
Public Hearing

before

SENATE LABOR COMMITTEE

*“Testimony concerning workforce development
initiatives of various government and business entities”*

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: October 28, 2002
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Joseph Charles Jr., Co-Chair
Senator Leonard Lance, Co-Chair
Senator Joseph Coniglio
Senator Stephen M. Sweeney
Senator Anthony R. Bucco
Senator Robert E. Littell



ALSO PRESENT:

Dana A. Fraytak
*Office of Legislative Services
Committee Aide*

Patrick Gillespie
*Senate Democratic
Committee Aide*

Laurine Purola
*Senate Republican
Committee Aide*

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SENATOR JOSEPH CHARLES JR. (Co-Chair): Good morning and welcome to the second Senate Labor Committee hearing on the subject of workforce development issues.

At our last meeting, we heard from four cabinet officers regarding the various workforce development programs currently implemented by the State. We learned that the State's effort in this regard must spread over a variety of separate agencies, and rely on many different sources of funding.

During the course of today's hearing, we will hear from members of the public and, hopefully, members of the business community that interact with these programs on a regular basis. I also expect to hear from the leaders of the local Workforce Investment Boards that are on the front lines of delivering this service.

It is my hope that today's hearing will provide the Committee with valuable information, not only regarding the big issues that face State policy makers concerning workforce investment programs, but also the individual issues that clients and local boards face every day.

When these hearings have concluded, I expect the Committee to have a better understanding of how these programs currently function, what aspects of them work well, and what aspects of these programs could use improvement.

Our first witness is a carry-over from the last hearing, and that's Dr. Henry Plotkin, of the State Employment and Training Commission.

There are a large number of other persons who signed up to speak today. I will try to get to as many as possible, so please keep your remarks short and concise. I will try to group as many speakers together as possible.

And if the point you make, or want to make, is made by someone else, please, try not to be competitive.

Given the number of witnesses that we have signed up to testify today, it's been the determination of this Committee to ask those who are testifying to try to limit your remarks to three to five minutes. I'll announce at the very beginning that we will be concluding these hearings at 12:00 this afternoon. Members of this Committee have other committees and other matters to attend to today. So that is why we're going to conclude at 12:00 noon.

Let me start by calling Dr. Henry Plotkin.

Good morning, Dr. Plotkin.

HENRY A. PLOTKIN, Ph.D.: Good morning.

SENATOR CHARLES: Let me just say that Dr. Plotkin was a part of the commission that presented the paper, which was the inspiration, or the instigation, for these hearings. And because of that, I've allowed Dr. Plotkin more than the three to five minutes. He's going to give some context to that paper, and also to the framework that we're dealing with as a Committee today.

DR. PLOTKIN: I thank the Chairman.

Is this mike on? (referring to PA microphone)

SENATOR SWEENEY: Is the red light on?

DR. PLOTKIN: Now it is. I was waiting for the green light to come on.

Good morning. I've submitted written testimony, and I'll go through it, but I'll be skipping around a little bit because -- to respect the Chairman's time constraints.

It's a pleasure for me to testify in front of this Committee this morning. I'm particularly pleased, because part of the motivation, as the Chairman said, for these hearings was the State Employment and Training Commission's White Paper.

As someone who's been deeply involved in employment and training over the past decade, I am glad the importance of workforce issues, as described in the White Paper, is now on the agenda of this Committee.

You've all read the White Paper, so I'm not going to go over all the recommendations, but I do want to just comment that the first recommendation of the White Paper said that for workforce issues to matter, it must capture the attention of the State's leaders. And, frankly, having this hearing demonstrates that.

Let me begin my testimony, however, by quoting my Chairman, John Heldrich, who spoke to you last week. And he said we are at a crossroads. And what he meant by that, I think, is that for the workforce investment system to remain as it is, a deeply fragmented series of programs, which individually may be excellent, but together only represent an unfocused series of initiatives lacking the force or seriousness of purpose necessary to create an integrated and comprehensive system--

To be blunt, New Jersey and the rest of the nation, workforce has never been a major priority. And while there are many reasons for this

historical fact, it is no longer acceptable in our time where the supply of labor and the demands of a labor market are so out-of-bounds.

Let me offer one broad and telling example of our current dilemma. Nearly 40 percent of adults in New Jersey lack the basic skills that will allow them to fully participate in the higher-wage and higher-skill sectors of this economy. When semi-skilled jobs were more abundant in manufacturing, with job and wage protection offered by unions, the relationship between skills and income was less direct. In this economy, there is an ineluctable relationship between what you know and what you earn. All projections about the future of the economy will only strengthen and reinforce this link, and thus, the economy will continue to reward those who are skilled, as it will punish those who are not.

We believe that programs at the State level must be consolidated in order to reduce the fragmentation. There are too many programs in too many State agencies with similar or overlapping goals and target populations. This leads to a number of inefficiencies, including redundant oversight activities, duplicate administrative costs, and disconnected contracting procedures. What we have is a Rube Goldberg-like system, where an outlandish and intricate bureaucracy has been devised for programs that were designed to accomplish absurdly simple purposes. I have never met anybody who would, if starting from scratch, have invented the current workforce investment system.

This recommendation for consolidation must be understood as a means to an end. That end is how money flows from the State to localities where services are actually delivered. Talk to any One-Stop operators, as you

will today; any principal of any adult learning center; any continuing education educator; any dean from a two-year or four-year college; any proprietary dean. Talk to any service provider, and they will tell you that siloed programs, each with its own budget requirements, eligibility standards, and performance measures, represents both additional administrative costs and reduced program effectiveness.

The goal and measure of any consolidation must be to improve the quality of services at the local level. By moving to consolidate to-work programs under a single administrative umbrella, the State will be able to integrate resources into quasi block grants that, within the limits of law and regulations, will produce a more flexible, effective, and efficient local delivery system. Such a system, when supported by clear and rigorous performance measures, is the best guarantor of the provision of high quality services. Again, the workforce investment system is blessed with many excellent programs. These proposed changes will transform them into a system that is truly accountable.

Another major argument in the White Paper has to do with the status of work in our educational system. There is a clear paradox in American education where we spend, at the K-12 level, more per capita and care more about achieving equality through education than any other nation, yet our results are the most unequal in the industrial world. No nation has better students than our best, but no industrial nation has as many dropouts and ill-prepared students as our system produces. We need to more clearly align our schools with the direction of the labor market.

I remember when my son was in third grade and they were starting to teach him cursive writing, a course I particularly loathed. I asked the teacher why, in the age of computers, he was not being taught HTML, the language of the Internet. My son's teacher was wonderful, highly qualified, smart -- did not know what HTML was. I think, unless we begin to more carefully link those skill requirements that the private sector needs, the skills -- the schools will have this constant mismatch of workers and jobs.

A known fact in the modern and globalized economy is that capital is mobile. What's less well-known is that so is the distribution of skilled work. If you dial an 800 number because your computer stopped working, you got the blue screen of death, and you need technical support, you are likely to end up talking to a technician in New Delhi. Sadly, it is more likely it would be someone in India rather than someone in Bayonne.

The consequence of not paying full attention to the workforce investment system is that we are in danger of producing a society in which the skilled do well economically and the unskilled do not. Such a two-tiered society of the rich and of the poor will not match the promise of American life. The vast constituency who will need a strong life-long learning system -- which includes dislocated workers, the incumbent workforce, high school dropouts, displaced homemakers, and welfare recipients -- these will be the victims of a system that does not adapt to their needs.

As you move forward, you must develop new policy, and you folks-- As you heard the testimony last week, New Jersey and the nation have severely reduced the welfare roles. Yet, the great question that remained unanswered is, what happens to people after they leave welfare, what happens

after they get their first job? The same question can be asked of the many who acquire minimum wage jobs. What this requires is New Jersey and the nation to develop a comprehensive and systematic strategy to assist the working poor in getting their second job and their first promotion.

New Jersey has invested a great deal in its educational system. We must harness the energy of that system, through the leadership of the State government, and create a life-long learning system that can address people throughout their careers.

Finally, I want to stress that whatever changes are made to give the workforce investment system the visibility and support it needs, must be done cooperatively. How change takes place is as important as the change itself. Thus, our proposal ought not be seen as taking from one department and giving to another as part of some zero-sum game. It must be understood as an attempt to strengthen the system and give focus to important public goals.

It is my belief that strengthening the delivery of workforce investment services through One-Stop Career Centers will greatly enhance the delivery of workforce investment services. The evolving One-Stop system incorporates the workforce investment activities of 19 major programs and is responsible for delivering key employment, training, education, and human services. By providing universal access, customer choice, and integration of services, One-Stop Career Centers are the best institutional framework for the unified workforce delivery system. This is especially true since their policies are based on the planning efforts of local Workforce Investment Boards, whose broad membership allows for input from business, labor unions, educational

institutions, community-based organizations, and local elected officials, among others.

At the State level, the support and nurturing of One-Stops can best be accomplished by reinventing the Labor Department. The mission of that Department would be to integrate the various to-work programs into a seamless and highly transparent whole. Other departments and agencies -- Human Services, Education, Higher Education, Commerce and Economic Development, Community Affairs -- would still have vital roles to play as partners, according to their respective missions. This change will facilitate the building of an integrated workforce investment system at the local level.

Such a system will provide students, workers, those seeking employment, and the business community with a one-stop portal from which they can get the services they need. One unified system is what New Jersey needs, not a series of separate systems, designed for every constituency, that often stigmatize as much as they help. One system, with many partners, that will provide the universal access to all who need its services. One system, where the customer comes first and the standards for service rival anything in the private sector.

If we can transcend the narrow bureaucratic boundaries, which all of us fall victim to, and think instead of what the high school dropout needs to reconnect to society; what the welfare mother needs to obtain her first job and get a second job; what a 55-year-old displaced worker needs, who has just lost his or her job and needs to pay for a child's tuition; and what that displaced homemaker needs as she confronts the labor market for the first

time-- If we think of all of them and what services they need to make their lives whole, we will, in the end, come up with the right answers.

I thank you.

SENATOR CHARLES: Thank you, Dr. Plotkin.

Any questions? (no response)

The unified system that you're talking about, do you have some concrete description of what it would look like? I mean, what would it involve for us to go, as a State government in New Jersey, from where we are now to this unified system? What, in a primitive sense -- simplifying, of course -- needs to be done? How does it get done? Can it be done? Is there a Federal barrier to it? Is it connected to the Federal government and Federal legislature? For our purposes, as a Committee, just practically speaking, we're not involved directly in it. How do we get from where we are now to where you think we ought to be?

DR. PLOTKIN: This is one of the few times I'm actually going to say something nice about the Federal government. In this particular case, through the Workforce Investment Act, the Federal government mandated for various programs, labor and others -- 19 altogether -- that they be put into one One-Stop system. New Jersey was one of the early adopters of One-Stops. We got a grant early on. And over the past six years, we've been building One-Stop systems. And there are some exemplary ones, where--

The true answer to your question is, what they would be -- no matter what your workforce need is, be it for training, be it a job, be it a business, whatever that may be -- you go to one place. You're greeted warmly in a friendly atmosphere, and you're easily directed to the services you need,

rather than asking a welfare mother to go here, a dislocated worker to go here, a high school dropout to go there, there's one place with expert staff who have the information, who can guide you to get what you need. And that's really the dream of the One-Stops, where you can go to a half-dozen, a dozen, of them right now and, at least, see the outlines of what I'm describing in place. You can also see areas of the State where there's wonderful cooperation among the agencies, others where there's less cooperation. The burden of the argument that I'm trying to make here is, it becomes more difficult--

You had asked the question, Mr. Chairman, last week of my Chairman, John Heldrich, or Commissioner Kroll, I can't remember which, to what extent is the Federal government responsible for a lot of the problems that we have? And my answer to that would have been, had you asked me, that four-fifths of it is the inability of the Federal government to get its own house in order. The three major Federal departments -- HHS, Education, and Labor -- could not even agree to sit around a common table together to develop common standards. Common block grants -- an easy way for states to deal with things.

So what states are confronted with are a bunch of siloed programs coming from Washington, and, then, we're then asked to integrate those programs at the State level. But we don't do that. Instead, what we do is pass those siloed programs on to the local level and say to the locals, "Well, you do it. You integrate it horizontally."

In the simplest form, the suggestion we're making here is, let's make it a little bit easier, by integrating them more effectively at the State

level. And that should lead to a much more flexible and open local workforce system.

SENATOR CHARLES: Thank you, Dr. Plotkin.

Any other questions? (no response)

DR. PLOTKIN: Thank you.

SENATOR CHARLES: Thank you.

The next witness will be Jeff Stoller of the New Jersey Business and Industry--

I'd ask you, before you begin, Jeff, if you would try to limit yourself to three to five minutes.

JEFFREY STOLLER: Oh, absolutely, Mr. Chairman. In fact, I was going to say, in the interest of time, what I'll do is simply touch on some highlights of the written statement. If there are follow-up questions, when you read the entire statement, I'd be glad to follow up in the days ahead.

First of all, thank you, Mr. Chairman and the entire Committee -- first of all -- for having this series of hearings looking at what we regard as a crisis in worker training and meeting the skills demands of the private sector. We'd also like to compliment the Committee on recognizing that this simply isn't an issue that involves the Department of Labor alone, but involves many of the other departments and agencies you've heard from and a wide range of people, both in business and the labor community. Again, our compliments to you for elevating this issue and giving it the attention that it requires.

I just wanted to say that each year, our Association, which is now up to 18,600 employers statewide, we survey and ask them what are their top

business problems in this annual survey. And we were astounded by the results that came out last fall.

As you know, 2001 was a tough year, economically. But when we asked them to name their absolute top problems, no surprise number one was health care, and the costs regarding that. No surprise that number two was property taxes, because that's about \$1.3 billion that employers pay statewide in property taxes. But number three, among all the other problems they could be struggling with, number three, right behind those two heavyweights, was difficulty finding skilled labor. And that really astonished us, especially in the midst of an economic slowdown. Seventy-three percent of our members reported having difficulty finding skilled workers. And 62 percent were struggling finding technical staff, professional support staff, and the like.

And it's not just us. I've brought along a report from the National Association of Manufacturers. Their report for 2001 on the skills gap nationwide tells a similar story. Eighty percent of the manufacturers, even in this climate, cannot find the workers and the applicants with the specific skills they need. They can get tons of résumés. If you advertise for something, you'll have a lot of people coming through the door, but matching the people available to the jobs that are opening, especially those in the high-wage emerging jobs that have a future, that is the struggle that's on.

So our response, in our testimony that you have before you, focuses on two suggestions we have, in terms of what this Committee and what the State government in general might respond to.

Our first suggestion is that we all work together to restore full funding for the Workforce Development Partnership program that was

launched in 1992. That really was -- it began as a very small program -- \$2 million back in 1992 for customized training. It was such a good program, it was getting such great results, it was helping identify, before people were laid off on the job, and getting them some pre-emptive, if you will, training. It was matching employer grants so that if the technology was changing and workers need to upgrade their obsolete skills, we can keep them off of unemployment by intervening with this matching program. And we got enthusiastic support. Literally, we went side-by-side with the representatives. I think it was Jimmy Kirk at the time, with AFL-CIO, and I went from committee to committee and got tremendous support from both parties in the Legislature. And we were able, through a voluntary contribution of the employees of the State and the employers, to take just a limited amount of money that would normally just go into the unemployment fund and divert it, not only for customized training, but what expanded to be individual grants for displaced workers who, perhaps, had already been disconnected from the workplace.

The track record since 1992 has been fantastic. We are very proud of the results of this program. We have retrained hundreds of thousands, literally, of employees and displaced workers. And it's a great program.

So what's the problem? The problem we see is that this was, originally, a \$2 million program. The whole point of making these contributions was to get a budget generated that we believe is still in the range of our figure, \$60 million. The Department can tell you what the actual figures are. But our sense is that only a fraction of that money, now, is actually getting to the customized training program, where job placement is as close to

100 percent as you can. I mean, if you're being trained through that program, there's usually, almost always, a specific job waiting for the trainee. That's hard to beat. We just believe that some of these moneys have been diverted for other things. It might even be for other worthy programs. It might be part of the budget-balancing effort. But here's a program that's getting people trained with specific skills. And in recent years, we've even gone along and authorized it to be used in situations where English literacy, computer literacy grants are being offered, ISO 9000 quality grants.

This is a dynamite program. It is money that the State would ordinarily not get access to. If that money goes straight into the UI fund, the Federal government puts a lock on it, and the State can't access it.

So we are just very frustrated at the thought that there could be dollars that are not flowing to this program as intended. And that will be project number one we could work on, because we think you get tremendous bang for your buck, literally, on that. It is money that is being, essentially, voluntarily handed over by the employers or the employees. At least it was at the beginning. So we hope that you will work with us on that proposal.

We heard in the testimony you took at your last session-- I believe you had a conversation with Commissioner Kroll saying, "Well, why is some of this money, even at the lower levels, being returned at the end of the year?" And he admitted that, perhaps, this program hasn't been promoted effectively, because our belief is that if every worker and employer in this state knew about this possible matching grant that they would be pursuing it, and we wouldn't have a cent left at the end of the year. We'd love to see that happen.

So one of the things we've tried to do -- the Association in combination with the cooperation of the New Jersey County Colleges -- the Council of County Colleges -- have circulated thousands of these brochures alerting people to the fact that this program exists and that we're actively trying to get people to take advantage of it.

So, again, we're doing our part, but we really believe that there's a lot more all of us can be doing to move this along. It really could have an impact on this situation.

The other thing -- and this is our second recommendation in terms of how do we deal with the skills gap that appears to be shaking up here in this State -- and that is, to take an even broader approach. And, fortunately, you just heard from Henry Plotkin -- last summer, the State Employment and Training Commission already launched an effort to really try to develop what I like to think of as a State policy, a State strategy, if you will, to address the skills gap specifically.

I'll be involved. I know Dan Egretsky of the Chamber of Commerce is one of the people that's working with SETC. And what we're hoping to do is focus in on the industry groups that have the best growth potential for the future. And in my testimony, you'll see the list of those specific industries.

But the idea is, if we can identify where the economy is going, to some extent, we can anticipate what those skill needs are -- and work with the educators, work with organized labor, work with business, work with the State -- and really try to make sure that our skills training is in sync with where the opportunities are and not let this mismatch go on.

So let me simply conclude -- I know my time is up, Mr. Chairman. I'd simply like to say that NJBIA shares Commissioner Kroll's belief that worker training must be a top priority for the State. It is critical to our future job growth, and we will be very pleased to work with you, the Committee, with the agencies you're hearing from, organized labor, and the educators who all have to play a role. And we hope that we're all moving in the same direction on this one.

Again, thank you for making this an issue, calling attention to it. And there's a lot that could be done. So thank you.

SENATOR CHARLES: Let me just say that, in addition to the paper and the issues that it raised, I must say to those who are gathered here in the audience, that earlier discussions with Mr. Stoller, as a representative of the Business and Industry, pointed us in this direction, too. In the beginning of the term, we talked about some issues that we all should work on. And this was one of the issues that Jeff Stoller and BIA suggested that we do something on. It provides an opportunity for all of us as legislators, as policy makers in the private sector and in government, to come together and get something done that is helpful to all of New Jersey.

And I'd like to thank you, Jeff, for support there.

Just a question I have about-- There's this gap that we're talking about. The gap is caused by deficiencies where?

MR. STOLLER: Well, I think we are--

SENATOR CHARLES: Well, let me finish my question.

MR. STOLLER: Sure, I'm sorry.

SENATOR CHARLES: In education on a primary and secondary level, education on a higher education level, in vocational schools-- Where is the gap caused?

MR. STOLLER: Well, I-- Let me tell you a quick story that I think illustrates and answers that question. I met, just a few weeks ago, with a person who works with one of the major utilities. They have, literally, hundreds of openings in technical areas opening up. And he was telling me how it takes 6,000 applicants to fill about 1,000 positions that are going to be coming up on a regular basis.

SENATOR CHARLES: And these positions are what kind of positions?

MR. STOLLER: These are, like, very good paying, technical things tied in with the utility. It's a range of jobs, but we're not talking low-level, low-skilled jobs. But they're good paying. They're the kind of job you would like to see anyone going for. But 6,000 applicants have to be screened in order to fill, roughly, 1,000 of the positions.

And I said, "Well, what's the problem?" You're exact question-- "Is it at the low end, is it that people can't meet the expectation, or are you just having mismatch at the high end with the college-bound group?" And he said it was both. He said, "At one end, we're losing people who might apply because they can't do the ninth grade math that you have to do to get into some of these positions, or some can't pass the drug test, or some haven't acquired the basic workplace skills in any other setting" -- about, you know, you have to report for work at a certain time each day -- just those basic workplace skills. And at the same time, he was discouraged by the fact that

they're losing others, maybe students or young adults, young trainees, who might be able to do the job well, but have been told, "You don't want to go into this kind of work, because it's not necessarily something that you're going to require a four-year college degree." And I think we've lost some people there. And I've actually heard that from some of our friends on the organized labor side, who are looking at some apprenticeship that lead to very well-paying, high-skilled, challenging careers through apprenticeship, and are getting the same line. "I'm sorry, that's somehow not a viable option." And the frustration of this executive was that a young person with a high school preparation going through one of his technical training programs could start in the mid-30s -- \$30,000 range -- and within just a few years be making \$65,000. So we're not talking about dead-end jobs, we're not talking about jobs without opportunity.

So to answer your question, again, Mr. Chairman, I think we're struggling with two problems. We've got people who are not able to come out of high school and be within striking distance of those basic skills to get the entry level and, at the same time, you know, we have a system that's probably doing a great job of channeling people into four-year college programs when, in fact, there may be a lot of opportunity that doesn't necessarily require a four-year college degree. And I think that's the other end of the spectrum that we have to look at.

SENATOR CHARLES: Thank you.

I'd like to welcome, to the meeting this morning, Senator Littell and, also, Co-Chairman Lance.

Senator Littell.

SENATOR LITTELL: Thank you, Chairman.

I just wanted to ask Jeff how much of the money in the customized training program is not given to the client? And how do you suggest we correct that?

MR. STOLLER: Excuse me, how much is not paid where?

SENATOR LITTELL: You said the customized training program -- the money is not getting to the client.

MR. STOLLER: Oh, well, we're just saying that the figure, I believe, for this year was \$25 million for the customized training program. But I don't pretend to know the exact figures. But there's a sense that that isn't really reflecting the amount of money that is being generated, again, by both employers and employees into the overall Workforce Development program. We believe that if the full amount, which, again, we believe for the whole program is in the \$60 million range-- If large amounts of that weren't being diverted, we think that that \$25 million figure for the employer-based programs would be higher and, also, there would be more money for the displaced workers and all the other elements.

We're just very concerned, and we raise the concern. If the Department of Labor can tell us the exact numbers -- and maybe those fears are exaggerated. But from everything we're hearing, our sense is that we have been generating tens of millions of dollars that don't reach any of the programs, whether it's customized training that's employer based, that's displaced workers. A certain amount of the money is a small set-aside is for safety training. I believe there are a number of the unions that have been involved with that. I'm just worried that-- Again, those are programs that

result in job placement, in high-wage jobs. I mean, the specific legislation and the program for a decade, now, has made clear you cannot be training people for what's, basically, a dead-end, low-end job. I think, at the very least, they have to be \$10 an hour jobs or up. And we're just saying any money that is not reaching those programs with that high impact is really a shame, or worse.

And so I can't give you the exact figures on it. Our sense is \$25 million isn't the amount we can truly free up for employer-based customized training. Again, we'd like to work with the Department to find out exactly where the rest of the money has gone. We believe that it's been diverted to other purposes.

SENATOR LITTELL: Thank you for your answer. Would you please, through the Co-Chairs, send us a letter outlining what you think the problem is?

MR. STOLLER: Oh, sure. We have a written statement that should be available up there. And, again, we'd be glad to work with you trying to find out what the exact numbers are. Perhaps the Department of Labor can shed some--

SENATOR LITTELL: Thank you.

SENATOR CHARLES: Any other questions? (no response)

MR. STOLLER: Thank you.

SENATOR CHARLES: We'll next hear from a panel. Dr. Brian McAndrew, Dr. William Adams, Dr. Robert Noonan, and Judy Savage.

B R I A N M c A N D R E W, Ed.D.: Good morning.

SENATOR CHARLES: Good morning.

DR. McANDREW: My name is Brian McAndrew. I'm the President of the New Jersey Council of County Vocational Schools. And with me is Dr. Robert Noonan, Superintendent and Vice President of New Jersey Council, and Superintendent of Essex County Vocational Schools; and Dr. William Adams, who is Superintendent of Salem County Vo-Tech Schools, and past president.

Senator Charles and Lance, we wish to thank you for inviting us to come this morning to testify on what we consider to be a very important issue. I'm going to ask my colleagues: Dr. Noonan to speak on the role of county vocational schools; Dr. Adams to speak on the Perkins Law, particularly; and then I will talk about the workforce coordination in general, and then we'd be more than glad to respond to some questions you might have.

With that, I will turn the mike over to Dr. Noonan.

ROBERT NOONAN, Ed.D.: Good morning.

In responding to the White Paper in earlier testimony, I noted that there were three areas identified as involved in workforce investment. One was K-12, the other was higher education, and then there was the workforce investment system. The vocational schools is, perhaps, the one entity, although perhaps there are others, that crosses all three of those lines, that encompasses all of those elements. There are 21 county vocational systems with over 60 work sites. We have over 800 approved occupational-specific programs ranging from traditional programs, in the building trades where there is still a need -- and there's a very important need with the building of new schools and other entities -- to the high-tech areas.

We're fully committed to high skills, high wages, working with business partners. We just had a wonderful luncheon where we honored our business partners throughout the state.

I guess the issue that sometimes is missed is that, apart from the 25,000 secondary students that we serve in our schools, there are at least 39,000 adult students that are at post-secondary institutions with a specific focus on the needs to get adults into the workforce. We train for the workforce. We have a range of programs from occupational specific, full-time post-secondary, very specific license -- practical nursing, dental assistant -- to second-chance post-secondary.

Each of our counties are somewhat different. Some, like Hudson County, have, actually, more adult students than they have high school students. In my county, we're competing. We have the largest high school population, of about 2,100, but that has displaced some of our ability to serve the adult students. But we've been actively involved in this process of preparing individuals for the workforce.

And you're going to hear from the WIBs later on. As you probably know, we are ex-officio members of the WIBs. I serve on two WIB boards. There is a Newark WIB, and then there's an Essex WIB that serves the rest of the county.

To give you an example of the role of vocational schools, when a program is put forth, so often they come to us. And a prime example is, there's currently -- and the Department of Labor's involved in this, the Department of Treasury is involved in this -- is pre-apprenticeship training, the investment of the half of 1 percent set-aside for minority and women training that has

been there for a long time. But now we're focusing on, in Essex County, \$2.1 billion in school construction and how we're going to get the workers for that, so that community people can be involved in this major undertaking.

When they came to put that program together, the vocational school was the nexus in all cases. We're in a program with the county, we're in a program with the city, we're in a program with private organizations. And why is that? It's because we're an institution. There's nothing wrong with institutions. And they're not just mortar and brick. We have the teachers with the expertise, the administrators with the experience in dealing with the issues of occupational education. We're the glue that holds many of these programs together. You cannot reinvent some of this expertise.

And over the course of decades, the vocational schools have developed that and continues to change. We are the high-tech leaders in so many instances. We have programs that range from our high-tech high schools that have some of the highest achieving students -- Dr. McAndrew has several fine examples of that -- to still serving special education students with their special needs. We're actively involved in adult literacy. So we are a major component in this whole process.

I guess one of our frustrations -- and one of the things we have to constantly argue for -- is our role in education. But I think the Commissioner testified that he sees us as a model. First, to be a model, we need to be brought forth. Frustration in an urban center is the demands are so great.

Just to give you one -- the last point, we have a school called the Technical Career Center, often referred to as Newark Tech, built in 1975, after the Newark riots, as an adult training center. It is now a high school, because

the demand for the high school training is so great, but so is the demand for the adult training.

So there is a question of resources out there. We're prepared to do more, but there is an issue of capability and capacity. We have, I think, the right focus on that issue.

I'll turn it over to my colleague, Dr. Adams, who's an expert on many sources of funding.

WILLIAM ADAMS, Ed.D.: Thank you, Bob.

Chairpersons and members of the Committee, our distinguished Senator Sweeney, thank you for the opportunity to provide you some information regarding the Perkins Law and how it would affect, and how it does affect, us in terms of delivery of current technical, vocational, and occupational education, as we work in partnership with many entities in our respective counties.

As you look at the three counties, of the 21, that are represented here -- Monmouth, Essex, and Salem -- we're each different, but we each provide similar types of services to the students in our regions and the adults in our regions.

In Salem County, for example, we provide students education in the traditional programs: the culinary arts, the cosmetology. We also provide students training in the high-tech areas such as CAD and computer and communication systems technology. We provide the special populations an opportunity to get the career training they need to succeed in life and to become productive citizens.

We also provide programs that are highly focused, in our academies. Much of what we do in Salem County has to be done in partnership. We're small, we don't have either the human or fiscal resources. So collaboration and partnership are key.

As we look at those collaborations and partnerships, one of the sources of funding that affects the county vocational schools, our comprehensive high schools, our community colleges, in particular, is the Perkins Funds. There are approximately \$24 million, directly, that come into New Jersey through Perkins, another \$8 million peripheral as a result of Perkins. And when you add in the adult education fees that were mentioned earlier by Dr. Plotkin and others, I believe, in the beginning testimonies, we're talking almost \$52 million of Federal moneys that come into New Jersey to support adult literacy and to support vocational-technical training.

Perkins, in particular, is very important to us in that most of our county vo-tech schools -- in fact, a good 18 of the 21 -- rely on Perkins dollars to support technology and equipment purchases. Under the current Federal law, those moneys have to be administered by a single State agency. That single State agency is the New Jersey Department of Education, through the State Board of Education. It also serves as the State Board for Vocational Education.

The State Board for Vocational Education-- As the State board met two weeks ago at the Union County Vo-Tech School, the entire board, the Commissioner, and his entire senior staff viewed the programs that we have to offer in Union County and saw some of the collaboration with local businesses, labor unions, the community college that we rely on.

As part of Perkins, we are part of the New Jersey Unified Plan for Workforce Readiness. A whole chapter in that plan is our State plan for vocational education.

As we look at unifying and working in partnerships, I think we have to move in a slow, deliberate fashion to make sure that we do not jeopardize any of those Federal funds, such as the previous speaker mentioned, in the Department of Labor. That's critical. We've seen some things in Chapter 34 B and C that are being proposed, perhaps, as a corollary to the White Paper, and we need to look at those items to make sure that we don't jeopardize Perkins funds or any of the other Federal funds that we use to support and to supplement, not supplant, what we receive in those areas, and that we maintain our State maintenance effort here.

Brian, if you want to--

DR. McANDREW: Yes, basically what we're looking to do is also what I believe this Committee is looking to achieve. That is, how do we create a better coordination, which, in essence, would be a better workforce.

You asked Henry Plotkin a question: What is it going to look like? Well, we would like to know what it's going to look like, also. As recipients of grants from many different departments, because of the uniqueness of the county vo-techs, we recognize the different bureaucracies and the requirements of various departments for facilitating and overseeing grants. We, as implementers of these grants, quite frequently see the inconsistencies and, many times, some duplications, in terms of what may take place, as they're being implemented at the State level down to the providers that we are.

What we would like to see happen is, I think, reflective, also, of what Commissioner Librera had said at the first session, and that is that there needs to be a continual conversation. It would be also, possibly, a great idea, maybe, to bring the Senate Education Committee together with the Labor Committee to have these hearings and discussions.

So we see constant conversation taking place. We think that we need to have conversation about what will it look like so that we don't end up having turf wars all over the state. And I think that would be a concern for everyone.

We have, as Dr. Noonan had said, concerns about the White Paper. There are some great things in the White Paper. However, the White Paper should be a basis for some discussion. And some things that are in that White Paper, such as turning the Perkins dollars plus the county vo-techs over to the Department of Labor-- Not that we don't like the Department of Labor. We are educators. That is our customer -- our students -- whether they're secondary students, whether they're adult students, whether they're post-secondary students. But our customer is the student, and the quality of education that we deliver to them. So we're concerned about that always.

A by-product of us doing our job with our customers, the students, will be the employer being satisfied with more high-quality workers and, also, the economy in New Jersey, which we are all concerned about.

So we look for continual coordination. We want to be a part of that coordination. I presently sit on the SETC. However, we feel that the New Jersey Council of County Vocational Schools, that has a statutory role with the State Board of Education, should possibly have a statutory role with the SETC,

also, and any other coordinating councils that may exist in order for that articulation to continue.

So, Senators, we are certainly pleased that you've asked us to come. We'd be more than glad to continue this conversation. We certainly will respond to any questions that you might have.

SENATOR CHARLES: Thank you, doctor.

Any questions? (no response)

I have-- This gap that we're talking about, between skills and supply and demand, the skills and the people who would be needed to fill them -- and we're talking about technical types of positions.

I asked the question earlier about where is the problem developing, mainly. Can you trace it mainly to a K-12, can you trace it to higher ed, whatever? And it seems that one of the areas which is vested with the responsibility of vocational-technical training is your particular area. And I heard someone mention earlier in testimony about figuring out where the economy is going, figuring out what the job requirements are going to be, the job needs will be, and then doing something about it in the places where people are being trained and educated. That might be within your jurisdiction.

Do you have the kind of flexibility, dollars, resources, or whatever to be nimble enough to deal with those types of changing technologies that we need and the curriculum changes that are going to be required? And if not, what do you need?

DR. McANDREW: Well, our source of funding is really three-fold, four-fold. One is that we all have a certain amount of support from our county Board of Chosen Freeholders through the county tax levy. The second

is State aid, which slides from county to county, because each one of us receives State aid based upon the aggregate of our total county wealth. So we have an Essex County, who may have a higher tax support base, versus a Monmouth County or a Cape May, who may have a very small State aid tax base.

We also get our important piece of what Dr. Adams talked about, the Perkins dollars, in terms of -- actually, as a facilitator to do more things, because those dollars are not there to duplicate services. They're there to start innovative, and provide the equipment and the technical equipment that we need. We also, some of us, charge tuition to our local constituent districts that send students to us. I think every single county vo-tech in this county is capable of expanding, if it had the resources to do so at all of those levels. So that we definitely feel that our growth is really stymied. And in particular, I saw Dr. Noonan's hands in terms of the urban area-- Definitely, we need to see an infusion of dollars.

Bob, did you want to make a comment?

DR. NOONAN: Yes. This is not an easy question, as you know, but there is a number of us vocational schools that are in the urban centers. And that's where the literacy issue is, perhaps, the most frustrating.

We've had some success. Hudson County has had some success. Our graduates are able to go to post-secondary -- about 70 percent of them -- not all graduate, but that's true of all of the schools. But they do have a skills base, and they are able to be employed, and they can be employed at a higher level.

I think one of the areas we really need to focus on, and it's in the post-secondary, is the second-chance education. We run a literacy program -- about 800 students -- about 500 or 600 of them are ESL students. There is a large immigrant population. And that group is not readily available. I heard the testimony from Business and Industry about the number of applicants. Well, we just ran -- are running a pretty successful pre-apprenticeship program, but we prescreen those individuals, and we find out a good number of them don't have the basic literacy. And that program takes the longer, kind of, focus and educational focus to get those individuals to the point where they can avail themselves of even further training that can give them access to something other than the lowest paying jobs.

So I think we need to really look at our second-chance. We do some good work there. We don't have enough resources. I think it's a very important area. But that is a population that needs a lot of preparation to get them ready to enter the workforce. Sometimes second-chance -- basically mobility. Some of these people were not even educated -- were not raised, initially, in New Jersey because of our tremendous mobility in this nation. I think that's a very important area to focus on.

Again, we need strong educational institutions and draw upon the resources of all of the schools to address those problems. To some extent, post-secondary education, second-chance, third-chance, continuous availability is a weak sector of the education program. And we need to focus on that. We're prepared to work on that process.

SENATOR CHARLES: Thank you, gentlemen.

SENATOR SWEENEY: Chair, I have one question.

SENATOR CHARLES: Excuse me, we have one question.

SENATOR SWEENEY: I guess, clearing up some confusion in the White Paper, my understanding was that this would exclude education. Is this clear to you that you're going to -- at the end of the day, that vocational schools will be directly under the Department of Labor?

DR. McANDREW: There is a section in the White Paper, which Mr. Plotkin has indicated, that is no longer part of the agenda. However, it is still part of the White Paper, which talks about transferring all Perkins-types of programs to the Department of Labor.

And we are, as we indicated, educational institutions. We believe it's most appropriate that we stay in the Department of Education and that there is a coordination with the Department of Labor and all of the other divisions.

SENATOR SWEENEY: You feel that you could stay where you're at and coordinate. There's no reason why vocational schools wouldn't coordinate within this White Paper to obtain the goals that we're trying to receive, right -- to achieve?

DR. ADAMS: Senator, we believe that through the Department of Ed, there needs to be a collaboration. Yes, the departments at State level and locally have to work together. And there could be and should be better coordination. We believe that we should remain in the Department of Education. As Brian said, we serve students. We work with employers, we work with labor unions, but we primarily serve students.

The other concern with the White Paper is proposed legislation. That's Chapter 34 B and C. In that proposed legislation, there is some

confusion as to whether we would remain in the Department of Education, or whether we would be in the Department of Labor. I spoke to Commissioner Librera on Wednesday evening about that, after he testified here last week. And he shared that same confusion. And if that should move forward, there needs to be clarification. And there may be some influence from this Committee that could be -- that could address that problem.

DR. NOONAN: If I could just make one other point-- In the White Paper, there's much discussion of impacting the entire K-12 or the Department of Education system. We were recognized by the Commissioner as the model-- This, to some extent, has been ignoring of career education, career-specific, in the general comprehensive high schools. If we're not still that model and still the active force within the K-12 system and the post-secondary system, we will lose our-- There's a tendency to say we are something else. If we're something else, then how can the comprehensive high schools become like us? We need to be in that mix and impacting on the focus of education. We are schools.

SENATOR SWEENEY: Chairman.

SENATOR CHARLES: Yes.

SENATOR SWEENEY: This would be of a great concern to me personally, because I believe in the role of vocational schools and what they do. And I tend to agree that they're doing this. I wouldn't want to see them lose their identity.

SENATOR CHARLES: We're taking note of this. And as everyone knows, we, as a Legislature, will have something to do with what new looks come about, if any. And we'll keep all of these important ideas and

critiques in mind as we go about doing our work. And we appreciate your testimony.

DR. McANDREW: Thank you.

DR. NOONAN: Thank you.

DR. ADAMS: Thank you.

SENATOR CHARLES: Excuse me, we have one additional-- You guys can't seem to get away.

We have one question from Senator Lance.

SENATOR LANCE: It's not a question, but it's nice to see Dr. Noonan again.

DR. NOONAN: It's a pleasure to be here.

SENATOR LANCE: When I was a young staffer for Tom Kean, in his first term of office, Dr. Noonan was the executive director with the Senate President Orrechio. And I'm envious that you haven't changed in appearance. (laughter)

DR. NOONAN: Could we both be young staffers?

SENATOR LANCE: Yes.

Chairman, might I have a moment of personal privilege?

I note, in the audience, the presence of several classes from Hunterdon Central High School, under the leadership of Mrs. Maureen Startzel. Mr. Musick of OLS came up to me to ask whether I recognized the classes, and I did before Mr. Musick told me you were here. Although, I must say, you are better dressed than when I appeared before your class two weeks ago. You really are spiffed up today, young ladies and gentlemen. And we're pleased that you are here.

Senator Charles and I chair this Committee. This is not really where we usually meet. We are located today in the historic chambers of the New Jersey Supreme Court. And in more recent years, this is the Assembly Appropriations Committee hearing room, a Committee on which both Senator Charles and I served before we came to the Senate.

We are pleased that you are with us this morning as we discuss issues important to young people your age.

Thank you, Mr. Chairman.

SENATOR CHARLES: Thank you, Co-Chairperson Lance. And I'd, on behalf of the Committee, like to welcome the young folks who are with us this morning. I hope you find this morning, and the rest of your time here in the State House, very informative, very inspirational, educational, and you'll involve yourselves as vigilant citizens of this great country in participating in the things that vigilant citizens have a responsibility of doing. So it's good to have you with us this morning. Come again any time you can come, although I realize we meet at the times you are supposed to be in school, so you can't make yourselves available too often. But it's good having you with us this morning.

Now you gentlemen -- I think you can leave now.

DR. McANDREW: Thank you.

DR. ADAMS: Thank you.

SENATOR CHARLES: Dr. Noonan, good seeing you again.

DR. NOONAN: Good seeing you, Senator.

SENATOR CHARLES: The next witness will be Barrie Peterson, of the Institute on Work at Seton Hall University.

BARRIE PETERSON: Good morning.

SENATOR CHARLES: Good morning.

MR. PETERSON: I am a veteran career counselor, having worked in Bergen County through the Bergen Employment Action Project. And through that, we have partnered with the Bergen WIB from the very first. I also work with the Institute on Work at Seton Hall, which was founded by Ray Bramucci, before he was stolen away to Washington.

Our mission at Seton Hall is drawn from Catholic social teachings, emphasizing equity for those left out and win-win solutions in a nonpartisan way. And we also try to identify public policy that serves the common good.

I want to note that some of the Department of Labor money goes to support the employment channel and its weekly show “New Jersey Works.” And I was recently one of the folks interviewed on a four-part series on the New Jersey economy. There are two more to go. There’s a lot of good information, I think, there amongst the panel.

First, three comments on the WIB and WIA reauthorization, which, of course, is up in Congress next year -- August 8, I think. First, there is no clear consumer report card on training providers, despite its being mandated by WIA. Without accessible current performance information, choice for someone with a voucher is meaningless and the unemployed person is subject to the marketing campaigns of the providers, whether commercial, nonprofit, or public. Simply listing approved vendors without other information or mediation by a counselor who has proper knowledge does not meet the law or help job seekers. This failure is particularly hazardous where career counselor staffing levels have been cut or where WIBs are less

functional. This shortcoming in WIA implementation must be addressed or else consideration be given to returning to improved JTPA approaches.

Second, the WIB board makeup could use an improvement to better meet the mission by including only disinterested parties from all stakeholder groups: (a) where WIBs have input in management decisions, conflicts of interest from representatives of temp agencies or training providers must be eliminated by banning their membership, (b) representatives of job seekers need to be mandated. How about 10 percent in general, and also 10 percent from the homeless and TANF populations? If we are saying we are going to include everyone and get everyone's feedback, then it would be good to have their voices at the table at the WIB.

The third comment on WIA and WIBs: creaming due to misplaced incentive grants -- emphasizing enrolling someone who is likely to quickly get a job, any job, rather than providing services to someone truly needing help -- distorts WIA's intent. And this is the first comment that Ray Bramucci made to me when I said what ought to be fixed up with WIA.

Furthermore, counselors should be able to move someone more quickly through core and intensive levels to training. A number of comments this morning have said that people don't have the skills, and employers are hung up with folks who aren't ready. Well, we need to emphasize training. But WIA isn't necessarily set up to do that.

Credit should be given to the WIB or to their staff for the inputs made to people served in universal access, despite the difficulty of tracking this. This is the first level of service -- the public part. And yes, it's hard to

track that, but this is the first point of contact, which could lead to something else. And that should be emphasized as important.

Credit should also be given for aiding people into self-sufficiency level jobs with benefits, not low-wage, non-benefited jobs with no internal labor market potential for advancement. There is an OMB work that has been done on performance standards, so Washington is looking at this.

Finally, the homeless should be targeted for services through innovative outreach, partnerships with community and faith-based organizations, budget set-asides, and appropriate performance standards. There's something wrong when a majority of the people of our homeless shelters in the state are working.

Secondly -- or finally, some comments on other issues that might come up and, also, other issues which might be used as a lens through which to view any budget decisions or reorganization that you might be considering.

Here's the test -- or some other issues I think are very related. Health insurance was noted by Mr. Stoller as one of the top concerns of the BIA members -- the cost of it. Unfortunately, more and more employers are "externalizing their costs," onto the worker, the public, and eventually the unemployment insurance fund, since you bail out the uncompensated hospital care with that.

How about a simple solution? Lower the business tax on those employers who continue to provide health insurance and who continue to take responsibility for their workers? Change the decision points here.

A second larger suggestion: day labor is a huge issue. It's popping up all around the country, in neighborhoods all around New Jersey. State

leadership is needed here. The local groups that might be interested in helping, whether it's a merchants' association or a religious group or even the contractors -- they need some help. They need some leadership. There are models to set up hiring, to create a market where contractors and day laborers can come together with some sort of dignity and the information exchange. So some leadership is needed here.

Finally, School to Career-- Unfortunately, the Federal money on school to work has ended. We have been working at Seton Hall for over a year to try to help the Newark public school system get some assistance which they need to implement, properly, School to Career. We have been, so far, unsuccessful in interesting two major foundations to help with this -- with the help that is needed, that has been requested by the Superintendent and the School to Career office.

Some help is needed, in some way, to beef up the ability of a local WIB to be a broker to work with the school system to hook the young people up with employers in different ways for their mutual benefit. So those are the three areas which might serve as templates to look at any bill you're to consider.

Thank you.

SENATOR CHARLES: Thank you, Mr. Peterson.

Are there any questions? (no response)

Thank you.

Our next witness will be Hal Beder, of Rutgers University.

HAL BEDER, Ed.D.: Thank you, Mr. Chairman.

I think there are two essential points in the White Paper. The first has been spoken to by most people so far, and that is the point of bureaucratic consolidation. I support that, and I'll explain why in a moment.

But there is another point, even a bigger point. And that point is that in the United States, we have three systems of education: we have elementary and secondary, we have higher education, and we have a workforce adult education system. The first two are very well-known. The last is hardly known at all.

Last year, elementary/secondary education enrollments were about 53 million, higher education enrollments were about 15 million, and adult workforce enrollments were 64 million. The adult workforce system is larger, in terms of enrollments, than either elementary, secondary, or higher education.

But why is this so unknown? Why don't people realize the importance of this system to us? The first reason is that it is incredibly fragmented. It exists all over the place. The second is that it's only until recently that this system has become of critical importance to us in the United States. Fifty years ago, we had a workforce adult education system, but it was mostly training industrial workers who were able to function throughout a career on the knowledge that they learned in elementary, secondary, or higher education.

As you all know, that's simply not true anymore. A person cannot last a career, at any level, on the knowledge they learned in elementary, secondary, or higher education. So the workforce system for adults is no longer just important, it's as critical in importance as elementary, secondary,

or higher education. We cannot survive in this economy, in this world without that system.

The problem with that system, currently, is the sense of fragmentation to the point where there is no agency, public or private, that can coordinate its components, can provide leadership in its growth and development, can create public awareness about it and what it does, can promote quality within that system, and can assess this impact.

The third system is completely beyond the organization or leadership of any agency. So the notion that we would develop a workforce investment education system and something to coordinate it is something that's not just a minor idea. It's visionary. It's visionary to the extent that I don't know any other state in the nation that has recognized its importance and come up with a plan to do something about it.

If you have a copy of what I brought, I think you'd like to take a look at this. This is a chart which describes adult literacy education in the State of New Jersey that we prepared for the State Council on Adult Literacy Education Services. It shows 23 separate funding sources across four State agencies. If you look at this chart, it's probably the best vision of what actual -- things actually are for adult literacy education that we can see. And if you see that chart, and you say it's chaos, I think you're reading it the way most folks would. It is chaos.

If you took this chart of adult literacy education, which is a fundamental component of the workforce investment educational system, and asked a citizen of New Jersey, "What would you do if K-12 looked like this," or, "What would you do if higher education looked like this?" I think that

under those circumstances, almost anyone would say this has got to be a major issue of public policy. How can you have a situation that is as chaotic as this?

This, in turn, gets translated at the State level to the local level. And you'll see a second chart there, which describes what happens -- the third chart -- at the New Brunswick Public School Adult Learning Center. The principal of that school is here, so I'm not going to speak to this chart. She can speak to it much more poignantly and powerfully than I can.

To sum it up, the White Paper, to me, is more than just bureaucratic. Organization -- that part is critical. But the essential part is what it would do for the third area of education, which is just as critical to the people of New Jersey as K-12 or higher education.

Thank you.

SENATOR CHARLES: Thank you, doctor.

Any questions? (no response)

Thank you very much.

Now I'm going to ask several people to come up as a panel. These are persons who represent the WIBs of the various counties: Antonio Rivera, Gary Altman, Tom Billet, Anthony Corsi, Jack Patten, and Tamara Thomas, and Dante Rieti from Cumberland/Salem.

Have I called the names of all of those who represent the WIB boards? If I haven't, if I've missed you, I'd ask you to-- We'll get a seat and a chair for you.

Is everyone here?

Why don't we start with Antonio Rivera, Union County, whose name is on the list, while you can decide among yourselves who'd you like to go first.

ANTONIO RIVERA: We were hoping--

ANTHONY CORSI: The two Tonys flipped a coin.

SENATOR CHARLES: Okay, fine.

MR. CORSI: If you don't mind, my name is Anthony Corsi.

First of all, I'd like to commend the Committee for these proceedings. It's been very valuable.

In addition to my professional position as Director of the Hudson County Workforce Investment Board, I'm President of the State association called the Garden State Employment Training Association, which is comprised of all the WIB directors, and One-Stop operators from each of the State's 18 designated workforce investment areas.

So, if you don't mind, I'd like to start with some overarching statements, and have my colleagues also contribute to some of the specific program areas from their respective counties.

Again, GSETA, as we call ourselves, is a professional association representing all the WIB directors and One-Stop operators throughout New Jersey, and we represent the local delivery system for workforce readiness programs and services. As those who are charged with administering the workforce programs at the local level, I can report to you that the current fragmented and even chaotic workforce development programs and services across the six separate State departments are confusing and frustrating to the local practitioners.

Different departmental regulations, different performance measures, different planning guidelines, different fiscal management systems, and different management information systems all result in competing -- interdepartmental competing interest that cause us locals and the State level governance to further permeate the inefficiency and ineffectiveness of the current system.

As the White Paper from the New Jersey Employment and Training Commission so convincingly points out, this overarching issue must be addressed expeditiously if New Jersey is to prepare the workforce necessary for our State to compete. After all, workforce development remains paramount on the minds of business and government policy makers alike -- and we've heard some of the earlier testimony attest to that -- since preparing our workforce for employment remains the best social program that we could offer our citizens.

I'm here today not only to point out the problems, but to offer a solution. We at GSETA stand ready as the professional association to promote a statewide department, which would, realistically, offer that seamless, coherent workforce development system that we've all been clamoring for.

I would urge the Committee to seriously consider the recommendations of the White Paper, especially the call for the consolidation and integration of all to-work funding streams of programs and to expand the Department of Labor.

In Arizona, for example, the state legislature created the Arizona Department of Economic Security. Only last week, or this week -- I'm told by one of my colleagues -- they changed the name to the Arizona Workforce

Connection. This is done with state legislation, and it manages over 60 Federal and state-funded workforce development programs as their way of integrating all common and related programs into a more efficient service delivery.

Heretofore, states had placed their workforce development funds and programs into various state departments solely on the basis of the constituents to be served. Rather, we are suggesting that those very common workforce development services be placed in a single department capable of delivering required services to all constituents, regardless of who they are, meaning welfare clients, the incarcerated, the disabled, veterans, youth, adults, older workers, whatever client groups -- all have something inherent and common when it comes to their employment and training needs, and they could be best met and governed by a central State department and served through a central delivery system called a One-Stop Career Center.

That concludes my remarks. And, again, we stand ready, as an Association, to assist the Committee, the Governor's administration, in implementing some of these changes.

Thank you.

SENATOR CHARLES: Thank you, Mr. Corsi.

Next.

TOM BILLET: My name is Tom Billet, and I'm the Executive Director of the Camden County Workforce Investment Board.

We are here, too, to support the SETC's White Paper, but more importantly, to give you the dramatic results of what changing the system has done in Camden County.

These points are outlined in the White Paper that I presented to you -- or the testimony that I'm about to give. But all I'm going to do is highlight a few of the major points so that you can read the testimony later on.

We have, as do all of the WIB areas, one core site, which is at Mt. Ephraim Avenue, in the city of Camden. At our core site, we have seven of our nine partners, who provide services to the community within that facility. One of the key avenues of our success that we see is the fact that over the last six months we have seen over 14,000 individuals come through our doors to use our public access areas. This has almost doubled what we were doing just a year ago at this time.

We have worked with our private sector members of the WIB board to change the atmosphere from a governmental attire to one that is a business-sector driven activity, so that when a customer walks into the One-Stop at Mt. Ephraim Avenue, they see a professional business attire, with professional services being provided in a customer-friendly, customer-service driven atmosphere.

Several orientations to the One-Stop system are held on a daily basis and provide a series of workshops to individuals that include résumé writing, interview skills, using career assessments to make career decisions, and financial aide information.

We are now working with the partners to finalize our process mapping series, which is taking each of the systems and melting them together so that each of our staff will know how to best serve the community and the customers that are in front of them, depending on what funding stream, and not knowing -- be having concern as to what funding stream they come from.

The Camden County WIB felt that an intensive focus on literacy was extremely important, since 50 percent of the Camden City residents do not have a high school diploma or a GED. At our One-Stop Center, programs include five levels of literacy.

First, the Camden County College provides training on site for individuals who cannot read at a fifth grade reading level, which is a large number of residents in Camden City.

Secondly, a workplace literacy program is taught in partnership with the Camden City schools, bringing those individuals up to an eighth grade level.

Third, the county conducts intensive job readiness and job search classes. Over the last year, we have changed our job readiness and job search classes and have made them more structured to meet the needs of the low-level individuals, to better prepare them for the job search that they are about to undertake.

Third, the county technical school offers basic computer skills on site for those individuals who have no experience working with computers.

And third, for those general customers who would like to raise their own skills, there's a bank of 20 computers with a full menu of computer-based literacy programs, as well as skill development programs that they have access to as a system is opened.

Further amplifying our commitment to offering quality intensive programs, particularly to the welfare recipients, we recently upgraded and expanded our job readiness curriculum from a two-week program to a four-week program, and we did the same thing with our job search activity. With

that, we have seen an increase in the number of employers coming to the One-Stop Center to actually interview the individuals coming from our job search classes.

We are pleased to report that as a result of these efforts, in addition to doubling the number of customers served throughout the One-Stop Centers, we have enrolled over 2,100 welfare recipients, primarily in job readiness, literacy programs, and basic skills development. In addition, we have also enrolled over 975 low-income and dislocated workers into our literacy programs and our skill development programs. And this has just occurred over the last 15 months.

This two-to-one ratio demonstrates Camden County WIB's commitment to serving the welfare population. It should be noted that we have the capacity and funding to serve more welfare individuals, and only remain stymied by the lack of referrals coming from the Board of Social Services.

This brings me to my final comments. In order to accomplish all of this, the Camden WIB would support the development of a comprehensive policy and procedures manual that details day-to-day customer service standards and operational procedures for nearly 40 One-Stop functions and 75 subfunctions. All nine partners of the One-Stop system participated in the development of this manual, through representatives of their agencies sitting down and working on work teams for almost a year so that this manual can be put together and shared amongst all the agencies.

And finally, we are excited in Camden County to note that we have just been awarded a \$1.5 million youth offender grant for those

individuals who are incarcerated and coming back to the community, as well as those who are having their first encounter with the law. We are extending the work now underway in our One-Stop system, to be offered through faith-based anchors within the community to better serve this population and their families as we move forward.

And finally, we are working at establishing a drop-in center at our core, One-Stop Center so that customers who need child care while they are taking lessons or learning or moving their careers forward have a place close by to have their children be supervised.

Thank you.

SENATOR CHARLES: Thank you, Mr. Billet.

H O S E A J O H N S O N: Good morning.

My name is Hosea Johnson. I'm the Chairman of the Workforce Investment Board in Gloucester County. I want to give a special acknowledgment to a Gloucester County resident who happens to be a member of your Committee, and that's the distinguished Senator Stephen Sweeney.

In theory, we support the White Paper, as expressed and presented by the New Jersey State Employment and Training Commission. However, in Gloucester County, our community college, vocational school, and workforce investment administrative entities work well and have successfully integrated the areas of expertise in literacy in order to benefit the customer.

Our literacy program is provided by the community college, vo-tech school, and the Literacy Volunteers of America. The local high schools, with oversight of the community college, also participate in the delivery of these services. Each partner serves a designated population, thus ensuring that

duplication is not occurring and ensuring that customers are receiving services appropriate for their educational needs.

Not everyone in need of literacy services is eligible to receive them, because of the various eligibility requirements across the program, time restraints, and availability of services. Our local board of social services receives educational moneys from the TANF population, and they receive services from the aforementioned program. However, the delivery and parameter are different, thus not allowing us to develop a seamless delivery system and negatively labeling them for this service. However, customers who receive general assistance and food stamps do participate in the WIA-sponsored literacy programs.

In Gloucester County, the Department of Economic Development includes the WIB, workforce development, Community Development Block Grant, and business and tourism. These four divisions each play an integral role in the ongoing development of our county's economic growth. None of the entities can stand alone, they are interdependent. This connection has enticed many employers to choose our county as their home base.

It is important to provide New Jersey with a skilled workforce in order to entice businesses to move into the state and remain in the state. The Department of Labor can provide a skilled workforce to employers through the existence of WIA and WDP funds. However, we can provide them an even stronger workforce if the training dollars are dispersed through one entity. Fragmented programs, some which seem to be a duplication of services, cause confusion to the customer, to the service deliver, and to the employer.

Locally, we continue to work with all populations. However, due to differences in eligibility throughout the to-work programs, many individuals fall through the cracks. Ownership of customers seems to be a prevailing sentiment among agencies who work on to-work dollars. This occurs because of accountability issues placed upon them by their State departments. This can be eliminated through the merger of all these programs.

Those of us not directly involved with the Board of Social Services are of the impression that many of these hard-to-serve individuals would take advantage of the training programs if they did not have to return to the Board of Social Services in order to start the process. Sometimes a stigma is attached to individuals who have been on public assistance. Welfare recipients would rather know they received training as a result of their contacting the One-Stop Center than being told to enroll in training based on their benefits. They would prefer to work with a counselor who is no threat to their welfare check. And they would prefer to know that their check does not depend on their success in the training program. They want to be active training participants and, at the same time, know that they can continue to feed and house their dependents.

The Gloucester County WIB has been very successful in integrating the services of faith-based and community-based organizations. The Community Development Center of Paulsboro and Saint Matthews Baptist Church currently have a contract with our WIB to provide transportation to those working individuals who have no means of transportation. This organization transports all economic levels of TANF

recipients, dislocated workers, disabled, and economically disadvantaged individuals.

Our Community Needs Assessment Committee has recently undertaken a project to determine the eligibility -- excuse me -- the employment needs of our disabled community. We recently held three seminars. One seminar was to determine the employment and service needs of the disabled. Of course, that was attended by folks primarily in the disabled population. The second was to determine the services provided to the disabled community, and that focused on the service provider. And the third was to determine the employment needs, and that focused primarily on the employee base. A report is currently being prepared as a result of these seminars and will be submitted to the State Employment and Training Commission.

Through consolidation of training and employment programs, our employees can serve the residents of Gloucester County. WIA and the One-Stop can and should be the link that reaches all segments of the working and non-working population for the following reasons, and I state seven reasons here: number one, to develop a knowledgeable and experienced staff; to provide access to employers; access to the labor needs of employers; there's no stigma, necessarily, attached; no penalty attached for not following through; number six, broad range of services; and seven, consistency of services across the board.

Thank you very much.

TAMARA PRIMAS THOMAS: My name is Tamara Primas Thomas, and I'm the Executive Director of the Gloucester County Workforce Investment Board.

As WIB Director, I have the opportunity to meet with my peers on a monthly basis. We have mutual concerns regarding the duplication of services between the Department of Human Services and the Department of Labor. It has always been my understanding that the responsibility of the Department of Human Services is to provide social services to its customers, i.e., clothing, food, shelter, mental health, substance abuse, child care, child protective services, senior protective services, etc. This is their frame of reference and they are knowledgeable, creative, and excellent providers of these services. One major area of responsibility of the Department of Labor is the provision of employment and training to the residents of this state, along with other labor-related issues, UI, workman's compensation, fair labor practices, etc.

It is my belief that these two departments should continue to address these issues and neither should assume that they can do the other one's job, both being done effectively for many years.

Faith-based organizations have been in existence for many years, and as WIB Director, I have encouraged their involvement in our locality. We have successfully engaged their participation. One faith-based organization is an affiliate One-Stop site and sits on our Coordination Committee. Two faith-based organizations are under financial contracts to perform special services for us relating to our youth and to our Workfirst New Jersey and Welfare-to-Work programs. Community-based organizations also sit on our Coordination Committee and are affiliate One-Stop sites.

Community-based organizations have participated in our WIA-funded youth and Welfare-to-Work activities. The Center for Family Services,

the Abilities Center of Southern New Jersey, and the Youth Advocate Program are presently under contract for various youth and Welfare-to-Work programs administered by the WIB.

Another common concern among WIB directors is the fact that there are multiple departments and agencies sharing responsibility for programs and services for the same population. This becomes frustrating because so often many of our creative ideas are impossible to carry out due to the fact that goals and accountability mandates dictated at the State level are not identical.

One that comes to mind is serving welfare youth. We wanted to service welfare youth during our traditional JTPA Summer Youth Program with Workfirst New Jersey moneys. We were approved to use Workfirst New Jersey moneys for this purpose, however, we were limited to how much of the money could go toward the youth, and the youth had to be a member of a long-term, 30-month -- welfare recipient.

One-Stop sites are a positive way to provide employment and training services to the residents, job seekers, and employers of the State of New Jersey. At a One-Stop site, there is no wrong door to enter. Customers can choose to access employment and training information via the Internet in lieu of having to enter a physical One-Stop site, or they can visit that site.

Customers who seek assistance at our center receive at a minimum the following services: one, job seekers are able to locate employment opportunities, post their résumés, and learn job search techniques; two, individuals interested in training are able to obtain career descriptions, job labor demand, access information regarding free training and financial aid, and

receive information regarding state colleges and universities; three, employers are able to post job opening, read résumés, obtain information regarding free seminars and training for themselves and/or their employees.

The One-Stop is a professional, user-friendly atmosphere where employees are knowledgeable of the labor market and equipped with the necessary skills to assess an individual's employment and training needs. Staff can assist employers in recruitment and training of potential employees. Potential businesses entering the county can access labor market information, educational levels of our residents, unemployment rates, average salaries, etc.

WIA and the One-Stop can, and should, be the the link that reaches all segments of the working and nonworking population. Through consolidation of training and employment programs, the One-Stop staff can serve job seekers for present and future employers of Gloucester County.

Thank you.

MR. RIVERA: Good morning, Senator Charles, Senator Lance, members of the Senate Labor Committee. Thank you very much for this opportunity to present comments and discuss our experiences relative to workforce development and readiness in New Jersey, and particularly in Union County.

Our Workforce Investment Board is part of the Department of Economic Development and also has direct linkages with the county manager. Additionally, we had formed an interdepartmental executive policy council to help guide and direct the Workforce Investment Board and to work strategically in shaping the comprehensive, coordinated response to workforce issues in Union County.

To begin with, we'd like to suggest that the premise of our local work springs from a number of core principles. These include a strong belief and understanding that there is a new kind of economy, one that requires a fundamental change in our ability to respond to its challenges; a belief that the workplace is undergoing fundamental change; that these key ingredients for geographic competition is the ability to prepare, make ready, attract, and sustain a labor force with higher skills to meet the demand of this economy; that education plays, perhaps, a primary role in individual and family income wealth and stability; and that the structure of the workforce readiness system, as currently structured, rather, is not keeping pace with the changing economy, changing expectations of employers, employees and job seekers, and changing expectations for the role of education and training. Perhaps most importantly, we firmly believe that in order to effect positive changes in workforce readiness, we require an understanding and willingness to apply a systems approach.

Perhaps we can best summarize this by modifying a now well-known statement contained in a document entitled *New Jersey in Transition: The Crisis of the Workforce*, authored by the State Employment and Training Commission. That White Paper has stated, "Workforce development is economic development. To neglect workforce development is to neglect New Jersey's economic future." We wholeheartedly agree with this point, with the extension and amendment that workforce development is economic development, and educational development, social and family development, and private industry. New Jersey's economic future lies in our ability to connect all of these systems into a coherent and cohesive force.

Our testimony here today is designed to lend the vision to the Committee, and our colleagues a template for such a system, one that can be replicated throughout the State and, indeed, one that will require leadership from the State Senate, State government, in order for it to be successful.

Union County has long understood the linkages that must take place between the areas of economic development and workforce development. In fact, we most recently reorganized our operations in government by placing the Workforce Investment Board directly within the Department of Economic Development. We're not alone, of course. There are many organizations throughout the state and nation that are attempting to undertake a marriage between the two.

We also know the immense challenges and barriers in combining these practices. We were honored to cosponsor -- with the Federal government Department of Labor, with the New Jersey Department of Labor, and the SETC -- a regional conference on the Economic Development and Workforce Development Leadership Summit. Over 300 practitioners joined in a two-day effort to identify the common areas between them. Not surprisingly, we established that there are powerful conditions which force apart the activities and immediate goals of the practitioners, not the least among them that their respective regulations and funding vary widely and frequently conflict, and that the organizations that have formed, have been built, and that support each function are unique in culture and purpose.

But beyond the barriers, we firmly established that their ultimate customer is the local community, and that their ultimate goal is the economic health and quality of life of the community. Therefore, we share common,

long-term goals and their specific activities and projects can and should reinforce each other.

That idea, amplified to include education, social development, and business is the heart of the workforce systems' model being constructed in Union County. We believe that the Workforce Investment Board, operating in close relationship with the executive policy council I noted earlier, may be in the best position to facilitate and align the systems of workforce development, economic development, educational development, social development, and private businesses for common goals that impact the overall health of the community.

Our goal is not to marry or merge individual subsystems, such as economic and workforce development. They must continue to operate within their own structures and framework. Our goal is to link the common values of each of those areas into a comprehensive and cohesive force -- in fact, attempting to shape that force into one that can accurately and effectively respond to the needs of individuals, employers, and families throughout Union County.

Senators, I believe our point has been made. We need to engage each and all components of a more broadly defined workforce readiness system in order to secure New Jersey's economic health and quality of life now and for the future.

We would like to conclude our testimony with the following thoughts and recommendations: We endorse the direction taken by the SETC White Paper and wholeheartedly encourage the Legislature and administration to work together to implement as much of the program alignment and

streamlining as possible at the soonest possible time. As an aside, we congratulate the SETC and its leadership for reconsidering the entire vision of workforce readiness and for proposing bold actions to place New Jersey in a leadership position.

We suggest that, as in our own model, there is considerably more program understanding and realignment that needs to take place beyond that which is mentioned in the report. We urge you to view workforce readiness as a process involving significant spheres of government and the private sector, and that we need to facilitate the best parts of all working parts together.

We encourage this Committee and the entire Legislature to provide the regulatory framework that goes beyond the easy fix and that truly encourages the kind of multi-directional model discussed today.

We encourage the administration and the Department of Labor to provide the financial flexibility necessary to cross-pollinate the systems involved in a workforce systems model. And by this we don't mean simply more money, although additional funding is always welcome. Rather, moneys that impact workforce readiness from throughout the system should be considered for additional increases and enhanced flexibility.

Finally, we request that the Legislature and the administration work together to provide continued leadership in the area of workforce readiness. Particularly as Congress considers reauthorization of the Workforce Investment Act, let New Jersey take the lead in seeking to empower the entire system and the local Workforce Investment Boards.

Again, on behalf of the Board of Chosen Freeholders of Union County, the county manager, and the Workforce Investment Board, I thank you for allowing me the opportunity to testify.

GARY ALTMAN: Senators, thank you for this opportunity.

My name is Gary Altman. I come from Passaic County. You have my testimony, and rather than read from that, I just wanted to highlight a few of the things that are contained therein.

First off, I think most of us up here are probably in support of the premise of consolidation and integration. We all deal with it each day. We need to create a system that's responsive to the needs of the employers in our communities, and we need to provide for the employment needs of all the people who live within our areas.

I attended your hearings on October 17. And one thing that got discussed there that I think requires some clarification today is the nature of the people who do get served. I believe there was a comment about One-Stop services that classified them as facilities that treat mid-management and incumbent workers.

I want to tell you a little something about the people we serve in Passaic County. Since the Workforce Investment Act, we have directly enrolled within our One-Stop facility 500 individuals who need literacy -- that includes both English as a second language or adult basic skills. Of those folks, 48 percent of them were dropouts. Those are not mid-management or incumbent workers.

Similarly, folks who were served under the dislocated worker programs in our area have the same needs. Most of them are people who have

lost their jobs with the shift of the economy from manufacturing, which is services, and they're coming to us for help.

They're not mid-managers, they are people who are out of work, and our job is to help them. We're not creaming, we're not taking the best, we're serving the members of our community.

When we talk about integration, one point that needs to be pointed out is that when we serve everybody together, we can attain greater heights. Part of the problem is that when we work in a silo approach, everybody starts at the same point. So you may have many programs that deal with people who are at the bottom levels of services, but because resources get cut up so many ways, you can't follow them through as well as you can, and that's something, through integration and consolidation, we hope to be able to do.

Earlier today, Jeff Stoller from the New Jersey Business and Industry Association spoke of a utility that needs to screen 6,000 for a lot less openings. I think I know which utility that is, because we've been working with them. And that's one of the things that we up here can do. We're integrating their training manual into the curriculum we use for basic skills.

When I say 500 people in basic skills, let me add that that's what we do directly. We also work with the New Jersey Youth Corps. We've recently contracted with Sylvan Learning Centers to work with dropouts. We have many other programs that deal with literacy issues.

But getting back to the utility company, we're trying to integrate what they need -- spacial abilities, critical thinking -- into the curriculum we have. We're also going to coordinate with those other literacy programs so that

their folks can come and see what that utility needs in order for people to pursue those jobs Jeff was talking about, because they do pay well. They can pay upwards of \$25 an hour at entry level, and that's pretty good.

When we talk about consolidating everything, there seems to be this vision that if it were to take place, things wouldn't be the same. We all still need to have child care out there. We all still need to work with qualified vocational and rehabilitation specialists. We all need to have health facilities available. This is about making the job training part better. None of us can sit up here and say we're the best at social services. We are employment and training professionals. And we think it's a time where we need to make New Jersey's economy stronger by bringing those things together.

Tony, earlier, spoke about Arizona and what they've done with their workforce commission. California has recently reorganized its department of labor to department of labor and workforce. And last week, at the public hearing, Michigan and North Carolina were discussed. It's something New Jersey needs. And as I said before, I think we can all sit up here and say we support that practice.

Thank you.

JACK PATTEN: Good morning.

I'm Jack Patten, Director of the Morris-Sussex-Warren Workforce Investment Board.

The legally mandated role of workforce investment boards is planning and oversight of the One-Stop Career Center system. Our greatest challenge is to fulfilling that role -- and fulfilling what could be seen as our broader role of maximizing the efficiency of the local and regional labor

markets -- have been precisely the fragmentation and disconnection between the various to-work programs in New Jersey. Our greatest successes have come from arrangements with other partner programs to work closely together, such as in our Morristown One-Stop Career Center, where the Workfirst New Jersey counselors and the Workforce Investment Act counselors sit side-by-side and work collegially in serving clients.

I would just like to urge the Committee, in its deliberations regarding the White Paper, to realize that the obstacles to providing New Jersey with a world-class workforce for which it has the potential and for which its citizens and employers deserve, are those, again, of fragmentation, disconnection between the programs -- which would be a long way to being remedied through consolidation, coordination, and elimination of duplication between the various programs.

Thank you.

JOHN FUENTES: Good morning.

My name is John Fuentes, and I'm the Director of the Cumberland County Office of Employment and Training. I'm here with Mr. Dante Rieti, the Director of our Workforce Investment Board. And I'm also joined by Mr. Douglas Jones-Romero and Mr. Shawn Douglas, who are directors of community-based organizations who provide services in partnership with our organization.

The Cumberland County Office of Employment and Training has been providing employment and training services for over 30 years. Last year, our organization provided employment and training services to 4,300 Cumberland County residents. Our One-Stop Career Center served the

biggest number of residents in any county in the state. We are proud of our record. We receive approximately 5.5 percent of WIA funding, and we served approximately 11 percent of the State workforce customers.

Under the Workfirst New Jersey program, we served almost 20 percent of the State participants through the One-Stop system. Our Welfare-to-Work program served more than 25 percent of the total State participants.

We are here today in support of the recommendations made by the State Employment and Training Commission in their report, titled *New Jersey in Transition: The Crisis of the Workforce*. We support change in the Department's name to Department of Labor and Workforce Readiness, not because it sounds better or because it would reflect more accurately a 21st century approach to workforce investment, but, because under Commissioner Kroll's leadership, the Department is transforming into a dynamic and innovative workforce readiness institution.

For example, the Commission has instructed our organization to organize and launch a farm labor stabilization program, in coordination with community-based organizations, that will make farm labor accessible for agribusiness, while it will upgrade their basic skills. It will also assist workers to obtain transitional housing. Ten Hispanic community-based organizations have responded affirmatively to the establishment of this partnership.

The Commissioner has supported an initiative to partner with faith-based organizations to address the needs of out-of-school youth in our county. This initiative has permitted us to establish 10 youth activity centers in faith-based organizations throughout the county. Four of these organizations are also going to be providing mentoring, school reintegration,

and employment services. We are seeking additional proposals to expand this base of organizations. We estimate that when the initiative is fully operational, approximately 25 faith-based organizations in Cumberland County will be in an active partnership with our organization.

These two initiatives will generate 35 community-based literacy and employment programs in Cumberland County. All of these organizations are minority-owned and controlled.

Commissioner Kroll is assisting us in expanding the role we have played in traditional workforce development by facilitating an environment conducive to innovation in workforce development activities.

It is critical, in our opinion, that the New Jersey Legislature support the Department by recognizing, through legislation, that workforce development is best implemented through the Department of Labor. There are some 12 departments and 20 divisions that administer workforce investment programs. Frankly, even though our organization has been in this business for more than 30 years, nor I or any of my associates can identify all of these funding streams for you. Consider that we are one of the most successful workforce development organizations in New Jersey, and yet we do not have access to most of these funding sources.

I can also tell you that we have to invest a lot of time and resources, in order to comply with the administrative requirements for the multiple funding sources that we do have access to, and we would appreciate your assistance in reducing this burden.

We would also like to embrace today the distance and on-line learning programs recommended by the State Employment and Training

Commission. We have been operating a pilot program designed to assist women to participate in distance learning, and it has been very successful.

One of the main reasons why we're having a problem with education in the State of New Jersey is not only the one that was mentioned to you earlier, in terms of the immigrant population, but also we have a huge drop-out rate in the State of New Jersey in the schools. Even though Cumberland County is not one of the -- does not have one of the highest attrition rates between ninth to twelfth grade, we have experienced over the past four years a drop-out rate of approximately -- fluctuating between 350 to 400 youth on a yearly basis.

This is truly an exciting time in workforce development in New Jersey. In order to make it more effective, we need your help. We need centralized employment and training funding. We need a clear and strong public policy with respect to the same.

We know it is not going to be an easy task for you. The funding in each of the departments and their respective divisions creates constituencies and administrative bureaucracies. These groups see the funding as their own and will oppose any change.

We invite you to remain focused on the main goal, as articulated in the report: the economic development of New Jersey. If we fail to utilize, strategically, the reduced resources, the limited resources, that we have for workforce development, we will be neglecting the future economic development and the degree of competitiveness of the workforce of our state.

Thank you.

SENATOR CHARLES: Is there anyone else? (no response)

Any questions? (no response)

SENATOR SWEENEY: Good job.

SENATOR CHARLES: Reverend Frazier.

After Reverend Frazier, we'll have a group of persons that we'll ask to come up together. We're at the time that we originally scheduled to conclude our hearings, but in the interest of trying to finish up hearings today -- to give everyone who's appeared today an opportunity to testify, we're going to extend it somewhat beyond the 12:00 hour. Hopefully by 12:30, at the latest, we are finished with all the testimony, and everyone will be given an opportunity to put his or her statement on the record.

Good morning, Reverend.

REVEREND A. B. FRAZIER, Ph.D.: Good morning.

I come this morning representing some of the faith-based organizations. We are a One-Stop site in Paulsboro, New Jersey. We service many clients in the area who cannot find jobs.

We have very few clients with the ability to prepare a résumé needed for employment. We assist them with résumé preparation. We find our clients need not only employment, but transportation to the prospective jobs. Transportation is not available to areas where jobs are mostly located. Another need is child care services. Some do not have housing. Many have other barriers which prevent them from obtaining and retaining a job. We need all the help we can get from Human Services and One-Stop. Our challenge is to overcome the barriers which hinder job retention. We have been doing case management for more than a year, and this has been very

successful. We have been doing this with in-kind help and they are getting tired.

The young men we service is another issue. Many of our men are released from prison and have no place to live, no job, no transportation. Again, I say case study and management are the keys to the success. Those young men we take by the hand and mentor are all working and doing well. But again, we have no funds to do all that needs to be done. We have record numbers of inmates -- clients that are coming out of the New Jersey state prisons with no jobs, no housing, and it seems that no one cares. So they show up at our door as faith-based, because we are at the grassroots of the community. We welcome them, and we turn back no one. As our doors open at 8:00 in the morning, we are there at 10:00 and 11:00 at night servicing these many clients that need help.

Our Welfare-to-Work clients -- many have been sanctioned and off of the roles, but they come to us because we show them compassion and concern. And as we listen to all of the barriers that are before them, we find that it's not just going out and finding them a job, but it's dealing with those many barriers that prevent them from being placed in a job. Child care is a big issue. There's not enough housing in the communities to house them, because some have messed up, and some have been sanctioned even on Section 8 housing and can't get housing for another year or two. But they have children that are suffering.

We have big problems in our community, and I don't know where it lies -- whether it's One-Stops, whether it's Human Services. All I know is,

we have a problem that needs to be addressed by whatever committees it needs to help us.

I feel the faith-based community programs are successful because we are in the community, and we're dealing with the hard-to-reach clients. They come to us because we feel -- are a true One-Stop in that when they come, we not only tell them to get on the computer for job search -- because most of them don't know how to turn on a computer -- but we assist them -- résumé writing, which takes up a lot of time. After we do the résumé writing, we find out that many cannot read and write, so it becomes a literacy issue. We just need some help. We're trying to do the best that we can in the community, and because we're a faith-based, because we are -- because we deal with the holistic ministries, we cannot turn anyone away.

We recently had been involved in an ex-offender program for the State of New Jersey. Of course, as you know, the State is in a budget crunch, and they killed that grant. Our benchmark was 13. We're up to 75 men now, and they're coming every day. And we simply will not turn them away, because we're not in the turning away business.

But we ask this Committee, and any other committees, to please help us the best that you can, as we continue to be a One-Stop and continue to deal with all of the issues and the barriers that keep someone from obtaining and retaining jobs in our communities. We're at the grassroots. We're at the bottom of the barrel. Many will not come to WIBs, many will not come to the State and county agencies for various reasons, but they come to us, and we welcome them to come to us for help.

I thank you.

SENATOR CHARLES: Thank you, Reverend Frazier. We appreciate your -- the funding issues. I mean, they're systemic at this point, but we do realize the importance of this program. And the Budget Committee -- has represented on this Committee -- will do everything it can to make sure that next year's budget tries to match the needs and the right priorities.

Thank you for your testimony.

REVEREND FRAZIER: Thank you.

And just closing, I would like to say that, certainly, the Gloucester County WIB and Gloucester County itself has certainly -- we've collaborated with them, in partnership with them. They've done all that they can, and it's a great partnership. It works, it's just that we don't have the resources -- the cabinet does not have the resources. So if they don't have the resources, they can't pass the resources on to us. But we'll keep doing what we're doing.

Thank you.

SENATOR CHARLES: Thank you, Reverend.

Let me just say that there are persons here who will not be testifying, but who have submitted written testimony, which will be a part of the record of these hearings, and which will be considered as we review the testimony and the other documents, which have been submitted. It's Ayirebi Asante, of the City of Newark, he's a One-Stop Administrator; Eileen Gallo, Gloucester County WIB; and Terry Levins, of Gloucester County Division of Workforce Development. They have submitted written testimony, which will be considered and made part of this record.

Now we'll have a panel of persons to come forward to give their testimony. Their names will be now read by the Committee Aide.

MS. FRAYTAK (Committee Aide): If the Committee could see Jeffry Bertrand, Barry Semple, Andralyn Johnson, Judy Faherty, Regan Almonor, and Marianne Kunz.

Good morning. I've learned now not to try to dictate who goes first. So among the five of you, you sort it out, figure it out, and whoever wants to begin can begin.

B A R R Y S E M P L E: I'm Barry Semple. I'm on the State Council for Adult Literacy Services. I'm also a President-Elect of the New Jersey Association for Lifelong Learning.

SENATOR CHARLES: Excuse me, is your microphone on?

MR. SEMPLE: Pardon me?

SENATOR CHARLES: Hit the button, please.

MR. SEMPLE: Oh, press the button.

SENATOR CHARLES: Thank you.

MR. SEMPLE: I'm Barry Semple from the State Council for Adult Literacy Services and the New Jersey Association for Lifelong Learning.

I will start out by underscoring the challenge that the White Paper gives us. Are we prepared, in New Jersey, to have a permanent underclass, or will we address the growing problem of the skills gap? My focus is primarily on the adult literacy aspect of that skills gap.

The paper clearly describes the relationship between poverty and low literacy levels. We have failed to make a commitment as a State to ensure that individuals can obtain the core knowledge and skills to function effectively as workers, family members, and citizens. This is evident from the survey from the State Council for Adult Literacy finding those 24 programs, five

departments, 20 divisions -- fragmentation, inconsistent administration, and additional costs.

In the specific example of adult literacy funding, there has not been increase in State aid for adult literacy or GED instruction for the last 15 years. These State aid sources provide the required match for the Federal need for adult basic skills that we receive under WIA, Workfirst Investment Act, Title 2, and administered by the Department of Education.

Obviously, when the Department of Education is faced with Supreme Court mandates and other K-12 priorities, adult literacy services receive very little attention. Currently, thousands of adults are being turned away from enrolling in ESL programs and GED test centers around the state. There is a crisis in ESL instruction and GED test center acquisition around the state.

In my 40 years of administering adult literacy programs -- local, county, State levels -- have helped me realize that all the many good attempts to help to get managers to voluntarily increase coordination have failed. I therefore support this recommendation. There are many of the programs that can be consolidated. There are some that cannot. Perkins, possibly, is a good example. Adult high schools may be another example where the local resource base is tied into that formula. But many of the WIA, adult basic skills, literacy, GED funding sources could be in that mix, very-- Regulation changes -- possibly a few changes in the law books.

I also want to underscore the paper's recommendation concerning the "Equipped for the Future." This is a national study that's been going on for seven years, and it could be crucial in terms of providing a common vision

for us as we try this consolidation. It will improve classroom instruction, it will help us integrate the State system, it will help us target resources. Some of those resources in some of these programs are set-asides for development staff training. At this point, they're over the (indiscernible) a lot, and by targeting resources in those set-asides for staff development and innovation -- could be very important.

Finally, I just want to recommend that we must accept the existence of this major skills gap. Not many people are talking about this, but we have a major crisis with this skills gap. We need to restructure the State-level administration. We need to review current laws and regs with an idea to streamlining. And we definitely need to begin to move toward this "Equipped for the Future" content standards nationally. The State Council for Adult Literacy recommended this almost a year ago, and so far, none of the five departments have come forth with anything to begin -- and this is very inexpensive -- begin to move toward this "Equipped for the Future" content standard.

Thank you for this opportunity, Mr. Chairman.

SENATOR CHARLES: Thank you.

A N D R A L Y N J O H N S O N: My name is Andralyn Johnson, and I administer the adult education programs for the Newark Public Schools.

I have about 20 years of experience in working with adult learners. I also participate on the Newark Workforce Investment Board.

In the city of Newark, we serve immigrants, single-parent families, displaced homemakers, the working poor, the homeless, the physically impaired, and we serve the parents of the K-12 population.

Few individuals participate in our programs for recreational reasons. Most often, individuals have already participated, to some degree, in the labor market and after experiencing the inability to obtain or to retain meaningful employment, are seeking to build skills required for accessing jobs providing self-sustaining wages and benefits. Others attend to better access or to use resources necessary to maximize their ability to function effectively in our society as parents and/or as citizens. Often, individuals who come to us are in crisis situations. They may be in need of immediate employment or missing a credential to maintain employment and may be homeless, lacking the literacy skills necessary to function effectively in one or more of their roles as an adult in our society.

Presently, services for these populations are fragmented. Most adult education programs operate through multiple-funding streams, resulting in a fragmented approach to service delivery. There are workforce programs, family literacy and parenting programs, adult literacy programs, occupational training programs, GED programs, etc. In an attempt to effectively serve their adult community, public and private agencies must attempt to juggle several, if not all, of these programs at once. Program participants must also be prepared to juggle the resources.

Even through the use of One-Stop systems as they exist, individuals must often seek resources from a variety of programs and agencies. For instance, let us discuss an attempt to address the needs of a single homeless parent, working poor, who has a low literacy level. There would be no single program that would meet the immediate needs of the family. He or she would have to be subjected to the requirements of several different programs in order

to have time to address literacy, work readiness, job search and placement, parenting, and other supportive services necessary for the upward mobility of the family.

Support services are often addressed through collaborative efforts. However, the fit is frequently imperfect. Many times, program objectives and schedules do not mesh and different funding sources have their own target populations and guidelines for eligibility. Unfortunately, it can be a hardship on the adult learner who sometimes feels that he or she is getting the runaround.

Too often, one-size-fits-all program time lines are established. Program participants, regardless of literacy level, are subject to meeting the same schedule for program completion. Sometimes, work readiness and occupational training time lines do not correlate with the time an individual may need to achieve literacy or to obtain a high school diploma.

SENATOR CHARLES: Excuse me, we're trying to be out of here by 12:30, and we want the others who are here to testify. So I'd ask everyone to keep that in mind as they testify. We've heard a lot, and I'd ask you to try to make some points -- your most salient points. I realize you've waited all morning, and you have things you want to say. But time has run its course, and we're trying to be out of here by 12:30. If you could just reach the -- touch the high points of your testimony, things that, maybe, we haven't heard yet that would further inform us in this discussion, that would be appreciated by this Committee.

MS. JOHNSON: Well, I recommend that services be provided in a holistic manner for adult learners, rather than fragmented -- and particularly

that these services be designed specifically for the adult population. The needs of the adults are different from the K-12 population.

I also feel that the adaptation of the “Equipped for the Future” core standards would be a significant step in addressing the needs of adult learners, because the EFF framework provides, in a cohesive and useful context, a common reference for addressing the skills that they need.

I also feel that it is very important that the magnitude of the problem of illiteracy be promoted. I think there is really a lack of awareness of the degree that illiteracy affects the ability for people to be able to function in the workforce. And then in providing services to prepare for the workforce -- support services are extremely important, namely child care, transportation, health care, and legal aide -- that people could not participate in these programs effectively if they do not have the support services that will make it possible for them to attend.

And I also feel that realistic time lines are necessary -- that a person who enters a program illiterate should not have the same time line to complete that program as someone who is close to having a high school diploma or who has one.

JUDITH KESIN FAHERTY: Good morning.

My name is Judy Faherty, and I’m the Principal of the New Brunswick Public Schools’ Adult Learning Center and adult high school, as well as the director of approximately 50 different grant-funded programs, some of which are illustrated on a chart that Dr. Beder presented before, and also on a blue chart that I gave you, which describes all those programs.

Briefly, the history was that in New Brunswick, in 1980, the district decided that there were many citizens who needed high school diplomas, and they started an adult high school, which really proved to be the tip of the iceberg, because there were so many other people who needed to learn to read and needed English and so forth.

Currently, we served 3,100 students last year in programs that are targeted to literacy, high school completion, English for non-native speakers, workforce readiness, family literacy, and citizenship education. But there are only two real main reasons that our program -- which I thought Dr. Plotkin's Rube Goldberg-ish metaphor was excellent -- have been successful and survived. And one is because we have really developed an experienced and dedicated corps of adult educators: teachers, counselors, and support staff, who are really passionate about serving adults. Not all educators know how to serve adults. And they are passionate about serving those who are least skilled and least empowered.

And the second point is that the New Brunswick Board of Education has provided a stable funding for the adult high school, enabling us to establish the infrastructure that supports all the other grants. The adult high school is the only source of funding for principals, supervisors, secretaries, facilities, other administrative costs, none of which are covered in any of these grants.

This kind of a fragmented system makes for very precarious operation at the local level. A couple of points: constant proposal writing with unpredictable time lines, changing guidelines and regulations, certainly no money for grant writers; varying program calendars-- These grants, as you'll

see, if you get a chance to look at my blue chart, some of them run July to June, January to December, October to September, April to March -- really create fiscal madness. Limitations on allowable costs for support services for example -- constantly changing data collection -- all pointing to the need for coordination for these efforts at a central level.

Challenges take their toll on programs. There's little time for administrators to provide the leadership, planning, staff development, and supervision. Instead, we're forced to chase the nickels and dimes that keep the programs together -- at the same time that we're trying to create an environment where the least empowered individuals gain the skills, credentials, confidence to fill the complex needs of the workforce, to fulfill their increasingly difficult role as parents, and to be able to contribute as voting, taxpaying citizens.

I hope that we do face the reality, and that your Committee faces the reality, that there is a wealth of untapped human resources and individuals who didn't succeed through the traditional roots. Though we have an obligation to bring them along, too, those who've slipped through the cracks, made poor decisions in their youth, have little support at home, and who are new to this country--

I would agree with many of my colleagues in asking that you support the creation of a coordinated and simplified workforce development system that maximizes not only the funding resources, but the human resources and the expertise that's been created in these many kinds of programs that will ultimately benefit all of our citizens.

Thank you.

MARIANNE KUNZ: Thank you, Chairman Charles. Thank you also for extending the hearing.

I'm Marianne Kunz, from the New Jersey School Boards Association, representing more than 600 school districts, which include charter schools, urban schools, Abbott schools, and also vo-techs. And I'm here in support of the position that the three superintendents had taken earlier. And I was very encouraged by Senator Sweeney's remarks that the inclusion of moving the vo-techs into the Department of Labor is off the table. I do have written comments, which I would be happy to submit.

Thank you.

SENATOR CHARLES: Thank you. Those written comments would be made part of the record.

C. REGAN ALMONOR, ESQ.: Yes, good afternoon to the distinguished Co-Chair and to the Senators here present. My name is C. Regan Almonor. I'm an attorney with Legal Services of New Jersey, where I supervise the policy and litigation areas involving employment and unemployment law.

I just wanted to add just a couple of points. One, we have submitted, for the record, our report, *The Real Cost of Living in New Jersey -- The Real Cost of Living in 2002: The Self-Sufficiency Standard for New Jersey*. That is submitted. I just want to highlight just a few points, and then that will conclude my comments in the interest of time.

I want to say that we are in concurrence with the general aim of consolidation. However, we just want to note, in the experience with our

clients, the particular needs -- the nuisance needs of different members of the workforce -- must not be sacrificed as we consolidate.

And, also, as we look at consolidation, we need to consolidate the goal. And I think that-- We believe that our report goes a long way towards suggesting one way of doing that, and that is self-sufficiency should be the goal. Certainly, poverty -- or avoiding poverty is not the goal. That's like playing defense all the time and finding yourself losing, and, indeed, right now, we are losing. Poverty is rising, even though we find that welfare roles are dwindling. And so we want to focus on the real cost of living. And just to highlight -- you'll see in the study, it lists some of what we heard before, and I will not reiterate too much. But costs that are attendant to living in New Jersey -- such as housing, child care, food, transportation, health care -- these have to be incorporated in whatever numerical value we raise to measure success.

And just to highlight briefly, on Page 53, Table 9 and 10 are just examples of counties, for instance, that show what the cost of living has been found to be, and these are very modest numbers. In Hudson County, for instance -- of the Co-Chair -- we find a cost of housing for \$742 for an adult -- family of one, and an annual salary, after adding all the costs of living, of \$16,846. Clearly, this is very, very modest and conservative for how much one needs to live with in Hoboken or, perhaps, Jersey City.

So the cost of living is a basic calculation of base number of what one needs to live in New Jersey. And we believe that that needs to be looked at as we gain success. And that needs to be tied to, for instance, training, so

that if someone does not have adequate training to reach self-sufficiency, clearly, they do not have adequate training.

We just want to make a quick note-- In my own experience, dealing with clients in unemployment law, especially in welfare law, there are a lot of areas that are going to have to be focused upon as we make this consolidation, where a lot of areas are not in tune with what we're all trying to do with our workforce. Specifically, for instance, in welfare law, there are all kinds of barriers being raised, even now, with reauthorization, Federal reauthorization, where there is 40 hours of work that's being proposed instead of 35 -- less focus on training, less focus on education.

And you'll see-- I won't mention it -- I won't go through it, but on Page 19, Figure 3 of the study, a clear distinction is made -- a clear correlation rather -- between education and unemployment, where it can as much as double the unemployment rate based on the early education, high school diploma or not.

We stress that there are some real barriers and that we need some very particular focus, especially on low-income populations -- but for one paycheck, we find a lot of consolidation, if you will, of our workforce into the low-income sector.

So, in conclusion, I would just state that we also can see the need for work supports. And if you look at Page 27, you'll see a clear chart that shows a great impact of actually taking some of these costs off the table by having work supports that pay for transportation or pay for child care, so it's no longer a cost that has to be born by wages.

Of course, we can increase work supports. We can also increase wages. The minimum wage can be raised. But ultimately, as you also see on that same chart, even with minimum wage, people are not meeting their basic needs in New Jersey.

So really, what we're looking at is real job training, real education that's tied to a real mark -- a benchmark of self-sufficiency -- is what is going to go a long way towards ensuring success -- that we measure success properly.

And with that, I conclude my remarks.

Thank you.

JEFFRY L. BERTRAND: Let me be the first to say good afternoon to you, Co-Chairmen, and thank you for staying late. We appreciate the opportunity.

As a member of the Garden State Employment Training Association, the past six-year President of the New Jersey Urban County Community Development Association, and currently the President of the National Association of County, Community, and Economic Development, which is an affiliate of NACO, I'm very proud to have this opportunity to present my testimony to you.

More importantly though, as the Director of Economic Development for Essex County, the county that contains one-third of all the TANF population in the State of New Jersey and, arguably, probably more than that percentage of folks who are unemployed or underemployed but not on TANF, I'm very pleased to have this opportunity.

I'm going to talk as fast as possible, if you haven't figured that out yet.

In April of 1999, Essex County amended its organizational charter to combine all workforce development programs and co-locate those programs with our housing, community, and economic development programs. The impetus behind this effort was to create a true One-Stop department for our customers -- which are citizens, businesses, and municipalities -- in order to minimize their need to navigate the sometimes confusing maze of governmental programs. It was, and still is, generally accepted that the One-Stop concept is the best way to provide services to these customers. Therefore, the realization of the One-Stop concept should be the single-most driving force behind all discussions and plans surrounding the workforce development issues in today's market. However, the first charge that we have is, in order to make it a reality, open, willing, and active participation amongst all partners must occur, which has not happened in the past.

Prior to 1999, the Department's Division of Housing and Community Development began working with the various State offices such as Labor and Commerce to develop strategies to meet the various needs of the business customer. The county provided, and is still providing, free office space to representatives of these agencies, co-locating them with the aforementioned programs.

In addition, bi-weekly meetings were held to share leads, discuss strategies, and stay coordinated. These actions yielded to main results. First, it minimized the need for business to retain a multitude of contacts while trying to understand the various available programs and opportunities to them.

Second, and more importantly, the State and county were able to embellish their individual and each other's efforts and, in essence, expand their

staffs through this partnership. Instead of the representatives from both levels of government, and on occasion the same level, meeting with the same businesses, the respective officials were able to expand their target areas and specialize presentations. The business as a customer One-Stop working partnership and the bi-weekly meetings continue today, close to seven years after they were originally conceived.

In October of 1999, we purchased and renovated a 140,000 square-foot facility known as the Economic Development Center. That center is located in the city of East Orange, right off the intersections of the Garden State Parkway and Route 280. We have located my department there, which contains all of our housing and economic development activities, our economic growth division, and our workforce development programs, including the TANF workforce development programs, which are no longer in our department of citizen services.

The State was, again, provided space, including for the Department of Labor's Business Service representatives, the employment service staff, and a few representatives, as well as Department of Human Services representatives.

Suddenly, through Federal legislation, the One-Stop concept became burdened with the requirement of becoming an operating facility with the associated costs. It was no longer just a concept. Therefore, the partners and co-tenants of the One-Stop facility must now discuss programmatic and operating issues. The strain on Federal, State, and county dollars has increased, as you know. While WIA mandates One-Stop facilities, the current

appropriation levels are insufficient to adequately operate such complex facilities while maintaining appropriate local programmatic funding levels.

As you'll note in my presentation, just five years ago, Essex County was receiving close to \$6 million in JTPA program funding, the precursor to WIA. We now receive only \$3 million. Yet, the requirements of maintaining this facility are much greater.

The second charge that we have is, as a partnership, we, the--

SENATOR CHARLES: Excuse me, we have one more person besides yourself. You're not the last one. We have Mr. Santare. Is he still here -- Bob Santare?

You're here. You wish to testify, correct? (affirmative response)

MR. BERTRAND: All right, I'll jump over a couple of things. I apologize.

The second charge that happens as a partnership, the county, the State, and the Federal government need to be more creative to make better and more effective use of various Federal programs. One of those programs that has one of the ultimate levels of flexibility is the TANF block grant funds, which an enormous amount of money comes into the State of New Jersey, and an enormous amount of money flows to Essex County, due to our population.

We believe that we are not making the full use of that flexibility. We do know that there's been recent articles in newspapers that say some states are paving roads. We do not agree to pave roads with TANF block grant money. However, it is an excellent source to fund different creative programs such as One-Stop Centers to meet the needs of a whole multitude of people.

I give you a list of -- in my testimony I gave you a list of programs that we have operated. If I could, just two other main points. Through our Division of Training and Employment, current and former TANF recipients, dislocated workers, adults, and youth can receive a multitude of services, including but not limited to, direct job placement, occupational training, educational enhancements, substance abuse assistance, and free job search assistance such as résumé development.

SENATOR CHARLES: Is this in your testimony that you're presenting us?

MR. BERTRAND: Yes, I'm going to jump over two more things.

SENATOR CHARLES: We'll read it. If it's in your testimony, we'll consider it.

MR. BERTRAND: Okay, the only thing I would add is that we are the only organization that marries economic development, workforce development, and housing development, which is the part that I'm now skipping over.

We are providing affordable housing opportunities and home ownership opportunities to people who are former participants in our job training and educational programs. We think it's time for all entities, not just the county, not just the State, not just the Federal government, but all together to put aside the financial fiefdoms that have been created for a long time.

As a person who sits on over 28 different programs with various programmatic and administrative line items, it becomes an administrative nightmare, in essence. And all of your time is put on how to fill out reports,

manage the cash, things like that. And a lot of that takes away the time that you have to implement programs, design, and meet the needs of the people.

Thank you for this opportunity.

SENATOR CHARLES: Thank you. I thank everyone.

Bob Santare and Nils Richardson.

Mr. Richardson, would you come forward also?

Is there anyone else who wishes to testify who hasn't testified? (no response)

ROBERT SANTARE: Thank you.

SENATOR CHARLES: Three to five minutes or less, if you can do that.

MR. SANTARE: My name is Robert Santare. I'm President of Champion Fastener.

SENATOR CHARLES: Want to press the--

MR. SANTARE: Robert Santare, President of Champion Fasteners, Mount Holly, New Jersey. I also Chair the Workforce Investment Board in Burlington County.

Just briefly, I'd like to just explain what the impact of a customized training grant had on our business. In recent years, New Jersey and other northeastern states have lost thousands of jobs to manufacturing companies in the Midwest United States and foreign countries.

A majority of the fastener and nut and bolt industry has moved overseas. Lack of the state-of-the-art equipment, limited productivity improvements, and a lack of the well-trained workers are some of the reasons why the U.S. has lost their competitiveness. Without automated forming and

machining equipment with features such as SPC, SNC, PLC, and quick changeover techniques, a competitive core structure could not be reached.

Champion had purchased over a half-a-million dollars worth of manufacturing equipment to remain competitive with foreign manufacturing companies. Because of the lack of trained setup and operators, the equipment was only running at 30 percent of its capacity. In fact, when present employees were out for a period of time, this machinery did not produce. This caused us to fall short on promise-of-delivery dates, which, in turn, jeopardizes the customer-Champion relationship. If we only had the ability to increase our productivity--

We realize the solution relies on upgrading the skills of our current employees with the organization and in the hiring of new trainees to fill these vacancies that are created when our existing -- new, more qualified employees are able to produce on the state-of-the-art equipment.

This was a very expensive task involving investment of not only money, down time, quality issues, and other relative factors. Short-term, this is what will very well make us less efficient, and not as productive long-term. Increasing the number of skilled employees will enable Champion to purchase more production machinery and thus increase our present production capacity. Increased production will enable us to take in more work and ultimately grow our business.

Because Champion has higher operating costs than many of our competitors, domestic and foreign, it is impossible to make the same investment that they make. We can afford to spend less than 1 percent of our

payroll on training, yet many of our competitors are able to spend as much as 4 percent.

In late 1999, Champion applied for and was successful in obtaining a customized training grant from the State of New Jersey's Department of Labor. We were able to achieve significant quality and production improvement. Overall sales were up 15 to 20 percent, and our employee count went from 40 to 53 from 1999 to the year 2000, which was about a 30 percent increase.

We worked with Burlington County College, Burlington County Institute of Technology. The customized training staff from the Department of Labor were very helpful to help us identify what we believe got us over the hump.

And just to finish up -- to tell you where these people came from -- we worked with the One-Stop Career Centers. Mainly these were unemployed people. We have jobs ranging, right now with these people, from \$9 to \$23 an hour. Also, in the One-Stop, we work with the underemployed, and we have machine operators that make \$10 to \$22 an hour, and we also work with the school-to-work apprenticeships -- apprenticeships coming out of high school at a rate of \$8, and have the opportunity to make over \$21 an hour.

And I just-- My main reason -- was here -- was to let you know how important this is to small business.

Thank you for your time.

SENATOR CHARLES: Thank you very much.

MR. SANTARE: Do you have any questions?

SENATOR CHARLES: No questions.

NILS RICHARDSON: Good afternoon. You have my testimony before you.

I would like to say that I'm certainly here to represent our members -- community rehabilitation providers, true community-based organizations who operate very similarly to the faith-based organizations in turning none away and providing a wide variety of services to not only people with disabilities, but people with disadvantages: welfare, illiteracy, immigrants, etc.

I'm going to speak just briefly about those resources, which are in here. Our capabilities, our partnership with Commissioner Kroll, Deputy Commissioner Hammill, Mr. Plotkin -- and we certainly echo their and the other speakers' comments about consolidation, etc. There were some specific recommendations that were in here.

I would like to talk a little bit and just ask you to look through this and see the resources that our members, community rehab providers, bring in literacy and job placement. We serve over 38,000 people a year, place over 3,000 people a year in jobs. About half of those are through the Workfirst New Jersey. About half are through a variety of disability programs.

We can help with systemic issues, with true design, accessibility of work stations, etc., for people with disabilities, through the service delivery and bottom line: job placement, employment, and retention.

So thank you very much for taking just this moment. And please do encourage your colleagues to look carefully at this. I pointed out some national consultants that we had in earlier this month in a paper from Dr. Burkowitz (phonetic spelling) that the SETC has reviewed, some other

resources in here. And we'd be glad to be helpful to you and your Committee in any way.

SENATOR CHARLES: Thank you very much, Mr. Richardson. We will look through this very carefully.

I thank everyone for coming to this second hearing. Some of you were at the first, also. We, as a Committee, are thankful and grateful to you for coming and sharing your experiences and your knowledge. And we hope that something very positive and something helpful to all of those who testify will come out of these hearings.

The meeting is adjourned.

(HEARING CONCLUDED)