

“Social justice should be the underlying goal of all humanity.”

-Alan V. Lowenstein, Institute Founder



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**do social justice.**

**Testimony of the New Jersey Institute for Social Justice  
in Support of A-4604 (S-3066), A-4655 (S-3063), A-4656 (S-3064), and  
A-4829 (S-3068)**

**New Jersey General Assembly Labor Committee**

**May 16, 2019**

Chairman Egan, Vice-Chair Vainieri Huttle, and Members of the Labor Committee:

My name is Demelza Baer, and I am the Senior Counsel and Director of the Economic Mobility Initiative at the New Jersey Institute for Social Justice (the “Institute”). On behalf of the Institute, I want to thank Chairman Egan and the General Assembly Labor Committee for the opportunity to submit this testimony in support of four key apprenticeship bills before the Labor Committee today: **A-4604 (S-3066)**, which would support the development of three adult apprenticeship pilot programs in high-growth industries in the northern, central, and southern regions of the state; **A-4655 (S-3063)**, which would provide tuition fee waivers for apprenticeship courses at public colleges and universities, and county vocational schools; **A-4656 (S-3064)**, which would establish a task force to develop a state plan to diversify apprenticeships, especially by gender, race, and disability status, through industry-specific recommendations; and **A-4829 (S-3068)**, which would establish a peer-to-peer statewide apprenticeship mentoring program for women, people of color, and people with disabilities, all groups that are currently under-represented in federally-registered apprenticeship programs.

The Institute is an advocacy organization, based in Newark, New Jersey, that seeks to ensure that urban residents live in a society that respects their humanity, provides equality of economic opportunity, empowers them to use their voice in the political process, and protects equal justice. I lead the Institute’s Economic Mobility pillar of work and, in that role, served as the primary author of two reports on employment and economic opportunity in New Jersey: *Bridging the Two Americas: Employment & Economic Opportunity in Newark and Beyond*, and *Becoming the United States of Opportunity: The Economic Equity and Growth Case for Apprenticeships*.

The four bills before the Labor Committee today are part of a package of ten apprenticeship bills, eight of which have already passed the New Jersey Senate—nearly all unanimously. These bills will collectively

make the State of New Jersey a national model for a truly inclusive apprenticeship program that fosters economic mobility; advances racial, gender, and social justice; and strengthens our business community and economy.

The Institute strongly supports all ten of these bills, and the amendments adopted and passed by the Senate. We ask that you prioritize the consideration and passage of these bills as a package before the General Assembly goes into legislative recess in July.

The other bills include: **A-2049 (S-3062)**, which would provide businesses with a tax credit for each employee in a registered apprenticeship program, with additional incentives for employing apprentices from underrepresented groups or people who face barriers to employment; **A-4602 (S-3067)**, which would create a child care and transportation subsidy pilot program for apprentices to address two of the main barriers to participation—a lack of quality, affordable childcare and a lack of accessible and affordable transportation; **A-4603 (S-3061)**, which would provide tax credits and grants to offset apprenticeship start-up costs; **A-4654 (S-3069)**, which would support the development of youth pre-apprenticeship programs to facilitate the successful transition of high school graduates into full-time apprenticeship programs and careers; **A-4657 (S-3065)**, which would establish a three-year youth apprenticeship pilot program in the Department of Education for high school and college students between the ages of 16 and 21; and **A-4667 (S-3070)**, which would provide funding for the New Jersey Pathways Leading Apprentices to a College Education (NJ PLACE) program to enable apprentices to receive college credit for their training in apprenticeship programs.

## **I. Introduction**

An apprenticeship is a structured program where a person (called an “apprentice”) is paid to work for a company while receiving on-the-job training and classroom instruction to learn a trade or career, and the apprentice typically receives an industry-recognized credential or degree upon completion of the program.<sup>1</sup> Although apprenticeships are commonly associated with the skilled trades, the structure of an apprenticeship is used in the fields of medicine, law, finance, and journalism, as well as some of the most dynamic and successful companies in the country. Further, apprenticeship programs can be incorporated into nearly every industry, can be designed to help dislocated and displaced workers connect with new career fields, and can assist people who face barriers in connecting to employment.

Apprenticeship programs have been proven to consistently deliver significant financial benefits to employees, employers, the government, and society, making them one of the most productive uses of government investments. With an average government investment of less than \$1,000 per apprentice in a federally-registered program, states realize an average net social benefit of \$49,427 over the career of an apprentice in the form of increased tax receipts and

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<sup>1</sup> DEMELZA BAER & RYAN P. HAYGOOD, N.J. INST. FOR SOC. JUSTICE, BECOMING THE UNITED STATES OF OPPORTUNITY: THE ECONOMIC AND GROWTH CASE FOR APPRENTICESHIPS 3, 15-17 (2018), [https://d3n8a8pro7vhmx.cloudfront.net/njisj/pages/211/attachments/original/1543957612/Apprenticeship\\_Report\\_2018\\_rev\\_3.pdf?1543957612](https://d3n8a8pro7vhmx.cloudfront.net/njisj/pages/211/attachments/original/1543957612/Apprenticeship_Report_2018_rev_3.pdf?1543957612).

reduced use of public assistance.<sup>2</sup> Businesses realize a significant return on their investment in apprenticeship programs through reduced turnover and improved recruitment, increased production and productivity among apprentices, improved employee engagement, and a pipeline of people to move into management positions.<sup>3</sup> People who complete federally-registered apprenticeship programs earn an average of \$301,533 more over their career than they would have without these opportunities, while those who complete just part of an apprenticeship program receive an average of \$123,906 more throughout their career.<sup>4</sup> This return on investment begins immediately—91% of apprentices find work upon completing a program at an average annual salary of about \$60,000.<sup>5</sup>

Unfortunately, these opportunities have been largely closed to women and people of color. In 2016, women were only 5.6% of active, federally-registered apprentices,<sup>6</sup> and both women and people of color tend to be occupationally segregated in the lowest-paying apprenticeship programs<sup>7</sup> and to experience harassment and discrimination.<sup>8</sup>

## **II. The Need for Expanding Apprenticeships in New Jersey through an Equity Lens**

New Jersey, and the rest of the nation, faces profound challenges due to growing inequality. The polarization of the workforce, stagnant wages, persistent structural racial and gender inequality in employment, and the declining bargaining power of employees have driven the United States towards levels of income inequality not seen since the Great Depression era of the 1920s—nearly 100 years ago.<sup>9</sup> Unfortunately, New Jersey is the ninth worst state for income

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<sup>2</sup> DEBBIE REED ET AL., MATHEMATICA POL'Y RES., AN EFFECTIVENESS ASSESSMENT AND COST-BENEFIT ANALYSIS OF REGISTERED APPRENTICESHIP IN 10 STATES 38, 43 (2012), <https://www.mathematica-mpr.com/our-publications-and-findings/publications/an-effectiveness-assessment-and-costbenefit-analysis-of-registered-apprenticeship-in-10-states>.

<sup>3</sup> OFF. OF THE CHIEF ECONOMIST, ECON. & STAT. ADMIN., U.S. DEP'T OF COMMERCE, THE BENEFITS AND COSTS OF APPRENTICESHIP: A BUSINESS PERSPECTIVE 2 (2016), <http://www.esa.doc.gov/sites/default/files/the-benefits-and-costs-of-apprenticeships-a-business-perspective.pdf>.

<sup>4</sup> REED ET AL., *supra* note 2, at xvi.

<sup>5</sup> OFF. OF THE CHIEF ECONOMIST, *supra* note 3, at 1.

<sup>6</sup> JESSICA TOGLIA, JOBS FOR THE FUTURE, WHAT WE KNOW ABOUT EQUITY AND DIVERSITY IN APPRENTICESHIP 1 (2017), <https://jfforg-prod-prime.s3.amazonaws.com/media/documents/Lit-Review-091517.pdf>.

<sup>7</sup> *Id.*; REED ET AL., *supra* note 2, at 46.

<sup>8</sup> TOGLIA, *supra* note 6, at 1.; REED ET AL., *supra* note 2, at 52-53. (“[M]en may not think that women can handle the physical demands of work in the trades, and that these attitudes can create a hostile, or just uncomfortable, work environment. State [registered apprenticeship] directors from two states noted that some women may feel a hostile work environment or lack of support at a job site as a barrier to completing a program.”).

<sup>9</sup> THOMAS PIKETTY, EMMANUEL SAEZ & GABRIEL ZUCMAN, WASHINGTON CTR. FOR EQUITABLE GROWTH, DISTRIBUTIONAL NATIONAL ACCOUNTS: METHODS & ESTIMATES FOR THE UNITED STATES (2016), <https://equitablegrowth.org/working-papers/distributional-national-accounts/>.

inequality in the nation, meaning that 41 other states have less income inequality.<sup>10</sup> This inequality results in significant income disparities for women and people of color in New Jersey,<sup>11</sup> with women of color experiencing some of the highest pay disparities in the nation.<sup>12</sup>

Although the national unemployment rate is low, with more job openings than unemployed people,<sup>13</sup> there is a gap between jobseekers and employers—particularly for middle-skill positions.<sup>14</sup> Most jobs in the United States are middle-skill jobs, which require some form of post-high school training or education, but not a college degree.<sup>15</sup> Our workforce, however, is becoming increasingly more and more divided between the highly-educated, specially-trained employees who receive an increasingly greater share of income gains, and the low-paid employees, who often work without any benefits or control over their schedule.<sup>16</sup> The middle-skill workers—like manufacturing employees—face challenging circumstances as large companies downsize, move production internationally, and increasingly rely on contractors.

In New Jersey, this gap between employers and jobseekers results in nearly one-in-ten (9.2%) people in the labor force being either unemployed or under-employed, which is one of the

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<sup>10</sup> PROSPERITY NOW, SCORECARD: FINANCIAL ASSETS & INCOME: INCOME INEQUALITY, <https://scorecard.prosperitynow.org/data-by-issue#finance/outcome/income-inequality> (last visited Feb. 27, 2019).

<sup>11</sup> UNITED WAY OF NORTHERN N.J., ASSET-LIMITED, INCOME-CONSTRAINED, EMPLOYED (ALICE) 7-9 (2016), [https://www.dropbox.com/s/dav760qjudecw36/16UW%20ALICE%20Report\\_NJUpdate\\_Lowres\\_12.13.16.pdf?dl=0](https://www.dropbox.com/s/dav760qjudecw36/16UW%20ALICE%20Report_NJUpdate_Lowres_12.13.16.pdf?dl=0).

<sup>12</sup> According to the Institute for Women’s Policy Research, Latina women in New Jersey have the highest pay gap in the nation (57.8 cents), and Black women in New Jersey have one of the highest pay gaps in the nation (55.6 cents). NAT’L WOMEN’S LAW CTR., FACT SHEET: THE WAGE GAP BY STATE FOR LATINAS (2018), <https://nwlc.org/resources/wage-gap-state-latinas/>; NAT’L WOMEN’S LAW CTR., FACT SHEET: THE WAGE GAP BY STATE FOR BLACK WOMEN (2018), <https://nwlc.org/resources/wage-gap-state-black-women/>.

<sup>13</sup> Press Release, Bureau of Labor Stat., Dep’t of Labor, USDL-19-0731, The Employment Situation — April 2019 (May. 3, 2019), <https://www.bls.gov/news.release/pdf/empst.pdf>; Heather Long, *U.S. unemployment fell to 3.6 percent, lowest since 1969*, WASH. POST: WONKBLOG (May 3, 2019), [https://www.washingtonpost.com/business/2019/05/03/us-economy-added-jobs-april-unemployment-fell-percent-lowest-since/?noredirect=on&utm\\_term=.51a4cff52c75](https://www.washingtonpost.com/business/2019/05/03/us-economy-added-jobs-april-unemployment-fell-percent-lowest-since/?noredirect=on&utm_term=.51a4cff52c75).

<sup>14</sup> Danielle Paquette, *2017’s Challenge: Too Many Jobs, Not Enough Workers*, WASH. POST: WONKBLOG (Dec. 28, 2017), [https://www.washingtonpost.com/news/wonk/wp/2017/12/28/2018s-challenge-too-many-jobs-not-enough-workers/?noredirect=on&utm\\_term=.dbfb2b056cc9](https://www.washingtonpost.com/news/wonk/wp/2017/12/28/2018s-challenge-too-many-jobs-not-enough-workers/?noredirect=on&utm_term=.dbfb2b056cc9).

<sup>15</sup> NAT’L SKILLS COAL., MIDDLE SKILL JOBS (2017), <https://www.nationalskillscoalition.org/resources/publications/2017-middle-skills-fact-sheets/file/United-States-MiddleSkills.pdf>.

<sup>16</sup> Neil Irwin, *To Understand Rising Inequality, Consider the Janitors at Two Top Companies, Then and Now*, N.Y. TIMES, Sept. 3, 2017, <https://www.nytimes.com/2017/09/03/upshot/to-understand-rising-inequality-consider-the-janitors-at-two-top-companies-then-and-now.html>; Jodi Kantor, *Working Anything but 9 to 5: Scheduling Technology Leaves Low-Income Parents With Hours of Chaos*, N.Y. TIMES, Aug. 13, 2014, <https://www.nytimes.com/interactive/2014/08/13/us/starbucks-workers-scheduling-hours.html>.

highest rates in the nation.<sup>17</sup> As a consequence of this unemployment, under-employment (including people who are working part-time, but would prefer to work full-time), and salaries that are not keeping up with inflation, about four-in-ten people in the state are living month-to-month, unable to afford life's basic necessities like food, rent, health care, transportation, and child care.<sup>18</sup>

New Jersey is well-positioned to meet these challenges. New Jersey has one of the largest and most diverse economies among the states, with a strategic location as a transportation hub on the East Coast.<sup>19</sup> New Jersey is home to several industries that are projected to grow in the state and nationally—including Trade, Transportation and Utilities, Education & Health Services, and Professional & Business Services—and it is estimated that 275,300 jobs will be added over the course of the next five years.<sup>20</sup> New Jersey also has one of the strongest public university systems in the country, several renowned private colleges and universities, and a strong network of community colleges, all of which could be potential partners in a statewide apprenticeship program.

Furthermore, this is an opportune time for New Jersey to become the national model for an equitable apprenticeship program, as the leadership of the New Jersey Legislature in advancing these bills is happening after the announcement of \$4.5 million dollars in grants<sup>21</sup> from the New Jersey Department of Labor & Workforce Development to support and expand apprenticeship programs in high-growth and non-traditional sectors in the state. This grant program announcement followed the creation of the New Jersey Apprenticeship Network by Governor Phil Murphy and his signing of an agreement with the German Chambers of Industry and Commerce to collaborate on apprenticeships.

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<sup>17</sup> *Alternative Measures of Labor Underutilization for States, 2017 Annual Averages*, BUREAU OF LABOR STAT., U.S. DEP'T OF LABOR, <https://www.bls.gov/lau/stalt17q4.htm> (last modified Jan. 26, 2018). Note that this measure (U6) includes “total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.”; *see also* JOHN H. HELDRICH CTR. FOR WORKFORCE DEV., BACK TO WORK, BUT NOT FULL TIME (2018), <http://www.heldrich.rutgers.edu/products/back-work-not-full-time>.

<sup>18</sup> UNITED WAY OF NORTHERN N.J., *supra* note 11, at 1.

<sup>19</sup> TYLER DUVAL ET AL., MCKINSEY N.J. OFFICE, MCKINSEY & CO., RESEEDING THE GARDEN STATE'S ECONOMIC GROWTH: A VISION FOR NEW JERSEY (2017), <https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Employment%20and%20Growth/Reseeding%20growth%20in%20the%20Garden%20State/Reseeding-the-Garden-States-economic-growth-A-vision-for-New-Jersey.ashx>.

<sup>20</sup> N.J. DEP'T OF LABOR & WORKFORCE DEV., NEW JERSEY: INDUSTRY AND OCCUPATIONAL EMPLOYMENT PROJECTIONS 2014-2024, [http://nj.gov/labor/lpa/employ/indoccpj/14-24\\_ind-occ\\_projections\\_sp.pdf](http://nj.gov/labor/lpa/employ/indoccpj/14-24_ind-occ_projections_sp.pdf).

<sup>21</sup> OFF. OF THE GOVERNOR, STATE OF N.J., GOVERNOR MURPHY ANNOUNCES \$4.5M IN GRANTS TO DEVELOP, GROW APPRENTICESHIPS IN HIGH-DEMAND INDUSTRIES, <https://www.state.nj.us/governor/news/news/562018/approved/20181024a.shtml> (last visited Nov. 30, 2018).



Prioritizing a statewide, lifelong learning model of apprenticeships would enable New Jersey to ensure there are sufficient middle-skill workers to meet the needs of its growing industries, where there will be the most job growth.<sup>22</sup> Apprenticeships provide incumbent workers and new entrants to the workforce with the training necessary for in-demand jobs that pay a living wage in growing career fields. Further, apprenticeships are a way to advance racial and gender equity, and to counter the displacement of current and future employees as our economy continues to undergo significant changes in what is being called the “Fourth Industrial Revolution.”<sup>23</sup>

Once this package of apprenticeship bills is enacted, coupled with Governor Murphy’s executive action, New Jersey will be a model for other states and the federal government of how to develop and implement a sustainable, statewide apprenticeship program that meets the needs of both resident jobseekers and the state’s employers, while expanding employee diversity and economic growth.

### **III. Support for A-4604 (S-3066), A-4655 (S-3063), A-4656 (S-3064), and A-4829 (S-3068) Will Expand Access to Apprenticeships and Economic Opportunity and Strengthen our Economy**

Today, this Committee can advance four of the key bills to expand apprenticeships in our state, creating more equitable employment opportunities, strengthening our business community, and growing our economy.

**A-4604/S-3066:** This bill supports the development of three adult apprenticeship pilot programs in high-growth industries in the northern, central, and southern region of the state. *(Passed by the Senate 39-0)*

**A-4655/S-3063:** This bill provides tuition fee waivers for apprenticeship courses at public colleges and universities, which eliminates the economic barrier to participating in an apprenticeship program. *(Passed by the Senate 38-0)*

**A-4656/S-3064:** This bill establishes a task force to develop a state plan to diversify apprenticeships, especially by gender, race, and disability status, through industry-specific recommendations. *(Passed by the Senate 33-1)*

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<sup>22</sup> According to the New Jersey Department of Labor & Workforce Development, most of the job growth through 2024 will be in what it terms “jobs with moderate requirements,” which are known as “middle-skill” jobs that require some education or training beyond high school, but not a college degree. N.J. DEP’T OF LABOR & WORKFORCE DEV., *supra* note 20.; BRYAN WILSON & SAPNA MEHTA, NAT’L SKILLS COALITION, WORK-BASED LEARNING POLICY: 50-STATE SCAN 2 (2017), <https://www.nationalskillscoalition.org/resources/publications/file/WBL-Learning-Policy-50-State-Scan.pdf>.

<sup>23</sup> WORLD ECON. FORUM, THE FUTURE OF JOBS: EMPLOYMENT, SKILLS AND WORKFORCE STRATEGY FOR THE FOURTH INDUSTRIAL REVOLUTION (2016), [http://www3.weforum.org/docs/WEF\\_Future\\_of\\_Jobs.pdf](http://www3.weforum.org/docs/WEF_Future_of_Jobs.pdf).

**A-4829/S-3068:** This bill establishes a peer-to-peer statewide apprenticeship mentoring program for women, minorities, and people with disabilities, who are currently under-represented in registered apprenticeship programs. (*Passed by the Senate 35-0*)

The Institute looks forward to continuing to work with this Committee, Chairman Egan, Vice-Chair Vainieri Huttel, and the Assembly Leadership; Senator M. Teresa Ruiz, who is championing these bills in the Senate, and other legislative leaders; Governor Murphy and Lieutenant Governor Shelia Oliver; Labor Commissioner Robert Asaro-Angelo, and the Department of Labor and Workforce Development on developing a truly inclusive state apprenticeship program that will be a model for other states and the federal government.