



# Invest in the People of New Jersey: End Poverty Now!

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Three white papers on Housing, Hunger, and Economic Empowerment in New Jersey.

## **About the Anti-Poverty Network of New Jersey**

Founded in December 1999, the Anti-Poverty Network of New Jersey (APN) seeks the prevention, reduction, and elimination of poverty. Through systematic and strategic sharing of information APN promotes dialogue, cooperation, and collaboration among people and organizations working to address poverty. We believe New Jersey has the resources needed to establish strategies that can prevent and end poverty. Our focus areas are: Housing, Hunger, and Economic Empowerment.

APN aims to strengthen initiatives that have proven to be effective in providing essential support to people living in poverty, while also lifting them out of poverty. The network fosters public discourse that is accurate and thoughtful, while avoiding rhetoric, which is inflammatory or partisan. APN evaluates efficient use of public funding and addresses practices that might direct or redirect existing resources to the most pressing expenditure priorities.

The Anti-Poverty Network of New Jersey welcomes anyone who is interested in ending poverty in New Jersey. The Network membership consists of faith based organizations, individuals, community based non-profits and government officials. [Join us!](#)

A recent report calculated that for a New Jersey Family of four “getting by” and attaining a secure yet modest living standard requires an income of around \$80,000. However, the Federal Poverty Level (FPL) is currently estimated at \$23,050 (total yearly income) or a family of four. Three years into the national economic recovery, the 2012 American Community Survey data shows that New Jersey’s middle class is worse off and poverty is deepening for already-poor families. There is a greater share of low-income households (annual incomes below \$50,000) with more than one in three households falling into this category. The most disturbing piece of information this survey revealed was the continued increase in the poverty rate among families with children, increasing more than two percentage points since 2009 (from 10.7 percent to 12.9 percent). Because of the state’s lagging economy, New Jersey was one of only five states to see any increase in the poverty rate for families from 2011 to 2012.<sup>1</sup>

The NJ Elder Index likewise documents the widening gap between basic cost of living for single and elder couple households and their fixed incomes. Twenty five percent of all residents over age 65 are living in poverty, or on the edge of poverty just one step away from their own fiscal cliff. Without real solutions to address poverty in our communities more NJ residents will be aging into poverty.<sup>2</sup> With poverty in the United States at 46.2 million<sup>3</sup> and currently rising in New Jersey<sup>4</sup>, the time is now for Trenton to set policies that support poor communities to overcome barriers of poverty.

But this information only tells part of the story. With stagnant wages and cuts to social spending, New Jerseyans are facing a dismal economic future. There is a growing number of New Jerseyans that have incomes that are too low to meet the most basic costs of housing, nutrition, health care, and other necessities. Households considered “middle class” just a few years ago are now facing the same struggles as those once considered poor. No matter what the “official” definition of poverty may be, when it becomes impossible to meet everyday expenses, then people are, in reality, living in poverty.

All over New Jersey people have taken significant steps to cut costs, work extra hours, and take on additional jobs, and yet they still struggle to pay for basic needs. College educated young people discover that the availability of jobs is limited and entry-level incomes do not allow them to live independently after graduation. Retired people living on fixed incomes that may include both pension and social security are exhausting their savings and struggling to remain financially secure. In every part of New Jersey, households once considered “stable” now risk loss of home, health and safety.

The [Anti-Poverty Network of New Jersey](#) (APN) aims to address the stark realities of people’s lives in New Jersey and advocate for policies that ensure a safe, productive and stable economic future, so that people will have access to critical resources that promote financial security and increase people’s adequate standard of living.

The three following separate papers focus on housing, hunger, and economic empowerment. In order to respond to the most serious issues contributing to financial insecurity, APN has identified these three areas as they require immediate attention and action. APN is proposing procedures and policies that have proven to be effective and efficient in reversing the most negative trends we see in and among people challenged by the current economic realities in New Jersey.

Only when people have safe, affordable and decent places to live can New Jersey have a productive and stable future. However, remaining in one's home in New Jersey can be an ongoing challenge due to the increasingly high cost of housing. With nearly a quarter of the state's renters paying over 50% of their income to housing, it should come as no surprise that many families often have to make difficult choices between rent, food, medicine, and other essentials. Below are recommendations on the ways in which the current situation can be remedied through a two-part strategy: building and renovating homes that are affordable, and making homes affordable through expanding existing rental assistance program.

**Housing Starts:** New Jersey cities and towns have a Constitutional obligation to zone for affordable homes to all income levels, so no town can remain an exclusive enclave. There is an extraordinarily low housing vacancy rate in NJ, which has been exacerbated by the destruction of rental units impacted by Hurricane Sandy. Urban areas need more homes their residents can afford in order to revitalize our cities. Over the past four years, the state has NOT put new money into the budget to support housing starts, but in fact has tried to take money in municipal housing trust funds. We need policies to support building the affordable homes that the people of New Jersey need.

**Foreclosures:** New Jersey has the second highest rate of foreclosure inventory in the nation. A foreclosed home degrades neighborhoods by making the homes surrounded worth less and if it stays abandoned can be a place for crime, a fire etc. We need to both stop the tide of foreclosures and turn unoccupied homes into homes that can be a housing resource for New Jersey.

**Homelessness:** In many cases, homelessness can be prevented with targeted assistance to families on the brink. When people do become homeless, shelters provide an important emergency response, but they are not designed for long-term stays. Even when the cycle of homelessness has taken root, experience shows it can be ended once people live in their own apartments with appropriate support services. We need a responsible plan that will move people out of shelters and transitional housing, and into permanent homes.

**We ask that you invest in the people of New Jersey by:**

- Using the "NJ Housing Trust Fund" primarily to fund rehabilitation and construction of new homes that New Jerseyans can afford.
- Ensuring that locally collected funds for housing remain in local control.
- Creating a consistent and fair state housing plan to invest in housing for working families and homeless households.
- Counteracting the foreclosure crisis by enacting legislation that would: 1) enable foreclosed families to stay in their homes as renters until their home is sold; 2) enable homeowners with negative home equity to lower the remaining principal owed to an amount reflective of current market realities; 3) create a funding stream that would allow non-profits to rehabilitate foreclosed properties and create affordable homes; and 4) allow municipalities to designate entities to act as land banks, in order to put vacant, abandoned, and problem properties to productive use.
- Expanding the State Rental Assistance Program by at least ten million dollars, with funding coming from the State Budget and not taken from other sources crucial to providing affordable housing.
- Creating a new program of the state's extended emergency shelter assistance (EA) system to all lower-income households.
- Increasing the funding for legal services to the poor so the 170,000 plus people facing summary eviction actions annually have legal representation.

*For more information, contact [Arnold Cohen](#), Housing and Community Development Network of New Jersey.*

Nearly 49 million Americans lacked access to a dependable and adequate source of food in 2012 including close to 16 million children.<sup>5</sup> While the recession may be over, the number of Americans still struggling with this basic need remains unchanged in five years. Hunger is a symptom of lack of resources. Unemployment, low wages, and high housing costs have been identified as the major causes of hunger. More than a million New Jerseyans, almost 400,000 of them children, lack food security, according to the latest comprehensive data. The problem of hunger is compounded given New Jersey's high cost of living, which makes about 40% of those struggling with food insecurity ineligible for federal nutritional assistance.<sup>6</sup> In addition, cuts to the benefit level of those already receiving assistance further threaten thousands of New Jersey households. Only when people have food adequate to their nutritional needs, can New Jersey have a safe, stable and productive future.

**Supplemental Nutrition Assistance Program (SNAP):** Supported primarily by federal funding, SNAP, formerly the food stamp program, has been a first line of defense against hunger. Although New Jersey has taken steps to expand eligibility for SNAP and streamline the application process, only about 60% of those eligible actually participate in the program. New Jersey lags considerably behind the National average of 75% of eligible people accessing SNAP benefits.<sup>7</sup> On November 1, 2013 all New Jersey SNAP households saw a benefit decrease of approximately 5%. This included about 1 of every 10 residents in New Jersey, whose benefits, after the cut, averaged less than \$1.40 per meal.<sup>8</sup> In February 2014, legislation enacted through the Farm Bill will further impact New Jersey residents who also receive the Low Income Energy Assistance Program (LIHEAP); as many as 159,000 households could be impacted. The Congressional Budget Office estimates that such households may see a reduction for as much as \$90 per month.<sup>9</sup>

**School Programs:** School lunches have been a crucial source of nutrition for millions of children. Other federally funded programs offer school breakfast and after-school/summer nutritional programs to help vulnerable children. These programs, however, are seriously under-utilized in New Jersey. The school breakfast program, for instance, provides free or reduced-price breakfasts for children in need. It has a proven track record of enhancing academic performance, improving child health and reducing disruptive classroom behavior. Despite the progress made in recently years, of the 500,000 New Jersey students eligible for school breakfast, only 36% received it in April 2013 leaving 320,000 children unserved and millions of dollars in federal funds on the table.<sup>10</sup> In fact, if New Jersey school districts served breakfast to just 70% of the students who receive free- or reduced-priced lunch, districts would collect an additional \$27.8 million in federal funding.<sup>11</sup>

**Food Pantries:** For many households, a food package from a local pantry helps supplement monthly income so that other basic expenses can be met. Food banks have seen a continuing rise in demand. However, in the current economic climate, donations of goods and cash from private sources, food drives, and charitable foundations are in decline.

**We ask that you invest in the people of New Jersey by:**

- Supporting the expansion of School Breakfast both fiscally and administratively. By investing \$3 million to reinstate supplemental funding of the program New Jersey can provide fiscal incentives to districts to adopt a "breakfast after the bell" approach to school breakfast.
- Expanding access to the SNAP program by applying to the Federal Food and Nutritional Services program for available waivers that increase eligibility to 200% of the federal poverty level so that struggling families and senior citizens can access appropriate food assistance.
- Addressing the processing delays being experienced by SNAP applicants at the county level, focusing both on improved business models, and on hiring adequate frontline staff to process applicants in a timely manner.
- Investing in training of county staff to adequately understand the SNAP regulations. Given the recent changes, it is more critical than ever that New Jersey households, who are eligible, claim all of the allowable deductions available to boost benefit levels.
- Expanding state funding for the State Supplemental Food Program (funded at approximately \$6 million in FY 2012).

*For more information, contact [Diane Riley](#), The Community FoodBank of New Jersey*

Low-income families face two major economic challenges in New Jersey: a lack of adequate employment opportunities and, when they *are* employed, a lack of work supports to help them get by in a state with one of the highest costs of living in the nation. Since the recession started in 2008, the number of unemployed New Jerseyans has doubled to about 400,000.<sup>12</sup> While the unemployment rate has gone down slightly, it is still one of the highest rates in the nation and the slight decrease is due in large part to the growth of low-wage jobs. New Jersey has the highest percent of long term unemployed among all states.<sup>13</sup> Without work supports, too many New Jerseyans cannot maintain their independence in these low-wage jobs – much less improve their economic future. The state has actually cut some of these work supports since the recession started, although they stimulate the economy by increasing disposable income of low-wage workers.

**Earned Income Tax Credit (EITC):** The state EITC was cut by 20% in 2010, effectively increasing taxes for about a half million families in New Jersey. That action reduced the tax credit by about \$300 for a family earning the minimum wage.<sup>14</sup> Since 2010, the total cumulative loss in credits amounts to over \$200 million to low-wage families.<sup>15</sup> In addition, the state has imposed new onerous reporting requirements, which are sharply reducing the number of families receiving this credit.<sup>16</sup> The state and federal EITCs also short change childless adults by only providing a single person a tenth of the EITC that a family with two children receives.<sup>17</sup>

**Minimum Wage:** New Jersey voters took a major step last year to assist low wage workers by passing a constitutional amendment to increase the state's minimum wage from \$7.25 to \$8.25 an hour and adjusting it to inflation. However this amendment did not increase the minimum wage for thousands of tipped workers which stands at only \$2.13 an hour. In addition, the new minimum wage of \$8.25 is still below the \$10 that would be needed to raise it to the level it was in the 1960's, adjusting for inflation.

**Health Coverage:** The Affordable Care Act offers an incredible opportunity for low and moderate income working families, especially given that the governor has opted to expand Medicaid which has already saved New Jersey over \$400 million. However, access to providers remains a major problem in Medicaid and will likely get worse as demand increases. The federal increase in the reimbursement rates to primary care doctors will end January 2015 unless they are maintained with state funds. Polls show that most families are not aware of the opportunities that are available in the Health Insurance Marketplace. Also in some cases, subsidies for Marketplace plans will not be sufficient because of the high cost of living in New Jersey. Implementation of the Basic Health Program could address the affordability issue but it will take a year or two to implement.

**WorkFirst NJ:** Eligibility for WorkFirst NJ, the state's largest income support, employment and training program for the poorest families and childless adults, has remained flat since 1988. This had led to fewer and fewer poor New Jerseyans being eligible for cash and work supports needed to become self-sufficient. Currently there are only about 152,000 individuals enrolled in these programs – about the same as it was before the recession.<sup>18</sup> That represents only about 11% of all non-elderly adults and children living below the federal poverty level.<sup>19</sup>

**Preschool:** High quality preschool has one of the highest pay-offs of any public investment by giving children from poor families a chance to finish high school, get a job, and join the middle class. New Jersey leads the nation with a generously funded preschool program but it only applies to just 35 districts where just half the children from poor families live.

#### **We ask that you invest in the people of New Jersey by:**

- Restoring the EITC to 25% of the federal credit; supporting federal proposals to increase the EITC for childless adults.
- Increasing the minimum wage for tipped workers to 70% of the state's new minimum wage and supporting congressional efforts to increase the national minimum wage to \$10.10 and adjust for inflation.
- Providing additional funding for outreach in the Affordable Care Act; maintaining the federal increase in rates to primary care doctors; increasing rates to other providers where access is a problem such as for specialists; and providing state subsidies to low income families to make Marketplace plans more affordable until the Basic Health Program can be implemented.
- Expanding education, work supports, and training services for New Jersey's most vulnerable residents by increasing the eligibility levels in WorkFirst NJ; developing innovative training programs to other low income individuals as well, especially the long term unemployed.
- Expanding preschool to the remaining 96 school districts where most of the remaining poor students live.

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- <sup>3</sup> Income, Poverty, and Health Insurance Coverage in the United States: 2011, <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2011/state.xls>.
- <sup>4</sup> United States Census Bureau. 2011. "Percentage of People in Poverty by State Using 2- and 3- year Averages," <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2011/state.xls>.
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- <sup>7</sup> See, USDA Food and Nutrition Service Mid-Atlantic Region Office Fiscal Year 2012, Spotlight on New Jersey.
- <sup>8</sup> Whiten, Jon. New Jersey Policy Perspective. 2013. <http://www.njpp.org/blog/nearly-1-million-new-jerseyans-will-see-cuts-to-food-assistance-this-week>.
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- <sup>14</sup> New Jersey Policy Perspective. "Calculation of state EITC based on largest size family," [www.njpp.org/](http://www.njpp.org/).
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