



STATE OF NEW JERSEY

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Fiscal Year 2018

New Jersey Assembly Budget Committee, Budget Testimony

Robert Asaro-Angelo, Commissioner, Labor and Workforce Development

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I

WELCOME

Thank you Chairwoman Pintor Marin (Pin-TOR Mar-IN), Vice Chairman Burzichelli and members of the committee for allowing me this opportunity to speak with you today. It's an honor to be able to share with the Committee all of the plans we have to ensure that the New Jersey Department of Labor and Workforce Development is working effectively for the people of our state.

But first I'd like to take a moment to introduce a few key members of our staff who have been hard at work helping prepare for today's hearing.

II

INTRODUCTION OF KEY STAFF IN ATTENDANCE

With me today is our Deputy Commissioner, **Paul Yuen** (U-en). Paul is now in his 27th year with the Department, and possesses a wealth of knowledge that is essential our efforts.

Julie Diaz is our Chief of Staff. Julie comes to us after a distinguished career working in the Legislature and the labor movement, where she advocated for immigrants, women, and New Jersey's workforce.

Hugh Bailey is our new Assistant Commissioner for Workforce Development. He joins us after holding several leadership roles in the field, most recently as Chief Operating Officer for the Philadelphia Workforce Development Board.

And two gentlemen who have had long and valuable careers at the department: **Bob Voorhees** is our Chief Financial Officer, and **Ron Marino** is our Assistant Commissioner of Income Security.

III

PERSONAL BIO AND HISTORY

And if I may, I'd like to share a little bit about my own history.

I was born, raised and educated here in New Jersey, where I have spent much of my life fighting for worker rights, starting in the 2nd grade when I walked the picket line with my teachers at Warnsdorfer Elementary School in East Brunswick. More recently, I had the privilege of serving in the Obama Administration for six and a half years under Secretaries Hilda Solis and Tom Perez at the U.S. Department of Labor.

I covered 20 states for the USDOL, which gave me the opportunity to see first-hand, successful, effective programs across a large swath of our country, whether it was in South Carolina, which leads the nation in the number of apprenticeship programs, or in Massachusetts, where the Council on the Underground Economy is a national model for protecting exploited workers and law-abiding businesses.

These experiences were always inspiring, but sometimes frustrating, since being at the federal level meant I was many layers removed from the work being done day-to-day on the ground. As Commissioner of Labor, I look forward to bringing these best practices to New Jersey, which will have direct, positive and sustained impact on our workforce and their communities.

I look forward to empowering the great men and women who make up the Department of Labor and Workforce Development, and our many partners at the county and local level, to help them successfully train, educate, employ, and protect the Garden State's workforce.

IV

THE STATE OF THE STATE

After Gov. Murphy was inaugurated in January and I assumed the role of Acting Commissioner, my first order of business was to examine the state of the Department. What I discovered in my first days and weeks was a Department that had been severely weakened by a chronic shortage of staff. Existing staff – while dedicated and skilled – were over-extended. Even job titles that are 100% federally funded were left vacant. It was as if the Department had been hollowed out. We inherited a situation

where vital positions went unfilled, the morale of our employees was low, and available federal funds were left on the table.

New Jersey is a unique state. Our unemployment rate is at 4.6 percent – higher than our national average – and we have been behind in the pace of economic growth. In fact, we have the third highest long-term unemployment in the nation – a statistic that refers to those who have been out of work at least 27 weeks.

Though we are seeing improvements, we must be realistic. There is much work to be done to return New Jersey's long-term unemployed to work, decrease pay inequities, and increase the skills of our workers to meet the demands of an increasingly sophisticated and specialized workforce.

A few successes of note...

V

RECENT DEPARTMENTAL SUCCESSES

Thanks to the efforts of our staff, the Department's anti-fraud measures have saved the state nearly a billion dollars since 2006. These efforts may have caught your attention with the recent sentencing of a North Bergen couple who were convicted of filing false unemployment and disability claims. As a result, New Jersey taxpayers can expect to see more than \$300,000 in restitution. We look forward to continued collaboration with the Attorney General on behalf of New Jersey taxpayers.

New Jersey's Unemployment Insurance Trust Fund is in the black with a balance of \$1.87 billion. We are confident in the continued solvency of this fund, which will lead to lower bills for New Jersey

employers and employees. The turn-around in the Trust Fund means we are better prepared for a downturn in the economy. We will continue to monitor and strengthen this system of protecting our workers.

Last year, my predecessor set an educational attainment goal to increase the number of New Jerseyans with a post-secondary degree or industry-valued credential to 65% by the year 2025. It's called 65 by 25. This is to prepare workers for the labor market of the not-too-distant future. I'm pleased to report that number is moving in the right direction.

In fact, the Department has already implemented several programs to address a need for more pipelines between higher education and our state's key industries.

But we can – and will – do more.

VI

RECOMMENDATIONS OF THE GOVERNOR'S TRANSITION REPORT

The transition team recommended the Department focus on two comprehensive areas:

- 1) Reforming career training and workforce development programs
- 2) Advancing worker protections and finding new ways to modernize New Jersey's laws and policies for today's workforce climate

I'd like to tell you a little about what we have accomplished in the past three and a half months on the job under Gov. Murphy's leadership.

VII

IMPROVEMENTS WE'VE ALREADY MADE

We've increased the number of prevailing wage inspectors by 46%. Adding to our prevailing wage staff early has many benefits. First and foremost, additional staff adds to the protection of New Jersey employees and employers. Second, these positions are essentially self-funded because of the revenues they produce. I'd like to thank the Legislature for approving these funds in the previous budget.

Through strategic redirection, we have more than doubled our customer service phone lines in our Temporary Disability and Family Leave call centers. I am proud to say we have dramatically cut the 22-minute average wait time by more than 60% from this January to April alone. Our data shows we are answering callers' questions more quickly as well.

The time it takes to process Temporary Disability and Family Leave claims has long been an issue of concern. While average turn-around times have been as high as 40-plus days, our current time lapse is roughly half that, from start to finish. This is still too long for applicants to wait, but we are encouraged by our early progress. We will continue to work hard to reduce the amount of time it takes to process claims with additional staff and technological improvements.

Our website and application systems for Temporary Disability and Family Leave Insurance are being re-designed to be more user-friendly – and thus, better serve our customers.

We are also stepping up outreach to let those who can't work due to a temporary disability or pregnancy know assistance is available during this stressful period in their lives. A new brochure geared specifically to women who will transition from Temporary Disability to Family Leave is in the works.

I know these programs are of great importance to many of our legislators here today. I look forward to working with you on any legislative improvements that will better serve our residents.

Another of our efforts directly supports the men and women who are returning to civilian life after having served our country. A \$300,000 grant will continue the Helmets to Hardhats program, which connects women and minority veterans to the training they need for careers in the construction trades. The program has placed more than 800 veterans into registered building trades apprenticeships to date.

Just last week, Governor Murphy joined Lilly Ledbetter on stage to sign the *Diane B. Allen Equal Pay Act*, which strengthens protections against employment discrimination and promotes equal pay.

And in less than an hour, Gov. Murphy is scheduled to sign a historic Paid Sick Leave bill into law, requiring businesses to provide up to 40 hours of paid leave to employees. Just nine other states and the District of Columbia have such laws on their books.

I am proud that our Department will be among those taking the lead in enforcing these new laws.

VIII

PLANNED INITIATIVES

At the end of March, Gov. Murphy announced his vision for the *NJ Apprenticeship Network*. This program creates a forward-thinking, new path for state residents to enter high-skilled careers through paid apprenticeships that may include college credit.

The initiative will account for about a third of a \$34.5 million plan to launch innovative programs through the Workforce Development Partnership Fund (WDPF). I'd like to speak for a moment about a few more of these programs.

To help New Jersey's long-term unemployed, we are planning to augment the state's public workforce system with an allocation of \$9.5M to launch the New Jersey Career Network. This new network will provide customer-centered job coaching, which emphasizes that a single strategy will not meet the needs of every job seeker.

Another program being planned is the *Upskill New Jersey Workforce Development Local Partnership Grant*. This program would support small- to medium-sized businesses, including those owned by women, veterans, minorities and the disabled. This is an anticipated \$9 million investment, but the approach is simple. Our partners identify their short-term workforce needs and apply for grants to fund skills training that specifically fits jobs waiting to be filled.

Our *Stay-at-Work/Return-to-Work* pilot would encourage employers to help workers stay on the job following an injury or illness.

Finally, we hope to create the *Workforce Development Policy and Evaluation Lab* based at Rutgers University's Heldrich Center for Workforce Development. This lab would give us an unprecedented opportunity to measure the effectiveness of our initiatives in the state, providing insights and improved outcomes for years to come.

These are just some of the planned investments we believe would bring vital skills training and professional development to the residents of our state.

I'd be missing an opportunity if I didn't reiterate other priorities of this administration.

I stand by efforts to work toward a \$15 minimum wage to allow more New Jerseyans to provide for their families in our high cost state.

I look forward to improving customer service through updated technology, employee engagement and more extensive outreach – in Trenton and in all 21 counties.

I want to remove the communication barriers for those who do not speak English as a first language when working with our Department.

I pledge to work closely with our Division of Vocational Rehabilitation Services to help those with physical, mental, cognitive, and other disabilities who historically have experienced barriers to employment.

We want to end the practice of misclassifying workers as independent contractors, which harms taxpayers, workers and employers who play by the rules.

We want to work with emerging technologies and startups to address their unique challenges and opportunities for a flexible, well-trained workforce.

And we want to adopt a more aggressive approach to seeking diverse grant opportunities for our state that will yield additional resources and emphasize new partnerships. This will streamline our service delivery and improve our effectiveness.

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CLOSING STATEMENT

In closing, the priorities of the New Jersey Department of Labor and Workforce Development are not simply about “a job” – it’s about the dignity that comes with employment.

It’s about people feeling safe, secure, and protected in a way that allows them to provide for their families.

For the average person, having a job is everything. Employment can mean breaking a cycle of dependency on public assistance, or a setting positive example for children who may never have seen their parent go to “work.” Employment can change the lives of individuals, families and entire communities.

I strive to make the Garden State’s workforce the most highly educated, highly skilled, diverse and dignified in the country.

I look forward to continuing to work with our legislators, our governor, my Cabinet colleagues, and the great staff at the Department of Labor and Workforce Development to accomplish these goals.

Thank you.