PLATFORM FOR PROGRESS

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Program for Economic Growth

1. **Creation of a Council on Economic Competitiveness and Sustainability (CECS):** The CECS would be made up of key Cabinet officials and will be chaired by the Lieutenant Governor. At a minimum, the CECS should include the following state officials:

   a. Lieutenant Governor who will serve as the chairperson
   b. Chief of the Office of Economic Growth, or its equivalent, who will serve as Secretary of the CECS and will provide staffing for its work
   c. Commissioners of Department of Environmental Protection, Department of Labor, Department of Transportation, Department of Community Affairs
   d. CEO of the NJ Economic Development Authority (NJEDA)
   e. Others as appropriate

   The role of the CECS would be twofold: 1) To assess policies and practices that make New Jersey uncompetitive, and, where feasible, devise strategies to correct these challenges. 2) To ensure that New Jersey government is responsive to the needs of the business community. The CESC's overall responsibility would be to formulate and implement policies and programs that make New Jersey more attractive as an investment destination. The CECS will also create a sub-cabinet working group that will work on problem resolution.

2. **Creation of an Advisory Board on Economic Competitiveness and Sustainability (ABECS):** This entity should be a not-for-profit Advisory Board consisting of top corporate executives from a cross-section of large and small businesses that have a proven stake in New Jersey's economy and future. Other critical stakeholders such as academic and labor leaders should also serve on the ABECS.

   The ABECS should meet with the CECS at least quarterly to review the challenges and constraints that businesses in New Jersey are confronting. The ABECS should also undertake an analysis of New Jersey's competitiveness vis-à-vis other regions and states with respect to tax policies, regulatory process, promotion, etc., and recommend initiatives – policy or legislation - to improve the state's ability to attract new business. The Board should partner with the Office of Economic Growth or its equivalent and the NJEDA on outreach and promotion efforts.

3. **Creation of an "Account Management System":** With a Gross State Product of $465 billion, New Jersey has the eighth largest state economy. In terms of population (8,682,661), New Jersey ranks as the nation's 11th most populous state. There are approximately 250,000 businesses with employees in New Jersey. The resource commitment that New Jersey is making to serve, support and communicate with these prospective "clients" is inadequate for a state of its size. An important forward step for the state will be the creation of an account management system.

   The value of account managers, or account executives, is well established in the private sector. Corporate executives have long understood the need to establish an enhanced communication structure with its most vital customers. That is why private enterprises assign account managers to these clients. A standard job description for an account manager reads as follows: "Own key client

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relationships, gain access and maintain ongoing, routine contact with client senior decision makers. Gain wide and deep penetration within the client organization, getting past 'screens' to access decision-makers. Function as a single point of contact for the client. Serve as a customer advocate, in part by voicing the client's concerns. Facilitate senior management executive exchanges."

Account managers PROACTIVELY interact with their accounts – whether or not there is an immediate sales prospect or problem. The goal is to make certain that a company is constantly in tune to how the customer is thinking in terms of needs, issues and opportunities. Also, clients often provide vital insight into how a company should deliver a product or service.

If New Jersey is to retain and enhance its competitive edge as a state, it is critical for New Jersey to have ongoing communication with its most significant employers. If we consider best practice states throughout the country, almost all of them have introduced the account management concept into their business development process.

New Jersey should designate at least 20 talented professionals in government to serve as our state's account managers. These professionals should be hired from the private sector based solely on their intelligence, ability to communicate and ability to interact effectively with others. The Account Managers will report to the CEO of NJEDA who in turn reports to the Chief of the Office of Economic Growth or its equivalent who reports to the Governor.

The state should initially focus on the top 5,000 employers in the state. The governor should write to every one of these employers to advise them of this new program and to apprise executives that the Governor's account managers will be reaching out to them. Account managers should meet with their accounts' on a quarterly basis and report the interaction, including opportunities and challenges that may require intervention, to the CEO of NJEDA and the Chief of the Office of Economic Growth or its equivalent. While most issues identified can be resolved at a staff level, some may need the involvement of senior managers in government. In those cases when an appropriate intervention is crafted, the Governor should reach out to the CEO of the company to advise her or him that action is being taken.

4. **Marketing/Promotion:** Allocate a level of funding required to launch an aggressive marketing campaign in national and international markets promoting New Jersey as a place to do business.

5. **Business Incentives:** It is crucial that NJEDA adopt policies that enable New Jersey to effectively compete for businesses and jobs. In partnership with the business community, NJEDA should analyze other states' best practices and consider enhancements to its own business incentive programs:

   a. Enhance the newly-established Economic Redevelopment and Growth (ERG) Grant Program, which provides developers with state and local incentive grants derived from incremental tax revenues to help close project financing gaps. This program is an important economic development tool but focuses on the redevelopment community. Additional resources are needed for corporate users. Funds from this program could be used to create a deal-closing fund that provides financial resources for economic development projects. This fund would encourage the retention and expansion of existing business and industry, and would attract new business to New Jersey. NJEDA may award grants to projects that would significantly benefit the state but need additional resources as an incentive to locate or remain in the state. Closing-fund applicants would need to show that there would be a likely return on investment to the state. Since this fund would use the incremental revenues derived from the ERG program, the state would not have to appropriate monies from the general fund.

Several states have established closing funds that could serve as a model, including Florida. Florida's Quick Action Closing Fund (QAC) is implemented by Enterprise Florida, a partnership between Florida's business and government leaders, and the principal economic development organization for the State of Florida. The QAC provides Florida with flexibility to respond quickly to significant economic opportunities and compete for projects that would bring significant capital investment and high-wage jobs. This fund helps attract new and expanding businesses to Florida that may go to other states. This program matches incentives to the needs of the business community, instead of simply following a formula. In fiscal 2008, these projects led to the creation or retention of 17,316 jobs at an average annual wage of $56,334. This initiative provides New Jersey with an example of both an effective deal-closing fund and a successful public/private partnership.

Another state that utilizes a deal-closing fund is Texas. The Texas Enterprise Fund gives Texas a competitive edge in attracting new and expanding business opportunities through the ability to provide a quick infusion of funds to major economic development projects. An eligible project must show a significant return on investment and local support. The Governor, Lieutenant Governor and Speaker must approve the appropriation of funds for every eligible project. Since the fund was created in 2003, Texas has realized a $13.6 billion capital investment and an additional 51,000 jobs.

b. Establish business opportunity zones, areas throughout the state that have been identified by the CECS as development ready. Businesses that locate within the zones would receive financial and technical assistance, including tax credits and help in procuring permits.

c. Refine traditional incentive programs such as the Business Employment Incentive Program (BEIP) and the Business Retention and Relocation Assistance Act Grant (BRRAG). Eliminate the $50,000 statutory cap placed on the average incentive amount under BEIP agreements, and eliminate the cap placed on the amount of additional jobs created above the "new employment commitment." Allow BEIP grant agreements to be extended for an additional period of time if the business agrees to an additional post-grant retention period. Extend BRRAG eligibility to businesses that pose a flight risk due to factors such as lease expirations, competing proposals or competitive cost advantages in other states, without requiring these businesses to relocate to another in-state facility.

*** Initiatives that require more in-depth analysis and formulation:**

6. **<u>* Permitting & Regulatory Reform:</u>** Radically streamline the permitting process to ensure applications are processed swiftly. Examine moving certain permitting functions out of DEP and into the NJEDA, where the focus is on development and economic growth. Impose a moratorium on all new regulatory proposals unless they are related to an imminent threat to the health or safety of New Jersey residents. There are currently federal rules governing health and safety requirements that are supposed to

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supersede state regulations. It is important to ensure that federal regulations pertaining to health and safety are not supplanted by more onerous state regulations. Additionally, all new proposed regulations should include cost analysis and economic impact statements that accurately reflect the effects of proposed regulatory changes.

7. **<u>* Transportation Reform:</u>** Create and implement a plan to rebuild our multi-modal infrastructure to maintain our economic competitiveness. Examine ways to provide sustainable funding for the Transportation Trust Fund, including increasing the state's motor fuels tax.

8. **<u>*Pension & Benefits Reform:</u>** Enact pension reform policies, including changing the state pension plan from a defined benefit to a defined contribution plan (i.e. 401k) for all new public employees. The goal is for public and private compensation packages to more closely match each other.

9. **<u>* Integration of New Jersey's Higher Education System into the State's Economic Development Strategy:</u>** Industry is increasingly looking to collaborate with the academic community to advance research and development. Companies like to be in close proximity to where the research is conducted, and they even follow specific researchers because they attract significant grant funding. In turn, industry investment follows those researchers and projects.

   Other states, such as Massachusetts, North Carolina and Indiana use their higher education systems as economic development tools, recruiting world-class researchers and promoting collaboration between industry and academe. One needs only to look at the growth of the life sciences community along the Route 128 corridor in Cambridge or around the Research Triangle in North Carolina to see the state-encouraged synergy between industry and higher education.

   On the other hand, despite having a high-tech economy that is dependent on R&D, New Jersey's higher education community and industry have a very weak relationship.

   If New Jersey is to remain competitive, the state must include the higher education system in its economic development strategy; remove obstacles that inhibit collaboration with the private sector; and work on attracting top researchers that attract investment.

This Program for Economic Growth has been endorsed by the Platform for Progress Coalition. View the Platform partners.