

Number of households on brink is growing

26 percent of Morris families struggle to make ends meet

By Lorraine Ash @LorraineVAsh

The number of Morris County households struggling to make ends meet increased from 20 to 26 percent in the years since the Great Recession, according to an updated report by the United Way of Northern New Jersey.

The 2014 United Way ALICE Report-New Jersey shows 46,000 of the overall 180,000 households here were either on the financial brink, or in poverty, in 2012, the latest year for which data is available.

"We all know the recession was bad for everybody. Now we tend to think, *It's over. Things should be getting better,*" said Professor Stephanie Hoopes Halpin of Rutgers University-Newark, lead researcher and author for 2014 United Way ALICE Report-New Jersey.

"At the low end, though, things have remained tough," she added. "While the overall cost of living has remained flat, the cost for basics has increased significantly. Housing at the low end has increased by 17 percent. Food has increased by 16 percent."

At the same time, however, wages have stagnated or decreased.

The report shows 53 percent of jobs in New Jersey pay less than \$20 an hour, or \$40,000 full time, though many of those jobs are part time, according to Halpin. She pointed out there are now a lot fewer \$30-an-hour jobs and \$15-an-hour service jobs, which are essential to the economy, than there were before the recession began in 2008.

ALICE, an acronym coined by the United Way, stands for Asset Limited, Income Constrained, Employed. It's a way to describe households that earn enough money to put them above the poverty line but not enough to actually survive.

In Morris County, a household survival budget for a single adult is \$27,599, or \$13.80, according to the report. For a family with two small children, it's \$67,871, or \$33.94 an hour.

Even in affluent Mor-

ris towns, the percentage of ALICE households is significant, the report reveals. In Madison, 24 percent of households are at ALICE income levels or lower. In Boonton Township, the percentage is 25 and, in Rockaway Borough, 29 percent.

Deeper analysis in Morris shows 46 percent of Hispanic households here can't afford the cost of living. The same is true of 41 percent of black households; 25 percent of white households; and 34 percent of senior citizen households.

According to the report, an area must score high in three categories for an ALICE household to thrive — job opportunities, community support, and housing affordability.

"If you're good in one area but not another, it makes it very difficult for ALICE to live," Halpin said. "In fact, there's no county in New Jersey that scores high on all three categories."

Morris County rated "good" in the first two but "fair" in housing affordability. A total of 23 percent of owner-occupied Morris households — and 58 percent of renter households — have an income below the ALICE threshold.

Ramon Valdez of Dover, a 31-year-old single father of two girls, is one such renter. He works a \$43,000-a-year job as a surgical technologist at St. Clare's Health System, a job he loves and that gives him health insurance. His work schedule also allows him to pick up his 6- and 4-year-olds from day care and preschool after his workday ends.

He works hard just to make his bills and feed his girls — \$1,100 for a nice

two-bedroom apartment; \$100 to \$110 a week for food; \$25 a week for gas; car insurance for his 2002 Subaru with 190,000 miles on it; his cell phone and credit cards.

"I always thank God for my blessings because things could be worse," said Valdez, who was happy to get a United Way scholarship for his youngest daughter to attend a preschool program. "Other people may not have a good job or other things, so I'm always trying to be positive."

Still, he'd like to be able to buy his daughters a toy they want from time to time or get one daughter art lessons, the other dance lessons. But he can't.

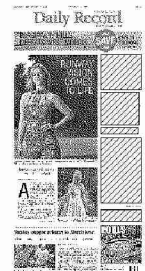
As it is, Valdez is doing his own car repairs with the help of knowledgeable friends, buying kids' sneakers for \$20 from Payless instead of \$40 at Stride Rite, and worrying about miscellaneous expenses, such as co-pays, ER visit payments, and prescription costs for his daughters.

Valdez takes extra per diem work when he can get it, though the costs of baby-sitting and gas often preclude him from taking the work. His family, he said, lives in New York City.

Though Valdez very much wants to open a 529 Plan for his daughters' college educations and create a six-month emergency savings account, he can't.

"Do I know about these things? Yes. I'm very knowledgeable," he said, "but knowledge and having the resources to do something are two different things."

Moving one step at a time, he's working on repairing his credit rating,



which dropped since his divorce. He wants to buy a house, rent it out, and save the rental money. But the road looks very long.

“I just got accepted for a Capital One card with a \$300 credit limit,” he said. “I was doing \$300 when I was 21 years old. I’m 31 now. I’m back where I started.”

In its ALICE reports, the United Way emphasizes that what affects people like Valdez, and the whole ALICE population, affects all people and the economy overall.

“As important as safety nets are, it’s also important to realize these are systemic problems,” said John Franklin, CEO of United Way of Northern New Jersey. “When more than half the population is making less than \$20 an hour, that’s a systemic problem.”

The report points out that when ALICE saves money by skipping preventative health care or accredited child care or good food or car insurance, everyone else’s insurance premiums and taxes rise.

The idea of quantifying and studying the ALICE population has caught on since the first statewide report covering New Jersey was released in 2012. When United Way announced the update for the Garden State this week, it also released the same analyses for Indiana and Michigan and, imminently, California, Connecticut, and Florida.

According to Halpin, also lead researcher and author for the other reports, the other states aren’t faring any better than New Jersey, where the cost of living is very high.

“When we went to some of the other states

and saw how low the cost of living was, we thought maybe ALICE wasn’t a problem for them,” Halpin said. “But when we looked at what the jobs were paying—significantly less—we discovered there were similar numbers of ALICE in all the other states and actually more in some of them.”

Ultimately, the ALICE project is about shifting the conversation in the state and nation, according to Franklin, who pointed out the issue goes beyond poverty. It’s about a huge shift in the structure of communities and jobs that is forcing New Jerseyans and Americans to rethink their values.

“What I’m looking for is President Obama and Congressman John Boehner to start talking about ALICE,” he said, “and get off the rhetoric that pushes us apart.”

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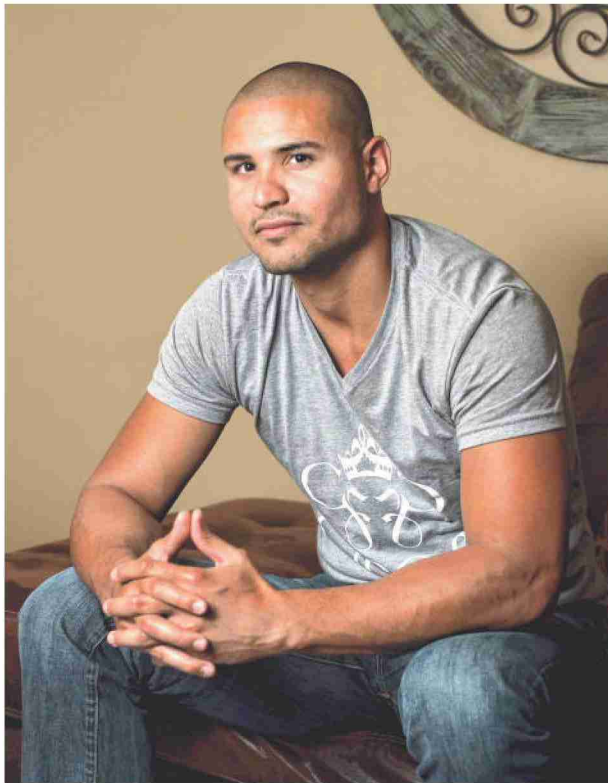
“While the overall cost of living has remained flat, the cost for basics has increased significantly.”

STEPHANIE HOOPES HALPIN, Rutgers professor



KATHY JOHNSON/STAFF PHOTOGRAPHER

Ramon Valdez, a divorced single father of two, works full time as a scrub nurse at a hospital and per diem shifts for extra money. He drives a 10-year-old car with 200,000 miles on it that he can't afford to replace.



KATHY JOHNSON/STAFF PHOTOGRAPHER

Ramon Valdez says he can barely cover his expenses despite working a full-time nursing job and taking per diem shifts. Valdez is an example of the ALICE (Asset Limited Income Constrained Employed) population.