



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

EXECUTIVE SUMMARY

**DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE DEVELOPMENT**

July 1, 2012 to December 31, 2016

We found the financial transactions included in our testing were related to the division's programs and were reasonable. In making this determination, we found the Labor Demand Occupations List was not updated timely, thereby limiting its effectiveness in guiding job seekers. We noted weaknesses in the performance monitoring of training providers and in the grantee reporting of Skills Partnership Training Grants. We also noted that some of the funds collected pursuant to the NJBUILD statute were redirected within the General Fund. We made observations regarding the effectiveness of the Individual Training Grants in helping participants to secure training-related employment, and also regarding the reporting, performance monitoring, and oversight of the Workforce Investment Boards.

AUDIT HIGHLIGHTS

- The Labor Demand Occupations List is intended to provide students, parents, counselors, and other career decision makers with accurate, timely, and relevant information about the careers available in the New Jersey labor market. The list must be updated at least once every two years. We found the division failed to update the list for more than four years. This could affect the guidance provided to job seekers. Our review of training grants for some occupations, which we determined to be with declining demand, noted that, not only did the state pay an estimated \$4.4 million for this training, the division's list encouraged these individuals to spend their time and efforts in pursuit of this training.
- The division may offer training grants to unemployed and underemployed individuals only for training programs on the Eligible Training Provider List. The division is also responsible for a Consumer Report Card which includes performance data for each program and is to be reported on the New Jersey Training Opportunities (NJTOPPS) website. At the time of our testing, performance data was not available for 1,228 (75.8%) of 1,621 providers and for 6,332 (87.3%) of their 7,252 training programs. Without accurate performance data, both the division and the participants are unable to identify the training programs more likely to lead to employment and increased wage earnings.
- Skills Partnership Training Grants are available for eligible employers to upgrade the skills of current and/or new employees to meet skill requirements of high skill/high wage jobs in New Jersey. Grants are competitively awarded based in part on projected employee growth. A closeout report, which provides a comparison of employment projections to the actual number of jobs retained and/or created, is required to be submitted at the close of each grant. For 33 of 114 grants included in our review, closeout reports could not be provided to us. Without closeout reports from each grantee, it may be difficult for the division to determine the number of employees who complete training and the number of jobs retained and/or created as a result of the training grant. Of 78 closeout reports available, 46 showed that grantees missed their projections.
- NJBUILD funds are intended for the training of women and minorities in construction trades. Since the inception of the NJBUILD statute in 2009, the division has collected \$31 million in receipts. As of December 31, 2016, a total of \$19.9 million, or 64 percent of NJBUILD revenues, had been redirected. The state may be at risk of violating the New Jersey Constitution and federal laws because much of this revenue represents bond proceeds.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report click [here](#).