

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 659

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 6, 2022

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 659.

As amended, this bill requires various State entities to promote manufacturing career pathways for students and provides assistance to the manufacturing industry.

Under the bill, the Commissioner of Labor and Workforce Development, in consultation with the Secretary of Higher Education, Commissioner of Education, the New Jersey Council of County Colleges, the New Jersey Council of County Vocational Schools, and representatives of the business community, will promote and support the implementation of the manufacturing career pathway offered through the New Jersey Pathways to Career Opportunities Initiative operated by the New Jersey Community College Consortium for Workforce Development to provide students interested in pursuing a career in manufacturing with the instruction and skills necessary to gain employment in the manufacturing or advanced manufacturing sectors. The manufacturing career pathway will include traditional and advanced manufacturing processes and methods of production including, but not limited to, the machinery, technology, tools, and equipment used in a wide range of manufacturing industries.

The bill establishes a “Higher Education Manufacturing Grant Program,” to be administered by a three-person commission which will include the Secretary of Higher Education, a representative of the New Jersey Manufacturing Extension Program, and a representative of the New Jersey Community College Consortium for Workforce and Economic Development. The commission will annually award \$10 million to New Jersey institutions of higher education, proprietary institutions, and county vocational school districts for the purpose of establishing or expanding programs in the manufacturing fields, and marketing and promoting current programs in the manufacturing fields.

Under the bill, the Secretary of State, in consultation with the Commissioner of Labor and Workforce Development, will designate an existing or newly hired employee of the Business Action Center in the Department of State to act as a liaison between

the State and manufacturing businesses located in this State. The duties of the liaison will be to assist manufacturing businesses by:

- advertising manufacturing businesses' products or services nationally and internationally through the Business Action Center;
- establishing a business referral service where manufacturing businesses may be referred to other State, federal, or private business resource organizations; and
- identifying and promoting opportunities throughout the State for postsecondary pathway programs to actively reskill and upskill the current workforce to better meet the needs of manufacturing fields.

The Secretary of State is to work with State departments, agencies, boards, commissions, and authorities to direct resources, create incentives, and provide technological, financial, and workforce development opportunities for manufacturing businesses.

The bill also establishes in the New Jersey State Employment and Training Commission, the New Jersey Advanced Manufacturing Council. The council will consist of 11 members who are individuals with experience in the fields of labor, education, or workforce development or training. The bill directs the council to:

- convene and enable industry-led, private-public partnerships focused on engaging New Jersey institutions of higher education in manufacturing innovation;
- design and implement an advanced manufacturing initiative to facilitate collaboration and information sharing across State departments and agencies;
- assist private companies to enhance technological transfer in New Jersey manufacturing industries to help companies overcome technical obstacles to scaling up production of new technologies; and
- submit an annual report to the Governor, to the Legislature, and to the State Employment and Training Commission, of its assessments and recommendations to enhance State policy related to the advanced manufacturing industry in New Jersey.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amendments remove several provisions concerning: the establishment of the New Jersey STEM Entrepreneur Fellowship Program in county colleges and four-year institutions of higher education; the establishment of a State-recognized list of industry-recognized credentials in the advanced manufacturing field to

assist certain educational institutions and the workforce development system; and the New Jersey Economic Development Authority designating an institution of higher education or other entity as a manufacturing and production business resource center.

The committee amendments provide that the Commissioner of Education, rather than the Secretary of Higher Education, in consultation with various entities, will promote and support the implementation of the manufacturing career pathway offered through the New Jersey Pathways to Career Opportunities Initiative operated by the New Jersey Community College Consortium for Workforce Development.

The committee amendments provide that the \$10 million awarded annually under the “Higher Education Manufacturing Grant Program,” as established by the bill, may be used for the purposes of marketing and promoting current programs in the manufacturing fields, in addition to establishing or expanding programs in the manufacturing fields. The committee amendments stipulate that, under the grant program, a grant application from a county college or county vocational school district is required to include a description of how the applicant would integrate their program into existing workforce development programs, including the manufacturing program within the New Jersey Pathways to Career Opportunities Initiative operated by the New Jersey Community College Consortium for Workforce and Economic Development.

The committee amendments provide that the duties of the person designated by the Secretary of State to be a liaison between the State and manufacturing businesses will include identifying and promoting opportunities throughout the State for postsecondary pathway programs to actively reskill and upskill the current workforce to better meet the needs of manufacturing fields.

Finally, the committee amendments provide that of the 11 members appointed to the New Jersey Advanced Manufacturing Council, established by the bill, two members will be the co-chairs of the Legislative Manufacturing Caucus as ex officio members of the council.

FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that this bill will increase annual State expenditures across several State agencies in order to implement the various requirements of the bill that aim to promote manufacturing-oriented education and the manufacturing industry at-large. In total, the OLS estimates State costs of approximately \$10.4 million in the first year of implementation. State costs thereafter would be at least \$10 million due to the bill’s establishment of the Higher Education Manufacturing Grant Program. The bill requires that \$10 million be annually awarded under the Higher Education Manufacturing Grant Program to county colleges,

four-year institutions of higher education, proprietary institutions, and county vocational school districts for the purposes of establishing or expanding programs in the manufacturing fields.

The State may also incur annual cost increases in the event that the Business Action Center within the Department of State hires a new employee to be a liaison between the State and manufacturing businesses located in the State. Assuming that a newly hired employee would receive an annual salary of \$75,000 for this role, then annual costs would approximate \$115,050 when factoring in the State's current fringe benefit rate.

Several other measures in the bill aimed at the promotion of manufacturing in the State could result in indeterminate State expenditure increases, the magnitude of which will be dependent on resource allocation and implementation decisions of various agencies.