

LABOR AND WORKFORCE DEVELOPMENT

RESPONSES TO ASSEMBLY BUDGET COMMITTEE QUESTIONS OF APRIL 14, 2014

Chairman Schaer:

- ***Please provide to the Committee the date on which the DHS and the DLWD agreed on the final joint plan:*** Commissioner Wirths transmitted the plan to legislative leadership and the chairmen of the budget committees in both houses on February 20. That is the date on which both Departments agreed on a final plan. Subsequent to that submission, Senator Sweeney's staff contacted LWD to discuss the plan and possible revisions that the Joint Budget Oversight Committee (JBOC) might want to consider. The plan was re-submitted to all of the aforementioned and others most recently on April 23.
- ***Please provide to the Committee the date on which the joint plan will be, or has been, submitted in its final form to JBOC:*** Commissioner Wirths transmitted the plan to Senate President Sweeney, Speaker Prieto, Senator Sarlo, and Assemblyman Schaer on the afternoon of February 20. That transmission explicitly indicated that it was intended for submission to the Joint Budget Oversight Committee. It was re-sent most recently on April 23.
- ***When will the department be able to assess the effect of the recently increased minimum wage on employment levels in the State?:*** Employment numbers for the month of February actually went down. Although some contend that the decrease is a direct result of the increase in the minimum wage, LWD cannot confirm that. As the new wage has only been in effect for a short period, it is much too soon to determine an impact. In fact, the Department might not be able to definitively measure the impact at all. Economists will be debating the impact for years to come with detailed econometric studies. In light of the size and complexity of the economy, attempting to discern the impact of a minimum wage increase would be extremely difficult. Although we have very talented staff at LWD, we would need to defer to economists such as those at Princeton University and Rutgers University.

Chairman Schaer and Assemblyman Singleton:

- ***Please confirm for the committee the number of employees on staff with the Division of Workplace Standards for FY 2009 to FY 2014, by year. Please explain to the committee why there has been a decline in the number of staff dedicated to workplace standards:***

2009: 195
2010: 181
2011: 180
2012: 179
2013: 176
2014: 174 (estimated)

Attrition from a spate of retirements over the past several years has caused a slight reduction.

Assemblywoman Pintor-Marin:

- ***Please provide to the Committee an analysis of the impact on employment of the Governor's proposal to require businesses which are zone certified businesses in the Urban Enterprise Zone (UEZ) program to pay the same sales taxes (3.5%) as retail consumers in those UEZ areas:*** LWD does not have access to any economic model through which we can assess a change in a tax rate on employment numbers. The Department notes, however, that a 2011 report prepared for the Economic Development Authority, entitled, "The New Jersey Urban Enterprise Zone Program Assessment," utilized economic models and analytical methods to measure the performance of the UEZ program, including job creation and return on public investment. The Report concluded that the UEZ program is ineffective and fails to meet the original goals of the program. The Report may be found at the following link:

[http://www.yourmoney.nj.gov/transparency/reports/pdf/NJ%20Urban%20Enterprise%20Zone%20Program\[1\].pdf](http://www.yourmoney.nj.gov/transparency/reports/pdf/NJ%20Urban%20Enterprise%20Zone%20Program[1].pdf)

Assemblyman Cryan:

- ***Was the department consulted on the economic impact of the Governor's proposal to require businesses which are zone-certified businesses in the UEZ program to pay the same sales tax (3.5%) as retail consumers?:*** LWD was not consulted regarding the economic impact of a change in the sales tax charged in UEZs.
- ***What kind of economic impact might the implementation of an increased UEZ tax have on these communities?:*** We are not in a position to determine what impact a revised UEZ tax might have on the economy in individual municipalities. As noted in response to another question posed by the Committee, a 2011 report prepared for the Economic Development Authority, entitled "The New Jersey Urban Enterprise Zone Program Assessment," utilized economic models and analytical methods to measure the performance of the UEZ program, including job

creation and return on public investment. The Report concluded that the UEZ program is ineffective and delivers only a limited impact on zone communities. The Report may be found at the following link:

[http://www.yourmoney.nj.gov/transparency/reports/pdf/NJ%20Urban%20Enterprise%20Zone%20Program\[1\].pdf](http://www.yourmoney.nj.gov/transparency/reports/pdf/NJ%20Urban%20Enterprise%20Zone%20Program[1].pdf)

- ***Has the department had any interaction in the previous year with the Waterfront Commission of New York Harbor regarding employment opportunities at the Port of Elizabeth?*** Although LWD regularly interacts with various stakeholders regarding statewide employment issues, we have not been directly contacted by the Waterfront Commission regarding the Port of Elizabeth in particular. Of particular note, LWD staff has met with the New York Shipping Association (NYSA) to develop a customized hiring plan. We await more metrics from the NYSA.

Assemblyman Wimberly:

- ***Please provide the unemployment rate for the City of Paterson and for Passaic County:*** The unemployment rate in Passaic County is 9.5%. In the city of Paterson, the rate is 14.3%. Keep in mind that the unemployment rates identified for City of Paterson and Passaic County are based on federal BLS preliminary data. The monthly reports are volatile and are recalibrated in the following Spring as more data is obtained by the federal BLS.
- ***Please provide descriptions of all the workforce development programs that are currently active in the City of Paterson and Passaic County:***

WIA Title I: Title I of the Workforce Investment Act (WIA) serves to provide workforce investment activities through statewide and local workforce investment systems that increase the employment, retention and earnings of participants, and increase occupational skill attainment by participants. As a result, there is improvement in the quality of the workforce, reduction in welfare dependency, and enhancement of the productivity and competitiveness of the nation. Services include assessment, training and placement assistance.

Local entities act as One-Stop Operators with the role of overseeing workforce efforts that also include welfare-reform and labor exchange and literacy efforts. The program targets disadvantaged adults, youth and dislocated workers.

The majority of the WIA Title I funding allotted to New Jersey each fiscal year is distributed to the state's 18 Workforce Investment Boards (WIBs). WIA Youth Activities funds must be distributed among local WIBs (subject to reservation of the five percent limitation for statewide workforce investment activities) in accordance with the provisions of WIA Section 128. WIA Adult Activities funds must be distributed among local WIBs (subject to reservation of the five percent limitation for Statewide workforce investment activities) in accordance with the provisions in WIA Section 133. WIA Dislocated Worker Activities funds are distributed among local WIBs (subject to the Governor's reservation of up to 25 percent for statewide rapid response activities and the five percent limitation for statewide workforce investment activities) in accordance with the provisions in WIA Section 133.

WorkFirstNJ: WorkFirst New Jersey provides employment and training and case management for recipients Temporary Aid to Need Families (TANF), General Assistance, and Supplemental Nutrition Assistance Program (SNAP). Services are delivered through the One-Stop Career Center system via a Notice of Obligation to 19 local One-Stop Operators. Examples of work activities include OJT, Community Work Experience Program (CWEP), academic remediation, and vocational training.

WIA Title II: Title II of the Workforce Investment Act creates a partnership among the federal government, the state, and localities to provide adult education and literacy services in order to assist adults: (1) to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; (2) who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and (3) in the completion of a secondary school education. A competitive NGO process selects 17 consortia to deliver the services.

- ***Please provide the number of prevailing wage complaints and violations that occurred in the City of Paterson and Passaic County in FY2013 and FY2014:*** LWD does not track data in that manner.

Assemblyman Brown:

- ***Please provide to the Committee any information the Department has on sick leave policies offered by employers in New Jersey:*** LWD does not track information on sick leave policies offered by New Jersey employers.