

Poverty in New Jersey

Council of New Jersey Grantmakers

Wednesday, January 23, 2013

*Presentation by
Allan Lichtenstein, Shivi Prasad & De Miller*

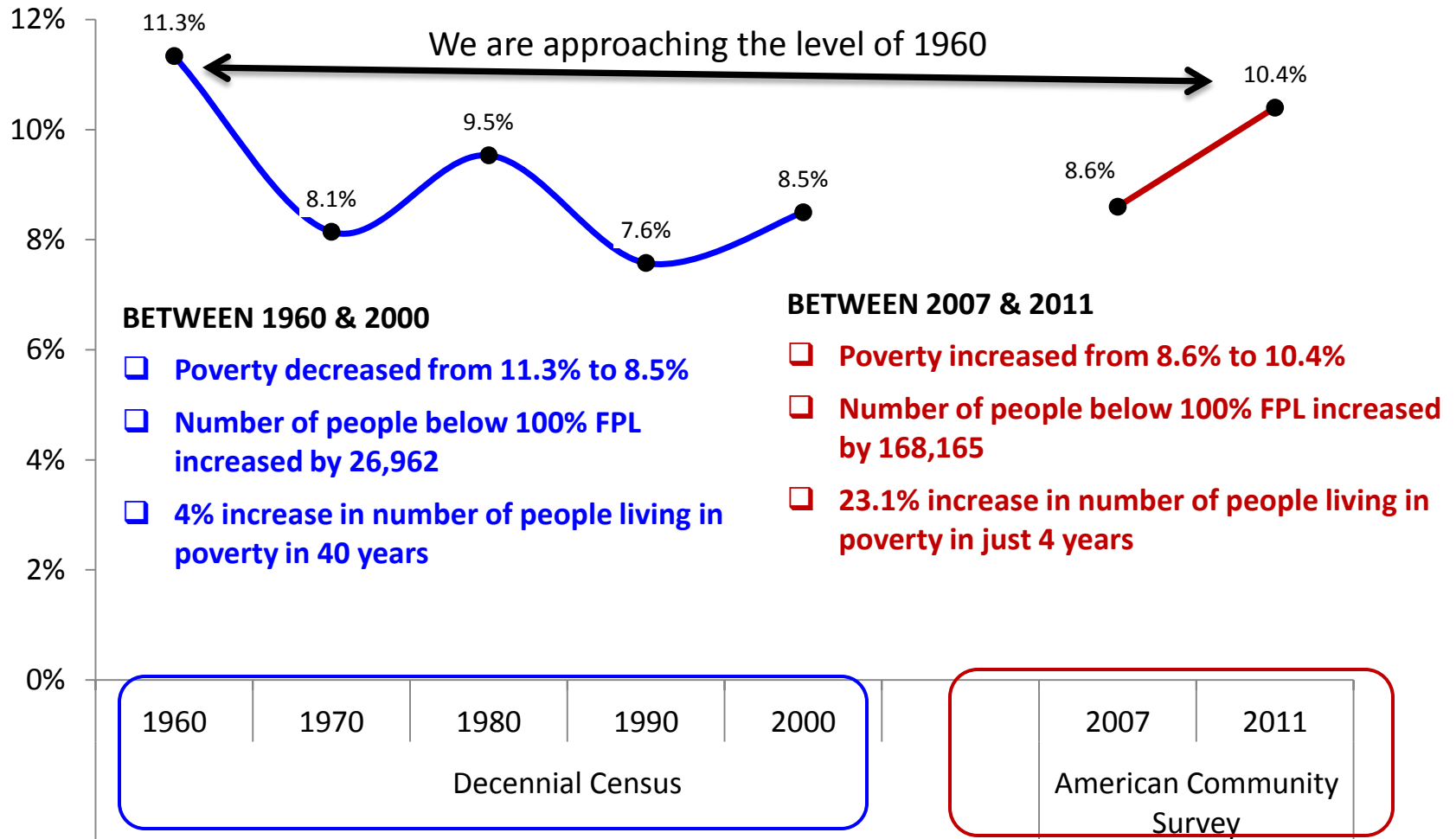
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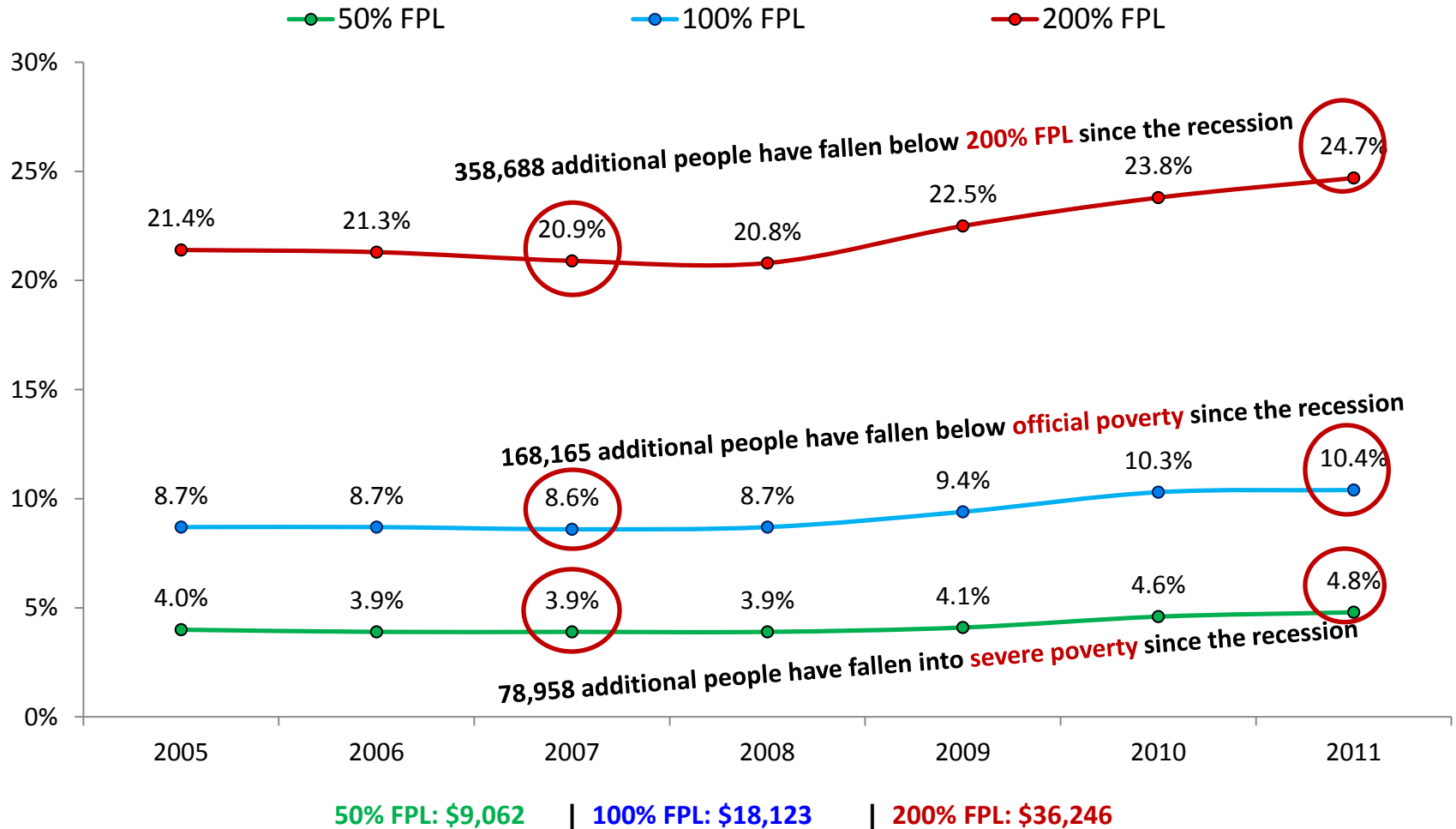
Unprecedented Increase in Poverty in New Jersey in Recent Years

Percent below 100% FPL, New Jersey 1960 to 2000 & 2007 to 2011



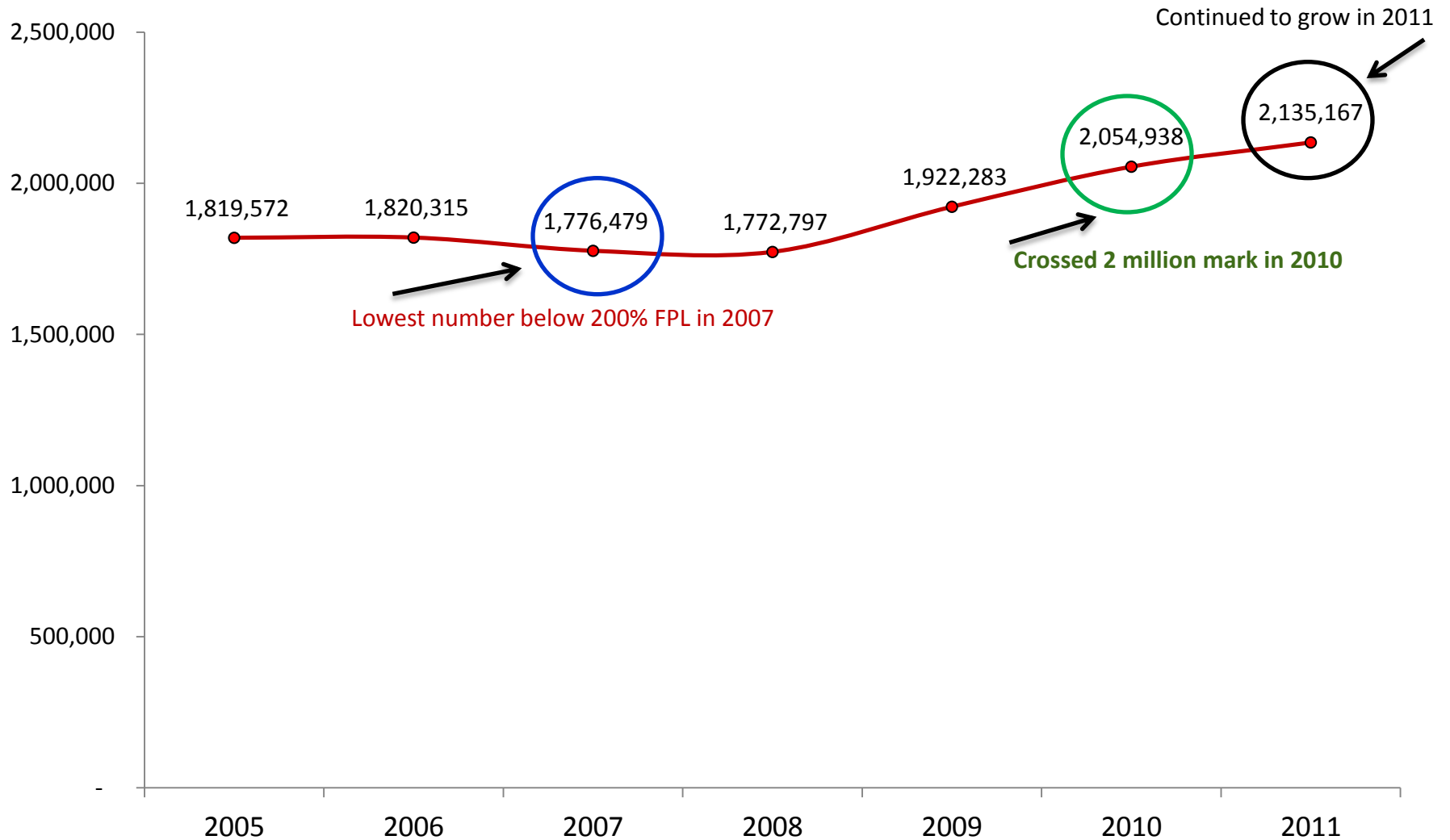
Record Number of State Residents Have Fallen into Poverty since the Beginning of the Recession

Population Below Various Levels of Poverty, New Jersey, 2005 to 2011



The Number of Individuals Below 200% FPL Continue to Grow...

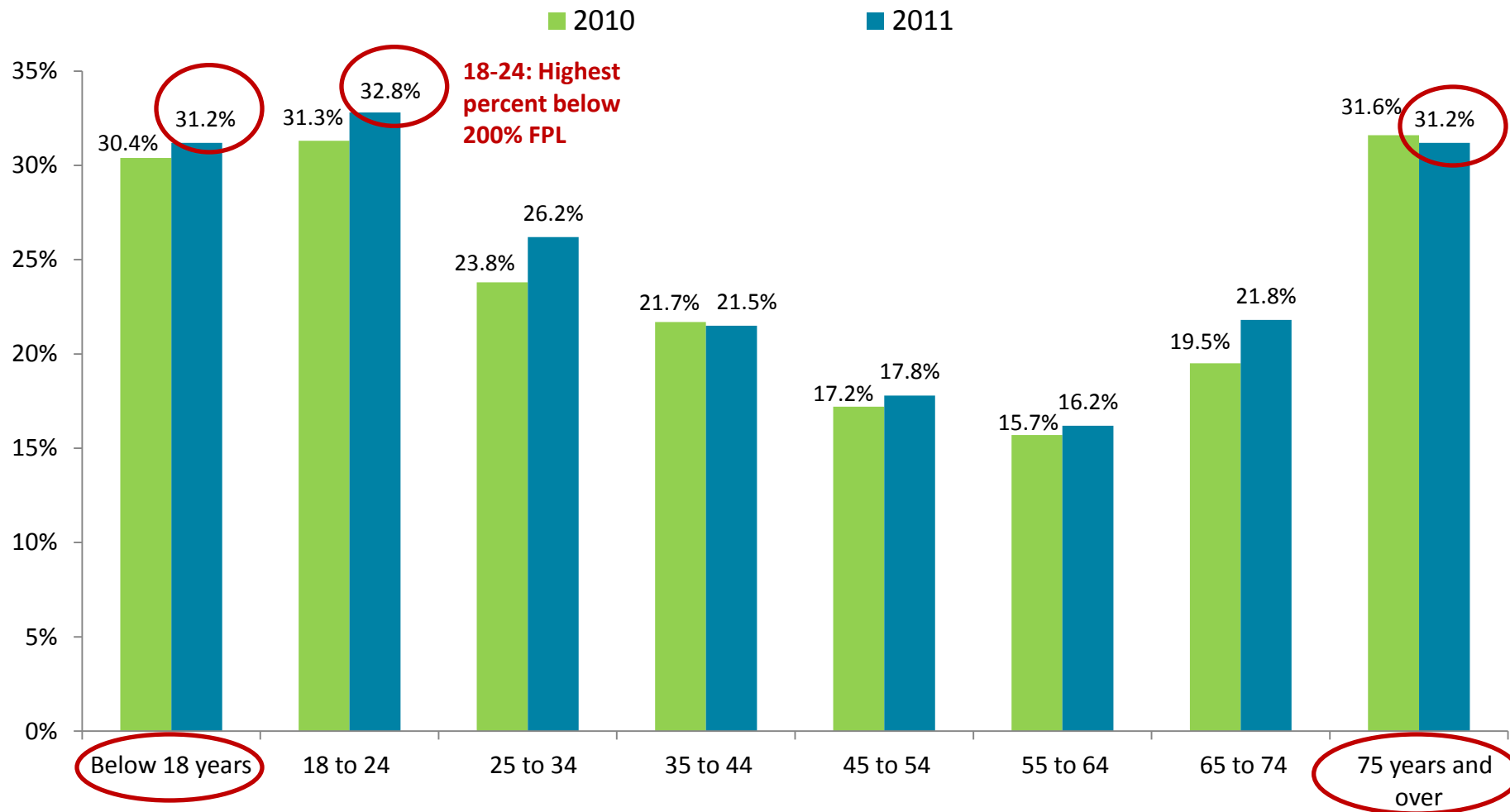
Number Below 200% FPL, New Jersey, 2005 to 2011



VULNERABLE POPULATIONS

Children, Young Adults & the Oldest among the Elderly are More Likely to Live in Poverty

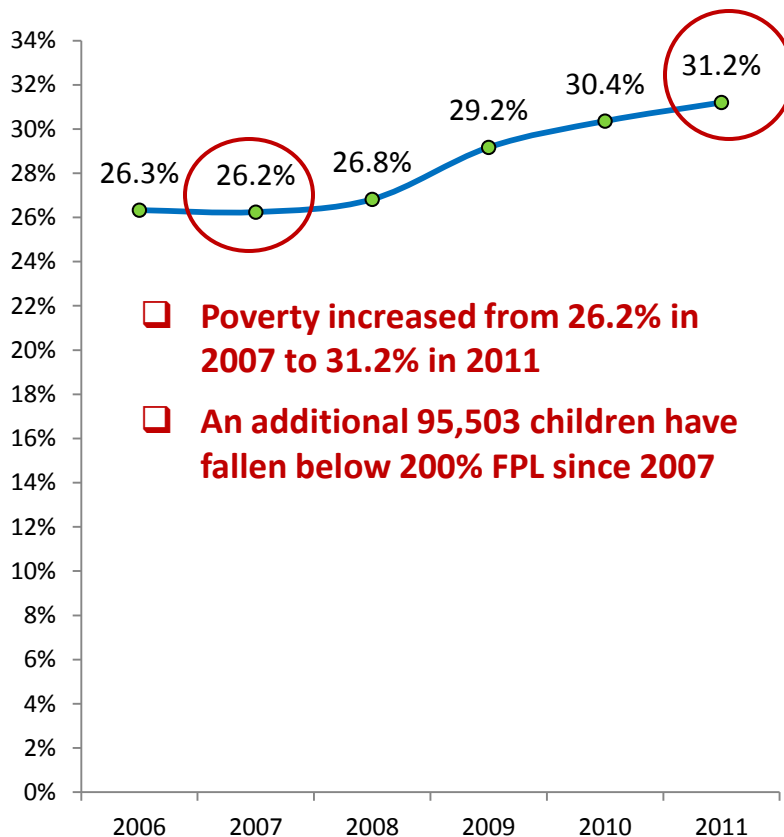
Percentage of Individuals Living below 200% FPL by Age Group, New Jersey, 2010 & 2011



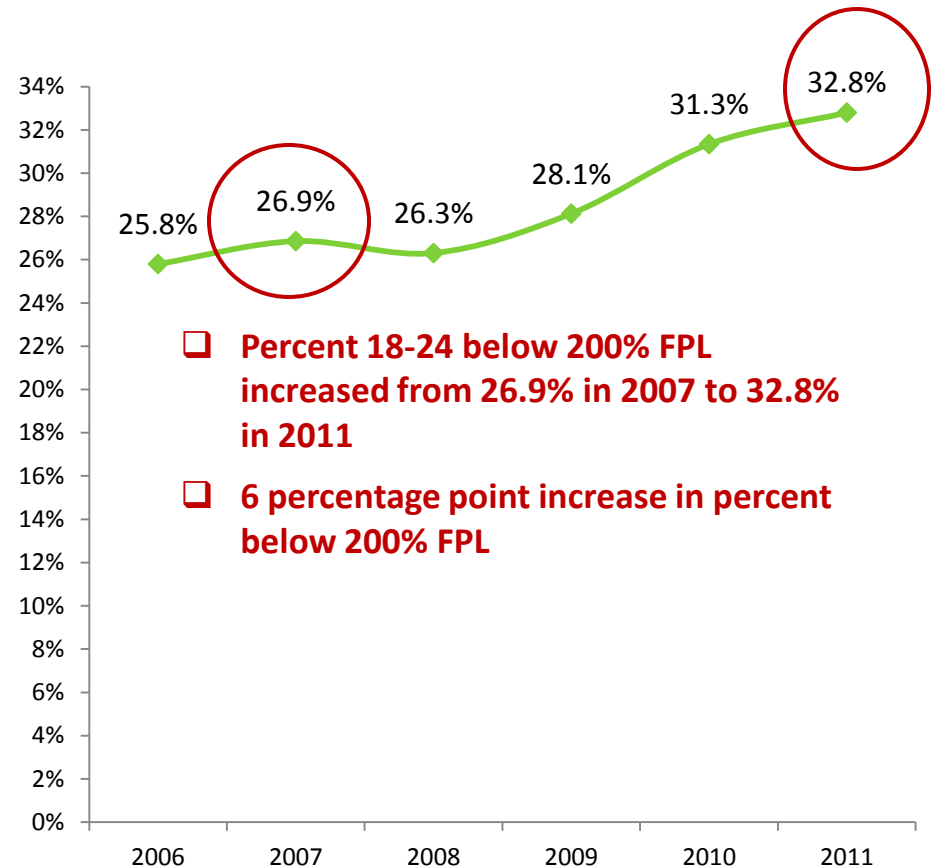
Children & 18-24 Age Group Have Seen the Highest Rise in Poverty since the Recession

Percentage of Children Living below 200% FPL, New Jersey, 2006 to 2011

• Below 18 Years

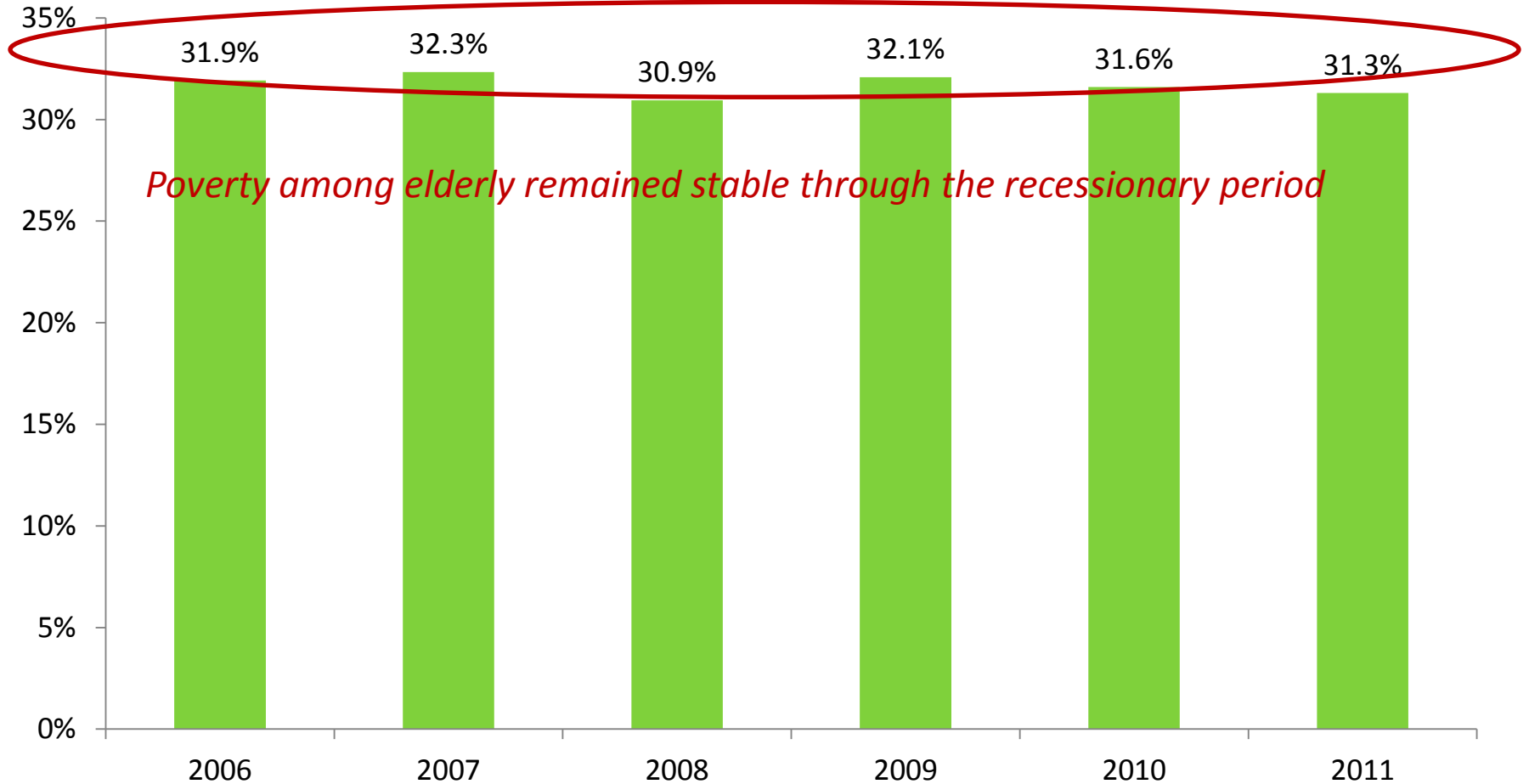


• 18 to 24 Years



Very High Rates of Poverty among the Very Old

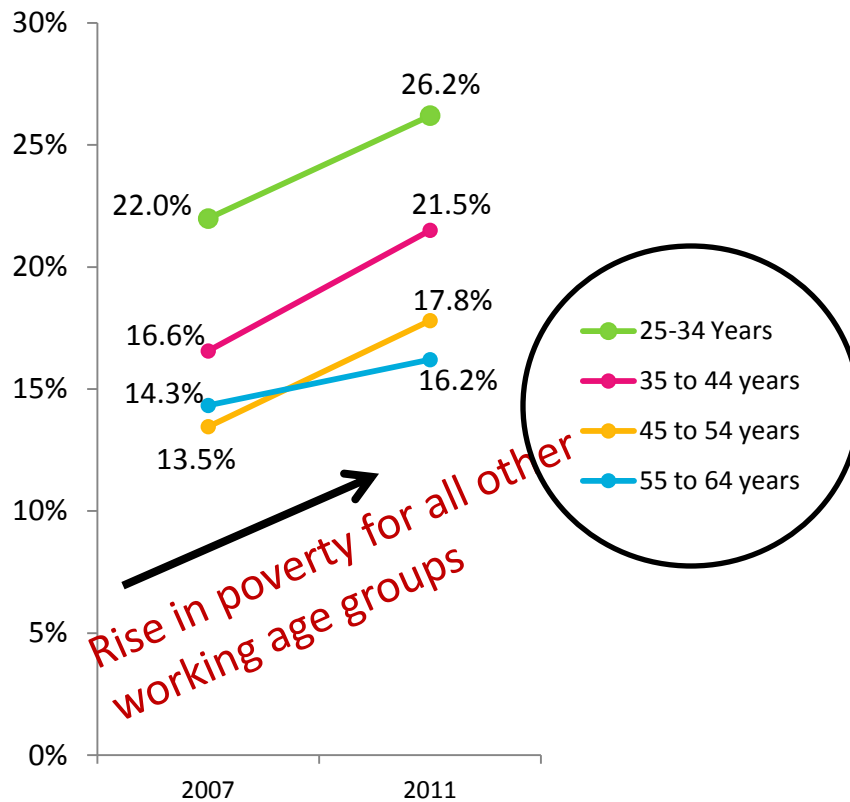
Percentage of 75 Years and Over Living below 200% FPL, New Jersey, 2006 to 2011



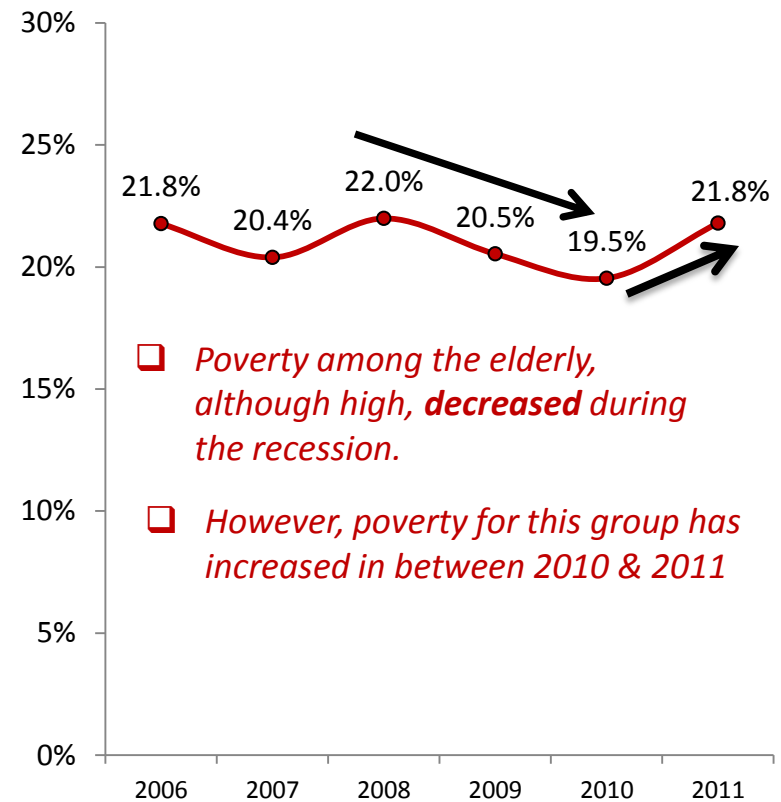
Except the Elderly, All Other Age Groups Experienced a Significant Rise in Poverty Since the Recession

Population by Age Group Living below 200% FPL, New Jersey, 2007 to 2011

All other working age groups

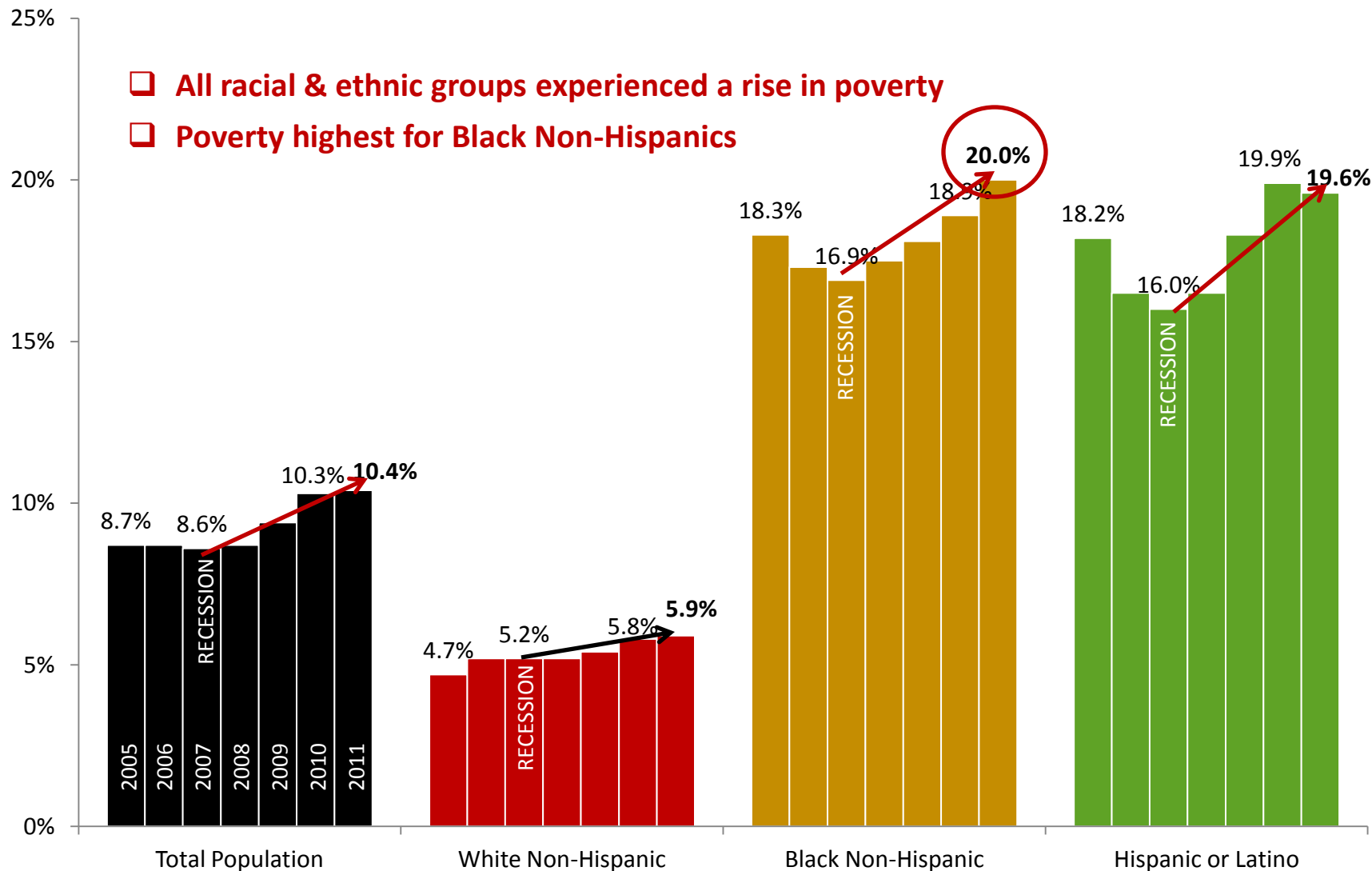


65 to 74 years



Significant Rise in Poverty among Racial & Ethnic Groups

Poverty (below 100% FPL) by Race & Ethnicity, New Jersey, 2005 to 2011

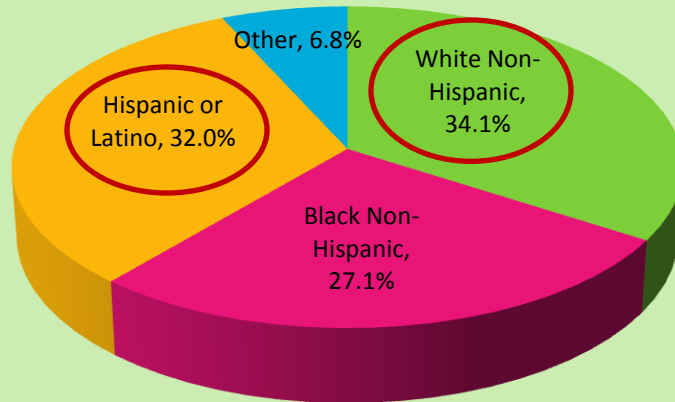


Shifts in Proportions of People Living in Poverty between Racial & Ethnic Groups

Share of Poverty Population by Race & Ethnicity, New Jersey, 2005 & 2011

2005

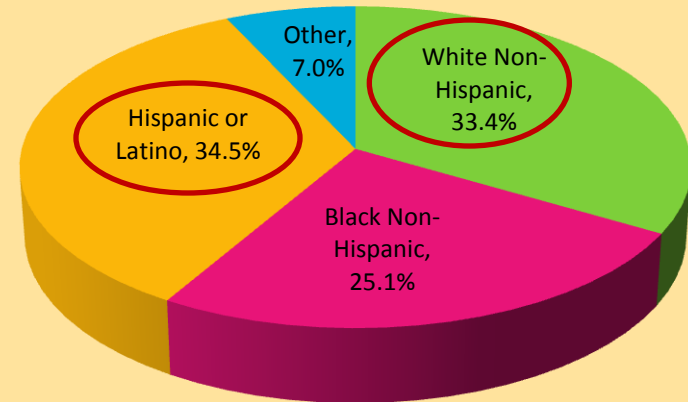
Even though poverty rate for whites is the lowest, they have historically formed the largest group in poverty



Non-Hispanic Whites: 34.1%
Hispanic or Latino: 32.0%

**More Whites
living in
poverty than
Hispanic or
Latinos in 2005**

2011

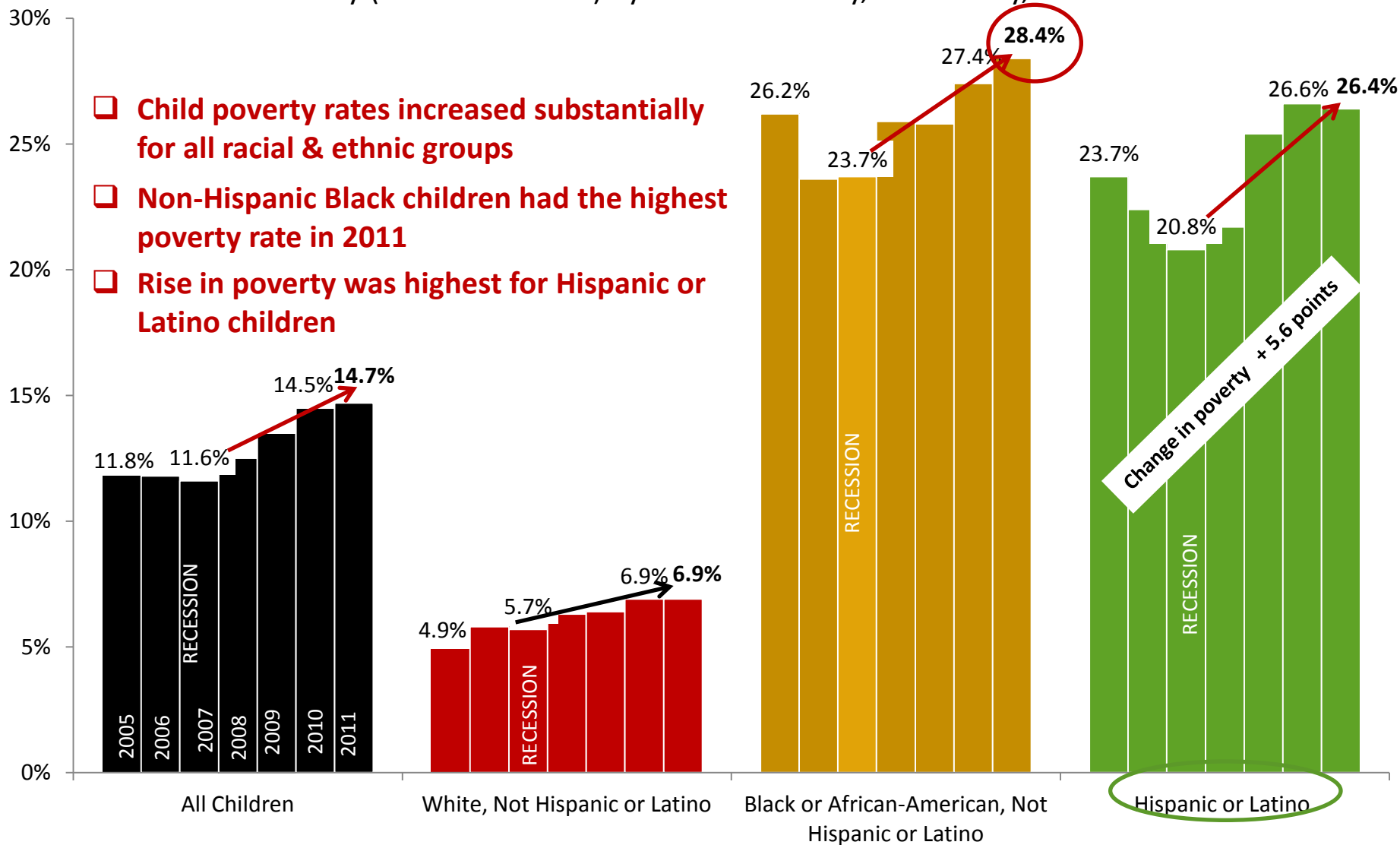


Non-Hispanic Whites: 33.4%
Hispanic or Latino: 34.5%%

**More Hispanic
or Latinos
living in
poverty than
Whites in 2011**

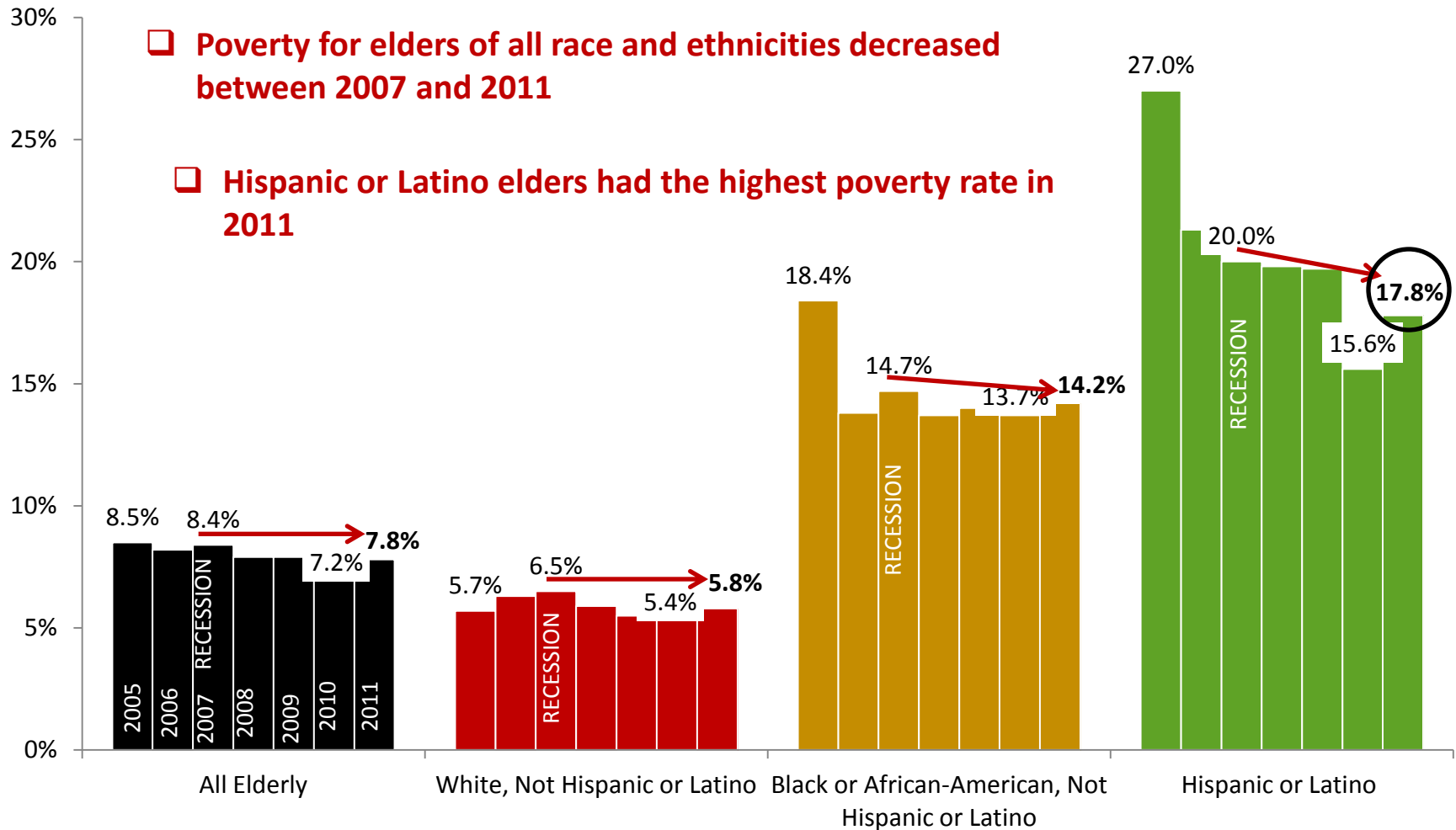
More than a Quarter of Black and Hispanic Children Were Below the Official Poverty Level in 2011

Child Poverty (below 100% FPL) by Race & Ethnicity, New Jersey, 2005 to 2011

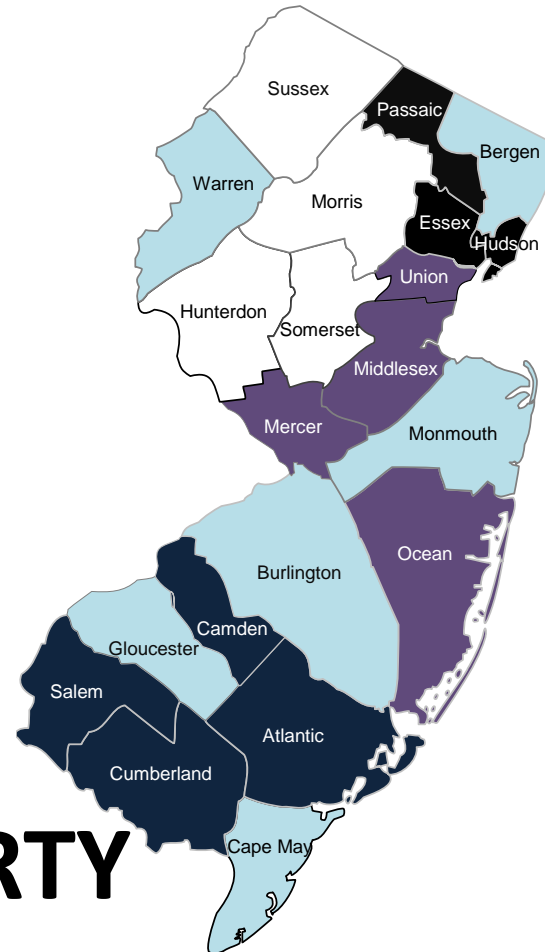


Hispanic or Latino Elderly had the Highest Poverty Rate in 2011

Elderly Poverty (below 100% FPL) by Race & Ethnicity, New Jersey, 2005 to 2011



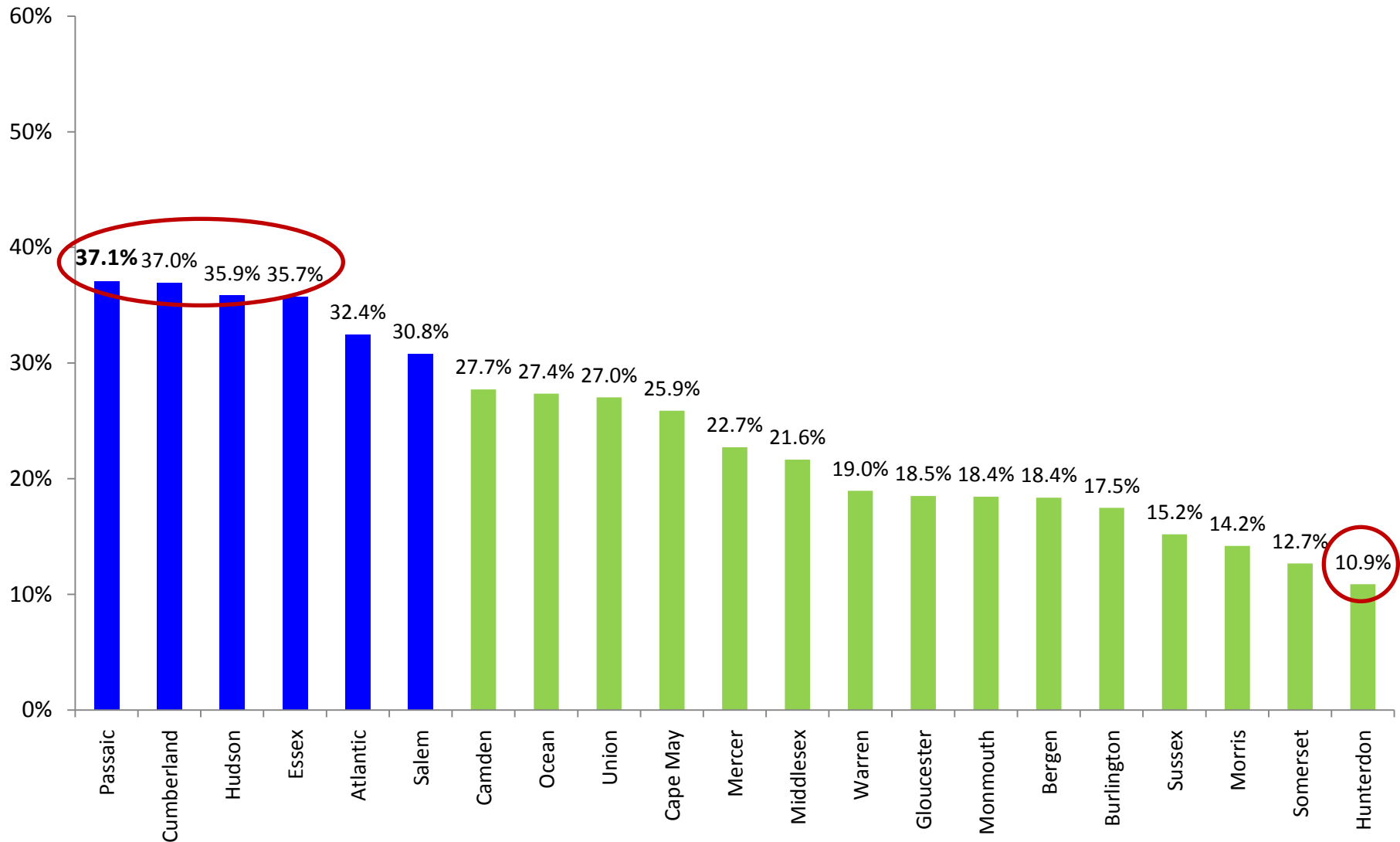
PLACES WITH POVERTY



- ❑ Discrepancies in poverty rates by place of residence
- ❑ These differences are more pronounced when we look at poverty in smaller geographies

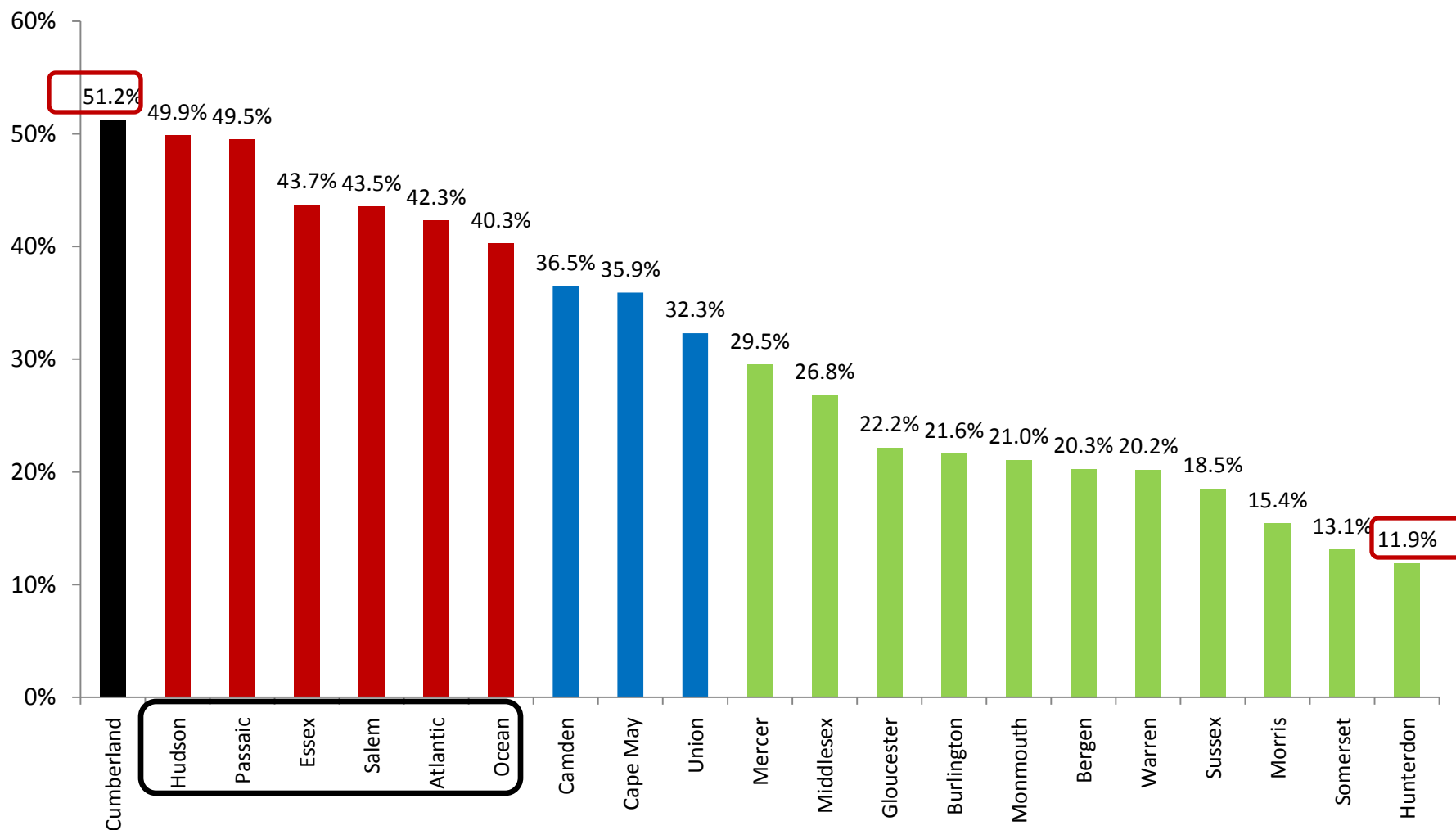
Passaic County had a Higher Percentage of its Population Living Below 200% FPL than Any Other County in 2011

Total Population Living below 200% FPL by County, New Jersey, 2011



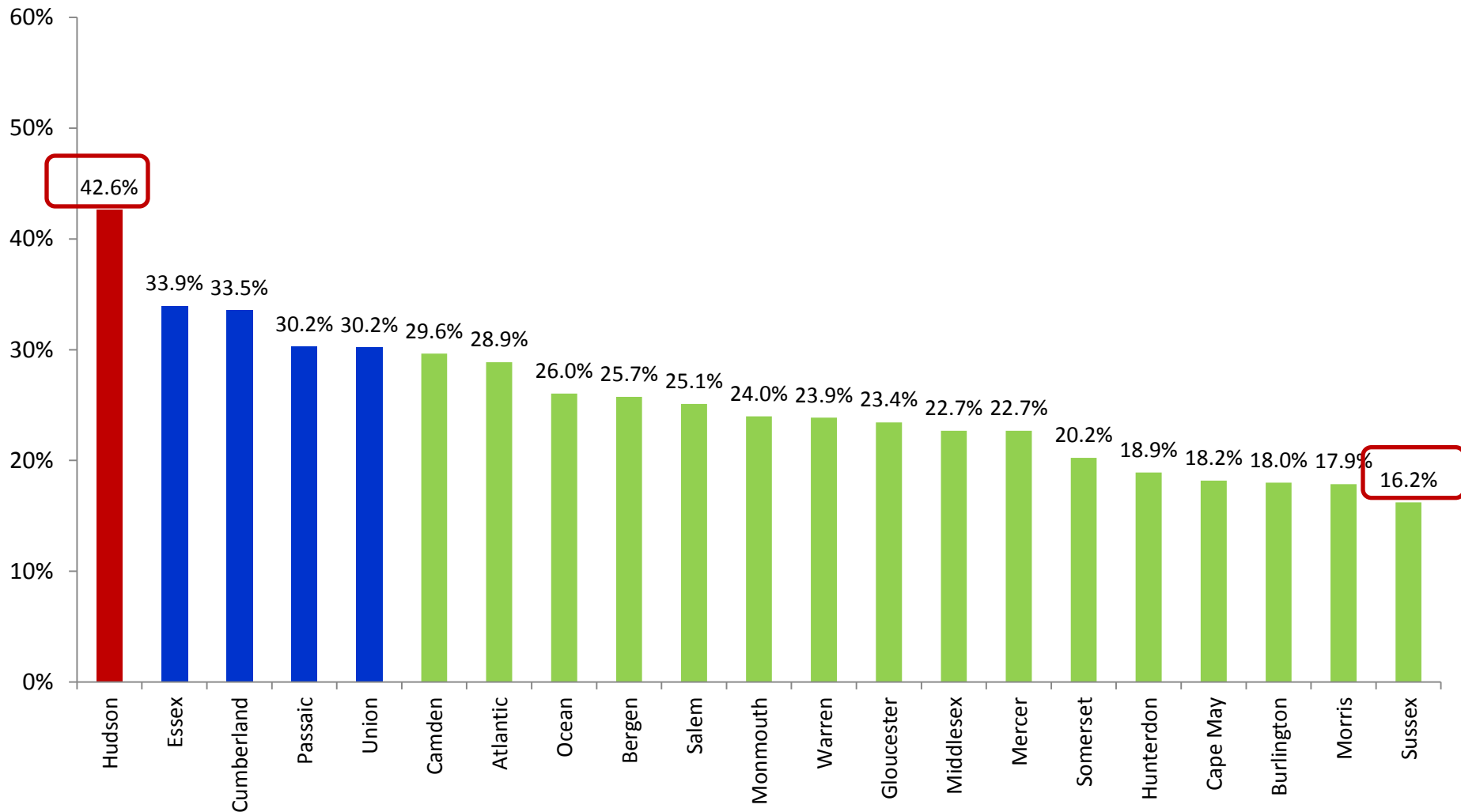
More than 50 percent of Children in Cumberland County were Living Below 200% FPL in 2011

Children Living below 200% FPL by County, New Jersey, 2011



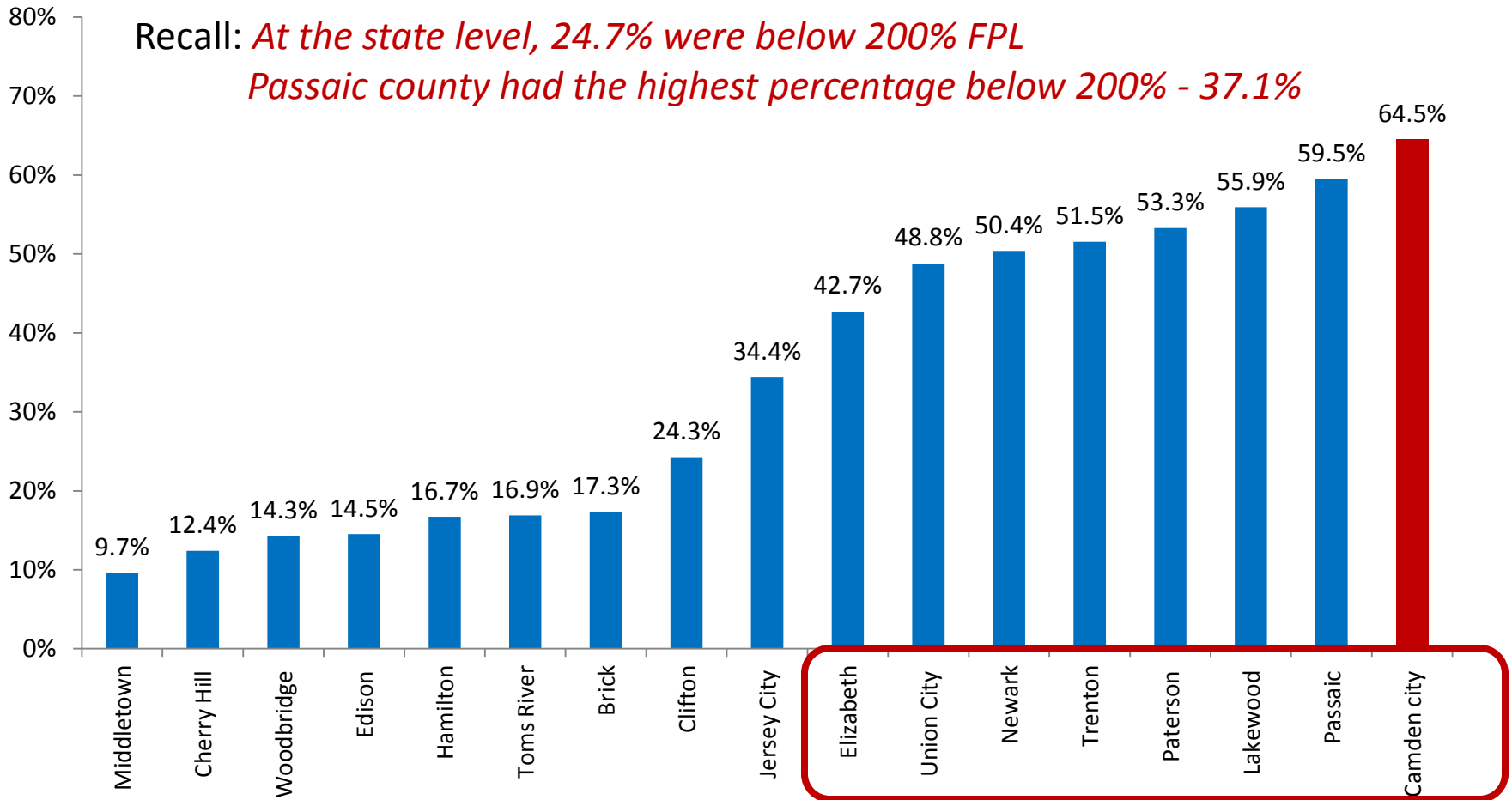
Hudson County had the Highest Number of Elderly Living below 200% FPL in 2011

Elderly Population Living Below 200% FPL by County, New Jersey, 2011



Stark Differences in Poverty at the Municipal Level in 2011

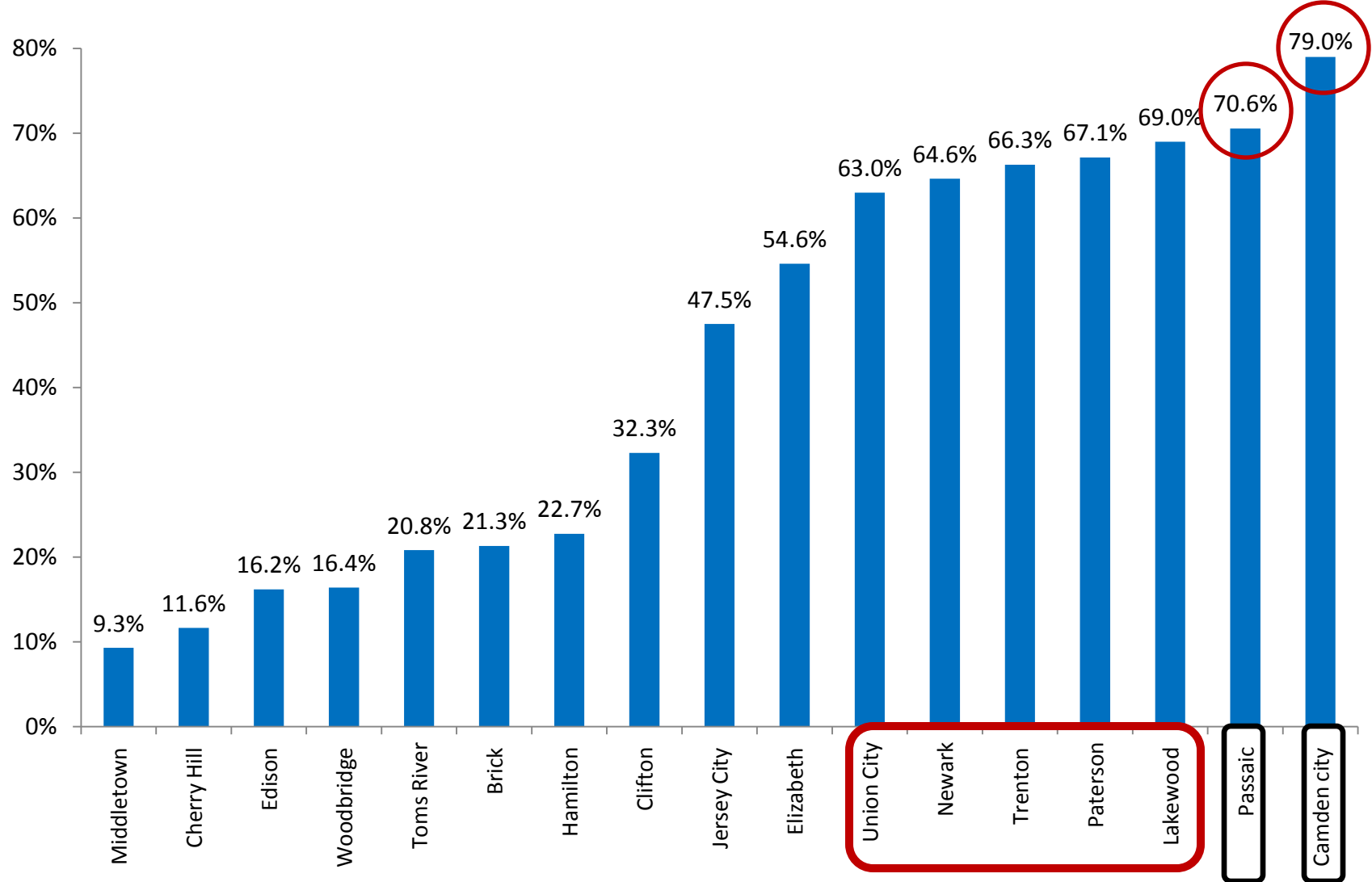
Percentage of Population Living below 200% FPL, Places with Population 65,000+, New Jersey, 2011



At least 42% or more were below 200% FPL in 8 places in 2011

Differences in Child Poverty Rates Even More Alarming at the Municipal Level

Percentage of Children Living below 200% FPL: Places with Population 65,000+, New Jersey, 2011



In 5 additional places, percent below 200% FPL was at least 63%

High Poverty Places Have High Concentration of Racial and Ethnic Minorities

Racial & Ethnic Composition of High Poverty Places (65,000+), New Jersey, 2011

	White Non-Hispanic	Black Non-Hispanic	Hispanic or Latino	Poverty at 200% FPL	
Middletown (Monmouth)	90.7%	1.8%	4.9%	9.7%	Poverty below Statewide Average
Cherry Hill (Camden)	77.2%	5.8%	4.0%	12.4%	
Woodbridge (Middlesex)	53.1%	9.1%	14.5%	14.3%	
Edison (Middlesex)	40.9%	7.3%	8.1%	14.5%	
Hamilton (Mercer)	75.6%	10.2%	9.7%	16.7%	
Toms River (Ocean)	86.7%	1.8%	7.8%	16.9%	
Brick (Ocean)	89.5%	2.0%	6.6%	17.3%	
Clifton (Passaic)	54.8%	4.5%	30.2%	24.3%	Poverty Above Statewide Average
Jersey City (Hudson)	22.6%	24.9%	27.9%	34.4%	
Elizabeth Union)	19.5%	18.4%	58.4%	42.7%	
Union City (Hudson)	14.2%	2.2%	81.1%	48.8%	
Newark (Essex)	13.7%	53.5%	29.7%	50.4%	
Trenton (Mercer)	15.5%	50.4%	32.5%	51.3%	
Paterson (Passaic)	11.1%	30.4%	55.0%	53.3%	
Lakewood township (Ocean)	77.5%	6.9%	14.8%	55.9%	
Passaic (Passaic)	18.1%	7.8%	69.2%	59.5%	
Camden (Camden)	5.9%	47.0%	44.7%	64.5%	

MEASURING POVERTY

The Official Poverty Level is not an Effective Measure of Poverty

Federal Poverty Level

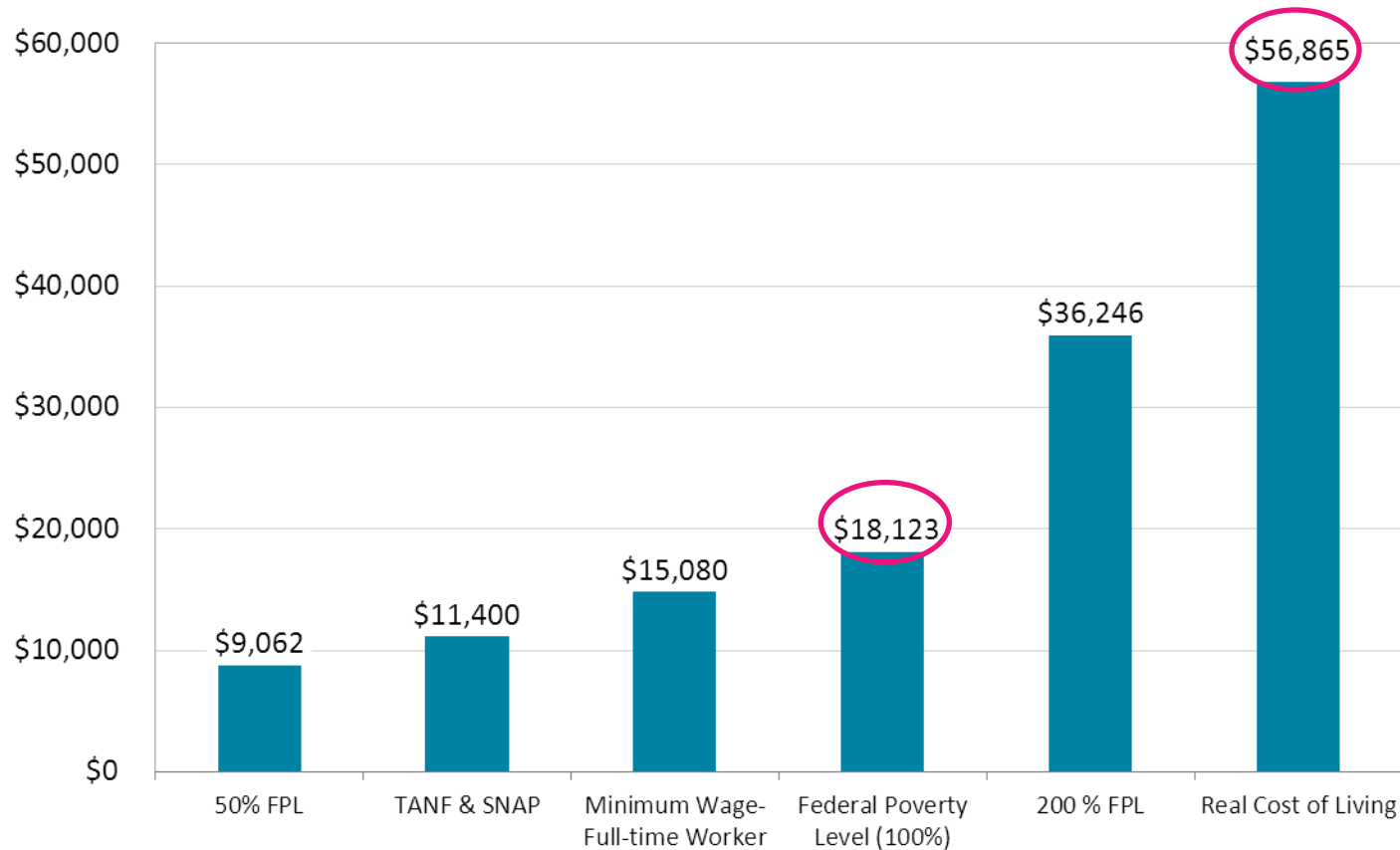
- ☐ Outdated measure
- ☐ No geographical differences in cost
- ☐ Does not vary by ages of children

Real Cost of Living

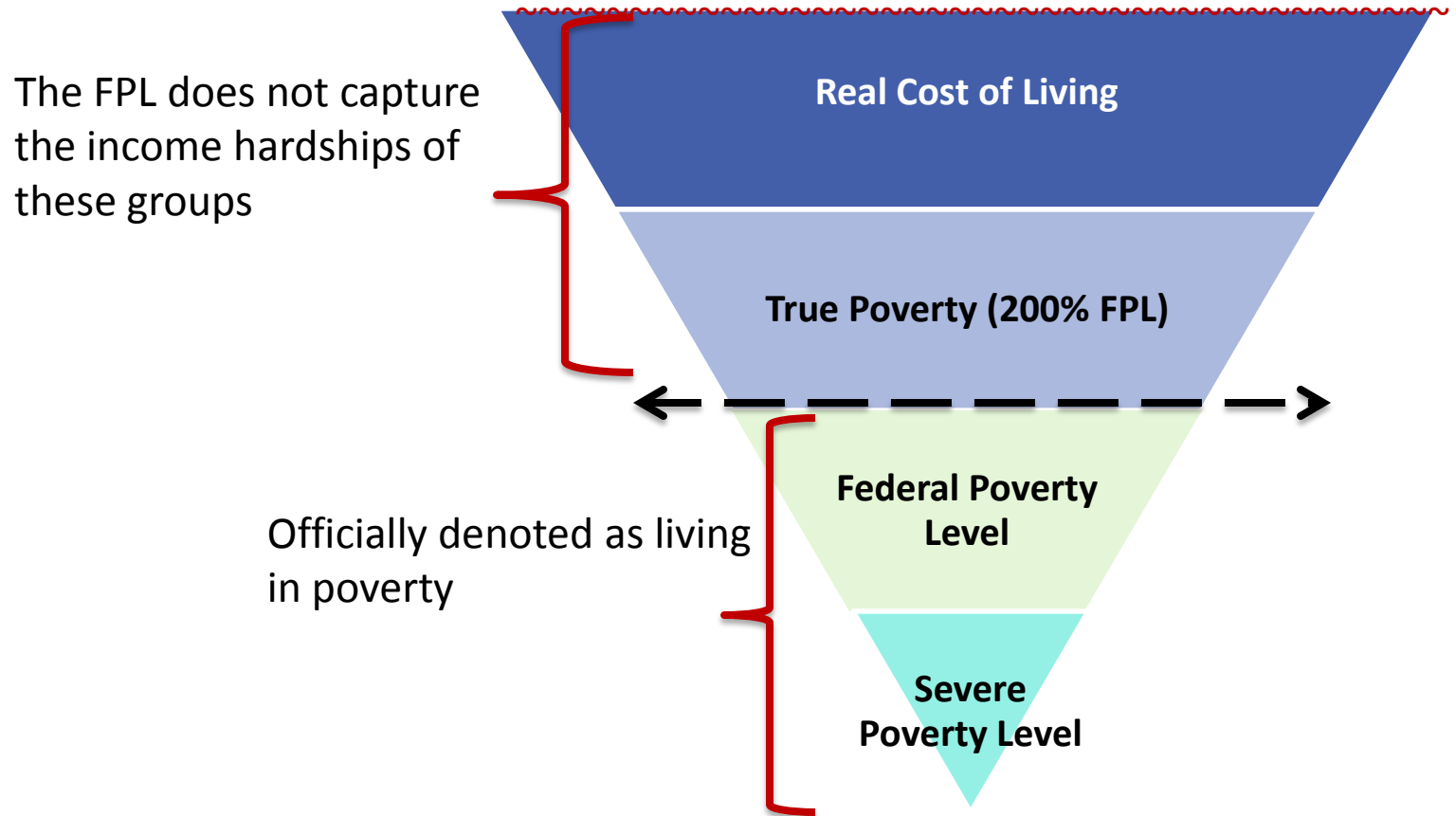
- ☐ Addresses shortcomings of FPL
- ☐ Based on the cost of each basic need, determined independently which allows each cost to increase at its own rate
- ☐ Incorporates geographical variations in costs
- ☐ Accounts for cost variation by family size and composition, as well as ages of the children
- ☐ Includes the net effect of taxes and tax credits

The Real Cost of Living is About Three Times the Federal Poverty Level in New Jersey

Income Levels (3 Person Family) New Jersey, 2012

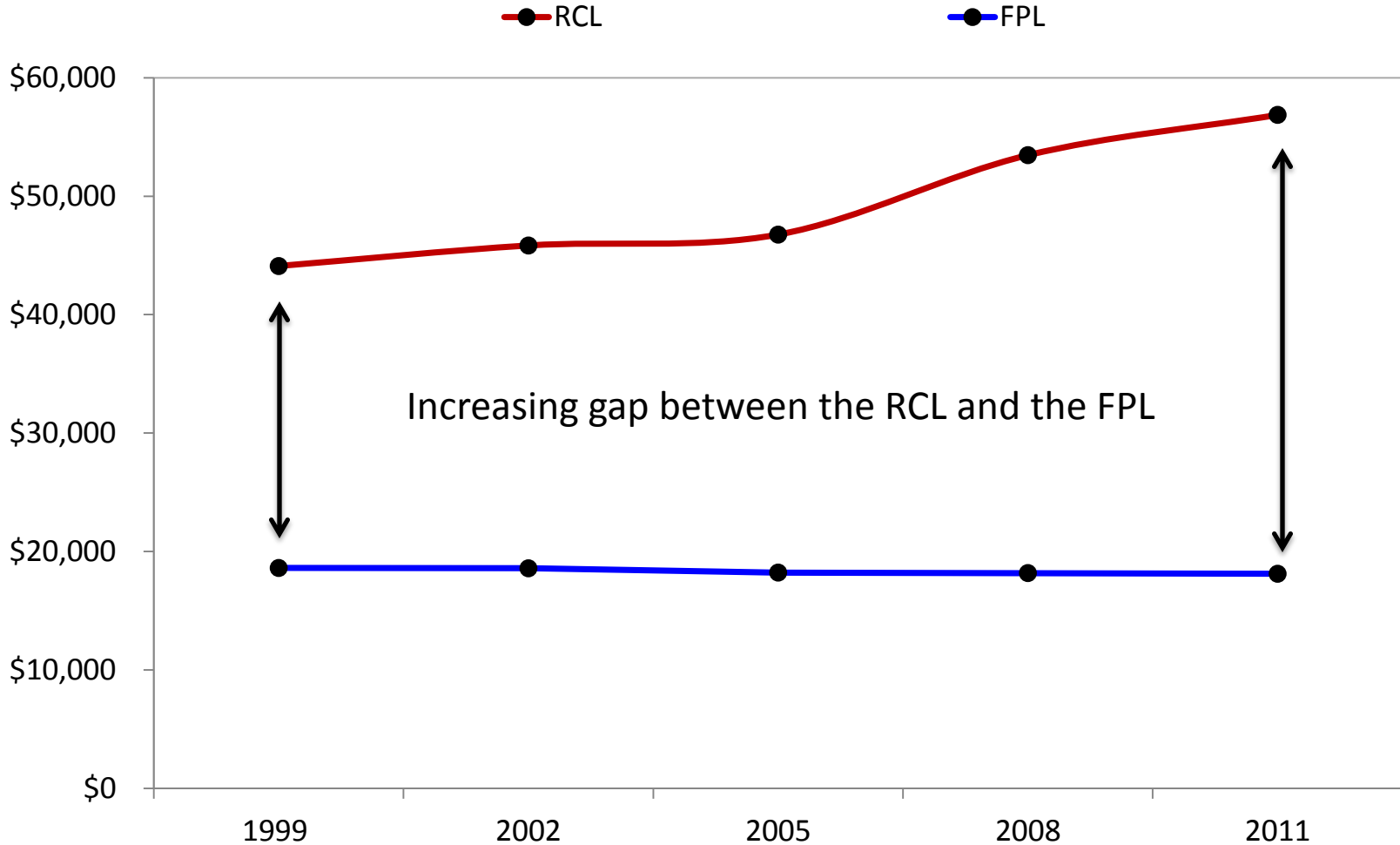


The Federal Poverty Level Undercounts Poverty



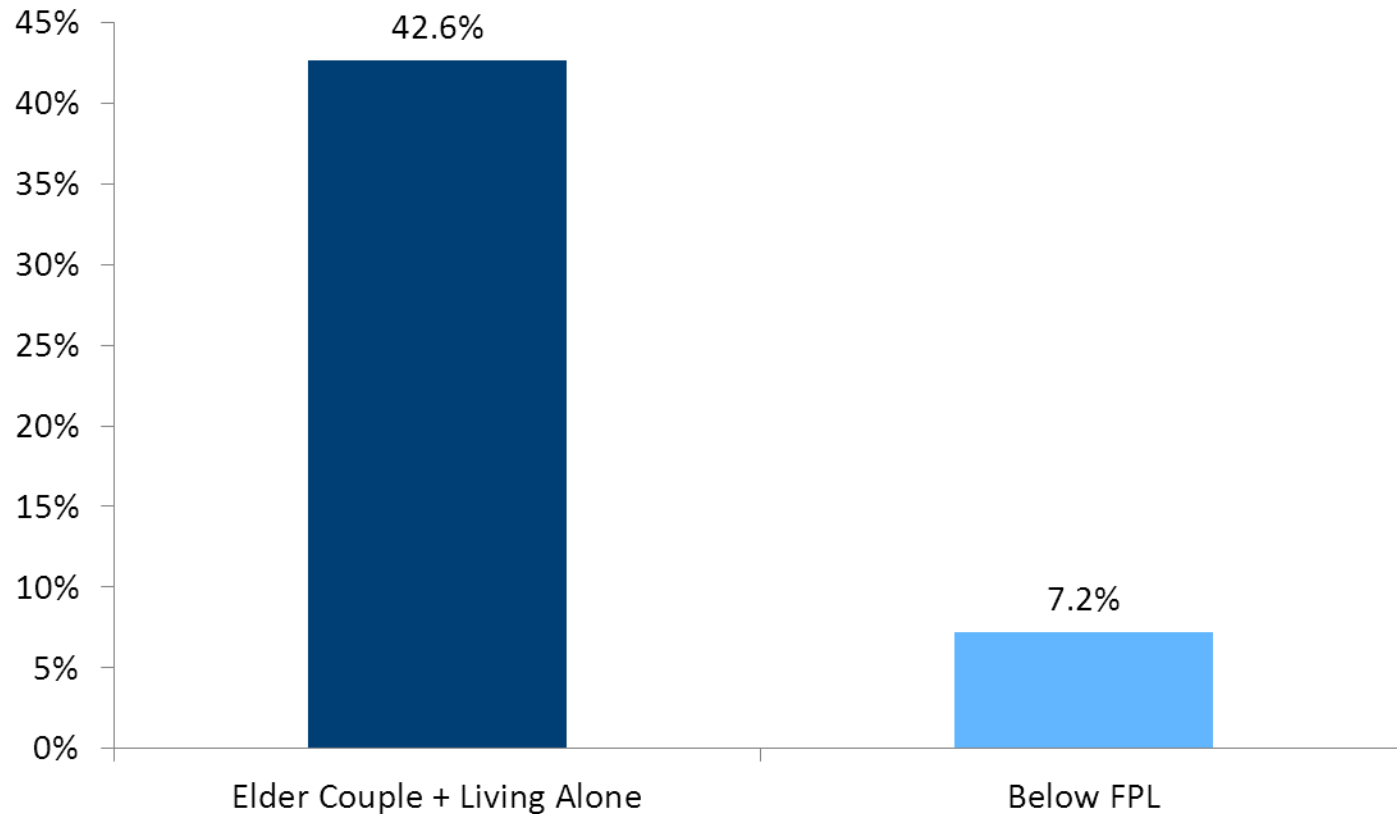
The Gap Between the RCL and FPL has Increased Since 1999

Comparison of the RCL & FPL for a Family of One Adult & Two School Age Children, New Jersey, 1999 to 2011 (2011 Inflation Adjusted Dollars)



The Official Poverty Measure (FPL) Fails to Capture the Full Extent of Poverty among the Elderly

New Jersey Residents 65 and over below the Elder Index



SUPPLEMENTAL POVERTY MEASURE

- ☐ Alternative poverty measure produced by the U.S. Census Bureau
- ☐ Addresses some of the flaws of the official measure
- ☐ It is not designed to replace the official measure and is not used for determining eligibility for government programs

SUPPLEMENTAL POVERTY MEASURE (SPM) DIFFERS FROM OFFICIAL POVERTY MEASURE (FPL)

FPL

- No geographical variation in costs
- No adjustments for housing
- Gross (before tax) cash income from all sources

SPM

- Costs vary by state of residence
- Adjusted by differences in expenditure for renters, owners with a mortgage and owners without a mortgage
- Also adds value of in-kind benefits (SNAP, NSLP, etc.) and also includes tax credits
- Excludes income and payroll taxes & some other expenses

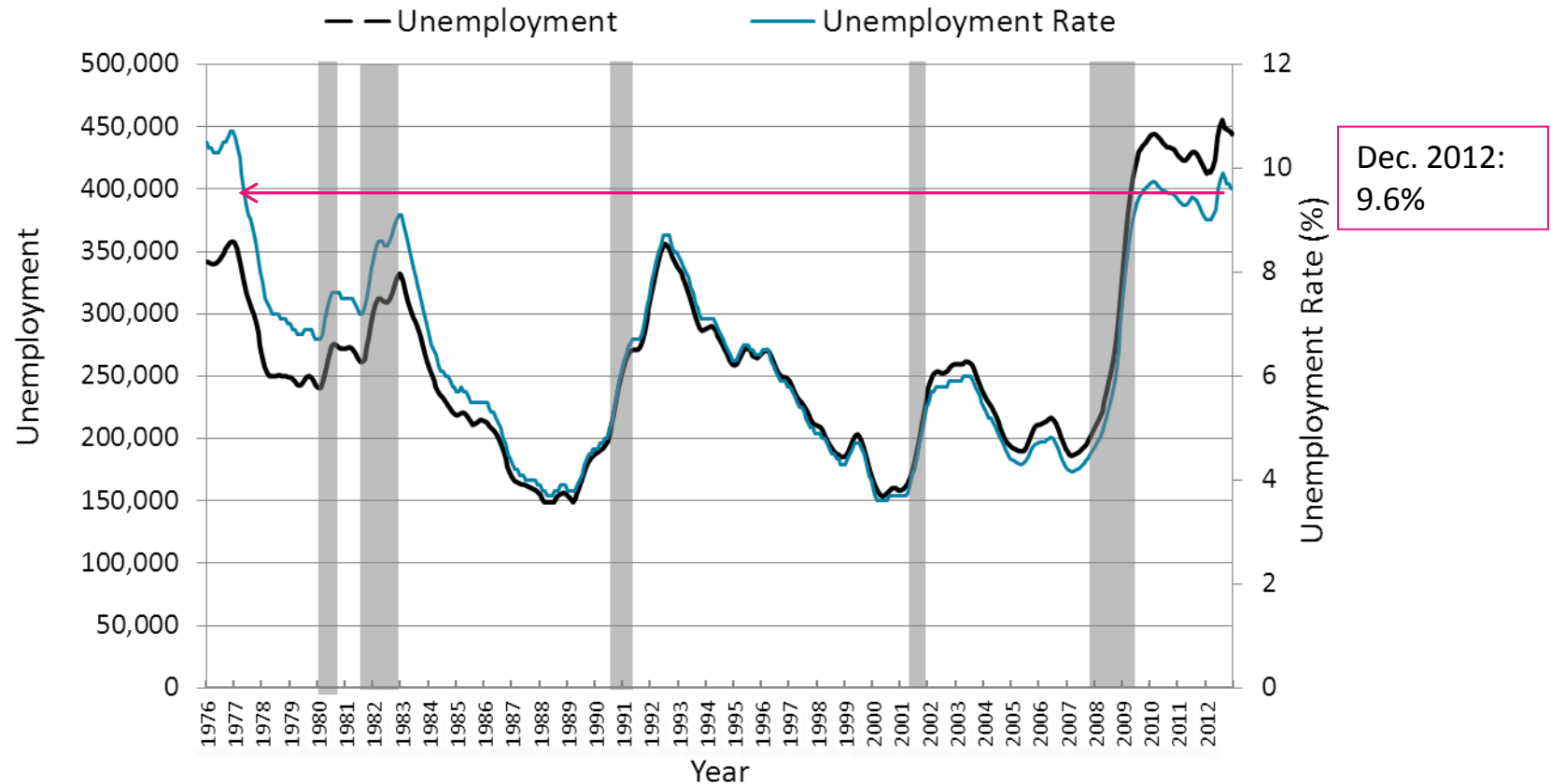
Poverty Rate in New Jersey Increases Substantially Using the Supplemental Poverty Measure

- ❑ New Jersey's poverty rate increases by **3.7** percentage points when using the SPM
- ❑ Using the official poverty measure (FPL), **44** states (including D.C.) have higher poverty rates than New Jersey
- ❑ However, only **17** states (including D.C) have higher poverty rates than New Jersey, when using the SPM

MANIFESTATIONS AND EFFECTS OF POVERTY

Unemployment Rate at Height Last Experienced 35 Years Ago

Monthly Unemployment Level & Unemployment Rate, New Jersey, Jan. 1976 to Dec. 2012

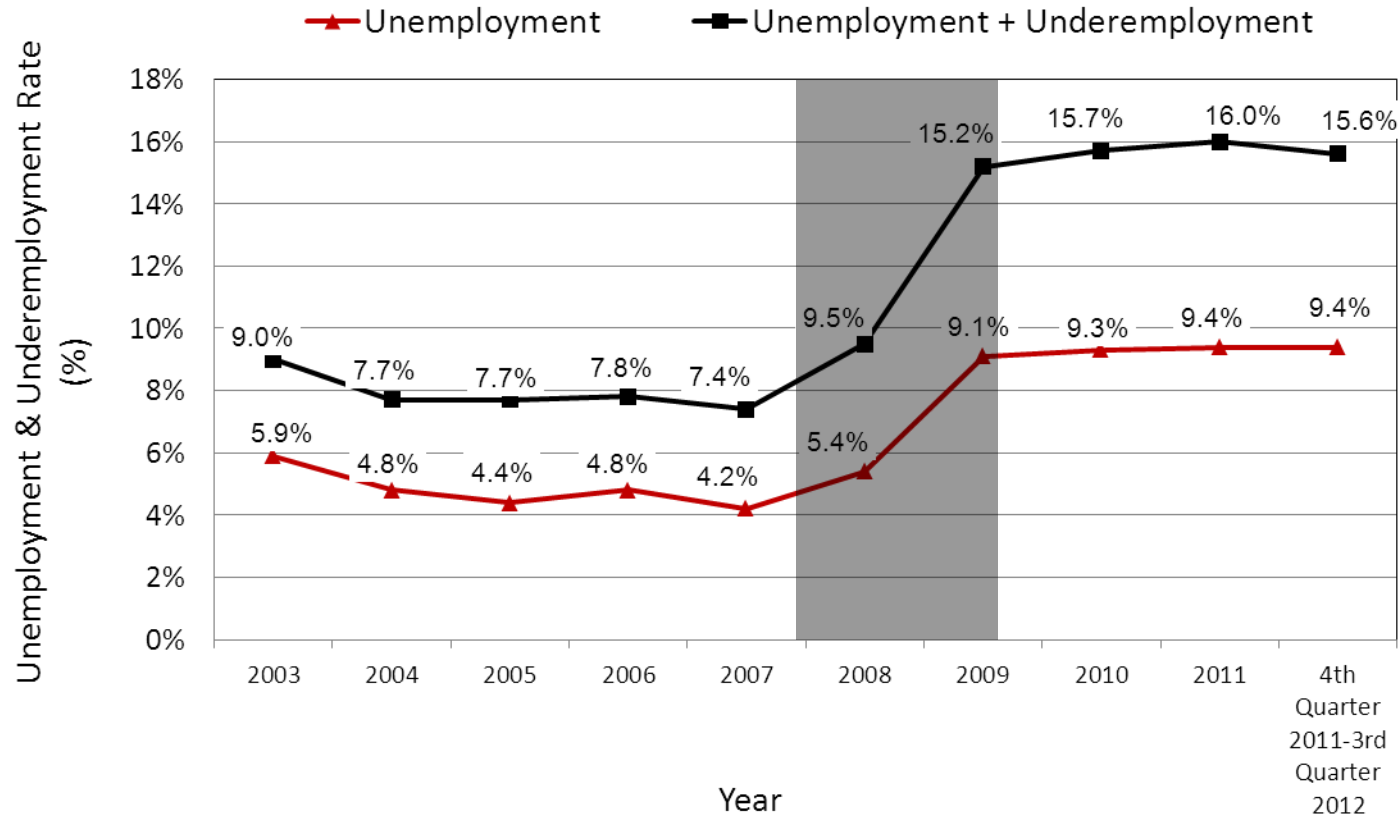


Note: Shaded areas indicate recessions

Source: US Bureau of Labor Statistics & New Jersey Department of Labor & Workforce Development

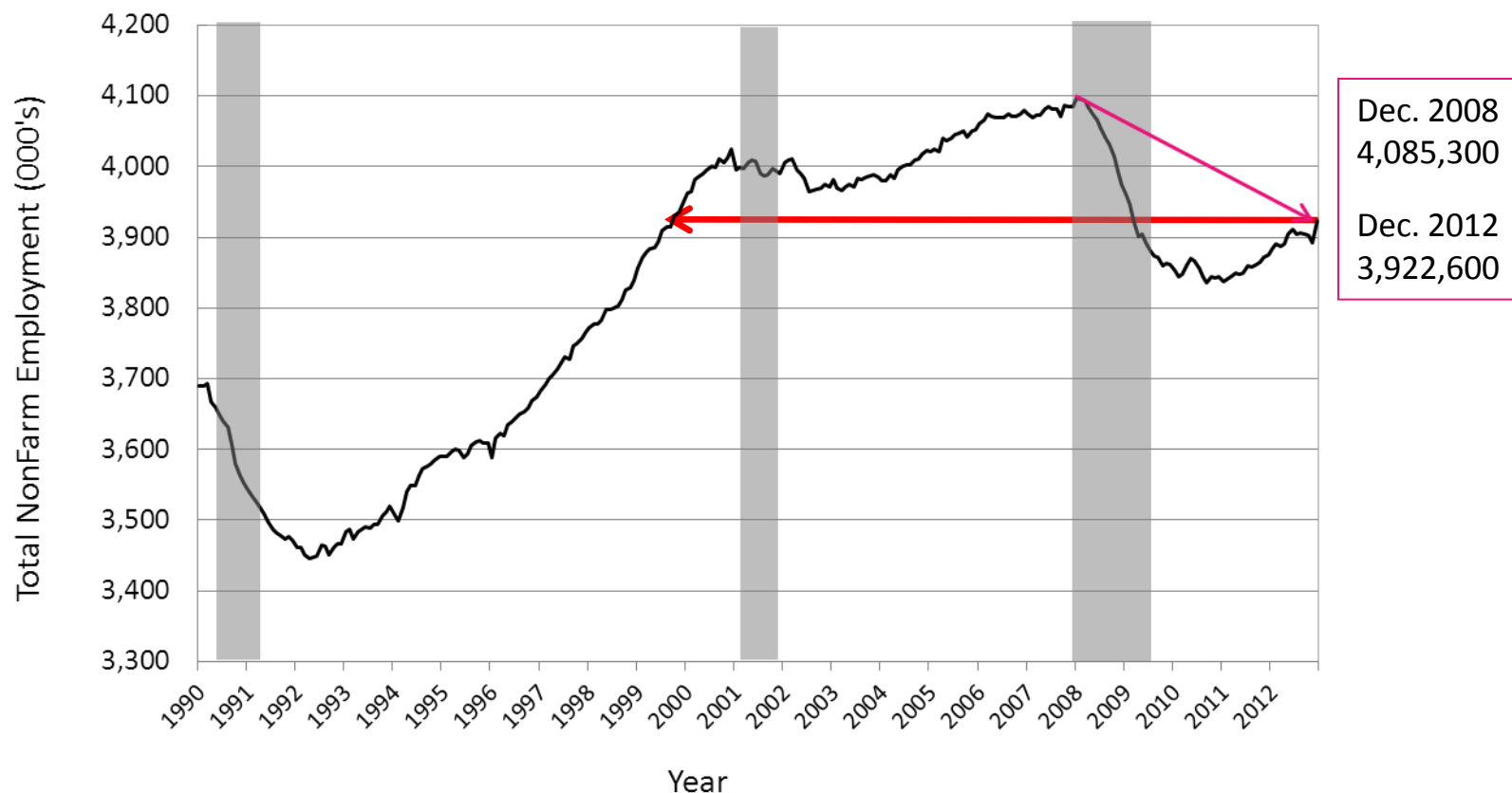
The Underemployment Rate Remains High and Substantially Higher than the Official Unemployment Rate

Changes in the Underemployment Rate New Jersey, 2003 to 3rd Quarter 2012



Lethargic Job Recovery: Employment at a Level Last Experienced in October 1999

Nonagricultural Wage and Salary Employment in New Jersey, Jan. 1990 to Dec. 2012

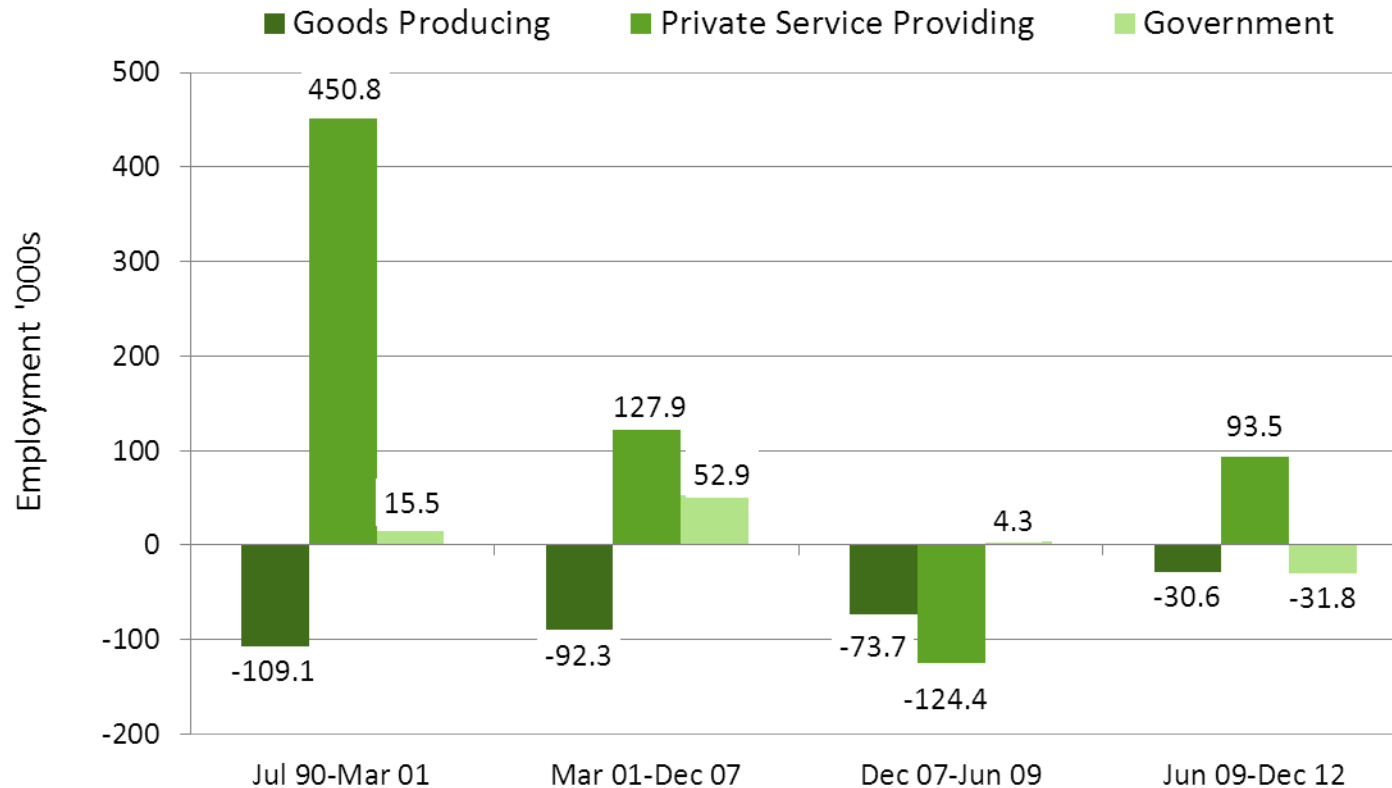


Note: Shaded areas indicate recessions

Source: US Bureau of Labor Statistics & New Jersey Department of Labor & Workforce Development

New Jersey was Shedding Goods Producing Jobs Before the Great Recession and Continues To Do So

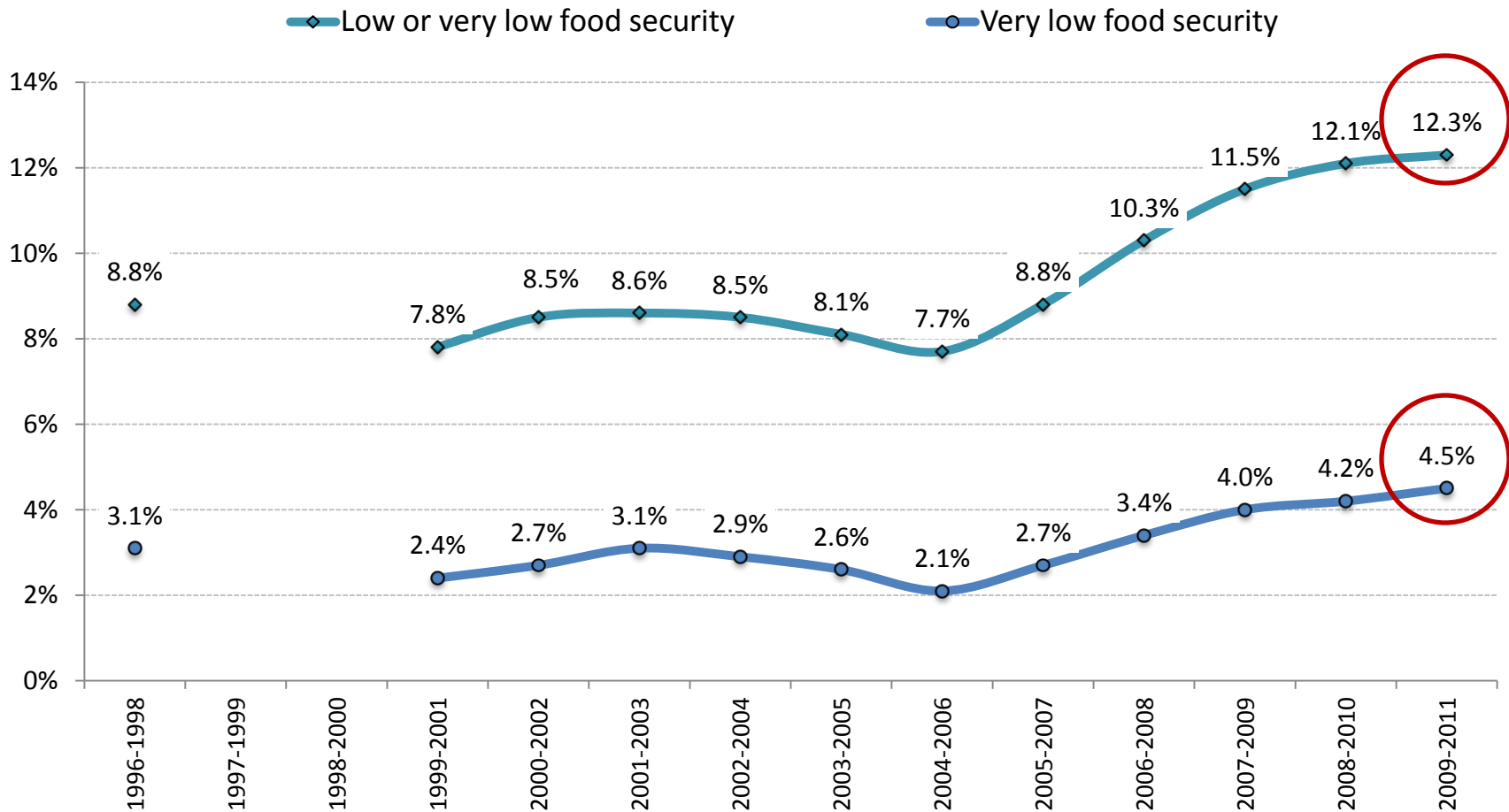
Aggregate Changes in Nonagricultural and Wage Employment in New Jersey, Jan. 1990 to Dec. 2012



ASPECTS OF POVERTY: FOOD

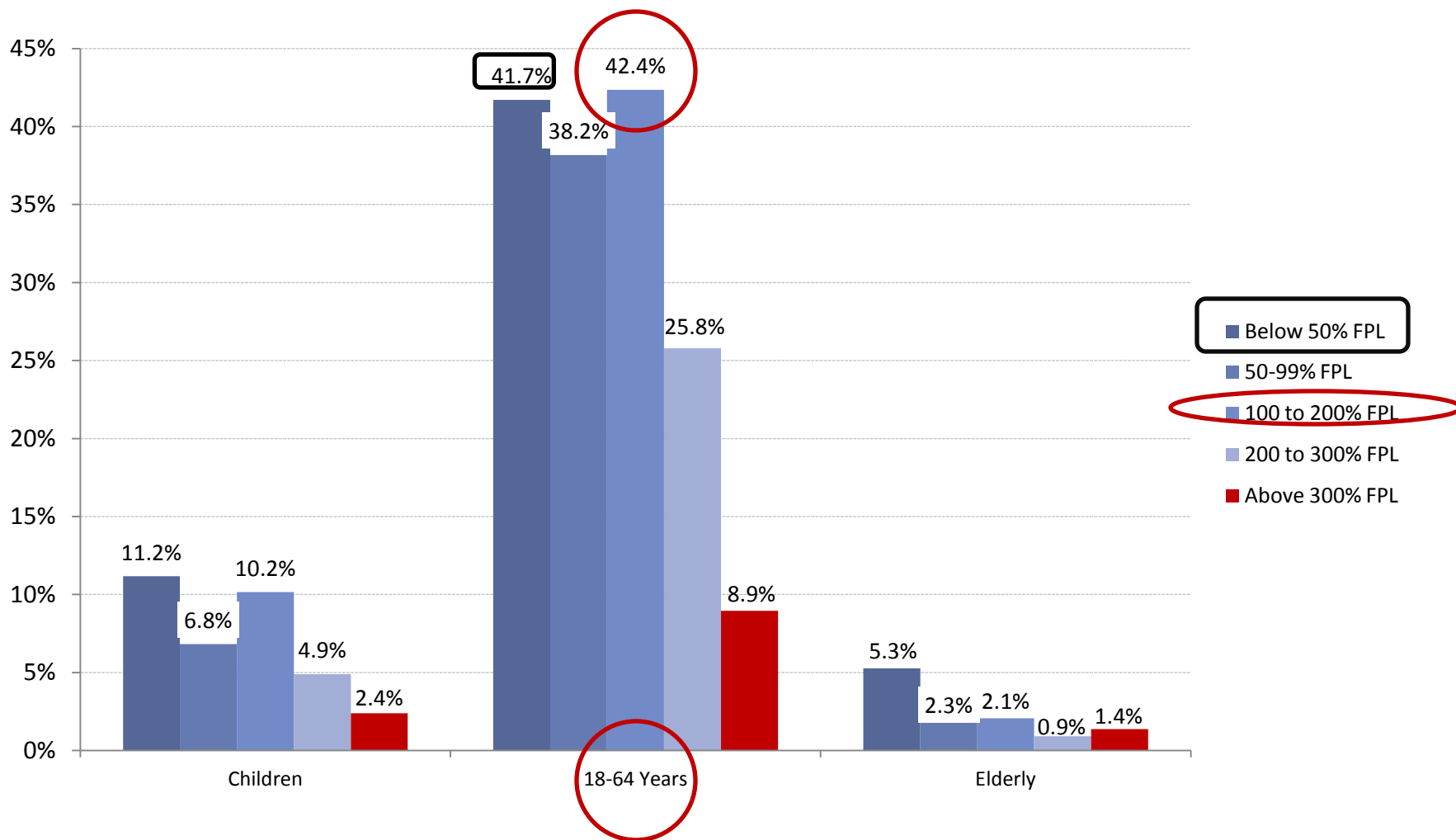
Record Percentage of New Jerseyans Experiencing Food Insecurity in 2011

Percentage of Households Experiencing Food Insecurity, New Jersey, 1996 to 2011



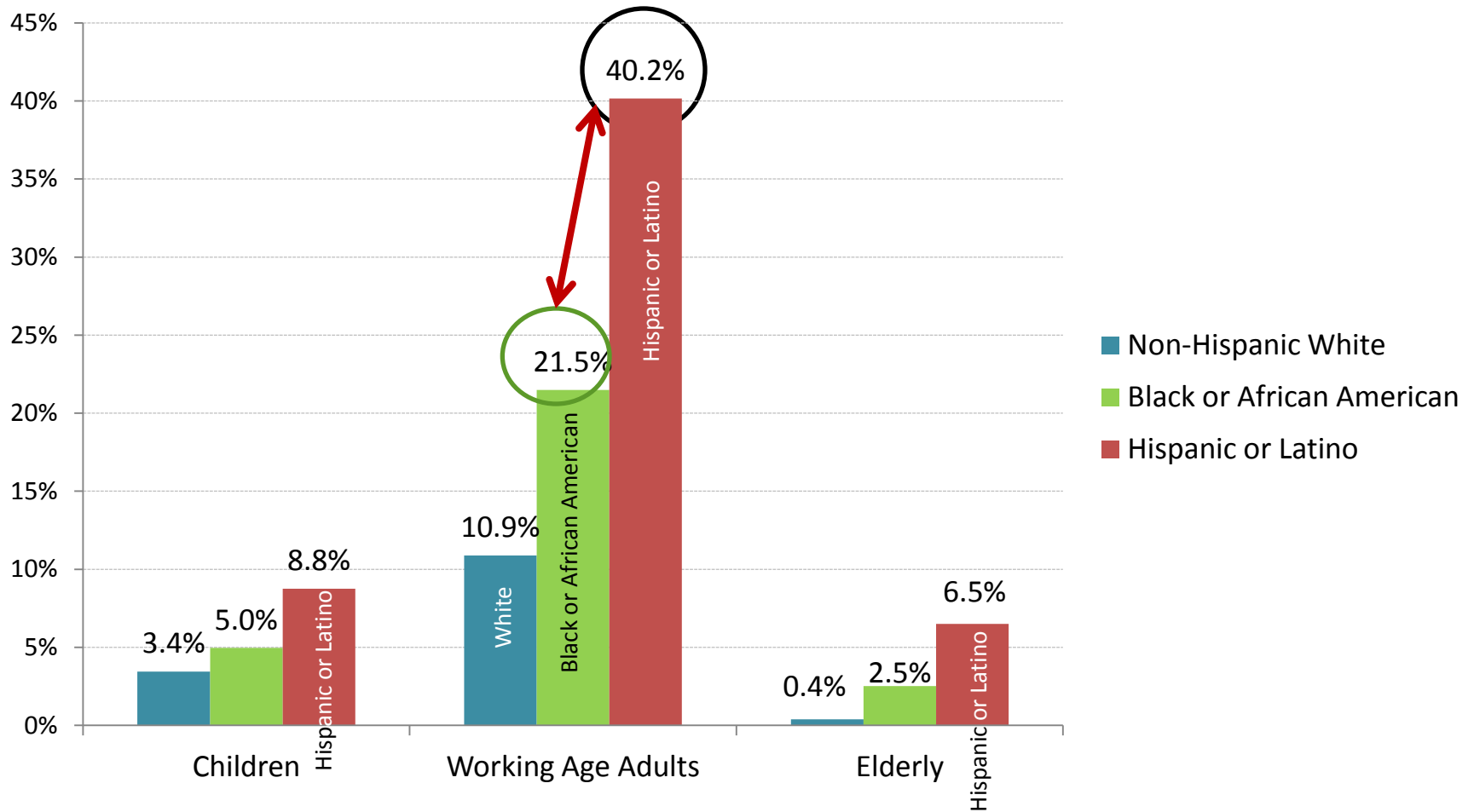
HEALTH: Significant Portion of Working Age New Jerseyans Living in Poverty Did Not Have Health Insurance in 2011

Percentage with No Health Insurance by Income Level & Age, New Jersey, 2011



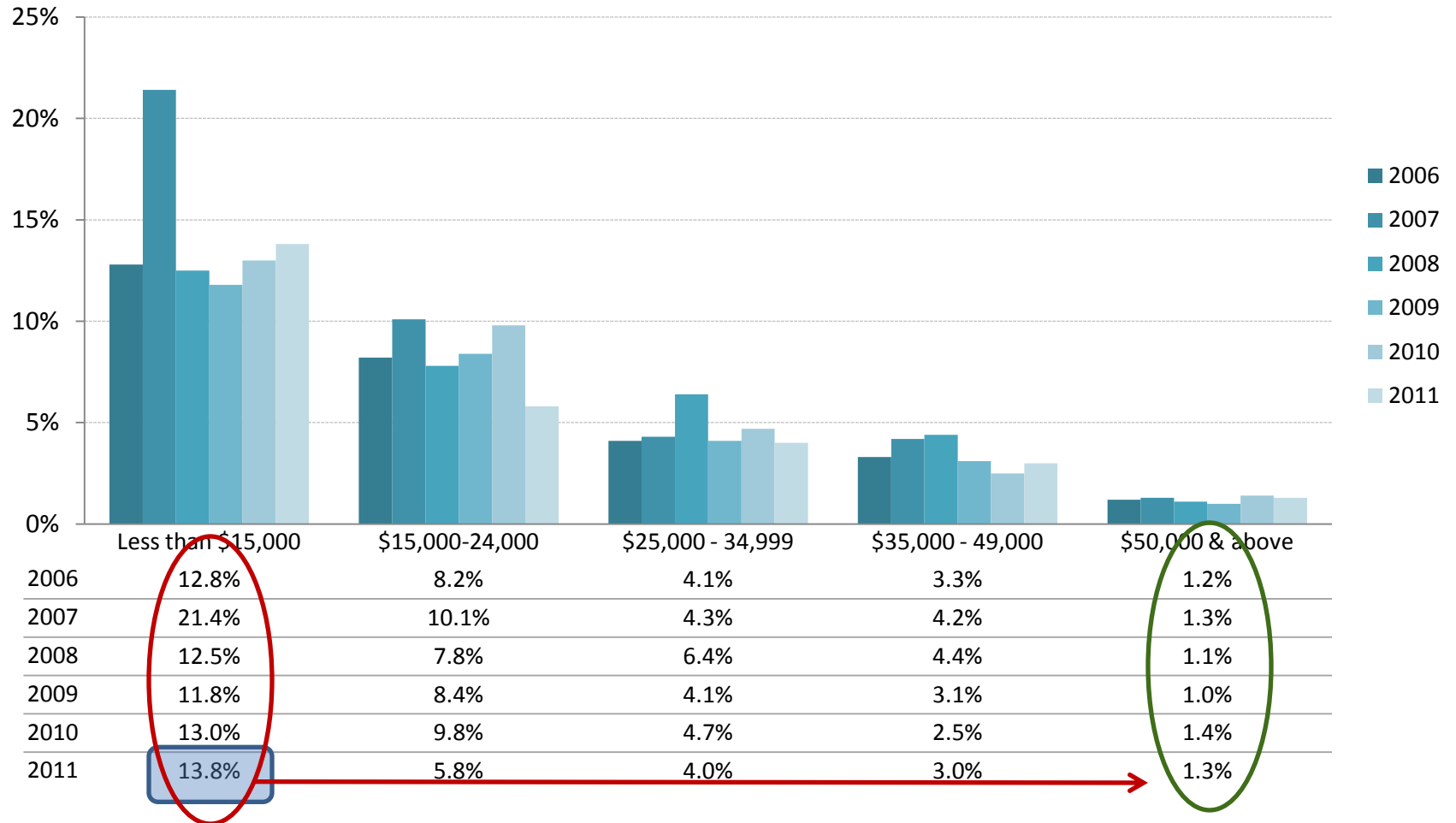
Working Age Hispanics Were Most Likely to Lack Health Insurance in 2011

Uninsurance Rate by Race & Ethnicity & Age, New Jersey, 2011



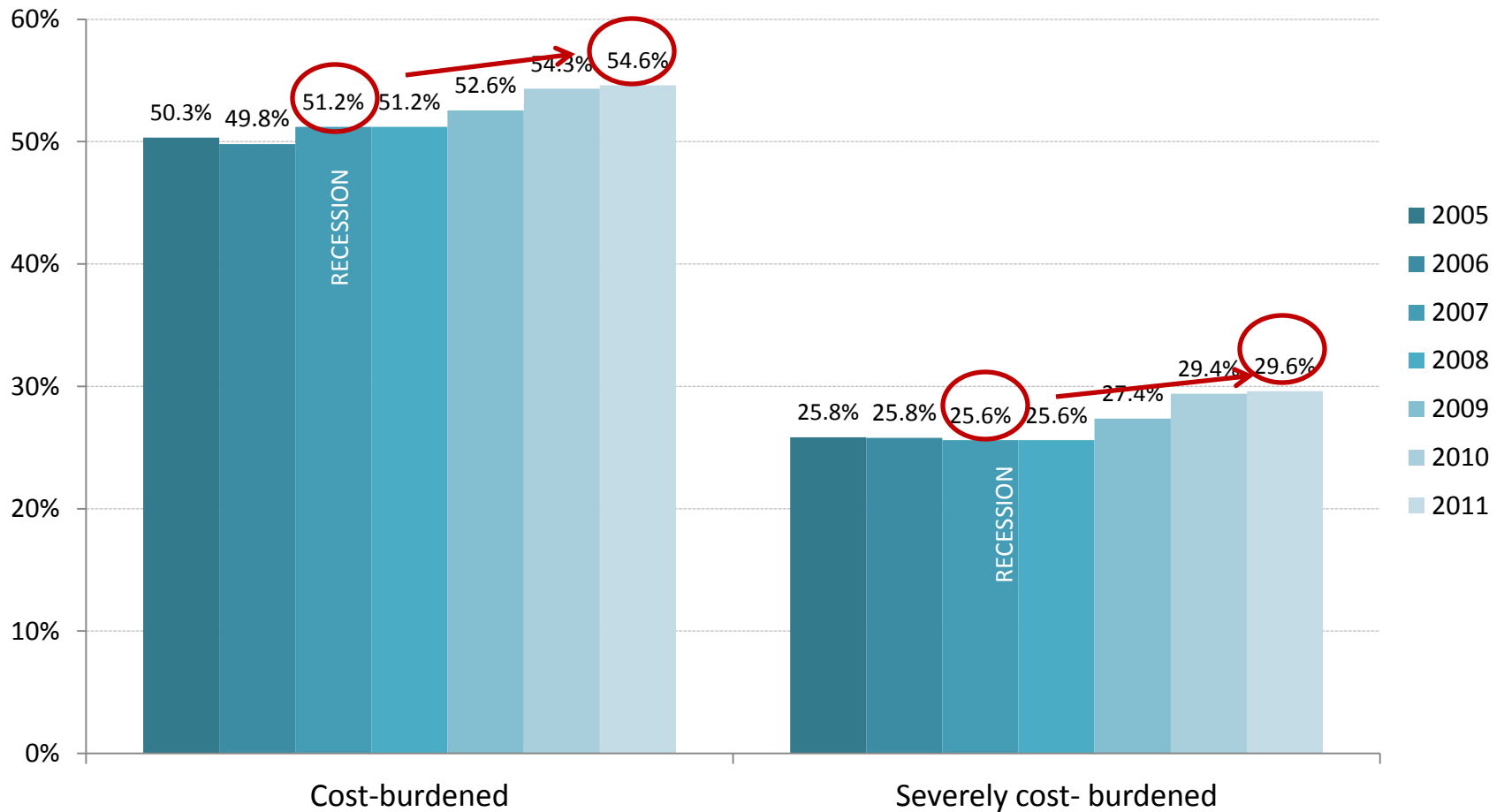
Individuals with Lowest Income Most Likely to Report Poor Health

Percentage Reporting Poor Health by Income Level, New Jersey, 2006 to 2011



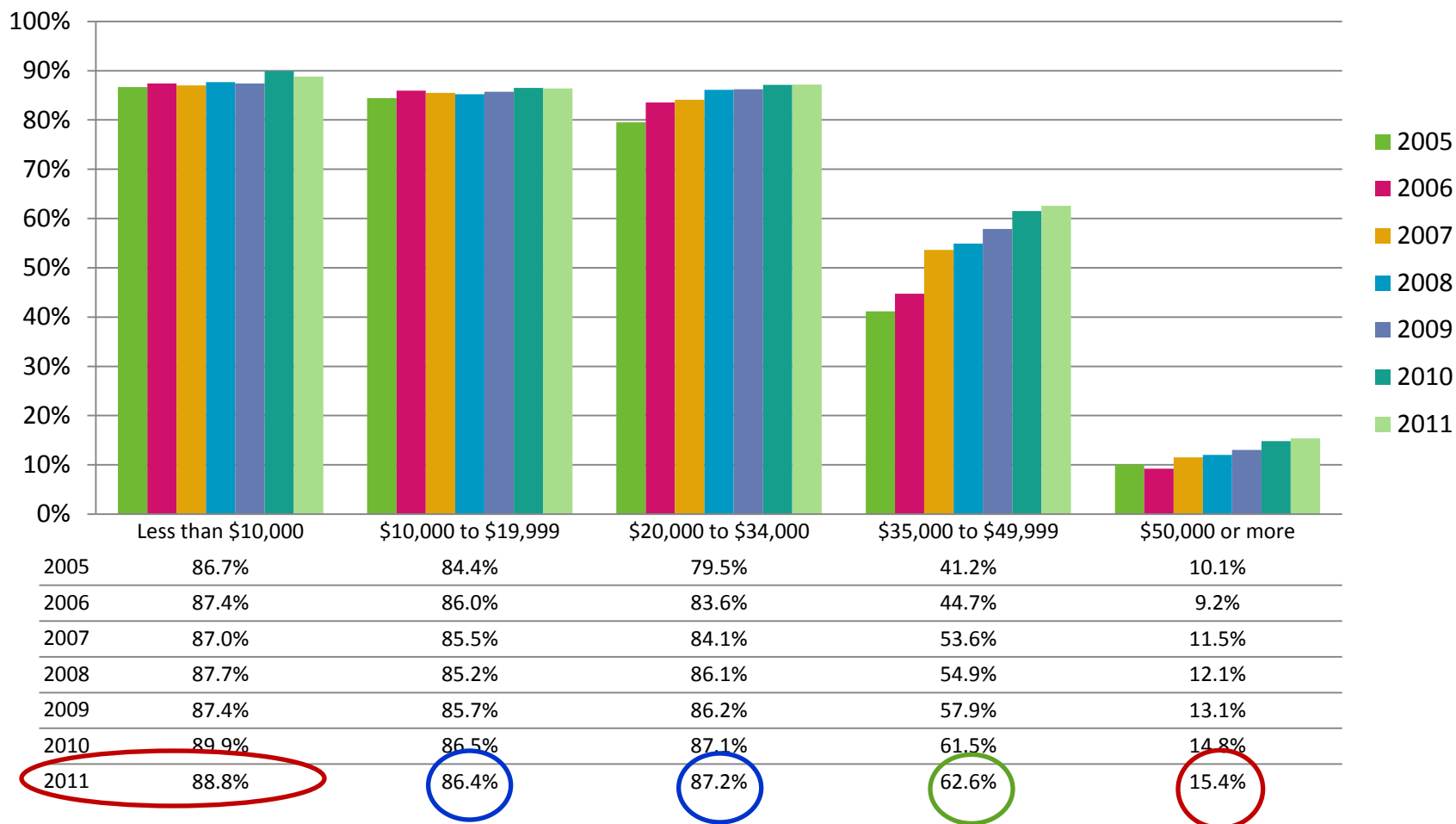
Housing Challenges Continue to Escalate for Majority of New Jersey Renters

Cost-Burdened & Severely Cost-Burdened Renters, New Jersey, 2005 to 2011



An Overwhelming Majority of New Jersey Renters with Low Incomes Struggle to Afford Housing

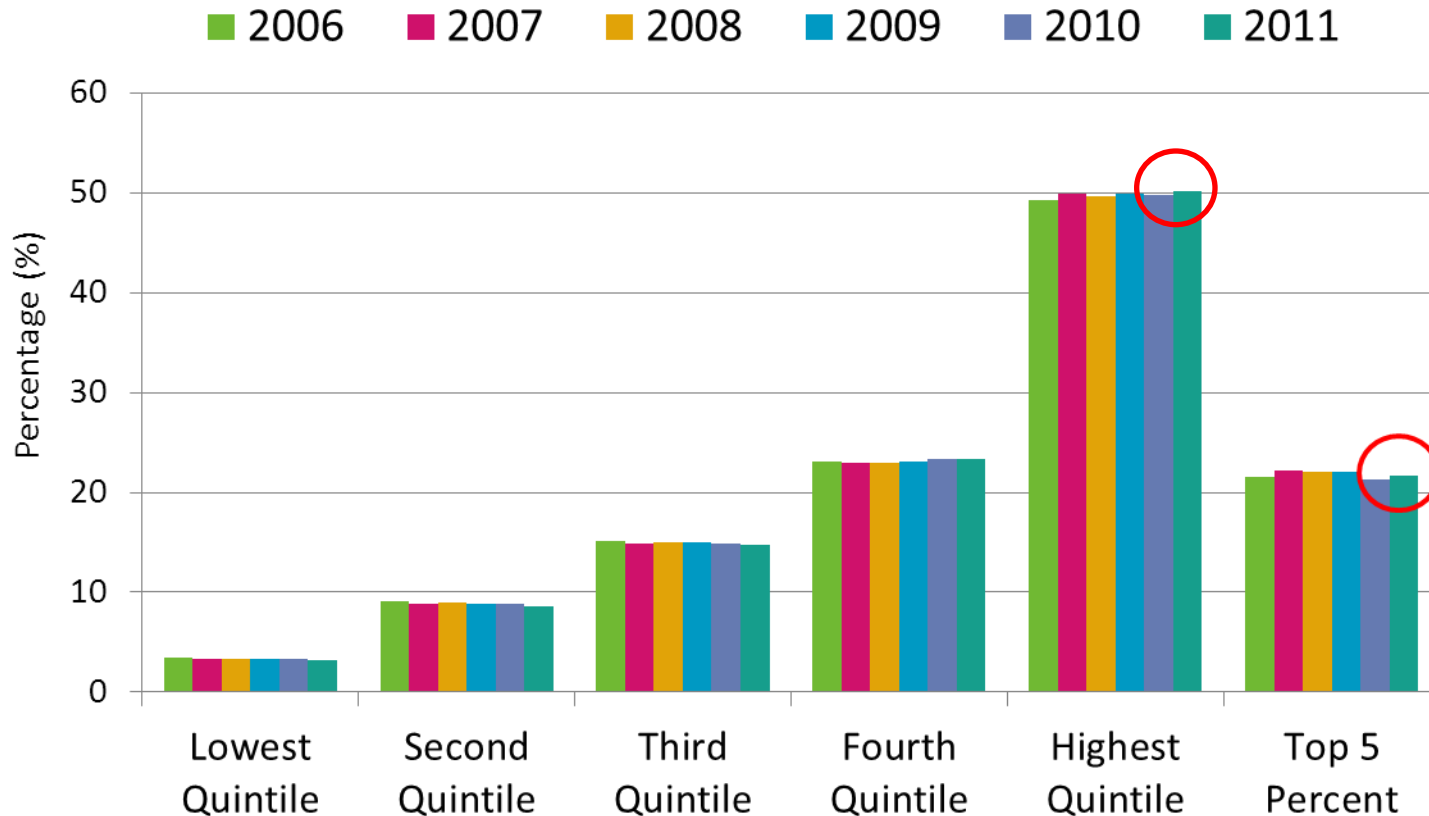
Percentage of Cost-Burdened Renters by Income Level, New Jersey, 2005 to 2011



INCOME AND WEALTH INEQUALITY

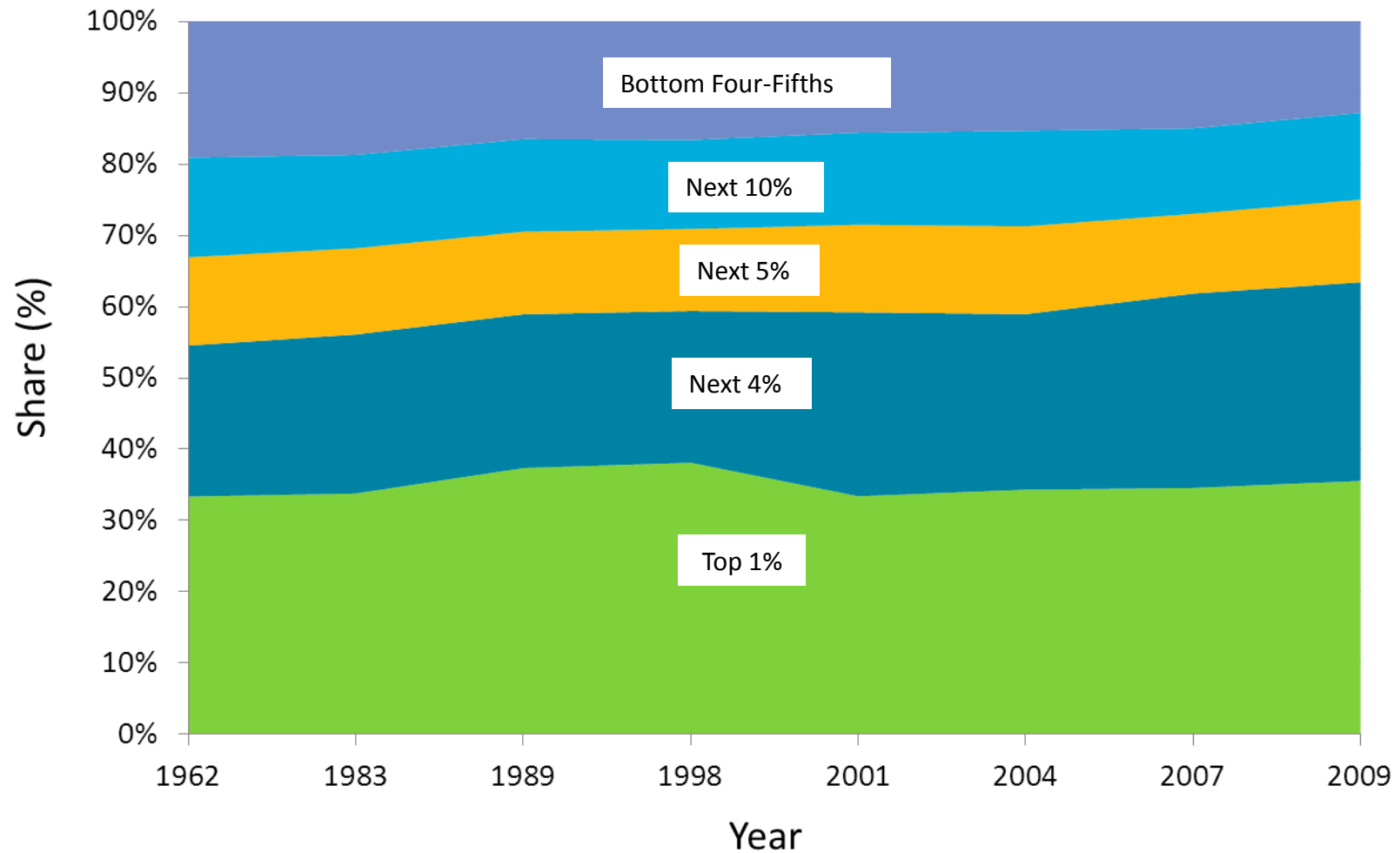
Income Share of Bottom Three Quintiles at Lowest Level in Six Years, while Share for Top Two Quintiles at Highest Level

Share of Household Income by Quintile, New Jersey, 2006 to 2011



The Wealthy Have Been Increasing Their Share of the Total Pie

Distribution of Wealth by Wealth Group, United States, 1962 to 2009

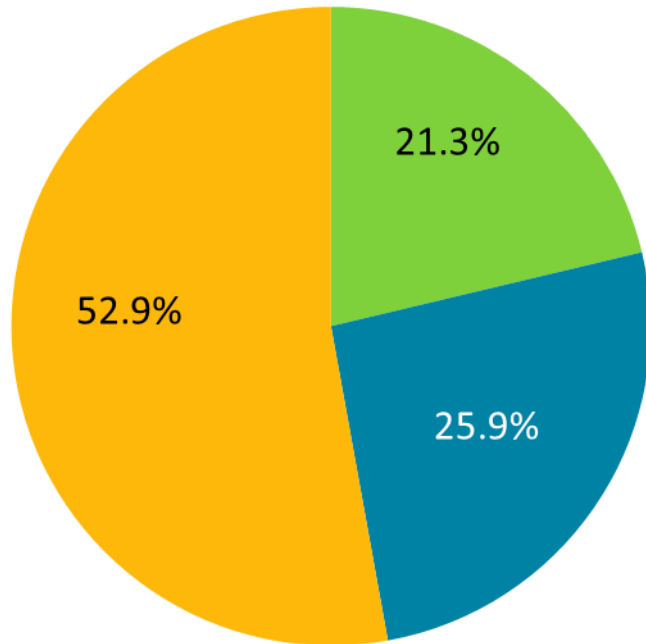


Wealth Is Even More Concentrated Than Income

Distribution of Before-Tax Household Income and Wealth, United States, 2009

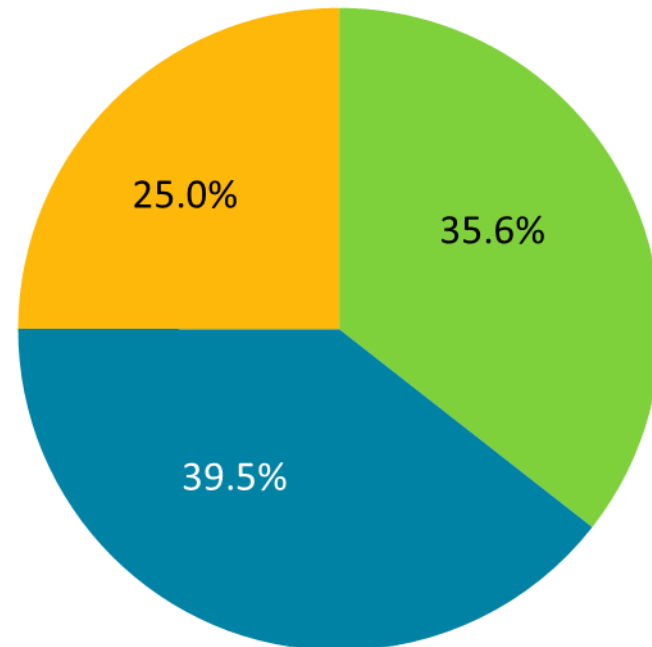
Before-Tax Household Income

■ Top 1% ■ Next 9% ■ Bottom 90%



Net Worth

■ Top 1% ■ Next 9% ■ Bottom 90%



Wages Have Been Eroding for the Last Decade, Importantly for Low Paying Jobs

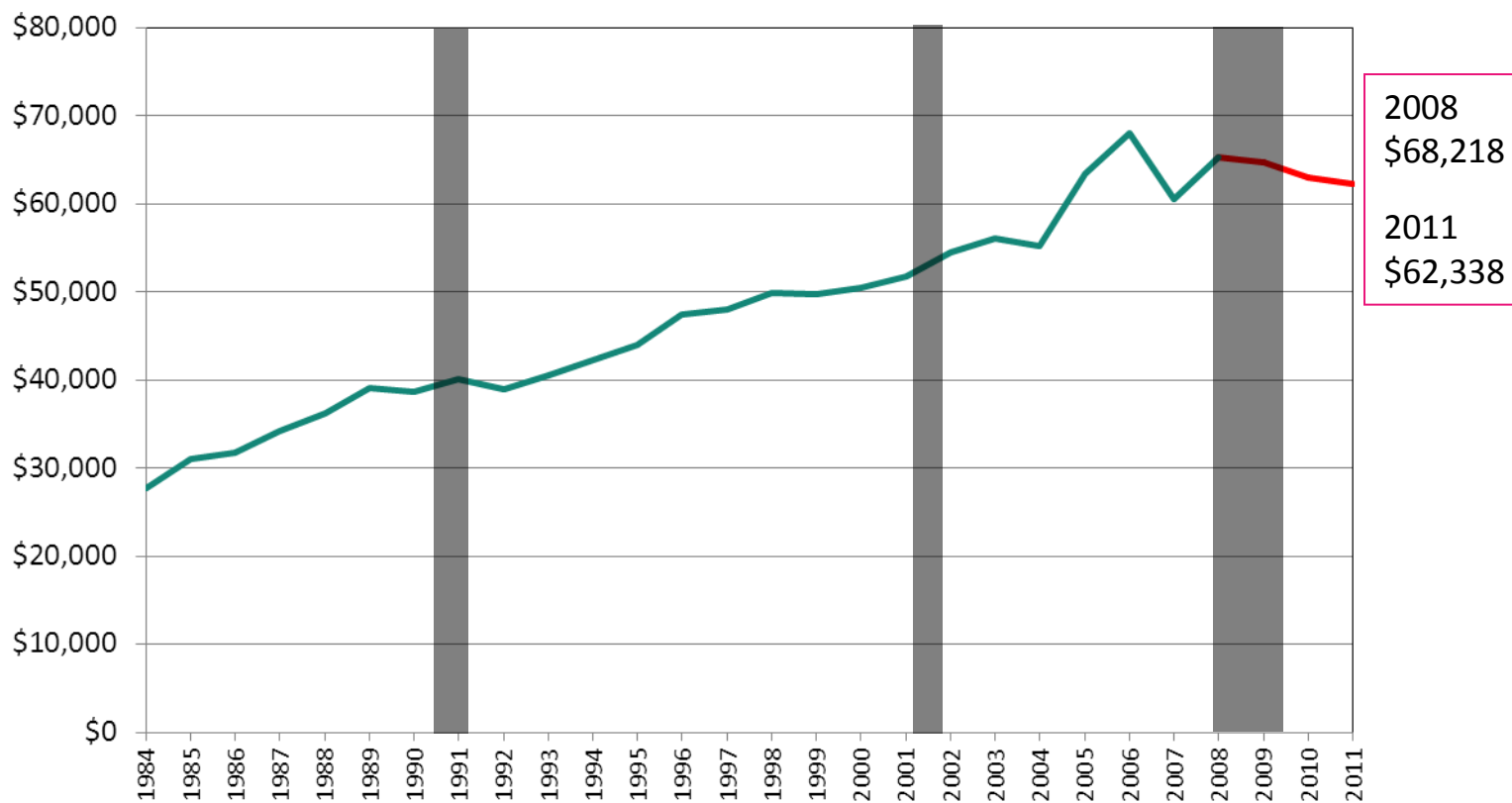
Occupational Wage & Employment Estimates, New Jersey, 2001 to 2011 (2011 Dollars)

	Estd. Total Employ.	25 th Pctile Hourly Wage	25 th Pctile Annual Wage	50 th Pctile Hourly Wage	50 th Pctile Annual Wage
2001	3,848,330	\$12.72	\$26,465	\$19.90	\$41,392
2007	3,980,080	\$12.30	\$25,587	\$19.32	\$40,202
2011	3,771,250	\$11.85	\$24,640	\$19.01	\$39,530
	Estd. Total Employ. 2011	Median Hourly Wage 2001	Median Hourly Wage 2011	Median Annual Wage 2001	Median Annual Wage 2011
Retail Salesperson	117,720	\$11.34	\$10.77	\$23,591	\$22,400
Cashiers	106,290	\$9.68	\$9.16	\$20,125	\$19,060
Laborers & Freight, . . . Movers	73,940	\$12.83	\$11.64	\$26,689	\$24,200
Janitors & Cleaners	67,440	\$11.91	\$11.71	\$24,759	\$24,360
Stock Clerks & Order Fillers	66,790	\$13.39	\$10.40	\$27,844	\$21,640

RCL for a Single Adult in 2011 = \$13.75 an Hour

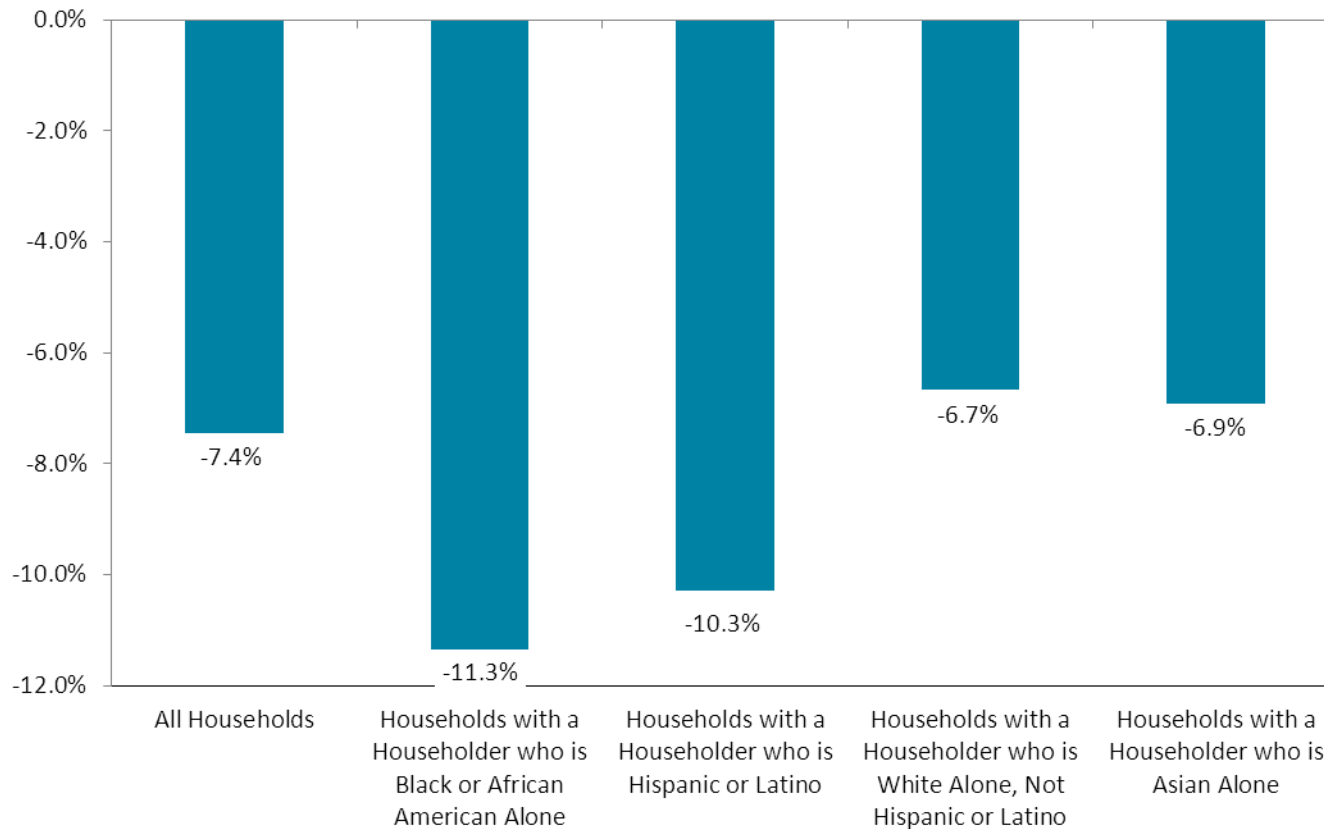
Median Household Income Declined during the Recession and Continues to Decline

Median Household Income, New Jersey, 1984 to 2011 (2011 Dollars)



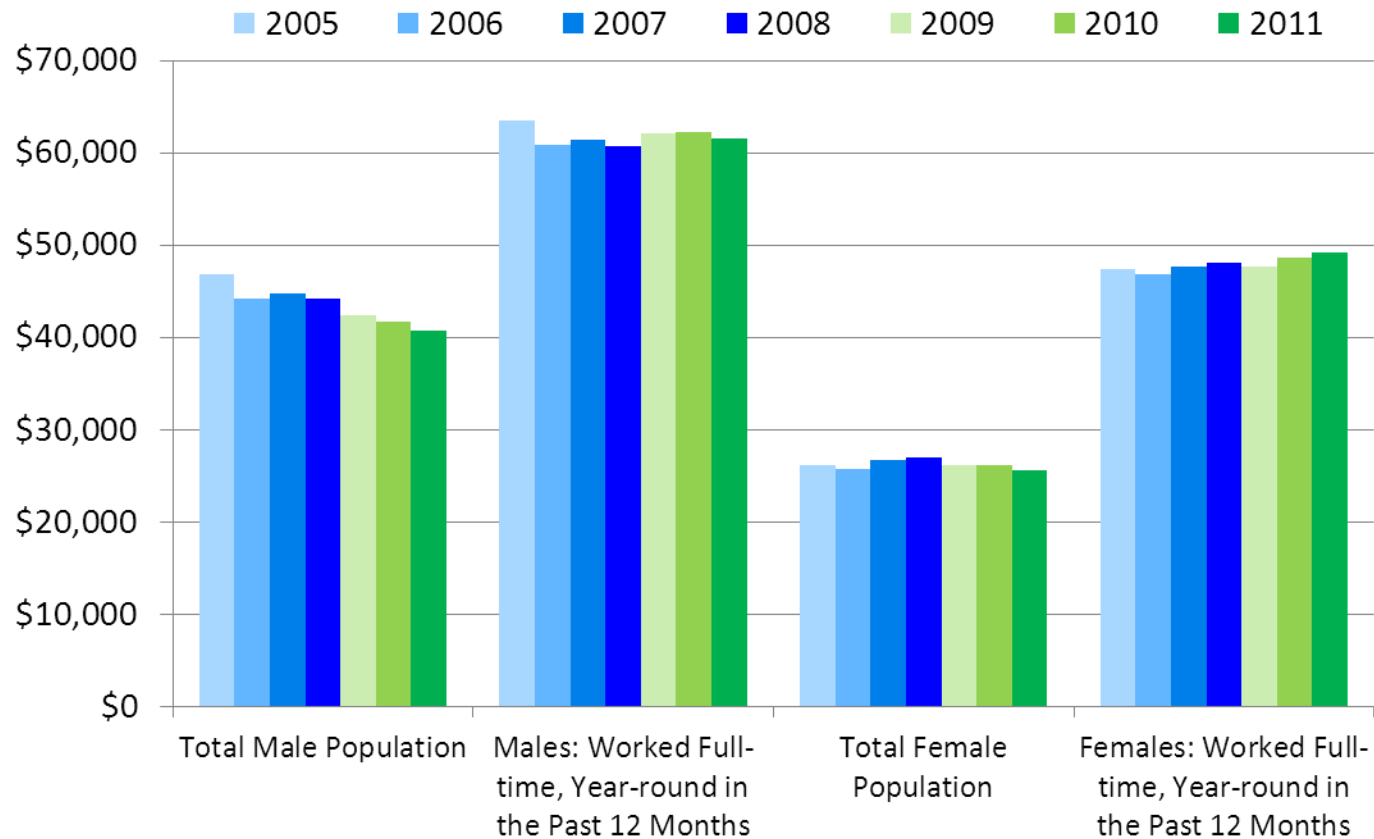
Median Income for Black & Hispanic Households Has Declined Considerably More than for White Non-Hispanic Households

Percentage Change in Median Household Income by Race & Ethnicity, New Jersey, 2007 to 2011
(2011 Dollars)



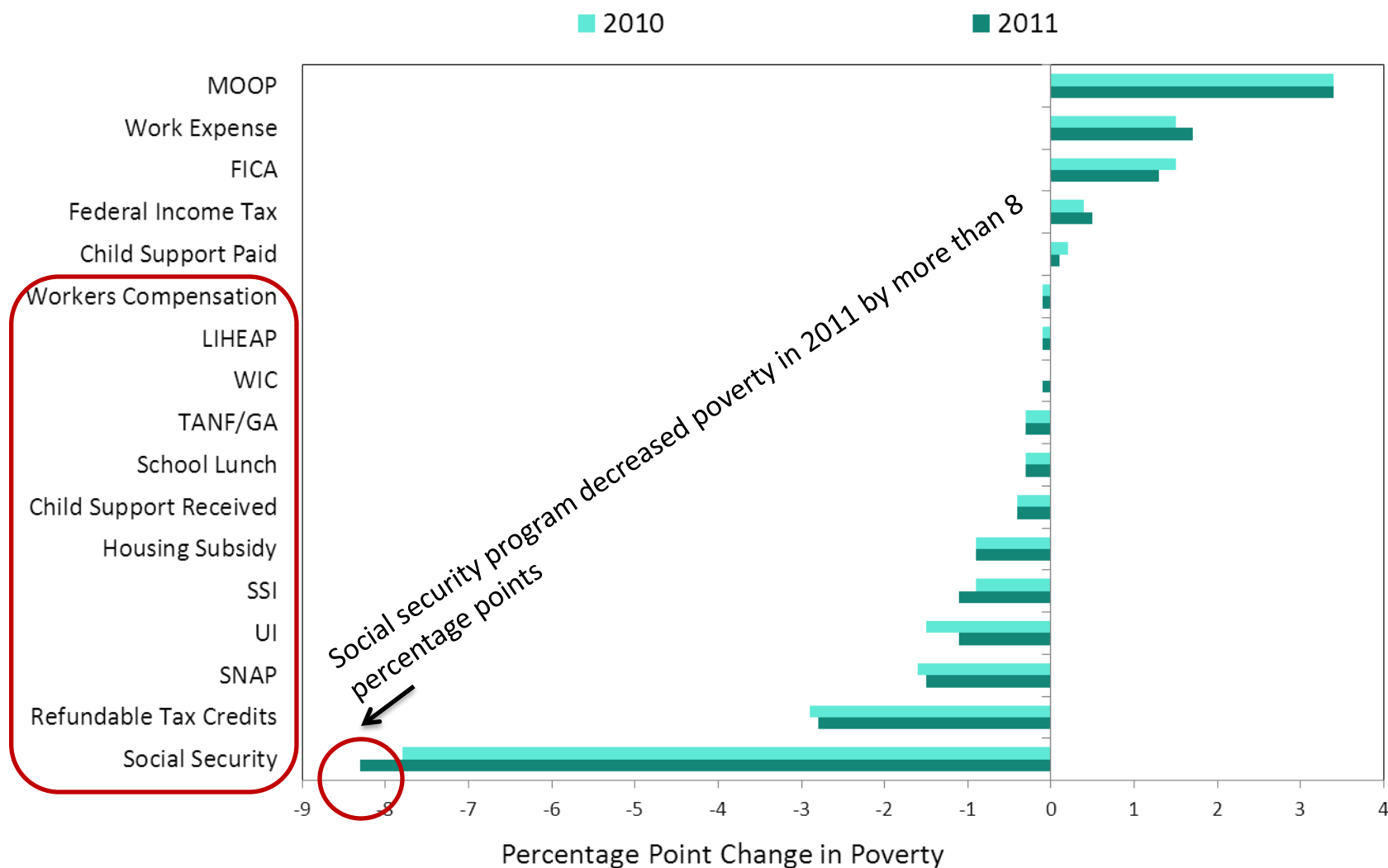
Females Still Earn Considerably Less than Males

Median Income by Sex and by Work Experience for Population 15 Years & Over with an Income in the Past 12 Months, New Jersey, 2005 to 2011 (2011 Dollars)

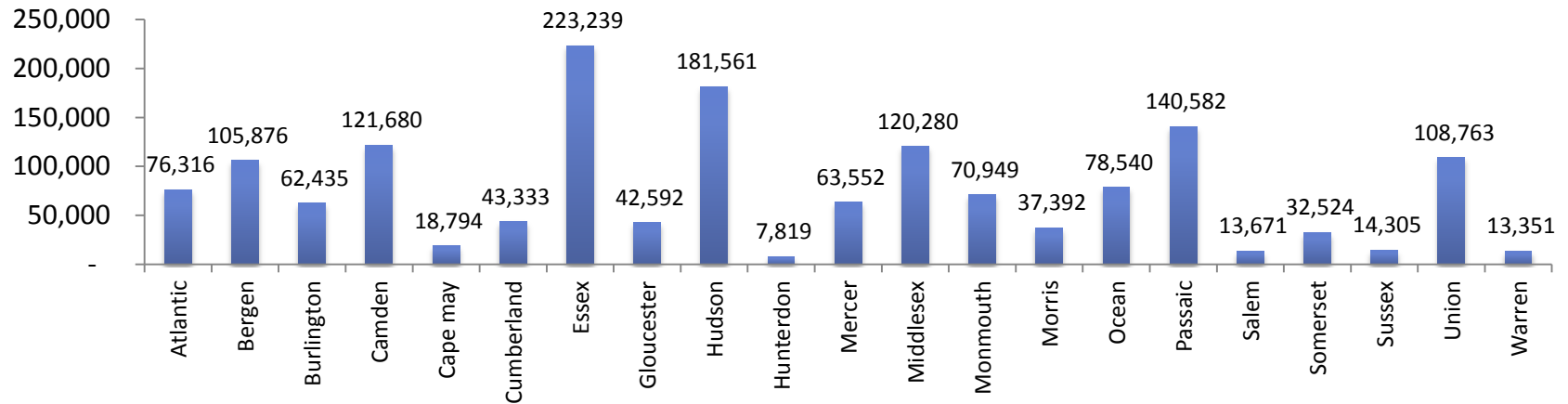


SELECTED ANTI-POVERTY PROGRAMS AND POLICIES

Difference in SPM Rate After Including Each Element: 2010 & 2011



Number of Parents & Children Affected in FY 2012 by the Reduction in the State EITC Rate in 2010



- ❑ Working families with incomes between \$13,980 to \$50,270 (based on marital status and number of children) are eligible to receive federal EITC (FY 2012). The largest benefit, however, goes to those who are poorest in this group.
- ❑ In FY 2012, the maximum federal credit varied between \$475 (with no qualifying children) and \$5,891 (for those with three or more children).

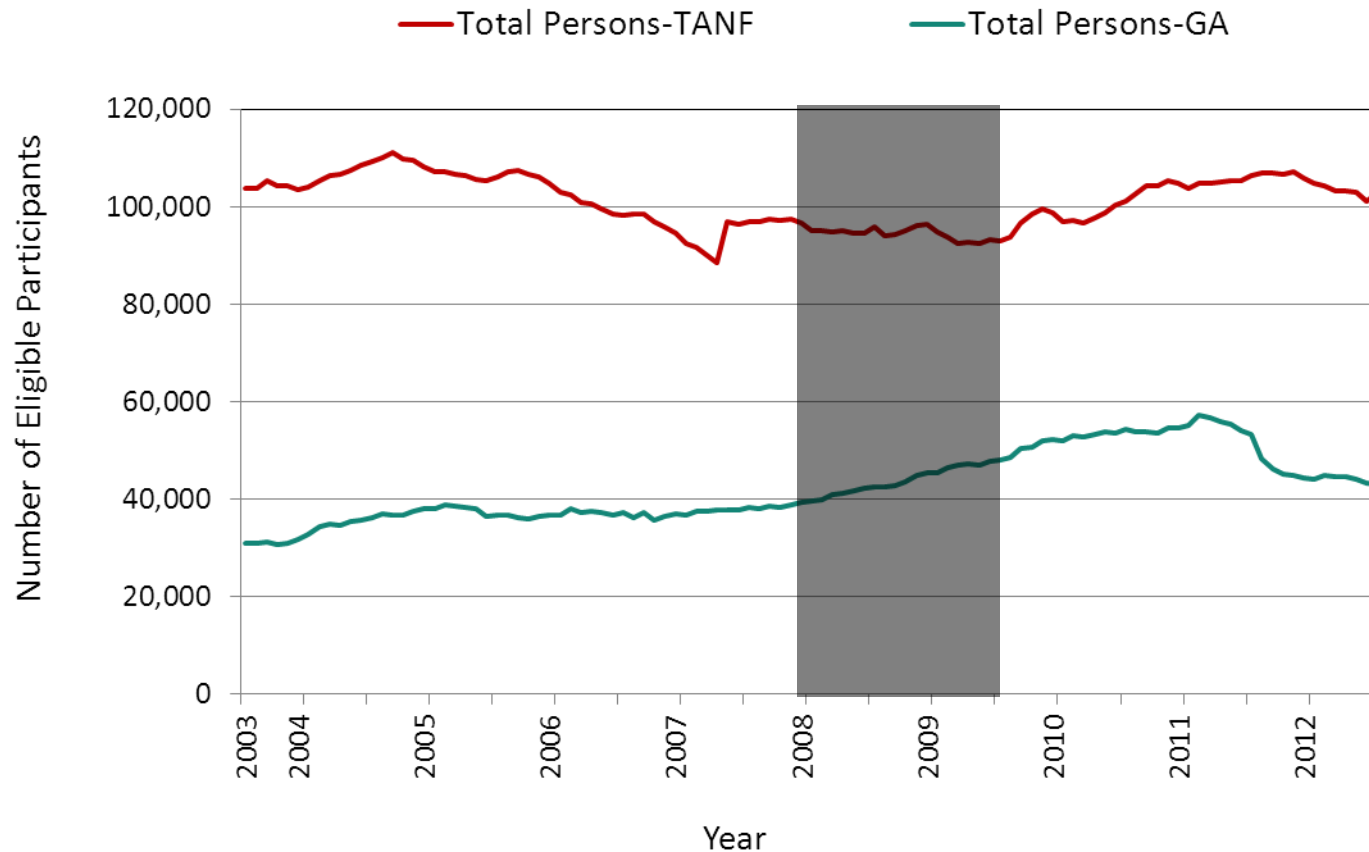
- ❑ Until 2010, NJ State EITC was 25% of the federal credit. It was reduced to 20% during that year.

❑ Half million families, and more than 1.5 million individuals were affected by the reduction of state EITC from 25% of the federal EITC to 20% in 2010 .

1,577,556 New Jerseyans affected by reduced State EITC

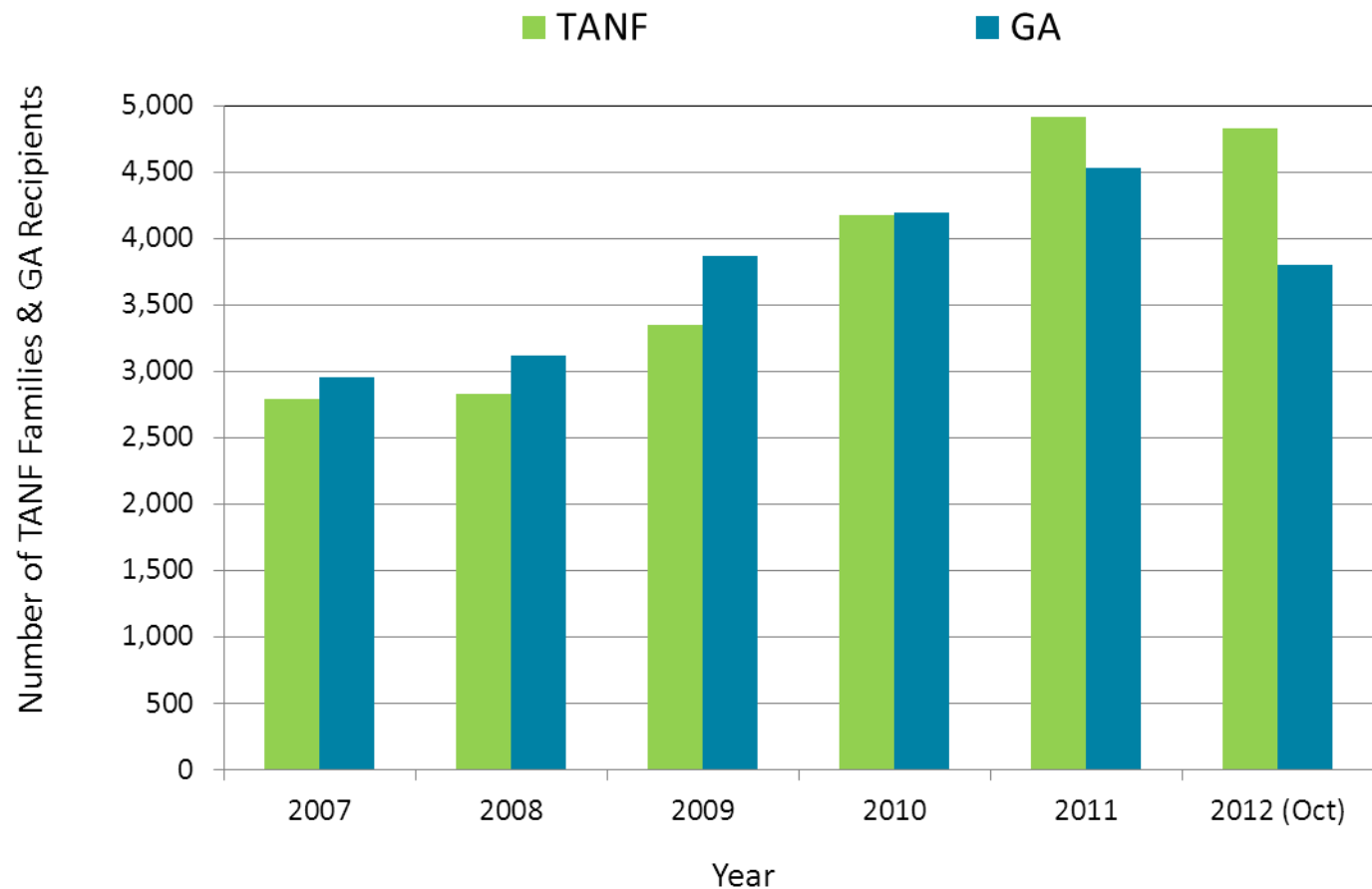
TANF & GA Participation in Decline

Number of Eligible Persons Receiving TANF and GA, New Jersey, Aug. 2003 to Oct. 2012



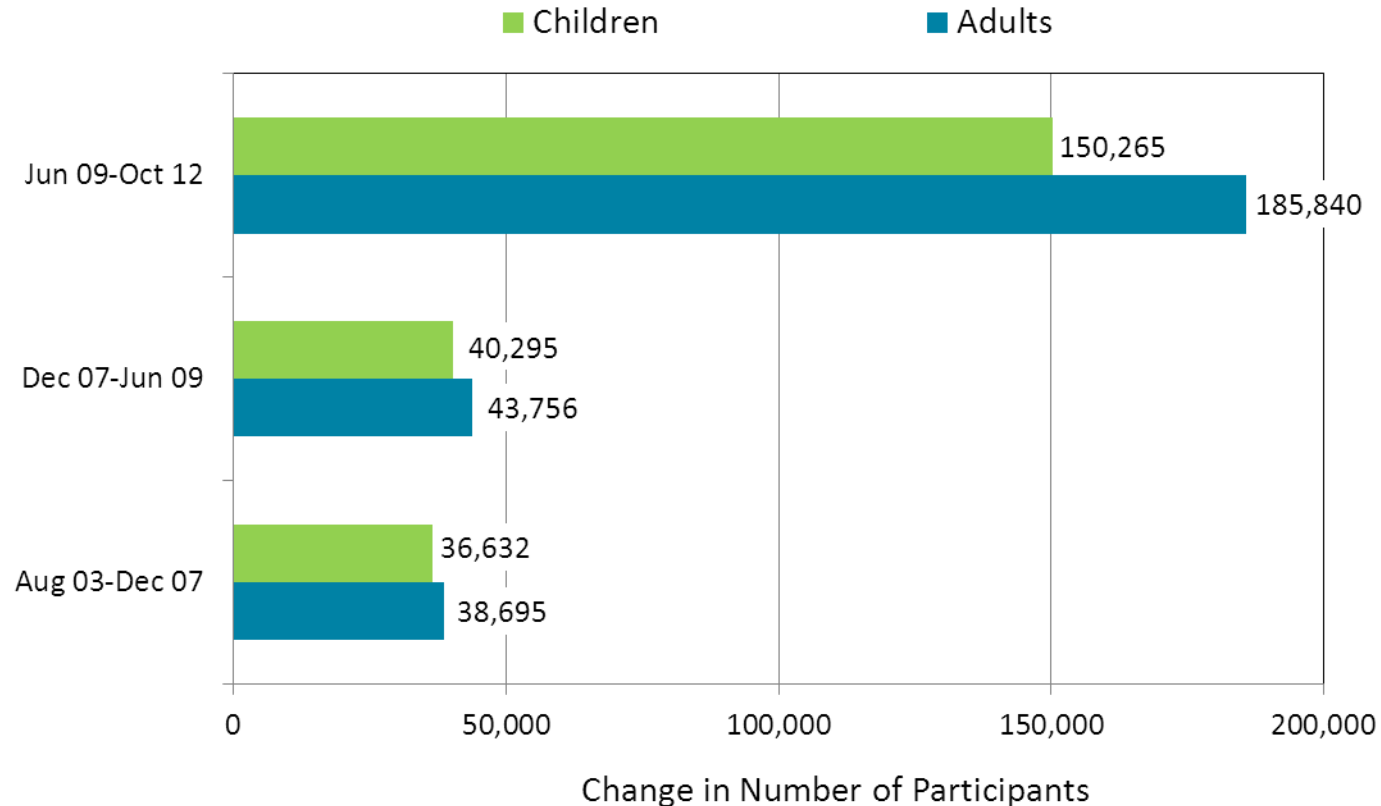
Emergency Assistance (EA) Usage Slowing Especially for GA Recipients

Number of TANF Families and GA Recipients Receiving Emergency Assistance (EA), New Jersey on Average Each Month, 2007 to Oct. 2012



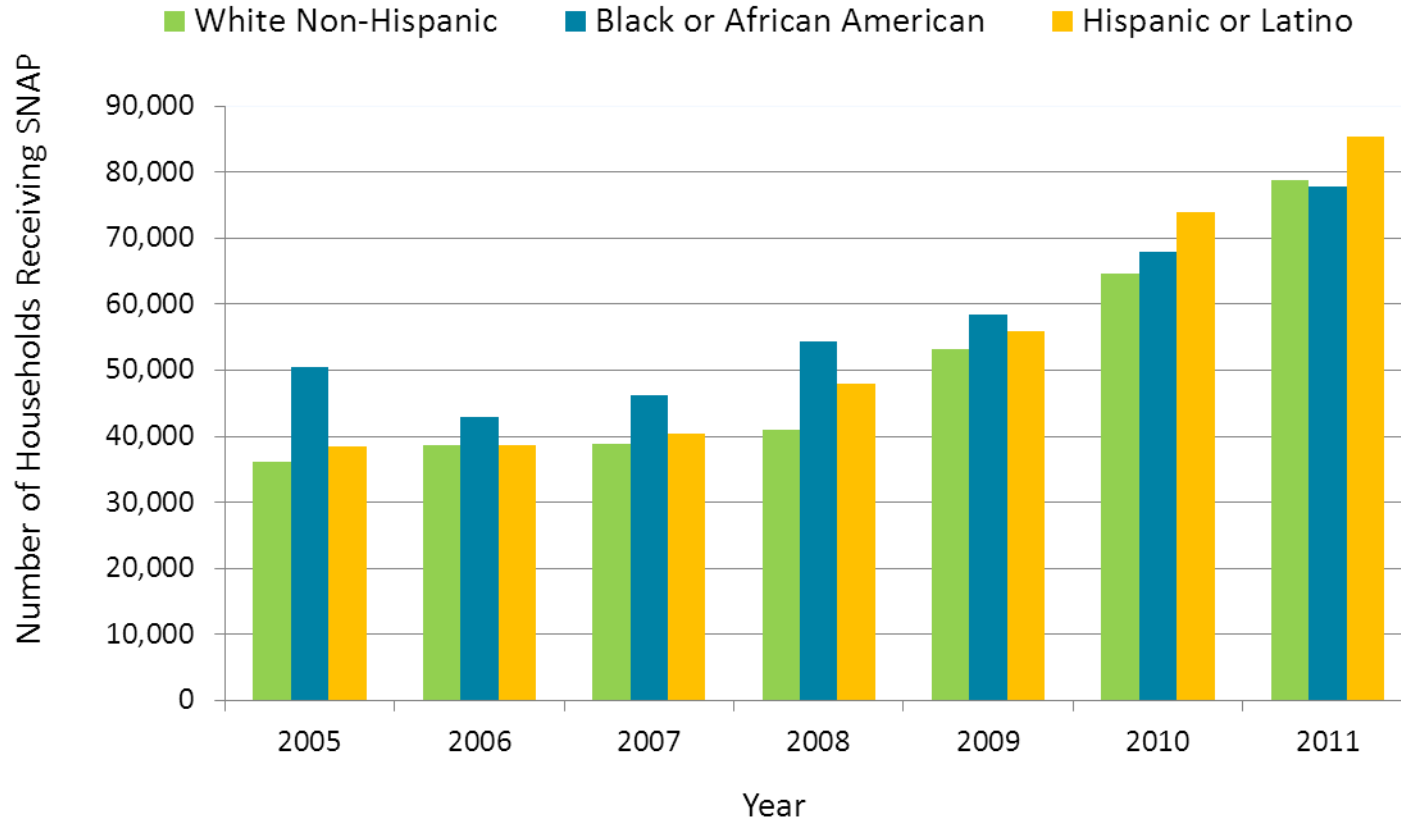
SNAP Usage Has Soared although the Great Recession Officially Ended More than Three Years Ago

Aggregate Change in Adult & Child SNAP Usage in New Jersey, Aug. 2003 to Oct. 2012



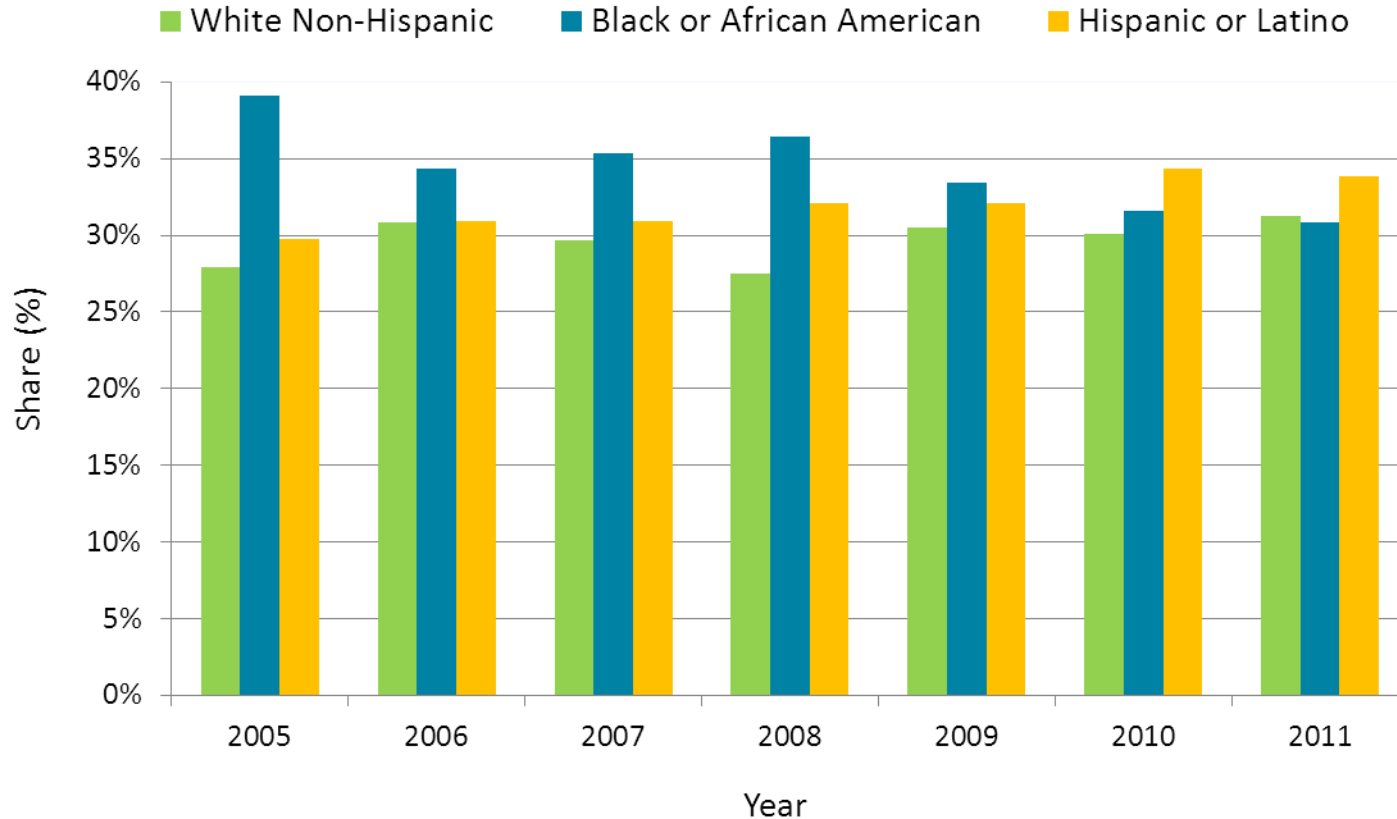
SNAP Usage Increased Significantly among Hispanic and White Non-Hispanic Households

Number of Households Receiving SNAP in the Past 12 Months by Racial/Ethnic Group, New Jersey, 2005 to 2011



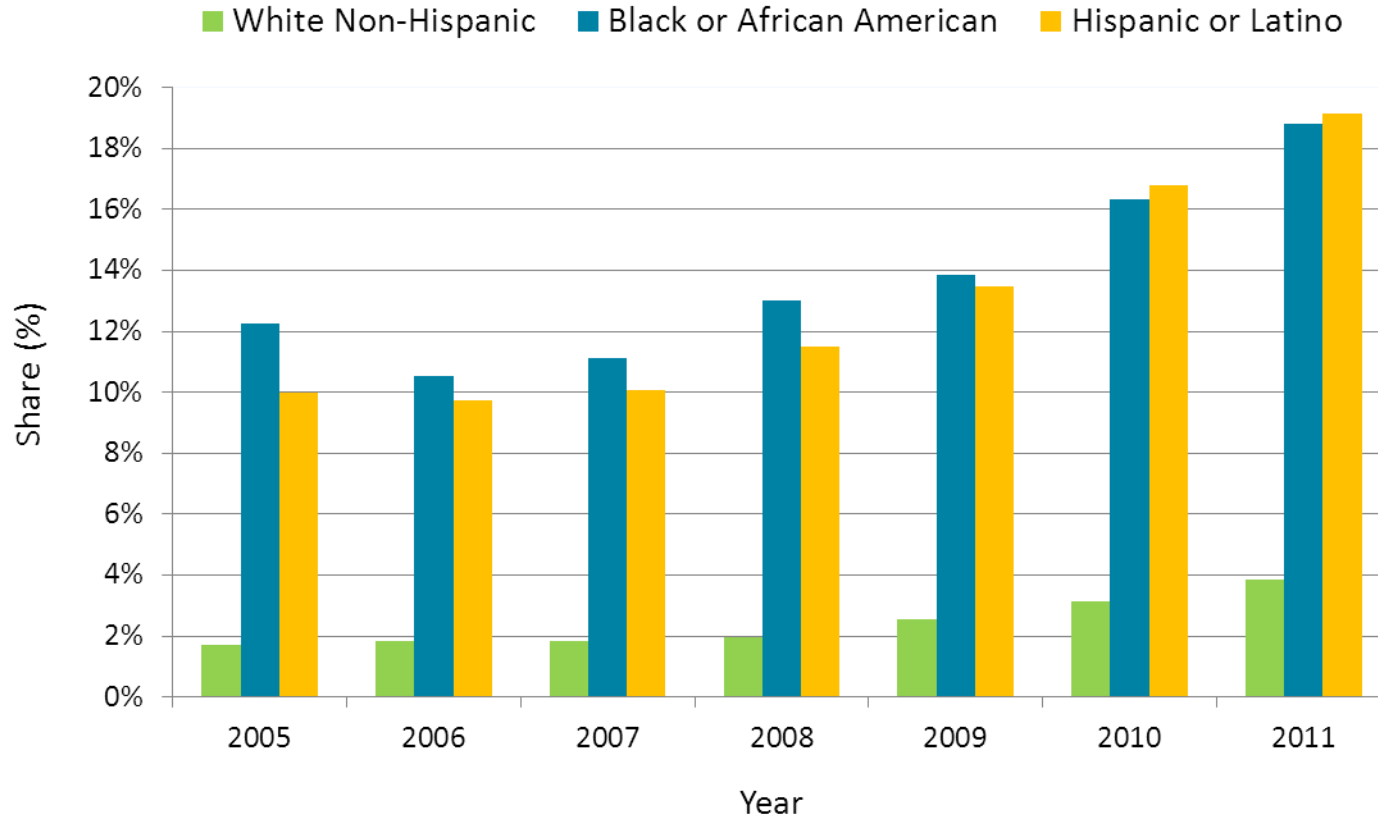
Receipt of SNAP Split about Evenly between Three Major Racial/Ethnic Groups

Share of SNAP Received by Each Racial/Ethnic Group by Household in the Past 12 Months, New Jersey, 2005 to 2011

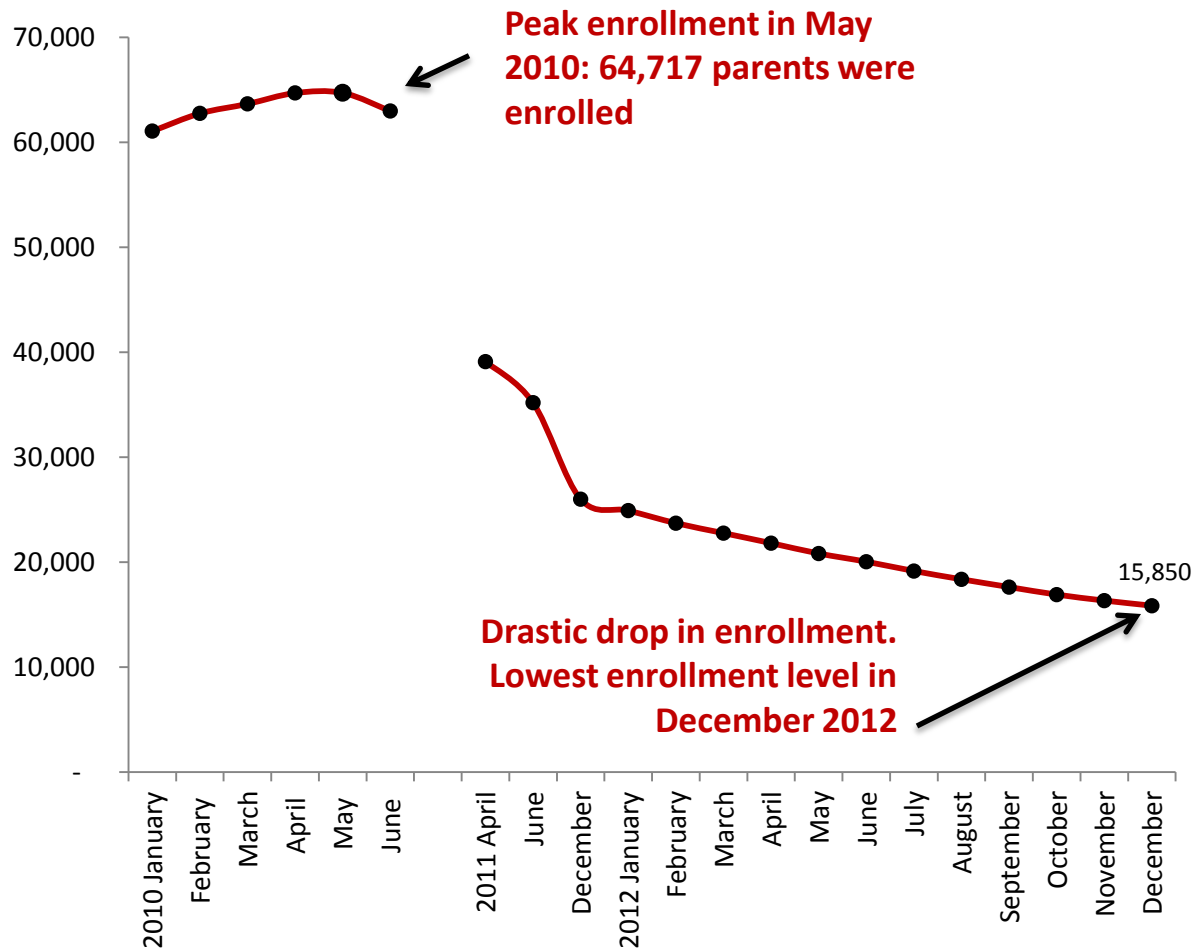


SNAP Usage among Blacks & Hispanics Disproportionately High

Share of Racial/Ethnic Group Receiving SNAP in the Past 12 Months by Racial/Ethnic Group, New Jersey, 2005 to 2011



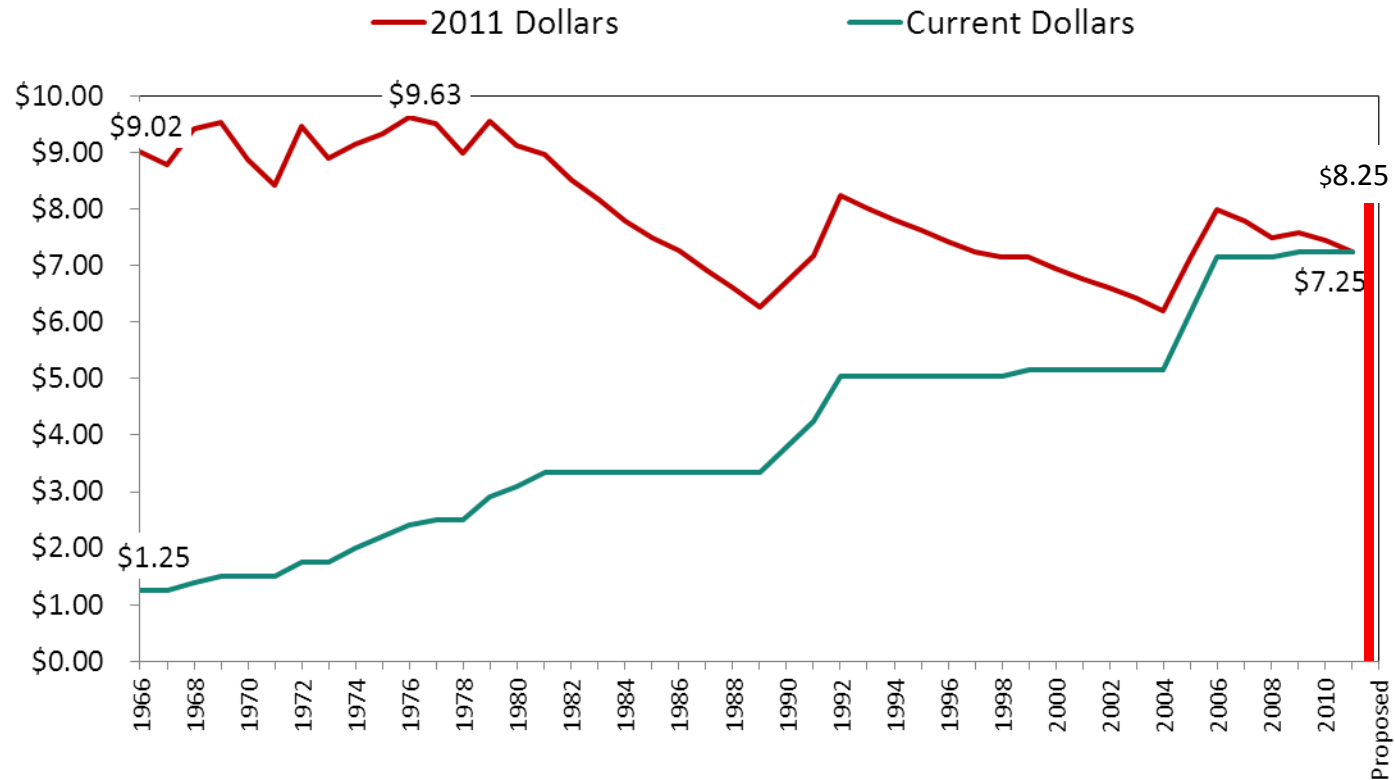
Adult Enrollment in New Jersey Family Care has been Dropping Precipitously since March 2010



- ❑ In March 2010, NJFC eligibility was cut to parents filing new applications.
- ❑ Overall, eligibility reduced from 200%FPL to 29% of unearned income and total income not exceeding 133%FPL.
- ❑ As a result, parent enrollment has dropped precipitously.

The Minimum Wage in New Jersey Has Not Kept Pace with Inflation

Changes in the Minimum Wage in New Jersey, 1966 to 2011



Concluding Remarks

- For more information visit:
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