

NEWS RELEASE

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LEGAL SERVICES' ANNUAL STUDY AFFIRMS CONTINUING RECORD LEVELS OF POVERTY STILL THE NORM IN NJ; OFFERS PLAN FOR REMEDIAL CHANGES

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EDISON – Asserting poverty has taken a solid foothold in New Jersey with nearly a third of all residents in one of the wealthiest states in the nation facing lives of daily deprivation, a new study released today calls for major governmental actions to ease the lives of the poor.

Recognizing the reality that the poverty now enveloping some 2.8 million New Jerseyans, including about 800,000 children, is so deep-seated and unlikely to dissipate anytime soon is one of the overarching conclusions in the study by Legal Services of New Jersey (LSNJ).

Said LSNJ President Melville D. Miller Jr., “The urgency to act is great, because the study confirms that despite significant job and economic recovery since the end of the Great Recession in 2009, poverty in the Garden State has stubbornly remained at record levels not seen in 50 years.”

The study points out worsening holes in the safety net, saying the state needs a more intensive and comprehensive approach combatting poverty and its consequences. Looking particularly at recent studies finding that impoverished children are much less likely to succeed in school or to graduate from high school and college, the study warns of the long-term consequences of current poverty levels. For these children, it is much more likely that poverty

will be passed from one generation to the next, hindering the state's future workforce and economic prospects, and continuing the myriad of problems associated with poverty.

The ninth annual study, *Poverty Benchmarks 2015*, by LSNJ's Poverty Research Institute may be viewed at <http://poverty.lsnj.org/sites/PovertyReports/Pages/Benchmarks2015.pdf>.

Miller noted, "These findings and the foreboding outlook for the future underline more than ever the need for a comprehensive anti-poverty strategy with a strengthened safety net, especially for the many poor people who are disabled or cannot work for other reasons, as well as the hundreds of thousands of children growing up in poverty-stricken homes."

He stressed "the poor cannot afford to have poverty be a partisan political issue," adding, "Poverty is not the exclusive nor primary fault of any particular generation or governmental administration, but is the collective responsibility of us all, as we move forward."

"People living in poverty do not ask 'who did this to us', or obsess on fixing blame," Miller emphasized. They ask 'how can we escape poverty'? 'Who will give us a hand up so we can make it on our own?' Of necessity, they and their children do not look back, but forward, seeking only a better future. For their sakes, we must do no less".

The study's researchers, Allan Lichtenstein and Shivi Prasad, noted that "even with some partial post-recession recovery, average hourly wages and unemployment levels remain worse than they were 15 years ago, and the percentage of adults in the population who are employed persists at a level lower than in the last 30 years." Lichtenstein and Prasad added, "There is a continuing flow of middle income New Jerseyans into the ranks of the impoverished, and New Jersey ranks third among the states in long-term unemployment."

As the study states, "New Jersey's current and long-term employment outlook is very ominous, raising the possibility that we are witnessing profound and permanent restructuring of

employment opportunity, requiring corresponding paradigm shifts in government economic development and anti-poverty strategies.”

Actual Poverty

The study reiterates earlier research demonstrating that the high cost of living in New Jersey causes an *actual poverty* threshold at 250 percent of the federal government’s “official poverty” level. Among its many flaws, the official federal poverty level, or FPL, does not account for variations in living costs among the states and therefore understates the key factors, especially the real cost of housing.

The FPL, for example, last year characterized poverty as being below \$23,800 annually for a family of four. A separate LSNJ study previously found a family of that size here — depending on the ages of the children — would require anywhere from \$64,238 to \$73,371 annual just to get by without significant deprivation.

LSNJ has determined that at 250% FPL there are about two million adults and some 800,000 children in actual poverty — more than twice the official numbers cited by the Census. Previous studies and reports by the Poverty Research Institute set out in detail the rationale for real poverty or deprivation being defined as 250 percent of the FPL. See:

<http://poverty.lsnj.org/sites/PovertyReports/Pages/WhatisPoverty2014.pdf> and

<http://poverty.lsnj.org/sites/PovertyReports/Pages/RCL2013.pdf>

Findings

Benchmarks contains an extensive rundown of federal and state anti-poverty programs, pointing out which are producing positive results and others which are putting people in a squeeze or even have not been expanded in decades.

There also are charts breaking down the extent and wide differences of poverty in all 21 counties, as well as which of the state's largest municipalities have the highest percentage of poor people. At least 30 percent of the populations in Hudson, Essex, Passaic, Cumberland, and Atlantic counties were impoverished in 2014. During the prior year, the municipalities of Camden, New Brunswick, Atlantic City, Bridgeton, Lakewood, Newark, and Passaic had at least a third of their populations comprised of poor people.

Here are some of the other major points and observations in the new study:

Positive:

- One of the most positive government steps in many years has been millions more New Jerseyans gaining Medicaid or private health insurance under the federal Affordable Care Act (ACA), following the Governor's important decision to participate in Medicaid expansion under ACA. Still, there are concerns that many who are privately insured may be forced to drop the coverage because of inability to pay premiums, even after the tax credit subsidies.
- Another major plus from government action was the decision by the state to increase the earned income tax credit to 30% of the federal level, providing significant additional assistance to those who are working but still poor.
- Implementation of the federally-supported School Breakfast Program in more school districts.

Negatives:

- The long-term unemployment rate — those out of work for more than 26 weeks in New Jersey — is the third highest in the nation.

- Despite the obvious need and studies showing there are many families in New Jersey without enough food to put on the table, the state's SNAP (food stamp) program utilization and distribution is being outperformed by 80 percent of the nation's other states.
- There is growing evidence of a strong correlation between poverty and poor educational attainment, requiring anti-poverty strategies far beyond mere equalization of educational expenditures.
- Persistent and growing income inequality — the richest 20 percent of the state's people have about 50 percent of all the income — effectively is pushing costs, especially for housing, steadily higher, and thereby driving more middle-income residents into actual poverty. Equally telling, nearly 25 percent of the state's income is in the hands of the top five percent of the population.
- New Jersey's level of poverty now remains 40 percent higher than before the 2008 recession. There are still some 80,000 jobs that have not been recovered since the end of the recession.
- Adjusted for inflation, median hourly wages for all wage earners last year actually had fallen below their level 13 years earlier — from \$20.86 in 2001 down to \$19.15 in 2014. Many New Jerseyans holding full-time jobs still fell into poverty.
- In 2014, nearly a quarter million more people lived in poverty than at the onset of the last recession.
- The ills of poverty continue to disproportionately affect single women, Blacks, Latinos, and children, and in most cases these negative impacts have worsened. Female-headed households make up more than a half of all families in poverty.

- It has been 28 years since welfare grants were increased, and the grants now provide less than 11 percent of the amount needed for families with children to avoid actual poverty, and less than six percent of the amount needed by single adults.
- Highlighting the absence of any long-term solution for housing people unable to afford it on their own and facing homelessness, recent decision cut off extended emergency assistance to people on welfare, primarily affecting people with disabilities.

Recommendations

Here are some of the key steps for change advanced in the study:

- Institute a new emergency assistance demonstration program that protects those welfare (WorkFirst program) and SSI recipients who cannot secure decent affordable housing on their own, and design a more permanent comprehensive state approach to ensuring that vulnerable people will be protected from homelessness and have decent housing opportunities.
- Begin what must be a multi-year effort to restore WorkFirst program cash grants to levels commensurate with realistic standard of need and the real cost of living in New Jersey.
- Commence an urgent public and private effort to analyze and develop long-term employment strategies to provide adequate employment opportunity, with jobs providing compensation commensurate with the real cost of living in New Jersey.
- Continue to build upon the state's "excellent efforts" to maximize utilization of New Jersey FamilyCare programs, as well as receipt by residents of available Affordable Care Act premium subsidies.

- Significantly improve utilization by eligible New Jersey residents of SNAP (food stamp) assistance.

Miller said, “Poverty cannot be ignored. There is evidence that failing to confront poverty in a family leads to future generations living with as much, if not more, deprivation in dealing with such basic issues as insufficient food, decent housing, personal safety, adequate clothing, transportation, and other life essentials.”

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Legal Services of New Jersey (LSNJ) heads the state’s Legal Services system, a network of six independent non-profit corporations beginning its 50th year of providing free essential legal aid in civil matters to low-income people through offices in all 21 counties.

Having provided representation in 2.36 million cases since its inception in 1966, Legal Services has accumulated extensive information and broad perspective on the causes, extent, and responses to poverty. LSNJ constantly searches for insights concerning actions that reduce and ameliorate poverty, and thereby reduce the legal and other problems of those who live within poverty’s grasp.

Mindful of its unique experience and access to information, LSNJ created the Poverty Research Institute (PRI) in 1997 as a public service, intending to marshal its experience and other pertinent poverty data in order to further its mission of providing civil legal aid and help fashion more effective and efficient legal solutions. Consistent with this mission, LSNJ publishes periodic reports and information gleaned from its experience and accumulated data to enhance public and policymaker awareness of poverty’s scope, causes, consequences, and remedies. PRI is New Jersey’s first and only project exclusively focused on developing and updating information on poverty in the state.

To offer comments or ideas in response to this report, please email pri@lsnj.org. For information on LSNJ itself, go to www.lsnj.org. To donate and support LSNJ’s work, go to <https://www.lsnj.org/SupportOurWork.aspx>. To volunteer your time to assist LSNJ, go to <http://www.lsnj.org/Volunteer.aspx>.