



Report of the
Labor and Workforce Development
Transition Advisory Committee

Submitted to Governor-elect Phil Murphy and Lieutenant
Governor-elect Sheila Oliver

January 1, 2018

EXECUTIVE SUMMARY

The Labor and Workforce Development Transition Advisory Committee recommends that the Governor-elect consider the following recommendations to accomplish the following two key priorities:

I. Priority: Reform workforce development and career training

- i. Launch the NJ Career Network
- ii. Integrate Technological Resources to Improve Service Delivery
- iii. Transform Unemployment Insurance (UI) into Reemployment Insurance
- iv. Expand Work-based Learning including Apprenticeship and Pre-Apprenticeship Programs
- v. Remove Barriers to Entry for English Learners and Non-Citizens

II. Priority: Advance worker protection and empowerment

- i. Raise the Minimum Wage to \$15/Hour
- ii. Ameliorate Gender Pay Equity Disparities
- iii. Improve Enforcement of Employment and Wage and Hour Laws
- iv. Curb Employee Misclassification Abuse
- v. Expand Paid Family Leave
- vi. Mitigate the Harm from Trump Federal Rule Changes
- vii. Institute Statewide Mandatory Earned Sick Leave
- viii. Prohibit Unfair Scheduling Practices
- ix. Ensure That Workers Benefit from State Contracting and Incentives
- x. Adapt to the “Gig Economy”
- xi. Establish a New Jersey Caregiver Task Force
- xii. Integrate New Jerseyans with Disabilities Into the Workforce
- xiii. Improve the Workers’ Compensation System

REPORT

I. PRIORITY: REFORMING WORKFORCE DEVELOPMENT AND CAREER TRAINING

The committee recommends that the Murphy Administration take administrative action to advance coordination, communication, and data sharing across state and county government, while also increasing accessibility by correctly aligning programs and reducing duplication. We must ensure that the agencies administering programs and services have the appropriate infrastructure and mechanics to be effective. We further recommend empowering residents by making service delivery more culturally and linguistically inclusive.

i. Recommendation: Launch the NJ Career Network

The Murphy Administration should launch a career network to provide New Jerseyans with the skills needed to secure family-sustaining jobs. This will ensure that all NJ employers have access to the skilled workers they need to remain competitive in a constantly evolving and global economy. It should establish protocols and policies to ensure transparent, efficient, and effective use of federal and state workforce development and training funding. The state should capitalize on best practices employed in other states and be guided by evidence-based programs, leveraging experiences from the New Start Career Network. The NJ Career Network should include:

- Career management and advice, with access to virtual and in-person coaching provided by a newly created NJ Coaching Corps that could include trained coaches affiliated with the One-Stop Career Centers, libraries, community colleges, nonprofits, employers, labor organizations, and community and faith-based organizations;
- Robust technology tools and user-friendly software programs and mobile apps that are available 24/7 to help job seekers navigate careers, complete online applications, optimize résumés, prepare for interviews, complete training modules (including basic digital and computer literacy), learn about and pursue entrepreneurial and gig opportunities, and practice pre-employments skills tests;
- Training for in-demand industry-recognized credentials and skills, especially to help lower skilled workers prepare for pathways to middle skills jobs, including two-generation strategies that address the economic and educational challenges of children and their parents by combining early childhood education and workforce education and training services to help low-income families, plus expanded access to community colleges with an emphasis on work-based learning models, such as career and technical education (CTE), on-the-job training, apprenticeship, integrated education and training (including options for English language learners/ESL), internships, and other learn-and-earn models; and
- Employer engagement, including efforts to better serve small and medium-sized enterprises (SMEs) and women- and minority-owned business enterprises (WMBEs), target training funds to initiatives that reflect local hiring needs and skills gaps that may be overlooked by some statewide efforts, and reward “upskill/backfill” strategies that advance current workers and create positions for unemployed job seekers.

The NJ Career Network design would be used to strengthen the services currently provided through the NJ workforce development system. The current system suffers from a lack of transparency, integration, and coordination across workforce development programs and resources. In 2011, the Christie administration created sector-based Talent Networks and in 2016, Talent Development Centers (TDCs), which were awarded \$8.4 million in late October 2017.

The mission of these entities has changed multiple times, with no clear evidence of their effectiveness in increasing the skills of New Jerseyans or addressing the needs of employers. The Murphy Administration should conduct a review of all workforce development programs and funding. It should expand those that have evidence of success and a positive return on investment, eliminate those that are not effective, and create new one to fill gaps in needed areas.

The Administration should take administrative actions, and if necessary reallocate and re-prioritize funding and resources to support the public workforce system. The creation of a Governor's Jobs and Economic Opportunity Council with policy leadership from the Governor's Office will provide a basis for revamping the public workforce system and coordinating efforts of the relevant departments and agencies.

In addition, to better inform future policy making and review the impact of programs, support for the NJ Education to Earnings Data System (NJEEDS), a longitudinal data system housing state education, postsecondary education, employment, and workforce data, should be increased.

ii. Recommendation: Integrate technological resources to improve service delivery

Timely access to data and integration of IT systems is essential for making informed decisions on key economic and workforce development issues. The Murphy Administration should assess the current IT infrastructure/ecosystem supporting the workforce development system and make the necessary investments to deploy technology in new ways to create a system that has the functionality to connect with each other to better deploy resources to support citizens and businesses.

When a job seeker faces a barrier to employment, such as low literacy, transportation, or child care, it would be beneficial to seamlessly connect them to services such as SNAP, TANF, Medicaid, WIC, rental assistance, child care assistance, and subsidized transportation. This committee urges the Murphy Administration to prioritize the establishment of a new integrated workforce development IT solution that meets all the new federal mandates of WIOA, as well as the goals of increasing staff efficiency and improving customer experience across WIOA programs and Unemployment Insurance (UI) benefits. Modernizing our workforce system would enable seamless referral and enrollment into other public programs that could help jobseekers achieve positive outcomes.

The system should be designed as a Common Intake, Referral, and Reporting System. It should allow the UI and WIOA agency partners to consistently capture and manage intake data, combine that data for reporting, and produce accurate reports that include all data elements required under UI, WIOA, and other federal and state regulations. The system should also allow for the sending of notifications via the internal message system, email, postal mail, text message, or social media. It should operate 24/7, and allow residents to apply online or with staff assistance.

These improvements to how New Jersey's various workforce development and social assistance programs interact will represent costs at the outset, and likely represent only a portion of the work that needs to be done in order to bring New Jersey's government IT infrastructure into the 21st century. There will be upfront costs occasioned by this necessary investment, and the state should consider all options at its disposal in finding ways to finance them, including entering into partnerships with the tech sector. In the long run, however, these improvements will generate positive career outcomes that will translate into economic gains for the state and its citizens.

iii. Recommendation: Transform Unemployment Insurance (UI) into reemployment insurance

According to the BLS, New Jersey’s rate of long-term unemployment—unemployment lasting six months or longer—stood at 32.4 percent for 2016, well above the national average of 25.9 percent. Long-term unemployment can be devastating to individuals, their families, and their communities, affecting not only their financial well-being but their physical and mental health as well. Employers are often reluctant to hire job seekers with long gaps in their work history, making their return to work especially difficult. This becomes more difficult for long-term unemployed job seekers who are older, low-skilled, minorities, individuals with disabilities, and returning citizens. Research has proven that the best way to help job seekers avoid the trap of long-term unemployment is by preventing it in the first place through early intervention and robust job search assistance.

In addition to developing an integrated IT system, to better serve unemployed workers—and to reduce UI duration and costs to the UI Trust Fund—New Jersey should modernize UI to make it the first step in an active reemployment process. This process would start with an in-person or virtual session with a reemployment coach (*see the NJ Career Network above*) at the time of the job seeker’s first contact with the UI system. Reemployment coaches would be available through a newly created NJ Coaching Corps that includes trained coaches affiliated with the One-Stop Career Centers, public libraries, community colleges, nonprofits, employers, labor organizations, and community and faith-based organizations. Assessments should be used to help identify those individuals who are most likely to need training to return to work as well as those who are most likely to exhaust UI before they have a new job. Each job seeker should develop an individualized reemployment action plan. Bimonthly follow up sessions with a coach that trigger additional active labor market supports over time, combined with access to robust technology tools, will ensure that individuals are making progress in their job search. Professional development and cross-training opportunities for public workforce system staff should be enhanced to ensure they are well prepared to help those need assistance.

The Murphy Administration should explore expanding reemployment assistance to job seekers who are currently not covered by UI benefits, including those who are engaged in self-employment or in gig employment (such as drivers for Uber or Lyft). This could be part of a longer-term effort to introduce portable benefits for these workers.

DLWD should also undertake to raise employer awareness of the state’s work sharing program, which can provide employers with an alternative to layoffs by temporarily reducing employees’ time on the job and providing them partial UI benefits to offset lost wages. LWD should also promote Self-Employment Assistance for UI recipients who are interested in entrepreneurship.

The administration should also ensure that funds from the Workforce Development Partnership Program (WDPP) that are intended to assist long-term, chronically unemployed workers be spent on that purpose rather than for other activities that have little to do with legislative intent.

UI modernization can be accomplished primarily through administrative action and existing agency authority. Funding would be available through the reallocation of existing resources.

iv. Recommendation: Expand work-based learning including apprenticeship and pre-apprenticeship programs

Registered apprenticeship programs today offer access to some 1,000 different career areas. For workers, apprenticeship is an “earn while you learn” and for employers, apprenticeship is a tool to help create predictability in a volatile labor market. Given the growing number of middle skills

jobs in New Jersey that require some education and training beyond high school, New Jersey should expand support for registered apprenticeships.

New Jersey should expand the range of recognized, apprenticeable occupations, including white collar occupations such as insurance, pharmacy, IT, human resources, health care, STEM occupations, and others. To do this, New Jersey will need to develop programs to incentivize employers to invest in new apprenticeships, such as through tax incentives or grants. The state should also provide technical assistance to help new employers understand the process of getting apprenticeships registered, and to help groups of smaller employers band together to support apprenticeship programs they might not pursue on their own.

Additionally, the state should expand efforts to promote career and technical education (CTE) and apprenticeships as viable postsecondary pathways to parents, middle and high school students, and guidance counselors. The NJ Career Assistance Navigator (NJCAN), a free online resource providing career and college guidance, should be reviewed to ensure it promotes work-based learning opportunities alongside college degrees.

Expanding systemic opportunities for apprentices to receive college credit and work toward degrees will also increase its attractiveness. This could be done by reconfiguring NJ PLACE (Pathways Leading Apprentices to a College Education), originally designed to help individuals participating in apprenticeship programs primarily in the building trades receive college credits that could be applied to associate degrees. A review of models to expand opportunities for apprenticeships to result in college credit should be undertaken.

To increase the pipeline of would-be apprentices, New Jersey should expand pre-apprenticeship opportunities for those who may need additional basic skills before they can become successful apprentices. Emphasis should further be placed on making opportunities available to women and minorities who may have been underrepresented in traditional apprenticeships, including by creating incentives for recruitment from those demographic categories. New Jersey should also look for opportunities to develop apprenticeships targeted to mid-career and older long-term unemployed workers, including helping them receive credit for prior learning and experience.

The incoming Administration can begin to expand apprenticeship opportunities through executive order and administrative actions. Funding can come from redirecting Workforce Development Partnership Program (WDPP) funds, developing strategies to integrate apprenticeships more fully into the state's workforce development programs, and making state tuition assistance available.

v. Recommendation: Remove barriers to entry for English learners and non-citizens

This committee recommends that the Murphy Administration identify and remove unnecessary barriers to entry for workers for whom English is not their native language. For example, integrated ESL materials and workforce training should be developed and established as a norm in all program development and design. Furthermore, greater efforts should be made to translate applications and materials into foreign languages, and applicants should not have to specify citizenship status nor country of origin on official forms unless strictly required for programmatic purposes.

II. PRIORITY: WORKER PROTECTION AND EMPOWERMENT

This committee recommends that the Murphy Administration take administrative actions to provide hands-on assistance to nonprofits, promote provider agency sustainability under the fee-for-service model, and increase economic opportunities for direct support professionals.

i. Recommendation: Raise the minimum wage to \$15/hour

An increase in the minimum wage to \$15 per hour will restore the value of the minimum wage to its past levels, as inflation has eroded its value and help to keep pace with increasing costs of living in New Jersey.

Raising the minimum wage in New Jersey would mean that 1 in 4 workers (about 975,000 workers) would receive a pay increase. Over a quarter of those individuals are parents. Twenty-one percent of New Jersey children—more than 400,000 kids—have at least one parent who would benefit from increasing the minimum wage to \$15 an hour. New Jersey’s minimum wage-earning population is tremendously varied: 61 percent work full time; 53 percent are women; 47 percent attended or graduated from college; just 17 percent have less than a high school diploma. 49 percent are white; 29 percent are Latino; 14 percent are black. 892,000 are at least 20 years old; only 84,000 of these workers are teenagers. Many of our young minimum wage earners are working their way through school.

Raising the minimum wage creates the potential for a massive economic stimulus when these workers purchase goods, retain their homes, and care for their families. Given that New Jersey’s low-wage workforce is older, more diverse, and more educated than ever before, it is critical that any increase in the minimum wage apply to all New Jersey workers.

The minimum wage was also discussed in the Agriculture Transition Advisory Committee. Many members in that committee expressed their support for training and youth wages, specifically for those working in the agricultural sector.

ii. Recommendation: Ameliorate gender pay equity disparities

This committee recommends that the Murphy Administration take swift executive action to assess wage disparities in the state workforce and take steps to remedy gender-based pay equity in the state workforce and in public contracting. The Administration should also recommend legislative action to remedy past and ongoing pay disparities in the private sector by expanding legal remedies for such relief.

As of April 2017, the median annual pay for a woman holding a full-time, year-round job in New Jersey was \$50,373 while median annual pay for a man holding the same job was \$61,462. This means that women in New Jersey are paid 82 cents for every dollar that men are paid. This disparity can be even greater for women of color; black women are paid 58 cents and Latinas are paid 43 cents compared to the dollar white men are paid. New Jersey women who are employed full time lose a combined total of more than \$32.5 billion every year due to the wage gap. Additionally, more than 417,000 New Jersey households are headed by women; about 23% of those families have incomes that fall below the poverty level.

Administrative Action

We recommend that Governor Murphy order each State department and independent authority to undertake an internal gender pay equity review to assess the extent of the disparities in compensation between similarly-situated male and female employees.

He should create a Pay Equity Task Force to examine the results of all the audits conducted, and within a period of six months, issue recommendations on how the State can remedy any gender wage gap found in its workforce.

By executive order, the Governor-elect should require that all State procurement include a requirement that contractors, subcontractors, and grantees receiving State funds certify that their employment practices do not result in gender-based wage disparities. These entities should be required to report earnings data for employees by sex, race, ethnicity and job category.

The Pay Equity Task Force would be further tasked with providing recommendations on how best to assess and monitor the pay equity practices of State contractors and grantees on an ongoing basis.

These issues can also be addressed through education and other policy initiatives discussed below. This includes educating girls and young women about employment opportunities in high-paying fields, expanding access to child-care and pre-K, and training DWLD employees to respond to wage-discrimination claims.

Legislative Action

This administration should propose legislation to strengthen protections against employment discrimination and promote equal pay for women by updating the NJ Law Against Discrimination (LAD). It should be unlawful for an employer to discriminate between employees on the basis of sex by paying a lower rate of compensation, including benefits, to employees of one sex for substantially similar work—when viewed as a composite of skill, effort, and responsibility. This legislation must further provide that an unlawful practice occurs *each* occasion that compensation is paid in furtherance of that discriminatory practice. In effect, each instance of a violation under the statute would therefore restart the applicable statute of limitations. Liability would accrue and a claimant may obtain relief for back pay for the entire period of time in which the violation has been continuous, if violations continue to occur within the statute of limitations.

Support legislation requiring DLWD to survey pay data already available and require employers to submit pay data identified by the race, sex, and national origin of employees. These data will enhance DLWD's ability to detect violations of law and improve its enforcement of the laws against pay discrimination.

Support legislation banning or limiting the practice of requiring information about a prospective employee's salary history, and banning retaliating against employees that seek to find out whether they have been the subject of wage discrimination.

iii. Recommendation: Improve enforcement of employment and wage and hour laws

This committee has identified the enhancement of DLWD's enforcement of numerous employment and wage and hour laws and regulations as an area in need of immediate administrative action by the Murphy administration. The Department of Labor and Workforce

Development is tasked with enforcing wage and hour statutes and regulations (policing wage theft, ensuring that employers pay employees the minimum wage, overtime rules), prevailing wage rates, and matters such as the classification of workers as employees or contractors. All of these affect the health of the state's workforce, as the extent to which they are enforced determines the employment climate in New Jersey, particularly for lower-wage and lower-skill workers. Wage and hour enforcement is vital to ensuring that our most economically vulnerable workers are being treated fairly by their employers; workers being paid fairly for their labor also helps support our local economies.

The Christie Administration has de-emphasized this type of enforcement. State budget documents reveal that the Division of Labor Standards and Safety Enforcement, tasked with enforcement of wage and hour laws and prevailing wage laws, has seen dramatic cuts, with staffing levels falling from 222 in 2005 to 169 in 2017. According to data provided to the Legislature, between 2005 and 2016, the number of field representatives for prevailing wage enforcement has decreased from 20 to 14; the number of inspections has decreased from 1,575 to 472; the number of cases has decreased from 1,383 to 387; and the amount of penalties has decreased from a high of \$1.199 million in 2006 to \$389,945 in 2016. These reduced enforcement numbers do not simply illustrate the number of cases of underpayment of wages that is going unregistered; they also represent uncollected financial resources in the form of fines and penalties that could go toward supporting DLWD's enforcement mission.

This committee therefore recommends that the Murphy Administration take the following actions regarding enforcement resources at DLWD:

Administrative Action

Increase staffing levels at the Division of Labor Standards and Safety Enforcement in order to increase the number of staff and field representatives investigating wage and hour and prevailing wage violations. This would result in a greater number of complaints received, enforcement penalties, enforcement fees, number of employees helped, and amount of back wages collected. Any staffing increase should be accompanied by a review of divisional training procedures and the development of effective software tools to ensure that current and future employees are fully capable of carrying out their enforcement duties.

Departmental enforcement policies should further be updated to make it DLWD standard practice to perform broad cross-agency investigations of an employer's practices when individual claims of violations indicate that there may be broader abuses.

The Christie Administration has moved away from the practice of having Deputy Attorneys General (DAGs) detailed to DLWD full-time for enforcement purposes, opting instead to rotate in DAGs on an as-needed basis. The Murphy Administration should bolster enforcement efforts by assigning full-time DAGs at DLWD for enforcement.

Substantial resources should be devoted to promoting education about wage and hour laws and workplace standards. The state should partner with non-profits and community organizations to educate in particular those segments of the workforce most likely to be unaware of their rights or to be afraid to publicly assert them.

Finally, under the current Administration, DLWD has relied on intermittent workers in undertaking its mission. The Murphy Administration should ensure that this work is done through a merit and fitness system by full-time state employees.

Legislative Action

Enhanced enforcement should be accompanied by changes in policy that act as an effective deterrent against worker abuse. This committee recommends that the Murphy Administration pursue legislative changes enhancing criminal sanctions on employers that commit wage theft or that systematically fail to pay the minimum wage or the prevailing wage. This legislation should allow affected workers to obtain back wages owed to them, as well as liquidated damages. This legislation should include provisions ensuring that affected workers are protected from retaliation for pursuing the remedies available to them. Finally, the legislation should specify that DLWD should be able to recommend and apply additional sanctions, such as license suspensions and stop-work orders, to employers that violate these laws. The law should be updated to ensure that malfeasors cannot avoid sanctions through simple corporate restructuring by maintaining a database of bad corporate actors and their individual officers.

Any staffing increase in these areas will likely be revenue neutral or fiscally net positive since increased enforcement should result in collection of additional revenue from fines and penalties.

iv. Recommendation: Curb employee misclassification abuse

The practice of misclassifying workers as independent contractors rather than as workers harms both workers and taxpayers. An “employee” receives unemployment compensation, family leave, paid vacations, health insurance, disability, and other benefits that increase operating expenditures, but “independent contractors” do not. Businesses can avoid significant state and federal obligations by retaining and classifying independent contractors as such. Moreover, they can write off funds paid to independent contractors as a business expense, rather than include them as taxable wages. When employee worker misclassification occurs, workers are cheated out of the wages and benefits that they are rightfully owed, and the government misses out on its fair share of employee-related income, such as unemployment, disability, and Social Security taxes, and workers’ compensation premiums. According to the New Jersey Business and Industry Association, an estimated \$535 million in taxes go unreported annually due to misclassification. DLWD randomly audits roughly 2% of the state’s 230,000 employers to ensure that unemployment and disability insurance payments are properly remitted for workers.

Recent New Jersey Supreme Court precedent and guidance out of the federal Department of Labor have clarified the factors to be examined in determining a worker’s status. In light of this shifting landscape, this committee recommends that the Murphy Administration empanel a new task force to conduct a broad overview of the state’s current misclassification statutes, regulations, and enforcement, and to provide recommendations on how best to update the state’s regulatory framework to reflect new realities and changes in federal regulations.

v. Recommendation: Expand paid family leave

This committee recommends that the Murphy Administration enact legislation to make New Jersey’s paid family leave program truly accessible to working families by increasing the program’s income replacement, expanding the number of family members that program participants could care for under it, allowing for more flexibility in taking the leave time, and protecting program participants’ jobs. Access to paid family leave protects workers and their families, helps businesses, boosts the economy, and is tied to positive long-term economic outcomes for adults and positive long-term health outcomes for families. NJ’s Family Leave

Insurance (FLI) program provides workers with a percentage of their full pay for up to six weeks to care for a sick relative or bond with a new baby or adopted child.

However, participation in FLI is out of reach for many New Jerseyans due to low wage replacement rates. Under the program, two-thirds of a worker's weekly salary is replaced, up to the current cap of \$633 per week. This maximum reimbursement is equivalent to a salary of \$32,000 a year, which is about the same as New Jersey's true poverty standard (200 percent of the federal poverty level) for a two person family (\$32,040). For many NJ families, taking that kind of financial hit is simply not possible. It is particularly unfair that lower-income families cannot take advantage of the program, since many of them pay into it: the program is fully funded by employees through a modest payroll tax deduction (currently capped at an annual, per-worker max of \$33.50), which is adjusted annually based on projected program expenditures.

From 2009 to 2015, more than 200,000 FLI claims were approved, paying out over \$507 million in benefits. Eighty-one percent of the claims paid out have been for bonding with a new child and 18% have been used to care for an ill family member. New Jersey women have used paid family leave far more than men, making up 86% of all eligible claims. On average, only about 12% of eligible new parents (about 31,000 New Jerseyans) have used paid family leave each year. The usage rate for new parents has been mostly flat, rising to just 13% in 2014 from 11% in 2010, and is lower than other states with programs, such as California (17%).

There is also a skewed gender participation rate for the program. Few men take paid family leave in New Jersey, particularly for bonding with a child. Men account for just 12% of paid out claims to care for a new child, likely due to the low wage replacement rate. With NJ men earning \$12,000 a year more on average than women, many working men stand to lose larger chunks of their take-home pay by taking leave. Men in California and Rhode Island use paid family leave at significantly higher rates than men in New Jersey, making up over 30 percent of all claims in those states. Well-compensated, gender-neutral, and readily accessible paid family leave can have an equalizing effect between men and women. Since men and women are equally eligible to apply for FLI, it can help reduce disparities between salaries, workplace promotions and childcare duties.

Therefore, this committee recommends that the Murphy Administration prioritize enacting legislation modernizing the FLI program and its IT infrastructure to make the program more affordable to more families by providing a higher rate of wage replacement, lengthening leave periods from 6 to 12 weeks, and expanding the availability of intermittent leave, thereby adding flexibility that better reflects the changing nature of the modern workforce and family obligations. The program's parameters should be expanded to capture a more realistic conception of who qualifies as family, including providing mechanisms to allow for the care of "chosen family." Family leave legislation should also include expanded job protection and anti-retaliation provisions for program participants. To make the program work for broader swaths of the workforce, the legislation should allow self-employed individuals to buy into the program through quarterly contributions. The legislation should also address administrative changes that simplify the program's application process and increase the speed at which applications are processed and benefits disbursed, including the processing of applications prior to the start of scheduled leave. Finally, substantial resources should be devoted to publicize the program, as many New Jerseyans are unaware of the program's existence and benefits.

The benefits and costs of the FLI program are funded entirely through an additional assessment on workers' wages subject to TDI taxes, which is adjusted automatically based on a forecast of what program expenditures will be. In 2016, the gross FLI benefits paid to claimants totaled

\$88.7 million. The actual maximum FLI tax paid by an employee in 2017 was \$34. Any increased FLI benefit payments, along with the associated administrative costs, resulting from the bill will be funded through these employee taxes and not through any assessment on employers. This committee recommends that the program's funding formula be made more progressive to accommodate an expansion without unduly burdening lower income workers.

vi. Recommendation: Mitigate the harm from Trump federal rule changes

This committee recommends that the Murphy Administration remain vigilant to the regulatory actions taking place at the federal level and to take action in New Jersey to mitigate any negative impact they would have. While the Trump Administration has not had tremendous success in using the legislative process to pursue its regressive policies, it has been much more adept at rolling back worker protections achieved through the regulatory process.

For example, under the Obama Administration, the Department of Labor adopted rules that would have expanded overtime wage protections to millions of Americans by setting a realistic wage threshold under which employers could not claim an employee to hold a supervisory position that would exempt them from overtime requirement. It would have extended overtime protections to over 410,000 NJ workers, resulting in higher wages for the employees and increased tax revenues for the state. This committee recommends that the Murphy Administration adopt regulations setting the standard salary level at the 40th percentile of earnings of full-time salaried workers in the Northeast.

The Obama-era DOL also adopted a rule that limited the practice of tip pooling, whereby the tips paid to employees could be collected by the employer and redistributed among both the customer-facing and non-customer-facing employees. Trump's DOL is seeking to replace it with a rule that would not just allow employers to pool tips, but would not even require the pooled tips to be paid out to employees at all. This committee recommends that, at a minimum, the Murphy Administration adopt rules that specify that tips are the property of the employee, not the employer, and that guarantee that tips collected be paid out to employees instead of being kept by an employer. The Administration should also consider doing away with the concept of a separate tipped worker minimum wage.

vii. Recommendation: Institute statewide mandatory earned sick leave

Over one million New Jersey workers do not have earned sick time, an essential benefit that would strengthen the economic security of our workers, improve productivity, and protect public health. Economic security for our workforce means ensuring that workers do not have to worry about losing their job if they cannot report to work due to an illness. In New Jersey, Latinos, lower-education, and lower-earning workers are particularly likely to lack access to paid sick days. Food workers are also unlikely to have paid sick days, constituting a public health risk.

In the absence of state-level action in this area, thirteen of New Jersey's most populous municipalities have enacted municipal sick leave ordinances. These ordinances require private employers to provide different accruable amounts of paid sick leave to all employees who work over 80 hours a year.

This committee recommends that the Murphy Administration support legislation requiring that employers provide annual paid sick leave, with potential adjustments for smaller firms. Sick leave can be used for an employee's own illness or condition or to care for a family member. The

statewide legislation should serve as a floor, establishing a minimum level of accruable sick leave benefits.

viii. Recommendation: Prohibit unfair scheduling practices

Significant segments of our state’s workforce work at jobs with varying shifts. Many New Jerseyans work multiple jobs, juggling shifts in order to make ends meet. When an employer creates irregular work schedules—assigning shifts without sufficient lead time for workers to arrange their schedules, cancelling shifts at the last minute, or scheduling consecutive shifts without enough time in between them—workers, particularly those with families, can struggle to maintain stable child care, pursue their education, or get vital medical care. This committee recommends that the Murphy administration pursue legislation that sets minimum standards for fair scheduling practices for our state workforce.

ix. Recommendation: Ensure that workers benefit from State contracting and incentives

This committee recommends that the Murphy Administration ensure that when taxpayer dollars are expended to further state interests or to incentivize private sector economic development efforts, every effort is made to ensure that the economic benefits are shared by the workers employed as a result of those projects. We recommend that the state include Responsible Contractor language in state procurement, and that the state revise its business incentive programs to require that construction and building services workers working on or employed in facilities funded by them are paid the prevailing wage rate.

The incoming Administration should ensure that it only contracts with contractors with a record of complying with federal, state, and local requirements for the determination of workplace wages, hours and conditions, including prevailing wages, safety, and workers’ compensation. This would ensure that state dollars do not subsidize employers known to abuse their workers.

Wage requirements also need to be strengthened for recipients of state grants. The New Jersey Prevailing Wage Act establishes a prevailing wage level for workers engaged in public works in order to safeguard the workers’ efficiency and general well-being, and to protect them as well as their employers from the effects of serious and unfair competition resulting from wage levels that are detrimental to the well-being of all concerned. In 2006, New Jersey began requiring that building services workers employed in properties owned or leased by the state be paid the prevailing wage. Some of the state’s business incentive programs require that construction work on projects they fund be performed by workers paid at the prevailing wage rate, but this requirement is not uniform across all the incentive programs.

In recent years, New Jersey has dramatically expanded its use of economic development grants and tax incentives to spur economic development. An integral part of any economic development program should be that the jobs that it creates pay fair and competitive wages, making it a logical step to recommend that any revisions to the state’s economic incentive programs feature a requirement that construction and building services workers working on or employed at facilities funded by the programs be paid at prevailing wage rates set through collective bargaining.

x. Recommendation: Adapt to the “gig economy”

This committee recognizes that our economy and our workforce are rapidly evolving in the face of technological innovations. These changes have increasingly led to workers relying more and more on intermittent and temporary employment, rather than in a traditional employer/employee

relationship, as a means of earning a living. This has created a category of independent workers, or “online gig workers,” that provide services on behalf of a business, or “intermediary,” to customers to whom they are matched through online technology and apps. In some ways independent workers resemble traditional employees, and in other ways they are similar to independent contractors. It is worth considering what measures, such as the creation of portable benefits packages, access to tax withholding, or obtaining workers’ compensation insurance, can be undertaken to help provide economic stability to this emerging segment of the workforce.

This committee recommends that the Murphy Administration empanel a task force to examine the ongoing changes to the workforce that are the result of technologies that connect consumers to services through digital applications and result in short-term work for providers, and recommend statutory, administrative, and regulatory changes that the state should adopt to better serve this growing segment of the workforce.

xi. Recommendation: Establish a New Jersey Caregiver Task Force

An estimated 1.75 million New Jerseyans provide varying degrees of unreimbursed care to persons who are elderly or disabled and limited in their daily activities. For more detail on empaneling a caregiver task force to assess how to improve and expand caregiver support service programs and systems, see the Human and Children Services transition report.

xii. Recommendation: Integrate New Jerseyans with disabilities into the workforce

Federal and state law allows businesses to obtain waivers to employ certain workers with disabilities at pay rates below the minimum wage for the purpose of helping to integrate those individuals into the workforce. In order to comply with the Americans with Disabilities Act (ADA), New Jersey law requires that community rehabilitation programs (CRPs) place a percentage of their clients in competitive integrated employment each year. A 2017 report issued by the State Auditor found that as of last year, 40 percent of the individuals enrolled in CRPs had been there for more than ten years, and that the Division of Vocational Rehabilitation Services in DLWD, which oversees them, lacks a meaningful or financial incentive to encourage the movement of clients from a CRP to a competitive integrated employment setting. The division’s current contracts with CRPs require only 10% of clients served to move into competitive integrated employment every year. Low success levels like those in the State Auditor’s report have led the Department of Justice to bring actions against Oregon and Rhode Island for violating the ADA. This committee recommends that the Murphy Administration immediately address the procurement process for CRP contracts in order to ensure that New Jersey’s rate of placing individuals into competitive integrated employment does not run afoul of federal requirements and also adequately serves the needs of the segment of our disabled workforce that is able to work.

xiii. Recommendation: Improve the Workers’ Compensation system

New Jersey’s Workers’ Compensation system is an integral part of ensuring that our workforce is adequately protected in cases of temporary and long-term work-related injuries. This committee recommends that the new Administration place a focus on making the system work more efficiently by appointing an appropriate number of highly-qualified Workers’ Compensation judges who can ensure workers receive fair and timely benefits. Rigorous criteria requiring familiarity with the system and trial experience should be adopted. This Administration should also explore reforms to the system aimed at making cases move more efficiently, including the uniform application across courts of scheduling rules, and striving to reduce postponements and

delays. In addition, New Jersey should explore “stay at work/return to work” strategies that have been shown to help increase the odds of injured employees returning to employment.

Co-Chairs:

Kevin Brown
Lizette Delgado
Maria Heidkamp
Greg Lalevee
Dr. James H. Moore, Jr.
Hetty Rosenstein
Nelida Valentin

Deputy Policy Director:

Francisco Maldonado

Committee Members:

Jim Appleton; Robert Asaro-Angelo; Reverend Steffie Bartley; Amina Bey; Dennis Bone; Wesley Bridges; Bryan Bush; Sue Cleary; Michael Cranston; Marilyn Davis; Tom DeBartolo; Debra DiLorenzo; Joe DeMark; Vinny DeVito; John Duthie; Chris Estevez; June Forrest; Dr. Mary Gatta; Vince Giblin; Dan Gumble; Ayesha Hamilton; Lynne P. Kramer; Vinny Lane; Kendra Lee; Reverend Eric McCoy; Tennille McCoy; Bob McDevitt; Tammy Molinelli; Bill Mullen; Al Rispoli; Paulette Sibblies-Flagg; Chris Slevin; Tiffany Smith; William Sproule; Anna Maria Tejada; Rich Tolson; Karen White; Melanie Willoughby; Charlie Wowkanech.

The Governor, Lieutenant Governor, and the entire senior transition team staff greatly appreciate the immense amount of work, participation and expertise that all our co-chairs, committee members and deputy directors who staffed each committee provided since the transition began in November. This hard work and positive energy about how New Jersey can once again become a national leader has resulted in a robust set of recommended priorities and actions for the incoming administration to consider. As with any collaborative endeavor, many recommendations and opinions were expressed and debated during the committee meetings and the drafting of the reports by co-chairs, committee members, and Deputy Directors. The final reports may contain recommendations that do not reflect the concurrence of all co-chairs or committee members, nor of the organizations they represent. These reports are purely advisory and do not reflect the positions of the Governor-Elect or any other elected official.