

Discussion Points

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY09 and \$2.220 billion in FY10) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards.

According to the Governor's budget (pages C-22 to C-23) and testimony presented by the Commissioner of the Department of Labor and Workforce Development to the Assembly Labor Committee on March 12, 2009, at a minimum, the department anticipates \$340 million in federal stimulus funding (\$331.3 million in FY2009 and \$8.7 million in FY2010). The \$331.3 million authorized under ARRA for FY2009 includes: a \$204 million appropriation for deposit into the State's unemployment insurance fund; \$62.9 million for Workforce Investment Act activities; \$15 million for high growth grants; \$14.7 million for unemployment insurance administration; \$10.7 million for employment services; \$8.7 million for expanding the Trade Act; \$7.6 million for vocational rehabilitation; \$4 million for a national emergency grant; \$3.4 million for a senior employment program; and \$309,000 for independent living. Additional funding may be accessed by the department through targeted competitive grant programs under ARRA.

- **Question:** a. Please itemize the federal stimulus funding, other than portions of the \$3.074 billion allocated for budget relief, included in the department's budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? Will any new staff hired be permanent full time employees with benefit and pension eligibility? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

Response: The following are the ARRA funds (in thousands) included in the LWD budget as found on pages C-22 and C-23 of the Governor's Budget message. All funds are appropriated in fiscal year 2009.

<u>Program</u>	<u>Funding</u>
Employment Services	\$ 10,663
Independent Living	309
Trade Act	8,674
Senior Employment Program	3,420

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Unemployment Insurance	14,773
Vocational Rehabilitation	7,564
Workforce Investment Act	62,929
Total	<u>\$127,332</u>

Approximately \$63 million is included in the above amount for the Workforce Investment Act pursuant to federal statutes and regulations of which \$41 million is earmarked and must be distributed by formula to the 18 Workforce Investment Boards throughout the State. These funds must be used to provide services to clients deemed eligible to receive services under the various provisions of the Workforce Investment Act. The balance of the funding remains with the Department for administration (5%) and for Rapid Response /Dislocated Worker activities.

The ARRA funding the LWD has received is used to support federal programs and also programs that have a mix of federal and State funds. ARRA funds that support the latter are to be used to supplement not to supplant State programs; therefore these funds are not available to offset State appropriations. Also the ARRA funds earmarked for the various programs are meant to be used to serve those individuals that are deemed eligible to be served pursuant to the appropriate enabling statutes. Due to the one-time, emergency nature of these ARRA funds, staffing needs created by ARRA will be handled using part-time and/or temporary staff support.

ARRA funds will also be used in the following areas:

Unemployment Insurance funds will be used to improve unemployment compensation (UC) benefit and tax operations, including responding to the increased demand for UC.

Wagner-Peyser Employment Services funds will be used to provide quick and effective provision of services as well as to leverage changes in the basic operations of the One-Stop service delivery strategies resulting in a more comprehensive workforce investment system.

Senior Community Service Employment funds will be used to expand the number of participants assigned to community service work, especially in the growth industries emphasized in the Recovery Act.

Vocational Rehabilitation funds will be used to improve employment outcomes for individuals with disabilities, especially those with the most significant disabilities.

Independent Living (IL) funds will be used to improve and expand IL services, serve additional consumers and maximize employment opportunities to individuals with significant disabilities.

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Trade Act guidelines have not yet been released but it is the LWD's expectation to use these funds to expand the number of participants enrolled in training and increase the number of petitions certified.

b. In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

Response: 1) New Jersey was recently awarded \$1,980,846 for a three-year period starting 7/1/08, from USDOL to serve Post-TANF Dislocated Workers who are unemployed and collecting Unemployment Insurance benefits or who are working in industries considered "at risk." LWD will join with Community Colleges, adult basic education providers and employers to develop a Healthcare Careers Preparation Model that will support former TANF recipients to access employment and training that will move them into and advance up the healthcare career ladder.

2) The \$15.0 million listed in the Budget for High Growth Grants is a placeholder anticipating New Jersey's awards from the \$750 million that the United States Department of Labor will make available under the ARRA in national competitive grants. These grants are to be used for research, labor exchange, and job training projects that prepare workers for careers in energy efficiency and renewable energy, as well as health care and other demand occupations. Guidelines for these grant opportunities have not as yet been made available by the USDOL.

3) NJ LWD was awarded the initial BRAC Planning NEG in November 2006 for \$600,000. The funding was used to begin the planning of services for the thousands of workers that will be dislocated by the closing of Ft. Monmouth NJ.

Funding was used to establish the Fort Monmouth Resource Center less than 1/2 mile from the gates of the Fort. The Monmouth County WIB was given funding from this grant to hire a part time Employment Counselor to work at the Center assisting these workers.

This funding also was used to conduct a detailed workforce study that clearly defined the worker population with strengths and weaknesses and used economic data to provide recommendations on industry sectors that could take advantage of this highly skilled workforce.

An additional \$200,000 was awarded to NJ LWD to conduct a business case analysis of the concept of developing a technology center, taking advantage of this high tech workforce, while assisting the U.S. Army by having reach back capabilities for experienced workers that choose not to move.

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Funding from this grant was used to partner with Brookdale Community College to develop a Center for Excellence in Technology, Telecommunications and Economic Development. This Center will focus its core curriculum on retraining of the Fort Monmouth workforce to attract new high tech businesses to the area.

Through the BRAC NEG, NJ LWD has awarded \$500,000 to Insitech MTAC Corporation, a 501(c)3 non profit organization, to establish the NJ Technology Center. This Center will work with the Army, as well a secure other business, to take advantage of the high skilled dislocated workers. Planning for this entity is ongoing.

4) New Jersey was awarded funds through a Tri State Financial Services NEG, under which NJ LWD will provide retraining services to 1,219 dislocated workers from 10 financial services companies. The training will include Fast Track Math Teacher training, Project Management skills training, and Individual Training Accounts for demand occupations.

2a. Over the past several years, the overall staffing level in the Executive branch has been reduced through restrictions on hiring and an early retirement program. The proposed budget (page B-3) envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions. The Governor has proposed a schedule of once a month furloughs, beginning in May, 2009, resulting in an overall 5 percent wage reduction. The Treasurer, in his testimony to the Assembly Budget Committee on March 9, 2009, indicated that only select direct service and emergency responder employees would be exempt from the furlough requirements, regardless of funding source. According to data in the proposed budget, 2,611 (75%) of the department's 3,490 funded positions are federally funded, 486 (14%) are State funded and 398 (11%) are through other funds.

- **Question:** a. How has the reduction in staffing affected your department? What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department discontinued or deferred because of staffing levels? Will the department be able to accommodate furloughs in FY 2010 without increasing spending for overtime?

Response: Reductions in staff have affected most of the Department's operating and support areas. While we have had to work around staff reductions, the increase in our workloads, notably in the number of unemployment insurance claims filed have had an impact on the Department. Backlogs have increased in some areas and through federal funds, we have hired temporary workers and are also using overtime to keep up with the demand for services. Furloughs in 2010 will likely require the continued use of overtime and/or the use of temporary workers to help with the workload. The additional costs incurred for overtime and the use of temporary workers will be borne by our federal grants.

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b. What modifications will the department need to make to any existing federal contracts to accommodate the five percent reduction in personnel costs in the remainder of FY2009 and FY2010 attributed to furloughs?

Response: Our federal grants provide varying methods of dealing with annual appropriations. Some allow for unspent funds to be carried over to succeeding years while some allow for "fifth quarter" spending and some are modified by the grantee based on the level of spending we experience throughout the year. Accordingly, each grant will be handled in accordance with its particular spending provisions.

2b. P.L.2008, c.21(C.52:18A-248) established an early retirement incentive (ERI) for certain State employees. The purpose of this legislation was to reduce the overall State payroll and attain both short and long term savings through reduction of payroll and long term reduced pension costs. To maximize short and long term savings, the legislation imposed a limitation on hiring replacements for those who retire, limiting rehiring to 10 percent of the vacant positions Statewide. In response to the OLS questions during the review of the FY2009 budget, the department estimated that 500 department employees would accept the ERI. In fact, as of August 15, 2008, the Division of Pensions and Benefits in the Department of the Treasury reported that 222 persons employed by the department planned to retire under the ERI.

- **Question:** How does the number of retirees in FY2008, FY2007 and FY2006 compare to the number of persons who retired under ERI in FY2009? How many positions is the department authorized to fill, per the State's 10 percent overall limit? What division and office in the department has experienced the highest number of retirees due to ERI? What effect, if any, has this decrease in personnel had on federal funding to the department? How many of those individuals who retired under ERI were in positions funded by the State, by the federal government, by other funds?

Response: In fiscal years 2006, 2007 and 2008, 121, 124 and 98 people respectively, retired from the Department as opposed to 214 who took advantage of the early retirement initiative in fiscal year 2009. At this time we have been authorized to fill 7 positions out of the 10% limit. The area that lost the most through the ERI program was Income Security with 65. Of the 214 who took the early retirement package, 73% were funded with federal funds, 11% with State funds and 16% with dedicated (trust) funds. Our Veterans Employment and Training Services funding and our funding from the Social Security Administration that supports the Disability Determinations Services program have been adversely affected by our loss of staff.

3. The FY 2009 appropriations act anticipated that \$25 million in procurement savings would be achieved by Executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY

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2010. The FY 2010 budget includes another \$25 million from procurement savings (Budget in Brief, Appendix I, page 8).

- Question:** Please indicate the FY 2009 amount of procurement savings achieved by your department, by the categories set forth in the referenced table, and the sources of those savings by department program? What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?

Mid Year Corrections to FY2009 Budget*	(thousands)
a) Administrative Cost Recovery Account – Savings	\$ 800
b) Reduce Funding for Vocational Rehabilitation Placement Incentive Program	438
c) Reduce State Administrative Costs	254
d) Contract Close Out	17
e) Reduce Workplace Standards Capital Improvements	3
Total cost efficiencies saved through the department's changes	\$1,512

Response: The Treasurer will be providing a response to the question regarding procurement savings. See the response to 4 below for details on the items in the box shown above.

4. In January, 2009, it became increasingly apparent that the nationwide recession would have a substantial adverse effect on revenues projected to be collected by the State. On January 5, 2009, the State Treasurer released a list of \$812 million in spending reductions planned by Governor Corzine to address the estimated \$2.1 billion revenue shortfall for FY2009. In the wake of further declining revenues, the State issued additional budget actions on February 17, 2009. These mid-year spending adjustments were necessary to meet the revised \$3.6 billion revenue shortfall for the remainder of FY2009. Included in the proposal released by the Governor on February 17 were the following cost efficiencies from the Department of Labor and Workforce Development's budget:

* A brief explanation of the accounts referenced: a) the administrative cost recovery account contains federal dollars which are used to pay indirect costs for non-State funded programs. Every other year, the federal government adjusts the account to match the funds used in the account; b) The vocational rehabilitation placement incentive program has historically been allocated year end to community providers to meet their obligations as sheltered workshops; c) Costs incurred by the department to administer programs, which historically have been constant; d) Contract close out does not appear in the budget; e) Capital improvements include the purchase of needed equipment.

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Additionally, the Governor's proposed budget indicates two other transfers from funds within the department that, according to the department, are attributed to resolving the FY 2009 budget gap: \$15 million from the Workforce Development Partnership Fund (page H-7) and an interfund transfer of \$50 million from the State Disability Benefits Fund (page C-9).

- **Question:** a. Please explain in detail the departmental reductions proposed in the Governor's planned mid-year spending correction and provide an accounting of each item as listed above. Please explain each program affected. Please detail the number of staff who will be eliminated, if any.

Response: a) There is no impact on the Department's operations as a result of this reduction. See also the explanation of this account below. b) This reduction impacts the Sheltered Workshops by eliminating the incentive payment for placements into unsupported employment. There is no impact on the Department's operations. c) This cut reduces the amount available to fund the administrative support provided to our State funded programs. We will use excess receipts obtained from our Labor Standards programs to cover the shortfall. d) This is an elimination of an old balance in our common supplies account and will have no impact on the Department's operations. e) Lapsing \$3,000 in the equipment account in Labor Standards will have no impact on the Department's operations.

b. As the "administrative cost recovery account" in the table above contains federal money used to pay indirect costs for non-State funded positions, what are the federal government's guidelines with respect to federal funds authorized for administration being transferred from the administrative cost recovery account to the General Fund? Will the federal government expect to be reimbursed for such funds if those funds were not appropriated for program administration costs, but rather transferred to the State General Fund as a budget solution?

Response: The administrative cost recovery account is technically not federal money. The State Office of Management & Budget periodically provides rebates to State agencies as an incentive to pursue an indirect cost recovery from the federal government. No deposits have been made into this account for several years. These funds may be used by the agency for any purpose. \$800,000 from this account was contributed to the State general fund as part of the mid-year Fiscal Year 2009 budget solution.

c. Please explain the budget authority by which the \$15 million was transferred from the Workforce Development Partnership Fund for general purposes.

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Response: This transfer has not yet been made. The authority for the \$15 million transfer will be contained in a bill to be presented to the Legislature for its approval.

5a. The Unemployment Insurance (UI) fund is the federally maintained account that is used to receive employer and employee UI taxes and to pay all UI State funded benefits. (For a more detailed analysis of this fund please see the budget backgrounder "Unemployment Insurance – An Overview," beginning on page x of this report.) On March 31 of each year, the State determines the reserve ratio in the fund, as statutorily required under P.L. 1938, c.58 (C.43:21-7). The ratio of the fund is used to establish the tax rate for employers in the following fiscal year. The tax rate is often referred to as its corresponding column in the statutorily established tax rate table, columns A – E, with "A," being the lowest tax rate and "E", being the highest tax rate.

In March, 2008, the department estimated that the balance of the Unemployment Insurance (UI) fund would be approximately \$977.3 million on March 31, 2008. This balance was not sufficient to continue UI tax rates during FY2009 in the "A" tax schedule (the lowest UI tax rates for employers). Thus, P.L.2008, c.20 was enacted in June, 2008 authorizing the transfer of \$260 million into the UI fund from the General Fund and delaying the date for calculating the reserve ratio from March 31 to June 30, 2008. These changes enabled the fund to maintain the ratio needed to retain the "A" tax schedule for FY2009 and employers did not experience a tax increase.

However, throughout 2008 and 2009, unemployment steadily increased from 4.6% in January 2008 to 8.2% in February 2009. The increasing benefit payments due to the escalating unemployment rate have resulted in the UI fund being completely depleted as of March 11, 2009. On this date, the State commenced borrowing from the federal unemployment account to pay State UI benefits. States are permitted to borrow from the federal unemployment account to pay State UI claims, but must return the funds on a scheduled basis. ARRA contains a provision that temporarily waives the accrual of interest on loans issued from the federal unemployment account to states. This provision is in effect until December 31, 2010.

Foreseeing the depletion of the UI fund due to increased benefit needs, Governor Corzine proposed, as part of his mid year correction to the FY2009 budget on February 17, 2009, an additional \$270 million be transferred to the UI Fund. This amount has been decreased to \$150 million under the proposed spending outlined in the Budget in Brief (Appendix II, page 7). However, even with these added funds, the UI fund will still be substantially lower than was estimated by the department in its response to the OLS questions during the review of the FY2009 budget.

In its response to the OLS questions during the review of the FY 2009 budget, the department had projected an estimated fund balance of \$1,059.9 million on March 31, 2009 (a 1.41 ratio). The experience of the fund throughout 2008 and thus far in 2009, however, was expected to yield a fund balance, as of March 31, 2009, of approximately \$750 million, resulting in a reserve ratio of approximately 1.0 and triggering a tax increase on July 1, 2010.

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- **Question:** a. What was the Unemployment Insurance fund reserve ratio on March 31, 2009? What will the estimated UI fund balance be on March 31, 2010 and on March 31, 2011? What UI tax schedule will be triggered as a result in FY 2010 and FY 2011?

Response: The unemployment insurance fund reserve ratio was 1.01 on March 31, 2009. See Schedule I for the 2010 and 2011 projections.

b. Please provide the actual Unemployment Compensation Fund Reserve Ratio Calculation for 2008 and 2009 (including the 3/31 fund balance, any liabilities, taxable wages for the prior calendar year, and the reserve ratio) for 2010, 2011 and 2012. Please provide the assumptions underlying your estimates, including insured unemployment rates and the total unemployment rates and anticipated UI benefit payments. What does the department estimate the total revenue in UI taxes will be if the "A" schedule is in effect during FY 2010?"B" schedule? "C" schedule, "D" schedule?

Response: See Schedule I attached.

c. Please provide the department's anticipated payment schedule to reimburse the federal unemployment account. Is the State going to reimburse the federal unemployment account with General Fund or UI tax revenues or a combination of the two? Please provide a total figure on funds borrowed thus far from the federal unemployment account. Please provide an estimate for funds anticipated to be borrowed from the federal unemployment account.

Response: Currently the State has borrowed \$288 million from the federal loan account. While it is difficult to provide estimates too far into the future, we expect that the State will be borrowing from the federal loan account for the foreseeable future. We expect the loan amount to reach \$2.3 billion in 2010 and will likely continue to increase in later years until the economy recovers. The loan amount can be repaid in a number of ways. As the economy recovers and contribution income starts to exceed benefit payouts, the excess revenue can be used to reduce the outstanding loan balance. Also, federal law requires that two years after a State initiates borrowing from the federal loan account and provided there is still a balance outstanding, a reduction to New Jersey employers' Federal Unemployment Tax Act (FUTA) credit will be initiated. The current FUTA tax rate is 6.2% of the federal wage base of \$7,000 with an offsetting credit of 5.4% which yields a net tax of 0.8%. This credit reduction is phased in and results in an increase in the FUTA tax paid by employers until the loan is paid off. This increase would be effective January 1, 2011. Federal law prohibits the use of trust fund money to pay interest accrued on the loan. NJSA 43:21-14.3 provides for a special assessment to employers to pay outstanding interest charges. The loans are non-interest bearing through December 31, 2010.

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5b. The increase in individuals claiming UI benefits has also led to a need for additional staff at the department to process these claims and respond to inquiries. In a press release on December 5, 2008, the Governor directed Commissioner Socolow to deploy an additional 130 emergency workers to address the unemployment claim backlog. The department responded that 77 new employees would be hired at a rate of \$16 to \$21 dollars an hour and a number of current employees would be redeployed from different duties within the department. In addition to these changes, the department also implemented its New Jersey State Unemployment Compensation Claimant and Employer Service System (NJ SUCCESS) in November, 2008. NJSUCCESS is the culmination of a four year project to redesign all unemployment insurance business processes and technical systems. The project was federally funded through a portion of the funds allocated to the State by the federal "Job Creation and Worker Assistance Act of 2002," more commonly referred to as the Reed Act funds. In response to OLS questions in the FY2006 budget, the department estimated that the contract to create NJSUCCESS would cost between \$70 - \$80 million.

- **Question:** a. Please provide the current number of staff dedicated to assisting the public in filing unemployment claims and responding to inquiries. Please provide the number of these staff who are veteran employees permanently assigned to these positions, veteran employees temporarily assigned to these positions, intermittent or temporary employees and any other employees that may be working in this area. Please provide the average salary for these employees. Please provide the criteria for the increased staffing levels. For example, is there an unemployment rate that indicates to the department that additional staff are necessary and when that rate decreases, staff is also reduced? Please provide the effect of these temporary re-assignments on other areas of the department.

Response: The current number of staff dedicated to directly assisting the public in filing unemployment claims and responding to inquiries is 423. Of this number, 280 are veteran employees permanently assigned to these positions, 6 are veteran employees temporarily assigned to these duties and 137 are intermittent or temporary employees. More than 100 non-UI staff were trained on claims taking and are working only on overtime, continuing to do their regular jobs during the normal workday. Since January 2009, the non-UI staff has worked 4,447 hours for a total of \$174,484 of overtime and have handled over 14,000 calls. 588 UI employees have been working overtime since November 2008 and have worked 73,242 hours for a total of \$2.6 million. Just since January 2009, UI staff on overtime has handled over 42,000 calls, processed 53,047 claims, made 67,311 payments, completed 31,958 monetary determinations, and handled adjudication work for approximately 9,000 claims.

Average Salaries:

Intermittent Labor Clerk \$16.20/hour

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UI Clerk	\$35,000 per year
UI Clerk, RCC	\$37,000 per year
Senior UI Clerk	\$39,000 per year
Supervisor II	\$58,000 per year
UI Tech II	\$64,000 per year

The temporary reassignments impacted only areas within the Division of UI as, for the most part, non-UI staff assisted with claims processing only during overtime. The UI area most significantly affected is the Division's Bureau of Benefit Payment Control (BPC). Backlogs have occurred in BPC's investigations of overpaid benefits and employer protests of benefit charges. UI Systems Management staff has also been affected. They have been unable to devote sufficient time to the identification, analysis and triage of system issues affecting operations and have had to rely instead on the use of temporary workarounds.

The unemployment insurance program receives a base administrative grant from USDOL that is based on workload during the current and prior federal fiscal years. When the state's workload exceeds that funded by the basic UI administrative grant, USDOL provides additional "over-base" funding based on New Jersey's actual workload. The "over-base" monies fund the hiring of intermittent employees and the overtime hours incurred that are used to handle increased workloads. For the fourth quarter 2008, New Jersey received \$1.1 million in over-base earnings. We project the over-base earnings for the first two quarters of 2009 to be \$9.3 million. In addition, USDOL provides supplemental administrative funding for the processing of federally-funded extended benefits programs. We expect to receive in total approximately \$45 million from the USDOL in Federal Fiscal Year 2009 to help off set the costs to process the additional work load.

b. Please provide the final cost of creating the NJSUCCESS program. Please detail the specifics of that cost, including the contractor costs and the costs incurred by the department in excess of the contract. Were all of these funds expended from Reed Act funds? Please provide an analysis of the NJSUCCESS programs performance to date. How many claims are handled through NJSUCCESS, through the phone, or in person? What will be the effect of NJSUCCESS on staffing levels at the department?

Response: NJSUCCESS was estimated in August 2005 as an \$80 million project. In June of 2008, after analyzing the design of the complete system we decided to implement it in phases, to achieve the most high-value customer service elements of the system as soon as possible. Over the past year we have implemented several key releases such as call center technology upgrade; telephone queue routed to the "next available" agent; enhanced online internet claims so that more than half of claims filed on the web do not require any agent intervention; and electronic data exchange with employers. To date we have spent \$56 million, \$53 million paid with

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Reed Act funds and \$3 million from a series of supplemental grants from the USDOL. Additional NJSUCCESS functionality may be implemented in the future, but because of the higher volume of UI claims, we need to devote technical and business resources to the many other technology challenges related to implementing the EB program, programming for the \$25 FAC checks, and other related work, so we have put the balance of the project on hold and accordingly have stopped all vendor work as of April 30, 2009.

The specifics of the project are as follows:

Functional Design for NJSUCCESS

Functional Design, completed April 15, 2008, is the total blueprint for all NJSUCCESS technology and business process changes. Also included are payments for 24 discrete deliverables (documents), required as specified in the contract, that were produced by the Design, Development and Implementation vendor. Contractor costs were incurred as follows:

Vendor Cost:

Accenture	\$ 17,876,528
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Release 1.0: Virtual Call Center:

The first release of NJSUCCESS created and implemented a "virtual" call center and was successfully implemented on August 22, 2008. This release combined the data bases of the three discrete call centers and allowed incoming calls from claimants to be more evenly distributed between the three Reemployment Call Centers, ensuring that wait times are similar regardless of where the customer is calling from.

Part of the equipment LWD purchased from Avaya for Release 1.0 included a new Interactive Voice Response (IVR) system with a capacity of approximately 800 ports for connecting lines and agents to the system. These additional ports allowed LWD to add 108 auxiliary agents to the UI telephony system using "soft," or PC-based, phones. With this new hardware the auxiliary agents were able to take calls from unemployment insurance claimants during normal business hours and on overtime, right from their desk regardless of their location. Without this equipment, the auxiliary agents would have had to be located in one of the Department's Reemployment Call Centers. This equipment will also be used to replace two older non-supported IVRs currently in use in Unemployment Insurance, the Conversant IVRs used for Continued Claims processing and the NetAccess IVRs used for new claim filings. Both of these systems are well past end-of-life and need to be replaced.

Release 1.1 Single Queue for Callers:

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This release (March 11, 2009) changed queuing protocols so that individuals calling the Call Centers wait in a single line, each going to the next available agent as they reach the head of the line.

- Vendor costs for Releases 1.0 and 1.1:

Accenture Professional Services	\$ 225,043
Accenture (equipment and related services)	\$5,910,849

Release 2.0 - Web Claim Filing Application with Agentless Claims Processing:
The first release went live on November 20, 2008 just prior to the large increase in UI claims that was experienced in December. This release provided functionality that enables the Division to process a substantial portion of initial claims filed over the Internet with no agent intervention. It achieved a significant reduction in the data entry required of our Call Center agents, thereby allowing them to be available to answer claimant calls. As more claims filers took advantage of this option to file their claims, it had a significant positive effect on the wait times experienced by callers and allowed the agents to focus on those claims that do require additional and individual attention.

Release 2.0 also provided system functionality for automatically scheduling appointments (Reemployment Orientations and claims adjudication appointments) and allowed the claimant to view their employment data after successfully authenticating him/herself through data interfaces with the New Jersey Division of Motor Vehicles and the Social Security Administration. The release also provides the ability to assign a more accurate occupational code by utilizing the web based O*NET auto coder. The more descriptive O*NET codes improves UI statistical data and facilitates job matching and reemployment.

Vendor Costs:

Accenture Professional Services	\$2,451,956
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Release 2.0 Change I – Web Application Enhancements:

On January 6, 2009 the first enhanced version of Release 2.0 was put into production. This release fixed the link between the application and the Department's Identity and Access Management application which had been preventing claimants from updating their personal information and inhibiting their filing via the web application. Other fixes increased agentless processing by approximately 10% by refining the questions in the application and correcting high severity errors which were preventing claimants from filing on-line, increasing internet usage from 56% to 61%.

Vendor Cost:

Accenture Professional Services	\$122,854
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Release 2.0 Change II – Web Application Enhancements:

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On February 11, 2009 the second version of Release 2.0 went into production. It removed a question relating to address confidentiality for victims of domestic violence. Business logic was installed so that claims would be prevented from going through agentless if the claim required re-qualifying wages in order to be valid. Navigation was refined to make the application more user-friendly.

Vendor Cost:

Accenture Professional Services	\$ 89,290
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Release 2.0 Change III – Web Application Enhancements:

On March 26, 2009 the third version of Release 2.0 went into production. This change added functionality that allows claimants to apply for direct deposit of benefit checks when filing additional or reasserted claims. Personal data entered into the Identity and Access Management application will now carry over to the Claims Application to save the claimants having to enter the information twice. Other refinements were made to make the web application more user friendly, including a new screen to precede the Identity and Access Management application to direct the claimant to the proper sign-on screen.

Vendor Cost:

Accenture Professional Services	\$ 109,809
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Release 3.0 Employer Bi-Directional Electronic Communications:

Release 3.0 functionality will provide UI with electronic bi-directional communication with employers through the UI SIDES, a web application currently under development by USDOL. UI SIDES provides a broker to handle requests and responses for claim information electronically for both third-party agents and single employers (through a UI SIDES WEB site). The electronic communications will populate a document imaging and workflow system which will schedule claims examiner appointments and give adjudication offices instant access to employer responses so that improper payments are avoided. It will also assist our virtualization of adjudication centers. We currently have 27 staff opening mail virtually fulltime. Employer communications are approximately 1.7 million annually and increasing as claims workload rises. Currently only 3% of employer communication is electronic. UI SIDES is expected to increase this to 60% with a saving of over 1 million mail transactions. Phase 1 of system testing is completed. Connectivity testing is completed. Scripting and scenarios development has begun for phase 2 system testing. Release 3.0 has not been completed because of delays experienced by the USDOL who is coordinating this project nationally.

Vendor Costs:

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Accenture Professional Services \$1,400,082

Additional Costs Incurred by the Department:

Hardware	\$ 4,887,173	
Software	\$18,887,714	
Validation Vendor	\$ 4,190,694	Contract ended February 28, 2009.

NJSUCCESS has allowed us to handle an increased claim workload caused by the highest unemployment rates in over 20 years. The NJSUCCESS internet claims filing application allows us to handle 60% of our claims through the web and 50% of these web claims are filed without agent intervention. Other states have not been as fortunate. During the first week of January, headlines of "Jobless System Fried," "Unemployment System Buckles" and "Unemployment Claims Crash Website" reported the crash of systems in Ohio, New York and North Carolina. In mid-January, UPI reported that California's 30-year old system was swamped and millions of calls were going unanswered. It was the performance of NJSUCCESS that prevented New Jersey's system from facing a similar calamity.

Approximately 118,000 internet claims were processed between January 25 and March 31, 2009, of which approximately 50% were processed without agent intervention made possible by the functionality provided in release 2. Each internet claim, if it requires agent assistance, takes an average of 5 minutes to complete. Therefore during this period, because of NJ SUCCESS, the Department saved 4,916 hours of staff time.

During the week of January 11-17, 24,755 claims were processed (a 68% increase over the comparable week in 2008 when we processed 14,725 claims). Of these, 8,087 were filed by telephone (47.4%) and 16,668 (67.3%) were filed through the NJSUCCESS web application. The NJSUCCESS application alone handled almost 2,000 more claims than did our entire telephone system for the comparable week in 2008.

Because of the significant improvements we have realized, we have been able to reassign staff that would normally be engaged in manual processing of claims to direct customer service and we will continue to do so as more enhancements are added.

6. The State Disability Benefits Fund (SDBF) is used by the State's Temporary Disability Insurance (TDI) program to provide partial wage replacement for workers who become disabled due to injury or illness unrelated to work and to pay for administration of the benefits from the SDBF. The Governor's proposed budget indicates that \$50 million was transferred from the SDBF through an interfund transfer in FY2009 (page C-9). Additionally, the proposed budget authorizes \$50 million in funds to be transferred from the SDBF to the General Fund (page F-8) during FY2010.

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Furthermore, language provisions in the budget (page F-6) permit an unspecified amount of funds to be transferred from the SDBF to the General Fund during FY2010.

In response to OLS questions during the FY2009 budget, the department provided an estimate of the SDBF fund balance for each month in calendar years 2007, 2008, and, 2009. Consistently, the balance in the SDBF is at its greatest in August each year when the revenue from the second quarter is deposited. According to the balances provided by the department, if \$100 million had been diverted from the SDBF in the beginning of FY2008 (July 1, 2008) the fund would have had a negative balance for 10 months in FY2008 and 9 months in FY2009. Thus, the transfers proposed for FY2009 and FY2010, could result in a similar negative balance.

- **Question** a. Please detail the amount of funds the department anticipates transferring from the SDBF to the General Fund in FY2010 pursuant to the language provision on page F-6 of the proposed budget. Please specify the recipient fund of the \$50 million transferred in FY2009 and the planned use of the \$50 million to be transferred in FY2010.

Response: \$50 million is to be transferred to the general fund in both 2009 and 2010. No other transfers are anticipated.

b. Please detail how benefits will be continued to be paid out to recipients if the fund is drained of its resources due to the transfer of \$100 million from the TDI fund in FY2009 and FY2010. Please provide this information for FY2010 and FY2011.

Response: Please see Schedule II attached. Any temporary cash flow shortages will be resolved by State intervention. There will be no interruption of benefit payments due to the transfers.

c. Please provide the value of revenues, benefits, and administrative expenditures, and the cash balance in the SDBF for: each month in calendar year 2008; as many months as possible for calendar year 2009; and, an estimate for the remaining months of 2009 and for 2010. Please provide this information both with and without the assumption of a transfer of \$50 million from the fund in calendar year 2010.

Response: Please see Schedule II attached.

7. P.L.2008, c.17 (C.43:21-26 et al) was signed into law by Governor Corzine on May 2, 2008 establishing the "Family Leave Insurance" (FLI) program in the department. FLI extends the State's existing temporary disability insurance system to provide workers with up to six weeks of FLI benefits for a worker taking leave to provide care, certified to be necessary, for family members of the worker suffering a serious health condition or taking leave to be with a new child of the worker during the first 12 months after the child's birth or placement for adoption with the worker's family. These benefits are funded through an additional assessment of 0.09 percent on workers' wages subject to TDI taxes (\$28,900 in FY2009) from January through

Discussion Points (Cont'd)

June 30, 2009, increasing to 0.12 percent on July 1, 2009. These funds are being deposited into the FLI account within the State Disability Benefits fund (SDBF) to be distributed as benefits beginning on July 1, 2009. The enabling legislation authorized the transfer of up to a maximum of \$25 million from the SDBF to the FLI account for initial administrative costs incurred by the FLI program. The department, in response to OLS questions for the FY2009 budget, indicated that approximately \$6 million would be used from the SDBF for the establishment of the FLI program.

- **Question:** a. Please provide an analysis of the current collection of revenue for the FLI account on a monthly basis and a comparison to the department's expectations prior to the bill's passage. Please estimate the revenue, benefits and administrative costs anticipated for the remainder of FY2009, FY2010 and FY2011.

Response: To date, no revenue has been recorded. The first scheduled receipts are not due until April 30, 2009. Please see Schedule II attached for the estimates for the balance of 2009 and for 2010 and 2011 for revenue and benefit payments. We estimate our administrative cost for FLI to be approximately \$8 million each year. Also, please note that the OLS narrative indicates the FLI employee contribution rate will increase to .12% on July 1, 2009. Actually, the change will take place on January 1, 2010. The .09% rate will stay in effect for all of calendar year 2009.

b. Please provide the total amount of funds that were transferred from the SDBF to the FLI account for the establishment of the FLI program in FY2009 and anticipated in FY2010.

Response: To date, \$1.6 million has been charged to FLI program operations. Starting in May, receipts from the new employee contributions will be used to fund the program and repay the amounts advanced from the SDBF.

c. Please detail any funds transferred from the FLI account to any other fund, including for general use in the SBDF.

Response: There have been no transfers from the FLI account.

d. Please provide the number of personnel dedicated to the operation of the FLI program, as compared to the number of personnel assigned to administer TDI. Please indicate how many, if any, of these personnel are new hires? How many of these personnel were reassigned from other DOLWD areas?

Response: To date, 24 employees have been assigned to work on the FLI program mostly on a part time basis as the program is still in the start up phase. These employees have been reassigned from the TDI program. Currently, there are 228 employees who administer the TDI program including private plan activities. When the program is up and running in July, we expect to have 31 people assigned to FLI on a full-time basis most of whom

Discussion Points (Cont'd)

will be reassigned from current TDI duties. Because the FLI program is part of the TDI Division and will coordinate with the regular TDI program for many of its processes and procedures, the number of staff dedicated solely to FLI will be kept to a minimum.

8. Commissioner Socolow in his testimony before the Senate Budget and Appropriations committee in April, 2008 discussed the problem of misclassification of employees for purposes of avoiding the obligation to pay taxes on those employees or pay for mandatory social insurance programs for those employees; for example: workers' compensation; temporary disability; and unemployment insurance. Commissioner Socolow also testified regarding the State's initiatives to stop employers from misclassifying workers, including a separate enforcement unit in the Division of Wage and Hour Compliance devoted to investigating and resolving these complaints. In January, 2008, Governor Corzine issued Executive Order #96, establishing the Governor's Advisory Commission on Construction Industry Independent Contractor Reform (commission). The commission's goal is to encourage cooperation between five different State agencies in three separate departments and public members of the construction and business communities. Through their work together, the departments have begun to share audit information to ensure employers' compliance with State laws providing social insurance for all employers. By ensuring employers' compliance, the department is leveling the playing field for all employers. Through this new cooperation and through P.L.2006, c.85, (C. 54A:7-1 et al), which created a single definition of an independent contractor for payroll tax purposes, the department has been able to more aggressively audit employers.

In response to OLS questions during the review of the FY2009 budget, the department asserted that it had uncovered, through random audits, 9,524 additional workers in FY2006, 5,192 in FY2007 and 3,400 for the first half of FY2008. These workers reflected underreported wages of \$174 million in FY2006, \$135 million in FY2007 and \$88 million for the first six months of FY2008.

The department also conducts targeted audits on employers who are chosen after a formerly employed misclassified worker applies for benefits from the State. In response to OLS questions during the review of the FY2009 budget, the department reported that 472 employers in FY2006, 438 in FY2007 and 189 in the first half of FY2008 had been found to misclassify workers through these targeted audits.

- **Question:** a. Please provide the number of randomly performed audits for FY2007, FY2008 and to date for FY2009. Please provide data for the number of employers who were found to misclassify workers. Please provide identifying industry data for the offending employers. Please break this information down to the number of employees who were misclassified as independent contractors and otherwise misclassified.

Response: The charts below contain the requested data. For all charts, the FY 2009 data represent the first three quarters of the year, through March 31.

Discussion Points (Cont'd)

Random Audits	FY 2007	FY 2008	FY 2009
Number Conducted	3942	4318	2984
Number of Employers with Misclassified Workers	1379	849	711
Number of Misclassified Workers	6553	6564	6083
Under/Non-reported Gross Wages	\$132.5 million	\$169 million	\$123.2 million
Under-reported Contributions	\$3 million	\$4.2 million	\$2.8 million

Offending Employers by Major Industries:

# Employers with Misclassified Workers by Industry from Random Audits	FY 2007	FY 2008	FY 2009
Health Care & Social Assistance	367	270	243
Construction	252	208	131
Professional, Scientific & Technical Services	157	61	49
Retail Trade	125	79	49
Other Services, except public transportation	68	20	25
Transportation & Warehousing	64	23	16
Real Estate Rental, Leasing and other activities related to real estate	59	57	46
Administrative & Support & Waste Management & Remediation Services	57	34	11
All Other Industries	230	97	152

Workers Misclassified as Independent Contractors and otherwise misclassified:

# Misclassified Workers from Random Audits by Industry	FY 2007	FY 2008	FY 2009
Construction	1411	1272	968
Health Care & Social Assistance	1333	1821	1843
Professional, Scientific & Technical Services	751	300	227
Transportation & Warehousing	570	204	190
Retail Trade	437	360	363
Finance & Insurance	299	177	114
Recreation	234	543	267
Real Estate & Rental, Leasing & Other activities related to real estate	198	372	275
Educational Services	179	142	327
Administrative & Support & Waste Management & Remediation Services	219	190	285
All Other Industries	922	1023	1224

Discussion Points (Cont'd)

# Unreported/Cash Workers by Industry from Random Audits	FY 2007	FY 2008	FY 2009
Nail Salons *	313	151	4
Landscapers	205	20	30
Main Street Project (mixed industries)	**	90	109

* Investigation started in August 2006

**Started October 2007

b. Please provide the number of targeted audits completed in FY 2007, FY2008 and to date for FY 2009. Please provide data for the number of employers who were found to misclassify workers. Please provide identifying industry data for the offending employers. Please break this information down to the number of employees who were misclassified as independent contractors and otherwise misclassified.

Response: See the charts below. For all charts the fiscal year 2009 data are from the first three quarters of the year, through March 31.

Targeted Audits	FY 2007	FY 2008	FY 2009
Number Conducted	3533	2988	1799
Employers with Misclassified Workers	1796	919	614
Number of Misclassified Workers	20,616	9,784	7,919
Under/Non-reported Gross Wages	\$393 million	\$511 million	\$262 million
Under-reported Contributions	\$11.8 million	\$14.7 million	\$7.5 million

Offending Employers by Major Industries:

# Employers with Misclassified Workers from Targeted Audits by Industry	FY 2007	FY 2008	FY 2009
Unclassified Establishments ***	585	1*	6*
Health Care & Social Assistance	280	127	72
Construction	181	177	110
Other Services, except public transportation	118	85	55
Administrative & Support & Waste Management & Remediation Services	107	96	77
Professional ,Scientific & Technical Services	94	81	56
Retail Trade	83	89	41
Transportation & Warehousing	55	78	59

*** Assignments with NAICS codes 999999;

Discussion Points (Cont'd)

*To be researched & classified at later date

of Workers Misclassified as Independent Contractors and otherwise:

# Misclassified Employees in Targeted Audits by Industry	FY 2007	FY 2008	FY 2009
Health Care & Social Assistance	4193	1346	1274
Unclassified Establishments***	4184	7	40
Administrative & Support & Waste Management & Remediation Services	1884	1212	702
Construction	1810	1783	898
Accommodation & Food Services	1163	225	24
Transportation & warehousing	1142	2375	1367
Other Services (except public transportation)	663	579	273
Retail Trade	499	561	414
Finance & Insurance	867	305	409

# Cash/Unreported Workers in Targeted Audits by Industry	FY 2007	FY 2008	FY 2009
Nail Salons	715	74	44
Landscapers	293	121	21
Main Street (mixed Industries)	**	239	228

**Started in September 2007

c. Please provide the total amount of fees or fines collected as a result of these audits.

Response: The random and targeted audits generated fines and penalties for Fiscal Years 2009, 2008 and 2007 were \$70,543, \$85,761 and \$135,180, respectively.

d. Please detail the number of department employees dedicated to these audits and the salary and wages paid to these employees. Please include an update on the separate enforcement unit in the Division of Wage and Hour Compliance devoted to investigating and resolving these complaints that Commissioner Socolow discussed in his testimony to the Committee in April, 2008.

Response: The Misclassification Unit in the Division of Wage and Hour Compliance investigates workers on private construction sites that are listed as independent contractors when they should be employees, thereby not covered for workers compensation and unemployment/disability. Last year this unit performed over 400 jobsite inspections and made referrals to the Divisions of Taxation, Workers Compensation and Employer Accounts to

Discussion Points (Cont'd)

determine if the workers are properly classified. In addition referrals are made to OSHA for any safety violations.

We are currently in the process of developing an electronic referral system between Wage and Hour and Employer Accounts to automatically assess penalties for record-keeping violations based on these referrals and Employer Accounts audits that determine employees were misclassified as subcontractors rather than employees. The following Wage and Hour staff are assigned to this unit:

Wage and Hour Enforcement Staff:

Title	Salary
Asst. Chief Wage & Hour	\$85,698
District Supervisor, Wage & Hour Compliance	\$79,773
3 Field Representative Wage & Hour Compliance	\$159,711
2 Sr. Field Representative Wage & Hour Compliance	\$131,978
Total	\$457,160

Employer Accounts Staff Dedicated to Audits for FY 2009

Title	Number	Salary
Chief Auditor, Labor	1	\$98,721
Chief, Unemp. Benefits	3	\$273,652
Supervising Auditor	8	\$621,696
Auditor 1	22	\$1,597,522
Auditor 2	30	\$1,924,572
Auditor 3	13	\$809,954
Investigator 1	5	\$252,745
Investigator 2	7	\$406,851
Investigator 3	3	\$173,424
Total		\$6,159,139

9. The Governor's proposed budget continues a FY2009 language provision that allows up to 5.5% of the total revenue collected for the Workforce Development Partnership (WDP) Fund, created pursuant to section 9 of P.L.1992, c.43 (C.34:15D-9), to be used to support initiatives recommended by the Commissioner in support of the "Governor's Economic Growth Strategy" (page D-243). Total WDP fund revenue collected in FY2010 is estimated to equal \$98.1 million (page H-7). Therefore, approximately \$5.4 million could be used to support these initiatives.

The "Governor's Economic Growth Strategy," unveiled in September 2006, is intended to grow "New Jersey's economy while creating well-paying private sector jobs" in "partnership with business, labor, education and community leaders" and implemented by various state agencies.

In response to the OLS questions during the review of the FY2009 budget, the department indicated that \$4.7 million had been set aside for FY2008 to fund and support several initiatives in the Governor's "Economic Growth Strategy," including:

Discussion Points (Cont'd)

curriculum development for training in certain targeted industries; support of the three WIRED partnerships; an urban summer youth program; a fatherhood initiative working with ex-offenders; and a pre-apprenticeship program for women and minorities.

- Question:** Please provide the amount of WDP funds used to support the “Governor’s Economic Growth Strategy” in FY2007, FY2008 and anticipated to be spent in FY2009 and FY2010. Please provide detail on each initiative undertaken by the department in support of the strategy, including: a summary of the initiative, the funds allocated for the initiative; other governmental entities involved in each initiative; the number of participants served; and any evaluation data collected. Please also provide any details on funds allocated by other governmental entities working in concert with the department on each initiative.

Response: A summary of the programs supported by the WDP 5.5% funds follows:

FY 2008 Programs	Allocations
(1) Safe Streets - Safe Neighborhoods Public Safety Plan	
Job Coaching	168,500
Newark Fatherhood Initiative(Comp. Center for Fathers)	45,000
Camden Fatherhood Initiative (Com. Plan. & Advoc. Council)	111,720
(2) Construction Trades Training Program for Women and Minorities	
NJ Institute for Social Justice	329,865
Union Org. for Social Services	276,200
NJ Building & Construction Trades Council	240,000
(3) Green Job Training Partnership Program	
Isles, Inc.	1,148,125
(4) REDI grants to 3 WIRED Regions (through Middlesex WIB, Newark Alliance & Bio-NJ)	1,500,000
(5) Summer HEAT	
Mercer Summer Employment Transportation supplement	10,000
Summer Heat Transportation for 5 Regions	415,000
(6) Jersey City Pre-Apprenticeship	53,640
(7) Innovation Partnership Institutes (Commission on Higher Ed)	900,000
(8) CRM Project	80,000
Total FY 2008 Programs:	<u><u>5,278,050</u></u>

FY 2009 Programs	Allocations
(3) Green Job Training Partnership Program	

Discussion Points (Cont'd)

Central Jersey Community Dev. Corp	300,000
Hispanic Family Center of Southern NJ/Woodland Ave CDC	300,000
Lincoln Park Coast Cultural District	300,000
(5) Summer HEAT	
Local Workforce Investment Boards	470,000
Summer Youth Corps	929,711
NPS cost	3,500
AmeriCorps	27,000
(9) Port Area Community Partnership Learner Centers	<u>65,392</u>
Total FY 2009 Programs:	<u><u>2,395,603</u></u>

(1) Safe Streets-Safe Neighborhoods Public Safety Plan

Job Coaching - As part of the Governor's Safe Streets-Safe Neighborhoods Public Safety Plan a reentry demonstration program called Another Chance was developed. As a part of this initiative the New Jersey Department of Labor and Workforce Development contracted with 4 non profit Community Based Organizations (Goodwill Industries of Greater New York & Northern New Jersey, Opportunities for All, Goodwill Industries of Southern New Jersey & Quaker City and Volunteers of America) to deliver Job Coaching services to a select group of Another Chance participants returning from State Prison (Riverfront Prison, Northern State Prison, Edna Mahan and Garden State) and out on parole to either Camden, Newark or Trenton.

The job coaching contracts run from July 1, 2008 through June 30, 2009 and require pre-employment, job placement and post employment services to be completed for up to 150 participants in all three counties (total of 450) with an average of 30 hours of service being provided for each Another Chance participant.

Fatherhood Initiatives - Part of LWD's commitment to "Safe Streets-Safe Neighborhoods" Public Safety Plan included support for existing community-based fatherhood initiatives assisting disadvantaged men in successfully transitioning back to communities and reconnecting with their responsibilities to support their children, which includes participants in the Another Chance demonstration project cities of Newark and Camden. These fatherhood initiatives are modeled after a successful program in Philadelphia, which uses a fraternity model - Delta Alpha Delta Sigma (DADS) - that includes a "guided" comprehensive self-assessment that reinforces a commitment to the principles and core values of empowerment of the individual through the provision of career and educational assessments and skill development, intensive case management, individualized job development and job placement, parenting skills and support, mentoring, legal services, and dressing the men for successful interviews and employment.

Discussion Points (Cont'd)

(2) Construction Trades Training Program for Women and Minorities:

Under New Jersey law, one-half of one percent of all construction project dollars from projects funded by the Educational Facilities Construction and Financing Act, N.J.S.A. 18A:7G-1 et. seq. must be used to train individuals in the area of the building and construction trades. The one-half of one percent training funds are provided by the New Jersey Schools Development Authority (NJSDA) to the NJ Department of Labor and Workforce Development for the administration of the Construction Trades Training Program for Women and Minorities (CTP-WM).

The focus of the CTP-WM grants is to increase employment opportunities for women and minorities and to provide training in construction-related skills, so that they may benefit from jobs created by school construction projects in local communities. To participate in these programs, individuals must live within one of the thirty-one Abbott School Districts. LWD awarded four grants for FY08 totaling \$1,200,000, funded through the SDA. Two additional grants were awarded through LWD WDP 5.5% funds, totaling \$549,748. It is anticipated that these grants will provide training to 175 women and minorities within the Abbott School Districts and place at least 88 individuals into registered apprenticeship positions. In addition, the remaining individuals will be placed into quality construction jobs paying at least \$10.80 per hour by the end of the grant period of March 31, 2009.

NJ Institute for Social Justice

Contract Period: 4/1/08 – 3/31/09 (contract modification revises the ending date of the contract to 8/31/09 and adds an additional \$29,865 to the contract for a revised contract amount of \$329,865 for placement activities).

Original Amount of Contract: \$300,000

As of 3/31/09, the grant has placed 4 participants into Apprenticeship positions and 2 participants into trade related employment positions. We anticipate additional placements to occur during the 5 month extension.

Union Organization for Social Services

Contract Period: 4/15/08 – 3/31/09 (contract modification revises the ending date of the contract to 8/31/09 and adds an additional \$26,452 to the contract for a revised contract amount of \$276,200 for placement activities).

Original Amount of Contract: \$249,748

As of 3/31/09, the grant has placed 7 participants into Apprenticeship positions and an additional 6 placements in trade related employment placements. We anticipate additional placements to occur during the 5 month extension.

NJ Building and Construction Trades Council:

Discussion Points (Cont'd)

This initiative trains women, minorities and veterans with the goal of job placement in the highway construction industry. The Highway Construction Trades Training Program for Women and Minorities (HCTTP-WM) will increase employment opportunities for women, minorities and veterans in highway construction projects throughout New Jersey. One grant awarded for Fiscal Year 2008 for \$240,000, benefits 24 participants who were placed into a registered apprenticeship position. The NJ Building and Construction Trades Council FY08 HCTTP-WM contract is being extended for a one year period revising the contract end date to 2/28/10 and funding the one year extension with an additional \$240,000. At least an additional 24 placements in Heavy Highway trades is expected during this 12 month extension.

(3) Green Job Training Partnership Program:

Isles, Inc.

FY08 Contract Period: 6/30/08 – 12/31/09

Contract Amount: \$1,148,125

A unique collaboration among four community and regional partners will develop an innovative Green Job Training Partnership Program. The partners include Isles, Partnership for Environment Technology Education (PETE), and employers from the energy industry. The New Jersey Department of Labor and Workforce Development is providing technical assistance to help guide the development process.

A collaborative effort between LWD, New Jersey Board of Public Utilities, New Jersey Department of Environmental Protection, and other institutes of higher education will help ensure the success of this initiative. Isles has established the NJ Center for Energy and Environmental Training (CEET) and developed curricula which lead to certifications in energy technology and environmental remediation. This initiative will develop a skilled workforce that will assist to meet the job demands of businesses in the energy and environmental sectors. Incumbent workers will be re-trained to upgrade their skills and enable them to retain employment in a transforming green economy. Isles will train 120 participants, traditionally underserved workers including urban youth, women and ex-offenders. Initially, participants will obtain internships in Assistant Air Sealer, Assistant Insulation Installer and Assistant Building Analyst.

Three additional community-based Green Job Training Programs have been funded utilizing the same model. Each grantee will be required to train 60 individuals in Green Energy related occupations during the one year contract. The grantees are: the Lincoln Park Coast Cultural District, Central Jersey Community Development Corporation and the Hispanic Family Center of Southern NJ in partnership with the Woodland Avenue Community Development Corporation.

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Lincoln Park Coast Cultural District

FY08 Contract Period: 2/1/09 – 1/31/10 Amount: \$300,000

Central Jersey Community Development Corporation

FY08 Contract Period: 2/1/09 – 1/31/10 Amount: \$300,000

Hispanic Family Center of Southern NJ

FY08 Contract Period: 3/1/09 – 2/28/10 Amount: \$300,000

Total for the 4 Green Job Training Partnership grants: \$2,048,125

(4) REDI (Regional Employment Development Initiative):

The Department has entered into agreements, totaling \$1.5 M (FY '08 funds), with three organizations to support the efforts inaugurated under the Federal Workforce Integration in Regional Economic Development (WIRED) initiative. Through this REDI (Regional Employment Development Initiative) funding, each regional organization is focusing on one important industry sector:

- Newark Alliance Transportation/Logistics/Distribution
- Middlesex Workforce Investment Board Green Industries
- Bio-NJ Life Sciences

These groups will include representation from education, government, community and the respective industries. Each will recommend a strategy to pursue employment development and training for these important sectors.

The Newark Alliance and Middlesex Workforce Investment Board are each the lead regional entity under the Federal WIRED grant with each receiving approximately \$5.1 M. Under the WIRED program, each represents a different region of the state (Newark Alliance – North, Middlesex Workforce Investment Board – Central); Southern New Jersey is part of a tri-state Delaware Valley WIRED effort that includes parts of Pennsylvania and Delaware. As the Delaware Valley WIRED grant is led by a Pennsylvania-based organization, Bio-NJ is leading our REDI effort as they are a partner in the Delaware Valley WIRED group which is focused on the Life Sciences sector.

(5) Summer HEAT:

In 2008, WDP 5.5% funds were provided to Workforce Investment Boards to cover costs associated with transporting Summer HEAT youth to and from the work experience. Allowable activities included the following: (1) to temporarily expand transportation initiatives i.e. Job Access Reverse Commute (JARC) in order to accommodate locations/schedules of Summer HEAT youth; (2) purchase bus or rail passes to transport Summer HEAT youth to and from work; (3) reimburse school districts for fuel and bus driver salaries to transport Summer HEAT youth; (4) contract with student transportation companies to transport

Discussion Points (Cont'd)

Summer HEAT youth; and (5) reimburse employers at a rate of no more than 31 cents per mile.

New Jersey Summer Youth Corps

New Jersey Youth Corps is one of the largest youth service and conservation corps in the United States. It was established in 1984 and its mission is to "restore and preserve the dignity of young adults who have been underserved." Youth Corps is a year-round, voluntary program which engages young adults (ages 16-25) in full-time community service, training, and educational activities. Guided by staff who serve as mentors and role models, teams of youth called "crews" carry out a wide range of service projects. In return for their efforts to restore and strengthen communities, Corps members receive: 1) education development in basic skills and preparation to obtain a GED or locally issued Adult High School Diploma; 2) life skills and employability skills instruction; 3) personal and career counseling to build self-esteem, clarify values, and develop leadership skills while they are developing their career portfolio; 4) transition services and continuing support services as they transition to college, training, employment or other national and domestic service opportunities; 5) community service opportunities which develop positive employability skills while addressing unmet community needs. Corps members receive a stipend while enrolled in Youth Corps.

AmeriCorps "Education Award Only"

The New Jersey Youth Corps (NJYC) Summer Corps program has received a "place holder" of a number of Education Award Only (EAP) AmeriCorps slots for the summer of 2009. As a result, NJYC will operate as an AmeriCorps Sub-site of the Corps Network's EAP program. For those youth who are over 17 and eligible, upon completion of their summer service hours, they will receive a \$1,000 Education Award from the National Service Trust for use in paying for college tuition at an approved institution.

Stipends

All youth who participate in Summer Youth Corps and who comply with the program requirements, receive a stipend.

Post Summer Corps

Out-of-school youth, 16-25 who are not enrolled in an alternative education program, will be encouraged to enroll in Youth Corps where they will receive education leading to a high school diploma (state or locally issued diploma), community service experience, employability and life skills, career and personal counseling and transition services to assist them in obtaining jobs, additional training, entry into college, military or national service.

Discussion Points (Cont'd)

(6) Jersey City Pre-Apprenticeship:

This is a grant to the City of Jersey City to establish a pre-apprenticeship training program. The program is in response to a recently passed ordinance which will require the need for the use of local apprenticeships on city construction projects and private construction projects receiving a tax abatement. The targeted population will be Jersey City residents who are high school graduates or GED Recipients. The entire unemployment population in Jersey City will be advised of the project. The program will offer 2 cycles of pre-apprenticeship training in various construction trades.

(7) Innovation Partnership Institutes:

One of the Governor's priorities pursuant to the Economic Growth Strategy is to strengthen collaboration between the State's key business sectors, the educational institutions and the workforce development system. As such the purpose of the Innovation Partnership Institute grants is to create substantive partnerships between the State's business community, educational and workforce system. The identified industry sectors for which Innovation Partnership Institutes will be created are: Clean Energy Technology, Energy Efficient and Renewable Energy, Advanced Manufacturing and Transportation and Logistics.

Funding in the amount of \$900,000 was provided to the Commission on Higher Education for establishing the Innovation Partnership Institutes in the four aforementioned sectors.

(8) CRM Project:

This is a Customer Relationship Management project initiated by the Governor's Office of Economic Growth that creates an electronic-based tracking mechanism so the State can track incoming requests for individual employers reducing confusion on all ends (employer and state). Depending on the employer request, there will be different levels of response, for example Joe's Pizzeria has a W&H question vs. Microsoft questions concerning business incentives to relocate their corporate headquarters to New Jersey. This system will provide employers with a single point of entry into state-provided electronic services, whether they are tax questions (LWD Employer Accounts/Treasury/OMB) or the Department of Environmental Protection's application restricting wetlands development. There is also a Marketing component so the State can better market programs and services to employers.

(9) Port Area Community Partnership Learner Center:

Discussion Points (Cont'd)

The partnership will oversee the Elizabeth Learner Center start up phase. Following the startup the Center will offer courses aimed at enabling unemployed and underemployed residents of Elizabeth to gain the skills and social capital necessary to access jobs available in the logistics and port economy created by the growth of Port Newark and Part Elizabeth. This training will also give them access to jobs in other growing economic sectors of the metropolitan region. The goal is the empowerment of community residents to identify their needs, and to work together to resolve them.

10. In response to OLS questions during the review of the FY2009 budget, the department reported that the following number of individuals had been served and/or received job training through the Workforce Development Programs (Workforce Development Partnership Fund (WDP), Workforce Investment Act (WIA) and Work First New Jersey (WFNJ) in FY2007, and estimated the numbers for FY2008:

Program	1) FY07 (estimated) services	2) FY07 Actual Services*	3) FY07 Actual job train*	4) FY08 (estimated) Services*	5) FY08 (estimated) job train*
Workforce Development Partnership	58,244	77,805	76,867	36,400	35,275
Customized Training		67,829	67,829	27,613	27,613
Individual Training for DW and YTTW		5,591	5,325	5,620	5,334
SMART STEPPS		672	0	839	0
Occup Safety & Health		3,713	3,713	2,328	2,328
Workforce Investment Act	23,272	20,432	12,543	17,489	12,325
Adult		6,131	3,527	5,485	3,759
Dislocated Workers		7,617	4,596	6,206	4,655
Youth		6,684	4,420	5,798	3,911
Work First New Jersey	60,056	23,456	12,280	22,676	11,363
TANF		14,715	8,226	14,190	7,502
General Assist/Food Stamps		8,741	4,054	8,486	3,861
All Workforce Development Programs	141,572	121,693	101,690	76,565	58,963

* Please note individuals may receive both services and job training and thus may be included under both columns.

Discussion Points (Cont'd)

In previous budget analyses, the OLS has asked for similar counts on individuals served through these programs. In its response, the department has sometimes overestimated or underestimated the number of individuals requiring services and training. For example, in the above chart, the department estimated that 60,056 individuals would be served by WFNJ programs in FY2007, approximately 36,000 more than the actual 23,456 individuals served. Since it is assumed that the department must estimate the needed staff by estimating caseload it is unknown how staffing levels can be determined in the absence of correct estimates.

- Question:** a. Please indicate, for each of the Workforce Development programs (WDP, WIA, WFNJ), how many individuals participated in job training during FY2008 and how many are expected to participate in job training during FY2009 and FY2010. Please indicate how many individuals accessed services other than job training through WDP, WIA and WFNJ during FY2008 and how many are expected to access services other than job training during FY2009 and FY2010. Please define these services. Please provide or estimate this data for FY2008, FY2009, and FY2010 for each of the following programs: WDP dislocated workers; WDP disadvantaged workers; WDP customized training grants; WDP occupational safety and health training; WDP youth transitions to work; WDP SMART STEPPS; WIA dislocated worker training; WIA adult training; WIA youth training; WFNJ TANF recipients; WFNJ Food Stamp recipients; and, WFNJ General Assistance recipients.

Response:

Workforce Programs

	<u>Served</u>	<u>Trained</u>	<u>Cost Per Participant</u>
<u>Fiscal Year 2008 Actual</u>			
Customized Training	60,129	60,129	\$456
Workforce Development Program (WDP)			
ITA's	5,699	5,423	\$3,557
SMART STEPS (SWDB)	542	542	\$6,273
Workforce Investment Act (WIA)	19,948	12,891	\$2,750
Adult	6,362	3,759	\$2,741
Dislocated Workers	7,724	5,074	\$2,511
Youth	5,862	4,058	\$3,073
Work First New Jersey (WFNJ)	32,039	18,734	\$3,535
TANF	21,721	13,724	\$4,810
General Assistance/Food Stamp	10,318	5,010	\$1,240

Discussion Points (Cont'd)

	<u>Served</u>	<u>Trained</u>	<u>Cost Per Participant</u>
<u>Fiscal Year 2009 Estimated</u>			
Customized Training	60,000	60,000	\$460
Workforce Development Program (WDP) ITA's	6,300	5,400	\$3,750
SMART STEPS (SWDB)	826	826	\$6,300
Workforce Investment Act (WIA)	18,550	10,797	
Adult	5,650	3,200	\$1,250
Dislocated Workers	7,100	4,400	\$2,750
Youth	5,800	4,600	\$3,200
Work First New Jersey (WFNJ)	22,690	11,363	
TANF	14,190	7,502	\$5,000
General Assistance/Food Stamp	8,500	3,861	\$1,400
<u>Fiscal Year 2010 Estimated</u>			
Customized Training	60,000	60,000	\$460
Workforce Development Program (WDP) ITA's	6,300	5,400	\$3,900
SMART STEPS (SWDB)	826	826	\$6,500
Workforce Investment Act (WIA)	18,550	10,797	
Adult	5,650	3,200	\$2,800
Dislocated Workers	7,100	4,400	\$2,900
Youth	5,800	4,600	\$3,200
Work First New Jersey (WFNJ)	22,690	11,363	
TANF	14,190	7,502	\$5,200
General Assistance/Food Stamp	8,500	3,861	\$1,600
FY 2010 projections are presented at FY 2009 levels as even preliminary regular program funding levels are not available.			
American Recovery and Reinvestment Act (ARRA) projections will not be available until program planning and design are completed. NJ ARRA funding levels include: WIA Adult: \$ 9,386,433 WIA Dislocated Workers: \$ 32,706,420 WIA Youth: \$ 20,834,103 Wagner-Peyser: \$ 10,662,171			

Discussion Points (Cont'd)

Services Other Than Job Training:

Workforce Development Partnership Program

The Workforce Development Program primarily provides Individual Training Grants in occupational training. There are cases where remediation, counseling or other associated services may be provided, which generally represent less than 5% of those who are served. Also, WDP has a set aside for a youth apprenticeship awareness program referred to as Youth Transitions to Work. Information on that program follows.

SMART STEPS

SMART STEPS is a support replacement program which has the State of New Jersey providing a replacement source of payments and supports for individuals who were on Temporary Assistance for Needy Families (TANF) but were determined appropriate to enroll in a community college or four-year institution. The SMART STEPS program is essentially a fund which provides replacement income payments and services for the "former" welfare client during her/his matriculation at college. The SMART STEPS funds therefore enable college training to occur, but are not "training" funds themselves.

Workforce Investment Act

The Federal Workforce Investment Act under its Adult and Dislocated Worker titles reference services under the terms of "Core," "Intensive" and "Training" to acknowledge that not everyone may need to receive training for an occupational skill.

Core services may include getting labor market information, using a computer at a One-Stop Career Center to apply for jobs or attend a class on subjects such as interviewing, resume preparation or how to complete a job application.

Intensive services are the next step in the continuum. This could include efforts such as personal counseling to help the individual determine what type of training is appropriate, testing to determine skill levels or a pre-vocational program to see if a full-term training program is appropriate.

For youth, the law establishes a set of ten elements for service. These elements include vocational training, but may also include other efforts like job clubs and other skills important to getting and keeping a job.

Work First New Jersey

There are a number of activities allowed under this program. In addition to being in a classroom training environment, clients may be in some form of work experience at a public or non-profit site. A person may be in a joint work experience/training program. There are other options including a

Discussion Points (Cont'd)

mandatory job search program for all WFNJ clients. It is after this service that a determination regarding training can be made.

YTTW (Youth Transition To Work)

- In FY08 165 students were placed in YTTW Registered Apprenticeships.
- In FY08 5245 students received YTTW Job Readiness Training.

The YTTW FY09 and FY2010 projections are not expected to diminish, however due to the nation's economic condition coupled with the Department's efforts to fund New Apprenticeship Opportunities in this climate, at best these numbers will remain the same. These YTTW projections are centered on a programmatic structure that is based upon a two year grant cycle. This factor will ultimately contribute to the program's success. Noteworthy, is that fact that of the 15 YTTW FY2009 grants, 9 grantees are for what are already Existing Apprenticeable occupations, while 6 grantees were funded, to establish what are entirely New Apprenticeable Occupations. The total YTTW budget for FY2009 was \$2,714,359 of which \$1,010,064 or a total of 38% was allocated for the development of these New Apprenticeships. These first year New Apprenticeship grants require that major emphasis be placed on program development and not on apprenticeship placements. Although they did not under perform, there were 14 YTTW FY2008 grants, that were all for Existing Programs when FY09 versus FY08 data is utilized for comparative analysis.

- The FY08 Summary of Grant Activities for the YTTW program is not broken down in a manner that details exactly how many individuals received services other than job training. The reason why there is no exact number is because some individuals may have received more than one service. What can be detailed is how many individuals received each service other than job training, which is below;
- 7607 students attended YTTW presentations
- 1864 students completed the YTTW participant enrollment form
- 5,245 students received work readiness training
- 1555 students visited employer/work based programs(Site visits)
- 821 students were tested in Work Keys, TABE & etc.
- For FY09 & FY10 these numbers are expected to stay the same due to the reasoning behind the FY09 & FY10 projections stated above.

OSH (Occupational Safety and Health)

- In FY08 2860 individuals received OSH comprehensive Health and Safety Training.
- In FY09 it is anticipated that 2,740 individuals will receive OSH comprehensive Health and Safety Training.

Discussion Points (Cont'd)

There are no projections for FY10 however, based upon year to date performance of the current OSH grants; their current level of performance should stay the same.

Customized Training

It was estimated in March 2008 that there would be approximately 27,613 employees approved for training in FY08. However, a major influx of additional applications was received during the last quarter of that year. As a result, the number of approved trainees increased to 60,129.

It is estimated that for FY09, Customized Training will approve awards to train approximately 60,000 trainees. If the same funding is allocated for FY10, the amount of employees to be trained should remain within that same range.

b. Please indicate for each of the programs listed in the question above, in each of the indicated years, the cost per individual trained and what portion of total program costs reflects direct job training costs, services other than job training costs and what portion reflects administrative overhead costs. Please ensure that these numbers can be duplicated in the breakdown.

Response:

Customized Training

The estimated cost per trainee in FY08 was 456.00 per trainee. This is based on \$27,431,213 obligated to train 60,129 trainees. In FY09 we estimate that \$28 million will be obligated to train 60,000 employees. Therefore, the estimated cost per trainee would be approximately \$460.00

There are no direct administrative overhead costs that are funded by Customized Training grants. Costs of this nature are met in the per hour instructional cost up to 10%. The maximum allowable instructional cost per hour is \$200 which includes materials, books and curriculum development costs. The maximum average cost per trainee is \$1500.

FY08 OSH costs per individual trained

\$232 per trainee

- FY09 costs per individual trained

\$344 Projected *** \$425 YTD

Discussion Points (Cont'd)

- FY10 predictions are not available
-
- OSH Program costs and Administrative Overhead costs are more involved in terms of querying statistical data for direct job training and services other than job training costs for FY08, FY09 and FY10.

Services Other than Job Training

YTTW

- In FY08 165 students were placed in YTTW Registered Apprenticeships.
- In FY08 5245 students received YTTW Job Readiness Training.

The YTTW FY09 and FY2010 projections are not expected to diminish, however due to the nation's economic condition coupled with NJLWD's efforts to fund New Apprenticeship Opportunities in this climate, at best these numbers will remain the same. These YTTW projections are centered on a programmatic structure that is based upon a two year grant cycle. This factor will ultimately contribute to the program's success. Noteworthy, is that fact that of the 15 YTTW FY2009 grants, 9 grantees are for what are already Existing Apprenticable occupations, while 6 grantees were funded, to establish what are entirely New Apprenticeable Occupations. The total YTTW budget for FY2009 was \$2,714,359 of which \$1,010,064 or a total of 38% was appropriated for the development of these New Apprenticeships. These first year New Apprenticeship grants require that major emphasis be placed on program development and not on apprenticeship placements. Although they did not under perform, there were 14 YTTW FY2008 grants, that were all for Existing Programs when FY09 versus FY08 data is utilized for comparative analysis.

- The FY08 Summary of Grant Activities for the YTTW program is not broken down in a manner that details exactly how many individuals received services other than job training. The reason why there is no exact number is because some individuals may have received more than one service. What can be detailed is how many individuals received each service other than job training, which is below;
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- 7607 students attended YTTW presentations
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- 1555 students visited employer/work based programs(Site visits)
- 821 students were tested in Work Keys, TABE & etc.
- For FY09 & FY10 these numbers are expected to stay the same due to the reasoning behind the FY09 & FY10 projections stated above.

OSH

Discussion Points (Cont'd)

- In FY08 2860 individuals received OSH comprehensive Health and Safety Training.
- In FY09 it is anticipated that 2740 individuals will receive OSH comprehensive Health and Safety Training.

There are no projections for FY10 however, based upon year to date performance of the current OSH grants; their current level of performance should stay the same.

c. Please indicate for each of the programs listed above, for FY 2009 and FY 2010 (estimated), the total amount appropriated; what portion of the funding is appropriated through the department; and what portion, if any, is appropriated through the Department of Human Services.

Response: All funds for each of these programs are appropriated to the Department.

d. Please discuss, or provide data regarding, the effectiveness of each program funded through the WDP in assisting individuals without jobs to find employment providing self-sufficiency and assisting already employed individuals to retain employment or raise earning levels.

Response: We do not specifically track employee earnings and there is no specific wage increase percentage required in order to receive funding. However, based on a survey of random applications, employers have indicated that the training will position employees for advancement within the organization. It is then anticipated that this will result in a wage increase

- YTTW which is funded by the State of New Jersey hosts a consortium of employers, organized labor and schools to implement school to registered apprenticeship transition programs. The course of instruction offers preliminary apprenticeship exposure, work readiness training and relevant classroom instruction. This program targets high school juniors and seniors. The effectiveness of Apprenticeship Opportunities for New Jersey residents is immeasurable, especially considering the changes in our National and State Workforce/Economy. It is with great anticipation and vigor that the Youth Transitions to Work Program seeks to develop potential employees, by providing opportunities for them to make an informed decision, regarding their occupational endeavors.
- WDP OSH - Seeks to improve and strengthen workplaces by offering health and safety training programs that will meet Federal OSHA standards. Ultimately the primary focus and objective is to increase

Discussion Points (Cont'd)

the awareness and ultimately reduce injuries in the workplace. The effectiveness of this Grant is invaluable as occupational injuries in the State of New Jersey are decreasing annually.

e. Please discuss the discrepancy between estimated numbers and actual numbers served by WDP programs. Did the department need to make adjustments to its funding levels for the different programs as a result of the changed needs? Did the department experience the same issues in FY2008 or FY2009?

Response: The difference between the FY07 estimated and actual numbers are a reflection of one of the benefits to the Customized Training Program. Although Grantees contract for a specific number of trainees per course, many companies may choose to send more than that number to a class. There are no additional costs to the State for these extra attendees and the company is able to train a broader population of their workforce. This difference did not require any adjustments to the department's funding levels. In addition, there is always the potential of these same issues occurring for FY2008 and FY2009.

11. The Workforce Development Partnership Fund (WDP) was created pursuant to P.L.1992, c.43 (C.34:15D-1 et seq.) to provide training grants to disadvantaged and displaced workers and to employers to provide training to their employees. The WDP program is funded by worker and employer payroll taxes on wages subject to unemployment (UI) taxes. The proposed budget estimates that these payroll tax revenues, plus investment earnings, will generate approximately \$98.9 million in FY 2010 (page H-7). The proposed budgets for the Departments of Labor and Workforce Development and Human Services include multiple language provisions (pages D-219, D-244) transferring \$1.85 million from the WDP fund to the New Jersey Youth Corps and at least \$54 million to the Work First New Jersey Program with the option of transferring an additional \$20 million from the WDP Fund to the Department of Human Services should it be necessary (for more information on this optional transfer, please see discussion point #13).

- **Question:** a. For FY 2008, please provide the following actual data for each component of the WDP program (customized training, displaced worker training, disadvantaged worker training, youth training, occupational safety and health training, program administration, and transfers to programs other than WDP) and provide estimates of the same information for FY 2009 and FY 2010, based on the assumption that the current percentages, which are required by statute to be deposited in accounts for each component, will remain in effect:

1) The amount the department was required to spend under the WDP law's mandated allocations (from FY 2008 forward, the amounts required to be deposited in the accounts for each allocation), and the amount actually spent;

Discussion Points (Cont'd)

- 2) The amount transferred out of the fund for each purpose not indicated in the WDP law (such as the Work First New Jersey and New Jersey Youth Corps programs);
- 3) The balance at the end of the year; and the amount encumbered as a reserve for future payments of multi-year grants for each WDP program component;

Response: Please see Schedule III attached.

12. The federal Deficit Reduction Act of 2005 (Pub.L.109-171) reauthorized the Temporary Assistance for Needy Families (TANF) program and changed many TANF provisions. Included in the act were revisions to the State's obligations regarding workforce participation rates and work verification plans. If the State's workforce participation rate fails to meet the federal standards, a financial penalty of up to 5% of TANF funding could be applied to the State.

Proposed budget language for FY2010 permits a diversion not to exceed \$20 million from the Workforce Development Partnership Fund to the Department of Human Services (page D-219). These funds are to be used in the event federal funding is reduced because the State fails to meet the workforce participation rate as defined under the federal Deficit Reduction Act of 2005 (Pub.L.109-171). Similar budget language appeared in the FY2009 appropriations act (see appropriation handbook, page B-114), but according to the department, was not needed and the funds have not been transferred thus far in FY2009.

In response to the OLS questions during the review of the FY2009 budget, the department stated that while the statewide participation rate was 18%, well below the federally established 50% target, New Jersey qualified for two different credits that allowed New Jersey to meet the targeted rate. One was a credit for reducing the caseload since 2005, which the State had accomplished, and the other involved maintenance of effort (MOE) funding. There have been some reports that the federal government plans to eliminate MOE funding as an offsetting credit for states.

- **Question:** a. Please provide the current participation rates for TANF recipients on a Statewide level and on a county-by-county level. When these rates are combined with the federally allowed offset, what is the status of the State's obligation to meet the federal standard for work participation rates? What steps is the department taking to increase these rates in counties that do not currently meet the federally mandated participation rate? How is the department working in conjunction with the Department of Human Services to increase these rates and avoid any loss of funding to the State?

Response: The State's participation rate by county and for the State is shown in the table below. The period is for fiscal year 2009 through March 31.

Discussion Points (Cont'd)

County Name	% Work Participation
ATLANTIC	14.91%
BERGEN	14.89%
BURLINGTON	21.71%
CAMDEN	19.50%
CAPE MAY	19.74%
CUMBERLAND	20.76%
ESSEX	18.83%
GLOUCESTER	15.10%
HUDSON	22.9%
HUNTERDON	24.4%
MERCER	15.16%
MIDDLESEX	20.79%
MONMOUTH	19.10%
MORRIS	24.26%
OCEAN	20.86%
PASSAIC	16.48%
SALEM	22.02%
SOMERSET	21.68%
SUSSEX	21.08%
UNION	18.42%
WARREN	21.87%
Sum:	19.74%

The Department of Human Services has reported that New Jersey met the targeted participation rate for fiscal year 2008. Due to the fact that the MOE caseload credits are still in affect and have not changed we anticipate that NJ will meet their targeted participation rate for 2009.

In an effort to increase participation, the Department and the Department of Human Services (DHS) representatives have been providing intensive to-work technical assistance to every county each week. We are promoting more outreach and mentoring to TANF customers to encourage participation in work activities. Time and attendance data entry to the e-Timesheet system is analyzed on a weekly basis with the data entry staff in each county to correct any errors.

Senior staff from both the Department and DHS meet on a monthly basis to discuss issues in each county and provide the necessary improvement strategies.

Discussion Points (Cont'd)

The Department is planning a Vendor Training late summer which will provide all vendors a refresher course in the regulations for TANF customers as per the Deficit Reduction Act of 2005.

b. Please specify what funds, by department of origin, were used for MOE funding for FY2007, FY2008, FY2009 and are planned to be used for FY2010. Please discuss any anticipated changes to the use of MOE funding as an offset for participation rates.

Response: There will be no changes to the use of MOE funding. The Department of Human Services will continue to provide a match using excess maintenance of effort funding as in past years.

13. One component of the Workforce Development Partnership (WDP) program, the "Smart STEPPS" program, provides benefits to enable former welfare recipients with children to participate in full-time education towards high school graduation or two-year or four-year college degrees in work-related fields which enable the attainment of economic self-sufficiency. The program is permitted to enroll a maximum of 1,500 participants at one time (N.J.S.A.34:15D-7f). In response to the OLS questions during the review of FY 2009 budget, the department stated that the program had 672 participants in FY2007. The program also provides counseling and makes arrangements to provide or obtain child care and Pell Grants, when possible. The following table presents data provided by the department showing that, during FY 2007, the program had funds sufficient to permit the transfer of \$3.6 million out of the program and still have a balance of \$3.4 million at the end of the fiscal year. The data show significant transfers and year-end balances for subsequent years as well. While it is recognized that funds are encumbered each year for future payments of multi-year grants, it is not clear how much of any year's encumbrance must be spent in the following year.

Smart STEPPS program funds in \$ millions

Fiscal Year	2007 (actual)	2008 (estimate)	2009 (estimate)
Starting balance	\$4.4	\$3.3	3.9
Revenue	\$5.9	\$5.9	6.1
Total available	\$10.3	\$9.2	10.0
Transferred out of program	\$3.6	\$1.5	1.9
Spent on benefits	\$3.4	\$3.8	6.1
Ending balance	\$3.4	\$3.9	2.0
Encumbered for future payments in multi-year grants	\$1.3	\$3.8	1.5

Notwithstanding the availability of "Smart STEPPS" funds for transfers to other programs and carry forwards to subsequent years, there have been reports that the program has stopped accepting new enrollees.

Discussion Points (Cont'd)

- **Question:** a. Has the program stopped enrolling new participants or accepting new applications for future participation? If so, when will it resume accepting new applications, enrollees, or both?

Response: The program has not stopped for active students. Due to the higher than anticipated current enrollment levels through the first three quarters of fiscal 2009, new enrollments are below those of previous fiscal years. However, we anticipate that going forward enrollments will increase as individuals exit the program.

b. Please provide the total revenues, allocations, costs and transfers of this program for each year since its inception in the same manner as provided in schedule IV of the department answers to the OLS questions for FY 2009. In addition, please indicate how much of the amount spent on benefits each year was spent for individuals starting that year compared to individuals who had been in the program during previous years and represented spending of previously "encumbered" funds.

Response: The financial information regarding the Smart STEPPS program is included on schedule III in the 6% Disadvantaged column. All of the activity in this column pertains to this program. The breakdown of expenditures by participant and when they entered the program is not available at this time.

c. Please provide the number of enrollees and the cost per enrollee each year since inception, providing data for multi-year enrollees. Indicate, for the total number of individuals who were newly enrolled each year, how many of them enrolled in programs for high school graduation, how many for 2-year degrees, how many for 4-year degrees, and, for each subsequent year, how many completed their programs, dropped out, or continued.

Response:

Note(s): Requested breakdown by level of training is not available. There are 645 customers with start dates prior to FY 07. For this reason, number enrolled cannot equal number completed/dropped out/still participating. Report is distinct count of customers for each FY but customers can have multiple funded services, different years and possibly one or more in the same year depending how the local area data entered.

	FY 2007 (7/1/2006- 6/30/2007)	FY 2008 (7/1/2007- 6/30/2008)	FY 2009 (7/1/2008- 3/31/2009)
New Enrollments	672	552	35
Completed	102	155	48
Dropped Out	214	238	91

Discussion Points (Cont'd)

Program Participants	926	542	730
Entered Employment	238	265	39

d. Please provide an update on any evaluation of this program, and any available data on rates of program completion and subsequent placement in employment.

	<u>Entered Employ. Rate</u>	<u>Employment Retention Rate</u>	<u>Six Months Average Wage</u>
PY 2005	60.9	46.0	8,892.37
PY 2006	53.6	38.9	9,712.59
PY 2007²	55.7	20.6	7,820.07
PY 2008	Not Available¹	Not Available¹	Not Available¹

14. The Customized Training program was established in 1992 and is, according to the department, “a powerful economic development tool designed to create and retain high-skill, high-wage private sector jobs in New Jersey as a means to ensure a productive, globally competitive workforce.” A primary aspect of this program is grants to support the manufacturing sector in New Jersey. According to budget evaluation data (page D-239) these grants will total about \$112 million for the period FY 2007-2010 (\$28.8 million in FY2010), and will benefit approximately 1,495 companies and train over 255,000 workers over that four year period. Grants can be awarded directly to companies; or can be provided to an employer organization, labor organization or community-based organization, or a consortium comprising one or more educational institutions and one or more individual employers or labor, employer or community-based organizations that seek to address common training needs in demand occupations within a particular industry.

The Customized Training program requires that, if, within three years following the end date of the training contract, an employer receiving a grant for customized training services relocates or out-sources out of State any or all of the jobs for which customized training services were provided, the employer shall, if all of the jobs are relocated or outsourced, return all of the grant moneys provided to the employer by the State for customized training services, or, if only a portion of the jobs are relocated or outsourced, return a portion of the moneys, determined to be appropriate and proportional by the commissioner to the portion of jobs relocated or outsourced, and the returned amount shall be deposited into the Workforce Development Partnership Fund.

In response to OLS questions during the review of the FY2009 budget, regarding the department’s ability to monitor grantees beyond the completion of their grant, the department stated that it has a procedure in place to monitor grantees beyond completion. The department stated that the Office of Grant

Discussion Points (Cont'd)

Operations receives notice if a company closes, is sold, has a mass layoff or employment loss through the required NJ WARN Act notice (N.J.S.A.34:21-1 et seq.). In addition, the department uses information contained in an internal report that tracks local activity throughout the State to track companies that may have received a customized training or literacy grant within the prior three fiscal years.

In addition to the system of monitoring already established and described above, the department stated that it is working closely with the Office of Economic Growth to implement "The Development Subsidy Job Goals Accountability Act," P.L.2007, c.200 (N.J.S.A. 52:39-1 et seq.). The Act requires businesses receiving development subsidies, including tax incentives, from a State agency to submit annual reports on the progress of the recipient in attaining job creation or retention for the duration of the subsidy or five years, whichever is longer.

- **Question:** a. Please update the Legislature on the status of the system the department implemented to monitor grantees beyond the conclusion of the grant. Please discuss how the department captures the information for grantees that do not file a WARN Act notice. Please specify the other internal reports used to monitor grantees and detail the process the department uses to monitor these grantees. Please provide data indicating the number of grants currently being monitored. Since the inception of the program, what is the total dollar amount of Customized Training grants that have been repaid due to relocation or outsourcing of jobs? What percentage of grants and jobs assisted do these repayments represent? For each year, from FY 2003 to the present, please provide the same information by grantee.

Response: In an effort to monitor grantees beyond conclusion of the grant, the Office of Grants Operations implemented a clawback system to identify dollars to be reclaimed. Once a WARN notice is received, the Department determines if the company identified has received a grant in the past 3 fiscal years and it is confirmed that the company is relocating or outsourcing, a determination is made on the amount that needs to be reclaimed. This amount is based on a cross check between the invoices that OGO receives for grant reimbursement payments and the Response Team Employee sign in sheets for the company. Our team verifies which employees listed have participated in the training and what the total reclaim costs per employee are. Once all research is complete, correspondence is sent to the company requesting a check for the amount of reimbursement to be rendered to the Division of Budget and Accounting.

The department also utilizes various resources to identify grantees that do not file a WARN notice. In addition to the information that is distributed by the media outlets, LPA Analysts collect information from field contacts and from LMDR resource meetings with WIBs. The companies' information is checked against the Customized Training Tracking System database to confirm if the business has or is in the pipeline to receive funding from LWD. For the current fiscal year, there are currently 6 grants that are being monitored and researched for possible reclaims.

Discussion Points (Cont'd)

The department is exploring potential future actions steps to identify grants that may fall through the cracks due to the non filing of WARN notice and due to insufficient media information. OGO is looking into a establishing a link between the LWD and the New Jersey Unemployment Insurance database and cross checking it with the CTTS database to identify company FEIN #'s. This will prove as a valuable resource to determine employment statuses and earning levels of employees who have completed training.

To date we have identified 6 relevant potential companies that received CT grants within the last 3 years that filed a WARN notice and 8 companies that received CT grants who closed, downsized or moved their operations that we discovered using other means. As a result of our follow up work with these companies, we have recovered over \$6,000 in grant payments.

b. Please provide information from FY 2003 to the present on the number of audits received by the Office of Internal Audit and how many of these disclosed grant non-compliance. What is the total amount of funds recovered through these audits by year?

Response: The Office of Internal Audit (OIA) requests, obtains and reviews audits conducted on Customized Training Grants awarded by LWD. OIA is notified by the Customized Training program staff or through the State's cognizant audit program directed by the Office of Management and Budget when a grantee has expended over \$100,000 of grant funds and has filed a contract closeout form. Cases opened are designated by the calendar year in which they are opened, which is usually the year in which the grant terminates.

From 2003 to 2008, OIA has opened 187 audit cases. Of these, 141 have been closed. The balance of cases are either in the review stage or are awaiting an audit report.

OIA reviews the audit report upon receipt and follows up on any matters pertaining to non-compliance with the grant agreement. If necessary, Initial/Final Determination Letters are sent to recover funds not expended in accordance with the contract. From the period 2003 to 2008, a total of \$144,136 has been recovered.

Some audits may have contained minor non-compliance issues or non-compliance matters that were resolved. These are not "tracked." Therefore, the total number of audits that disclosed immaterial non-compliance is not readily available.

Customized Training funds from eight grants were recovered via the audit process:

Discussion Points (Cont'd)

2003	\$ 4,256
2004	4,400
2005	5,224
2006	127,761
2007	0
2008	<u>2,495</u>
Total	\$144,136

c. Please provide data on the monitoring efforts of the "Development Subsidy Job Goals Accountability Act" for the Customized Training program. How many grants are currently being tracked through this program? What other State agencies are involved in the program? What other programs in the department are subject to the act's provisions?

Response: As a result of the Development Subsidy Act the Office of Grants Operations (OGO) established an accountability procedure within the closeout process. At the close of the grant, grantees report the number of employees, new hires and employees retained. OGO, provided all relevant data collected via our online grants system from FY05 through April 2008 to the Office of Information Technology (OIT). This file included all grantees that were awarded grants of \$25,000 or more. Although a company receives a grant commitment letter for a specified amount, grantees receive reimbursement after training is delivered. Accordingly, it is possible that a business will not complete all of the planned training and therefore only utilize a portion of the grant amount.

We are collecting information at the time of the grant application from grantees that are awarded \$25,000 or more since May 2008. Our Development Subsidy Act form is a required document to apply for a Customized Training grant. We are maintaining a database with the required information. Once instructed by Treasury, we will forward this information to OIT and the grantee will directly report their outcomes on the business portal.

The NJ Economic Development Authority, the Commission on Science and Technology and the Department of Community Affairs are also required to assist in the collection of data under the Act.

15. By statute, 45 percent of the funds collected through the Workforce Development Partnership Fund (N.J.S.A.34:15D-9) are allocated to the Customized Training (CT) program. In FY2009, the department indicated that approximately \$28.8 million would be allocated to CT programs. In February 2008, the Heldrich Center for Workforce Development at Rutgers University released a report, "Evaluation of the New Jersey Workforce Development Partnership Program: Customized Training Program" (required by N.J.S.A.34:15D-4). In the report, the Center offered numerous suggestions on ways the department could improve upon

Discussion Points (Cont'd)

the CT program. Included among these suggestions were: calculating performance measures for the CT program by collecting more detailed data at the conclusion of training contracts and using UI wage records to determine the employment status and earning levels of all individuals subsequent to training completion.

- **Question:** Please provide examples of how the department is improving the CT program implementing the suggestions provided in the *"Evaluation of the New Jersey Workforce Development Partnership Program: Customized Training Program"* report. Please provide the total final cost of this report.

Response: A number of enhancements and efficiencies have been implemented by the CT program. We have conducted wage analysis on selective grants to assist in making continued funding determinations. Literacy Training grantees will also be required to administer Pre & Post TABE testing to the trainees. Our enhanced competitive application process requires employers to indicate the following:

- On how the training will result in a wage increase for the trainees
- Whether the occupations included in the training lead to a Career Ladder. Career progression within the organization is a better indicator of potential wage increase, as it is unrealistic to expect wage increase as a result of completion of one training course.
- Evidence of Occupational Skills Training
- Training focused on front-line workers
- Avert layoff or loss of jobs and minimize turnover
- Will create new jobs in New Jersey
- Prevent relocation outside of or expand within NJ
- Enhance competitiveness, productivity or profitability
- Employer commitment to training
- Industries targeted by Governor's Economic Growth Strategy
- Small employer (less than 100 employees)
- Has not received a training grant in the prior fiscal year
- Business located in a labor surplus area

OGO has also shown positive improvements in other areas noted in the Heldrich Center's report.

The report speaks of providing unique programs for the unemployed and underemployed; OGO's Housing Authority Initiative fits that criterion. To date we have awarded \$813,000 to 10 New Jersey Housing Authorities to provide Literacy training to their under employed residents.

There has also been an increase in the number of Consortium grants awarded such as New Jersey Restaurant Association and the New Jersey Physicians Group, NJBIA, NJCCC-BIONJ, Monmouth Development Authority, Cumberland County College -Healthcare, ID Care, Mercer Community College-Community Based, and Stevens Institute. These consortium grants have also created

Discussion Points (Cont'd)

education-industry partnerships with their members and educators in an effort to provide their employees with the opportunity to enhance their skills. The report refers to the positive feedback received from companies in the manufacturing sector. In FY08 and to date in FY09, LWD has assisted the New Jersey Manufacturing Extension Program to fund 71 companies receiving a total of 4 million dollars to train employees in the Manufacturing Industry.

The report was commissioned by the State Employment Training Commission (SETC). The SETC reported that the cost of the 2008 study was \$124,860.

16. The Supplemental Workforce Fund for Basic Skills (SWFBS) was created pursuant to P.L.2001, c.152 to provide basic skills training to the workforce (C.34:15D-21 et seq.). The fund is a 0.0175 percent tax on wages subject to the unemployment insurance tax (\$28,900 in 2009). The funds collected are statutorily allocated in the following manner: 24 percent to support basic skills training delivered by State civil service employees at the State's One-Stop Career Centers; 28 percent for Workforce Investment Boards to give grants to individuals needing basic skills training; 38 percent for the Office of Customized Training to give grants to consortia of labor, business, and community groups providing basic skills training; and 10 percent for administrative costs.

The total amount available in the SWFBS for FY2010, including investment earnings, is estimated at \$44.3 million (page H-10). The SWFBS has ending balances of \$20.4 million, \$17.3 million (estimated), and \$13.9 million (estimated) in FY2008, FY2009 and FY2010, respectively (page H-10).

The proposed budget recommends \$2 million be appropriated for the Workforce Literacy and Basic Skills program, representing the 10% administrative allowance statutorily permitted (page D-241). The budget also includes language authorizing the transfer of \$2.2 million from the SWFBS to the New Jersey Youth Corps (page D-244) and \$14 million from the SWFBS to County Colleges for operating aid (page D-386). This appropriation is unchanged from the amount appropriated from the SWFBS to county colleges in FY 2009.

- **Question:** a. Please list by category how the funds from the SWFBS were utilized in FY 2008, FY 2009, and an estimate for FY 2010, using the same format used in schedule III in the department's response to the OLS questions during the review of the FY2009 budget.

Response: Please see Schedule IV attached.

b. How have county colleges assisted the department in reaching the basic skills program goals?

Response: The Department has developed a multi-tier approach for the delivery of adult basic skills instruction that has been designed to reduce system overlap and redundancies, maximize outcomes by placing individuals in the most appropriate program, and provide individuals with a pathway for continuing education through the county college system and

Discussion Points (Cont'd)

other post-secondary opportunities. The two main tiers are the federally funded Workforce Investment Act – Title II program (WIA-Title II) and the SWFBS funded Workforce Learning Link (WLL) program.

The Department awards SWFBS grants to Workforce Investment Board (WIB) areas for the operation of the Workforce Learning Link (WLL) basic skills program. Seven (7) WIB areas then subcontract with their respective county college for the delivery of WLL instructional services. In some cases, the Workforce Learning Links are located on the college campus which offers WLL participants access to campus facilities and opportunities for more seamless transition to post-secondary education.

17. Due to federal funding changes enacted in the Revised Continuing Appropriations Resolution, 2007 (P.L.110-5) and the Consolidated Appropriations Act, 2008 (P.L.110-161), there were rescissions of federal funds allocated to the State Workforce Investment Act (WIA) Title 1B Adult, Dislocated Workers, and Youth programs.

In response to OLS questions during the review of the FY2009 budget, the department indicated that \$3.3 million previously allocated to the local funding recipients (local Workforce Investment Boards or other entities) from federal funds allocated for WIA Title 1B programs would be rescinded by the federal government for funds allocated during program years (PY) 2005, 2006, and 2007. A portion of these funds were unexpected balances in the WIA Adult, Dislocated Workers, and Youth programs, the remainder had been expended by the local boards, but would need to be paid back to the State and then to the federal government. Furthermore, the State's funding was reduced by \$8.8 million dollars for 2008. The department indicated that these rescissions and reductions in funding could result in a loss of 3,770 slots for individuals in need of WIA services.

However, ARRA allocated at least \$63 million to WIA Adult and youth activities, according to the commissioner's testimony to the Assembly Labor Committee on March 12, 2009.

- **Question:** a. What has been the impact on the department and/or its services as a result of the federal actions, including any reduction in staff at the State level? What has been the impact on the local providers ability to provide services and on their staff levels?

Response: While the department has been able to continue their mission, the biggest impact based on the federal rescission was felt at the local level. Due to the two-year availability of funding, the full impact of the PY 07 rescission is being felt in PY 08 clients being served. The federal rescission was \$1.8 million of an original allocation of \$33.3 million in adult and dislocated worker funding. It is important to link these two funding streams together funds may be transferred between the two. In PY 07 the local areas served a total of 14,086 individuals with their adult and dislocated worker funding. However, in PY 08, with the full effect of the PY 07 rescission and only \$28.3 million in adult and dislocated worker funding, it is anticipated that a total of 12,785 individuals will be served in

Discussion Points (Cont'd)

PY 08 with the regular WIA funding (not including the supplementary services provided through the ARRA funding for PY 08).

WIA Youth programs experienced the effect of the rescission in PY 07, as the number of individuals served dropped to 5,862 from 6,684 in PY 06.

Table 1. Individuals Receiving Funded Services Under WIA Statewide

	<u>PY 2006</u>	<u>PY 2007</u>	<u>PY2008</u> <u>(3 QTRS)</u>
WIA Adult	6,131	6,362	4,242
WIA DW	7,617	7,724	5,347
WIA Youth	6,684	5,862	5,192

b. Please provide the following data for the WIA Adult, Dislocated Workers and Youth programs: funding levels allocated to the State and to local funding recipients (local WIBS or other entities) for WIA Adult, Dislocated Workers and Youth programs, by funding entity, by program for PY2007, 2008 and 2009.

Response: Please see schedule V attached

c. Please detail all ARRA funds as they will be distributed to each local funding recipient (local WIB or other entity) for WIA Adult, Dislocated Workers and Youth programs, by funding entity, by program for PY2007, 2008 and 2009.

Response: Please see schedule VI attached.

Discussion Points

UNEMPLOYMENT COMPENSATION TRUST FUND ACCOUNT
CASH FLOW ANALYSIS
FY 2008
(in millions)

Schedule I page 1

ACTUAL INFORMATION

MONTH	BEG BLNCE	E UI CONT	E HC CONT	E UI & HC CONT	W UI CONT	W HC CONT	W UI & HC CONT	TOTAL CONT	AP	RBC	CWC RECPTS	OTHER INCR	TOTAL INCR	TRF FR GF	INTEREST INCOME	DISB	CWC BNF	REED ACT	REIM	END BLNCE
JULY 2007	\$733.2	\$ 29.5	\$ 0.8	\$ 30.3	\$ 6.6	\$ 0.2	\$ 6.8	\$ 37.1	\$ (3.2)	\$ 2.9	\$ 0.5	\$ (1.7)	\$ 35.6			\$ 162.1	\$ 0.9	\$ 5.4	\$ -	\$ 600.4
AUGUST	600.4	352.1	0.1	352.2	73.3	-	73.3	425.5	9.1	17.9	7.7	0.2	460.4			169.2	1.4	2.2	0.4	887.6
SEPTEMBER	887.6	5.0	0.2	5.2	(0.8)	0.1	(0.7)	4.5	5.7	2.6	-	0.3	13.1	\$ 9.6		139.7	3.4	5.0	0.1	762.1
OCTOBER	762.1	31.5	0.3	31.8	7.7	-	7.7	39.5	(4.4)	4.7	5.4	(4.9)	40.3			155.1	2.3	4.5	0.2	640.3
NOVEMBER	640.3	227.2	(0.2)	227.0	45.0	0.1	45.1	272.1	(0.1)	21.1	7.4	(0.2)	300.3			146.0	4.5	1.8	0.2	788.1
DECEMBER	788.1	4.0	0.3	4.3	0.7	-	0.7	5.0	5.0	5.3	0.2	0.3	15.8		9.0	162.2	-	0.1	0.1	650.5
JANUARY 2008	650.5	46.2	0.1	46.3	9.5	-	9.5	55.8	1.1	4.0	0.2	0.2	61.3			209.7	0.6	4.4	0.2	496.9
FEBRUARY	496.9	135.5	(0.3)	135.2	26.7	-	26.7	161.9	15.0	16.7	3.6	(0.5)	196.7			204.4	1.3	0.3	0.1	487.5
MARCH	487.5	14.4	0.5	14.9	(0.5)	0.1	(0.4)	14.5	(2.7)	3.9	4.3	(1.1)	18.9		6.1	214.9	0.1	0.3	0.1	297.1
APRIL	297.1	54.0	0.2	54.2	13.3	-	13.3	67.5	(15.1)	7.5	0.4	0.2	60.5			193.0	3.0	0.1	0.1	161.4
MAY	161.4	604.4	0.2	604.6	124.4	-	124.4	729.0	6.7	15.7	6.3	-	757.7			175.2	1.3	0.1	0.3	742.2
JUNE	742.2	3.6	0.1	3.7	0.3	-	0.3	4.0	0.2	8.1	3.9	(0.2)	16.0	\$ 260.0	6.4	170.0	5.0	2.3	0.3	847.0
TOTAL	\$733.2	\$ 1,507.4	\$ 2.3	\$ 1,509.7	\$ 306.2	\$ 0.5	\$ 306.7	\$ 1,816.4	\$ 17.3	\$ 110.4	\$ 39.9	\$ (7.4)	\$ 1,976.6	\$ 260.0	\$ 31.1	\$ 2,101.5	\$ 23.8	\$ 26.5	\$ 2.1	\$ 847.0

Discussion Points (Cont'd)

UNEMPLOYMENT COMPENSATION TRUST FUND ACCOUNT
CASH FLOW ANALYSIS
FY 2009
(in millions)

Schedule 1 Pg 2

04/21/09	BEG	E UI	W UI	TOTAL	AP	RBC	CWC	OTHER	TOTAL	INTEREST	DISB	OTHER	CWC	REED	REIM	LOAN	END	IUR	TUR
MONTH	BLNCE	CONT	CONT	CONT			RECPTS	INCR	INCR	INC			BNF	ACT			BLNCE		
JULY 2008	\$847.0	\$ 127.8	\$ 31.7	\$ 159.5	\$ (9.5)	\$ 4.1	\$ 0.3	\$ 0.4	\$ 154.8		\$ 194.0		\$ 1.1	\$ 4.4	\$ 0.2		\$ 802.1	3.3	5.5
AUGUST	802.1	261.8	62.3	324.1	26.8	8.7	2.1	0.3	362.0		187.6		1.2	1.3			974.0	3.4	5.7
SEPTEMBER	974.0	(3.7)	(5.9)	(9.6)	2.6	9.3	3.1	0.2	5.6	\$ 10.4	191.7		3.8	1.6			792.9	3.6	5.8
OCTOBER	792.9	99.6	22.6	122.2	(27.0)	5.6	4.3	0.2	105.3		184.0		-	5.9			708.3	3.8	6.0
NOVEMBER	708.3	157.9	30.0	187.9	6.3	27.4	2.4	0.1	224.1		179.5		2.0	0.2			750.7	4.1	6.3
DECEMBER	750.7	15.6	(4.1)	11.5	3.9	3.2	8.0	(0.3)	26.3	8.3	262.5		5.2	0.8			516.8	4.2	6.8
JANUARY 2009	516.8	14.5	3.0	17.5	(4.1)	4.9	0.2	0.2	18.7		311.9		-	1.2			222.4	4.4	7.3
FEBRUARY	222.4	160.8	34.5	195.3	4.1	19.7	1.3	0.4	220.8		314.5	\$ 14.8	1.2	0.9			141.4	4.7	8.2
MARCH	141.4	7.6	(0.8)	6.8	2.3	8.1	10.3	(0.1)	27.4	2.4	361.5	206.8	0.8	9.5		\$ 255.7	261.9	5.1	8.3
APRIL 01-21	261.9	1.9	(2.6)	(0.7)	(3.4)	-	0.1	32.1	28.1		241.7		5.8	-		32.6	75.1	5.1	8.3
APRIL 22-30	75.1	86.1	18.9	105.0	-	3.0	1.0	(32.1)	76.9		103.0		-	1.0			48.0	5.1	8.3
MAY	48.0	542.5	119.1	661.6	0.5	10.0	2.0	0.1	674.2		330.2		2.0	1.5			388.5	5.1	8.3
JUNE	388.5	11.8	2.2	14.0	0.5	20.0	6.0	0.1	40.6	2.2	341.1	120.0	2.1	1.7			206.4	5.1	8.3
TOTAL	\$847.0	\$ 1,484.2	\$ 310.9	\$ 1,795.1	\$ 3.0	\$ 124.0	\$ 41.1	\$ 1.6	\$ 1,964.8	\$ 23.3	\$ 3,203.2	\$ 341.6	\$ 25.2	\$ 30.0	\$ 0.2	\$ 288.3	\$ 206.4		

ASSUMPTIONS:

1. Actual information used for July- April 21st.
2. The UI taxable wages will increase by 2.9% in CY 2009 and will decrease by 1% in CY 2010.
3. The USDOL transferred \$14.8 million in February and \$206.8 million in March to the Fund.
4. The Reed Act disbursements will be \$30 million.
5. The General Fund will transfer \$120 million to the Fund in June.
6. On 4/21/09, \$47.6 million is reserved for Reed Act and Stimulus Administration.

Discussion Points (Cont'd)

UNEMPLOYMENT COMPENSATION TRUST FUND ACCOUNT

Schedule I page 3

CASH FLOW ANALYSIS

FY 2010

(in millions)

04/21/09

MONTH	BEG BLNCE	EMPLOYER CONT	WORKER CONT	TOTAL CONT	INT INC	DISB	EB	REED ACT STIM ADM	REIM	END BLNCE	IUR	TUR
JULY 2009	\$206.4	\$ 40.2	\$ 10.0	\$ 50.2		\$ 352.6		\$ 1.6	\$0.1	\$ (97.7)	5.2	8.6
AUGUST	(97.7)	336.0	69.4	405.4		342.8		1.6	0.1	(36.8)	5.2	8.6
SEPTEMBER	(36.8)	14.8	0.6	15.4	\$ 0.4	346.9		1.6	0.1	(369.6)	5.2	8.6
OCTOBER	(369.6)	52.4	10.0	62.4		347.2		1.6	0.1	(656.1)	5.2	8.9
NOVEMBER	(656.1)	285.3	40.2	325.5		326.2		1.7	0.1	(658.6)	5.2	8.9
DECEMBER	(658.6)	7.8	2.4	10.2	0.1	341.6		1.7	0.1	(991.8)	5.2	8.9
JANUARY 2010	(991.8)	50.4	7.4	57.8		354.4	\$ 14.6	1.7	0.1	(1,304.8)	5.2	8.9
FEBRUARY	(1,304.8)	194.1	28.4	222.5		339.4	53.0	1.7	0.1	(1,476.5)	5.2	8.9
MARCH	(1,476.5)	9.7	0.4	10.1	0.1	366.2	87.2	1.7	0.1	(1,921.6)	5.2	8.9
APRIL	(1,921.6)	57.2	8.6	65.8		311.6	114.9	1.7	0.1	(2,284.1)	5.1	8.8
MAY	(2,284.1)	771.8	127.4	899.2		265.2	148.1	1.7	0.1	(1,800.0)	5.1	8.8
JUNE	(1,800.0)	15.8	2.2	18.0	0.1	279.6	157.2	1.7	3.0	(2,223.5)	5.1	8.8
TOTAL	\$206.4	\$ 1,835.5	\$ 307.0	\$ 2,142.5	\$ 0.7	\$ 3,973.7	\$ 575.0	\$ 20.0	\$ 4.1	\$ (2,223.2)		

ASSUMPTIONS:

1. Table B will be used.
 2. The UI taxable wages will decrease by 1% in CY 2010 and will increase by 1.7% in CY 2011.
 3. The Reed Act and Stimulus Admin. disbursements will be \$20 million.
 4. The disbursements are net of RBC and CWC benefits.
 5. The Reed Act & Stimulus Admin. disbursements will be \$20 million.
 6. EB benefits are funded 100% by the USDOL through December 31, 2010. Thereafter the State pays 50% of those benefits.
- Revenue for fiscal year 2010 using columns A, C and D are estimated as follows:
- A- \$1,898.1 million
 - C- 2,615.6 million
 - D- 2,874.7 million

Discussion Points (Cont'd)

**UNEMPLOYMENT COMPENSATION TRUST FUND ACCOUNT
CASH FLOW ANALYSIS
FY 2011
(in millions)**

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04/21/09

MONTH	BEG BLNCE	EMPLOYER CONT	WORKER CONT	TOTAL CONT	INT EXP	DISB	EB	REIM	END BLNCE	IUR	TUR
JULY 2010	(\$2,225.7)	\$ 43.1	\$ 10.2	\$ 53.3		\$ 315.8	\$ 146.3	\$0.1	\$(2,634.6)	5.1	8.7
AUGUST	(2,634.6)	361.2	70.6	431.8		312.6	142.4	0.1	(2,657.9)	5.1	8.7
SEPTEMBER	(2,657.9)	16.0	0.6	16.6		268.0	122.7	0.1	(3,032.1)	5.1	8.7
OCTOBER	(3,032.1)	92.2	10.2	102.4		246.4	85.8	0.1	(3,262.0)	5.0	8.5
NOVEMBER	(3,262.0)	502.2	41.0	543.2		282.2	77.1	0.1	(3,078.2)	5.0	8.5
DECEMBER	(3,078.2)	13.6	2.4	16.0		335.4	69.5	0.1	(3,467.2)	5.0	8.5
JANUARY 2011	(3,467.2)	88.8	7.4	96.2		338.4	74.8	0.1	(3,784.3)	4.9	8.4
FEBRUARY	(3,784.3)	341.6	28.8	370.4		324.0	77.7	0.1	(3,815.7)	4.9	8.4
MARCH	(3,815.7)	17.0	0.4	17.4	\$ 23.9	349.8	76.1	0.1	(4,248.2)	4.9	8.4
APRIL	(4,248.2)	102.0	9.0	111.0		289.6	75.3	0.1	(4,502.2)	4.9	8.3
MAY	(4,502.2)	1,376.0	131.2	1,507.2		270.2	70.3	0.1	(3,335.6)	4.9	8.3
JUNE	(3,335.6)	28.2	2.2	30.4	24.6	272.2	69.9	3.0	(3,674.9)	4.9	8.3
TOTAL	(\$2,225.7)	\$ 2,981.9	\$ 314.0	\$ 3,295.9	\$ 48.5	\$3,604.6	\$1,087.9	\$ 4.1	\$(3,674.9)		

ASSUMPTIONS:

1. Table E&10% will be used.
2. Does not include FUTA credits.
3. The UI taxable wages will increase by 1.7% in CY 2011 and will increase by 3% in CY 2011.
4. The disbursements are net of RBC and CWC benefits.
5. The Reed Act & Stimulus Admin. disbursements will be \$20 million.

**UNEMPLOYMENT COMPENSATION TRUST FUND ACCOUNT
CASH FLOW ANALYSIS
FY 2011**

Discussion Points (Cont'd)

(in millions)

04/21/09	BEG	EMPLOYER	WORKER	TOTAL	INT	DISB	EB	REIM	END	IUR	TUR
MONTH	BLNCE	CONT	CONT	CONT	EXP				BLNCE		
JULY 2010	(\$2,225.7)	\$ 43.1	\$ 10.2	\$ 53.3		\$ 315.8	\$ 146.3	\$0.1	\$(2,634.6)	5.1	8.7
AUGUST	(2,634.6)	361.2	70.6	431.8		312.6	142.4	0.1	(2,657.9)	5.1	8.7
SEPTEMBER	(2,657.9)	16.0	0.6	16.6		268.0	122.7	0.1	(3,032.1)	5.1	8.7
OCTOBER	(3,032.1)	92.2	10.2	102.4		246.4	85.8	0.1	(3,262.0)	5.0	8.5
NOVEMBER	(3,262.0)	502.2	41.0	543.2		282.2	77.1	0.1	(3,078.2)	5.0	8.5
DECEMBER	(3,078.2)	13.6	2.4	16.0		335.4	69.5	0.1	(3,467.2)	5.0	8.5
JANUARY 2011	(3,467.2)	88.8	7.4	96.2		338.4	74.8	0.1	(3,784.3)	4.9	8.4
FEBRUARY	(3,784.3)	341.6	28.8	370.4		324.0	77.7	0.1	(3,815.7)	4.9	8.4
MARCH	(3,815.7)	17.0	0.4	17.4	\$ 23.9	349.8	76.1	0.1	(4,248.2)	4.9	8.4
APRIL	(4,248.2)	102.0	9.0	111.0		289.6	75.3	0.1	(4,502.2)	4.9	8.3
MAY	(4,502.2)	1,376.0	131.2	1,507.2		270.2	70.3	0.1	(3,335.6)	4.9	8.3
JUNE	(3,335.6)	28.2	2.2	30.4	24.6	272.2	69.9	3.0	(3,674.9)	4.9	8.3
TOTAL	(\$2,225.7)	\$ 2,981.9	\$ 314.0	\$ 3,295.9	\$ 48.5	\$3,604.6	\$1,087.9	4.1	\$(3,674.9)		

ASSUMPTIONS:

1. Table E&10% will be used.
2. Does not include FUTA credits.
3. The UI taxable wages will increase by 1.7% in CY 2011 and

Discussion Points (Cont'd)

will increase by 3% in CY
2011.

4. The disbursements are net of RBC and CWC
benefits.

5. The Reed Act & Stimulus Admin. disbursements will be \$20 million.

Discussion Points (Cont'd)

Schedule I Pg 5

UNEMPLOYMENT COMPENSATION TRUST FUND ACCOUNT
 CASH FLOW ANALYSIS
 FY 2012
 (in millions)

04/21/09	BEG	EMPLOYER	WORKER	TOTAL	INT	DISB	EB	REIM	END	IUR	TUR
MONTH	BLNCE	CONT	CONT	CONT	EXP				BLNCE		
JULY 2011	(\$3,674.9)	\$ 95.0	\$ 10.6	\$ 105.6		\$ 287.6	\$ 35.1	\$0.1	\$ (3,892.1)	4.8	8.2
AUGUST	(3,892.1)	795.4	72.8	868.2		311.4		0.1	(3,335.4)	4.8	8.2
SEPTEMBER	(3,335.4)	35.2	0.6	35.8	\$ 22.6	255.6		0.1	(3,577.9)	4.8	8.2
OCTOBER	(3,577.9)	99.4	10.6	110.0		234.6		0.1	(3,702.6)	4.7	8.0
NOVEMBER	(3,702.6)	541.6	42.2	583.8		268.8		0.1	(3,387.7)	4.7	8.0
DECEMBER	(3,387.7)	14.8	2.6	17.4	22.4	305.8		0.1	(3,698.6)	4.7	8.0
JANUARY 2012	(3,698.6)	95.8	7.6	103.4		350.4		0.1	(3,945.7)	4.7	7.9
FEBRUARY	(3,945.7)	368.4	29.6	398.0		336.2		0.1	(3,884.0)	4.7	7.9
MARCH	(3,884.0)	18.4	0.4	18.8	24.6	330.8		0.1	(4,220.7)	4.7	7.9
APRIL	(4,220.7)	110.6	9.2	119.8		280.4		0.1	(4,381.4)	4.6	7.7
MAY	(4,381.4)	1,491.0	135.8	1,626.8		273.2		0.1	(3,027.9)	4.6	7.7
JUNE	(3,027.9)	30.6	2.4	33.0	23.2	251.6		3.0	(3,272.7)	4.6	7.7
TOTAL	(\$3,674.9)	\$ 3,696.2	\$ 324.4	\$ 4,020.6	\$ 92.8	\$ 3,486.4	\$ 35.1	\$ 4.1	\$ (3,272.7)		

ASSUMPTIONS:

1. Table E&10% will be used.
2. Does not include FUTA credits.
3. The UI taxable wages will increase by 3% in CY 2011 and will increase by 3.5% in CY 2011.
4. The disbursements are net of RBC and CWC benefits.
5. The Reed Act & Stimulus Admin. disbursements will be \$8.5 million.

Discussion Points (Cont'd)

UNEMPLOYMENT COMPENSATION FUND
TAX TABLE COMPUTATIONS
(in millions)

Schedule I page 6

	Actual 7/08	Actual 7/09	Est. 7/10	Est. 7/11	Est. 7/12
UCTF Account	\$ 847.0	\$ 262.2	\$ (1,921.6)	\$ (4,260.7)	\$ (4,247.2)
Accrued Contributions	525.2	772.4	983.0	1,648.6	1,779.6
Benefits Payable (NJ only)	(35.8)	(64.2)	(73.0)	(73.0)	(73.0)
Reed Act & Stimulus Admin	(40.2)	(47.6)	(27.6)	(7.6)	-
All other Assets & Liabilities	(37.3)	(175.6)	(175.0)	(175.0)	(175.0)
Fund Balance	<u>\$ 1,258.9</u>	<u>\$ 747.2</u>	<u>\$ (1,214.2)</u>	<u>\$ (2,867.7)</u>	<u>\$ (2,715.6)</u>
Est. Taxable Wages	<u>\$ 72,946.7</u>	<u>\$ 74,338.1</u>	<u>\$ 73,594.7</u>	<u>\$ 74,845.8</u>	<u>\$ 77,091.2</u>
Reserve Rate	<u>1.73%</u>	<u>1.01%</u>	<u>-1.65%</u>	<u>-3.83%</u>	<u>-3.52%</u>
Table	<u>A</u>	<u>B</u>	<u>E&10%</u>	<u>E&10%</u>	<u>E&10%</u>

NOTE:

The 7/08 Reserve Rate calculation was based on the Fund Balance as of 6/30/08.

Discussion Points

TEMPORARY DISABILITY INSURANCE FUND
CASH FLOW ANALYSIS
FY 2008
(in millions)

Schedule II page 1

MONTH	BEG BLNCE	NET CONT	ASSMTS	INT INC	ST PLAN BNFS	4F BNFS	ADMIN EXP	RESIDUAL EQTY TRF	OTHER	END BLNCE
JULY 2007	\$ 73.3	\$ 20.4	\$ 4.1	\$ 0.3	\$ 39.8	\$ 2.1				\$ 56.2
AUGUST	56.2	137.9	10.0	0.8	42.3	2.0				160.6
SEPTEMBER	160.6	0.3	4.0	0.7	35.3	1.9	\$ 37.1			91.3
OCTOBER	91.3	12.2	2.3	0.4	41.7	2.4				62.1
NOVEMBER	62.1	83.5	0.7	0.5	37.3	2.0				107.5
DECEMBER	107.5	0.2	-	0.4	34.0	2.4				71.7
JANUARY 2008	71.7	14.7	0.2	0.2	39.4	1.9				45.5
FEBRUARY	45.5	51.7	0.2	0.3	34.3	1.8				61.6
MARCH	61.6	-	-	0.1	33.7	2.5				25.5
APRIL	25.5	16.1	0.2	-	38.1	1.9				1.8
MAY	1.8	198.8	0.3	0.3	36.8	2.2		\$ 75.0		87.2
JUNE	87.2	10.4	0.2	0.2	35.7	2.6			\$ 1.5	61.2
TOTAL	\$ 73.3	\$ 546.2	\$ 22.2	\$ 4.2	\$ 448.4	\$ 25.7	\$ 37.1	\$ 75.0	\$ 1.5	\$ 61.2

Discussion Points (Cont'd)

**TEMPORARY DISABILITY INSURANCE FUND
CASH FLOW ANALYSIS
FY 2009
(in millions)**

Schedule II page 2

4/17/09

MONTH	BEG BLNCE	NET CONT	ASSMTS	INT INC	ST PLAN BNFS	4F BNFS	ADMIN EXP	OTHER	FLI CONT	END BLNCE
JULY 2008	\$ 61.2	\$ 49.5	\$ 5.6	\$ 0.1	\$ 40.2	\$ 2.2				\$ 74.0
AUGUST	74.0	113.4	12.9	0.3	37.7	1.8				161.1
SEPTEMBER	161.1	-	5.9	0.2	39.3	2.2	\$ 37.7			88.0
OCTOBER	88.0	33.5	2.8	0.2	40.8	2.0				81.7
NOVEMBER	81.7	61.8	0.4	0.1	33.7	1.9				108.4
DECEMBER	108.4	-	0.3	0.1	37.2	2.3				69.3
JANUARY 2009	69.3	-	-	-	35.8	1.9				31.6
FEBRUARY	31.6	53.9	0.5	0.1	32.2	1.7				52.2
MARCH	52.2	2.4	0.3	-	36.0	2.1		\$ 12.6		29.4
APRIL	29.4	15.9	0.2	-	39.8	2.0			\$ 9.0	12.7
MAY	12.7	196.8	0.1	0.2	38.4	2.3		(50.0)	20.0	139.1
JUNE	139.1	10.3	0.1	0.2	37.3	2.7			3.2	112.9
TOTAL	\$ 61.2	\$ 537.5	\$ 29.1	\$ 1.5	\$ 448.4	\$ 25.1	\$ 37.7	\$ (37.4)	\$ 32.2	\$ 112.9

ASSUMPTIONS:

1. Actual information used for July - March.

Discussion Points (Cont'd)

**TEMPORARY DISABILITY INSURANCE FUND
CASH FLOW ANALYSIS
FY 2010
(in millions)**

Schedule II page3

4/17/09

MONTH	BEG BLNCE	NET CONT	ASSMTS	INT INC	ST PLAN BNFS	4F BNFS	ADMIN EXP	OTHER	FLI CONT	FLI BNF	END BLNCE
JULY 2009	\$ 112.9	\$ 49.0	\$ 13.7	\$ 0.2	\$ 42.0	\$ 2.3			\$ 6.0	\$ 8.5	\$ 129.1
AUGUST	129.1	112.3	6.0	0.3	39.4	1.9			9.0	8.5	206.9
SEPTEMBER	206.9	-	6.0	0.3	41.0	2.3	\$ 47.0		3.9	8.5	118.2
OCTOBER	118.2	33.2	3.0	0.2	42.6	2.1			3.0	8.5	104.4
NOVEMBER	104.4	61.2	1.0	0.2	35.2	2.0			8.0	8.5	129.1
DECEMBER	129.1	-	0.4	0.2	38.8	2.4			1.5	8.5	81.4
JANUARY 2010	81.4	-	0.4	0.1	37.4	2.0			2.0	8.7	35.9
FEBRUARY	35.9	53.4	0.1	0.1	33.6	1.8			6.0	8.7	51.3
MARCH	51.3	2.4	0.1	0.1	37.6	2.2			1.6	8.7	6.9
APRIL	6.9	16.2	0.1	-	41.6	2.1			12.0	8.7	(17.1)
MAY	(17.1)	200.2	0.1	0.1	40.1	2.4		\$ (50.0)	30.0	8.7	112.1
JUNE	112.1	10.5	0.1	0.2	38.9	2.8			5.3	8.7	77.6
TOTAL	\$ 112.9	\$ 538.2	\$ 31.0	\$ 1.9	\$ 468.3	\$ 26.2	\$ 47.0	\$ (50.0)	\$ 88.3	\$ 103.2	\$ 77.6

Discussion Points (Cont'd)

**TEMPORARY DISABILITY INSURANCE FUND
CASH FLOW ANALYSIS
FY 2010
(in millions)**

Schedule II page4

4/17/09

MONTH	BEG BLNCE	NET CONT	ASSMTS	INT INC	ST PLAN BNFS	4F BNFS	ADMIN EXP	FLI CONT	FLI BNF	END BLNCE
JULY 2009	\$ 112.9	\$ 49.0	\$ 13.7	\$ 0.2	\$ 42.0	\$ 2.3		\$ 6.0	\$ 8.5	\$ 129.1
AUGUST	129.1	112.3	6.0	0.3	39.4	1.9		9.0	8.5	206.9
SEPTEMBER	206.9	-	6.0	0.3	41.0	2.3	\$ 47.0	3.9	8.5	118.2
OCTOBER	118.2	33.2	3.0	0.2	42.6	2.1		3.0	8.5	104.4
NOVEMBER	104.4	61.2	1.0	0.2	35.2	2.0		8.0	8.5	129.1
DECEMBER	129.1	-	0.4	0.2	38.8	2.4		1.5	8.5	81.4
JANUARY 2010	81.4	-	0.4	0.1	37.4	2.0		2.0	8.7	35.9
FEBRUARY	35.9	53.4	0.1	0.1	33.6	1.8		6.0	8.7	51.3
MARCH	51.3	2.4	0.1	0.1	37.6	2.2		1.6	8.7	6.9
APRIL	6.9	16.2	0.1	-	41.6	2.1		12.0	8.7	(17.1)
MAY	(17.1)	200.2	0.1	0.1	40.1	2.4		30.0	8.7	162.1
JUNE	162.1	10.5	0.1	0.3	38.9	2.8		5.3	8.7	127.7
TOTAL	\$ 112.9	\$ 538.2	\$ 31.0	\$ 2.0	\$ 468.3	\$ 26.2	\$ 47.0	\$ 88.3	\$ 103.2	\$ 127.7

Discussion Points (Cont'd)

**Workforce Development
Fund Analysis
FY 2008, FY 2009, and FY 2010** **SCHEDULE III**

	100.0%	10.5%	25.0%	6.0%	45.0%	3.0%	5.0%	To Work	5.5%
	Total	Admin.	Ind. Grants	Disadvant.	Cust. Trng	OSHA	YTTW	Activities	Comm. Dis.
Fiscal Year 2008 Allocation									
Available Carryforward	\$ 13,068,805	\$ 657,187	\$ 11,190,465	\$ 5,780,212	\$ 20,042,050	\$ 1,918,188	\$ 1,580,973	\$ (37,852,183)	\$ 9,751,913
Revenue Anticipated	\$ 100,000,000	\$ 10,500,000	\$ 25,000,000	\$ 6,000,000	\$ 45,000,000	\$ 3,000,000	\$ 5,000,000	\$ -	\$ 5,500,000
Allocation of Diversion	\$ 55,540,000	\$ 3,875,000	\$ 13,900,000	\$ 3,320,000	\$ 24,950,000	\$ 1,710,000	\$ 2,750,000	\$ -	\$ 5,035,000
Available to allocate	\$ 57,528,805	\$ 7,282,187	\$ 22,290,465	\$ 8,460,212	\$ 40,092,050	\$ 3,208,188	\$ 3,830,973	\$ (37,852,183)	\$ 10,216,913
Fiscal Year 2008 Analysis									
Total Fund Balance July 1, 2007	\$ 69,010,554	\$ 657,187	\$ 17,539,847	\$ 7,127,363	\$ 61,141,419	\$ 2,365,985	\$ 3,246,884	\$ (33,371,675)	\$ 10,303,544
Revenue	\$ 103,210,910	\$ 6,962,146	\$ 11,902,728	\$ 2,872,655	\$ 21,494,910	\$ 1,386,327	\$ 2,410,546	\$ 55,540,000	\$ 641,600
Expenditures - 6/30/08	\$ 43,304,506	\$ 7,617,437	\$ 11,581,465	\$ 1,892,100	\$ 17,558,878	\$ 1,407,818	\$ 2,899,532	\$ 243,000	\$ 104,276
To Work Diversion	\$ 53,216,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,216,913	\$ -
Fund Balance June 30, 2008	\$ 75,700,045	\$ 1,895	\$ 17,861,110	\$ 8,107,918	\$ 65,077,451	\$ 2,344,494	\$ 2,757,898	\$ (31,291,588)	\$ 10,840,868
Encumbrances-projected 6/30/08	\$ 51,851,789	\$ -	\$ 4,715,133	\$ 1,492,821	\$ 42,022,648	\$ 485,793	\$ 1,071,090	\$ -	\$ 2,064,305
Undesignated Fund Balance	\$ 23,848,256	\$ 1,895	\$ 13,145,977	\$ 6,615,097	\$ 23,054,803	\$ 1,858,701	\$ 1,686,808	\$ (31,291,588)	\$ 8,776,563
Fiscal Year 2009 Allocation									
Available Carryforward	\$ 23,848,256	\$ 1,895	\$ 13,145,977	\$ 6,615,097	\$ 23,054,803	\$ 1,858,701	\$ 1,686,808	\$ (31,291,588)	\$ 8,776,563
Revenue Anticipated	\$ 102,000,000	\$ 10,710,000.0	\$ 25,500,000.0	\$ 6,120,000	\$ 45,900,000	\$ 3,060,000	\$ 5,100,000	\$ -	\$ 5,610,000
Allocation of Diversion	\$ 55,540,000	\$ 5,831,700	\$ 13,885,000	\$ 3,332,400	\$ 24,993,000	\$ 1,666,200	\$ 2,777,000	\$ -	\$ 3,054,700
Available to allocate	\$ 70,308,256	\$ 4,880,195	\$ 24,760,977	\$ 9,402,697	\$ 43,961,803	\$ 3,252,501	\$ 4,009,808	\$ (31,291,588)	\$ 11,331,863
Fiscal Year 2009 Est. Analysis									
Total Fund Balance July 1, 2008	\$ 75,700,045	\$ 27,895	\$ 17,861,110	\$ 8,107,918	\$ 65,077,451	\$ 2,344,494	\$ 4,957,898	\$ (31,291,588)	\$ 8,614,868
Revenue	\$ 96,200,000	\$ 4,269,300	\$ 10,165,000	\$ 2,439,600	\$ 18,297,000	\$ 1,219,800	\$ 2,033,000	\$ 55,540,000	\$ 2,236,300
Expenditures - 6/30/09	\$ 67,959,419	\$ 4,296,972	\$ 19,807,407	\$ 4,274,101	\$ 33,628,111	\$ 2,299,884	\$ 5,254,295	\$ (2,420,595)	\$ 819,243
To Work Diversion	\$ 55,540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,540,000	\$ -
Fund Balance June 30, 2009	\$ 48,400,626	\$ 223	\$ 8,218,703	\$ 6,273,417	\$ 49,746,339	\$ 1,264,410	\$ 1,736,603	\$ (28,870,993)	\$ 10,031,925
Encumbrances-projected 6/30/09	\$ 32,398,784	\$ -	\$ 1,560,961	\$ 2,186,112	\$ 22,312,655	\$ 552,069	\$ 1,710,366	\$ -	\$ 4,076,621
Undesignated Fund Balance	\$ 16,001,842	\$ 223	\$ 6,657,742	\$ 4,087,305	\$ 27,433,684	\$ 712,341	\$ 26,237	\$ (28,870,993)	\$ 5,955,304
Fiscal Year 2010 Allocation									
Available Carryforward	\$ 16,001,842	\$ 223	\$ 6,657,742	\$ 4,087,305	\$ 27,433,684	\$ 712,341	\$ 26,237	\$ (28,870,993)	\$ 5,955,304
Revenue Anticipated	\$ 96,900,000	\$ 10,174,500	\$ 24,225,000	\$ 5,814,000	\$ 43,605,000	\$ 2,907,000	\$ 4,845,000	\$ -	\$ 5,329,500
Allocation of Diversion	\$ 55,540,000	\$ 5,831,700	\$ 13,885,000	\$ 3,332,400	\$ 24,993,000	\$ 1,666,200	\$ 2,777,000	\$ -	\$ 3,054,700
Available to allocate	\$ 57,361,842	\$ 4,343,023	\$ 16,997,742	\$ 6,568,905	\$ 46,045,684	\$ 1,953,141	\$ 2,094,237	\$ (28,870,993)	\$ 8,230,104
Fiscal Year 2010 Est. Analysis									
Total Fund Balance July 1, 2009	\$ 48,400,626	\$ 223	\$ 8,218,703	\$ 6,273,417	\$ 49,746,339	\$ 1,264,410	\$ 1,736,603	\$ (28,870,993)	\$ 10,031,925
Revenue	\$ 96,900,000	\$ 4,342,800	\$ 10,340,000	\$ 2,481,600	\$ 18,612,000	\$ 1,240,800	\$ 2,068,000	\$ 55,540,000	\$ 2,274,800
Expenditures - 6/30/10	\$ 56,992,000	\$ 4,326,000	\$ 15,433,000	\$ 4,502,000	\$ 28,810,000	\$ 1,936,000	\$ 2,040,000	\$ (2,500,000)	\$ 2,445,000
To Work Diversion	\$ 55,540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,540,000	\$ -
Fund Balance June 30, 2010	\$ 32,768,626	\$ 17,023	\$ 3,125,703	\$ 4,253,017	\$ 39,548,339	\$ 569,210	\$ 1,764,603	\$ (26,370,993)	\$ 9,861,725

Discussion Points (Cont'd)

**Workforce Development
Fund Analysis
FY 2008, FY 2009, and FY 2010**

SCHEDULE III

	100.0%	10.5%	25.0%	6.0%	45.0%	3.0%	5.0%	To Work	5.5%
	Total	Admin.	Ind. Grants	Disadvant.	Cust. Trng	OSHA	YTTW	Activities	Comm. Dis.
Encumbrances-projected 6/30/10	\$ 31,731,000	0	\$ 1,000,000	\$ 2,000,000	\$ 22,900,000	\$ 569,000	\$ 1,762,000		\$ 3,500,000
Undesignated Fund Balance	\$ 1,037,626	\$ 17,023	\$ 2,125,703	\$ 2,253,017	\$ 16,648,339	\$ 210	\$ 2,603	\$ (26,370,993)	\$ 6,361,725

Discussion Points (Cont'd)

	Supplemental Workforce - Literacy Fund FY 2008 (actual), FY 2009 & FY2010(estimated)			Schedule IV		Comm.Coll
	Total	10.00% Admin	24.00% One Stop	28.00% WB	38.00% Employers	
Fiscal Year 2008 Allocation						
Undesignated Fund Balance @ July 1, 2007	11,961,969	146,782	8,002,371	2,143,254	1,669,562	0
Revenue Anticipated	30,000,000	3,000,000	7,200,000	8,400,000	11,400,000	0
Diversion for Comm. Colleges	(20,000,000)	(1,095,849)	(7,830,095)	(4,492,265)	(6,581,791)	0
Youth Corps	(2,200,000)	(220,000)	(528,000)	(616,000)	(836,000)	0
Available to Allocate:	19,761,969	1,830,933	6,844,276	5,434,989	5,651,771	
Fiscal Year 2008 Analysis						
Total Fund Balance @ July 1, 2007	27,396,271	299,028	8,753,182	5,488,126	12,855,935	
Revenue	28,847,549	1,568,906	(434,683)	2,969,049	4,744,278	20,000,000
Expenditures @ 6/30/08	16,608,643	1,867,934	4,000,758	5,213,159	5,526,792	
Diversion for Comm. Colleges	20,000,000	0	0	0	0	20,000,000
Fund Balance June 30, 2008	19,635,177	(0)	4,317,741	3,244,016	12,073,421	0
Reserved - Encumbrances 6/30/08	15,073,837	0	697,229	3,157,175	11,219,433	
Undesignated Fund Balance	4,561,340	(0)	3,620,512	86,841	853,988	
Fiscal Year 2009 Allocation						
Undesignated Fund Balance @ July 1, 2008	4,561,340	(0)	3,620,512	86,841	853,988	-
Revenue Anticipated	29,300,000	2,930,000	7,032,000	8,204,000	11,134,000	
Diversion for Comm. Colleges	(14,000,000)	(1,400,000)	(3,360,000)	(3,920,000)	(5,320,000)	
Youth Corps	(2,200,000)	(220,000)	(528,000)	(616,000)	(836,000)	
Available to Allocate:	17,661,340	1,310,000	6,764,512	3,754,841	5,831,988	
Fiscal Year 2009 Est. Analysis						
Total Fund Balance @ July 1, 2008	19,635,177	(0)	4,317,741	3,244,016	12,073,421	
Revenue	26,900,000	1,804,005	2,568,000	3,694,218	4,833,777	14,000,000
Expenditures @ 6/30/09	15,959,871	1,454,005	4,770,367	5,258,234	4,477,265	
Diversion for Comm. Colleges	14,000,000	0	0	0	0	14,000,000
Fund Balance June 30, 2009	16,575,306	350,000	2,115,374	1,680,000	12,429,933	0
Reserved - Encumbrances 6/30/09	12,534,130	0	368,184	2,279,995	9,885,951	
Undesignated Fund Balance	4,041,176	350,000	1,747,190	(599,995)	2,543,982	
Fiscal Year 2010 Allocation						
Undesignated Fund Balance @ 7/1/09	4,041,176	350,000	1,747,190	(599,995)	2,543,982	-
Revenue Anticipated	26,900,000	2,690,000	6,456,000	7,532,000	10,222,000	
Diversion for Comm. Colleges	(14,000,000)	(1,400,000)	(3,360,000)	(3,920,000)	(5,320,000)	
Youth Corps	(2,200,000)	(220,000)	(528,000)	(616,000)	(836,000)	
Available to Allocate:	14,741,176	1,420,000	4,315,190	2,396,005	6,609,982	
Fiscal Year 2010 Est. Analysis						
Total Fund Balance @ July 1, 2009	16,575,306	350,000	2,115,374	1,680,000	12,429,933	

Discussion Points (Cont'd)

	Supplemental Workforce- Literacy Fund FY 2008 (actual), FY 2009 & FY2010(estimated)			Schedule IV		Comm.Coll
	Total	10.00% Admin	24.00% One Stop	28.00% WIB	38.00% Employers	
Revenue	26,900,000	1,070,000	2,568,000	2,996,000	6,266,000	14,000,000
Expenditures @ 6/30/10	14,320,000	1,420,000	4,900,000	3,400,000	4,600,000	
Diversion for Comm. Colleges	14,000,000	0	0	0	0	14,000,000
Fund Balance June 30, 2010	15,155,306	(0)	(216,626)	1,276,000	14,095,933	0
Reserved - Encumbrances 6/30/10	12,400,000	0	375,000	2,000,000	10,025,000	
Undesignated Fund Balance	2,755,306	(0)	(591,626)	(724,000)	4,070,933	

Discussion Points (Cont'd)

New Jersey Department of Labor and Workforce Development

Schedule V

Allocation to Local Areas

Local Area	PY 07			PY 08		
	Adult	Youth	Dislocated Worker	Adult	Youth	Dislocated Worker
Atlantic/Cape May	\$1,036,672	\$1,311,739	\$1,291,049	\$1,562,257	\$1,553,514	\$889,911
Atlantic	\$481,945	\$765,522	\$983,559	\$966,735	\$978,883	\$640,942
Cape May	\$554,727	\$546,217	\$307,490	\$595,522	\$574,631	\$248,969
Bergen	\$589,383	\$491,307	\$1,469,801	\$483,730	\$428,239	\$1,222,361
Burlington	\$237,168	\$235,906	\$833,559	\$212,637	\$216,678	\$690,659
Camden	\$1,199,577	\$1,174,475	\$1,080,046	\$1,077,544	\$1,042,552	\$940,761
Cumberland/Salem	\$879,942	\$813,113	\$656,318	\$1,011,933	\$959,237	\$510,114
Cumberland	\$738,096	\$671,326	\$514,068	\$864,657	\$815,639	\$391,829
Salem	\$141,846	\$141,787	\$142,250	\$147,276	\$143,598	\$118,285
Essex	\$725,225	\$750,947	\$1,014,114	\$608,885	\$592,936	\$840,372
Gloucester	\$322,849	\$362,772	\$540,718	\$278,533	\$309,970	\$469,187
Greater Raritan	\$140,093	\$109,761	\$784,905	\$127,714	\$106,266	\$609,521
Somerset	\$83,454	\$57,166	\$612,069	\$76,255	\$59,506	\$478,206
Hunterdon	\$56,639	\$52,595	\$172,836	\$51,459	\$46,760	\$131,315
Hudson	\$843,784	\$797,067	\$803,764	\$748,349	\$697,220	\$598,286
Jersey City	\$976,105	\$1,062,224	\$478,014	\$958,380	\$955,930	\$402,291
Mercer	\$503,287	\$716,848	\$681,538	\$510,085	\$677,635	\$568,511
Middlesex	\$656,308	\$790,584	\$1,722,337	\$609,700	\$681,743	\$1,359,001
Monmouth	\$478,534	\$458,898	\$1,011,537	\$446,247	\$423,252	\$792,318
Morris/Sussex/Warren	\$328,173	\$349,036	\$1,259,883	\$317,003	\$328,843	\$1,031,589
Morris	\$183,578	\$204,921	\$790,169	\$189,384	\$204,912	\$657,124
Sussex	\$68,687	\$66,662	\$234,070	\$61,142	\$57,841	\$192,109
Warren	\$75,908	\$77,453	\$235,644	\$66,477	\$66,090	\$182,356
Newark	\$1,742,029	\$1,821,582	\$748,172	\$2,035,700	\$1,942,496	\$626,017
Ocean	\$593,385	\$544,124	\$845,523	\$480,173	\$426,665	\$708,619
Passaic	\$1,519,089	\$1,649,996	\$1,246,526	\$1,597,305	\$1,601,228	\$1,046,944
Union	\$1,024,629	\$1,015,083	\$1,272,677	\$903,578	\$867,477	\$1,018,309
	\$1,036,672					
Total	<u>\$13,796,232</u>	<u>\$14,455,462</u>	<u>\$17,740,481</u>	<u>\$13,969,753</u>	<u>\$13,811,881</u>	<u>\$14,324,771</u>

Discussion Points (Cont'd)

New Jersey Department of Labor and Workforce Development
Office of Assistant Commissioner - Workforce Development
Calculation of 2009 Economic Stimulus Funds to Local Areas

Schedule VI

Allocation to Local Areas

Local Area	Adult Funding			Youth Funding			Dislocated Worker Funding		
	Amount	Admin	Program	Amount	Admin	Program	Amount	Admin	Program
Atlantic/Cape May	\$1,138,687	\$113,869	\$1,024,818	\$2,538,412	\$253,841	\$2,284,571	\$1,158,998	\$115,900	\$1,043,098
Atlantic	\$728,910	\$72,891	\$656,019	\$1,653,571	\$165,357	\$1,488,214	\$836,611	\$83,661	\$752,950
Cape May	\$409,777	\$40,978	\$368,799	\$884,841	\$88,484	\$796,357	\$322,388	\$32,239	\$290,149
Bergen	\$188,829	\$18,883	\$169,946	\$339,222	\$33,922	\$305,300	\$1,658,842	\$165,884	\$1,492,958
Burlington	\$90,766	\$9,077	\$81,689	\$198,825	\$19,882	\$178,943	\$995,834	\$99,583	\$896,251
Camden	\$666,840	\$66,684	\$600,156	\$1,438,855	\$143,886	\$1,294,969	\$1,274,958	\$127,496	\$1,147,462
Cumberland/Salem	\$673,141	\$67,314	\$605,827	\$1,420,438	\$142,044	\$1,278,394	\$715,918	\$71,592	\$644,326
Cumberland	\$571,918	\$57,192	\$514,726	\$1,198,497	\$119,850	\$1,078,647	\$547,732	\$54,773	\$492,959
Salem	\$101,223	\$10,122	\$91,101	\$221,941	\$22,194	\$199,747	\$168,186	\$16,819	\$151,367
Essex	\$370,081	\$37,008	\$333,073	\$810,357	\$81,036	\$729,321	\$1,122,024	\$112,202	\$1,009,822
Gloucester	\$102,244	\$10,224	\$92,020	\$295,085	\$29,508	\$265,577	\$650,586	\$65,059	\$585,527
Greater Raritan	\$68,854	\$6,885	\$61,969	\$118,762	\$11,876	\$106,886	\$858,665	\$85,866	\$772,799
Somerset	\$45,283	\$4,528	\$40,755	\$74,153	\$7,415	\$66,738	\$664,821	\$66,482	\$598,339
Hunterdon	\$23,571	\$2,357	\$21,214	\$44,609	\$4,461	\$40,148	\$193,844	\$19,384	\$174,460
Hudson	\$363,515	\$36,351	\$327,164	\$704,505	\$70,450	\$634,055	\$807,091	\$80,709	\$726,382
Jersey City	\$389,004	\$38,900	\$350,104	\$849,807	\$84,981	\$764,826	\$504,905	\$50,490	\$454,415
Mercer	\$343,202	\$34,320	\$308,882	\$1,016,862	\$101,686	\$915,176	\$786,697	\$78,670	\$708,027
Middlesex	\$296,717	\$29,672	\$267,045	\$884,747	\$88,475	\$796,272	\$1,887,223	\$188,722	\$1,698,501
Monmouth	\$229,695	\$22,969	\$206,726	\$477,163	\$47,716	\$429,447	\$1,101,640	\$110,164	\$991,476
Morris/Sussex/Warren	\$165,660	\$16,566	\$149,094	\$387,780	\$38,778	\$349,002	\$1,456,962	\$145,696	\$1,311,266
Morris	\$123,469	\$12,347	\$111,122	\$301,808	\$30,181	\$271,627	\$925,020	\$92,502	\$832,518
Sussex	\$22,369	\$2,237	\$20,132	\$38,995	\$3,900	\$35,095	\$264,240	\$26,424	\$237,816
Warren	\$19,821	\$1,982	\$17,839	\$46,976	\$4,698	\$42,278	\$267,703	\$26,770	\$240,933
Newark	\$1,381,006	\$138,101	\$1,242,905	\$3,039,033	\$303,903	\$2,735,130	\$816,570	\$81,657	\$734,913
Ocean	\$192,082	\$19,208	\$172,874	\$342,362	\$34,236	\$308,126	\$1,018,199	\$101,820	\$916,379
Passaic	\$1,068,293	\$106,829	\$961,464	\$2,370,915	\$237,091	\$2,133,824	\$1,417,342	\$141,734	\$1,275,608
Union	\$249,854	\$24,985	\$224,869	\$475,858	\$47,586	\$428,272	\$1,391,397	\$139,140	\$1,252,257
Total	<u>\$7,978,468</u>	<u>\$797,845</u>	<u>\$7,180,623</u>	<u>\$17,708,988</u>	<u>\$1,770,897</u>	<u>\$15,938,091</u>	<u>\$19,623,852</u>	<u>\$1,962,384</u>	<u>\$17,661,468</u>