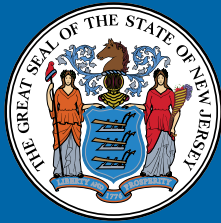


THE STATE OF INNOVATION:
BUILDING
A STRONGER AND
FAIRER ECONOMY
IN NEW JERSEY





State of New Jersey
OFFICE OF THE GOVERNOR
PO BOX 001
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PHILIP D. MURPHY
Governor

October 2018

Dear Friends,

Even before I began my campaign for governor, I unveiled a vision for a new New Jersey economy driven by innovation, that grows from the middle class out and lifts families and communities from the bottom up.

Since taking office, we have begun making this vision a reality by signing legislation to unravel long-standing inequities and empower our workforce, and by enacting a budget that again invests in public education, NJ TRANSIT, and our people. But, fully reestablishing New Jersey as a global power in the innovation economy will require us to do much more to fully maximize our diverse and talented workforce and advantageous location so cutting-edge companies and ideas can flourish.

This report gives us that wide-open path forward.

It is time for New Jersey to once again think big and aim high. By following this blueprint, we can develop a stronger and fairer economy that will double venture capital investment to build the nation's most diverse innovation ecosystem and lead our Northeast peer states in both job growth and median wage growth, create thriving and inclusive cities with more jobs and less poverty, and significantly close racial and gender wage and employment gaps.

Achieving these bold but necessary aspirations will require us to focus again on investing in our people and in our communities, recreating New Jersey as a "State of Innovation," and making it easier for entrepreneurs to open and do business.

This plan puts us on the path to achieve our goals by 2025.

The Great Recession ravaged our middle class and left New Jersey with numerous challenges that, even a decade later, we have yet to overcome – lagging economic growth, one of the nation's worst declines in real median wage growth, and almost non-existent employment growth. Our poverty rate has increased more than it has in our peer states, and fully one-third of our residents find themselves unable to afford basic needs – housing, child care, health care, and food. Income inequality has worsened.

But the recession and its aftermath also taught us our greatest lesson: A stronger economy is a fairer economy, and a fairer economy is a stronger economy.

We acknowledge we have much hard work ahead, and that our efforts will require a lot of ingenuity and collaboration among key stakeholders, including our legislative partners. We are actively engaging across the public and private sectors – state government agencies and departments, our colleges and universities, corporations, medical institutions, business associations, labor unions, and all our communities – to work with us in this endeavor.

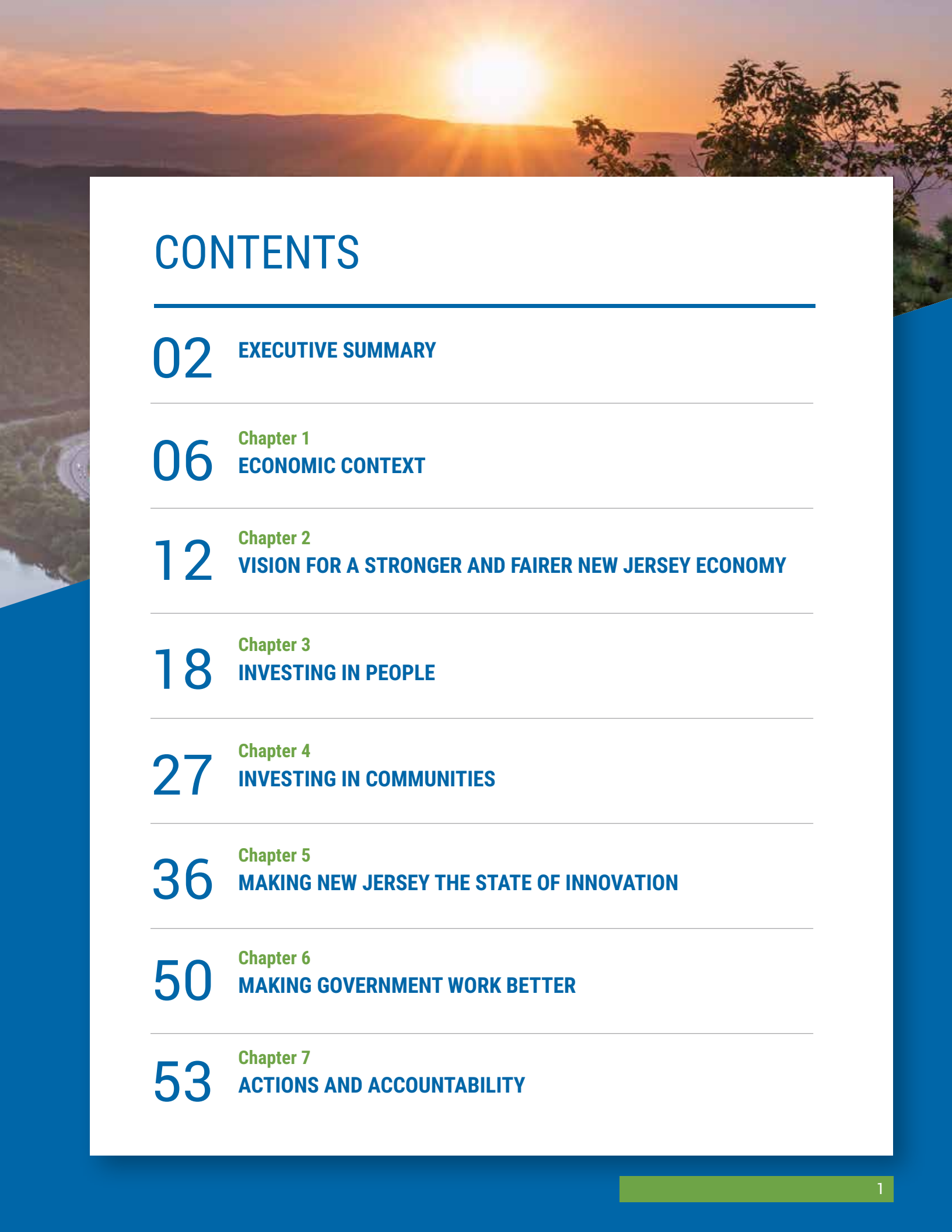
I ask you to join us in building an inclusive innovation-driven New Jersey that will attract and retain the world's top talent and leading thinkers and make us a magnet for new businesses and opportunities, that will reopen pathways to the middle class, and will once again lead in environmental stewardship, fiscal prudence, and promoting high labor standards.

Together, we will once again make New Jersey the best place to live and to work, and a state where every family and business has everything they need to thrive.

My very best,

A handwritten signature in black ink that reads "P.D. Murphy".

Governor Phil Murphy



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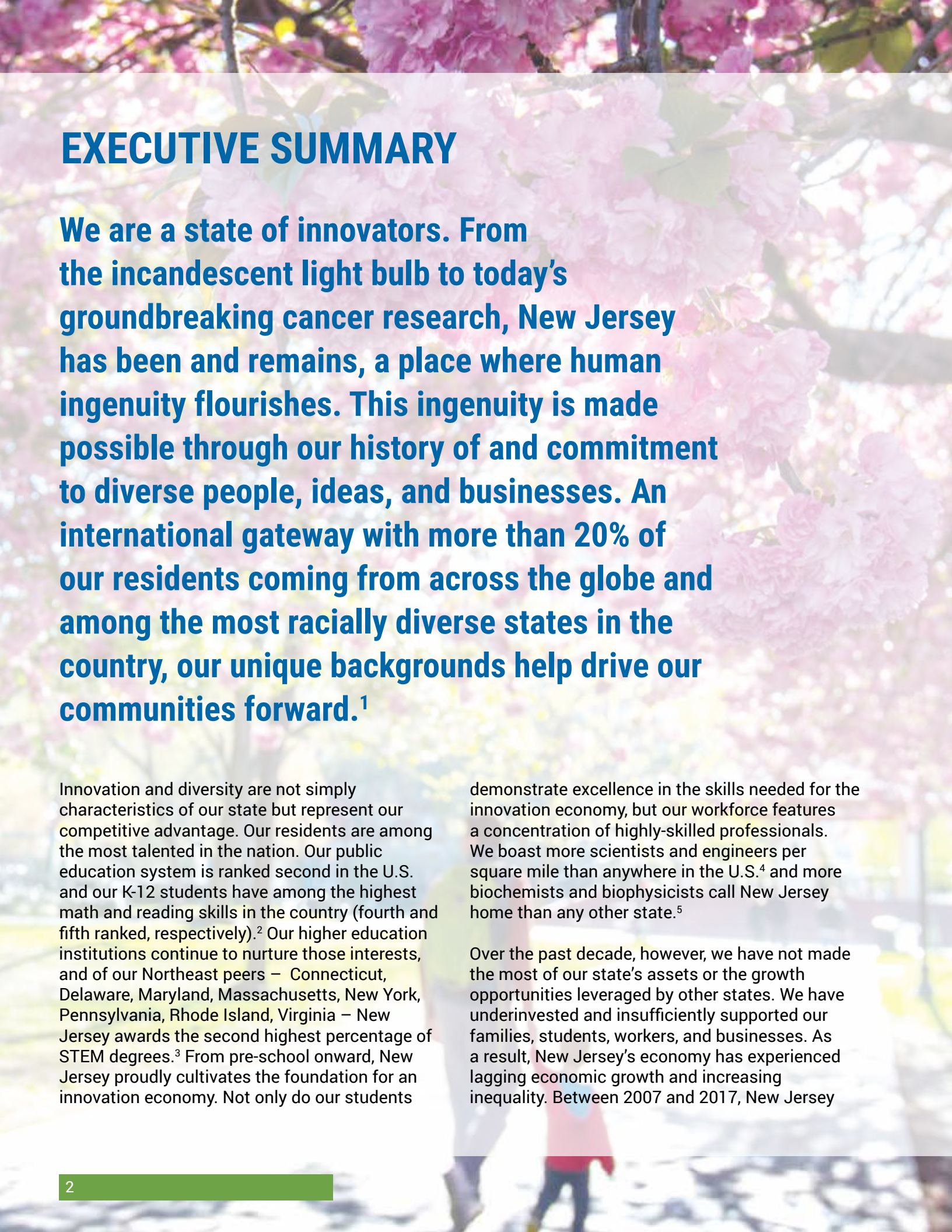
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EXECUTIVE SUMMARY

We are a state of innovators. From the incandescent light bulb to today's groundbreaking cancer research, New Jersey has been and remains, a place where human ingenuity flourishes. This ingenuity is made possible through our history of and commitment to diverse people, ideas, and businesses. An international gateway with more than 20% of our residents coming from across the globe and among the most racially diverse states in the country, our unique backgrounds help drive our communities forward.¹

Innovation and diversity are not simply characteristics of our state but represent our competitive advantage. Our residents are among the most talented in the nation. Our public education system is ranked second in the U.S. and our K-12 students have among the highest math and reading skills in the country (fourth and fifth ranked, respectively).² Our higher education institutions continue to nurture those interests, and of our Northeast peers – Connecticut, Delaware, Maryland, Massachusetts, New York, Pennsylvania, Rhode Island, Virginia – New Jersey awards the second highest percentage of STEM degrees.³ From pre-school onward, New Jersey proudly cultivates the foundation for an innovation economy. Not only do our students

demonstrate excellence in the skills needed for the innovation economy, but our workforce features a concentration of highly-skilled professionals. We boast more scientists and engineers per square mile than anywhere in the U.S.⁴ and more biochemists and biophysicists call New Jersey home than any other state.⁵

Over the past decade, however, we have not made the most of our state's assets or the growth opportunities leveraged by other states. We have underinvested and insufficiently supported our families, students, workers, and businesses. As a result, New Jersey's economy has experienced lagging economic growth and increasing inequality. Between 2007 and 2017, New Jersey

added virtually no net new private sector jobs, and half of typical working New Jersey residents take home less pay today than they did before the Great Recession. More than one-third of us cannot afford basic, everyday household needs. And poverty has grown faster in New Jersey than in 46 states in the U.S.

With these challenges in mind, our vision is to reestablish New Jersey as an economic and innovation leader, as a place where diverse talent, companies, and ideas flourish, where real pathways exist to the middle class, where all residents can prosper, and where environmental stewardship, fiscal prudence, and high labor standards are promoted and encouraged. This document encapsulates the vision of New Jersey that we hope to realize.

Our vision, aspirations, and strategies to advance New Jersey's economy reflect a truly distinctive approach to economic growth, which fully leverages our strengths and includes all of us. To unlock long-term, resilient economic growth, we must create a New Jersey economy that is both stronger and fairer.

An environment where small businesses, local entrepreneurs, multi-national corporations, and workers can thrive is essential for our economy's future. At the same time, ensuring that growth is inclusive and connects, rather than isolates, people and communities is paramount for achieving true economic opportunity. We believe, as is reflected in our state motto, that New Jersey should be a state of both "liberty and prosperity" – a place where fairness begets strength and strength begets fairness.

To reclaim New Jersey's rightful place as a center for innovation and as a place where all residents can build economic security and well-being, we will develop a stronger and fairer New Jersey economy that will aim to achieve five key goals by 2025:

1. **Driving faster job growth over this period than all Northeast peer states by fostering a better, more supportive business climate**
2. **Achieving faster median wage growth than all Northeast peer states**
3. **Creating the most diverse innovation ecosystem in the nation and doubling venture capital investment in the state**
4. **Closing the racial and gender wage and employment gaps**
5. **Encouraging thriving and inclusive New Jersey urban centers and downtowns, with a focus on reducing poverty**

True to our heritage, our aspirations for a stronger and fairer New Jersey economy reflect the boldness and daring spirit of our residents. Ultimately, however, we will judge ourselves not just by our aspirations, but also by the results that we achieve. By working together, we can and will achieve these aspirations for ourselves and future generations of New Jersey residents. To realize our stronger and fairer aspirations, we will focus on four strategic priorities:

1. **Investing in people** to help all New Jersey residents prepare for and find work that supports and sustains families and investments in our future
2. **Investing in communities** to build world-class cities, towns, and infrastructure statewide
3. **Making New Jersey the State of Innovation** to harness the power of innovation to create more and better jobs across the state
4. **Making government work better** to improve New Jersey's competitiveness and business climate

Investing in people

We will help all New Jersey residents find sustaining work through **NJ Talent**. NJ Talent, a holistic, people-first support system for the professional development of all New Jerseyans will provide proactive support for workers. This starts with our effort to raise the minimum wage to \$15 an hour, expand the Earned Income Tax Credit, and enact a Child and Dependent Care Tax Credit. New Jersey has also passed an ambitious equal pay law and is implementing earned sick leave. Furthermore, we will expand access to free community college, implement STEM loan forgiveness, and commit resources to New Jersey's Apprenticeship Network and Career Network. Finally, we will launch a 'Future of Work' task force to proactively plan for the challenges our residents and businesses will face from the continued disruptive impact of technology on the jobs of today. For example, we will look to pilot creative solutions, like portable benefits and Lifelong Learnings Accounts, that will help our residents thrive in a global economy that continues to evolve.

Investing in communities

We will build world-class cities, towns, and infrastructure statewide through our **NJ Communities** program. NJ Communities will focus investment resources on mixed-use, transit-oriented, innovation-centric development in distressed neighborhoods and downtowns throughout the state. To revitalize our communities, we are proposing a more efficient, targeted place-based gap financing program (NJ Aspire) together with a proposed, revitalized brownfields program and a new state historic preservation tax credit program. We are also looking forward to facilitating responsible investment in Opportunity Zones through a digital marketplace that encourages easy, impactful investment in New Jersey. Additionally, we will continue our work addressing New Jersey's transportation infrastructure, including NJ TRANSIT, and in new major infrastructure investments including the Gateway Program and Newark International Airport.

Making New Jersey the State of Innovation

We will harness the power of innovation to create more and better jobs across the state through **NJ Innovate**. Leading in innovation will require greater investments in our people, our ecosystem and physical spaces, and both private and public research and venture capital financing. To address major shortfalls in venture capital investments in New Jersey startups, we propose the creation of a New Jersey Innovation Evergreen Fund (NJIEF), which will partner with the private sector to raise and co-invest funds in New Jersey-based startups. To support the growth of targeted sector investments, we will use incentives as a tool to help us realize our strategy to make New Jersey the State of Innovation. We propose a more efficient, capped, job-creation tax credit program (NJ Forward Tax Credit), which will focus on expanding and maturing high-growth, high-wage sectors. Finally, we will make focused investments in the clean energy economy and work to become the home of the American offshore wind industry and maximize the job-creation impact of this critical component of our energy future. As part of our commitment to 100% clean energy by 2050, New Jersey will propose the creation of the Wind Innovation & New Development (WIND) Institute to fully leverage our state's expansive academic and workforce assets to develop a robust wind industry.

Making government work better

We will improve New Jersey's competitiveness and business climate — to remove barriers that businesses face in growing here and creating jobs — through enhanced government collaboration and an **NJ Accelerate** initiative. Through the NJ Accelerate initiative, we will launch new small business lending programs and create a dedicated small business unit within the New Jersey Economic Development Authority (NJEDA) to support our small business community, which employs more than 50% of New Jersey residents today.⁶ We will provide new resources to allow small businesses, particularly Minority, LGBTQ, Women and Veteran-owned businesses, better access to more flexible capital, and support Community Development Finance Institutions to deploy more investment capital in historically underserved communities. Additionally, we will work to improve New Jersey's business climate for all businesses. We will continue to modernize our regulatory environment to support our innovation economy and remove regulatory bottlenecks, while supporting strong and transparent environmental, health, and labor standards. From 21st century innovation-friendly policies that ensure New Jersey is prepared for the future of work to a new permitting reform initiative to identify and streamline outdated, cumbersome processes, we believe that we can position New Jersey and its businesses to thrive in our new economy.

Achieving the aspirations laid out in this plan will take a collective effort, and we must work together to make it happen with our partners in the Legislature; federal, county, and local government; labor unions; community groups; academic institutions; and the private sector. As such, we believe this plan is a roadmap for New Jersey, and one that will improve and evolve through the collective wisdom and input of our residents, businesses, and communities. We welcome new ideas that help us to reach our 2025 goals of realizing a stronger and fairer New Jersey economy.

CHAPTER 1

ECONOMIC CONTEXT

Our competitive advantages

New Jersey's economic strength and future lie at the intersection of our people and our location. Our approximately 9 million residents are highly-skilled, diverse, and hard-working, and we are geographically positioned within the talent- and transit-rich Northeast corridor.⁷

New Jersey boasts the second-ranked education system in the country.⁸ We lead in rates of pre-school enrollment and high school graduation (New Jersey ranks in the top three in both).⁹ Our high school graduates are college ready (New Jersey ranks sixth in the nation), and New Jersey has an array of strong higher educational institutions.¹⁰ Of our Northeast peers – Connecticut, Delaware, Maryland, Massachusetts, New York, Pennsylvania, Rhode Island, Virginia – New Jersey awards the second highest percentage of STEM degrees.¹¹

We have a workforce uniquely rich with highly-skilled professionals. There are more scientists and engineers per square mile in New Jersey than anywhere in the U.S.¹² More biochemists and biophysicists call New Jersey home than any other state.¹³ These professionals are not only skilled, but also diverse. New Jersey has one of the highest concentrations of top foreign talent and the third highest concentration of foreign-born residents in the U.S. Approximately 45% of us are racial minorities, and we rank fourth in the nation for linguistic diversity.¹⁴

The result of this global, educated workforce is a strong, historic position in knowledge-intensive industries. Thomas Edison founded the first innovation park in New Jersey nearly 150 years ago. Since then, New Jersey has been the birthplace of the transistor, fiber optics, digital cellular technology, LCD technology, barcoding, HDTV, and C++ programming. We are home to 21 Fortune 500 companies, operations of 13 of the top 20 global

pharmaceutical companies, 16 of the fastest growing tech companies in the country, and more than 400 biotechnology companies.¹⁵ Innovation is the lifeblood of New Jersey.

Our ingenious people and companies are strategically located between the financial and political capitals of the country, and arguably, the world. Yet, our residents and businesses enjoy the quality of life and affordability of mid-sized cities and transit-connected towns. Eighty percent of our residents live within one mile of our dense transit network, with more than 250 bus routes, and 12 commuter rail lines. Our cities and towns are further linked to the world through three commercial airports, including one of the top international airports in the country and the busiest port on the East Coast.¹⁶ With the best broadband connectivity in the country and a leading fiber network, New Jersey is truly a connected state.¹⁷ Amid the bustle, our beaches, hills, lakes, and abundant arts and cultural institutions offer prime tourism opportunities and peaceful respites from our hard work. And our Garden State heritage not only affords us farmers' markets filled with local produce and vineyards and wineries to visit, but also makes us as a major exporter of blueberries, cranberries, and other farm products to the world.

These competitive advantages have led businesses to launch, grow, thrive and create jobs in New Jersey since its founding. They have also led other companies to relocate to New Jersey and foreign companies to choose our state as their North America launching pad. Unfortunately, these businesses, the people they employ, and the communities in which they operate are running into too many challenges and barriers.





Our challenges

Despite our competitive advantages, our state has not always optimally invested our resources in supporting economic growth. Historic over-reliance on cyclical industries in boom times left us vulnerable during recessions and impeded our recovery. Our focus on investments in companies ahead of people and communities has increased economic inequality and left workers behind.

For too long, our residents and communities have experienced economic stagnation and growing inequality. New Jersey's historical choices have created a challenging environment that has compromised our economy's relative

competitiveness. During the last ten years, New Jersey missed the economic resurgence burgeoning in other parts of the country. Employment growth has been meager at just 0.1% annually, leaving New Jersey 42nd in the nation.¹⁸ Between 2007 and 2017, New Jersey's economy added practically no net new jobs (approximately 50,000 jobs).¹⁹ For comparison, during these same ten years, the average state added nearly 175,000 jobs.²⁰

New Jersey ranks 32nd for the share of working age population in the labor market and 47th in long term unemployment in the country.²¹ Wage growth,

New Jersey's economy has struggled over the past decade...

Real median wage growth
CAGR¹, 2007 - 2017

Employment growth
CAGR¹, 2007 - 2017



¹ Compound annual growth rate

Note: Data reflect latest available decade; 2016 available per latest census

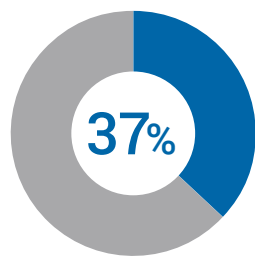
Northeast peers include Connecticut, Delaware, Maryland, Massachusetts, New York, Pennsylvania, Rhode Island, Virginia

SOURCE: Bureau of Labor Statistics, United Way Alice Report, US Census

which is a measure of how well our people are doing, has fallen.²² With compound annual growth of -0.3% over the last decade, real median wages in New Jersey have declined more rapidly than in all but one other state, placing us 49th in the nation in wage growth between 2007 and 2017.²³ Poverty in New Jersey is increasing at a faster rate than 46 U.S. states (New Jersey is ranked 47th).²⁴ Basic everyday needs such as housing, childcare, food, and healthcare, are out of reach for 37% of New Jersey households.²⁵

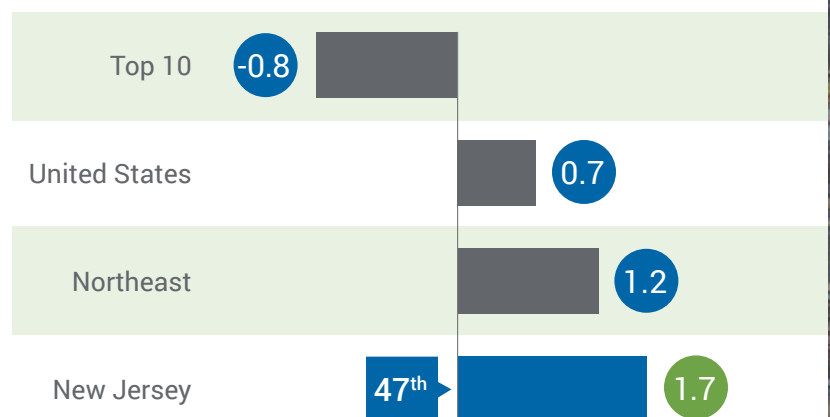
The 2007 to 2009 recession precipitated much of New Jersey's economic challenges. State GDP and employment declined 5.3% and 4.6%, respectively, between December 2007 and June 2009.²⁶ New Jersey's weak recovery only heightened economic hardship. From 2007 to 2017, New Jersey has experienced flat annual GDP and employment growth (0.2% and 0.1%, respectively), compared to modest growth among Northeast peers (0.8% and 0.4%, respectively), and even greater gains for the U.S. nationally (1.5% and 0.6%, respectively).^{27,28}

...creating an increasingly more difficult environment in which all residents can succeed



Of residents cannot afford basic needs — e.g., house, child care, food, health care

Change in poverty rate,
Percentage points, 2006 - 2016



New Jersey's declining economic performance and growing inequality over the last decade have many causes; however, we must address four key challenges to reverse these trends:

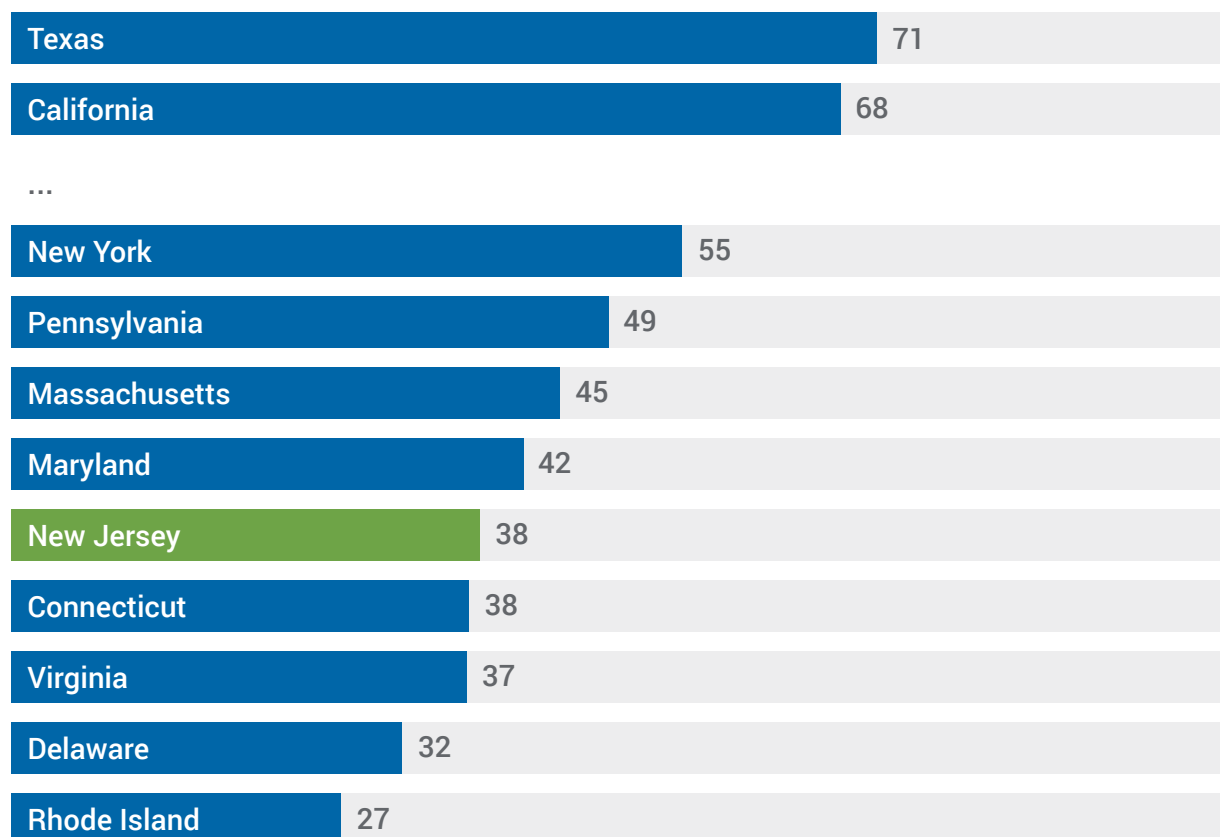
Underinvestment in our people, in both retaining and attracting talent and fully developing our diverse workforce

On average, New Jersey has over 60,000 high-skilled job openings that go unfilled each month.²⁹ Our graduates should be filling this need, but New Jersey retains just 38% of in-state college graduates.³⁰ Peer states retain nearly 50% or more of their college graduates.³¹ Even graduates of top New Jersey educational institutions leave the state after graduation at higher rates than those of peer institutions in Northeast states.³² At the same time, there are not

enough workers for jobs requiring at least a high school diploma, but not necessarily a four-year college degree, as approximately 22,000 positions a month go unfilled that meet this description in New Jersey.³³ Compared to our peers, New Jersey has limited at-scale policies in place to support and grow our mid-skilled labor force. We have been taking our state's greatest treasure — our talented, diverse, hard-working people — for granted.

Higher education graduate retention by state, percent

New Jersey higher education graduate retention³⁴





Underinvestment in communities that are critical to the state's vibrancy, equity, and livability

New Jersey's cities should be dynamic ecosystems of talented and productive people and businesses. In recent years, America's cities and metropolitan areas have generated a disproportionate percentage of the nation's private sector job creation.³⁵ Worldwide, young, educated people are moving to cities and helping drive economic turnarounds. However, in New Jersey, most of our cities lag the state across several economic dimensions (for example, poverty rates are significantly higher in cities than the rest of the state), creating a drag on overall state growth and leading to economic inequality.³⁶ Investment in cities

makes our economy fairer by providing more opportunities for employment and business ownership for large mixed-income populations. Thriving cities and vibrant downtowns also continue to be among the nation's most important centers for economic growth, with cities tending to support income growth more rapidly than rural areas. For example, real income increased six times faster in metro areas than non-metro areas in 2016.³⁷ Strengthening New Jersey's cities and urban centers is critical to accelerating job and wage growth for more of our residents.

Insufficient focus on innovative new companies and high-wage, high-growth sectors

Young businesses, those less than ten years old, are a key driver of economic growth as the largest job creators in the U.S. economy. While New Jersey boasts a competitive number of startups, these new businesses exit the market sooner than new businesses in our peer states. Of large companies in the

U.S., those with more than 500 employees, 11% are less than ten years old, compared to 5% in New Jersey — meaning we are not scaling our innovative companies fast enough.³⁸ Thomas Edison's entrepreneurial spirit remains alive and well in our people; we just need to help them unlock their potential again.

Growing governmental and regulatory complexity in navigating and doing business

New Jersey businesses face significant challenges as they advance from startup to maturity. New Jersey ranks lower than our peers in cost of doing business, business friendliness, and regulatory environment.³⁹ The state's permitting system across agencies is fractured, complex, and increasingly

archaic from a technology perspective. The regulatory culture and processes must be brought into the current era of technology and digitization. Our state agencies need to work together more collaboratively with one another and with local and federal governments.

The New Jersey economy we hope to build, and the principles laid out in this plan, aim to directly address these key root causes, and set New Jersey on a trajectory toward sustainable and equitable economic growth.

CHAPTER 2

VISION FOR A STRONGER AND FAIRER NEW JERSEY ECONOMY

Despite the challenges we have faced over the past decade, we believe we can do better. Our best days lie ahead of us if we can focus on enhancing our economic competitiveness, particularly compared to our peer states in the Northeast. Global and macroeconomic dynamics, federal economic and monetary policies and market forces (e.g., commodity prices, geopolitical events) set the broad economic context for New Jersey and our peers. In order to outpace our peers (after lagging behind them for many years) we must focus on the policies, investments, and initiatives that we as a state can most influence to support inclusive, long-term growth in New Jersey. To reverse the dynamics that have hampered our economic competitiveness, we are charting a new course to achieve faster and more sustainable economic growth and a **stronger and fairer New Jersey economy**.

Our vision is to reestablish New Jersey as an economic and innovation leader, as a place where diverse talent, companies, and ideas flourish, where real pathways exist to the middle class, where all residents can prosper in the economy, without compromising on environmental stewardship, fiscal prudence, and high labor standards. This document encapsulates the vision of New Jersey we hope to realize.

Stronger equals fairer and fairer equals stronger

We believe a stronger and fairer New Jersey economy is a single goal – not two goals in tension with each other. Economic growth and economic inclusion are self-reinforcing, and by joining them, we will see enhanced success across measures that matter to New

Jerseyans. Fairness is not a tradeoff for economic growth. In fact, research suggests that the intentional, equitable inclusion of all residents is critical to economic prosperity. The increased inclusion of women and racial minorities in the U.S. economy has

accounted for more than 25% of the productivity growth that the U.S. has experienced over the past 50 years.⁴⁰ Similarly, communities with greater levels of racial integration and inclusion lead to more productive, financially-wealthy innovation ecosystems.⁴¹ Fairness begets



STRONGER

FAIRER

strength and strength begets fairness. To support economic opportunities for all residents, New Jersey must foster a healthy business climate that enables small business owners, entrepreneurs, and corporate partners to thrive. We believe that making our economy both stronger and fairer is not only doable, but absolutely necessary.



To make this vision a reality, our stronger and fairer New Jersey economy plan will focus on **five key goals which we aim to accomplish by 2025**

1

Driving faster job growth over this period than all Northeast peer states by fostering a better, more supportive business climate

Adding approximately 300,000 jobs

2

Achieving faster median wage growth than all Northeast peer states

Approximately 4% wage growth or \$1,500+ increase in median wages

These goals are bold and aspirational, and by working together – government, businesses, labor unions, non-profit organizations, and residents – we believe they can be achieved. We will regularly monitor and track our progress against these goals and commit as a state to do the hard work necessary to achieve these outcomes.

By setting and working to attain these people-centric goals, we believe we can realize a New Jersey future truly reflective of our assets, one

where entrepreneurs and small business owners, including women, minority, veteran, disability, and LGBTQ-owned enterprises, have enhanced access to the capital, programs, and networks they need to successfully start and scale their businesses. Where recent college graduates are excited to call New Jersey home, and where they can find inspiring work, affordable living, and accessible urban and suburban amenities. Where residents of historically underinvested communities experience and lead in the rebirth



3

Creating the most diverse innovation ecosystem in the nation and doubling venture capital investment in the state

Approximately 40,000 more women and minorities in STEM and \$625 million in new venture capital investment

4

Closing the racial and gender wage and employment gaps

Approximately 42,000 more women and minorities employed and \$15-23K increase in annual wages

5

Encouraging thriving and inclusive New Jersey urban centers and downtowns, with a focus on reducing poverty

Reducing city poverty rate to today's statewide average

of New Jersey's cities and downtowns. Where every resident, including working single parents, middle-aged employees forced to make a career change, people with disabilities, veterans, recent immigrants, and others have access to world-class education and training programs that can help accelerate their careers and support their families in a fast-changing world. It is a New Jersey where government works with the private sector to easily navigate regulatory and permitting processes, making New Jersey a better place to do business

and reducing friction for businesses creating jobs for our talented, diverse, and hard-working people.

Our vision for this great state and the outcomes we hope to achieve by 2025 can bring transformational impact in our lifetimes and in the lifetimes of generations of New Jersey residents to come. We believe we can, and must, act now to bring about a stronger and fairer New Jersey economy.

OUR STRATEGIC PRIORITIES TO BUILD A STRONGER AND FAIRER NEW JERSEY ECONOMY

Investing in people

To help all New Jersey residents prepare for and find work that supports and sustains families and investments in our future: Building on New Jersey's talent and diversity, a stronger and fairer New Jersey economy will reinvest in New Jersey residents to ensure all can succeed in the jobs of today and are well-positioned for the jobs of tomorrow. Building on our strong Pre-K to 12 and higher education system, we can, and must, do everything to ensure our residents are equipped to succeed in current and future careers. Since employers and jobs follow talent, we will deepen our talent pool by equipping people who need education and workforce services with the right technical resources to ensure job-readiness. By better attracting talent to New Jersey and working intently to develop the wealth of talent already within our borders, we believe that New Jersey can make significant strides toward our goals of higher wages and increased employment for all.

Investing in communities

To build world-class cities, towns, and infrastructure statewide: We will continue to make New Jersey among the best places in the country to live and work. To do so, we will invest in our cities and downtowns and help turn around important communities that have suffered from underinvestment and geographic and economic isolation. We will also better connect our communities with transit and explore mobility options to relieve traffic congestion that consumes too many of our productive hours. We will create vibrant centers of population, economic, and cultural and artistic growth, and in doing so, better attract and retain great people. Through smart, targeted investments in communities and their infrastructure, we believe New Jersey will be a place where residents and business can thrive.



Making real the vision we set forth for New Jersey and achieving the five goals we have described by 2025 will require improving New Jersey's competitiveness by turning our state's four main economic development challenges into **four strategic priorities**:

Making New Jersey the State of Innovation

To harness the power of innovation to create more and better jobs across the state: Rather than being passive bystanders to the industries and jobs we hope to provide New Jersey residents, we will have a renewed strategic focus as a state on supporting key growth sectors. We will leverage smarter, more targeted incentives and programs to bolster high-wage, high-growth sectors that bring money into New Jersey and support sustainable living for New Jersey residents. Specifically, a stronger and fairer New Jersey economy will focus on growing our innovation economy and capturing the economic multiplier effects of those industries (up to five additional jobs are created by each job in the innovation economy)⁴² by supporting several key sectors, including: life sciences, information and high tech, clean energy, advanced manufacturing, advanced transportation and logistics (including aviation), finance and insurance, food and beverage, and film and digital media.



Making government work better

To improve New Jersey's competitiveness and business climate: Over the past several decades, New Jersey has become a more complex and challenging environment for businesses. While we are proud of our state's long-time commitments to high standards that protect our health, workers, and environment, we understand that our regulatory system — at both the state and local levels — can discourage innovation and entrepreneurship. From small business owners to budding New Jersey entrepreneurs to our global corporate partners, New Jersey as a state has not done enough to make its business environment easy to comply with and navigate. A stronger and fairer New Jersey economy will improve the ease of doing business by providing better support and tools for businesses, particularly small businesses, and by infusing more customer-centered, innovative strategies in New Jersey's government practices to better reach and serve businesses and residents alike. By listening and engaging businesses and residents to identify and solve their most pressing concerns, taking a 'whole of government' approach to problem solving, and bringing the full resources of our great state agencies to bear, we believe that government can work better and serve residents and businesses with state-of-the-art technology and professionalism.



CHAPTER 3

INVESTING IN PEOPLE

Innovation starts with people. People generate ideas, start companies, and create jobs. New Jersey has some of the most diverse, educated, and hard-working residents in the country. We have an education system that is the envy of almost every other state (ranked second in the nation) and a workforce of more than 4 million dedicated workers.⁴³ Despite these assets, we have not delivered on our promise to ensure that New Jersey is a place where all residents can thrive economically. From racial and gender wage and employment inequities to population outmigration and significant long-term unemployment, we must do more to support New Jerseyans. We can no longer tolerate New Jersey's inequities. New Jersey has some of the largest earnings gaps in the country between Hispanic and White workers and between Black and White workers, and the 47th worst level of long-term unemployment in the nation.⁴⁴ These challenges must be solved if we are to realize our vision of a stronger and fairer New Jersey economy.

These challenges are not unique to New Jersey – states and cities across the U.S. are struggling to combat inequality, poverty, and various forms of discrimination. What is unique about New Jersey is our commitment to leading the nation in inclusive growth. A stronger and fairer New Jersey economy will promote policies and programs that ensure all of New Jersey's residents are included and supported in the state's economic growth.

We have worked with the Legislature to advance laws promoting equity and labor protections in our economy. Our non-discrimination, progressive laws continue to protect and support our LGBTQ community, persons with disabilities, and immigrant populations. We will continue to push for a phased-in minimum wage of \$15 per hour

for all New Jersey residents.⁴⁵ Despite the U.S. experiencing the longest period of uninterrupted job gains in its history, overall wages have remained relatively stagnant, with those earning minimum wage particularly hard hit by growing housing, transportation, childcare, education, and healthcare costs.⁴⁶ We will work with industry to create a transparent path that will allow them to plan ahead for these changes. In addition, we will continue to bolster the Earned Income Tax Credit and implement the Child and Dependent Care Tax Credit that are so vital to assisting low-income working families.

Additionally, we have committed to supporting one of the most progressive equal pay laws in the country. New Jersey's Diane B. Allen Equal Pay Act not only bans employers from paying men and women different rates for "substantially similar" work, it also allows for up to six years of back pay for wage discrimination, two to three times longer than the federal cap.⁴⁷ Similarly, New Jersey's earned sick leave legislation will support approximately 1.1 million New Jersey workers facing the choice of losing their jobs or getting their co-workers or their customers sick.⁴⁸ New Jersey is now just the tenth state in the U.S. to require employers to provide paid sick leave to their workers, ensuring continued strong labor standards.⁴⁹

A stronger and fairer New Jersey economy will provide programs to support current and future workers. We will launch **NJ Talent**, a suite of comprehensive initiatives – some already up and running – to better attract, retain, and develop the state's current and future workforce, under the leadership of the Department of Education, the Department of Labor and Workforce Development, and the Office of the Secretary of Higher Education.



RETAINING AND ATTRACTING THE NEXT GENERATION OF WORKERS

NJ Talent will start by turning our generational workforce challenge into a generational opportunity. Millennials, generally defined as born in the years 1981 to 1996, represent the largest share of the U.S. labor force, accounting for more than one in three U.S. workers.⁵⁰ Globally, by 2025, estimates suggest that these workers in their early twenties to their late thirties could account for up to 75% of the workforce.⁵¹ These young adults will be the future economy and New Jersey's ability to attract and retain this part of the workforce is critical for our long-term economic growth.

While our population has continued to increase in recent years, we have grown at half the pace of the nation and have grown more slowly than our Northeast peers. A primary driver of our tepid population growth has been our inability to retain talent. In 2017, nearly 60,000 New Jersey residents moved to other states, the fourth highest out-of-state migration in the country.⁵² This trend is largely driven by young adults moving out-of-state.⁵³ This trend is particularly unfortunate for us as we produce some of the top high school graduates in the country. We have the third best Pre-K to 12 system in the country and five of the top 100 public school districts in the country.⁵⁴ Given our breadth of talented high school graduates, many go out of state for college, and it is difficult to attract them back. Additionally, we struggle to retain college graduates from our New Jersey universities. For instance, we retain only 38% of our university graduates, compared to the 49% who stay in Pennsylvania and 55% who stay in New York.⁵⁵

To offset these trends, we must make New Jersey a more attractive, more affordable place for young talent to live and work. One new initiative is a STEM

Loan Forgiveness program enacted in 2018 which provides up to \$8,000 in debt relief for graduates in STEM fields. We will implement this pilot program and continue to explore similar efforts to make New Jersey a more attractive place for the country's young talent to thrive. Similarly, efforts such as the NJ Career Accelerator Internship program, which provides subsidized internship opportunities for high school, college, and university students, have and will continue to increase STEM and other internships. We will also continue to invest in higher education to increase the number of seats at our high-quality colleges to keep our young adults in-state in the first place. Lastly, our Community College Innovation Challenge initiative to expand access to free community college for incoming students and returning adults will not only benefit those individuals, but will also contribute to a growing economy.

Millennials, and the generations that follow, prioritize walkable, vibrant, 24/7 live, work, play places. New Jersey has shown it can offer this very lifestyle to younger generations. Hoboken is home to a higher concentration of millennials than Boston or Austin, TX.⁵⁶ To ensure this momentum continues, we will invest in creating the vibrant cities and towns needed to attract and retain millennials and other generations. As described below, our new place-based incentive program, NJ Aspire, will invest in communities to generate transit-oriented development, affordable housing, and new accelerators and incubators. Our expanded investment program for redeveloping brownfield sites will ensure that our industrial past

DEVELOPING A WORKFORCE TO MEET CURRENT AND FUTURE DEMANDS

New Jersey's richly diverse and talented people are a true competitive advantage for the state. However, our current labor force faces several persistent challenges, with New Jersey ranked 47th in long-term unemployment in the country and 36th in underemployment.⁵⁸ Simultaneously, in any given month, over 60,000 high-skilled job positions remained unfilled.⁵⁹ A stronger and fairer New Jersey economy will ensure that New Jersey workers have the skills necessary to meet current and future employer demands and to support themselves and their families through new opportunities. To address these challenges, NJ Talent will include a set of comprehensive efforts to train current and future generations of New Jersey workers and incentivize employers to consider hiring from talent pools they often overlook, including mid-career and older workers, people with disabilities, veterans, previously incarcerated individuals, out-of-work/out-of-school youth, and other often marginalized residents.

can contribute to our innovation future in our cities and towns. Finally, our new historic tax credits will revitalize more historically significant buildings for new lives in the 21st century economy, following the wisdom of urbanist Jane Jacobs that new ideas need old buildings.⁵⁷

Many of our older residents and retirees increasingly seek the same affordable, walkable, mixed-use environments, as do a growing number of working families. Investing in making our cities and downtowns more vibrant and dynamic will allow us to attract, retain, and unlock the potential of all generations. Together, these and other programs will make our cities and towns world-class, walkable, culturally vibrant, and affordable — natural homes for millennials and all generations.



Historic Investment in New Jersey's Talent

A stronger and fairer New Jersey economy will re-invest in New Jersey residents to ensure that all New Jerseyans can succeed in the jobs of today and are equally well-positioned for the jobs of tomorrow. We are investing in our people, from Pre-K to 12 to higher education to lifelong workforce programs, as a sign of this commitment. Initiatives such as free community college demonstrate our shared commitment to supporting New Jersey's workers.

Historically, New Jersey has stood as an academic beacon for young learners, providing both communities and employers access to some of the nation's most innovative thinkers. We boast the highest concentration of scientists and engineers per square mile and are home to some of the best

private and public colleges and universities in the country.⁶⁰ Despite these unique strengths, we have not fully developed our current workforce to succeed in the state's evolving labor market. To reinvigorate our public workforce system, our investments will transform several programs for New Jersey students, workers, and residents: We will support investments such as the New Jersey Apprenticeship Network, create the NJ Career Network (emphasizing career coaching and responsive services, both in person and virtually) and develop a pioneering 'Future of Work' task force, which will consider robust portable benefits, lifelong learning initiatives, and ensure New Jersey residents have good, family-supporting jobs.

Renewing New Jersey's leadership in the innovation economy starts in our public schools. We will invest in a Computer Science for All initiative to ensure that every high school will have a computer science program. By fostering partnerships among K-12 educators, college and university educators, and private-sector practitioners, we will grow innovative, STEM-focused high school programs that will prepare students for the jobs of the future. Leading educators are also calling for increased emphasis on creativity and design skills that students acquire through arts programs, knowing these will help them be innovative and become "robot-proof" in the future and New Jersey will continue to support robust arts opportunities in its schools.

Moreover, we have established the New Jersey Apprenticeship Network, a path for state residents to enter high-skilled careers through paid,

registered apprenticeships, many of which may include college credit. Between 2013 and 2017, New Jersey trained over 5,400 new apprentices for skills dictated by private sector demand.⁶¹ New Jersey's continued expansion of such skilling programs, based on German, Austrian, and Swiss education models, will transform the Garden State into a leader for state apprenticeship and pre-apprenticeship programs. We will provide options for all New Jersey residents to build meaningful careers across a wide range of employers, including fields to bolster our innovation economy, such as life sciences and technology, as well as traditional industries where organized labor has led the way, such as building and construction trades. This will target traditionally underrepresented populations, including women and people of color. We will also continue to expand career and technical education and opportunities for experiential learning, co-ops, and internships.

In addition to the Apprenticeship Network, we will fully leverage the Workforce Development Partnership Program (WDPP) to provide training programs and work-based learning opportunities for long-term unemployed job seekers, low-income workers, people with disabilities, young adults out of work and out of school, and others, as well as skills upgrades for incumbent workers. Our Department of Labor and Workforce Development will invest funds to create the NJ Career Network, creating improved access to lifelong learning and career management opportunities for all residents. Through a revamped portal and programs, the NJ Career Network will provide state-of-the-art digital tools, coaching, and training

services, including digital literacy, to help connect job seekers and employers and assist gig workers and others engaged in alternative work arrangements. NJ Career Network, in partnership with existing state programs, will also provide greater support for incarcerated and formerly incarcerated residents. From exploring the expansion of prison education and degree attainment programs to accelerated upskilling training programs to support recently released residents, we strive to make meaningful employment a reality for all New Jersey residents.

These efforts, under the collective leadership of the Department of Education, the Department of Human Services, and the Department of Labor and Workforce Development, will help reduce racial, gender and other wage and employment gaps and reduce long-term unemployment and underemployment. Working with our county and local partners, employer tools will be connected to the range of business, workforce, and economic development services to create a comprehensive platform for the state's workforce.



A photograph of three people walking on a modern glass staircase. A woman with long dark hair, wearing a blue and white striped top and a blue scarf, is pointing towards the left. A man in a red and white checkered shirt is holding a blue folder. A woman with short curly hair, wearing a red jacket and a blue scarf, is holding a laptop. The background shows a modern building with large glass windows and a staircase with a metal railing.

Future of Work Task Force

We will commission a 'Future of Work' task force – one of the first in the nation – bringing together government officials, academics, corporate pioneers, labor union leaders, and communities to truly understand and assess the impact technological advancement will have on our state's residents. From increased automation to more flexible working environments, the 'Future of Work' will be a thought leader to help New Jersey, and the nation, develop new solutions for the emerging challenges our workforce faces.

One key consideration of our 'Future of Work' task force will be exploring the potential of portable benefits to support New Jersey residents. Our economy is changing and will likely look very different in 2025 than it does today. While innovations and market disruptions drive productivity and economic growth, they also create longer-term volatility in the labor market. The 'Future of Work' task force will investigate ways to ensure workers' roles are properly classified by their employers and that they receive the labor protections they need to maintain financial and economic security for themselves and their families. We are committed to helping our workers enjoy stable employment and fair benefits, even as some jobs become more untraditional. We are committed to exploring portable benefits for workers, which could help New Jerseyans succeed in the future economy and build wealth even while working under non-traditional and alternative employment structures. These portable benefits could include offerings such as Lifelong Learning Accounts (LiLAs), employee-owned tax-advantaged accounts that finance education and training.



In addition to these key efforts, we will:

- ▶ Continue to support evidence-based, anti-recidivism programs to ensure all residents can be included in our long-term economic growth
- ▶ Explore ways to strengthen the role of our sector-focused workforce development efforts, with Labor and Workforce Development and NJEDA partnering to ensure customized trainings align and are responsive to current and future employer needs
- ▶ Examine the potential of accelerated, job-training pilot programs to support the long-term unemployed

For far too long, our workers – whether young people starting their careers, veterans who served their country, previously incarcerated individuals hoping for a second chance, or older workers displaced from their long-held jobs – have not received the attention they deserve. Equipping these residents with the skills needed to be successful will support job and wage growth in New Jersey and reduce racial and gender wage and employment gaps. New Jersey's talent development programs and our historic investments in education will accelerate New Jersey towards a stronger and fairer economy for families, employees, and businesses.



CHAPTER 4

INVESTING IN COMMUNITIES

New Jersey is blessed with an abundance of vibrant and diverse cities and downtowns. From densely populated, transit rich Newark, which provides a short commute to Manhattan, NYC and an international airport; to New Brunswick, home of New Jersey's flagship state university; to Camden, Paterson, and Trenton, home to some of the most diverse, historic neighborhoods in the state; to Atlantic City and its boardwalk and beautiful coastline – New Jersey has strong opportunities to accelerate inclusive innovation and shared prosperity to enable cities to thrive.

On average, New Jersey is a relatively wealthy state, boasting the seventh highest median household income in the country (about \$73,000).⁶² However, the distribution of wealth is unequal. For example, the poverty rate in some New Jersey's most underserved cities exceeds 35% – nearly 25 percentage points higher than the state average.⁶³ Our urban centers and towns are experiencing acute distress. The poverty rate in New Jersey's large and economically challenged cities stands at approximately 27% on average compared to the 10-11% state average.⁶⁴ Furthermore, median incomes in New Jersey's cities can be less than 50% of the state average.⁶⁵ Our state's urban centers are underperforming assets that can be transformed into bustling centers of economic activity and innovation if given proper attention and resources.

In addition to the inequitable distribution of wealth, New Jersey has a diverse geographical landscape, including populous commuter towns, large rural areas, small coastal communities and river towns, and a variety of suburbs. While challenges vary by geographic location, a core concern for underserved New Jersey communities is a dearth of sustainable, public and private investment. In order to compete for the talent and companies

that are driving the 21st century economy, New Jersey's cities and downtowns need to be more vibrant magnets for people and investment – rich with cultural amenities and safe, vibrant, walkable, mixed-use neighborhoods.

SUPPORTING GREATER FINANCIAL INVESTMENT IN NJ CITIES AND UNDERSERVED COMMUNITIES

To combat these challenges, a stronger and fairer New Jersey economy will support more coordinated and sustainable funding to New Jersey cities and downtowns through an **NJ Communities** initiative. NJ Communities is a comprehensive effort to support the long-term investment in places and infrastructure necessary to foster New Jersey's economic growth. The NJ Communities initiative will include several targeted investments in low-income and under resourced communities, including a new, more efficient placed-based incentive program, a new brownfield remediation and redevelopment tax credit and loan program, a new historic tax credit, and an Opportunity Zone strategy, among other initiatives. Together, these investments will also support numerous new construction and rehabilitation projects, creating significant union construction jobs across the state.



NJ Aspire Tax Credit Program

Our vision for revitalizing communities recognizes that attracting private sector jobs and investment to distressed communities often requires gap financing in addition to private debt and equity financing. This is particularly true when a project advances important public policy ambitions – such as transit-oriented development, affordable and workforce housing, creation of incubator and collaborative workspaces, and infill development on smaller development parcels.

We will propose a new place-based gap financing tool to help catalyze investments in commercial, residential, and mixed-use (including parking)

projects, with a particular focus on cities, downtowns, and suburban neighborhoods served by mass transit. This new program, **NJ Aspire**, will facilitate the conversion of surface parking lots, vacant and/or abandoned lots, and other underutilized properties into job and tax-generating development opportunities. NJ Aspire will assist in the development of market-rate housing in distressed communities and, where appropriate, mixed-income and affordable housing near transit in suburban communities. NJ Aspire will also enable important investments in catalytic tourism, arts and culture-related projects.

Importantly, this new program will be structured as a competitive tax credit grant, which will enable the NJEDA to compare projects to identify the most impactful and development-ready projects to ensure that taxpayers realize a strong return on their investment via good-paying union construction jobs, high-wage permanent jobs and new residential, commercial, and parking assets in the communities that need them most. The program we propose will feature a program cap and a per-project cap and will also generate funds to support public infrastructure investments.



Brownfields Program

development tax credit program and a dedicated NJEDA loan fund to support brownfield redevelopment.

In re-imagining New Jersey's brownfield program, we hope to ensure greater timeliness of remediation. Brownfield programs support remediation of hazardous waste, boost local property values, and increase local health. For every acre of previously developed property that we can put back to productive use, one fewer undeveloped acre ("greenfield") must be developed to achieve our goals for job growth, minimizing our environmental footprint and reducing the development pressure that drives sprawl.

Many of New Jersey's cities were urban manufacturing powerhouses during the 19th and 20th centuries, and were home to the largest sewing machine, RCA radio, and telephone manufacturing facilities in the world.⁶⁶ While the industrial era left a dividend of high median income for New Jerseyans, it also left a legacy of unused and underutilized factories and contaminated properties. New Jersey has an existing brownfield program which has significantly helped with remediation. However, we believe a more robust investment program, in partnership with the Department of Environmental Protection, is needed and we will propose a new remediation and



Historic Preservation Tax Credit

One of the 13 original colonies, New Jersey has a rich and storied past. From the time we declared our independence in 1776 until today, our cities and towns still reflect this great history. As New Jersey continues its path towards innovation and growth, it is important that our rich historical sites are preserved, where necessary, and repurposed to meet the needs of current day residents and businesses.

In FY 2016, the use of \$1.2 billion of Federal historic tax credits, resulted in the rehabilitation of 1,039 historic buildings, generating 109,000 jobs nationally and \$1.7 billion in taxes – generating a positive return on investment.⁶⁷ To support private sector investment and redevelopment of New Jersey's underinvested historic buildings, we

propose a state historic preservation tax credit program to help revitalize historic buildings across the state. As we continue to accelerate New Jersey's innovation economy, repurposing old buildings to house our new ideas will be key to preserving our rich history and responsibly redeveloping our historic assets, particularly in cities and downtown corridors.

Together with our proposals for NJ Aspire and a brownfield tax credit and loan program, we will make critical investments to enable our cities and downtowns to be more vibrant magnets for people and companies.

Opportunity Zone strategy

The federal Opportunity Zone program, established by Congress in the Tax Cuts and Jobs Act of 2017, and spearheaded by New Jersey Senator Cory Booker, could provide urban and rural neighborhoods the real chance they deserve to be reimagined for the 21st century. By offering preferential tax treatment for unrealized capital gains, Opportunity Zones provide a potential significant opportunity for New Jersey's distressed neighborhoods. To facilitate responsible investments and ensure that New Jersey's communities are included in

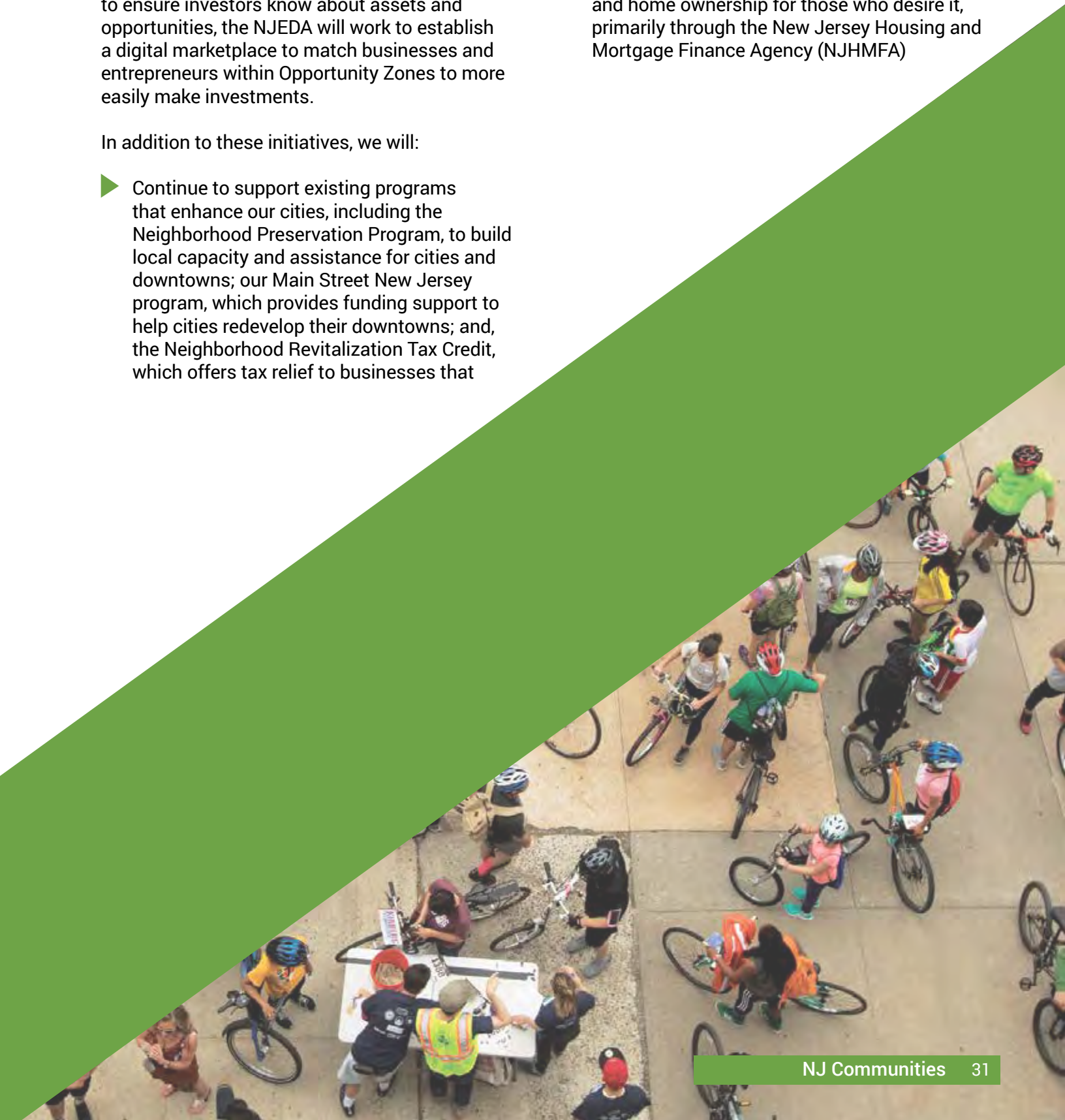
decision-making, we are developing a “One-Stop Shop” at the Department of Community Affairs to help guide municipalities, and the New Jersey Redevelopment Authority will identify “Ready to Go” investment projects. Among other efforts to ensure investors know about assets and opportunities, the NJEDA will work to establish a digital marketplace to match businesses and entrepreneurs within Opportunity Zones to more easily make investments.

In addition to these initiatives, we will:

- ▶ Continue to support existing programs that enhance our cities, including the Neighborhood Preservation Program, to build local capacity and assistance for cities and downtowns; our Main Street New Jersey program, which provides funding support to help cities redevelop their downtowns; and, the Neighborhood Revitalization Tax Credit, which offers tax relief to businesses that

support nonprofits supporting revitalization in distressed communities

- ▶ Work to explore and expand opportunities to improve housing affordability for all residents and home ownership for those who desire it, primarily through the New Jersey Housing and Mortgage Finance Agency (NJHMFA)



IMPROVING TRANSPORTATION AND MOBILITY ACROSS NEW JERSEY

New Jersey is the heart of the Northeast corridor, integral to the movement of people and commerce and among the top two metropolitan areas in the U.S. by GDP.⁶⁸ New Jersey has the third busiest U.S. port, and the busiest port on the East Coast as measured by tonnage.⁶⁹ NJ TRANSIT riders make New Jersey second in the nation for percentage of commuters utilizing the transit system.⁷⁰

New Jersey's transportation infrastructure is critical for economic productivity, and yet it has been long neglected and underfunded. The deterioration of these assets has created a burden on New Jersey and on our residents. Despite being the third smallest state in terms of state-owned highway miles, New Jersey has the nation's highest disbursement costs in capital and bridges, maintenance, and administration.⁷¹ Congestion costs New Jersey drivers \$5.2 billion annually in lost time and wasted fuel.⁷² At the same time, deficient roads and bridges cost New Jersey motorists more than \$2,600 per driver per year in higher vehicle operating costs, traffic crashes and congestion-related delays.⁷³ In 2015, NJ TRANSIT ranked the worst in commuter rail reliability and sixth worst in bus downtime.⁷⁴

Enhancing mobility in our congested corridors

The gaps necessary to improve New Jersey's transportation system are evident, and we are committed to addressing them. The Department of Transportation is developing a comprehensive strategy to ease mobility and congestion challenges facing our residents. We believe this challenge warrants its own robust strategy, which will require thought partnership and creativity across government and the private sector to solve. The strategy will focus not only on long-term capital investments, but on immediate and near-term operational strategies that rely on new technologies and management practices to reduce congestion and improve reliability.

To ensure rail commuters are better served in the short-term, state operating assistance increased dramatically for NJ TRANSIT and the installation of Positive Train Control has been accelerated.⁷⁵ Additional commuter rail cars are being leased from neighboring states to ease congestion.⁷⁶ And acknowledging that nearly half of our public transportation commuters have no other option for transportation, NJ TRANSIT will continue to explore options to make transit more accessible.⁷⁷ The Department of Transportation will continue to explore opportunities to enhance mobility and last mile connectivity, identifying opportunities to increase transit density in more rural areas and creating alternative near- and long-term solutions to improve commuting for New Jersey residents.





Improving access to New York and the entire Northeast Corridor through the Gateway Program

Our focus for commuter rail is on supporting the Gateway Program, the largest infrastructure project in the U.S. Over 200,000 riders a day rely on the Northeast Corridor (NEC) rail line between Newark and New York City, with ripple effects from delays caused by today's aging infrastructure felt from Massachusetts to Virginia.⁷⁸ Approximately 450 trains cross the ten-mile stretch daily, contributing to essential travel along the most used commuter rail line in the U.S. The Northeast Corridor connects 800,000 riders to eight states in a region home to 17% of the U.S. population and 97 Fortune 500 company headquarters.⁷⁹ Failure of this rail track would significantly disrupt commerce in the region and impact commutes of New Jersey residents. Estimates suggest that closure of just one rail tube would restrict the NEC to six trains per hour.⁸⁰

The Gateway Program starts by addressing single points of failure along the Northeast Corridor – the Portal North Bridge and the Hudson Tunnel. A new two-track tunnel will be built to current tunnels and new capacity will be increased, helping to avoid train delays in the near term and longer term catastrophic failure.⁸¹ The Portal North Bridge will replace the archaic, century-old swing bridge connecting Secaucus and Kearny. The new, two-track, fixed span bridge will not only increase rail capacity 11%, but it will also improve reliability by eliminating the disruption that results from a movable span and permitting double-decker cars, longer trains, and faster speed allowances.⁸²

To ensure progress on the Gateway Program, NJ TRANSIT and NJEDA have agreed to provide \$600 million in funding through state-appropriated bonds for the Portal Bridge project, capital from the New Jersey Transportation Trust Fund, and existing local sources.⁸³

Our administration will continue to work with a bipartisan, multi-state coalition to push the federal government to commit funding necessary to advance this vital national priority project.



Investing in Newark International Airport's leadership as a global hub

Improvement and expansion of rail bridges and tunnels is not the only critical infrastructure development we are committed to addressing. Newark Airport is undertaking replacement of Terminal A, the airport's oldest terminal.⁸⁴ As the second busiest airport in the New York-New Jersey metropolitan area, Newark serves 43 million annual passengers, with approximately 35% growth expected by 2032 in Terminal A alone. Although Terminal A was updated in 1995 and 2004, its deficiencies undermine New Jersey's claim to a world-class airport.⁸⁵ Curbside and security congestion frustrate efficient travel and undersized gating with insufficient amenities and accessibility frustrate travelers. Newark's new, 33-gate Terminal One will boast 1 million square feet of optimally-designed gating with a pedestrian bridge, LEED silver certification, and an expandable 45-gate configuration to grow with Newark's enplanements.⁸⁶

Financing our transportation infrastructure

Our work to reestablish state leadership in transportation provides great opportunity to redefine how we finance large projects. We will prioritize our Transportation Trust Fund (TTF) investments to ensure we are investing our funds in the most critical projects and better promote mobility investments. Additionally, we will continue

to identify and address talent gaps to ensure best-in-class project administration at the Department of Transportation.

To facilitate additional development and infrastructure expansion opportunities, we are creating an inventory of state-owned assets and will assess their potential to be developed to leverage financing for infrastructure build out. We will look to leverage our recent P3 legislation and explore alternative financing tools to help finance transit-oriented development.

We have begun to study ways to leverage our existing ports, including Newark and Paulsboro, to support advanced logistics and promote the development of wind energy. The strategy for our ports will focus not only on long-term capital investments, but on immediate and near-term operational strategies that rely on technologies and new management practices to reduce congestion and improve reliability.

In addition to these efforts, we will:

- ▶ Explore establishing sea-level adaptation goals to foster resiliency in our businesses and communities, which will also create jobs that support adaptation to our changing climate
- ▶ Focus on improving our water and wastewater infrastructure to ensure all residents and businesses have access to the highest-quality water infrastructure across the state
- ▶ Explore pilot programs between NJEDA and NJ TRANSIT to redevelop specific NJ TRANSIT-owned sites using the principles of smart growth



CHAPTER 5

MAKING NEW JERSEY THE STATE OF INNOVATION

New Jersey has the eighth largest economy in the U.S., generating over \$590 billion in economic output or nearly 3% of the entire U.S. economy.⁸⁷ As a country, New Jersey would have the world's 22nd largest economy, eclipsing that of Ireland, South Africa, and Denmark, to name a few.⁸⁸ Through our strong educational system, talented and hard-working residents, and other core assets, 21 Fortune 500 companies now call New Jersey home.⁸⁹ Our geographic diversity has created a unique economy, reflecting the variety and dynamism of the overall U.S. economy. However, over the past decade, state government has not focused sufficiently on growing strong, resilient sectors and suffered the consequences during the recession. We have not had a truly global approach and have not done enough to drive international investment in diverse sectors. We believe a strategic focus on key sectors is imperative for our economy's long-term well-being.

New Jersey's incentive programs have provided more than \$1 billion per year in state incentives, giving New Jersey the largest incentives program in the Northeast and the fourth highest incentives program in the country from 2013 to 2017.⁹⁰

New Jersey had the highest incentive spend per job in the Northeast and the eighth highest in the country between 2013 and 2017.⁹¹ Of the nearly 89,000 jobs that New Jersey's incentives supported during 2013 to 2017, over a third were in the services sector, where New Jersey awarded approximately \$97,000 of incentives per job to produce an average wage in that sector of about \$51,000.⁹² We have an opportunity to work with the Legislature to maximize the value of our resources through a stronger strategic sector focus, making more tailored investments in companies and industries that will help us build our long-term competitiveness. Incentives should be a tool in service of a strategy, not a strategy unto itself. We believe a more efficient, capped, targeted program can achieve these aims.

In line with our vision to support robust economic growth, a thriving environment for innovation and ideas, wages that support middle class living, and fiscal prudence of the state's resources, a stronger and fairer New Jersey economy will focus on the growing the innovation economy and supporting key growth sectors through **NJ Innovate**.



BUILDING OUR INNOVATION ECOSYSTEM

The workplace of Edison and Einstein and the home to some of the greatest technological innovations of the 20th century – the transistor, radar, fiber optics, digital cellular, LCD technology, barcoding, C++ programming – New Jersey has a history of leading in the innovation economy. Innovation economy jobs pay higher wages and can create up to five jobs in the rest of the economy for every job in the innovation economy, and boost wages across sectors.⁹³

Today, however, New Jersey's position across key innovation measures underperforms relative to peers. New Jersey ranks seventh of nine peers in state research and development as a percent of GDP and eighth of nine in the five-year survival rate of new firms.⁹⁴ In fact, in 2007, New Jersey held the fifth spot in the nation in total venture capital funding, generating over \$1.3 billion in venture capital funding.⁹⁵ Over the past decade, however, New Jersey has lost some of its competitiveness. As of 2017, New Jersey dropped to the 15th spot in total venture capital funding, with approximately \$625 million.⁹⁶

New Jersey once held the leading position in driving American innovation, and the time to reclaim that leadership is now.

A stronger and fairer New Jersey economy aims to tackle these underlying challenges head on through NJ Innovate, a coordinated suite of efforts that can improve the challenges we have recently faced across New Jersey's innovation ecosystem. NJ Innovate will help us build our State of Innovation around the building blocks of any thriving innovation economy: people, ecosystem and space, and public and private investment.

Driving the growth and development of an inclusive culture of innovation and entrepreneurship requires a comprehensive, 'whole of government' approach. It also requires doing numerous "little things," targeted investments and actions that are unlikely individually to generate headlines, but which taken together represent a fundamental commitment to recapturing New Jersey's global leadership in the innovation economy.

Our vision is to become the most inclusive and diverse innovation ecosystem the U.S., to create an innovation ecosystem that reflects the diverse population of New Jersey and will focus on programs and investments in three critical areas: people, ecosystem and innovation spaces, and public and private investment.



People

We will seek to attract, retain, and empower entrepreneurs, STEM students, and STEM professionals to make New Jersey a magnet for venture capital investment and startups.

- ▶ We will begin at the earliest stages, infusing computer science and other critical skills into K-12 curriculum for every New Jersey student
- ▶ We will evaluate the impact of the STEM student loan forgiveness program proposed by our administration and funded by the Legislature in the FY 2019 budget to determine how best to broaden and scale this competitive advantage
- ▶ We will encourage the expansion of higher education programs focused on the skills required by the 21st century economy

Ecosystem and Space

We will help create a more encouraging environment for entrepreneurs and young companies to take root in New Jersey.

- ▶ We will seek to expand NJEDA's new NJ Ignite incubator and collaborative workspace rent support to enable more companies to participate and to catalyze the creation of more incubators, accelerators, and other collaborative workspaces
- ▶ We will provide gap financing to enable the creation of more collaborative workspaces via our proposed new place-based tax incentive program
- ▶ We will partner with higher education institutions to expand their connection to the innovation economy and enable faculty and students to more easily commercialize their ideas and inventions, including priority initiatives such as the proposed Innovation and Technology Hub ('The Hub') in New Brunswick
- ▶ We will launch a pilot program partnering with suburban communities to plan for the repositioning of so-called "stranded assets" (office parks and retail assets) for participation in the innovation economy (as the former Bell Labs facility in Holmdel has been reborn as Bell Works, home to new innovative companies)
- ▶ We will explore partnering with corporations to testbed 5G and beyond infrastructure, as well as explore enhancing existing broadband and increased wireless coverage



Public and Private Investment

We will work to increase the availability of private and public investment capital to support innovation in New Jersey.

- ▶ We will work with higher education institutions, academic medical centers and the private sector to attract more National Institutes of Health (NIH) and other critical federal research dollars and strengthen commercialization strategies. New Jersey lags all our peer states on total R&D per capita spend and was ranked 43rd between 2007 and 2016⁹⁷
- ▶ We will propose a game-changing venture capital initiative, the New Jersey Innovation Evergreen Fund, to attract more entrepreneurs in industries such as life sciences, financial technology, digital media and cybersecurity
- ▶ Following on our administration's efforts to modernize New Jersey's R&D tax credit, we will seek to enhance the existing Angel and Technology Business Tax Certificate programs
- ▶ We will leverage New Jersey's new film and digital media tax credit program to encourage a key creative industry that supports a diverse range of good-paying jobs

The Hub

New Jersey has a breadth of leading research institutions, startups, and corporations that continuously drive innovation in the state forward. By providing more assistance, from tech transfer to incubation and acceleration services, we can ensure New Jersey's ability to provide an environment favorable for high-growth companies. In addition to attracting new companies to locate here, we believe it is imperative to better support and grow companies from within our own borders.

New Jersey, at the heart of the innovative Northeast Corridor, will support the creation of transit-connected, vibrant innovation centers, that bring the best ideas from our leading universities and entrepreneurs together with affordable commercial space, world-class business advice, venture capital, and, most importantly, top talent. The first of these innovation centers, located in downtown New Brunswick, will be 'The Hub,' which is being developed by DEVCO in partnership with Rutgers.

'The Hub' will include more than 4 million square feet of mixed-used space at full build-out and will support research, experimentation, and commercialization through targeted programs to spur the growth of startups and drive innovations for established corporations. Adjacent to Amtrak and a NJ TRANSIT train station, 'The Hub' will be a gateway to the rest of the Northeast Corridor. The site is also adjacent to Rutgers, the #1 university in R&D in New Jersey and a member of the Big 10 Alliance, offering unique access to world-class

research and talent.⁹⁸ To further support research commercialization, we are exploring innovative financing mechanisms to support universities' expansion of facilities to accommodate research or instruction related to emerging technologies or for a foreign university seeking to establish a presence in New Jersey and to partner with our higher education institutions in commercialization. These efforts will directly contribute to our goal of developing the most diverse innovation ecosystem in the country and will further galvanize venture capital investment.

'The Hub' will serve as a landmark in New Jersey's reestablishment as a leader in the innovation economy.

The New Jersey Innovation Evergreen Fund (NJIEF)

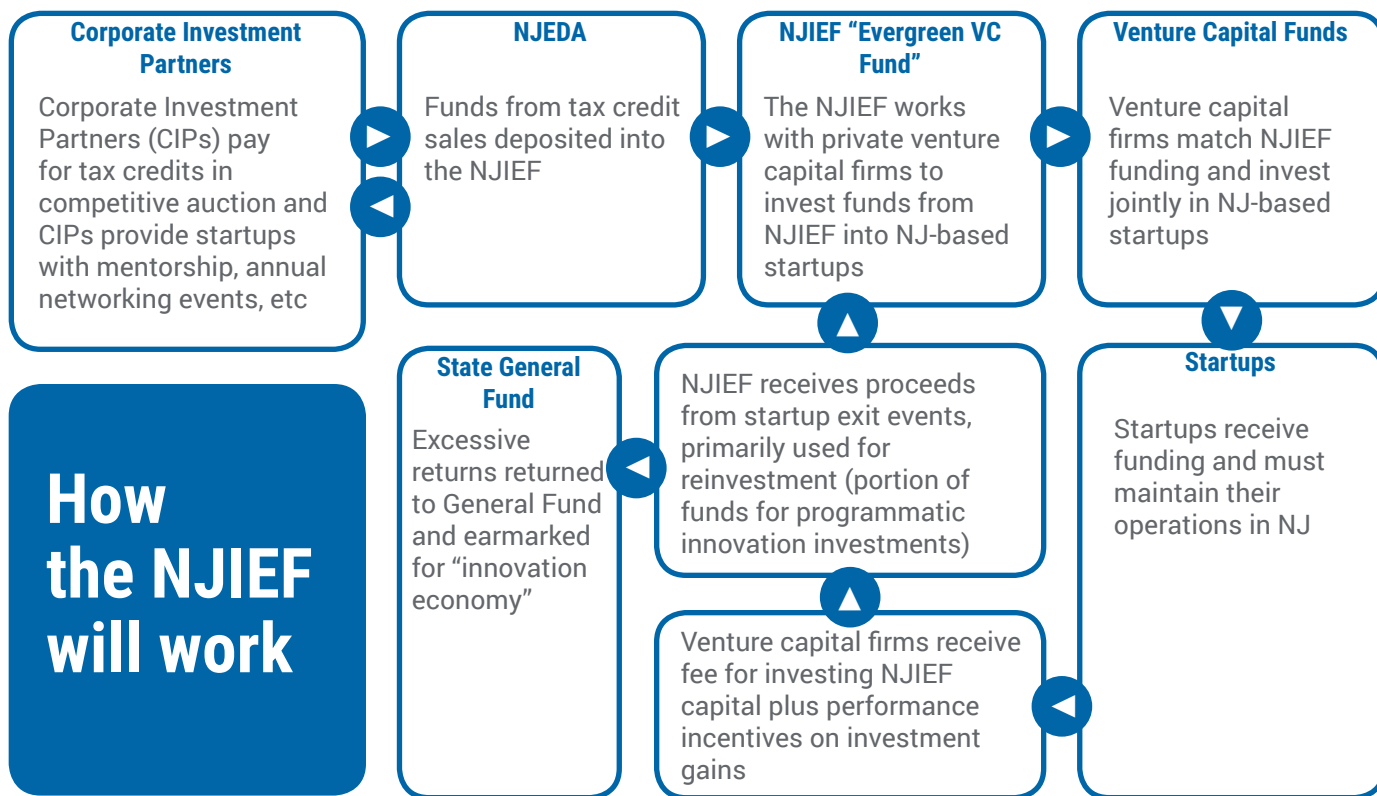
New Jersey has lost its position as a top-5 state in the U.S. for venture capital investment over the last decade, and our investments are trending downward. From 2007 to 2017, New Jersey experienced a compound annual growth rate decline in total venture capital funding of 7%.⁹⁹ Over this same period, two of New Jersey's key regional peers, Massachusetts and New York, have

seen astronomical venture capital growth – 9% and 26% in compound annual growth from 2007 to 2017, respectively.¹⁰⁰ Venture capital funding serves two critical functions. First, venture capital investment helps commercialize, test, and scale research and ideas that can truly transform the economy. Providing New Jersey residents with the financial resources necessary to scale their ideas is critical to ensuring next generation ideas and companies are born in New Jersey. Second, venture capital funding helps attract and retain budding entrepreneurs. Proximity and access to funding is a key value driver for the development of an entrepreneurial ecosystem. If New Jersey is to truly reclaim its position in the innovation economy, additional venture capital funding and support is necessary.

To accelerate the growth of venture capital investment in New Jersey, we will propose launching a landmark venture capital fund. The New Jersey Innovation Evergreen Fund would raise capital by competitively auctioning state tax credits (over five years) to New Jersey corporations and partnering with private venture capital firms to co-invest these funds. Venture capital firms and the Evergreen Fund would then make joint investments in New Jersey-

based startups, targeting life sciences, financial technology, digital media, and cybersecurity startups in particular.

Importantly, the NJIEF would support diverse founders, reflective of New Jersey's rich cultural makeup. Corporations which purchase tax credits would also agree to provide mentoring and networking support for the funded companies, further ensuring startups have the institutional ecosystem needed to thrive. As the fund's investments mature and experience exit events (e.g., acquisitions, initial public offerings), the proceeds would flow back to venture capital investors and to the NJIEF, providing a self-sustaining stream of funds to support future investments (hence, making it "evergreen"). To the extent there are significant returns above expectations, a portion of funds could flow back to the General Fund, promoting fiscal prudence. The NJEDA has a history of successful venture capital investing through its own venture capital fund, which has nearly doubled its return on investments in venture capital funds.¹⁰¹ The expertise of the NJEDA together with best-in-class venture capital firms will ensure investments that create meaningful returns and potentially create tens of thousands of new jobs in the innovation economy.



SUPPORTING HIGH-WAGE, HIGH-GROWTH INNOVATION SECTORS

New Jersey will take a proactive, targeted approach to support innovative, resilient growth industries that provide living wages for New Jersey residents. Historically, we have not used our resources in as targeted a manner as possible and have spent roughly five times more incentive dollars per job than our Northeast peers.¹⁰² A stronger and fairer New Jersey economy will prioritize innovation sectors that best support New Jersey's long-term economic future. Research shows that each high-wage innovation job creates as many as five more jobs in the rest of the economy and boosts the wages of all workers in a region, with high school graduates in innovation hubs earning more than college graduates elsewhere.¹⁰³

We have already begun to make this shift by creating the NJEDA's Office of Economic Transformation. This new office ensures the state is making strategic investments in terms of funding and staff to support the growth of New Jersey's competitiveness in high-wage, high-growth sectors (life sciences, information and high tech, clean energy, advanced manufacturing, advanced transportation and logistics (including aviation), finance and insurance, food and beverage, and

film and digital media). The Office of Economic Transformation has already begun to work directly with industry leaders to support investments and programs in these sectors. For example, earlier this year, New Jersey was chosen to join a select consortium of states to take part in a national policy academy on the manufacturing industry, identifying emerging workforce and technology trends, issues, and solutions. The work of the Office of Economic Transformation, together with a more efficient, corporate job-based incentive program can truly drive the growth of New Jersey's innovation economy.

We believe it is critical to ensure New Jersey-grown businesses can thrive locally. While we will continue to attract fast-growing employers from out of state, we believe that helping our state's own innovators grow and scale is more important than encouraging businesses to relocate here from elsewhere. The efforts we will take to recruit fast-growing companies will be more targeted by sector and geography and will have significantly greater focus on international markets and helping foreign companies make New Jersey their launching pads in North America.





NJ Forward Tax Credit Program

To remain competitive with our neighboring states and to catalyze growth in high-wage, high-growth sectors, our vision for a stronger and fairer New Jersey economy recognizes the value of targeted tax credits to spur job creation. As part of this plan, our administration will propose a new job-creation tax credit, the **NJ Forward** Tax Credit, that preserves the best features of the existing program while also making important reforms that recognize the state's constrained fiscal resources and improved economic conditions since the depths of the Great Recession.

The NJ Forward Tax Credit program we propose will:

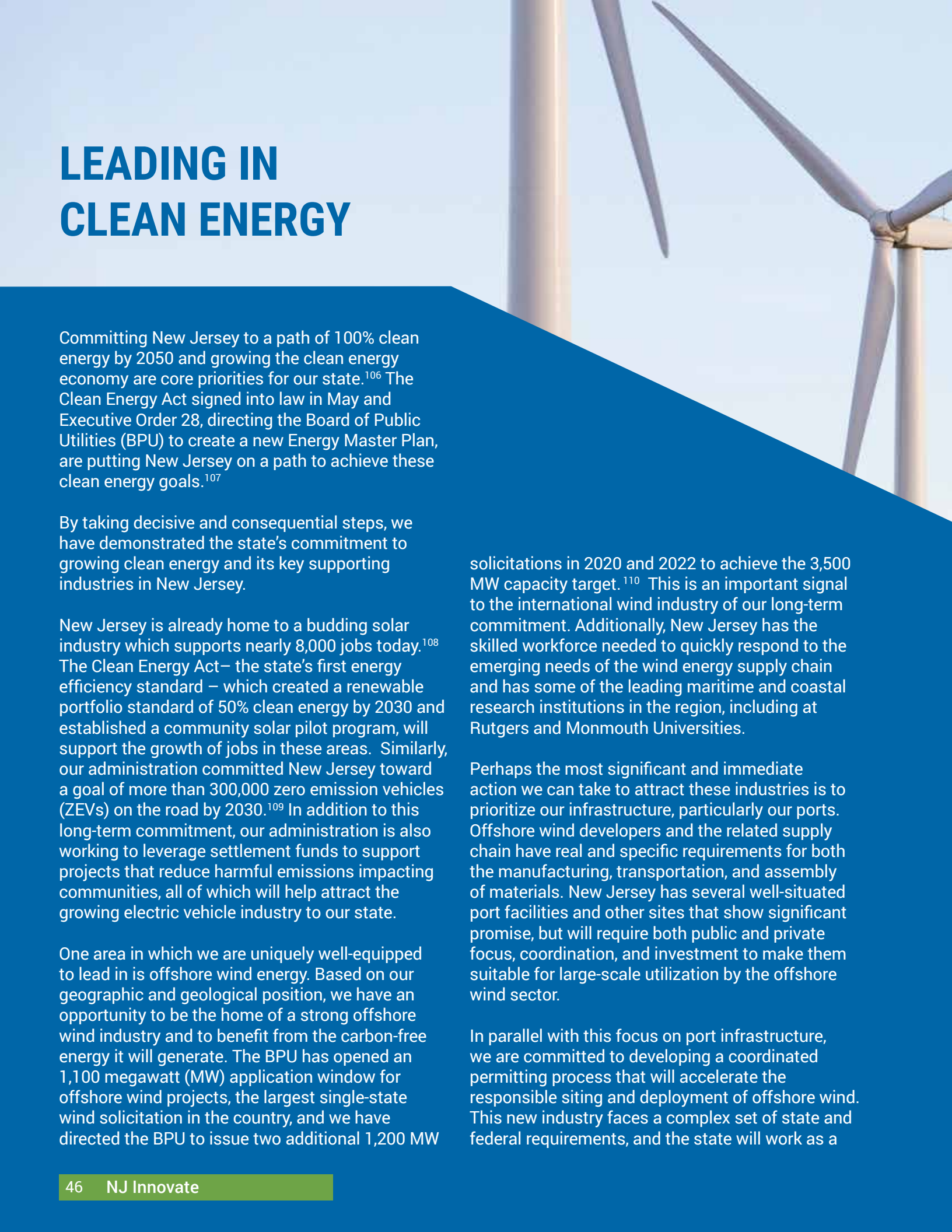
- ▶ Focus primarily on high-wage, high-growth sectors, including:
 - Life Sciences, a key driver of R&D innovation and an existing industry asset for the state that supports earnings nearly twice the state average
 - Information and high tech, a significant driver of high wages and job growth, nationally and in New Jersey. For example, data processing, IT publishing, and IT consulting are expected to create approximately 20,000 jobs in New Jersey over the next decade
 - Clean energy, a growing industry that supports median earnings nearly twice the state average
 - Advanced manufacturing, a quickly evolving industry, that can increase labor productivity. We hope to ensure that the nearly 245,000 manufacturing workers in the state have the support needed to thrive in a changing technological environment
 - Advanced transportation and logistics, an industry which accounts for more than 110,000 workers today and supports commerce across the country
 - Finance and insurance, one of New Jersey's most specialized industries, which accounted for approximately 10% of the state's total gross product in 2017
 - Food and beverage, a key industry across New Jersey geographies, which supports nearly 40,000 jobs¹⁰⁴

- ▶ Increase focus on global/U.S. headquarters, R&D activities, and foreign direct investments
- ▶ Prioritize new job creation rather than retained jobs
- ▶ Encourage job creation in urban centers and other distressed communities, particularly those with public transit assets
- ▶ Include an annual award cap and review to ensure fiscal sustainability and transparency
- ▶ Feature lower base per-job credit amounts more in line with our peers, as well as more focused bonuses that ensure the administration's policy goals
- ▶ Limit transfer of credits to ensure that job-creating companies reap the primary benefits of the taxpayers' investment
- ▶ Reward companies that invest in employee skill development and training

We will not only support these high-wage, high-growth sectors in our state, but we will also significantly expand our efforts to attract foreign direct investment from around the world. With more than 70% of the world's purchasing power and 95% of the world's consumers located outside the U.S., strengthening our international trade and investment efforts is vital to New Jersey's global

competitiveness.¹⁰⁵ By supporting international trade and exports, we will ensure our businesses have access to the more than \$80 trillion global economy. We will market our many assets to businesses in high-potential countries eager to access the U.S. market and we will welcome their businesses with open arms so that they can have a productive future in New Jersey. We have already begun to act on this front by establishing the NJEDA's Office of International Trade and Investment in 2018. In addition to our new dedicated office in the state, we will continue to work with partners across the state, such as Choose New Jersey, to explore opportunities to establish international representative offices in key foreign markets to attract international businesses to our great state.

By focusing our resources on the most innovation-centric components of our economy, we believe we can catalyze inclusive growth that will create economic opportunity and prosperity for all New Jersey residents.

A large, light-colored wind turbine is visible in the background, its blades extending towards the top right corner of the frame. The sky is a clear, pale blue. The foreground is a solid dark blue shape that tapers from the left and bottom edges, creating a modern, geometric design.

LEADING IN CLEAN ENERGY

Committing New Jersey to a path of 100% clean energy by 2050 and growing the clean energy economy are core priorities for our state.¹⁰⁶ The Clean Energy Act signed into law in May and Executive Order 28, directing the Board of Public Utilities (BPU) to create a new Energy Master Plan, are putting New Jersey on a path to achieve these clean energy goals.¹⁰⁷

By taking decisive and consequential steps, we have demonstrated the state's commitment to growing clean energy and its key supporting industries in New Jersey.

New Jersey is already home to a budding solar industry which supports nearly 8,000 jobs today.¹⁰⁸ The Clean Energy Act— the state's first energy efficiency standard – which created a renewable portfolio standard of 50% clean energy by 2030 and established a community solar pilot program, will support the growth of jobs in these areas. Similarly, our administration committed New Jersey toward a goal of more than 300,000 zero emission vehicles (ZEVs) on the road by 2030.¹⁰⁹ In addition to this long-term commitment, our administration is also working to leverage settlement funds to support projects that reduce harmful emissions impacting communities, all of which will help attract the growing electric vehicle industry to our state.

One area in which we are uniquely well-equipped to lead in is offshore wind energy. Based on our geographic and geological position, we have an opportunity to be the home of a strong offshore wind industry and to benefit from the carbon-free energy it will generate. The BPU has opened an 1,100 megawatt (MW) application window for offshore wind projects, the largest single-state wind solicitation in the country, and we have directed the BPU to issue two additional 1,200 MW

solicitations in 2020 and 2022 to achieve the 3,500 MW capacity target.¹¹⁰ This is an important signal to the international wind industry of our long-term commitment. Additionally, New Jersey has the skilled workforce needed to quickly respond to the emerging needs of the wind energy supply chain and has some of the leading maritime and coastal research institutions in the region, including at Rutgers and Monmouth Universities.

Perhaps the most significant and immediate action we can take to attract these industries is to prioritize our infrastructure, particularly our ports. Offshore wind developers and the related supply chain have real and specific requirements for both the manufacturing, transportation, and assembly of materials. New Jersey has several well-situated port facilities and other sites that show significant promise, but will require both public and private focus, coordination, and investment to make them suitable for large-scale utilization by the offshore wind sector.

In parallel with this focus on port infrastructure, we are committed to developing a coordinated permitting process that will accelerate the responsible siting and deployment of offshore wind. This new industry faces a complex set of state and federal requirements, and the state will work as a



partner to advance projects in a responsible and expeditious manner.

Strong coordination will be needed to truly be a leading pioneer in the develop of wind energy. To transform New Jersey as an international leader, we will establish the Wind Innovation & New Development (WIND) Institute.

The generation, transmission, and use of offshore wind energy is a relatively nascent market in the U.S. New Jersey could position itself as the home to major supply chain companies seeking to establish a domestic presence.

Our commitment to 3,500 MW of wind energy could generate more than 8,000 jobs at steady-state and provide even greater near-term employment growth

as construction, development, and infrastructure upgrades necessary to support wind production are made.¹¹¹ The WIND Institute aims to help make New Jersey the home of the American offshore wind industry by providing the coordination and connection to resources, including workforce training, research and development, and capital investments necessary to lead in this emerging sector.

Wind Innovation & New Development (WIND) Institute

Leveraging our robust college and university system, corporate partners, utility providers, labor unions, and government agencies, our proposed New Jersey Wind Innovation & New Development (WIND) Institute aims to create the state clearinghouse for education, research, innovation, and workforce training for the future of wind energy.

The WIND Institute will bring together government agencies to shepherd various components of the offshore wind industry through permitting processes, investment opportunities, and other regulatory or programmatic procedures involved in the development of offshore wind. The Institute will ensure coordination across state government and allow government agencies (e.g., DEP, BPU, LWD, OSHE, NJEDA), private corporations, research institutions, utility providers, and labor unions to come together to advance New Jersey's leadership in the offshore wind industry.

This new initiative could serve as the state's and region's central location for research, development, and knowledge-sharing related to the production, transmission, and use of wind and other renewable energy solutions. Leveraging our university systems' existing clean energy programs and top faculty, greater collaboration and coordination could be unlocked to drive the future of renewable energy.

The WIND Institute will also consist of an advisory board made up of labor representatives, developers, and supply chain corporations that will provide feedback on the workforce needs of the offshore wind industry. As we develop a clearer vision of the workforce development opportunities associated with this new industry, the WIND Institute will join

higher education and labor partners to establish a curriculum for trade schools and colleges so that students and workers of all ages and backgrounds will have access to customized trainings needed to succeed in the wind energy sector. We envision the WIND Institute will serve as a regional resource for workforce development and training, tightly linked to other administration programs including the New Jersey Apprenticeship Network.

Throughout this effort, we will ensure targeted and prioritized outreach and cultivation of diverse skills, experiences, and geographies to ensure all communities benefit from the increased availability of high paying jobs, training programs, and clean, affordable energy. The WIND Institute will serve as the one-stop-shop for offshore wind in New Jersey and the region, connecting our corporate, academic, labor, and state partners to build a strong industry here in the Garden State.

In addition to the New Jersey WIND Institute, we are making several investments to ensure we meet our clean energy goals:

- ▶ The BPU will implement the Offshore Wind Strategic Plan developed in concert with the Offshore Wind Task Force Interagency. This long-term plan will ensure we have the systems and support to create a thriving wind energy market.
- ▶ To bolster these efforts, we will work to create a robust wind industry ecosystem. From targeting high value companies in the wind industry supply chain to making dedicated investments in our port infrastructure necessary to produce wind energy and partnering with our neighboring states, we will

ensure that New Jersey is a leader in offshore wind in the Northeast.

- ▶ Additionally, we will explore new and creative financing methods to ensure clean energy investments are made with fiscal prudence. We will continue to support state-issued green bonds and will also explore the establishment of a New Jersey Green Bank to allow for public and private sector funds to be used more efficiently.
- ▶ Furthermore, the DEP, BPU, and NJEDA will leverage Regional Greenhouse Gas Initiative (RGGI) funds – proceeds from quarterly CO2 allowance auctions – to ensure funding is available to support local job growth and reduce existing environmental impacts on disadvantaged communities. The agencies will host a meeting of private and public stakeholders to identify the most impactful clean energy investment opportunities that could be incorporated into an overall strategic funding plan.



CHAPTER 6

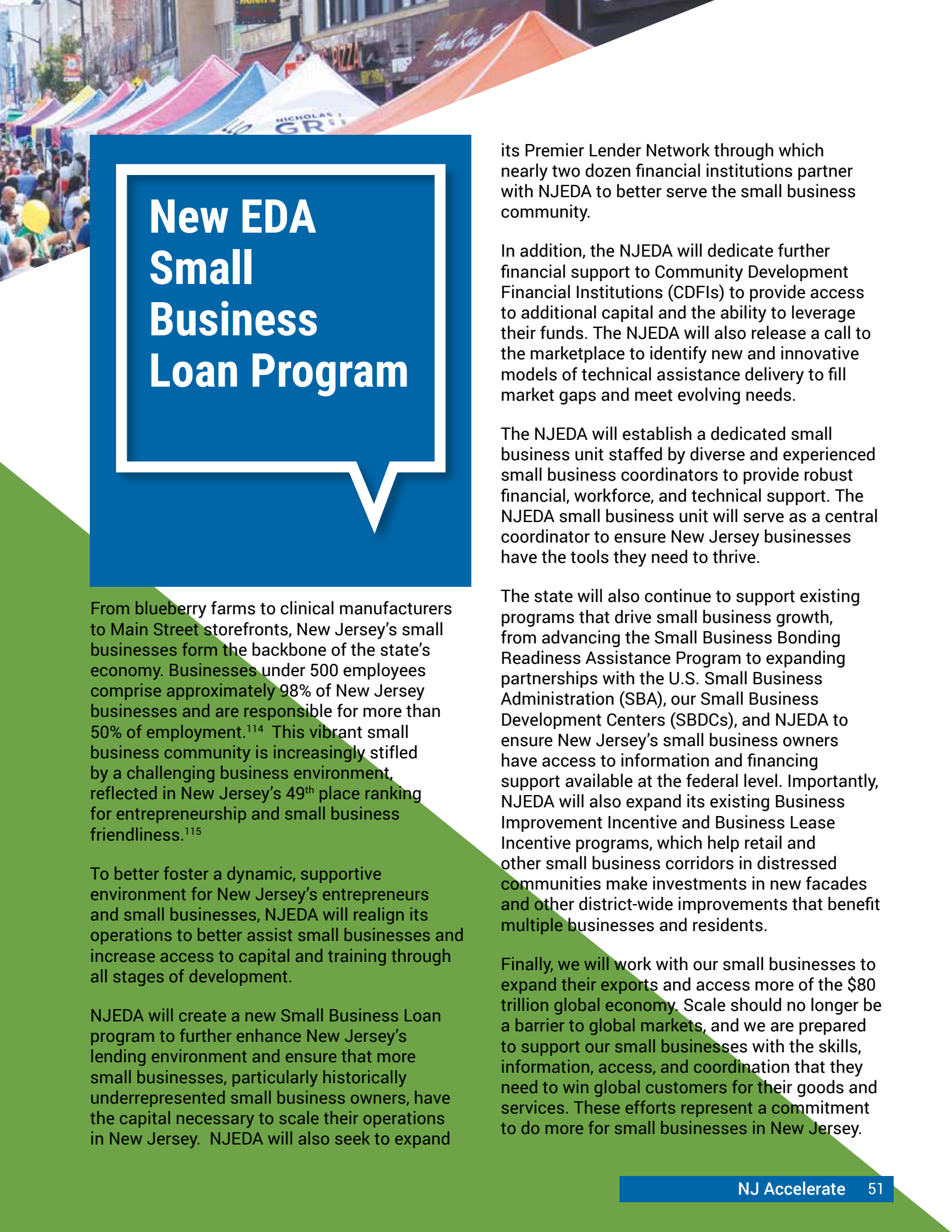
MAKING GOVERNMENT WORK BETTER FOR INCLUSIVE BUSINESS GROWTH

New Jersey's business environment has often proved difficult for small and large businesses alike. Our location on the Northeast corridor gives our businesses incredible access to populations and markets, but also places us in a very high-cost part of the country. While we are a state with many assets, our business environment has historically made it difficult for companies to thrive here. A stronger and fairer New Jersey economy will work hard to change this reality through a set of initiatives to support New Jersey's small businesses and its business climate – **NJ Accelerate**.

BETTER SUPPORTING SMALL BUSINESSES

We have not yet done enough to foster a dynamic, supportive environment for small businesses. New Jersey is 49th for its friendliness toward entrepreneurship and small business.¹¹² Additionally, annual surveys of small business owners suggest that starting a business and training and networking programs are particularly challenging, with New Jersey scoring a D+ and F for each of those categories, respectively.¹¹³ To make government work better, we are committed to several investments to better serve small businesses and improve consistency and efficiency, including deploying state of the art, web-based services.

The small business community and the innovation community intersect – many small businesses will benefit directly from our coordinated approach to the innovation economy and from the development of the next generation of workers. Regardless of sector, however, to meet the challenges of all small businesses, we will offer step-by-step support by providing easier access to capital, supporting training and technical assistance, and simplifying government interaction.



New EDA Small Business Loan Program

From blueberry farms to clinical manufacturers to Main Street storefronts, New Jersey's small businesses form the backbone of the state's economy. Businesses under 500 employees comprise approximately 98% of New Jersey businesses and are responsible for more than 50% of employment.¹¹⁴ This vibrant small business community is increasingly stifled by a challenging business environment, reflected in New Jersey's 49th place ranking for entrepreneurship and small business friendliness.¹¹⁵

To better foster a dynamic, supportive environment for New Jersey's entrepreneurs and small businesses, NJEDA will realign its operations to better assist small businesses and increase access to capital and training through all stages of development.

NJEDA will create a new Small Business Loan program to further enhance New Jersey's lending environment and ensure that more small businesses, particularly historically underrepresented small business owners, have the capital necessary to scale their operations in New Jersey. NJEDA will also seek to expand

its Premier Lender Network through which nearly two dozen financial institutions partner with NJEDA to better serve the small business community.

In addition, the NJEDA will dedicate further financial support to Community Development Financial Institutions (CDFIs) to provide access to additional capital and the ability to leverage their funds. The NJEDA will also release a call to the marketplace to identify new and innovative models of technical assistance delivery to fill market gaps and meet evolving needs.

The NJEDA will establish a dedicated small business unit staffed by diverse and experienced small business coordinators to provide robust financial, workforce, and technical support. The NJEDA small business unit will serve as a central coordinator to ensure New Jersey businesses have the tools they need to thrive.

The state will also continue to support existing programs that drive small business growth, from advancing the Small Business Bonding Readiness Assistance Program to expanding partnerships with the U.S. Small Business Administration (SBA), our Small Business Development Centers (SBDCs), and NJEDA to ensure New Jersey's small business owners have access to information and financing support available at the federal level. Importantly, NJEDA will also expand its existing Business Improvement Incentive and Business Lease Incentive programs, which help retail and other small business corridors in distressed communities make investments in new facades and other district-wide improvements that benefit multiple businesses and residents.

Finally, we will work with our small businesses to expand their exports and access more of the \$80 trillion global economy. Scale should no longer be a barrier to global markets, and we are prepared to support our small businesses with the skills, information, access, and coordination that they need to win global customers for their goods and services. These efforts represent a commitment to do more for small businesses in New Jersey.



IMPROVING BUSINESS CLIMATE

A stronger and fairer New Jersey economy is committed to removing obstacles and improving the ease of doing business in New Jersey, implementing smart, modern regulations to support our growth, and enhancing the state's fiscal position.

Doing business in New Jersey has grown more complicated. For example, permitting requirements are robust, yet we have limited 21st century tools to help business successfully navigate this landscape. Other states, including California and Massachusetts, have developed user-friendly, digital solutions to these challenges.¹¹⁶ Our administration appointed a Chief Innovation Officer, the first position of its kind in New Jersey state government, to lead and implement world-class process and technology solutions across state agencies. We will create a first-stop, single digital portal for businesses to promote improved access to business services across the state. This will be linked to an interactive digital permitting platform. We will leverage existing partners such as the Business Action Center and Choose New Jersey to ease government interactions for all businesses. We will create an interagency team to ensure businesses receiving incentives have full inter-governmental coordination and support as they navigate the business landscape in New Jersey and create strong partnerships with our communities.

New Jersey has a reputation for leading the nation when it comes to innovation and this is, in part, because of a decades-long conservation ethic that has positioned our state to have many walkable, vibrant communities where people choose to live, work, and play. As we move forward in the 21st century, New Jersey's regulatory landscape will reflect the needs of the innovation economy (e.g., forward-looking policies on telecommuting), while recognizing the need for strong and fair environmental, health, and labor standards. We will perform a review of our permitting system to identify bottlenecks and use technology to provide more transparency and certainty for businesses so they can thrive in a new economy.

Lastly, key to improving our business climate is enhancing the state's fiscal position. A stronger and fairer New Jersey economy commits to meeting its pension obligations, reducing the cost of health care benefits by working with our labor partners, and improving the state's bond rating. We must also work with our partners in the Legislature to evaluate our programs for effectiveness and sunset any efforts that do not provide adequate returns on our investment. These efforts will require a renewed commitment to fiscal prudence and collective, innovative solutions from all of us. We believe that these efforts are essential to ensuring New Jersey has a business climate that enables companies to thrive.

CHAPTER 7

ACTIONS AND ACCOUNTABILITY

We will utilize this stronger and fairer New Jersey economy plan as our guide to make real progress towards these goals and initiative. Over the following weeks, we will:

COMMUNICATE

Launch our plan for a stronger and fairer New Jersey economy, establishing overarching direction for the state, setting goals and benchmarks, and consistently updating New Jerseyans about progress made and the challenges ahead

COLLABORATE

Engage with New Jersey residents to tap into their experience and ingenuity in implementing the plan. Use web, mobile, social media, and events to gather feedback and additional ideas for our stronger and fairer New Jersey economy plan

PROMOTE

Develop and launch a state rebranding campaign to reflect the stronger and fairer New Jersey economy

Achieving these aspirations is truly a collective effort and ensuring we all can transparently assess our progress is paramount to our success. As such, in addition to these immediate efforts, we

are developing public dashboards and reporting tools to ensure that we, collectively, monitor our progress toward a stronger and fairer New Jersey economy.





CONCLUSION

A stronger and fairer New Jersey economy requires close coordination between the public and private sectors. Our administration is committed to a 'whole of government' approach. We will work together with the Jobs and Economic Opportunity Council, cabinet-level departments, and state authorities to partner with state and federal legislators, the private sector, and all New Jerseyans to regain our standing in the global economy.

Achieving the aspirations laid out in this plan will truly take a collective effort, and we must try new ways of doing things and relentlessly track our progress. This plan is designed to be a living document and will improve and evolve over time through the collective wisdom and input of our businesses, residents, and communities.

Together, we will make our economy stronger and fairer for every resident and business that calls New Jersey home.

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- 109 State of New Jersey, "Governor Murphy Reaffirms Support for Federal Fuel Emissions Standards," 2018
- 110 BPU, "Comments of Deepwater Wind, LLC," 2018
- 111 Deloitte, "WindEurope," 2017
- 112 Small Business & Entrepreneurship Council, "Small Business Tax Index," 2017
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Tim Sullivan

New Jersey Economic Development Authority

Dear Friends,

Since joining the New Jersey Economic Development Authority earlier this year, I've been struck by the incredible assets and resources that New Jersey has to offer – from world-class institutions of higher education to a talented workforce to infrastructure that connects millions of people and businesses to our strategic location in the heart of the Northeast Corridor.

Now, under Governor Phil Murphy's leadership and with the publication of this plan, we have a vision and a strategy that will position the Garden State to maximize the value of those assets for the benefit of every single resident.

New Jersey's challenges are well known – for too long, too many of our residents and communities have seen stagnant wages and lackluster growth while nearby states have made smart, targeted investments in their innovation ecosystems and infrastructure that have unlocked their growth potential.

The release of this plan marks a major milestone in our economic turnaround.

This strategy represents a comprehensive approach to sustainable economic growth, one that puts people and communities first and measures their successes – not the stock market's – as the key indicator of the health of our economy. This plan aims to tackle longstanding challenges with new tools and approaches designed to spur inclusive growth and more pathways to the middle class. Fundamentally, this plan recognizes that a fairer economy makes for a stronger economy, and vice versa.

Governor Murphy's strategy is a proudly pro-growth, progressive vision for economic development. This plan puts workforce development at its center – and commits to major investments in the cities and downtowns where that investment is needed most. It commits to thoughtful, targeted investments in sectors with higher wages and strong growth potential. It positions New Jersey to lead the 21st century's clean energy revolution, and become the capital of the American wind industry. And, it will enable us to reclaim our leadership position in the innovation economy by building the most diverse innovation ecosystem in the nation.

This plan is the culmination of significant planning and consultation throughout our administration and with numerous stakeholders over the last several months. I want to thank, in particular, our team at the EDA for their thoughtfulness, creativity, and dedication.

The release of this plan represents the beginning of a new chapter in New Jersey's economic history, but one that can only be written through partnership – with the Legislature, with labor and the private sector, and with federal, municipal, county, and nonprofit leaders. We look forward to assisting with the implementation of this plan to realize Governor Murphy's vision for a stronger and fairer New Jersey economy.

Together, we can build a stronger and fairer future for our children and grandchildren.

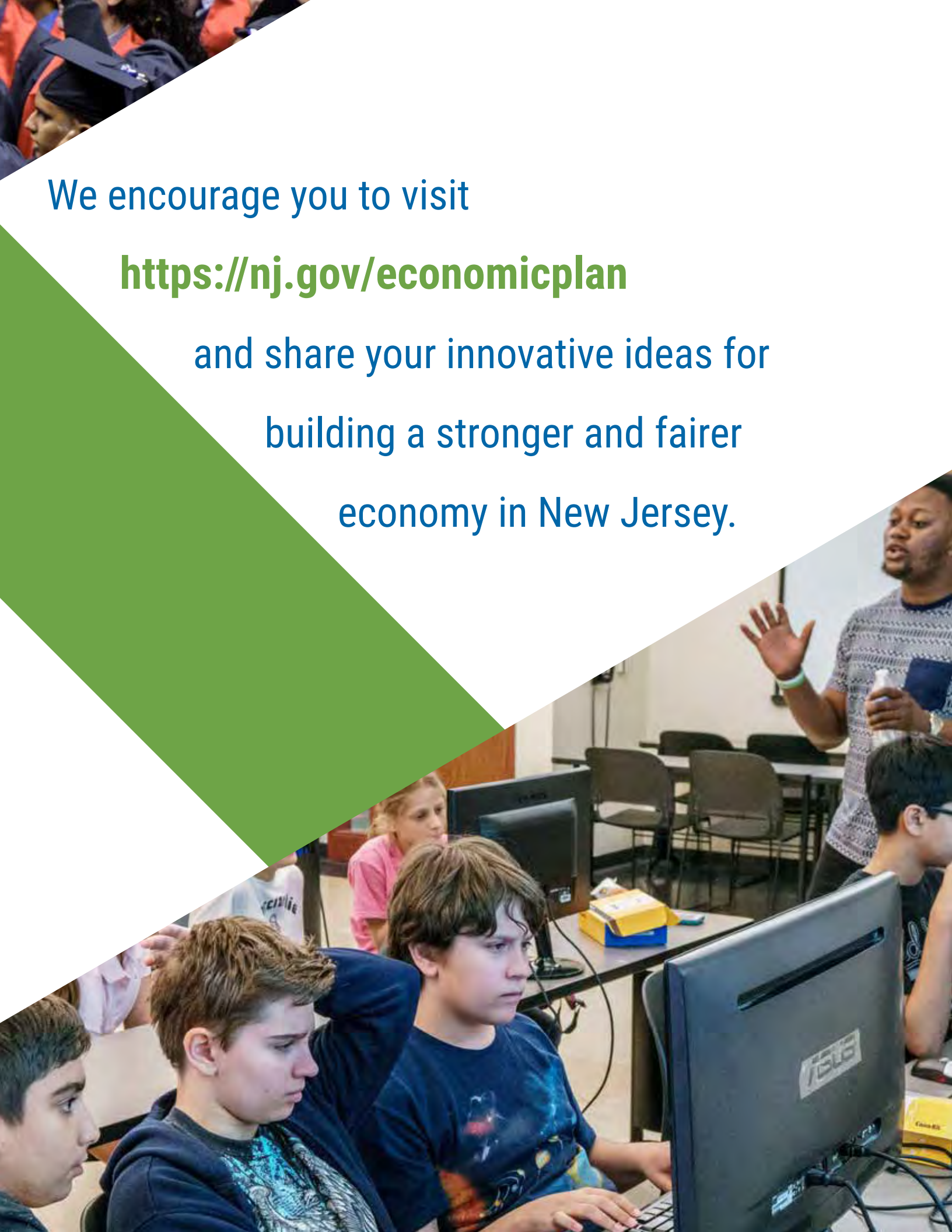
A handwritten signature in blue ink, appearing to read "T. Sullivan", is written over a light blue circular background.

Tim Sullivan

Chief Executive Officer

New Jersey Economic Development Authority





We encourage you to visit

<https://nj.gov/economicplan>

and share your innovative ideas for
building a stronger and fairer
economy in New Jersey.

