

“Social justice should be the underlying goal of all humanity.”  
-Alan V. Lowenstein, Institute Founder



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**do social justice.**

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March 25, 2020

The Honorable Paul A. Sarlo  
Chair, Senate Budget Committee  
New Jersey State Legislature  
State House Annex  
P.O. Box 068  
Trenton, NJ 08625-0068

**Re: FY2021 Budget Testimony from the NJ Institute for Social Justice – Appropriations for Apprenticeship Programs**

Dear Chairman Sarlo and Members of the Senate Budget Committee:

The New Jersey Institute for Social Justice (the “Institute”) is a legal advocacy organization that works 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.

The Institute submits this testimony requesting the following budget appropriations for apprenticeship programs:

- The Institute requests that the State fully fund the child care and transportation subsidy program for qualified apprentices as established under P.L. 2019, c. 419 as well as fully fund the adult apprenticeship program established under P.L. 2019, c. 314, which creates three regional adult pilot programs in high-growth industries, as priority workforce initiatives through the monies appropriated from the Workforce Development Partnership Fund or other labor and workforce development fund.

- The Institute further requests that the State fully fund the youth apprenticeship program established under P.L. 2019, c. 418 which focuses on creating career pathways for students underrepresented in apprenticeship programs, particularly young women and youth of color through an increased allocation from monies appropriated to support state and federally registered youth apprenticeship programs.<sup>1</sup>
- In addition, the Institute requests that the FY2021 budget include anticipated allocations for pending apprenticeship legislation that will further expand opportunities for underrepresented groups in youth apprenticeship programs appropriated from the Workforce Development Partnership Fund or another fund(s) supporting state and federally registered youth apprenticeship programs.

By fully funding these apprenticeship programs and related support services, the State will expand opportunities for underrepresented groups who face barriers in obtaining the job training necessary for positions in high-growth industries that pay a living wage and create career pathways.

### **Apprenticeship Programs**

Apprenticeship programs open access to well-paying, quality employment opportunities. They have 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. The Institute supports funding for apprenticeship and pre-apprenticeship programs that expand opportunities for groups that have often been underrepresented and typically earned lower wages as apprentices, including women and people of color.<sup>2</sup>

New Jersey, and the rest of the nation, faces profound challenges due to growing income inequality.<sup>3</sup> Although New Jersey is one of the wealthiest states in the nation,<sup>4</sup> it is also one of the highest ranking states for income inequality.<sup>5</sup> The polarization of the workforce, stagnant wages, persistent structural racial and gender inequality in employment, and the declining bargaining

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<sup>1</sup> P.L.2019, c. 418, [https://www.njleg.state.nj.us/2018/Bills/PL19/418\\_.HTM](https://www.njleg.state.nj.us/2018/Bills/PL19/418_.HTM) (effective Jan. 21, 2020)(establishes a three-year youth apprenticeship pilot program under the NJ Dept. of Educ.).

<sup>2</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* (2018), [https://d3n8a8pro7vhm.cloudfront.net/njisj/pages/211/attachments/original/1543957612/Apprenticeship\\_Report\\_2018\\_rev\\_3.pdf?1543957612](https://d3n8a8pro7vhm.cloudfront.net/njisj/pages/211/attachments/original/1543957612/Apprenticeship_Report_2018_rev_3.pdf?1543957612) (these recently enacted laws and the pending legislation were a part of a ten bill apprenticeship package—based on the policy recommendations outlined in the Institute’s report—introduced to advance job training opportunities for middle-skill positions for underrepresented groups); *see also The Apprenticeship Wage and Participation Gap*, CTR. FOR AMER. PROGRESS (2018), <https://www.americanprogress.org/issues/economy/reports/2018/07/11/453321/apprenticeship-wage-participation-gap/>.

<sup>3</sup> *How State Tax Policies Can Stop Increasing Inequality and Start Reducing It*, CTR. FOR BUDGET AND POL’Y PRIORITIES (2016), <https://www.cbpp.org/research/state-budget-and-tax/how-state-tax-policies-can-stop-increasing-inequality-and-start>.

<sup>4</sup> Casey Leins, *The 10 Wealthiest States*, U.S NEWS & WORLD REPORT, (May 16, 2019), <https://www.usnews.com/news/best-states/slideshows/10-wealthiest-states-in-america>.

<sup>5</sup> *Financial Assets & Income: Income Inequality*, PROSPERITY NOW: SCORECARD, <https://scorecard.prosperitynow.org/data-by-issue#finance/outcome/income-inequality> (last visited Mar. 24, 2020).

power of employees have driven the United States towards levels of income inequality not seen since the 1920s.<sup>6</sup> Our workforce is becoming increasingly divided between the highly-educated, specially-trained employees, who receive an increasingly greater share of income gains, and the low-paid employees,<sup>7</sup> who often work without any benefits and have little control over their schedules.<sup>8</sup>

Despite the polarization of the workforce, most jobs in the United States are middle-skill positions, which require some form of post-high school training or education, but not a college degree.<sup>9</sup> Other job options are dwindling as large companies downsize, move production internationally, and increasingly rely on contractors.<sup>10</sup>

Yet, there is a skills gap between jobseekers and employers creating a mismatch in the economy between employer needs and those looking for work.<sup>11</sup> In New Jersey, even in the recent period of low unemployment, this gap has resulted in nearly seven percent (6.8%) of people in the labor force being either unemployed or underemployed.<sup>12</sup> With new economic uncertainties relating to the coronavirus pandemic, these fragilities in the economy can only be expected to become more challenging.

Apprenticeships are a win-win for workers and businesses and an important avenue for training employees to meet labor market demands by filling the gaps between available employees and positions in the economy. Apprenticeship programs have proven to consistently deliver significant financial benefits to employees, employers, the government, and society, making them one of the

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<sup>6</sup> Alvarado, F., Atkinson, et. al., *The Top 1 Percent in International and Historical Perspective*. JOURNAL OF ECONOMIC PERSPECTIVES, 3-20 (2013), <https://eml.berkeley.edu/~saez/alvarado-atkinson-piketty-saezJEP13top1percent.pdf>; Gabriel Zucman, *Global Wealth Inequality*, ANNUAL REVIEW OF ECONOMICS, 119-20, <https://gabriel-zucman.eu/files/Zucman2019.pdf>.

<sup>7</sup> David Autor, *The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings*, CTR. FOR AMER. PROGRESS AND BROOKINGS INST., [https://www.brookings.edu/wp-content/uploads/2016/06/04\\_jobs\\_autor.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/04_jobs_autor.pdf).

<sup>8</sup> NAT'L WOMEN'S LAW CTR., THE SCHEDULES THAT WORK ACT: GIVING WORKERS THE TOOLS THEY NEED TO SUCCEED, <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/10/Schedules-that-Work-Act-Giving-Workers-the-Tools-2019-v3.pdf>; see also 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>.

<sup>9</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>10</sup> BAER, *supra* note 2, at 1; see generally David Weil, *THE FISSURED WORKPLACE: WHY WORK BECAME SO BAD FOR SO MANY AND WHAT CAN BE DONE TO IMPROVE IT* (2017).

<sup>11</sup> Elizabeth Mann Levesque, *Understanding the Skills Gap—What Employers Can Do About It*, BROOKINGS INST. (Dec. 6, 2019), <https://www.brookings.edu/research/understanding-the-skills-gap-and-what-employers-can-do-about-it/>; see also Danielle Paquette, *2018's Challenge: Too Many Jobs, Not Enough Workers*, WASH. POST (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>12</sup> BUREAU OF LABOR STAT., U.S. DEP'T OF LABOR, <https://www.bls.gov/lau/stalt.htm> (last modified Jan. 30, 2020), <https://www.bls.gov/lau/stalt.htm>. 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.”

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 reduced use of public assistance.<sup>13</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>14</sup>

In addition, 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. 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 part of an apprenticeship program receive an average of \$123,906 more throughout their career.<sup>15</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>16</sup> Yet, women and people of color face particular barriers to participating in apprenticeship programs, with women representing—in 2016—only 5.6 percent of federally-registered apprentices and women apprentices and apprentices of color concentrated in lower-paying occupations.<sup>17</sup>

Thus, *the Institute requests that newly enacted apprenticeship and pre-apprenticeship programs that expand opportunities for underrepresented groups including women and people of color are fully funded* as priority workforce initiatives through the monies appropriated from the Workforce Development Partnership Fund or other labor and workforce development appropriation.<sup>18</sup> Under the current administration, the State has invested in apprenticeship initiatives and programs, like the Growing Apprenticeships in Nontraditional Sectors (GAINS)

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<sup>13</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>; BAER, *supra* note 2.

<sup>14</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>15</sup> REED ET AL., *supra* note 13, at xvi.

<sup>16</sup> OFF. OF THE CHIEF ECONOMIST, *supra* note 14 at 2.

<sup>17</sup> BAER, *supra* note 2, at 12.

<sup>18</sup> STATE OF N.J., THE GOVERNOR’S FY2021 DETAILED BUDGET, D-234 (Mar. 2020),

<https://www.nj.gov/treasury/omb/publications/21budget/pdf/FY21GBM.pdf>. The Institute requests that the programs outlined below are included in the enumerated list of programs listed in D-234 which includes the NJ Apprenticeship Network, the CareerAccelerator Internship Program, the Workforce Development Policy and Evaluation Lab, and the NJ Career Network. The full text reads as follows: “Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amount hereinabove appropriated for Employment and Training Services, an amount not to exceed \$22,500,000 is appropriated from the Workforce Development Partnership Fund, section 9 of P.L.1992, c.43 (C.34:15D-9), for the purpose of funding the NJ Apprenticeship Network, the Career Accelerator Internship Program, the Workforce Development Policy and Evaluation Lab, the NJ Career Network, and such other priority additional workforce initiatives recommended by the Commissioner of Labor and Workforce Development, subject to the approval of the Director of the Division of Budget and Accounting.”

grant program.<sup>19</sup> However, to ensure that people of color, women, and other underrepresented groups are able to access opportunities for middle-skill positions to meet the needs of our State's growing industries, the following recently enacted apprenticeship programs and supports must also be fully funded.

First, ***the Institute requests that the State fully fund the child care and transportation subsidy program for qualified apprentices as established under P.L. 2019, c. 419.***<sup>20</sup> Research shows that the two primary barriers to program completion are lack of affordable, reliable transportation and the lack of affordable, high-quality child care.<sup>21</sup> People with low-income, women, and people of color are disproportionately impacted by these barriers which are often the reason that people from underrepresented groups leave apprenticeship programs.<sup>22</sup> Therefore, in order to retain people with low-income, women, and people of color in apprenticeship programs, the State must fully fund the Apprentice Assistance and Support Services Pilot Program established under P.L. 2019, c. 419.<sup>23</sup>

***The Institute also requests that the State fully fund the adult apprenticeship program established under P.L. 2019, c. 314 which creates three regional adult pilot programs in high-growth industries.*** The law also establishes a restricted, nonlapsing, revolving Supplemental Workforce Fund for Basic Skills in the Department of Labor and Workforce Development to be managed and invested by the State Treasurer to provide basic skills training. Fully funding the three regional pilot programs and the basics skills training will allow for an expansion of the opportunities offered by the GAINS program in three distinct high-growth industries and expand opportunities for workers and communities not currently served by the State's apprenticeship initiatives. By expanding current apprenticeship programs, this new set of pilot programs presents an important opportunity to reduce inequality in the State by expanding living wage work opportunities through apprenticeship programs in high-growth fields to communities underserved by existing programs. The success of these programs will only be possible if the State fully funds the adult apprenticeship programs established under P.L. 2019, c. 314.<sup>24</sup>

***The Institute further requests that the State fully fund the youth apprenticeship pilot program established under P.L. 2019, c. 418 which focuses on creating career pathways for students.***<sup>25</sup> The three-year pilot will help establish new opportunities for high school and college students ages 16-21 to train for skilled occupations in six districts across the State representing a diverse cross-section of locations in New Jersey.<sup>26</sup> The apprenticeship pilot program for youth will help

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<sup>19</sup> Press Release, State of N.J., *Governor Murphy Announces \$4.5M in Grants to Develop, Grow Apprenticeships in High-Demand Industries* (Oct. 24, 2018),

<https://www.state.nj.us/governor/news/news/562018/approved/20181024a.shtml>.

<sup>20</sup> P.L.2019, c. 419, [https://www.njleg.state.nj.us/2018/Bills/AL19/419\\_.PDF](https://www.njleg.state.nj.us/2018/Bills/AL19/419_.PDF) (effective April 1, 2020).

<sup>21</sup> Lindsey Wilkinson & Maura Kelly, *(Still) Building a More Diverse Workforce in the Highway Trades: 2016 Evaluation of the ODOT/BOLI Highway Construction Workforce Program*, PORTLAND STATE UNIV., 5-6 (Aug. 2016), [https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1043&context=soc\\_fac](https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1043&context=soc_fac), (“[W]e also found that many apprentices receiving services felt that services enabled them to take jobs they otherwise would not have taken and were a key to completion of their apprenticeship.”).

<sup>22</sup> *Id.*

<sup>23</sup> P.L.2019, c. 419, [https://www.njleg.state.nj.us/2018/Bills/AL19/419\\_.PDF](https://www.njleg.state.nj.us/2018/Bills/AL19/419_.PDF) (effective Jan. 21, 2020).

<sup>24</sup> P.L.2019, c. 314, [https://www.njleg.state.nj.us/2018/Bills/AL19/314\\_.PDF](https://www.njleg.state.nj.us/2018/Bills/AL19/314_.PDF) (effective April 1, 2020).

<sup>25</sup> P.L.2019, c. 418, [https://www.njleg.state.nj.us/2018/Bills/AL19/418\\_.PDF](https://www.njleg.state.nj.us/2018/Bills/AL19/418_.PDF) (effective Jan. 21, 2020).

<sup>26</sup> *Id.*

students to train for and launch successful careers through apprenticeships. These early investments in students will create positive employment outcomes for years to come and thus, we request the State fully fund the new youth apprenticeship programs established under P.L. 2019, c. 418.

***In addition, the Institute requests that the FY2021 budget include anticipated allocations for pending legislation that will further expand opportunities for underrepresented groups in youth apprenticeship programs.***

- 1) **S-688/A-3803**, which supports enhancing youth pre-apprenticeship programs offered by the Department of Workforce and Labor Development through enriched services that facilitate the successful transition of high school graduates into apprenticeships and careers and that maximize the participation of women, people of color, and people with a disability.<sup>27</sup> The bill will provide increased funding for the Youth Transitions to Work (YTTW) program, which “facilitates effective transitions to high-skill, high-wage employment in . . . apprenticeable occupations” for high school juniors and seniors<sup>28</sup> by allocating \$1 million to the YTTW from the \$34.5 million appropriated to the Workforce Development Partnership Fund for priority workforce initiatives.<sup>29</sup>
- 2) **S-689/A-3053**, which allocates \$300,000 to the New Jersey Pathways Leading Apprentices to a College Education (NJ PLACE) program from the \$34.5 million appropriated to the Workforce Development Partnership Fund.<sup>30</sup> This funding will enable participants to receive college credit for their training in apprenticeship programs to facilitate the completion of two and four-year degree programs creating better linkages between our higher education and apprenticeship programs in the State.

By allocating funds for these apprenticeship programs and related support services, the State will open access to apprenticeship opportunities for underrepresented groups facing barriers to well-paying, quality employment opportunities. This appropriation will help make New Jersey a national model for a truly inclusive apprenticeship program that fosters economic mobility; advances racial and gender equity, social justice; and strengthens our business community and economy.

Thank you for your time and consideration of this request.

Sincerely,

Jayne J. Johnson  
Senior Counsel  
New Jersey Institute for Social Justice

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<sup>27</sup> S.688, N.J. Leg. 219th Sess. (2020), [https://www.njleg.state.nj.us/2020/Bills/S1000/688\\_I1.PDF](https://www.njleg.state.nj.us/2020/Bills/S1000/688_I1.PDF).

<sup>28</sup> N.J. DEPT. OF LABOR AND WORKFORCE DEV., N.J. CAREER CONNECTIONS: YOUTH TRANSITIONS TO WORK (2019),

[https://careerconnections.nj.gov/careerconnections/plan/foryou/youth/youth\\_transitions\\_to\\_work.shtml](https://careerconnections.nj.gov/careerconnections/plan/foryou/youth/youth_transitions_to_work.shtml).

<sup>29</sup> S.688, N.J. Leg. 219th Sess. (2020), [https://www.njleg.state.nj.us/2020/Bills/S1000/688\\_I1.PDF](https://www.njleg.state.nj.us/2020/Bills/S1000/688_I1.PDF).

<sup>30</sup> S.689, N.J. Leg. 219th Sess. (2020), [https://www.njleg.state.nj.us/2020/Bills/S1000/689\\_I1.PDF](https://www.njleg.state.nj.us/2020/Bills/S1000/689_I1.PDF).