

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2306**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: OCTOBER 7, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2306.

As amended, this bill, titled the “New Jersey Works Act,” incentivizes businesses to establish pre-employment and work readiness training programs which recruit, prepare, and educate individuals for in-demand jobs with long-term career potential in a labor demand occupation. Under the bill, a business may receive a credit against the corporation business tax or gross income tax for 100 percent of the financial assistance provided to support a qualified pre-employment and work readiness training program approved by the Department of Labor and Workforce Development (department). Businesses engaged in a construction trade are excluded from participating in the bill’s training programs.

The bill authorizes the award of \$2 million in tax credits per State fiscal year to taxpayers that have established an approved pre-employment and work readiness training program with an institution of higher education, a comprehensive high school, a vocational school, or a nonprofit organization.

The bill requires an educational institution or nonprofit organization which enters an agreement with a business entity to establish a training program to submit a proposed pre-employment and work readiness and training plan to the department for approval. Each pre-employment and work readiness training program must offer no less than 12 weeks of paid training, at the minimum wage for each participant, and include, but not be limited to, instruction and training in the following areas: basic math and English literacy, communication skills, critical thinking, leadership, life skills, and job readiness skills training, such as conflict management, finance concepts, resume preparation, problem solving, self-awareness, and management, and any other training deemed necessary by the department. A single pre-employment training plan may be submitted by multiple educational institutions or nonprofit organizations, but the plan must designate one entity as the lead organization with responsibility for the plan.

Under the bill, program participants are required to be at least 16 years old. An educational institution or nonprofit organization may

not determine a trainee's eligibility for participation in the training program based on the trainee's possession of either a high school diploma or a high school equivalency. Each program would offer trainees employment with a business entity which has provided funding for a qualified pre-employment and work readiness training program.

The bill requires the department to review each proposed pre-employment and work readiness training plan to make an initial determination of whether the proposed training program qualifies for financial assistance based on whether the program:

1. consists of pre-employment and work readiness training activities to benefit low- and moderate-income households and persons in need of mid-career skills training or vocational retraining; and
2. is reasonably designed to accomplish its intended purpose and further the purposes of the proposed training plan.

Additionally, the educational institution or nonprofit organization would be required to demonstrate that it has the capacity to implement the plan, ensure that financial assistance will be expended exclusively to implement the plan, and provide documentation of its completion rates.

If the department makes an initial determination that a proposed plan qualifies under the program guidelines, the department would refer the proposal to the Director of the Division of Taxation for final approval, and the director would notify the department of a final approval.

The bill requires the Department of State to conduct a study of the efficacy of the training programs and tax credits following two years from the date of enactment of the bill and report the findings to the Governor and the Legislature.

#### COMMITTEE AMENDMENTS:

The amendments adopted by the committee:

1. modify the definition of "comprehensive high school" add that to be regarded as such for the purposes of the bill, a high school is required to offer approved career and technical education programs of study;
2. require that the jobs for which program participants are being prepared be jobs which are in a labor demand occupation, which is defined as an occupation which, as determined by the Center for Occupational Employment Information, has, or will have, a significant excess of demand over supply for trained workers;
3. require that each pre-employment and work readiness training program follow all child labor laws and regulations;
4. require each entity that establishes a pre-employment and work readiness training program to be included on the State Eligible Training Provider List maintained by the department;

5. add to the bill's standards to qualify for assistance a requirement that an educational institution or nonprofit organization ensures supervision and placement by a trained work-based learning coordinator if the student is enrolled in a secondary education school-sponsored and work-based learning experience;

6. require the department to consult with the Department of Education regarding the development of pre-employment and work readiness training programs for students enrolled in secondary education school-sponsored work-based learning experiences;

7. authorize the department to consult with the Department of Education regarding the approval and implementation of pre-employment and work readiness training programs for students enrolled in secondary education school-sponsored work-based learning experiences; and

8. reduce, from \$12 million to \$2 million, the amount of tax credits that may be awarded annually to taxpayers that provide assistance for an approved pre-employment and work readiness training program, and change the first year that tax credits may be awarded from fiscal year 2025 to State fiscal year 2024.

The amendments also make the Commissioner of Labor and Workforce Development responsible for the adoption of all regulations to effectuate the purposes of the bill, in consultation with the Director of the Division of Taxation and the Commissioner of Education. As introduced, the bill made the Director of the Division of Taxation responsible for the adoption of regulations regarding the portions of the bill concerning taxation.

Finally, the amendments eliminate the bill's previous provision to appropriate "such funds as are necessary to implement the provisions and to effectuate the provisions of (the bill)." As amended, the bill makes no appropriation.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.