



Testimony of Serena Rice, Executive Director of the Anti-Poverty Network of NJ

Senate Budget Committee - Public Hearing  
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Thank you Chairman Sarlo, Vice-Chairman Stack, and members of the committee for the opportunity to address you today. My name is Serena Rice and I am the Executive Director of the Anti-Poverty Network of New Jersey. APN is a statewide education and advocacy network and our members represent individuals and organizations from across the spectrum of human needs.

APN focuses on three policy areas: hunger, housing, and economic empowerment. Usually, when I talk with legislators during the budget process I identify a few urgent budget priorities related to each of these issues, and I talk about why we need to invest in proven solutions that can make a difference in the persistent grip of poverty on a substantial segment of our state's population. I believe that this is a valid and important conversation for the state to have, but it is not my message today.

Today I want to talk about a whole new level of urgency – a crisis that is being created by state policy, rather than one that just derives from the larger economic environment. This crisis involves a dramatic restriction of the aid we are providing to some of our most vulnerable neighbors – those who are either temporarily or permanently unable to support themselves through work. Specifically, this restriction applies to the loss of access to housing through the Emergency Assistance program – a loss that is making people homeless, forcing them into unstable and unsustainable situations, and in a few cases contributing to their deaths.

To be clear, these policy decisions are not coming from the legislature, although they do have direct bearing on the legislature's budgeting decisions. The legislature has actually been taking important proactive steps to address poverty. Following the Assembly Speaker's declaration that reducing poverty will be a central priority for this session, both houses of the legislature have taken strong action and passed a number of significant bills that have the potential to make a tremendous difference for those facing economic struggle.

Unfortunately, starting last year, the administration implemented a serious shift in policy that goes in the opposite direction. I will explain that shift in this testimony, but first I want to explain its relevance to today's hearing on the budget. The underfunding of our Emergency Assistance program is baked into the budget proposal the Governor presented to the legislature, and it is important for this body to understand that confirming these

projections will reify the dismantling of the safety net that is creating real hardship, right now, for those least able to weather the storm.

So, what exactly are these changes? There are two significant elements to the reduction of Emergency Assistance.

One change relates to the time limit for receipt of EA. Normally EA is time-limited to 12 months of lifetime assistance, with the potential opportunity for up to 12 months more based on hardship. However, the state has a long-standing practice of piloting extension programs for those who cannot reasonably be expected to find housing they can afford on their own: those who cannot work and whose income is therefore limited to the minimal assistance they receive from government programs. In July of 2015, that practice suddenly ended, with no notice, and several thousand people were thrown into sudden housing insecurity. There have been some temporary patches and advocates have been working overtime to negotiate individual solutions, but the extension programs are gone, apparently for good. The emergency provider safety net is bracing for a wave of new need when the current 6-month temporary program ends later this year.

It is hard to imagine how that safety net will cope, however, because a second change in EA has already devastated the budgets of the shelter and transitional housing providers. While the elimination of the extension program has cut-off people who were getting help, a second change is blocking people from receiving EA in the first place. The Department of Human Services has stepped up systematic reviews of new applications with a new, highly restrictive interpretation of eligibility screening criteria. What that means is that when a family or an individual presents themselves as currently or imminently homeless, they are being evaluated for whether they “caused their own homelessness” or “failed to plan.” If the answer is yes – and in 2015 it was yes for a much higher proportion of applicants – they are turned away. In other words, the standard is not “do you really need help” but rather “can we blame you for your need, and therefore refuse to meet it.”

I would like to note that neither of the changes that are restricting EA access reflects a reduction in need, despite the rather confusing, or perhaps misleading numbers around homelessness that were included in the budget address. In reality, full year service numbers from the Homeless Management Information System (HMIS) show only a minimal reduction year over year,<sup>1</sup> and these numbers do not account for the depressive impact that eroded funding has had on the capacity of the homeless services safety net to respond to needs. At least one program has closed and others are in jeopardy because of this shift. And there are plenty of reports from across the state of people seeking help for whom there is no help to give. These stories are not necessarily counted in the HMIS data, suggesting that the need has, if anything, gone up.

As I stated already, these shifts in the EA program are a budget matter because the Governor’s budget proposal reflects significant reductions in funding for EA. While there are several line-items (as well as evaluation data projections) that reflect this drop, the most striking line is for Work First New Jersey – Emergency Assistance. Comparing expenditures from 2015 to the proposal for 2017 this line item drops nearly 30% from

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<sup>1</sup> After an increase in 2014 to 19,635 households, the HMIS data shows a slight decrease in household served by network of homeless service providers to 18,527.

over \$103 million to less than \$73 million. The majority of this drop happened since the FY16 budget was passed – with over \$100 million appropriated to the program – even though the budget book shows the adjusted appropriation at just \$78 million. This \$30 million drop means \$30 million less to prevent homelessness among families with children. If that budget number is allowed to stand it will mean more homeless families in New Jersey, as well as more homeless assistance providers closing down because they can't keep the doors open with good will and donations alone.

The legislature has already taken one step to try to redress the EA crisis. Both houses passed legislation to create an exemption from the EA time limits for those who are unable to work. That legislation is now sitting on the Governor's desk and we hope that he will listen to calls from the community and sign this bill, which has an estimated cost of \$15 million.

If he does, the state can potentially forestall another looming crisis, which will otherwise hit the Social Services for the Homeless (SSH) program, which is a homelessness prevention program for families not receiving cash assistance. The program has been virtually flat-funded (well below need) for several years. The line-item proposal for SSH is basically flat again, however that program is now being used to provide temporary rental assistance to a significant share of the people cut-off of the EA extension program as part of the 6-month Intensive Case Management program. If the exemption legislation is not enacted and these resources continue to be redirected, then working families facing homelessness will be without this vital source of help as the majority of funding is redirected to Intensive Case Management shelter payments.

This testimony has focused on the Emergency Assistance program because that program is facing a policy-created crisis with devastating consequences. This crisis does not relate solely to EA, however. At least two other major factors combine to create this problem:

1. First, the fact that grant levels for Work First New Jersey have not increased in nearly 30 years has made it a program that keeps people locked in desperate poverty, rather than giving them a realistic chance to build toward self-sufficiency. If we can make progress of raising the grants, participants in the program will be more able to contribute toward their own housing costs as well as having the foundation to move toward self-sufficiency.
2. Second, the state's redirection of Affordable Housing Trust Fund resources to fund rental assistance (which is supposed to be funded out of general revenues) means stalled production of homes people can afford. With a shortage of housing, there just aren't homes out there for people to move into, thus increasing the need for emergency and transitional shelter.

The other budget implication of the current crisis is the unfortunate truth that need doesn't go away just because you stop helping. We will see the costs of ignored homelessness one way or another. We will see it in increased health care costs, and child welfare involvement, and increased Mental Health and Substance Abuse needs, and criminal justice system involvement, and, perhaps most importantly, in social dysfunction and human suffering. We are already seeing that suffering in the stories of human beings abandoned by our EA system who are suffering, and some even dying.

The reasons behind the significant shift in state policy are not entirely clear, but the expectation that they will continue is very evident in the Governor's proposed budget. To pass through these budget numbers would be to codify the administration's policy of limiting access to Emergency Assistance as restrictively as possible. This penny-wise and pound-foolish strategy will simply shift the costs to other systems, and those manifestations will cost a lot more than keeping people and families in stable housing. Not to mention, perpetuating this course of action would be a rejection of the state's fundamental responsibility to care for its most vulnerable residents. The people of New Jersey are looking to our legislature to take its responsibility seriously and to show by its financial commitment to human needs that you know we can't just walk away from those who need us most.

Thank you for your attention and your service to the State of New Jersey

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