

NEWS RELEASE

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NEW LEGAL SERVICES STUDY DEFINES POVERTY BASED ON WHAT IT REALLY COSTS TO LIVE IN NEW JERSEY

EDISON – There are a staggering 2.7 million New Jerseyans engulfed in real poverty — that’s nearly 2 million more than the Census publicly reports every year.

Asserting the federal methodology for defining poverty is woefully outdated and laden with misleading findings, a new study released today by Legal Services of New Jersey (LSNJ) establishes for immediate use a more realistic method of gauging the degree of poverty and deprivation in the state.

The differences between the federal and new LSNJ yardstick are startling. The report finds that the percentage of New Jerseyans unable to meet basic needs actually is nearly three times higher than the federal government’s half century-old formula — the Federal Poverty Level or FPL — for defining poverty. In effect, the FPL formula and how it is applied to Census findings did not account for almost 1.8 million poverty-stricken New Jersey residents two years ago.

Specifically, the study undertaken by LSNJ’s Poverty Research Institute, says 2.7 million or almost a third of all New Jerseyans were battling to make ends meet in 2012, dwarfing by far the dubious federal finding that just 930,000 residents were in poverty that year.

LSNJ President Melville D. Miller Jr. sees the FPL as an “illusion” grossly understating the depths of poverty. “It serves no interest — not society, not government and certainly not the poor people struggling in the throes of real poverty and constant deprivation,” he said. “We need more light on what actually constitutes poverty.” Miller added: “This is not about blame. Poverty is not the *fault* of any particular person or group, and certainly not the poor themselves. But poverty is the *responsibility* of all of us, and our first duty in discharging that responsibility is to see and understand clearly just where true deprivation exists.”

The entire study, entitled “What is Poverty? Measuring Deprivation in New Jersey,” may be viewed at www.lsnj.org/PDFs/WhatIsPoverty2014.pdf.

LSNJ says the most realistic way of defining poverty in a state like New Jersey with its high cost of living is to leapfrog and pinpoint poverty at two and a half times or 250 percent of the FPL. And that’s the standard LSNJ will use going forward.

Additionally, the report calls on decision makers not only in New Jersey but also at the national level to embrace and apply the more encompassing benchmark for dealing with poverty.

The primary authors of the new study, Allan Lichtenstein and Shivi Prasad, noted the 250 percent multiplier is designed to provide government officials and others a reliable measure or reference for assessing real poverty in the state, and how programs, regulations and new strategies to help the impoverished might be tailored or recast.

The report is the first of four special LSNJ studies to be released in the months ahead.

The FPL, created in 1963 and based primarily on the cost of food, makes virtually little cost of living distinctions among states and other geographical boundaries, essentially taking a one-size-fits-all approach that has been roundly criticized over the decades but remains intact, especially when viewed in conjunction with Census findings. As such, what constitutes poverty

under the FPL calculation is the same, for example, for residents of Mississippi, Manhattan or Monmouth County, with no distinctions for widely-differing expenses in various locations for housing, child care, transportation and other basic living costs.

In staking out 250 percent of the FPL as the floor or standard for defining poverty, LSNJ relied heavily on its 2013 report, entitled “The Real Cost of Living in New Jersey.” It sets out what it costs to just get by — no frills, just bare bones living needs — in the Garden State. It found that would have amounted to \$64,000 a year for a family of two adults and two school-age children in 2011. That is in sharp contrast to the \$22,811 FPL for a family of four that same year.

The “What is Poverty” study determined 250 percent of the FPL is the “closest approximation” of the real cost of living, which, in turn, is the most viable barometer for classifying poverty. It further noted last year’s report about the real cost of living in New Jersey documented the “massive gap between the federal poverty level and what it actually costs to meet the most basic human needs in a high cost state such as New Jersey.”

The latest study provides with charts detailing sharp differences when applying the new standard against the basic FPL. It said that while a startling 39 percent of all children in the state were below 250 percent of the FPL in 2012, the federal poverty measure reported only 15.4 percent were so affected. Similar disparities for the elderly, blacks, Hispanics and adults earning relatively low wages are highlighted, as well as numbers showing poverty’s excessive penetration in Hudson, Essex and Passaic counties.

Legal Services of New Jersey (LSNJ) heads the 48 year-old statewide Legal Services system of non-profit corporations providing free legal assistance in civil matters to low-income people in all twenty-one counties. LSNJ created the Poverty Research Institute (PRI) in 1997 to

enhance public awareness of poverty's scope, causes, consequences and remedies. LSNJ believes greater knowledge about poverty will help alleviate some of the legal problems of those living in its grasp, thereby serving LSNJ's core mission of addressing those legal problems. PRI is the first and only entity exclusively focused on developing and updating information on poverty in the state.

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