TO THE POINT: South Jersey’s poorest municipalities receive significantly less state funding assistance than similar municipalities elsewhere throughout the state, according to new Rutgers University–Camden research

For Immediate Release

CAMDEN — South Jersey’s most economically distressed municipalities receive significantly less state funding assistance than similarly poor municipalities elsewhere throughout the state, according to new research by the Senator Walter Rand Institute for Public Affairs at Rutgers University–Camden.

“This finding suggests that state policymakers should review the formula for how New Jersey municipalities receive state funding assistance,” says Michael Hayes, an assistant professor of public policy and administration at Rutgers–Camden. “New Jersey policymakers should determine if the formula should be updated in order to address this disparity between the poorest south and non-south New Jersey municipalities.”

According to Hayes, who authored the study “Our Piece of the Pie: The Distribution of State Funds to Municipalities Across N.J. Regions,” on average, the most economically distressed municipalities in southern New Jersey – Camden, Salem, Bridgeton, Woodbine, Penns Grove, Wildwood, Atlantic City, Seaside Heights, Pleasantville, and Paulsboro – receive approximately 33% less state funding assistance compared to the average economically distressed non-southern New Jersey municipalities – Paterson, Passaic, Newark, Trenton, Perth Amboy, Asbury Park, Union City, New Brunswick, Elizabeth, and Plainfield.

Overall, he found that the typical municipality in South Jersey – comprised of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem counties – receives approximately 37% less state funding assistance compared to the average non-South Jersey municipality.

The Rutgers–Camden researcher looked at several factors to account for these disparities in state funding assistance across New Jersey regions. For starters, Hayes examined differences in population and property values, finding that southern New Jersey municipalities have 42% less residents, as well as 37% lower property values, than the average non-South Jersey municipality. After controlling for these differences, Hayes finds that the regional gap in state funding assistance disappears for the vast majority of New Jersey municipalities.
“At first glance, there appears to be a large regional gap in state funding assistance for all types of New Jersey municipalities, but upon examining these factors more closely, there is no evidence of a regional gap for most types of municipalities throughout the state,” says Hayes.

However, he finds that the 10 percent of New Jersey municipalities representing the most economically distressed in southern New Jersey receive significantly less state funding assistance than similarly poor municipalities elsewhere in the state, even after controlling for differences in property values and population.

“When we focus our attention to just the most economically distressed municipalities, something interesting happens – this regional gap reappears and is quite large,” says Hayes, who notes that he also found that the average South Jersey municipality has significantly higher levels of economic distress.

Digging deeper into the dollars doled out, the Rutgers–Camden researcher examined the two main types of state funding assistance: Energy Tax Receipts – taxes paid by public utilities in lieu of property taxes – and funds from the Consolidated Municipality Property Tax Relief Act (CMPTRA) – a compilation of various tax relief programs. He found that disparities existed only with regards to CMPTRA funding.

“From a policy standpoint, if we want to revisit state aid, we want to focus first on this gap in CMPTRA funding,” says Hayes. “This gives state policymakers a potential starting point to address this disparity between South and non-South Jersey state funding assistance.”

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