A NEW JERSEY THAT WORKS FOR WORKING PEOPLE

FALL 2016
A New Jersey that Works for Working People

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ABOUT COWS

COWS is a nonprofit think-and-do tank, based at the University of Wisconsin-Madison, that promotes “high road” solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. Through our various projects, we work with cities around the country to promote innovation and the implementation of high road policy. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all.

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FALL 2016
New Jersey’s economy has not recovered from the recession like it could – and should – have. Economic difficulties that began with losses in manufacturing jobs throughout the 1980s have persisted. Despite a diverse population and a shift in land use from sprawling suburban growth to more infill development, job numbers and GDP are growing too slowly. And what growth there is, isn’t distributed equally. New Jersey struggles with extreme racial and economic disparities that distribute the benefits of the economy not as shared prosperity, but to the wealthy.

State policy can and must lift up working people and their families, creating a more equitable and inclusive New Jersey. The State must act to raise labor market standards, creating more jobs that pay good wages and provide full benefits. State economic development strategy should also adopt higher standards, ensuring that only businesses that provide good jobs are incentivized with public funds. Housing and transportation policy at the state level should direct resources and planning toward more connected, dense neighborhoods that are either near job centers or within easy, affordable transit access to job opportunities; key to this will be ensuring that affordable housing is available, especially in areas with increasing development. Additionally, policy shifts can uphold the civil rights of people of color and immigrants, while also protecting these communities from disproportionate health and economic impacts of environmental degradation. This report discusses a selection of such policies.
KEY RECOMMENDATIONS

Jobs & Economic Development
- Leverage public spending to strengthen job quality
- Increase accountability and transparency in economic development
- Strengthen private sector standards on minimum wage, paid family and sick leave
- Improve access to jobs for workers, especially those with past convictions

Affordable Housing
- Preserve existing affordable housing stock
- Maintain foreclosed and vacant properties and convert them to affordable housing
- Plan for transit-oriented development
- Increase funding for urban affordable housing
- Strengthen tenant financial and health protections

Transportation
- Sufficiently fund and increase support for alternatives to driving within the Transportation Trust Fund
- Prioritize affordability for low-income residents within the public transportation system
- Expand public transportation in strategic areas to connect workers to the state’s good job centers and address their unique transportation needs

Civil Rights
- Reduce the state’s incarcerated population with a focus on decreasing racial disparities and decriminalizing minor offenses
- Prioritize transparent and accountable policing practices such as community oversight, strong body-camera policies, ending the practice of civil forfeiture, and requiring data collection during police stops, arrests, and incidents of violence
- Build a welcoming state for undocumented immigrants by keeping local law enforcement out of immigration enforcement, reforming detention, granting driver’s license access, and access to institutional financial aid

Jobs & Environment
- Increase energy efficiency and renewable energy generation
- Promote environmental justice
- Improve water infrastructure
- Promote an efficient built environment
New Jersey’s economy has not recovered from the recession like it could – and should – have. Economic difficulties that began with losses in manufacturing jobs throughout the 1980s have persisted. Despite a diverse population and a shift in land use from sprawling suburban growth to more infill development, job numbers and GDP are growing too slowly. And what growth there is, isn’t distributed equally. New Jersey struggles with extreme racial and economic disparities that distribute the benefits of the economy not as shared prosperity, but to the wealthy.

The State of New Jersey has a critical opportunity to forge a new approach to growth and prosperity for all that builds the economy, seizes the strength of diversity and trends toward urbanization, while also reducing disparities. Urban centers are being rebuilt, and it is essential to ensure that state policy works to support working people by prioritizing dense, affordable housing that is near jobs and well-functioning transit. It is also critical to end New Jersey’s disproportionate incarceration of men of color, and to bolster civil rights to support the many residents of color and the growing share of residents who are immigrants. State government should prioritize strong labor laws and direct public funds toward employers that create not just any job, but good jobs for workers with all levels of skill and education. And New Jersey must take action to protect its communities from harmful health and economic impacts of climate change and pollution.

GROWING MORE URBAN AND DIVERSE

New Jersey is a racially diverse state, and is becoming more so over time. People of color make up nearly half the state’s population, with Latinos comprising the largest ethnic group at nearly one in five residents (see Figure 1.1). The proportion of residents who are immigrants – of various ethnicities – has been steadily increasing since the 1970s.³ By 2014, more than one in every five residents was an immigrant.² Total population has increased at a relatively sluggish rate of 3 percent total from 2007 to 2014, compared to the 6 percent in the nation as a whole.³

New Jersey is rediscovering, reinvesting in, and growing its urban cores – a shift for the state that practically invented suburban sprawl. From 2008 to 2015, rural and exurban areas of the state lost population, while the five very densely populated counties closest to New York City (Hudson, Bergen, Passaic, Essex, and Union) consistently grew (see Figure 1.2).⁵

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**Figure 1.1**

POPULATION SHARE BY RACE/ETHNICITY


- Latino: 9.20%
- White: 56.60%
- Black: 12.80%
- Asian: 2.00%
- Other: 19.30%

**Figure 1.2**

POPULATION CHANGE BY COUNTY

New Jersey, 2008-2014

Percent Change
- -4.1% to -2.1%
- -2.1% to -0.4%
- -0.4% to 3.1%
- 3.1% to 5.6%
- 5.6% to 11.0%

Source: 2014 American Community Survey 1-Year Estimates Table DP05

Source: 2008 and 2014 American Community Survey 1-Year Estimates Table B01003
While residents have “voted with their feet” and helped urban areas grow, state policymakers have done little to advance a comprehensive urban agenda. Perhaps the most critical element of such an agenda would be to ensure that long-time city dwellers and other working-class families aren’t left out of the urban resurgence (or, worse, that they aren’t driven out of the cities they call home due to rising prices). Re-urbanization – a shift of population and resources back to urban areas – requires broad reconsideration of state policy. State resources can help support the trend, align resources and systems around it, and make sure that current urban populations are built into and connected to the opportunities generated by this new growth.

ECONOMIC CHALLENGES PERSIST

Despite some encouraging signs, economic recovery following the 2008 recession has largely eluded New Jersey. New Jersey’s median income has stagnated since the 1980s. While the gross state product has grown 23 percent from 2007 to 2016 (slightly lagging national gross domestic product growth of 28 percent),2 percent growth in 2015 resulted in only a 0.5 percent increase in median income, the lowest rate of any state.7 Rather than fueling increases in income for working families and more robust support of the social safety net, recent economic policy has instead funneled the benefits of growth toward the wealthy. Related to each of these trends, income inequality has only intensified in the state during the post-recession recovery period.

Most of these recent difficulties, however, have roots in the economic distress of the early 1980s, spurred on by a shift away from middle-class manufacturing jobs. Falling from a high of 33 percent in 1969, manufacturing jobs dipped to 25 percent of all non-farm employment in 1979 and dwindled to just 6 percent of all non-farm jobs in 2015, indicating a corresponding shift toward service jobs (Figure 1.3). The service sector is highly divergent, with some well-paid jobs that provide benefits, and many others that are minimum wage and offer no benefits. The average lower wage in the sector has resulted in overall lower wages for workers in the state. And while manufacturing often provided clear ladders from entry level to higher-earning positions for workers without a four-year degree, the service sector is much less likely to offer the same prospects.

Figure 1.3
MANUFACTURING AS A SHARE OF ALL NON-FARM WAGE AND SALARY EMPLOYMENT
1969-2015

Figure 1.4
MEDIAN HOUSEHOLD INCOME
1984-2014 (2014 Dollars)

Source: Bureau of Economic Analysis
Driven in part by this trend, long-term income stagnation continues to be a challenge for New Jersey. While the state has consistently had a much higher median household income than the United States as a whole, it has experienced similar levels of stagnation, and a more pronounced decline around the recession (see Figure 1.4). The real median household income in 2014 was just 8 percent higher than in 1984 for New Jersey.

Underlying this bleak picture, state economic policy since the Great Recession has focused on austerity for everyone except large businesses and the wealthy, pairing tax cuts for the rich with diminished funding for programs to alleviate poverty. Considering this policy approach, it comes as no surprise that New Jersey is struggling overall, with the worst outcomes concentrated among low-income residents.

Job levels have also continued to drag, barely reaching the employment numbers seen before the Great Recession. As of June 2016, New Jersey has finally returned to the number of jobs seen pre-recession; however, accounting for population growth, there is still a deficit of over 250,000 jobs (Figure 1.5). The state’s rate of job growth from December 2007 through June 2016 was just 0.2 percent, ranking it the 11th slowest state for post-recession job growth, much slower than the national rate of 4.2 percent and Northeast rate of 3.6 percent. Within that growth, most of the sectors expanding have been primarily lower-wage jobs. Education and health jobs had among the highest rate of growth as of June 2016 at nearly 15 percent since December 2007, while leisure and hospitality jobs (including food service and retail) posted 8 percent growth. By contrast, the sectors that previously supported a strong middle class have declined, with job losses in construction (9 percent loss), manufacturing (20 percent loss), and state

Table 1.1
INCOME DISPARITIES
2013, (2014 Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Average income of the top 1%</th>
<th>Average income of the bottom 99%</th>
<th>Top-to-bottom ratio</th>
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<tbody>
<tr>
<td>United States</td>
<td>$1,453,741</td>
<td>$57,447</td>
<td>25.3</td>
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<tr>
<td>Northeast</td>
<td>$1,564,388</td>
<td>$49,108</td>
<td>31.9</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$1,153,293</td>
<td>$45,567</td>
<td>25.3</td>
</tr>
</tbody>
</table>

or local government (4 percent loss). The number and nature of jobs presents both a challenge and an opportunity for the state.

Income inequality has also spiked. From 1979 to 2013, real income grew by nearly 200 percent for the top 1 percent of earners, and only 20 percent for the bottom 99 percent of residents; this imbalance ranks New Jersey as the nation’s ninth most unequal state in terms of the top 1 percent to bottom 99 percent income gap. Apart from uneven growth, the disparity in current income level is also jarring: New Jersey, like the nation as a whole, sees its top earners take home 25 times more than the average income of the rest of the 99 percent (Table 1.1).

**DEEP RACIAL INEQUITIES**

Unemployment rates reveal a marked level of racial disparity. In New Jersey, as in the nation, Black workers are unemployed at nearly twice the rate of White workers (9.8 percent compared to 4.7 percent) as seen in Figure 1.6. Latino workers are also unemployed at higher rates than White workers, with higher levels in New Jersey than in the nation (7.7 percent of Latinos in New Jersey versus 6.6 percent nationwide are unemployed).

Given the difficult employment picture for residents of color, it is unsurprising that other measures of economic prosperity reveal intense disparities. Again, while median incomes overall in New Jersey are higher than much of the nation, Black and Latino median household incomes are barely half that of White non-Latino residents (Figure 1.7). On top of this income disparity, Black and Latino poverty rates are substantially higher than the White poverty rate, and about one in every five Black and Latino residents statewide are living in poverty (Figure 1.8).

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**Figure 1.6**

**UNEMPLOYMENT RATES BY RACE/ETHNICITY**

2015

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>White</th>
<th>Black</th>
<th>Latino</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey</td>
<td>5.8%</td>
<td>4.7%</td>
<td>9.8%</td>
<td>7.7%</td>
<td>3.2%</td>
</tr>
<tr>
<td>United States</td>
<td>5.3%</td>
<td>4.2%</td>
<td>9.6%</td>
<td>6.6%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>


**Figure 1.7**

**MEDIAN HOUSEHOLD INCOME BY RACE**

New Jersey, 2014

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Median Income (2014 Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>White (NL)</td>
<td>$90,000</td>
</tr>
<tr>
<td>Black</td>
<td>$70,000</td>
</tr>
<tr>
<td>Latino</td>
<td>$50,000</td>
</tr>
<tr>
<td>Other</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

Source: 2014 American Community Survey 1-Year Estimates Table S1903

**Figure 1.8**

**POVERTY STATUS BY RACE/ETHNICITY (ALL PEOPLE)**

New Jersey, 2014

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>White (NL)</td>
<td>5.0%</td>
</tr>
<tr>
<td>Black</td>
<td>20.0%</td>
</tr>
<tr>
<td>Latino</td>
<td>25.0%</td>
</tr>
<tr>
<td>Asian</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Source: 2014 American Community Survey 1-Year Estimates Table S1701
Child poverty is also very geographically and racially concentrated within the state. Figure 1.9 shows the percentage of students in each school district who are either Black or Latino, while Figure 1.10 shows the rate of eligibility for free and reduced-cost lunch programs for districts (a metric for child poverty rates). The areas where the majority of the student population is Black or Latino have the highest eligibility rates. In this context, choices to underfund schools have an even more devastating impact on Black and Latino children.

For example, a recent proposal to revise school funding with flat per-pupil levels that would generally give more to suburban districts and less to urban schools than in current formulations,12 would only further drive racial inequity. The Governor’s recent veto of legislation that would have provided State funding to incentivize school district participation in a free breakfast program13 also disproportionately impacts Black and Latino children. And recent reports of high lead levels in school water systems,14 many of which are in high poverty areas like Newark, further underscore the broader health consequences of inequality on children. The State must work to reduce racial inequities that are maintained or worsened by its policies, from those that affect workers’ prosperity to those that impact their children directly.

New Jersey must also address serious inequities in housing, transportation, civil rights, and responses to environmental crises, as addressed in this report. Black and Latino residents are housing cost burdened at higher rates than White residents.17 Black and Latino workers also drive alone to work at
considerably lower rates than White workers, leaving them more reliant on public transit or walking and biking infrastructure (while State funding primarily supports car-centric infrastructure). Additionally, while New Jersey has been recognized as a leader on criminal justice reform and prison population reduction, the state has the nation’s most disproportionate ratio of Black men to White men incarcerated. People of color and low-income people are also exposed to extensive health risks from environmental crises like pollution, with Camden alone having 114 known contaminated sites.

**SKEWED TAX STRUCTURE**

In its current approach, the State has exacerbated growing economic inequality through its taxation choices. Like all states, New Jersey ultimately has a regressive structure that expects working people to shoulder a disproportionate share of the tax burden: the poorest families (annual incomes less than $22,000) still pay the biggest share of their income to state and local taxes at 10 percent while the richest pay the lowest share at 7.1 percent. New Jersey had a temporary millionaire’s tax in the wake of the recession, but proposals to renew the tax have been vetoed four times by the Governor. Failing to renew this income surcharge on wealthy residents has led to an estimated $5 billion in foregone revenue since its 2010 expiration. At the same time, the State has chosen to weaken or defer funding for critical programs to support low-income residents, such as property tax relief, citing budget shortages. The State also cut the Earned Income Tax Credit from 25 percent of the Federal level in 2009 to just 20 percent in 2010; this was ultimately raised to 30 percent of the Federal level in 2015, but not before costing 500,000 eligible working families an estimated $300 million in missing relief during the five year period of reduced credits.

As the income tax structure has increased the burdens on lower-income households, the State has also drastically reduced the tax burden on businesses with a 2012 tax cut package that diminished tax revenue from businesses by $660 million per year. Additionally, corporate tax subsidies were vastly expanded starting in 2010, enabling scores of businesses to pay lower taxes long-term with a total subsidy value of more than $7 billion since 2010 and $4.5 billion since the Economic Opportunity Act passed in 2013.

**A NEW COURSE FOR NEW JERSEY**

State policy can and must lift up working people and their families, creating a more equitable and inclusive New Jersey. The State must act to raise labor market standards, creating more jobs that pay good wages and provide full benefits. State economic development strategy should also adopt higher standards, ensuring that only businesses that provide good jobs are incentivized with public funds. Housing and transportation policy at the state level should direct resources and planning toward more connected, dense neighborhoods that are either near job centers or within easy, affordable transit access to job opportunities; key to this will be ensuring that affordable housing is available, especially in areas with increasing development. Additionally, policy shifts can uphold the civil rights of people of color and immigrants, while also protecting these communities from disproportionate health and economic impacts of environmental degradation. We discuss here a selection of such policies.
KEY RECOMMENDATIONS

- Leverage public spending to strengthen job quality
- Increase accountability and transparency in economic development
- Strengthen private sector standards on minimum wage, paid family and sick leave
- Improve access to jobs for workers, especially those with past convictions

The State can help lift up workers by systematically and strategically using its own investments to build a strong, high-quality job base. The State and its political subdivisions spend hundreds of millions of dollars contracting for services such as cleaning, food services and security services. It has awarded over $7 billion in business incentive subsidies over the course of the last decade. Businesses that benefit from public dollars can be held to a higher standard when it comes to wages and benefits. It is also important to adopt and enforce best practices in procurement and public contracting to ensure that the State and other public entities are doing business with responsible actors that comply with these requirements.

Beyond the jobs funded directly with public dollars, a higher wage floor, strong enforcement of it, and meaningful paid leave for workers would directly improve job quality for workers throughout the state. Additionally, the State should build on good local models to tear down the barriers faced by people with past criminal convictions and provide support to job seekers with criminal convictions as well as employers who commit to giving them a second chance.

VISION: State government lifts up workers by systematically and strategically using its own investments to build a strong, high-quality job base; by raising the wage floor; and by improving access to jobs.

LEVERAGE PUBLIC SPENDING TO STRENGTHEN JOB QUALITY

State and local government in New Jersey can lead the way in the creation of good jobs and an inclusive economy by ensuring that public expenditures, particularly on service contracting, support rather than undermine high road employment standards.

New Jersey already contracts with private vendors for a wide range of services. For example, each year, the State and localities spend hundreds of millions of dollars on privatized janitorial and security service contracts. The actual amount spent is difficult to determine. Though the State has an Open Data Center, an examination of the data available on agency purchasing suggests that it is incomplete when it comes to reporting all State service contracts. Significant private contracting also happens at the county, municipal and school district level. Additionally, there is a broader universe of public spending through State and local boards, commissions and public authorities.

Absent clear standards and guidelines for procurement, the process of selecting service contractors can become a low-bid race to the bottom and drive down labor standards. If labor standards are strong, publicly contracted janitorial and security service jobs can be gateways to the middle class for people from low-income communities and communities of color.
ENSURE WORKFORCE CONTINUITY

The requirement to periodically re-bid public contracts means it is likely that there will be regular contractor turnover. When this occurs in the private sector, where slim margins mean most contractors cannot retain a standing workforce between contracts, it is common for a new contractor to retain the experienced workers already employed at a worksite. Doing so also ensures a smooth transition and continuity of services and avoids the high business cost of turnover. In the building services sector, retaining the existing workforce also means that the acquired knowledge of building systems and tenant relationships – which can prove vital in emergency situations – remains on site and able to benefit both occupants and the public.

In order to prevent unnecessary churning of the workforce, New Jersey should adopt legislation requiring public contracts at all levels to include displaced worker protections. At the local level Bergen County, Jersey City, and Newark have already adopted policies that require a 90-day transitional employment period for all publicly contracted building service workers who are employed on a contract that is being transferred from an incumbent employer.

REFINE THE PREVAILING WAGE LAW

New Jersey has a prevailing wage law on the books for state-contracted building services, such as janitorial and security services. This is a good starting point, but the mechanism for setting rates is not sufficiently well-calibrated to ensure that State contracting does not undercut standards attained in the private sector. Unlike the building services prevailing wage laws in Connecticut or Massachusetts, the New Jersey law does not provide for benchmarking to relevant collective bargaining agreements. Instead, it simply applies the wages, benefits and leave requirements provided under the Federal Service Contract Act. A better approach would be to look to the rate setting mechanism provided under the Connecticut Standard Wage Law. Such an approach would build off the current method of looking to the rates provided under the Federal Service Contract Act for wages, benefits and paid leave, but would defer to the rates provided under a collective bargaining agreement covering a significant number of workers, where those rates are higher.

Prevailing wage laws are one tool to help support strong labor standards even when contracting for public services. To ensure that the leverage on job quality extends as far as possible, other states have adopted policies that might be instructive in New Jersey. New York’s prevailing wage law for building services applies to contracts of “the state, any of its political subdivisions, a public benefit corporation, a public authority or commission or special purpose district board appointed pursuant to law, and a board of education.” There are also other categories of services – like food services – that are not currently covered by prevailing wage requirements. New Jersey should adopt legislation establishing a living wage standard that includes a meaningful supplemental benefits standard and that applies to all public spending at every level of government.

In order to ensure that any amendments to the prevailing wage law are meaningful, it must be fully enforced. The Division of Wage and Hour Compliance of the New Jersey Department of Labor and Workforce Development should have a clear mandate and resources to enforce the law. Enforcement should be both proactive and reactive. This means the Division would work closely with contracting agencies – at every level of government – to make sure they are providing the most accurate and up to date information regarding prevailing or living wage requirements in their solicitation materials and contracts. At the same time, the Division should conduct audits of vendors, inspect certified payroll and confirm that all required wages and supplements are being provided to employees. Contractors who violate the law should face enhanced scrutiny. The Division should ensure that contracting agencies are aware of contractors’ track records, and the consequences of wage theft should include possible termination of contracts as well as bars to accessing future ones.
Another issue is the exclusion of disabled workers from the prevailing wage. New Jersey Law provides for the preferential procurement by State agencies of goods and services from approved rehabilitation facilities through a Central Nonprofit Agency (CNA). While the goal of providing job opportunities for people with disabilities is an important one, public spending should support best practices in this field including competitive integrated employment. Such an approach would be in line with New Jersey’s recent efforts to create inclusive education for students with disabilities following a 2007 lawsuit. New Jersey can look to the State of Connecticut, which provides a useful model for integrative employment. Through this program, the State of Connecticut is able to provide some of its most vulnerable workers with access to good jobs, fair wages, benefits, and the opportunity to achieve self-sufficiency.

**BEST PRACTICES IN PROCUREMENT**

In order to fully leverage public spending to strengthen job quality, New Jersey should adopt and enforce best procurement practices for publicly contracted services, and support localities in doing the same. The State should provide localities with tools and support to ensure that they contract with businesses that provide quality work, compensate workers fairly, and provide the best value for taxpayer dollars. The Department of Community Affairs, Division of Local Government Services (DLGS) should play a more robust role in supporting and promoting best procurement practices at the local level. DLGS should develop and collect model Requests for Proposals and Invitations for Bids, model qualitative factors for evaluation under competitive contracting, and standard price breakdown worksheets. DLGS should also work closely with the Department of Labor to ensure it is providing the most accurate and up to date guidance on prevailing wage and benefits requirements. These materials should also be readily accessible on the Department of Community Affairs website.

New Jersey can also support job quality through its influence on procurement for Newark Liberty International Airport. While the airport is under the jurisdiction of the Port Authority of New York and New Jersey (PANYNJ), the Governor has significant ability to influence PANYNJ policy. The Governor of New Jersey appoints 6 out of the 12 PANYNJ Commissioners. The State of New Jersey should work cooperatively with the State of New York to hold passenger service companies to more rigorous quality standards. Local authorities at major U.S. airports across the country have implemented proactive policies to secure and advance their proprietary interests in promoting stable operations, quality performance, and improved safety and security standards (see Table 2.1).

**Table 2.1**

<table>
<thead>
<tr>
<th></th>
<th>1-Jan-16</th>
<th>1-Jul-16</th>
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<th>1-Jan-17</th>
<th>31-Dec-17</th>
<th>31-Dec-18</th>
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<td>$18.49</td>
<td>($13.84 + $4.65 healthcare) + 12 paid days off</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Los Angeles</td>
<td>$16.18</td>
<td>+ 12 paid days off Indexed</td>
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Source: See citations
Neglecting the safety and security functions performed by airport workers creates a gap in emergency preparedness. These workers are well-placed to be able to focus on the safety and welfare of travelers while first responders (police or fire) respond to the immediate threat—be it an attacker, fire, or another hazard. Investment in the workforce that performs safety and security functions at the airport—in the form of enhanced training, necessary equipment, and standards that promote the retention of a stable, experienced and well-trained cadre of passenger service workers—is a smart way to maintain and enhance an airport’s emergency response capabilities.

The PANYNJ Board adopted a Resolution on April 23, 2014, “Minimum Wage Policy And Guidelines For Non-Trade Labor Service Contracts – All Facilities,” which set subcontracted passenger service workers on a path to $10.10 an hour and further authorized the Executive Director to establish minimum wage guidelines including “a plan to address enhanced wages and benefits.” However, two and a half years later, wages have remained frozen at $10.10 and workers have not gained access to meaningful benefits. In September 2016, a Board vote to increase the required compensation to bring workers in Newark into parity with what workers would earn under the New York State minimum wage failed, almost entirely along state lines, with the New York Commissioners voting in support of the increase. New Jersey should take the necessary steps, whether acting through the PANYNJ or through adopting legislation establishing higher standards, to ensure that passenger services workers at the airport are appropriately compensated.

**CREATE ECONOMIES OF SCALE AT THE LOCAL LEVEL**

While the State works to improve its own procurement process, local government contracting structures also deserve attention to ensure the best value for local government units and for workers’ wages. The State can provide localities with tools and support to ensure that they contract with businesses that provide quality work, compensate workers fairly, and provide the best value for taxpayer dollars.

Under current New Jersey State law, municipalities and counties, as well as school districts, can use competitive contracting for a select number of services, without needing to seek prior approval by the State. For other services, State approval through the Division of Local Government Services in the Department of Community Affairs to use competitive contracting is required. Competitive contracting allows agencies and governments to select a winning bid based on an assessment of a range of qualitative and quantitative factors, giving them more discretion when awarding the contract. The lowest responsive and responsible bidder method however, requires contracts to be awarded solely on the basis of price, provided minimum criteria have been met. This allows for very little to no room to look at factors other than price when awarding contracts. Municipalities, counties and school districts need the discretion to award to the contractor who best meets their needs rather than being locked into the contractor who bids at the lowest price.

Currently, myriad local governments contract individually, requiring each to staff a complex procurement process. This limits their ability to bargain for good deals on services and goods. When a buyer is purchasing on behalf of a larger group, it is in a better position to negotiate more favorable terms. Local governments in New Jersey are likely losing out on cost savings because they lack staff capacity and scale. For example, a 2012 report identified that of the New Jersey’s 590 School Districts, 70 percent contracted with private food service management companies. The report found a high level of variance among the contract management fees charged to the different districts, stating “[f]or example, Montclair School District reported fees at 2.42 percent of total food operating costs while East Orange School District reported paying contract fees that equaled 9.63 percent of total food operating costs.”

Moreover, while Federal law requires that rebates and discounts provided by food manufacturers and distributors be passed on to the school districts, this does not always happen. Recent State Attorney General settlements for millions of dollars indicate that this is a serious problem. As the report points out “monitoring such details on a monthly basis may be overwhelming for individual school districts. And the savings that individual SFAs [School Food Authorities] are entitled to on a local scale may not provoke enough reaction to scrutinize.”
The State could work with local governments to increase their bargaining power collectively. This might look like the State developing infrastructure and policy that could encourage economies of scale, such as shared services agreements or master contracts that local governments can participate in. State assistance in creating a structure to pool local resources could also provide efficiencies in training, better preparing workers while delivering a better value for local governments. The State could also provide technical assistance and standard documents to help local governments negotiate the best contracts possible.

ACCOUNTABLE ECONOMIC DEVELOPMENT

Since 2010, the State has awarded over $7 billion in economic development subsidies - spending over three times more per job as in the previous decade. This surge in spending was accelerated by a 2013 overhaul of State economic development subsidies - the “Economic Opportunity Act”, with $4.5 billion approved between December 2013 and July 2016 (further demonstrated in Figure 2.1). This overhaul streamlined the existing business subsidies into two programs, Grow New Jersey, which focuses on job creation and retention, and Economic Redevelopment and Growth (ERG), which focuses on redevelopment. The Economic Opportunity Act lifted most caps on subsidies, expanded the reach of programs and increased the total subsidy amount a company could receive. It also identified certain regions of the state as “Garden State Growth Zones,” and held them to less rigorous standards.

This increase in spending has been characterized by very large subsidies to a relatively small number of businesses. Eight out of ten of the State’s largest subsidy deals were awarded since 2010, with five exceeding $200 million. In spite of the ballooning size of State subsidies, all of the awards have gone...
to only 252 firms, or less than 0.2 percent of all New Jersey businesses. Moreover, an increasing share of the subsidies awarded have been to retain jobs that companies are threatening to move to another state, rather than to support creation of new jobs (Figure 2.2).

This approach has led to what has been described in the New York Times as “a fierce competition between New York and New Jersey to heap subsidies on some of the country’s wealthiest corporations as enticements.” At best, New Jersey is attracting jobs from nearby within the region, and at worst, is spending millions of dollars simply because a company has threatened relocation.

As of July 2016, the cost per job of subsidies since December 2013 was $80,400 statewide. The cost is even higher in regions such as Camden, which are given more generous treatment under the law. In 2015, the cost per job in Camden was $300,000 each, but if considering only jobs that were truly new to the state, the cost per job was $896,000.

There are real questions regarding whether business incentives are the most effective approach to economic development, and New Jersey should seriously explore the best policy options for growing, attracting and retaining good jobs. However, assuming the State continues to use tax incentives as a tool for economic development, it should take steps to ensure much more rigorous transparency and accountability tools. In addition to reining in spending by establishing caps on total and per-business spending, New Jersey can adopt best practices.

It is important to align the timeframe of the subsidy with the assumed benefits from it. While New Jersey law requires a net positive benefit to the state for subsidies to be approved, the period of time over which the benefit is calculated is significantly longer than the total period over which the subsidy may be provided. For example, Grow New Jersey tax credits may be provided for a period not to exceed 10 years. However, the benefit to the state is to be calculated over a period from 20 years following completion of the project to up to 35 years, depending on location and type of project. This means that if a company cuts jobs or relocates after even 34 years, tax payers lose out. The net benefit formula should be revised so the benefit is calculated over the period of the subsidy. Moreover, the law should be strengthened to enable the State to claw back amounts already provided if the company relocates or cuts jobs.

Another issue is the difference between creating jobs, retaining jobs or merely moving jobs from a neighboring state. New Jersey could provide a lower amount in tax credits for retained as compared to created jobs or require an even larger number of retained jobs as compared to created ones overall. New Jersey could take steps to work in collaboration, rather than in competition, with neighboring states such as New York, Pennsylvania and Connecticut to end the wasteful bidding war between them. Obviously, this will require commitment by the other states as well as New Jersey. Missouri’s Senate Bill 635 of 2014 represents a one-state effort to initiate an agreement not to compete over jobs in the border region between Missouri and Kansas.

One way to improve the quality of jobs created by economic development subsidies is to attach wage and benefits standards to them. These standards should apply not only to construction jobs associated with a subsidy, but to the permanent jobs as well. The version of the 2013 “Economic Opportunity Act” that passed both houses of the legislature included a requirement that building service workers employed in developments receiving tax breaks be paid the prevailing wage. Unfortunately, the prevailing wage component was stripped out by way of conditional veto.

Finally, clear and transparent reporting on the awarding of subsidies and the results of doing so is a best practice. Some reporting exists on New Jersey’s business subsidies. The New Jersey Economic Development Authority (EDA) publishes a list of approved projects under the Grow New Jersey and ERG programs on its website and the Department of the Treasury publishes a State Tax Expenditure Report, as is required under law to be included in the Governor’s annual budget message. Businesses receiving subsidies are also required to provide annual reporting on job numbers. However, there is no reporting at all on the quality of jobs created through public spending. The State could require reporting of number of jobs associated with...
narrow income bands as well as detail on health insurance and other employer provided benefits. Employers should be required to certify compliance with prevailing wage requirements. The EDA should also exercise its power to audit payroll records to ensure full employer compliance.

**STRONGER JOB QUALITY FOR ALL**

The State has the power to improve the lives of millions of New Jersey residents by enacting legislation that supports well-paying, family-sustaining jobs. States and major cities across the country have demonstrated the economic and political viability of enacting policies that boost the incomes of the lowest paid and give families the ability to better manage the demands of their lives.

**RAISE THE MINIMUM WAGE**

In 2013, the New Jersey Constitution was amended, providing for a base minimum wage of $8.25 an hour with annual indexing based on change in the consumer price index. However, the current minimum wage of $8.38 is insufficient to meet the costs of living. The Economic Policy Institute estimates that families of two adults and two children in Newark and Jersey City need an annual income of $78,839 and $81,994 respectively to afford a modest standard of living. This equates to hourly wages of $18.95 and $19.71 assuming there are two full-time income earners in a household.

Over the past several months, California, New York, and the District of Columbia have all enacted legislation raising the minimum wage to $15.00 per hour incrementally by 2021 passed both legislative chambers in 2016 but was vetoed by the governor. This means that workers in New Jersey will rapidly fall behind their neighbors in New York City where the minimum wage will reach $15.00 at the end of 2018 following the passage of a statewide bill in April 2016.

In order to boost the livelihoods of New Jersey’s lowest paid workers, the State should move ahead with a comprehensive $15.00 minimum wage bill as a matter of priority. Raising the minimum wage to $15.00 an hour would increase the incomes of 975,000 people, almost 1 of 4 workers in the Garden State. Ninety-one percent of workers who would benefit from an increase of the minimum wage to $15.00 are over 19 years old, 61 percent work full time and 28 percent are supporting children. Further, of this group, 53 percent are women, 51 percent are people of color and 56 percent are in very poor families earning less than $20,000 a year – meaning a raise to the minimum wage would disproportionately benefit those most in need within the state’s economy.

To maintain a strong and consistent floor under wages, the State should resist proposals that would carve out certain groups of workers, such as farmworkers and teenagers. It should also take steps to close existing loopholes that undermine standards – such as the disparity between tipped and non-tipped workers, and the ability to obtain special certificates to pay disabled workers a lower wage. There is no tipped minimum rate under State law; the Federal Fair Labor Standards Act establishes the floor at $2.13 an hour. Under current State law, the Commissioner of Labor can grant special certificates or licenses to employers authorizing them to pay wages lower than the minimum and prevailing wage to specific categories of workers, including to those “whose earning capacity is impaired by age or physical or mental deficiency or injury.”

New Jersey’s policy has fallen out of step with the best thinking and practices with respect to job opportunities for people with disabilities. When issuing his 2014 executive order establishing a stronger minimum wage for employees on federal contracts, President Obama specifically included workers with disabilities in its coverage. The Federal Advisory Committee on Increasing Competitive Integrated Employment for Individuals with Disabilities has stressed the need for programs to align with the goals of modern disability policy – to provide opportunities for competitive, integrated employment to people with disabilities and to ensure equal rights. One of the Advisory Committee’s recommendations was that the use of
Fair Labor Standards Act Section 14(c)112 certificates – the federal analogue to New Jersey’s special certificates – be phased out.113 New Jersey should eliminate special certificates allowing disabled workers to be paid less than the minimum wage or less than the prevailing wage. New Jersey need look no further than the nearby states of Connecticut114 and New York115 for examples of prevailing wage laws that do not exempt workers because of disability or age.

Vigorous enforcement of the minimum wage will be essential in order to ensure that increases in the minimum wage have meaning. Wage theft is a pervasive problem experienced by low-wage workers. A 2009 study by the National Employment Law Project found that across three surveyed major U.S. cities, low-wage workers lost on average an estimated 15 percent of their income, the equivalent of $2,634 from an average annual income of $17,616, to wage theft violations by their employers.116 These violations which include sub-legal wages, non-payment of overtime, unpaid hours and illegal deductions, are estimated to equal in excess of $50 billion across the country annually117 – hurting directly impacted workers, their families and low-income communities more broadly.

Wage theft is a serious problem in New Jersey as well. In 2014, the Department of Labor and Workforce Development alone received nearly 21,000 claims of wage violations.118 From these complaints the Department claimed $7 million in back payment of wages and issued $3 million in penalties.119 Laura Huizar, an attorney with NELP, testified before the New Jersey Senate Labor Committee that the wages reclaimed by the Department are likely to represent only the “tip of the iceberg” of stolen wages in the state.120 There are a number of interventions the State can make to hold employers accountable for wage theft and to deter them from seeking to cut costs at the expense of workers.

Robust remedies increase the incentive for workers to come forward to lodge complaints and provide a greater deterrent for employers. The Federal Fair Labor Standards Act provides for liquidated damages in an amount equal to the unpaid wages or overtime.121 In recent years, states such as New York122 and Connecticut123 have amended their laws to similarly provide for double damages, with New York’s law allowing for treble damages for willful violations. A few states, like Massachusetts,124 more broadly allow for treble damages. The California Private Attorneys General Act of 2004 provides that any civil penalty provided for under the Labor Code may be recovered by an aggrieved employee who brings a civil action in court on behalf of themselves and other current or former employees.125

Low-wage workers are vulnerable to retaliation, and can be intimidated and deterred from coming forward with complaints. Immigrant workers are even more vulnerable, due to the threat of detention and deportation. The State of California provides a good model for anti-retaliation protections, prohibiting retaliation, providing for back pay and reinstatement as well as a civil penalty of up to $10,000, payable to the worker.126 California law also specifically protects workers from immigration-related retaliation which covers “reporting or threatening to report an employee’s, former employee’s, or prospective employee’s suspected citizenship or immigration status, or the suspected citizenship or immigration status of a family member of the employee, former employee, or prospective employee, to a federal, state, or local agency”.127

In some low-wage sectors, both subcontracting and wage theft are prevalent. Clients, such as building owners, should not be permitted to subcontract away responsibility for ensuring compliance with minimum wage requirements, while benefiting from the savings associated with wage theft. New Jersey should look to California, which recently adopted legislation making clients statutorily liable for the labor violations of their subcontractors.128

New Jersey’s statute of limitations for wage violations is only two years.129 This is a short window for workers who may be uncertain of their rights or how to enforce them, or who may have hesitated to bring a complaint out of fear of retaliation. New Jersey could look to New York, which has a statute of limitations of six years for minimum wage violations.130

Broad outreach and education is necessary to ensure that low-wage workers are aware of their rights and how to enforce them. The State should partner with local government and community-based organizations in
disseminating information to ensure the broadest reach. The State should also strategically deploy resources, using strategies such as investigating the entire workplace when one worker comes forward with a credible complaint, conducting targeted industry surveys to identify high-violation sectors and target enforcement activities in those sectors.

**ESTABLISH STATEWIDE EARNED SICK LEAVE**

The ability for workers to take a day off when they are ill or to care for a loved one - without losing out on their paycheck – should be a basic employment right and one the State seeks to expand. When workers are forced to choose between their health, or the health of a family member, and keeping a day’s pay, far too often financial necessity wins out. When this happens, people go without the medical care they need, the productivity of businesses suffer and public health is put at risk. Workers without paid sick leave are more likely to go work with a contagious illness and contribute an estimated 1.3 million emergency room visits that could be avoided through paid leave enabling preventative care during regular business hours. Children of working parents without paid sick leave are more likely to be sent to school while sick and perform below their best while at work sick.

There are an estimated one million-plus workers in New Jersey who continue to be without coverage of paid sick time laws. Statewide legislation is essential to close the gaps in coverage for workers across the state and ensure that the intended benefit of paid sick time is fully realized. Doing so will also disproportionately assist low-income workers and their families, who are shown by Bureau of Labor Statistics data to be significantly less likely to have paid sick time than higher earners. Best practices from other jurisdictions include:

- **Coverage:** Unified coverage across business types and sizes and employment categories.
- **Accrual rate:** 1 hour per 30 hours worked.
- **Annual allowance:** A minimum of 5 days (potentially with higher yearly allowances for employees in large businesses and occupations with a high risk of spreading contagious illness).
- **Purpose:** In addition to time off when a worker is ill or caring for a family member, the laws representing best practices include time off for bereavement, during public health emergencies and for “safe leave” (managing personal and family affairs related to family and domestic violence).
- **Definition of Family:** Broad definition that includes children, grandchildren, parents, grandparents, siblings, spouses and domestic/civil union partners, parents and grandparents of a spouse or domestic/civil union partner, the spouse or domestic/civil union partner of a grandparent, and non-family members with whom there is a caring or living arrangement.
- **Commencement and access:** Accrual should commence upon employment with workers able to access accrued time after no later than 90 days.
- **Carry-over:** Workers should be permitted to carry over unused accrued time at the end of the calendar year.
- **Enforcement:** Laws should detail a robust enforcement system and enable private right of action.

**STRENGTHEN PAID FAMILY LEAVE**

Paid family leave allows workers to take time off to care for family members with long-term medical conditions or to bond with a newborn or newly adopted child, while receiving a wage replacement payment of some form. Access to paid family leave not only gives workers greater ability to balance their work and family lives, but it is also shown to improve employee retention and boost workforce participation levels – helping both business and the overall economy.
Family leave is an area in which New Jersey has already shown leadership. In 1989, New Jersey adopted the Family Leave Act, which provided job protections for employees of larger employers who took unpaid family leave. In 2009, it became the second state in the country to implement paid family leave. Through an insurance pool funded by small employee contributions, workers are eligible to receive wage replacement payments of two-thirds of their average weekly salary up to a maximum benefit of $615 (in 2016) for six weeks in a 12 month period. New Jersey is also one of only five states (plus Puerto Rico) that has extended Temporary Disability Insurance to cover pregnancy and childbirth-related medical conditions.

Vital improvements still need to be made to the program to ensure that it benefits the widest possible group of workers. An important initial step is to improve outreach and education to ensure that covered workers are aware that they can make use of it. The National Center for Children in Poverty at Columbia University conducted a focus group based study on the experience of low and moderate-income New Jersey parents with the program. Amongst focus group participants, all of which had recently become eligible for family leave, the majority had not heard of the scheme until it was explained by the facilitator while others were unclear as to its coverage. Of those participants who did access the program, many reported that the length of leave available was inadequate.

Recent legislation passed in New York State has set a new standard for U.S. programs by allowing workers to take 12 weeks of paid family leave. Integral to the uptake and effectiveness of paid family leave is providing workers with legally enforceable job protection – making sure workers are confident they will have a job to come back to. This was identified in the NCCP study as a barrier to accessing paid family leave by low-income workers in New Jersey, while a separate study found that nearly a quarter of workers in California who were eligible for, but failed to access the states paid family leave program cited fear of dismissal from their job as a factor.

The New Jersey Family Leave law only provides job protections for workers at firms with 50 or more employees. This leaves workers at smaller businesses exposed to the risk of having no job to return following a period of leave. This risk is particularly acute for low-income earners who are at a heightened risk of slipping into poverty due to additional financial pressure of a new child. New Jersey can improve on its leadership in this area by first, expanding job protections to include all workers (not just those at larger employers), and second, extending the length of time paid family leave benefits are available to workers, as New York has done. In addition to this, improved outreach and community awareness would yield positive results by simply increasing the number of people who know about their right to access leave. California recently increased its maximum wage replacement to 70 percent for low-wage workers, while Rhode Island and New York have both added job protections to their programs.

**REDUCE BARRIERS TO WORK**

In New Jersey, far too many residents face barriers to employment, such as lacking work authorization due to immigration status or being ineligible for a job due to having a criminal record. Unfortunately, many employers are hesitant to employ formerly incarcerated workers or workers with any conviction record, amplifying the challenges that residents face in reentry and rehabilitation. By some counts, as many as 9 out of 10 employers run background checks on prospective employees. Further limiting employment options, workers with conviction records likely struggle to access skills training programs while incarcerated and post-incarceration.

Nationally, working-aged men, especially those without a high school diploma or GED, have higher rates of incarceration. One in eight working-age white men between the ages of 20 and 34 and who do not have a high school diploma or GED are incarcerated. Rates are more than twice as high for Black men of the same
New Jersey incarcerates Black residents more often than White residents by a ratio of 12.2 to 1, making reforms in access to work for people with criminal records especially important to connect Black men to opportunities upon reentry.

**IMPROVE NEW JERSEY’S OPPORTUNITY TO COMPETE ACT**

The National Employment Law Project has identified New Jersey as one of the better state models for fair access to occupational licensing, due to its strict requirement that licensing boards reject an applicant only if a criminal conviction directly relates to the occupation for which a license is being sought. The State can build upon its insistence on fairness in licensing by strengthening the provisions of its Ban the Box policy, the Opportunity to Compete Act, and reducing barriers to employment more broadly. As done in the licensing process, criminal history should be considered for its relevance to the occupation in question and the amount of time passed since the conviction should be taken into account. If a prospective employee’s record is to be checked, it should be done only after a conditional offer has been made. If criminal history is a concern, the applicant should be informed of the decision and allowed time to submit evidence of rehabilitation and or appeal a decision. If a job offer is revoked, the employer should notify the applicant of their right to file a complaint. More detail on these recommendations and additional best practices can be found in National Employment Law Project’s *Best Practices and Model Policies: Creating a Fair Chance Policy*.158

Finally, in order to ensure employers fully comply with the law, the State should adopt several enforcement best practices as modeled by Washington D.C. The D.C. Office of Human Rights (OHR) has engaged in a significant public outreach and education campaign that included public transit advertisements, community engagement with partner organizations, and making materials, such as videos, fact sheets and notice templates, available on their website. Additionally, the OHR has created a thorough and effective complaint process that has resulted in many complaints filed, docketed, and resolved within months of the bill’s enactment.159

**REDUCE RE-INCARCERATION AND CREATE MEANINGFUL REENTRY**

New Jersey’s cities have received national attention because of their work on reentry. In November 2015, President Obama visited Newark to talk about criminal justice reform. The President spoke specifically about the enormous cost burden of mass incarceration on states’ budgets and the tax savings that can be experienced by all residents through the successful implementation of rehabilitation and reintegration initiatives. President Obama praised several Newark organizations for doing positive work to help formerly incarcerated people. These social service programs include rehabilitation treatment, reentry court, job placement and training services, transitional jobs, and in-prison secondary and college education. Additionally, Jersey City’s work as the “Second Chance City” has been recognized for its successes. New Jersey can look to its cities for best practice models on fostering rehabilitation through supportive services inside and outside the prison walls, including education, skill building, housing, addiction and recovery services, and working with employers to create training that links job-seekers to permanent job placements in integrated settings. The State should ensure that any funding that goes to service providers or employers for the creation of job training and job placement is linked to job standard requirements and employment ladders for workers. Lastly, the State can examine possible avenues to incentivize employers to hire formerly incarcerated individuals, like creating tax incentives and maximizing the use of federal bonding for hard-to-employ individuals. Any tax incentive created must have job standards attached to it.

New Jersey should support local programming and existing reentry infrastructure, but work to create scalable programs, based on what has worked and what hasn’t in its localities. The State should ensure that programs are accessible to as many people as want to participate in them. New Jersey should help cities maximize funding from the federal government to assist with their reentry work.
The State should pay particular attention to workforce development programs in prisons and outside. Programs should prepare incarcerated residents with basic education, specific in-demand job skills, and “soft” skills that will better enable people to find employment upon release. These prison workforce development programs should connect with post-release programs, including partnerships with employers to place formerly incarcerated people into roles they have the skills to perform. Beyond larger programmatic changes, a relatively minor intervention to expand access to identification among the formerly incarcerated—critical for seeking employment and social services—would also prepare these workers for successful reentry. The State could implement exchange programs in all of its state and local correctional facilities where incarcerated people, when eligible, can turn in their prison ID card for a state ID card seamlessly upon release. A collaboration between several Florida state agencies, providing nearly 10,000 state ID cards to residents upon release from prison, could serve as a model for New Jersey.

“My family depends on me. But it’s very difficult to make ends meet on a part-time salary,” said Sonia. “People need good jobs, yes. But we also need full-time jobs. Not only is part-time work not enough money, employers don’t typically offer health insurance if you work part-time.”

Sonia Elgueta
Part-time Cleaner
Sonia Elgueta works as a cleaner in Jersey City. Because she works part-time, her weekly paycheck is less than $300. That’s $1200 per month – not enough to pay the rent and feed and clothe her three children. To make ends meet, she also cleans homes. Along with three children to support, Sonia also tries to send money to her family in Colombia. “My family depends on me. But it’s very difficult to make ends meet on a part-time salary,” said Sonia. “People need good jobs, yes. But we also need full-time jobs. Not only is part-time work not enough money, employers don’t typically offer health insurance if you work part-time.”

Sonia says she has been looking for full-time work but it has been difficult to find. That’s because the rate of involuntary part-time employment more than doubled at the peak of the recession and remains extensive today, with more than 6 million Americans struggling to work enough hours to climb out of poverty. A good paying full-time job with quality, affordable benefits would allow Sonia to work just one job, have more time to spend with her family, and help Sonia fulfill her dream – to give her kids a better life and the opportunity to reach their full potential.

New Jersey faces a serious affordable housing crisis. The stagnant economy, combined with high and increasing prices for both rental housing and home ownership (see Figures 3.2 and 3.4), mean that far too many New Jersey residents struggle with housing costs. Compounding this, there has been over a decade of inaction from the state government on affordable housing. New Jersey has long struggled to provide enough affordable housing, culminating in the Mt. Laurel I and Mt. Laurel II decisions (1975 and 1983, respectively) where the New Jersey Supreme Court determined that municipalities cannot regulate land use to prevent affordable housing from being built, and in fact must find opportunities to provide for a “fair share” of a regional need for such housing. But these decisions have yet to be fully and effectively implemented, and the lack of affordable housing in urban centers—never the focus of the Mt. Laurel decisions—remains unaddressed.

According to the National Low Income Housing Coalition, New Jersey is the fifth most expensive state for renting; a minimum-wage worker would have to perform an impossible 105 hours of work per week to afford a typical one-bedroom at Fair Market Rent prices (as determined by the U.S. Department of Housing and Urban Development). One-third of the state’s households are renters. Figure 3.1 demonstrates that as of 2012, nearly 52 percent of all renters were cost burdened (paying more than 30 percent of their income on rent), while the rates were even higher for Black renters (56 percent) and Latino renters (59 percent). Given that New Jersey rents consistently track higher than the national average (see Figure 3.2), this is a systemic and complex problem for renters.

Driving these high rates of cost burden is the widespread shortage of affordable housing stock in the state. At each income bracket, there are insufficient units—particularly for the lowest income residents, as Figure 3.3 shows. For every 100 households earning 15 percent of the Area Median Income (AMI) or less, there are just 16 homes available to house these families, or a shortage of 84 homes. Even modest earners making 80 percent of the AMI still may encounter struggles, with a shortage of 11 affordable homes per 100 households. In total, there is an estimated statewide shortage of over 190,000 homes that are affordable for residents making less than 30 percent of the AMI. The shortfall will continue to present a challenge with the current policy course, as State resources allocated to preserving and developing affordable housing have dropped sharply since 2006, reversing a decades-long trend of increased investment.

**KEY RECOMMENDATIONS**

- Preserve existing affordable housing stock
- Maintain foreclosed and vacant properties and convert them to affordable housing
- Plan for transit-oriented development
- Increase funding for urban affordable housing
- Strengthen tenant financial and health protections

**Vision:** State government strengthens programs that protect tenants; and promotes preservation and development of affordable housing near reliable transit options.
Unfortunately, the shortage of affordable homes is paired with another housing crisis: the significant and continued problem of many vacant, abandoned, and foreclosed properties that are not available for use as housing. A recent report by a foreclosure listing firm found that New Jersey ranked highest in the nation in its rate of foreclosed properties, including those that are sitting vacant during the (often lengthy) foreclosure process.172 Those 2015 rates rose by 27 percent over the same quarter in the previous year, compared to only a 3 percent uptick in foreclosure activity nationally.173 For all vacant properties, New Jersey is on par with the national average, with 1.5 percent of homes in the state sitting vacant.174 Underlying part of this issue, New Jersey’s median home value began pulling sharply upward from the nation’s in the late 1990s (see Figure 3.4), and has remained much higher throughout the Great Recession and recovery, indicating a challenging home ownership picture in a still-struggling economy. Indeed, significant portions of homeowners are cost burdened as well, as seen in Figure 3.5, with over 50 percent of Black and Latino homeowners paying more than 30 percent of their income for housing. This cost burden, the growing foreclosure crisis, and the deteriorating vacant properties all represent missed opportunities to house working families and merit increased attention from state government.

Another problem is the State’s lack of comprehensive planning on the issue. As advocates have highlighted,175 the State has not developed an overall strategy on affordable housing that would guide the actions of its many agencies that

![Figure 3.1](image1)

**Figure 3.1**
**HOUSING BURDEN BY RACE/ETHNICITY FOR RENTERS**
**New Jersey, 2012**

![Figure 3.2](image2)

**Figure 3.2**
**MONTHLY RENT COST ESTIMATES INDEX**
**2010-2016**

![Figure 3.3](image3)

**Figure 3.3**
**AFFORDABLE UNITS AVAILABLE PER 100 RENTER HOUSEHOLDS**
**New Jersey, 2014**
A New Jersey that Works for Working People

**Figure 3.4**
**MEDIAN HOME VALUE**
1996-2016

Source: Zillow Home Value Index, ZHVI All Homes (SFR, Condo/Co-op)
Time Series - Metro/US, State, and City versions

**Figure 3.5**
**HOUSING BURDEN BY RACE/ETHNICITY FOR OWNERS**
New Jersey, 2012

Source: American Community Survey 3-Year Estimates 2011-2013 Table S2503

affect housing outcomes, and the piecemeal housing policies developed have focused primarily on where housing should not be built instead of identifying affirmative policies. This lack of a strategy is untenable as the state undergoes a period of increasing re-urbanization; as discussed in the introduction, more businesses and the jobs they provide are moving back into the urban cores away from suburban office parks. Housing supply must follow, and the market cannot be relied upon to provide adequate housing for working families.

New Jersey has made some strides in providing housing to those who need it. Hurricane Sandy relief funding was directed to affordable housing, but this funding is time-limited and only available in a limited number of counties. The State operates a rental assistance program, which provides a much-needed supplement to federal rental assistance. Growing this program is one way to reduce the cost burden on renters in New Jersey. And the Department of Community Affairs is rolling out a program to provide housing and supportive services to chronically homeless people using a Housing First model. But these efforts are not enough—the shortage of affordable homes is serious and requires a more long-term, sustainable intervention. The following policies could lay the groundwork for a New Jersey where housing for working families is affordable, equitable, and in accessible reach of public transit.
PRESERVE EXISTING HOUSING STOCK

One of the best ways to ensure affordable housing is to make the most of existing housing stock via adequate maintenance, rehabilitation, and mechanisms that preserve long-term affordability. While there are some policies at the state level that aim for preservation, expanding these tools would increase the number of affordable units available at a lower cost than new construction.

The foreclosure crisis suggests a few key interventions to help residents access housing for longer, and keep properties from lapsing into vacancy and deterioration. The most basic intervention is preventative: work to keep residents from undergoing foreclosure at all. A recently introduced bill would codify an idea that has been proposed for a decade by creating a Foreclosure Prevention and Neighborhood Stabilization Revolving Trust Fund. By placing a surcharge on each foreclosure complaint; this funding would be directed primarily toward qualified non-profits operating foreclosure prevention programs and providing direct assistance to homeowners, and secondarily to expand State data collection on foreclosure. Once foreclosure has been initiated, residents and the State benefit most when tenants are allowed to live in and maintain the property until the process is complete. Allowing people to stay in their home as renters while awaiting the sale of their foreclosed property would prevent dilapidation of these houses.

When a property has been foreclosed on, the priority becomes returning the property to active use as soon as possible. Lenders holding foreclosed properties should be required to maintain them in habitable condition and sell them in a reasonable amount of time. New Jersey has made some effort here—a bill that recently passed the Assembly would implement time limits for mortgage lenders to accept “short sale” offers on foreclosed properties (i.e., the total payment to the lender would be less than the actual mortgage but fully paid off in the ‘short’ timeframe). And two recently introduced bills would hold lenders accountable for maintenance of vacant properties.

The State can also expand affordable housing stock by promoting conversion of foreclosed properties into affordable units. While previous attempts have been vetoed, there has been momentum in New Jersey to establish a temporary program within the State Housing and Mortgage Finance Agency that would purchase foreclosed houses from lenders and convert those into affordable units. Another structure for assembling foreclosed properties and returning them to productive use is a land bank, when a municipality seizes properties in tax foreclosure or otherwise acquires them, and either demolishes or rehabilitates them for sale or management. Land banks have been successful in Michigan and Ohio due to changes in state law; a particularly successful example in Cuyahoga County was able to buy low-value properties from lenders at reduced rates, enabling the land bank to demolish or reuse these properties. Bills that would allow municipalities to designate redevelopment agencies to act as a land bank on their behalf have been passed, and vetoed, twice in New Jersey.

The State would also benefit from increasing the energy and water efficiency of affordable housing units, which would reduce utility expenses for residents and increase their quality of life. New Jersey could look to Pennsylvania’s Smart Rehab model, which combined federal weatherization funding along with other resources to facilitate energy-efficient retrofits for low-income multi-family developments. The program will preserve an estimated 10,000 affordable housing units, in part by creating savings on energy costs of up to 30 percent.
CREATE NEW HOUSING STOCK

PLANNING

While preservation is important, New Jersey will also have to take action to create new affordable housing units. Better planning to connect new housing stock to transit through transit-oriented development would support the best outcomes for working families, enabling transit access to employment. As the New Jersey based organizations Fair Share Housing Center and New Jersey Future have identified, there is growing demand for affordable housing near transit hubs as the state continues to rank among the highest for commute times and residents feel the economic pressure of car ownership. Existing transit infrastructure is also concentrated in more affluent communities; New Jersey Future found that 109 out of 244 transit stations studied were in neighborhoods with a higher percentage of single-family detached housing (indicating residents with higher incomes) than the statewide average rate.

New Jersey Future has created detailed recommendations to guide the State in implementing transit-oriented development (TOD) for New Jersey, building new development (in this case affordable units) near existing transit hubs. In determining where to build these units, the State could also use a model from Illinois, which adopted a Housing and Transportation (H + T) Affordability Index to help lawmakers assess the true cost of living in various locations for use in planning. Illinois has also led in TOD by creating a Business Location Efficiency Incentive Act, which authorizes companies applying for certain tax credits to receive additional credits if the firm is building on a site linked to affordable housing and public transit. Unfortunately, the 2013 Economic Opportunity Act eliminated New Jersey’s similar existing program, the Urban Transit Hub Tax Credit, which provided a tax credit for sites within a half mile of a transit station. While locating housing near transit, and vice versa, is a critical priority, it is equally critical that any such developments be affordable to a range of families, and that existing residents and small businesses are not displaced in the process. Prioritizing affordable housing funding for TOD projects can help ensure that transit access benefits everyone.

While locating housing near transit, and vice versa, is a critical priority, it is equally critical that any such developments be affordable to a range of families, and that existing residents and small businesses are not displaced in the process.
FUNDING

The State has a variety of tools to consider for funding new affordable housing stock. A primary, and obvious, source is the New Jersey Affordable Housing Trust Fund. Unfortunately, the Trust Fund is currently being used to fund programs that were previously funded out of the State’s general fund, reducing the dollars available for housing creation. In fact, only $2 million from the Trust Fund has been spent on new or rehabilitated housing in the past six years.\[^{196}\] Focusing—or putting limits on—what the Trust Fund can be used for would make more resources available to actually create affordable homes, as would adding revenue sources. A recent bill proposes to increase funding to the Affordable Housing Trust Fund via a $75 recording fee assessed by county clerks and registrars of deed and mortgages.\[^{197}\] New Jersey can also look to nearby states for models on generating needed funds for affordable housing creation. Rhode Island voters approved several bond issues to fund affordable housing in the past decade.\[^{198}\] Connecticut has developed a Competitive Housing Assistance for Multifamily Properties program administered by its Department of Economic and Community Development to leverage non-state funds as catalysts, along with a state tax credit, to incentivize developers building affordable housing.\[^{199}\] Programs that provide funding to create affordable units, or assistance in securing capital, are essential components to a state housing strategy. New Jersey should be ambitious in the scale of funding it dedicates to affordable housing, and should tap all possible sources.

Given the re-urbanization in New Jersey, special attention should be paid to creating affordable housing in cities. The State could expand its use of tax credits to incentivize development of affordable units, while balancing their use with stronger community benefit requirements. Illinois scales its property tax abatements depending on the share of residents in a given development who are accessing federal Section 8 housing assistance vouchers, incentivizing affordability.\[^{200}\] A recent bill proposed in the New Jersey Senate would provide tax credits for mixed-income housing projects with a significant affordability component located in low-income neighborhoods.\[^{201}\] As with economic development subsidies, tax subsidies for affordable housing should be spent wisely on projects that will provide truly affordable housing, create quality jobs, and provide community benefits. As with all government subsidies, tax credit programs should be highly transparent, so the public and advocates can help hold recipients accountable.

While preserving local control, the State would find more success in its strategy by also bringing municipal tax credit practices up to a high standard. Current standards on municipalities granting abatements to developers are much too low; current law allows payment into a trust fund option as an alternative to providing more affordable units.\[^{202}\] Moreover, it establishes guidelines on the amount of that payment that are simply insufficient to actually fund affordable housing, specifically providing that the “contribution shall not exceed $ 1,500 per unit for market rate residential construction, $ 1.50 per square foot for commercial construction, and 10 cents per square foot for industrial construction.”\[^{203}\]

TENANT PROTECTION

Overall, municipalities are best suited to strengthen tenant protections, and have been making steady progress. But the State can assist these efforts in a few ways. Most importantly, the State can provide leadership by strongly enforcing existing federal and state laws and policies around non-discrimination, tenant rights, and fair housing. Education—of both landlords and tenants—is critical as well, and the State can and should partner with local governments and housing advocates to make sure everyone knows their rights. One key extension of tenant rights would be to prevent landlords from using credit scores as a way to screen (and disqualify) prospective tenants. While discriminating on the basis of income is illegal in New Jersey,\[^{204}\] use of credit scores is not, and this creates a loophole in the intent of the law.

Another way the State can help protect tenants is to fully implement existing law on lead inspections in single-family homes. While lead pipes have been at the forefront of recent discussions, there is a significant share of housing stock that also has lead paint, posing the same health risks: there are at least eleven cities
A New Jersey that Works for Working People

Lina Estepan
Food Service Worker, Hackensack High School

Like many single mothers, Lina Estepan does it all. She works two jobs while taking care of her children. Despite the extra work hours, Lina had to move out of a home and community she loves in Bergen County—an area with good quality schools—because her rent went up. Now she lives even farther away from work, spends more time commuting, and less time with her family.

Her commute takes a toll because she has such a busy schedule every day. After she finishes her day job preparing and serving food for hundreds of students at Hackensack High School, she picks up her children from school, feeds them and gets them ready for bed. Then, she heads to her night job from 8pm to 5am. As a result, she only gets two or three hours of sleep every night.

If Lina could afford a home closer to her job, she could send her children to better schools and spend more quality time with them. “I love Bergen County, it’s where I work and used to live but I was forced to move because homes and living expenses are so high in this area,” said Lina Estepan. “If there were more affordable housing options, it would literally be the key to a better life for me and my family as well as other low wage workers who would like to live near where they work.”

If there were more affordable housing options, it would literally be the key to a better life for me and my family...”

and two counties in New Jersey posting higher child blood lead levels than those found during the Flint, Michigan crisis. This stock most often houses low-income residents, who lack the resources for mitigation and whose landlords often fail to proactively address lead contamination, indicating a need for government intervention. There has been some recent momentum to require municipalities to conduct lead paint inspections in one- to two-family rental units.

Lastly, the State can enhance its other efforts to keep residents in housing by supporting legal aid for tenants and homeowners. New Jersey has a handful of laws for tenant protection, including tenants in rental properties undergoing foreclosure, but these make little difference if tenants are unaware of the laws and unable to navigate legal remedies available. A report from the Brennan Center for Justice found that in parts of metro New York City, fewer than 20 percent of homeowners undergoing foreclosure had access to representation, and that 99 percent of renters facing eviction in New Jersey are not represented by a lawyer. Increased funding for legal aid, directed either toward State programs or existing non-profit efforts, would assist tenants and homeowners with court proceedings to increase their chances of staying in their homes.
KEY RECOMMENDATIONS

✓ Sufficiently fund and increase support for alternatives to driving within the Transportation Trust Fund

✓ Prioritize affordability for low-income residents within public transportation systems

✓ Expand public transportation in strategic areas to connect workers to the state’s good job centers and address their transportation needs

Transportation is central to the functioning of the New Jersey economy and greatly affects residents’ quality of life. New Jersey residents overwhelmingly rely on driving to commute to work over other forms of transportation, indicating that there is room to promote public transportation as a more efficient and affordable alternative to driving (Table 4.1). New Jersey’s economy benefits massively from its strategic location between New York City and Philadelphia, resulting in a vast transportation system that includes NJ Transit, PATH, SEPTA, PATCO, and a large bus system. This has led to one of the higher rates of public transit use in the country.

Unfortunately, the State has recently neglected investment in this strategic advantage, and the transit system faces serious issues of maintenance and repair, as evidenced by recent tragic crashes. The system has also failed to keep up with demand. Recent estimates indicate that since 2002, NJ Transit ridership has increased 20 percent while capital funding for NJ Transit has decreased by nearly the same amount.209 Recommitting to building and funding New Jersey’s transit system is vital for building an economic future that takes advantage of New Jersey’s strategic location.

Despite increased demand, New Jersey currently faces many barriers to expanding its public transit infrastructure. Funding has been an ongoing problem, for both capital and operating budgets. On the capital side, funding has come from toll roads, the gas tax, the sales tax on autos, and the petroleum products tax.210 Until this year,211 it had been 26 years since the State’s gas tax was increased,212 which has stalled capital improvements and left the State with an increasingly antiquated transportation system.

The failure to find a sustainable funding source for the State’s transportation infrastructure has created a reliance on stopgap measures where the State reactively moves money around in response to preventable crises. As a result, long-term investment and maintenance becomes difficult as funding is insecure and subject to annual budgetary action.213 The costs of this irregular funding structure falls in part on the back of public transit riders, subsequently privileging the less efficient and environmentally harmful car-centric system. Fixing the funding structure for New Jersey’s transportation system will allow the State to build a modern jobs-focused public transit system to connect those most in need of jobs to the employers who want to hire them.

Vision: State government recommits to building and funding New Jersey’s transit system and creating an economic future that takes advantage of New Jersey’s strategic location.
Table 4.1  
MODE OF TRANSPORTATION TO WORK BY RACE/ETHNICITY  
New Jersey, 2014  

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>Black</th>
<th>Asian</th>
<th>Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drove alone</td>
<td>79.4%</td>
<td>66.8%</td>
<td>61.0%</td>
<td>57.2%</td>
</tr>
<tr>
<td>Carpooled</td>
<td>5.6%</td>
<td>8.8%</td>
<td>11.1%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Public Transit</td>
<td>7.2%</td>
<td>16.5%</td>
<td>19.6%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Walked, biked or other</td>
<td>2.9%</td>
<td>4.9%</td>
<td>4.4%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

Source: COWS computation from 2014 American Community Survey 1-Year Estimates Table B08105 B, D, I, H  
Totals do not sum to 100%, as ‘worked at home’ was not included.

PROVIDE FUNDING AND MAINTAIN AFFORDABILITY

New Jersey’s use of public transit is relatively high compared to the national average, yet the current transportation infrastructure continues to focus on automobiles at the expense of clean and affordable public transit options, which could better suit the needs of workers. Before the most recent proposal to increase the gas tax—currently the second lowest in the nation—the gas tax had not been raised in New Jersey since 1988. This created a funding shortage that recently led to a freeze on all construction projects funded by the state’s Transportation Trust Fund, and resulted in delays to important capital projects such as the Hudson-Bergen Light Rail extension, Bus Rapid Transit extensions, and the Glassboro-Camden Light Rail. Meanwhile, NJ Transit fares have risen nine times over that same period. The most recent fare increases were coupled with service cuts to bus lines with late-night hours, reducing an important point of access for many second- and third-shift workers. Additionally, the proliferation of “dollar vans” over the last few decades has become the predominant affordable alternative public transit for New Jersey’s immigrant community, highlighting the system’s failure both in terms of breadth and affordability.

To improve affordability, sufficient funding will be critical, and there are a few other approaches to explore. Increasing the gas tax (while providing stronger credits to low-income families) and tying its increase to inflation would help alleviate the current funding crisis, resulting in reduced need for fare hikes in the state’s transit systems. Restoring off-peak discounts on NJ Transit would allow greater access to non-9-to-5 workers or other residents who do not need to travel at rush hour. The State could also explore a program to create means-tested transit subsidies for low-income families. New Jersey’s current transit system is
failing to invest in the state’s economic future, and its historical funding structure, based on keeping gas taxes low while increasing public transit costs, amounts to a regressive tax on the working poor and middle class.\textsuperscript{220} New Jersey should work to make its funding structure more equitable, and not rely on increasing transit fares to manage costs.

As one example of insufficient funding, New Jersey’s airports currently lack suitable public transit options to convey both workers and passengers. Closing a loophole in the current petroleum tax to end unaccountable subsidies to airlines would provide critical tax revenue that the state can apply to a much-needed public transit expansion to the airport; currently, the state only taxes jet fuel burned on the ground in the state, foregoing an estimated $140 million in potential revenues annually.\textsuperscript{221} Closing this loophole would be an important step toward expanding PATH and other transit service to airports.

\textbf{EXPAND THE SYSTEM}

New Jersey should focus its transportation investments on improving access to jobs for its workforce by ensuring that public transit connects workers, especially those without cars, to the employers who want to hire them. Strategic transportation investments in New Jersey should focus on providing easy access from affordable housing to employment hubs with family-supporting jobs. New Jersey has one of the highest incidents of suburban poverty in the country.\textsuperscript{222} As a result, New Jersey’s public transit system cannot follow the standard model of connecting suburbs to city centers through an expanded bus system if it is going to serve the populations most in need of affordable public transit options. While the system to New York City is extensive, if often unaffordable, those who work within New Jersey have more limited options, often leading to the expensive proposition of purchasing a car or relying on carpooling to access work closer to home.

A modern transportation program for New Jersey would more accurately reflect the commuting realities workers face, providing greater access between counties closer to the communities where workers live, and extending service hours.

While the extent of the system underserves many communities, New Jersey has many different transit systems from which to build a more robust system, from expanding PATH and SEPTA service to expanding the NJ Transit’s bus infrastructure. The existing bus and rail infrastructure needs to expand late-night service to extend farther from the urban cores and restore its affordability. New Jersey has a 24-hour economy, especially at economic hubs such as Newark Liberty International Airport and hospitals, and yet the bus and rail service fails to reflect this reality. The need for additional bus and rail service is also vital for connecting workers to economic opportunity. A study of transit access in New York City found that the level of access to transit in neighborhoods was correlated with employment and income outcomes.\textsuperscript{223} The lack of PATH service to the Airport is a notable example of the holes in the system. Transportation is not just about those using the Airport but also the workers who keep the Airport running. New Jersey similarly needs to ensure its transportation has appropriate routes and stops that enable cross-county commuting. New Jersey Future provides useful recommendations for connecting an improved transit system to a targeted transit-oriented development program that integrates the State’s transit, housing, and employment development projects.\textsuperscript{224}
PROVIDE SERVICES TO IMMIGRANTS AND COMMUNITIES OF COLOR

New Jersey’s current transit system particularly underserves communities of color and immigrant communities. People of color and immigrants rely on public transit more frequently and are more likely than their White counterparts to carpool to work (Tables 4.1 and 4.2). Residents living in poverty who work within the state are the hardest hit by limited transit options between counties, often facing prohibitively long commutes to potential jobs. Of New Jersey residents in poverty, 17.5 percent either walk or bike to work,\(^{225}\) suggesting that improvements to car-centric infrastructure leave out a large segment of low-income New Jersey residents who might better access transit with expanded, more affordable systems. These communities, which disproportionately face barriers to accessing work, need an affordable transportation system that supports and expands the transportation system they already rely on. Focusing on alternatives to driving to work creates job access for those most in need of support.

New Jersey’s immigrant communities and people with criminal records also face challenges to accessing driver’s licenses. New Jersey could follow the lead of twelve states and the District of Columbia\(^{226}\) to expand access to driver’s licenses to undocumented immigrants; a bill proposed during the last legislative session would do just that.\(^{227}\) If passed and signed, this law would affect hundreds of the thousands of undocumented immigrants, likely increasing public safety by ensuring that immigrants are tested, trained, have sufficient driving records, and are insured to drive. New Jersey Policy Perspective estimates that the law would increase insurance payments by $245 million (likely lowering all residents’ premium payments), and could result in the State collecting an additional $5.2 million in license and registration fees over the first three years.\(^{228}\)

Table 4.2
MODE OF TRANSPORTATION TO WORK BY CITIZENSHIP STATUS
New Jersey, 2014

<table>
<thead>
<tr>
<th>Mode of Transportation</th>
<th>US Born</th>
<th>Foreign Born - Citizen</th>
<th>Foreign Born - Non-Citizen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drove alone</td>
<td>76.8%</td>
<td>68.9%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Carpoooled</td>
<td>6.4</td>
<td>8.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Public transit</td>
<td>8.8</td>
<td>13.7</td>
<td>20.0</td>
</tr>
<tr>
<td>Walked or other</td>
<td>3.5</td>
<td>4.9</td>
<td>14.6</td>
</tr>
</tbody>
</table>

Source: COWS computation from 2014 American Community Survey 1-Year Estimates Table B08111*

*Totals do not sum to 100% as “Worked at home” is not included
New Jersey drivers’ licenses can be revoked as a penalty for certain infractions as well as failure to appear in court or failure to pay fines. This has consequences for a person’s access to transportation most directly, but also limits a person’s ability to identify themselves. Access to ID is essential for countless daily functions, from picking up one’s child at school to cashing a check. New Jersey should undertake a process to examine each violation that can result in a loss of license and maximize opportunities for individuals to reinstate their license. The inability to pay court fines or appear in court due to poverty should never result in the loss of license. The New Jersey Motor Vehicle Commission should collect the most detailed data possible on why residents face license suspension and whose licenses are revoked, including demographic information such as race/ethnicity, income, and geographic location. This will enable the State to implement the broadest and most effective policy interventions possible.

“I make poverty wages working at Newark Airport. I can’t afford to buy a car so public transportation is my only option.”

Nancy Vazquez
Skycap, Newark Liberty International Airport

For more than 20 years, Nancy Vazquez has worked at Newark Airport. Until recently, she earned just over $2 per hour working as a sky cap. Her meager hourly pay was supposed to be augmented by tips but she says gratuity has dramatically declined recently. Nancy and her colleagues decided they wanted to improve their working conditions at the airport so they began to organize. Their fight proved to be successful in 2015 when the Port Authority raised wages to $10.10 per hour for thousands of airport workers. Nancy continues to work toward securing at least a $15 minimum wage.

She is one of thousands of residents who would benefit from a plan that calls for extending the PATH train to Newark Airport. “I make poverty wages working at Newark Airport. I can’t afford to buy a car so public transportation is my only option,” said Nancy Vazquez. “Currently I have to take two buses to get to work and that takes a toll. That’s why I support a plan that would extend the PATH train to Newark Airport. This would cut down on my transportation costs and time commuting and provide other riders with a convenient way to travel to the airport.”
KEY RECOMMENDATIONS

- Reduce the State’s incarcerated population with a focus on decreasing racial disparities and decriminalizing minor offenses
- Prioritize transparent and accountable policing practices such as community oversight, strong body-camera policies, ending the practice of civil forfeiture, and requiring data collection during police stops, arrests, and incidents of violence
- Build a welcoming state for undocumented immigrants by keeping local law enforcement out of immigration enforcement, reforming detention, granting driver’s license access, and expanding access to institutional financial aid

Nationally and in New Jersey, we are in a moment of considerable momentum to reinvigorate civil rights by implementing meaningful reforms to make our criminal justice system fair for all. New Jersey has the opportunity to build upon recent reforms such as the Department of Justice decision to end the use of private prisons in federal detentions\(^{230}\) (with the Department of Homeland Security considering a similar decision),\(^{231}\) the Obama Administration’s increased support of “Ban the Box”\(^{232}\) initiatives, and Virginia Governor Terry McAuliffe’s recent efforts to reverse felony disenfranchisement in the state.\(^{233}\)

While New Jersey has taken steps towards criminal justice reform, the state’s prison population has the widest racial disparities in the country.\(^{234}\) Although Black New Jersey residents make up only 13 percent of the state’s total population, they make up 61 percent of the state’s prison population.\(^{235}\) New Jersey should build on efforts to reform the criminal justice system with a focus on eliminating racial disparities by implementing policing policies that emphasize community policing, transparency, accountability, and other criminal justice policy reforms.

Vision: State government reinvigorates civil rights by implementing meaningful reforms that make the criminal justice system fair for all.

CRIMINAL JUSTICE REFORM

ENDING MASS INCARCERATION

Like the rest of the country, New Jersey made a series of policy choices in the 1980s that led to dramatic increases in rates of arrests and incarcerations. In 2014 alone, New Jersey spent upwards of $1.6 billion dollars imprisoning its residents.\(^{236}\) While New Jersey has made an effort to address the problem and the incarcerated population has declined since it peaked in 1999,\(^{237}\) there is still work to be done: incarceration rates are still high compared with incarceration rates worldwide.\(^{238}\) Despite a declining prison population, the system continues to be marred by one of the highest Black-White racial disparities for incarceration rates in the nation: 12.2 to 1 (Table 5.1). Additionally, while the level of incarceration has declined, the lingering effects of involvement in the criminal justice system continue to follow the formerly incarcerated, with 1.8 percent of the state’s population being either on probation or parole (Table 5.2). Combined with the racial disparities in the criminal justice system, the impact of decades of mass incarceration has created significant
employment and voting barriers for the Black and Latino communities, with 5.3 percent of New Jersey’s Black community having lost the right to vote due to felony disenfranchisement (compared to just over 1 percent of the total population).239

**IMPROVE COMMUNITY CONTROL AND POLICING PRACTICES**

Mass incarceration is in part a product of policing that is focused on high arrest rates for low-level offenses, especially drug offenses. This creates a revolving door where people cycle in and out of the system, resulting in significant disruption to their own lives and to their communities. Combating racial disparities in New Jersey’s criminal justice system, against the background of national conversation about police killings of Black people, begins with increased community control and the adoption of better policing practices. A recent law mandates the New Jersey Department of Law and Public Safety to develop an online diversity training course for police officers,242 representing a step in the right direction if the training is in fact utilized by police departments around the state. The State could build on this training with expanded know-your-rights education campaigns for residents on consent to search, already underway in the state.243 This will help New Jersey regularize and defuse police interactions, providing greater protection for the rights of all involved parties.

New Jersey could empower municipalities to put more control in the hands of their residents to provide monitoring, oversight, and accountability of local police departments in the form of civilian review boards. Newark’s Civilian Complaint Review Board244 has been held up as a national model amongst civilian review boards.245 New Jersey should look to Newark’s Civilian Complaint Review Board as a model and work with localities to ensure that their review boards are truly independent, have a source of funding, and have investigatory and disciplinary power.

**BAN RACIAL PROFILING**

Expanding New Jersey’s racial profiling ban law will also help combat racial disparities. Profiling bans should include a broad scope of protections including immigration status, housing status, sexual orientation, and religion. Beyond simply making profiling a crime, the law should outline employment consequences for

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**Table 5.1**

| Table 5.1 | IMPRISONMENT RATE (PER 100,000) BY RACE/ETHNICITY
| New Jersey, 2014 |
| --- | --- |
| Imprisonment Rate by Race/ Ethnicity (2014) (per 100,000) |
| Whites | 94 |
| Blacks | 1,140 |
| Latino | 206 |
| Disparity in Imprisonment (2014) |
| Black-White ratio | 12.2 |
| Latino-White ratio | 2.2 |

*Source: The Sentencing Project*

**Table 5.2**

| Table 5.2 | CORRECTIONS POPULATION
| New Jersey, 2014 |
| --- | --- |
| New Jersey’s Corrections Population |
| Total Population Over 18 Years Old | 6,925,978 |
| Total incarcerated | 36,825 |
| Probation population | 112,598 |
| Parole population | 14,918 |

*Source: 2014 American Community Survey 1-Year Estimates Table CP05 and The Sentencing Project*
offending officers and include a private right of action for citizens whose civil rights were violated. The law should also clearly state that both intentional and unintentional “disparate impact” practices are covered.

**IMPROVE BODY CAMERA POLICY**

Implementing a universal body camera program which includes detailed parameters of use and allows the public and victims access to the video would improve upon previously proposed bills in the state. Body cameras can be a useful tool, but only if they are regulated and enforced strongly, including privacy protections for community members. The currently proposed bill does not outline when police must use body cameras or what the consequences would be for not using a body camera, and fails to outline public access provisions to the recordings. The parameters of proper use should outline when cameras must be activated and carry clear criminal penalties for tampering with cameras or footage. The body camera law should include presumption of police misconduct for interactions with civilians where footage is unavailable. Most critically, civilian right to the film should be clearly protected by the law but procedures for protecting the privacy of individuals captured on film must also be accounted for. A recently proposed California bill to regulate body camera use provides model language for addressing some of the issues outlined above.

**REFORM CIVIL FORFEITURE**

Civil asset forfeiture reform is essential to ensure that racial profiling is not mixed with a profit motive to arrest New Jersey citizens. Civil forfeiture was originally intended as a means to combat organized crime but has since turned into a system of “policing for profit” where citizens can have their property and bank accounts seized without ever being charged with a crime. Poor public reporting has made it impossible for lawmakers and citizens to hold departments accountable. A 2015 report by the Institute for Justice gave New Jersey’s civil forfeiture laws a grade of “D-,” calling New Jersey’s laws some of the worst in the nation. They found that from 2009 to 2013, New Jersey seized $72 million in cash and property from citizens, with most of that money being used to fund law enforcement agencies. Given the racial disparities in New Jersey’s criminal justice system, Black and Latino communities face greater exposure to incidents that can lead to civil forfeiture. Reforming civil asset forfeiture to protect innocent citizens, increase transparency, and remove the profit motive is essential for protecting civil rights. Recent reforms in New Mexico and the District of Columbia provide excellent models and were the highest rated laws by the Institute for Justice.

**PROVIDE TRANSPARENCY IN POLICING**

Expanding civil rights requires improvements in the transparency of policing practices and outcomes. The recent police shooting of Diahlo Grant highlights how lack of transparency strains community relations. Protests broke out in New Brunswick after police failed to provide Grant’s family with basic information including why Grant was stopped, what happened, or even the names of the officers involved. Transparency not only protects citizens and strengthens civil institutions but also protects law enforcement officials who are doing their jobs properly. Transparency and detailed data collection were identified by the Presidential Task Force on 21st Century Policy as keys to building community and police trust. Proper data collection laws ensure accurate, standardized, and consistent data. Data should be required on a large variety of police interactions including stops, frisks, and all uses of force. The data should be self-reported and outline an explanation for law enforcement action and include the necessary demographic and geographic information. Systems should be created to make the data easily accessible to the public and in a format that promotes analysis. Finally, a robust data collection program is connected to an early warning system to ensure real time responses to potential problems. Maryland’s law on reporting for motor stops, and both California’s and Newark’s stop-and-frisk reporting laws are examples to build on. While both laws have clear reporting standards, a statewide law should cover a broader range of police encounters instead of only covering one kind of stop. The Presidential Task Force also makes helpful recommendations on implementing a transparency program.
ESTABLISH AN INDEPENDENT PROSECUTOR AND EXPAND THE ROLE OF THE ATTORNEY GENERAL

Further ensuring transparency and accountability over policing requires the establishment of an independent prosecutor to oversee issues of police misconduct. Independent prosecutors can assist with effective implementation and oversight of reform efforts and act as a bridge to rebuilding trust with the community. Successful independent prosecutors are truly independent with the freedom and power to choose what to investigate. The prosecutor should be charged with monitoring and investigating a broad array of police interactions with attention to vulnerable populations (again, defined broadly to including women, LGBTQ people, and homeless people) and a broad array of police practices and issues including use of force and complaints of sexual assault. Transparency should be built into the program, allowing for community oversight and legal protection for retaliation for assisting independent prosecutor investigations.

Currently, the New Jersey Attorney General participates in police-involved shooting investigations in the state. A recently introduced bill would require the State to undertake the full investigation of an officer-involved shooting and in-custody death, rather than County Prosecutors. Evidence would have to be presented to a grand jury in a Court outside of the County where the shooting or death occurred. While strong, the bill could create even more transparency and independence by mandating a distinct and separate State special prosecutor’s office. The bill should extend beyond officer-involved shootings and in-custody deaths to cover cases of serious bodily harm as well. Generally, New Jersey should build the capacity of the Attorney General to oversee reforms for police departments that have been found to have civil rights violations. The Attorney General should have the support of the State to investigate local police departments and their practices, similar to the investigatory practices of the federal Department of Justice.

DECRIMINALIZE MINOR OFFENSES

Ending racial disparities and ensuring all residents’ civil rights are protected requires continuing to tackle the issue of mass incarceration head on. According to the Center for Popular Democracy, nearly half of the people incarcerated in state prisons in the U.S. have been convicted of nonviolent offenses. The expansion of expensive incarceration in the U.S. was driven by policy changes, not crime rates. Beginning in the 1970s, cities and states passed thousands of new laws that allowed arrest for minor quality of life offenses such as loitering and spitting. Newark was even the birthplace of “broken windows policing,” a framework that focuses on arrests for these minor crimes as part of an (unsuccessful) attempt to deter crime.

This system has not only been expensive, but it also takes away from investigating violent crimes. To combat this system New Jersey should decriminalize and reduce collateral consequences for minor offenses like loitering, trespassing, and disorderly conduct. New Jersey should also reevaluate their drug penalties and decriminalize the possession and use of marijuana. New Jersey recently proposed a bill to decriminalize marijuana that falls short of addressing the broad range of issues needed to build a comprehensive decriminalization program. California’s recent voter-approved Proposition 47 provides an excellent model of how to structure such a drug and non-violent offense decriminalization program. Building on California’s example, New Jersey can use the savings from not prosecuting marijuana and non-violent crimes as felonies to fund drug treatment, prevention, and mental health services.

CIVIL RIGHTS FOR INCARCERATED INDIVIDUALS

Beyond decriminalizing non-violent offenses and trying to keep citizens out of the criminal justice system, New Jersey needs to do more to protect the civil rights of those who are in the system. Recent bail reform legislation was passed in the Legislature with the intention of shifting the bail system to a risk-based system instead of a money-based system and promised to get defendants to trial more quickly. This reform is a step in the right direction. However, the New Jersey Supreme Court recently issued regulations for the law that will undermine effectiveness of the legislation. If bail reform fails to deliver on its promises as it is
implemented in the beginning of 2017, policy makers need to commit to revisiting the legislation in order for it to live up to its decarceration goals.

Additionally, the State can support civil rights of incarcerated people by seeking diversion and avoiding solitary confinement. New Jersey should promote diversion programs and alternatives to incarceration such as drug treatment programs. A recent Senate bill prohibiting solitary confinement for certain vulnerable populations built momentum to expand incarcerated peoples’ civil rights. The use of solitary confinement should also be banned for all juveniles and adults.

Mass incarceration is also a public health issue. Those cycling through the system have far higher rates of infectious diseases and other health concerns. New Jersey should work to bridge the gap between the state’s health system and justice system. One such policy is expanding medical parole, such as the recently proposed New Jersey bill passed and vetoed last session, which would not only create a fairer system but could also save the State money.

Investing in higher care standards and transparency in reporting also saves money in the long run by treating community health problems while people are in the system, preventing them from getting worse later. New Jersey can take greater steps to use the tools under the Affordable Care Act to expand health outcomes for prisoners, including taking advantage of the ACA’s Medicaid expansion by signing up those in the system, enrolling those who do not qualify in subsidized health programs, and also using funding to build an electronic health information system. Investing in and protecting the civil rights of New Jersey residents in the criminal justice system is a long-term investment in the economic health and wellbeing of underserved communities.

INCREASE TRANSPARENCY IN GOVERNMENT APPOINTMENTS

New Jersey’s governor has the unique power to appoint the Attorney General, the 21 County Prosecutors, and some Parole Board members. Because these positions make up the criminal justice infrastructure in the State, they have enormous potential to reduce incarceration rates and create better and more accountable police forces. The governor should select appointees who have an articulated vision for reducing incarceration and decreasing racial disparities in incarceration and arrests, and who see incarceration as a last possible resort.

IMMIGRATION

New Jersey has always been a refuge to the world’s immigrants looking to build their American dream in the Garden State. The percentage of the population who are immigrants has been steadily increasing since the 1970s. New Jersey has immigrants of all races and ethnicities, but Latino and Asian immigrants are more likely to lack citizenship status. Nationally, the number of naturalized U.S. citizens and legal permanent residents has more than doubled in the last four decades. In 2011, 56 percent of the 27.8 million legal permanent residents living in the U.S. were naturalized and by Pew Hispanic Center estimates, 12.4 million are green card holders who will eventually naturalize.

Current federal paralysis on enacting comprehensive immigration reforms requires State action to compensate for this deficiency and to create communities where immigrants and their families can thrive. In addition to making New Jersey a welcoming state for all residents and maximizing naturalization, New Jersey should vigorously support federal immigration reform. The State should commit to working with its own agencies and departments, legal service providers, community based organizations, and unions to ensure a smooth implementation of any form of relief that the federal governments provides.
KEEP LOCAL LAW OFFICERS OUT OF FEDERAL IMMIGRATION ENFORCEMENT

Protecting immigrant rights in New Jersey begins with keeping immigrants from being unnecessarily detained. Preventing unnecessary detention improves public safety and creates communities where it is safe for immigrants to work and engage in civic life without fear of harassment, intimidation, or deportation. There has already been momentum within New Jersey to reconsider the extent of local government cooperation with federal immigration enforcement, as seen in Newark as well as Union, Ocean, Burlington, and Middlesex Counties. New Jersey should follow the lead of Connecticut and California in passing a statewide “Trust Act.” Trust Acts put limitations on holding immigrants for federal immigration enforcement and ensure that local resources are not wasted doing the job of the federal government. New Jersey’s Trust Act should clearly end local-level involvement in immigration enforcement partnerships with the federal government, including local involvement in the 287(g) program. New Jersey’s Trust Act should be broad enough to ensure that no state or local law enforcement are doing the work of federal immigration enforcement.
PROVIDE ACCESS TO PUBLIC DEFENDERS

To additionally smooth immigrants’ experience with the criminal justice system, New Jersey should fund immigration public defenders, following the lead of New York City.277 Public defenders for immigration cases not only bring fairness to cases but also help bring transparency and accountability to the immigration system.

REFORM IMMIGRANT DETENTION

The recent reports on the deplorable conditions immigrants in detention face at the Hudson County Jail and the poor health services at this jail in particular, which are run by a private company CFG Health Systems,278 raises the need not only to increase the quality of prison health services but also the need to reconsider the use of the private prison industry. Faced with increased national scrutiny, the private prison industry is remodeling itself into what a report by the American Friends Service Committee dubbed “the Treatment Industrial Complex,” focusing on providing health and parole services.279 The Treatment Industrial Complex often poses a greater risk as private companies decide when people are done with treatment and can leave the system, as opposed to state-determined sentences.

The private prison industry is especially prevalent in immigrant detention. Immigration and Customs Enforcement has 70 percent of its detainees in private facilities.280 The agency incarcerates roughly 400,000 immigrants each year costing over $2 billion annually.281 ICE’s operations are based on a network of privatized facilities in New Jersey, Texas, Florida, California, and Illinois. The Essex, New Jersey facility is implicated in a corruption allegation.282 New Jersey should follow the lead of the federal government and cut ties with the exploitive private prison industry and its related private treatment industry. For New Jersey to tackle the issues of prison health quality, especially as it relates to immigrants, they will also have to tackle to the issue of the private prison industry and its treatment ancillaries.

ENSURE ACCESS TO FINANCIAL AID AND STATE IDENTIFICATION

In addition to detention reforms, New Jersey could chart a different course toward inclusion of immigrant residents with key civil efforts. Currently, undocumented residents lack even basic forms of identification, and are also ineligible to receive most sources of financial aid for higher education, curtailing their social inclusion. The recent decision by the Higher Education Student Assistance Authority in New Jersey to allow consideration for the U.S. citizen children of undocumented immigrants to receive financial aid will have a positive impact on thousands of students.283 Similarly, undocumented students who have met the criteria for in-state tuition should also have access to institutional financial aid, as higher education is inaccessible to these students if it is unaffordable. The legislature should still work to codify this development in law, such as the bill recently proposed in the legislature,284 and not just through administrative rule changes. Beyond expanding aid to families where parents are undocumented, New Jersey could build on its arrangement offering in-state tuition to undocumented students by following the model of seven states providing financial aid resources to undocumented students at public universities.285

Additionally, New Jersey should pass legislation to create legal state IDs for all New Jersey residents regardless of citizenship status. Building off current programs in Newark286 and Roselle,287 expanded access to valid IDs will help families gain access to basic needs such as housing and bank accounts, as well as reduce fear in interactions with law enforcement.
EXPAND AND PROTECT VOTING RIGHTS

Ensuring that New Jersey’s democratic and political institutions provide equality of opportunity to all residents is essential to building a sound future for the State. Adopting the provisions of the Democracy Act,288 which was passed in the legislature but vetoed by the Governor, could make it significantly easier to vote in the State. The act could add millions of new voters to the state rolls by adopting automatic voter registration. The act would also make it easier to vote by allowing in-person early voting and modernizing electronic voting, and enhancing access by making multiple language ballots available. The current legislation could be strengthened by adding same-day registration and increasing coordination with high schools and community colleges to expand youth voting.

Currently, undocumented parents are ineligible to participate in school board elections due to their citizenship status, denying them a voice in decisions that affect their children. An alternate approach allows undocumented residents to vote in school board elections. Non-citizen voting has a rich history in the U.S. and is practiced in a handful of cities in Maryland, Illinois, and Massachusetts.289

To further encourage democratic participation in New Jersey, it will also be important to restore voting rights of residents who have been convicted of a felony. As outlined earlier, racial disparities in the State’s criminal justice system are severe, resulting in 5.3 percent of Black New Jersey residents losing their right to vote compared to just 1.4 percent of the state’s total population.290 The current system requires that citizens wait for the full post-release cycle of parole and probation to be completed,291 an often lengthy process. Removing residents from the civic process this way is an undue burden which denies individuals civil rights and has resulted in significant racial disparities in voting rights.

Lastly, in order to create equal access to the democratic process for all New Jersey residents, the State should end the practice of counting incarcerated people in their confinement location for political apportionment purposes. Instead, New Jersey should require redistricting commissions to count incarcerated people at their last known address, as has been proposed.292 This practice would help to uphold the fundamental principle of one person, one vote.
KEY RECOMMENDATIONS:

- Increase energy efficiency and renewable energy generation
- Promote environmental justice
- Improve water infrastructure
- Promote an efficient built environment

Reducing climate change and pollution while preparing for impacts underway are integral parts of building a more just New Jersey. Low-income communities and people of color are disproportionately impacted by local pollutants and the effects of climate change, including the increased occurrence of extreme weather events. Newark is one of 50 communities highlighted by the U.S. EPA as being an environmentally overburdened, underserved, and economically distressed area, which exhibits the human consequences of excessive environmental hazards in the form of heightened asthma rates and exacerbated cancer risk from diesel emissions. These burdens fall on a population that is 85 percent African American or Hispanic and suffers from a poverty rate of 28 percent.

These effects were particularly evident during Superstorm Sandy, which devastated the Northeast in October 2012. Of the $7.1 billion in property and income lost due to the storm, $4.1 billion was from families categorized as falling below the “ALICE threshold” (Asset-Limited, Income-Constrained, Employed). These families, with lower household incomes, lower savings, and a greater reliance on non-salaried/precarious jobs, suffered from the combined effects of living in less resilient/more exposed housing and income loss from lost wages and jobs, while being underinsured and less able to fall back on savings.

In 2007, New Jersey passed the Global Warming Response Act which committed the State to stabilize greenhouse gas emissions (GHG) at 1990 levels by 2020 and to reduce GHG emissions by 80 percent from 2006 levels by 2050. At the time of passage, the bill made New Jersey the first state in the nation to set a 2050 emissions target and built on its track record as a climate leader, having passed the Clean Cars Act in 2004 to lower vehicle emissions.

Since then, however, New Jersey has taken a series of regressive stances—including its 2011 withdrawal from the Regional Greenhouse Gas Initiative (RGGI) and its decision in 2015 to join the lawsuit against the federal Environmental Protection Agency’s Clean Power Plan. Other states have taken over the leadership mantle on climate policy. As of 2015, 18 states had adopted 2050 greenhouse gas emission reduction targets through either legislation or other action, while New Jersey’s once-ambitious renewable energy goal of 24.39 percent by 2028 was surpassed by neighboring New York State (50 percent by 2030) as well as California, Colorado, Connecticut, Maine, Oregon, and Vermont.

In order to support the health and livelihoods of its most vulnerable citizens, it is essential that New Jersey reverses course and reclaims its position as a leader in the fight against climate change. The following recommendations cover a range of potential interventions that the State could make to serve the combined purposes of reducing emissions, creating jobs, and improving quality of life for New Jersey residents.

**Vision:** State government policy reduces air pollution, including greenhouse gases and prepares for the inevitable impacts of climate change in an equitable way.
ENERGY EFFICIENCY AND RENEWABLES

USE CLEAN ENERGY FUNDS FOR CLEANER ENERGY

Since 2001, the State has permitted public utilities to levy a public benefit charge on customers, with the generated revenue funding the state’s Clean Energy Program. In addition to supporting legacy social programs provided by the utilities to low-income earners, the intention of the program is to fund energy efficiency and renewable energy initiatives. Since fiscal year 2008, successive New Jersey budgets have siphoned off just below $1.3 billion from the program to the General Fund for a variety of uses, only some of which relate to clean energy. In 2016 estimates, this included $114.6 million to pay the utility bills of State facilities and fund New Jersey Transit. Over the same period of time that Clean Energy Program funds were being diverted, New Jersey fell from being ranked 10th in the country in energy efficiency (2008) to 24th (2016). In the annual scorecard produced the American Council for an Energy Efficient Economy (ACEEE), New Jersey received the lowest ranking in the Northeast, a region that includes the first, third, and fourth ranked states of Massachusetts, Vermont, and Rhode Island.

This failure to keep pace with neighboring states’ efficiency spending came at a considerable economic cost to New Jersey. Each kilowatt hour (kWh) saved by efficiency measures is achieved well below the marginal cost of generating a new kWh by any renewable or coal powered sources. Investing in efficiency also takes advantage of the greater job creation per dollar spent in the construction and services sectors, into which efficiency projects are categorized, compared to each dollar spent in the energy sector.

New Jersey can set more ambitious spending targets on its Clean Energy Program and commit to more aggressive benchmarks for energy efficiency by setting an Energy Efficiency Resource Standard for the state. The State should also prevent funds from being diverted away from the Clean Energy Program. To further maximize the benefit of the program, the State should also focus its activities on prioritizing energy efficiency and weatherization work in low-income neighborhoods that have the largest needs and greatest potential for carbon pollution reduction.

BUILD OFFSHORE WIND

The New Jersey Offshore Wind Economic Development Act was passed in 2010. The Act was designed to stimulate development in offshore wind projects by setting mandated annual megawatt usage requirements within the state’s renewable portfolio standards, and by opening financial assistance opportunities to approved projects. Since the Act’s passage, however, no offshore wind projects have managed to gain the required certificate from the Board of Public Utilities (BPU) in order to operate and be connected to the state’s transmission network, and the BPU has consistently failed to issue funding regulations that would provide a road map for the nascent industry.

The Fishermen’s Energy project, for example, has had its application to build a wind farm off the coast of Atlantic City repeatedly blocked by the BPU on disputed grounds of financial security. This is despite the U.S. Department of Energy awarding it a $47 million grant and a dramatic drop in the wholesale cost of producing wind power. In March 2016, a bill passed both houses of the New Jersey Legislature that sought to require the BPU to reassess the Fishermen’s Energy application. Unfortunately the bill was vetoed by the Governor on the grounds that it usurped the discretionary power of the BPU to determine when it assesses applications, an outcome that left the project, the projected 400 local jobs it stood to create, and New Jersey’s renewable energy market in a state of uncertainty.

Existing models in northeastern states can pave the way for an effective offshore wind industry in New Jersey. Rhode Island recently opened a five turbine, 30 MW project off the coast to provide power for one of its smaller islands. Massachusetts’ governor signed a recent bill that requires utilities to purchase 1,600 MW from offshore wind farms once fully implemented. New York’s Governor Cuomo has directed the State to pursue half of its power generation from renewable sources by 2030, and there are plans for a potential wind farm off Long Island.
SUPPORT ENVIRONMENTAL JUSTICE

While ongoing effort is required to reduce aggregate greenhouse gas emissions, specific attention must also be paid to the manner in which pollutants can acutely affect the people that live near where they are emitted. The Newark Environmental Justice and Cumulative Impacts Ordinance requires commercial, industrial and light manufacturing projects seeking Planning or Zoning Board approval to submit a consolidated environmental checklist that discloses a range of anticipated hazardous activities, as well as planned mitigation strategies. The State can play an active role in supporting local environmental justice initiatives like those in Newark by sharing relevant data and information, and ensuring that any State or State-assisted projects comply with local laws. The State can also champion the passage of similar bills across New Jersey and act as a source of best practice information and resources.

IMPROVE THE WATER SYSTEM

The revelations of lead contamination in water in Newark public schools has brought attention to the urgent need to address New Jersey’s aging water infrastructure and the disproportionate impact the problem has on low-income communities and youth of color. In the Newark School District, the water in 30 schools was found to have lead levels as high as 35 times the federal action limit. At the state level, an analysis of 2015 data from the Centers for Disease Control shows that more than 4,400 children tested positive to elevated levels of lead. In addition to lead contamination, 21 of New Jersey’s oldest cities rely on outdated Combined Sewage Overflow (CSO) systems that are poorly equipped to deal with storm surges and even routine weather events, and lead to 7 billion gallons of raw diluted sewage per year being discharged into waterways. Once again, the poor are disproportionately impacted, with 36 percent of the state’s citizens below the poverty line living in a CSO neighborhood, despite these areas housing only 17 percent of the state’s total population.

A long-term financial commitment is needed to fix New Jersey’s water infrastructure problem. In 2008, the U.S. EPA estimated that New Jersey had the nation’s largest 20-year spending requirement at $36.8 billion dollars. The State can take immediate steps to begin to build sustainable funding sources for water improvements. It can start by replenishing the more than $50 million that has been diverted from the Lead Hazard Control Assistance Fund since 2004 and committing the funds to lead remediation efforts in New Jersey’s neediest districts. It is essential for the State to sufficiently fund water system replacement in affected school districts to avoid the serious health impacts of lead poisoning in children.

Ultimately, the necessary repairs, updates and replacements to our aging water infrastructure will be dependent on the willingness of the state and federal government to increase funding to the Environmental Infrastructure Trust and State Clean Water Revolving Fund, to pay for and support infrastructure projects across the state. When considering the ultimate price tag of this investment, however, the state should be sure to consider the significant jobs-boosting impact of infrastructure spending. A 2009 report prepared for the Clean Water Council showed that for every $1 billion spent on water infrastructure, an estimated 20,003 to 26,669 jobs are created, and economic demand is increased by $2.87 to 3.46 billion.

PROMOTE AN EFFICIENT BUILT ENVIRONMENT

In order for New Jersey to build a future that embraces accessible and sustainable urban environments it needs bring together the best practices in planning, land use, and workforce development. Building operations contribute just under half of New Jersey’s GHG emissions when the residential, commercial, industrial, and energy sectors are considered in combination. The transportation sector is responsible for 42 percent of the state’s emissions. Creating a built environment that is better connected and more livable
can therefore serve the dual purpose of directly reducing emissions from buildings themselves, while also fostering more densely populated living arrangements that reduce reliance on emissions intensive commuter transportation. In addition to this, as Superstorm Sandy demonstrated, there is an urgent demand for large-scale and ongoing weatherization of New Jersey’s housing stock and the need for resiliency measures to be adopted in new developments.

The New Jersey Climate Adaption Alliance recommended in their 2014 report, “The Role of Buildings in Climate Adaption,” that New Jersey constitute a standing Building Resiliency Task Force to bring together stakeholders to advise on changes to the building code and climate adaption measures for buildings.337 This task force should include stakeholder representation from environmental justice and workforce development groups, along with those from the building and urban planning sectors, to bring together the full spectrum of building stakeholders. The task force could consider, for example, the skills and workforce training needs amongst New Jersey’s building service workers in conjunction with energy efficient code updates, retrofit needs, and increased resiliency standards. A 2012 analysis of the New York City Green Supers program showed that building energy use could be reduced by 5-20 percent through improvements to operating efficiency by skilled building superintendents.338 Other opportunities for convergence could also be explored such as reentry job training programs and the expansion of urban green spaces.

“I made mistakes in the past but the future is looking much brighter now that I have a good job because I am able to provide for my family. I want other ex-offenders to have the same opportunity to reclaim their life that I had.”

Jazz Yelverton
Cleaner, Prudential Center

A good job and a second chance helped Jazz turn his life around. As a young man, the Newark native thought his only option to survive was to sell drugs. But this proved to be a costly mistake. Jazz was arrested and spent seven years behind bars. When he finally got out of jail, he faced more challenges. Employers would not hire him because of his criminal record. With the help of a friend, he finally landed a part-time job at a local retail store. Six months later he went to a job fair expecting another employer to reject him. But to his surprise, he got a part-time job at the Prudential Center. He worked hard, proved he was reliable and committed and eventually he was hired as a full-time employee!

That was nine years ago. Today Jazz is working at the same job at the Prudential Center. He says has a new outlook on life.

“It’s not where you start that matters, it’s where you end up,” said Jazz Yelverton. “I made mistakes in the past but the future is looking much brighter now that I have a good job because I am able to provide for my family. I want other ex-offenders to have the same opportunity to reclaim their life that I had. I urge employers and elected officials to support and create more reentry programs and initiatives that will help ex-offenders get hired so they have the means to survive and make a positive contribution to their families and communities.”

Jazz is living proof that a good job and a second chance can transform lives.
CONCLUSION

New Jersey is at a crossroads. It can continue on the path it is on, where racial and economic inequality have grown while the wealthiest residents and a small number of companies have reaped windfalls. Or, it can take bold action to ensure that economic gains are broadly shared by all New Jersey residents. An equitable future depends on leveraging State policy and funding to improve job quality, make economic development accountable, expand access to affordable housing, invest in reliable public transit, strengthen civil rights for all, and build resilience to climate change. Given the stakes, the choice is clear.

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