

December 17, 2018

**SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NOS. 393 AND 973**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning the Senate Committee Substitute for Senate Bill Nos. 393 and 973 with my recommendations for reconsideration.

This bill codifies the Talent Network Program in the Department of Labor and Workforce Development ("DOLWD"). Through the Talent Network Program, the DOLWD works directly with employers in targeted industry sectors to develop partnerships and leverage opportunities to cultivate a pipeline of talent aligning with the needs of the targeted industries. I commend the bill's sponsors for recognizing the value that a highly productive workforce adds to the State's economy.

My Administration strongly supports workforce development and education programs, such as the Talent Network Program, that assist New Jersey employers with meeting their workforce needs. I am concerned, however, that while this bill would establish a long-term funding commitment for the Talent Network Program, it does not establish a clear and sustainable funding mechanism to both support the minimum \$2 million in annual awards mandated by the bill, and maintain the continued viability of the Workforce Development Partnership Fund ("WDPF"), which provides funding for many of the State's job training efforts.

To be clear, I agree with the bill's sponsors that the Talent Network Program should be prioritized along with the many other programs supported by the WDPF. The WDPF is a key component in the State's commitment to train workers and job seekers and to help individuals move from public assistance to work. The Office of Customized Training, for example, which currently receives a

significant portion of the WDPF dedication, provides matching grants to employers to upgrade the skills of their workforce and provides funding to prepare New Jersey's workforce for emerging industries.

At the same time, however, I am concerned that prescribing a specific minimum annual award to the Talent Network Program could hamper the Department's ability to maintain flexibility in its priorities from year to year. Such flexibility is critical to ensuring that the DOWLD is able to quickly and appropriately respond to the State's evolving workforce needs.

Further, I am advised by the DOLWD that this bill is one of several bills currently pending before the Legislature that promise funding from the WDPF. See, e.g., Senate Bill Nos. 2867, 1887, 3067, 3069; Assembly Bills No. 4141, 4164, 4602, 4654. When considered together, these bills would quickly overextend the WDPF and potentially debilitate the Office of Customized Training in upcoming fiscal years, eventually leading to the diminution or elimination of workforce development programs funded by the WDPF. Requiring a minimum of \$2 million in annual awards could exacerbate this problem.

As I noted last summer when signing the annual State budget law and supporting revenue bills, I was, and continue to be, very pleased to have reached a comprehensive deal with my partners in the Legislature concerning the State's spending plan for Fiscal Year 2019. Our agreed-upon budget for the year ending at midnight on June 30, 2019, satisfies our shared constitutional obligations to enact a single appropriations law governing overall State spending needs for the year, as determined through the legislative process. See Article VIII, Section 2, Paragraph 2 of the New Jersey Constitution. With the Fiscal Year 2019 budget, we truly began the collaborative process of building a stronger and fairer

New Jersey. I look forward to working collaboratively with legislative leadership to ensure that spending commitments are established in a coordinated manner so that we can continue to meet our obligations to the State of New Jersey and its residents now and in the future.

Therefore, I herewith return Senate Committee Substitute for Senate Bill Nos. 393 and 973 and recommend that it be amended as follows:

Page 2, Section 2, Line 41: Delete "a minimum of \$2.0 million in"

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor