

NEWS RELEASE

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OFFICIAL CENSUS POVERTY RATE IN NJ PROJECTED TO DROP BUT RECESSION'S END OFFERS MEAGRE HELP FOR THE IMPOVERISHED

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EDISON — When the Federal Census figures for 2013 are made public Thursday, the statistics are expected to provide a classic good-news-bad-news message for the millions of New Jerseyans residing in poverty.

For the first time in six years, the official federal poverty rate for New Jersey based on unemployment statistics is predicted to level off or even decline slightly. However, this drop is tempered by two important facts: The number of New Jerseyans living in poverty remains at record highs, well above pre-Great Recession levels, and the ever-rising cost of living has effectively pushed several hundred thousand more people into poverty.

The forecast about the forthcoming Census report, in advance of it being made public, and accompanied by a detailed analysis of how the impoverished have been impacted in New Jersey — some 2.7 million, including 780,000 children — is included in a new study released today by Legal Services of New Jersey (LSNJ).

In the full annual report, *Poverty Benchmarks 2014*, LSNJ's Poverty Research Institute offers a grim picture of the continuing depth of poverty and the broad ramifications of wide-scale unemployment and the changing nature of the labor market in the Garden State. The Report raises the possibility that unusually high poverty the last several years — the highest rates of

increase in decades — may well be on the verge of becoming a fixture of life in the Garden State.

Poverty Benchmarks 2014 shows that high post-recession unemployment rates foreshadowed a worrying trend that continues to this day — better-paying jobs are being replaced by low-wage positions with an ensuing economic impact for the entire state, especially the extent of poverty. As of this summer, the unemployment rate, while on a downward path, was still above the level at the outset of the recession nearly seven years ago. The new LSNJ study contains poverty rates for all 21 New Jersey counties, listing municipalities with the highest concentrations of poverty. The study can be viewed at www.lsnj.org/PDFs/Benchmarks2014.pdf.

LSNJ President Melville D. Miller Jr. said the anticipated dip in the official Census poverty rate for 2013 is a welcome sign, but the fact remains that poverty is still strikingly prevalent in one of the wealthiest states in the nation.

“The end of the recession has brought little to no relief for the impoverished in our state. Especially alarming is the number of children in poverty-stricken households that, at times, have insufficient food and clothing and other bare basics of life,” he said. “Frankly, the picture gets more dire every year. The relative cost of living is so high in our state that we’ve been forced to recognize real poverty amounts to 250 percent of the official federal poverty level. We have people working two or even three jobs and still in poverty here.”

The official Census poverty rate for New Jersey was 8.6 percent in 2007 and increased every year thereafter, reaching a record high point in 2012 at 10.8 percent. How much it will decline in 2013 — or at best remain unchanged — will not be precisely known until Thursday when the Census releases its report with 2013 data. However, LSNJ analysts say that given other

data trends, a leveling off, and perhaps even a modest drop, is likely. The Census poverty rates for the previous years were 10.4 in 2011, 10.3 in 2010, 9.4 in 2009, 8.7 in 2008, and 8.6 in 2007. Though the numbers still remained well above the pre-recession levels, in 2013 the unemployment rate and the number of unemployed in the state declined. This drop is a strong indicator that the official Census poverty rate for New Jersey will again be high but likely lower than the record 10.8 percent 2012 level.

Poverty Benchmarks 2014, the eighth annual LSNJ study assessing and analyzing the scope of poverty, underscores that economic prospects, one of the most crucial triggers in driving and keeping growing numbers of people in poverty, continues to be ominous for many New Jerseyans where the numbers are the highest in decades. Based on 250 percent of the Federal Poverty Level or FPL as the marker for real poverty in New Jersey because of its high cost of living, there were 2.7 million impoverished New Jerseyans in 2012, including 780,000 children. That amounts to nearly a third of the state's population. Despite the end of the recession in 2009, the record numbers include some 400,000 additional people who became impoverished as a result of the recession but still remain in poverty.

The LSNJ study, researched by Shivi Prasad and Allan Lichtenstein, poignantly notes that while there may be a leveling off of the poverty rate, a result of the negative labor market, it is likely to remain at new, higher levels for years to come: "A regrettable, higher 'new normal' of poverty may be in the offing."

Although the state has begun to recover some lost jobs, the statistics for 2012 show that the gains still fell 130,000 jobs short of the pre-recession 2007 level. More than a third of the state's unemployed were out of work for a year or even longer. And unemployment of males zoomed ahead of jobless numbers of women.

The study underscores that any true potential for making significant dents in poverty lies in reversing the negative unemployment climate and creating a more educated workforce. For example, the numbers show more than a fifth of all New Jerseyans who were 25 or older and had never graduated from high school lived in poverty in 2012.

The study includes calculations, charts, and analysis that present data at various percentages of the FPL: 50, 100, 200, and 250%.

With New Jersey having one of the highest costs of living in the nation, earlier LSNJ studies found that a family of four in 2011 would need anywhere from \$64,000 to nearly \$74,000 to just barely get by and avoid significant deprivation in the Garden State, thus providing support for using 250% of the FPL as a conservative marker for real poverty in New Jersey.

Other key findings in the study, using the 250% FPL marker, include:

- Forty-nine percent of black residents and 54.6 percent of Hispanic or Latino residents were living in poverty in 2012.
- Of residents between the ages of 18-24, nearly 40 percent were impoverished. The poverty rate for those 75 years and over was even higher, at 41.6 percent; Children below six years had the highest poverty rate at 43.3 percent.
- The counties with the highest poverty population — 40 percent or more — were Essex, Hudson, Passaic, Atlantic and Cape May together, and Cumberland and Salem together. Four counties, Camden, Mercer, Ocean, and Union, had poverty rates between 30 and 40 percent.
- At 100% of FPL, about 25 percent of female-headed households were in poverty.
- Municipalities with high poverty populations at 100% of FPL — 20 percent or higher — were Camden, New Brunswick, Bridgeton, Atlantic City, Newark,

Lakewood, Passaic, Trenton, Paterson, Orange, Pleasantville, Union City, Perth Amboy, Irvington, Plainfield, West New York, and East Orange.

Legal Services of New Jersey (LSNJ) heads the 48-year-old statewide Legal Services system of nonprofit corporations providing free legal assistance in civil matters to low-income people in all 21 counties. LSNJ created the Poverty Research Institute (PRI) in 1997 to enhance public awareness of poverty's scope, causes, consequences, and remedies, believing that 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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