

## 37 percent of people in N.J. are among the working poor, study says



Charlene O'Brien reviews bills at her table in Hardyston. (*United Way of Northern New Jersey*)



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on January 16, 2017 at 7:30 AM, updated January 16, 2017 at 4:51 PM

Charlene O'Brien doesn't want help.

The 38-year-old single mother of two has built her life on being a strong, independent woman. The Hardyston divorcee has a full-time job training educators, which she balances with raising her 7 and 10 year-old boys, the latter of which has special needs. In her spare time she runs and designs grueling obstacle courses, the kind that make even the biggest fitness buff think twice.

But O'Brien knows today she needs help. She just doesn't know where to turn to get it.

"It doesn't make me feel good. It's been a struggle," O'Brien said. "But it makes me want to make a difference."

**People spend the most on housing in these towns**



O'Brien's family is one of the estimated 1.2 million households in New Jersey struggling to make ends meet, according to a new study by United Way. She belongs to a group they dub ALICE (Asset-limited, income constrained, employed) -- a group of people the United Way says make too much money to qualify for federal poverty assistance, but are being crippled by the high cost of living in New Jersey.

"We estimate that for a family of four, the bare minimum to live, the basic survival budget is \$64,176," said Stephanie Hoopes, the author of the study. "That's more than double the U.S. poverty level."

For O'Brian, that reality means she is forced to rely on friends and family for child care, which is too expensive full-time. It means that when her son broke his leg last year, it nearly completely wiped her out financially. It meant losing her house, the only one her children had ever known.

"I do try to be a strong person. I'm a very independent person. I know that I'm not the only one going through this," O'Brien said. "This isn't a path I wanted to go down. But I didn't have a choice ... You can't keep a family of three afloat based on my salary alone."

The United Way estimates that 37 percent of households fall into this expanded definition of poverty. In New Jersey, it's due to a combination of expenses -- housing costs, childcare, food, healthcare and other expenses -- that far exceed national averages.

Child care for two children, the United Way estimates, now costs more than \$16,000 a year in New Jersey, more than any other category, including housing. Healthcare costs have jumped by 66 percent since 2007. And combined, the cost of simply making ends meet in New Jersey has increased at nearly twice the rate of inflation.

"Here you have people who want to work and are, in fact, working very hard and still struggling," said John Franklin, CEO of the United Way of Northern New Jersey, which commissioned the study. "And we're talking about the bare minimum needed to live. And you think if you have a family health crisis, there are so many repercussions to that."

Hoopes, a former faculty member at Rutgers, has been producing research on the ALICE population for five years. The cost-of-living measure is achieved using a compendium of local and national data to analyze how costs in each state differ, rather than using a national model like the Federal Poverty Level ([See her methodology here](#)).

New Jersey is not unique. Since beginning work on [ALICE studies in New Jersey in 2012](#), the non-profit has expanded research to 15 states. Of the 38 million households studied, about 40 percent fell below the survival budget in their respective states.

Within the Garden State, rural areas in southern New Jersey are struggling more than others. In Cumberland County, more than half of households fall below the ALICE threshold. Atlantic, Salem and Cape May counties are not far behind.

The study also shows the impact that the great recession has had on New Jersey, and lays bare how slow the state has been to recover. While there are signs of recovery today in the Garden State, the household survival budget has increased by 23 percent since 2007, while job and wage growth has remained all but stagnant until recently.

The United Way estimates that stability, a budget that includes space for meaningful savings, isn't reached in New Jersey until a family of four has a combined income of more than \$118,000 -- nearly \$50,000 more than the median household income in the state today.

"Given the mismatch between the cost of living and the preponderance of low-wage jobs, accumulating assets is difficult in New Jersey," Hoopes writes in the study. "Having minimal or no assets makes ALICE households more vulnerable to emergencies. It also can increase their overall costs when they have to use alternative financing with fees and high interest rates that make it difficult or impossible to save money or amass more assets."

For O'Brien, there has been some solace in learning she isn't alone. In 2015, she went to a United Way event where a woman shared her story of struggle. Sitting in the audience, she began to cry.

"The story she was telling was mine," she said. "And I just said 'wow, I'm not alone.' So if this is an opportunity for me to stand up and put a voice to this, I want to do that, because this is happening too frequently to too many people."

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