

# PRI Issue Brief

## 2024 Poverty Data at a Glance: How the Federal Measurement Falls Short for New Jersey

June 2026

The latest data from the U.S. Census Bureau's American Community Survey (ACS) shows that 859,026 New Jerseyans lived below the federal poverty level (FPL) in 2024<sup>1</sup>—a slight decline from 9.7% in 2023 to 9.2% in 2024. Any number of individuals or families lifted from poverty is welcome news. However, a deeper analysis suggests a cautious interpretation, as the decline is minimal and not statistically significant.<sup>2</sup> Most importantly, analysis of poverty using the FPL threshold underestimates the number of residents actually facing financial hardships in New Jersey. PRI's research suggests that the Census' FPL figure misses more than 2.2 million residents experiencing such hardships in the state. Overall, about 3 million New Jerseyans experienced deprivation in 2024—three times the figure reported by the U.S. Census Bureau. This is because the federal government's 60-year-old method of calculating poverty is outdated, and ignores local differences in the cost of living. As a result, it severely understates poverty for high-cost states like New Jersey. This essential context must be borne in mind before interpreting any data on poverty for New Jersey. The hard reality is that poverty remains deeply entrenched, with millions left behind—a paradox for a state considered among the wealthiest in the nation.

**Section 1** of this brief examines the methodological flaws of the FPL in depth.

**Section 2** highlights True Poverty in New Jersey and shows how the federal poverty measure overlooks many residents experiencing deprivation in the state.

### SECTION 1

#### Flaws of the Federal Poverty Level (FPL)

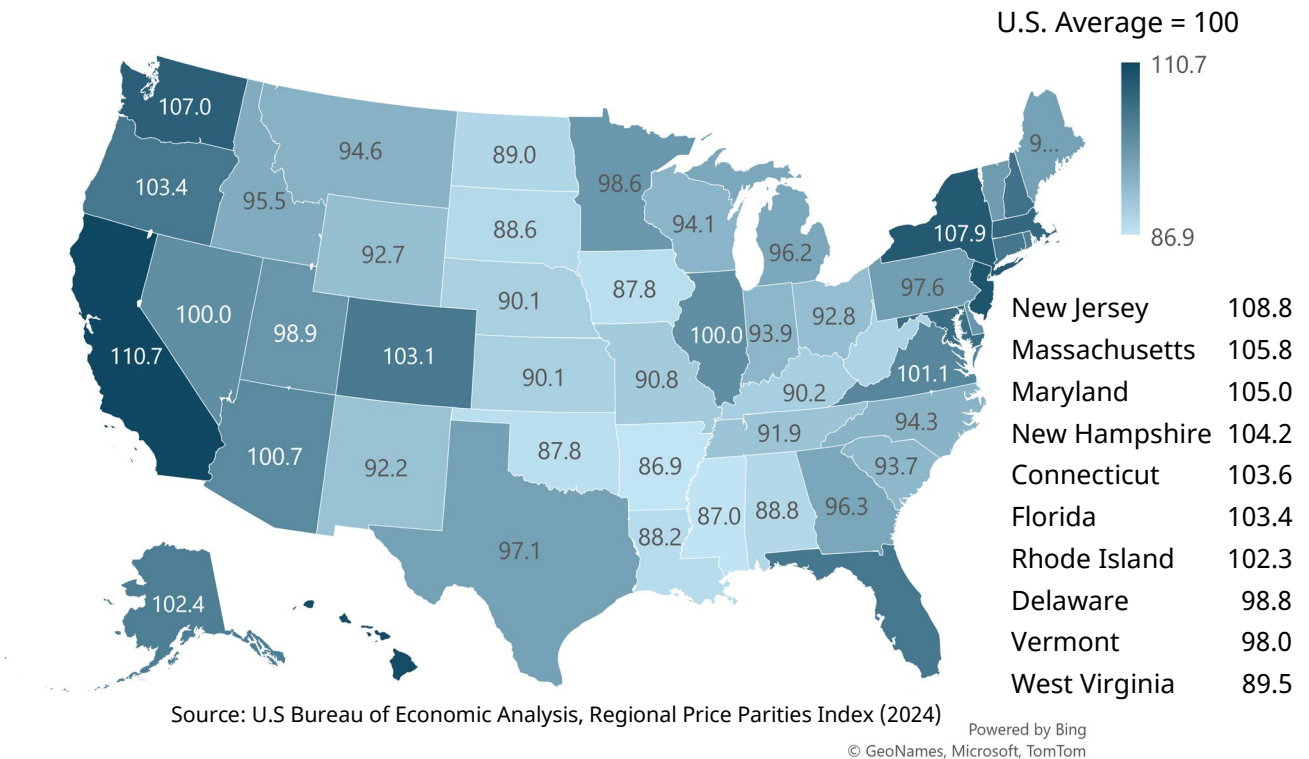
**FPL's one-size-fits-all approach is methodologically problematic.**

A major flaw in the federal poverty calculation is its one-size-fits-all approach. The FPL applies the same income threshold to measure poverty across the nation, regardless of geographical

differences in the cost of living. For example, in 2024, a three-person family with two children was considered poor according to the federal standard if their combined gross household income fell below \$25,273.<sup>3</sup> This is irrespective of where the family resides—the same definition applies to families living in Mississippi, Florida, South Dakota, and so on. In a high-cost state like New Jersey, this threshold falls far short—with families making more than \$25,273 still unable to afford basic needs.

In reality, prices vary across the country, with the costs of housing, rents, groceries, child care, transportation expenses, and other everyday goods and services differing substantially across states. The map below presents average prices by state relative to U.S. average price of \$100.<sup>4</sup> Values below 100 indicate that prices are lower than the U.S. average, while values above 100 indicate higher prices and reduced purchasing power of the dollar. The map illustrates prices in the Midwest and South are lower than the U.S. average, while prices in the West are on par with the national average. While states in the Northeast have higher prices than the U.S. average in general, New Jersey has the highest average prices in the Northeast region and the third in the nation at 108.8.

Regional Price Parities for States, 2024 (U.S. = 100)



The FPL calculation remains fundamentally unchanged in 60 years—amplifying its embedded flaws.

Compounding the issue is the federal poverty measure’s outdated structure. The FPL was introduced in 1963 when Mollie Orshansky, an employee of the Social Security Administration, developed a simple equation. She started with a typical family’s food budget using the U.S. Department of Agriculture’s “thrifty food plan”—a subjective measure, even then, of types and amounts of food needed for adequate nutrition. Then, she simply multiplied the cost of food by three to account for all other essential expenses. Except for annual inflation adjustments, the formula has essentially remained unchanged for six decades.

Federal poverty thresholds are adjusted each year based on national average inflation rates, which may not accurately reflect the true extent of price variations for some regions.

The annual inflation adjustment often fails to reflect the real rise in prices at regional levels. For instance, between 2023 and 2024, the national inflation rate<sup>5</sup> was 2.9%. That figure was used to adjust the 2024 poverty threshold nationwide. However, inflation in South Jersey<sup>6</sup> was significantly higher at 3.6%, and even more so in North Jersey<sup>7</sup> at 3.8%. As a result, when such patterns hold, the federal poverty threshold becomes less accurate for New Jersey residents, leaving more struggling families uncounted.

**In recent years, the prices for budget and generic goods have risen faster than for higher-priced goods—which has not been captured by the annual inflation adjustments made to the FPL.**

The inflation factor or the Consumer Price Index (CPI) looks at the average prices of a market basket of goods. It does not specifically look at the items low-income residents typically buy. Price data shows that between January 2020 and May 2024, inflation for cheaper grocery products (e.g., budget/generic products) was 1.4 times higher than the most expensive varieties of the same item. During this time period, cheaper products in the U.S. experienced a 30% inflation rate, whereas premium versions of those products experienced a 22% inflation rate.<sup>8</sup> In other words, cost increases were significantly higher for low-income families buying generic, lower-cost products as compared to those in upper income brackets buying premium or more expensive products. **This means that the annual adjustments made to the federal poverty thresholds underestimate the prices of basic goods and services low-income families rely on.**

## Inadequacy of the Federal Poverty Measure as an Indicator of Self-Sufficiency

While it may have been somewhat representative of true costs when it was created, the federal poverty threshold is outdated and unrealistic in reflecting today’s costs. More than six decades later, there are far more dual-earner families, and housing, transportation, and child care consume a much larger share of family budgets than food.

Take the example of housing, where costs consume nearly the entire budget of a typical family with an income at the federal poverty threshold. To provide further context, in 2024, the federal poverty threshold for a three-person family with two children was \$25,573. This represents the annual gross income (pre-tax) before the deduction of federal, state, and local taxes, as well as any withholdings or mandatory deductions or credits. The annual rent for a two-bedroom unit in New Jersey during that same year was \$22,620—leaving less than \$2,653 to meet the costs of all other basic necessities for the entire year.

### Housing Costs and the Federal Poverty Threshold, New Jersey 2024



Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates

**Note:** Tax credits such as the Earned Income Tax Credit (EITC) are typically received only after filing taxes at the end of the year, whereas expenses such as rent must be paid on a regular, monthly basis. Because of this timing mismatch, these credits are not available to cover day-to-day living costs when they arise. Therefore, while tax refunds are a critical lifeline, they are often not considered discretionary or disposable income

## The (Un)Affordability of Housing in New Jersey

Owning a home in New Jersey is extremely challenging for people grappling with poverty. Living paycheck to paycheck leaves no room to save, which makes a down payment for a new home completely out of reach. Consequently, more than half of New Jerseyans below True Poverty rented their homes in 2024. Unfortunately, rental costs have also skyrocketed in recent years, outpacing both wages and inflation and forcing many renters to spend a significant portion of their available income on housing.

In 2024, New Jersey had the third highest rental costs in the nation, after only California and Massachusetts. The monthly rent for a two-bedroom unit in New Jersey was \$395 higher than the national average; annually, that difference totaled \$4,740.

The increasing inadequacy of the FPL is evident when we examine long-term trends in housing costs. Between 2019 and 2024, the average rent for a two-bedroom unit in New Jersey rose by 30.6%—from \$1,443 to \$1,885. In contrast, the federal poverty threshold for a three-person family with two children rose by 22.7%, from \$20,598 to \$25,273 over the same period. This disconnect highlights how the federal standard fails to keep pace with real-world living costs in the state.

## SECTION 2

### True Poverty in New Jersey

As noted, relative to other states, New Jersey's affordability challenge is immense. To realistically gauge the extent of poverty in New Jersey, the escalating cost of living in the state must be taken into account. Through its True Poverty study, PRI introduced a more accurate, cost-sensitive, geographically-specific standard for New Jersey, termed the True Poverty Level (TPL). **TPL is the minimum income working families need to afford basic necessities, without any public or private support and without making any trade-offs.** In other words, it is the lowest amount families require to avoid deprivation in any one critical life area. **The TPL study shows that an overwhelming majority of New Jersey families need, on average, at least 300% of the FPL to avoid deprivation.**

Escalating costs have made housing unaffordable for people with limited resources forcing them to either forgo other essentials in order to pay for decent housing or live in substandard units. Housing cost burden is the most common benchmark used in defining affordable housing. Households spending more than 30% of their income on rent are considered cost-burdened; those spending more than 50% of their income on rent are considered severely cost-burdened.

#### Cost Burdened Renter Households (using more than 30% of income on rent)

	Below TPL	Below FPL
Cost Burdened	491,289	184,322
Total Renter Households	633,097	209,540
Percent Cost Burdened	77.6%	88.0%

Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates (PUMS)

## Severely Cost Burdened Renter Households (using more than 50% of income on rent)

	Below TPL	Below FPL
Severely Cost Burdened	295,294	148,650
Total Renter Households	633,097	209,540
Percent Severely Cost Burdened	46.6%	70.9%

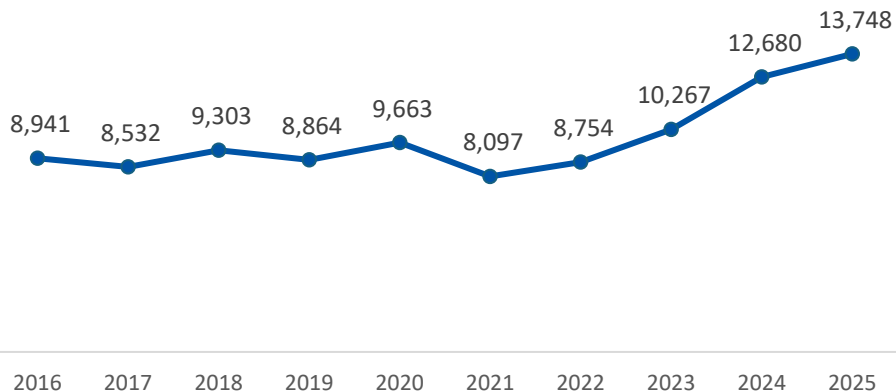
Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates (PUMS)

## Homelessness Has Risen Across the State

In recent years, the shortage of affordable housing has resulted in an alarming rise in rates of homelessness. New Jersey's 2025 Point-In-Time (PIT) Count identified 13,748 individuals experiencing homelessness statewide—a staggering 54% increase since 2016 (less than 10 years).



## Number of Individuals Experiencing Homelessness in New Jersey

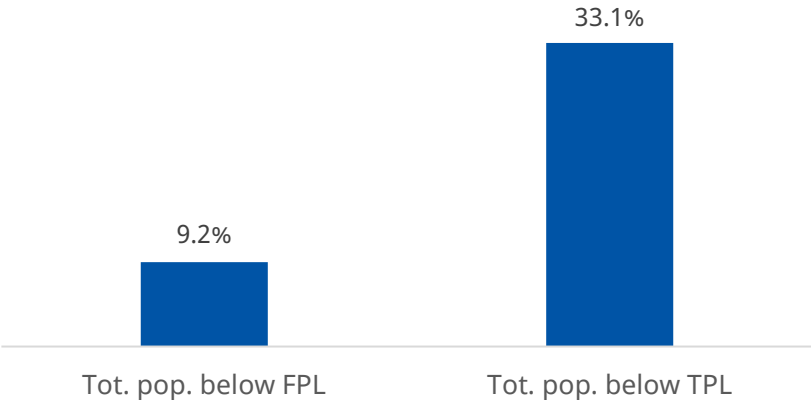


Source: Monarch Housing Associates, NJ Counts, Point-In-Time Estimates

## Data highlights: 2024 American Community Survey

This section highlights True Poverty in New Jersey and demonstrates how the federal poverty measure overlooks many residents experiencing deprivation in the state.

### Percent below FPL and TPL, New Jersey, 2024

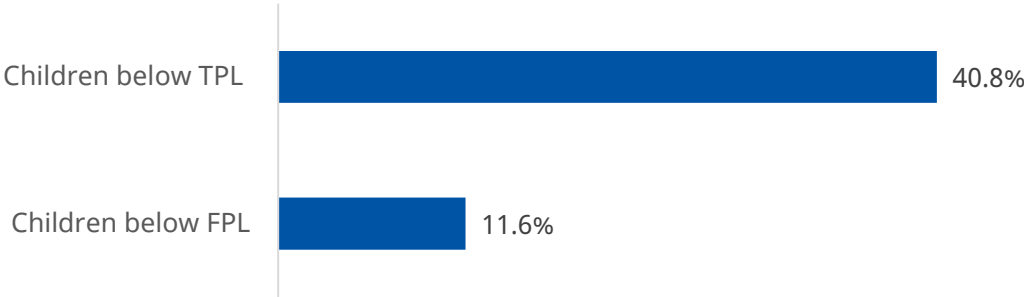


<b>Total Population: New Jersey 2024</b>	9,341,537
Total Population below Federal Poverty Level (FPL)	859,029
Total Population below True Poverty Level (TPL)	3,089,095
Undercounted in federal poverty statistics	2,230,066

Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates

- More than 3 million (3,089,095) New Jersey residents lived below True Poverty in 2024.
- Only a fraction (859,029) of those experiencing deprivation were counted in the official poverty measure.
- More than 2.2 million New Jerseyans (2,230,066) experiencing deprivation were missing from federal poverty counts in 2024.

### Children below FPL and TPL, New Jersey 2024



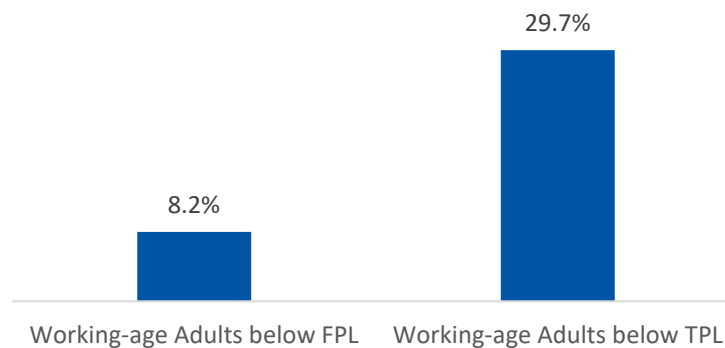
<b>Total Children (0-17 years): New Jersey 2024</b>	<b>2,020,120</b>
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Children below Federal Poverty Level (FPL)	235,893
Children below True Poverty Level (TPL)	823,920
Undercounted in federal poverty statistics	588,027

Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates

- More than 800,000 children (40.8%) lived below True Poverty in 2024.
- Only 235,893 children (29%) were counted as living in poverty by the official poverty measure.
- Almost 590,000 children experiencing deprivation were missing from federal poverty counts in 2024.

### Working-Age Adults (18-64) below FPL and TPL

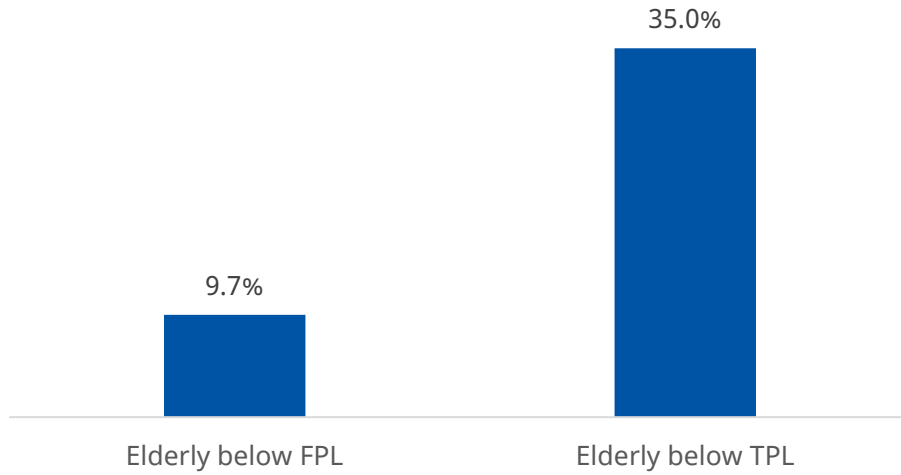


<b>Total Working-age Adults (18-64 years): New Jersey 2024</b>	<b>5,649,989</b>
Working-age adults below Federal Poverty Level (FPL)	461,289
Working-age adults below True Poverty Level (TPL)	1,679,927
Undercounted in federal poverty statistics	1,218,638

Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates

- More than 1.6 million working-age adults lived below True Poverty in 2024.
- Only 461,289 adults were counted as living in poverty by the official poverty measure.
- More than 1.2 million working-age adults experiencing deprivation were missing from federal poverty counts in 2024.

## Elderly (65 Years & over) below FPL and TPL



<b>Total Elderly (65 years &amp; over): New Jersey 2024</b>	<b>1,671,428</b>
Elderly below Federal Poverty Level (FPL)	161,847
Elderly below True Poverty Level (TPL)	585,248
Undercounted in federal poverty statistics	423,401

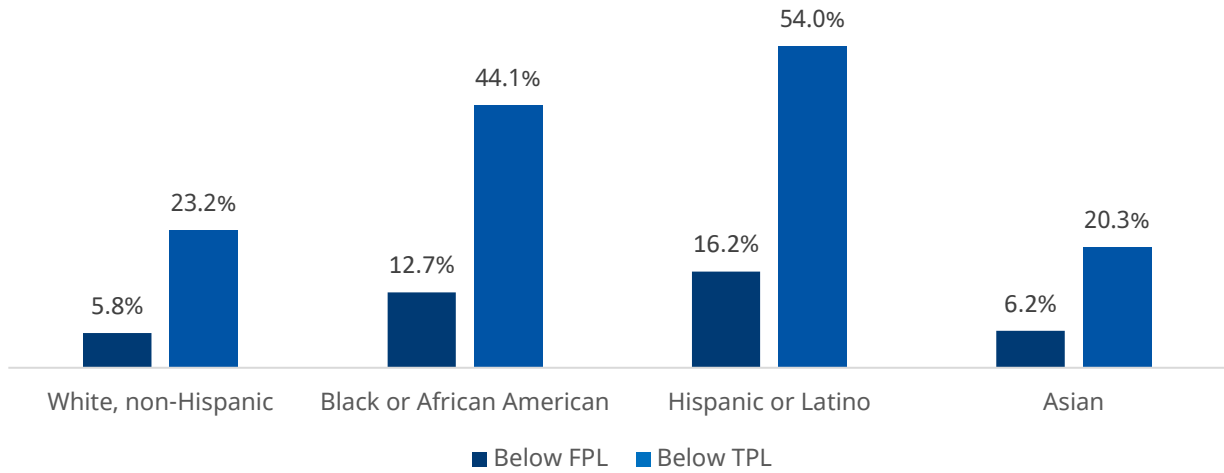
Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates

- Approximately 585,248 New Jerseyans 65 years and over lived below True Poverty in 2024.
- Only 161,847 elderly individuals were counted as living in poverty by the official poverty measure.
- Nearly 420,000 residents 65 years and over grappling with deprivation were missing from federal poverty counts in 2024.

## Poverty by Race and Ethnicity

The data show significant disparities in poverty by race and ethnicity. These disparities are particularly severe among children. Consequently, federal poverty data severely under-reports disproportionalities faced by Black and Hispanic children. Persistent structural and systemic inequities over centuries have disproportionately economically disadvantaged Black and Hispanic New Jerseyans.<sup>9</sup>

## Population below FPL and TPL by Race and Ethnicity, New Jersey 2024

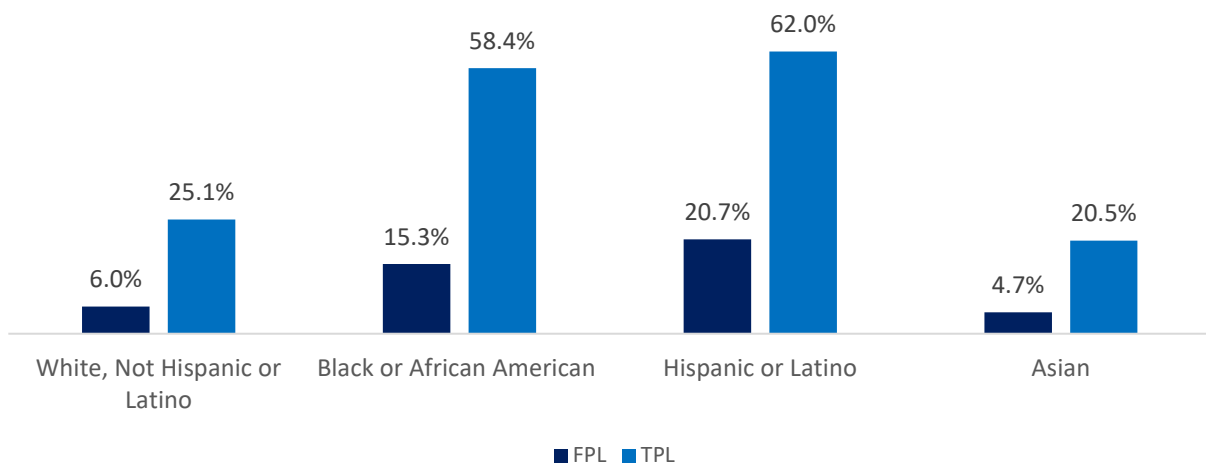


	Tot. Pop	Below FPL	Below TPL	Undercounted
White, Not Hispanic or Latino	4,624,845	269,210	1,072,049	809,962
Black or African American	1,123,052	142,332	495,735	335,227
Hispanic or Latino	2,198,685	355,204	1,186,733	833,741
Asian	989,427	61,369	201,000	138,322

Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates (PUMS)

- Hispanic or Latino New Jerseyans had the highest True Poverty rate in 2024 at 54%, followed by Black residents at 44.1%.
- The True Poverty rates for non-Hispanic white and Asian populations were considerably lower at 23.2% and 20.3% respectively.

## Children below FPL and TPL by Race and Ethnicity, New Jersey 2024



	<b>Total Children</b>	<b>Below TPL</b>	<b>Below FPL</b>	<b>Undercounted</b>
White, Not Hispanic or Latino	814,162	204,332	48,615	155,717
Black or African American	244,199	142,543	37,400	105,143
Hispanic or Latino	618,266	383,617	128,284	256,333
Asian	193,292	39,559	9,112	33,356

Source: U.S. Census Bureau, 2024 American Community Survey, One-Year Estimates (PUMS)

- In 2024, Hispanic or Latino children in New Jersey had the highest True Poverty rate at 62%, followed by Black children at 58.4%.
- The True Poverty rates for the non-Hispanic white and Asian children were considerably lower at 25.1% and 20.5%, respectively.

## Why Does Measuring Poverty Accurately Matter?

Poverty measures, such as the FPL, assess the extent of economic hardships and changes in need over time. They help formulate policies to assist struggling populations. Clearly, as demonstrated in this brief, the federal poverty measure undercounts New Jerseyans experiencing deprivation in the state. A flawed measure—especially one that understates poverty—leads to misinformation and lack of understanding regarding the magnitude of hardships faced by low-income residents in a high-cost state. The federal government also uses the federal poverty measure, or a multiple of it, to establish eligibility and benefit amounts for assistance programs. If the measure is inaccurate, it can weaken support for policies that address poverty and misguide decisions regarding anti-poverty programs. As a result, many individuals struggling to make ends meet will not be considered as needing assistance; their economic hardships will remain hidden, and their daily struggles will not receive the attention they deserve.

## End Notes

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<sup>1</sup> The 2024 ACS, published in September 2025, is the most current data on poverty available on the Census website. The next data set (ACS 2025) will be available in September 2026.

<sup>2</sup> "Not statistically significant" means it is not clear if the change is a real or caused by chance.

<sup>3</sup> U.S. Census Bureau, Poverty Thresholds. Available at <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html> Excludes Alaska and Hawaii.

<sup>4</sup> U.S. Bureau of Economic Analysis, Regional Price Parities Index for 2024. Note: Alaska and Hawaii are excluded from this analysis because the federal poverty thresholds for these states are higher than the rest of the nation. The RPP Index uses the U.S. average price level as a benchmark of 100 and compares the price level of states to that national average.

<sup>5</sup> Bureau of Labor Statistics. Consumer Price Index for All Urban Consumers (CPI-U). All items in U.S. city average. Series Id: CUUR0000SA0

<sup>6</sup> Bureau of Labor Statistics. All Urban Consumers (CPI-U). All items in Philadelphia-Camden-Wilmington, PA-NJ-DE-MD. Series Id: CUURS12BSA0,CUUSS12BSA0.

<sup>7</sup> Bureau of Labor Statistics. All Urban Consumers (CPI-U). All items in New York-Newark-Jersey City, NY-NJ-PA, all urban consumers. Series Id: CUURS12ASA0,CUUSS12ASA0

<sup>8</sup> Cavallo, Alberto, and Oleksiy Kryvtsov. "Price discounts and cheapflation during the post-pandemic inflation surge." *Journal of Monetary Economics* 148 (2024): 103644. <https://doi.org/10.1016/j.jmoneco.2024.103644>

<sup>9</sup> "New Jersey-Building a State of Opportunity." New Jersey Wealth Disparity Task Force (February 2025). [https://www.nj.gov/governor/equity/docs/reports/WDTF\\_Report.pdf](https://www.nj.gov/governor/equity/docs/reports/WDTF_Report.pdf).