

Commissioner Thomas D. Carver,
New Jersey Department of Labor and Workforce Development
May, 2005

INTRODUCTION

Thank you, and good afternoon Chairman Bryant, Vice Chairman James and members of the committee.

I come before you today to provide an overview of the operations of the Department of Labor and Workforce Development, as you work with Acting Governor Codey to solve the State's fiscal challenges.

As you review our budget request please remember that this Department actually receives a majority – almost 75% - of its funding directly from the Federal government. And of the remaining 25%, a majority of that funding comes to us through fees, penalties and from dedicated funds. Therefore, our reliance on general State revenues is actually minimal.

CREATING EFFICIENCIES

Nevertheless, we take great pride in our efforts to operate efficiently and effectively to help the people of New Jersey find employment, improve their skills and achieve their dreams.

Across this Department, whether protecting workers, providing job training, or issuing unemployment benefits, one area where we are focusing attention is in the utilization of technology to improve efficiency and customer service. In every division, we are incorporating the latest available technologies to increase employee productivity and provide better services for all New Jerseyans.

Our most aggressive undertaking to utilize technology and create efficiencies is the modernization of our unemployment insurance system. This modernization will replace the web of antiquated and unconnected computer systems currently in place with a single comprehensive UI benefits system – the New Jersey State Unemployment Compensation Claimant and Employer Service system – also known as NJ SUCCESS.

NJ SUCCESS will allow claimants to focus on what matters most...finding a job faster. We expect to award the contract to develop this new system within the next few months.

Already, our Income Security division is incorporating technology into their programs. They have instituted Direct Deposit of UI benefits – saving banking charges for the State and getting claimants their benefits faster. More than 3,100 customers have taken advantage of this option. Additionally, individuals can now file claims over the Internet, and over the past two years, more than 30% of initial claims and 10% of continued claims have been filed over the Internet.

To maximize the resources of the Workforce Development system, we have established a One-Stop Career Center membership card system in 38 locations. These bar-coded membership cards help our staff track participants' self-service activities, and other services like job search workshops. The cards are also linked to the Unemployment Insurance data system and America's One-Stop Operating System, so new unemployment claimants automatically receive letters that introduce them to the State's network of One-Stop Career Centers and educate them on all of their options for finding new employment.

These initiatives allow us to fulfill our mission to the people of this State.

JOB TRAINING

We know that one of the best weapons we have against poverty and hopelessness is a paycheck. As public servants, one of our top priorities has been, and must always be, to offer our citizens every possible tool to become gainfully employed.

Since coming to the Department six months ago, I have been consistently impressed by the level of commitment and the quality of work performed every day by our employees.

The work of this Department is part of the reason New Jersey has been a national leader in job creation since the end of 2002, when we began adding jobs back into our economy. In fact, our unemployment rate that has been below the nation's for 23 months, due to record setting levels of employment. In March, New Jersey's unemployment rate was at 4.3 percent. The nation's, on the other hand, was 5.2 percent. While in 2005 growth may be slowing somewhat, we remain confident that we will continue to create jobs by leveraging our State's natural assets and investing in workforce development.

For too long, people thought of the Department of Labor as the place where you go to get an unemployment insurance check. While helping workers in their time of need will always be a part of this Department's mission, our real goal is to help people receive a paycheck.

We are focused on providing an effective system to develop a skilled and educated workforce. Workforce training reduces long-term social costs, enhances the economy and restores human dignity. That is why, after undergoing one of the largest agency overhauls in decades, the Department of Labor and Workforce Development has become the premier resource in New Jersey for both workers seeking to find jobs or pursue new careers, and businesses looking to expand or upgrade their workforce.

In fact, we are now setting the national standard for many job training programs.

We are recognized as a national leader in the development of a One-Stop Career Center system. Across the State, these Centers used to be unemployment offices – now they are literally "Employment Centers" where jobseekers can learn how to interview, receive training, be matched with available job openings, or utilize basic job search resources like computers, the Internet, fax machines and copiers.

We now have 18 comprehensive One-Stop Career Centers around the State.

In fact, a month and a half ago, I had the opportunity to join with Senator and Newark Mayor Sharpe James as we celebrated the one year anniversary of the Newark One-Stop. In only one year, the center has placed over 2,200 people into meaningful jobs. While I was there, I had the opportunity to speak with some of the workers whose lives were impacted by that center. Whether they were receiving training that got them a better job, or were finally placed in a permanent position after months of being out of work, the sentiment was the same – "This place changed my life."

We are also one of only a few states that have consolidated "to-work" services within the workforce delivery system, bringing employment and training services for all TANF, Food Stamp and General Assistance recipients into this agency. We have incorporated adult education services into this agency, and now have 44 Workplace Learning Links – our literacy labs.

Our 21st Century Distance Learning program is not only helping women across our State upgrade their skill sets and find better jobs, it is now held as a model program for

states across the nation. We are proud that we recently received the Wynona Lipman Award for this excellent program.

And we recently introduced our Supplemental Workforce Development Benefits Program (SMART Steps) to provide financial support for participants while they attend college full-time to attain a two- or four-year degree. Working with Senator Wayne Bryant, we developed this program to provide real opportunity to citizens working to get off of welfare and have meaningful life-long careers. SMART Steps provides participants with all the services that are normally available through Workfirst New Jersey – including child care, transportation, emergency assistance, post-program support services – as long as they are enrolled in an approved education activity.

Our focus on workforce development is also a focus on economic development. By creating a highly-skilled workforce to meet the demands of tomorrow's jobs, we encourage new and existing businesses to expand and grow in New Jersey.

Our Business Services Division has provided more than 71 million dollars in Customized Training grants to train over 130,000 workers in over 650 companies since 2002. These grants enable companies to train existing employees on upgraded technologies so they can remain competitive, and even help some businesses expand by providing the necessary resources to hire more employees.

A few months ago I had the pleasure of presenting a Customized Training Grant for nearly half a million dollars to the Retail Skills Center at the Jersey Gardens Mall. This grant will enable the Skills Center to train 200 additional workers for careers in retail and other industries. This Skills Center has already served 17,000 workers, helping them obtain jobs and careers in a host of industries supporting this region. Jersey Gardens Mall is an economic engine for Union County by providing a highly-skilled workforce, encouraging new businesses to open and existing companies to grow and ultimately flowing more capital into the region.

We are also utilizing these grants to assist industries critical to the State, like the glass industry in South Jersey. We provided JE Berkowitz, a family-owned glass business located in Gloucester County with a grant of \$56,000 to initiate a company-wide program to improve the skills of its 215 workers. This grant offered new learning opportunities to

employees, thereby helping a company that strengthens Gloucester County and the surrounding area.

One other example is Cenlar FSB in Ewing. The company received a \$123,600 training grant that will enhance its employees' technical skills and stop the extremely high rate of turnover. Although the grant is only a few months old, Cenlar is already seeing favorable results.

Across the State, we have established 16 state-of-the-art Business Resource Centers to help small and midsize businesses find solutions to their issues, and recruit the most qualified candidates for their open positions. These Centers connect companies with training resources to improve their own workforces, as well as with economic development agencies to find relevant programs that could help them succeed.

As a resource for businesses and workers alike, when the ebb and flow of the economy results in layoffs or closures, this Department has an obligation to ensure that workers are taken care of.

This is the role of our award-winning Rapid Response Team. This group goes to work almost immediately with affected employees to help them receive job search assistance, training, and unemployment benefits. Over the past 3 years, our team has assisted over 800 companies and served almost 63,000 workers.

When Dallas Airmotive announced plans to close their facility in Millville in November 2004, our Response Team was immediately deployed to help the impacted workers. They worked in cooperation with the Cumberland County One- Stop Career Center, over a two month period, to set up an on-site Resource Center, equipped with computers and One-Stop Center staff; develop an employee campaign to solicit jobs from local and regional employers; create workshops to help employees hone their job search techniques; and provide counseling to help workers identify any needed skills upgrades. The efforts of the Rapid Response Team enabled 100 former Airmotive employees to secure new employment.

To build a better workforce and keep New Jerseyans working, our Workforce Development activities extend to our work with specialized populations.

FOCUSING ON THOSE WITH SPECIAL NEEDS

Vocational Rehabilitation is critical to getting individuals with disabilities into the workforce. In the past fiscal year, our Vocational Rehab division served over 26,000 individuals with disabilities and successfully placed nearly 4,000 in competitive employment. For those who were successfully placed, the average weekly wage at achievement of employment was \$360, compared with their average weekly wage at the time of referral of \$71.

But this employment also has a direct impact on our State's fiscal strength. At the time these individuals were referred to Vocational Rehab, 35% were receiving some type of public assistance. But at the successful completion of their training and placement, only 11% continued to receive public support.

We are also increasing access for individuals with disabilities to our One-Stops. Using a USDOL grant, we are providing disability awareness and sensitivity training to over 500 staff of the One-Stops throughout the State. In addition, we are ensuring our staff is qualified to provide specialized support to meet the needs of individuals with disabilities. To date, 80% of the professional Vocational Rehab staff has Masters Degrees in Rehabilitation Counseling or a closely related field.

As the Department of Labor and Workforce Development, we believe we are a stakeholder in the creation of jobs, the attraction of new businesses, and the overall economic development plan for the State. That is why, in recent months, we have begun to forge new alliances with our sister agencies – like Commerce, Treasury, and Community Affairs. These new alliances bring our resources to the table from the very beginning, to strengthen economic development projects.

This Department and our sister agencies share the same goals, so when we pool our resources, we all benefit, but more importantly, the State's economy benefits.

PROTECTING OUR WORKERS

Beyond Workforce Development, this Department impacts New Jersey families every day by protecting the health and safety of workers, ensuring they receive a fair wage, and offering support in their times of need.

Our Temporary Disability Insurance program received 174,000 claims during the fiscal year and paid more than \$423 million in benefits. Our goal is to ensure claimants

receive benefits as soon as possible. 70% of new claims are now being processed within 14 days.

The Division of Income Security oversees all of our unemployment programs. They process over 600,000 unemployment insurance claims per year and pay out two billion dollars in benefits annually. And, we are proud to report that we are exceeding Federal performance standards for first payment timeliness.

Our adjudicators protect the solvency of the trust fund and employers from inappropriate charges, by conducting over 180,000 interviews per year to determine eligibility.

And our Wage and Hour Compliance unit enforces wage regulations to ensure New Jersey's workers are being paid what they should be. Over the past several years, this division has significantly increased its collections. For 2004, they recovered wages owed to New Jersey workers totaling \$8.5 million. In addition, fees and penalties collected exceeded \$4 million.

Labor Standards has cracked down on violators by revoking the registration of 36 prevailing wage contractors to perform public works projects and debarring 154 contractors due to violations. This enforcement ensures workers are fairly paid for a day's work.

Through our Public Employees Occupational Safety and Health division, we ensure public employees are provided with a safe and healthy work environment. We conduct safety inspections to provide necessary support to the State's public employees. This work involves regulating areas such as boilers and pressure vessels, to asbestos control and retail gasoline dispensing.

In recognition of our role in Occupational Safety and Health, we have been given a seat at the table as a member of New Jersey's Homeland Security Task Force. The Department will be able to utilize our expertise to protect the workers of this State, workplace environments, and ultimately our economic security.

LOOKING AHEAD

Over the next year, this Department will build on the successes of the previous 12 months. We will continue to achieve efficiencies by utilizing innovative technology, and we will continue to improve as a resource for both the workers and the businesses of New Jersey.

Our Department is in the beginning stages of a complete redesign of our website, which will help our constituents more easily access our resources. As part of that redesign, the Office of Labor Planning and Analysis will streamline the way our data are delivered. This will enable all users, including the general public, policy makers, educators, employers, and planners to more easily access information on job trends, employment data, and a whole host of facts and figures they may be seeking. The redesign will help our Department be recognized as the single most important resource for economic data in the State. It will help companies make informed location decisions, help workers plan their career path, and help educators prepare their students for the jobs of the future.

The Department, in conjunction with the State Employment & Training Commission, has also created an online performance assessment tool, to assist Workforce Investment Boards and prospective students make informed decisions about training providers. This Consumer Report Card permits the analysis of training vendor and student information, and measures placement, job retention and earnings after training. These measurements will help us to keep developing effective trainers and weed out those that do not produce results.

All of these initiatives will not only provide improved, more effective services for the people of New Jersey, but also save scarce resources, increase employee productivity and make for a more efficient organization.

We will increase our involvement as a stakeholder in the economic development process. For example, the Department of Labor and Workforce Development will be a key partner in the Xanadu project in north Jersey. As one of our State's largest economic development undertakings in years, this project will demonstrate how this Department, by joining with our sister agencies and using local resources, can have a significant impact on our economy. The 21,000 construction jobs initially created by Xanadu, and the 20,000 permanent jobs, will all require training, recruitment and placement assistance. We are in the process of partnering with the surrounding counties, local community colleges, and the

project developer to create a training center – to help workers find jobs, and jobs find workers.

As we have done for decades, this Department will continue to be a voice for workers to keep them safe, and a guide to help workers get back on their feet in their time of need. We will also continue to be an engine for the creation of jobs, a partner to help business succeed and a trainer to help every worker fulfill their destiny.

Thank you and I will be happy to address any questions you have.