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News

United Way study: A third of county households struggling

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According to a newly released report by the United Way, one-third of households in Sussex County are struggling to afford basic needs such as housing, food, child care, health care and transportation.

Of those households, 6 percent are living below the federal poverty level and 27 percent, although members are employed, sometimes in multiple jobs, are living paycheck to paycheck to be able to provide for themselves.

Those who live above the poverty level but below the basic cost of living are ALICE, an acronym for Asset Limited, Income Constrained, Employed.

These families earn a salary higher than the U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but have difficulty making ends meet.

The report finds that in New Jersey it costs a single adult \$24,300 to survive annually and \$64,176 for a family of four with two children under the age of 5.

The "Household Survival Budget," as calculated by United Way for Sussex County is \$27,228 for a single adult, and \$69,708 for a family of two adults, one infant and one preschooler.

The decision to forgo the doctor's office when a medical problem arises and instead pay the rent often finds the individual, down the road, with a worse health condition, leading to higher medical costs.

United Way's third ALICE Report shows that the number of ALICE and poverty level households has increased steadily since 2007, even during the recovery from the Great Recession. The report also shows that although jobs and wages increased from 2012 to 2014, the proportion of New Jersey households living below the poverty level remained at 11 percent during that period, but the ALICE population rose from 25 to 26 percent.

In Sussex County, the number of ALICE households increased 7 percent from 2007 to 2014. During that same time period, the poverty level increased by 1 percent.

The report, with assistance from Rutgers University-Newark School of Public Affairs and Administration, identifies county-by-county numbers and, for the second time, incorporates town-by-town numbers. The

report, which is revisited every two years by a team of researchers, this year includes the average household size for each county instead of using statewide average household sizes.

Stephanie Hoopes, Ph.D., lead researcher and director of United Way's ALICE Project, said that because costs are outpacing wages for most service jobs, there has been no way for families to catch up no matter how hard they are working.

The report uses statistics from the American Community Survey, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, Bureau of Labor Statistics, Internal Revenue Service, State of New Jersey Department of the Treasury, and Child Care Aware NJ.

As indicated in the report, which was released today, Sussex County's poverty rate is lower than the state's and slightly higher when it comes to ALICE households.

The 2014 poverty rate stood at 6 percent in the county, compared to the state average of 11 percent. The 27 percent of ALICE households in Sussex County was 1 percentage point higher than the statewide figure of 26 percent.

The median income in Sussex County is also higher at \$82,075, compared to the state median of \$71,919.

According to the report using statistics from 2014, in Sussex County:

- Median household income was \$82,075.
- The unemployment rate was 7.7 percent.
- 6 percent of the county's 54,174 households were living below poverty level.
- 27 percent of households fall into the ALICE population.
- 67 percent of households were doing OK.

The report's Economic Viability Dashboard, composed of three indices that evaluate the local economic conditions that the United Way believes matter most for the ALICE population, shows that from 2010 to 2014 in Sussex County, housing affordability increased, job opportunities grew, and community resources declined.

Rated on a scale of 1 to 100 with higher scores reflecting better conditions, housing affordability -- indicated by the affordable housing gap, the housing burden and real estate taxes in the county -- improved from 49 in 2010 to 64 in 2014. During the same time period, job opportunities, which factored in unemployment rates, average wage for new hires and the share of income for the lowest two quintiles, rose from 55 to 62.

However, the score for community resources, which includes the percent of 3- and 4-year-olds enrolled in preschool, health insurance coverage rate, and the percentage of the adult population who voted, fell from 62 to 49 during that time period.

Statewide, the ALICE population grew by 29 percent, from 629,982 in 2007 to 823,829 in 2014. Combined with those in poverty, households not making ends meet grew from 913,474 to 1.2 million during that time span.

Wages for most service jobs are not keeping pace with rising costs, according to the report analysis. The three most numerous jobs in the state -- retail sales, cashiers and laborers -- all have median wages that declined to less than \$12 an hour, the minimum it takes for a single adult to survive, according to the report. In addition, projections show that many of these occupations will be replaced by technology in the next decade.

"Costs are far outpacing wages for most service jobs, and there's been no way for families to catch up no matter how hard they are working," Hoopes said. "What sets New Jersey apart from other states is our high cost of living. This leaves ALICE families with impossible choices."

Compared to 13 other states that have been studied, United Way found:

- New Jersey has the third largest percentage increase in the number of ALICE households, close behind Connecticut and Maryland.

- New Jersey has the second highest average Household Survival Budget for a family of four, at \$64,176. Connecticut has the highest at \$70,788. New York has the third highest budget at \$62,472.

- New Jersey and Connecticut are tied for the second highest increase in the cost of necessities at 23 percent. Maryland saw basic needs grow in cost by 26 percent.

- New Jersey has the second lowest percentage of jobs paying less than \$20 an hour at 52 percent. It ranges from a high of 71 percent in Idaho to a low of 49 percent in Connecticut.

"These reports provide a wealth of unbiased data that give policymakers in New Jersey and across the country the tools they need to bring needed change for workers who are critical in our communities such as home health aides and child care workers," said John Franklin, United Way of Northern New Jersey CEO. "When ALICE families struggle, we all struggle."

In New Jersey, United Way is working to remove barriers that keep ALICE from succeeding, but the work cannot be done by any one entity alone, Franklin said. Partnerships are needed with corporations, government, nonprofits, academics and others to tackle the underlying causes of financial instability, he said.

Ultimately, the report states, if ALICE households were financially stable, New Jersey's economy would be stronger and communities would be more vibrant.

New Jersey stakeholders, Hoopes said, will need to work together with innovation and vision, and be willing to change the structure of the local and national economy and even the fabric of their communities.

Some United Way programs have begun to address issues such as the need for childcare and caregiver resources, Franklin said, but a broader strategy involving multiple agencies is needed.

"We need to think long-term," he said.

Improved job opportunities that pay more would enable the ALICE households to live near where they work and become financially independent. Hoopes said this means communities should actively court businesses that would pay higher salaries. The reports notes higher-paying jobs would have to be partnered with education and training.

Another solution, according to the report, is to pay people more money. The wages of 1.3 million low-income jobs for single workers in New Jersey would have to be increased to \$13.78 per hour in order meet basic household needs; and would have to be raised to \$15.30 per hour for 1.5 million jobs for working parents, the report notes, but it doesn't mention how that would be accomplished.

Households also need access to financial resources such as access to savings and loans that could help a household become financially stable.

As for housing, the report notes that housing will continue to be the biggest drain on a household financial budget and that the demand for smaller, low-cost housing will increase. Unless ALICE is kept in mind when writing zoning laws, many low-income families will have no choice but to live far from their

jobs, resulting in costs and challenges to their already stretched income, the report concludes.

"We are talking about a huge portion of the population. We need to address this systematically as a society. It will take a lot of cooperation and collaboration," Franklin said.

The United Way ALICE Project is supported in part by corporate sponsors including the Aetna Foundation, AT&T, Atlantic Health System, Deloitte, Entergy, Johnson & Johnson, KeyBank, Novartis Pharmaceuticals Corporation, OneMain Financial, Thrivent Financial Foundation, UPS and U.S. Venture.

For more information or to find data about ALICE in local communities, visit

www.UnitedWayALICE.org. In addition, county-by-county survival and stability budgets for six family sizes are available at: **<https://spaa.newark.rutgers.edu/united-way-ALICE>**.

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