



# Elders Living on the Edge

## When Basic Needs Exceed Income in New Jersey

2009

## Acknowledgements

The New Jersey Foundation for Aging (NJFA) appreciates the participation of many stakeholders who worked on various aspects of the NJ EESI, including representatives from the NJ Department of Health and Senior Services, the NJ Division of Aging and Community Services, the Medicaid Research Unit of the NJ Department of Human Services, the NJ Division on Women, the NJ Association of Area Agencies on Aging, the NJ Anti Poverty Network, the Poverty Research Institute of Legal Services of NJ, NJ AARP Office, Home Care Association of NJ, Center for Women and Work, the Institute for Health, Health Care Policy and Aging Research, School of Social Work, Cooperative Extension Services and the Center for State Health Policy at Rutgers, Smith Barney, Wells Fargo, Neighbors Inc, Care Choice, Henry J. Austin Health Center, NJ Association of Senior Center Directors, NORWESCAP, Cerebral Palsy of NJ, Healthcare Foundation of NJ, NJ Housing and Mortgage Finance Agency, NJ Legislative Services, staff from Senators Menendez and Lautenberg's offices and Congressman Holt's office, and NJ Policy Perspective. Our combined purpose is to create a better understanding of the issues that confront today's seniors and the seniors of tomorrow. To learn more about NJFA'S work visit, [www.njfoundationforaging.org](http://www.njfoundationforaging.org).

NJFA wishes to acknowledge and thank Dennis McGowan from the NJ Department of Health and Seniors Services, Division on Aging and Community Services for tracking down the many details that fueled our stakeholder conversations, and for his editorial prowess; Stacy Sanders from WOW for deftly guiding the process with a sensitive ear to local issues and persistence to keep us on track; and Serena Rice from the Poverty Research Institute of LSNJ for providing a clear focus on the issues of poverty that affect NJ residents. It is equally important to recognize that this work and the ongoing activities of NJFA are made possible by our funders. NJFA is fortunate to have operating support from the Robert Wood Johnson Foundation, the Fannie and Morris Sklaw Foundation, Johnson and Johnson Company, the Theresa and Thomas Berry Foundation, and many others who are committed to making aging well in NJ a reality.



### New Jersey Foundation for Aging

The New Jersey Foundation for Aging is a statewide nonprofit that works to improve and to support innovative approaches in the delivery of services that enable older adults to live in the community with independence and dignity. This

mission is advanced through grantmaking to address unmet needs and through increasing society's awareness to influence public policy to create a better understanding of the issues that confront today's seniors and the seniors of tomorrow. The New Jersey Foundation for Aging (NJFA) grew out of the NJ Association of Area Agencies on Aging in 1998. NJFA's approach is integrated and comprehensive; it looks not only at immediate outcomes through the support of local innovative programs, but it is also committed to affecting sustainable impact through advancing policy initiatives to improve the ability of all to 'age well' in New Jersey.



### Wider Opportunities for Women (WOW)

Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, DC to achieve economic independence and equality of opportunity for women and their families at all stages of life. For over 40 years, WOW has been a leader in the areas of nontraditional employment, job training and education, welfare to work and workforce development policy. Since 1995, WOW has been devoted to the self-sufficiency of women and their families through the national Family Economic Self-Sufficiency (FESS) Project. Through FESS, WOW has reframed the national debate on social policies and programs from one that focuses on poverty to one that focuses on what it takes families to make ends meet. Building on FESS, WOW has expanded to meet its intergenerational mission of economic independence for women at all stages of life with the Elder Economic Security Initiative. For more information about WOW's programs please visit [www.wowonline.org](http://www.wowonline.org) or call WOW at 202-464-1596.

*The Elder Economic Security Standard™ Index for New Jersey* was tabulated by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women (WOW) as part of the National Elder Economic Security Initiative™ at WOW.

### Elders Living on the Edge: When Basic Needs Exceed Income in New Jersey

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# Elders Living on the Edge

## When Basic Needs Exceed Income in New Jersey

### The New Jersey Elder Economic Security Initiative™

Low-income elders in New Jersey face financial challenges that threaten their economic security and the health of their communities. They are pressured by housing, health care, fuel and utility expenses while the values of their assets and their incomes are eroded by weaknesses within the economy. When income falls short of needs, the potential value of public support programs is undermined by underfunding, low income limits, and asset limits which discourage savings. As a result, many New Jersey seniors are unable to attain economic security.

The national Elder Economic Security Initiative™ (Initiative) is a multi-year, research-driven initiative to raise awareness of the challenges facing elders and to improve public policies for older adults. The Initiative combines coalition building, research, advocacy, education and outreach at the national, state and community levels to promote the economic well-being of elders and their families. The New Jersey Foundation for Aging leads the New Jersey Initiative in partnership with Wider Opportunities for Women and the statewide stakeholders that participated in the New Jersey Elder Economic Security Standard™ Index dialogue.

### Measuring Economic Well-Being

How much income do New Jersey's elders need to meet the real costs of living? How much do public support programs – food, prescription,

### Policy Recommendations

- Increase access to affordable housing
- Support the provision of property tax and rebate supports
- Increase the state supplement for SSI
- Protect and widen access to community based long-term care
- Promote better access to food and nutritional support programs
- Encourage the use of the Elder Index as a benchmark for eligibility

medical, utility and housing assistance – help elders meet their rising expenses? To answer these questions, social service providers, advocates, and policymakers need an accurate measure of elders' economic security. The national Elder Economic Security Initiative™ (Initiative), offers such a benchmark – the Elder Economic Security Standard™ Index (Elder Index).

The Elder Index measures the income older adults require to make ends meet, live with dignity, and remain in their own homes. The Elder Index strengthens evaluation of state and national public policy and programs. The Elder Index helps elders, advocates, policymakers, foundations and direct service providers:

- quantify elder economic security;
- examine the components of economically secure elders' basic expenses;

- measure the gaps between typical incomes and economic security;
- measure how well public policies can help fill those gaps; and
- evaluate current income support programs' ability to move individuals toward economic security.

## What does it take to age in place with dignity?

To arrive at a measure of income sufficiency, the Elder Index sums the five major monthly expenses which constitute the basic elder household budget. As a measure of basic needs, the Elder Index includes only those goods and services essential to health and welfare:

- Housing: Rent or mortgage payments and all housing-related costs (heat, utilities, insurance, property taxes) as applicable
- Food: Costs of food prepared at home, based on the USDA Low-Cost Food Plan for older adults

- Health Care: Premiums for Medicare, and out-of-pocket costs, including co-payments and deductibles
- Transportation: Costs of private auto ownership and use, and/or public transportation where widely available
- Miscellaneous: Essential household and personal items such as clothing, paper products, cleaning products, etc. Miscellaneous expense is estimated at 20% of all other expenses, based on Department of Labor Consumer Expenditure Survey data.

**Table 1** displays the Elder Index expenses for a single elder and elder couple living in New Jersey.

Varied housing statuses, varied health statuses, and local differences among the Elder Index's five expense components create a broad range of minimum retirement income requirements. As shown in Table 2, Elder Indexes for New Jersey elders (in good health) range from a low of \$20,193 for single homeowners without mortgages in Cumberland County to a high of \$49,447 for homeowner couples with a mortgage in Essex County.

<b>Table 1: New Jersey Statewide Elder Economic Security Standard Index, 2008</b>						
<b>Monthly Expenses</b>	<b>Single Elder</b>			<b>Elder Couple</b>		
	<b>Owner w/o mortgage</b>	<b>Renter, one bedroom</b>	<b>Owner w/ mortgage</b>	<b>Owner w/o mortgage</b>	<b>Renter, one bedroom</b>	<b>Owner w/ mortgage</b>
Housing	\$790	\$997	\$1,633	\$790	\$997	\$1,633
Food	\$234	\$234	\$234	\$430	\$430	\$430
Transportation	\$191	\$191	\$191	\$336	\$336	\$336
Health Care (Good Health)	\$414	\$414	\$414	\$828	\$828	\$828
Miscellaneous	\$326	\$326	\$326	\$477	\$477	\$477
<b>Total Monthly (Index) Expenses</b>	<b>\$1,954</b>	<b>\$2,162</b>	<b>\$2,798</b>	<b>\$2,860</b>	<b>\$3,068</b>	<b>\$3,704</b>
<b>Total Annual (Index) Expenses</b>	<b>\$23,452</b>	<b>\$25,941</b>	<b>\$33,570</b>	<b>\$34,324</b>	<b>\$36,813</b>	<b>\$44,442</b>

Source: Gerontology Institute at University of Massachusetts Boston and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for New Jersey* (Washington, DC: Wider Opportunities for Women, 2009).

**Table 2: Elder Economic Security Standard Index for Select New Jersey Counties, by Housing Status, 2008**

County	Single Elder Renter	Single Elder w/o Mortgage	Single Elder w/ Mortgage	Elder Couple w/ Mortgage
Cumberland County (Low, Single without mortgage)	\$22,714	\$20,193	\$27,492	\$38,541
Mercer County	\$25,090	\$22,670	\$31,830	\$42,777
Union County (Median, Single Renters)	\$25,759	\$25,115	\$38,005	\$48,872
Ocean County	\$26,425	\$20,816	\$28,956	\$39,823
Bergen County	\$28,664	\$26,000	\$38,481	\$49,377
Essex County (High, Couple with mortgage)	\$24,794	\$26,405	\$38,580	\$49,447

Source: Gerontology Institute at University of Massachusetts Boston and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard Index for New Jersey* (Washington, DC: Wider Opportunities for Women, 2009).  
 Note: Indexes are those for elders in good health.

For more information on county Elder Indexes and further explication of the Elder Index methodology, see *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders*.

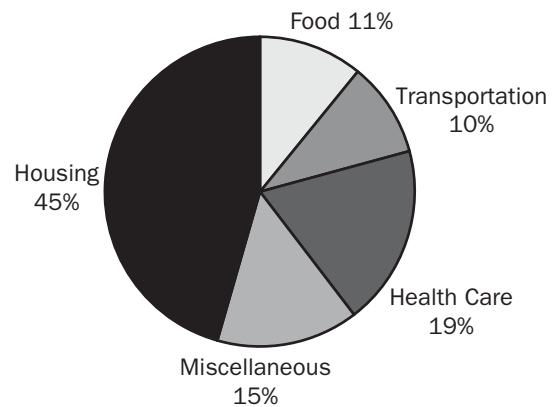
### Housing and Medical Expenses have the Greatest Impact on Economic Security

In recent years, price instability has highlighted the importance and budget impact of each of the Elder Index expense components. Despite significant increases in food and transportation costs, however, medical and housing expenses still have the greatest impact on economic security. In every New Jersey county, housing costs are the greatest determinants of elder economic security:

- Those 22% of New Jersey seniors with mortgages will spend approximately twice as much on housing as elders who have paid off their mortgages – whether they live in low-cost areas (Camden County, Cape May County, Ocean County, Salem County) or high-cost areas (Bergen County, Essex County, Hunterdon County, Morris County, Somerset County).

**Figure 1: New Jersey Statewide Average Elder Economic Security Standard Index Expenses for a Single Elder Renter, 2008**

#### Housing and Health Care Account for the Greatest Proportion of Expenses



- Approximately 25% of New Jersey seniors are renters. Typical monthly rents for one bedroom apartments in New Jersey vary widely, from \$704 in Salem County to \$1,192 in Somerset County. Rent constitutes over 45% of elder renters' expenses in the state. In counties with the least expensive rents, an economically secure senior will still allocate approximately 40% of her or his income to rent. In New Jersey counties with the

most expensive rents, a typical economically secure renter will devote nearly 50% of his or her spending to housing.

## Neither Social Security Nor Median Incomes Allow Elders Economic Security

Even for elder homeowners who have paid off mortgages, Social Security payments fall far short of economic security as defined by the Elder Index. In 2008, a New Jersey single elder who rented and relied entirely on the statewide average Social Security payment for men fell more than \$9,000 short of economic security. A New Jersey single elder who rented and relied entirely on average Social Security for a single woman elder fell more than \$13,000 short of economic security. Average Social Security payments are high enough, however, to disqualify New Jersey elders from participating in critical public assistance programs such as food assistance and Medicaid.

Many of those who live on New Jersey retirees' median incomes also live below statewide and county Elder Indexes. This demonstrates that even those with retirement incomes that include personal retirement accounts, private savings and pensions may fall short of economic security. This

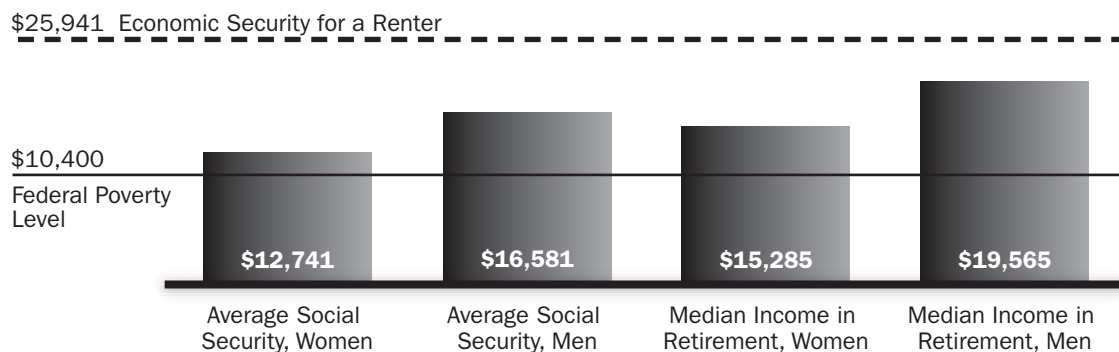
**Social Security is the sole source of income for over 25% of New Jersey elders.<sup>1</sup> However, average Social Security payments do not meet statewide average Elder Index expenses for single men or women in any of the state's counties, regardless of whether the elder is a renter or a homeowner.**

problem is most severe for single elder women. **In 2008, single women renters' median annual retirement income fell short of economic security by more than \$6,000 in New Jersey's less expensive counties and by as much as \$14,500 in more expensive counties.** Even at incomes above \$25,000, many single seniors who rented or paid mortgages in high-cost counties lived below the local Elder Index and lacked the income and public supports required to make ends meet.

## Bridging Gaps: Public Support Programs

Once gaps between income and economic security have been measured, questions arise: Can the gaps be bridged? Are there public support programs that provide economic security?

**Figure 2: The Elder Economic Security Standard Index vs. Benchmark Annual Incomes for Single Elders in New Jersey, 2008**



Sources: US Census Bureau, 2007 American Community Survey PUMS data. Median income values inflated using BLS CPI inflator. Social Security Administration, *OASDI Beneficiaries by State and County, 2007*. Average Social Security values inflated using SSA COLAs. Note: Income in retirement includes all personal income, other than public supports, of those without earnings.

It is possible to answer these questions by modeling the impacts of widely available public support programs. Using the Elder Index and Wider Opportunities for Women's Economic Security Simulator,<sup>™</sup> which calculates support levels based on program eligibility and benefit rules, one can measure changes in economic security as elders obtain or lose public supports.

The Simulator models the impact of the following major federally- and state-administered support programs in 2008. See the Appendix for additional program details.<sup>2</sup>

- **Income Assistance:** Supplemental Security Income (SSI) and State Supplement to the federal SSI payment
- **Food Assistance:** Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps)
- **Prescription (Rx) Assistance:** Medicare Part D Low Income Subsidy (LIS) and State Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold
- **Medical Assistance:** Medicare Savings Programs (MSPs) and Medicaid
- **Energy Assistance:** Home Energy Assistance program (HEA), Universal Service Fund (USF) and Lifeline

- **Property Tax Relief:** State Homestead Rebate, Property Tax Reimbursement, Property Tax Deduction/Credit, and Annual Property Tax Deduction for Senior Citizens
- **Housing Assistance:** State Rental Assistance Program (SRAP) and federal housing assistance (Section 8/HCVP, public housing and the Section 202 Supportive Housing for the Elderly Program)

### Case Study One: The Impact of Public Supports on An Elder Renter

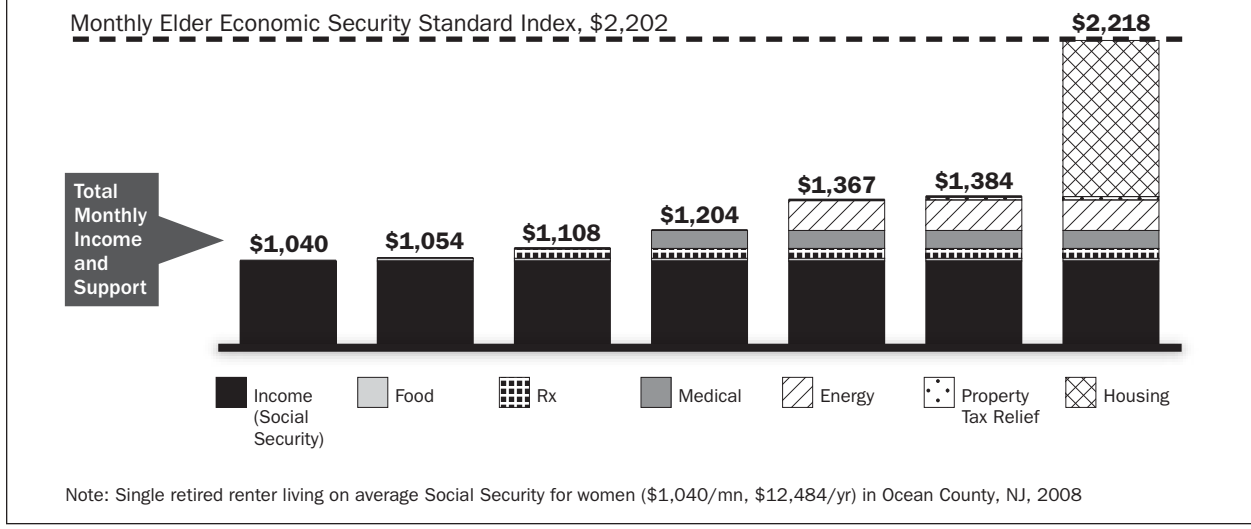
Table 3 and Figure 3 illustrate the impact of public supports on the economic security of a single elder woman renting in Ocean County, New Jersey. Like many New Jersey elders, the woman in Table 3 lives alone and relies on Social Security as her only source of income. Her annual income of \$12,484 (\$1,040/month) is the average Social Security payment for a retired woman residing in Ocean County. Her countable assets of \$1,500 approach, but do not exceed, the asset limits for Medicaid, SSI, the State Supplement, or SNAP. Her basic expenses are the Elder Index expenses for a typical elder renter in Ocean County.<sup>3</sup>

Table 3 exhibits the elder's 2008 budget surplus/shortfall and the elder's economic security – the ratio of monthly income to monthly expenses. Each column illustrates the change in monthly

Table 3: The Impact of Public Supports on Economic Security for a Single Elder Renter Living on Social Security, 2008							
	Income Plus...						
Average Monthly Social Security Income	\$1,040						
Monthly Elder Index	\$2,202	Food Assistance	Food + Rx Assistance	Food + Rx + Medical Assistance	Food + Rx + Medical + Energy Assistance	Food + Rx + Medical + Energy Assistance + Property Tax Relief	Food + Rx + Medical + Energy + Housing Assistance
Monthly Shortfall	-\$1,162	-\$1,148	-\$1,095	-\$998	-\$835	-\$818	Economic Security Attained
% Economic Security	47%	48%	49%	51%	55%	56%	

Note: Single retired renter living on average Social Security for women (\$1,040/mn, \$12,484/yr) in Ocean County, NJ, 2008

**Figure 3: The Impact of Public Supports on Economic Security for a Single Elder Renter Living on Social Security, 2008**



budget surplus or shortfall and economic security that accompanies the elder's receipt of supports for which she is eligible. The table assumes receipt, in 2008, of all supports for which she is eligible.

The elder in this scenario is both income and asset eligible for LIS, the SLMB-QI-1 Medicare Savings Program, HEA, USF, Lifeline, the Homestead Rebate, a Property Tax Credit and housing assistance. The programs' cumulative impact is expressed as improved economic security. Receiving all of the supports moves the elder from 47% income security to income security, with the largest increases coming from housing assistance (\$834; 44% of her *monthly support*), the Universal Service Fund and HEA (\$163; 4%) and the SLMB-QI-1 Medicare Savings Program (\$96; 3%).<sup>4</sup> In this scenario, the elder uses an HCVP (Section 8) or State Rental Assistance Program voucher to help her rent an apartment. Because she pays her own utilities (unlike many of those residing in public housing or using vouchers), she is eligible for energy assistance, which increases her security by 4%. Because she receives housing assistance, which reduces her overall expenses, the elder does not receive SNAP benefits for which she would otherwise be eligible, receiving only the minimum \$14 per month.

However, this scenario suggests that with all existing major supports, including housing assistance, New Jersey elders who live on modest fixed incomes only approach or attain economic security.

The gap between income and Elder Index expenses is significantly larger for those who do not receive housing assistance. Those with 80% area median income (AMI) (\$43,050 for a single person in Ocean County) are eligible for federal or state assistance. However, those with "extremely low" incomes, below 30% area median income (\$17,850 for a single person in Ocean County), are granted priority by law and receive 75% of available federal assistance. Because the supply of public housing and housing vouchers is limited, housing assistance recipients rarely have incomes above 50% AMI. As a result, eligible New Jersey elders languish on long federal housing waiting lists.

New Jersey's State Rental Assistance Program, a state-funded program administered by the Department of Community Affairs, maintains the potential to limit federal housing assistance waiting lists and provide the economic security contribution so many low-income elders require. Approximately one-third of SRAP vouchers are

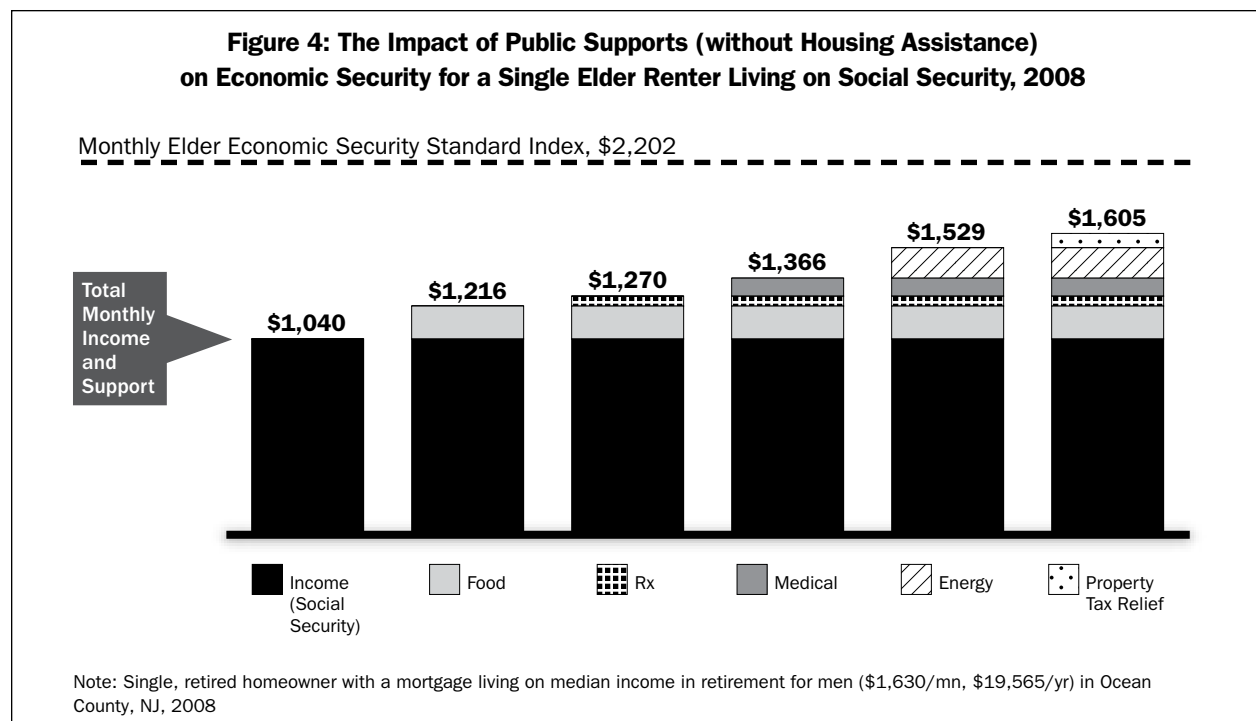
set aside for those awaiting federal housing vouchers, and importantly, 30% of SRAP rental assistance grants are reserved for elders. However, according to the 2000 census, there were over 130,000 renters in New Jersey, of all ages, who were extremely low-income and spending more than 50% of their incomes on housing. There have historically been fewer than 20,000 vouchers available in the state and in 2006, the Department of Community Affairs' waiting list for vouchers alone contained more than 10,000 households.<sup>5</sup>

Table 4 and Figure 4 illustrate the economic security attainable by the single elder renter in the absence of housing assistance. The elder is again both income and asset eligible for LIS, the SLMB-QI-1 Medicare Savings Program, HEA, USF, Lifeline, the Homestead Rebate, and a Property Tax Credit. Receiving all of the supports moves the elder from 47% income security to only 64% income security. She now receives a full SNAP (the former Food Stamps program) benefit (\$176) and a more substantial Homestead Rebate (\$76, expressed as a monthly average), which for renters is calculated

**Table 4: The Impact of Public Supports (without Housing Assistance) on Economic Security for a Single Elder Renter Living on Social Security, 2008**

		Income Plus...					
Average Monthly Social Security Income	\$1,040						
Monthly Elder Index	\$2,202	Food Assistance	Food + Rx Assistance	Food + Rx + Medical Assistance	Food + Rx + Medical + Energy Assistance	Food + Rx + Medical + Energy Assistance + Property Tax Relief	Food + Rx + Medical + Energy + Housing Assistance
Monthly Shortfall	-\$1,162	-\$986	-\$933	-\$836	-\$673	-\$598	-\$598
% Economic Security	47%	51%	53%	55%	61%	64%	64%

Note: Single, retired woman renter living on average Social Security for women (\$1,040/mn, \$12,484/yr) in Ocean County, NJ, 2008



as a percentage of rent paid.<sup>6</sup> Together, the Homestead Rebate and a \$50 Property Tax Credit effectually increase the elder's income by nearly 8%. In the absence of housing assistance, SNAP is the largest support available to the elder.

The SNAP benefit the elder receives in this scenario is not typical. In 2008, 64,280 New Jersey seniors participated in SNAP, but the average elder eligible for SNAP does not participate in the program. Nationally, only 18% of eligible elder households received SNAP benefits.<sup>7</sup> The application process is confusing, and elders commonly believe they won't qualify and mistakenly believe their incomes are too high, or that assets such as home equity or life insurance policies count toward asset limits.

Approximately one-in-five elders who do participate in the SNAP program receives only the minimum payment – \$14 as of December 2008.<sup>8</sup> Those who receive minimum payments are often those who need assistance the most, elders with incomes below or near the federal poverty level who during the payment calculation process receive few deductions from gross income because their rents are low, they live in public housing, or their medical expenses are limited.

Food assistance options for seniors living in the community are often limited to congregate meal sites and home delivered meal programs. In 2007, 29,615 seniors received congregate meals and

25,710 received weekday home-delivered meals. By maximizing access to congregate meal and home delivered meal programs, New Jersey can help the average low-income senior realize a \$600 annual benefit to supplement limited SNAP assistance.

Without housing assistance, renters across a spectrum of incomes fall well below economic security. In New Jersey's more expensive counties, an elder woman living on Social Security may fall short of economic security even if she receives all federal and state supports for which she is eligible. Without housing assistance, even 65% economic security is out of reach.

### Case Study Two: The Impact Of Public Supports On An Elder Homeowner

Table 5 and Figure 5 take another measure of economic security, this time using as income the median 2008 income in retirement for elder men in New Jersey and as expenses the Elder Index for a healthy single homeowner with a mortgage in high-cost Bergen County – \$38,481/year ( \$3,207/month).<sup>9</sup> The elder has been paying off a 30-year mortgage for more than two decades, but several years of payments remained once he retired.

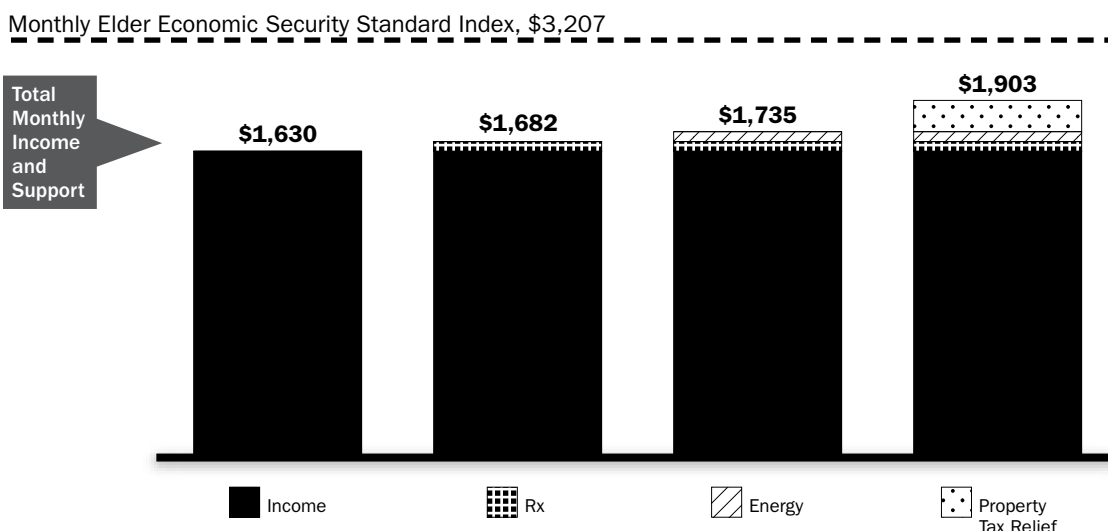
The elder in this scenario is income eligible for PAAD, HEA, Lifeline, and property tax relief (Homestead Rebate, Property Tax Reimbursement, Property Tax Deduction/Credit, Annual Property

**Table 5: The Impact of Public Supports on Economic Security for a Single Elder Homeowner with a Mortgage Living on Median Income in Retirement, 2008**

		Income Plus...				
Average Monthly Social Security Income	\$1,630					Food + Rx + Medical + Energy Assistance + Property Tax Relief
Monthly Elder Index	\$3,207	Food Assistance	Food + Rx Assistance	Food + Rx + Medical Assistance	Food + Rx + Medical + Energy Assistance	
Monthly Shortfall	-\$1,577	-\$1,577	-\$1,525	-\$1,525	-\$1,472	-\$1,304
% Economic Security	51%	51%	52%	52%	53%	56%

Note: Single, retired homeowner with a mortgage living on median income in retirement for men (\$1,630/mn, \$19,565/yr) in Bergen County, NJ, 2008

**Figure 5: The Impact of Public Supports on Economic Security for a Single Elder Homeowner with a Mortgage Living on Median Income in Retirement, 2008**

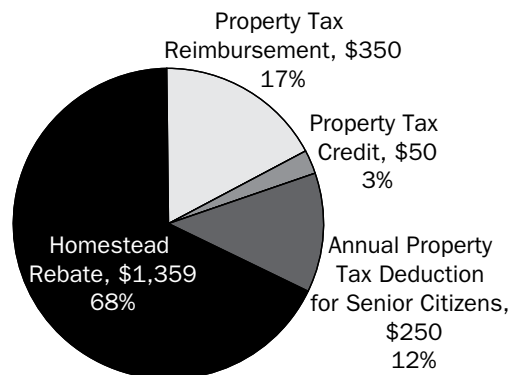


Note: Single, retired homeowner with a mortgage living on median income in retirement for men (\$1,630/mn, \$19,565/yr) in Bergen County, NJ, 2008

Deduction for Senior Citizens). Due to large medical and housing expense deductions, the elder's net income would allow him to collect a full SNAP benefit – but the elder's modest liquid assets exceed the \$3,000 SNAP program limit, and he is therefore ineligible. Receiving accessible supports only moves the elder from 51% income security to 56% income security.

Because Social Security income is excludable from taxpayer gross income and the calculation of Homestead Rebate and Annual Property Tax Deduction for Senior Citizens, the elder benefits from four available property tax relief programs, the largest and most critical being the Homestead Rebate.<sup>10</sup> Due to eligibility limits that extend tax relief into the middle class, property tax relief programs are an effective and impactful means of moving elder homeowners closer to economic security. This is most true for the 53% of New Jersey elders who own homes outright. As suggested by Figure 7, if the elder

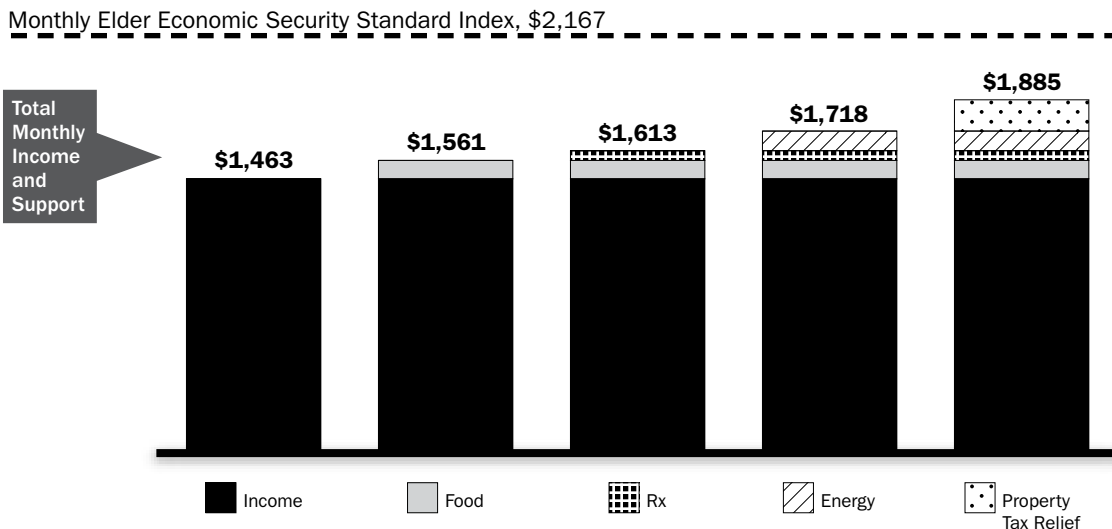
**Figure 6: Property Tax Relief of a Single Elder Homeowner, 2008**



Note: Single retired homeowner with a mortgage living on median income in retirement for men (\$1,630/mn, \$19,565/yr) in Bergen County, NJ, 2008. Homestead Rebate value created using 2007 calculations.

homeowner in question had already paid off his mortgage, property tax relief would relieve him of an additional 8% of Elder Index expenses, and effectually add 10% to his monthly income.

**Figure 7: The Impact of Public Supports on Economic Security of a Single Elder Homeowner without a Mortgage Living on Median Income in Retirement, 2008**



Note: Single, retired homeowner without a mortgage living on median income in retirement for men (\$1,630/mn, \$19,565/yr) in Bergen County, NJ, 2008

## Without Housing Assistance, Gaps Between Income And Economic Security Persist, Even As Income Rises

Because public supports begin to fall off shortly after incomes exceed the federal poverty level, many of New Jersey's single elders living above the 2008 federal poverty level of \$10,400 found themselves almost as far from economic security as those living below the federal poverty level.

As demonstrated, Bergen County homeowners face significant economic security gaps, even if they own homes purchased years or even decades ago. Renters in Bergen County face even larger economic security gaps. Figure 8 exhibits gaps between income and economic security across a range of incomes for elders who rent and don't receive housing assistance in Bergen County.

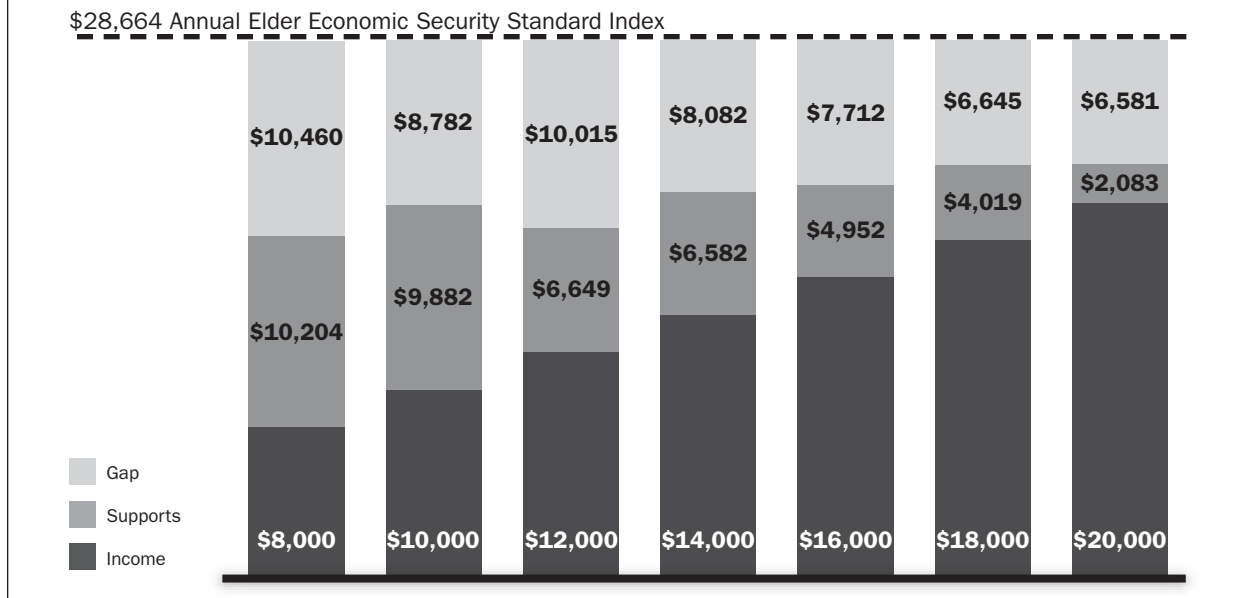
At the lowest income modeled, \$8,000 per year, income supports reduce expenses by more than \$10,200, and contribute more to an elder's security

than income does. However, the elder is still left with a gap between annual income and annual Elder Index expenses of more than \$10,400 – an amount greater than either income or supports.

Due to benefit cliffs (incomes at which eligibility ends or the receipt of one support lowers the value of another), higher incomes have limited impact on the gaps faced by Bergen County elders. An elder with a \$12,000 annual income (which approximates average Social Security income for New Jersey's single elder women) face an economic security gap just 4% *smaller* than that faced by an elder with an \$8,000 income. The \$4,000 increase in income, from \$8,000 to \$12,000 reduces an elder's economic security gap by only \$445. The cliff effect is best demonstrated when elder income is slightly above the federal poverty line. An elder with a \$12,000 annual income suffers an economic security gap 14% *larger* than that suffered by an elder with a \$10,000 income.

**Figure 8: Annual Income. Public Support and Economic Security Gaps for Single Elder Renters in Bergen County, NJ, 2008**

**More Income Increases Economic Security, But Gaps Persist for Elders Who Don't Reach the Index Entirely Through Income**



*At no income level does an increase in income create an equal or proportional increase in economic security to \$28,664. The gap between income and expenses is only fully eliminated when an elder is able to achieve economic security entirely through his or her own income.*

*At incomes above \$15,600 most elders who don't receive housing assistance will benefit only from New Jersey state support programs – prescription assistance (PAAD or Senior Gold), energy assistance (federally-funded Home Energy Assistance and/or Lifeline) and property tax relief (Homestead Rebate, Property Tax Reimbursement and/or Property Tax Deduction/Credit). Before an elder renter attains the Elder Index for Bergen County, he or she will lose access to PAAD prescription assistance, energy assistance and the Property Tax Deduction/Credit due to exceeding their eligibility limits.*

While gaps persist for typical elders who benefit, the importance of these state-funded support programs should not be underestimated. For healthy Bergen County elder renters with typical expenses and incomes between \$16,000 and \$20,000, the programs decrease the economic security gap between \$2,000 and \$5,000. The programs are even more important to those elders who are not in good health, or who own homes. Elders in poor health may benefit greatly from the PAAD or Senior Gold prescription assistance programs; the programs provide critical, if not life-saving, support to elders who might otherwise need to choose between medicine and food or heat. While renters do benefit from the Homestead Rebate and Property Tax Credit, as demonstrated above, property tax relief programs allow many elders to retain critical resources and fill significant portions of the security gap.

## Policy Recommendations

1. Increase access to affordable housing.
  - a) Expand the number of federal and state housing assistance vouchers available in New Jersey to elders and low income families. Strategies must include efforts to expand U.S. HUD's Housing Choice Voucher Program (formerly Section 8), Public housing and Section 202, Supportive Housing for the Elderly. Likewise, expansion of the State Rental Assistance Program (SRAP) is needed.
  - b) Assure affordable housing options are available for the health care workforce. Smart planning is required to guarantee that workers providing care and services to elders in their community are able to be self-sufficient and meet their basic needs. A variety of legislative options are being discussed to open up 55+ housing complexes to low-income families. This topic faces local zoning opposition and has yet to be fully explored.
  - c) Simplify the application process at the local level. Currently, there is a stalled maze for applying for senior housing. The waiting lists are long and mostly closed. There is duplication within communities' lists since each site is managed independently of the other sites. It is important to provide a coordinated, simplified local application process that assures access, accuracy, and fairness.
2. Support the provision of property tax and rebate supports:
  - a) Support legislation to modify the eligibility requirements for the Property Tax Reimbursement program (Senior Freeze) so that there are fewer barriers to eligibility. Current requirements stipulate that an elder must have resided in the state for the last 10 years and owned their current home for three years. Altering these restrictions would enable elders who are downsizing, relocating to New Jersey, or who recently moved into senior housing to still apply for the benefit, therefore allowing more seniors to close the gap on housing costs.
3. Increase the state supplement for SSI:
  - a) Safeguard Tenant Rebates for elders and reinstate prior levels for low income families. While defending the benefit for the senior population is a priority, we recognize that there are some intergenerational households, as well as those that are at risk of "aging into poverty" that may be affected by further cuts to the program. This program can provide a significant financial safety net for elders, their families and caregivers. It is important to keep this support in step with inflation by building in a cost of living adjustment (COLA).
4. Increase the state supplement for SSI:
  - a) Increase the state supplement for SSI, improve the economic security of the most vulnerable and lowest-income older adults. In 2008 there were reportedly 33,686 elders on the state supplement, with approximately 21,000 of these recipients living in the community. Most of those elders are receiving an average supplement of \$31 a month. This benefit has not been increased in over 23 years, while inflation has whittled away the purchasing power of this necessary support. It is also crucial to build in a cost of living adjustment (COLA) to keep pace with inflation.
4. Protect and widen access to community based long-term care.

Recently the Medicaid waiver programs that provide vital services to people in the community were merged into one program, Global Options, by the NJ Department of Health and Senior Services (NJ DHSS). This change will increase access by allowing

more people to use the program while dispersing the funding based on need, and increase access to services for the program's beneficiaries. This is a commendable cost saving and consumer-sensitive change instituted by NJ DHSS.

- a) Alter Global Options eligibility levels. While this blend of the Medicaid waiver programs led to increased participation, even greater access can be achieved by raising the income and asset eligibility for services. This would allow individuals who are living just above the current guidelines, but cannot afford to pay for such services out of pocket, to have access to any array of vital services, including care management, home health care, and medical equipment, enabling them to age in their communities.
- b) Protect those most vulnerable by avoiding the addition of co-pays for Medicaid programs. Out of pocket costs for those already facing a financial gap would make economic security impossible. Co-pays may appear to be a cost saving measure for the State in this cash-strapped economy; it will, in fact, generate more costs when beneficiaries go without needed services and must rely on needed emergency care.
- c) Align the Medicaid public reimbursement rate for home health service closer to the private rate which is currently \$24 to \$28 per hour. The current standard rate of \$15.85 per hour limits the number of providers able to participate in Global Options.

5. Promote better access to food and nutritional support programs:

Currently, elders living in poverty are grossly underserved by the statewide nutrition programs. Meal supports can dramatically affect an elders' health and well being while

also making a profound difference in their economic status. It is estimated that at a minimum, participation in the congregate program, or home-delivered meal programs and the Farmers' Market Coupon program, can in effect provide a \$600 annual benefit to seniors.

- a) Streamline access to the SNAP (Supplemental Nutritional Assistance Program; formerly Food Stamps) to increase participation. This is an important program that is federally funded. A limited number of seniors participate presently. Many of those enrolled receive the minimal level of support (\$14 per month). Provide more accessible application sites at senior centers, offices on aging, and other community based programs which enable more elders to enroll.
- b) Raise the USDA eligibility guidelines from 185% of the Federal Poverty Level (FPL) to 200% of the FPL to increase participation. Raise NJ's eligibility to the current federal level.
- c) Improve access by supporting swift implementation of SNAS (Simplified Nutrition Assistance to Seniors), a federal option for those receiving SSI that would simplify the application process.
- d) Increase the number of vouchers available through the USDA Farmers' Market Coupon Program for elders. The current eligibility utilizes 185 % of the FPL. The eligibility needs to be altered and the amount of vouchers available from USDA needs to be increased. The current benefit is \$30 annually; however, in order to stretch this benefit, in some counties only \$20 in vouchers are distributed per person.

e) Preserve and strengthen the home delivered meal program to assure food security and eliminate waiting lists. The weekend meal program is essential for homebound seniors who receive meals during the week. Often this food is the only hot and dietary balanced meal that seniors receive.

6. Encourage the use of the Elder Index as a benchmark for eligibility:

a) Use a percentage of the Elder Index, which is a more realistic measure, as opposed to 100% or 200% of FPL to determine program eligibility. Many elders live below the Elder Index yet fail to qualify for public benefits

because their incomes are over FPL. A percentage of a more realistic benchmark, such as 70% of the Elder Index, illustrates a commitment to assuring economic security across the state.

b) Promote the use of eligibility guidelines that vary according to local costs through use of the Elder Index to adequately reflect geographic differences in cost-of-living across the state.

For more information, please visit the New Jersey Foundation for Aging ([www.njfoundationforaging.org](http://www.njfoundationforaging.org)) and Wider Opportunities for Women ([www.wowonline.org](http://www.wowonline.org)) online.

## **Appendix: Major Public Supports (2008)**

### ***Supplemental Security Income (SSI)***

Supplemental Security Income, administered by the federal Social Security Administration, provides monthly cash payments to elders with no or very low income. The state of New Jersey may supplement the federal payment for some recipients. SSI eligibility income and asset limits are the lowest of any work or income support available to New Jersey elders. In 2008, qualifying elders had incomes less than \$7,644, and qualifying elder couples had incomes less than \$11,472. SSI payments fill the gap between recipients' incomes and the countable income limits. Single and married elders must also maintain no more than \$2,000 and \$3,000 in assets, respectively, not including a home, one car, and household items.

### ***Senior Farmers' Market Nutrition Program (SFMNP)***

The Senior Farmers' Market Nutrition Program is administered by the USDA, which awards to states grants used to provide low-income seniors with coupons that can be exchanged for eligible foods at farmers' markets, roadside stands and community supported agricultural programs. In order to participate, low-income seniors 60 or older must have household incomes no more than 185% FPL (\$19,240 for a 1-person household; \$25,900 for a 2-person household). Once the SFMNP benefits have been issued to eligible seniors, they can be used to purchase fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs. SFMNP benefits are provided during the harvest months.

### ***State Supplement***

The State Supplement provides additional monthly cash payments to elders who receive Supplemental Security Income (SSI). Because the income eligibility limits for the State Supplement to SSI are higher than they are for SSI, some elders who do not receive SSI may receive the state-funded supplement. In 2008, for elders living alone or with others, the supplement was \$31.25 per month for a single elder and \$25.36 per month for a married person.

### ***Supplemental Nutrition Assistance Program (SNAP)***

The Supplemental Nutrition Assistance Program, formerly the Food Stamps program, provides low-income households with electronic benefits which participants use to purchase food. The US Department of Agriculture funds the program through the Food and Nutrition Service, and New Jersey administers the program, including determination of eligibility and distribution of benefits. In order to participate, a single elder's (net) monthly income must be no more than 100% FPL (\$10,400 for a 1-person household; \$14,000 for a 2-person household) after deductions for earned income and a portion of exceptional medical and housing expenses. Single and married elders must maintain no more than \$3,000 in assets. Simplified Nutrition Assistance for Seniors (SNAS) is a program to link SSI beneficiaries directly to SNAP.

### ***New Jersey Care/New Jersey Medicaid***

New Jersey Care offers complete Medicaid coverage to very low-income elders. It also pays for Medicare Part A and B premiums. The annual income and asset limits for a single elder are \$8,019 and \$4,000, respectively. For elder couples, the annual income limit is \$11,776 and the asset limit is \$6,000.

The Medically Needy Section of New Jersey Medicaid for the aged, blind or permanently disabled offers partial health coverage to elders who exceed the Medicaid income and/or asset limitations. Recipients receive all Medicaid services other than in-patient hospital care and prescription drug coverage. To qualify, single elders must have incomes of less than 100% FPL (\$10,400 for a 1-person household; \$14,000 for a 2-person household). Single and married elders must also maintain no more than \$4,000 and \$6,000, respectively, in assets, respectively. Elders who receive SSI automatically qualify for New Jersey Care. Elders can also take advantage of a medical spend-down provision which allows participants to subtract health care costs from their incomes in order to meet Medicaid income eligibility levels.

### ***Global Options for Long Term Care (GO)***

Global Options is a Medicaid Waiver program offered by New Jersey Department of Health and Senior Services. GO consolidates three previously offered waiver programs. The GO program provides access to a wider range of in-home long-term care supportive services for a greater number of seniors (aged 65 and over) who meet the income, asset and nursing facility level of care requirements established by Medicaid. GO participants have the options to hire and direct their own service providers. Participants work with a care manager to create an individualized plan of care based on a comprehensive assessment of the participant's healthcare needs.

### ***Medical Assistance – Medicare Savings Programs (QMB, SLMB, SLMB-QI-1)***

The Medicare Savings Programs (MSPs) include the Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Specified Low-Income Medicare Beneficiary –QI-1 (SLMB-QI-1) "programs". The QMB program helps

low-income elders enrolled in Medicare Part A pay for all or part of Medicare Part B premiums, deductibles and co-payments. Premiums for Part C supplementary insurance are not covered. To qualify, an elder's gross annual income must be no more than 100% FPL (\$10,400 for a 1-person household; \$14,000 for a 2-person household). Single and married elders must also maintain no more than \$4,000 and \$6,000 in assets, respectively.

The SLMB program pays for all or part of Medicare Part B premiums for qualified recipients. Recipients must be enrolled in Medicare Parts A and C. There are two tiers of the SLMB program. To qualify as an SLMB, an elder's gross annual income must be no more than 120% FPL (\$12,480 for a 1-person household; \$16,800 for a 2-person household). SLMB-QI-1 recipients must have annual incomes of no more than 135% FPL (\$14,040 for a 1-person household; \$18,900 for a 2-person household). For both the SLMB and SLMB-QI-1 programs, single and married elders must maintain no more than \$4,000 and \$6,000 in assets, respectively.

### ***Federal Prescription Assistance – Medicare Part D Low Income Subsidy (LIS)***

The Low Income Subsidy helps low-income elders with prescription drug costs. The federal government subsidizes participants' private Medicare Part D drug (insurance) plan premium, and helps pay drug deductibles and co-payments. Those with Medicaid, or those participating in Medical Savings Programs, automatically qualify for LIS. For full eligibility, gross monthly income must be no more than 100% FPL (\$10,400 for a 1-person household; \$14,000 for a 2-person household); thereafter the program provides help on a sliding scale to those with incomes up to 150% FPL (\$15,600 for a 1-person household; \$21,000 for a 2-person household). Single and married elders must also maintain no more than \$7,790 and \$12,440 in assets, respectively, to

receive full LIS benefits. In order to receive partial LIS benefits, single elders cannot have more than \$11,990 in assets and couples must have no more than \$23,970 in assets.

### ***Pharmaceutical Aid to the Aged and Disabled (PAAD)***

Pharmaceutical Aid to the Aged and Disabled is a state-funded prescription drug program administered by the Department of Health and Senior Services that provides coverage for low-income elders whose incomes and/or assets exceed LIS limitations. Elders must enroll in a Medicare Part D prescription drug plan in order to receive benefits. In 2008, recipients paid \$6 for generic prescriptions and \$7 for brand-name prescriptions, but the program pays for Part D premiums, deductibles and prescription costs exceeding the co-payment. There are no asset limits for the program, but single and married elders cannot have annual incomes exceeding \$23,092 and \$28,313 respectively (2008); \$24,432/\$29,956 in 2009.

### ***Senior Gold***

Senior Gold helps elders with incomes or assets exceeding PAAD limits to pay for prescription drugs. Like PAAD, the program is state-funded and administered by the Department of Health and Senior Services. Elders must enroll in a Medicare Part D prescription drug plan to receive benefits under Senior Gold. Senior Gold recipients pay for their own Medicare Part D premiums, but pay only \$15 and 50% of the remaining cost for each prescription. However, once out-of-pocket costs reach \$2,000 per year for an individual or \$3,000 per year for a couple, the recipient is only responsible for a "flat" \$15 co-payment. There are no asset limits for the program, but single elders must have annual incomes of less than \$33,092 and elder couples must have annual incomes of less than \$38,313 in 2008; \$34,432/\$39,956 in 2009.

### ***Universal Service Fund (USF)***

The Universal Service Fund, a state fund administered by the Department of Community Affairs, helps New Jersey's low-income residents pay for their natural gas and electricity bills. Recipients receive a credit on their utility bills that varies with the percentage of income spent on natural gas and electricity. The maximum benefit per household is \$1,800 annually. Recipients must have incomes less than 175% of FPL (\$18,204 for a 1-person household; \$24,504 for a 2-person household) and spend more than 3% of income on electric service or more than 3% of your income for natural gas service; if elders heat their homes with electricity, they must spend more than 6% of income on electricity.

### ***Lifeline***

Lifeline provides energy assistance to elderly and disabled households. The program is administered by the Department of Community Affairs and funded by the New Jersey general fund. The program issues a \$225 credit to eligible households to pay for natural gas and electricity bills. If households pay utility bills directly, the state issues credits directly to utility companies. If recipients pay rent that includes utilities, recipients are issued checks. There are no asset limitations, but a single elder's annual income cannot exceed \$23,092 and an elder couple's income cannot exceed \$28,313 (2008). PAAD recipients are automatically eligible for Lifeline; \$24,432/\$29,956 (2009).

### ***Home Energy Assistance (HEA)***

The Home Energy Assistance program provides payment to energy providers on behalf of homeowners and tenants. HEA is federally funded and administered by the Department of Community Affairs and county welfare agencies and Boards of Social Services. In 2008, recipient income limits were 225% of FPL (\$23,400 for

a 1-person household; \$31,500 for a 2-person household). There are no asset limits. HEA benefits vary according to income, household size, fuel and vendor type and locality.

### ***Housing Assistance***

Eligible elders can receive direct or indirect housing subsidies from three programs funded by the US Department of Housing and Urban Development (HUD): The Housing Choice Voucher Program (HCVP, formerly Section 8), Public Housing, and the Section 202 Supportive Housing for the Elderly Program. Recipients of an HCVP voucher may select any market-rate rental housing with a property owner willing to accept the HCVP voucher, and voucher amounts are based on a local "fair market rent" established by HUD. The Section 202 program provides capital and operating funds to developers and operators of senior housing.

Those with 80% area median income are eligible for assistance. However, those with "very low" incomes, below 30% AMI are granted priority; because the supply of public housing and housing vouchers is limited, most housing assistance recipients have incomes below 30% AMI, and housing assistance recipients rarely have incomes above 50% AMI.

### ***State Rental Assistance Program (SRAP)***

The State Rental Assistance Program is a rental assistance program for low-income individuals or households. The program provides rental assistance grants analogous to HCVP vouchers. SRAP is a state-funded program administered by the Department of Community Affairs. There are no time limitations on how long a senior can receive the subsidy, but they become ineligible if they begin to receive federal housing assistance.

An elder is expected to pay 25% of his or her adjusted income towards rent. The subsidy is equal to the difference between actual rent and the elder's calculated share. Like federal housing assistance, those with 80% of area median income are eligible for assistance, but the majority of grants go to those with extremely low or very low incomes, and the state maintains several set-asides for special populations (30% of the rental assistance grants are reserved for elders 65 or older). In 2006, the program waiting list contained more than 10,000 names.

### ***Homestead Rebate***

The Homestead Rebate provides property tax relief to both renters and homeowners. Elder couple renters with 2007 incomes below \$70,000 were eligible, under 2007 tax year program rules, for annual rebates ranging from \$160 to \$860, based on rent paid and income. For those couples with incomes between \$70,000 and \$100,000, the rebate was \$160. Couples with incomes above \$100,000, or who lived in public housing or other homes on which taxes are not paid, received no rebate. Single elder renters with incomes below \$35,000 were eligible for rebates ranging from \$160 to \$860. For single elders with incomes between \$35,000 and \$100,000, the rebate was \$160. For homeowners, the amount of the Homestead Rebate is based on property tax paid and income. For the 2007 tax year, single elders with incomes above \$100,000 and elder couples with incomes over \$150,000 were not eligible. Rebate income limits and rebate calculations are unlikely to change for the 2008 tax year.

### ***Property Tax Reimbursement (Senior Freeze)***

Property Tax Reimbursement "freezes" elders' property taxes by allowing those who are eligible to pay in 2008 the same property tax bills they paid in a base year in which they met program requirements. Recipients must have lived in New Jersey for 10 years prior to filing, and have owned and lived in their current homes for 3 years. Their 2007 incomes must have been no more than \$60,000 and their 2008 incomes (not including Social Security) must have been no more than \$70,000 in order to qualify.

### ***Property Tax Deduction/Credit***

The Property Tax deduction allows homeowner and renter elders to deduct 100% of their property tax (up to \$10,000) from their gross income on their New Jersey income tax return. Renters are permitted deductions of 18% of annual rent as indirect property tax payments. Those elders whose potential tax deductions don't reduce their tax bills by more than \$50 are eligible for a \$50 tax credit. Single elders with gross incomes (not including Social Security benefits and a portion of pension and IRA income) of less than \$10,000, and elder couples with gross incomes of less than \$20,000, receive a \$50 credit.

### ***Annual Property Tax Deduction for Senior Citizens***

The Annual Property Tax Deduction for Senior Citizens allows elders a property tax deduction of up to \$250. Recipients must have lived in New Jersey for one (pre-tax) year, and have owned and lived in their current homes by October of the pre-tax year. To qualify, elders must have gross incomes (not including Social Security benefits and a portion of pension and IRA income) of no more than \$10,000.

### **Endnotes**

- 1 AARP, "Social Security: 2008 New Jersey Quick Facts," [http://assets.aarp.org/rgcenter/econ/ss\\_facts\\_08\\_nj.pdf](http://assets.aarp.org/rgcenter/econ/ss_facts_08_nj.pdf) (accessed February 5, 2009).
- 2 Support eligibility and benefit level calculations are made using program rules in place as of December 2008.
- 3 Gerontology Institute, University of Massachusetts Boston, and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for New Jersey* (Washington, DC: Wider Opportunities for Women, 2009).
- 4 The tenant's benefit under the SRAP program would be significantly lower due to fewer adjustments/deductions to income.
- 5 New Jersey Department of Community Affairs, "The State of New Jersey Housing Policy and Status Report," <http://www.state.nj.us/dca/housingpolicy06.pdf> (accessed February 19, 2009).
- 6 Property tax relief was calculated using 2007 statutes. 2008 calculations were unavailable as of this brief's publication. Where calculations required prior year property tax values, calculations were based on average total residential property taxes calculated by the NJ Department of the Treasury Division of Taxation. (See [http://www.state.nj.us/dca/lgs/taxes/07\\_data/07taxsummary.htm](http://www.state.nj.us/dca/lgs/taxes/07_data/07taxsummary.htm)).
- 7 AARP, "The Food Stamp Program and Older Americans," [http://assets.aarp.org/rgcenter/il/fs20r\\_food\\_stamps.pdf](http://assets.aarp.org/rgcenter/il/fs20r_food_stamps.pdf) (accessed March 12, 2009).
- 8 Ibid.
- 9 Gerontology Institute, University of Massachusetts Boston, and Wider Opportunities for Women, *The Elder Economic Security Initiative™: The Elder Economic Security Standard™ Index for New Jersey* (Washington, DC: Wider Opportunities for Women, 2009).
- 10 Property Tax Reimbursement calculations assume the elder paid the full amount of property taxes levied in 2007.

## New Jersey Supports Income and Asset Eligibility Limits, 2008

Federal Poverty Level (FPL)	Single	Couple		
	\$10,400	\$14,000		
Support Program	% FPL			
	Income Limits, Single*	Income Limits, Couple*	Assets Limits, Single	Assets Limits, Couple
Supplemental Security Income (SSI)	74%	82%	\$2,000	\$3,000
State Supplement	77%	84%	\$2,000	\$3,000
New Jersey Medicaid	77%	84%	\$4,000	\$6,000
Medicare Savings Program, QMB	100%	100%	\$4,000	\$6,000
Medicare Savings Program, SLMB	120%	120%	\$4,000	\$6,000
Medicare Savings Program, SLMB-QI-1	135%	135%	\$4,000	\$6,000
Medicare Part D Low Income Subsidy (LIS), full	100%	100%	\$7,790	\$12,440
Medicare Part D Low Income Subsidy (LIS), partial	150%	150%	\$11,990	\$23,970
Pharmaceutical Aid to the Aged and Disabled (PAAD)	222%	202%	N/A	N/A
Senior Gold	318%	274%	N/A	N/A
Supplemental Nutrition Assistance Program (SNAP)	100%	100%	\$3,000	\$3,000
Universal Service Fund (USF)	175%	175%	N/A	N/A
Lifeline	222%	202%	N/A	N/A
Home Energy Assistance (HEA)	225%	225%	N/A	N/A
Housing Assistance	80% AMI	80% AMI	N/A**	N/A**
State Rental Assistance Program (SRAP)	80% AMI	80% AMI	N/A	N/A
Homestead Rebate, Renter	337%	500%	N/A	N/A
Homestead Rebate, Owner	962%	1071%	N/A	N/A
Property Tax Reimbursement	673%	500%	N/A	N/A
Property Tax Deduction/Credit	222%	202%	N/A	N/A
Annual Property Tax Deduction for Senior Citizens	96%	71%	N/A	N/A

\* Gross income limits. SSI, SNAP, Housing Assistance and SRAP allow applicants to deduct from gross income portions of earned income and/or limited allowances for expenses.

\*\* Families with assets exceeding \$5,000 may have a portion of asset-based income added to household income during eligibility determinations.





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