Targeted Response to Economic Shocks: The Case of New Jersey

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The Problem

- **September 15, 2008**: Lehman’s Brothers files for Chapter 11, Bankruptcy Protection.
- This was the last straw in a series of events that started in the housing market but quickly rippled throughout the economy.
The Problem

Two Issues

– Capacity Issue: The workforce system was already stretched to capacity.

– Skills Issue: The workforce system never had to serve the population of dislocated workers that are impacted by the current economic crisis.
The Challenge

• We need to provide very quick and useful information.

• The information needs to guide two areas in the area of workforce development:
  – Employment Services
  – Business Outreach

• Time is of the Essence
Three Big Questions

• What to expect?
• Where to expect it?
• How to respond?
September 18, 2008

LMI Response

• Within Days we were able to provide answers to all three questions.
• We were also able to provide needed direction.
What to Expect?

• One-Stop offices are expected to see an unprecedented surge in the volume of demand for the employment and training services.

• States Business Service divisions expected to see a huge increase in layoff events. We need to be more proactive.
Potential Characteristics of Dislocated Workers in Finance Industry
Average Annual Earnings

Average Monthly Earnings

- 521 Monetary Authorities-Central Bank
- 522 Credit Intermediation and Related Activities
- 523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities
- 524 Insurance Carriers and Related Activities
- 525 Funds, Trusts, and Other Financial Vehicles
Where to Expect It?

• Which areas will be impacted most? Which One-Stops will experience the greatest surge in demand for services?

• We quickly identified not just counties, but Census blocks with the highest expected increase in demand density.
The majority of New Jersey finance workers reside in three locations:

- Northeast (easy access to jobs in NYC)
- Princeton Corridor (large Merrill Lynch campus)
- Southwestern (Philadelphia Metro Area)
How to Respond?

• Identify specific target areas for Employment Service programs.
• Identify specific target areas for business outreach activities
• Identify potential partners
• Pool Resources with potential Partners.
Response 1:

Resource Pooling
Potential Partners with strong career counseling services:

• **Northeast**: Rutgers Newark, Essex County College.
• **Center**: Mercer County College, Rutgers New Brunswick.
• **South**: Camden County College, Gloucester County College.
How to Respond?

Response 2

• Major reemployment events were organized and held at the three centers. Local employers and workers at risk were invited.

• Served at least 500 worker in each event, IN ONE DAY!

• LED provided the tool to zoom in on most effective target zones.

• Major Success!
Response 3: Business Outreach

- Morristown, Bridgewater, Newark, Jersey City, New Brunswick, Trenton, and Mt. Laurel, identified for business Outreach activities.
Response 3: Business Outreach

• We targeted both finance and non-finance companies.
• Incentive Packages Prepared and sent out.
• Follow-up Visits Employers in the area visited one-on-one.
How To Respond?

Response 4: New LMI Tools

• We Mobilized to develop targeted tools for dislocated workers in finance.

• Counselor Manual — Dislocated Workers from the Finance Industry.
How To Respond?

• **Response 5: Capacity Expansion National Emergency Grant**

• LED provided clues to what areas were most likely to be impacted by the financial meltdown.

• **Note:** The crisis hasn’t taken place yet back in October. No CLAIMS, NO MASS LAYOFF EVENTS YET!
- 10 Counties in NJ
- 3 in CT
- 5 boroughs in NY.
Conclusion & Recommendation

• LED provides direction, not answers.
• Through this practical experience we became aware that partners outside LMI were fascinated with what LED can do.
• It should be our goal to raise awareness of LED. Increased Awareness would lead to increased support for LED.