

# State Employment and Training Commission

John J. Heldrich, Chair

## New Jersey in Transition

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## The Crisis of the Workforce



*"Two roads diverged in a wood, and I—  
I took the one less traveled by,  
And that has made all the difference."  
Robert Frost*



October 2001

Enclosed is the State Employment and Training Commission's White Paper, *New Jersey in Transition: The Crisis of the Workforce*, regarding the critical issue of New Jersey's workforce needs. Our purpose in writing this Paper is to provide New Jersey's leaders with our best thinking about the condition of the State's workforce and how it matches up with employer demand. This Paper contains a synthesis of the best thinking of the Commission and offers a series of policy directions for your consideration. By way of background, let us provide you with an overview of the Commission.

The State Employment and Training Commission (SETC) was established in 1989 to meet the challenge of developing a world-class workforce investment system for New Jersey. The bipartisan Commission is the nation's first Human Resource Investment Council established by State legislation. More recently, the SETC has been designated the State Workforce Investment Board through the federal Workforce Investment Act. The SETC accomplishes its purpose through a public-private partnership.

Four Cabinet Officers, representing the Departments of Community Affairs, Education, Human Services and Labor, are Commission members as are representatives from the State Assembly and Senate. The Commission on Commerce and Economic Growth and the Commission on Higher Education also participate on the SETC. These public officials join with other Commission members from the private sector, community-based organizations, unions and the general public to develop New Jersey's workforce policy agenda. A member from the business community chairs the Commission.

The Commission has been directly involved with developing policies that led to such initiatives as the School-to-Careers program, Workforce Investment Boards, Welfare-to-Work polices, One-Stop Career Centers, and a host of others. The SETC has also produced major policies in the areas of At-Risk Youth, Gender Equity, Persons with Disabilities, and Adult Literacy; as well as creating the *Strategic Five-Year Unified State Plan for New Jersey's Workforce Investment System*. That Plan provides the strategic direction for New Jersey's workforce policy and operations over the next several years.

The SETC operates under the premise that the improvement of the workforce investment system requires a true public-private partnership because developing workforce policies is beyond the scope of any single agency of government or constituency in the private sector. Through the SETC, participating workforce investment agencies have established a strong planning process with the private sector. Such an effort is necessary because the policy issues are so complex

and interrelated that they require all stakeholders in the workforce investment system to work in concert to shape the future of worker learning and business productivity.

The Commission has worked successfully with four Governors to forge a series of effective collaborations that make New Jersey a true national leader. Our concern is not that New Jersey isn't doing well compared to other states, but that the Nation has not fully understood that the pace of economic change has outstripped the ability of the employment, education and training systems to meet the labor market needs those changes have created. We are distressed that workforce readiness is not at the top of the nation's agenda, despite numerous warnings from the business community that they cannot find the skilled workforce they need. We are further distressed by the increasing disparity of income between the skilled and the unskilled in our society resulting from this inattention.

We believe New Jersey, as a new Administration takes office, has the opportunity to breakout and create a workforce investment system that will become the envy of the Nation. We think that New Jersey's economic progress is largely dependent on creating such a system, which ensures a trained and highly skilled workforce.

It is in that spirit that we have written this White Paper. We are convinced that for the workforce and the economy to reach their full potential, strong leadership from the public and private sectors is required. We hope that this Paper will persuade those leaders to initiate the directives that we recommend.

Thank you for your attention.

Sincerely,

John J. Heldrich  
Chairman

Enclosure

## Executive Summary

Neither New Jersey nor the Nation have made the development, utilization and growth of a skilled workforce a real priority. As a consequence, the skill development of major segments of the population is being neglected and is largely left to chance. We think the ramifications of this fact will have a detrimental effect on the future of New Jersey's economy. Simply put: Workforce Development *is* Economic Development. Therefore, to neglect workforce development is to neglect New Jersey's economic future.

The workforce system can be seen as having three components: K-12, Higher Education, and the Workforce Investment System. The Workforce Investment System explicitly addresses the needs of the unemployed, incumbent workers, school dropouts, welfare recipients, displaced homemakers, and a host of others, in short, constituencies underserved by the other two components. The lack of a State institution designed to focus on the skills and productivity of these populations is a major impediment to economic growth in New Jersey. The programs that serve these diverse constituencies are scattered among various State Departments and administered in a fragmented and inconsistent manner. This not only leads to poor program management, but also to unnecessary additional costs.

We strongly urge New Jersey to transform the Department of Labor into the *Department of Labor and Workforce Readiness* by adding critical new functions and consolidating programs in the existing Department. Specifically all "to work" programs should be transferred to this revamped Department. A sweeping transformation of this Department will make it possible to spend money more effectively, develop future strategies for the workforce, and tie workforce readiness more closely to economic development. Creating strong workforce investment programs that will provide employers with a trained workforce must become a high State priority.

The gap between the demands of the labor market and the skills of the workforce continues to widen. Nearly 40 percent of New Jersey's adults function at a level of literacy beneath that required by the labor market. Approximately 80 per cent of those who receive food stamps or Temporary Assistance to Needy Families are at the lowest levels of literacy. In our urban school districts, between 40 percent and 60 percent of students drop out of school with reading levels well below the ninth grade. This is especially troubling in an economy that richly rewards the skilled and equally punishes the unskilled. Individuals who do not receive the appropriate workforce training will be relegated to the ranks of the working poor or, worse, be without work.

Other states have already made workforce investment a major priority and New Jersey must follow a similar path in order to remain competitive. The most

effective states in the area of workforce and economic development are those that focus on this issue and make it a clearly defined and understood public priority.

Meeting the needs of the workforce presents an opportunity and challenge for New Jersey's leaders. A Governor and Legislature who make changes to improve the quality of the workforce will confer a direct benefit upon a majority of the population and a substantial portion of the business community.

Currently, the State spends some \$14 billion on K-12 education, \$2 billion for higher education, and somewhere between \$250 and \$400 million for the workforce investment system. This disparity in spending reflects the inattention that has historically been paid to the needs of the present and future workforce. Fair questions for any Governor or Legislator to ask are: Is our economy getting the full benefit of this level of expenditure? Is New Jersey maximizing its return on its educational investment?

To address these issues, we offer the following recommendations that are not meant to be inclusive, but are designed to establish a broad policy direction for the future:

1. The Governor and the Cabinet must make improving the quality of the workforce a core value. There is no substitute for leadership. The bureaucracy will respond to a clear and cohesive message, as will local agencies once they are convinced of the seriousness of purpose of the leadership. Such a message would find a resonance within the State since few would disagree with the idea that our economic future hinges in large part on the quality of our workforce.
2. New Jersey should transform the Department of Labor into the *Department of Labor and Workforce Readiness* that would be responsible for the integration of service delivery provided by all the "to work" funding streams. Currently, "to work" programs are scattered among half a dozen departments and administered in over 20 separate divisions of those departments. The mission of this consolidated Department would be to implement the policies developed under the broad authority of the Governor. The State Employment and Training Commission (SETC) would continue in its role of providing policy advice to the Governor.
3. New Jersey must make adult education and literacy a top priority. It is estimated that nearly half of the current workforce lacks the skills to fully participate in the growth sector of the economy. This "basic skills gap" must be bridged through a concerted effort by the State and localities. The State Council for Adult Literacy and Education Services' State Plan should include recommendations for more effectively articulating links among the myriad of adult education providers throughout the State. At

the local level, Workforce Investment Boards (WIBs) should be asked to do the same for their communities.

4. The private sector must play a lead role in shaping workforce policy. New Jersey must base its workforce preparation system on a demand side strategy. That is, the direction of the workforce investment system must be based on the skill sets demanded by the employer community. This requires leadership from the employer community in communicating the skills it needs to compete in a high-skill and high-wage environment. For too long the employer and workforce investment system have been operating with little reference to each other. And while there are individual programs throughout New Jersey where communication is excellent, on the whole the State lacks a cohesive and transparent system that provides for the flow of information about the workforce skills required by the economy. The workforce investment system must be organized so that the key growth sectors of the economy – telecommunications, pharmaceuticals, logistics, tourism, and manufacturing, et al. - can easily communicate their needs and access the employment and training services. Simultaneously, the needs of the entrepreneurial sector must be fully integrated into the workforce investment system.
5. The quality and timeliness of labor market information must be improved. New Jersey is gifted with a strong labor market research capacity inside the Department of Labor. This asset must receive additional funding to assure that its projections about the labor market can be more finely attuned to the rapidly transforming labor market. To meet this goal, all relevant agencies, including the Department of Labor, the Commission on Science and Technology, the New Jersey Technology Council, Prosperity New Jersey, and the Economic Development Authority, must collaborate with each other to produce the highest quality and most timely labor market information possible.
6. The connection between schools and the labor market must be strengthened. We propose the following series of initiatives, the net result of which will rebalance the system and address the academic and work needs of students.
  - a. Enhance teacher education and training: A comprehensive teacher education and professional development strategy that integrates labor market concerns with education best practices and theory must be developed.
  - b. Improve labor market expertise of the colleges: The State should help establish centers for education and workplace connections within the State's colleges that bring together strategic thinkers

from the academic side and the workplace side to develop and pilot promising ideas.

- c. Support innovation: Create a program to fund and assist schools to implement best practices in connecting schools with the labor market, while ensuring high academic standards for student achievement.
- d. Establish State funding for programs to maximize school-to-work opportunities: New Jersey received a five-year federal grant for this purpose, which has now expired. The State should support the continuation of this effort to assist students in making the transition to the world of work. This would include reform of the curriculum that would integrate the worlds of learning and of work.
- e. Create an interactive website to assist the schools' understanding of the skills demanded and the opportunities available in the evolving labor market. This sophisticated and interactive website would be primarily targeted to the K-12 system, but useful to others as well. The availability of such information would allow teachers, students, school board members, parents, administrators, and others to appreciate the remarkable diversity of jobs in the modern economy. It would also help the schools make curriculum and counseling decisions that would assist students and parents navigate the complexity of both today's and tomorrow's labor markets.
- f. Make Distance and On-Line learning readily available to upgrade the skills of the State's citizenry and provide the business community with the human resources they need to meet the challenges of a ruthlessly competitive and rapidly changing global economy. As a beginning, we recommend the establishment of a higher education consortium, led by the community colleges, charged with developing new methods of instruction for teachers and learners as well as innovative programs to directly link specific training to employer needs.
- g. Focus on assuring equal opportunity for all citizens to obtain the skills they need to reach their full potential and have the opportunity to succeed in the labor market. The State Employment and Training Commission has issued major reports on persons with disabilities and the problems women face in the education and job training system and intends to extend this analysis to racial minorities. To address these issues, the SETC will continue to make assuring diversity and opportunity for all in the workplace high priorities.

## **Conclusion**

These policy directions are designed create a workforce policy framework for New Jersey's economic future. Clearly, there are other issues that need to be addressed, but the ones enumerated will help a new Administration and Legislature chart a decisive course of action that will send a clear message to the business, labor and education communities. It will signal the fact that not only is New Jersey "Open for Business," but is prepared to support the workforce necessary to sustain long-term economic growth. Millions of New Jerseyans whose life chances are limited by their lack of skills await leaders with the vision to provide them with the opportunity to succeed.

## INTRODUCTION

The aftermath of the tragic events of September 11 will dominate the landscape of New Jersey for the foreseeable future. The new Administration in Trenton will face a range of difficult issues. These include helping to heal the wounds and assure the economic survival of the many New Jerseyans, whose lives were affected by the terrorist attack, assessing the economic consequences of that attack, as well as working in a recessionary environment with substantial budget deficits. While these overarching facts will properly be at the center of public policy discussions, we think workforce policy must also be included. New Jersey's economic future will depend on its workforce policies. Simply put: Workforce Development *is* Economic Development. Well-crafted workforce investment policies and administration can lead to greater efficiencies and result in a more effective delivery of services.

Let us expand these themes. First, the programs that serve the varied constituents of the workforce investment system are scattered among various Departments and are administered in a fragmented and inconsistent manner. This not only leads to poor program management, but also to additional costs due to the crazy quilt pattern of administrative responsibilities. At both the State and local levels, there are overlapping programmatic responsibilities with no real attempt to rationalize and systemize these programs. This lack of strategic focus not only costs more, but also makes it difficult for individuals and employers to access the workforce investment services they need.

Other states, Michigan is a notable example, have confronted this issue directly and have housed all "to work" programs under a single department. We strongly urge New Jersey to transform the existing Department of Labor into the *Department of Labor and Workforce Readiness*. By adopting such a policy, it will become possible to spend money more effectively, to develop future strategies for the workforce, and to tie workforce readiness more closely with economic development. In a world in which both capital and access to the workforce are mobile, New Jersey must assure that a highly skilled workforce is available for future economic growth. On this latter point it is important to realize, for example, that computer programming can be performed as easily in New Delhi as in Bayonne.

Second, creating a strong workforce investment system will reduce the cost to employers of hiring and maintaining the workforce. States are attractive to businesses in proportion to how well states can assist businesses in finding and maintaining a skilled workforce. According to a recent New Jersey Business and

Industry Association study, the costs of hiring and of turnover are two major concerns of the business community. Therefore, creating strong workforce investment programs that provide a high quality workforce buttressed by a labor exchange system that makes accessing workers easier and cheaper will serve as a powerful economic incentive for employers to locate and remain in New Jersey.

Third, our current economy richly rewards the skilled and equally punishes the unskilled. This is the central truth of a knowledge-based economy - individuals who do not receive the appropriate workforce training will be relegated to the ranks of the working poor or, worse, be without work. This will directly impact the State budget because it will, in the end, be responsible for the cost of rising welfare roles. This issue will likely hit home this spring as many welfare recipients reach their five-year eligibility limit. Therefore, workforce policies aimed at the existing welfare population as well as those working become a linchpin for assuring continued reduced welfare expenditure.

The potential welfare problem of the State is compounded by the wave of immigrants who desperately need to improve their English. Even a cursory look at New Jersey census data will make this point with a vengeance. Unless New Jersey is prepared to have a permanent underclass and vast numbers of working poor, it simply must, in a dramatic fashion, address the problem of the skills gap. Properly engaged through education and training, this workforce "deficit" can be transformed into an "asset" that can further spur economic growth.

Fourth, some states have already made workforce investment a major priority and New Jersey must follow a similar path in order to remain competitive. Companies that decide to move from one state to another or calculate whether they should remain where they are consider the quality of the workforce as a major factor in the decision-making process. It is clear that the most effective states in the area of workforce and economic development are those states that focus on this issue and make it a clearly defined and understood public priority.

Meeting the needs of the workforce represents an opportunity and a challenge for New Jersey's leaders. Although there is no powerful constituency pressuring Trenton for change, a majority of the populace and a substantial portion of the business community would directly benefit from a Governor who makes changes to improve the quality of the workforce. The unique history of our Nation explains why the concern for workforce quality is not a major priority. From the beginning of our history we were economically isolated with unlimited natural resources. Throughout the 19<sup>th</sup> and into the 20<sup>th</sup> centuries, workforce was constantly replenished by a steady flow of immigrants to our shores. Eventually in the 20<sup>th</sup> century we became the dominant economy – the "wonder of the world." In the global economy, America's traditional advantages disappear as the universal standards of productivity based on workers' skills dwarf other considerations. In the end, New Jersey cannot compete with other states or the rest of the world for

low-skill, low-wage jobs, but can only succeed with a “value added” workforce in high-skill, high-wage jobs.

The issue of maximizing high-skill, high-wage jobs is particularly sensitive for New Jersey. We cannot, and should not, compete with low-skill and low-wage states even within our own Nation. Given this fact, we can hardly compete with truly low-wage nations such as those in parts of Asia and Latin America. Thus, New Jersey, out of necessity, must define itself as a high-wage and high-skill State and develop a strategy to deal with this reality. It seems to us that there is no alternative and while there will always be some jobs, entry level and others, at the lower end of the salary and skills scale, the growth in the economy will only come from the higher skill and higher productivity jobs.

New Jersey needs a strategy to deal with this state of affairs. Currently, the State spends some \$14 billion on K-12 education, \$2 billion for higher education and somewhere between \$250 and \$400 million for the workforce investment system. Fair questions for any Governor or Legislator to ask are: Is our economy getting the full benefit from our current levels of expenditure? Is New Jersey maximizing its return on its educational investment? Are these monies and the institutions they support collaborating in a way that assures the highest and best delivery of services? Are teachers and service providers getting the information and training they need to respond to the demands of a rapidly evolving and more competitive economy? And finally, are too many of our fellow citizens being left behind, deprived of the skills they need to succeed and the hope they need to survive?

The purpose of this White Paper is to identify the problems and to suggest specific and concrete solutions. While we hope this Paper reaches a wide audience, we encourage top State decision-makers to embrace the basic principles of our conclusions and commit to action. If we fail to act now, our ability to remain a productive and dynamic economy will be at risk. More, it will create a society where the gulf between the rich and the poor, the successful and the failed, will become unbridgeable. It is, then, an economic and social imperative that we put workforce development on the top of our State’s agenda.

## **The Workforce and the “New” Economy**

The economy in New Jersey and across the industrial world has rapidly transformed itself into one where the knowledge and skills of workers are the major factors in determining productivity and wages. This has led to a quiet crisis that year after year manifests itself in the widening gap between the education and workforce investment system and employer needs. It exists at all levels of the job market from the most to the least skilled jobs. Unlike other crises that explode on the national scene, like the Soviet launching of Sputnik in 1957, the workforce readiness crisis of our time, while less dramatic and less obvious, is no

less compelling. This economic transformation has come upon us with an uncommon speed, yet has become deeply rooted in the fabric of the economy.

Most experts would agree that the information revolution, changes in the organization of the workplace, and globalization of markets were the catalysts for the rise of the “new economy.” Some would contend that the old industrial economy is over and that we are at the dawn of a new economic age. Whatever the truth is about the so-called old economy’s demise, and there is much debate about its prospects, it is clear that the nature of work has changed and the role of technology in enhancing productivity is pre-eminent. In short, this means that without a skilled workforce, we cannot have a strong economy.

To be clear, the new economy is not the Internet bubble or the price of the NASDAQ or the end of the business cycle. The new economy is, in the end, about deploying new technology, new ways of doing things, to increase productivity. It is this process that requires a skilled workforce able to take full advantage of that technology, as well as being prepared to work in settings far different in form and substance from those of the recent past. This is truly an era of work teams, flatter organizations, customer-focused strategies, and the global marketplace all tied together by technology that is evolving with stunning rapidity.

The skill mismatch is not simply an artifact of a full employment economy: It exists below the surface of that economy and will endure even if the unemployment rate were to skyrocket. For example, from 1979 to 1999 those whose educational attainment was high school or less found their incomes dropped by 27 percent. Hence, there is a deep structural problem within the workforce preparation system that demands the full attention of those at the highest level of government, academia, unions, and business. It needs to be understood that this is not just about high-tech jobs, but is about the entire economy and is reflected throughout the job market. Indeed, the extent to which New Jersey retains a significant number of unskilled workers will serve as a detriment to economic development, particularly in the high-tech sector.

Changes can be found at all levels of the occupational ladder - from warehouse workers to office workers, secretaries to computer programmers, UPS drivers to scientific researchers, blue-collar workers on the factory floor to executives in the corporate suite – and new levels of knowledge are required to get the job done. These changes amplify the historic disconnect between the education and training systems that all too often rely on an outmoded curriculum which is not adapted to a labor market that continuously demands higher and higher skills. For several decades, business leaders have warned us that we are not providing enough skilled workers to meet their needs. Nevertheless, what is taught in the schools, understood by teachers, and regarded as priorities by parents often bears little resemblance to what the labor market is telling us.

In 1987, Governor Kean created a commission that issued a report identifying the major problem facing New Jersey's economy as the mismatch between the demands of the labor market and the skills of the workforce. That report led to the formation of the State Employment and Training Commission and to a heightened awareness on the part of four Governors - Kean, Florio, Whitman and DiFrancesco - about the importance of workforce issues to the health of New Jersey's economy. The Commission, with its numerous partners, was able to make New Jersey a leader in addressing workforce issues and setting a new agenda for the future.

Despite the substantial achievements in this State, the crisis in the workforce persists. We now live in an economy where the highly skilled are richly rewarded, and the unskilled are left behind. Far too many New Jerseyans are being penalized economically because they lack the skills necessary to occupy good jobs at good wages. Further, businesses that would like to expand, and in that process create more high paying jobs, are often frustrated by the lack of a skilled workforce to meet their current demand, much less their future needs. This will inevitably result in firms relocating to areas where their labor force demands are satisfied.

As the economy contracts, its ultimate recovery will depend on finding new ways to increase productivity which will demand a more skilled workforce. Hence, the need for a skilled workforce is a constant regardless of short-term economic circumstances, whether caused by the business cycle or the horrendous events of September 11, or more likely a combination of the two. Developing a high-skill workforce is crucial in the global market where capital is mobile, but so is access to labor. Moreover, whether the economy is expanding or contracting, the distribution of income continues to widen as both high-skill, high-wage jobs and low-skill, low-wage jobs increase, while the jobs in the middle decline. To restate an important point, job quality and income correlate very strongly with skill levels in a manner that is unprecedented in American economic history.

The economic inequity between the skilled and unskilled is further exacerbated because of the lack of women and minorities in sciences and technology. Although many jobs in these fields are high paying, women and minorities frequently face invisible barriers to pursuing careers in these fields. It is no small paradox that at a time of unprecedented opportunity, we have not found ways to ensure that *all* individuals will reap the benefits of the wondrous growth our economy has achieved.

## **Education and Work**

There are two major dynamics in the education system that must be explored. First, the disconnect between the education system and the labor market results from a failure of the school system to adapt the skills it teaches to those required

by the rapidly evolving labor market. The lack of connectivity between the schools and the labor market is not a new phenomenon, but is part of a larger pattern that has existed, with few exceptions, throughout American history. Unlike our European and Asian competitors, the United States has never made linking the school system with the labor market, nor the continuous training of the incumbent workforce, a high priority. A case in point is the relative weakness of our apprenticeship system when compared to other industrial nations. Another example is the lack of an overall national strategy to re-train the existing workforce in the face of enormous technological changes.

The second dynamic is based on the uniquely American view of education that rigidly separates the academic from the vocational. Far more than in any other industrial nation, education in America is the great equalizer. It is central to creating an educated citizenry fit to govern a democratic nation. Indeed, the degree to which the educational system is linked to occupations is seen as replicating the European class structure, an idea that is anathema to many Americans. This Nation spends more per capita on K-12 and higher education than any other industrialized nation with the hopes that we will produce a society based on merit and political equality.

There is an ironic outcome to this noble aspiration: While no nation spends more than America on education, no industrial nation produces results that are more unequal. Indeed, those who receive the very best education are without equal anywhere else in the world, while those at the bottom are worse off than those in any other industrial nation. It has been the reluctance to firmly link vocational education and academic education that is most responsible for the gap between the skills of our students and the needs of the labor market.

Attempts to integrate Schools-to-Career initiatives in New Jersey's schools, along with the Department of Education's establishment of workplace standards in its Core Curriculum Content Standards, have met with less than overwhelming acceptance. In part, this resistance is due to the failure to understand that providing experience to all students in the "world of work" will benefit those who are college bound and those who are not. Programs like "Youth Transitions to Work" have already demonstrated the utility of workforce preparation in the K-12 system.

We strongly support changing the way we educate students for the "world of work". The perceived "high wall" that traditionally separates college preparatory studies from job-oriented studies needs to be breached. For instance, while students learn a great deal in a high school chemistry laboratory, how much more would they learn in the laboratory of one of New Jersey's great pharmaceutical companies? Additionally, it is vital that we give new dignity and respect to the traditional non-professional, blue-collar jobs and technical positions. This is especially true because many of those jobs pay more than those obtained by many college graduates. We believe that a strong curriculum,

which provides solid occupational training while equally preparing one to pursue further education, would expand the range of choices available to *all* students, enabling them to make informed decisions about their future career directions.

Traditionally, the American system of education has treated students as either vocational or academic. This distinction has become increasingly inappropriate, as the nature of work has changed. Today, graduates of the vocational system must be competent in ways historically reserved for those in college programs incorporating such skills as critical thinking, effective communication and appropriate knowledge application, while academic education must engage students in experiential and applied learning.

## **The Literacy Gap**

Policy makers have attempted to bring the growing crisis in adult literacy to the top of the public agenda for more than two decades. The nature of the mismatch as described above has assisted in rendering the crisis silent and, to some degree, invisible. And yet, the costs to those at the lowest end of the literacy scale are painfully clear.

There is a persistent demand for low-skilled and unskilled labor in New Jersey. These lowest paying jobs in the economy often pay well below a “livable” wage. Research has shown a link between those in the lowest pay levels and those with the lowest literacy levels. Of the five literacy levels identified by the Educational Testing Service, recent analysis shows that individuals must reach at least the third level to obtain a job at a self-sustaining wage. Currently, between 46% and 50% of the population are functioning below level 3. Many jobs held by these individuals are part-time and/or temporary in nature.

Individuals classified in the lower literacy levels must improve their literacy skills in order to achieve self-sufficiency. Average weekly wages in 1998 grew substantially from one literacy level to the next (Level 1=\$307, Level 3=\$449, Level 4=\$620). Individuals with lower literacy levels tend to work fewer weeks out of the year than those with higher literacy levels. These findings could be attributed to the types of jobs available to low-skill workers as well as their ability to hold a job. In addition, faster growing occupations have higher literacy requirements and thus, over time, may cause an increase in the overall average workforce literacy skill requirements.

As critical as the situation is for native New Jerseyans, it is even worse for our immigrant population. Over 50% of today’s immigrants fall into the lowest literacy level. Many of those seeking to learn English are illiterate in their native languages, a fact that makes the challenge of learning English more difficult. The provision of high-quality, work-based programs can assist individuals in learning English as a Second Language.

To merely fill the labor needs of low-skill jobs without offering individuals the hope of ultimately reaching self-sufficiency flies in the face of New Jersey's commitment to ensure that individuals can obtain the core knowledge and skills to function effectively as worker, family member and citizen. The definition of "literacy" is *an individual's ability to read, write and speak in English, compute and solve problems at levels of proficiency necessary to function on the job, in the family, and in society.*

It is the responsibility of the State to build the educational ladder that will enable these individuals to rise out of poverty. To do less would be to deny the promise of American life, the opportunity for upward mobility. Through the policies created by the State Employment and Training Commission, New Jersey is developing the mechanisms to help individuals reach economic self-sufficiency.

### ***Equipped for the Future***

One such step in broadening our understanding of literacy is the recent adoption of the *Equipped for the Future Content Standards (EFF)* as the framework for adult education programs and services in New Jersey. Developed by the National Institute for Literacy, the *EFF* provides a method of operation that can structure the learning experience for any adult, regardless of where that individual is in life.

The State Council for Adult Literacy Education Services (SCALES) has adopted *EFF* as a framework to provide both a focus and a strategy for reaching higher literacy goals. SCALES, which operates under the SETC, developed this strategy in response to the Commission's selection of literacy as its first priority. The overarching philosophy behind *EFF* is to help adults function effectively in their lives by developing goals that relate directly to individuals' interaction with the world around them. They become easily applicable regardless of one's level of literacy.

Utilizing the four skill categories of Communication, Decision-making, Interpersonal and Lifelong Learning gives a new structure to literacy programs. For any adult learner, quantifiable goals and specifications based on individual needs can be developed and measured under each of these skill areas. In addition to providing a more focused approach to improving literacy on an individual basis, *EFF* will also provide a common vision and sense of purpose across the workforce investment system. It is our belief that *EFF* offers a holistic approach to the literacy needs of adults by casting those needs in terms of the major roles adults play – worker, family member and citizen. In their description of *EFF*, drawing on the research on the needs of high performance business, the National Institute for Literacy portrays the following as "the new basic skills."

- The ability to read at the ninth-grade level or higher.
- The ability to use math at the ninth-grade level or higher.

- The ability to solve semi structured problems where hypothesis must be formed and tested.
- The ability to work in groups with co-workers from different backgrounds.
- The ability to communicate effectively, both orally and in writing.
- The ability to use personal computers to carry out simple tasks such as word-processing.

By adopting these employer-defined standards for basic skills, New Jersey will possess a framework for benchmarking the workforce and the ability to establish measurable statewide goals. This skill set will also offer employers a way, beyond traditional degrees or credentials, of assessing the abilities of potential employees. To implement this vision for basic skills, the State and local communities led by WIBs and the adult education community must restructure both the content and the delivery system for providing basic skills education.

## **The Workforce and Lifelong Learning**

The workforce system of the future must support and promote lifelong learning. As Alan Greenspan has said, *“we need to foster a flexible education system – one that integrates work and training and that serves the needs both of experienced workers at different stages of their careers and of students embarking on their initial course of study.”* Indeed, it is the lack of a coherent, easily accessible and high-quality lifelong learning system that makes it so difficult for individuals to continually upgrade their skills as demanded by the labor market. This is an acknowledgment of an essential truth: *All who enter the modern workplace need to be prepared with an array of intellectual, attitudinal and applied skills to survive and prosper.* This means that distinction between training and education must diminish as they are integrated into a coherent system. Since workers will need to keep upgrading their skills, all preparation for the workplace must be viewed as a continuous process and not an end in itself.

The private sector and organized labor are crucial in assuring that New Jersey develops a demand side strategy, e.g., that the operations of the workforce investment system are fundamentally guided by the demand side of the economy. For too many years, the system has focused on the needs of agencies and of the “supply side” without taking full account of the skill requirements of the labor market. Under these circumstances the workforce investment system, and to a great extent the K-12 and higher education systems, are playing catch up with the skill sets that are emerging in the business or employment sector.

For the incumbent workforce, the hope is that employers will train their workers and that traditional federal job training and welfare programs will take care of the rest. And, while for many large companies this system works fairly well; it works less well for small- and medium- sized employers and start-up firms. Indeed,

even larger companies may require some support to assist them in reaching their entire workforce. New Jersey's innovative Workforce Development Partnership Program has resoundingly demonstrated this point. In this Program, firms of all sizes have benefited from the State's support.

The defining nature of the "new" economy is the relationship of skills to productivity to profits to wages. This relationship demands that we change the way we address the State's employment and training needs. In the end, New Jersey's competitive advantage inheres in the quality of its workforce. The preservation and enhancement of that quality will not occur automatically, but only if we take comprehensive steps to make it so.

The next generation of the workforce system must adopt new ways of learning that are emerging in leading-edge firms. Currently, public sector programs continue to emphasize traditional, classroom-based programs organized by academic disciplines, semesters and credit hours. They have also struggled to keep up with technological advances that have changed the face of private sector training. There needs to be a paradigm shift in our approach to learning. The emphasis on classroom-based education and training accessible through brick and mortar institutions must shift to a range of education and training opportunities accessible anywhere, anytime.

At the same time, there needs to be a shift toward technology-supported, interactive learning. New learning technologies, including simulation and performance support systems, can provide instruction tailored to learners' needs and learning styles, as well as low-cost strategies for increasing access and providing opportunities for learning that are available from the home, school or workplace. Currently, most distance learning initiatives through virtual universities and community colleges have taken the initial step of putting traditional teaching and learning practices on-line. In the future, the public and private sectors must fully tap the potential of new technologies by breaking new ground in teaching and learning. Too, public sector programs should adopt new models of instruction that are based, not on rigidly structured courses or sequences of courses, but on the continual assembly and reassembly of basic building blocks of learning in innovative ways for different people with different learning styles.

Parenthetically, New Jersey, because of the *Abbott v. Burke* court decision has the obligation to prepare its youngest students, including those in pre-kindergarten, to reach their full potential. In meeting this obligation, educators must apply sophisticated theories about multiple learning styles to young people. It would be possible and desirable to apply this same principle of learning theory to the broader education system and especially to adults in the workforce investment system. Indeed the use of contextual learning, so much in evidence in the apprenticeship process, should be widely applied throughout the entire education system. It is through this understanding about how people learn that

the “world of work” and the “world of learning” can find a happy meeting place. This could also provide the framework for teachers’ training to help them create a curriculum that integrates academics and work by teaching contextually based on different learning styles.

The current education system must realign precious resources to support innovative programs at the community college and technical school levels. These institutions have demonstrated an ability to be responsive to local needs and technological changes. This willingness to adapt should be systematically linked to the identified needs of New Jersey employers and reflect the policies recommended by the State Employment and Training Commission.

To be clear, we fully recognize that education serves other legitimate purposes beyond those of the economy. Yet, research demonstrating the mismatch between the skills of the workforce and demands of the economy raises a parallel question: Have the needs of the economy and the actual and potential workforce been sacrificed to the too limited vision of those who believe a “high wall” separates the academic from the vocational and that workers do not need a world class lifelong learning system that will continually raise their skills to meet the challenge of a new economy? For millions of New Jerseyans, many of whom live a lost paycheck, plant closing, or a termination of welfare benefits away from poverty, the need for skill enhancement is not an abstract question. For school dropouts, dislocated workers, immigrants who speak little or no English and may not even be literate in their native language, or displaced homemakers struggling to find their way in a strange economy, the “second chance” system is not simply another chance, but their only hope of achieving economic self-sufficiency for themselves and their families.

## **Rethinking the Logic of Workforce Investment**

One way of thinking about education in America is as a triad: K-12 Education System, Higher Education System, and the Workforce Investment System, which includes labor exchange. The mission and purposes of the first two parts are well known; for the third, are more inchoate. The constituency of the third part of the triad comprises the adult population, incumbent workers, high school dropouts, immigrants, and welfare recipients, among others, who are seeking employment and training services. What is essential to understanding the triad is that while the first two systems deliver education and other services to constituents of the third part, their primary mission is not workforce quality. To achieve this purpose will necessitate the creation of policies and institutions that can direct resources to meet the needs of this broad group of individuals who fall outside the core mission of the K-12 Education and Higher Education systems. While it is anticipated that particular programs would continue to be delivered by the traditional education and training agencies, giving visibility and institutional form to workforce preparation will assure the needs of this constituency are met in a comprehensive and visible way.

Organizationally, programs in the workforce investment system, the third part, lack the status, funding, public support, and priority that programs in the first two parts possess. Generally speaking, the Federal Government supports most employment and training programs in the third part with comparatively little contributions from the State. New Jersey, by enacting the Workforce Development Partnership Program and the recently passed Workplace Skills Program, has already taken some steps to redress this imbalance. Yet, it is still true that State funding for the third part of the triad is substantially less than for other two and, more importantly, few policy makers focus their attention on this population. Both the K-12 and higher education systems have powerful voices raised on their behalf demanding attention and resources. Without a unique institutional presence, there is no coherent voice to speak for those most in need of workforce investment services.

Ownership and accountability for the third part of the triad is diffuse. There are multiple departments and agencies that share responsibility for some programs and services for this population. These agencies range from the Departments of Labor, Education, Human Services, Community Affairs, and Corrections to the Commissions on Higher Education, Juvenile Justice, and Commerce and Economic Growth. Although the State Employment and Training Commission works to coordinate the efforts of these bodies, each has a set of Federal or State mandates that limit their capacity to collaborate. Encouraging collaboration is time consuming and frequently not successful to the degree desired, in no small measure due to conflicting and inconsistent regulations. Lack of collaboration results in poorer services to the customers and increased usage of staff time and funds.

This incoherence in governmental organization cannot meet the overwhelming needs of the existing workforce or those fighting to become part of that workforce or the immigrant population whose lack of English and basic literacy skills frustrate their ability to gain a foothold in the labor market. The consequence of doing nothing will be a wider gap between the haves and have-nots and all the consequent implications of America becoming a two-tiered economy and society. This relates directly to the premise of this Paper, which is that the way to combat the negative effects of the current circumstances is to build a strong connection between the education and training system and the labor market, assuring that those at the “bottom” of that system are raised up substantially. By accomplishing this task, the educational system, in all three triads, can truly meet its larger civic purpose by producing a more educated citizen and more equal society.

## **Recommended Courses of Action**

To address the longer-term issues we have raised, we offer the following recommendations. Please note that these recommendations are not

meant to be inclusive, but are designed to establish a broad policy direction for the future. What follow are specific courses of action that should be considered by New Jersey to address these concerns:

1. The **Governor and the Cabinet must make improving the quality of the workforce a core value.** There is no substitute for leadership and the tone for any administration is set at the top. The bureaucracy will respond to a clear and cohesive message, as will local agencies once they are convinced of the seriousness of purpose of the leadership. In the case of workforce quality, there are few in the private, governmental or educational sectors that would disagree that our economic future hinges in large part on the quality of our workforce.
2. New Jersey should **transform the Department of Labor into the Department of Labor and Workforce Readiness**, which would be responsible for the integration of service delivery provided for by all the “to work” funding streams. The mission of this Department would be to implement, through one agency, the policies developed under the broad authority of the Governor based on recommendations offered by the State Employment and Training Commission. In this way, both the policy-making and implementation for a New Jersey workforce readiness system would be fully unified.

As the SETC provides direction and leadership for the workforce development system into the next decade, this new State Department will be the focal point for coordinated implementation of State policies. It would offer the same visibility and coherence for the third part of the triad that the Department of Education and the Commission on Higher Education do for K-12 and higher education respectively. Given the critical nature of the issues outlined in this White Paper, the State of New Jersey must take active steps to reduce the gap in skills between an individual and today's jobs. New Jersey's long history of collaboration across the workforce system should now move to the next level, integration. The State needs to be prepared to unify State and federal funding streams under one organizational umbrella.

We must better match the skills of the unemployed, students and incumbent workers to the demands of today's labor market. Programs and services that have the same overall goal of workforce development can be more effectively carried out if they are administered through the same office and department, even through the same fiscal mechanism. Given the reduced funding faced by some of these programs because of a reduction in federal support, it is now a question of maximizing resources to maintain and improve the quality of services. The best way to enhance effectiveness when facing this situation is by leveraging resources to the

greatest extent possible. In this way, New Jersey will take steps to meet the goals outlined in its *Strategic Five-Year Unified State Plan for New Jersey's Workforce Investment System* to develop a State system that proactively facilitates the local delivery system in achieving increased levels of integration and responsiveness.

At a minimum, all workforce readiness and employability funds should be administered through the newly created Department of Labor and Workforce Readiness. This would include funds authorized under: Carl Perkins Vocational and Applied Technology Education Act, Adult Education and Family Literacy Act, Temporary Assistance to Needy Families (TANF) employability, Welfare-to-Work, Workforce Investment Act, Wagner Peyser, as well as those supporting the work of the Department of Labor and all other resources from State or federal sources that are designated for the purposes of vocational preparation and job training.

While specific programs should be transferred to the *Department of Labor and Workforce Readiness*, a stronger collaboration must be forged between this consolidated Department and the county colleges and the vocational and technical school system. New Jersey's county colleges and vocational and technical schools are among the finest in the Nation and should be full partners in helping to create a comprehensive workforce investment system.

Of paramount importance in understanding this recommendation is that simply putting all "to work" programs in a single agency is no guarantee of success. Even programs placed in the same department can behave as if they are "all alone together." To avoid balkanization within the Department, it is crucial to reinvent functions, processes and relationships among the "to work" programs. This will require the adoption of management strategies to ensure the smooth integration of these programs. Building a strong management infrastructure in the *Department of Labor and Workforce Readiness* is, therefore, critical. Any changes as sweeping as we are proposing must be careful to preserve and nurture the high quality staff who are experienced and knowledgeable about the respective "to work" programs. It must also adopt a management structure that builds on existing strengths and extends them in an integrated manner.

3. New Jersey must **make adult education and literacy a top priority.** *Equipped for the Future (EFF)* Core Standards must be adopted and met at State and local levels. The promise of *EFF* is that it places literacy in a framework that deals with the whole person – as worker, family member and citizen. Such an approach will greatly enhance the utility of basic skills training and produce results that will have a much wider impact on people's lives than envisioned by previous efforts in this area.

Additionally, the State Council for Adult Literacy Education Services should include in its State Plan specific recommendations for more effectively articulating links among the myriad of adult education providers throughout the State. At the local level, Workforce Investment Boards (WIBs) should be asked to do the same for their communities. The current fragmented crazy quilt pattern of overlapping programs makes the system incomprehensible to users, public officials, citizens and even the provider community. Simply put, no one has a handle on all the available programs. It is important to develop a map that clearly articulates links among all the programs. Again, the costs of a confusing system are both financial and programmatic – linking these programs will maximize scarce resources as well as make them more accessible to those in need.

4. New Jersey must **encourage and enhance private sector leadership** in shaping workforce policy. The premise that underlies the Workforce Investment Act and the State Employment and Training Commission is that the private sector must play the decisive role in shaping the workforce investment system. New Jersey must base its workforce preparation system on a demand side strategy. That is, the direction of the workforce investment system must be based on the skill sets demanded by the employer community. This requires leadership from the employer community in communicating the skills it needs to compete in a high-skill and high-wage environment.

For too long the employer and workforce investment system have been operating with little reference to each other. And while there are outstanding individual programs throughout New Jersey where there is excellent communication – on the whole the State lacks a cohesive and transparent system that allows for the flow of information about the workforce skills required by the economy. The workforce investment system must be organized so that the key growth sectors of the economy – telecommunications, pharmaceuticals, logistics, tourism, and manufacturing, et al. - can easily communicate their needs and access the employment and training services. Simultaneously, the needs of the entrepreneurial sector must be fully integrated into the workforce investment system. To further assure private sector leadership we must:

- a. Pass new comprehensive legislation that would assure a majority of private sector members on the SETC in a manner consistent with the Workforce Investment Act.
- b. Assure that the SETC and WIBs receive adequate funding to hire professional staff to carry out their missions.
- c. Integrate the leadership of key business and labor organizations into the membership of both the SETC and the WIBs. For the SETC, specific business slots should be held by organizations such

as the State Chamber of Commerce, New Jersey Business and Industry Association, as well as the AFL-CIO. It is crucial that the voices of these key organizations be heard in shaping and coordinating workforce policy.

- d. Fully integrate the workforce needs of economic development agencies in the planning efforts of WIBs.
5. **Improve labor market information.** New Jersey is gifted with a strong labor market research capacity inside the Department of Labor. This asset must receive additional funding to assure that its projections about the labor market can be more finely attuned to the rapidly transforming labor market. To meet this goal, all relevant agencies, including the Department of Labor, the Commission on Science and Technology, the New Jersey Technology Council, Prosperity New Jersey, and the Economic Development Authority, must collaborate with each other to produce the highest quality and most timely labor market information possible. In this context, it is vital to assure that occupational standards, as they are developed by the National Skills Standards Board, are rapidly communicated to the WIBs and the education and training provider community. In brief, it is a waste of resources and time to teach yesterday's skills for tomorrow's jobs.
6. **Strengthen the link between schools and the labor market.** Let us first note that we are fully aware of the fact that New Jersey has a distinguished record of experimenting with a wide variety of programs to improve the relationship between schools and the workplace. Business leaders and educators have successfully worked together in a series of innovative efforts. Examples abound: Many of the School-to-Career consortia, initiatives such as Tech 2000, Career Academies and High Tech high schools, and a host of others led and funded by New Jersey's most prominent corporations, are national models of collaborations that link schools to the labor market. Although these innovations represent pockets of excellence, they are not indicative of the system as a whole.

As we have already stated, this is not a simple issue and does not lend itself to a simple solution. Therefore, we propose a series of initiatives, the net result of which will rebalance the system and address the academic and work needs of students. If done correctly, the proposed changes would strengthen the entire educational system by producing students who are academically proficient and fully prepared for the world of work.

*Enhance teacher education and training:* A comprehensive teacher education and professional development strategy that integrates labor market concerns with educational best practices and theory must be developed. The goal of this endeavor will be to develop a process for equipping educators with the tools needed to ensure that all students are

being equally well prepared for work and continued learning, including apprenticeships.

As part of continued professional development, internships for teachers -- similar to the Department of Labor's summer internship program -- should be extended and linked to a curriculum that promotes applied and contextual learning and connections with the workplace.

*Improve labor market expertise in the colleges:* The State should take steps to build the capacity of colleges to develop expertise in areas that will promote connections between education and the workplace. New Jersey should also help establish centers for education and workplace connections within the State's colleges that bring together strategic thinkers from the academic side and the workplace side to develop and pilot promising ideas. This effort should be anchored at the Heldrich Center for Workforce Development at Rutgers University. The Center should, in consultation with the Department of Labor, provide a statewide focus on these efforts by applying a sectoral analysis of the labor market.

*Support innovation:* Create a program to fund and assist schools in implementing best practices in connecting schools with the labor market, while ensuring high academic standards for student achievement. There are numerous models that exist in New Jersey where schools have been transformed into academies of excellence in learning and workforce preparation. Students in these schools are well prepared for work and postsecondary education. They learn about careers and develop sound career plans, which typically include some postsecondary education. Teachers in these schools teach students how to take responsibility for their learning and use technology and other resources to enhance that learning. Often these schools are structured around career paths and industry areas and students are given opportunities to learn both in school and the workplace. The proposed program would provide mentorships between model programs and those that are seeking to implement similar innovations. Funding would be provided to support training, technical assistance, and planning.

*Establish State funding for School-to-Career Initiatives:* New Jersey received a five-year federal grant for School-to-Career Initiatives, which has run out. The State should support the continuation of this effort to effectively link schools to the labor market. Key to this initiative is to work with the schools to help them more effectively integrate academics with career preparation. This effort should not be seen as drawing resources from one program to another, but rather as a vehicle for creating contextual learning opportunities that would enrich the entire curriculum and school experience.

*Strengthen the school system's knowledge about the skill sets demanded by the evolving labor market:* As we have already stated, attempts to have the schools integrate information about work into the curriculum has met with resistance due to the traditional academic hostility toward "vocational" pursuits. We do not believe that mandates from Trenton will reduce this almost instinctive separation of the vocational from the academic that exists in the minds of most educators. Therefore, we propose the creation of a sophisticated and interactive labor market website that would be primarily targeted to the K-12 system, but useful to others as well.

This website would allow teachers, students, school board members, parents, administrators and others to obtain up-to-date information about the intellectual skills required by the labor market. Such a site would have specific information about the New Jersey economy, analyzing it by sector, interactive tests so students could match their interests to jobs, and ready-made lesson plans so teachers might explore in the classroom different aspects of the labor market. We are convinced that the educational community would warmly embrace such a resource and that the richness of this information would begin to persuade them that they ought to integrate more work-related information to the curriculum. Another benefit of such a site might be to affect the State's teacher education curriculum that in the main does not educate future teachers and administrators about the nature of the labor market.

7. The State should encourage the development and use of **Distance and On-line Learning** to upgrade the skills of the State's citizenry and provide the business community with the human resources they need to meet the challenges of a ruthlessly competitive and rapidly changing global economy. In many cases, family and other responsibilities make it difficult for adults to find the time to improve their skills. For incumbent workers, on the job training is frequently difficult to schedule, which sharply limits the ability of employers to upgrade workers' skills and for workers to effectively manage their own "lifelong education." New Jersey has already assumed a leadership position in this area because of the partnership between the Department of Labor and New Jersey Network (NJN) in establishing distance learning for basic skills. This initiative and other similar efforts must be dramatically expanded so that, through the television and, more frequently, through the personal computer, a vast array of high quality educational opportunities are readily available to individuals at all skill levels.

As a beginning to this initiative, we recommend the establishment of a higher education consortium, led by the community colleges, charged with developing new methods of instruction for teachers and learners as well

as innovative programs to directly link specific training to employer needs. The State should ask this consortium to develop different venues for learning new skills. In addition to expanding distance and on-line learning opportunities, thought should be given to expanding interactive or self-paced learning opportunities, offering courses at alternative sites, developing more cooperative agreements with two- and four-year colleges, instituting new degree programs that keep up with changes in the needs of the workplace, implementing faster approval processes for new degrees and programs through individual schools and the Commission on Higher Education, and a single approval authority for each program.

There is little doubt that states that quickly expand their educational offerings into these exciting new areas will have a decisive competitive advantage over those that do not.

8. The workforce investment system must **focus on assuring equal opportunity for all citizens** to obtain the skills they need to reach their full potential and have the opportunity to succeed in the labor market. The State Employment and Training Commission has issued major reports on persons with disabilities and on the problems women face in the education and job training system and intends to extend this analysis to racial minorities. Yet, enough is now known to state categorically that the unfairness in both the educational and employment arenas frequently limits the ability of women and minorities to benefit from our expanding economy. It has become almost a truism to state that discrimination in any form is not only unjust, but deprives the economy and society of dedicated and talented workers. To address these issues, the SETC will continue to ensure that diversity in the workplace is a high priority: The promise of America must be provided to all, or that promise is not kept.

## Conclusion

### **A Note to the Incoming Governor and Legislature**

*An immediate problem for the new Administration is the anticipated dramatic increase in the unemployment rate. As key industries, such as the airlines, continue laying off workers by the tens of the thousands, a ripple affect will be felt throughout the labor market. This will place a special burden on the delivery of services of the necessary workforce investment services. It is expected that the Federal Government will respond by adding more money for training and by extending the eligible time for collecting unemployment benefits. Other, more targeted policies are*

*sure to follow as the President and the Congressional leadership have made clear their intention to do what is necessary to assist those in need. Yet, while the Federal Government can be helpful, it is still the responsibility of the states to actually deliver services. While the current service delivery system in New Jersey has much strength, it will still need help. We would suggest the following:*

- *All “to work” funding streams should immediately be reviewed with the idea of harnessing available resources and applying them to the areas with the greatest need.*
- *State and local personnel responsible for the range of workforce investment services should be deployed to achieve the maximum level of services. To carry out this policy, the responsible unions should be immediately consulted to obtain their support and assistance in this process.*
- *Regulations that govern the various workforce investment programs should be assessed to maximize their flexibility. Where regulations present an insuperable barrier, requests for waivers from cognizant State or Federal Agencies should be sought. Where appropriate, legislative changes should be obtained to ensure that programs are able to address the current crisis.*
- *The SETC should establish a Task Force to review the progress of New Jersey’s efforts. This Task Force should offer advice based on insights from the private sector about employment prospects, analyses by the Department of Labor about the direction of the State and regional economies and discussion with unions and the general public about their needs.*

In writing this White Paper, we hope to stimulate debate and discussion about our recommendations. The courses of action we recommend are not exhaustive, but only touch on some major themes. The State Employment and Training Commission, in numerous reports, and in the *Strategic Five-Year Unified State Plan for New Jersey's Workforce Investment System*, has laid out a clear agenda for improving the workforce. In some ways, this White Paper both crystallizes that work and breaks new ground by moving beyond them into new territory. In the recent past, the SETC has addressed issues such as challenges faced by persons with disabilities, improving service delivery in One-Stop Career Centers, and the importance of program evaluation, among others.

For over ten years, the Commission has engaged in an exciting enterprise of helping to improve New Jersey's workforce investment system. Part of that work has been to form a strong collaboration between the private and public sectors. Indeed, the rationale for the Commission and its local counterparts, Workforce Investment Boards, created initially by State law and ultimately sanctioned by federal law, is to ensure that a dialogue and consensus is developed between these two sectors. In this endeavor, we have dealt intimately with employers that range from powerful, cutting-edge global corporations to the tiniest of start-ups. We have worked with State and local elected officials and providers that include two- and four-year colleges and universities, vocational and proprietary schools, and community and faith-based organizations. Over the past decade, the Commission has earned an enviable reputation for inclusiveness. We think this process of consensus building is the reason New Jersey stands as a national leader in the workforce investment arena.

The recommendations presented in this Paper are different from what we have said and written before – not so much in the specifics, but in the tone of urgency we hope we have conveyed. While we are proud of the Commission's achievements, respectful of all the work and good ideas of our numerous partners, grateful for the support we have received from four Governors and the Legislature, we are left with the feeling that we have not done enough and more needs to be done. We believe that the states are the future laboratories where new and innovative policies to improve the quality of the workforce will be created. We also believe that no challenge can be met without the full support of the Governor, the Legislature, and leaders from the employer and labor communities. Beyond the recommendations we have offered, it is critical to have the workforce investment system as a top State priority, not an afterthought, not solely a federal responsibility, and not less important than the first two parts of the triad. There are literally millions of New Jerseyans whose life chances will be dramatically affected by leaders who embrace and place the workforce investment system at the top of the State's policy agenda.

