

Fast Facts: Lost Opportunities for New Jersey's Children

The erosion of TANF assistance is keeping many children in poverty, but New Jersey can reverse course

This Fast Facts is a summary of NJPP Senior Policy Analyst Raymond Castro's full report, which is available at njpp.org/reports

- **Too many New Jersey children live in families that are barely hanging on, with incomes less than half of the federal poverty level (about \$10,000 a year for a family of three).**
- **The decline in Temporary Assistance for Needy Families (TANF) support is a major cause of this deep child poverty, which has increased by 25% even during the economic recovery.**

What's TANF? TANF provides general assistance to families in need. It was created in 1996 as part of federal changes to cash assistance programs that created a cap on federal funding to states, greatly increased work requirements and placed a 5-year limit on assistance. In New Jersey, the program is also known as WorkFirst NJ.

- Since 1996, annual funding for TANF assistance **has dropped by \$358 million**, resulting in a total of **\$5.6 billion** in assistance that New Jersey families haven't received to help them make ends meet.
- What's more, the amount of assistance families receive **has been stagnant for 29 years**, at \$424 per month for a family of 3. As a result, today **TANF assistance is worth less than half what it was worth in 1987.**
- New Jersey's monthly assistance is **about 700% less** than what the Department of Human Services says is needed to "maintain a decent and healthy standard of living." This standard, which is updated each year, is currently **\$2,736 for a family of three..**
- Today, **more than 8 in 10 New Jersey children living in poverty do not receive any TANF assistance** (county breakout available).

- The enormous reduction in TANF assistance is increasing racial, ethnic and income disparities in New Jersey.

New Jersey's inaction has made it an outlier.

- At \$424 per month, New Jersey's maximum assistance for a family of 3 is **the lowest in the Northeast** – by far. And 6 of the 7 other Northeastern states have increased their assistance since the last time New Jersey did the same. New York alone has increased assistance three times since 2000, bringing it to almost twice New Jersey's level.
- **40 states** – including very poor states like West Virginia and Kentucky – offer better TANF support to struggling families than New Jersey when the cost of housing is considered.

Meanwhile, many New Jersey children are denied assistance due to the state's punitive "family cap" law, which denies assistance to any children born to a mother on TANF.

- Since the cap's implementation in 1992, **over 20,000 children have been denied assistance**, creating enormous stress and even greater hardship for their families – with dire health and behavioral consequences for the children.
- Realizing that this cap only punishes children and does not change the mother's choices, **6 states have eliminated their family cap laws since 2002.**

New Jersey Can Reverse Course to Insure All of New Jersey's Children Get a Decent Shot

Here's how:

- Start gradually restoring TANF assistance, with an increase of 30% over 3 years.
- Require annual cost-of-living increases once the 30% increase is fully phased-in.
- Remove the overly harsh "family cap" that punishes children for being born.

Policymakers can make the first two reforms together by enacting legislation that sets TANF assistance as a percentage of the state's standard of need. This way the amount families receive would increase with increasing needs, since the standard of need is adjusted annually for rising costs of living.

The bottom line: Child poverty costs New Jersey about \$13 billion a year in increased crime, poorer health, and reduced productivity. *New Jersey can pay now – or pay much more later.*