



NEW JERSEY

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QuickTakes!

Governor Murphy Outlines Programs and Innovations Geared to Economic Growth

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<http://www.roi-nj.com/2018/10/01>
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Gov. Phil Murphy makes a major policy speech at the ON3 complex.

Below is complete coverage of the various aspects of Governor Murphy's NJ economy presentation on Monday, October 1, 2018. Here is NJASCU's Statement regarding the announced initiative.

The New Jersey Association of State Colleges and Universities applauds the governor's economic policy message and envisions how the state's senior public higher education institutions can serve as the ideal partner for fulfilling this vision. The institutions are double-

barreled economic engines in that they are the state's largest provider of high-quality post-secondary degrees that are so vital to a vibrant workforce, and the actual process of providing these degrees creates a multi-billion-dollar economic stimulus to the state.

Nine out of 10 new jobs created in the last year have gone to those with a college degree. By 2020, 65 percent of all jobs in the economy will require postsecondary education and training beyond high school. New Jersey's senior public higher education institutions are positioned to continue to be the largest providers of an excellent four-year degree education – thus making New Jersey a very attractive place for investment.

Furthermore, as these institutions are doing their jobs, they are employing hundreds of

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*The College of New Jersey
Kean University
Montclair State University*

*New Jersey City University
Ramapo College of New Jersey
Rowan University*

*Stockton University
Thomas Edison State University
William Paterson University*

thousands in permanent jobs and construction jobs and serving as invaluable hubs for urban and community revitalization. The governor, by creating an environment to facilitate partnerships that will enhance the mission of the universities, is implementing a winning economic policy.

<http://www.roi-nj.com/2018/10/01/politics/growth-plan-murphy-identifies-his-five-keys-to-building-n-j-economy/>

Gov. Phil Murphy released a detailed vision and five key goals of his economic growth plan in a major policy announcement attended by more than 600 business leaders and elected officials Monday at ON3 in Nutley/Clifton.

The 64-page document outlines statistics for New Jersey, including where the state leads and where it trails other states and its Northeast peers.

The governor said he intends to grow the economy with five key metrics in the coming years:

- ◆ **Job growth:** Adding approximately 300,000 jobs;
- ◆ **Wage growth:** Increasing median wages by approximately 4 percent, or \$1,500-plus;
- ◆ **Diverse innovation ecosystem:** Adding 40,000 more women and minorities in science, technology, engineering and mathematics, and \$625 million in new venture capital investment;
- ◆ **Closing the racial and gender wage and employment gaps:** Adding 42,000 more women and minorities employed and a \$15,000-\$23,000 increase in annual wages;
- ◆ **Thriving, inclusive communities:** Reducing city poverty rate to today's statewide average.

“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,” Murphy said in the plan.

“An environment where small businesses, local entrepreneurs, multinational corporations and workers can thrive is essential for our economy’s future.”

Murphy highlighted the high level of education and graduation in the state overall, paired with the outmigration of that potential workforce.

New Jersey ranks fourth among the highest outmigration states.

To address the issue, Murphy said he will create a 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,” he said in the report. “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.”

Murphy discussed a number of other issues in the report, including saying:

Education population: 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. More biochemists and biophysicists call New Jersey home than any other states. 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 percent of us are racial minorities, and we rank fourth in the nation for linguistic diversity.

Headquarters: 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.

Economic growth: During the last 10 years, New Jersey missed the economic resurgence burgeoning in other parts of the country. Employment growth has been meager at just 0.1 percent annually, leaving New Jersey 42nd in the nation. Between 2007 and 2017, New Jersey’s economy added practically no net new jobs (approximately 50,000 jobs). For comparison, during these same 10 years, the average state added nearly 175,000 jobs.

Workforce stats: New Jersey ranks 32nd for the share of working-age population in the labor market and 47th in long-term unemployment in the country.

Poverty rate: Poverty in New Jersey is increasing at a faster rate than 46 U.S. states (New Jersey is ranked 47th). Basic everyday needs such as housing, child care, food and health care, are out of reach for 37 percent of New Jersey households.

New business: Young businesses, those less than 10 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 percent are less than 10 years old, compared to 5 percent in New Jersey – meaning we are not scaling our innovative companies fast enough.

Diversity and inclusion: The increased inclusion of women and racial minorities in the U.S. economy has accounted for more than 25 percent of the productivity growth that the U.S. has

experienced over the past 50 years. Similarly, communities with greater levels of racial integration and inclusion lead to more productive, financially wealthy innovation ecosystem.

<http://www.roi-nj.com/2018/10/01/opinion/murphy-introduces-innovation-evergreen-fund-this-is-the-big-idea-today/>

Twenty-seven minutes into a speech outlining his broad-based vision to jump-start – and re-create – the New Jersey economy, Gov. Phil Murphy paused to give warning to the crowd of more than 600 top business leaders, economic development professionals and elected officials.

“I would say, lock it in here for the next minute or two, because, in addition to growing and shrinking the inequities and poverty, this is the big idea today,” he said.

With that, Murphy introduced the New Jersey Innovation Evergreen Fund, a \$500 million plan with which he aims to dramatically increase the amount of venture capital investment in the state.

“(This will) supercharge the return on venture capital into our state, carrying the proceeds on competitive auctions of new state tax credits with private venture capital funds to make joint investments in a diverse array of New Jersey-based startups,” he said.

Corporations, he said, will bid on new Economic Development Authority tax credits.

“The winning bidders will be the ones who offer both the best price and the best commitment to help entrepreneurs through mentorship, networking and other resources,” he said.

The reasons for the fund are obvious, he said. The numbers spell it out.

Murphy pointed to the \$33 billion of venture capital dollars that have been invested in the New York City metropolitan area in the past five years – noting how New Jersey did not benefit as much as it could have.

“Fewer and fewer of those dollars came into New Jersey,” he said. “This Innovation Evergreen Fund will help bring them back.”

Reaction to the plan was positive.

Bob Doherty, the New Jersey head of Bank of America – the bank that has more dollars invested in the state than any other – said he welcomed the plan.

“I think it’s awesome,” he told ROI.NJ afterward. “I think we have to build the economy through establishing new businesses. The fact there are different types of institutions that invest in businesses at their different stages is important to recognize.”

Doherty was quick to point out that increasing regulations make it difficult for Bank of America to invest heavily in the startup space, though it certainly participates.

“(We) tends to work with well-established small and medium-sized businesses,” he said. “We don’t do startups easily.”

Doherty welcomes more investment players.

“I say more power to it,” he said. “It’s needed, it’s necessary and it’s an important part of the spectrum. We’re an important part of the spectrum, but not necessarily at the startup part of it. It’s a great vision.”

Aaron Price, the head of New Jersey Tech Meetup, also saw the fund in a positive light.

“I think it makes capital more accessible in New Jersey,” he said. “Now, if you’re a VC thinking about investing in the region, you can now double their funding right out of the gate.

“At the same time, it’s one less meeting than an entrepreneur has to have. I think it’s a great step forward for New Jersey entrepreneurs to raise capital from professionals in a competitive market.”

Price views it as a step forward.

“Not one thing is going to fix this issue, but a lot of steps like this will make a lot of entrepreneurs take New Jersey seriously as a place to set up business,” he said.

Murphy’s certainly counting on it.

He sees the fund drawing a bigger pool of investment dollars on a scale that will help New Jersey compete nationally.

“State-level venture capital funds have thrived elsewhere, but, with our talent and our location, the Innovation Evergreen Fund can help us become the model for our country.”

Murphy said the program will work with other new programs at the EDA.

“The Innovation Evergreen Fund will be a powerful tool to bring new startups to our incubators and accelerators, where they can already benefit from NJ Ignite, the EDA’s new collaborative workspace rent initiative,” he said. “(This will help startups) put more of their initial funding into research and development instead of into overhead.”

Tim Sullivan, the CEO of the EDA, feels the program not only can help grow the economy, it can help the state face its biggest problem – a more than \$100 billion debt due to missed pension payments and overly generous health care benefits.

“The governor’s take on this, is one of the ways we solve that puzzle going forward is we have to grow faster and grow our way out of this,” he said. “You have to invest to grow. The current programs have been running at almost a billion dollars a year of investment. We think we can bring that number down, but get more for our money. That’s part of how we are going to solve that puzzle long term.”

<http://www.roi-nj.com/2018/10/01/politics/murphy-announces-major-economic-plan-for-n-j-in-attempt-to-lure-venture-capital/>

Gov. Phil Murphy unveiled new tax programs focused on historic preservation and mass transit-rich municipalities as part of a grand package for economic reform that he announced Monday in a major economic address drawing more than 600 business leaders and elected officials from around the state.

He also added details to a previously discussed program, New Jersey Innovation Evergreen Fund, which he hopes will bring \$500 million in venture capital to the state.

The new programs, which will be managed by the state Economic Development Authority, have been promised by Murphy as he attempts to revamp the incentive programs in the state.

“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,” he said in his 64-page plan unveiled at ON3 in Clifton/Nutley.

“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.”

It will be a competitive tax credit grant.

“The program we propose will feature a program cap and a per-project cap and will also generate funds to support public infrastructure investments,” according to the plan.

The historic preservation tax is also linked with the Opportunity Zones Act, which passed as part of the federal tax overhaul in December.

In addition to the tax incentives, Murphy has also proposed several initiatives targeting the startup economy, some of which have already been introduced this year.

“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,” Murphy said in the plan.

Another idea he has previously mentioned has been a 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,” he said in the report. “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.”

The governor is also implementing a revised version of the Grow New Jersey incentive with what he is calling the NJ Forward tax incentive program.

The differences include: a lower base per job, prioritize new job creation rather than retained jobs, focus on all distressed areas in the state with focus on those with public transit assets, and include an annual award cap and reviews to hold all parties accountable.

The plan also reflects Murphy’s increased focus on global investments in the state.

There is also a focus on developing small businesses with a new loan program in the EDA, as well as a directive for the EDA to work with finance companies to develop innovative ways to support small businesses.

Murphy outlined a number of other initiatives and goals in the plan, including saying:

- ◆ 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 test 5G and beyond infrastructure, as well as explore enhancing existing broadband and increased wireless coverage.

Murphy identified crucial investments and ideas that are already in play:

- ◆ The Hub in New Brunswick;
- ◆ The Gateway Tunnel project.