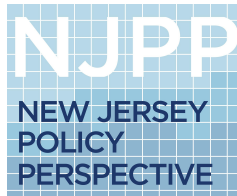


LOST OPPORTUNITIES FOR **NEW JERSEY'S CHILDREN**

Raymond Castro

Senior Policy Analyst



**More Investment Needed
to Reverse Years of
Neglect & Stem the Tide
of Growing Child Poverty**

FEBRUARY 2016





KEY FINDINGS

- ▶ Too many New Jersey children live in families that are barely hanging on, with incomes *less than half of the federal poverty level* (about \$10,000 a year for a family of three).



KEY FINDINGS

- ▶ The decline in Temporary Assistance for Needy Families (TANF) support is a major cause of this deep child poverty, which has increased by 25% *even during the economic recovery.*



KEY FINDINGS

- ▶ TANF provides general assistance to families in need. It was created in 1996 as part of federal changes to cash assistance programs that created a cap on federal funding to states, greatly increased work requirements and placed a 5-year limit on assistance. In New Jersey, the program is also known as WorkFirst NJ.



KEY FINDINGS

- ▶ Since 1996, annual funding for TANF *has dropped by \$358 million*, resulting in a total of *\$5.6 billion* in assistance – not adjusting for inflation – that New Jersey families haven't received to help them and their children make ends meet.



KEY FINDINGS

- ▶ What's more, the amount of assistance families receive has been stagnant for 29 years, at \$424 per month for a family of 3. As a result, today TANF assistance is worth less than half what it was worth in 1987.



KEY FINDINGS

- ▶ **New Jersey's governor and legislators can reverse course to insure all of New Jersey's children get a decent shot.**



KEY FINDINGS

Here's how:

- 1.** Start gradually restoring TANF benefits with an increase of 30% over 3 years.
- 2.** Require annual cost-of-living increases once the 30% increase is fully phased-in.
- 3.** Remove the overly harsh “family cap” that punishes families.

1.

WHAT'S THE IMPACT OF GROWING CHILD POVERTY IN THE GARDEN STATE?



Let's take a look:

NEW JERSEY HAS SEEN AN **ALARMING INCREASE** IN CHILD POVERTY

- ▶ Years into the national economic recovery, too many New Jersey children live in families struggling to meet basic needs, with 316,000 kids living below the federal poverty level, which is just \$20,900 in annual earnings for a family of three.

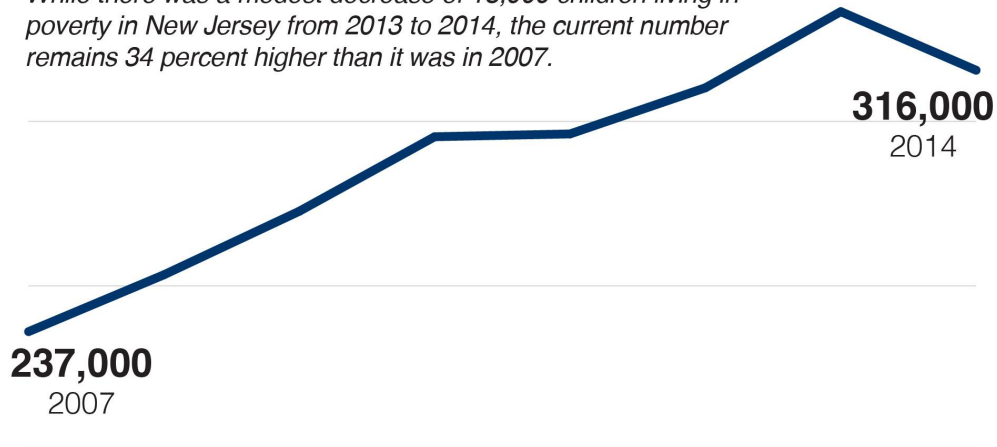
NEW JERSEY HAS SEEN AN **ALARMING INCREASE** IN CHILD POVERTY

- ▶ **There are about 80,000** more New Jersey children living below the poverty line in 2014 than in 2007.
- ▶ *That's the 13th highest increase in the nation.*

NEW JERSEY HAS SEEN AN **ALARMING INCREASE** IN CHILD POVERTY

Far More New Jersey Children Live in Poverty Now Than Before Great Recession

While there was a modest decrease of 18,000 children living in poverty in New Jersey from 2013 to 2014, the current number remains 34 percent higher than it was in 2007.



Source: US Census Bureau's American Community Survey

NEW JERSEY HAS SEEN AN **ALARMING INCREASE** IN CHILD POVERTY

- ▶ And even these sobering statistics fail to paint a true picture of child poverty in New Jersey, since the federal poverty level does not take into account New Jersey's higher cost of living.

DEEP CHILD POVERTY PERSISTS AND IS INCREASING IN NEW JERSEY

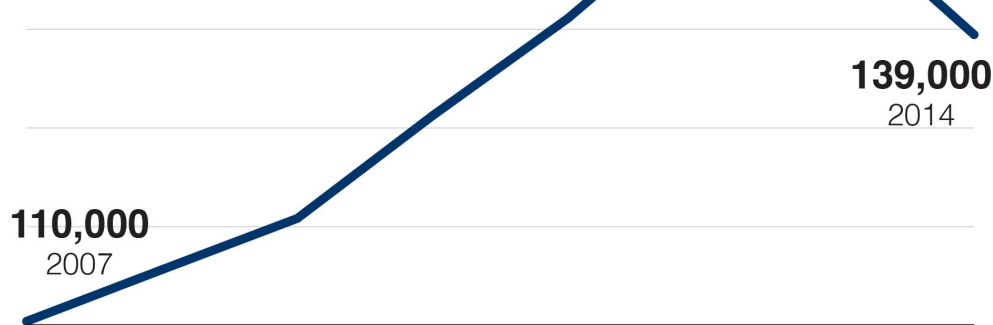
First things first: What's *deep child poverty*?

- ▶ These are children living in families who earn *less than half the federal poverty level*
- ▶ A family of three in deep poverty is trying to get by on **less than about \$10,000 a year**

DEEP CHILD POVERTY PERSISTS AND IS INCREASING IN NEW JERSEY

More New Jersey Children Live in Deep Poverty Now Than Before Great Recession

While there was a modest decrease of New Jersey children living in deep poverty – below half of the federal poverty level (about \$10,000 in annual earnings for a family of three) – from 2012 to 2014, the current number is 26 percent higher than it was in 2007.



Source: US Census Bureau's American Community Survey

DEEP CHILD POVERTY PERSISTS AND IS INCREASING IN NEW JERSEY

- ▶ New Jersey's increase in deep child poverty was about 25% larger than the nation's
- ▶ Increasing TANF assistance would help turn things around *immediately* for many of these children

CHILD POVERTY IS A **HUGE DRAG** ON NEW JERSEY'S **ECONOMY**

Child Poverty Costs New Jersey More Than \$13 Billion a Year

Lost Productivity	\$4.5 billion
Increased Crime	\$4.5 billion
Worse Health	\$4.2 billion
TOTAL	\$13.3 billion

Source: NJPP projection of New Jersey costs based on 2007's
The Economic Costs of Poverty in the United States

CHILD POVERTY IS A **HUGE DRAG** ON NEW JERSEY'S **ECONOMY**

- ▶ Economic damage from child poverty is a problem all over New Jersey, not just in low-income areas.
- ▶ Investing in lifting children out of poverty early brings **long-term benefits** that far outweigh the costs.

CHILD POVERTY IS A **HUGE DRAG** ON NEW JERSEY'S **ECONOMY**

- ▶ Income matters: If a family doesn't have enough, it significantly harms a child's ability to stay healthy and perform well in school.
- ▶ New Jersey's major investments in public education and child health can't reach their full potential until all kids have equal opportunity to succeed.

STATES ARE FIGHTING CHILD POVERTY BY **INCREASING TANF ASSISTANCE**

- ▶ Faced with new research showing that poverty has severe adverse effects on a child's development, many states are increasing TANF assistance.
- ▶ In fact, 9 states and D.C. increased assistance last year alone.

2.

HOW IS TANF SHRINKING IN NEW JERSEY?



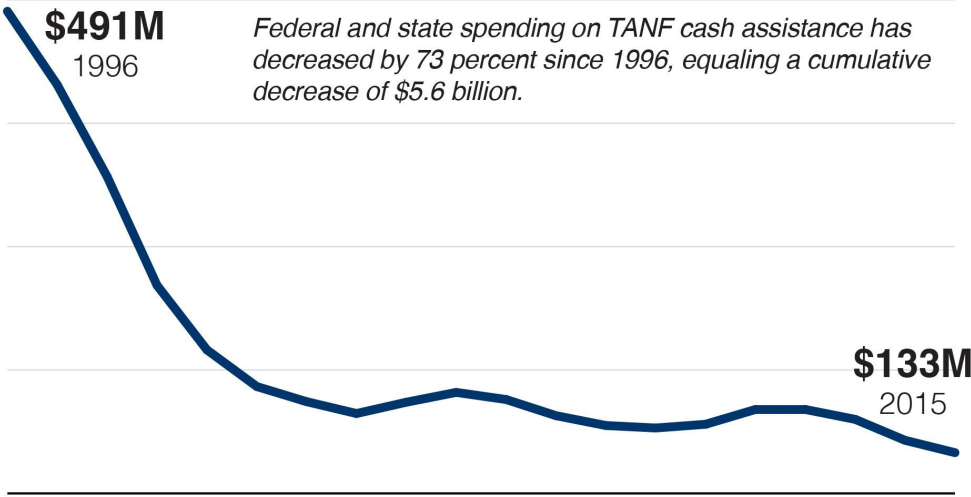
Let's take a look:

TANF ASSISTANCE TO NEW JERSEY FAMILIES **HAS DWINDLED**

- ▶ In 2015, funding for TANF assistance in New Jersey was **73% less** than in 1996.
- ▶ This enormous reduction in assistance – \$5.6 billion over 20 years – is **a major cause of deep child poverty in New Jersey.**

TANF ASSISTANCE TO NEW JERSEY FAMILIES HAS DWINDLED

TANF Assistance to New Jersey Families Has Plunged Since 1996

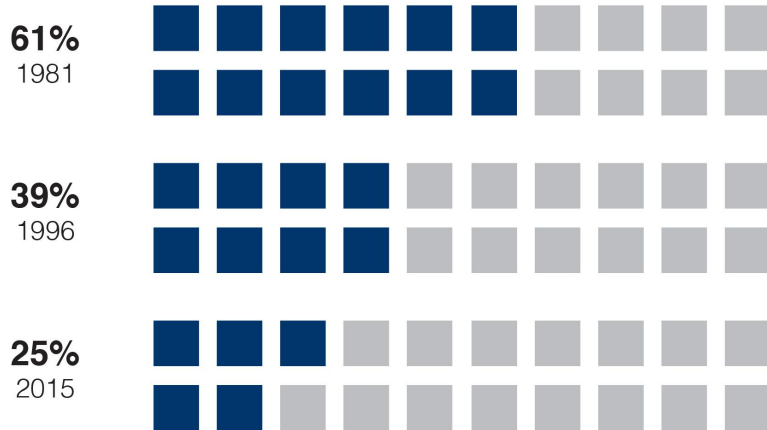


Source: NJPP analysis of NJ state budgets

TANF ASSISTANCE HAS FALLEN WELL BELOW FEDERAL POVERTY LEVEL

TANF Barely Gets New Jerseyans a Quarter of the Way to the Federal Poverty Level

While TANF assistance to a New Jersey family of three used to get that family within reach of the official poverty line, it now comes nowhere close.



Source: NJPP analysis of federal poverty guidelines & Congressional Research Services reports

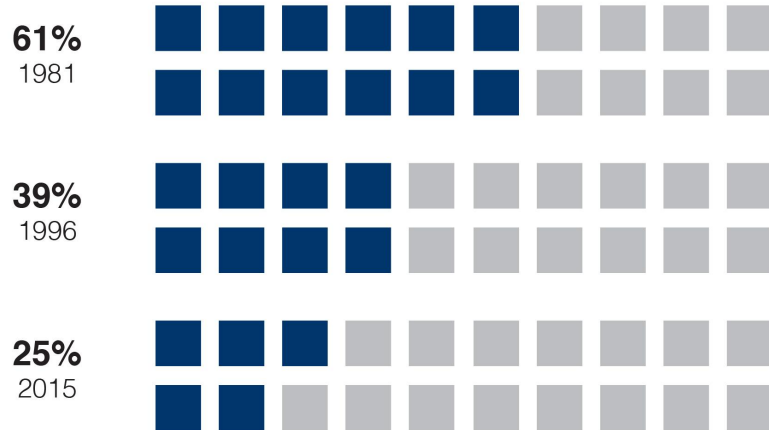
Reminder:

The federal poverty level is about \$20,000 a year for a family of three

TANF ASSISTANCE HAS FALLEN WELL BELOW FEDERAL POVERTY LEVEL

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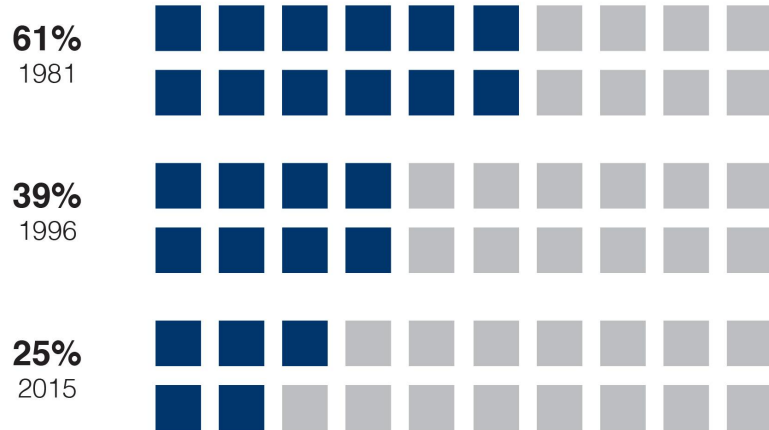
Why?

*Monthly
assistance has
not been adjusted
for inflation since
1987*

TANF ASSISTANCE HAS FALLEN WELL BELOW FEDERAL POVERTY LEVEL

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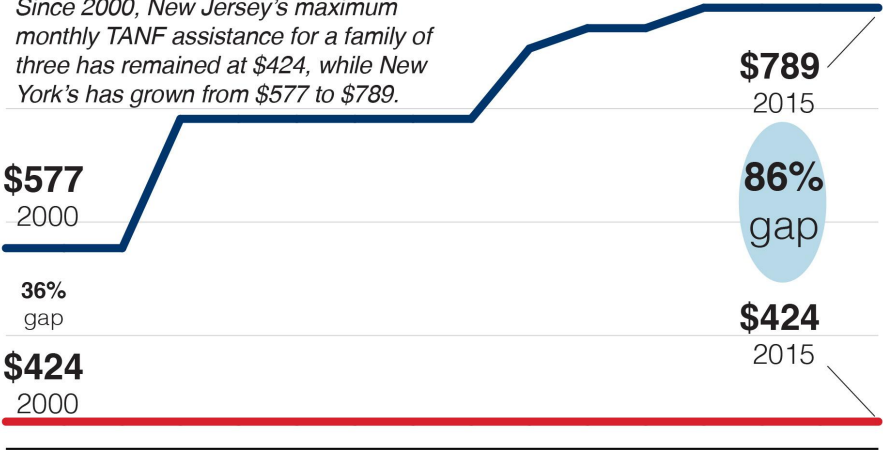
What's that mean for families?

*TANF assistance now
buys less than half
what it did 29 years
ago*

NEW YORK FAMILIES RECEIVE NEARLY TWICE AS MUCH HELP AS NEW JERSEY'S

New Jersey's TANF Assistance Has Stagnated While New York's Has Grown

Since 2000, New Jersey's maximum monthly TANF assistance for a family of three has remained at \$424, while New York's has grown from \$577 to \$789.



Source: NJPP analysis of Center on Budget and Policy Priorities and New York State data. Grant level is for New York City.

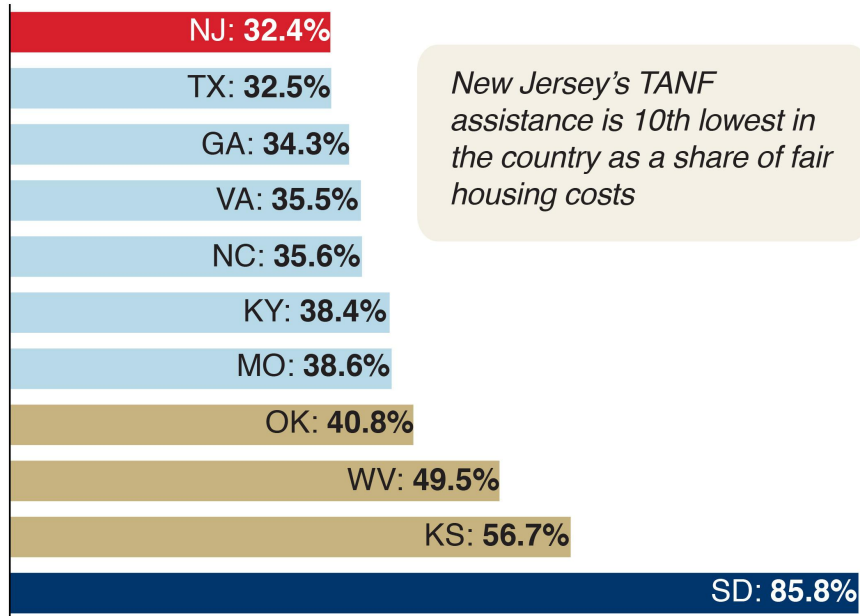
NEW JERSEY POLICY PERSPECTIVE
NJPP.ORG

NEW JERSEY'S TANF ASSISTANCE ALSO RANKS LOW **NATIONALLY**

- ▶ 40 states offer better support to struggling families than New Jersey when the cost of housing is considered.
- ▶ New Jersey's TANF assistance only covers about a third of the estimated cost of a modest two-bedroom apartment (based on HUD's fair market rents).
- ▶ Even very poor states like West Virginia and Kentucky help families more than New Jersey when the cost of housing is considered.

NEW JERSEY'S TANF ASSISTANCE ALSO RANKS LOW **NATIONALLY**

When Housing Costs are Factored In, New Jersey's
TANF Assistance Falls Below Many Poorer States

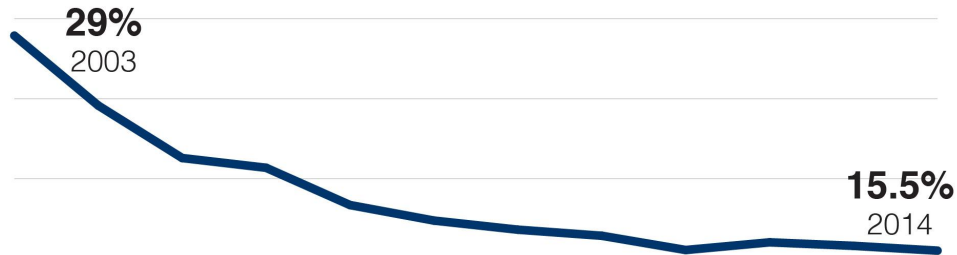


TANF ASSISTANCE FALLS **WELL BELOW** **NEW JERSEY'S STANDARD OF LIVING**

- ▶ New Jersey's monthly assistance is **about 700% less** than what the Department of Human Services says is needed to “maintain a decent and healthy standard of living.”
- ▶ This standard, which is updated each year, is currently **\$2,736 for a family of three**. Monthly TANF assistance for that same family is \$424.

TANF ASSISTANCE FALLS WELL BELOW NEW JERSEY'S STANDARD OF LIVING

Monthly TANF Assistance is Further from Meeting Standard of Need Than Ever



In 2003, New Jersey's standard of need was set at \$1,465 – about three times higher than actual TANF assistance at the time.

Since then, the standard of need has increased yet TANF assistance has not.

In 2014, New Jersey's standard of need was set at \$2,736 – about seven times higher than actual TANF assistance.

MANY CHILDREN ARE DENIED ASSISTANCE DUE TO 'FAMILY CAP' LAW

- ▶ In 1992, New Jersey began **denying assistance** to any children born to a mother on TANF.
- ▶ For example, a mother who has her *second* child while on TANF would receive **\$322 a month** (the benefit for a *two-person* family), not **\$424 a month** (the benefit for a *three-person* family) – a **cut of \$102**, or 24%.

MANY CHILDREN ARE DENIED ASSISTANCE DUE TO 'FAMILY CAP' LAW

Family Cap Policy Punishes New Jersey Children Born to Very Poor Mothers

Since every child born to a mother on TANF is denied assistance, growing families are cut off . A family of two with a mother on TANF gets less and less assistance, proportionately speaking, as the family grows.



\$322

maximum TANF benefit of the federal poverty level

24%



\$322

maximum TANF benefit of the federal poverty level

19%



\$322

maximum TANF benefit of the federal poverty level

16%



\$322

maximum TANF benefit of the federal poverty level

14%

Source: Benefit schedule from NJ State Plan, 2012-2014

MANY CHILDREN ARE **DENIED** **ASSISTANCE** DUE TO 'FAMILY CAP' LAW

Since the cap's implementation in 1992,

over 20,000

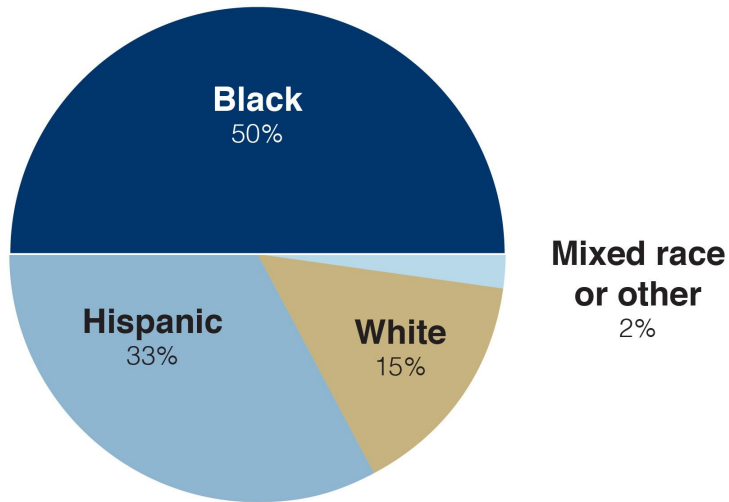
children in New Jersey have been denied assistance.

MANY CHILDREN ARE DENIED ASSISTANCE DUE TO 'FAMILY CAP' LAW

- ▶ This has created *enormous stress* and even *greater hardship* for these families – with dire health and behavioral consequences for the children.
- ▶ Realizing that this cap only punishes families, **6 states have eliminated their family cap laws** since 2002.

TANF REDUCTIONS ARE INCREASING RACIAL DISPARITIES

**More Than 8 in 10 New Jersey Children
Receiving TANF are Black or Hispanic**

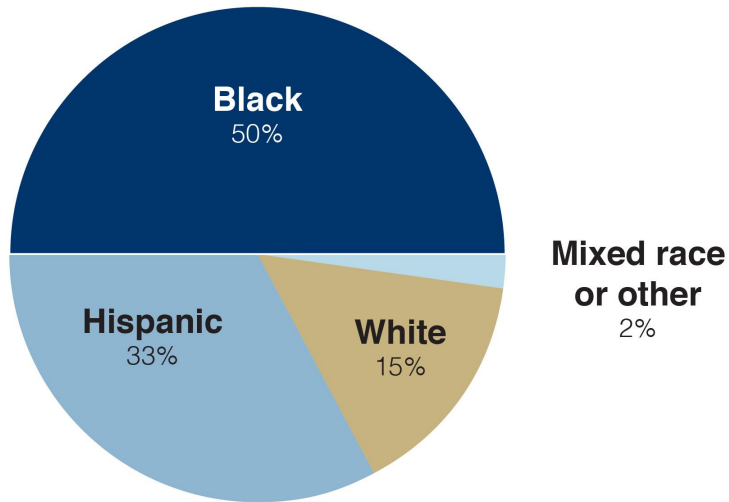


Black children are only 16% of the state's kids, but half of the children in TANF.

Source: NJ Office of Family Assistance

TANF REDUCTIONS ARE INCREASING RACIAL DISPARITIES

More Than 8 in 10 New Jersey Children Receiving TANF are Black or Hispanic

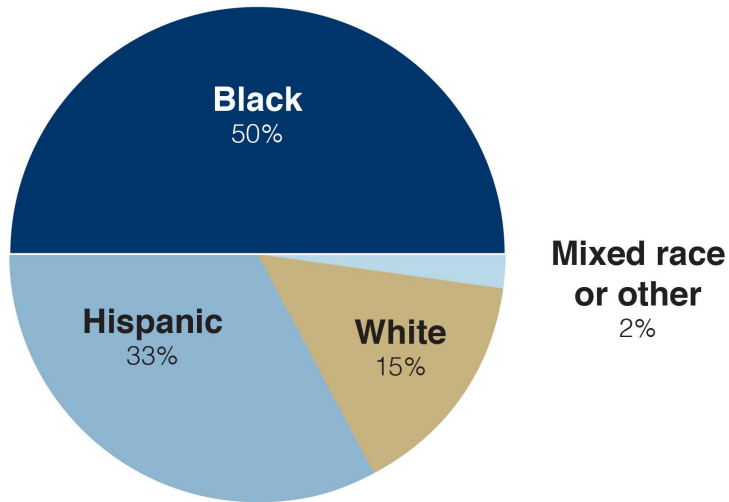


Hispanic children are only 23% of the state's kids, but a third of the children in TANF.

Source: NJ Office of Family Assistance

TANF REDUCTIONS ARE INCREASING RACIAL DISPARITIES

**More Than 8 in 10 New Jersey Children
Receiving TANF are Black or Hispanic**



The erosion of TANF prevents all New Jersey children – regardless of race – from having an equal shot at success.

Source: NJ Office of Family Assistance

3.

WHAT'S THE IMPACT OF SUCH A DRAMATIC DROP IN ASSISTANCE?



Let's take a look:

TANF **NO LONGER RESPONDS TO** GROWING NEEDS

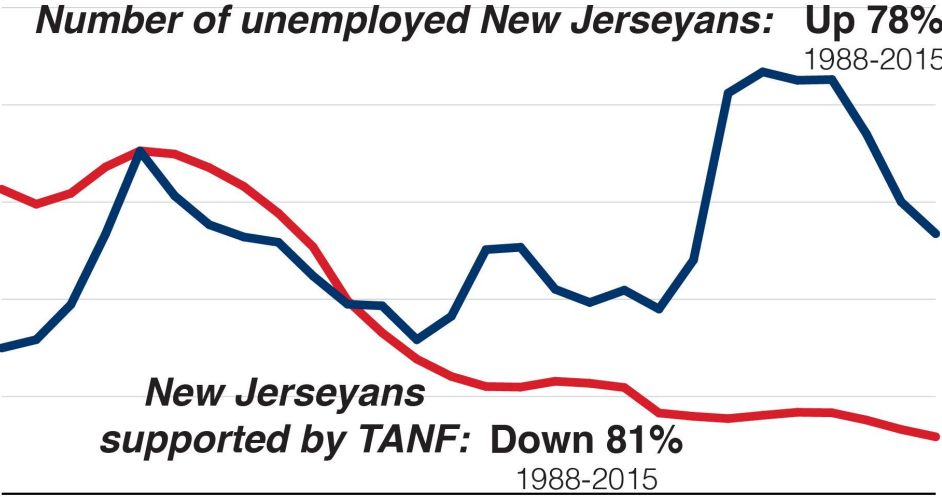
- ▶ Shrinking assistance levels have been accompanied by cuts to eligibility.
- ▶ The level of assistance is so inadequate – and the process so cumbersome – that many families choose not to apply.
- ▶ Many families don't even know the assistance exists, and New Jersey does no outreach.

TANF **NO LONGER RESPONDS** TO GROWING NEEDS

- ▶ Before welfare reform, the assistance we provided to struggling families responded to rising unemployment with increased enrollment.
- ▶ But today, the opposite is true.

TANF NO LONGER RESPONDS TO GROWING NEEDS

TANF Reaching Fewer New Jerseyans Even as More are Unemployed

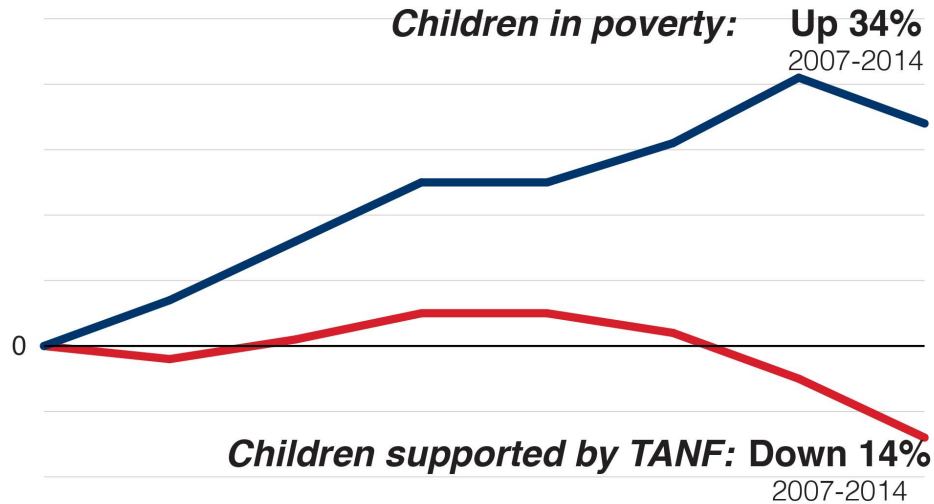


Source: NJPP analysis of NJ Department of Labor and Workforce Development and NJ Office of Family Assistance data

TANF NO LONGER RESPONDS TO GROWING NEEDS

TANF rolls have also shrunk even as child poverty has increased

More New Jersey Children Are Living in Poverty, but Fewer are Helped by TANF



Source: US Census Bureau's American Community Survey and NJ Division of Family Development current program statistics



THE BOTTOM LINE

**MOST NEW JERSEY CHILDREN
LIVING IN POVERTY NO LONGER
RECEIVE ANY TANF ASSISTANCE**

MOST NEW JERSEY CHILDREN LIVING IN POVERTY **NO LONGER RECEIVE ANY** TANF ASSISTANCE

- ▶ **More than 8 in 10** – 82% – *do not receive any help.*
- ▶ That's **over a quarter-million** very poor New Jersey children that get no cash assistance.





A PATH FORWARD

- ▶ **New Jersey's governor and legislators can do more to give all New Jersey children the chance they deserve.**



A PATH FORWARD

Step 1

**Increase TANF assistance by
30% over 3 years**

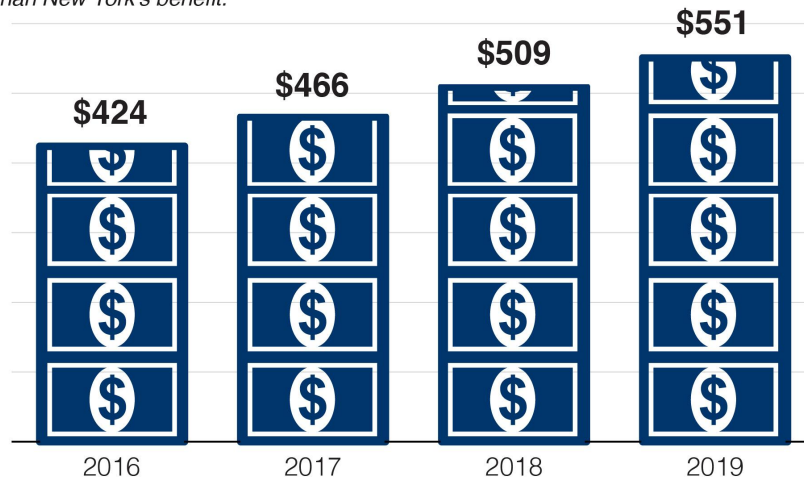
Cost: About \$15 million in new funding a year until \$45 million is reached in the third year



A PATH FORWARD

Increasing TANF Benefit by 30%: A Modest But Essential Boost for Poor Families

Increasing the TANF cash benefit by 30 percent over three years would end up putting a desperately needed additional \$127 in the pocket of New Jersey families of three each month. But it still wouldn't be enough to make up purchasing power lost to inflation over the 29 years the benefit has stagnated, and it would still be much lower than New York's benefit.





A PATH FORWARD

Step 1

Policymakers should enact legislation that sets TANF assistance as a percentage of the state's standard of need - this way the amount families receive would *increase with increasing needs*, since the standard of need is adjusted annually for rising costs of living.



A PATH FORWARD

Step 2

Repeal the family cap

Cost: \$4.2 million (though there should be some administrative costs saved to offset the total)





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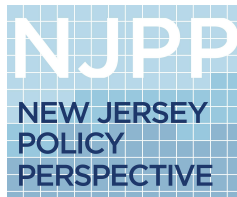
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