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State of New Jersey

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

JON S. CORZINE
Governor

Labor Planning & Analysis
PO Box 056

DAVID J. SOCOLOW
Commissioner

November 2, 2007

Grace A. Kilbane, Regional Administrator
U.S. Department of Labor
Employment and Training Administration
JFK Federal Building, Room E-350
Boston, MA 02203

Dear Ms. Kilbane:

Enclosed is the New Jersey Department of Labor and Workforce Development's (LWD) Workforce Information Grant Annual Report for Program Year (PY) 2006, a requirement of Training and Employment Guidance Letter No. 03-06. The report describes the results of the activities originally presented in the Program Year (PY) 2006 annual plan. Also included are the methodologies and results of the customer satisfaction assessments that were carried out during the program year, and the annual economic analysis report.

Copies of publications completed this year will also be forwarded to you, under separate cover.

Please do not hesitate to contact me at (609) 292-2643, if you have any questions in regard to the report.

Sincerely,

James H. Moore, Jr.

James H. Moore, Jr.
Assistant Commissioner
Labor Planning & Analysis

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New Jersey Department of Labor and Workforce Development
Office of Labor Planning and Analysis
Annual Report Program Year (PY) 2006
Workforce Information Core Products and Services Grant

Introduction:

In return for the PY 2006 federal Workforce Information Core Products and Services grant, the New Jersey Department of Labor and Workforce Development (LWD), Office of Labor Planning and Analysis (LPA) has undertaken the following activities required by the Employment and Training Administration (ETA). Through this integration of funding, LPA has been able to maximize the quantity and quality of its products and services provided to the One-Stop Career Center community and other users of workforce information.

LPA has worked to provide the required core products and services in accordance with the *New Jersey One-Stop Workforce Investment System Unified State Plan - July 1, 2005 to June 30, 2007*. Except for those core products that have a national focus, all other activities are within the context of and in support of that plan, which stresses the importance of accurate and timely labor market information in providing the citizens of New Jersey a demand-driven One-Stop Career Center system. The *New Jersey One-Stop Workforce Investment System Unified State Plan - July 1, 2005 to June 30, 2007* stipulates that "The Office of Labor Planning and Analysis will, in consultation with the State Employment and Training Commission (SETC), its partners and the local Workforce Investment Boards (WIBs), be responsible for gathering this [labor market] information and making it available to the SETC, its members and WIBs." The work plan was developed in consultation with the SETC, our Statewide Workforce Investment Board, and local Workforce Investment Board (WIB) of directors. That work plan has been supported by both the SETC and those responsible for the implementation of statewide workforce development programs as being responsive to the needs of New Jersey's One-Stop Career Center community.

There are four primary mechanisms for the delivery of LMI products to the One-Stop Career Center community: the Workforce New Jersey Public Information Network (WNJPIN) Web sites, the LPA Internet Web sites, dissemination of LMI information through a variety of printed publications and outreach activities conducted by a staff of field labor market analysts. The WNJPIN Web sites, LPA Web sites and printed publications provide career and occupational information while LPA staff continues to *focus on capacity building* and providing LMI *skills* to employment and *training* providers, employment counselors and planners.

A. Accomplishments Regarding Core Products and Services

1. Continue to populate the Workforce Information (formerly ALMIS) Database with state and local data.

Achievements and outcomes

- LPA staff continue updating all required (see list below) Workforce Information Database (WID) using Version 2.3 of the database. Other non-required WID tables were updated in conjunction with the development of the new Labor and Workforce Development (LWD) Web site which is slated for completion in 2008.
 - Three licensing tables, as required
 - School tables (completers and school names)
 - Current Employment Statistics (CES)
 - Local Area Unemployment Statistics (LAUS)
 - Quarterly Census of Employment and Wages (QCEW)
 - Occupational Projections
 - Industry/Occupational Estimates
 - OES Wages
 - ALMIS employer database.

2. Produce and disseminate industry and occupational employment projections.

Achievements and outcomes

- Developed a set of long-term (2004-2014) county level industry and occupational employment projections. The field analyst reviewed the projections for reasonableness and consistency before their release in early 2007. We also provided the preliminary projections to a group of outside reviewers for comment before their release.
- The county projections were provided Center for Occupational Employment Information (COEI) for use in the identification and designation of labor demand occupations. The county projections were released on the LPA website in February of 2007.
- The county projections were released on the LPA website in February of 2007.
- The projections were presented, in a Power Point presentation format, at the 2007 New Jersey State Data Center network meeting in June of this year.

- Developed a set of statewide short-term (2006-2008) industry and occupational employment projections.
- A detailed analysis of the short-term projections was done which explained the projections in the context of both longer term and recent employment trends in New Jersey.
- The projections were provided to staff in the North Carolina LMI operation for posting on a national website which contains state occupational employment projections.

3. **Publish an annual economic analysis report for the Governor and the SWIB.**

The Annual Economic Analysis Report for the New Jersey Governor and the State Workforce Investment Board (SWIB) has been attached starting with page 10.

4. **Post products, information and reports on the internet.**

Achievements and outcomes

- All publications, reports and data produced by LPA are available on our Web site www.nj.gov/labor/lra. The Web site is maintained on a daily basis, so that it remains current and up to date.
- Monthly reports and publications posted to the Web site include: *New Jersey Economic Indicators*, a comprehensive look at New Jersey's economy with current and historical data and statistical snapshots comparing economic indicators for the nation and the state. Includes articles on different aspects of the economy and brief analyses of current trends. *Employment Situation Press Release*, which contains the latest monthly estimates of New Jersey's employment and unemployment with detailed data on changes within industry sectors. **Data files** for labor force, employment, unemployment and building permits.
- Quarterly reports and publications posted to the Web site include: *Regional Employment & The Economy Newsletters*, three regional (Northern, Southern, and Central) reports that track how employment, unemployment and other economic and labor market conditions have changed over a three-month period in a region. **Data files** for Quarterly Census of Employment (QCEW) for jobs covered by unemployment insurance statewide and by county. **Local Employment Dynamics (LED)** a program that uses state and federal information to provide a series of

Quarterly Workforce Indicators (QWI) including turnover rates, new hires and job creation for local areas by industry, age and sex.

- Semi-annual reports and publications posted to the Web site include: **Occupational Wage Survey Data**, files contain wage data for individual occupations for the state and Metropolitan Statistical Areas (MSA). Wages are presented for over 600 occupations at the state level and about 350 at the MSA level. Data is presented by occupational and industrial groups
- Annual reports and publications posted to the Web site include: **County Community Fact Books**, a quick look at major economic, demographic and labor force trends by county, complete with informative and colorful charts, graphs and tables. **Annual Statistical Review**, a statistical summary of the New Jersey economy and the accomplishments of the various programs and operations within the NJ Department of Labor and Workforce Development over the past year. The **Survey of Occupational Injuries and Illnesses** provides comprehensive statistics on work related injuries and illnesses in New Jersey, including incidence rates, counts of all cases and demographic and case characteristic details from reported cases involving days away from work. **Data files** for population and household estimates, income and poverty, state domestic product and annual demographic profile.
- Biennial reports and publications include: **Projections Series** (current period 2004-2014), a concise look ahead at the changes that are anticipated to occur to New Jersey's population, labor force and employment levels. Also contains industry and occupational outlooks. **New Jersey's Hot 50**, user-friendly information that is designed to help New Jersey's students and job seekers make good educational, training and career decisions and focuses on the 50 occupations that are anticipated to have the greatest demand for qualified workers in the coming years. **New Jersey Occupational Outlook Handbook** presents a comprehensive reference for guiding decisions with vital information for more than 600 occupations in New Jersey. **Licensed Occupations in New Jersey**, provides information on more than 130 occupations in the state that require a license from a state agency.

5. **Partner and consult on a continuing basis with Workforce Investment Boards (WIB).**

Achievements and outcomes

- During PY 2006, LPA continued to provide LMI and technical support to New Jersey's local WIBs. LPA field staff attended WIB meetings and actively pursued opportunities to serve on WIB LMI and planning subcommittees. For example a field analyst serves on the Greater Raritan

WIB Economic Development committee designed to help businesses locate into the area.

- LPA is playing an important role in developing and promoting the WIRED framework in conjunction with local WIB boards. New Jersey received three different WIRED grants — Northern New Jersey, Central New Jersey and Delaware Valley (in cooperation with Pennsylvania) — and the data and analyses provided by LMDR were instrumental in the success of the Northern and Central New Jersey proposals.

6. **Conduct special studies and economic analyses.**

Achievements and outcomes

- ***Camden City Study:*** A detailed analysis of the city's current economic profile and attempt to quantify its growth prospects over the next ten years. Includes the city's socioeconomic-demographic characteristics and an analysis of local employment trends extracted from data produced by LPA's Quarterly Census of Employment and Wages (QCEW), as well as qualitative data gathered by LPA's local labor market analysts.
- ***Fort Monmouth Study:*** An analysis of the effect of the Ft. Monmouth Base Closure, combined with the assessment of various redevelopment policy options. The study includes demographic analysis and critically evaluates the degrees of competitiveness of the areas encompassing the Base compared to the Central WIRED region, the State and the nation.
- ***Minimum Wage Study:*** A report on the adequacy of the New Jersey minimum wage and its recommendations as to whether or not the minimum wage should be increased and at what level. Contains analysis and history of past and recent minimum wage increases, along with scenarios and recommendations for future increases.
- ***Bayonne Medical Center Closure:*** An analysis of the impact of the proposed closure due to bankruptcy of the Bayonne Medical Center in Bayonne City in northern New Jersey. Included analysis of the serious economic consequences of this action for its employees, local businesses and the Bayonne community as a whole.
- ***Income Inequality Study:*** A series of briefs detailing the inequalities of income among Whites, Blacks, Hispanics, Males and Females in New Jersey.

B. Customer Consultation:

The plan adopted for Program Year 2006 to conduct customer consultations to assess the usefulness of state-produced labor market information (LMI) products and services consisted of designing and distributing written surveys to members of the workforce community. In-person presentations were given to the attendees of a One-Stop Managers/Operator meeting and a Workforce Investment Board (WIB) Directors and One-Stop Operators meeting about the various types of LMI products available to customers and the reasons for distributing a customer survey to measure their usefulness and ways the products can be improved.

1. In-person Presentation: One-Stop Managers/Operators meeting

A customer survey was distributed to the 51 attendees of a One-Stop Managers/Operators meeting held on February 20, 2007. The survey included a list of 17 LMI products and asked the attendees if they were aware of each product and whether they or their staff had used each product within the last six months. At this meeting a brief presentation was given about the various types of LMI products available to customers both on-line and in hard copy. A request was asked of the attendees to complete the customer survey that was distributed to them. Of the 51 attendees, a total of 40 surveys (78.4 percent) returned a completed survey. Of the 40 surveys, 21 were completed by managers, eight by supervisors, three each by operators or administrators and five by individuals indicating "other."

Almost all of the respondents were aware of at least one of the LMI products. A significantly higher percentage of respondents used the hard copy LMI products compared with on-line products. Of the products that are available in hard copy, the *New Jersey's Hot 50 Demand Occupations* and the *New Jersey Occupational Outlook Handbook* received the highest usage rate of two-thirds of the respondents each within the last six months among those aware of these products. The highest usage rate of the on-line products (note that all products are available on-line) was for *A Guide to Labor Demand Occupations* (almost half of the respondents were aware of the product).

Asked how they use the LMI products, a majority of the respondents indicated that they use them for general information or career guidance while significant percentages used them for planning or tracking economic trends. Nearly all of the participants indicated that these LMI products were helpful in assisting customers to make informed career, training, educational or other decisions. Over three-quarters of the respondents agreed that the LMI products were easy to understand, while slightly lower positive responses were received for the products meeting their needs. The comments from respondents who disagreed with these statements included: difficulty navigating the web pages, not county-specific enough, data are confusing, and data need to be updated more frequently.

Overall, a majority of the respondents indicated that they were satisfied with the labor market information products listed on the survey. Comments from respondents who indicated how LMI products could be improved to better serve their needs were: Web sites should be easier to navigate; data should be updated more frequently; more user-friendly data; more detailed explanations and improved distribution of products. Comments from respondents about other LMI products they would like to see offered include: more current wages by occupation, localized data, local information on job vacancies by industry/occupation, survey of manufacturers by county/municipal zip codes and real-time web-based employment data.

2. In-person Presentation: WIB Directors and One-Stop Operators meeting

A customer survey was distributed to the 40 attendees of a Workforce Investment Board (WIB) of Directors and One-Stop Operators held on April 19, 2007. The survey included a list of 17 LMI products and asked the attendees to indicate if they were aware of any of those products and whether they had used any hard copy or on-line product(s) within the last year. At this meeting, a brief presentation was also given about the various types of LMI products available to customers both on-line and in hard copy. A request was asked of the attendees to complete the customer

survey that was distributed to them. Of the 40 attendees, a total of 33 persons (82.5 percent) returned a completed survey.

All of the respondents were aware of at least one of the 17 LMI products listed on the survey, and of these all but one had used a hard copy or on-line LMI product(s) within the last year. Seven categories of LMI products were listed and the respondents were asked which types of products they had used. For those who had used LMI products, the highest level of usage was for Industry and Occupational Employment Data and Population and Demographic Data, each with a usage rate of slightly less than two-thirds of the respondents. The second highest level of usage was for Occupational Wage Data.

A large majority of the participants indicated that the LMI products they used were helpful in assisting them in making informed business, training, educational or other decisions. Overall, almost three-quarters of the respondents indicated that they were satisfied with the labor market information products that they had used, while one-tenth of the respondents were dissatisfied.

Comments from respondents who indicated how LMI products could be improved to better serve their needs were: more localized data; query options for on-line databases; data need to be updated more quickly; more user-friendly data; provide training to local staff; and add educational data. Comments from respondents about other LMI products they would like to see offered included: highlights, such as the top employers, fastest growing occupations, top industries; data relevant for specific WIB areas; needs assessment for customers; improved marketing of LMI products; and forecasts that are usable for counseling customers.

C. Recommendations for Improvement:

The internal committee of LMI producers and customer satisfaction staff members continues to meet to discuss the survey findings and make recommendations to improve

the LMI products to better serve customers' needs. One of the more frequent comments received was that the information should be more localized by WIB area to enable the users to analyze data for a specific region.

Specific actions taken or planned include the following:

- LMI staff continues to assure that LMI products are as detailed as possible to provide the customers with the most localized data breakdowns available.
- The request for more localized data will be addressed with the query options in the redesign of the Department's Web site. The redesign will provide customers with improved navigation and more user-friendly screens which will enable the customers to more easily obtain the information they need and have the ability to "package" it to meet specific requirements.
- Regional training sessions in labor market information products for local workforce development staff are scheduled to start in late October 2007. Six sessions will be held throughout the state (two in northern NJ, two in central NJ and two in southern NJ).

Annual Economic Analysis Report for the New Jersey Governor and the State Workforce Investment Board

Overview

New Jersey, located in the Mid-Atlantic region of the United States, is in the heart of one of the world's largest and most vibrant marketplaces. New Jersey is close to New York City, a global capital for business and finance, and Philadelphia, an important national business center. More than 60 million U.S. consumers are within a four-hour drive of the state. With its ports, airports, and other transportation resources, New Jersey is closely linked to the growing international economy.

Current Economic Status

One of New Jersey's strengths is its prime location along the eastern seaboard. Because of New Jersey's proximity to markets and a vast transportation infrastructure, more than 20% of the Fortune 500 companies are located in or near New Jersey. The extensive transportation network of airports, ports, highways and rail systems facilitates the movement of goods and materials, both into and out of the State.

The diversity of the state's economy is also one of its greatest assets. The New Jersey economy has been transformed over the past few decades from a production based manufacturing economy to a more service oriented, technology driven economy. The new mix of industries makes it easier to weather cyclical swings in employment and results in a more resilient economy.

The state's economy, although slowing, is fundamentally sound. Over the June 2006 to June 2007 period, businesses in New Jersey continued to invest resources and tap into the state's human capital to expand their enterprises or embark on new ventures. During the twelve-month interval, 17,900 workers have been added to payrolls by the state's employers. While this represents a slowing of the economic expansion that began in 2003, it is reflective of slower job growth evidenced both nationally and in neighboring

states. However, the state's unemployment rate over the period has been either at or below the national rate.

Gross Domestic Product

As measured by Gross Domestic Product, the value added by New Jersey businesses is high. In 2006, New Jersey ranked fifth, one position higher than in 2004 and 2005, in per capita real GDP at \$44,885 compared with \$37,714 for the U.S. Leading the way were the nearby states of Delaware, Connecticut, Massachusetts and New York. In New Jersey, positive contributions to growth in GDP came from the real estate, rental and leasing industry, followed by finance and insurance, information and professional and technical services, the same four private service sectors that were strongest nationally.

Employment

Despite the moderating growth, New Jersey jobholding reached an all-time high level in June 2007 of 4,077,600. More importantly, nearly three quarters of the job growth was recorded mainly among New Jersey's private sector employers.

The leading job producers were companies classified in two major industry sectors 1) professional and business services and 2) education and health services. Professional and business services are comprised of companies in three industry components: professional, scientific and technical services; management of companies; and administrative support/waste management/remediation services. Education and health services include the industry components educational services, and health care and social assistance. Positions in these two major industry sectors are the types of well-paying, benefit providing and labor attracting jobs that can fuel the New Jersey economy moving forward into 2008.

| New Jersey Nonfarm Employment | | | | |
|--------------------------------------|----------------|----------------|---------------|-----------------------|
| June 06 - June 07 | | | | |
| | June 07 | June 06 | Change | Percent Change |
| Total Nonfarm | 4,095.5 | 4,077.6 | 17.9 | 0.4 |
| Total Private Sector | 3,441.8 | 3,428.8 | 13.0 | 0.4 |
| Goods Producing | 491.7 | 501.7 | -10.0 | -2.0 |
| Natural Resources and Mining | 1.8 | 1.8 | 0.0 | 0.0 |
| Construction | 172.3 | 174.8 | -2.5 | -1.4 |
| Manufacturing | 317.6 | 325.1 | -7.5 | -2.3 |
| Service-Providing | 3,603.8 | 3,575.9 | 27.9 | 0.8 |
| Private Service-Providing | 2,950.1 | 2,927.1 | 23.0 | 0.8 |
| Trade, Transportation & Utilities | 875.8 | 876.0 | -0.2 | 0.0 |
| Information | 98.1 | 98.6 | -0.5 | -0.5 |
| Financial Activities | 282.6 | 280.0 | 2.6 | 0.9 |
| Professional and Business Services | 613.0 | 602.4 | 10.6 | 1.8 |
| Education and Health Services | 578.2 | 568.4 | 9.8 | 1.7 |
| Leisure and Hospitality | 339.5 | 339.9 | -0.4 | -0.1 |
| Other Services | 162.9 | 161.8 | 1.1 | 0.7 |
| Public Sector | 653.7 | 648.8 | 4.9 | 0.8 |

These types of desirable jobs, including those with these same characteristics in other industries, can draw upon the state's well educated and highly trained labor force and in addition attract more qualified workers into New Jersey.

On a negative note, manufacturing employment in New Jersey has continued to decline. The drop is a continuation of a long-term trend, and reflects productivity gains, losses to foreign production and the outsourcing of services, both domestically and abroad.

Unemployment

While the state's unemployment rate has been relatively low, not all areas of the state have benefited from the improved economy. With an average unemployment rate of 6.9 percent in 2006, Cumberland County's jobless rate was more than twice the 3.3 percent recorded in the suburban counties of Hunterdon and Morris. In many of the older urban counties and those dependent on seasonal tourist traffic, unemployment exceeds the statewide average. In 2006, the unemployment rate surpassed 10 percent in nine

municipalities — Camden, North Wildwood, West Wildwood, Wildwood, Wildwood Crest, Paulsboro, Trenton, Asbury Park and Penns Grove.

| 2006 Unemployment Rates by County (Annual Averages) | |
|--|-----------------|
| <u>County</u> | <u>Rate (%)</u> |
| Hunterdon | 3.3 |
| Morris | 3.3 |
| Somerset | 3.5 |
| Bergen | 3.9 |
| Burlington | 4.1 |
| Monmouth | 4.1 |
| Sussex | 4.1 |
| Warren | 4.1 |
| Mercer | 4.2 |
| Middlesex | 4.3 |
| STATEWIDE AVERAGE | 4.6 |
| Gloucester | 4.7 |
| Union | 4.8 |
| Ocean | 5.0 |
| Salem | 5.0 |
| Camden | 5.1 |
| Hudson | 5.5 |
| Passaic | 5.6 |
| Atlantic | 5.7 |
| Essex | 5.8 |
| Cape May | 6.8 |
| Cumberland | 6.9 |

Income and Wages

The annual average wage for jobs covered by unemployment insurance rose by 4.4 percent from \$49,461 in 2005 to \$51,650 in 2006. In 2005, the latest year for which comparable data are available, New Jersey ranked 5th highest among the states with wages which were 21 percent higher than the national average.

The highest wages in New Jersey were earned by those involved in the management of companies (\$113,686), finance and insurance (\$92,785) and the utilities (\$86,929) industries. However, each of these industries recorded below average job growth in 2006.

The largest over-the-year wage growth (14.0%) occurred in the relatively low paying and employment stable arts, entertainment and recreation industry. Wages averaged less than \$30,000 annually in accommodations and food services (\$19,951) and retail trade (\$29,304), both industries which employ large numbers of part-time workers.

By virtually any measure of income, New Jersey is considered a wealthy state. According to the 2005 American Community Survey, the median household income of \$61,672 placed New Jersey at the top of the state rankings, and median family income stood in second place at \$75,311. There is a wide range between the lowest and highest median household incomes that stretches from \$46,064 in Cumberland County to double that (\$93,342) in affluent Hunterdon County. Besides Cumberland, Essex County (\$49,460) is the only other county where the median household income in 2005 stood below \$50,000.

Based on estimates developed by the Bureau of Economic Analysis, the per capita income of New Jersey residents was \$46,344 in 2006, second only to Connecticut, and 28% above the \$36,276 per capita income for the nation. Between 2005 and 2006, New Jersey's per capita income grew by 5.7%, the 10th fastest of all the states while U.S. personal income expanded by 6.3%, up from 5.2% a year earlier.

| Income Measures | | | |
|-------------------------------------|-------------------|-------------|----------------------|
| New Jersey and United States | | | |
| | New Jersey | Rank | United States |
| Median Household Income* | \$61,672 | 1 | \$46,242 |
| Median Family Income* | \$75,311 | 2 | \$55,832 |
| Per Capita Personal Income** | \$46,344 | 2 | \$36,276 |
| Persons Below Poverty* | 8.7% | 48 | 13.3% |
| * 2005, ** 2006 | | | |

However, not all residents have a comfortable lifestyle. While having one of the lowest poverty rates, 8.7 percent of New Jerseyans were living below the poverty level in 2005, and in need of assistance and services to improve their quality of life.

Education Attainment

New Jersey has a well educated workforce with a high percentage of college graduates, ranks seventh in the nation in the number of Ph. D. scientists and engineers per 1,000 workers and ranks 9th in the nation in the number of high – tech jobs. The high wages earned in the state reward the talents of a highly skilled technical workforce.

| Educational Attainment* | |
|-------------------------------------|---------|
| New Jersey 2005 | |
| | Percent |
| Less Than High School Diploma | 13.7 |
| High School Diploma or Equivalency | 29.5 |
| Some College, No Degree | 16.4 |
| Associate's Degree | 6.2 |
| Bachelor's Degree | 21.7 |
| Graduate or Professional Degree | 12.5 |
| *Population Aged 25 Years and Older | |

Overview – New Jersey Governor’s Economic Growth Strategy

Governor Corzine has promoted a statewide Strategic Plan for Economic Growth to increase the State’s competitiveness in the global economy and leverage the State’s advantages: a pool of talented workers; strategic location; quality of life; and innovative businesses. By leveraging the State’s advantages, New Jerseyans will have access to an increase in well-paying jobs.

In December of 2006, State leaders brought together representatives from the local workforce development system, education and economic development agencies to discuss the critical role of the workforce development system in supporting the Governor’s Economic Growth Strategy and converged on two goals: 1) aligning the local workforce development goals with the Economic Growth Strategy; and 2) optimizing the workforce development system by making it increasingly more flexible, efficient and effective.

Program Year 2006 Highlights of the Workforce Investment System

New Jersey presents the following highlights on programs and activities that occurred during Program Year 2006.

Workforce Innovation in Regional Economic Development (WIRED)

During the past, New Jersey has significantly increased its role in the Workforce Innovation in Regional Economic Development (WIRED). This initiative is being implemented through the nation by the United States Department of Labor (USDOL). WIRED provides crucial seed-capital investment by the Federal government to facilitate strategic regional efforts to tie workforce development to economic development needs.

In last year's WIA Annual Report, we were proud to note two regions in New Jersey participating in planning "virtual" WIRED projects. Since last year, USDDOL has provided investments enabling these two efforts, in Northern New Jersey and in the Tri-State partnership with Pennsylvania and Delaware, to become full-fledged WIRED generation 2 regions. This past spring, New Jersey was informed that yet another region in our State, Central Jersey, was selected for a WIRED Generation 3 award. The total federal funding for these investments exceeds \$15 million.

WIRED initiatives now cover more than 80% of New Jersey. These projects focus on regional approaches, and targeted growth industries recognizing that workforce needs are determined more by regional labor market demands rather than political boundaries. This approach aligns well with Governor Corzine's Economic Growth Strategic Plan, which calls for efforts to target industry clusters essential to our state's economy.

Given the importance of the life sciences industry to the New Jersey economy, all of the WIRED projects have some connection to this business sector. The Delaware Valley Innovation Network (DVIN) focuses on Life Sciences in the Tri-State Region around Philadelphia; the Northern New Jersey effort, known as the Northern New Jersey Economic Innovation Alliance, includes Health Care; and Central Jersey, preferred to as Bio-1, targets the Bio-Pharma industry. We envision these individual regional efforts

benefiting this important industry in the State by working collectively to share best practices across their respective partnerships.

These WIRED areas are all in different stages of developing an Implementation Plan that will present a set of blueprints designed to improve and increase delivery for system customers, establish measurable goals, provide a guide for the sustainability of the process, indicate how the investment will leverage appropriate resources, and clarify how the existing system will change to reflect the concepts associated with WIRED.

By the fall of 2008, New Jersey will share detailed programming steps and early results from our WIRED projects. We are honored and grateful for the investment by USDOL in New Jersey and we look forward to building coordinated regional systems to ensure that New Jersey's employers have the workforce they need to be competitive in the global economy.

Customized Training

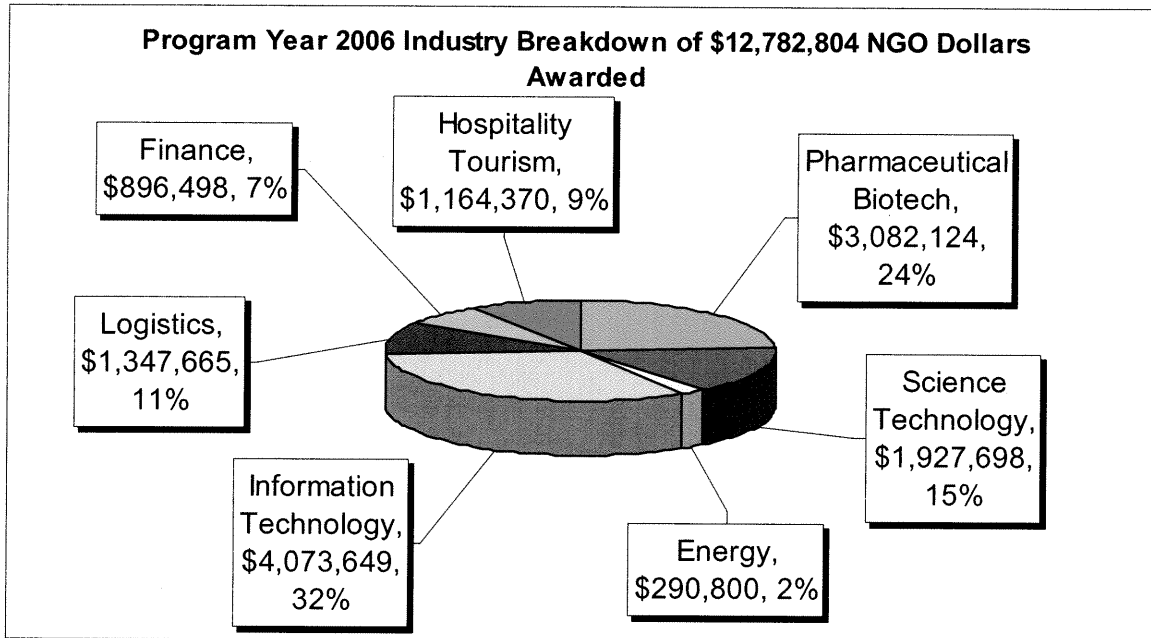
New Jersey's Workforce Development Partnership (WDP) Program was established in 1992. One provision of the WDP law provides grant funding for customized skills training for workers and businesses located in New Jersey. The Customized Training program is designed to benefit both employees and businesses by enhancing the skills of incumbent workers, thereby increasing their productivity and the competitiveness of the employer. This investment by the State is designed to encourage the creation of new jobs, the retention of existing jobs and increased wages for the trained workers. The Customized Training Program is a key component in the Governor's Economic Growth Strategy.

The goal of this competitive grant program is to produce a more highly-skilled and versatile workforce that contributes to New Jersey's ability to attract new business and creates an environment conducive to expansion. Through this program, businesses in New Jersey are able to remain competitive through skill upgrade training for full-time employees.

| Customized Training Results | | | | |
|------------------------------------|-----------------|---------------------|----------------------|--------------------------------------|
| Program Year 2006 | # Grants | Grant Amount | # of Trainees | # Organizations Participating |
| CT Grants | 162 | \$14,236,179 | 37,547 | 192 |
| Targeted Industry CT Grants | 93 | \$12,782,804 | 30,282 | 115 |
| Totals | 255 | \$27,018,983 | 67,829 | 307 |
| | | | | |
| Program Year 2005 | # Grants | Grant Amount | # of Trainees | # Organizations Participating |
| CTTS Grants | 200 | \$19,323,104 | 38,685 | 223 |
| Totals | 200 | \$19,323,104 | 38,685 | 223 |

During Program Year 2006, 255 grants were awarded in amounts ranging from \$5,600 to \$1,725,840 for a total funding of \$27,018,983, providing training for 67,829 workers.

To align the Customized Training grant program with Governor Corzine's Economic Growth Strategy, the Department set aside funds to train workers in certain targeted high-growth industries in 2006. These funds were awarded competitively to develop industry-specific training solutions. The targeted industries were Pharmaceutical/Biotechnology, Science/Technology, Information Technology, Logistics, Energy, Finance, and Hospitality/Tourism. In Program Year 2006, 93 grants were awarded to 115 businesses to train 30,282 workers in these industries. The chart below shows the distribution by percentage and dollar amount awarded to each industry.



Due to the successful outcomes achieved through competitively awarding Customized Training grants to businesses in the high-growth industry clusters, NJLWD expanded the competitive award process for all Customized Training grants in 2007 with bonus points awarded for businesses in a revised group of targeted industries.

Literacy Skills Training

The New Jersey Supplemental Workforce Fund for Basic Skills (SWFBS) was established in 2001, to provide funding for basic skill programs that promote adult literacy in the workplace by training both unemployed and incumbent workers. The incumbent worker portion of the SWFBS funds a competitive literacy/basic skills training grant program, with a priority on awarding grants that clearly demonstrate meaningful outcomes such as wage gain, career advancement and job creation for workers in low-wage, lower-skilled occupations. The Department of Labor and Workforce Development realizes that in order to achieve success in the workplace and self-sufficiency, all New Jersey's workers must be able to function at their highest potential skill levels.

During Program Year 2006, 94 literacy/basic skills grants were awarded in amounts ranging from \$5,050 to \$1,880,500, for a total of \$7,903,894. This funding will provide

basic skills training to 22,565 job seekers and workers. In the second half of Program Year 2006, due to the improvements in the quality of the regular Customized Training grants awarded through the competitive process, NJLWD adopted the competitive process for all future Literacy Skills grants. The primary objective in moving to the competitive process was to create incentives for employers to more effectively improve basic literacy skills of incumbent workers in low-wage, low-skill occupations. Organizations or businesses awarded a Literacy Skills Grant were required to define results of improvement of workers' basic skills and validate the results through pre- and post-training assessments. During Program Year 2006, a total of 94 Literacy Skills grants in the amount of \$7,903,894 were awarded, and of that 59 grants were awarded under the competitive process. These grants will provide training to 7,267 job seekers and workers.

| Literacy Skills Training Results | | | | |
|---|-----------------|---------------------|----------------------|--------------------------------------|
| Program Year 2006 | # Grants | Grant Amount | # of Trainees | # Organizations Participating |
| CTTS Literacy Grants | 35 | \$4,609,814 | 15,298 | 87 |
| Literacy NGO | 59 | \$3,294,080 | 7,267 | 102 |
| Totals | 94 | \$7,903,894 | 22,565 | 189 |
| Program Year 2005 | # Grants | Grant Amount | # of Trainees | # Organizations Participating |
| CTTS Literacy Grants | 44 | \$5,752,752 | 16,547 | 44 |
| Totals | 44 | \$5,752,752 | 16,547 | 44 |

There have been significant increases in the numbers and amount of funding for Basic Skills/Literacy grants awarded from Program Years 2005 and 2006. In Program Year 2005, 44 Basic Skills/Literacy grants were awarded compared with 94 Basic

Skills/Literacy grants awarded in Program Year 2006, representing an increase of 113%. The overall results demonstrated an improvement in the quantity and quality in the delivery of service through the awarded Basic Skills/Literacy grants. Upon reviewing the successful outcomes achieved by competitively awarding Basic Skills/Literacy training grants, the improved process will continue to be utilized for future Basic Skills/Literacy grants.

The *Customized Training* or *Literacy Skills* application for financial assistance can be accessed online by visiting our website at:

http://lwd.dol.state.nj.us/labor/employer/training/incentives_training_index.html.

Apprenticeship Programs

LWD also administers workforce training and apprenticeship programs. The programs focus on youth, women, minorities and veterans. The Youth Transition to Work (YTTW) program, funded through the Workforce Development Partnership Act, awarded 14 grants totaling \$2,623,373. These grants provided funding to consortia of employers, organized labor and schools to implement school to registered apprenticeship transition programs. It is estimated that these grant programs will provide training to 2,100 students.

Women and Minorities Apprenticeship Initiatives

The Construction Trades Training Program for Women and Minorities (CTTP-WM), funded by LWD through an Memorandum of Understanding (MOU) with the NJ Schools Development Authority, awarded four grants, totaling \$1,578,816. The focus of the YTTW grants is to increase employment opportunities for women and minorities in construction occupations. To participate in these programs, individuals must live within one of the thirty-one Abbott School Districts. It is anticipated that these grants will provide training to 415 women and minorities within the Abbott School Districts.

The Highway Construction Trades Training Program for Women and Minorities (HCTTP-WM) is a new initiative to the Department in Program Year 2006. This

initiative, funded by the Department of Transportation through an MOU with LWD, awarded three grants totaling \$418,663, with estimated training benefiting 130 participants. The objective of these grants is to increase employment opportunities for women, minorities and veterans in order to learn highway construction related skills. This initiative, funded by the Department of Transportation through an MOU with LWD, awarded three grants totaling \$418,663, with estimated training benefiting 130 participants.

Individual Training Opportunities

Financial assistance for skills upgrading is also available to individuals. New Jersey provides individual training grant opportunities through a number of its workforce development system programs that are designed to provide the state's citizens with the skills and knowledge employers need for their business to be competitive. With the necessary training services, the individuals are able to obtain employment and achieve self-sufficiency for themselves and their families. During the 12 months ending June 2007, over 23,000 persons received training services: 5,325 individuals through the State's Workforce Development Partnership Program; 8,123 individuals through the federal Workforce Investment Act (WIA) programs; 8,952 individuals through the State's WorkFirst (welfare) programs; and 779 individuals through the federal Trade Act program.

Challenges Ahead

Despite New Jersey's achievements, many challenges remain to keep New Jersey's productive workforce at a high educational, technical and professional level. According to a statewide survey published in August 2006 by the John J. Heldrich Center for Workforce Development, Rutgers University, the quality of the workforce is the top concern of employers¹. Based on New Jersey Business & Industry Association's 2007 Business Outlook Survey, two-thirds of employer respondents said they are having

¹ Highlights, The John J. Heldrich Center for Workforce Development New Jersey Employer Survey, page 1, John J. Heldrich Center for Workforce Development, Rutgers University, August 2006.

trouble finding skilled labor². Fifty-four percent of employers reported having trouble finding qualified workers for professional and technical positions. It is critical that the state continue to invest in its workers through customized training, individual grants and other worker training enhancements as well as to improve the state's educational system at all levels if the economy is to continue on an expansionary path.

In 2008, the Department of Labor and Workforce Development will continue to vigorously promote the opportunities that business and individuals can avail themselves of through its workforce development and training programs. This investment by the State is expected to result in the creation of new jobs, the retention of current jobs and an increase in wages for trained workers and will provide vital support for Governor's Corzine's Economic Growth Strategy.

² Anthony Birritteri, Editor-in-Chief, State's Workforce Development Initiatives Become Focused and Integrated, page 30, New Jersey Business, May 2007.

**Training and Employment Guidance Letter No. 03-06
NJ's Annual Report Program Year (PY) 2006
Workforce Information Core Products and Services**

The State of New Jersey certifies that it met the requirements in the submission of the annual performance report addressing the performance for each planned activity, per 29 CFR 97.40(b)(2) and as specified in Attachment IV, Section A. The report includes a description of performance against planned activities, and where appropriate, an explanation as to why the plan was not accomplished and what will be done to bring performance up to established targets. For the first time starting with Program Year (PY) 2006, the New Jersey Department of Labor and Workforce Development (LWD) published an annual economic analysis report for the New Jersey Governor and the State Workforce Investment Board (SWIB).

Daryl Seesh
SWA Administrator

Henry P. Meyer
SWIB Chair

for John J. Heldrich
SETC Chair

11/1/07
Date

10/29/07
Date

Or

Governor

Date