

INTERIM REPORT OF

The Task Force on Wages and State Benefits

I. INTRODUCTION

Public Law 2019, Chapter 32 is landmark legislation that will raise the minimum wage for more than 1 million New Jersey workers.¹ It represents a huge step toward significantly reducing economic inequality and poverty throughout the state. Most New Jersey workers earning the minimum wage will see their wages increase to \$11 per hour on January 1, 2020, with \$1 per hour increases occurring every January 1 thereafter until reaching \$15 per hour on January 1, 2024. Employees at seasonal employers, small employers, or agricultural employers will see their wages increase as well on a different timetable. Once reaching \$15 per hour, per the state Constitution, the minimum wage will continue to increase annually by the rate of inflation.

The minimum wage legislation also called for the creation of a Task Force on Wages and State Benefits to evaluate how changes in the minimum wage “may affect the eligibility of low-income individuals, and other disadvantaged individuals, for a variety of services and benefits provided or administered by the state or its instrumentalities...and how the combination of changes in minimum wage and eligibility standards may impact the living standards of the individuals and their families.” The Task Force is charged with annually producing a report of its findings, which shall include any recommendations the task force deems appropriate for adjustments in eligibility standards for the benefits, changes in benefit subsidy rates, and other relevant reforms, to “ensure that the combination of minimum wage increases and state services and benefits are coordinated effectively so as to further advance the overall goal of raising the living standards of working families.”

The Task Force formally consists of one representative from the Departments of Community Affairs (DCA), Education (DOE), Health (DOH), Human Services (DHS), Labor and Workforce Development (DOL), and the Treasury (Treasury). Recognizing that other important programs are administered by state agencies not formally named in the legislation, the Task Force informally included one representative from the Department of Children and Families (DCF) and the Department of Agriculture (NJDA).

The Task Force also formally includes five public members, who were nominated by the Governor, but were not yet confirmed at the time of the Task Force’s deliberations. However, upon confirmation by the state Senate, input from these public members will be included in subsequent reports. The Task Force is committed to and values the views it anticipates hearing from the public members. Therefore, this Interim Report represents a starting point in the conversation and work of the Task Force, which will be greatly enhanced by the inclusion of the public members.

During the course of its work the Task Force met on six separate occasions, and solicited written submissions from interested parties and the general public. The Task Force has identified several programs that it intends to monitor and analyze with respect to the effect of the increasing minimum wage. Although the Task Force is mostly charged with reviewing state-funded and administered programs, it intends to monitor several additional federally funded and administered programs as well, due to their size and relative importance. These programs, sorted by Department, are:

¹<http://www.njpp.org/wp-content/uploads/2018/10/2018-10-Minimum-Wage-Report-CLEAN-v2.pdf>

- Department of Agriculture: National School Lunch Program
- Department of Community Affairs: State Rental Assistance Program; Another Chance; Section 8 Housing Choice Voucher Program
- Department of Education: Head Start; Pre-K
- Department of Health: NJ Cancer Education and Early Detection; Supplemental Nutrition Program for Women, Infants, and Children
- Department of Human Services: NJ FamilyCare; Supplemental Nutrition Assistance Program; Temporary Assistance for Needy Families/General Assistance; Subsidized Child Care
- Department of Treasury: Earned Income Tax Credit

These programs are briefly summarized infra.


Overall, increasing the minimum wage is tremendously beneficial for New Jersey workers, who will see significant income increases in the near future. The Task Force believes that raising the minimum wage is a historic action and welcomes the opportunity to review the impact of this action on the state's residents.

II. TASK FORCE PRIORITIES AND NEXT STEPS

A. Improving Data Collection

The most important priority that the Task Force agreed upon was the need to improve data collection. With limited exceptions, Departments' existing data collection protocols do not always allow for fine-grained analysis of these programs likely impacted by changes in the minimum wage.

To begin, many of these programs require the collection of income and household size data for the purposes of determining and maintaining program eligibility. However, for those that do not collect that data, or do not collect the information in a manner that is easily extracted, aggregated, or comparable to other program data, the Task Force recommends that, to the extent practicable within statutory authority and without creating undue burden on service recipients, Departments collect income and household size information from all program participants. This will greatly assist the Task Force in determining how many individuals and families may have their program eligibility affected by the increasing minimum wage. Further, Departments would benefit from increased investment in information technology infrastructure and data science capacity to improve data collection, analysis, and forecasting of future program trends.



Additionally, without comprehensive payroll data from service providers, Departments do not have the capacity to perform an independent analysis of the minimum wage's effect on service providers. Without this information, Departments cannot effectively evaluate claims related to the impact of the increased minimum wage on staffing and service delivery. The Task Force recommends that, as a condition of state funding, service providers likely to be impacted by the minimum wage provide payroll information as requested by the Departments. In the alternative, Departments should conduct surveys of the staffing and retention practices of service providers to gather such information.

It should be noted that some of these recommendations are already being implemented. For example, pursuant to legislative requirements DHS is collecting detailed wage data from many of its service providers, which is expected to provide significant insight into minimum wage changes. In particular, P.L. 2017, c. 239 requires that personal care assistance providers share wage data with the state, and the FY2019 and FY2020 state budgets require providers of state-funded services to individuals with intellectual or developmental disabilities to exclusively use certain new funding for wages of direct support professionals. To confirm compliance with this provision, DHS will collect wage data from these providers

B. Modernizing the Federal Poverty Level Formula

Another priority identified by the Task Force was that several of the programs that will be monitored are federally funded and use eligibility criteria based on the Federal Poverty Level (FPL). The FPL was developed in the 1960s and it does not reflect modern-day spending needs. In particular, the FPL does not account for the costs of health care services, child care, transportation, or housing. The result is that fewer New Jersey individuals and families qualify for programs with federal eligibility requirements than if the real costs of living were reflected in the federal poverty measurements.

The Task Force recommends that New Jersey stakeholders work with the federal government, including the state's Congressional delegation, to review the calculation of the FPL and identify strategies to modernize the federal poverty standards to adequately account for today's needs.

C. Engaging and Soliciting Input from Relevant Stakeholders

As a third priority, the Task Force recognized the importance of broad engagement with stakeholders. As it continues its work, the Task Force will consider forming working groups, receiving additional information and analysis from Departments, and other measures to meet its legislative mandate. Indeed, the Task Force has done so already by informally including representatives from DCF and NJDA in its deliberations.

III. PROGRAMS THAT WILL BE MONITORED AND ANALYZED BY THE TASK FORCE

A. PROGRAMS UNDER THE DEPARTMENT OF AGRICULTURE

The relevant NJDA program to be studied by the Task Force is the National School Lunch Program.

National School Lunch Program

Website: <https://www.nj.gov/agriculture/divisions/fn/childadult/school.html>

Program Summary

NJDA administers federal nutrition programs under the auspices of the U.S. Department of Agriculture. In New Jersey, the National School Lunch Program serves an average of 650,000 students per school day. Of those, 377,000 students are eligible to receive free lunch and 42,000 are eligible to receive lunch at the federally set reduced-price of 40 cents. The remainder pay the full price for a meal. That price is set by the district, with the state setting a maximum allowable price. Currently, the maximum prices are \$4.25 at the high school level, \$4 in middle schools, and \$3.75 in elementary schools. Districts can charge less than the maximum price, but not more. Children may also be eligible for free meals if they are already determined eligible for SNAP or TANF benefits (these programs are described infra).

Income eligibility guidelines are set by the federal government. They are set forth below:

INCOME ELIGIBILITY GUIDELINES

July 1, 2019 - June 30, 2020

(As announced by the United States Department of Agriculture)

HOUSE HOLD SIZE	FREE MEALS OR MILK					HOUSE HOLD SIZE	REDUCED PRICE MEALS				
	Annual	Monthly	Twice per Month	Every Two Weeks	Weekly		Annual	Monthly	Twice per Month	Every Two Weeks	Weekly
1	16,237	1,354	677	625	313	1	23,107	1,926	963	889	445
2	21,983	1,832	916	846	423	2	31,284	2,607	1,304	1,204	602
3	27,729	2,311	1,156	1,067	534	3	39,461	3,289	1,645	1,518	759
4	33,475	2,790	1,395	1,288	644	4	47,638	3,970	1,985	1,833	917
5	39,221	3,269	1,635	1,509	755	5	55,815	4,652	2,326	2,147	1,074
6	44,967	3,748	1,874	1,730	865	6	63,992	5,333	2,667	2,462	1,231
7	50,713	4,227	2,114	1,951	976	7	72,169	6,015	3,008	2,776	1,388
8	56,459	4,705	2,353	2,172	1,086	8	80,346	6,696	3,348	3,091	1,546
Each Additional Household Member	5,746	479	240	221	111	Each Additional Household Member	8,177	682	341	315	158

When all income is reported with the same frequency i.e., all reported as weekly (W), every 2 weeks (2W), monthly (M), or twice a month (2M), total the income and number of household members and compare it to this chart. **Cannot annualize if all income reported is the same frequency.**

When income is reported with different frequencies, annualize the number, total the income and the number of household members and compare it to the annual income column on this chart.

Annual Income Conversion: Weekly x 52, Every 2 weeks x 26, Twice a month x 24, and Monthly x 12.

Error Prone: Weekly: \$0 - \$25 below the free or reduced price income eligibility limit.
 Every two weeks or twice a month: \$0 - \$50 below the free or reduced price income eligibility limit.
 Monthly: \$0 - \$100 below the free or reduced price income eligibility limit.
 Annually: \$0 - \$1200 below the free or reduced price income eligibility limit.

B. PROGRAMS UNDER THE DEPARTMENT OF COMMUNITY AFFAIRS

The relevant DCA programs to be studied by the Task Force include the State Rental Assistance Program (SRAP), Another Chance, and the Section 8 Housing Choice Voucher Program (HCV).

State Rental Assistance Program

Website: <https://www.nj.gov/dca/divisions/dhcr/offices/srap.html>

Program Summary

SRAP is a state-funded program with an annual allocation of \$42 million. The program provides tenant-based rental assistance to approximately 4,000 homeless, elderly, or disabled households. More than half of the households participating in SRAP include elderly or disabled individuals living on fixed incomes, with most of the remaining households being families with children with incomes below the 30th percentile of Area Median Income. Under SRAP, elderly and disabled households pay 25% of their adjusted monthly income towards rent, while income-limited families with children pay 30%. Each participant's income is calculated annually.

Another Chance

Website: <https://www.nj.gov/dca/divisions/dhcr>

Program Summary

Another Chance is a state-funded program with an annual allocation of \$504,000. The program provides temporary housing assistance (up to 6 months) to offenders or ex-offenders being released from Department of Corrections facilities who do not have an approved residence of record. The program assists approximately 100 individuals each year, who are homeless and usually receiving General Assistance (\$210 per month) (program described infra). Participants are placed in an emergency shelter for up to 6 months. The emergency shelter receives \$28 per day to house program participants.

Section 8 Housing Choice Voucher Program

Website: <https://www.nj.gov/dca/divisions/dhcr/offices/section8hcv.html>

Program Summary

HCV is funded by the U.S. Department of Housing and Urban Development and administered by DCA. The purpose of the program is to make housing available to very low-income households in the private rental market. Households that meet eligibility requirements generally pay no more than 30% of their adjusted monthly income toward their monthly rent and utility costs. The program pays the balance of the rent directly to the owner of the rental property. All applicants must have very low income (up to 30% of Area Median Income) to be eligible. DCA

receives approximately \$230 million annually to administer the HCV program, and there are currently 23,339 participating families throughout New Jersey.

C. PROGRAMS UNDER THE DEPARTMENT OF EDUCATION

The relevant DOE programs to be studied by the Task Force are Head Start and Pre-K.

Head Start

Website: <https://www.benefits.gov/benefit/1926>

Program Summary

Head Start is a federally funded, state-administered program that promotes school readiness for children from low-income families, from ages birth to 5. Pregnant women, infants, and toddlers up to age 3 fall under “Early Head Start,” and children ages 4 and 5 fall under Head Start. In addition to supporting the academic development of these children, Head Start also offers child and family services such as assisting participants in obtaining health insurance benefits, and through community partners provides a variety of other services including prenatal health care, preschool dental care, mental health care, disability assistance, and homelessness assistance.

Head Start uses FPL guidelines to determine participants’ eligibility. Eligible children must come from households that are at 100% of poverty guidelines or below. Unlike some other programs serving the same population, enrollment in Head Start is based on location – there are 55 regional locations in the state. Once 100% of eligible children in a region have been accepted into Head Start, 10% of the program participants who do not meet FPL guidelines may be accepted. Recognizing the need for special education services, Head Start is also mandated to serve disabled children with Individualized Education Programs (at least 10% of total Head Start enrollment).

The 2018 Head Start budget was \$171,816,866. The cumulative enrollment was 17,124, of which 526 participants were pregnant women.

Expanded Pre-K Initiative

Website: <https://www.nj.gov/education/ece/psexpansion>

Program Summary

New Jersey offers state-funded preschool programs in certain school districts across the state, with the goal of eventually expanding preschool programs to all school districts. In FY2019, 11,199 students participated in half-day public preschool and 30,007 students participated in full-day public preschool. As part of its effort to expand the availability and accessibility of free preschool programs, the Murphy Administration has increased funding throughout the State.

The Administration’s FY2019 budget included an additional \$50 million to support expanded, high-quality early childhood education programs, and the FY2020 budget added another \$20 million in funding. These programs, which are expected to begin implementation by October 1, will permit an additional 2,000 children across the state to attend a quality preschool.

D. PROGRAMS UNDER THE DEPARTMENT OF HEALTH

The relevant DOH programs to be studied by the Task Force are the Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the New Jersey Cancer Education and Early Detection Program (NJCEED).

Supplemental Nutrition Program for Women, Infants, and Children

Website: <https://www.state.nj.us/health/fhs/wic>

Program Summary

WIC is a preventive public health nutrition program that provides nutrition and breastfeeding education, nutritious foods, and improved access to regular health care and social services to income-eligible pregnant, postpartum, and breastfeeding women and young children (ages birth to 5), who have or are at risk of developing nutrition-related health problems. The goal of the program is to reduce the risk of poor pregnancy outcomes and facilitate improved nutrition by identifying and providing services that impact income-eligible pregnant, postpartum, and breastfeeding women, infants and children.

In order to enroll in WIC, individuals must be categorically eligible; have a gross income equal to or less than 185% of FPL guidelines; must be a state resident; and have a medical condition or limited access to nutrition that places health at risk. The chart below summarizes current income eligibility guidelines as of July 2019. For FY 2020, a family of four can earn up to \$917 per week and still be income-eligible for WIC.

FAMILY SIZE AND INCOME TABLE

Family Size	Annual	Monthly	Twice-Monthly	Bi-Weekly	Weekly
1	\$23,107	\$1,926	\$963	\$889	\$445
2	\$31,284	\$2,607	\$1,304	\$1,204	\$602
3	\$39,461	\$3,289	\$1,645	\$1,518	\$759
4	\$47,638	\$3,970	\$1,985	\$1,833	\$917
5	\$55,815	\$4,652	\$2,326	\$2,147	\$1,074
6	\$63,992	\$5,333	\$2,667	\$2,462	\$1,231
7	\$71,169	\$6,015	\$3,008	\$2,776	\$1,388
8	\$80,346	\$6,696	\$3,348	\$3,091	\$1,546
For Each Additional Family Member, Add:	\$8,177	\$682	\$341	\$315	\$158

There are currently approximately 100,000 households participating in WIC annually with an average family size of three to four individuals.

New Jersey Cancer Education and Early Detection

Website: <https://www.nj.gov/health/ces/public/resources/njceed.shtml>

Program Summary

The NJCEED program provides comprehensive outreach, education and screening services for breast, cervical, colorectal, and prostate cancers for lower-income individuals and families. Program services are provided through 21 contracted lead agencies; each county in New Jersey has at least one lead agency. NJCEED screens approximately 20,000 individuals annually. Persons eligible for these services must be at or below 250% of the FPL and be uninsured or under-insured. For FY 2019, a family of four can earn up to \$1,073 per week and be income eligible for NJCEED, as the chart below illustrates.

NEW JERSEY CANCER EDUCATION AND EARLY DETECTION (NJCEED) PROGRAM

2019 FEDERAL POVERTY LEVELS

Family Size	FPL 100%	FPL 138%	FPL 250%	FPL 400%
1	12,490	17,236	31,225	49,960
2	16,910	23,336	42,275	67,640
3	21,330	29,435	53,325	85,320
4	25,750	35,535	64,375	103,000
5	30,170	41,635	75,425	120,680
6	34,590	47,734	86,475	138,360
7	39,010	53,834	97,525	156,040
8	43,430	59,933	108,575	173,720

The ACA law text reads 133 %, but also calls for a new method of calculating income bringing in the minimum to 138% and they are choosing to disregard the 5% discrepancy.

If your family contains more than 8 people, add \$4,420 for each additional person.

<https://aspe.hhs.gov/poverty-guidelines>

E. PROGRAMS UNDER THE DEPARTMENT OF HUMAN SERVICES

The relevant DHS programs to be studied by the Task Force include New Jersey FamilyCare (the state's Medicaid and the Children's Health Insurance Program), the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), General Assistance (GA), and subsidized child care.

NJ FamilyCare (Medicaid/Children's Health Insurance Program)

Website: <http://www.njfamilycare.org/Default.aspx>

Program Summary

New Jersey Medicaid and the Children's Health Insurance Program, together known as NJ FamilyCare, are the state-federal partnership providing health insurance coverage for residents of any age with lower incomes. State residents of any age that meet the income eligibility thresholds are eligible for free or low-cost health insurance that provides comprehensive health care services including hospitalization, primary care, prescription coverage, vision, dental, and behavioral health care. The program currently covers more than 1.7 million recipients with income up to 138% of FPL for adults, up to 205% for women who are pregnant, and up to 355% of FPL for children under 18 years old enrolled through Medicaid and the Children's Health Insurance Program. The program also covers eligible individuals who are elderly or disabled. NJ FamilyCare is administered in partnership with the federal government and is supported by state and federal funding. The below chart illustrates current income eligibility thresholds:



INCOME CHART effective JANUARY 1, 2019

1-800-701-0710
TTY: 1-800-701-0720
www.njfamilycare.org

FAMILY SIZE*	Adults (Age 19-64)	Pregnant Women (Any Age)	Children (Under Age 19)					
	Federal Poverty Level % (FPL)							
	0-138%	0-205%	0-147%	>147-150%	>150-200%	>200-250%	>250-300%	>300-355%
	Maximum Monthly Income							
1	1,437	N/A	1,531	1,562	2,082	2,603	3,123	3,695
2	1,945	2,889	2,072	2,114	2,819	3,523	4,228	5,003
3	2,453	3,644	2,613	2,667	3,555	4,444	5,333	6,311
4	2,962	4,399	3,155	3,219	4,292	5,365	6,438	7,618
5	3,470	5,155	3,696	3,772	5,029	6,286	7,543	8,926
6	3,978	5,910	4,238	4,324	5,765	7,207	8,648	10,233
Each Additional	509	756	542	553	737	921	1,105	1,308

Temporary Assistance for Needy Families/General Assistance

Website: <https://www.state.nj.us/humanservices/dfd/programs/workfirstnj>

Program Summary

WorkFirst NJ (WFNJ) provides temporary cash assistance and other support services to families through the Temporary Assistance for Needy Families program, and for individuals or couples with no dependent children through the General Assistance program. TANF benefits are funded through a mix of state and federal dollars, while GA is funded by the state. In emergent circumstances, individuals eligible for TANF or GA may receive Emergency Assistance to avoid homelessness and address immediate needs such as temporary rental assistance, utility assistance, or moving expenses.

WFNJ cash assistance is available for individuals and families with very modest incomes. For example, a single parent family with two children is eligible if they earn less than the maximum cash assistance amount for which they are eligible, which is currently \$559 per month. WFNJ eligibility also is subject to asset limits. In FY 2020, a family of four receiving TANF can receive a maximum of \$644 per month in assistance.

The Murphy Administration has increased the maximum levels of cash assistance available through WFNJ by 32%, providing the first increase in decades to support individuals and families. The income limit for WFNJ is equal to the maximum benefit for which someone is eligible, meaning that recent WFNJ increases raise the amount an individual or family may earn while maintaining cash assistance benefits.

Supplemental Nutrition Assistance Program

Website: <https://www.state.nj.us/humanservices/dfd/programs/njsnap>

Program Summary

The SNAP program provides nutrition assistance to more than 700,000 New Jersey residents. For purposes of eligibility determinations, everyone who lives together, or purchases and prepares meals together, is grouped together as one SNAP household. New Jersey determines SNAP eligibility on the basis of 185% of FPL. However, a variety of deductions are applied in calculating SNAP that further increase eligibility, including 20% of the earned income for the household. The chart here shows current income eligibility limits:

GROSS MONTHLY INCOME ELIGIBILITY STANDARD (185% of FPL)	
Figures valid October 2018 – September 2019	
Household Size	Max Allowable Income
1	\$1,872
2	\$2,538
3	\$3,204
4	\$3,870
5	\$4,536
6	\$5,202
7	\$5,868
8	\$6,534
Each Additional Member	+ \$666



Subsidized Child Care

Website: <http://www.childcarenj.gov>

Program Summary

Child care subsidies are available to families with income at or below 200% of the federal poverty level. Subsidies may continue until the gross annual income of the family exceeds 250% of FPL. If a change results in the gross annual income of the family to exceed 250% FPL but does not exceed 85% of the state median income, a family is eligible for a 12-month phase-out period during which child care subsidy will continue. In addition, families formerly enrolled in TANF are eligible for a continued 24 months of child care subsidies with no income cap so long as other child care assistance program requirements are met.

Grow NJ Kids is New Jersey's program to raise the quality of child care and early learning across the state. It offers child care and early learning providers access to training, professional development, grants for equipment and materials, and staff scholarships for continuing education. Professional raters visit the program to review quality standards and then programs receive ratings – up to five stars – by meeting an extensive list of quality benchmarks.

Under the Murphy Administration, rates for the child care subsidy program have grown substantially. Altogether, support for infant care will have increased by nearly 40% since the Administration took office, from approximately \$724 per month to \$994 per month by January 1, 2020. For parents who select an infant care provider with a three-star quality rating from our Grow NJ Kids quality improvement program, that rate will increase even further, reaching \$1,093 per month. Further, under the Murphy Administration toddler care rates will have risen from \$717 per month to \$830 per month, and preschool rates will have risen from \$585 per month to \$690 per month by January 1, 2020, with higher rates for quality rated programs. Each year, the NJ child care subsidy program serves about 100,000 children.

F. PROGRAMS UNDER THE DEPARTMENT OF THE TREASURY

The relevant Treasury program to be studied by the Task Force is the Earned Income Tax Credit (EITC).

Earned Income Tax Credit

Website: <https://www.state.nj.us/treasury/taxation/eitc/eitcinfo.shtml>

Program Summary

The Earned Income Tax Credit provides low- to moderate-income families a refundable tax credit on a recipient's New Jersey income tax return, based on a percentage of a similar credit received on the recipient's federal tax return.

The Murphy Administration has gradually increased the percentage of the credit via a 2018 law. In tax year 2017, this credit was equal to 35% of the federal credit; in 2018 it was 37%; in tax year 2019 it will be 39%; and in tax year 2020 it will be 40%. A refundable credit is one which can reduce the amount of taxes owed, or provide a refund, even if there is no tax liability. An individual is eligible for the program if he or she meets the following conditions:

1. has a federal earned income credit for the same tax year;
2. is a resident of New Jersey who works or earns income;
3. has a qualifying child, OR is at least 25 years old and under 65 years old;
4. has a valid Social Security number;
5. has investment income of less than \$3,500 for the year; and,
6. meets the income limits in the chart below.

EITC INCOME LIMITS AND MAXIMUM BENEFIT LEVELS				
Data Based on Tax Year (TY) 2018				
Income Limits	Qualifying Children Claimed			
Filing Status	0	1	2	3 +
Single, HOH, Widowed	\$15,270	\$40,320	\$45,802	\$49,194
Married Filing Jointly	\$20,950	\$46,010	\$51,492	\$54,884
Maximum Benefit Level	\$192	\$1,281	\$2,115	\$2,379