

A DESPERATE AND WIDENING DIVIDE:

The Concurrent Increase in Poverty, Income, and Inequality in New Jersey



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INTRODUCTION

This report is one of a series seeking to present specific information concerning the extent and impact of poverty in New Jersey. It is the product of the Poverty Research Institute, a special project of Legal Services of New Jersey (LSNJ).

To remedy the dearth of information and statistics on poverty in the state, Legal Services of New Jersey founded the Poverty Research Institute (PRI) in 1996. The PRI is the first and only entity in New Jersey exclusively focused on developing and updating information on the extent and effects of poverty in this state.

Through original research and analysis of data available from publicly available sources, the PRI seeks to increase public awareness and knowledge about poverty, and assist policymakers by providing data to support informed decisions. Recent research projects of PRI have included “Legal Problems, Legal Needs,” a study of the types and frequency of legal problems facing low-income New Jerseyans, as well as “The Real Cost of Living,” an update to the 1999 study on New Jersey’s self-sufficiency standard.

LSNJ, an independent, non-profit corporation, coordinates the statewide Legal Services system. LSNJ strives to ensure equal access to justice under law to all people of New Jersey, providing free legal assistance to low-income people in civil matters. Legal Services in New Jersey embraces a vision of full access to essential civil legal aid for all economically disadvantaged people who cannot secure a lawyer on their own and, through that legal aid, equal justice, both substantive and procedural.

This PRI report analyzes recent published and unpublished Census data in order to gain perspective on key income and poverty trends in New Jersey, principally by evaluating changes that have taken place over the last decade. Data contained in this report is based on income for calendar years 1989 and 1999, as captured in the 1990 and 2000 Decennial Censuses.

While some national and state comparisons are made, a primary objective of this report is to uncover and examine more localized income and poverty trends. New Jersey, while small, is hardly monolithic. It is in fact a diverse state, where wealth and poverty, cities and farmland juxtapose. In contrast, statewide aggregates present a homogenized view, the effect of which is to mask the true experiences and realities of smaller demographic subsets. To the extent possible, county and city level data are used in order to identify the disparate experiences of New Jersey’s residents.

SUMMARY

The late 1990s were prosperous times for New Jersey. The effect of this prosperity, however, was not felt equally. Experiences of individual New Jersey communities were decidedly mixed—some lost ground while others realized significant gains. This report reveals wide disparities in earnings among New Jersey’s 21 counties, growing income inequality, and increased poverty.

Major Findings

Despite the relative affluence of the late 1990s, and New Jersey’s distinction as having the highest median household income in the country:

- Income inequality rose over the decade.
 - Only the top fifth of New Jersey households realized an increase in their respective share of the state’s aggregate income.
 - Increases in inflation-adjusted income varied significantly. Households in the lowest quintile (with a mean income of \$12,612) realized an increase of just \$255, while households in the upper quintile (mean income of \$181,658) realized increases of nearly \$24,000. Households in the top 5 percent (with a mean income of \$329,969) saw an increase of over \$52,000.
- Despite a real increase in New Jersey’s median household income, poverty in the state grew, both in rate and number.
 - New Jersey’s poverty rate grew nearly a full percentage point over the decade, moving from 7.6 percent in 1989 to 8.5 percent in 1999, giving New Jersey the sixth largest poverty rate increase in the country.
 - New Jersey realized a 22 percent increase in the number of persons living in poverty between 1989 and 1999, a gain of more than 125,000 persons.
- A large percentage of those living in poverty in New Jersey experienced extreme deprivation. Of the state’s poor, 49 percent lived in severe poverty, meaning they had incomes of less than half the federal poverty level; this is more than 10 percent higher than the national average of 44 percent.
- Children in the state remain disproportionately poor. While children represent 25 percent of the state’s total population, they comprise nearly a third of the state’s poverty population.
- While women as a whole realized significant income gains, women and their children remain critically vulnerable to poverty:
 - Fifty-three percent of all poor families in New Jersey are headed by single women.

- Sixty percent of New Jersey children living in poverty reside in single female-headed households.
- Women represented 61.3 percent of all adults living in poverty but only 52.7 percent of the total adult population.
- Many New Jersey cities experienced significant declines in their adjusted income over the decade and, despite increases in suburban poverty, continue to have disproportionately high poverty rates—generally double to triple the statewide average.
- Changes over the decade in median household income had varied and disparate impacts among New Jersey’s counties. For example, median household income increased by nearly \$9,000 in Hunterdon (an increase of 16.5 percent), but just \$144 (0.4 percent) in Essex.

CENSUS METHODOLOGY

The Census Bureau implements a number of different demographic surveys; the instrument most familiar to the general public is the Decennial Census (Census). Taken every 10 years, the Census, in its most basic form, is an enumeration, or actual count, of the population. The “short form,” provided to all households, captures basic information on each household member.¹ More detailed individual and household information is compiled from a significant sample of the population (one in seven households, or approximately 16.5 million) through the Census “long form.” This report relies primarily on data drawn from the Census long form.

The purpose of this report is to analyze and discuss recent income trends and to evaluate changes that have taken place over the last decade. This is accomplished by comparing Census data collected in 1990 with that of 2000. All referenced income gains and losses are based on real income change over the decade, and take into account adjustments for inflation between 1989 and 1999.²

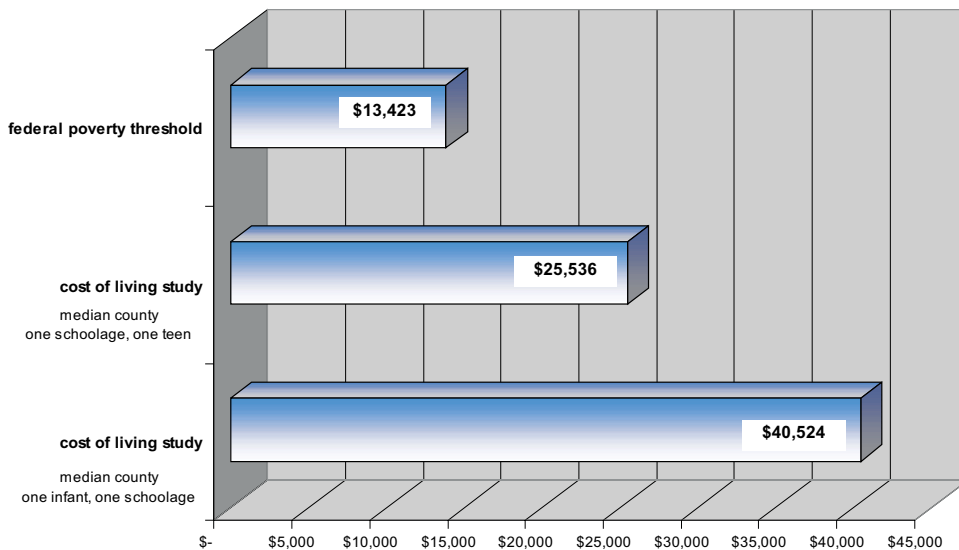
DEFINING POVERTY

In recent years, our nation’s official definition of poverty, first implemented in the 1960s, has come under scrutiny as being an inaccurate and inadequate standard by which to measure need. Indeed, the Census Bureau itself cautions that the measure is a “statistical yardstick” rather than an assessment of what it actually costs a family to live.³

Based on the cost of a minimal diet for a family of four, which included two parents and two children, the annual federal poverty threshold was originally established in 1963 at \$3,100. The measurement assumed that food consumed a third of a family’s total budget, with the remaining two-thirds used for the cost of shelter and other necessary goods and services. Since then the threshold has been adjusted only for cost of living increases, and has not taken into account any socio-economic changes that have occurred over the last three decades. For example, the official definition does not distinguish between families with two wage earners (who may need child care), and families with at least one non-working adult. It does not take into account medical expenses or local consumption costs. Thresholds also do not take into account the valuation of non-cash assistance, such as housing supplements or subsidized health insurance.

Arguably, the most significant omission from the official poverty definition is its failure to adjust for local differences in the cost of living. A single poverty threshold is used for the United States, and no consideration is made for geographic variations in local food prices or, perhaps most important, housing costs. This carries considerable implications for New Jersey, ranked in Census

Figure 1
The Real Cost of Living in 1999
For a Three-Person (One Adult, Two Children) NJ Household



2000 as having the highest rental housing costs in the continental U.S.,⁴ and further compromises the validity of the official definition as a true measure of need.

In 1999, the year on which Census 2000's income and poverty data is based, the federal poverty threshold for a single-parent family of three was just \$13,423. Such an income is, without question, far from adequate to meet a family's most basic food, clothing, shelter and medical needs. A New Jersey study replicating a methodology used in many other states places the adequacy standard closer to 200 percent of the federal poverty threshold.⁵ See Figure 1 for a comparison between the Real Cost of Living (RCL) and the federal poverty threshold. In 1999, over 20 percent of New Jerseyans, nearly 1.7 million, lived below 200 percent of the federal poverty level.

PRINCIPAL FINDINGS

Income

According to Census 2000, New Jersey, a traditionally wealthy state, distinguished itself as having the highest median household income in the country. In 1999, New Jersey's median household income stood at \$55,146, a full 31 percent above the national median of \$41,994. This is, however, a statewide average and experiences of individual counties differed markedly. In fact, median incomes of counties varied by as much as 100 percent, ranging from a low of \$39,150 in Cumberland to more than twice that, \$79,888, in Hunterdon.

After adjusting for inflation, real median income of New Jersey households increased by \$2,028 between 1989 and 1999. Despite New Jersey's wealth, the overall change in the state's income was considerably below the national increase of \$2,985 (which in constant dollars moved from \$30,056 in 1989 to \$41,994 in 1999). Again, however, the experiences of counties varied. See Figure 2.

Figure 2
Median Household Income

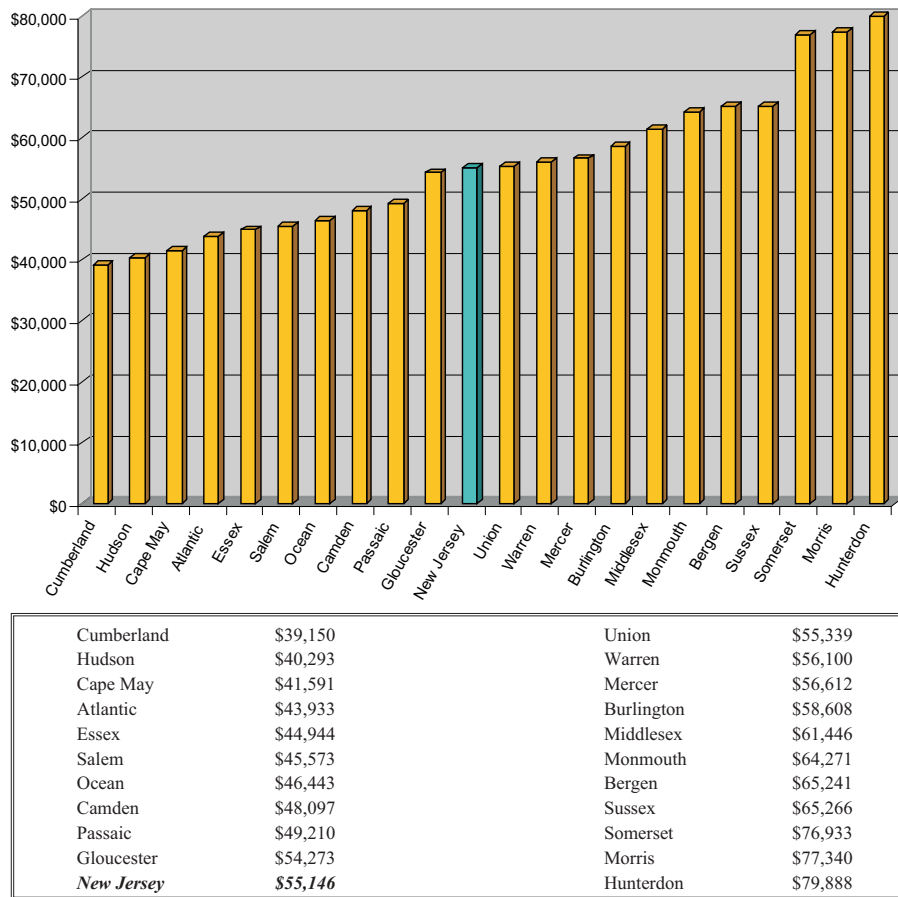
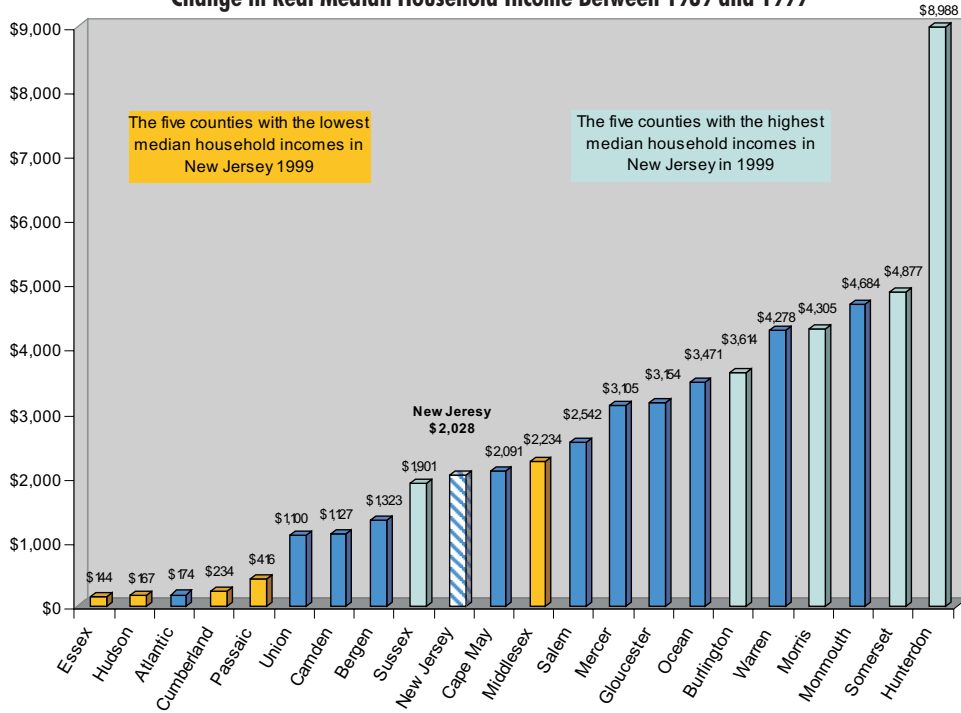
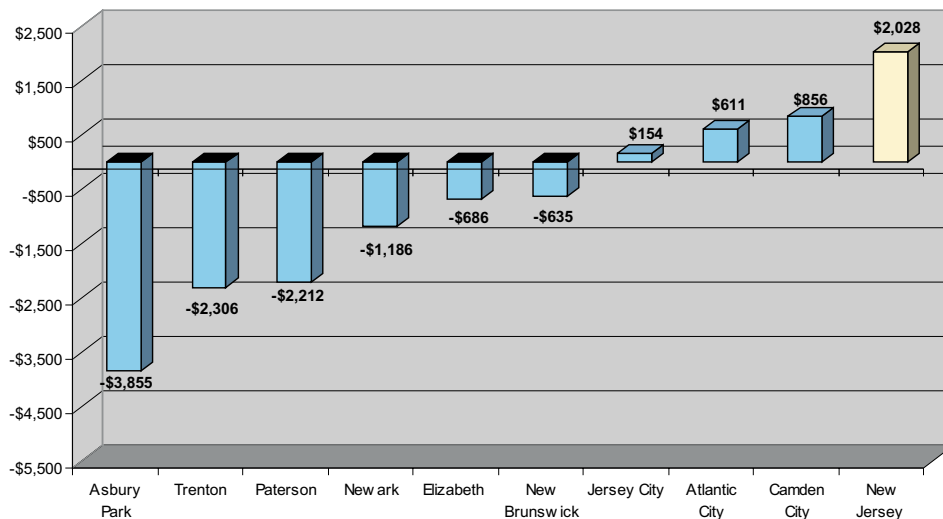


Figure 3
Change in Real Median Household Income Between 1989 and 1999



Wealthy New Jersey counties experienced significant increases in real income, while less affluent counties realized modest or nominal gains. For example, after adjusting for inflation, real median household income in Essex County increased by just \$144, or less than one half of one percent, while that of Hunterdon

Figure 4
Dollar Change in Real Median Household Income:
New Jersey Cities: 1989 to 1999



increased by nearly \$9,000, or 12.7 percent. The state average was \$2,028—a 5 percent gain. See Figure 3.

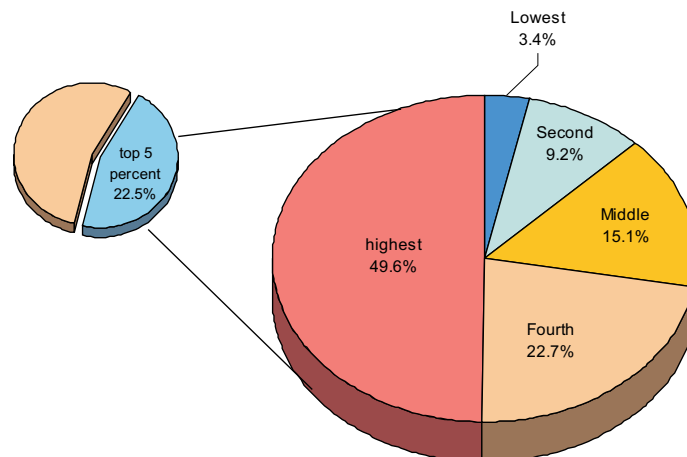
While all counties realized at least some positive gain in income, cities were not as fortunate. In fact, several New Jersey cities experienced real income loss. In some cases these losses were significant—Asbury Park for example, realized a loss of \$3,855. Cities that did see gains experienced increases well below the state average. See Figure 4.

Increasing Income Inequality

Income inequality, the disparity in income distribution between the wealthiest and poorest, is generally measured using two indices.⁶ The first, the *Gini coefficient*, is a summary measure of income concentration, which uses a scale ranging from 0 to 1; 0.0 represents perfect equality, where all households possess equal shares of income, and 1.0 represents perfect inequality, where only one household possesses income, while the remaining households have none. Both the New Jersey and United States Gini indexes grew between 1989 and 1999, and measured .046 at the end of the decade. However, inequality in New Jersey grew at a faster rate. The inequality measured by the state's Gini index grew by 5.9 percent over the decade, almost double the 3.3 percent growth rate of the nation as a whole.

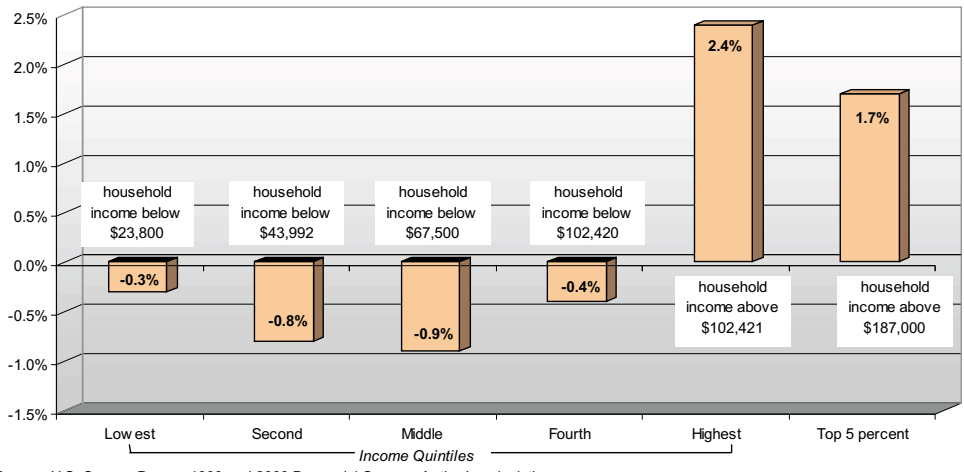
A second measure of inequality looks at changes in income in five equal strata of the population, known as quintiles. The Census Bureau divides a given area's population into equal fifths, based on income—the lowest quintile consisting of the 20 percent of households with the lowest incomes, and the upper quintile containing the fifth with the highest incomes.

Figure 5
Share of Aggregate State Income By Income Quintile



Source: U.S. Census Bureau 1990 and 2000 Decennial Census, Author's calculations.

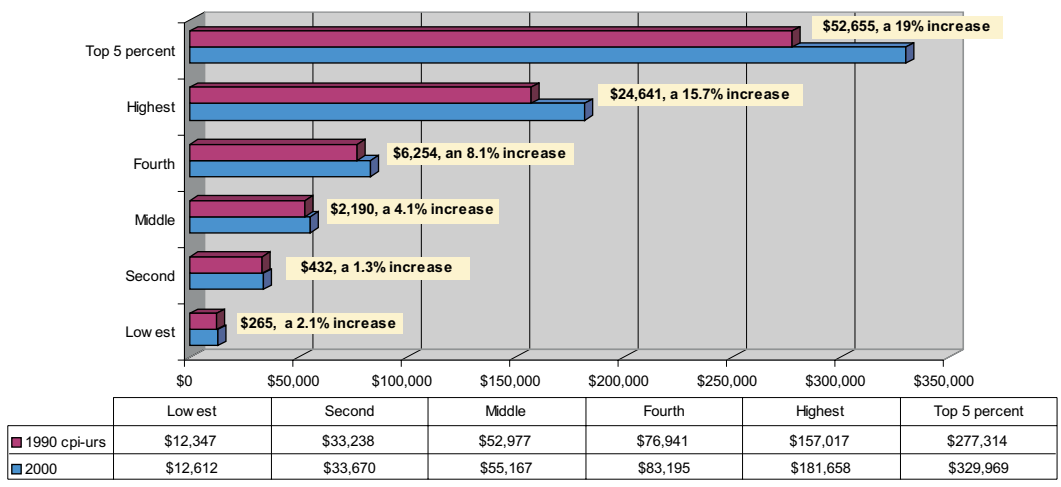
Figure 6
Change in Share of Aggregate Household Income By Income Quintile



Source: U.S. Census Bureau 1990 and 2000 Decennial Census, Author's calculations.

In 1999, the lowest quintile, those households with incomes below \$23,800 and having a mean income of \$12,612, had just 3.4 percent of the state's aggregate income. The second fifth had 9.2 percent, the middle 15.1 percent, and the fourth 22.7 percent. The highest fifth of New Jersey households, those with incomes above \$102,421 and having an average of \$181,658, held 49.6 percent of the aggregate income. In other words, the upper quintile had as much income as the other four fifths *combined*. Shares of the state's aggregate income were further concentrated; the top 5 percent of New Jersey households, those with incomes above \$187,000 and averaging \$329,969, held 22.5 percent or nearly one quarter of the state's total. See Figure 5.

Figure 7
Change in Real Mean Income By Income Quintile



Source: U.S. Census Bureau 1990 and 2000 Decennial Census, Author's calculations using CPI-URS.

Comparing the respective shares of income held by each quintile between 1990 and 2000 reveals that only the share held by the top fifth increased, moving from 47.2 percent to 49.6 percent. The shares of all remaining income quintiles, including those considered to constitute the middle and upper middle classes, declined over the decade. See Figure 6.

Analysis of changes in income among the quintile distribution groups between 1990 and 2000 confirms a continuing trend of increasing inequality, and a relative decline in the earnings of the middle class. After adjusting for inflation, all quintiles realized positive income gains over 1989. The dollar and percentage increases realized, however, differed dramatically by income groups. The lowest quintile, for example, realized an increase in mean income of only \$255, just over two percent, while households in the upper quintile saw increases of nearly \$25,000. The average income of the top 5 percent increased by more than \$52,000, an increase of 16 percent above 1989 levels. See Figure 7.

Figure 8
Individuals in Poverty: New Jersey 1999

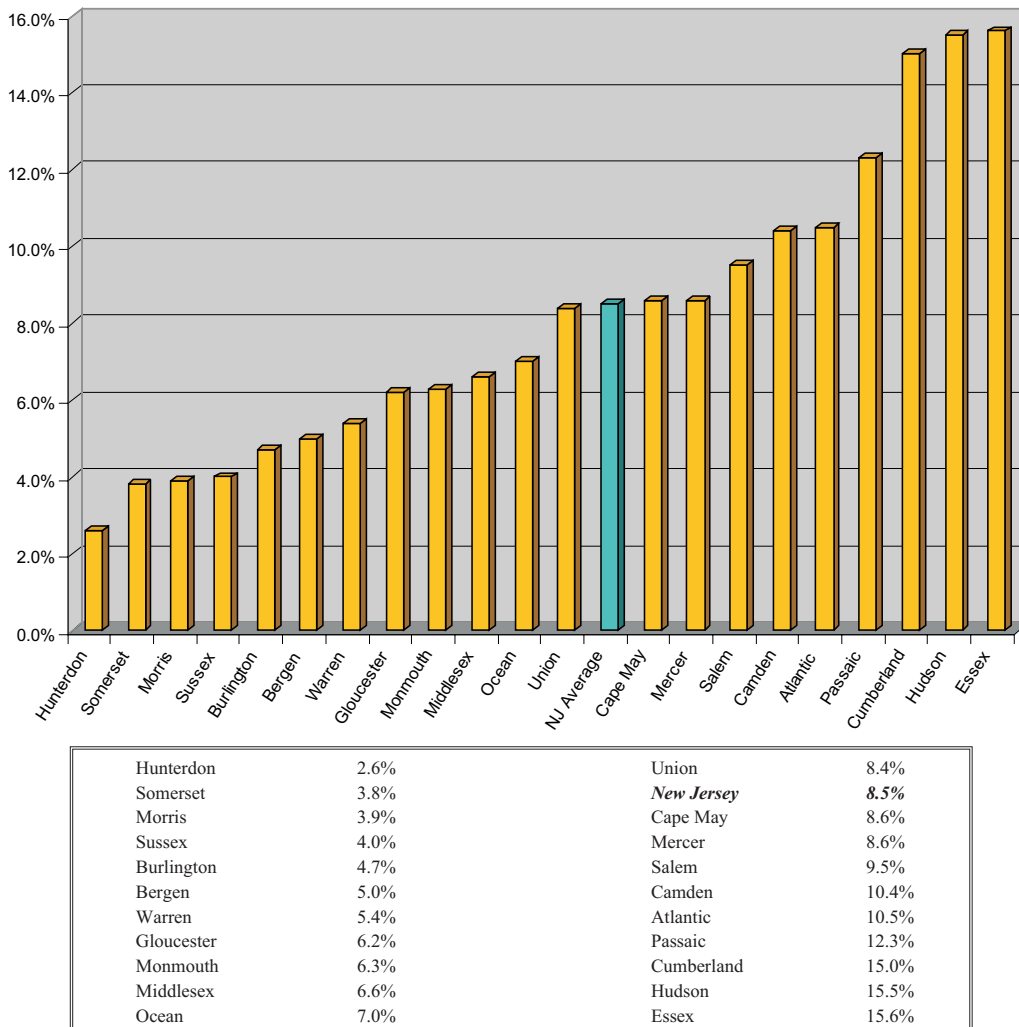
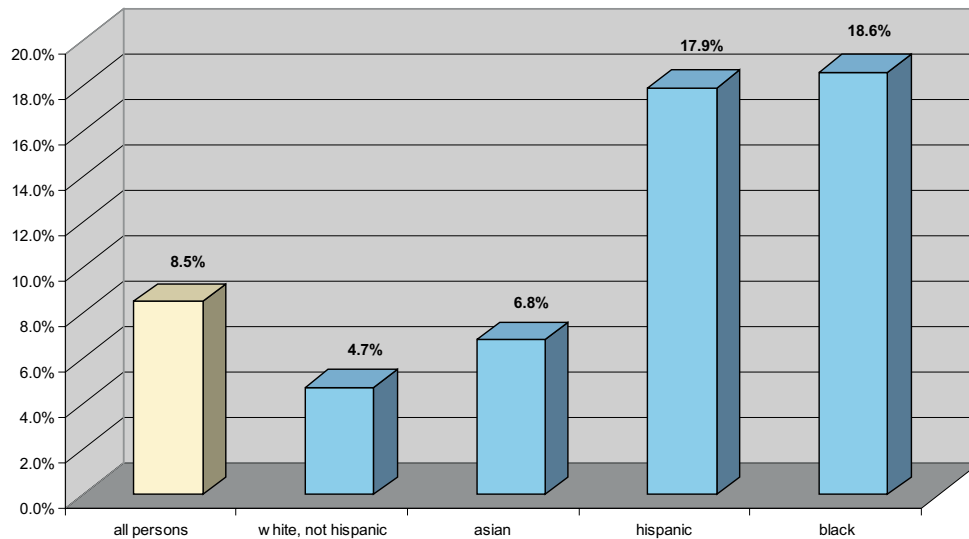


Figure 9
Poverty Rates By Race:
New Jersey 1999



Poverty

While aggregate income and poverty statistics can, to some extent, be used as a general measure of the state's economic health, they do not accurately reflect the experiences of New Jersey's diverse communities. Broad categorizations and statewide averages obscure the reality of many New Jersey counties and cities.

While New Jersey's overall poverty rate was 8.5 percent, the rates among the state's 21 counties varied significantly, ranging from a low of 2.6 percent in Hunterdon to a high of 15.6 percent of Essex. See Figure 8.

Poverty rates in New Jersey also vary considerably by race. While most racial and ethnic groups saw increases in their poverty rates, the rates of Blacks and Hispanics declined over the decade, by 0.7 percent and 1.2 percent, respectively. This, however, did little to bridge the existing racial and ethnic disparities in poverty rates. While the statewide poverty rate stood at 8.5 percent in 1999, the rate for non-Hispanic Whites was just 4.7 percent; Asians had a poverty rate of 6.8 percent; and Blacks and Hispanics had poverty rates of 18.6 percent and 17.9 percent, respectively, more than twice the state average. See Figure 9.

Changes Over the Decade

Despite the prosperity of the late 1990s, poverty in New Jersey increased over the decade, both in rate and absolute number.⁷ In 1999, nearly 700,000 New Jerseyans lived in poverty, including over 220,000 children. New Jersey's 1999 poverty rate of 8.5 percent represented a nearly one percent *increase* over its 1989

rate of 7.6 percent. By comparison, the poverty rate of the United States, while still considerably higher than New Jersey's, *declined* by nearly a full percentage point, falling from 13.1 percent in 1989 to 12.4 percent in 1999. Notably, of the 50 states and the District of Columbia, New Jersey experienced the sixth largest increase in its poverty rate.⁸

Increases in New Jersey poverty significantly outpaced that of the nation as a whole. The poverty *rate* of the United States fell, and the absolute *number* living in poverty grew by 6.2 percent (this was due to increases in the overall population). By contrast, the number of persons living in poverty in New Jersey

Figure 10
Change in Number in Poverty: By County 1989 to 1999

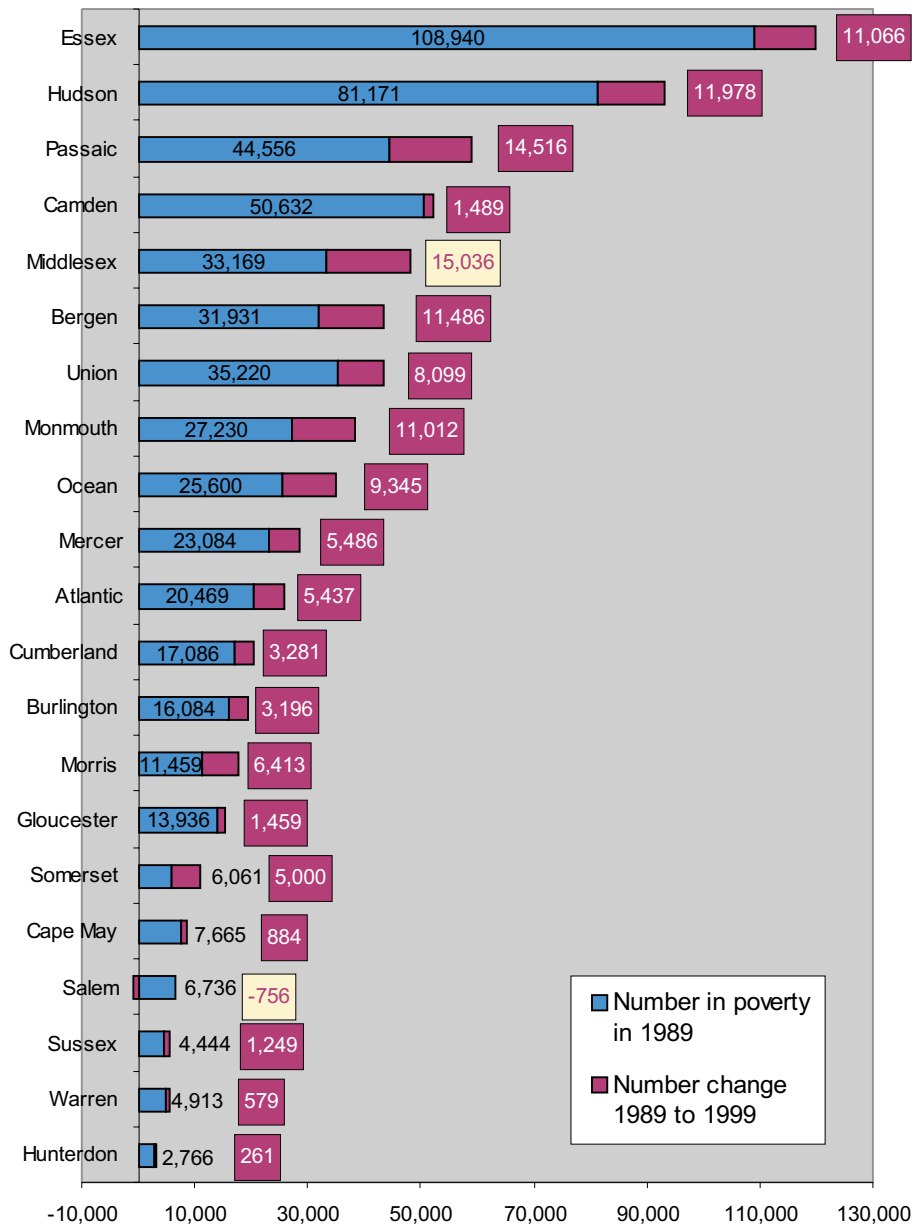
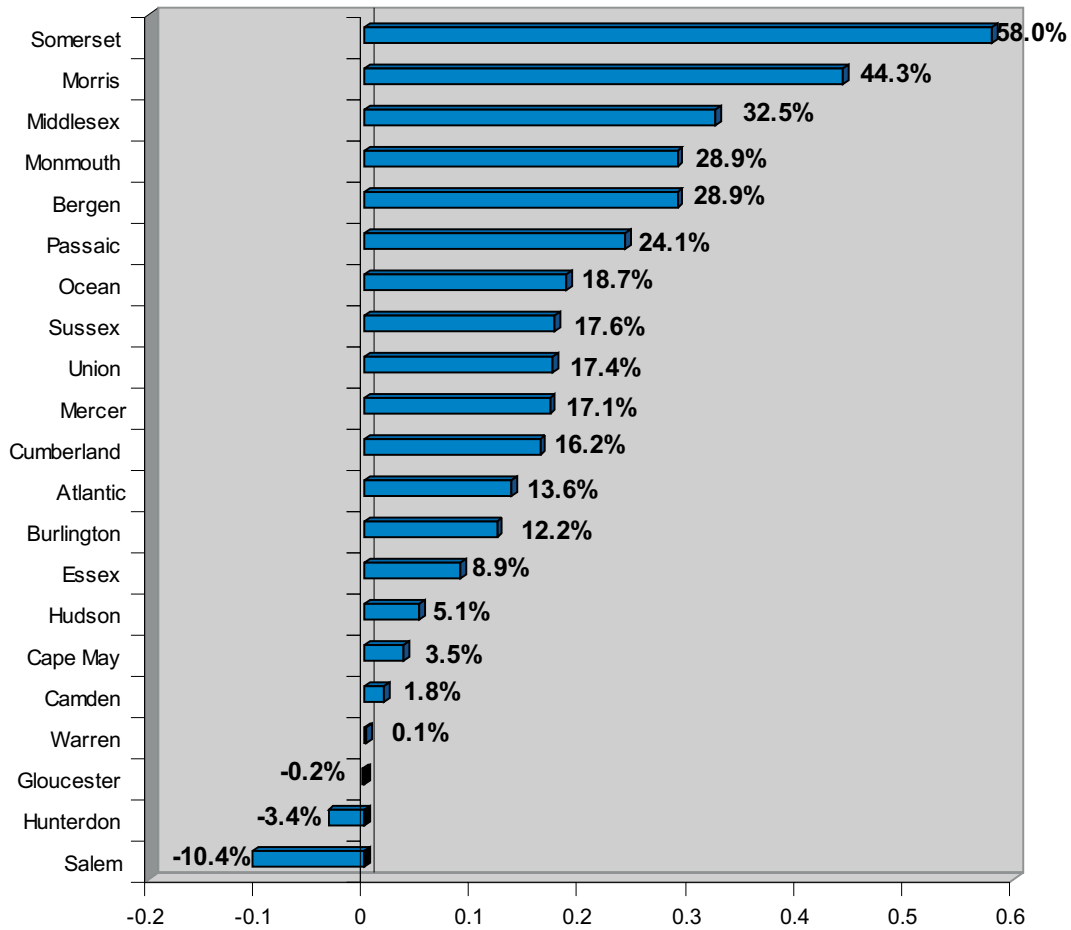


Figure 11
Net Change in Poverty: By County 1989 to 1999

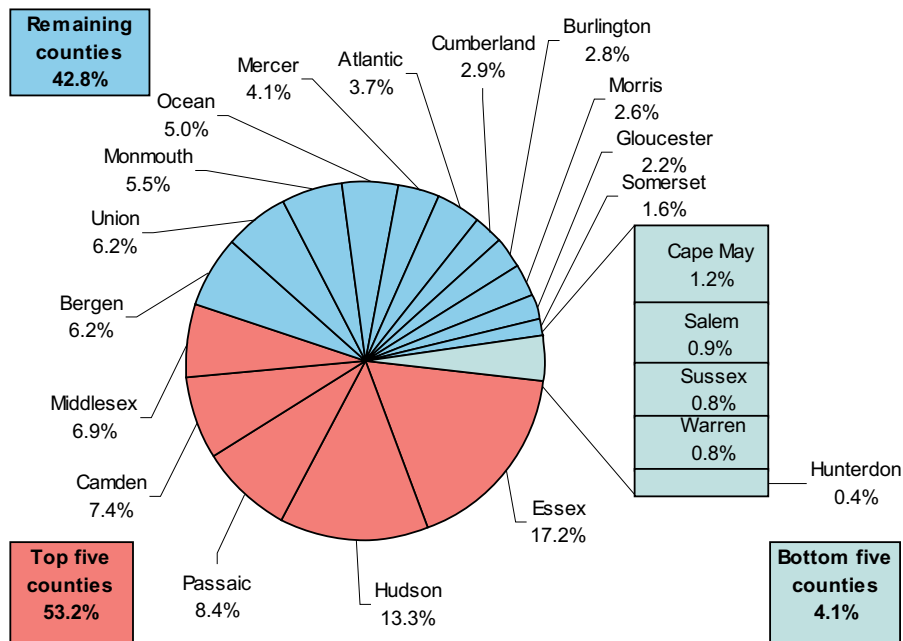


grew by 22 percent over the decade, far exceeding the state’s overall population growth of 8.9 percent. New Jersey poverty increased by 126,516 persons, the sixth largest statewide number gain in the country, moving from 573,152 in 1989 to 699,668 in 1999. To provide some context, this numerical gain is greater than the entire current population of Hunterdon County.

The poverty changes realized in New Jersey were distributed very differently among its counties. Of the additional 126,516 persons living in poverty at the close of the decade, Middlesex, with 15,036, held the greatest share of the increase, while Salem, seeing a numerical decrease of 756, was the only county to realize a real decline in its poverty number. See Figure 10.

Net changes in poverty, the change in the number of persons living in poverty relative to overall population growth, also varied significantly by county. Somerset County realized a net poverty increase of nearly 60 percent, while Salem saw a net decline of over 10 percent. See Figure 11.

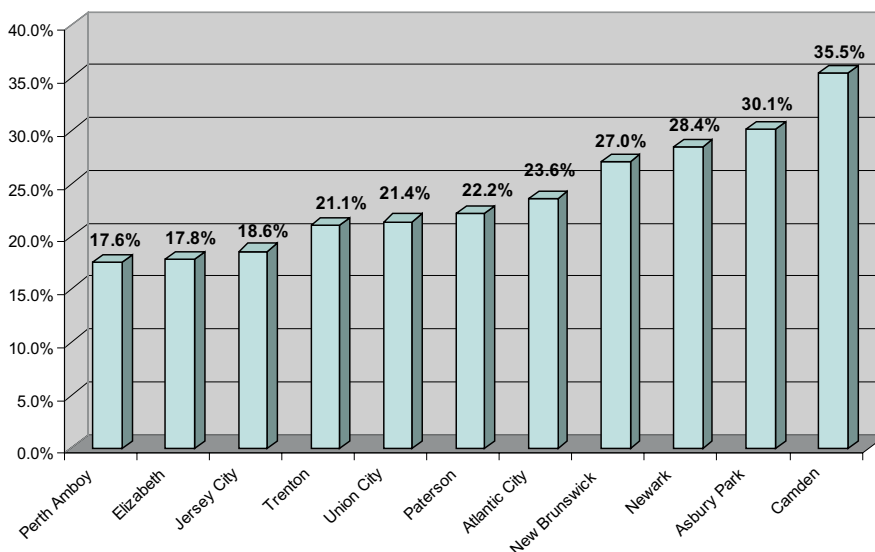
Figure 12
Share of New Jersey's Total Poverty Population: By County 1999



Depth of Poverty

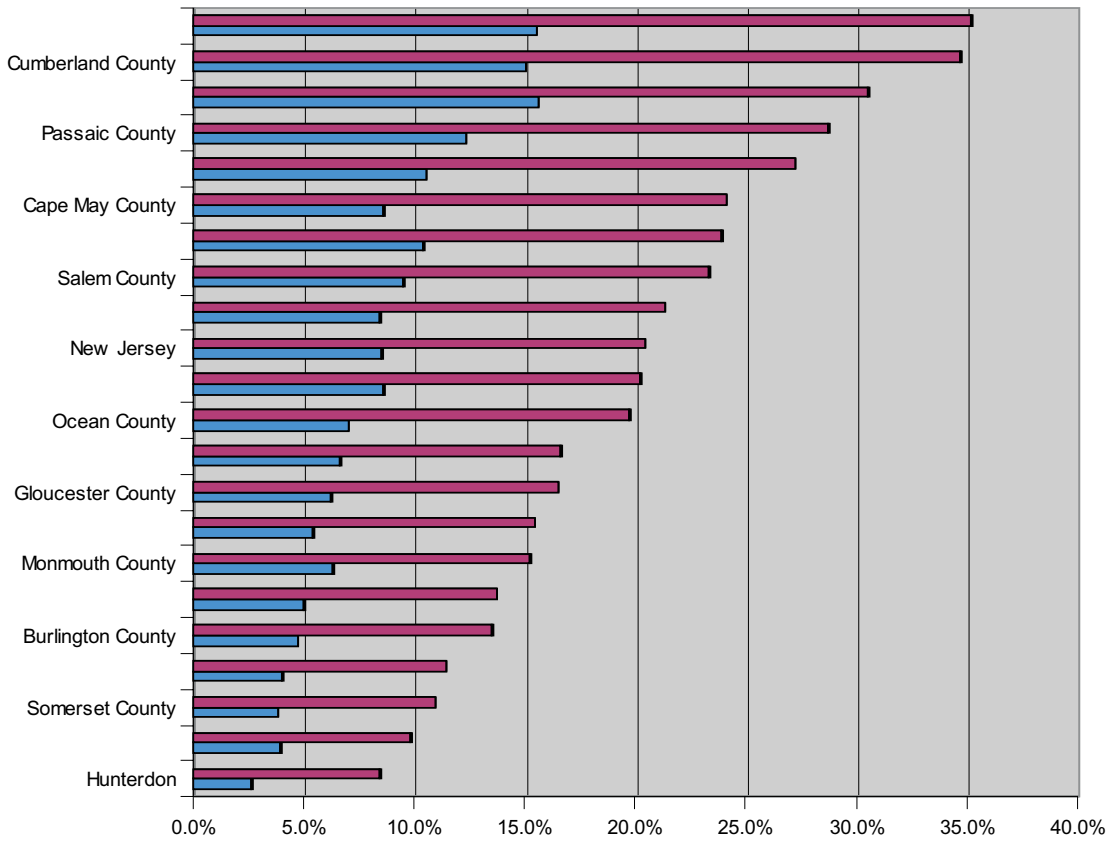
Another factor to consider is the depth of poverty experienced by New Jersey residents—in other words, a gauge of their deprivation. In New Jersey, 49 percent of the state's poor, nearly 350,000 persons, lived in severe poverty—having

Figure 13
Poverty Rate: New Jersey Cities 1999



incomes of less than 50 percent of the federal poverty threshold (the equivalent of a three-person household existing on an annual income below \$6,712). While New Jersey is a wealthy state, the percentage of the state's poor living in *severe poverty* is a full 5 percentage points higher than the national average of 44 percent. Significantly, despite high state incomes, a large percentage of the New Jersey's poor live in severe deprivation—a further indicator of income disparity.

Figure 14
Comparison of Poverty and Effective Poverty Rates:
New Jersey 1999



County	100%	200%	County	100%	200%
Hunterdon	2.6%	8.4%	Mercer	8.6%	20.2%
Morris	3.9%	9.8%	New Jersey	8.5%	20.4%
Somerset	3.8%	10.9%	Union	8.4%	21.3%
Sussex	4.0%	11.4%	Salem	9.5%	23.3%
Burlington	4.7%	13.5%	Camden	10.4%	23.9%
Bergen	5.0%	13.7%	Cape May	8.6%	24.1%
Monmouth	6.3%	15.2%	Atlantic	10.5%	27.2%
Warren	5.4%	15.4%	Passaic	12.3%	28.7%
Gloucester	6.2%	16.5%	Essex	15.6%	30.5%
Middlesex	6.6%	16.6%	Cumberland	15.0%	34.7%
Ocean	7.0%	19.7%	Hudson	15.5%	35.2%

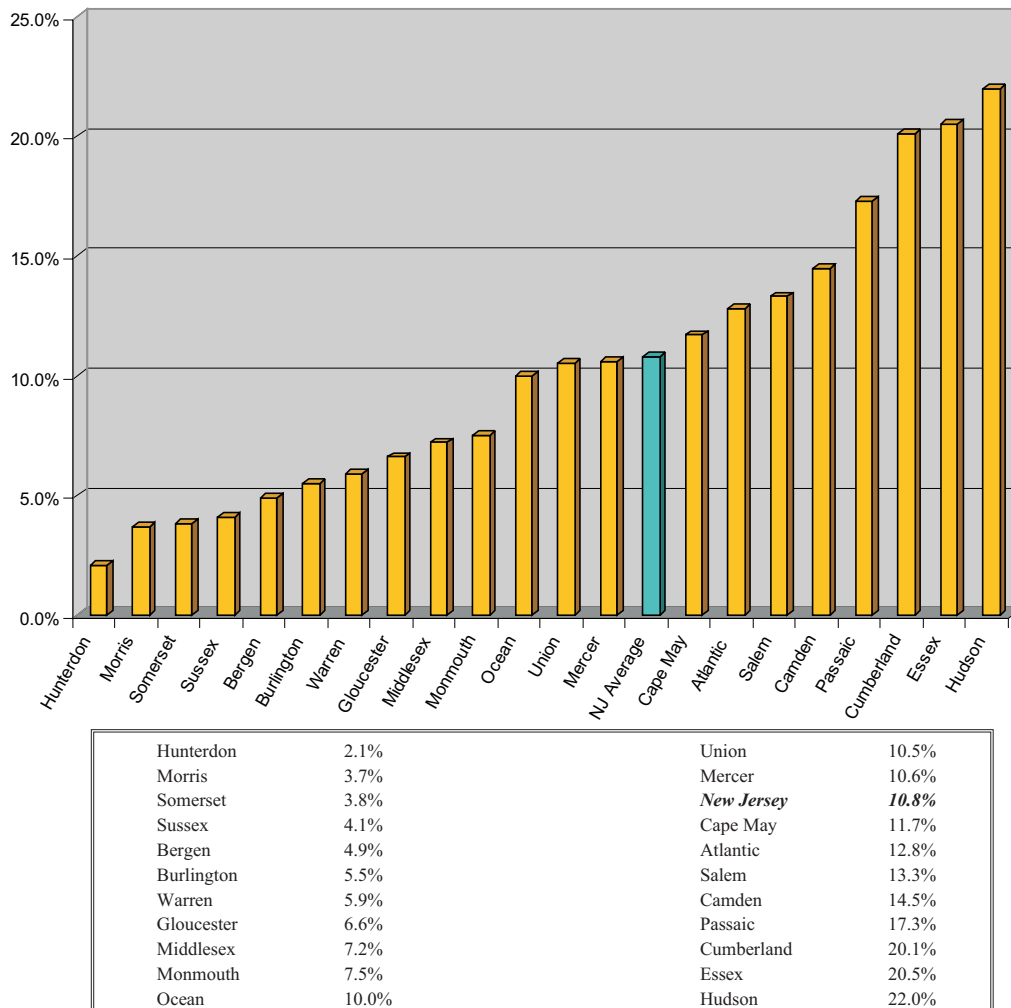
Changes in the Concentration of Poverty

Following nationally identified trends,⁹ New Jersey realized a decrease in the concentration of poor living in cities and urban counties, and an increase in suburban poverty. This is generally attributed to more rapid population growth of suburban areas, combined with continued attrition in the population of cities.¹⁰

Middlesex and Monmouth counties experienced the largest increases in their share of the state's poor, increasing by 1.1 percent and 0.7 percent over the decade. Essex and Camden, while still retaining a disproportionate share of New Jersey's poor, realized decreases of 1.9 percent and 1.4 percent in their respective shares of the state's poor. Despite the modest shift in poverty to more suburban regions, the poverty rates of urban areas remained disproportionately high.

More than one quarter of the state's poor remain concentrated in two counties: Essex and Hudson. See Figure 12.

Figure 15
Children in Poverty: By County 1999



The poverty rate of New Jersey cities continues to be disproportionately high—with rates double or even quadruple that of the state average. See Figure 13.

Effective Poverty

Roughly one-fifth of individuals in New Jersey live at a level of *effective poverty*. The PRI has created this concept to reflect the findings of the Real Cost of Living (RCL). *Effective poverty* is set at 200 percent of the federal poverty threshold, closer to the costs revealed by that study. This translates to an annual income of approximately \$27,000 for a family of three. Effective poverty increased by nearly two percent over the decade, moving from 18.5 percent in 1989 to 20.4 percent in 1999. But again, experiences are highly differentiated by county, ranging from a low of 8.4 percent in Hunterdon to a high of 35.2 percent in Hudson County. See Figure 14.

Child Poverty

New Jersey’s child poverty rate decreased slightly over the last decade, falling by just two tenths of one percent, from 11.0 percent to 10.8 percent. By contrast, the national child poverty rate, while high, dropped by nearly two full percentage points, moving from 17.9 percent in 1989 to 16.1 percent in 1999. Children as a whole remain disproportionately poor. While comprising 25 percent of the state’s overall population, they represent 32.6 percent of the poverty population.

While New Jersey experienced a slight rate decline in child poverty, the actual number of children living in poverty grew by over 25,000—moving from 195,325 to 220,991 (this again is attributable to overall population gains). The poverty

Figure 16
Child Poverty Rates:
New Jersey Cities 1999

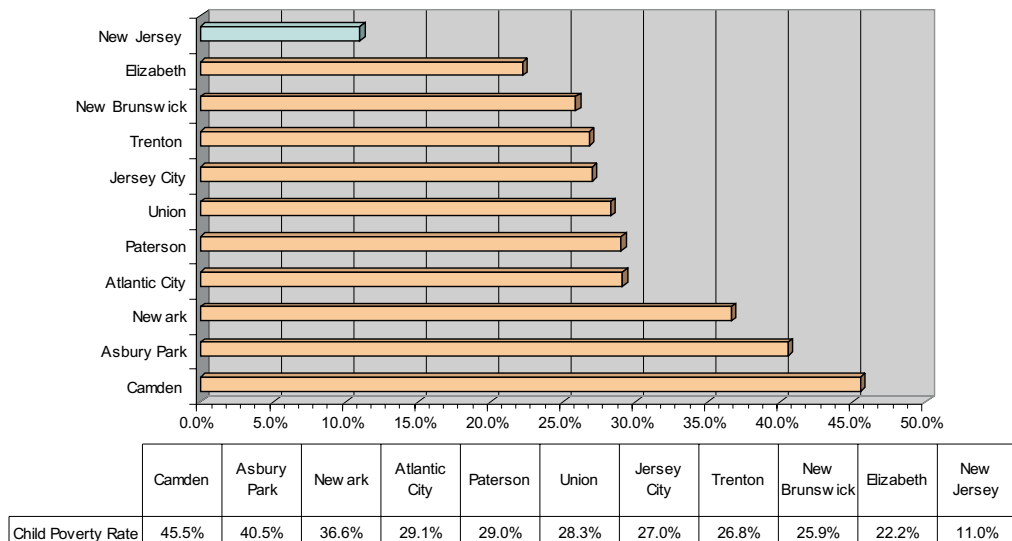
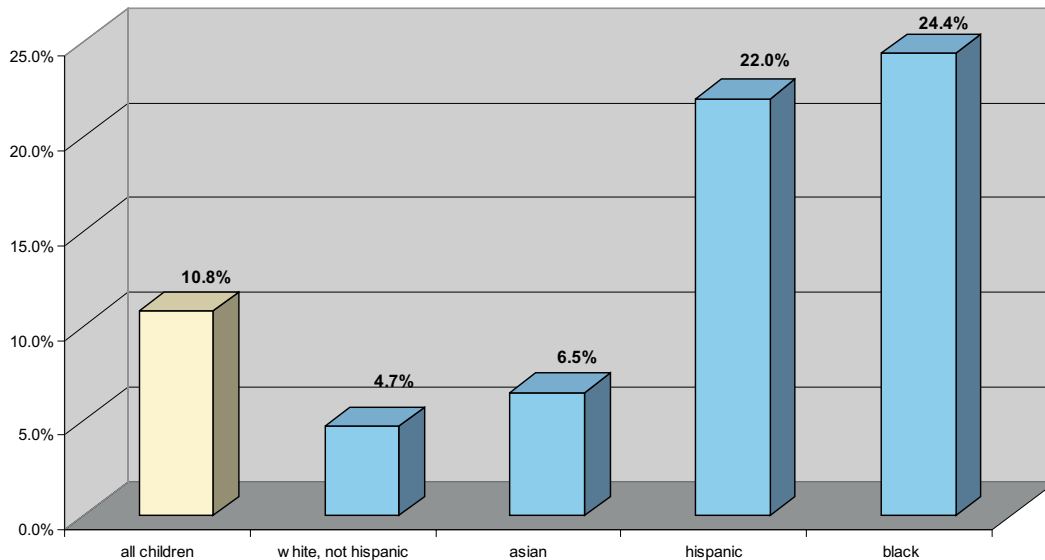


Figure 17
Child Poverty by Race:
New Jersey 1999



rates of children, like other income and poverty statistics, varied significantly by county. Notably, however, the disparities among children were even more extreme than those of the population as a whole. Child poverty ranged from a low of 2.1 percent in Hunterdon to a high of 22.0 percent in Hudson. More than one in five children residing in Cumberland, Essex, and Hudson counties lived in poverty. See Figure 15.

Child poverty in New Jersey's major cities was even more severe, with rates exceeding 45 percent in Camden, 36 percent in Newark, 29 percent in Atlantic City, 28 percent in Union, 27 percent in Jersey City, 26 percent in Trenton and 25 percent in New Brunswick. See Figure 16.

Despite significant declines in the poverty rates of Black and Hispanic children (falling by 3.0 percent and 5.4 percent, respectively) poverty continued to disproportionately burden these populations. In 1999, non-Hispanic White children had a poverty rate of just 4.7 percent, while Hispanic children had a rate of 22 percent and Black children had a rate of 24.4 percent. See Figure 17.

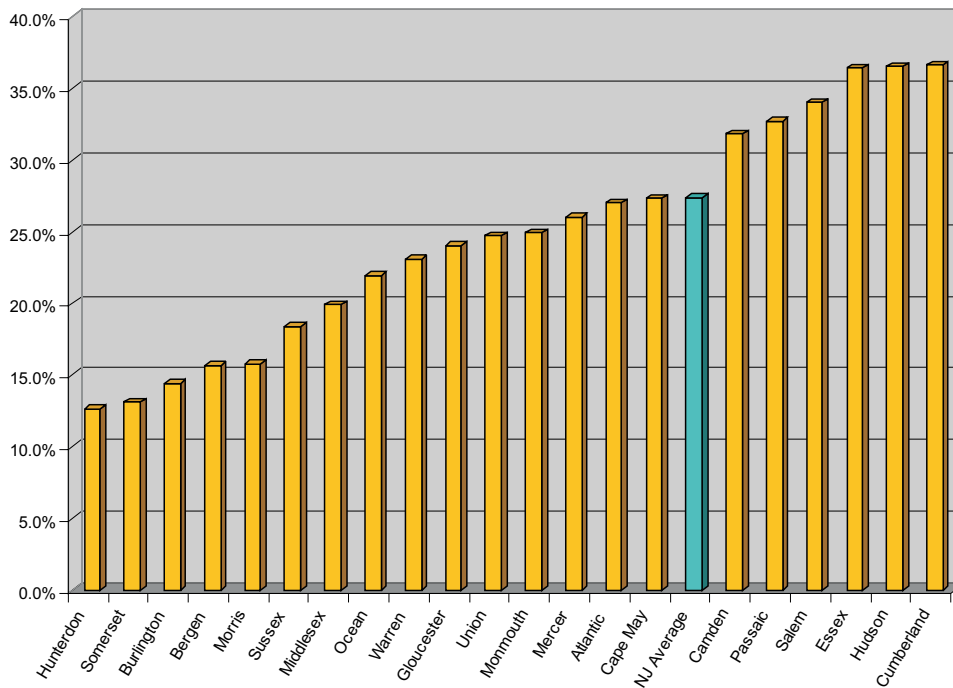
The concentration of child poverty by race was also observable. For example, Essex County alone housed one-third of the state's poor Black or African-American children. Hudson and Passaic counties combined to house 37 percent of New Jersey's poor Hispanic children. And 25 percent of the state's poor White children resided in Ocean and Monmouth counties.

Female-Headed Households with Children

While making sizeable gains in earned income over the last decade, single women, and the children who live with them, remain critically vulnerable to poverty. The real median income of full-time, year-round female workers in New Jersey increased by \$2,915 over the decade, while men experienced a gain of just \$84 (an increase of 12.5 percent and .2 percent respectively). This narrowed the earnings gap slightly between the men and women. Women, however, with full-time year round median incomes of just \$33,081, continued to make significantly less than men, who had annual median incomes of over \$46,000. In 1999, women in New Jersey earned 72 cents on the dollar, up from 65 cents in 1989.

The increase in the earnings of women had a significant positive impact on the poverty rate of female-headed households with children. In fact, the poverty rate for this population decreased by 5.4 percent over the decade. Despite these

Figure 18
Female Households with Children In Poverty:
New Jersey 1999



Hunterdon	12.6%	Monmouth	24.9%
Somerset	13.1%	Mercer	26.0%
Burlington	14.4%	Atlantic	27.0%
Bergen	15.7%	Cape May	27.3%
Morris	15.8%	New Jersey	27.4%
Sussex	18.4%	Camden	31.8%
Middlesex	19.9%	Passaic	32.7%
Ocean	21.9%	Salem	34.0%
Warren	23.1%	Essex	36.4%
Gloucester	24.0%	Hudson	36.5%
Union	24.7%	Cumberland	36.6%

impressive gains, women and their families continue to be especially susceptible to poverty. Statewide, 27.4 percent of single female-headed households with children lived in poverty; in four counties, Salem, Essex, Hudson, and Cumberland, the rate exceeded one in three. See Figure 18.

In 1999:

- More than one in four New Jersey households headed by a single female lived in poverty.
- Women represented 61.3 percent of all adults living in poverty but only 52.7 percent of the total adult population.
- 53 percent of the poor families in New Jersey were headed by women.
- 60 percent of New Jersey's poor children reside in single female-headed households (132,940 of 220,991).
- New Jersey children living with a single female householder have a one in three chance of being poor. Racial disparities further impact these rates:
- White children living in single female-headed households have a one in five chance of being poor.
- The chance that a Black or Hispanic child living in a female-headed household will experience poverty is nearly one in two.

POLICY IMPLICATIONS

The findings in this report suggest potential policy and program directions for government and society. While detailed consideration of such policies is well beyond the scope of this report, some more evident implications include:

1. Need to emphasize escaping poverty, not welfare.

Welfare reform became operational in New Jersey in early 1997. In part, its thesis was that people who worked would be able to escape poverty. By the time of the 2000 Census, it had been in effect for less than three years, not long enough to draw definitive conclusions. What is true is that, although welfare rolls declined significantly over the decade, poverty increased. This is reflected in the decrease in the percentage of the poor, including children, who received welfare. Contrary to public perception, in 2000 less than 20 percent of individuals living in poverty received welfare. New Jersey's increase in poverty calls the welfare reform thesis into question. The increase in poverty supports the growing belief of many that government policy and programs must be focused on raising people—especially children—out of poverty, not just removing them from the welfare rolls.

2. Need for flexible and responsive support services.

The persistently and disproportionately high prevalence of poverty in single-parent households, particularly where such households are headed by women, suggests the need for policies responsive to the special needs of such single parents. In addition to quality child care during non-school, non-daytime hours (since no second parent is available), there are certain to be special needs for transportation, enhanced access to case management, family counseling and other supportive social services for times of crisis, and flexible and readily available emergency assistance to allow them to weather periods of serious financial difficulty. Such differentiated, flexible, and readily accessible supports are not generally present.

3. Need for policies responsive to evidence of disparate impact on racial and ethnic minorities.

Given the continuing, persistent racial and ethnic disparities among the poor, it is necessary to consider policies and programs intended to help address those disparities. Of particular concern are race or ethnicity-linked potential barriers to employment, including disparities in educational attainment as well as discrimination in hiring and promotion.

4. Need to avoid further cuts in programs impacting the poor.

Since the rate of poverty is on the rise, and evidence to date suggests that welfare reform is not a panacea lifting significant numbers from the ranks of the poor, great care must be taken not to make further cuts in programs that benefit the poor. Indeed, there would appear to be a clear need to increase support for such

programs. Current revenue shortfalls in state and national budgets make this message especially timely and compelling.

5. Need for special measures to protect those facing the most severe poverty.

All people below the federal poverty line are facing extreme hardship, those classified as *severely poor* even more so. Immediate steps are necessary to alleviate the plight of the children and adults in these categories. Clear first steps include raising cash public assistance grants (which have not been raised since 1987—more than 15 years) and ensuring that all such individuals and families at least have housing, through a comprehensive emergency rental assistance program.

CONCLUSION

In thinking about the data presented here, it is important to consider that economically we are in a very different place from where we were even three years ago.¹¹ A Decennial Census, like other statistical surveys, is simply a snapshot—it captures a single point in time. The picture taken in 2000 was one of relative economic health. More recent Census data, by contrast, indicates that, for the first time in several years, national poverty rates are on the rise, and the country as a whole is experiencing real losses in income.¹² The implications of this current economic data should be of serious concern to New Jersey, given the difficulties experienced by hundreds of thousands of its residents during a time of relative plenty.

This report does not impart blame. Poverty is not the fault or consequence of a particular political administration or policy. It is instead a complex blend of evolving market forces, historical biases, and economic and social values. While generally motivated by compassion, policies to alleviate poverty are often reactive attempts to remedy individual symptoms, and do not address the more difficult issue of eradicating underlying causes.

It is the responsibility of government to educate itself, and to continually reassess and reshape existing policies. We hope the findings presented here will help to illuminate the very real and very significant issues facing hundreds of thousands of New Jersey's residents, and that this report will act as a catalyst for a broader dialogue on poverty.

ENDNOTES

1. This includes information on each household member's age, race, Hispanic origin and household relationship, as well as whether the household's dwelling is owned or rented, and its vacancy characteristics. *Introduction to Census 2000 Data Products*, U.S. Census Bureau, June 2001.
2. Adjustments for inflation are calculated using the CPI-URS.
3. See, *How the Census Bureau Measures Poverty* at www.census.gov/hhes/poverty/povertymeasure/povdef.html.
4. At \$751, New Jersey's median gross rent was 25 percent higher than the national average of \$601, and 87 percent higher than the state with the lowest rent—West Virginia, with a median gross rent of \$401.
5. Pearce, Diana, *The Real Cost of Living: The Self-Sufficiency Standard for New Jersey*, Legal Services of New Jersey Poverty Research Institute, 1999. Note that this report was updated and re-released in 2002.
6. For reasons of confidentiality, the Census Bureau has adopted a policy of excluding income above \$999,999. Any household recording a salary above \$1 million is automatically adjusted to \$999,999. There is some concern that in high income states, such as New Jersey, this policy may significantly understate income of those in top brackets and, therefore, minimize the degree of inequality. See *Recent Census Data Significantly Understate The Increase in Income Disparity*, Center on Budget and Policy Priorities, September 20, 2001.
7. The poverty rate and poverty number are two separate measures. The poverty rate is the percentage of a given population living below their respective poverty thresholds, while the poverty number is an actual count of persons living in poverty. Numerical increases in poverty do not necessarily result in concomitant increases in the poverty rate; where increases in the number living in poverty are consistent with overall population growth, poverty rates can remain flat.
8. The District of Columbia (3.3 percent), Rhode Island (2.3 percent), California (1.7 percent), New York (1.6 percent), and Connecticut (1.1 percent) had rate increases that exceed that of New Jersey.
9. *A Decade of Mixed Blessings: Urban and Suburban Poverty in Census 2000*, The Brookings Institution, Center on Urban & Metropolitan Policy, October 2002.
10. Id.
11. Several of the economic gains made in the latter part of the decade and reflected in current Census figures have since been erased. In the last month of the millennium, New Jersey's unemployment stood at 4.1. In November 2002, by contrast, the state's unemployment rate was 5.6 percent, and is reflective of figures last seen in 1997. Bureau of Labor Statistics.
12. See generally, *Money and Income in the United States: 2001*, U.S. Census Bureau, September 2002 and *Poverty in the United States: 2001*, U.S. Census Bureau, September 2002.



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