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# ***Committee Meeting***

of

## ASSEMBLY LABOR COMMITTEE

*“Testimony on the changing demographic make-up of New Jersey’s workforce”*

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**LOCATION:** Committee Room 9  
State House Annex  
Trenton, New Jersey

**DATE:** March 6, 2003  
10:00 a.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Assemblywoman Arline M. Friscia, Chairwoman  
Assemblyman Paul A. Sarlo, Vice-Chair  
Assemblyman Neil M. Cohen  
Assemblyman Robert J. Smith II  
Assemblyman Guy R. Gregg  
Assemblyman George F. Geist



### **ALSO PRESENT:**

Gregory L. Williams  
*Office of Legislative Services*  
*Committee Aide*

Beth Schroeder  
*Assembly Majority*  
*Committee Aide*

Victoria R. Brogan  
*Assembly Republican*  
*Committee Aide*

*Meeting Recorded and Transcribed by*  
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**ASSEMBLYWOMAN ARLINE M. FRISCIA (Chairwoman):**

Good morning, and a special good morning to all you brave souls who made it here from North Jersey.

We got on the Turnpike, and it was sleeting like crazy. The speed limit was down to 45 by the time I hit exit 10 interchange. So we had to take it easy, this morning, getting here. So I'm sorry I'm a little late.

We have a very important and interesting topic today on the changing demographics of New Jersey's workforce. And a lot of different sectors are very interested in this question. And I'm very anxious, as I'm sure the entire Committee is anxious today, to hear this from the people who have come.

So with that, I will ask Greg to do a roll call, and then we will begin our hearing.

Welcome, Assemblyman Gregg.

MR. WILLIAMS (Committee Aide): Assemblyman Gregg, roll call.

ASSEMBLYMAN GREGG: Here.

MR. WILLIAMS: Assemblyman Geist.

ASSEMBLYMAN GEIST: Good morning, everyone. I am here.

MR. WILLIAMS: Assemblyman Smith.

ASSEMBLYMAN SMITH: Here.

MR. WILLIAMS: Assemblyman Egan is not here. Assemblyman Cohen is not here.

Vice-Chairman Sarlo.

ASSEMBLYMAN SARLO: Yes.

MR. WILLIAMS: And Chairwoman Friscia.

ASSEMBLYWOMAN FRISCIA: Here.

Before we start, we have a great deal of testimony today, so I'm going to ask you if you have written testimony, please don't read it to us. Submit it, and if you want, you can give us a synopsis of what it is you have submitted. Otherwise, we will be here through dinner time.

I'd like to start off with Gale Tenen Spak, from University Heights NJIT in Newark.

Gale.

**GALE TENEN SPAK, Ph.D.:** Since I'm the first--

ASSEMBLYWOMAN FRISCIA: Push the red button on your microphone, Gale.

DR. TENEN SPAK: Now it is red.

Good morning, everyone. I have submitted written testimony, so I will not read it all, but I will give you the gist of it.

I really am pleased to provide a higher education perspective on the three requested subjects.

The first subject was where New Jersey's growth areas and skill demands are. Basically, I'm going to refer you to a new publication that, I'm sure, each of you will be getting, which will be coming out on Saint Patrick's Day, and it is our new President's annual report. I think you can tell from its title, which is, "New Jersey's Catalyst for Prosperity NJIT," that it is filled with the information that is germane to the subject of growth areas and skill demands.

So just culling, very briefly, from that report to answer this -- to give my testimony on this subject -- I picked four different areas that NJIT believes,

from the higher education and technological perspective, will be critical growth for our State.

The first is biomedicine, which is the integration of medicine and biology for engineering, computing, and mathematics, for the purpose of bringing about advances in the diagnosis and treatment of disease. I think you all know what it is, but I'd like to list the names of the current job titles in which the skills to do this work in this area currently reside. They are epidemiologists, bio-statisticians, bio-mathematicians, computational scientists, environmental scientists, and bioMEMS experts.

Another area of growth that we have identified is defense and homeland security technologies. We all know why we need to have advancements, unfortunately, in that area. But the occupations -- the professions today where strides will be made, from a technological point of view, reside, for example, in physicists, chemical computing, transportation engineers, biometricians, etc.

Another area is MEMS fabrication and nanotechnology. I won't go into detail what those are, but let me tell you the job titles and the skills, and they're not going to be surprising. They are, of course, the electrical, chemical, mechanical, and computer engineers and physicists. And these are the ones that will make the new products that will drive important industries to New Jersey, such as pharmaceuticals, food, agriculture, ceramics, electronics, specialty chemicals.

And finally, I'd like to add, as an example of what would be a growth area for our State, innovative learning systems. And this is very germane to the topic today, as well.

The development of innovative learning systems depends on the skills of computer engineers, computer scientists, information scientists, constructional designers, educators, and psychologists, because these are the jobs that will be developing approaches to educating both our youth and our current workforce so that each, in their own ways, can rapidly and broadly and fully comprehend the knowledge necessary to advance the growth industries.

So that's a smattering of what we consider to be the growth areas.

Your second question -- I'll be briefer on that -- how to match the stakeholders in these growth areas with opportunities for excellent careers. First of all, from a higher education perspective, we believe that it is absolutely crucial that all educational entities make sure that their educational programs are sound. There's a whole definition of sound, but I think you know what that means -- that they continue to serve a diverse population, because we -- unless we enfranchise certain populations in our State, they will not be able to enter this workforce. So we must make our -- serve a diverse population in every level of education. And, finally, that these educational programs be available in appropriate formats throughout an individual's lifetime, with the emphasis on *lifetime*.

Another suggestion here -- how to make and advance people into careers that lead to good employment and excellent results for our State-- I'd like to put on the table that suggestion to foster the development of community informatic systems. These are also known as virtual communities. And this is a wonderful way of matching the interest of people rapidly and completely. That's now getting into a very popular use.



Already, we have some Web sites in the State that are trying to address this. I'm thinking of Workforce New Jersey and the State Employment and Training Commission. But these are good examples of beginning industry-specific -- the kinds of industries that I've just spoken about -- portals to things like search methods, résumé posting, jobs that are available, resources, all to connect the doers, the aspirants to these careers.

And a short bit on your third question, how our, in this case, higher education system can work with all stakeholders to help prepare students to take advantage of career opportunities.

In this short testimony, the written part, I mention 17 discrete professions just in these brief words. To ensure that the current occupants of people in these professions can acquire the new skills to move these industries forward, higher education must teach these skills, this knowledge, in formats which involve face-to-face and online learning that these professionals will find convenient, meaningful, and responsive. This is a job that higher education and other educational entities have to be more responsive to.

To ensure that the future occupants of these professions, who are our students today, are ready to take their place in these industries, higher education must involve employers in the curriculum-building process. Things change so fast, and we need to change, too.

And we must involve the community and labor unions in the process of helping their members understand the importance of continuous learning, giving their members the wherewithal and commitment to prevail in these higher education challenges, in face of the myriad of other commitments and the ups and downs of just normal life in living in New Jersey.

These are my suggestions. I thank you for the opportunity to present them to you.

ASSEMBLYWOMAN FRISCIA: Thank you very much, Gale. It sounds like NJIT is heading in the right direction.

DR. TENEN SPAK: We are trying.

ASSEMBLYWOMAN FRISCIA: Does anyone on the Committee have a question or a comment?

ASSEMBLYMAN SMITH: Do you feel that, in New Jersey, the primary and secondary educational levels -- the curriculum properly prepares the students to go into NJIT?

DR. TENEN SPAK: No, absolutely not.

ASSEMBLYMAN SMITH: Okay. I guess my question would be, if you had a magic wand, how would you change the current curriculum structure in primary and secondary education to accommodate the needs of NJIT, who, in turn, is going to produce the workers of the future? And I'm not just talking about the low-level jobs, but I'm talking about very good jobs, advanced degrees. If you could just--

DR. TENEN SPAK: I would be happy to comment on that. First of all, there is legislation proposed to integrate the technology as a core curriculum requirement, and this is key to answer your question.

But in addition to that, there are enormous opportunities to bring to the attention of the youngest children in our state -- what it means to be an engineer, what it means to be a computer scientist. What is nanotechnology? We don't even know in this room. I'm sure I wasn't the only one, alone, who didn't know it until I was exposed to it.

And there are enormous opportunities to let our children have experience, with hands-on acquaintance, with the industries that are doing this, with the feel of accomplishment, with motivation to do it. The hands-on part-- There's also enormous opportunity to permit our children in the K-12 world to do, what turns out later to be, research kinds of activities, questioning, experimentation, experimental -- experiential learning. And these parts are not in the curriculum. There's no room for that at times, and I'm sure you're quite aware of that aspect of it.

In addition, there are tools of technology, that I was referring to in this brief testimony -- that would help our young children learn deeper, fuller, more imaginatively -- that are not being tapped. I'm talking about, what use is being put, in the classroom, of the world's experts, that are available at a touch of a keyboard, that can come in through streaming video into a classroom to inspire kids to get them to really understand the possibilities out there? So I would like to see more integration of the tools of technology into the everyday learning, which means teaching the teachers and helping the kids understand this, as well.

ASSEMBLYMAN SMITH: Can I just have one quick follow-up?

ASSEMBLYWOMAN FRISCIA: Sure.

ASSEMBLYMAN SMITH: There are a couple schools of thought about primary and secondary education. And I'm certainly not an education expert, but what I've found in talking to people is, a lot of people that teach college level have some concerns about high school students graduating and not having the basics that they've learned over the years, whether it be reading, writing, math. And it seems like a lot of the schools -- maybe not to the extent

that you'd like or the format that you would like -- are specializing, and when you specialize, whether it be in foreign languages or any other subject area, there's less time being spent teaching basic education.

For example, when I was at Rutgers College, my roommates were economics majors and engineering majors. But I found that they had a very difficult time composing a simple, lucid paragraph, when it comes to writing. So, I mean, how do you balance between the essential basics and the specialty path that you speak of, because there's so much out there to learn? There's so many different areas, unlike 20, 25 years ago, when I was in school.

DR. TENEN SPAK: It's a difficult question, but I would also suggest that some of the new tools of learning could help make it possible for people to acquire information from different subjects faster. Our brains are the same, but there are -- we learn -- each of us learn differently, and some of the tools that are being developed now actually speak to the various ways that people learn. And if you are presenting information in a way that resonates with an individual's personalized way of learning, they'll learn faster. So it is the tools that are being developed that, sort of, push information on English, if you're going to go into science, in a way that clicks. I'm talking about learning clicking. So if it clicks faster, because we got the information in an appropriate way to a person's way of learning, then they can learn more, because the bottom line is, in today's world, there's more to learn. And that is what you're speaking to. Now, not only is there more to learn, it changes every few years, how much more you have to learn. And that's the continuous learning piece.

So I would say, further work in some of these growth industries, the innovative learning systems, will help with this issue. I don't have any other

easy answer, because you put your finger on it in how you cover everything that needs to be covered. I say you can do it with some innovations that are out there now.

ASSEMBLYWOMAN FRISCIA: Assemblyman Sarlo.

ASSEMBLYMAN SARLO: Just a quick comment.

Actually, I'm a graduate of NJIT -- proud graduate -- engineering graduate of NJIT, and I'm glad to see what NJIT has done over the years, because I remember-- Not that I was there that long ago, but when I was in school there, both for my Bachelor's and Master's, there was a lot more theory, lot more formula and rationale, how to get to the problem.

But I just went back recently and spoke to a class about a specific project, and I see, in my time that I spent there, they're dealing with not only the formula and theory, but they're actually putting hands-on experience, whether it's out in the field or on the board or on a computer, they're actually seeing, "If I become a civil engineer, this is what I actually will physically be doing," not just knowing the theories behind how-- And I think that's important.

And from the time I was there to today, I'm glad to see NJIT has really made that transition of combining the theory and the rationale to the actual hands-on experience. I commend NJIT on this.

DR. TENEN SPAK: And that's an example of what I was trying to say before. That helps. That's a style of learning that's been advanced by psychologists that says this helps the learning to happen faster, deeper, more, and it could be done at the K-12 world, as well.

ASSEMBLYWOMAN FRISCIA: Anyone else? (no response)

Well, thank you very much for coming, Gale. It was a pleasure to have you here.

DR. TENEN SPAK: My pleasure.

ASSEMBLYWOMAN FRISCIA: Next, I'd like Barrie Peterson, from Seton Hall Institute on Work.

Welcome, Barrie.

And you have Burt--

Welcome, Burt.

Barrie, it's good to have you here.

**BARRIE PETERSON:** Thank you.

The Institute on Work was started in 1997 under the direction of Ray Bramucci, a person I'm sure many of you know. We are oriented towards ethics in the workplace, and creating opportunity and progression and economic vitality for everyone. We are nonpartisan, and balance research with technical assistance to, especially, local nonprofit and faith-based groups.

Our current projects include helping nonprofits create improved temp-to-perm placement services. And we're now currently, with the Prudential grant, working with the Institute for Social Justice and the Regional Business Partnership to conduct a survey of Newark employers -- an on-the-ground survey to see what they need, how they access their talent, and are the current employees residents of Newark, or of what area. So we hope to have that completed in a month or two.

That, incidentally, is something I wish more of our workforce investment boards were able to do, to particularize the employers' demand for

talent in each locale. The BLS statistics are fine, but they're generally too aggregated and too distant.

Our third project, at present, is to work with a health care union and some hospitals, and Seton Hall University's nursing graduate program, to come up with some solutions for the nursing shortage. And we have some very creative collaborations starting there.

For your consideration today, the two most significant trends that we see are in terms of ethnic change of our workforce and in terms of age change. And related to this is the shift to contingent, nonbenefited employment.

The increase of immigration, whether documented or not, continues to be felt. In fact, our population would be decreasing in New Jersey if it wasn't for immigration. That's real clear from the new census figures.

This has several implications. We need increased need for ESL and literacy, especially delivered in creative, forceful, community-based or faith-based settings, with everyone welcomed at little or no expense. I think we ought to have that as a goal. If we're going to welcome immigrants and bring them into our society to become productive, we need to equip them.

Secondly, many immigrants come with strong family ties, outstanding skills, and a great desire to succeed. Thus, their self-employment and entrepreneurial skills should be honored, and the public policies and the nonprofit and faith-based groups continue to aid them in expressing this positive energy.

An example is the work of Burt Sutker of Edison, who is accompanying me today and will say a few words, who has aided hundreds of people from many counties -- countries with microenterprise development via

the Jewish Family and Vocational Services, Elijah's Promise in New Brunswick, and the International Institute of Jersey City, and the Princeton Library.

So, Burt, do you want to just say a couple of words about how you're able to help new immigrants become self-employed?

**BURT SUTKER:** Thank you for allowing me to be here. If I appear just a tad nervous, this is the first time I've had the opportunity of speaking in front of a legislative committee.

ASSEMBLYMAN GEIST: Press your button. (referring to PA microphone)

MR. SUTKER: Excuse me?

ASSEMBLYMAN GEIST: Press your button.

MR. SUTKER: I need to press my button.

ASSEMBLYMAN GEIST: Thank you.

MR. SUTKER: I'm Burt Sutker, as Barrie has said, and I'm here with Barrie.

For the last four or five years, I've been involved with microenterprise and self-employment as an alternate pathway to independence for the refugee, for the asylee, for the inner city individual. I've worked with groups of people from Liberia, Vietnam, various Hispanic countries, Russians, Haitians, Bangladeshis. And in working with these individuals, you find that they're absolutely wonderful people who only want an opportunity to their own little piece of the American dream.

They come with all sorts of baggage. They come with different economic and cultural systems. They come with no knowledge of how business is conducted, according to law in New Jersey and in the country. They come



with very limited levels of English competency, but they're wonderful people. They are vocationally disadvantaged, not unlike many of the individuals in our inner cities.

And over the last four or five years, I've helped these individuals start hair salons, glazing businesses, import businesses, restaurant and food service businesses, ethnic clothing, crafts and toys. I've even worked with a street corner perfumer, helped people develop aroma therapy candle business, carpentry businesses, cleaning businesses, lawn care, interior decorating, bookkeeping, package delivery, and alike. These people do have a desire to succeed, and all they're looking for is a little bit of help.

Prior to doing this, I spent 40 years with New Jersey companies. I'm technically trained. I even spent a year and a half at the New Jersey Manufacturing Extension program at NJIT, but I think I found my passion in helping those who need help achieve their little piece of the American dream through microenterprise and self-employment.

MR. PETERSON: Thank you.

We're engaging Burt to work with us and the small business development centers around the state where Seton Hall and the SBDCs will be providing nonprofits and faith-based and public groups with a, kind of, mechanism to find out which of the people coming to them are good candidates for self-employment. A lot of people have dreams, but you've got to have the right character set and resources to move ahead. So we're going to try to put together a service between Seton Hall and the SBDCs to discern who ought to move in that direction. And then if they are that person -- with the resources for them.

We also, of course, work with the Entrepreneurial Training Institute of the New Jersey EDA to help nonprofits get through business plan writing, and we've had about 30 folks start and about 20 graduate. And several of them have multi-hundred thousand dollar loans to finance their start-up businesses around the state. And about half of those are secular, and half of them are nonprofit or faith-based. So we're happy to be partners. And we see that as our role at Seton Hall -- is to bring together different groups for the common good and to try to break down some of these turf issues.

Moving on, the other immigrants, besides the ones that Burt is talking about, are, however, being exploited horribly in many of our supposedly finer communities as day laborers, or by bottom-feeding temp agencies in urban areas.

Comfortable New Jerseyans-- We comfortable New Jerseyans need to acknowledge that there are restaurant meals, landscaping, home improvement expenses, convenience store and gas prices, nanny costs, and building cleaning services -- are all cheaper, based on the backs of several hundred thousand undocumented workers in this state. If we cannot look at this reality -- that we're all benefiting from their hard work and low pay -- then, really, we're saying that we want something for nothing.

If you public officials take no action on this situation, we're really saying that we're going to worship the Darwinian jungle economy, and we're abdicating our moral, let alone legislative, responsibilities.

New York, for example, has stepped up penalties for an employer for not paying minimum wages or taxes. Why can't New Jersey? Shouldn't we be trying to enhance revenue to have the employers, who are supposed to be

paying taxes, actually pay those taxes? This is not a matter of tax increase, this is a matter of having a level playing field.

Further, these newcomer neighbors pay taxes exceeding their limited use of services. Indeed, since half of the undocumented workers in the state seem to be on the books, we are saving Social Security for the rest of us by their contributions for which they cannot benefit.

Finally, we harass these essential workers, who are crowded into small, unsafe apartments and forced to wait on the street for someone in a pickup truck to come by, someone who, often, won't give their name or phone or address. So there's little recourse for unpaid wages. Have we no shame? Does the famous inscription on the Statue of Liberty mean nothing?

In Bergen County we've begun, again, an effort to understand these problems and create win-win-win solutions. In Rockland County, New York, just north of us, the prosecutors have busted some of these exploiters for not paying taxes. They claim they have no employees. Well, they do, and they're having to be responsible now.

Can our Attorney General inspire similar actions here in New Jersey? Can this Committee act on the bill that Assemblyman Geist introduced a couple of years ago, which I think is now AB 3262, to address some of the abuses uncovered by the State Commission of Investigation three years ago? It's time for action. Enough talk. Or is it okay in New Jersey for certain employers not to pay taxes or wages? If I ran a legitimate construction business or restaurant, I'd be hopping mad that some low-life down the street was undercutting me with impunity.

Then there are the abuses of certain temp agencies, also cited by the SCI report. For example, requiring a worker to report at 6 a.m., but not starting the clock until 10 a.m., after paying the \$5 for a ride in an uninspected, coyote driven van to the job site and paying \$5 to rent a safety helmet--

In California, there was a several-hundred million dollar class-action suit against Labor Ready for all these unpaid wages between 6 a.m. and 10 a.m. Also, several states have found this firm guilty of fraud in miscoding the jobs, claiming they're all secretaries, not asbestos removers, so therefore, you get a lower workers' comp tax. So several states have found Labor Ready in contempt and have recouped millions of dollars of unpaid workers' comp and fines.

Has New Jersey investigated this corporate practice in the two dozen offices this outfit has here, or is Labor Ready still refusing to show the books -- last report I got?

The Arizona attorney general and laws of Texas, Florida, Georgia ban Labor Ready's on-site check-cashing machines, another abusive practice.

There are other areas where the extension of the temp industry beyond their legitimate purpose is cutting into our employment relations. The *Asbury Park Press* has many stringers. They all work full-time, I'm told. However, they're called independent contractors. Merrill Lynch has a large mailing site in Piscataway -- largest mailing site in the country. Bus loads of Dominican women come in from the Bronx every night, and there are charges that there are very nasty things happening to these women late at night. McCarter & English in Newark -- I had a report a year or two ago -- has many full-time legal aides who are called independent contractors or who are temps

there for a long time. These all represent possible revenue losses for the State of New Jersey.

The California legislature, moving into another industry, has passed a law banning temp agencies from the whole construction field, for neither the agencies nor the contractor would take responsibility for OSHA, and therefore OSHA is inoperable when you have an intermediary. The temp industry crowed afterwards about successfully lobbying the governor to veto the bill. Rhode Island mandates inspections of vans carrying temps, and prohibits fees for a temp to get to the job site. Too bad Maine hadn't passed that law before that van crashed into the water last summer and killed 15 temp workers.

Maybe if our Consumer Affairs Division had more resources to oversee temp agencies, to educate both the workers and the employers of the problems in the law, things could start improving. This, the Geist bill, begins to address. Also, how can our Consumer Affairs Office continue to register agencies whose main practice, now, has nothing to do with temporary work, but happily supplies the big pharmaceuticals with perma-temps who are there for years?

I have a proposal to fund this upgrade of service, for the Consumer Affairs Office, and bring in revenues for our stricken State. How about a 5 percent excise tax on temp industry payrolls, which is about \$2.5 billion a year, annually, in this state? This puts a mild retardation on further growth of an industry, which has mushroomed by helping employers "externalize their costs." That's the way the business school folks talk about it. The employers are externalizing costs onto us. For example, the \$300 million, I believe it is, that we steal from the Unemployment Insurance Trust Fund annually to bail out the

uncompensated health-care costs of hospitals, which is driven higher every year by the stripping out of health insurance for more workers. Only 7 percent of temps, according the BLS, receive health insurance. This means that 3 million temps in this country make up a chunk of the 41 million Americans who have no health insurance.

The Institute on Work is a part of a Ford and Rockefeller-supported national network, which is close to a partnership with a large national high-road temp agency. We hope to secure foundation support for a pilot project to redo the business model of the industry to put health insurance back into the picture.

Hopefully, as legislators, you will be supportive and not wait, hoping Washington will fix this growing national health-care crisis. I'm not talking about solutions looking for a problem here. I'll give a specific example of how this health insurance theft goes, right here.

Smithkline Beecham has 1,100 employees who are suing for the health and pension benefits from the day they started working there as "temps," often several years before they were converted to direct Smithkline Beecham employees. The expert opinion that Professor Paula Alexander, of the Seton Hall Business School, and I offered last month, after reviewing about a two-inch pile of documents, concluded that Smithkline was the common-law employer and used various agencies as payroll vehicles. It's no secret, many other New Jersey firms, some considered gold chip ones, have similar practices, though some have started, like Smithkline, to clean it up.

It is schemes like this -- the first oppressing the bottom of the labor market, whether immigrants or modestly situated natives; and the second, creating a shell game in corporate America -- which have largely eliminated the

internal labor market. This made it possible, at one point, for somebody to start out in the mail room and literally, with loyalty and hard work, work their way up the Horatio Alger myth -- or dream. Now, it's a myth, because there is hardly any internal labor market in the employers any more. There are rings of contingent workers, which are barriers to getting into the real jobs of benefits.

We must focus on the quality of jobs, not the sheer number of jobs. The New Jersey Department of Labor should, therefore, include a self-sufficiency standard in its practices, giving employers with decent jobs help, instead of trying to fit everyone into a job, any job. An indication of how the growth of contingent work has harmed us all is seen in Princeton University economist Alan Krueger's study. He shows a direct correlation between high penetration of the temp industry in the state to declining pay for everyone in that state.

Let's see-- We have rung our hands for over 15 years here in New Jersey about the loss of New Jersey's manufacturing jobs. Those jobs with easy access, regardless of your education level or even language, good pay, benefits, often unionized, and stable jobs. Those good jobs that paid \$16, \$18, \$20 an hour and had a future, and you could build a life on, and, as my mentor Ray Bramucci says, become a citizen based on that kind of job, and contribute.

We've rung our hands, because those jobs have gone away. But have they really gone away? Several national studies show that half of the apparent loss of manufacturing jobs really didn't go away. They were degraded into temp jobs, or as the agencies call it, light industrial. Another reason to slow the illegitimate growth of the temp industry, a growth which leeches off the public workers sucked into it, and undermines public policy.

Now I want to move to talking about the age factor of changing demographics. One observation: the labor market participation rate for those of us over 55 is zooming, while other age segments see fewer people working. Yes, better health is a factor, but recently, economic necessity shouts out. The corporate crime wave has, after all, trashed the retirement assets of so many of these victims, that they are postponing retirement, while others are returning to work, retiring from retirement. And when this happens, we have some real crunches that occur.

I was at the Bergen One-Stop holiday party in December, and I was confronted with a scary sight. The senior employment expert, Bob Higgins -- some of you may know him -- a mild-mannered gentlemen -- I've known him for 10 years -- had smoke coming out of his ears. He was so upset. He wasn't even at the party. He was in his office, where I found him. He was fuming, because he, the day before, had been trying in vain to implement the WARN Act. This is a Federal law, which says an employer must give notice and give access to employment officials when there are layoffs of 50 or more. He was trying to implement that law the day before and was not having success.

He had been trying to talk with Verizon, and Verizon blocked him at every turn. "No," the company claimed, "We don't really have 50 being laid off. We have 49 over here, 48 over here, 47 over there." So the WARN Act didn't apply. I said, "Did you get Al Kroll on the phone to talk sense into them?" He said, "Yes, but to no avail."

It gets worse. Verizon wouldn't even let the Department of Labor officials on their grounds to try to get information to the workers on their last day. Finally, the IBEW union worked it out for Bob to talk with some of the



workers at their union hall. Even from a business model, I can't understand why you'd do this. I mean, this is a way to demoralize the surviving workers. I'm switching my phone service in protest, incidentally. Hopefully, Commissioner Kroll has gotten some response since this deplorable incident. This affects, largely, older people, so the way we lay off people needs to be looked at, and our responsibilities intensified.

At Seton Hall, we're planning some extra services to help this new demographic of older workers having to work longer. And with the Lily Endowment grant, we're stepping up our services for our alums.

One thought: Cross-cultural skills are needed, because the younger workers tend to be people of color, different language, different style. So us older workers are going to need to learn how to work with them if we're going to stay in longer.

One final comment. On January 16, several hundred of the leading workforce experts from business, State, and county government, labor non-profits, and academia gathered at Rutgers. We were at the Douglas -- there. The Governor and four commissioners and corporate leaders, plus Rutgers and AFL-CIO leaders spoke a common mantra: training and skill development. Many of you were there, remember. That was the theme for the day. It was said that these would not only raise a person's pay, but attract or keep employers in the state --- more training, more skill development.

First, I question this take. Many highly trained people are stuck in pay and stripped in benefits due to some of the employers' schemes that I have described. More training is not going to help those folks stuck in perma-temping. Also, New Jersey has about the most educated workforce in the

country to serve employers. So are we going to get an advantage by having an even more educated workers so the companies will stay in New Jersey?

The biggest disconnect, however, is that even if we accept the Governor's claim that higher skills mean more pay and more employers in New Jersey -- even if we accept that claim, we still have no consumer report card on training providers, after nearly five years since the Workforce Investment Act mandated this.

So we're going to stress training, but, yet, we don't know whether the training providers -- what they do and the quality of their outcome. It seems to me there is a disconnect here.

Now, I don't have a doctorate in economics or public policy from Rutgers, but I do have some common sense. I do know that Henry Plotkin and the Heldrich Center have a tough job here in producing this consumer report card. And he says they hope to have it out by July. I would support anything that we can do to help get that in place.

As we are learning, it was easy for the conservatives in Washington to insist on choice, with the vouchers, to supposedly pick the best training school -- and that market would, somehow, make for better products. That was easy to mandate, choice. But to generate the information, upon which efficient consumer choice must be made, as we have found here in New Jersey, is much harder. And until that is completed, choice remains an ideological sham.

Thank you.

Any questions?

ASSEMBLYWOMAN FRISCIA: Thank you, Barrie.

Any questions? (no response)

You touched on something that we have had a discussion on in the past, and that's the temp agencies. And hopefully, at some point in the future, we can zero in on that. We'll be in touch.

Thank you, Barrie and Burt, for coming.

MR. PETERSON: Thank you.

ASSEMBLYWOMAN FRISCIA: Jeff Stoller and Libby Vinson from NJBIA.

**JEFFREY STOLLER:** Thank you very much, Madam Chair, for this opportunity to come in and speak to you.

Libby Vinson is our Assistant Vice President for Education Issues. And I, of course, work with the labor and employment side, and we have a lot that overlap on this topic.

I just wanted to thank you and the Committee for calling attention to the skills training issue. It's something that, I know, Labor Commissioner Kroll has been working on to really stress as one of his top priorities. And it's great to see the Legislature stepping up, as well, to call attention to this situation, which we do regard as a crisis.

We know it's hard to believe, in this kind of economic slowdown, that there could be vacancies with employers that are going unfilled, but the reality that we are reminded of, week in and week out, is that -- while, when a vacancy becomes available, it's usually quite easy for employers in New Jersey to generate applications and calls and résumés -- that there still can often be a problem finding people who are coming in with the appropriate skills to do that job and be able to get that employment.

And one of the things that has certainly been a trend, that is clear to us, is that even what we used to think of, even just a few years ago, as the entry-level jobs or even the “unskilled jobs” now require higher levels of skill -- in terms of computer knowledge, of literacy in general -- technical skills that you wouldn’t have imagined, even a brief time ago.

One of the bits of information that we get each year is that -- we survey our full membership, which is now 19,000 companies, and we have a percentage responding each year to our business outlook survey-- One of the questions we ask year in and year out is, what are your biggest business problems? And just two years ago, in 2001, difficulty finding skilled labor came in third behind health-care costs and property taxes, which means it was a huge, huge issue. Seventy-three percent of our employers, at that time, were having trouble finding skilled labor, and 62 percent were having trouble finding professional and technical skilled workers.

And the thing that struck us is, even a year later, in this most recent survey that we released at the end of December of 2002, showed that even with the continuing slowdown, 67 percent of our employers continue to report having trouble finding skilled labor. And it really seems to us that this is something that we all need to continue working on, because when we look at the big picture, what we consider New Jersey’s key economic competitive advantage, versus other states, is our workforce. You can find other places where you can have cheaper housing, you can find other places in the country with lower energy rates or things like that, but the thing that has always trumped those concerns, in our minds, is the fact that New Jersey really has an unprecedented concentration of skilled workers at all levels -- skilled trades, skilled preparation,

great educational resources -- as you know, Madam Chair. And we're afraid that if we lose that, if we continue to see this gap growing between what New Jersey employers can find, in terms of filling those vacancies, we are losing not just key workers and key opportunities, we really are missing the boat on one of the key economic development tools that we have for New Jersey, one of our main advantages.

And I think one of the things that we are concerned about is -- as we reach out to the schools, the parents, the community -- I think both the business community and organized labor have a message to convey, which is that, just as we heard, there's going to be opportunities through NJIT for some of the high school areas. But many of our employers believe there are great opportunities that are being missed, in terms of a wide variety of areas that, maybe, require something less than a four-year college degree, but can lead to the high-skilled jobs, the high-wage jobs, the good-benefit jobs that we're all trying to create and move people into.

Even manufacturing, for all of its tough times, we find one of the latest surveys showed that average salaries in manufacturing still are 22 percent above other sectors. There's really a reason to look at the fact that employers are saying, "We're not able to fill some of these technical jobs." And I believe, if we will be hearing later from AFL-CIO-- I think one of the things they report is apprenticeships for very promising, high-skilled, lucrative professions are also having a hard time getting the new blood in and getting people to fill those opportunities. So, clearly, this is a situation we want to respond to.

And just briefly, two of the things that we have been involved in as an Association, in reaching out in partnership, as Libby will discuss in a minute,

with other groups-- We are thinking that there's two things we really must do. One is to have a clear strategy, in terms of addressing the skills gap, and looking ahead to where the growth is going to happen.

We are working with the State Employment and Training Commission. I know Dana Egreczky, who's here from the New Jersey Chamber, is also working with Henry Plotkin and that group. And very much, as we heard from NJIT, there are clearly identifiable industries that we believe represent the best bets for the future, whether it's finance, logistics, infrastructure, the needs that are going to continue to grow in health care, and, yes, even manufacturing and pharmaceuticals.

The thing that's interesting about the project that SETC is undertaking is, while they are certainly looking at those high-level, high-skilled technical and scientific jobs, the engineering jobs and so forth, they are realizing that, for each of those growth industries, there are going to be opportunities at all levels of skills. And there's going to be important need for entry-level skills, for mid-level skills in support roles for any of those industries. So I think it would be misleading to think that the only people in New Jersey who will have opportunities in the future are people with a doctorate in a technical degree -- in a technical area, rather.

So, again, I think we can learn from the experience that other states, and even over in Europe, have found out: That if we can identify the kind of key skill clusters that are going to be in demand, that even as specific job opportunities change back and forth, we will be much more responsive, much more able to move our students and our experienced workers to where the new

opportunities are unfolding. And the pace of those opportunities is moving in a very rapid clip, as you know.

And the second and final point I'd make is the importance of restoring the funding that we have put forward, as employers and employees here in New Jersey, for the workforce development partnership, specifically the customized training program. It was just 10 years ago -- and the OLS staff knows well, and other members of the Committee, because they were there in 1992. Both NJBIA and the AFL-CIO worked together to expand the customized training program that was then a \$2 million program, and voluntarily agreed to set aside some of the money that would traditionally have gone to the Unemployment Insurance Fund, and dedicate those moneys to customized training. And they were targeted specifically for higher-wage salaries, to make sure that we were training people for jobs that would be in demand, that would have very close to 100 percent placement. You would be training people for jobs that would be there, ready to start.

And in the years that have gone by, it has not just been to provide matching grants that help us prepare workers to stay on the job and deal with new technology, but also it has been expanded to address some of the areas that you just heard, from Barrie Peterson, are increasingly important -- funds to provide English as a Second Language training, and the like.

So we believe this has been a great program. We've retrained hundreds of thousands of New Jersey workers. We've leveraged millions and millions of dollars in matching grants from employers who put their own money on the table to make sure that these programs operate.

But the threat -- and you can see it from the information I just received this morning, about the pending transfers from these related programs -- is really quite disheartening, because we believe this money would get good bang for our buck. These moneys really are helping people move into the growth areas. And if we continue to divert that money for various purposes, no matter how worthwhile, I think we're really undercutting a great source of revenue from the private sector, from the employees that have put money -- where the State hadn't put money -- back in 1992.

To that extent, we have partnered with the New Jersey Council of Colleges. We have created, at our own expense, a brochure promoting the customized training program, directing people to the resources in each county where they can plug into that great program.

And I would simply end by asking that the Committee keep an eye on that program as we go ahead into the budget session, because those are dollars that really are helping people move towards those growth industries, into those new jobs that we are creating. And we think it would be a tragedy to undermine that movement with money that the public has provided on its own, essentially.

With that, I just wanted to briefly hand it over to Libby, to talk to you about that final point of the focus of this hearing, which is, how do we reach out in partnership to the community and make sure things are moving in that direction.

**ELIZABETH VINSON:** Thanks, Jeff.



It is a critical component to look at, also, primary and secondary education, as how they prepare students for the workforce, whether they go directly to workforce or to a community college or on to higher ed.

And as Jeff had mentioned, the demand for technical skills, on all job levels, is escalating. But despite these numbers that Jeff had mentioned, and I'll also refer to a few, research is showing that students are opting out of math and science and technology courses early on in high school. Luckily, the Legislature and also the Department of Education is focused on a technology education and computer literacy standards.

I just want to note, and thank, Assemblyman Geist for all of his work in this area. He was the sponsor of a piece of legislation that would enact technology education standards.

And why this is so important is, technology is not just computers, it's essential to sparking interest in math and science careers by showing how those are applied in the real world. It's an applied science, really. And it shows that if students aren't engaged early on, they will not be majoring or looking at those fields later on in college. And we had heard from NJIT, and that seems to be the case.

One of the things that we now need to do is look at certification for teachers, ensuring that the teachers are trained in this area. And New Jersey, since 1985, has been giving technology educators an industrial arts certificate, even though they're no longer trained in industrial arts. That's certainly something that we need to deal with here in the State. It keeps, sort of, technology where -- at a lower level than it should be, and it puts us out of line

with our neighboring states. So I'm hopeful that that will move forward, as we have been successful in moving forward with the tech ed standards.

Another concern for us is looking at advanced degrees in engineering here in New Jersey. In New Jersey, we have about 2 percent of the engineering graduates. That's what we contribute here in New Jersey. And at the national level, fewer than 9 percent of Ph.D.s were awarded to engineering graduates, and most of those were to foreign nationals that came here to study and left -- also looking at the need to bring in H1B Visas to bring people here shows that we need to do a better job of training those people here.

One of the problems is New Jersey also suffers from an out-migration of brain-drain. Part of it's, obviously, geography. We're a small state. A student wants to go to college -- two hours, you're out of the state. But what some of our neighboring states have done is provided incentives to students -- to stay here in New Jersey and go to school. Now, certainly, under the current budget constraints, that's probably not an option. But I'll just make you aware that there is a bill, that Assemblymen Doria and DiGaetano have introduced, that would create a loan redemption program for students that would major in math, science, technology fields, granted that they stay here and seek employment in the state.

Research shows that if you go to a school, you tend to stay and work in the area in which you go to college, so we should look -- try to keep the best and the brightest here in New Jersey.

Internships are another great way to train and attract future employees. And we're very pleased that the Governor's announced the senior option program, which would allow seniors that have passed the high school

graduation requirements to take a senior option, working either in a community center or an internship with employers. And we're going to be working with our membership to get partnered with our local school districts. It's a terrific way to expose students to the world of work.

And, also, what we hope is that, on the teacher training side, that there -- more professional development is in this area, so they understand what happens in the place of -- the workplace and the trends and the growth areas. It's just as important for them to understand, as it is for the students, or even more so.

And, finally, literacy. The Governor, of course-- This is one of his main issues and near and dear to his heart. Currently, in New Jersey, there are 1.4 million adults in New Jersey that are functionally illiterate. And the U.S. Department of Labor shows that these costs cause -- these illiteracy costs -- U.S. businesses about \$225 billion a year in lost productivity.

The National Association of Manufacturers, in 2001, did a study on this issue, and 32 percent of their members noted poor reading and writing skills as a serious problem. And nearly half reported serious shortfalls in basic written language and comprehension skills.

So we look at advanced math and science, and promoting that. It's also very important that we look at the basic skills. And the Governor, of course, has put this at the top of his agenda. But BIA is working with the New Jersey Reading Association to help create literacy benchmarks, enhance teacher training in this area, professional development, so on and so forth. This is a key element.

And, really, forums such as this, getting businesses and colleges and the labor unions together to talk about this, really, will move us in the right direction. I think the Department and the Legislature has been more receptive to bringing the business community into discussions such as this -- as education. A lot of times, it's been fiefdoms. And I think now that we're coming together, we're seeing how we can move the state forward and how important this issue is.

So I thank you very much for providing this forum.

ASSEMBLYWOMAN FRISCIA: Thank you both for your testimony today.

Are there any questions from the Committee?

Assemblyman Geist.

ASSEMBLYMAN GEIST: Thank you, Chairwoman.

First of all, thank you for your testimony. Thank you for the reference to the bill. Thank you for helping to put it on the Governor's desk.

On today's topic, you reference a bill -- and I just learned from Assemblyman Ahearn, who I believe has a companion bill -- that today, in the Committee, is the legislation to eliminate the industrial arts endorsement certification requirement.

MS. VINSON: Right. That bill, actually, I heard, probably will not be heard today. The State Board has been dealing with this issue for some time. So I think there are some issues that need to be worked, and I heard that it is not going to be heard today.

But it's something that, certainly, needs to be addressed, because, like I said, since 1985, New Jersey colleges and universities have not been

training industrial arts teachers. Yet they'll go through the technology education program, and they keep -- they receive the industrial arts--

ASSEMBLYMAN GEIST: I agree. We have moved from the industrial revolution to the technological revolution.

I thank you.

Chairwoman, Jeffrey Stoller, as always, enlightens this Committee and references the Governor's proposed budget.

And, Jeff, I think that those in attendance and those on this Committee have the right to know more about, what you reference as some concerns about, diversions seem inconsistent with the objectives of the Chairwoman's forum today. Am I correct there are some diversions within the budget?

MR. STOLLER: Well, I must say I just saw this when I first arrived at the Committee. I was able to get, from the OLS staff, a summary of what appear to be major transfers of money that would be affecting everything from the unemployment fund, but more specifically, the Workforce Development Partnership Fund, to the tune of \$62 million. Again, this is the first I'm seeing these numbers. But I would just highlight them, because they do tie in.

This is money that, we believe, originally became available back in '92, during -- '91, '92, during that recession, because the State came to the private sector and to organized labor and said, "We've got a great program. You know we don't have the resources." And that's when we made this, really, revolutionary step of saying, "This program is so good. Our employers and our unions feel so strongly that this customized training program, at the \$2 million level, has such value that we will agree to have some of that money put

forward.” And it just is sad to see that that money, over the past 10 years, in smaller amounts, has often been diverted. And, again, I can’t vouch for the final figures here, but if it’s \$62 million, I don’t know that the program itself is generating much more than that.

Again, I would think it’s a shame, because I’m sure there are other worthy, urgent priorities for the State. But I’m just saying, when you take the money out of the customized training area, you’re talking about dollars that just have tremendous impact, because, again, a customized training situation, most frequently -- especially the employer-based training that we’re talking about -- you are training the worker who’s there, or a new person coming in, or a displaced worker. You’re training them for a specific opportunity, in most cases. There are very few other programs I can think of where you can get 100 percent placement for your training dollar.

So, again, we’re just saying we understand everyone’s sacrificing across the board. We would just say this is a program that generates money from the State. It doesn’t cost money from the State. And if we divert this off for other purposes, I just think we’re going to have a net loss, in terms of the real impact on workers.

ASSEMBLYMAN GEIST: Through the Chair, this month you begin your forums. I think you have one March 28, where BIA goes throughout the State. Could you, through the Chair and to this Committee, provide your synopsis relative to these proposed -- and reallocations of resources?

Today, I see the Unemployment Compensation Fund, Workforce Development Partnership Fund, State Disabilities Benefits Fund, Stock Workers’ Compensation Security Fund, Second Injury Fund -- these are funds

that may be impacted by the proposed budget. And through the Chair, if you could let us know your thoughts sooner than later so we can, perhaps, be advocates.

MR. STOLLER: We'll certainly take this back this morning.

ASSEMBLYMAN GEIST: Chairwoman, I worked on, as you know, workforce development legislation. And, through the Chair, if that may be appropriate, if the Committee could learn more about these--

And I thank the Chairwoman.

ASSEMBLYWOMAN FRISCIA: Thank you.

Thank you, both.

Any other questions? (no response)

Thanks.

MR. STOLLER: Thank you, Madam Chair.

ASSEMBLYMAN GEIST: Thanks, Jeff.

ASSEMBLYWOMAN FRISCIA: Mike Egenton and Dana Egreczky, from New Jersey State Chamber of Commerce.

Welcome.

**M I C H A E L E G E N T O N:** Thank you, Madam Chairwoman, Committee members. I appreciate the time.

I thought I would, actually, just introduce Dana here. I know many of you are familiar with my day-to-day activities. And I thought instead of listening to my wisdom, I thought I would bring the Chamber's resident expert, in-house, on workforce development and give you folks an update on the great stuff that Dana Egreczky and the Business Coalition for Educational Excellence is working on.

So with that, Dana.

**DANA EGRECKY:** Thanks, Mike.

Good morning.

This morning, I'm going to direct my comments to the beginning of the pipeline in workforce development, the K-12 school system, because that's where a lot of our work is centered. And you'll notice that my testimony comes with a lot of pictures, because I was a teacher for 16 years, and I know pictures help. So I'll walk you through a few of the things that the pictures tell you.

As Michael mentioned, we do do an awful lot of work in K-12 education and other workforce issues. Our K-12 efforts are done under the banner of the Business Coalition for Educational Excellence, so you'll see that throughout the testimony.

About 15 months ago, we convened a series of focus groups, and we asked businesses what entry level workers were missing, and we came out with a number of key findings. We had 100 business people attend our focus groups, and I'd like to share the findings with you. But I'd also like to share with you what we're doing about it, what the Chamber has decided to do about it.

Key Finding One: Without fail, the business people told us that no matter how well-prepared the schools thought the students were, no matter how smart the students thought they were, they could not apply their knowledge. The application of knowledge to stuff in the real world was just not happening. And you've all probably run into this. The fast food server who can't make change of a dollar, things like that. And the business community feels that the inability to apply learning to the real world was a significant deficit.



What we've decided to do, and we worked very hard to convince the Department of Education -- and we worked with all the leading business and education associations to make this happen-- We are integrating, into the State's K-12 assessment system, a performance-based component. That is, not only will students be taking the standardized tests in science and math and in language arts, they will also be required to actually stand up and deliver a speech, solve a hands-on mathematics problem, and perform a science experiment.

The Business Coalition and the Chamber has actually put a significant amount of money behind this effort to make sure that it happens and it happens correctly. And we will be actually announcing the nine pilot districts that will be starting this project within April -- some time in April.

Key Finding Two: The business community believes that there is an unequivocal, rank order of importance in content-matter areas. More than any other area, literacy is number one. And, in fact, the business people said over and over again, if schools were to do nothing else, they need to teach kids how to read, write, and speak. That was their unambiguous message.

Second in order of importance was mathematical skills, the foundational skills needed to be adults in this society. And third was science. And they weren't even sure about science, which actually breaks my heart, because I used to be a science teacher. But they finally admitted that science was important, only because -- if only because New Jersey has so many science-based companies, and we need the workers for that.

But they were absolutely adamant about the fact that schools need to assess children, in terms of their performance in these areas, and that all

schools and the State need to be held accountable when every child does not come out of the schools fluent in language, ready to go in math and in science.

So what did the business community decide to do? Well, the Chamber members decided that the first thing to do was to hold schools accountable. And, of course, you're, I'm sure, familiar with No Child Left Behind. And, of course, that includes an awful lot of accountability measures in it.

But we believe that the current accountability system in the State is not fair, it's not relevant, and it does not promote continuous improvement. When you look at the School Report Card, when it is released annually, what you see is a rank order of schools. And are we surprised that Princeton beats Newark every time? No, we're not surprised. So the Newark isn't happy, the Princetons aren't really judged against their peers, nothing really works well.

So I'd like to point your attention to the third page, because we intend to change the way schools look at the data on student performance. You see on Page 3, a little bar graph. We have convinced the Department of Education to send us the school data. And it's all public information.

It's now in Texas, and it's being mounted on a Web site called *Just For the Kids*. The Just for the Kids Web site reorganizes student performance data on State tests in ways that are easy to understand, in simple bar graphs and simple line graphs, so that you can track the school's performance, not only over time, but in any given year, on any given test.

The red and blue bar graphs you see on Page 3 will be what you will be able to see for every school in New Jersey, for every test the Department

offers. This happens to be the Goodman Elementary School in the Arlington School District.

You can see there are three bars there, and let me quickly explain what those are. The first bar is the scores of the students who took the tests that day, the ones who were not absent -- rather, the ones who were absent and who are not special needs, are not-- I mean, these are just the non-special needs kids. So the first bar shows you, then, in the Goodman School, about 70 percent of their kids did okay in the blue area. Another 20 or so did okay in the red area. Actually, that's passed proficient. But about 18 percent of their kids, the white area left above the bar graph -- 18 percent of the kids failed, did not pass, were not proficient.

Look at the second bar. The second bar reorganizes the same data, such that only kids who have been with that school district for one year or more are included in that thing -- because in all honesty, it is not fair to hold districts accountable for kids who, sometimes, walk in the door, and take the test, two days before the test is given. And we acknowledge that -- that we cannot hold schools accountable unless you give them time to work with the kids.

The second bar is the bar that represents that work that school has done with the kids who have been there more than one year. So you can see this school does a lot better with the kids who are stable than with the kids who are mobile.

But the final, the third bar, is the most critical bar, because this database does something that has never been seen before. When you ask this database to pull up a single school, it automatically also pulls up 10 schools who have identical student populations, kids who are as difficult, equally as

difficult, equally hard to educate, in terms of English as a Second Language and socioeconomic factors. And you then can see the third bar represents the 10 comparable schools, that is 10 schools that have identical types of kids. Look how much better those schools are doing with those kinds of kids.

So if I am a school district -- a school in Newark, I can see Bar 3, and I can say, "Oh, my. I haven't done half as well as I thought I was doing, because, look, the schools here and there and everywhere, who have the same kinds of kids I do, are doing better." I call up that school, and I find out what they're doing.

In Texas, schools who use this information -- the schools who use this to make the educational decisions are increasing student achievement by an annual rate of 3 to 8 percent over schools not using the data on this Web site.

So we have great hopes for this in New Jersey, and we will be launching this project next month. But the site will be password protected until October or September, at which point we will open it to the public. And every parent, every policy maker, everybody, every teacher can access every school in this kind of a comparative analysis situation. We believe that this will promote continuous improvement, and that all schools will achieve better results.

Finding Three: Our business people were telling us that, in addition to language, science, and math, what kids were coming to them having no clue about was the work ethic. And if I have heard this once, I've heard this 155 times. These kids don't know what it means to come here and to be on time. And, of course, I'm talking about the greater majority of employers who hire part-time kids during high school and those who graduate and go into entry-level jobs.

So we established a program called School Counts! I don't know if you've heard of it, but we are going to be pushing this very hard in the next year. School Counts! is a program -- you can see the credential down below. It awards a credential to a student who achieves the four criteria next to the picture.

Students must achieve a *C* or better in every class, must maintain a 95 percent attendance and punctuality rate, must complete high school in eight consecutive semesters, and must take more than the minimum number of credits required for graduation. If they do all of that in every year, they get a different colored certificate.

Employers can then say to the kids, "Show me your School Counts! certificate." And if a kid doesn't have that certificate, it tells the employer that he wasn't on time, she wasn't there, she was absent regularly, she didn't try very hard. So the employer, then, gets a better sense of the child he is about to hire.

In states where employers use these kinds of student performance records on a regular basis, not only do they find that their incoming workers need less remediation, they find that in the localities where these kids are being pushed to do more and to do better, enrollment in advanced math classes doubles. So we believe that a program like School Counts! will not only affect the employer community, but also positively impact education.

You can see that we have -- on Page 4-- We are moving on. One of the things that we do is, of course, inform the kids that this is coming. You can't make the kid change unless he or she knows that an employer is going to say to them at the end of the road, "Show me your school performance record."

So you can see, we have full color posters that we slap up on the

walls of high schools. We have window decals both for the schools and the employer. And, in fact, right now, you can see our School Counts! window decals on the doorways of businesses like McDonalds, Wawas, ShopRites, and many others, banks. We have 900 companies in the state who have already said to us, "We will ask kids for the School Counts! credential."

In fact, in Cumberland County, this project has been so successful that the county college stepped up and said, "You know what? We think this is such an important effort that we will offer a full, two-year scholarship to any student who has achieved the School Counts! credential every one of their four high school years. We believe it will be better for our college population, because we will need to remediate them less."

So right now, any student in a Cumberland County high school, who achieves those four simple criteria -- and notice, they're not valedictorian criteria -- will get a full county college scholarship. What an excellent incentive to drive kids to doing it right the first time, to being in school every day, to learning what they need to learn every day.

We think that is such an absolutely wonderful incentive that we'd like to see it spread across the state. And we'd like to thank Assemblymen Nicholas Asselta and Joseph Malone for introducing Assembly Bill 2932, which calls for the establishment of a School Counts! scholarship.

Budgetary issues aside, some day we believe that when this bill goes through, it will drive the workforce and students to perform in ways that they haven't done before. The bill provides up to \$500,000 per county, if the county raises a match on a dollar-for-dollar basis. And given that Cumberland County has already raised \$1.6 million for School Counts! scholarships, in Cumberland

County we suspect that the private sector will really step up to the plate and support this initiative.

But our statewide advertising campaign is just starting. You will see our PSA commercials very shortly on NJN and on various cable stations, but I've also included, for you, a copy of our full-page newspaper ad -- our black and white newspaper ad, which says to employers, "How much do things like absenteeism cost your company? Start today to change tomorrow. Become a School Counts! employer." So that's how we were addressing that issue.

Key Finding Four: For the first time in our surveys, even sole proprietorships, bed and breakfast companies, are saying that technology is critical. So, four years ago, the Chamber approached the Department of Education and started to discuss with them the possibility of elevating the level of rigor in what was then the workforce Readiness Standards. We felt that the computer literacy standards were weak and not rigorous enough, and we felt that there was no focus given to pre-engineering. And as you heard Libby Vinson mention, pre-engineering is very critical, and we've been working with a number of business associations, among them BIA and the Tech Council of New Jersey, and all of the education groups, including the NJEA, PSA -- the Principal Supervisors Association. We've all agreed to support technology education and computer literacy standards, because no one can survive without them.

But the Chamber's decided to go further than that, because standards without assessment -- that's basically meaningless. You put a standard in place, how do you know that someone meets it? So we've devised an assessment, an online performance-based assessment, that we will be using with the Department of Education, called the Technology Challenge, to assess

seniors before they graduate from high school. Do they know word processing, database, spreadsheets, etc.?

This is a performance-based test, which asks very unexpected questions. For example, it does not say to someone, “What’s a gigabyte?” We don’t care whether or not people know vocabulary. What it asks is, “Attached is a document that lists 500 of the most commonly used baby names in America in 1999. Put them in alphabetical order and tell us which one is number 299th on the list.” That is a performance-based skill. You have to know how to select the text, sort alphabetically, number, and find an answer. So the technology challenge will be one of the possible mechanisms for students to prove proficiency in computer technology.

Finally, Key Finding Five: The business community unanimously agreed that it is absolutely impossible for teachers who have never experienced the workplace to be able to deliver workforce skills to K-12 students. But we admit that at this point in time, that’s a goal that we’re not even going to strive for. Instead, we have decided to strive for just increasing the quality of the teacher population as a whole.

When we looked around to see how we might do that, we noticed that there was a program out there called the National Board for Professional Teaching Standards. The National Board credential is the equivalent of some of the credentials that are available in business. For example, if you were to hire a bookkeeper, it would be better if you hired a CPA. CPAs take an extra exam, pass more -- a higher bar to be a CPA than a bookkeeper would. An engineer -- you can hire an engineer or you can hire a professional engineer, a higher



ranking, more tests, more things involved. The same thing is true of the National Board for teaching.

Teachers who pass the National Board must, first, take a written test in subject matter. That's a concept that teachers who teach science would have to prove that they know science. Teachers who teach math would actually have to prove that they know the math. Then they are evaluated by specially trained peers to make sure that they know how to teach it. Knowing it isn't enough. You have to know how to teach it. That's the good news. We are supporting the National Board process here in New Jersey.

The bad news is that we have 98,000 teachers in this state. Only 50 of them, 50, have passed the National Board. Other states have thousands. For example, in North Carolina alone, 3,600 teachers hold the National Board certification, and 2,000 more applied for it in 2002.

Our rate for the National Board process is, literally, abysmal. And I'm not saying that there aren't great teachers out there, but the teachers who go for the National Board process put it on the line and say, "I'm going to prove that I'm a great teacher."

And as you can see from the final page, that's our ad, our recruitment ad, towards the National Board process. We're asking that teachers, before they demand more of their students, they demand more of themselves.

So, as you can see, at the Chamber, we have not only assessed what businesses seem to need and want in the incoming workers, but we're also responding very actively and in very many ways that we believe will change lots of things going on in the K-12 system.

So thank you for your attention.

ASSEMBLYMAN SMITH: Madam Chair.

ASSEMBLYWOMAN FRISCIA: Thank you, Dana.

Assemblyman Smith.

ASSEMBLYMAN SMITH: Sure.

What is the cost of the national certification, the hours generally involved, and how important is it to New Jersey administrators to have that certification?

MS. EGRECZKY: The cost of the National Board process is \$2,300. It's an application fee of \$2,300, half of which is already supported by Federal grants. So the average teacher, for about \$1,150, can go ahead with this process.

The number of hours involved is quite extensive. In fact, it's the equivalent of about half of a Master's degree, in terms of hours. The teacher does an awful lot of work: does a 12-page analytical review of his or her own classroom practice; has to do three, 20-minute videos featuring themselves teaching in a classroom. But every teacher who has gone through it says it has opened their eyes.

So if you want to equate value and impact, the National Board is the best bargain for the dollar, especially when you consider the research that indicates that there is absolutely no connection between obtaining a Master's degree and effective teaching. And yet, this State supports millions of dollars, in terms of paying for teachers' Master's work in Master's programs.

ASSEMBLYMAN SMITH: Thank you.

ASSEMBLYWOMAN FRISCIA: Anyone else? (no response)

Thank you, both.

MS. EGRECKZY: Thank you.

ASSEMBLYWOMAN FRISCIA: Barry Semple, from New Jersey State Council for Adult Literacy.

**B A R R Y   S E M P L E:** Good morning, and thank you.

ASSEMBLYWOMAN FRISCIA: Good morning. Welcome.

MR. SEMPLE: I'm on the State Council for Adult Literacy, which is the Council reporting to the State Employment and Training Commission. We helped work on their White Paper: New Jersey in Transition, the Crisis of the Workforce, as I'm sure all of you are aware of. It's number one priority is a reorganization of the basic skills, moneys that go out in this State from 24 sources in five departments. And that paper talks about the need for streamlining and reorganizing those resources.

My second reason -- and I'm paraphrasing quickly -- and I only gave you a page and a half to start with -- I'm paraphrasing quickly. Certainly, I'm here first to support that concept, and I hope this Committee is fully aware of that White Paper's 24 aid sources in five departments, with little relationship to each other -- Education, Human Services, etc., etc. And the Governor and the SETC have supported that idea.

Secondly, I'm here to underscore the problem of resources in the area of adult literacy. And you've heard several speakers talk about immigration. You've heard them speak about the problems of English as a second language. And a couple of them gave some statistics. Forty percent of New Jersey's adults function at a level of literacy beneath that required by the

labor market, 40 percent. That's by the National Adult Literacy Study that was done by ETS and updated in 1998 -- 40 percent.

Five to 8 percent of that population are in programs each year -- 5 to 8 percent. Approximately 80 percent of those who receive Food Stamps or Temporary and Needy are at those levels of literacy. Seventeen thousand students, at least, drop out from our schools each year. In the urban areas, 40 to 60 percent of those kids read below the ninth grade level and find it very difficult to succeed on a job.

The American Management Association reported -- and someone, I think, gave that statistic -- somewhere near 38 percent of job applicants tested by companies in '99 lacked the skills in reading, writing, and math necessary for jobs.

The Governor has given us a top priority, the Department of Labor has given us a top priority for the last five years. Funding for basic skills, GED, have not had a penny of State money since 1986. The adult high school -- and I hope Assemblyman Geist will make note of this, because he asked that question-- One of the funding sources being transferred by the Governor right now is the adult high school. There are 50-some of these, enrolling somewhere between 12,000 and 15,000 adults, to get a regular high school diploma, not a GED. That aid source was about 28,000. It's been there, at least, 20 or 30 years. The Governor's recommending that be knocked down to 10,000 and put into a lump sum.

I've got a letter here from a Toms River adult high school principal telling me that his superintendent has already said -- and under that situation,

they will wipe out the adult high school that had 400 and some enrollees, right now, and hopes to graduate over 100 people.

If adult literacy and English as a Second Language are a top priority of this State, from the Governor on down, from commissioner to commissioner -- if there hasn't been an increase in adult literacy funding, GED funding, since 1986--

I was State Director of Adult Education with the Department of Education for 12 years, way back when. You can tell by the white hair. I know the budget situation is critical. I know that little help is coming from the Federal government. I know we're really up against an incredible crunch. And I'm glad I'm not sitting in your seat or the Governor's seat, because I don't know what I would do.

The only thing I want to raise today is that budgeting is, really, the bottom line of priorities. And if we keep saying that basic skills -- and a large number of our people cannot read or speak English -- is vital to our economy, to our workforce, and to our democracy, then I beg of you to give some thought to that consideration.

Thank you.

ASSEMBLYWOMAN FRISCIA: Thank you very much for coming, Barry.

Any questions from the Committee? (no response)

Eric Richard, AFL-CIO, and Christian Estevez.

**ERIC RICHARD:** Chairwoman Friscia, members of the Committee, good morning.

My name is Eric Richard. I'm testifying with you this morning with Christian Estevez, who is -- works with workforce development issues on a daily basis within our office at the AFL-CIO. So, much like the Chamber of Commerce before us, he's a lot more knowledgeable than I am on some of these issues. So we've brought him in specially to give some details on the particular programs that organized labor is interested in.

However, before that, I'd, of course, like to take the opportunity to try to tie this in a little bit, legislatively, since that is my job, and say that it's invigorating to see a lot of different groups come before you today and talk about how much -- how important it is to treat workers properly, how important it is to invest in training, etc.

With that being said, we ask those groups -- whether it's our friends at Seton Hall University and others -- to come forward and support us on various initiatives such as anti-privatization, anti-subcontracting, and living wage ordinances, which, basically, will accomplish many of the objectives that they specified in their testimony.

With that being said, I'd just like to turn the remaining portion of it over to my colleague, Christian Estevez.

**CHRISTIAN ESTEVEZ:** Thank you.

Members of the Committee, good morning.

My name is Christian Estevez, and I am the Education and Training Coordinator for the New Jersey AFL-CIO.

Thank you, Chairwoman Friscia, for the opportunity to testify before this Committee to express our views regarding the changing demographic makeup of New Jersey's workforce.

I'd like to start off by talking about what unions do to improve the quality of life and the standard of living for all workers. Organized labor protects working families in our state's workforce through various activities, including education and training. By pursuing internal initiatives, and also through high-road partnerships with business and government, labor is committed to strengthening our economy and our State's infrastructure in ensuring that New Jersey remains a desirable place -- state for -- in which to work and to raise our families.

I'd like to speak briefly about the demographic changes, in terms of sectors of employment. The task of meeting New Jersey's workforce needs has become especially challenging in the face of rapidly changing conditions over the past two decades. While New Jersey's workforce has increased by nearly 1 million workers overall during this period, the State has experienced a dramatic decrease in manufacturing, as many have mentioned here before. At the same time, there have been remarkable increases in the service sector and in construction industry.

According to the New Jersey Department of Labor, Division of Labor Market and Demographic Research, manufacturing decreased by 42 percent between 1981 and 2001. In 1981, manufacturers employed roughly 29 percent of New Jersey's workforce, and by 2001, only 11 percent of New Jersey's workforce was employed in the manufacturing sector. This follows a national trend that has its roots in flawed trade policies and unfair trade practices that put U.S. manufacturers at a competitive disadvantage, drive up the trade deficit, and encourage American firms to move factories and jobs offshore. The Economic Policy Institute estimates that the growth in U.S. trade deficits with

our NAFTA partners has resulted in a net loss of more than 750,000 American jobs. This race to the bottom also forces workers remaining in New Jersey to accept lower wages and decreased benefits as a way of reducing costs and increasing profits for corporations.

During this same period that I've mentioned, construction employment increased from 108,700 workers in 1981 to 161,000 workers in 2001. The private service sector experienced the most dramatic increase from 1.6 million workers in 1981 to 2.8 million workers in 2001. In 1981, service workers already represented a little over one-half of New Jersey's workforce. By 2001, service workers represented over two-thirds of the State's total workforce. It's quite clear that New Jersey's made a tremendous shift from a manufacturing-based economy to a service-based economy. And it's also evident that construction trades continue to be demand occupations.

I would like to, now, talk a little bit about the demographic changes, in terms of the minority workforce. Further changes occurred regarding New Jersey's minority workforce during the '80s and '90s. During this period, women increased their participation in the New Jersey workforce by 27 percent as compared to men, whose workforce participation only increased by 7.2 percent. When looking at increased workforce participation by race and ethnicity, Latinos increased their total workforce participation by 160 percent over 18 years. African-Americans come in second with a 64 percent increase over the same time period. The increase for Caucasian workforce participation was relatively low, at 5.4 percent.

The shifts in New Jersey's economy away from manufacturing to service-producing industries, as well as of the minority workforce, present special



challenges to our workforce development system. The huge increase in workforce participation by Latinos, who have become the largest minority group in the nation, has created a high demand for basic skills training, especially English as a Second Language. Currently, many new immigrants remain underemployed due to language barriers. The expansion of training programs through the Supplemental Workforce Fund for Basic Skills can help many workers move up in the job ladder to high-skilled careers that provide living wages and good benefits.

In 2001, the New Jersey AFL-CIO lobbied aggressively in support of A-3774, in which Assemblyman Geist and Assemblywoman Friscia were prime sponsors. Governor DiFrancesco signed this legislation, and the New Jersey State AFL-CIO continues to work with the Department of Labor to implement this program. In fact, the New Jersey State AFL-CIO has staff who are working to expand accessibility to such training by helping unions develop and implement workforce literacy programs. These programs also provide training in computer literacy, a skill that is becoming necessary in all aspects of workers' lives.

The New Jersey State AFL-CIO also partners with the State in its efforts to expand apprenticeship opportunities. As a member of the New Jersey Apprenticeship Policy Committee, we have contributed to the development of programs that have made apprenticeship opportunities available to more of the State's workforce. The Youth Transition to Work Program has been successful at exposing many high school seniors to the benefits of union apprenticeship programs.

Unions have been especially successful in attracting more minority students to apprenticeship through the YTTW Program. In their visits to high school students, representatives from union apprenticeship programs have been able to communicate how union membership raises workers' pay and narrows the income gap that disadvantages minorities and women. Union workers earn 26 percent more than nonunion workers, according to the U.S. Department of Labor's Bureau of Labor Statistics. Their median weekly earnings for full-time wage and salary work were \$740 in 2002, compared with \$587 for their nonunion counterparts.

The union wage benefit is even greater for minorities and women. Union women earn 30 percent more than nonunion women; African-American union members earn 29 percent more than their nonunion counterparts; and for Latino workers, the union advantage totals 53 percent. Also, union workers are more likely than their nonunion counterparts to receive health-care benefits and pension benefits, according to the Bureau of Labor Statistics. In 1999, 73 percent of union workers in private industry participated in medical-care benefits, compared with only 51 percent of nonunion workers. Union workers also are more likely to have retirement and short-term disability benefits.

Most important, YTTW has helped dispel the myth that students only have two choices, college or McDonald's. Apprenticeship has been able to be exposed to them as an alternate route to higher education.

While YTTW programs have done an excellent job in raising the awareness of the benefits of apprenticeship in our public schools, the New Jersey State AFL-CIO continues to support targeted efforts to make apprenticeship opportunities available to women and minorities in the State's poorest urban

districts. Organized labor is participating with local community stakeholders in the 30 Abbott school districts in developing the Construction Trades Training Program for women and minorities, a program funded by the New Jersey Department of Labor, through the New Jersey School Construction Initiative. Working in consortiums with local school districts, community-based organizations and faith-based organizations, unions help to identify and prepare qualified women and minorities in urban communities for entry into registered apprenticeship programs.

These feeder programs are essential in meeting the need for skilled workers in high-demand occupations such as construction and telecommunications. Additional efforts are necessary as we continue to expand apprenticeship into new occupations, such as culinary arts and marine diesel mechanics. Apprenticeship is spreading to new occupations, because it's a training model that works. The challenge of matching public and private employers and workers in high-demand sectors with the greatest opportunities for careers with high levels of skill and earning power requires an increased investment in programs that work.

Finally, I would like to briefly discuss this year's proposed budget regarding workforce development. The New Jersey State AFL-CIO is concerned with the proposed cuts to the Workforce Development Partnership Fund that finances programs such as those previously mentioned. Currently, the budget calls for a \$62 million cut to the overall WDP Fund. These programs contribute greatly to the Governor's goal of developing a highly skilled workforce that will help retain quality employers, as well as attract new employers to the State of New Jersey.

While we are prepared to share in the pain of the budget cuts before us, we want to work with the Governor in the future to ensure these important programs continue, so that New Jersey can continue to move in the right direction in developing the skills of our State's workforce.

Thank you, again, Chairwoman Friscia and members of the Committee. The New Jersey State AFL-CIO appreciate the opportunity to testify on such an important issue.

ASSEMBLYWOMAN FRISCIA: Thank you.

Any questions? (no response)

Thank you, both.

MR. RICHARD: Thank you.

MR. ESTEVEZ: Thank you.

ASSEMBLYWOMAN FRISCIA: Richard Santoro, from New Jersey Retail Merchants.

And we have one more after this.

**R I C H A R D   S A N T O R O:** Good afternoon, Madam Chair and members of the Committee.

I'm Richard Santoro, from the New Jersey Retail Merchants Association, and I'd like to thank you for this opportunity to just give a brief overview of the retail community and some of the steps we're taking to establish skill standards and training.

The retail industry plays an integral part in the State's economic viability, as two-thirds of all economic activity is consumer spending. The retail industry is the second largest employer of our State's citizens, with retail compensation amounting to \$13 billion a year. The industry employs almost

600,000 people. There are over 50,000 retail establishments in the State of New Jersey, that generate over \$80 billion in retail sales. With all these sales, of course, retailers produce \$7.9 billion in sales tax for the State, which is the second highest form of State revenues behind income tax.

Retailing is a growing industry, as you've heard, to switch from a manufacturing sector to a service sector. This is occurring both in New Jersey and in the United States. According to the U.S. Bureau of Labor Statistics, the retail industry will grow from the 18 million jobs it produces now to a projected 25 million jobs by the year 2008. And based on the annual average growth rate of 1.4 percent, which is higher than the growth rate for transportation, communication, utilities, manufacturing, finance, insurance, or real estate-- With this incredible growth of the industry here in New Jersey, retailers certainly have many jobs to fill, both in the stores and at the corporate level.

Retailing provides career opportunities for many special populations, such as immigrants, minorities, and seniors, and helps them become contributing members of the workforce. Retailers provide over 40 percent of students with their first jobs, have placed thousands of welfare transitioners, and are developing targeted career options for the disabled, non-English speakers, and senior citizens. In addition, retailers provide jobs for people who are looking for flexibility in their work schedule during various stages of their lives. As a matter of fact, I work part-time at a retail store on the weekend. So it does fit my schedule, as well.

Something that's always brought up with retail is wages. What do wages look like at the entry-level? Well, certainly, there are some minimum wage jobs out there. Increasingly, they are limited to small businesses. And

surprisingly, hourly earnings of non-supervisory retail workers averaged over \$9 in 2001. That's the most recent figure I have.

One of the large retailers in New Jersey has reported to us that in-store salaries range from \$48,000 to \$150,000. Again, that \$150,000 end is the managerial store manager type of position. And the best part about this, I think, is that a college degree is, typically, not required for these types of positions. Over the years, with experience and with a lot of hard work, you can definitely reach these positions.

I have a member on one of our committees who started working for a retailer as a -- I guess he called himself a buggy boy. He used to go out in the lot and collect the carriages when he was in high school. And now he is a regional loss-prevention manager for a very large chain retailer. And that's how he started, pushing the carts around. Now he has a very solid job that pays him well and that he's proud to do.

In addition to-- While these salaries are very competitive with other industries -- and actually, the retail industry leads some of areas of the service industry. And advancement opportunities and a variety of career options exist in retail, as well. There are clear paths to the careers that are traditionally associated with advancement in the retail industry, such as the system managers, store managers, buyers, director of store operations, and so on.

As I said, with only a few years of experience, the store manager can supervise over a hundred employees, oversee thousands of square feet of a facility, and manage a budget of over a quarter of a million dollars.

There are many opportunities in retail, and I think it's, certainly, one of the industries that is a gateway to employment. A lot of people start out

in retail. And within retail, the career paths lead to some opportunities that are not as -- obviously in the store level -- but that still provide a lucrative career track such as human resources, information technology, E-commerce, real estate, and telecommunications, and the list goes on and on beyond the typical retail employment.

One of the possible career paths that will begin with the position of a sales clerk -- and that's the typical entry level position in almost all types of retailing. And with hard work and a commitment to the store team, it is possible to be promoted from a sales clerk to one of the many retail options that I just mentioned.

Overall, there are many areas or departments in retailing which utilize entry-level employees, and they offer significant opportunity for advancement. And you really would start off with a similar apprenticeship program, as was mentioned earlier, except you'd be a retail management trainee, where you'd learn a lot of the store operations and finance and marketing. And from there, you can move up to being a buyer or a manager -- district manager, and so on.

Of course, to be eligible for some of these opportunities, you have to have basic skills. And as Assemblyman Smith had talked about earlier, the retailer -- some of the retailers are finding that some employees do not come to them with some of those basic skills, and therefore, they have taken that obligation on themselves.

And in New Jersey, many young adults receive a basic education, but I think as many as 11 percent don't graduate from high school. A large number of these students have reading and math skills that are below the eighth

grade level. And without such basic skills, many of these people have difficulty training for a job and have been categorically called unemployable. Yet, the unemployable workforce, in an age where employees, especially retailers, are having a hard time finding skilled employees, is a good labor source that they can utilize.

And, therefore, retailers have taken it upon themselves to address some of these discrepancies, and as the economy's leading creator of entry-level jobs, in conjunction with the U.S. Department of Labor, has begun the development of national skills standards for retail sales positions. It's intended to help students, job applicants, and employers by formalizing the requirements for all retail sales positions, and these standards clearly specify the abilities, knowledge, and skills that are necessary for success. Companies recognize the need for a highly skilled workforce to compete in a good economy -- a global economy, excuse me -- and will use the skill standards to evaluate and measure performance.

And perhaps one of the best ways that we can see this working in New Jersey is through the Retail Skills Center. The Retail Skills Center serves as a one-stop career center linked to community-based organizations, job training and placement agencies, area schools and colleges, and employers. It's a state-of-the-art education and training facility, which combines self-paced computerized instruction with workshops, placement services, and on-going job counseling and skill development.

Thus far, the skills centers have been phenomenal in preparing workers for the retail industry. They provide training related to the skill standards, encourage employer participation in mentoring and advancing jobs,



and provide the counseling and logistical support to help people succeed in their jobs. The Retail Skills Center up at Jersey Gardens, in Elizabeth, in one year, brought over 7,000 people to job fairs and placed 2,500 workers within a few weeks of the mall's opening. I think that's definitely a strong sign of its success right off the bat.

Therefore, in conclusion, the retail community in New Jersey, I think, represents a model for empowering a diversified workforce to the retail skills standards, through the Retail Skills Centers and training.

NJRMA aspires to play a valuable role in assisting a return to fiscal responsibility and increasing disposable income through the application of the retail industry's workforce model for the State of New Jersey. NJRMA possesses particular success and expertise that follows the lead of Governor McGreevey's vision of building a world-class workforce, which is key to keeping New Jersey's economy on track.

Thank you for this opportunity today.

ASSEMBLYWOMAN FRISCIA: Thank you, Richard. A lot of work went into that. Thank you for the stats at the end of your testimony.

Any questions? (no response)

Okay. Thank you for coming.

Barbara Tofani, from New Jersey Hospital Association.

**BARBARA TOFANI:** I think I'm the first one that gets to say good afternoon. (laughter)

Thank you for allowing me to come. I'm Barbara Tofani, and I'm the Director of the Center for Nursing and Health Careers at the New Jersey Hospital Association. It's probably--

Am I the last of everyone?

ASSEMBLYWOMAN FRISCIA: No, there's one more.

MS. TOFANI: One more. Okay. Well, I think it's pretty appropriate that health care is last, or close to last, because we actually combine everything that you've heard from the testimony this morning. We are certainly a service industry that focuses a lot on technology and has significant issues with the academic preparation of our entry-level employees, and also of our professional employees, in terms of their verbal and written communication skills and their math and science backgrounds. So I think all that's been said, certainly, can apply to health care. And anything that can help to better prepare students will, certainly, help the health-care industry in the long run.

The health-care industry is facing a workforce crisis unlike any other, in terms of the varied complexities and causes, and I'll talk about them in a minute. Professional staff are aging. There are more nurses, pharmacists, respiratory therapists, medical laboratory technicians, radiology technicians leaving for a lot of reasons, including retirement. There's more leaving than are entering into the health-care field.

Social attitudes about working in health care have changed dramatically, and young men and women are having a lot more opportunities to work in a variety of fields, as you've heard already this morning, and they're not that interested in coming into health care. And I'll talk about that very briefly in a minute.

But as the supply of workers dwindles, the need based on an aging population-- In New Jersey, in the past 40 years, our senior citizen population has doubled. And remember that the seniors are the high-end users of health-

care services. So as that population ages, and also as medicine has had great accomplishments, in terms of the advances in medicine and the services that we can provide, there's a major disconnect between what we have, in terms of the workforce, and what we need.

What I have done to make it easy on everyone is, I have given all of you not only a summary of my comments, but a PowerPoint presentation with statistics that talk to you about the demographics of the shortage, why we're in the position that we're in.

In health care, we define a critical shortage as anything greater than 10 percent. And in nursing, radiology, many other categories within health care, we are facing critical shortages of health-care professionals.

The other issue is that the pipeline is drying up, or has dried up. So there are schools in the State of New Jersey that are either decreasing their enrollment because they cannot get faculty, or they've closed their doors because they haven't had the student enrollment to support the programs. Health care programs are extraordinarily expensive to fund in the colleges and universities. And if there aren't enough students interested in going into the careers, it's very difficult to maintain and sustain those programs. We need to help to develop an interest and an appreciation of health care at a much earlier age.

It was very interesting to hear from -- the presentation from the Chamber of Commerce, that the business leaders could truly identify the need for technology and the need for math in business, but they really couldn't put a handle -- get a handle on why science was important, but they knew it was important. Science represents the health and wellness of our community. I mean, that's probably the core of what we need in our community, because if

we don't keep our community healthy -- and healthy communities come through good science -- learning diseases, understanding disease process, learning how to treat them and how to prevent them, especially. So it was interesting that we couldn't place a finger on it. And I think that that's one of the reasons why we're seeing a lack of interest in health care, because there's not a real value placed to health care right now.

The Hospital Association is working very hard to change that, and we are doing quite a few things to get into the schools, especially into the elementary and middle schools, so that children can be exposed to these careers. We can try and overcome some of the stereotypes, especially with men and health care.

And if I could just tell you a very quick story-- I was in a sixth grade classroom a couple of weeks ago, and I asked the boys, specifically, "Would any of you be interested in becoming a nurse?" And about half raised their hands. And they gave me a lot of reasons. The pay sounds very good, it sounds very flexible, it sounds like there's great opportunity. They like the idea of the technology and also of helping people. But one little boy tapped me on the arm and said, "But let's face it, that's where the girls are." (laughter) At this point, anything we can do to change the perception at that grade level is terrific.

ASSEMBLYMAN GREGG: If it works, it works, right?

MS. TOFANI: But just getting the kids open to the idea that, perhaps, this is a possibility for them.

So anything that we can do in the grade schools--

I've also heard some testimony that talks about bringing technology into the classroom and raising awareness with students about all careers through technology. And there are experts. It was said before, there's experts all over.

And one of the things that we'd like to do is bring the expertise of the existing health-care community into the students, into the classrooms, and perhaps try and establish some real time interactions with these kids, perhaps broadcast surgical procedures right out of the operating room, real time, and let these kids be hardwired through their classrooms to have conversations with the surgical team to ask, "What's going on? Why are you doing that?" It not only gives students an actual idea of what goes on in a surgical suite, which I call *little people area*. It's like a little people bus and a little people store. You go through those operating room doors, and you have no idea what goes on. So it takes some of the mystery away, but it also is a great opportunity to teach kids about wellness, about taking care of yourselves, especially depending on the cases that you select. If you select something with -- I am an oncology nurse by background -- a patient who's having some kind of a procedure for cancer, 85 percent of all cancers are caused by environmental issues, something that we've done, or our environment, or society has done. Talking to the kids about substance abuse and tying those together--

Not everyone will be a health-care worker, and we recognize that. But everyone will be a health-care consumer at some point in their lives, and hopefully many will become health-care workers. We're looking to try and, number one, establish an interest, not only in the students, but we're also looking to establish an interest in second-career seekers, people who might be downsized from their jobs, people who might not have had an opportunity when

they were younger to go on to college or continue their education -- and try and provide some opportunities for them to work in an industry, again, that not only is a service industry that really meets the needs of our community, but also uses technology, math, science, and communication skills to really help them to achieve what they, maybe, ultimately wanted to achieve in their life.

We are partnering with the chambers of commerce, we are partnering with the workforce investment boards, we are partnering with service and education to try and help the transition from the higher education programs into the workforce environment. And we are doing a lot, but a lot more needs to be done, not only today, but we need to sustain the effort. We need to continue it into the future.

In health care -- and I don't know if this is similar in other industries -- but in health care, the workforce shortage is cyclic. And any of you who have been around for a while have heard about a nursing shortage in the '90s, and in the '80s, and in the '70s, and in the '60s. This shortage is a little bit different for a lot of reasons, mainly because of the demographics. There are just more older people who are the high-end users than there are people coming up, and because students have many, many, many more interests and opportunities than ever before.

So what we have to do is take the people who are interested, or might be interested, and to really make the most out of them and be able to maximize those resources that we have. But we've got to stimulate an interest for these students, and that's the only way health care is going to survive.

I just want to reiterate some of the skills that are needed in health care, and it's been said before. But anyone, whether it's a student coming from

high school or it's someone as a second career seeker looking for another opportunity, needs to have a good math and science base. Do they need to be brilliant in math and science? Absolutely not. But do they need to have a good math and science base? Sure. And they need to go beyond those basic math and science courses.

They also need to be technologically confident. They need to have good computer skills, because everything in health care is moving towards computerization. And so they do need to have great technology skills.

They also need to be self-motivated. They need to be critical thinkers. They need those -- I think it was called -- the work ethics' skills training that the chambers of commerce talked about. They need to learn how to come to work, how to come dressed appropriately, how to come on time and stay until the work is done, and how to communicate with patients and colleagues at all levels.

We are working with guidance counselors, teachers, recruiters, human resource experts to try and help them steer those kinds of people, those kinds of candidates into careers in health care.

Our efforts through the Center for Nursing and Health Careers at the New Jersey Hospital Association have been very collaborative, have been very comprehensive. But as I said, we need to do more. We have reached out to 700 schools in New Jersey, and we've already reached about 1,200 students in elementary, middle school, and grade school, but there are tens of thousands more students that still need to be reached.

I applaud your efforts to address these issues, and I welcome the chance to work with you in the future to create some effective, sustainable plans

to evaluate and connect these high demand sectors with confident, well-trained employees.

Again, in your handout is a PowerPoint presentation. I think it gives you a lot of statistics that might help as you move forward with your plans to come up with a strategy. And I thank you for the opportunity to speak to you.

ASSEMBLYWOMAN FRISCIA: Thank you for coming today, Barbara. It's a good presentation. We appreciate it.

MS. TOFANI: Thank you.

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYWOMAN FRISCIA: We have one other person who didn't sign up, Harvey Steinberg.

Harvey, could you come up and give us a synopsis of your written testimony, please?

**HARVEY STEINBERG:** Yes, surely. My written testimony is already a synopsis of many more pages, which I wrote up last night.

If you'll turn to the second page--

Let me just say, first, that -- for Assemblyman Geist, who's going out -- I've spent 12 years in the labor movement as a national vice president of an industry union. I was a -- for Assemblyman Sarlo -- I was a professor at NJIT for 12 years teaching management at all levels -- and a great deal of other diverse background, especially in the field of human resources. I only say that, because it will sound peculiar, in terms of what I'm about -- if I don't say that -- in terms of what I'm about to present.



If you'll turn to the -- it's the second page I'll start with. And I'm going to do this anecdotally. Anecdotes are the stuff of which statistics are made, so let's -- it's a little more personable, also. I'll just read it out.

I know a boy who, since age 8, has shown a remarkable talent for envisioning, assembling, and inventing mechanical devices. But he has hardly anywhere to grow these talents.

In the old days, such children might have fixed their father's car hands-on. And I want to support all those people who talked about hands-on, because that's where kids are at, that's where growth comes from. Today, car fixing, and almost all other opportunities for early learning of engineering, in all its branches, is hands-off. And there are virtually no labs where such children can indulge those talents, especially after school, and acquire a foundation for natural exponential growth as they get into their high school years.

I went to Stuyvesant High School, by the way, in New York, which was a premiere science high school in the country, probably together with the Bronx High School of Science.

A basic message is that young children have tremendous capabilities, which adults do not take into account. Give them junk work to do, they'll turn out the junk sought. Set them higher objectives and let them go to work at it, they'll love not only fulfilling the objectives, but will produce to their fullest. In fact, they'll produce amazing results.

I've seen it, for example, in the visual arts, in writing, in engineering, and science. To anticipate an argument, doing so does nothing to diminish the children's many other enjoyments of young life. Those kids are not nerds.

It's hard to get passed the wall of convention and habit to think outside the box, but we must. The best of American industry was built by providing opportunities for the unstandard.

What can New Jersey do about this, legislatively? In general, develop the strategies for programs which will challenge children in hands-on disciplines vital to our society's future. Get the programs implanted into the community through the school systems, but especially within appropriate community nonprofits, where there is greater freedom for experimentation and having fun while doing that. I've done a lot of that myself, and it works. Work with labor organizations for their members to mentor these kids.

I'll just leave that topic with that. That's on your third point of excellence -- human excellence in the workplace.

Turning to the first page, and this I can, I think, shrink down a little bit.

Again, an anecdote. This has to do with growth areas and skill demands. Another story of a wholly different sort. I was the economic development of the Hoboken -- Director of Hoboken, as well as his Deputy Director of the model cities program for a number of years, which really took the most dilapidated city in New Jersey and made it what it is today. And this -- I know what I'm talking about, when we think about the other item that I dealt with.

Several years ago, I did a study on a pro bono basis through the good offices of one of the State's major cities. That city desperately needed a fuller measure of job opportunities for its large population of low- and semi-skilled. A small spark of creativity that I applied to a dry body of data lit up the

possibility for the city to seek to proactively encourage the manufacturer of a particular major product. In this case, of the component parts of pre-fab housing--

The industry was, for example, a very substantial one in Pennsylvania. There were no such facilities as I remember -- or almost none in New Jersey -- even though New Jersey was one of the primary customers for those homes. My study inevitably took me a bit beyond the dry data, all of which firmed up a reasonably good prognosis for success. So far, so good.

It would have sat well with me if the city's administration had conscientiously reviewed the concept and, finding it wanting based on the facts, had scotched it. But the city dismissed it without even a side glance at its possibility. This happens a lot. It was no skin off my nose. Today it's a growth industry elsewhere.

Elevating experience like this, multiplied by others, into a couple of generalities -- and I've dealt with cities a fair amount, as I say, and intensively in some cases-- In the smaller business sector, employment growth and skills to support that growth are inseparable from governmental attention to the entrepreneurial outlook -- and I say that coming from, basically, the labor movement and my training in it. Which means, municipal administration ought to put the relevant staffs to work proactively discovering, reaching out to encourage -- encouraging and materially fostering niche industries realistically and tenaciously -- and that word is important, *tenaciously* -- instead of waiting for manna to fall from heaven. "Here's money. We're giving it to you. Here's our industry. We want to come into your town." Well, what about going out and looking for it where it's proper to do so?

What can the State of New Jersey do about this, legislatively? What can I say? I don't want to be abusive here, but wake up, city hall. And I've been in politics, and I understand what they might say about that. But it's really aside from politics that these things can get done.

I'm done.

ASSEMBLYWOMAN FRISCIA: Thank you, Harvey.

We appreciate your coming down. As I said, I didn't know you were going to testify because you didn't fill out the form. But we thank you.

MR. STEINBERG: Well, Greg wasn't here at the moment.

Thank you very much.

ASSEMBLYWOMAN FRISCIA: Okay.

Motion to adjourn. We're done.

**(MEETING CONCLUDED)**