FOR RELEASE AT WILL

September 2022

NEW LEGAL SERVICES REPORT SPOTLIGHTS WHAT TRUE POVERTY LOOKS LIKE IN AN UNEVEN PLAYING FIELD

EDISON — A new report by Legal Services of New Jersey (LSNJ) provides an important baseline for comparison with the American Community Survey (ACS) released today.

The Poverty Research Institute (PRI) of Legal Services of New Jersey published the latest report in the True Poverty Tracker series as a reminder of the economic situation prevailing in New Jersey before the pandemic. As is well recognized—in March of 2020—COVID-19 brought unprecedented challenges not experienced in over 100 years. Yet, this report reveals that too many New Jerseyans were teetering on the edge even before the pandemic.

While the new data released by the Census Bureau today provides only a preliminary insight into the effects of the pandemic, what is most concerning is a one-percentage point increase in New Jersey’s True Poverty level since 2019—from 33.3 percent of the population below True Poverty level in 2019 to 34.2 percent in 2021. The official poverty rate also increased from 9.2 percent in 2019 to 10.2 percent in 2021.

In drawing what amounts to a statistical portrait of life on the economic edge in 2019, the True Poverty Tracker underscores numerous striking findings, including that 804,000 children and nearly half a million seniors citizens were engulfed in True Poverty; about half of Black and Hispanic New Jerseyans experienced deprivation (twice the rate of whites and Asians); Latino workers made 69 cents for every dollar paid to white workers while Black workers made pennies more at 74 cents; and some in True Poverty paid 89 percent of their incomes to landlords for rent.

The report by LSNJ’s Poverty Research Institute (PRI) reiterates the institute’s earlier finding that there are 2.9 million people in True Poverty or deprivation, which really amounts to on average thrice the income level the federal government officially defines as poverty. That means, for example, a parent with two children in True Poverty in New Jersey, even before the
pandemic and inflation, would need an annual income of $70,372 just to meet essential needs with no frills or extras.

The new report takes a data-driven dive into the depths of deprivation in 2019.

By taking a hard look at True Poverty in relatively normal economic times in 2019, there is a valuable lesson to be learned, says LSNJ President Dawn K. Miller. “Clearly, the issues brought to light during the pandemic—which laid bare past deprivation—are made much worse when hard times like COVID occur. COVID magnified the conditions of poverty in our state, but has now given us new impetus and opportunity for change.”

Shivi Prasad, director of the Poverty Research Institute, noted the report shows far too many New Jerseyans were “teetering on the edge of True Poverty” even before the pandemic.

“The associated consequences of income deprivation—food insecurity, inadequate health coverage, fragile employment conditions, precarious housing stability, among others—converged to create desperate times for far too many.

The full report, entitled “New Jersey True Poverty Tracker,” is available at https://lsnj.pub/TPtracker22 or by visiting the PRI section of our website, www.lsnj.org/PRIResearchReports.

The following are among the report’s main findings and poignant data points. As a result of the updated figures provided by the ACS today, LSNJ will issue a new report that will take a closer look at comparing the pre-pandemic statistics with the initial post-pandemic statistics learned today. In the current True Poverty report, the highlighted disproportionality is most striking:

- The 2.9 million New Jerseyans in True Poverty in 2019 amounted to a third of the state’s population.
- About 42 percent of all the children in New Jersey were in True Poverty. Moreover, children of color had a True Poverty rate three time higher than others. In fact, about two-thirds of Hispanic and Black children experienced True Poverty compared to around one-fourth of white children and one-fifth of Asian children.
- For every 10 persons experiencing True Poverty, four were white, three Hispanic, two Black, and one Asian. Hispanic and Black New Jerseyans, however, had a disproportionate share in the total number of people in True Poverty, as compared to their share in the state’s total population. Specifically, Hispanic residents made up 21 percent of the total population, but 34 percent of the population in True Poverty.
Black residents represented 12 percent of the total population, but 18 percent of the population in True Poverty.

- As noted earlier, there is a considerable wage gap by race and ethnicity. It also extended to gender, with women earning 78 cents for every dollar men made.
- Real wages for the lowest income workers have been declining for the past two decades, while those in higher income brackets have seen gains—furthering income inequality. Specifically, real wages decreased by 1.7 percent for those at the 10th percentile, 4.5 percent for those at the 25th percentile, and 2.5 percent for those at the 50th percentile. During the same period, real wages rose by 3.2 percent for those at the 75th percentile and jumped by 7.7 percent for the wealthiest at the 90th percentile.
- Households with children faced higher True Poverty rates than households without children. Nearly 70 percent of households headed by single women were in True Poverty. The numbers were even more drastic for households headed by Hispanic and Black women.
- About 60 percent of all people in True Poverty lived in rental facilities, with rent consuming more than 46 percent of the income of half those tenants. For some, though, that would have been a bargain, as 20 percent—or one in five renters—in True Poverty paid a whopping 89 percent of their incomes to landlords.
- Many of the households in True Poverty lacked access to technology. Slightly under 20 percent did not have internet; nearly 25 percent did not have a smart phone; and more than half did not have a portable computer.
- Of all the people in True Poverty, 70 percent had a high school diploma or less.

In its closing pages, the report says it is crucial for the state to improve New Jersey’s safety net and consider other changes needed to protect New Jersey’s most vulnerable people.

Regardless of one’s political perspective, poverty compels public attention. Human suffering and deprivation of basic needs and opportunities offend universal values of compassion and concern. Ample evidence confirms poverty’s destabilizing effects on the social order and communal wellbeing. Significant costs attend the inevitable remedial efforts that must be taken in poverty’s wake to address circumstances such as thwarted child development, persistent malnutrition, deteriorated health, broken families. The list continues and is daunting. Longer-term prevalent poverty impedes economic development, affecting labor supply and hindering

PRI Director: Shivi Prasad
Office phone: 732-529-8218
Cell Phone: 908-463-6191
Email: sprasad@lsnj.org

* This press release was revised on 9/15/2022 from the original version, released on 9/9/2022.

Legal Services of New Jersey (LSNJ), located in Edison, heads the state’s Legal Services system, a network of six independent nonprofit corporations that has been providing free essential legal aid in civil matters to low-income people in all 21 counties for over 55 years. 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.

################################