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Media Alert: Attached is a press release and special media link to a new study by Legal Services of New Jersey that reveals that a third of the state’s population, nearly 3 million New Jerseyans, were living in deprivation or true poverty — even before the pandemic. That’s 2 million more than the census officially reported. The embargo allows time for editors and reporters to digest the study and its many charts. The special media link to the study is immediately accessible at <https://poverty.lsnj.org/Pages/TruePoverty2021.pdf>.

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LEGAL SERVICES OF NEW JERSEY STUDY FINDS NEARLY 3 MILLION RESIDENTS IN TRUE POVERTY — THREE TIMES WHAT THE CENSUS REPORTED

EDISON — Asserting the half century-old federal system of narrowly defining poverty no longer reflects the real depth of deprivation in the state, Legal Services of New Jersey (LSNJ) is advancing a new, more inclusive, measure that reveals nearly three million New Jerseyans, including 800,000 children — almost a third of the state’s population — actually were living in deprivation or “true poverty” even before the pandemic.

The centerpiece of the new study by LSNJ’s Poverty Research Institute (PRI) is the data-driven finding that true poverty in a high cost of living state like New Jersey averages 300 percent or triple the official federal income calculations for what constitute poverty.

LSNJ President Dawn K. Miller said that 3-1 ratio “clearly puts into sharp and revealing focus the real depth and breadth of deprivation for so many people living in our state, even when they are working, sometimes multiple jobs, but still remain unable to afford the most basic needs to survive. For New Jerseyans, the harsh reality is that the cost of just getting by — with no frills, no savings for college or retirement or unexpected repairs — is at least three times more than the official federal poverty numbers as reported by the census. Most importantly, this study provides

the pathway for meaningful remedial policy changes to first identify and then help those in need.”

The report, “True Poverty in New Jersey: What It Takes to Avoid Poverty and Deprivation in the Garden State,” is available online at <https://poverty.lsnj.org/Pages/TruePoverty2021.pdf>.

The study breaks new ground in establishing higher income thresholds, known as the True Poverty Level or TPLs, for calculating when working people precisely fall into and become embedded in true poverty in New Jersey, which has the third highest cost of living in the nation’s continental states. The TPL income thresholds for more than 700 family units — almost every size family in New Jersey — are available and directly tied to actual costs of seven basic needs to survive — food, housing, child care, transportation, health insurance, taxes, and limited essential expenses.

This departs dramatically from the federal measure, the Federal Poverty Level or FPL, which was created in the 1960s and essentially still allocates the same average, one-size-fits-all costs of living considerations to all states, be it Mississippi or Manhattan. In effect, the cost for housing or renting an apartment in economically marginal Biloxi is calculated as the same as renting in upscale Jersey City. The study’s finding that there were 2.9 million residents unable to get beyond the TPL income thresholds, when applying 2019 census supported poverty data, underscored the stark difference with the official but vastly “understated and outdated” FPL count, which this past September reported there were just 800,000 New Jerseyans in poverty in 2019. That means the plight and needs of more than two million people struggling to pay for basic necessities were effectively “ignored” in the official count and many of them therefore did not qualify for aid relief programs, the study concludes.

Shivi Prasad, director of the Poverty Research Institute and one of the study’s authors, makes clear what so many poor people are facing in a high living cost state like New Jersey:

“The True Poverty Level serves as a realistic guide to what families need to make ends meet in relation to their incomes. Below the bare bones TPL threshold, you are in living in actual or true poverty. You do not have enough income to meet some portion of your basic needs. You are forced to go without, sometimes trading off one critical need for another — perhaps less food to make rent or putting off a health exam or a prescription to secure a child’s winter clothing. This threshold represents the absolute minimum working families in New Jersey need to survive with

dignity and without any public or private support. Below the TPL threshold you are almost certain to be experiencing significant deprivation.”

Getting beyond the TPL threshold is a challenge for many. Adults who work full time often need multiple minimum wage jobs to meet the TPL’s income thresholds. The minimum wage, for example, increased to \$10 per hour in 2019, but still fell short of what was needed to avoid deprivation. At \$10 per hour, a single parent with two children that year needed to work almost three and a half full-time minimum wage jobs to meet the TPL threshold.

The study repeatedly stresses living within the TPL is no cakewalk. The TPL measure includes no provision for expenses generally considered staples of middle-class life in New Jersey. There are no savings for retirement, college, or even the purchase of a car or other major items. Moreover, no allowance for luxuries of any kind — no cable or internet access, no restaurant meals or take-outs, and no vacations. Three words provide the picture: Survival but humbling.

The report puts into focus the crucial upside-down impact between the TPL and the FPL. The TPL, for example, says a New Jersey family of three — one working parent with two kids — was in true poverty in 2019 if its income fell below \$70,372. For the same family the official federal or FPL cutoff was just \$20,598, so that any such family or others above that threshold was not included in the official annual poverty numbers issued by the Census every September for the previous year, as in 2019. Perhaps most revealing about the FPL shortcoming was that while its maximum for such a family in 2019 was \$20,598, just the annual median gross rent for a two-bedroom unit that year was \$17,316, which would have consumed, just for housing, nearly 85 per cent of the overall FPL budget.

Specifically, the report, while spotlighting the shortcomings of the federal measure, casts the TPL measure as a detailed, data-rich blueprint for action, precisely showing the very point when people fall below the true poverty income thresholds and it is at that nexus policymakers can focus.

“The federal and state governments need to acknowledge variations in poverty by geographic location and individual family circumstances. To ensure anti-poverty programs are effective, having accurate data is critical,” the study emphasizes. “Public assistance programs cannot determine ‘need’ if the poverty measure is inaccurate. To create effective policies and adequately fund public assistance programs, a clear definition and measure of true poverty must be recognized by the state.”

The PRI study does just that. There is a chart showing true poverty income thresholds for every one of the state's 21 counties. In fact, the true poverty income thresholds for each of more than 700 different family-size compositions in all 21 counties is available on the PRI website through the use of a newly-created, unique TPL calculator that anyone in the public can use to see where they stand — in or out of true poverty — in one of the wealthiest states of the nation.

The study itself focuses on six family-size compositions, showing the average statewide TPL for each in comparison to the much-limited FPL.

That includes a TPL of \$31,995 for a single adult, compared to the \$13,300 FPL threshold; \$44,761 for two adults, while it is \$17,120 in the FPL; \$70,372 for an adult with one preschooler and one school-age child, as opposed to \$20,598 under the FPL; \$65,977 for two adults with one preschooler, compared to \$20,578 in the FPL; \$78,364 for two adults with one preschooler and one school-age child, in contrast to \$25,926 under the federal measure; and \$99,112 for two adults with one preschooler and two school-age kids, compared to the FPL's \$30,510.

The study shows the gap between the federal measure and the TPL has grown wider with each passing year.

Two of the study's authors, Janna Driskel and Arnela Ombasic, say the long-term negative impacts of poverty intensify the need for a better way of pinpointing when true poverty in relation to income actually occurs.

"Poverty negatively impacts every single aspect of a person's life," they noted. "Individuals face the immediate harms associated with the deprivation of basic needs, such as not having enough to eat, struggling to pay bills, and facing eviction or foreclosure. Poverty also isolates individuals from essential resources as they are more likely to live in unsafe, cramped and poor quality housing, attend low-performing school, lack access to gainful employment, and live in communities without healthy food or market options. Together, the circumstances of poverty have a devastating, lasting impact. Each consequence of poverty overlaps into another, leading to a vicious cycle for families, by making it harder for the next generation to climb out of poverty. Ultimately and unfortunately and all too often poverty perpetuates poverty."

The PRI researchers maintain, "Defining poverty in practical terms is not deep science." Essentially, get a solid handle on costs for goods, services, and basic needs for working families and then distill that with such factors as family size, age of children, place of residence and other factors that may cause variations in costs. With that, a geographic-specific poverty measure

becomes fundamental in understanding the true extent of deprivation in a high cost state like New Jersey.

That is why, in the TPL budget, costs are differentiated by county of residence, as well as the number of members in a family and the ages of children.

One part of the study zeroed in on 13 selected family-size composition and sorted them by lowest to highest TPLs among the 21 counties. Cumberland and Essex had lowest, Bergen and Somerset the highest. A family with two adults, one preschooler, and two school-age children in Somerset had the highest TPL of \$127,788. A single adult in Cumberland County has the lowest TPL at \$26,527.

The study, which also may be viewed online at www.lsnj.org/pri, provides individual charts showing costs for meeting each of the basic needs by nearly every size New Jersey family in each of the state's 21 counties.

Its focus on six family size units found, for example, that housing and child care combined costs on average account for nearly half of a working family's basic needs TPL budget.

The TPL is highest for families with infants. As the ages of children increase, the costs decrease. An infant averages \$26,201 to a family's basic needs budget. Costs average \$25,450 for a preschooler; \$21,757 for a school-age child; and \$11,583 for a teenager.

Housing costs were the highest in Somerset and Bergen counties for all family types. For a five-person family with three children, monthly costs averaged \$2,410 in Somerset and \$2,188 in Bergen. Monthly costs for same size family were far less in Warren at \$1,448 and in Cumberland at \$1,530.

Food costs are highest in Essex, Hunterdon, and Cape May counties and lowest in Burlington, Cumberland, and Gloucester counties. Costs are lowest for single adults, ranging from \$242 per month in Cumberland to \$339 in Essex County. Costs for food is highest for a two-adult family with two school-age children and one preschooler, ranging from \$907 in Cumberland County to an average of \$1,270 in Essex.

Legal Services of New Jersey (LSNJ), located in Edison, heads the state's Legal Services system, a network of six independent nonprofit corporations and has been providing free essential legal aid in civil matters to low-income people through offices in all 21 counties for more than 50 years. Since its inception, LSNJ has provided representation in more than 2.6 million cases. LSNJ created the Poverty Research Institute (PRI) in 1997 to assemble data and other information that

would assist in its mission of providing civil legal aid. Such information can pinpoint the location, demographics, and other aspects of poverty, helping fashion more effective and efficient legal responses and solutions. Periodically, as a public service, LSNJ publishes reports and statistics gleaned from this data to enhance public awareness of poverty's scope, causes, consequences, and remedies. Greater knowledge about poverty can produce public policy decisions that alleviate some of the legal problems of those living in poverty's grasp, and thereby further serve LSNJ's core mission. PRI is New Jersey's first entity exclusively focused on developing and updating information on poverty in the state.