

NEWS RELEASE

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KEY OBSERVATIONS ABOUT LATEST CENSUS FIGURES ON POVERTY IN NJ

EDISON — While the decline in the federal poverty rate for New Jersey in 2016 is a most welcome development, poverty in the Garden State still remains among the highest in the past half century and shows “worrisome” signs of lagging behind the level of concurrent key improvements in employment and the overall economy.

That’s one of the major observations of the Poverty Research Institute (PRI) of Legal Services of New Jersey (LSNJ) about the U. S. Census report released today.

Said LSNJ President Melville D. Miller Jr., “Certainly the decline last year in the federal poverty rate from 10.8 percent in 2015 to 10.4 percent last year is a positive development, but it has to be viewed in perspective. Poverty in our state still remains significantly higher than at the beginning of the Great Recession, and near the 50-year record levels reached during the recession period.” And, he noted, evidence reveals that poverty reductions are not coming as fast as improvements in other key economic indicators, especially employment, since the recession. “Unlike the usual pattern, the job market has bounced back, but poverty has not kept pace.”

According to the Poverty Research Institute there are several points that bear watching: The decline in poverty in New Jersey was less than the reductions in most of the northeast. New York, Connecticut, Massachusetts, Delaware, Rhode Island, New Hampshire and Maine all had larger declines in poverty than New Jersey.

The data reveals that while unemployment in New Jersey has fallen all the way back to the low levels that existed at the onset of the Great Recession, there has been no corresponding degree of decline in poverty during the same nine-year period. In 2008, just months after the

recession began, the federal poverty rate was 8.5 percent, compared to 10.4 percent last year. That “lag” or disconnect between employment and poverty trends could prove problematic if it continues through 2017, the Poverty Research Institute said.

Of equal importance, PRI emphasizes that its earlier studies have demonstrated that 100 percent of the federal poverty level does not even come close to reflecting the depth of impoverishment and deprivation -- actual poverty -- in New Jersey. In most cases it costs as much as three times more to live in New Jersey than what the federal government pegs as the federal poverty income levels - \$19,318, for example, for a family of three in 2016.

The Poverty Research Institute cautions that the federal poverty rate (FPL) offers a misleading picture of the extent of the poverty in New Jersey, because the FPL uses the same cost of living projections for all states. That means housing costs are deemed the same for New Jersey as Mississippi. The result is that real poverty in New Jersey is much greater than the official rate because the Garden State consistently ranks among the highest cost of living states in the nation.

The official poverty rate projects that there are some 900,000 people in poverty in New Jersey. But the Poverty Research Institute has determined that applying 250 percent of the FPL is a much more realistic calculation of poverty to account for the high living costs here. Based on the Institute’s last cost of living study, that means that in 2016 there actually were about 2.7 million people or a third of the state’s population in impoverished circumstances or three times more than the FPL. The Institute will update the Real Cost of Living data in early fall.

The Census report does note another unofficial but more inclusive federal method of calculating poverty - the Supplemental Poverty Measure or SPM. The SPM uses much expanded and realistic factors in calculating income and living cost factors, although the federal government does not use it for official purposes like allocation of funds. Still, it is noteworthy that while the SPM for the last three-year cycle went down for the nation from 15.1 percent to 14.7 percent, it actually worsened- rose- during the same period in New Jersey from 15.1 to 15.3 percent.

Legal Services of New Jersey, located in Edison, heads the statewide system of non-profit Legal Service corporations which provide free legal assistance in civil matters to low-income people in all twenty-one counties of New Jersey. The Poverty Research Institute was established by LSNJ in 1997 to

create greater public awareness of poverty's scope, causes, consequences and remedies, as a way to help alleviate some of the legal problems of those living in poverty. It is the first and only entity exclusively focused on developing and updating information on poverty in the state. PRI conducts systemic research on the incidence, effects and other aspects of poverty – as well as the relationship among poverty, work and public policy – and makes its findings available to the public. Its work is supported, in part, by a grant from the Fund for New Jersey.

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