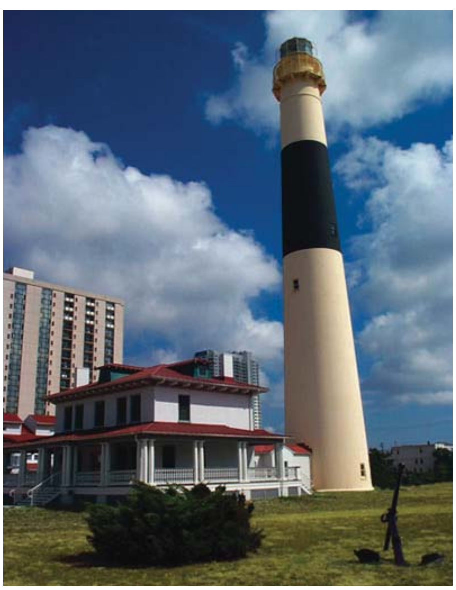
THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

THE SOUTH JERSEY ECONOMIC REVIEW

Winter 2010

About the SJER

The SJER is part of a broader and ongoing Stockton College initiative whose aim is to provide the region's stakeholders and policy-makers timely, high-quality research products and technical assistance that focus on the region's economy, its development, and its residents' well-being. The SJER is produced and distributed exclusively as an electronic journal. If you would like to be electronically notified of future releases of the Review, send an email to sjer@loki.stockton.edu with the subject line "Subscribe SJER".

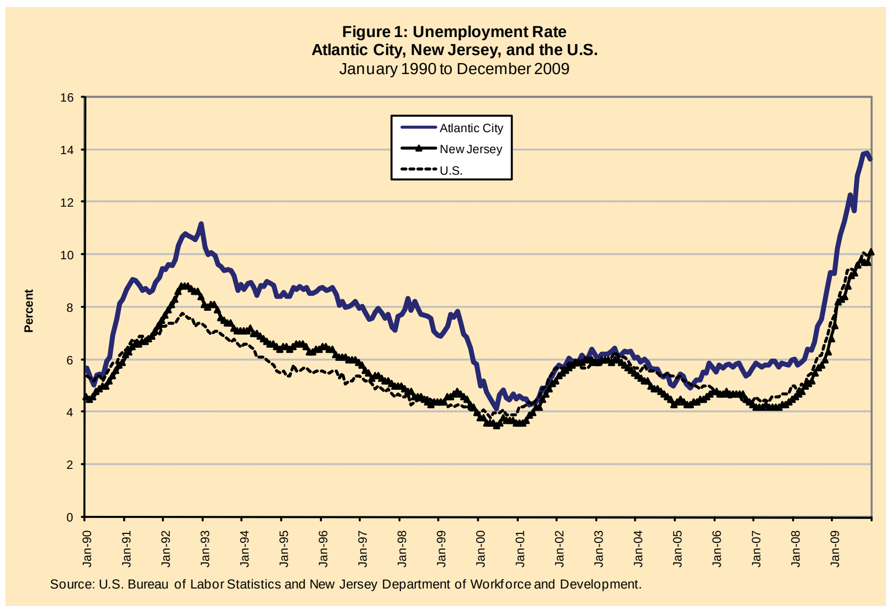


In This Issue

GREAT RECESSION TAKES HEAVY TOLL

The nation's gross domestic product (GDP)—the broadest gauge of the nation's economy—contracted 2.4% in 2009, its worst performance since the Great Depression. The loss of five million jobs nationally last year represented a 3.7% contraction—also the worst on record since the Great Depression. The national unemployment rate rose from 7.4% in December 2008 to 10% in December 2009. (Figure 1) The number of unemployed individuals climbed to over 15 million in December from 11 million in late 2008.

Despite some evidence of firming in some markets toward the end of the year, the nation's housing market—which was at the epicenter of the financial market meltdown



in the fall of 2008—recorded its poorest performance on record in 2009. New homes sales totaled 374,000 last year, a 22.9 percent drop from 2008's figure of 485,000. At the same time, existing home sales were up 5% last year—the first annual increase since 2005. The rise in existing home sales was, however, fueled by a sharp decline in the median sale price which fell to $173,200, compared with $196,600 in 2008. Adjusted for inflation, last year's median sale price was the lowest since 1997. The median sale price of existing homes has not risen in real terms since 2005. Between 2005 and last year, the inflation-adjusted price has fallen 28%, effectively wiping out trillions of dollars worth of homeowner wealth.

New Jersey

New Jersey's economy lost 120,200 jobs last year, a contraction of 3%. Since the onset of the national recession, the state has lost 176,000 jobs (-4.3%). In December, employment was contracting 2.3% year-on-year. (Figure 2) Last year's job losses were broad-based. In absolute terms, the largest job losses occurred in construction (-22,000), professional and business services (-19,400), manufacturing (-16,000), and financial activities (-11,100).

The state's unemployment rate stood at 10.1% in December – a full 3.3 percentage points above its December 2008 reading. The increase in the state's unemployment rate last year was greater than the nation's 2.6 percentage point increase (to 10% from 7.4%).

cont'd on page 2

2009 RECESSION
cont'd from page 1

In December, 458,337 New Jerseyans were unemployed. This represented a 50% increase on December 2008's figure.

Atlantic City

Atlantic City's economy lost 6,100 jobs last year, a contraction of 4.1%. This job loss was significantly greater than those recorded the prior two years. (Figure 3) Half of last year's job losses occurred in the casino hotels industry which shed 3,100 jobs (-8%). Reflecting the homebuilding industry's ongoing weakness, as well as continued tight credit market conditions, the construction sector lost 1,200 jobs (-17.3%) in 2009. State government employment in the metropolitan area shrank by 800 jobs—a reflection of the state's acute fiscal crisis. (See discussion below.) Employment in the retail trade sector, meanwhile, declined by 600 jobs (-3.4%). Professional and business services shed 500 jobs (-5%). Educational and health services—which gained 300 jobs—was the only industry that recorded significant job gains last year in the metropolitan area.

Since the onset of the national recession in December 2007, Atlantic City's economy has lost 9,800 jobs (a loss equal to 6.5%). Over the same period, the state's economy lost 176,000 jobs (a loss equal to 4.3%), while the nation's shed 7.2 million (-5.2%). (Figure 4) Compared to the state's other metropolitan areas and divisions, Atlantic City's total job loss during the recession ranks as the second-largest in percentage terms. Ocean City's -7.7% job decline is the largest, while Vineland-Millville-Bridgeton's, at -1.5%, is the smallest. (Figure 5)

Atlantic City's unemployment rate stood at a seasonally adjusted 13.5% in December. While this represented a small decrease from October and November's 13.8%, it remained 4.3 percentage points above the December 2008 rate. Moreover, as is always the case in protracted recessions, this official unemployment rate understates the true weakness in the local job market. This is because the official unemployment rate fails

cont'd on page 3

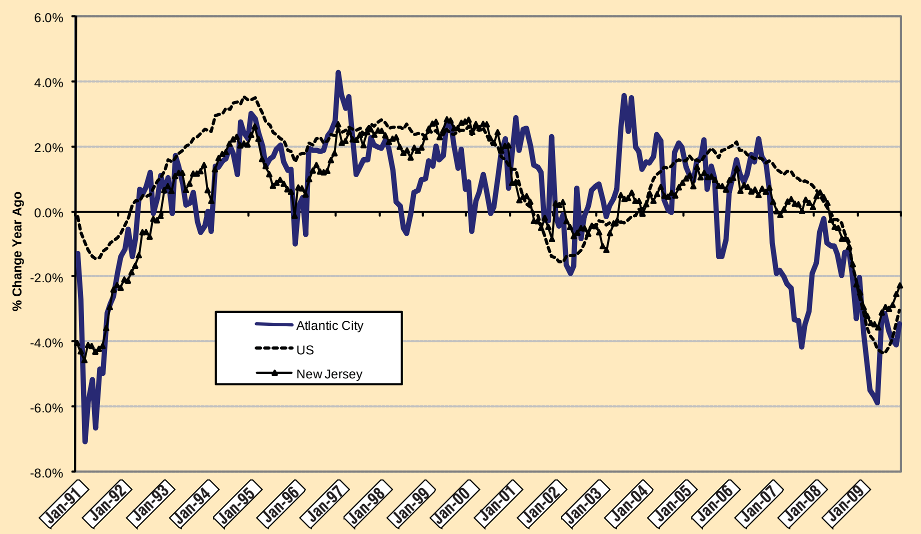


Figure 2: Job Growth
Atlantic City, New Jersey, and the U.S.
January 1991 to December 2009

Sources: New Jersey Department of Labor and Workforce Development and U.S. Bureau of Labor Statistics.

Figure 3: Atlantic City Employment by Industry

	Average Annual Employment (000)				2006-2007		2007-2008		2008-2009	
Industry/Sector	2006	2007	2008	2009	Change	% Change	Change	% Change	Change	% Change
Total Nonfarm	154.2	150.2	148.2	142.1	-3.9	-2.6%	-2.0	-1.4%	-6.1	-4.1%
Total Emp w/NJCCC data	157.4	153.3	150.7	144.6	-4.1	-2.6%	-2.5	-1.7%	-6.2	-4.1%
Total Private	130.8	127.6	125.8	120.1	-3.2	-2.5%	-1.8	-1.4%	-5.7	-4.5%
Leisure and Hospitality	58.5	54.7	54.2	51.4	-3.9	-6.6%	-0.4	-0.8%	-2.8	-5.2%
Accommodation	44.8	41.1	40.6	37.3	-3.8	-8.4%	-0.4	-1.1%	-3.3	-8.2%
Casino Hotels (NJDOL)	41.9	38.6	38.2	35.1	-3.3	-7.9%	-0.5	-1.2%	-3.1	-8.0%
Casino Hotels (NJCCC*)	45.1	41.7	40.7	37.6	-3.5	-7.7%	-0.9	-2.3%	-3.1	-7.7%
Food Services/Drinking Places	11.6	11.8	11.7	11.7	0.2	1.7%	-0.1	-1.1%	0.0	-0.1%
Accommodation and Food Services	56.4	52.9	52.3	49.0	-3.6	-6.3%	-0.6	-1.1%	-3.3	-6.4%
Manufacturing	4.2	3.8	3.3	2.8	-0.3	-8.0%	-0.5	-13.0%	-0.6	-16.8%
Nat. Res./Mining, Construction	7.1	6.9	6.9	5.7	-0.2	-2.7%	-0.1	-1.1%	-1.2	-17.3%
Financial Activities	4.5	4.5	4.5	4.5	0.0	0.0%	0.0	0.2%	-0.1	-1.5%
Information	1.1	1.1	1.1	1.0	0.1	6.2%	-0.1	-8.0%	-0.1	-4.8%
Educational and Health Services	18.1	18.2	18.3	18.5	0.1	0.5%	0.0	0.2%	0.3	1.4%
Hospitals	6.2	6.2	6.3	6.3	0.1	1.5%	0.1	1.6%	0.0	-0.7%
Government	23.4	22.7	22.4	22.1	-0.7	-3.1%	-0.3	-1.1%	-0.3	-1.6%
Federal Government	2.7	2.7	2.6	2.6	0.0	-0.9%	-0.1	-4.3%	0.0	0.6%
State Government	4.4	3.9	3.7	3.0	-0.5	-11.7%	-0.2	-4.7%	-0.8	-20.8%
Local Government	16.2	16.0	16.2	16.5	-0.2	-1.1%	0.1	0.9%	0.3	1.9%
Profess. and Business Services	11.1	11.5	10.5	10.0	0.4	3.5%	-1.0	-9.0%	-0.5	-5.0%
Retail Trade	16.0	16.4	16.2	15.6	0.4	2.3%	-0.2	-1.4%	-0.6	-3.4%
Wholesale Trade	2.9	3.0	3.2	3.1	0.1	2.8%	0.2	6.6%	-0.1	-3.4%
Transportation, Warehousing, and Utilities	2.9	2.9	3.0	2.9	0.0	1.1%	0.1	2.3%	-0.2	-5.0%
Other Services	4.3	4.4	4.7	4.7	0.1	3.5%	0.3	6.1%	0.1	1.3%

* New Jersey Casino Control Commission casino employment estimate.

Source: New Jersey Department of Labor and Workforce Development.

2009 RECESSION

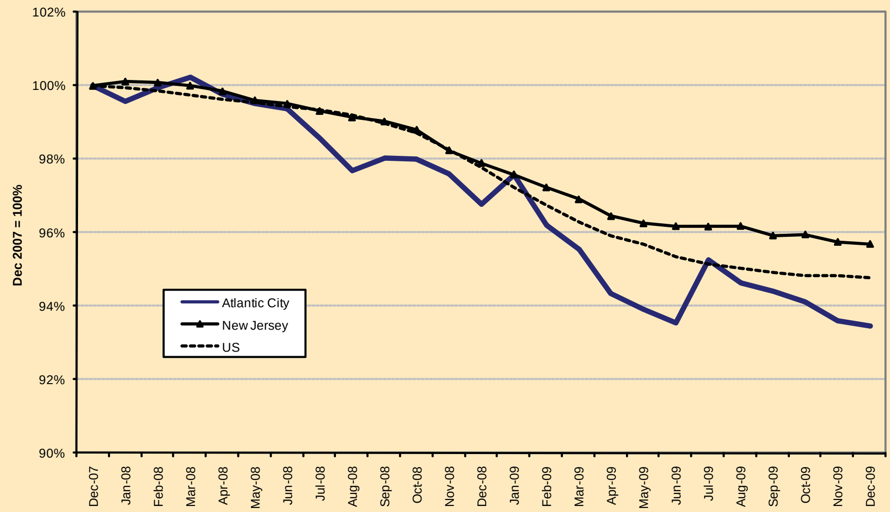
cont'd from page 2

to account for discouraged workers (those who have stopped looking for employment because they believe no job opportunities exist), as well as part-timers who can't find the full-time jobs they want). Hence, the actual underemployment rate in Atlantic City is likely much closer to 20%. At the national level, the official unemployment rate is 10%, while the official underemployment rate is 17.3%.

The number of unemployed individuals in the metropolitan area stood at 18,400 in December. This represented a 46.4% increase on December 2008's figure of 12,600. Atlantic City's unemployment rate in December was the second-highest among the state's metropolitan areas/divisions. Vineland-Millville-Bridgeton's unemployment rate, at 14.1%, was the highest, while Trenton's was the lowest (8.5%).

Figure 6 shows the disastrous effect the recession has had on real wages (wages adjusted for inflation) in Atlantic City. Real wages in the metropolitan area began a sustained decline in the third quarter of 2007—just ahead of the onset of the national recession which began in December 2007. They continued to decline for the next seven consecutive quarters (through the second quarter of 2009—the last quarter for which data are available). In last year's second quarter, wages were declining at a 6.4% rate year-on-year. (Figure 6 shows a two-quarter moving average.) Since peaking in the final quarter of 2006, total real wages in Atlantic City have declined 16.2%. Statewide, total real wages have declined 14% since peaking in the first quarter of 2007.

Figure 4: Employment Trajectory During Recession
Atlantic City, New Jersey, and the U.S.
Total Nonfarm Employment



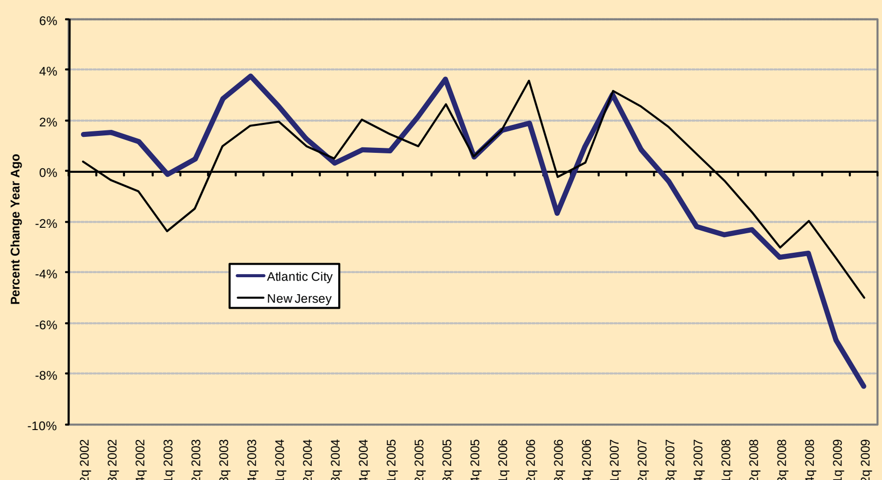
Sources: New Jersey Department of Labor and Workforce Development and U.S. Bureau of Labor Statistics. Atlantic City seasonally adjusted by author.

Figure 5: Job Losses During Recession in New Jersey's Metro Areas

Metropolitan Area/Division	Employment Loss Since: Dec-07 ('000)	Dec-07 %	Dec-08 ('000)	Dec-08 %
Atlantic City	**-9.8**	**-6.5%**	**-5.0**	**-3.4%**
Camden	-28.9	-5.4%	-12.7	-2.4%
Edison-New Brunswick	-41.2	-3.9%	-12.8	-1.3%
Newark-Union	-29.5	-2.8%	-9.1	-0.9%
Ocean City	-3.3	-7.7%	-3.2	-7.5%
Trenton-Ewing	-10.1	-4.2%	-7.1	-3.0%
Vineland-Millville-Bridgeton	-1.0	-1.5%	0.0	0.0%
Bergen-Hudson-Passaic	-39.2	-4.3%	-15.0	-1.7%
New Jersey	-175.8	-4.3%	-90.1	-2.3%
US	-7,242.0	-5.2%	-4,164.0	-3.1%

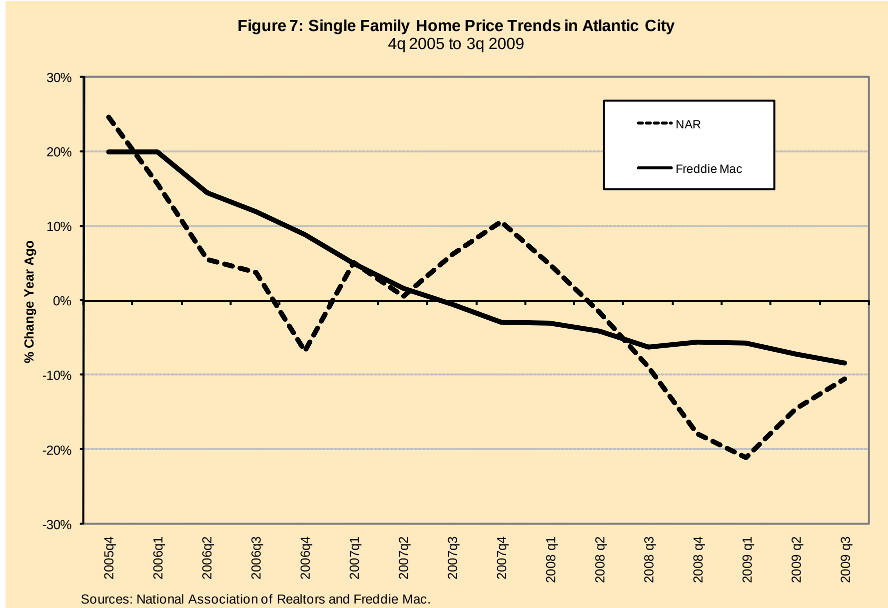
Sources: New Jersey Department of Labor and Workforce Development and U.S. Bureau of Labor Statistics.

Figure 6: Real Wage Growth
Atlantic City vs. New Jersey
Second Quarter 2002 to Second Quarter 2009
(2-quarter moving average)



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Deflated by CPI-U.

ATLANTIC CITY'S HOUSING MARKET REMAINS WEAK



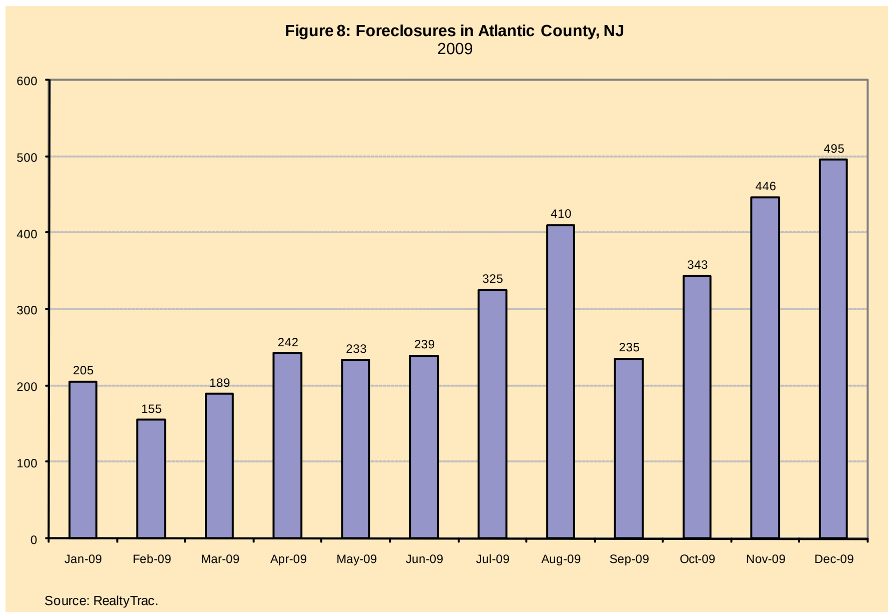


Figure 9: Foreclosure Activity Counts Across Atlantic County, December 2009

Egg Harbor Township	80	Longport	2
Atlantic City	71	Minotola	2
Pleasantville	67	Milmay	2
Absecon	61	Richland	1
Mays Landing	49	Port Republic	1
Brigantine	30	Newtonville	1
Ventnor City	26	Dorothy	1
Egg Harbor City	22	Landisville	1
Hammonton	19	Estell Manor	1
Margate City	18		
Northfield	15	**Total**	**495**
Somers Point	13	*Source: RealtyTrac*	
Linwood	10		
Buena	2		

While recent months have provided some indication that home prices have begun to stabilize in a few markets across the country considerable uncertainty continues to enshroud the housing market. Sales of existing homes rose nationally in 2009 for the first time in four years. At the same time, sales of both existing and newly built single-family homes slumped in December, a clear indication that last fall's boost from the federal tax credit has run its course. There is also considerable angst over the implications of the end of the Fed's program to buy mortgage securities to keep home rates low. Many expect that mortgage rates will rise once the program ends on March 31. Finally, a newly extended homebuyer tax credit is also set to run out at the end of April.

Figure 7 shows trends in single-family home prices over the past several years in Atlantic City. While there are some differences between the two trends shown—one based on median sales price data of existing single-family homes collected by the National Association of Realtors (NAR), the other based on Freddie Mac's conventional mortgage home price index (CMHPI)—both series indicate that single-family home prices in Atlantic City continue to decline. NAR data indicate that single-family home prices were down 10.4% year-on-year in last year's third quarter, while the CMHPI shows a year-on-year decline of 8.3%. (Fourth-quarter figures for both series are due out in coming weeks.) Even if the fourth quarter figures show some improvement—which seems probable—single-family home prices in the metropolitan area will have declined approximately 10% in 2009. Prices declined approximately 6% in 2008.

Last year's foreclosure activity in Atlantic County also suggests that the region's housing market has yet to enter a stabilization phase. In particular, foreclosure data from RealtyTrac indicate that the average number of monthly foreclosures in the county jumped from 211 during the first half of 2009 to 376 in the final half of the year. (Figure 8) Figure 9 shows the geographic distribution across the county of December's foreclosure activity. As shown, Egg Harbor Township, Atlantic City, Pleasantville, and Absecon registered the largest number of foreclosures in last year's final month.

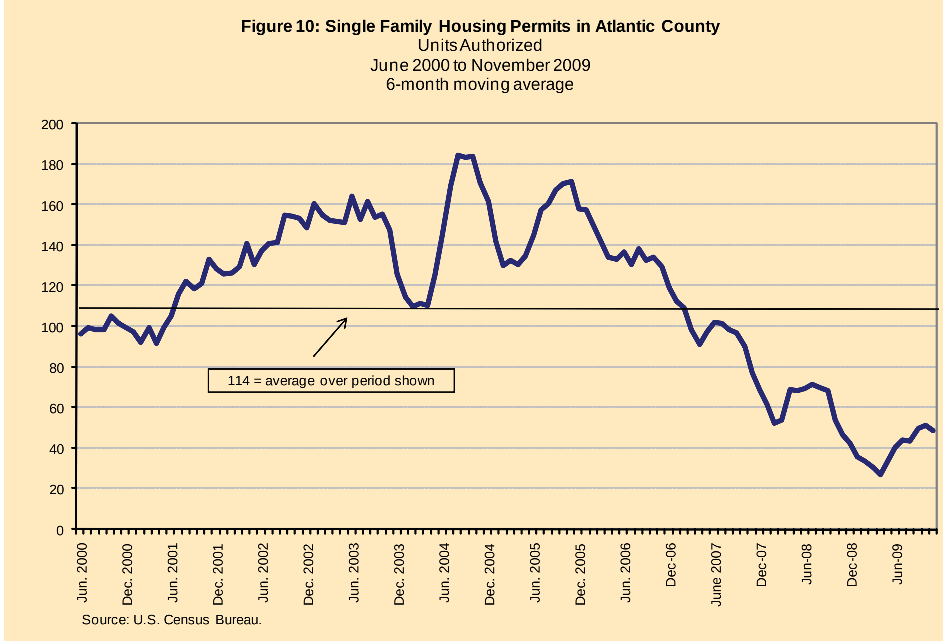
While single-family homebuilding permits—a leading indicator of future home-building activity—began to trend modestly upward over the final months of 2009, they continue to reflect tight credit conditions and homebuilder caution. (Figure 10) The six-month moving average of single-family permits in Atlantic County climbed to 51 in November—up from an apparent trough of 26 in April—before edging down to 49 in December.

cont'd on page 5

ATLANTIC CITY'S HOUSING MARKET

cont'd from page 4

The continuing weakness in Atlantic City's homebuilding market is reflected in the construction industry's payroll. Construction employment declined by 1,200 jobs in 2009. This 17.3% decline was significantly larger than the prior two years' declines of 1.1% (2008) and 2.7% (2007). While several on-going commercial projects could provide some relief from the residential sector's on-going troubles, the construction industry's overall weakness is unlikely to change course soon. In fact, some expect the commercial real estate segment to deteriorate significantly over the coming year. Should this development come to fruition, construction employment in the metropolitan area will likely decline again in 2010.



THE RACE TO CAPTURE GAMING DOLLARS:

Atlantic City and the Regional State Fiscal Crisis

As is well known, Atlantic City's casino industry has faced significant challenges over the past few years. The national recession, financial market meltdown, and heightened regional gaming competition have taken a toll on the industry's revenues over the past two years. (Casino revenues fell 13.2% last year, after having fallen 7.6% in 2008 and 5.7% in 2007.) The acute state-level fiscal effects of the national recession are working to further heighten competition for gaming revenues. In particular, a growing number of states are looking to capture and/or increase their share of gaming revenues as a means of filling exploding budget gaps.

In recent weeks, Pennsylvania recently legalized poker, blackjack, roulette, and other table games in an effort to fill part of its projected $4.1 billion budget gap. While many casino operators and industry analysts had expected the state would eventually pursue this path, fiscal realities pushed up the state's time table. In addition to the aforementioned legalizations, the recent Pennsylvania action will also allow casino operators to make on-site loans to gamblers. Neighboring Delaware also recently legalized a host of table games.

In addition to the heightened competition Pennsylvania's and Delaware's recent actions will engender, Ohio (one of the nation's long-standing anti-gambling states) recently legalized casinos. Ohio faces a projected $725 million dollar FY 2011 gap. Ohio's action, which amended the state constitution, authorized casinos in Columbus, Cleveland, Cincinnati, and Toledo. Meanwhile, Maryland, which faces a $2 billion FY 2011 gap, and which already constitutionally approved slots in 2008, has recently begun to consider legalizing table games.

While forecasting the long-term implications of such actions on Atlantic City's casino industry is difficult, recent trends—ones in particular relating to the adverse revenue implications (on Atlantic City operators) that have flowed from increased Pennsylvania gaming—provide strong evidence that Atlantic City's casino industry will likely continue to see its share of regional gaming revenue decline (at least over the near term). Such declines will continue to adversely affect Atlantic City's economic fortunes in coming years. Since 2006, employment in the casino industry has declined by approximately 7,000 (or, 16%). Industry payroll, meanwhile, declined by 7.5% between 2006 and 2008. (Figures for last year are not yet available.)

NEW JERSEY'S FISCAL CRISIS

The Great Recession, the worst recession since the 1930s, has caused the steepest declines in state tax receipts on record. Reflecting this fact, New Jersey, along with several other states, faces an acute fiscal crisis. The current fiscal year gap is $2 billion. As with other states, New Jersey's mid-year gap reflects the difference between actual revenue collections at mid-year and initial budget projections. Even more daunting, the state's gap for FY 2011 is expected to be approximately $9-10 billion—a shortfall equal to 31-34% of the FY 2010 budget. By way of comparison, California's projected $14.4 billion FY 2011 gap represents 14.6% of its FY 2010 budget.

As state lawmakers enter into the annual budget season, they face stark choices. While significant spending cuts seem a foregone conclusion, tax increases in some form will also likely be required. Both options are problematic during a recession. Reduced expenditures will reduce overall demand, as cuts generally entail some combination of

layoffs, contract cancellations, lower payments to businesses and organizations that provide direct services, and smaller payments to individuals. Each of these in turn will have multiplier effects that cascade throughout the economy. Similarly, tax increases also reduce demand by directly reducing the amount of money people have to spend. Should such increases materialize and fall heavily on the state's lower and middle-income residents, this effect will be magnified as such residents tend to save relatively little.

Given the fact that a significant second federal stimulus bill seems highly unlikely, a balanced approach to closing the state's gaps — targeted tax increases and budget cuts — will be needed. Such an approach will ensure that important services are maintained and the harmful effects of such actions on the state's economy and citizens are minimized.

TAX EXPENDITURE REPORT WILL PROVE BENEFICIAL

In the final weeks before leaving office, Governor Corzine signed legislation that removed New Jersey from a notorious group of nine states that do not publish state tax expenditure reports. Beginning with the release of Governor Christie's FY 2011 budget (and, thereafter, with the annual governor's budget message to the legislature) state lawmakers will have a tax expenditure report to aid them in their budget negotiations.

Tax expenditures are tax credits, deductions, and exemptions that reduce state revenue. Just like direct spending on education, healthcare, and transportation, tax expenditures cost state treasuries money. Unlike direct spending, however, which is heavily scrutinized and analyzed, tax expenditures generally receive little attention. This is largely due to the fact that most tax expenditures are written into the tax code and thus continue indefinitely – regardless of whether or not their costs are justified by their benefits – unless legislators discontinue them.

Among other things, a good tax expenditure report lists a state's tax breaks and how much each one costs, along with other relevant information that helps policymakers evaluate them. Understanding the full range of state tax expenditures, what they cost the state each year, and who benefits from them, should prove especially helpful to lawmakers over the coming months as they seek to address the state's significant budget crisis.

The dollar value of the state's tax expenditures is of course, at this time, unknown. However, as one recent report on the topic notes, "Washington State reports a loss of nearly $99 billion a year from 567 state and local tax expenditures; Oregon nearly $29 billion from 362 expenditures; and Illinois nearly $7 billion from 214."

2010 OUTLOOK

Despite the fact that the nation's gross domestic product finally turned up in the final two quarters of 2009, the national unemployment rate, at 10%, remains stubbornly high. Most importantly, few analysts expect the national job picture to improve significantly over the coming year—especially given Washington reluctance to provide a second stimulus bill amid mounting financial market and public angst over the unprecedented federal deficit. Indeed, it seems increasingly likely that the national economy will experience another jobless recovery, similar to the one it experienced in the aftermath of the much milder and short-winded 2001 recession.

At this juncture, the most pressing question is whether or not the anemic job market, continued tight lending standards, and still-weak housing markets in many areas across the country will undermine a broader (even if slow-moving) national recovery. Many economists (myself included) believe the national economy could well experience a prolonged "growth recession" over the coming years, i.e., a period in which the economy grows below its long-term trend growth rate of roughly 3%. Such periods are characterized by weak job growth. Weak job growth will translate into meager wage and income gains which will check consumer spending. Such consumer restraint will be multiplied in the event longer-term consumer and mortgage interest rates begin to edge up over 2010. Should any significant upward drift in mortgage rates materialize, home prices will suffer further. Finally, weak job growth (a key to the commercial office market) and restrained wage and income growth (a key to the commercial retail market) will put additional upward pressure on commercial vacancy rates in 2010. There is already considerable anxiety in some quarters over the banking sector's exposure to commercial real estate.

NEW JERSEY'S 2010 OUTLOOK

The timing of New Jersey's recoveries from the past two national recessions (in the early 1990s and in 2001) have tended to closely match the nation's—suggesting that New Jersey's economic fortune over the coming year will likely be closely tied to the nation's. At the same time, the pace of job growth in New Jersey during these recoveries significantly lagged the national pace of job growth. This suggests that New Jersey's recovery will likely take several years. Indeed, in the aftermath of the early 1990's recession, it took seven years before employment in New Jersey surpassed its prior business cycle peak. During this period in the early and mid-1990s, the state's unemployment rate climbed to 8.8%. It took eight years before the unemployment rate declined back down to 4.6% -- where it stood at the business cycle employment peak (in early 1990).

The above suggests that New Jersey's road to sustained recovery—like the nation's—will likely prove an excruciatingly long one. Indeed, when one considers the state and nation's 1990's recovery, it is noteworthy that two industry's played a principal role—a nascent high-technology sector tied to the broad-based and rapid commercialization (in both the consumer and business sectors) of the internet and a high-flying finance sector (itself, fueled in part by high technology's phenomenal growth in the latter part of the 1990s). While it is impossible to forecast when (or, from where) the next internet-like growth dynamic will emerge (many have their hopes pinned on the emergent green economy and related technologies), the current economic environment makes clear that it is desperately needed.

ATLANTIC CITY'S 2010 OUTLOOK

Atlantic City's economy (and in particular its job market) will remain very weak over the coming year. With unemployment above 13%, and underemployment likely closer to 20%, the metropolitan area ostensibly faces an acute job crisis. Placing these rates in historical perspective underscores this point. In particular, during the early 1990's recession—during which employment in the metropolitan area declined by 4.1%, equal to last year's job contraction—the unemployment rate peaked at 10.8%.

There seems little reason to expect any significant improvement in Atlantic City's unemployment rate over the coming year. Employment in the casino industry and government accounts for one-half of the metropolitan area's employment base. As noted above, the casino industry continues to face a host of significant challenges—the most important of which is ever-increasing regional gaming competition. Such competition will

continue to undermine the industry's revenue flows over the next several years, making it difficult for the industry to add workers and payroll. And, even while several proposed new casino projects may eventually allow the industry to reinvent itself, most of these projects' completion dates remain several years off. The Revel project, which is expected to be the first new major project to open its doors, has already been pushed back into 2011.

Employment in the government sector (especially state government) will likely continue to contract in 2010. This is especially true given the state's acute fiscal crisis. This crisis—whose local effects were in part mitigated to some extent last year by the federal stimulus bill—could prove to have significantly adverse effects on local government employment in 2010.

Beyond these two key industries, the next largest employers in the metropolitan area are educational and health services and retail trade. The former has provided the only real significant job gains over the past several years. Owing to the close connection between educational and health services and public sector funds, however, it seems likely that the state's fiscal crisis will work to check significant job gains in this sector over the coming year. And, retail trade employment expansion is heavily influenced by overall job creation, which will remain weak throughout much of 2010.

ENDNOTES:

1 Atlantic City refers to the Atlantic City metropolitan statistical area which is coincident with Atlantic County, NJ.

2 The U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) program publishes a quarterly count of employment and wages reported by employers covering 98 percent of U.S. jobs, available at the county, MSA, state and national levels by industry. The data are produced in conjunction with states' administration of unemployment insurance.

3 It should be noted that the decline in casino employment has not been offset (or, replaced) by a corresponding rise in food/beverage employment. Employment in the food/beverage industry in the metropolitan area has increased by 100 jobs since 2006.

4 New Jersey's legislation defines a tax expenditure as those revenue losses attributable to provisions of State tax law which establish special tax treatment, inclucing but not limited to tax law definition, deduction, exclusion, exemption, deferral, credit, preferential tax rate or other special tax provision resulting in a reduced tax liability for certain persons, individuals, types of income, transactions or property from the liability which would be presumed to exist without the State tax expenditure.

5 New Jersey's tax expenditure report must list each tax expenditure, provide an estimate of the amount of state revenue loss in the past, current, and next fiscal year, identify the statutory authority for each expenditure (and the year in which it was enacted or the tax year or tax period in which it became effective), describe the objective of each expenditure, determine whether each expenditure has been effective in achieving the purpose for which it was enacted (including an analysis of the persons, including corporations, individuals or other entities, benefited by the expenditure), determine the effect of each expenditure on the fairness and equity of the distribution of the tax burden, and determine the public and private costs of administering the expenditure.

6 *The Invisible Budget Hides Spending Choices*, New Jersey Policy Perspective, November 2008.

All Analysis in this issue by:
Oliver D. Cooke, Ph.D., Assistant Professor of Economics, School of Business. The Richard Stockton College of New Jersey. Please direct comments and questions to: oliver.cooke@stockton.edu.