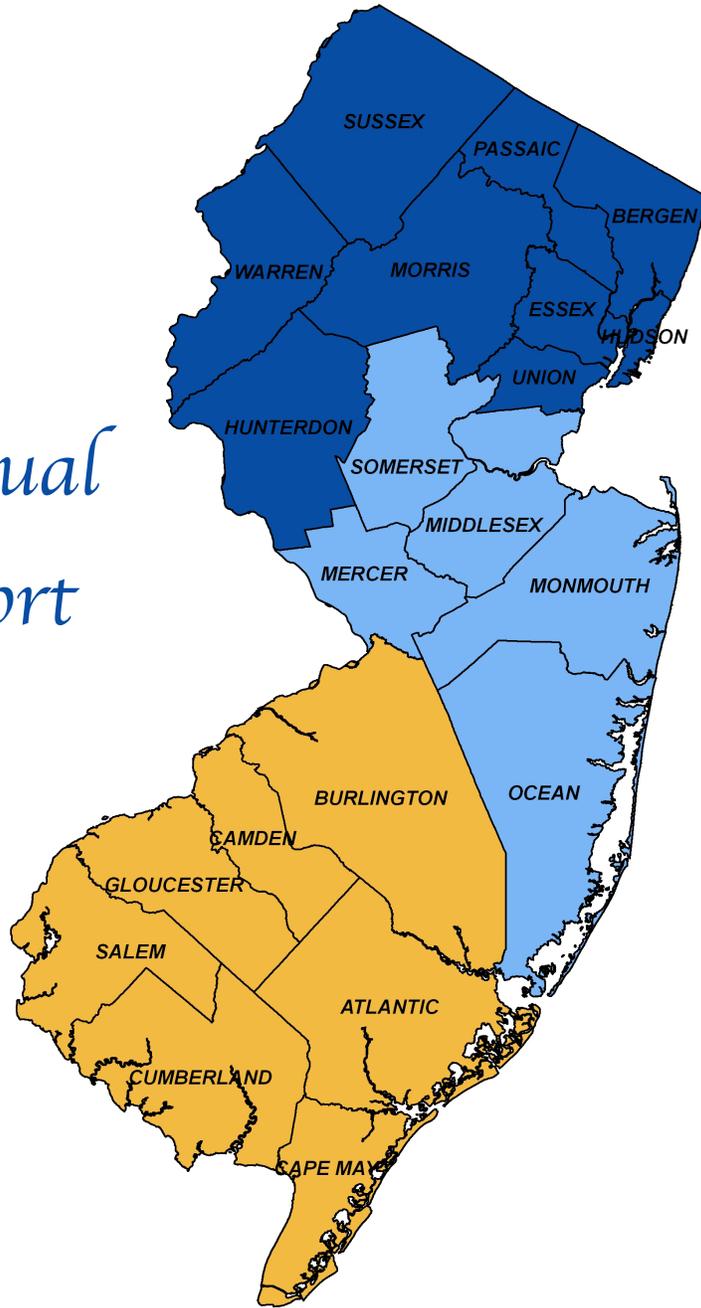


Governor's Annual Economic Report

September 2009



NEW JERSEY DEPARTMENT OF

LWD

LABOR AND WORKFORCE DEVELOPMENT
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Jon S. Corzine, Governor
David J. Socolow, Commissioner



Governor's Annual Economic Report

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Executive Summary

- Economic growth during 2008 continued to slow down in New Jersey due to the national recession.
- Employment in the Garden State, as in the nation, declined significantly. From the beginning of the recession in December 2007 through June 2009 non farm payroll employment declined by 3.8 percent in New Jersey (-156,000) compared with a 4.6 percent decline nationally (-6.4 million).
- Since 2000, the unemployment rate in New Jersey has been at or below the national average. The annual jobless rate in New Jersey rose from 4.3 percent in 2007 to 5.5 percent in 2008 compared to an increase in the national rate from 4.6 percent to 5.8 percent. Unemployment rates in the US and in New Jersey continued to rise during the first half of 2009 reaching 9.5 and 9.2 percent, respectively, in June 2009.
- Per capita Gross Domestic Product (GDP) rose by 0.3 percent in New Jersey during 2008 compared with a decline of 0.2 percent nationally.
- Growth in personal income in the state slowed during 2008, however New Jersey continued to maintain its place as a high-income state, ranking second among all states with a per capita personal income of \$50,519. Connecticut, at first place had per capita personal income of \$56,246. New Jersey's per capita personal income is 28 percent higher than the national average of \$39,751.
- New Jersey has a well educated workforce relative to the national average. Over one-third (37.6 percent) of the states population holds a bachelor's degree or higher compared to about 29 percent nationally.
- Almost a half of the total statewide nonfarm jobs for June 2009 were in the Northern Region of New Jersey. The Central Region had about a third, while the remainder was in the Southern Region.

1.0 Introduction

This annual report provides a broad overview of the current economic situation in New Jersey in light of recent economic trends, in the State, as well as in the nation. The body of the report is divided into four main sections, which present, in turn, an overview of New Jersey's economy, economic data for the Northern, Central and Southern regions of the State, and key workforce development activities that occurred during the past year. The final section draws conclusions and outlines challenges that the State faces in the coming year.

During 2008 and midway through 2009, New Jersey continued to be affected by the national recession, with economic patterns mirroring trends seen nationally. Economic growth during 2008 slowed in New Jersey, as well as in the nation and in most other states. Employment declined while the unemployment rate and claims volume rose significantly. New Jersey is a high-income state with a well-educated workforce which provides help to residents and employers as the State emerges from the economic recession.

2.0 Overview of New Jersey Economic Situation

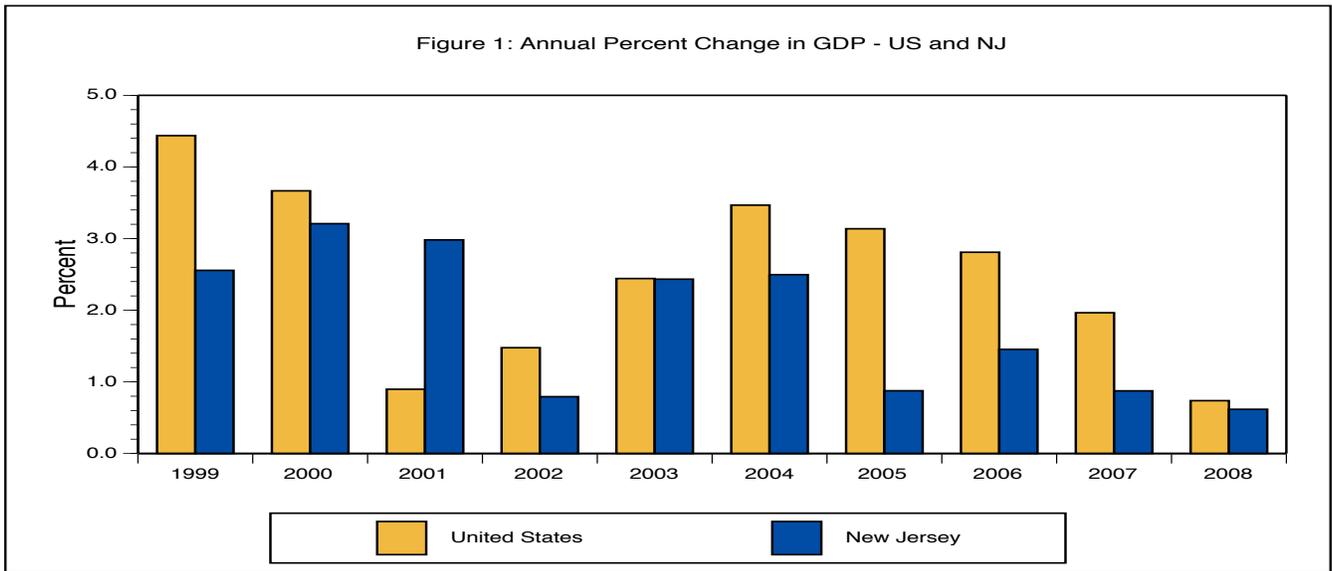
The following five sections of the economic overview present data for key economic variables, including: gross domestic product, employment, unemployment, income and wages and educational attainment.

2.1 Gross Domestic Product

According to data from the U.S. Bureau of Economic Analysis, economic growth slowed in New Jersey during 2008, with the annual increase in real gross domestic product (GDP) declining from 0.9 percent in 2007 to 0.6 percent in 2008. The economic slowdown was widespread during 2008 with slower growth reported in 38 states, causing U.S. GDP-by-state¹ to fall to 0.7 percent from 2.0 percent in 2007.

Since 1999, GDP has increased at a somewhat slower rate in New Jersey when compared with GDP for all states, except during 2001 when economic growth in New Jersey surpassed the national average (figure1).

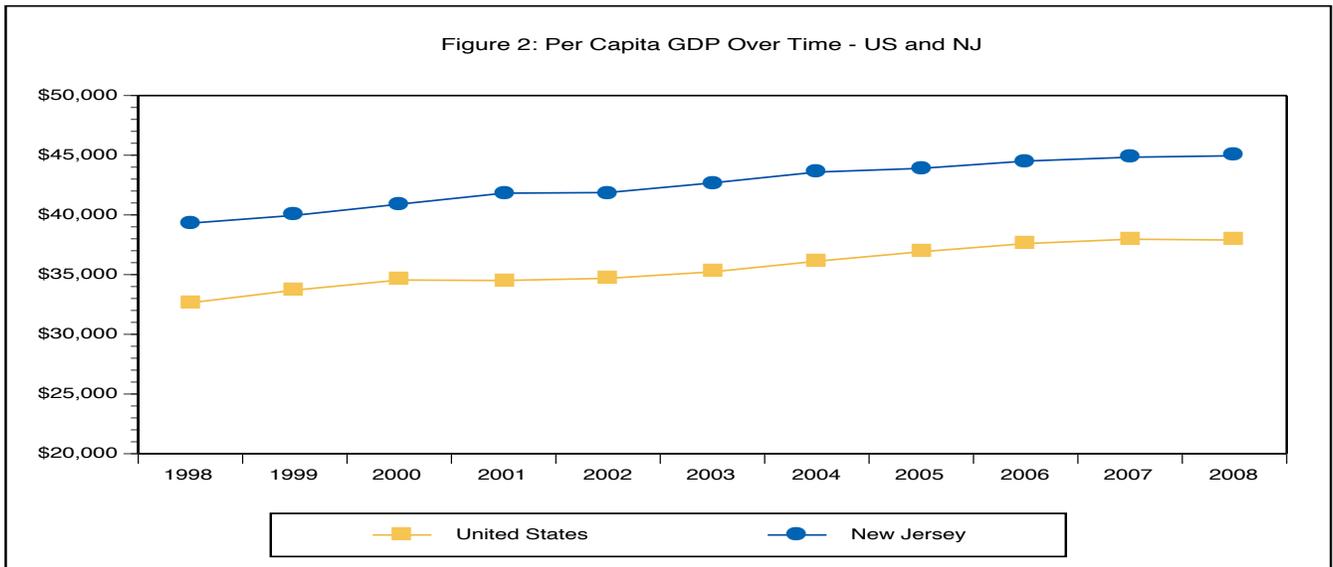
¹ U.S.GDP by state differs from the corresponding national income and product account (NIPA) value of 0.4% in 2008 because of differences in source data, revisions and estimation methodologies; it also excludes Federal military and civilian activity located overseas.



Source: U.S. Bureau of Economic Analysis

New Jersey's per capita GDP rose to \$44,957 in 2008, which was nearly 19 percent above the national average of \$37,899, ranking New Jersey fifth among all states in per capita GDP. The other top four spots were occupied by Delaware, Connecticut, New York and Massachusetts.

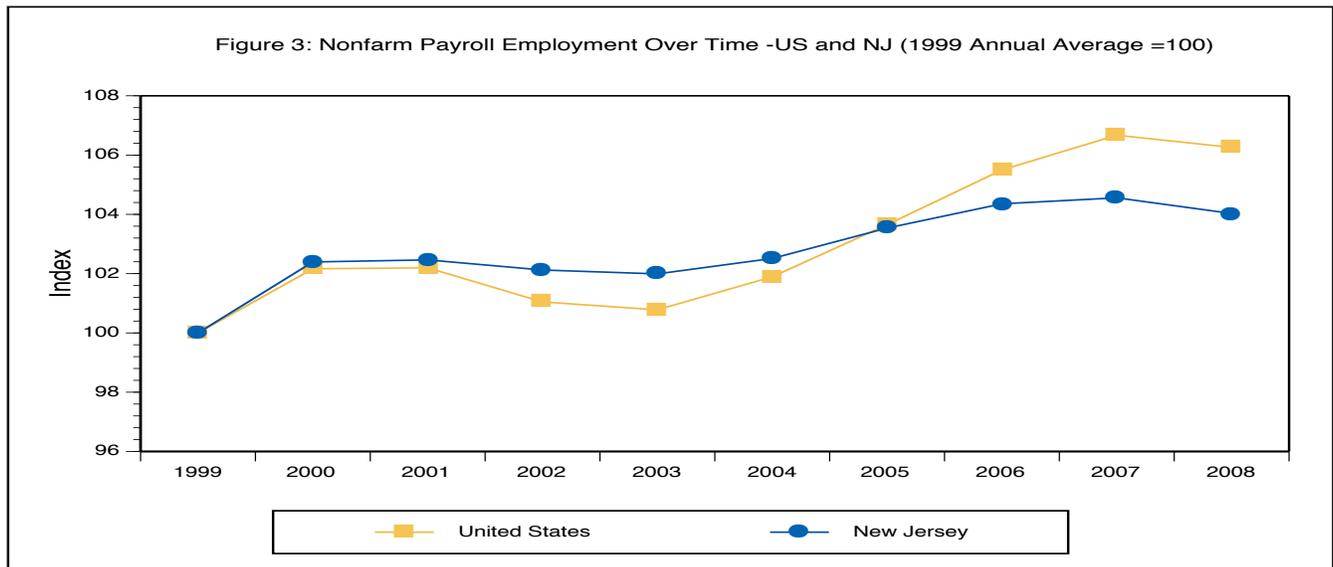
Per capita GDP rose by 0.3 percent in New Jersey during 2008, compared with a decline of 0.2 percent nationally. Population estimates from the U.S. Census Bureau show New Jersey's population increased at a faster rate in 2008 (+1.0%) than GDP (+0.6%), causing the pace of growth in per capita GDP to be less than for GDP as a whole. New Jersey's per capita GDP has been consistently above the national average over the past 10 years.



Source: U.S. Bureau Of Economic Analysis

2.2 Employment

The impact of the current economic recession on employment in the Garden State has been significant. From the beginning of the national recession in December 2007 through June 2009, nonfarm payroll employment in the State declined by 3.8 percent (-156,900), compared with a decrease of 4.6 percent nationally (-6.4 million). Nonfarm payroll employment in New Jersey was up by less than one percent in June 2009 compared to ten years ago.



Source: New Jersey Department of Labor and Workforce Development

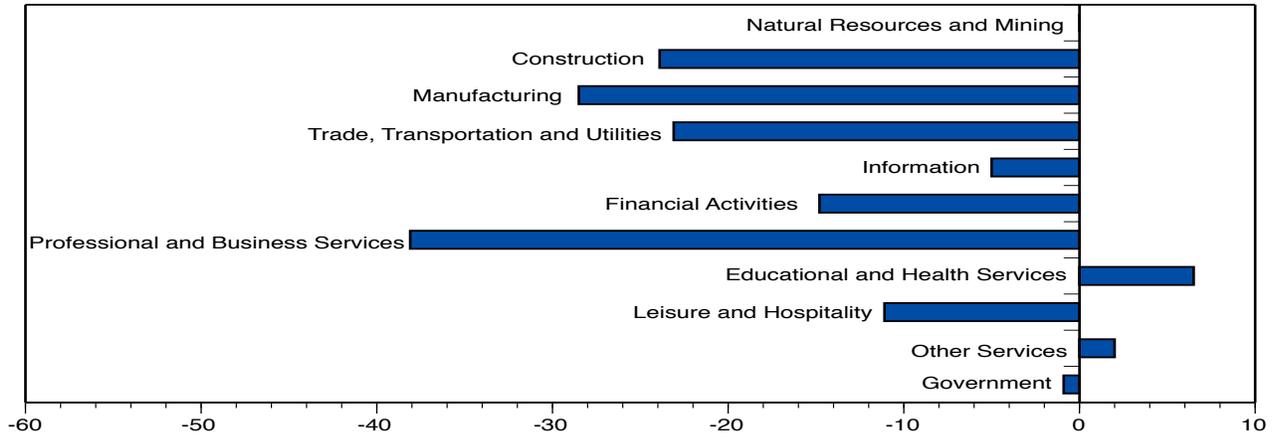
In June 2009, nonfarm payroll employment in New Jersey was 3,929,300, down by 136,900 from the level of a year earlier of 4,066,200. Monthly employment declines began to moderate during May 2009 (-8,000) and June 2009 (-4,000), compared with the period from June 2008 through April 2009 when monthly job losses averaged 12,500.

From June 2008 through June 2009, employment declined in seven of 10 private industry super sectors, while one remained unchanged and two super sectors continued to add jobs. Employment in the public sector was down by 900 compared with June 2008 (Figure 4).

Education and health services recorded the largest over-the-year job gain, increasing by 6,500 since June 2008. Employment also continued to grow in other services where 2,000 jobs were added during the past year.

The professional and business services super sector was hardest hit by the recession, losing 38,100 jobs since June 2008. Manufacturing continued its long time downward trend, shedding 28,500 jobs compared with a year ago. The downturn in the housing market contributed to over-the-year employment losses in construction (-23,900) and financial activities (-14,800).

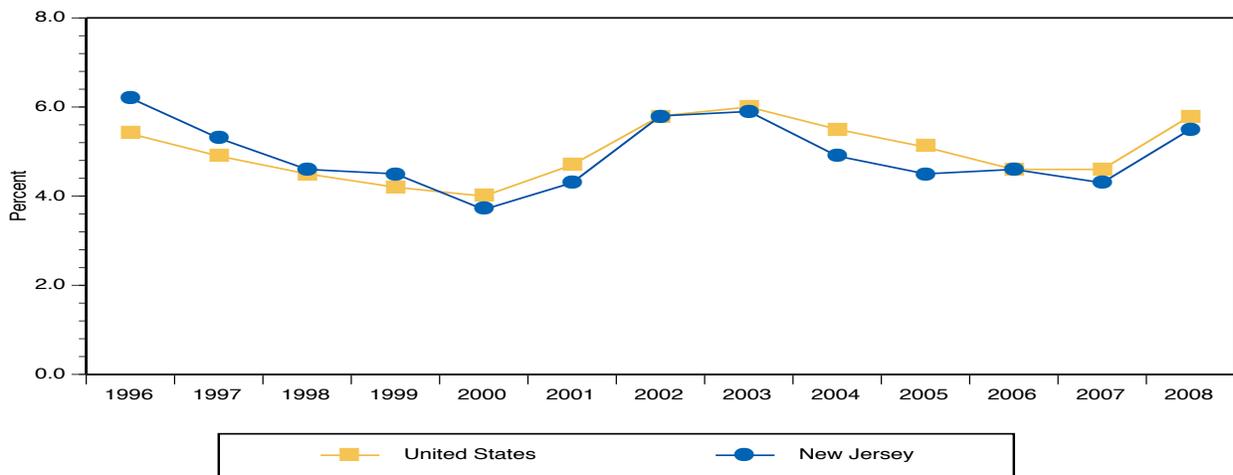
Figure 4: Employment Change by Industry - June 2008 to June 2009 (000)



Source: New Jersey Department of Labor and Workforce Development

2.3 Unemployment

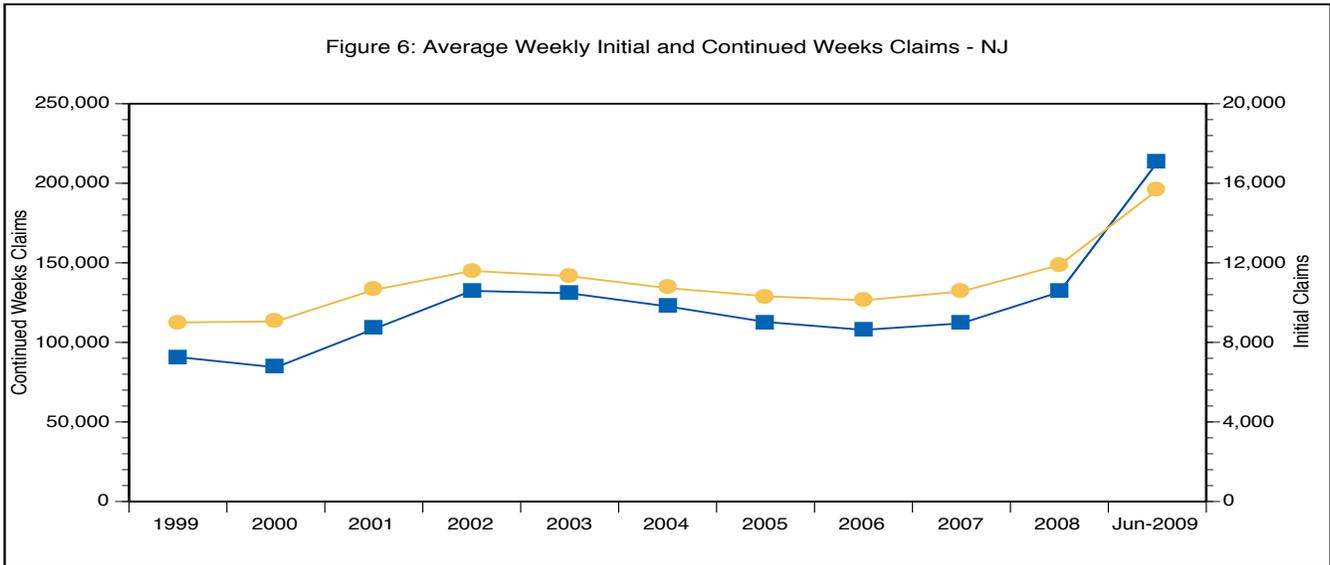
Figure 5: Unemployment Rates Over Time - US and NJ



Source: US Bureau of Labor Statistics and New Jersey Department of Labor and Workforce Development

Since 2000, New Jersey's unemployment rate has been at or below the national rate. The annual average jobless rate in New Jersey rose from 4.3 percent in 2007 to 5.5 percent in 2008, compared with an over-the-year increase in the national rate from 4.6 to 5.8 percent. During the first half of 2009, unemployment rates in the U.S. and New Jersey continued to climb, rising to 9.5 and 9.2 percent, respectively, in June 2009.

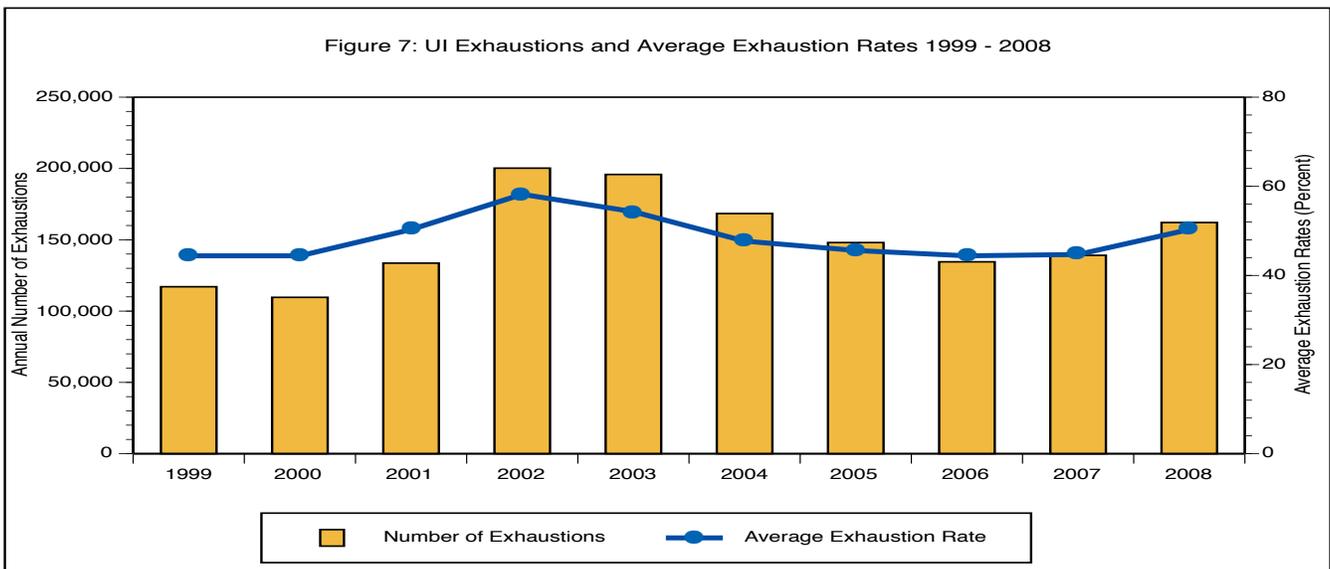
As the national economic recession deepened, claims for unemployment insurance (UI) benefits increased substantially in New Jersey compared with recent years. The state's average weekly number of initial claims rose in 2008 to its highest level since 1992. The average weekly number of continued claims increased to the highest level since 2002. During the first six months of 2009, the weekly averages of initial and continued claims rose to the highest levels in more than 25 years.



Source: New Jersey Department of Labor and Workforce Development

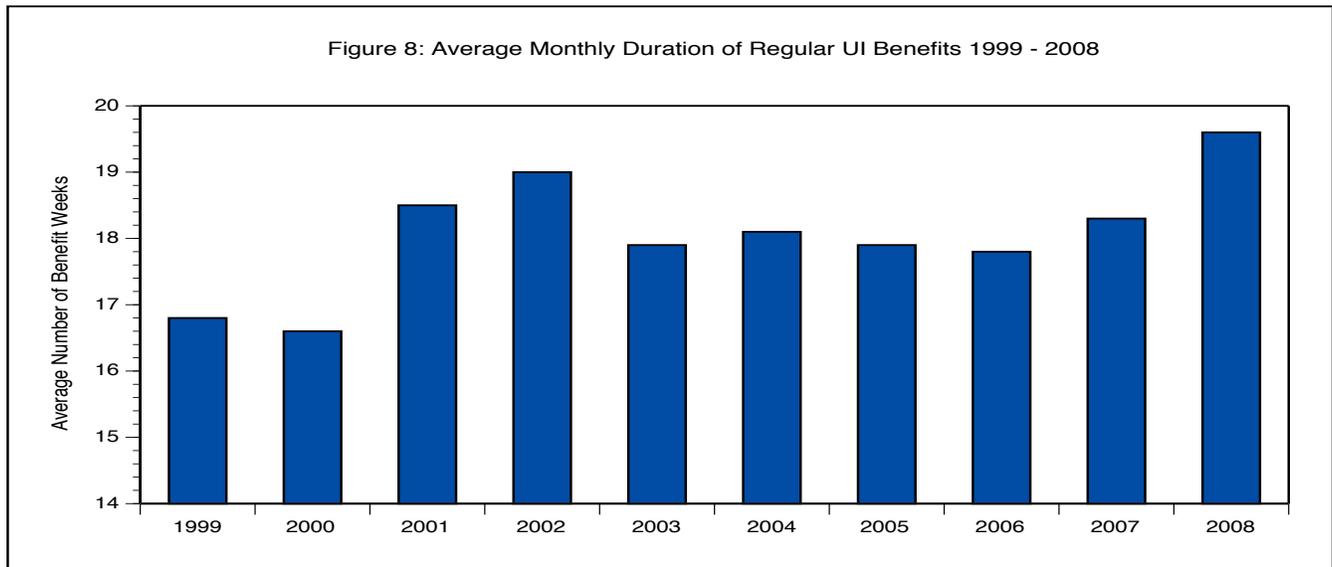
The number of claimants exhausting their regular UI benefits increased by 16.5 percent from 2007 to 2008 as total exhaustions rose to the highest level since 2004. The number of regular UI exhaustions in the first six months of 2009 outpaced the comparable totals recorded over the 2001-2004 recession period.

The 12-month moving average exhaustion rate climbed to 50.3 percent in 2008, matching the rate recorded in 2001, but was below the recent peak of 58.2 hit in 2002. The 12-month average exhaustion rate continued to increase during the first six months of 2009, reaching 58.4 percent in June 2009.



Source: New Jersey Department of Labor and Workforce Development

The average monthly duration of regular benefits has been trending up, along with the unemployment and exhaustion rates due to the downturn in the economy. The 12-month moving average duration rose to 19.6 weeks in December 2008 from 18.3 weeks a year earlier and was higher than during the previous economic recession in 2002 when average duration climbed to 19.0 weeks.



Source: New Jersey Department of Labor and Workforce Development

Table 1 illustrates some key characteristics of the insured unemployed in New Jersey comparing UI claimants for the period from July 2007 through June 2008 with claimants from July 2008 through June 2009. The total number of claimants rose by nearly 37 percent over the year, with more than 69 percent in the prime working age years of 25 to 54.

Table 1: Characteristics of Unemployment Claimants

	UI Claimants			
	July 07 - June 08		July 08 - June 09	
	Number	Percent	Number	Percent
Total Initial Claims	399,679	100.0	519,242	100.0
By Gender				
Male	219,534	54.9	297,123	57.2
Female	180,145	45.1	222,119	42.8
By Race				
White	242,027	60.6	319,638	61.6
Black	81,061	20.3	94,518	18.2
Asian	12,108	3.0	20,132	3.9
Other	64,483	16.1	84,954	16.4
By Educational Attainment				
Less Than High School	71,276	17.8	86,187	16.6
High School Graduate	182,464	45.7	226,889	43.7
Some College Including Associate Degree	81,423	20.4	112,067	21.6
Bachelor's Degree	40,241	10.1	57,076	11.0
Additional College	24,275	6.1	37,023	7.1
By Industry				
Construction	44,910	11.2	55,884	10.8
Manufacturing	32,241	8.1	49,720	9.6
Transportation and Utilities	23,457	5.9	29,063	5.6
Wholesale Trade	40,493	5.1	29,189	5.6
Retail Trade	44,217	11.1	60,223	11.6
Information	7,892	2.0	11,034	2.1
Financial Activities	23,474	5.9	29,761	5.7
Professional and Business Services	66,606	16.7	89,041	17.1
Educational and Health Services	44,047	11.0	46,660	9.0
Leisure and Hospitality	38,380	9.6	45,854	8.8
Other Services	9,531	2.4	11,649	2.2
Public Administration	8,183	2.0	8,633	1.7
All Others and INA	36,248	9.1	52,531	10.1
By Age of Claimant				
Under 25	37,434	9.4	49,204	9.5
25 through 34 years	93,497	23.4	119,600	23.0
35 through 44 years	93,081	23.3	115,753	22.3
45 through 54 years	94,342	23.6	124,197	23.9
55 through 64 years	57,633	14.4	79,618	15.3
65 years and over	23,689	5.9	30,870	5.9

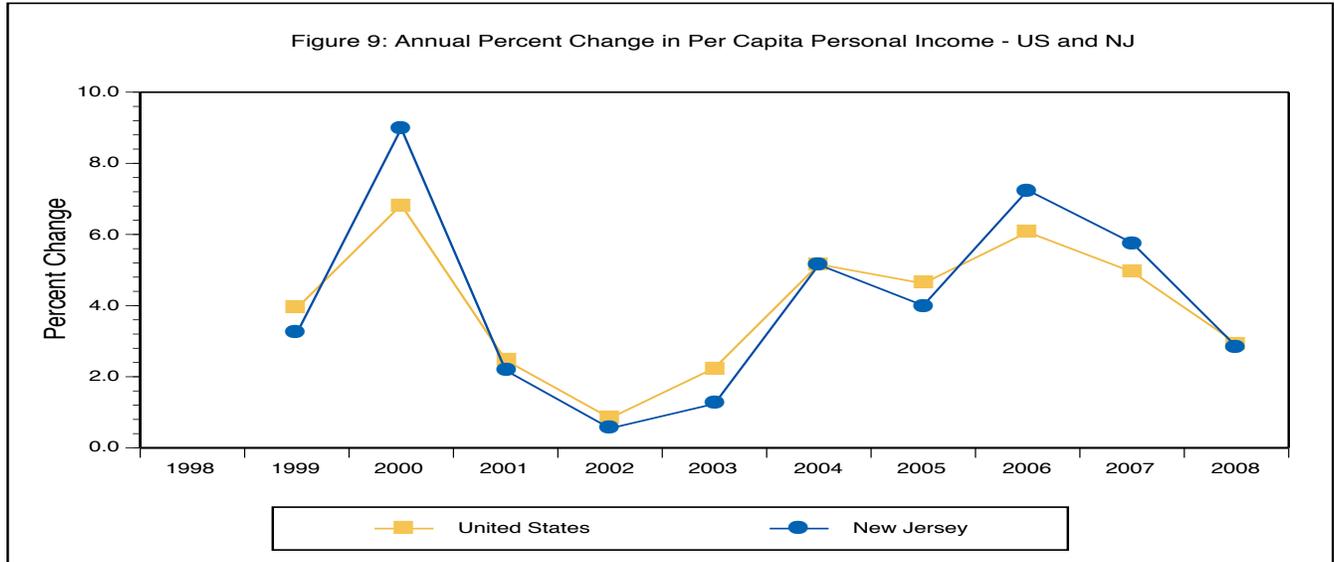
Source: New Jersey Department of Labor and Workforce Development

*In addition to Regular UI Claimants, data for April 2009 includes counts of claimants receiving benefits under the federally-funded extended benefit program EUC08.

The professional and business services super sector had the largest proportion of UI claimants during both time periods, followed by retail trade and construction. Claimants in the manufacturing sector represented a larger proportion of the total during the period from July 2008 through June 2009 (9.5%) than during the previous year (8.2%). The proportion of claimants from the educational and health services sector declined over the year from 10.6 to 9.0 percent, as job opportunities have been more plentiful in that industry group. Other industry sectors showed little change over the year.

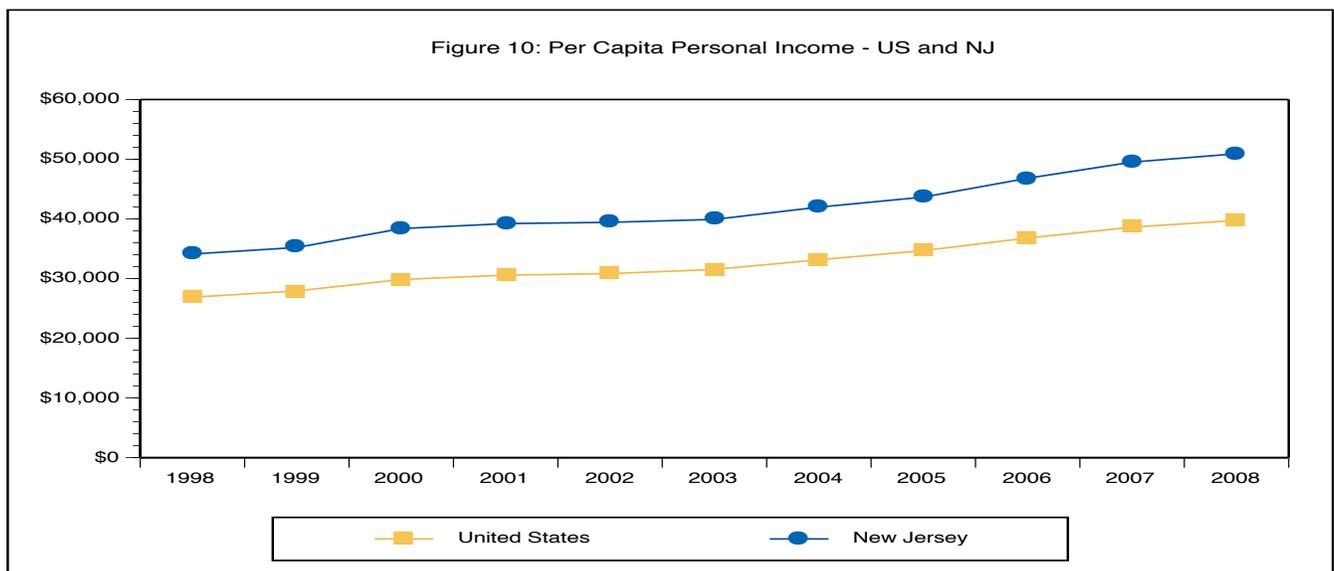
2.4 Income and Wages

New Jersey's per capita personal income increased by 2.8 percent in 2008, compared with a rate of 2.9 percent for the U.S. Income growth slowed in the nation and in most states compared with 2007 when per capita personal income in New Jersey and the nation rose by 5.8 and 4.9 percent, respectively.



Source: U.S. Bureau of Economic Analysis

While growth in personal income slowed during 2008, New Jersey continued to maintain its place as a high-income state, ranking second among all states with a per capita personal income of \$50,519 in 2008, behind Connecticut (\$56,248). New Jersey's per capita personal income was 28 percent higher than the national average of \$39,751. The Garden State has consistently ranked above the nation in per capita personal income.



Source: U.S. Bureau of Economic Analysis

Other income measures also show that New Jersey is a relatively wealthy state. Based on data from the American Community Survey for 2007, the median household income and median family income in New Jersey were each more than 30 percent higher than the national average. While New Jersey's poverty level is one of the lowest in the nation, there are still 8.6 percent of state residents living below the poverty level and in need of assistance and services to improve their quality of life.

Table 2: Income Measures New Jersey and the United States - 2007

	New Jersey	United States
Median Household Income	\$67,035	\$50,740
Median Family Income	\$81,823	\$61,173
Percent Below the Poverty Level	8.6%	13.0%

Source: U.S. Census Bureau, 2007 American Community Survey 1-year estimates

According to data from the Quarterly Census of Employment and Wages (QCEW), the average annual wage for jobs covered by unemployment insurance rose by 2.5 percent from \$53,594 in 2007 to \$54,932 in 2008, following an increase of 4.3 percent during the prior year.

The highest wages in New Jersey were earned by those involved in the management of companies (\$124,405), finance and insurance (\$101,502), utilities (\$96,973) and professional and technical services (\$85,671). These four industries all recorded average or above average wage growth in 2008 (Table 3).

Annual wages averaged less than \$30,000 in accommodations and food services (\$20,743) and retail trade (\$29,748). Both of these industries employ large numbers of part-time workers.

Table 3: New Jersey Industry Average Annual Wages for Jobs Covered by Unemployment Insurance 2007 - 2008

NAICS Industry Sector	2007	2008	Change	
			\$	Change (%)
Total Private Sector *	\$53,594	\$54,932	\$1,338	2.5
Utilities	\$89,002	\$96,973	\$7,971	9.0
Construction	\$57,490	\$60,376	\$2,886	5.0
Manufacturing	\$69,627	\$70,757	\$1,130	1.6
Wholesale Trade	\$72,079	\$73,631	\$1,552	2.2
Retail Trade	\$29,944	\$29,748	-\$196	-0.7
Transportation/Warehousing	\$46,278	\$46,959	\$681	1.5
Information	\$80,532	\$82,974	\$2,442	3.0
Finance/Insurance	\$98,729	\$101,502	\$2,773	2.8
Real Estate/Rental/Leasing	\$54,322	\$53,039	-\$1,283	-2.4
Professional/Technical Services	\$83,305	\$85,671	\$2,366	2.8
Management of Companies and Enterprises	\$121,395	\$124,405	\$3,010	2.5
Administrative/Waste Services	\$35,972	\$37,321	\$1,349	3.8
Educational Services	\$41,454	\$42,118	\$664	1.6
Health Care/Social Assistance	\$44,989	\$46,693	\$1,704	3.8
Arts/Entertainment/Recreation	\$30,090	\$32,979	\$2,889	9.6
Accommodation/Food Service	\$20,532	\$20,743	\$211	1.0
Other Services **	\$32,480	\$33,039	\$559	1.7
Total Government	\$55,287	\$57,180	\$1,893	3.4
TOTAL	\$53,856	\$55,282	\$1,426	2.6

Source: New Jersey Department of Labor and Workforce Development, QCEW.

* Also includes smaller categories not shown separately: agriculture, mining, forestry, fishing and those firms which have failed to provide sufficient information for industrial classification.

** Includes repair, maintenance, personal and laundry services and membership associations/organizations and private households.

The highest over-the-year wage growth occurred in arts, entertainment and recreation (+9.6%) and utilities (+9.0%). Average annual wages in the real estate, rental and leasing industry sector declined by the largest percentage from 2007 to 2008 (-2.4%), with retail trade also down over the year (-0.7%). The lowest annual wage growth occurred in accommodation and food services (+1.0%).

2.5 Educational Attainment

New Jersey has a well-educated workforce with relatively high proportions of high school and college graduates. The state's educated and skilled workforce is an advantage to employers adapting to changing economic conditions as New Jersey begins to rebound from the national recession.

Data from the Current Population Survey for 2007-2008 show that more than one-third (37.6%) of the state's population holds a Bachelor's degree or higher, compared with approximately 29 percent of the U.S. population. The percentage of New Jersey's population 25 years and older that are high school graduates and above is 88.3 percent, also higher than the national average of 86.2 percent.

Table 4: Educational Attainment - Percent of Population 25 years or more

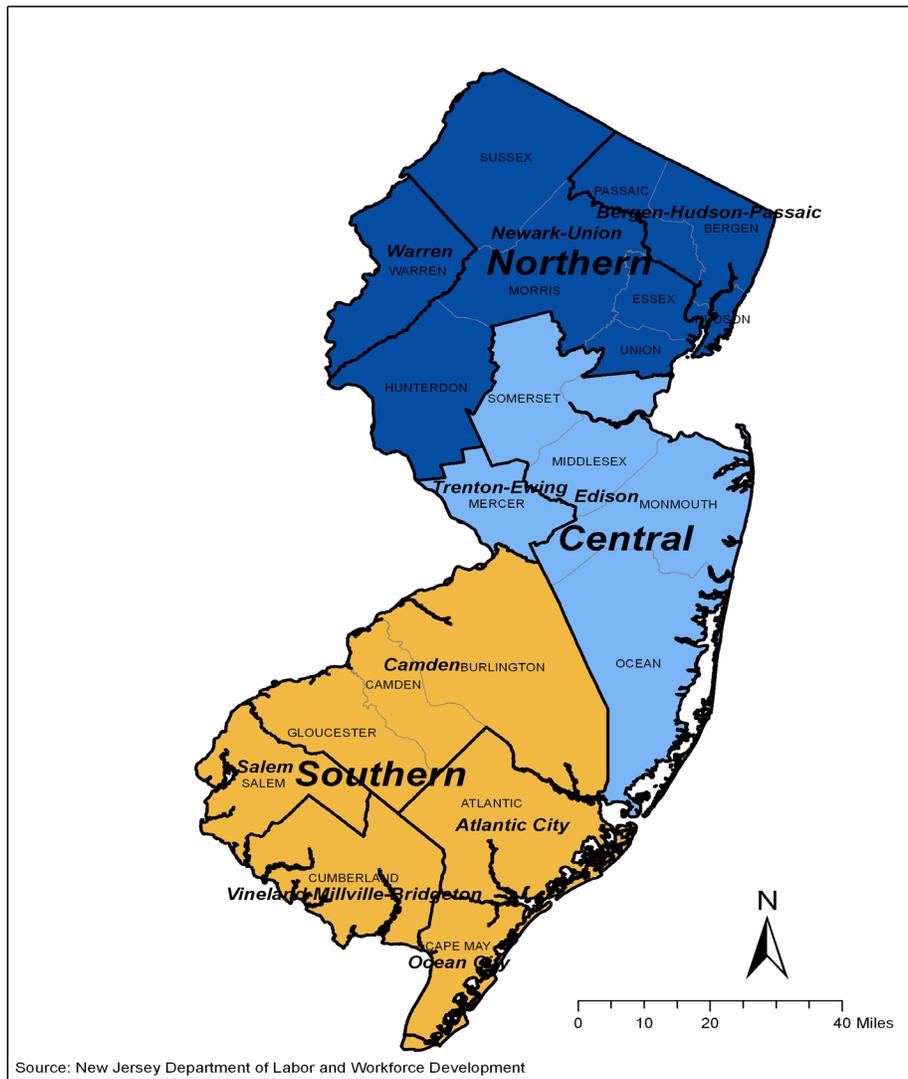
	New Jersey (%)	United States (%)
Less Than High School Diploma	11.8	13.8
High School (Diploma or Equivalency)	31.9	31.4
Some College or Associate's Degree	18.8	25.7
Bachelor's Degree	24.1	19.0
Graduate or Professional Degree	13.5	10.1
Percent High School Graduate or Higher	88.3	86.2
Percent Bachelor's Degree or Higher	37.6	29.1

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2007 through 2008

3.0 New Jersey in Regions

For the purpose of this report, New Jersey is divided into three geographic regions – Northern, Central and Southern (Figure 11). Activities in these regions are analyzed in terms of population, employment, unemployment, and unemployment claims data.

Figure 11: New Jersey by Regions



Source: New Jersey Department of Labor and Workforce Development

3.1 The Northern Region

The Northern region is made up of Bergen, Essex, Hudson, Hunterdon, Morris, Passaic, Sussex, Union and Warren counties. Within the region are three designated labor market areas which are a combination of Metropolitan Statistical Areas. The labor market areas are Newark-Union, Bergen-Passaic and Warren. The region accounted for 47.8 percent of the state population in 2008 and 47.4 percent of the labor force. Bergen County has the highest population and labor force followed by Essex and Hudson counties, while Warren has the smallest county population and labor force in the region.

Total nonfarm employment in the region decreased by 43,800 jobs from June 2008 to 1,960,000 in June 2009. Employment in the region and the State declined 2.2 and 3.4 percent respectively. Most of the job losses were in the Newark-Union labor area (Essex, Hunterdon, Morris, Sussex and Union counties) and the Bergen-Hudson-Passaic labor area and were concentrated in the private service-providing sectors (approximately 26,000 jobs).

Table 5: Nonfarm Employment - Northern Region ('000 Not seasonally adjusted)					
	June 2009	June 2008	Over the Year Change	Over the Year Change (%)	
Total Nonfarm	1960.0	2003.8	-43.8	-2.2	
Total Private	1658.7	1705.0	-46.3	-2.7	
Goods Producing	217.9	238.4	-20.5	-8.6	
Construction	70.5	79.2	-8.7	-11.0	
Manufacturing	147.4	159.2	-11.8	-7.4	
Service Providing	1742.1	1765.4	-23.3	-1.3	
Private Service	1440.8	1466.6	-25.8	-1.8	
Trade, Transportation, Utilities	424.1	434.1	-10.0	-2.3	
Information	42.7	45.1	-2.4	-5.3	
Financial Activities	144.7	152.2	-7.5	-4.9	
Professional and Business Services	296.9	313.4	-16.5	-5.3	
Education and Health Services	292.7	289.4	3.3	1.1	
Leisure and Hospitality	148.5	142.3	6.2	4.4	
Other Services	91.2	90.1	1.1	1.2	
Government	301.3	298.8	2.5	0.8	
Federal Government	27.5	28.7	-1.2	-4.2	
State Government	49.7	50.2	-0.5	-1.0	
Local Government	224.1	219.9	4.2	1.9	

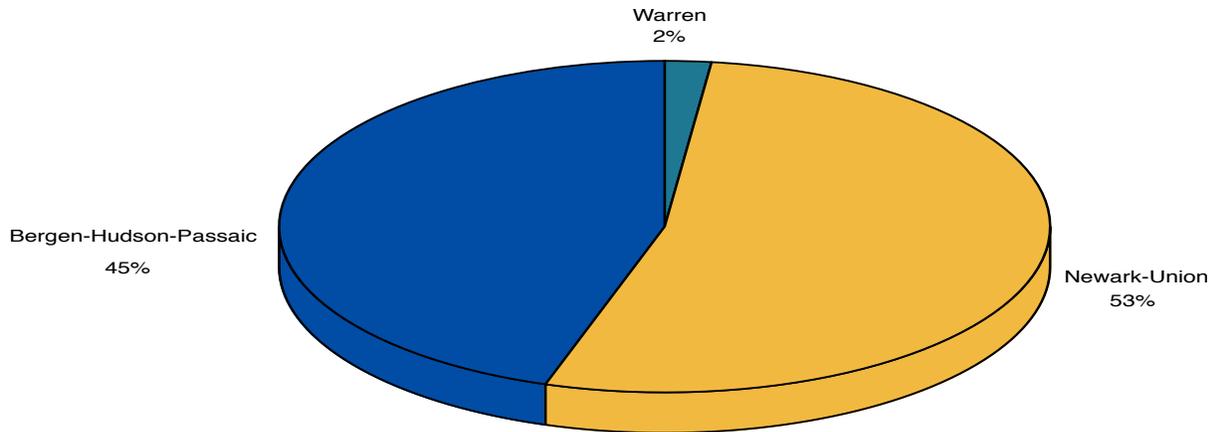
Source: New Jersey Department of Labor and Workforce Development - Current Employment Statistics (CES)

Losses in the region were concentrated in the professional and business services (-16,500), manufacturing (-11,800 jobs), trade, transportation and utilities (-10,000), and construction (-8,700) super sectors. Professional and business services industry losses were split between the Newark and Bergen-Hudson-Passaic labor areas, while manufacturing losses were somewhat higher in the Bergen-Hudson-Passaic labor area. Helping to offset these losses were gains in education and health services, (+3,300), leisure and hospitality (+6,200), other services (+1,100) and local government (+4,200 jobs).

Almost a half of the total statewide nonfarm jobs for June 2009, were in the Northern region¹. Over a million of these jobs (1,038,800 or 53 percent) were in the Newark-Union labor market area. The Bergen-Passaic labor market area closely followed with 882,000 jobs (45 percent), while Warren had 39,200 jobs (Figure 12).

¹ CES Data June 2009.

Figure 12: Nonfarm Jobs Distribution by Labor Areas - Northern Region, June 2009

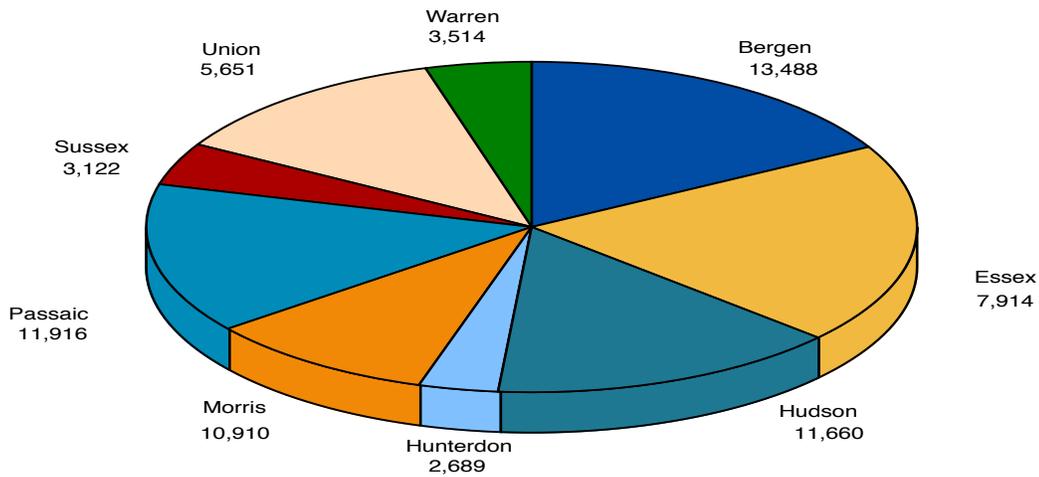


Source: Current Employment Statistics (CES), New Jersey Department of Labor and Workforce Development

3.1.1 Unemployment

Following national and statewide trends, the unemployment rate in the region increased from 4.3 percent in June 2007 to 9.3 percent in June 2009. All counties in the region posted an increase in jobless rate over the same time period. Figure 13 shows regular Unemployment Insurance (UI) claimant counts for June 2009. The northern region accounts for close to 50 percent of all regular UI claimants in the state.

Figure 13: Unemployment Claimants - Northern Region, June 2009

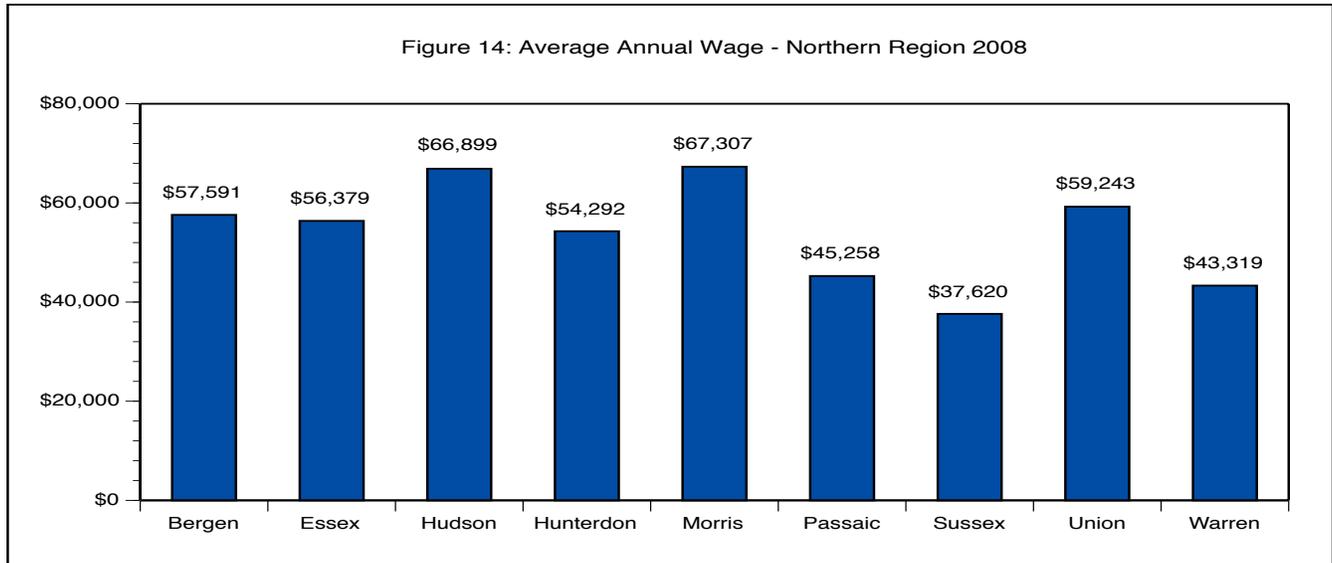


Source: UI Administrative Statistics, New Jersey Department of Labor and Workforce Development

Also following the national and state trends, the number of UI claimants increased from 45,780 in 2008 to 79,566 in 2009, an increase of 73.8 percent. The number of UI claimants by counties in the region ranged from a low of 2,689 in Hunterdon to a high of 15,647 in Essex County. In comparison to June 2008, claimants in the region more than doubled in Hunterdon, Sussex and Warren counties. In the remaining counties, the number of claimants increased by between 50.6 percent in Essex to 91.9 percent in Bergen County.

3.1.2 Average Annual Wages

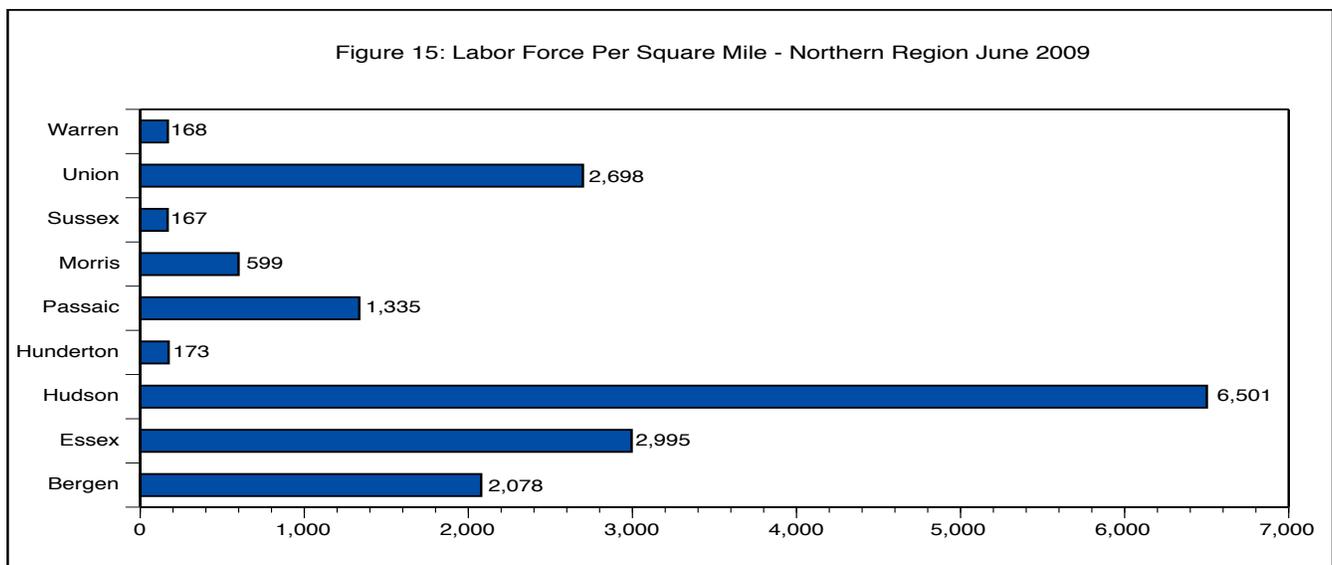
The average annual wage for the Northern Region in 2008 at \$54,221 was nearly the same as the State's highest level in the Central Region at \$55,084. Morris County had the highest average annual wages of \$67,307, while Sussex County had the lowest at \$37,620. Average wage in the remaining counties ranged from about \$43,000 to almost \$67,000 per year (Figure 14).



Source: Quarterly Census of Employment and Wages, New Jersey Department of Labor and Workforce Development

3.1.3 Labor Force

The labor force per square mile represents the density of individuals within a geographic region. According to LAUS June 2009 not seasonally adjusted data, Hudson County at 6,501 workers per square mile was more than twice the next highest Essex County (2,995). Other counties with a labor force greater than 1,000 per square mile included: Union, Bergen and Passaic. Counties with the lowest labor force per square mile included: Sussex, Warren and Hunterdon.



Source: Local Area Unemployment Statistics (LAUS), New Jersey Department of Labor and Workforce Development

3.2 Central Region

The central region comprised of Mercer, Middlesex, Monmouth, Ocean and Somerset Counties has two labor market areas – the Edison labor market area and the single county Trenton-Ewing labor area.

Table 6: Nonfarm Employment - Central Region ('000 Not seasonally adjusted)					
	June 2009	June 2008	Over the Year Change	Over the Year Change (%)	
Total Nonfarm	1265.7	1308.5	-42.8	-3.3	
Total Private	1050.5	1082.7	-32.2	-3.0	
Goods Producing	123.2	133.8	-10.6	-7.9	
Mining and Construction	46.5	52.7	-6.2	-11.8	
Manufacturing	76.7	81.1	-4.4	-5.4	
Service-Providing	1142.5	1174.7	-32.2	-2.7	
Private Service Providing	927.3	948.9	-21.6	-2.3	
Trade, Transportation and Utilities	250.4	264.4	-14	-5.3	
Information	34	36.5	-2.5	-6.8	
Financial Activities	78.4	78.9	-0.5	-0.6	
Professional and Business Services	205.3	215.3	-10	-4.6	
Educational and Health Services	189.8	186.7	3.1	1.7	
Leisure and Hospitality	110.7	107.5	3.2	3.0	
Other Services	58.7	59.6	-0.9	-1.5	
Government	215.2	225.8	-10.6	-4.7	
Federal Government	18.1	18.4	-0.3	-1.6	
State Government	68.7	77.4	-8.7	-11.2	
Local Government	128.4	130	-1.6	-1.2	

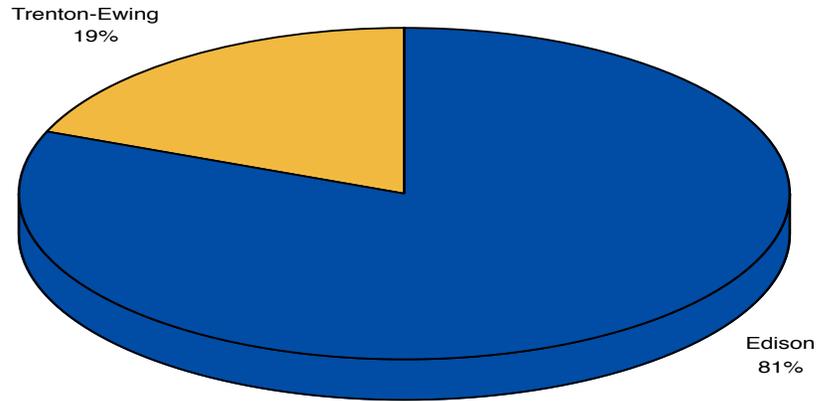
Source: New Jersey Department of Labor and Workforce Development - Current Employment Statistics (CES)

From June 2008 to June 2009, total nonfarm employment in the five-county region decreased by 42,800 to reach a not seasonally adjusted level of 1,265,700. The four-county Edison labor area (Monmouth, Middlesex, Ocean and Somerset) accounted for about 36,000 of the decrease while the single-county Trenton-Ewing labor area lost close to 7,000 jobs over the year.

Losses in the region occurred in the trade, transportation and utilities (-14,000), professional and business services (-10,000), state government (-8,700), construction (-6,200), manufacturing (-4,400) and information (-2,500) super sectors. These job losses were slightly offset by gains in leisure and hospitality (+3,200) and educational and health services (+3,100), the only sectors to register job gains in the referenced time frame.

According to June 2009 not seasonally adjusted data provided by Current Employment Statistics (CES), the Central Regional accounted for about one-third (31.5 percent or 1,448,400) of the nonfarm jobs in the State. Over a million of the nonfarm jobs (1,173,210 or 81 percent) were in the Edison labor market area, while the Trenton-Ewing labor market area had about 275,000 jobs (19 percent).

Figure 16: Nonfarm Jobs Distribution by Labor Areas - Central Region, June 2009

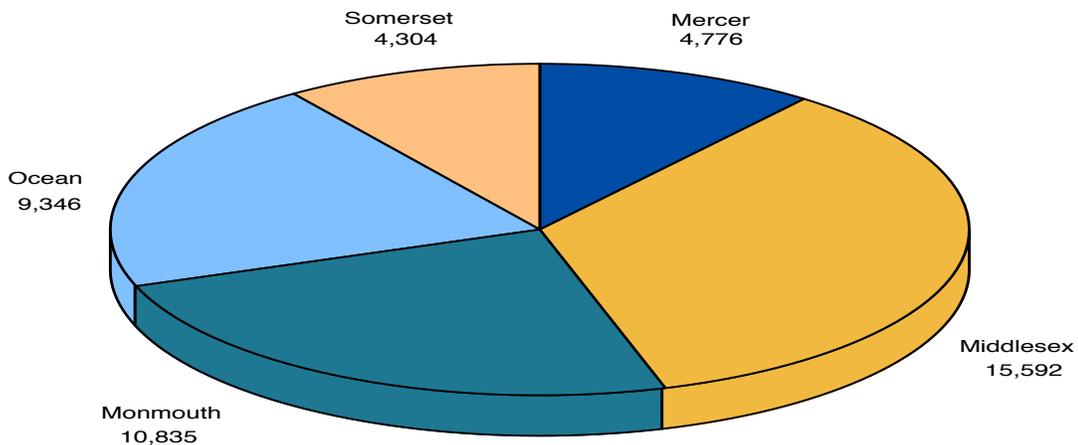


Source: Current Employment Statistics (CES), New Jersey Department of Labor and Workforce Development

3.2.1 Unemployment

Following the recession trends both at the national and state levels, the unemployment rate in the region increased from 3.8 percent in June 2007 to 8.5 percent in June 2009. All counties in the region posted an increase in jobless rate over the same time period. Figure 17 shows regular Unemployment Insurance claimants for the region as of June 2009.

Figure 17: Unemployment Claimants - Central Region, June 2009

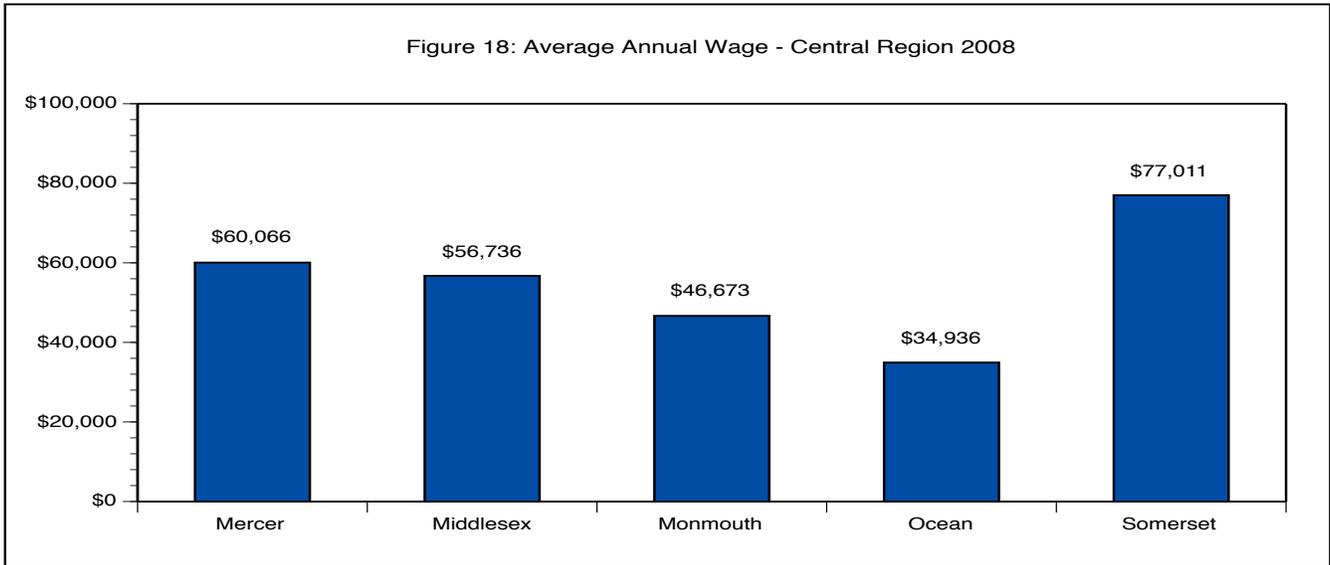


Source: UI Administrative Statistics, New Jersey Department of Labor and Workforce Development

In the Central Region regular unemployment insurance claimant's counts ranged from 4,776 in Mercer to 15,592 in Middlesex in June 2009. Increases in the number of claimants ranged from about 20 percent in Mercer to 90 percent in Monmouth County. The number of regular claimants' increases in the remaining counties was between 55.9 percent in Somerset to 77.2 percent in Middlesex County.

3.2.2 Average Annual Wages

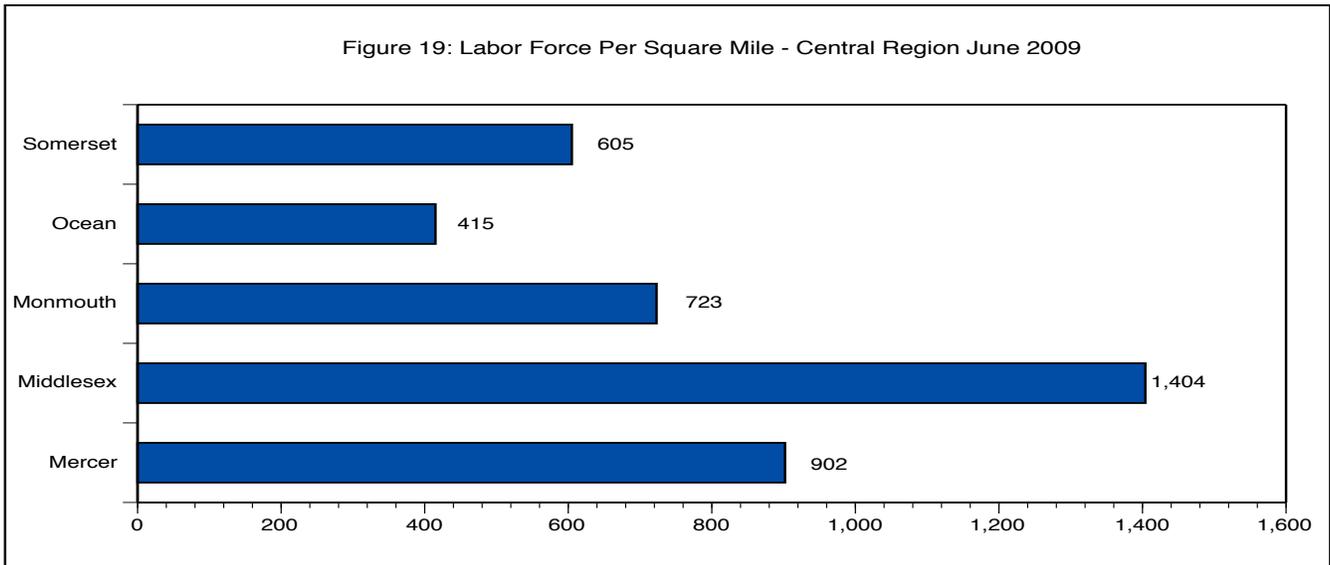
The average annual wages for the Central Region in 2008 were the highest in New Jersey at \$55,084. Somerset County had the highest average annual wages of \$77,011 (also the highest in New Jersey), while Ocean County had the lowest at \$34,936.



Source: Quarterly Census of Employment and Wages, New Jersey Department of Labor and Workforce Development

3.2.3 Labor Force

According to LAUS June 2009 not seasonally adjusted data, Middlesex County at 1,404 workers per square mile represented the highest labor force density in the Central Region, while Mercer County was the next highest at 902 individuals. The county with the lowest labor force per square mile was Ocean with 415 individuals.



Source: Local Area Unemployment Statistics (LAUS), New Jersey Department of Labor and Workforce Development

3.3 Southern Region

The Southern Region is made up of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem counties. Within the Southern Region are four labor market areas the Atlantic-City (Atlantic County), Camden (Burlington, Camden and Gloucester counties), Vineland-Millville-Bridgeton (Cumberland County), Salem (Salem County) and Ocean City (Cape May County).

Over the year from June 2008 to June 2009, total nonfarm employment in the Southern Region decreased by 36,500 to reach a level of 801,000 jobs on a not seasonally adjusted basis. Over this time, losses in the region occurred in the leisure and hospitality (-10,500) and trade, transportation and utili-

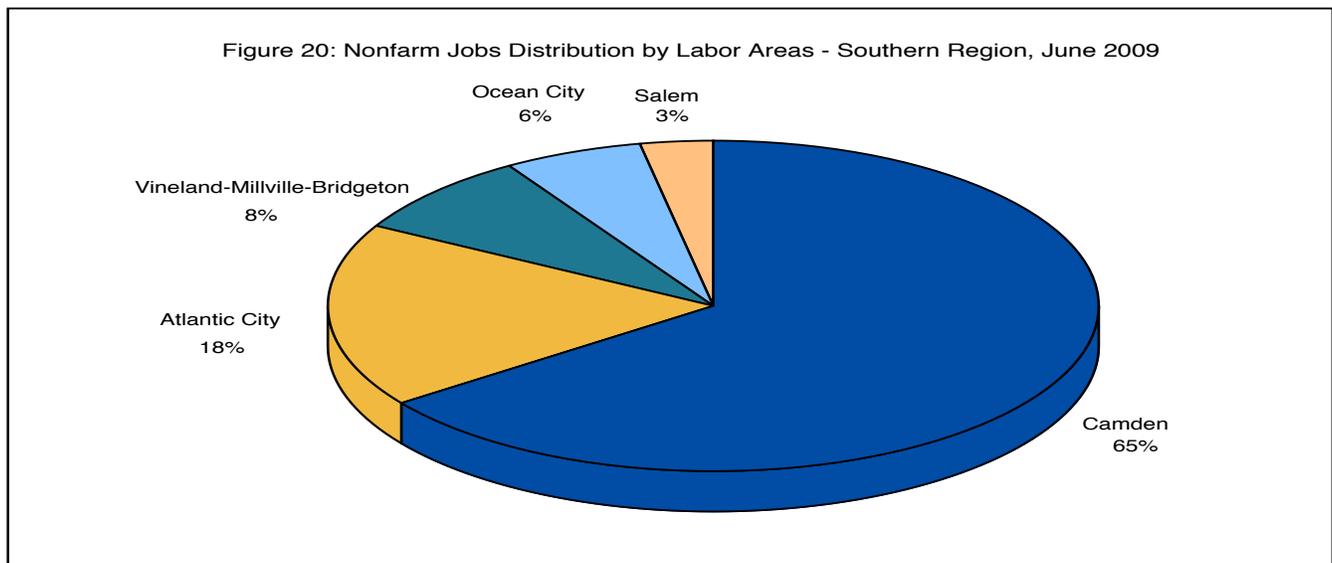
ties (-7,100) super sectors. The only minor gains occurred in government (+800) and education and health services (+200).

Table 7: Nonfarm Employment - Southern Region ('000 Not seasonally adjusted)				
	Jun-09	Jun-08	Over the Year Change	Over the Year Change (%)
Total Nonfarm Employment	801.0	837.5	-36.5	-4.4
Total Private	658.2	695.5	-37.3	-5.4
Goods Producing	93.8	101.9	-8.1	-7.9
Service Producing	707.2	735.6	-28.4	-3.9
Private Service Producing	564.4	593.6	-29.2	-4.9
Trade, Transportation and Utilities	166.1	173.2	-7.1	-4.1
Retail Trade	99.8	105.1	-5.3	-5.0
Educational and Health Services	115.9	115.7	0.2	0.2
Leisure and Hospitality	112.4	122.9	-10.5	-8.5
Government	142.8	142.0	0.8	0.6
Federal Government	13.3	13.5	-0.2	-1.5
State Government	24.7	24.4	0.3	1.2
Local Government	104.8	104.1	0.7	0.7

Source: New Jersey Department of Labor and Workforce Development - Current Employment Statistics (CES)

The leisure and hospitality industry losses were mostly in the Camden labor area (-5,300) and the Atlantic City labor area (-3,700). Losses in trade, transportation and utilities were somewhat split between labor market areas.

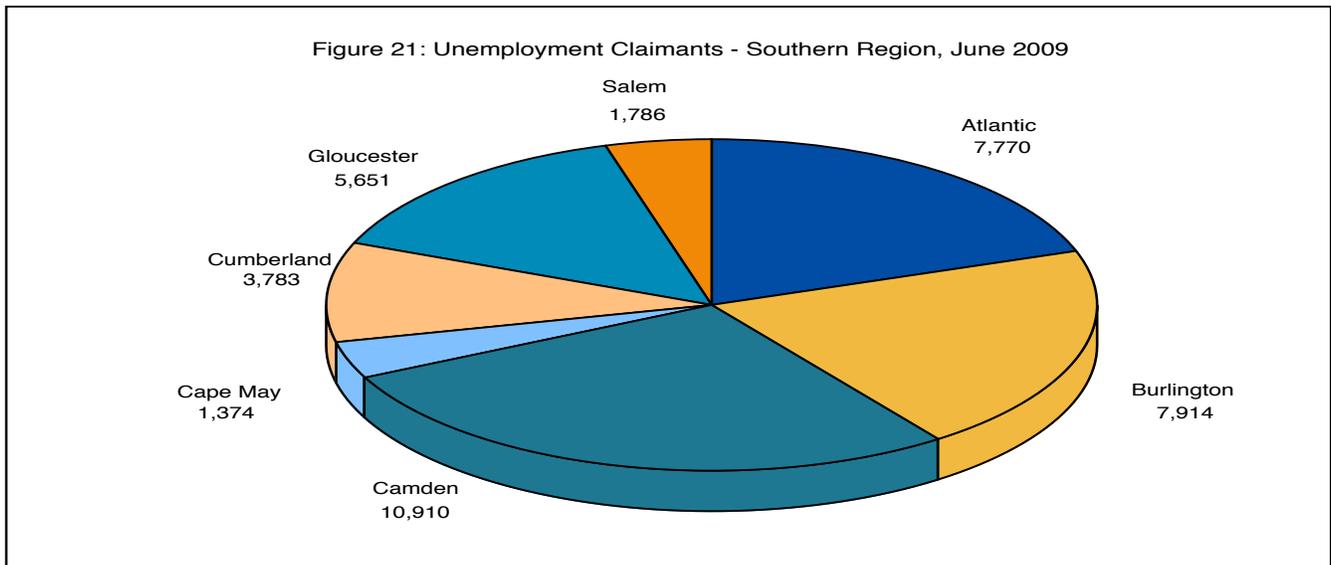
According to June 2009 not seasonally adjusted data provided by Current Employment Statistics (CES), the Southern Region accounted for about one-fifth (19.9 percent or 799,600) of the nonfarm jobs in the State. Over a half million of the nonfarm jobs (521,900 or 65 percent) were in the Camden labor market area. The Atlantic City labor market area followed with 143,800 jobs (18 percent), while Vineland-Millville-Bridgeton accounted for 61,600 jobs (8 percent).



Source: Current Employment Statistics (CES), New Jersey Department of Labor and Workforce Development

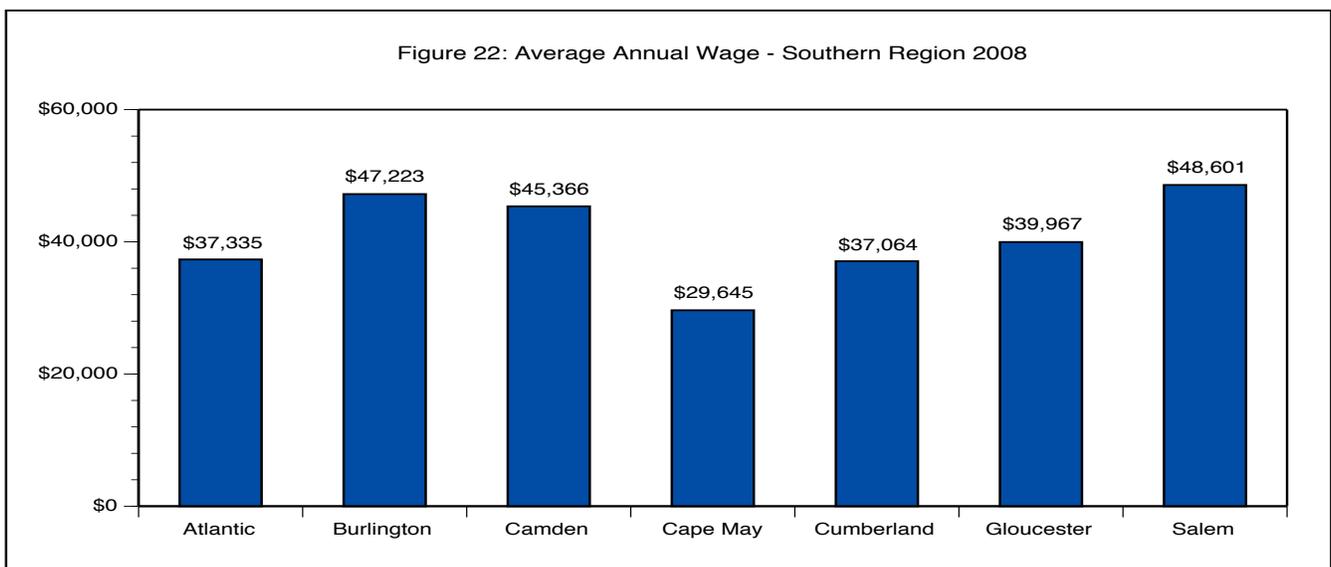
3.3.1 Unemployment

At 10 percent, the regional unemployment rate was the highest of all other regions. The jobless rate was higher in every county. Unemployment Insurance claimant counts ranged from a high of close to 11,000 in Camden County to a low of 1,374 in Cape May. In comparison to a year earlier, claimants in Atlantic and Salem counties more than doubled. The increase in the number of claimants in the other counties ranged from 49.5 in Cape May to 77.8 percent in Gloucester County.



Source: UI Administrative Statistics, New Jersey Department of Labor and Workforce Development

3.3.2 Average Annual Wages

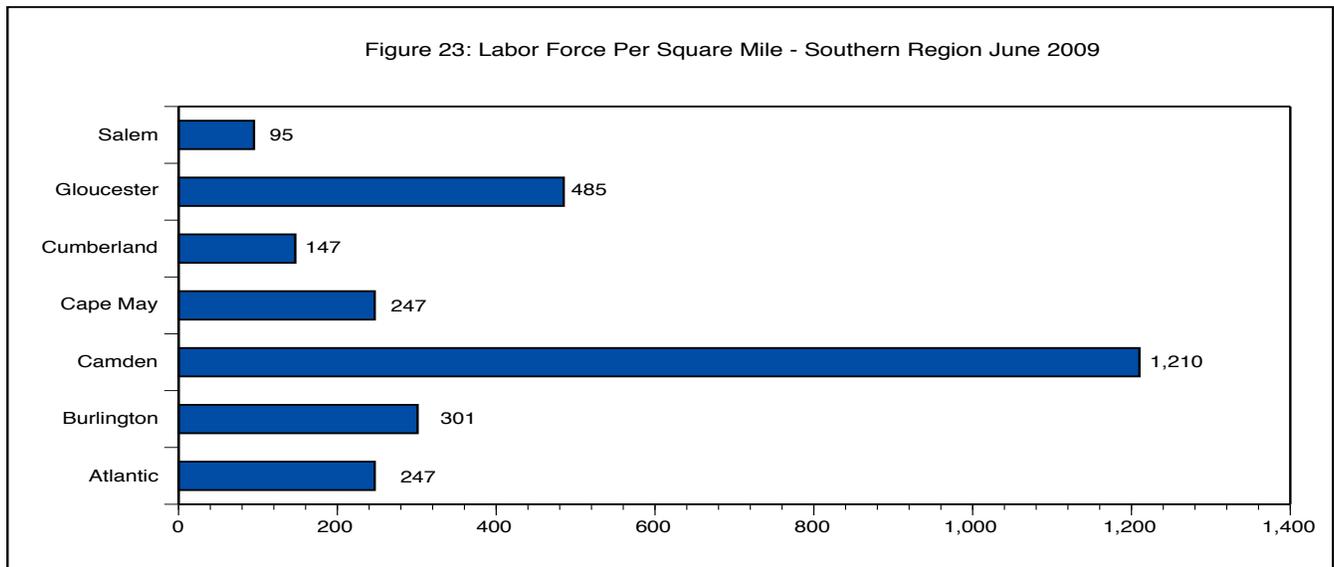


Source: Quarterly Census of Employment and Wages, New Jersey Department of Labor and Workforce Development

The average annual wages for the Southern Region in 2008 were the lowest in New Jersey at \$40,743. This average is more than \$10,000 below the Northern and Central Regions. Salem County had the highest average annual wages of \$48,601, while Cape May County had the lowest at \$29,645.

3.3.3 Labor Force

According to LAUS June 2009 not seasonally adjusted data, Camden County at 1,210 workers per square mile had more than twice the labor force density as the next highest Gloucester County (485). The county with the lowest labor force per square mile was Salem with 95 individuals.



Source: Local Area Unemployment Statistics (LAUS), New Jersey Department of Labor and Workforce Development

4.0 Conclusions

The ending of 2008 and the early part of 2009 have been difficult for the Garden State as well as the US as the nation continues to struggle through the worst economic downturn since the Great Depression. Labor markets are weak, with a majority of sectors decreasing employment and unemployment rising.

New Jersey's unemployment rate has been below the national rate and trended upwards similar to the national trend.

Although growth in personal income in the state slowed during 2008, New Jersey continued to maintain its place as a high-income state, ranking second among all states with a per capita personal income of \$50,519. New Jersey's per capita personal income is 28 percent higher than the national average of \$39,751.

The rising unemployment rates, and the higher numbers of unemployment claimants exhausting benefits are challenges that the US and New Jersey will continue to face in the coming months and probably through 2010.

Training and Employment Guidance Letter No. 03-07

**New Jersey Annual Report Program Year (PY) 2007
Workforce Information Core Products and Services**

The State of New Jersey certifies that it met the requirements in the submission of the annual performance report addressing the performance for each planned activity, per 29 CFR 97.40(b)(2) and as specified in Attachment IV, Section A. The report includes a description of performance against planned activities, and where appropriate, an explanation as to why the plan was not accomplished and what will be done to bring performance up to established targets. For the first time starting with Program Year (PY) 2006, the New Jersey Department of Labor and Workforce Development (LWD) published an annual economic analysis report for the New Jersey Governor and the State Workforce Investment Board (SWIB).

SWA Administrator

SWIB Chair

Date

Date

Or

Governor

Date