for the first time to deal with mounting bills, to put food on their tables, and to heat their homes. The growing assistance needs are straining government programs as well as the entire county human services network (Ragonese, "Welfare requests spike in Morris County," *Star Ledger*, October 07, 2008).

The spending totals presented here are for programs provided in Morris County. In most cases, we were unable to ascertain whether the services are provided exclusively for Morris County residents or anyone requesting services, regardless of their county of residence. With such a large portion of the Morris County workforce commuting from other counties, it is likely that commuters also use Morris County social services. Data on the residency of social service users at Morristown Memorial's emergency room provides some insight. More than one-third of all emergency room patients aged 17 to 64 are not residents of Morris County, a proportion that has been fairly stable since 1998 (Morristown Memorial Hospital, internal statistics, 1998-2007).

### Health Care

Three Morris County hospitals provide charity care. In 2005, Chilton Memorial provided \$7 million in charity care, St. Clare's Health Services provided \$63 million, and the Atlantic Health System, including Morristown Memorial and Overlook hospitals<sup>2</sup>, provided \$79 million, as reported by the hospitals themselves, see Figure 21. This includes \$39 million paid by the State of New Jersey to the hospitals. The rest is what the hospitals pay for those who are uninsured and what is not covered by Medicaid and Medicare (New Jersey Department of Health and Social Services, Annual Hospital Financial Data, March 2008).

**Figure 21.** Hospital Charity Health Care Costs in Morris County

<b>Hospital</b>	<b>2005</b>
Chilton Memorial	\$7 million
St. Clare's	\$63 million
Atlantic Health *	\$79 million
<b>Total</b>	<b>\$150 million</b>
<i>* Includes finances from Morristown Memorial and Overlook Hospitals</i>	

Source: NJ DHSS, Annual Hospital Financial Data, March 2008

<sup>2</sup> Overlook Hospital is not in Morris County, but the total contribution could not be broken up per hospital, and Morris County residents utilize services of Overlook.

To better understand these totals, we were able to breakdown the uncompensated health care expenses for Morristown Memorial Hospital, see Figure 22.

<b>Figure 22. Uncompensated Health Care Expenses for Morristown Memorial Hospital</b>	
Emergency Dept.	\$9.3 million
Hospital Inpatient	\$28 - \$46 million
Hospital Outpatient	\$10.6 - \$13.2 million
<b>Total</b>	<b>\$48 to \$69 million</b>

*Source: UWMC Task Force analysis of Atlantic Health internal documents, 2008.*

Hospital emergency department visits are typically how uninsured or underinsured people access the health care system, but unpaid care costs incurred represent only a small percentage of overall costs of charity health care, which include hospital admissions, outpatient tests, and clinic visits. At the same time, emergency department visits are covered by less than one percent of the nurses, physicians, and technicians in the health care sector. Therefore, emergency department staff members provide a much higher percentage of the care to low-income patients and bear a larger financial burden.

In 2005, almost 13 percent of the Morris County’s population was uninsured (U.S. Census, and New Jersey Department of Labor, Division of Labor Market & Demographic Research). However, having health insurance does not guarantee access. Not all providers accept Medicaid patients, in part because New Jersey has a very low reimbursement rate.

Another hidden health care cost is that of caring for seniors and people with disabilities. It is costly for families both in the time devoted to care and in the time away from employment. According to the AARP, 34 million Americans provide more than 20 hours of care per week to another adult, making informal caregiving a large component of U.S. health and long-term care (AARP report, "Valuing the Invaluable, The Economic Value of Family Care Giving," 2008).

As a way of cost comparison, Carol E. DeGraw, Health Community Impact Manager at United Way of Morris County, estimates that Morris County has 50,000 caregivers. Extrapolating from the AARP report, if each provided at least 10 hours of care per week, the value of informal caregiving in Morris County could total \$286 million. This would nearly double the \$315 million social services spending. However, the caregiving total cannot be fully attributed to ALICE. Households with greater incomes can afford professional care; however, families of all income levels may choose to care for family members themselves.

### **Conclusions on ALICE Spending**

Despite the fact that Morris County spends a large amount of money on the ALICE population and those living below the poverty level, ALICE still struggles to meet the basic needs in this costly region of New Jersey. At the same time, the social services ALICE receives are primarily for short-term solutions and emergencies. To look at the spending from another perspective, without health care each household earning below \$60,000 annually receives an average of \$3,200 most likely provided in small increments and received for services not in cash, as problems arise for multiple individuals in the household. For comparison, this is equivalent to the cost of food for an adult for less than five months or child care for one pre-school student for three months.

# New Jersey and U.S. Trends with Potential Impact on ALICE

In this section, we examine Morris County in the context of state and national trends. Some data is not collected at the county level, yet is important in describing and understanding ALICE. Using small pieces of local data, but relying more heavily on state and federal data, we can extrapolate to further our understanding of several aspects of ALICE's life.

## Health Care

In New Jersey, the latest figures available show that access to health care services declined for low-income households from 63 percent in 2001 to 55 percent in 2003. There was likely a similar decline in Morris County for a variety of reasons. With fewer full-time workers in the labor force, and more part-time workers, fewer employees qualify for health care coverage. Employers are also decreasing health care coverage because the costs are escalating; the cost of providing health insurance in New Jersey rose by 28 percent from 2001-2003. In addition, premiums for health insurance rose by 11 percent in 2004 alone. The rate of employee coverage by small employers in New Jersey declined for the first time in 2005. Finally, medical providers are less willing to accept Medicaid patients because New Jersey has one of the lowest rates of reimbursement in the United States (*Poverty Benchmarks 2009: Assessing New Jersey's Advances, Declines, and Growing Challenges in Addressing Problems of Inadequate Income*, Poverty Research Institute, Legal Services of New Jersey, December 2008; and *Poverty Benchmarks 2007*).

The shift away from employer paid medical coverage is evident in the increase in cost in New Jersey state funded health insurance, FamilyCare (formerly NJ KidCare). Though the program is targeted to self-employed individuals, small employers, and those above Medicaid who are still unable to afford health insurance, greater numbers of corporate employees have been using it. The program cost rose from \$3 million in 1998 to \$380 million in 2006 (state funded 44 percent; federally funded 53 percent). Six of the top 10 businesses with 100 or more FamilyCare participants in New Jersey are operating in Morris County – Wal-Mart, Home Depot, Pathmark, Target, Shop-Rite, and A&P (Mary Forsberg, "Attention Shoppers," *New Jersey Policy Perspective*, August 2005).

## Housing

Despite these difficult financial circumstances across New Jersey, ALICE is optimistic about home ownership. According to a 2008 Fairleigh Dickinson University poll, the lower the respondent's income bracket, the greater their expectation that home values would rise in the next 12 months. About half (53 percent) of those in the lowest income bracket (\$50,000 annually or less) expected their home value to rise in the next year, while only 19 percent of those in the highest income bracket (more than \$150,000 annually) expected their home values to increase in the next 12 months (James G. Hutton, 2008 Report on New Jersey Consumer Intentions, Public Mind Poll, Silberman College of Business, Fairleigh Dickinson University, 2008, Table 5, 2004-8). These views are evidence that the American dream, and the optimism that goes with it, is still very much alive for ALICE.

### **ALICE's Perspective on the Cost of Living**

According to a *Monmouth University/New Jersey Monthly* poll in June 2007, households with the lowest income felt that their income and expenses were diverging. For New Jersey residents earning below \$50,000 annually, 72 percent felt that their income was increasingly falling behind the cost of living, as did 64 percent of those earning \$50,000 to \$100,000. In addition, 67 percent of all respondents felt that two incomes were necessary to meet their living expenses. Also alarming in a deteriorating economy is the fact that most New Jersey residents do not have enough savings to cover their living expenses for six months. Sixty-nine percent of those earning below \$50,000 annually and 59 percent of those earning \$50,000 to \$100,000 did not have a six month savings cushion.

As a result, ALICE is often faced with tough decisions. Since housing, health care, child care and transportation costs are so high, ALICE is often forced to choose which of these needs take priority. And even though these expenditures would all be considered basic needs by most, household income and available social services are not always sufficient to provide for all of them. A family may sacrifice preventative health care in order to pay the car insurance. Other times, a family with working parents is forced to utilize unlicensed child care because it is all they can afford. No matter how a family prioritizes their basic needs, it is clear that ALICE is often faced with tough decisions to make ends meet.

### **Wages Grow More Unequal Over Time**

While data is not available for Morris County specifically, national data shows that the hourly wage of the average U.S. worker is lower today than in 1970, taking into account inflation. In addition, the disparity in pay between the nation's CEOs and the average worker is 10 times greater than a generation ago. Pay for CEOs was 185 times that of the average worker in 2003 and rose to 279 times in 2005 (Paul Krugman, "The Great Wealth Transfer," *Rolling Stone*, November 2006).

A decline in unions and the manufacturing industry has hurt the earning power of many. Union power has traditionally kept wages high, but union membership is in decline in New Jersey, dropping from 22 percent of wage and salary workers in 1995 to 19 percent in 2007 (Bureau of Labor Statistics, *Union Membership In New York And New Jersey*, March 2008). The decline in higher paying manufacturing jobs has been accelerated in the last decade. Meanwhile the minimum wage in New Jersey has remained the same (\$7.15 per hour) since October 2006.

### **Wealth**

A household's net wealth is calculated by adding income and asset resources together. County level data focuses primarily on income and employment, which is only part of the picture. While most wealth growth over the last few decades was driven by homeownership; savings, stock ownership, and retirement accounts are also important. ALICE has very few financial assets which help explain why this population continues to struggle.

### *Financial Assets*

The Federal Reserve's Survey of Consumer Finances provides a national picture. The survey shows that households with lower incomes save less, own fewer stocks and retirement accounts, as well as fewer vehicles and houses. In addition, for lower income families who own financial assets, the value of these assets is much smaller than the value of those for the higher income level households.

At the national level, the percent of households with savings accounts in 2004 was 60 percent. However, the distribution by income shows a greater inequality of those at the lowest income quintile, only 34 percent had a savings account compared to 80 percent at the highest income levels. Similarly for stock ownership and retirement accounts, five percent of those with lower income own stocks and 10 percent own retirement accounts, while at the highest income levels 55 percent own stocks and 86 percent have a retirement account. In Morris County, only 40 percent of households receive investment income, including interest, dividends, and net rental income (American Community Survey, 2007). The 60 percent of Morris County households without investment income are at a disadvantage in terms of saving for retirement, homeownership, college for their children, or even an emergency.

Other financial assets, such as vehicles and homes, are important for daily living and have much wider ownership. However, there remain discrepancies in value by income level. At the national level, for those at the lowest income levels, 65 percent own a vehicle with a median value of \$5,000. For those at the highest income levels, 93 percent own a vehicle with a median value of \$33,000.

### *Debt*

ALICE households across the county are significantly impacted by debt. Extraordinary expenses often force ALICE households to incur debt because they have no savings. Moreover, ALICE households often do not have the means to borrow through traditional low-interest rate means, such as a home equity loan or a direct bank loan. Though not true for all households, most lower-income households have lower credit rating scores than those with higher incomes. According to the Fair Isaac Credit Organization (FICO), the lower your credit rating, the higher the rate of interest you are charged, see Figure 23. Thus, ALICE households are therefore often forced to pay higher interest rates and borrow from credit cards, payday lenders or directly from vendors such as hospitals at much higher rates. As a result, U.S. households with lower incomes are much more likely to have an unsupportable debt burden. In 2004, the percent of households with a debt to income ratio greater than 40 percent was 27 percent for low-income households and only two percent for high-income households.

<b>Figure 23. Credit Score Comparisons</b>			
<b>Credit Score</b>	<b>30 year Mortgage</b>	<b>15 year Home Equity</b>	<b>36 month Auto Loan</b>
High rating; 740-850	5.7 %	7.9 %	7 %
Low rating; 500-589	11.9 %	12.1 %	16 %
<i>Source: my.fico.com</i>			

While some ALICE households are managing an unsupportable debt burden, others cannot access the credit market to advance their standard of living. Because of low income, high interest rates and minimal access to credit markets, many ALICE households struggle to borrow for first time home-ownership, car loans and small business loans. Nationally, lower-income households were less likely to have debt from their primary residence and credit cards than those with higher incomes (NIPA, Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances). Basic ability to leverage resources has enabled generations of Americans to advance, in this recent economy many would argue over-leveraging was the problem. But without the ability to make basic investments in home-ownership, education or small businesses, many ALICE households are confined to low paying hourly jobs, rental accommodation, monthly struggles to the bills and no assets to weather small crises.

Medical expenses are one of the primary reasons for credit card debt for lower- and middle-income households. In fact, thirty percent of households indicate that medical bills are the primary reason for their credit card debt (Demos.org, January 2007).

Evidence of the size of the population with low credit in New Jersey is the large number of businesses in this sector of the market. Across the state there are over 143 pawn shops, 477 payday lenders, and 471 check cashing businesses (www.yellowpages.com). For comparison, there are 171 pet shops, 550 Chinese restaurants and 850 post offices.

*Debt for College Students*

Two-thirds of four year college students in the United States graduate with student loan debt averaging \$23,000, as well as an average credit card balance over \$2,000. With these high costs, more young people are finding it difficult to find jobs that pay enough for them to be self-sufficient (Anya Kamenetz, *Generation Debt*, New York: Penguin, 2006, p.5). In Morris County, over \$7 million in Pell grants was distributed to 4,200 students in 2006-2007 at County College of Morris, Drew University, Fairleigh Dickinson University, and College of St. Elizabeth's. The average grant was \$2,300. In Morris County, annual tuition costs alone (excluding books, housing meals, etc.) range from \$3,300 annually at Morris County College to over \$36,000 at Drew University in the 2007-8 academic year. Therefore, for many college students the average grant covers a very small percent of the payment for their educational experience.

Many college students today work nearly full-time in low-wage jobs; use and then carry balances on credit cards for meals, books, and clothing; and struggle to pay for tuition and the ensuing monthly credit payments. As a result, it is common for college students to drop out for a semester or longer in attempts to reduce debt and/or gain some financial grounding. Almost one in three Americans in their twenties does not finish college compared to one in five in the 1960s (Kamenetz, p.6).

Without a college degree, young people are more likely to have a lower paying job and remain in the lower-income population. In Morris County, there is a strong correlation between income and education. People with the highest levels of education earn above the median income (American Community Survey, 2007).

#### *Distribution of Wealth in Morris County*

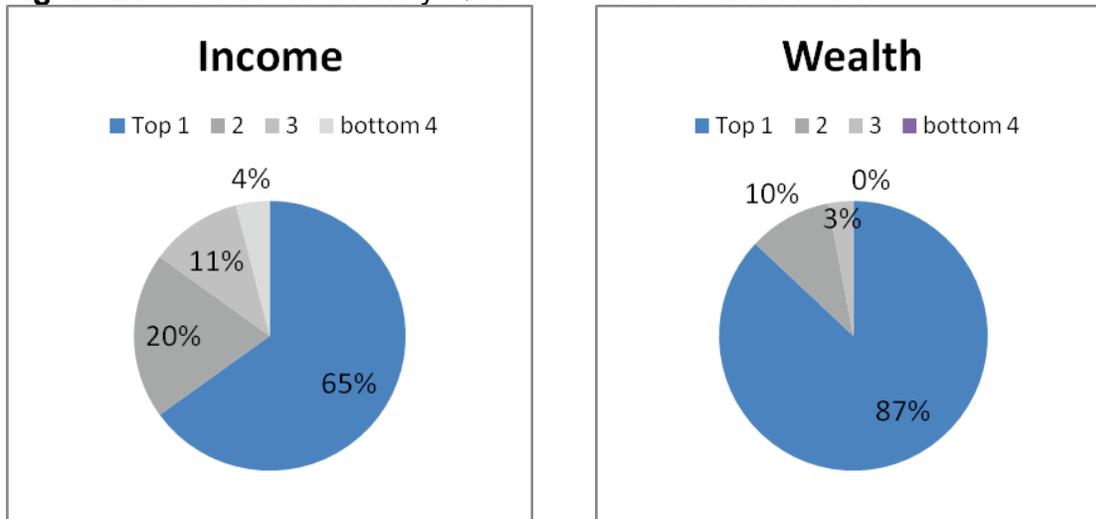
National income data reinforces county findings of growing inequality and suggests that the level of inequality found in Morris County is similar to that found across the country.

The Gini coefficient is a ratio between zero and one, where zero represents a perfect state of equality in income and everyone in a population has the same income, and one represents a case of perfect inequality where one person has all of the area's income. In 2007, the Gini coefficient for Morris County was 45 percent, comparable to New Jersey's rate of 46 percent and the United States' rate of 47 percent (3-year estimates, American Community Survey, 2005-2007). This means that nearly the same income inequality that exists in the poorest areas of Mississippi and the wealthiest areas of Manhattan exist in Morris County (*Poverty Benchmarks 2007: Poor in the Garden State: Beginning to Assess New Jersey's Progress in Addressing Poverty*, Poverty Research Institute, Legal Services of New Jersey, January 2007).

New Jersey trends show that income grew faster for the top earning quintile than for the middle and bottom earning quintiles from the 1980s to 2005 (Economic Policy Institute, State by State, April 2008). In other words, income inequality has been rising in New Jersey even faster than the nationwide average (*Poverty Benchmarks 2007*).

In previous parts of this report we have been focusing on income disparity. However, there is also a great wealth divide between the top and the bottom. The distribution of wealth is even more unequal than the distribution of income in the United States, see Figure 24. Though there are no wealth measures at the county level, with Morris County's high levels of income, home ownership and investment income, average wealth is most likely greater than the national average.

**Figure 24.** U.S. Distribution by Quartile of Income and Wealth



Source: Di, 2007, p.4

Wealth inequality has grown over time across the United States. Eighty-nine percent of total net growth from 1995 to 2005 took place among the wealthiest households. In 1995, the net worth of the top households was 6.6 times poor ones; in 2005 it was 12.7 times (Zhu Xiao Di, *Growing Wealth, Inequality and Housing in the United States*, Joint Center for Housing Studies, Harvard University, February 2007).

### **National Trends Conclusions**

The data shows that Morris County statistics are more comparable to national trends than the county's high median household income would suggest. The rise of low-paying jobs, wage inequality, lack of affordable housing and health care, and wealth inequality are a few reasons why ALICE has difficulty getting ahead. With ALICE's modest income and minimal savings; retirement accounts, the stock market, and home ownership may be difficult or impossible to obtain. Without assets, ALICE cannot take advantage of opportunities others take for granted, particularly college, or college in four years, home ownership, and good health.

## Summary: ALICE's Story

There is no single problem or situation that keeps ALICE from getting ahead. Many of ALICE's challenges are complicated and interrelated. For ALICE to be financially self-sufficient she must be socially interdependent. All of Morris County is part of ALICE's story. In order to bring ALICE to life, we highlight here the many different households struggling to be self-sufficient. As people go through life, their opportunities and abilities to earn an income change, as do their basic needs and their expenses. As such people and households can move in and out of the ALICE category. ALICE exists at many ages and stages of life:

- College students and recent graduates
- Young families
- Underemployed
- Military families
- People with disabilities
- Family caregivers
- Seniors

**College students and recent graduates** face unprecedented high college tuition fees and subsequently have the largest debt load in history. Many college students today work nearly full-time in low-wage jobs and struggle to pay for tuition and basic expenses. For those who can persevere, they have a good chance to work their way to higher paying jobs and self-sufficiency later in life. However, because the debt load has increased, younger people are finding it difficult to find jobs that pay enough for them to be self-sufficient. In addition, it is becoming more common for college students to drop out for a semester or longer. For these students, their future earning potential is reduced and their struggle to be self-sufficient will continue. The number of young ALICE people is small in Morris County, however, they are probably under identified because they are often living with an older head of household.

**Young families** not only face the high cost of housing in Morris County, but also the high cost of childcare. While childcare is essential for two parents to work, young parents are often still working their way up the pay ladder. If one or both parents are forced to curtail their professional options to take care of their children, household income is further reduced. While childcare for infants and toddlers is the most expensive, families continue to face before and after school care for several years. Many times childcare is the most expensive line item in a family's budget.

**Underemployed** workers face the frustration of wanting to work and earn more, but not having the opportunity. Jobs that are less than full-time also often do not offer pensions or healthcare benefits. Without these benefits or higher income, a worker is more likely to remain living in an ALICE household.

**Military families** face unique challenges with their major breadwinner often away and a low level salary coming in. The remaining parent has the challenge of childcare and work, often in a community away from home. Military households often face unique travel and

communication expenses while a soldier is away, and significant health and mental health expenses when a soldier returns.

**People with disabilities** often have reduced earning ability due to their disability, as well as added costs for basic needs that require special accommodation, such as transportation and housing, not to mention significant health care costs.

**Family caregivers** face challenges caring for seniors and people with disabilities. Caregiving can require time away from work and a corresponding loss of income, as well as increased costs for providing materials and transportation for those requiring care. Thus, not only can the person requiring care have insufficient income to cover their increased healthcare costs, the caregiver household (if they are not the same) may similarly face reduced income and increased expenses that makes it harder for them to remain self-sufficient. Making this more traumatic is the speed with which care giving situations often occur, reducing households abilities to plan efficiently for their new circumstances.

**Seniors** face loss of employment income as they retire. If income is not replaced with pension and/or social security, seniors can face a severe reduction in quality of living. If the reason for retirement is a health issue, for themselves or their spouse, they will also face an increase in expenditure for doctors, medicine, adult day-care, etc. While some seniors have savings and a house to sell, others do not have assets that can sustain them through a healthcare crisis or the loss of a spouse.

**Crises** are often the defining feature of ALICE households. While many households in the situations described above are self-sufficient most of the time, they do not have financial reserves to get them through unforeseen financial difficulties often setting off a downward economic spiral. For example, an emergency dental procedure could force ALICE to fall behind on a mortgage or car payment, or worse, face foreclosure. The lack of savings, pension, home or other financial asset reduces ALICE's credit rating and access to affordable loans, thus adding to the problem if she is forced to borrow in time of crises and making it more difficult to regain self-sufficiency.

### **Most Important Issues for ALICE households in Morris County**

With a quarter of Morris County households living below the level of self-sufficiency, the data reveals two common themes: high cost of living in Morris County and limited high income opportunities. These issues were expanded upon by the Morris County Advisory Committee on Women's roundtable with more than 60 women from social service organizations in Morris County in October 2008. Their findings provide a summary of the challenges facing ALICE.

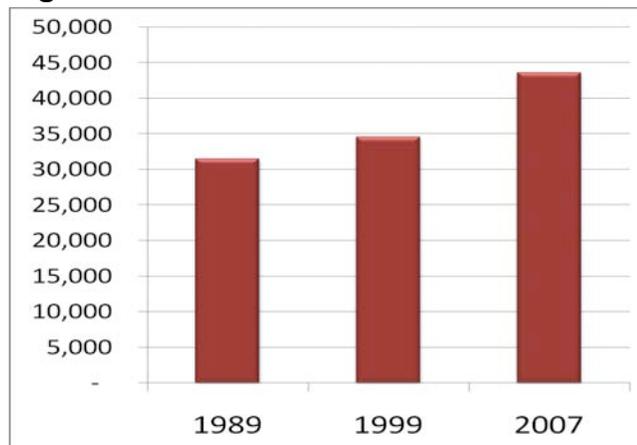
- Full employment – with flexible hours if needed
- Affordable housing – standard quality and near income levels
- Affordable transportation - cars and public transportation
- Child care – high quality, affordable and local
- Affordable health care - dental, prevention, and better hours
- Training and education – to enable career advancement

## Appendix A: Demographics

In 2007, Morris County was ranked the ninth largest county in New Jersey, representing six percent of the state population. The county's population includes 488,000 people who make up 175,000 households. More than a quarter of these households earned less than \$60,000 a year. The ALICE population, which is comprised of households earning between \$20,000 and \$60,000 annually, account for 23 percent of all households, while those earning under \$20,000 account for seven percent. A further breakdown reflects that within the ALICE population, 27,700 households earn between \$35,000 and \$60,000, while 12,400 households earn between \$20,000 and \$35,000 (American Community Survey, 2007).

Between the years 1989 and 2007, Morris Count experienced a significant population growth. During this time period the entire population grew by 14 percent. During the same period, the ALICE population grew 28 percent, double the rate of the overall population (see Figure A-1).

**Figure A-1.** ALICE Households over Time, 1989-2007

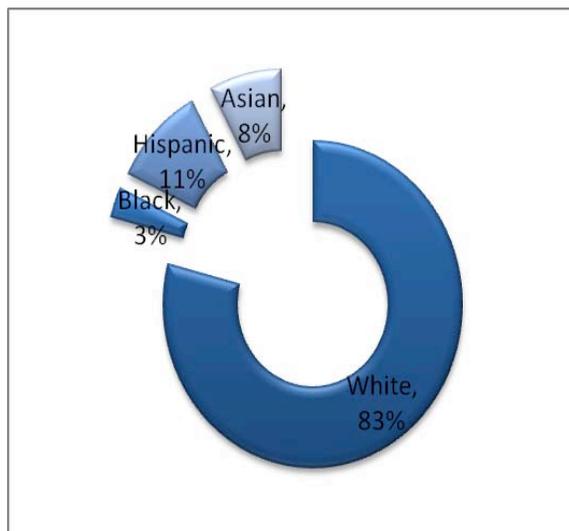


Source: American Community Survey, 2007; and US Census, 2000 and 1990.

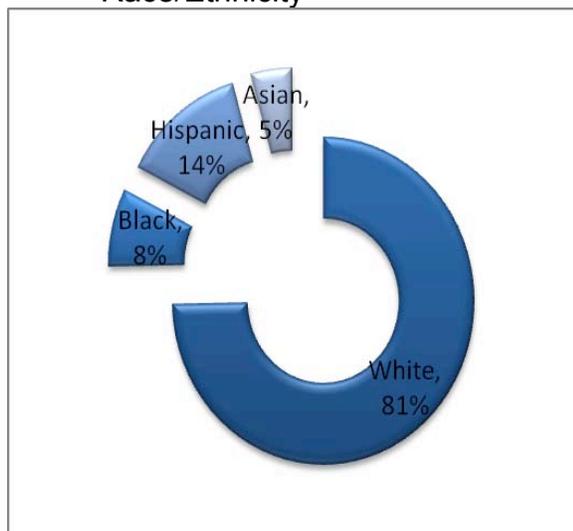
### Ethnicity

Morris County as a whole is predominately white. However, the Asian and Hispanic populations have seen significant growth since 1989. While the white population grew by five percent from 1989 to 2007, the black population grew by 20 percent, the Asian population grew by 59 percent, and the Hispanic population grew by 62 percent – albeit starting from much smaller numbers. Mixed and other races remained about five percent of the population (American Community Survey, 2007; and U.S. Census 1990 and 2000).

**Figure A-2. Total Household by Race/Ethnicity**



**Figure A-3. ALICE Household by Race/Ethnicity**



Source: American Community Survey, 2007

Similar to the Morris County population as a whole, the ALICE population is predominantly white - 81 percent compared to 83 percent in the total population. The ALICE population is eight percent black, slightly more than the three percent of the total population; five percent Asian, slightly less than the eight percent of the total population; and 14 percent Hispanic, slightly more than the 11 percent of the total population (American Community Survey, 2007). See Figures A-2 and A-3. Because race and ethnicity can be overlapping categories, the totals are greater than 100 percent.

Another way of understanding ALICE is to look at how ALICE is represented proportionately within each ethnicity. Of the Morris County white population, 22 percent are ALICE; of the black population, 52 percent are ALICE; of all Hispanics, 41 percent are ALICE; and of all Asians, 14 percent are ALICE (American Community Survey, 2007). Remember, these ethnic populations are small overall.

The country of origin for Morris County's immigrants born outside the United States may surprise some. Columbia and India are the most common, with 11 percent coming from each, followed by five percent each from Italy and China, and four percent each from United Kingdom, Philippines and Germany (American Community Survey, 2007).

### Age

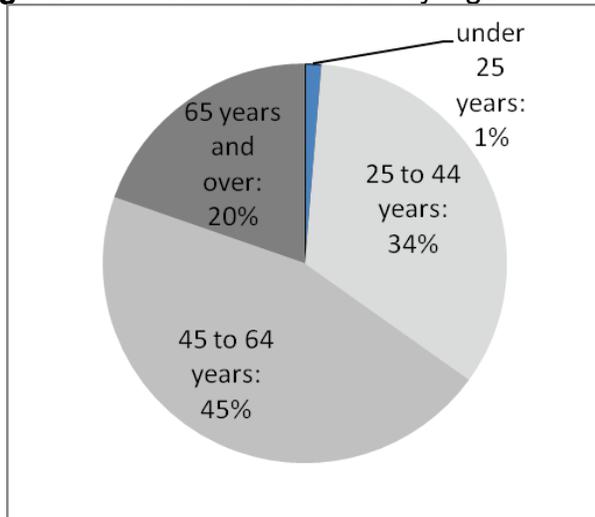
According to the NJ Department of Labor and Workforce Development, Morris County's population is projected to increase by 11 percent from 2002 to 2012, faster than the state as a whole. The county's 45-65 age group is projected to add the most people (29,700). The under 14-year-old population is expected to remain the same; the 15-24 age group is the smallest, but will grow the fastest (39 percent). The 25-44 age group will actually decline by eight percent. Those over 65-years-old, the second smallest group, will also grow by 2012 (Northern Regional Community Fact Book, Morris County Edition, New Jersey Dept of Labor

and Workforce Development, Division of Labor Market and Demographic Research, June 2006, p.11).

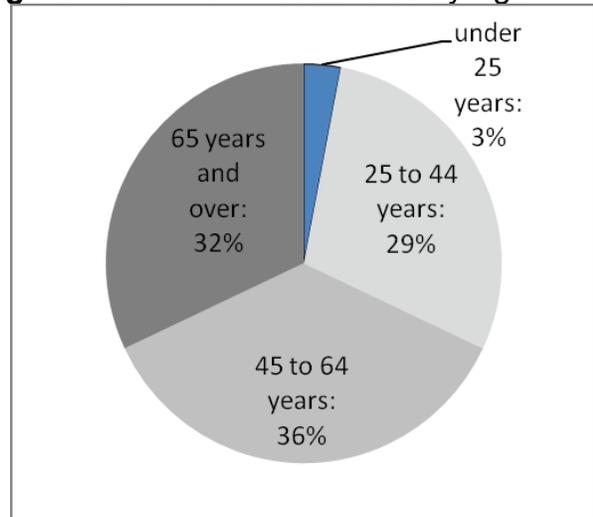
By household, Morris County is concentrated in households headed by someone 45-64 years old (45 percent), followed by households headed by a 25-44 year old (34 percent). Households headed by someone over 65 account for 20 percent of households, while those headed by someone under 25 are only one percent of the population, see Figure A-4.

The ALICE population has a slightly different profile. The 45-64 year old headed household is still the largest portion (36 percent), though much less than the total population. The over 65 year old headed household is the next largest group (32 percent), which is much larger than the total population. Households headed by a 25-44 year old are next at 29 percent, followed by households headed by someone under 25 years old (3 percent). See Figure A-5.

**Figure A-4. Total Households by Age**



**Figure A-5. ALICE Households by Age**



Source: American Community Survey, 2007

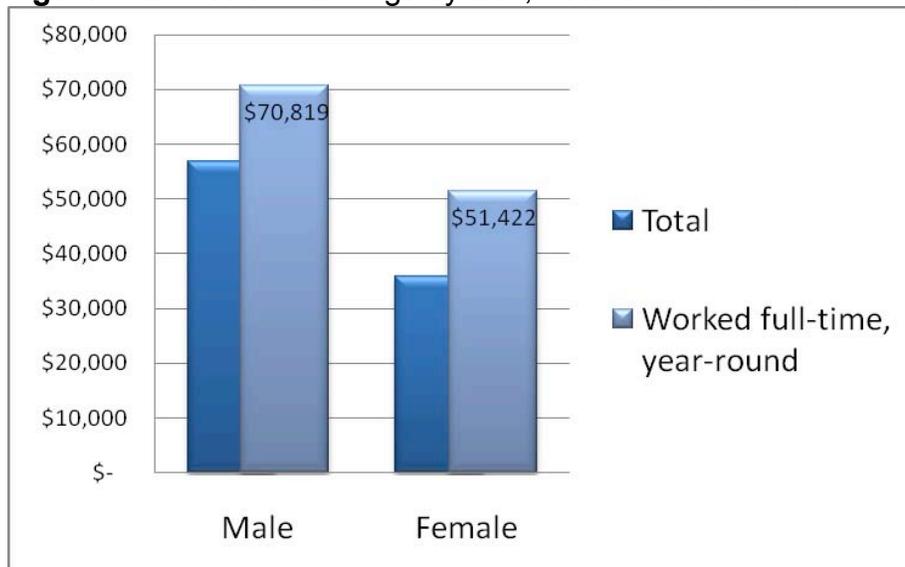
Of the Morris County population between the ages of 45 and 65, only 18 percent live in ALICE households; between the ages of 25 and 44, only 20 percent live in ALICE households. With only 2,300 Morris County households with a household head under 25 years old, the 1,300 that are ALICE is the smallest portion of the ALICE population. Yet, 59 percent of all under 25 households are ALICE households. The median household income for under 25 households is \$55,000 (American Community Survey, 2007).

**Sex**

Women continue to earn less than men. The median earning for women is \$36,000 annually, compared to \$57,000 for men. The large portion of women in the part-time labor force cannot alone explain the difference between pay for men and women. When comparing directly between men and women in full-time, year-round employment, the median earnings for women over 16 are significantly less than that for men. The women’s

median earnings are \$51,000 annually, compared to \$71,000 for men (American Community Survey, 2007).

**Figure A-5. Median Earnings by Sex, Total and Full-time**



Source: American Community Survey, 2007

## Appendix B: Commuting Patterns

<b>Figure C-2. Morris County Commuters, 2000</b>		
	<b>Residents Going To</b>	<b>Residents Coming From</b>
<b>Bergen</b>	12,000	10,000
<b>Essex</b>	25,000	24,000
<b>Passaic</b>	13,000	15,000
<b>Somerset</b>	9,000	12,000
<b>Sussex</b>	3,000	20,000
<b>Union</b>	9,000	11,000
<b>Warren</b>	2,000	9,000
<b>NYC</b>	12,000	1,000
<b>PA</b>	500	8,000
<b>Other</b>	15,000	27,000
<b>Total</b>	<b>100,000</b>	<b>137,000</b>
<i>Source: Regional Economic Accounts, BEA, 2004.</i>		

While most employees complain about Morris County traffic, employers have not found it to be a barrier to attracting qualified employees. In an employer survey of 209 Morris County employers, covering 87,000 of Morris County's 300,000 employees, Moran, Stahl & Boyer found that employers were able to recruit 40 percent of all employees within 30 minutes of their facility, and 83 percent within 45 minutes (Morris County's Electronic Factbook, Morris Area Development Group, 2002). In 2006, the mean travel time to work was 29 minutes (American Community Survey, 2006). Since then, the travel time to work has increased for many Morris County residents. In 1990, 18 percent of the population travelled over an hour to work, by 2007 25 percent of the population travelled an hour or more (American Community Survey, 2007; and US Census, 2000 and 1990).

## **Appendix C: *Employment***

Nearly 140,000 people live and work in Morris County, while 98,000 commute out of the county to work. Another 137,000 employees commute to work in Morris County each day.

Morris County is well known as the home to many managers and professionals. In fact, it has the second highest percent of employees in New Jersey employed in management, business, and finance at 23 percent - Hunterdon had the largest with 24 percent - and the fourth highest in professional and related occupations at 26 percent - Somerset was first with 29 percent, followed by Hunterdon and Mercer). (American Community Survey, 2007).

### **Morris County Employers**

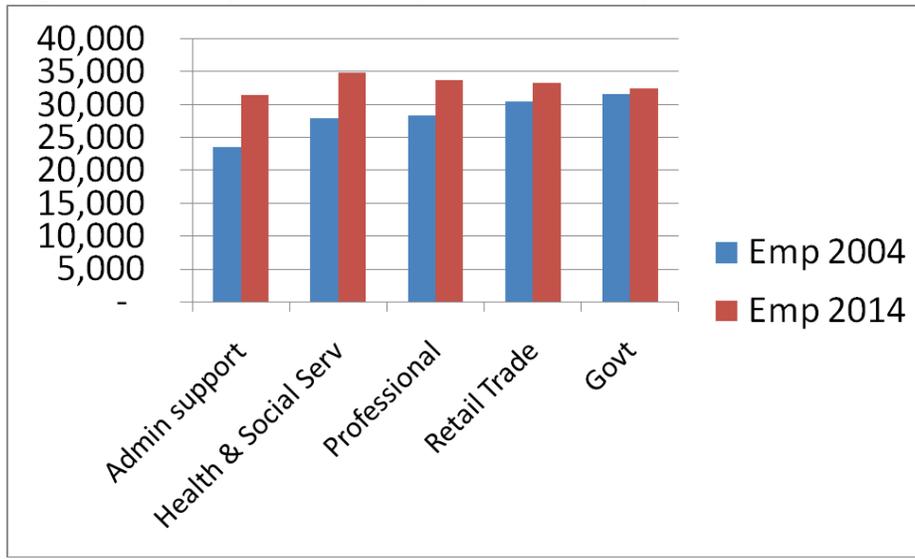
Morris County is known as the home for more than 50 Fortune 500 companies with a highly educated professional workforce (Morris County Economic Development Corporation). The 35 largest employers in Morris County are listed in Appendix D, and feature many well-known names.

Looking at Morris County's workforce by type, there are 36,000 employees in the professional and management category at firms like Novartis, Lucent, UPS, ADP, AT&T, Realogy, and Johnson & Johnson. In retail sales, there are over 30,000 employees at firms like Wakefern (Shop-Rite), Century 21, A&P, and Wal-mart. In health and social services, there are over 27,000 employees at facilities like Atlantic Health, St. Clare's, Chilton Memorial, and Lincoln Park Care Center. There are also over 23,000 people working as administrative support at all of the above companies. In addition, the Government employs over 7,000 people, including Picatinny Arsenal and the U.S. Post Office (NJ Dept of Labor and Workforce Development).

Predictions for job growth in Morris County range from 11,610 new jobs by 2014, a nine percent increase in the labor force by the NJ Dept of Labor and Workforce Development (2005), to 36,910 new jobs by 2014, a 12 percent increase in the labor force by the Morris County Economic Development Corporation (2007).

Employment growth by 2014 by sector shows the biggest growth in administrative support at 34 percent and health and human services at 25 percent (Morris County Economic Development Corporation using NJ Dept of Labor and Workforce Development, 2004). See Figure B-1.

**Figure B-1. Projected Employment Growth by Sector, 2004-2014**



*Source: Morris County Economic Development Corporation, Labor Market and Demographic Research, and Occupational and Demographic Research, February 2007.*

High paying manufacturing and telecommunication jobs are expected to continue to decline in Morris County. Though many large pharmaceutical corporations are based in Morris County, they focus their growth outside the county. This trend has already started as New Jersey's share of pharmaceutical jobs in the United States has declined from 20 percent in 1990 to 13.7 percent in 2005 (James W. Hughes and Joseph J. Seneca, "New Jersey's New Economy Growth Challenges," Issue Paper no. 25, Edward J. Bloustein School of Planning and Public Policy, Rutgers, July 2006). In Morris County, these jobs have been replaced with lower paying service sector jobs.

## Appendix D: 35 Largest Employers in Morris County

Ardec-Picatiny Arsenal	4,800
Louis Berger Group Inc	4,300
Alcatel-LUCENT	4,000
Novartis Pharmaceuticals Corp	4,000
St Clares Hospital	4,000
Realogy Corp	3,500
Aim Pest Control Inc	3,000
Pfizer Inc	3,000
Honeywell	3,000
Golden Skillet	2,638
Quest Diagnostics Inc	2,400
Wakefern	2,300
Century 21 Real Estate LLC	2,100
A T & T	2,000
BASF Corporation	2,000
Morristown Memorial Hospital	2,000
RCI Global Vacation Network	2,000
Villager Franchise Systems Inc	2,000

Wyndham Hotel Group	2,000
A&P	1,800
Avis Rent A Car System LLC	1,500
Weichert Realtors	1,500
Chilton Memorial Hospital Phys	1,400
Walmart	1,400
US Postal Service	1,300
Gerber Products Co	1,200
Pricewaterhouse Coopers	1,200
U S Snacks Sector	1,200
Greystone Park Psych Hospital	1,110
AUTOMATIC Data Processing	1,100
Colgate-Palmolive Co	1,000
Ebi LP	1,000
State Farm Insurance	1,000
Tetra Tech EC Inc	1,000
Wyeth	1,000

*Source: Morris County Economic Development Corporation, 2008; and the ReferenceUSA Database, April 10, 2008*

## **Appendix E: Task Force on the Low-Income Population in Morris County**

**Stephanie Hoopes Halpin, PhD, Task Force Chair**

*United Way of Morris County Board Member*

*Fostering Self-Sufficiency Action Team Chair*

*Treasurer and Commissioner, NJ Public Broadcast Authority*

**Michael Gerardi, M.D.**

*Emergency Medicine Attending and Director of Pediatric Emergency Medicine, Goryeb*

*Children's Hospital, Morristown Memorial Hospital*

*Trustee, Morristown Memorial Hospital Foundation*

*Board of Directors, American College of Emergency Physicians (ACEP)*

**Charles F. Robinson, PhD**

*Former Director, Library and Information Services, The New York Times*

**William (Toby) Tyler**

*Director, Brand and Communications, TNS*

*Formerly with Nielsen and AT&T*

**Melissa Wankmuller, LSW**

*INCOME Community Impact Manager, United Way of Morris County*

## Epilogue: The Typical ALICE Living in Morris County

The data presented in this report suggests that a wide range of obstacles prevent ALICE from reaching a self-sufficient income level. This section examines how ALICE's life is, and probably will continue to be, lived in Morris County.

As Morris County's economic engine continues to generate high-paying jobs in the county, it will also generate low-paying support and service jobs. Opportunities in low-paying, low-skilled jobs are likely to become even more plentiful than opportunities for high-paying jobs in the future. From this seemingly simple proposition arise many of the issues that now impact ALICE and will continue to impact ALICE for the foreseeable future in Morris County.

ALICE is probably white. He or she, slightly more likely to be her, will increasingly be Hispanic and African American.

If ALICE is not well-educated or well-trained – and national data indicates that ALICE generally is not – there will probably be little chance to move up to a better job. Education and training are critical. Without good English language skills, the percentage of those without such skills and of working age in the county has actually increased, the chances of securing increasingly better jobs are further reduced. In Morris County, with a low-skilled, low-paying job, the household will inevitably struggle to make ends meet.

ALICE may be the day supervisor of the bakery at your local supermarket, sales associate in the toy department at the store in East Hanover, or the nurse's assistant at a senior care facility in Morristown. Working at one of these jobs in Morris County, ALICE needs and will continue to need housing that is affordable for this income level. However, there are not anywhere near enough affordable housing units available now to meet the number of people that require it, nor is there likely to be in the near future. If ALICE is younger and has a family, there are likely to be even fewer housing options. If ALICE is old, even if living in an owner occupied home, the cost of living in the county is still a serious challenge. If ALICE resides in the county, he or she may move in with other family members or friends, and, in some of the county's more urban centers, may become part of the overcrowding problem.

Some of the ALICE population is moving, and will continue to move, out of the county to find affordable housing. Most tend to head west to find more affordable housing where it is typically more available. However, the available jobs are and will continue to remain in Morris County.

ALICE who moves out of the county is still likely to be a commuter into the county, increasing the load of eastbound traffic in the morning and westbound at night, and possibly increasing the strain on our road system and the family car as ALICE settles further away.

Despite the pros and cons of relocating outside the county, most of the working poor in the ALICE group will remain in the county and live here, mostly in Morristown or Dover, but also in a number of other towns around the county.

If ALICE has a family and children, he or she will have to decide between working and earning more or paying more for child care, or working and earning less and paying less for child care. There is a distinct possibility, both now and in the future, that an ALICE family will pay more for child care than housing, if they can find quality affordable child care. Some may join the ranks of part-time employees because of the cost and time demands of full-time work, especially while trying to raise children or care for aging parents.

If the ALICE head of household works part-time or for a company that provides no health insurance, then the ALICE family is unlikely to be covered if a health emergency arises. One in 10 people in the county has no health insurance. As a consequence of low-income and the high cost for housing and child care, ALICE may be forced to forego basic health care. Instead, ALICE relies on utilizing an emergency room in a local hospital when a particular medical need becomes too great. As a result, ALICE can easily become part of a troubling trend for the county and the state - hospital charity care and uncompensated health care, which has been increasing. ALICE will add to the burden on this system.

If ALICE has a disability, which is increasingly likely for people over the age of 65, ALICE's earning capability is further reduced. Men in the ALICE population with disabilities have an earning potential 40 to 50 percent lower than men in the ALICE population without a disability.

Unlike those who have higher-paying jobs, and significant disposable income both to spend on consumer goods and to help ride out temporary financial problems, ALICE has no financial margin for error. Since national statistics continue to show that Americans are saving less, ALICE is probably saving little or nothing because he or she has little or no disposable income. If ALICE encounters a significant money shortage in one of the biggest expense categories – housing, child care, food, transportation, health care – it may turn into a real financial crisis, whether the cause is the reset of ALICE's home mortgage payment to a much higher level, a large unforeseen repair expense for the family car, or an emergency dental procedure. If, as a result of one of these crises, ALICE falls behind on a mortgage or car payment, or faces foreclosure, the likelihood of maintaining a good credit rating is substantially diminished. If ALICE does need any kind of loan in the future, he or she is sure to incur a higher interest rate on it.

Occasionally, especially during a crisis, ALICE may need to use available social services in the county, whether from a government agency, a hospital, or a non-profit organization. However, ALICE is much more likely to receive temporary services than long term assistance. If ALICE has a family, he or she may use food stamps or the state's child care assistance program until the family has weathered the financial crisis.

Public and private spending on services and programs, such as child care assistance, is certainly substantial - at least \$315 million a year. But, excluding outlays for health care, the amounts actually available to individual ALICEs seem much more modest. If each ALICE household were given cash directly – which doesn't happen – the average amount (\$3,200) might cover a new transmission for the car and two month's rent for a single adult, or three

months of full-time child care for ALICE's young child (at the rates described in the self-sufficiency standard).

Because the county's economic engine will continue to generate even more of the jobs that ALICE currently works in, ALICE is likely to remain in Morris County in substantial numbers for many years. It is our challenge to find ways to make ALICE's life more livable in Morris County.

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