

NEW JERSEY LABOR MARKET & ECONOMIC REPORT

PROGRAM YEAR 2015



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Office of Research & Information
Division of Workforce Research & Analytics
New Jersey Department of Labor & Workforce Development

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Executive Summary

Today, more New Jersey residents are working than ever before. New Jersey's economy grew by 83,600 private sector jobs in 2015 alone, and the state has added more than 250,000 private sector jobs over the past six years. During this period of growth and recovery, New Jersey has built a talent development system to ensure that 1) more people have the skills, abilities and connections they need to pursue economic opportunities and 2) the state has the skilled workforce New Jersey employers need to sustain economic growth. One of the critical talent development strategies is creation of better labor market intelligence to inform workforce investments.

An examination of our state's economic condition reveals that employment growth has remained strong in recent years of the current economic recovery. As of August 2016, New Jersey shows positive gains over the last year in total employment, total wages and salaries. The unemployment rate has remained steady over the last year.

Analysis of New Jersey's employed civilian population reveals that it continues to be concentrated in the state's northeastern counties. The state boasts a highly educated population, with more than 40% of residents age 25 and over reporting an Associate's degree or higher. The economy continues to trend toward service-orientation jobs with Education and Health Services leading the way in employment.

The New Jersey Department of Labor and Workforce Development has focused its workforce investments on the needs of employers in the State's key industries. Its seven sector-specific Talent Networks facilitate high-quality, employer-driven partnerships across the State, in keeping with New Jersey's Workforce Innovation & Opportunity Act (WIOA) State Plan. These seven key industries already account for two-thirds of the employment and wages in the state, with considerable potential for future growth.

Increased regional planning can also strengthen job retention and creation efforts, as successful strategies in these core industries contribute to the growth of other, smaller industries statewide.

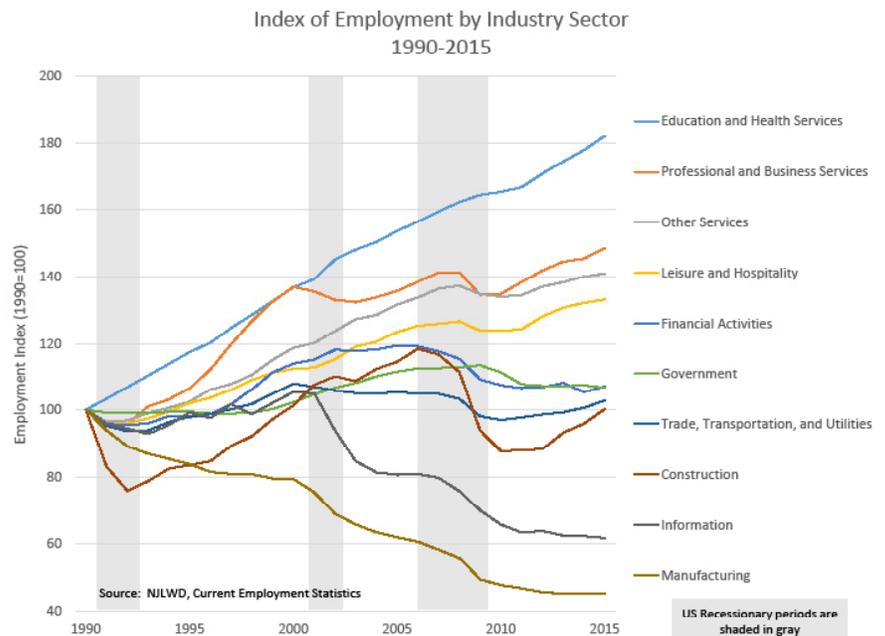
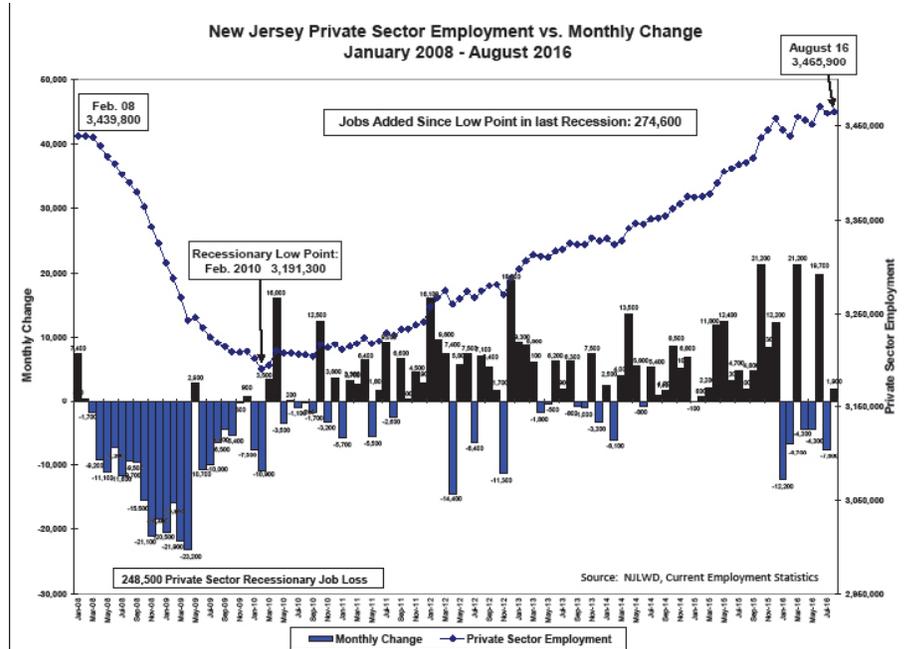
Using implementation of the Workforce Innovation and Opportunity Act (WIOA) as a catalyst, New Jersey is well on the way toward creation of a talent development system -- with employer-driven partnerships that provide all New Jerseyans with the skills, training, information and resources they need to secure full-time jobs and rewarding career paths.

New Jersey's Economy

The Great Recession had a long-lasting negative impact on New Jersey as well as the nation, which made for a slow recovery. After facing a private sector job loss of 248,500 jobs between February 2008 and February 2010, New Jersey's private sector employment did not regain its February 2008 level of 3,439,800 until November 2015. In August 2016, payrolls were at 3,465,900, a gain of 274,600 or 8.6 percent since the recessionary low reached in February 2010.

A long-term look at employment by sector shows that Education and Health Services has performed the best both during the recession and recovery. In fact, it is the only sector that has added jobs each year since 1990. Construction faced a steep recessionary decline, but jobholding has been steadily trending up. Multi-family homebuilding in urban centers in the northern portion of the state and new, modern facilities being constructed at a large number of the state's colleges and universities are some of the factors that have helped boost employment in this sector. Employment in Manufacturing and Information has been relatively level in recent years after a long period of decline.

Over the last 12 months (August 2015-August 2016), New Jersey's level of total nonfarm employment was up by 52,200 with job growth concentrated in the private sector (+54,200). The sectors which added the most jobs were Trade, Transportation and



Utilities (+17,600), Leisure and Hospitality (+9,600), Educational and Health Services (+5,700), and Construction (+5,100). Employment in New Jersey's public sector was down by 2,000 jobs from the same month a year ago.

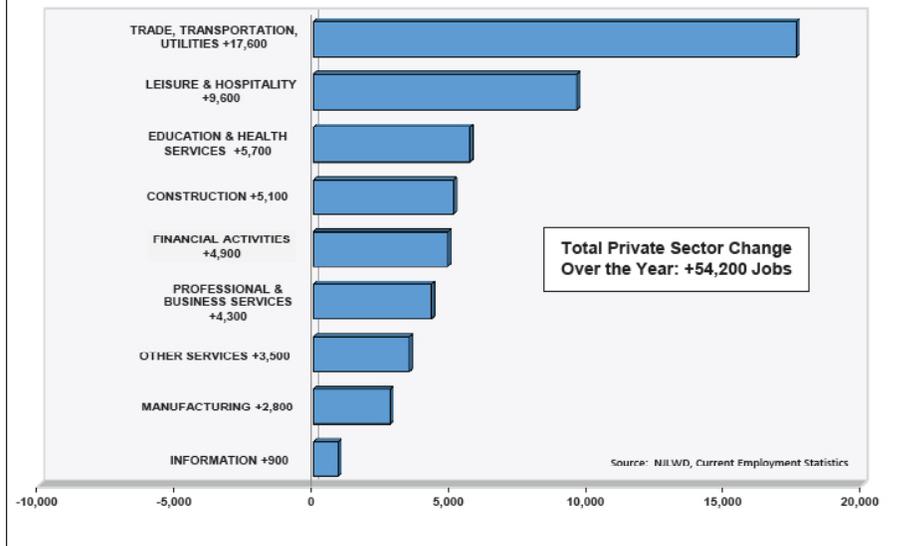
New Jersey's Unemployed

From 2000 to 2008, New Jersey enjoyed relatively low unemployment, with an annual average rate ranging from a low of 3.7 percent in 2000 to a high of 5.8 percent in 2002 and 2003. The effects of the Great Recession were evident in 2009 when the rate climbed to an annual average of 9.1 percent, and remained above 9.0 percent for the next three years. Unemployment began trending down in 2013, falling to an average of 5.6 percent in 2015. The state is on track to continue experiencing low unemployment; so far in 2016 the rate has ranged from a monthly low of 4.3 percent in February to a high of 5.3 percent in August

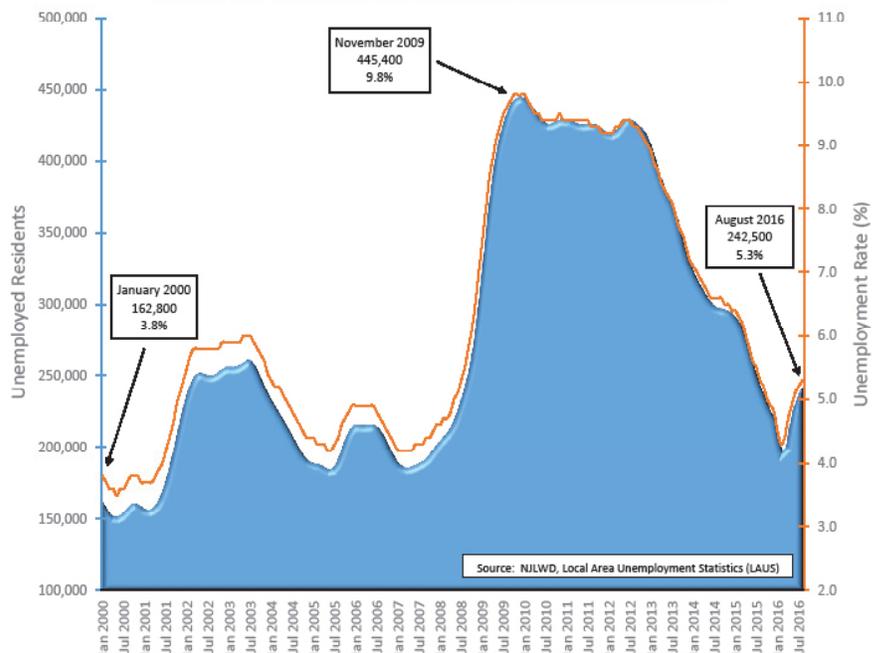
New Jersey's Resident Workforce

In order to assist local Workforce Development Boards with planning and identifying customer needs, the Division of Workforce Research and Analytics (WRA) gathered key data elements that provide insight into the resident workforce and regional labor demand. Analysis of data from the American Community Survey shows that the ma-

**New Jersey Private Sector Employment Change by Industry
August 2015 - August 2016**



New Jersey Unemployed Residents and Unemployment Rate

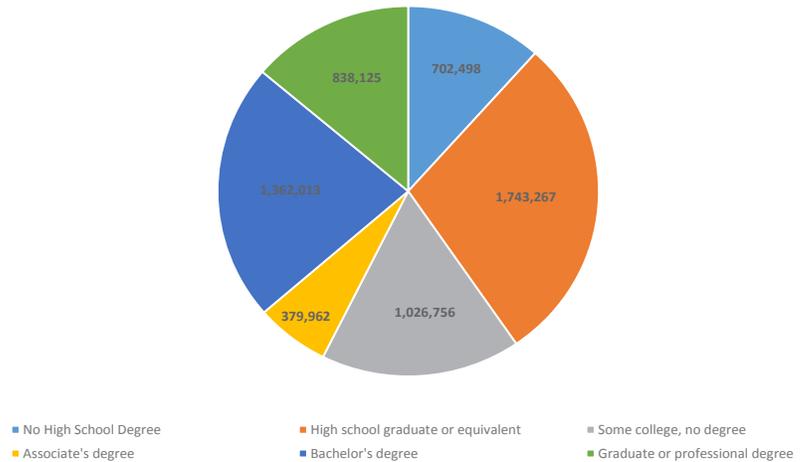


majority of New Jersey's employed civilian population age 16 and over live in Bergen (451,145), Middlesex (400,296), Essex (353,763), Hudson (331,881), and Monmouth (305,912) counties. Roughly one in four residents are employed in educational services, health care, and social assistance. Professional, scientific, and management, and administrative and waste management services; and retail trade rank second and third, respectively.

The vast majority of New Jersey's resident workers are employed within the state. The Southern Region has the highest proportion of residents that live and work in the same county (68.3%) while the Northern Region has the highest proportion of residents that work outside the county in which they live (41.5%). Of the workers that commute out of state, most residents in the Northern and Central regions commute to either New York (293,119 and 86,548, respectively) or Pennsylvania (10,236 and 12,451, respectively). In the Southern Region, residents who commute out of state are most likely to travel to Pennsylvania (97,699) or Delaware (7,502).

New Jersey's population is highly educated and 42.6 percent of residents age 25 and over report having an Associate's Degree or higher. Just 11.6 percent of residents report having no high school de-

Educational Attainment
New Jersey Residents Age 25 and Over

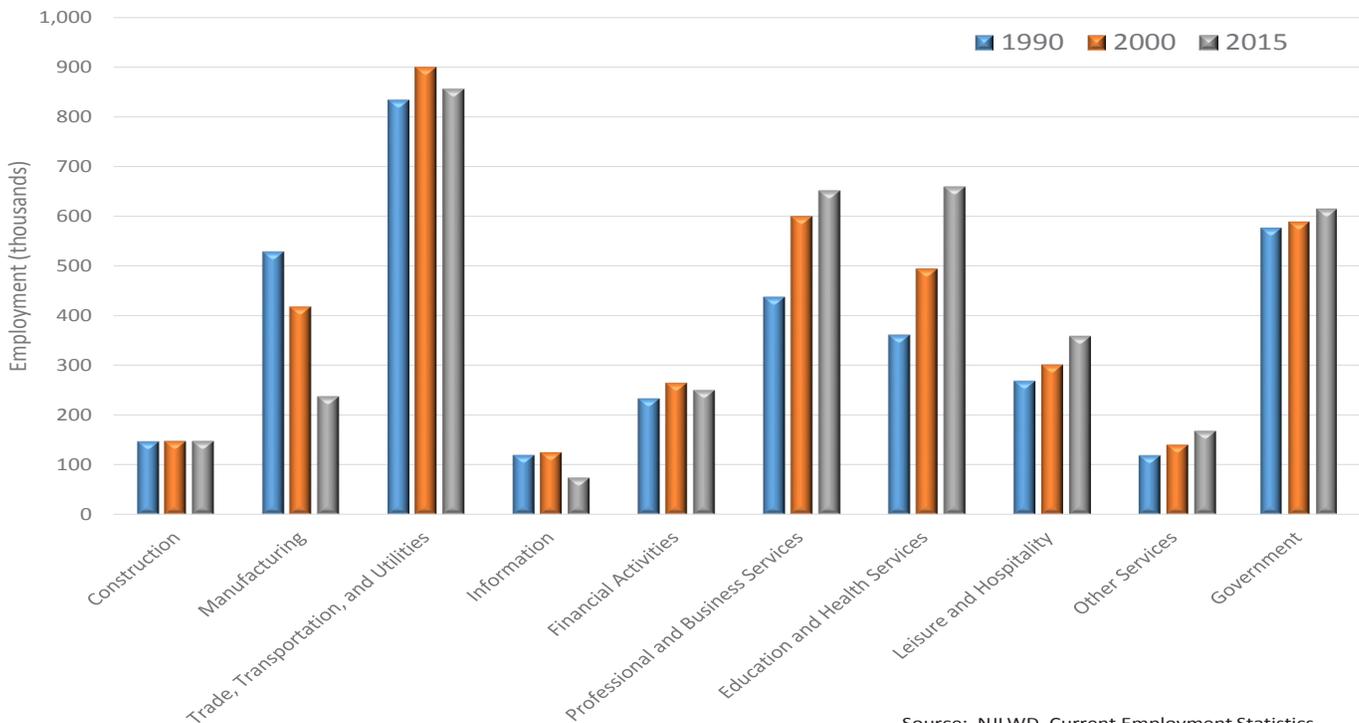


Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

gree. The counties in which the most veterans reside are Bergen (35,803), Burlington (35,774), Monmouth (34,056), and Middlesex (30,289).

The Department recognizes the special needs of residents with barriers to employment and is committed to serving these populations. Knowing where these residents live will help identify the needs in local communities. Roughly 10 percent of the state's non-institutionalized population has a disability, and 47.2 percent of those residents are between the ages of 18 and 64, while 44.6 percent are age 65 and over. By county, Essex has the most disabled residents (93,601) followed by Bergen (76,446), Ocean (75,823) and Middlesex (69,808). Generally, counties with larger minority populations have a higher number of residents who identify themselves as speaking English "less than very well". In the Northern Region, Hudson (157,603), Bergen (127,667), Essex (107,634) and Union (102,325) counties have the most residents with language barriers. Middlesex County (130,125) is the Central Region county with the most residents who speak English "less than very well" and in the Southern Region Camden (39,757) and Atlantic (29,332) counties rank first and second, respectively.

New Jersey Industry Distribution: 1990, 2000 & 2015



Changing Industry and Occupational Mix

New Jersey's economy has experienced a significant shift of employment between industries in recent years. An economy that once was dominated by industries in the goods producing sector has morphed into to a more service oriented economy over the past several decades. Twenty-five years ago, in 1990, approximately one-out-of-every-six jobs in New Jersey was in manufacturing (14.6% of all jobs). That ratio has fallen to 5.9 percent in 2015. Manufacturing in New Jersey, as in the nation, was subject to external pressures which moved employment lower, including but not limited to, foreign competition which could produce goods more economically, and productivity gains which enabled domestically produced goods to be produced with less labor.

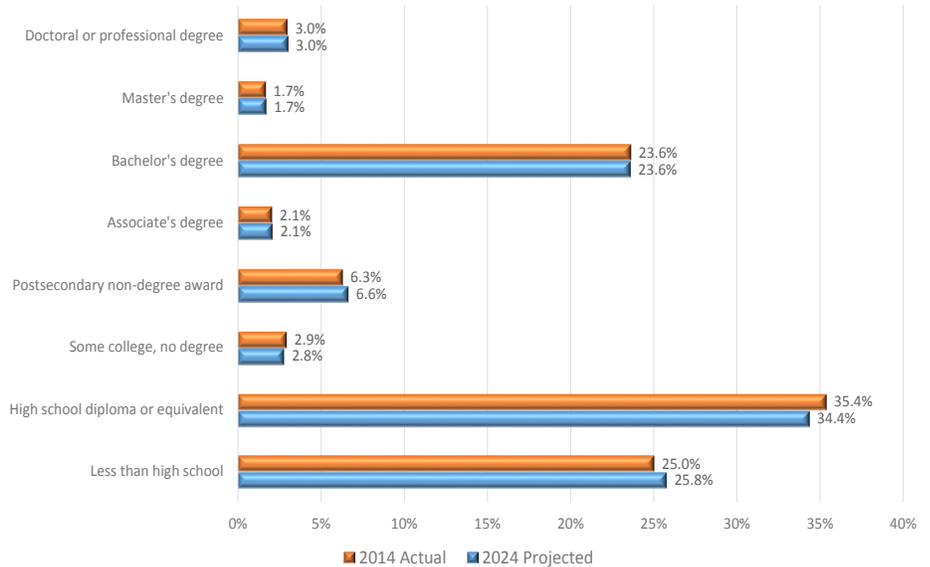
Sectors that saw dramatic increases in employment share were Education and Health Services (16.4% in 2015 vs. 10.0% in 1990), and Professional and Business Services (16.2% in 2015 vs. 12.1% in 1990).

In addition to a change in New Jersey's industry mix, changes also have taken place in the make-up of the occupations that support the various industries. Occupations are categorized into ten major occupational groups aggregated from more than 800 detailed jobs.

Labor Market and Economic Report

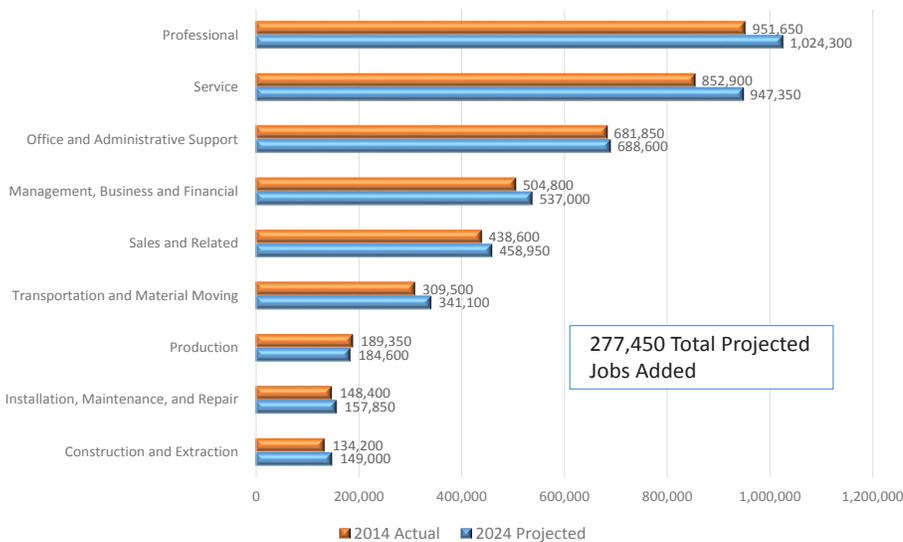
In 2014, Professional, Service, Office and Administrative Support occupations ranked as the top three major groups, accounting for 59 percent of all employment. By 2024, employment in occupations classified as Professional (which include STEM, legal, education, and healthcare practitioners) is projected to exceed one million, or nearly one in every four jobs. Service occupations are projected to add the most jobs (nearly 95,000) and remain a very strong source for employment for those typically with less education than a four year degree. Combined, these two groups will account for roughly 70 percent of all new jobs from 2014 to 2024.

Total Employment by Minimum Educational Requirements
New Jersey: 2014 & 2024



Source: NJLWD, Industry and Occupational Employment Projections

Total Employment by Major Occupational Group
New Jersey: 2014 vs. 2024



Source: NJLWD, Occupational Employment Statistics

Industry Clusters

New Jersey has a richly diverse population; proximity to major metropolitan areas; and an impressive reputation for invention and innovation -- from electronics and pharmaceuticals to biotechnology research -- that continues to grow. New Jersey's commitment to investment, collaboration and talent development supports growth in key industry clusters that drive economic expansion. In the Garden State, these key clusters have found an ideal location -- within a day's drive of 40.0 percent of the U.S. population; a talented, productive and highly educated workforce with a high density of residents with advanced degrees; and 52 colleges and universities.

Labor Market and Economic Report

Industry Cluster Employment and Wages: 2015 Annual Averages¹

Industry Cluster ^{1,2}	Annual Averages ¹			Total ¹	Percent of Total ¹	
	Establishments	Employment	Wages	Wages	Employment	Wages
Advanced Manufacturing	5,150	156,776	\$85,836	\$13,456,973,790	4.7%	6.5%
Health Care	21,515	461,789	\$55,187	\$25,484,677,308	13.9%	12.4%
Financial Services	11,389	176,937	\$120,258	\$21,278,006,527	5.3%	10.3%
Technology ³	26,957	362,726	\$118,428	\$42,956,983,628	10.9%	20.9%
Transportation, Logistics and Distribution	24,070	370,261	\$73,325	\$27,149,322,825	11.2%	13.2%
Biopharmaceutical & Life Science	3,183	116,699	\$144,414	\$16,852,925,322	3.5%	8.2%
Leisure, Hospitality & Retail Trade	53,133	814,980	\$29,009	\$23,642,055,507	24.6%	11.5%
All Cluster Industries⁴	137,668	2,220,859	\$62,874	\$139,633,409,861	66.9%	67.9%
All Private Sector Industries, NJ	254,483	3,318,030	\$61,981	\$205,653,708,695	100.0%	100.0%

Notes:

- 1: Industry Cluster component industries are not mutually exclusive and therefore may be included in more than one Industry Cluster.
- 2: Industry Cluster component industries do not include all New Jersey industry sectors.
- 3: The technology cluster was expanded to reflect the U.S. Bureau of Labor Statistics definition of technology industries (2013)
- 4: "All Cluster Industries" totals are the sum of all mutually exclusive component industries. That is component industries are only counted once in the "All Cluster Industries" totals. Therefore, the sum of individual industry cluster annual averages will not equal "All Cluster Industries" annual averages. In addition, the sum of individual industry cluster percentages of totals will not equal the "All Cluster Industries" percentage of total.

Source: NJLWD, Quarterly Census of Employment and Wages

Given these assets, the state has focused its talent development and employer engagement efforts on seven key industry clusters that drive the state's economy. Taken together, these clusters account for two-thirds of New Jersey's private employment and wages. This comprehensive approach will identify the competitive advantages in these industries and realign state assets in order to exploit the growth opportunities and emerging trends within them. The seven designated clusters are:

Biopharmaceutical and Life Sciences

New Jersey's Biopharmaceutical and Life-Science cluster is a vital part of the State's economy. It employed 116,700 workers within its 3,180 establishments in 2015. While jobholders accounted for only about 3.5 percent of the State's employment, the total annual wages of these well-paying jobs is estimated to be \$16.9 billion for the year. This would account for about 8.2 percent of New Jersey's payroll wages. This cluster also has significant positive ripple effects that help support jobs in other unrelated industries such as transportation and construction.

New Jersey's Biopharmaceutical and Life-Science Cluster is comprised of three main industry components: pharmaceuticals (drug manufacturers and wholesalers industry groups); medical devices (medical equipment and supplies manufacturer's industry groups); and research and development (scientific research & development services and medical and diagnostic laboratories industry groups). Between 2010 and 2015, establishments (within this cluster) were growing much slower in New Jersey than nationally (+1.3% vs. +13.2%, respectively), while New Jersey's average wage for this cluster continued to rise each year. Over the five year period, average wage for the industry cluster has increased by more than twenty-five percent to \$144,410 in 2015.

In 2015, New Jersey had the second highest employment of biochemists and biophysicists (3,170) and the fourth highest employment of chemists in the United States (5,290). In addition, nearly two thirds of this cluster's workforce held at least a bachelor's degree, of which 21.3% held a Master's/Professional and 6.0% held a Doctoral degree. With this type of a high caliber workforce, which is necessary for these related industry groups to succeed - and within such close proximity - companies are motivated to locate and expand their operation(s) in the Garden State. Recent real estate activities indicate that companies have an increased desire to locate and/or expand their operation(s) within New Jersey. As a result, these companies' capital investments are expected to stimulate and generate employment growth for New Jersey's Bio-pharmaceutical and & Life-Science Cluster.

Advanced Manufacturing

Advanced manufacturing, as defined by the NJLWD, includes industries that may either build advanced products or incorporate advanced procedures in their process. In order to quantify employment and other measurements, it was necessary to draw a few assumptions to compile a list of industries as classified by the North American Industry Classification System. The result is an advanced manufacturing sector that primarily

consists of employment in chemical, food, machinery, fabricated metal, and electronic product manufacturing, with a few smaller industries. Most recent data from 2015 show that there are over 5,100 establishments in New Jersey that employ nearly 157,000 people (QCEW). In fact, nearly two-thirds of all manufacturing employment in the state is considered as advanced. Using this definition, New Jersey is host to such globally renowned companies as Johnson & Johnson, Merck, L-3 Communications, and Lockheed Martin, among many others.

This sector is vital to the economic composition and future of New Jersey. In 2014, companies in this group contributed over \$33 billion to the Gross Domestic Product of the state (BEA). In 2015, employers paid nearly \$13.5 billion in total wages (QCEW). This represents 6.5 percent of all wages paid in New Jersey despite only accounting for 4.7 percent of employment.

While employment in advanced manufacturing has experienced a steady rate of decline, it has fared better than its non-advanced counterpart. Much of this employment decline can be attributed to advances in technology, and the concept of "lean manufacturing" -- doing more with less. This is evident by comparing the increases in output in many industries even during years of employment contraction.

Chemical manufacturing, one of New Jersey's signature industries and the largest subsector of advanced manufacturing, ranks fourth among states in employment behind only California, Texas, and Illinois. Within chemical manufacturing, pharmaceutical and medicine manufacturing is the largest industry, and accounts for nearly one in every ten manufacturing jobs in the state. The companies working in chemical manufacturing employ a highly educated and well-paid workforce, including occupations such as chemists, microbiologists, and medical scientists.

Transportation/Logistics/Distribution

Transportation, Logistics and Distribution, or TLD, which includes wholesale trade and transportation and warehousing employment, is a key component of New Jersey's economy. Located between New York City and Philadelphia, the state is within a day's drive of 40 percent of the US population making it a stronghold for TLD. The state's assets include the Port of New York and New Jersey, the Port of Camden, two international airports, and 39,000 miles of highways, which carry 75 percent of the more than 600 million tons of goods moved through the state each year.

In the year 2015, TLD employed 370,260 workers in New Jersey. The cluster employs 11.2 percent of the state's private sector workers, a higher percentage than for the nation (8.8%). Total wages for the TLD cluster represent 13.2 percent of New Jersey's total private sector wages for 2015. TLD contributed 56.8 billion dollars to the state's gross domestic product (GDP – Chained 2009 dollars) in 2015, the fourth highest dollar amount per state nationwide. New Jersey accounted for more than four percent of the nation's GDP generated from TLD.

Within the TLD cluster, the largest industries are warehousing and storage (8.3%, 30,716), grocery and related product wholesalers (8.1% of employment, 30,099 jobs), and commercial equipment merchant wholesalers (7.7%, 28,542). Combined, these three industries account for 24.1 percent of private sector jobholding in TLD.

Many of the TLD jobs in the state are related to the port of New York and New Jersey shipping terminals located in Newark, Bayonne and Elizabeth. A recent economic impact study conducted for the New York Shipping Association states that the Port supports 336,600 jobs and \$21.2 billion in personal income in the New York-New Jersey Region. In 2014 (most recent data), the port handled nearly 5.8 million containers, an increase in cargo volume of 4.9 percent from fiscal 2011. Figures from the U.S. Army Corps of Engineers, Waterborne Commerce

Statistics Center for 2014 rank the port third in the U.S. behind the Port of South Louisiana, LA and the Port of Houston, TX for tonnage of total trade, and third behind the Port of Los Angeles, CA and the Port of Long Beach, CA for container volume.

The Port of Camden, which is located in the southern portion of the state along the Delaware River, ranked 36th in the nation in 2014 for total tonnage of imports and exports according to the U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center.

Newark Liberty International Airport served 37.5 total passengers in 2015. The number of domestic passengers reached an all-time high of 25.7.6 million in 2015. Passenger volume at Atlantic City International Airport in 2015 was approximately 1.2 million. As home to the Federal Aviation Administration William J. Hughes Technical Center, the Atlantic City International Airport is a vital part of the nation's air transit system. The Technical Center, which is the world's premier aviation research, development, test and evaluation center, is at the forefront of development for NextGen, the Federal Aviation Administration's new National Airspace System.

The Port of Camden, which is located in the southern portion of the state along the Delaware River, ranked 41st in 2010 for total tonnage of imports according to the U.S. Army Corps of Engineers, Waterborne Commerce Statistics Center.

Newark Liberty International Airport served 33.3 million passengers in 2011. The number of international passengers reached an all-time high of 11.6 million in 2011. Passenger volume at Atlantic City International Airport reached 1.4 million in 2011. As home to the Federal Aviation Administration William J. Hughes Technical Center, the Atlantic City International Airport is a vital part of the nation's air transit system. The Technical Center, which is a premier aviation research, development, test and evaluation center, is at the forefront of development for NextGen, the Federal Aviation Administration's new National Airspace System.

Financial Services

The financial services industry encompasses a broad range of organizations that deal with the management of money. Some of these organizations conduct transactions involving the creation, liquidation, or change in ownership of financial assets. Others act as facilitators of these financial transactions. Monetary authorities such as central banks and reserve banks are also included in this sector. The sector is a driving force in the state's economy, contributing almost \$30 billion (or 6.5%) to the state's Gross Domestic Product in 2014 (Bureau of Economic Analysis – Chained 2009 dollars).

The financial services industry cluster is made up of five sub sector industry components: monetary authorities – central bank; credit intermediation and related activities; securities, commodities and other financial investments; insurance carriers; and funds, trusts and other financial vehicles

Quarterly Census of Employment and Wages show the sum of employment for these components in New Jersey represents a total industry sector employment of almost 177,000 workers. Combined, the Insurance Carriers and Related Activities component along with the Credit Intermediation and Related Activities component made up 77.2 percent of New Jersey's financial services employment in 2015. When the Securities, Commodities, and Other Financial Investments and Related Activities subsector is added, the three components account for 99 percent of employment. Due to its proximity to New York City, almost half of the state's finance and insurance employment is typically seated in four northern counties; Hudson, Essex, Morris and Bergen.

While financial services employment accounts for only 5.3 percent of total private sector employment in New Jersey, with total wages of almost \$21.3 billion, the financial services industry accounted for 10.3 percent of total private sector wages in the state.

Health Care

The health care sector is of vital importance to both the well-being of New Jersey's residents and its economy. According to the latest Bureau of Economic Analysts (BEA) report, the sector contributed more than \$36 billion, or about seven percent, to the Gross Domestic Product of the state in 2014. In 2015, employers in the health care industry, which include hospitals, ambulatory care facilities, and nursing and residential care facilities, paid nearly \$25.5 billion in total wages, or about 12.4 percent of all wages paid in the state (QCEW). The sector continues to expand and evolve, creating supplementary construction and support jobs along the way.

In addition to supporting the overall health of New Jersey's residents, the health care cluster has also supported employment in the state. Most recent data shows there are more than 21,500 establishments that employ nearly 462,000 people. Since 1990, over 206,600 jobs have been added in health care industries, while the remainder of the private sector has increased by 182,000 net new jobs. With an average annual growth rate of 2.3 percent, the health care sector has increased its share of total private sector jobholding in the state from 8.9 percent in 1990 to 14 percent in 2015. During this time, the sector has maintained the distinction of being the only industry in that state that has added employment every year, despite three economic recessions over two decades and one so-called "jobless recovery" during the middle part of the last decade.

The employment outlook in the health care sector is bright, as these ongoing trends are expected to continue, albeit at a slightly slower pace. Much of this growth will be linked to one of the most influential demographic shifts in the country's history —the aging of the Baby Boomer population. Demand for qualified workers in the home health care and nursing and residential care facilities will spike to support the demand of the aging population. Occupations such as home health aides,

physical and occupational therapists and registered nurses will continue to be in high demand to fill these new job openings and also to replace the current workforce who is nearing retirement.

Technology

New Jersey's economy has long been supported by a strong technology and innovation sector. This sector has been a catalyst of economic growth dating from the inventions of Thomas Edison and discoveries of Albert Einstein to today's innovations made possible by the state's high concentration of scientists, technicians, engineers and mathematicians. The highly trained and skilled workers in these occupations drive our state's innovation and competitiveness by generating new ideas, new companies and new industries. Defining the technology industry within the current North American Industry Classification System (NAICS) is somewhat difficult as technology products and processes cross virtually all industries in today's economy. The U.S. Bureau of Labor Statistics (BLS) in a 2005 report defined technology industries as those that have a high concentration of employment (10% or above) in technology-related occupations, the BLS definition is used as a guide here. That same report identified 71 technology occupations; these occupations may be found in technology and non-tech industries that employ those occupations.

Industries within New Jersey's technology cluster primarily fall within the utilities, manufacturing, information and professional, scientific and technical services industries as defined by the NAICS. Employment in the cluster, as of 2015 accounted for 362,730 jobs or about 10.9 percent of the state's private sector employment. The top five industry groups in terms of employment were: computer systems design and related services (70,630 jobs), management and technical consulting services (43,780), architectural and engineering services (36,870), scientific research and development services (30,460) and commercial equipment merchant wholesalers (28,540).

Annual average wages in the technology cluster have averaged 182 percent of the statewide annual average wage since 2005. In 2015 the annual average wage for the technology cluster was \$118,430, a figure nearly twice that of the statewide annual average (\$61,980) for all industries. The industry accounted for 20.9 percent of the total annual average wages paid in the state. All of the technology component industries including utilities, wholesale, professional and business, information, and manufacturing had annual average wages of more than \$110,000. Of the manufacturing industries, the pharmaceutical and medicine manufacturing industry group had the highest annual average wage (\$148,880). Some other industry groups with 2015 annual average wages over \$100,000 were: scientific research and development services (\$208,620), software publishers (\$128,810), power generation and supply (\$125,800) and basic chemical manufacturing (\$110,210).

Nationally, employment in technology occupations made up 5.5 percent of employment in all occupations in 2015. In comparison, New Jersey's technology occupations were 5.7 percent of occupational employment. The state had higher concentrations for several significant occupations in technology employment when compared with the nation, the most significant: software developers (22.7% vs. 14.9%, respectively). Other tech occupations that had a greater share of statewide employment than the nation included: mathematicians, chemists, chemical engineers and computer programmers. The top five technology occupations in terms of employment for the state were computer related occupations: Software Developers, Applications (40,940); Computer Programmers (15,170); Computer Systems Analysts (14,270); Computer User Support Specialists (13,580); and Network and Computer Systems Administrators (10,210).

As technology-based industries and occupations continue to evolve New Jersey will remain in a strong position nationally. The state's highly educated workforce is well documented and it includes 323,000 New Jersey

residents in science, technology, engineering and mathematics occupations. The state's nationally recognized universities such as Stevens Institute of Technology, New Jersey Institute of Technology, and Rutgers – The State University of New Jersey continue to supply qualified applicants to the industry.

Leisure, Hospitality and Retail

The Leisure, Hospitality and Retail (LHR) industry is an important economic driver in New Jersey representing almost 25 percent of the state's private sector employment base. According to the U.S. Bureau of Economic Analysis, LHR represented \$46.9 billion or 9.2 percent of New Jersey's Gross Domestic Product in 2015. Equally important, New Jersey's travel and tourism industry directly supported 318,330 jobs and sustained more than 512,000 jobs indirectly in 2015.

The Leisure, Hospitality and Retail (LHR) industry cluster encompasses the following industries: retail trade; arts/entertainment/recreation and accommodation and food services. According to the August 2016 (latest available) monthly seasonally adjusted Current Employment Statistics' estimates, there were 844,900 jobs in the industry cluster. Retail trade industry had an employment level of 474,100, accommodations and food services 304,900 and arts/entertainment/recreation 65,900.

According to the Quarterly Census of Employment & Wages (QCEW) 2015 annual averages, LHR employers paid more than \$23 billion in wages or 11.5 percent of the state total to its 814,979 workers within its 53,130 establishments. The 2015 average annual wage for New Jersey's LHR cluster was \$29,009 or less than half the state average for all private sector workers (\$61,981). The cluster's much lower wage reflects the entry level, lower skill, seasonal and part-time nature of many of the occupations found within it.

New Jersey Talent Networks

For the past four years, New Jersey has supported the development of Talent Networks focused on meeting the workforce needs of the state's key industries. These Networks -- hosted by business organizations, colleges, universities, and business organizations with expertise in their specific industry, have built partnerships with employers, educational institutions, and workforce organizations while providing assistance to students and jobseekers.

In 2016, the Talent Networks are focused on the following key efforts:

- Developing industry intelligence to inform workforce investments: Effective workforce and education programs are informed by an accurate and timely understanding of the needs of employers. The Talent Networks, working closely with LWD's labor market analysts, will be a crucial source of information on the workforce needs of their specific industry. Each Talent Network will host an Industry Summit to gather intelligence and inform key workforce stakeholders of essential employer needs and will produce an annual Industry Workforce Report. Additionally, Talent Networks will engage employers and industry associations to contribute to the development of an industry-valued credential and degree list.
- Developing high-quality, employer-driven partnerships: Talent Networks will work closely with employers, local Workforce Development Boards, educational institutions, and other stakeholders to develop high-quality, employer-driven partnerships known as Targeted Industry Partnerships (TIPs) across the state. Each Talent Network will focus their efforts on areas of the state that have a concentration of employers in their specific industry.

To build these partnerships, the Talent Networks will:

- engage and convene employers to identify common skill gaps and workforce needs and identify the skills, abilities, and credentials that are in demand.
- facilitate the development of a workforce plan for each TIP to respond to identified workforce needs and opportunities.
- create a strategy for building and sustaining the partnership through commitments from employers, Workforce Development Boards, educational institutions, and other key stakeholders.

In order to maintain a competitive edge in the 21st Century, New Jersey must continue to develop a highly productive workforce that has the knowledge, skills, and abilities needed by employers in the state's key industries. Workforce development and education programs that are directly aligned with the needs of employers will ensure that more New Jerseyans have pathways to economic opportunity and successful careers and that employers receive the talent required to drive the growth of their businesses.

Regional Coordination

The State of New Jersey has committed to supporting regional planning, service coordination, and resource sharing for all workforce education and training programs, recognizing that labor markets are not constrained by governmental or political boundaries. As such, the state has adopted three workforce planning regions as part of "Pathways and Partnerships: New Jersey's Blueprint for Talent Development".

The three (3) workforce planning regions in New Jersey are:

- **North Region:** Bergen, Essex, Newark, Hudson/Jersey City, Passaic, Union, Greater Raritan (Somerset/Hunterdon) and Morris/Sussex/Warren
- **Central Region:** Mercer, Middlesex, Monmouth, Ocean
- **South Region:** Burlington, Camden, Gloucester, Cumberland/Salem, Atlantic/Cape May

The State will evaluate if each region has effectively administered their activities under WIOA which requires that each region engage in a planning process which includes:

1. the development and implementation of sector initiatives for in-demand industry sectors or occupations for the region
2. the collection and analysis of regional labor market data (in conjunction with the State)

In support of this effort, the state's Labor Market Information staff provided regional coordinators with analyses of regional economic conditions including concentration of employment and unemployment, industry growth projections, key sector staffing patterns, online job postings, population and labor force projections, and the education and skill level of the population including individuals with barriers to employment.

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