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

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

About the Anti-Poverty Network of New Jersey

The mission of the Anti-Poverty Network of New Jersey (APN) is to fight poverty in NJ by educating the community, empowering partners, and advocating for solutions. APN is working to build the capacity within the state of New Jersey to prevent, reduce, and end poverty. This capacity is amplified by the collaborative nature of the organization, which gathers diverse stakeholders, builds their capacity, and leverages their expertise and resources to amplify APN’s impact. Our membership includes people with lived experience of poverty, non-profit and community-based organizations, faith-based communities, academic and private partners, and all concerned individuals. We are committed to continue this work until we end poverty in every community of New Jersey.

The Anti-Poverty Network of New Jersey welcomes anyone who is interested in ending poverty in New Jersey. Join us!

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Introduction

The reality of poverty in New Jersey is well documented, as is the fact that economic deprivation extends far above federal poverty incomes. A number of recent studies examine actual market costs to calculate basic needs budgets in New Jersey. For a family of four, these estimates range from $60,000 to $80,000.¹ Similar research on costs facing elder households and individuals with disabilities reveal a parallel gap between poverty measures and real need.² This research consistently demonstrates the huge challenge facing low-income households, including those whose struggles are obscured by official poverty statistics. But even official statistics reveal the urgent problem in the Garden State. In 2014, New Jersey’s poverty rate finally leveled off, but is still exceeds 11% (a nearly 30% increase over pre-recession levels).³ The share of households just above poverty is also disturbingly high, with 1 in 4 living on incomes below twice the poverty level – an income level still below actual costs.⁴

But data and numbers tell only part of the story. 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. Communities of color face the daily frustration of lower earnings and blocked access to opportunity. In every part of New Jersey, households once considered “stable” as well as those who have been persistently disadvantaged risk loss of home, health, and safety.

With stagnant wages and cuts to social spending, New Jersey’s economic health and future are at risk. A disturbingly large number of New Jerseyans 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. Safety-net programs are limited and strained to the breaking point by growing need. Within the growing ranks of struggling families, those in deep poverty are trapped by a system that does not provide equal access to economic opportunity and by neighborhoods marred by persistent economic and racial segregation.

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 all people will have access to critical resources that promote financial security and provide an 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 requiring 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.
Housing

Only when people have safe, affordable, and decent places to live can New Jersey have a productive and stable future. There is a growing body of research showing a direct link between "housing security" and physical/mental health, depression, behavioral, and school problems among children, etc., as well as demonstrating the ultimate costs of these problems to society. However, remaining in one’s home in New Jersey can be an ongoing challenge because of the increasingly high cost of housing, and the depletion of subsidy resources. More than three-quarters of all very-low-income families (those with an income below $25,000/year for a family of four) pay more than half of their income on housing. It should come as no surprise that many families often have to make difficult choices among rent, food, medicine, and other essentials. Below are recommendations on the ways in which the current situation can be remedied.

**Housing Starts:** We need more variety and choice in our housing so people at different income levels and with different housing needs can find a home they can afford. Over the past six years, the state has NOT used its Affordable Housing Trust Fund to support housing starts. In 2008 the state spent $50 million for the production of affordable homes, but from 2011 to 2015 that investment has dropped to only $2 million. At the same time, the Special Needs Housing Trust Fund, which began in 2005 with $200 million, ran out of money in 2011. We need policies to support building the affordable homes that the people of New Jersey need.

**COAH compliance:** New Jersey is one of the most segregated states in the USA. NJ’s municipalities have a Constitutional obligation to zone for homes affordable to people at all income levels, so no town can remain an exclusive enclave. However, there have not been new rules to guide towns on how to meet this obligation since 1999. Following the March 2015 decision of the State Supreme Court, the process for meeting municipal Mount Laurel obligations is now back in the courts, and it is unclear when this process will produce the housing that is needed. Any future regulations or legislation regarding Mount Laurel obligations should require every municipality in New Jersey to provide for its true fair share of homes that people with low incomes can afford.

**Preserving affordable homes:** There are 23,000 at-risk subsidized units in New Jersey. Reduced HUD funding has also put some of our current publicly subsidized housing stock at risk.

**Foreclosures:** New Jersey has the highest concentration of homes in the foreclosure process of any state in the nation. A foreclosed home degrades neighborhoods by making the surrounding homes 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:** Homelessness is directly related to New Jersey’s deficiency of affordable housing and permanent supportive housing. In many cases, homelessness can be prevented with targeted financial assistance to individuals and families. When people do become homeless, shelters provide an important emergency response, but they are not designed for long-term stays. A growing body of evidence demonstrates the effectiveness of the Rapid Re-housing and Housing First models of intervention, along with community-wide coordinated assessment. We need state policies that prevent homelessness and rapidly return people who experience homelessness to stable, permanent housing. An essential element of such policies must be investment in housing subsidies (including the State Rental Assistance Program), paired with extensive case-management services, to ensure that those priced out of the
market (including the market of homes that are designated affordable, but are targeted to moderate-income families) have the opportunity to find and keep permanent housing.

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

- Using money collected for 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 are spent addressing local housing needs.
- 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 (4) fund housing counseling and 5) allow municipalities to designate entities to act as land banks, in order to put vacant, abandoned, and problem properties to productive use.
- Funding the State Rental Assistance Program from the State Budget and not from sources crucial to providing affordable housing. Expand the program to address unmet need.
- Improving the safety net by allowing people with drug convictions to receive General Assistance and associated housing assistance.
- Providing stable funding for legal services to the poor so people facing summary eviction actions have legal representation.
- Developing policies that minimize exclusion from housing for such things as credit scores, source of income, or criminal background.
- Increasing funding for homes for people with lower incomes by modifying the Mortgage Interest Deduction to be fairer, and use the savings to fund the National Housing Trust Fund

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

In 2014, 48 million Americans, including more than 15 million children, lacked access to a dependable and adequate source of food. Although the recession may be over, the number of Americans still struggling with this basic need remains unchanged. Hunger is a result 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, over 374,000 of them children, lack food security, according to the latest comprehensive data. The problem of hunger is compounded by New Jersey’s high cost of living, which makes about 36% of those struggling with food insecurity ineligible for federal nutritional assistance. 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. Below are essential programs to ensure adequate nutrition assistance.

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 77% of those eligible actually participate in the program. New Jersey lags considerably behind the National average of 83% of eligible people accessing SNAP benefits. If the participation rate rose just five percentage points, 57,000 more people would have $22.4 million more per year to purchase nutritious food. 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. In July 2014, legislation enacted through the Farm Bill further affected those New Jersey residents who also receive the Low Income Energy Assistance Program (LIHEAP). As many as 159,000 households may have seen a reduction in their SNAP benefits of as much as $90 per month. These cuts disproportionately affected senior and disabled households.

Child Nutrition: 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. For instance, the school breakfast program, which provides free or reduced-price breakfasts for children in need, has a proven track record of enhancing academic performance, improving child health, and reducing disruptive classroom behavior. Despite the progress made in recent years, only 44% of New Jersey’s 533,000 eligible students received school breakfast, leaving 296,000 children unserved and millions of dollars in federal funds on the table. In fact, if New Jersey school districts served breakfast to just 70% of the students who receive free or reduced-priced lunches, districts would collect an additional $21.9 million in federal funding. Similarly, while New Jersey’s federally-funded summer food programs served free meals to more than 81,000 children in 2014, that number is only 19% of the children that were eligible. If New Jersey raised its participation in the summer meals program to 40%, an additional $6.7 million would be available to help alleviate childhood hunger across the state.

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. A recent study by Feeding America noted that 62% of feeding programs in New Jersey saw an increase in demand over the previous year. However, in the current economic climate, donations 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 state funds 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 and increase participation by eligible students.

- 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.

- Applying for available waivers and instituting SNAP procedures that would ensure documentation of household expenses. County staff must be properly trained to adequately understand the SNAP regulations and the deductions that allow recipients to claim the full benefit to which they are entitled. Given the recent changes, it is more critical than ever that those eligible claim all of the allowable deductions (housing, medical, utility, dependent care) to boost federal benefit levels.

- Reinstituting Supplemental Nutrition Assistance for Seniors (SNAS), an alternative/simplified program for SSI recipients.

- Expanding state funding for the State Supplemental Food Program (funded at approximately $6 million).

For more information, contact Diane Riley, The Community FoodBank of New Jersey
Economic Empowerment

Low-income families in New Jersey face two major economic challenges: 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 is still about 32 percent higher (about 251,000) and that does not count the many New Jerseyans who have given up looking for work;¹⁹ New Jersey now has the highest percent of long term unemployed among all states. ²⁰ Although the unemployment rate has gone down, it is still above the national average and the decrease is due in large part to a shift to low-wage jobs. Without work supports (like child care assistance, EITC, and other gap-filling benefits), too many workers cannot support themselves in low-wage jobs – much less improve their economic future. The state has actually cut some work supports since the recession started, despite evidence that they stimulate the economy by increasing disposable income of low-wage workers. Below are key programs and policies that are central to ensuring economic opportunity for all.

Earned Income Tax Credit (EITC): The FY16 budget increased the state EITC to 30% of the federal credit, making it equivalent to New York State’s and providing an important investment in our state’s recovery. The credit directly benefits about 500,000 families and stimulates the local economy as these families spend the credit for important expenses. However, there are still unnecessary limits on the effectiveness of this program. The state has imposed onerous reporting requirements, which are sharply reducing the number of families receiving this credit.²¹ The state and federal EITCs also short-change childless adults by providing a single person only one tenth of the EITC that a family with two children receives.²² The impact of the state increase is also threatened by scheduled roll-backs of federal enhancements that benefit families with more than two children and married couples, which is scheduled in 2017.

Minimum Wage: New Jersey voters took a major step in 2013 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 $8.38 is still below the $10 that would be needed to raise it to the 1960’s level, adjusting for inflation.

Health Coverage: The Affordable Care Act offers an incredible opportunity for working families with low- or moderate-income, especially given that the Governor has opted to expand Medicaid which has already saved New Jersey over $700 million. Polls show that most families are not aware of the opportunities available in the Health Insurance Marketplace, although in some cases subsidies for Marketplace plans will be insufficient because of New Jersey’s high cost of living. Implementation of the Basic Health Program might be able to address the affordability issue, but the state needs to research this issue more and it will take a year or two to implement.

WorkFirst NJ: WorkFirst NJ is the state’s largest income support and employment and training program for the poorest families and childless adults. Eligibility for this crucial safety net has remained at the same income threshold since 1988. This had led to fewer and fewer poor New Jerseyans being eligible for time-limited cash and work supports needed to survive a crisis and become self-sufficient. Currently there are only about 105,000 individuals enrolled in these programs – an 18% drop since before the recession.²³ That represents only about 12% of all non-elderly adults and children living below the federal poverty level.²⁴

Education: Education can provide access to economic opportunity, but the relationship between
poverty and education is not one-directional. Children facing the various stressors linked to poverty and to high-poverty neighborhoods face serious barriers to learning and school success. One essential intervention to support children’s education is investment in preschool. High-quality preschool has one of the highest pay-offs of any public investment, giving children from poor families an increased 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 applies to only 35 districts, where just half the children from poor families live. Moreover, once the children enter primary school and beyond, poverty conditions continue to affect their ability to participate. Community-based school models that involve the community partners and leverage schools as an access point for providing needed services can support both students and their families, and make efficient use of public investment in education and other services.

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

- Enhancing the state Earned Income Tax Credit available to childless adults.
- Increasing the minimum wage for tipped workers to 70% of the state’s minimum wage and supporting congressional efforts to increase the national minimum wage to $12.00/hour, with automatic adjustment for inflation.
- Providing additional funding for outreach in the Affordable Care Act; increasing rates to providers in localities and specialties in which access is a problem, such as for primary doctors and specialists; and providing state subsidies to low-income families to make Marketplace plans more affordable unless the Basic Health Program can be implemented.
- Expanding access to key 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 for other low income individuals as well, especially the long-term unemployed.
- Supporting educational success among low-income children by expanding preschool to the remaining 96 school districts where most of the remaining poor students live, and exploring opportunities to develop “community-based schools” programs in high-poverty districts.

For more information, contact Ray Castro, New Jersey Policy Perspective.

Endnotes


4 Ibid.

5 Since 2006 federal funds to house very low income families has been cut significantly. http://nlh.org/sites/default/files/FY16HUD-USDA_Budget-Chart.pdf

6 http://nlh.org/sites/default/files/2015-SHP-NJ.pdf

7 http://www.njleg.state.nj.us/legislativepub/budget_2016/DCA_follow_up_response_ABU.pdf Attachment A

8 http://www.state.nj.us/dca/hmfa/developers/needs/

9 The State Rental Assistance Program has been level funded, resulting in a net loss of vouchers as housing costs continue to rise.


See, USDA Food and Nutrition Service Mid-Atlantic Regional Office Fiscal Year 2014 Report, Spotlight on New Jersey.


