



“Put the Money Where It Should Be”

The FY’16 State Budget Needs to Re-evaluate Priorities. Despite national trends of decreasing poverty, the number of New Jersey residents facing serious economic struggle is growing.¹ This fact is only the most glaring evidence that the priorities and strategies driving recent State budgets are failing to invest New Jersey’s resources where they should be.

- In the last five years **corporate tax breaks** have expanded to unprecedented levels, foregoing billions in revenue to fund other priorities that could protect the vulnerable and produce new, good paying jobs.
- New revenue options have been rejected in favor of stop-gap measures like **backtracking on budget commitments** to community providers and property tax rebates, and **raiding dedicated funds** for housing production, environmental protections, and energy efficiency.
- Vital programs have been **flat-funded**, which means reduced buying power as the costs for the same essential goods and services goes up with inflation.

Our state budget must prioritize programs and investments that support fairness and opportunity for all. More and more people in New Jersey are struggling, and the lack of dollars moving into our local economy makes economic recovery all the harder to achieve. As a foundation for a budget that **puts the money where it should be**, the Anti-Poverty Network proposes three essential areas for state investment: **Housing, Hunger, and Economic Empowerment**. A total investment of *less than \$140 million* in key, proven programs would make a huge step toward investing state resources where they need to be.

Housing –\$38 million

- **Rebuilding NJ’s State Rental Assistance Program:** The number of available SRAP vouchers has been declining due to under-investment even while the need has increased. This program is critical to address the housing needs of extremely low-income individuals and individuals with disabilities so that they can afford a home. SRAP must be funded to a level that will provide the full 5,000 vouchers funded in FY11, and it must be funded from either from the General Fund or from a dedicated fund other than the Affordable Housing Trust Fund, as these resources are needed to provide capital funding to develop more homes that are affordable. *\$30 million increased General Fund allocation, with \$20 million of this amount used to replace dollars currently diverted from the Affordable Housing Trust Fund.*
- **Increasing Funding for Homelessness Prevention:** Funding for programs that prevent homelessness among the working poor and those not eligible for welfare are woefully inadequate to meet the need. Increased investments in the Homelessness Prevention Program (HPP) and Social Services for the Homeless (SSH) would strengthen the state’s safety net to prevent homelessness before it occurs. *\$8 million incremental funding between the two programs would increase resources by approximately 30%.*

Hunger – \$18.5 million

- **Supporting the expansion of School Breakfast:** Include funding in the Department of Agriculture, Bureau of Child Nutrition budget to restore cuts to both the school breakfast and

¹ The most recent US Census Bureau, American Community Survey data shows increasing rate and number of people below 100% and 200% of the federal poverty level in New Jersey.

lunch programs. A portion of this funding will reinstate the ten cents (10¢) per meal breakfast supplement, providing an incentive to NJ schools to adopt a “breakfast after the bell” approach to school breakfast. Much progress has been made in the last several years to increase the number of children receiving breakfast at school, however, additional incentives are needed to ensure that the 308,000 children who are eligible, but not participating, receive this much needed nutrition. *\$3.2 million.*

- **Expanding state funding for the State Supplemental Food Program:** Emergency feeding programs are facing unprecedented need from hungry families and diminishing support to meet that need. Funding for SSFP is an efficient, established mechanism to get needed nutrition assistance to hungry people. *\$250,000 incremental increase would adjust for the 3.5% in at-home food prices in 2014.*
- **Increasing County Welfare Agency staffing and improved business models:** The frontline staff who process applications for the Supplemental Food Assistance Program (SNAP) and numerous other programs are overwhelmed by unmanageable caseloads and outdated technology. Funding for additional staffing is needed as well as improved business models to address processing delays and errors that delay or deny help to the most vulnerable. *Initial investment of \$15 million in new state dollars to assist counties address understaffing, with an expectation of an increase in FY'17 once hiring is completed.*

Economic Empowerment – \$80 million

- **Restoring the Earned Income Tax Credit:** The state EITC was cut by 20% in 2010, effectively increasing taxes for about a half million low-income families in NJ. That action reduced the tax credit by about \$300 for a family earning minimum wage. This cut should be fully restored to support low-income workers and the local economy. *\$50 million to reverse the effective tax increase on the lowest-income workers.*
- **Expanding preschool:** High quality preschool is an investment in child success, and an important work support for low-wage parents. The State should begin the expansion of this proven program to the remaining 96 school districts where most of New Jersey’s remaining poor students live. *\$30 million.*
- **Expanding health care coverage:** In order to address the backlog in Medicaid applications, the State should provide provisional Medicaid benefits until the eligibility review has been completed; fund outreach and marketing for NJ FamilyCare and the Health Insurance Marketplace to improve participation among Latinos and others with barriers; provide additional premium subsidies to individuals purchasing insurance in the Marketplace to make them more affordable; restore Medicaid eligibility for immigrants who have been in the US for less than five years; and improve access to Medicaid services by providing increasing reimbursement to health care providers where there is a need. *All of these efforts can be funded from the \$400 million in annual savings the State achieves as a result of the Medicaid expansion and any reduced charity care costs to hospitals.*

State budget pressures MUST NOT deflect attention from the patterns of underinvestment that are hurting out state. Key investments in housing, hunger, and economic empowerment are essential to the well-being of New Jersey and its residents, but these important supports have been weakened by budgeting patterns that must be reversed:

- accepting **historically inadequate funding levels** as the annual baseline;
- **ignoring the reality of inflationary costs** and simply maintaining flat funding levels year after year;
- **enacting cuts** to crucial programs and then re-setting the baseline at this reduced level;
- and plugging holes in the general budget by **raiding funds** that are supposed to be dedicated to specific investments.

These budget strategies obscure the reality that New Jersey is not putting our money where it should be. The ‘FY16 budget needs to reverse these strategies and invest in the state’s most urgent priorities.