

January 27, 2016 - Testimony before the N.J. Legislature Assembly Human Services Committee

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Thank you Madam Chairwoman and committee members for the invitation to testify today on ways to combat poverty and rebuild families who are struggling financially in New Jersey.

I am the national director of the United Way *ALICE Project*, an initiative first launched by United Way of Northern New Jersey and now in conjunction with United Ways across the country to better understand financial hardship. As the author of the United Way ALICE Report for New Jersey and nine other states, I'd like to share some highlights of what we found about who is struggling and the systemic barriers that keep families from achieving financial stability. I've brought you each a copy of the New Jersey report.

**ALICE** stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed and represents households in New Jersey that are working, but falling behind, unable to afford even a basic Household Survival Budget. ALICE is the backbone of our economy and when ALICE struggles, we all face economic instability.

As many of you are aware, the federal poverty level (FPL) is arbitrary; it is based on an old formula, and is the same across all counties in the U.S. According to the FPL, 10.5% of households are in poverty in NJ. Our analysis shows that another 27.5% of NJ households face financial instability. In other words, a total of 1.2 million households in New Jersey – 38 % – are either in poverty or qualify as ALICE.

For the ALICE study, we developed a realistic but very basic Household Survival Budget, based on the real-time costs for the essentials -- housing, childcare, food, transportation, healthcare and taxes. This estimates the minimum it takes to participate in the modern economy. A bare-bones budget, this does not include any savings or cushion. The average Household Survival Budget for New Jersey is \$27,552 for a single adult – more than double what the federal poverty line says is struggling at \$11,170. Likewise, the basic budget for a family of four is \$61,200 compared to the federal poverty estimate of \$23,050.

And while these are good general averages for the state, we calculate budgets for each county, because as you all well know each region of the state has different costs of living,

with big differences from north to south, east to west. The Report is also available online at [UnitedWayALICE.org](http://UnitedWayALICE.org) and you can download the budgets for each county and ALICE demographics for every town in the state.

To fully understand why there are so many ALICE households in New Jersey, the high cost of basic necessities is only one side of the equation, local wages are the other. More than half -- 53% of jobs in New Jersey pay less than \$20/hour, and most of those pay between \$10-\$15/hour. For some reference, \$15/hour=\$30k full-time. These are jobs that are vital to our economy: retail sales, food preparation, health aides, teacher assistants, security guards, cleaners, movers. We all know these people; they are our co-workers, neighbors, and family members. And, likely, many of us have been ALICE at some point in time.

Once recognizing ALICE, the next step is to work toward solutions. I would like to address short-term as well as long-term strategies. Most government programs focus on the short term – TANF, Medicaid, energy assistance, etc. These programs are essential for averting a crisis. I want to underscore that these programs are critically important because we know that the cost to recover from a crisis can be 10 times more expensive than programs focused on prevention. And these short term measures also enable ALICE to survive.

New Jersey spends more than \$779 million on families below the ALICE Threshold. The federal government and health care providers spend even more, and yet income and public assistance still falls short of bringing all families to financial stability, in aggregate, by 38%.

Eligibility for many government programs is the federal poverty line or multiples like 150% or 200% of it. The result is that many ALICE families are not eligible. ALICE families are often forced to make difficult choices, such as not filling needed prescriptions, using a well-intentioned but unskilled neighbor for child care, deferring car repairs... we can all follow the dots and see how these have long-term implications not only for ALICE, but for all of us.

But, survival is not a long-term strategy for financial stability. With the Great Recession, Superstorm Sandy, and various personal emergencies, ALICE no longer has savings to fall back on, so one crisis can lead ALICE into poverty.

To make a long-term difference for ALICE and our state, we will need all sectors to get involved – you, our elected officials in the state legislature as well as private sector and nonprofit stakeholders. Things that would make a long-term difference include anything that reduces the cost of the basic budget or increases ALICE's income.

Government can make a difference through programs that make living in NJ more affordable, including affordable housing, child care and preschool voucher assistance, expanded health insurance, and public transportation.

Nonprofits can help ease the path for many ALICE families; many of my colleagues testifying here today are doing great work. Nonprofits contribute more than 5 percent of what is needed to bring ALICE and poverty families to stability; a significant amount but this cannot close the gap on its own.

Another key partnership can be between the private sector and government to expand the number of medium- and high-skilled jobs in the state. Over time, New Jersey has been losing \$20-\$30/hour jobs, and low-wage jobs are predicted to dominate new job openings for the next 10 years.

Also important for ALICE workers are non-monetary assists from employers that provide greater job security, predictable work schedules and benefits. Hourly wage workers are vulnerable to a cut to their hours due to a snow storm or a slow business day, meaning they are once again faced with those unenviable choices between paying their bills or caring for their family.

So, I know I've just given you a lot to digest and consider. The bottom line is that there is no one silver bullet and coordinated actions across all sectors are needed to make a difference in long run. I'm encouraged seeing the broad participation here today. I hope you will use the data in the ALICE Report, as well as the inclusive language and framework. AS you consider a policy in this committee and beyond, ask "how it will impact ALICE?" I look forward to working together to improve life for ALICE and all our residents.