

NEW JERSEY STATE EMPLOYMENT AND TRAINING COMMISSION

POLICY RESOLUTION: SETC #2011-04

SUBJECT: Adoption of Industry/Sector Strategy as the organizing principle of New Jersey's workforce development system that drives policy development, system planning, performance oversight and resource investments.

Purpose:

The State Employment and Training Commission is committed to supporting industry sectors which are vital to the New Jersey's current and future economy. Through the development and execution of workforce sector strategies for the State's key industries, the Commission will provide the infrastructure to align workforce policies, planning and performance to drive workforce investments that will yield the best employment outcomes for employers and job seekers in New Jersey.

Background:

The NJ Department of Labor and Workforce Development-Division of Labor Planning & Analysis, NJ State Development and Redevelopment Plan and the Partnership for New Jersey have identified six industries, representing one-half of the jobs and two-thirds of the wages paid in New Jersey, as key industries critical to New Jersey's economic and workforce future. Those industries are:

- **Advanced Manufacturing**
- **Bio-Pharma/Life Sciences**
- **Health Care**
- **Financial Services**
- **Technology/Entrepreneurial**
- **Transportation, Logistics and Distribution**

In addition, New Jersey's State Employment and Training Commission has recommended that the following industries be included in the key industry sector strategy. Those industries are:

- **Hospitality/Retail** as a key industry sector for strategic focus based on the relative number of the workforce
- **Green Sector Initiatives** will be considered as a layer to be incorporated into the industry sector strategies to ensure priority alignment with the industry and emerging needs of employers in the workforce.

Resolution:

It is hereby resolved that the State Employment and Training Commission formally adopts Industry/Sector Strategy as the organizing principle of New Jersey's workforce development system to align and drive workforce policy development, system planning, performance oversight and resource investments.

Furthermore, the Commission resolves that the following eight industries be used as the inaugural industries for which sector strategies are developed - Advanced Manufacturing, Bio-Pharma/Life Sciences, Health Care, Financial Services, Technology/Entrepreneurial, Transportation, Logistics and Distribution, Hospitality and Green.

Attachment: NJ Key Industry Clusters Fact Sheet, *NJLWD Office of Labor Planning and Analysis*

Approved: November 30, 2011

New Jersey Key Industry Clusters

New Jersey has a richly diverse population; proximity to major metropolitan areas and a history of invention and innovation; from electronics and pharmaceuticals to biotechnology research; that impressively 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 US population; a talented, productive and highly educated, workforce with a high density of residents with advanced degrees and 52 colleges and universities. Here is a brief look at some key industry clusters.

Bio/Pharmaceuticals and Life Sciences Industry Cluster

- New Jersey's bio/pharma life sciences employment totaled 122,803 in 2010, or 3.9 percent of the state's private sector workforce. Nationally, the proportion was just 2.0 percent.
- New Jersey's bio/pharmaceutical and life sciences cluster employment is comprised of three primary components: pharmaceutical sector (43.8%), biotechnology (34.6%) and medical device manufacturing (21.6%).
- Over the past five years, this cluster's establishments have expanded by 13.2 percent in New Jersey, outpacing the nation by 3.6 percentage points.
- New Jersey bio/pharma and life science employers paid more than \$14 billion in wages during 2010, or 8.1 percent of the state's total wages.
- The state's highly educated workforce is seen in this cluster as nearly two thirds of its workers hold at least a Bachelor's (33.1%), Master's/Professional (23.0%), or Doctoral (8.2%) degree.
- The cluster accounted for \$23 billion (nearly 5.0%) of the New Jersey's Gross Domestic Product in 2009 (source: Rutgers study).



Transportation, Logistics, Distribution Industry Cluster

- In 2010, transportation, logistics and distribution (TLD) employed 354,627 workers in New Jersey. The cluster employed 11.3 percent of the state's private sector workers, a higher percentage than for the nation (8.9%).
- TLD contributed 48.6 billion dollars to the state's Gross Domestic Product (GDP) in 2009.
- In 2010, employers in the state's TLD industry cluster paid a total of \$23.0 billion in wages.
- The dense population (1,195 persons per square mile) and higher income level (\$50,221 2009 median household income) of New Jersey and the region surrounding it make the Garden State a prime location from which to distribute goods to consumer outlets.
- Located between New York City and Philadelphia, New Jersey is within a day's drive of 40 percent of the US population who purchase \$2 trillion in merchandise yearly.
- The state offers access to the nation's freight rail network and the state's commuter rail network and is also home to several key transportation facilities necessary for a strong TLD industry cluster including three major seaports and a large international airport.



Finance Industry Cluster

- Despite a relatively small employment base (5.9% of total employment in 2010) finance and insurance contributed \$41.7 billion or 9.7 percent to the state's Gross Domestic Product in 2010.
- According to the NJ Business & Industry Association, 16 of the state's top 100 employers are finance and insurance firms whose combined employment totals 78,391 which would represent roughly 40 percent of jobholding in finance and insurance.
- Financial services relies heavily on information and technology. New Jersey has remained in the forefront of technological advancement by becoming a national leader in developing data centers to support the industry. New Jersey has the second largest concentration of data centers in the US after California.
- New Jersey's financial services sector lost 7.9 percent of its employment base from 2007 falling to a level of 199,000 in 2010. However, finance and insurance saw a 16.9 percent rise in jobholding from 1990 to 2007, adding approximately 31,200 jobs.
- In 2010, almost \$19.3 billion in total wages was paid by New Jersey's employers in financial services industries.



Advanced Manufacturing Industry Cluster

- The advanced manufacturing industry contributed over \$17 billion to New Jersey's Gross Domestic Product in 2009, or about 3.6 percent of all state output.
- Advanced manufacturing employment is primarily comprised of four industry groups: chemical manufacturing (46%), computer and electronic product manufacturing (22%), machinery manufacturing (11%), and transportation equipment manufacturing (3%). The remaining 18 percent is made up of selected detailed industries.
- In 2010, there were nearly 123,000 people employed in industries classified as advanced manufacturing in New Jersey. This represents about 48 percent of all manufacturing employment in New Jersey.
- Chemical manufacturing industries employed over 56,000 in 2010, 21.9 percent of all manufacturing workers in the state. New Jersey also hosts over seven percent of all chemical manufacturing employment in the United States.
- The state's advanced manufacturing industry establishments paid a total of more than \$11.8 billion in wages in 2010, or roughly 6.8 percent of New Jersey's total wages.



Health Care Industry Cluster

- The health care industry contributed \$34 billion to New Jersey's Gross Domestic Product (GDP) in 2009, or roughly 7 percent of all state output.
- Health care industry employment is found in three industry groups: ambulatory health care services (45%), hospitals (34%) and nursing and residential care facilities (21%).
- From 1990 through 2010, the health care sector in New Jersey has added 154,800 new jobs, while all other industries combined had a net gain of only 54,600.
- Health care is the only industry that has added jobs in the state every year from 1990 through 2010 while increasing its share of jobholding from 7.5 percent in 1990 to 11.3 percent in 2010.
- The outlook for New Jersey's health care employment is bright. From 2008 through 2018, it is projected that more than 56,000 jobs will be added, an annual increase of 1.3 percent.
- Health care establishment employers paid more than \$21.3 billion in total wages in 2010, or about 12.2 percent of all wages paid in New Jersey.



Technology Industry Cluster

- In 2010 New Jersey's technology cluster accounted for 313,000 jobs or 10.0 percent of the statewide total. Nationally the cluster was responsible for 8.5 percent of all private sector employment.
- Employment in the technology cluster peaked in 2007 at 345,108 jobs. The cluster has seen a 9.7 percent decline since 2007.
- The annual average wage for the technology cluster was \$100,074 in 2010 or 180 percent of the statewide average (\$55,742) for all industries. Employers in the industry paid over \$31 billion in wages or almost 18 percent of the wages paid in all industries.
- Employment within the technology cluster can primarily be found within four industry sectors: utilities (3.8%), manufacturing (27.0%), information (16.4%) and professional, scientific and technical service (51.7%).
- The technology cluster is supported by the strength of New Jersey's highly educated workforce as over 80 percent of New Jerseyans within the cluster have some college or higher. Almost 63 percent hold a Bachelor's degree or higher.



Leisure, Hospitality and Retail Industry Cluster

- Leisure, hospitality and retail (LHR) is comprised of four components: retail trade (56.7% of employment), food services/drinking places (28.9%), accommodation (7.7%) and arts/entertainment/recreation (6.8%).
- Many of the businesses within LHR directly and indirectly support the state's tourism industry, the state's 3rd largest industry according to Division of Travel and Tourism.
- LHR represented \$41.7 billion or 8.8 percent of the state's Gross Domestic Product in 2009.
- LHR jobholding totaled 767,510 in 2010, or 24.5 percent of the state's private sector workers.
- New Jersey LHR employers paid more than \$20 billion in wages during 2010, or 11.7 percent of the state total.
- Over the past two decades, LHR added nearly 62,000 new jobs in New Jersey or about 28 percent of the state's employment gain since 1990. However, its share of total employment increased only slightly during this period, from 19.5 percent in 1990 to 20.0 percent in 2010.

