

# Nearly 40 percent of New Jersey households struggle to make ends meet

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The proportion of households in New Jersey that cannot afford daily necessities reached 38.5 percent in 2016, according to a report published by the non-profit charity United Way. These necessities include food, housing, transportation, medical care, child care, and a smartphone. The percentage of these households falling into this category has increased by 15 percent since 2010, the year that the recovery from the recession of 2008 is alleged to have begun.

This proportion of struggling households includes 10.5 percent who lived in poverty in 2016, along with an additional 28 percent in a category that the report calls “Asset Limited, Income Constrained, Employed” (ALICE). ALICE households, sometimes called the working poor, earn more than the federal poverty level. This official figure is absurdly low, especially in a state with a cost of living as high as New Jersey’s. Although not classed as poor, members of these households find themselves skipping meals, sharing rooms with friends or relatives, and forgoing regular doctor’s appointments.

United Way has tracked households in poverty and ALICE households every two years since 2010. The percentage of households in poverty has remained relatively stable, at 10.5 percent. The proportion of ALICE households, however, has increased steadily from 23.8 percent in 2010 to 28 percent in 2016. Rather than sharing in the much-touted economic recovery, these families have seen their situations worsen.

People aged 65 and older account for much of the growth in the number of ALICE households. From 2010 to 2016, the growth rate in the number of senior households (15 percent) and that in the number of senior ALICE households (12 percent) have been almost identical. “Even with Social Security benefits, 46 percent of New Jersey seniors have income below

the ALICE Threshold,” according to the report.

People between ages 45 and 64 also have contributed to the growth in ALICE households overall. Although the number of households in this age group did not change significantly between 2010 and 2016, the number that earned less than the ALICE Threshold increased by 22 percent. “For a group in their prime earning years, it is surprising to see one-third (33 percent) with income below the ALICE Threshold,” said the researchers.

The percentage of households below the ALICE threshold increased from 2010 to 2016 in nearly all of the 20 largest cities in New Jersey. Clifton and Passaic are the two exceptions. Some of the greatest increases occurred in two of the towns that suffered most during and after Superstorm Sandy. In Toms River, ALICE households increased by 66 percent. In Sayreville, the increase was 31 percent.

But the factor that unites ALICE households is not gender, race, age, or location. “The data on ALICE households show that hardship in New Jersey exists across boundaries of race, age, and geography,” said the researchers. Rather, ALICE status is a problem of every section of the working class. “Today, ALICE workers primarily hold jobs in occupations that build and repair our infrastructure and educate and care for the workforce,” in the words of the report.

The report provides a detailed picture of the situation that workers face in New Jersey, which in turn reflects national trends. Low-wage jobs are the rule, rather than the exception. Approximately 51 percent of jobs in the state pay less than \$20 per hour. What is worse, more than two-thirds of such jobs pay less than \$15 per hour. About 36 percent of jobs pay between \$20 and \$40 per hour, a wage that is itself insufficient, in a state with housing that is among the most expensive in the

country—to say nothing of New Jersey’s notoriously high property taxes.

Since 2010, the unemployment rate has fallen. Although capitalist economists would predict that wages would therefore rise, they have stayed low for most workers. In addition, job stability has decreased following companies’ growing reliance on contract work and on-demand jobs. Under these conditions, it is no surprise that many households are unable to meet expenses. The idea of saving money to establish even a modest financial cushion is unimaginable.

While wages have stayed low, the prices of everyday necessities in New Jersey have increased. From 2010 to 2016, the monthly cost of housing increased by 9 percent for a family of two adults, one infant, and one preschooler. The cost of childcare increased by 14 percent, the cost of food by 10 percent, the cost of transportation by 25 percent, and the cost of health care by an enormous 99 percent.

The cost of the family budget overall rose by 28 percent from 2010 to 2016, and by 16 percent for a single adult. These increases have occurred despite low national inflation (9 percent). In 2016, basic household expenses in New Jersey cost \$74,748 for a family of four and \$26,640 for a single adult. In contrast, the federal poverty level is a derisory \$24,300 for a family of four and \$11,880 for a single adult.

The data in the United Way report lay bare the ruling class’s intensified post-recession efforts to suppress wages and increase the rate of exploitation to produce greater profits. Construction workers and public employees such as teachers have been among the main victims in New Jersey. As the researchers themselves note, companies have transferred ever more risk to their workers, keeping wages low and schedules irregular, and making it difficult for workers to arrange for child care, let alone pay their bills.

The report also singles out “the increasing importance of short-term productivity gains” as a reason for the increase in ALICE households. On this subject, it is worth quoting the report at length:

Instead of sharing gains in productivity with employees, companies have chosen to spend more on capital and, more recently, on profits and dividends to increase stock prices. Since most corporate leaders’ compensation is directly linked to stock prices, they have benefited hugely from this practice; the

compensation of top US executives has doubled or tripled since the first half of the 1990s, while workers’ wages have remained flat.

The report thus documents the shift to an economy dominated by financial parasitism. This is not a simple matter of “choice” by companies opting for greed, however. It is part of the structure of global capitalism. Far from being unique to New Jersey, this shift can be observed throughout the country and the world.



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