



1995-2015
NEW JERSEY POLICY RESEARCH
ORGANIZATION FOUNDATION

Fall 2015

Facts for Discussion

COMMITTED TO QUALITY RESEARCH ON BEHALF OF NEW JERSEY EMPLOYERS



Manufacturing in New Jersey

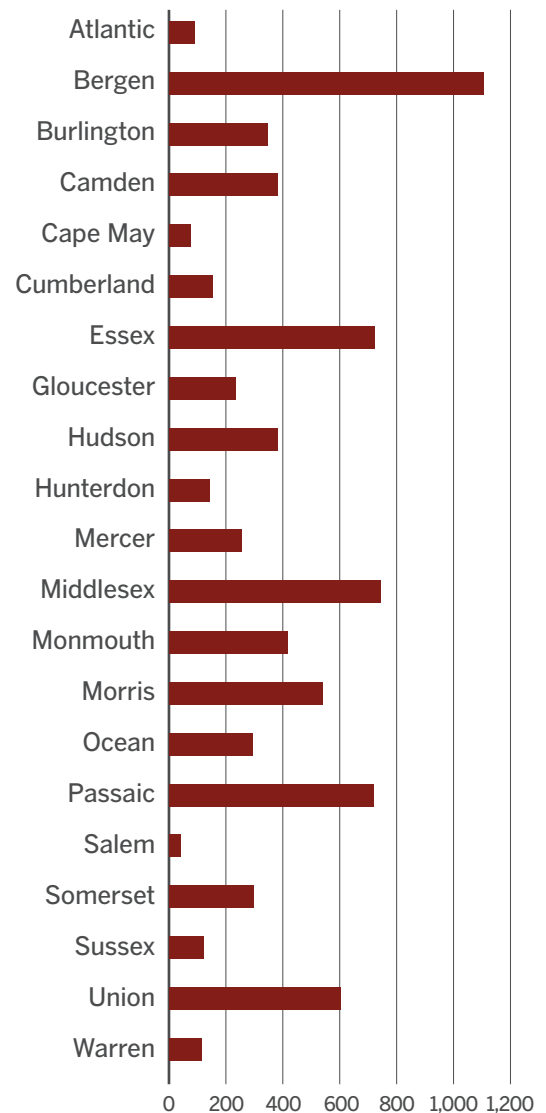
CONSIDERED THE BIRTHPLACE OF THE AMERICAN Industrial Revolution, New Jersey’s manufacturing roots are steeped in tradition. Since the creation of the original Society of Establishing Useful Manufacturers, co-founded by Alexander Hamilton in Paterson back in 1792, the state has harnessed resources to grow industry. Hamilton believed a strong industrial system was the best method for the United States to sustain itself and become a global leader. That philosophy translated into productive manufacturing mills.

Today, New Jersey remains prominent in the manufacturing industry. While systems have changed over the years, the state remains a leading player in the worldwide supply chain. Traditional production systems have shifted to technologically advanced (“lean”) manufacturing processes, maximizing efficiency and achieving optimal performance. This level of modernization strongly supports the manufacturing industry and makes for a more robust business climate in New Jersey.

Though the implementation of such optimally lean manufacturing has impacted the industry’s demand for workers, New Jersey manufacturers directly employed 247,200 individuals as of July 2015.¹ In 2014, the majority of paid manufacturing employees were found in Bergen, Middlesex, Passaic, Essex, and Union counties—totaling 112,025 individuals. The same regions also were home to the greatest concentration of manufacturing establishments in the state, with Bergen County taking the lead at 1,077.² Fewer manufacturers can be found in the state’s southern and northwestern regions, due to their respective geographic locations and natural features that make them nationwide stand-outs in tourism and agriculture. This is graphically represented by New Jersey’s Manufacturing Establishments by County.³

The importance of New Jersey manufacturing to the state’s economy cannot be overstated. The state ranked 12th nationally with 7,587 manufacturing establishments and has steadily maintained over 7,000 such

New Jersey’s Manufacturing Establishments by County 2013



Source: County Business Patterns.

2 Manufacturing in New Jersey

operations over the last decade. These establishments cover many manufacturing sectors and sub-sectors, producing a wide variety of products ranging from foods to chemicals, fuels, pharmaceuticals, and technological equipment, to name just a few.⁴ The industry has consistently played a vital role in the state's economy and has further solidified New Jersey's position as a global hub for manufacturing.

Included in this report is a map showing the geographic distribution of establishments throughout the United States. It is important to note that when comparing states, one must consider their sizable differences—e.g., economy, square mileage, and population—to accurately gauge how well their industries are performing. While the following states may trump New Jersey in number of establishments, they are also significantly larger in area: California, Texas, New York, Ohio, Pennsylvania,

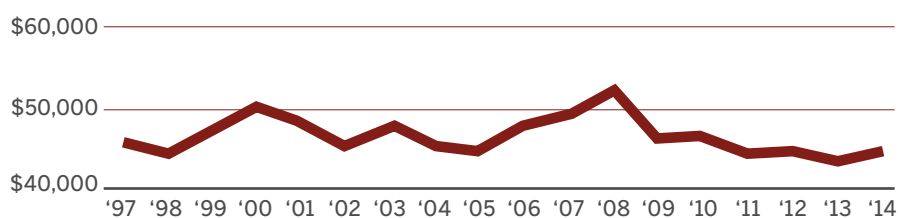
Illinois, Florida, Michigan, North Carolina, and Indiana. Considering these factors, New Jersey still outperforms the majority of states and fares well against its competition.⁵

The success of manufacturing in New Jersey also results from the number of prestigious colleges and

universities and research facilities located in the state, which collaborate and share intellectual resources with the for-profit sector. Collectively, they produce a well-educated, highly specialized and talented labor force. Consequently, New Jersey's median income for an em-

New Jersey's Manufacturing GDP 1997-2014

IN MILLIONS OF CURRENT DOLLARS



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

New Jersey's National Manufacturing Rank

CATEGORY	DATA	RANK
Total Manufacturers Output (IN BILLIONS, 2013)	\$45.93	15
Goods Exports (IN BILLIONS, 2014)	\$32.63	13
Goods to FTA partners (IN BILLIONS, 2014)	\$13.39	14
Average Annual Compensation (2013)	\$91,890	5
Manufacturers Share of Total GSP (2013)	8.46%	37

Source: National Association of Manufacturers.

New Jersey's Breakdown of Manufacturing Establishments 2013

Corporations	2,865
S-Corporations	3,324
Sole Proprietorships	419
Partnerships	972
Non-Profits	2
Other	5

Source: County Business Patterns.

New Jersey's Manufacturing Employment Projections 2014

2012 Estimated Employment	245,400
2022 Projected Employment	229,350
Numeric Change	-16,050
Percentage Change	-6.50%
Annual Growth Rate	-0.70%

Source: State of New Jersey, Department of Labor & Workforce Development.

New Jersey's National Manufacturing Rank 2013

Paid Employees for Pay Period:	221,052	Annual Payrol (IN THOUSANDS)	\$13,693,679	Total Establishments:	7,587
National Rank:	20	National Rank:	17	National Rank:	12

TOP 5: New Jersey County Ranking 2013

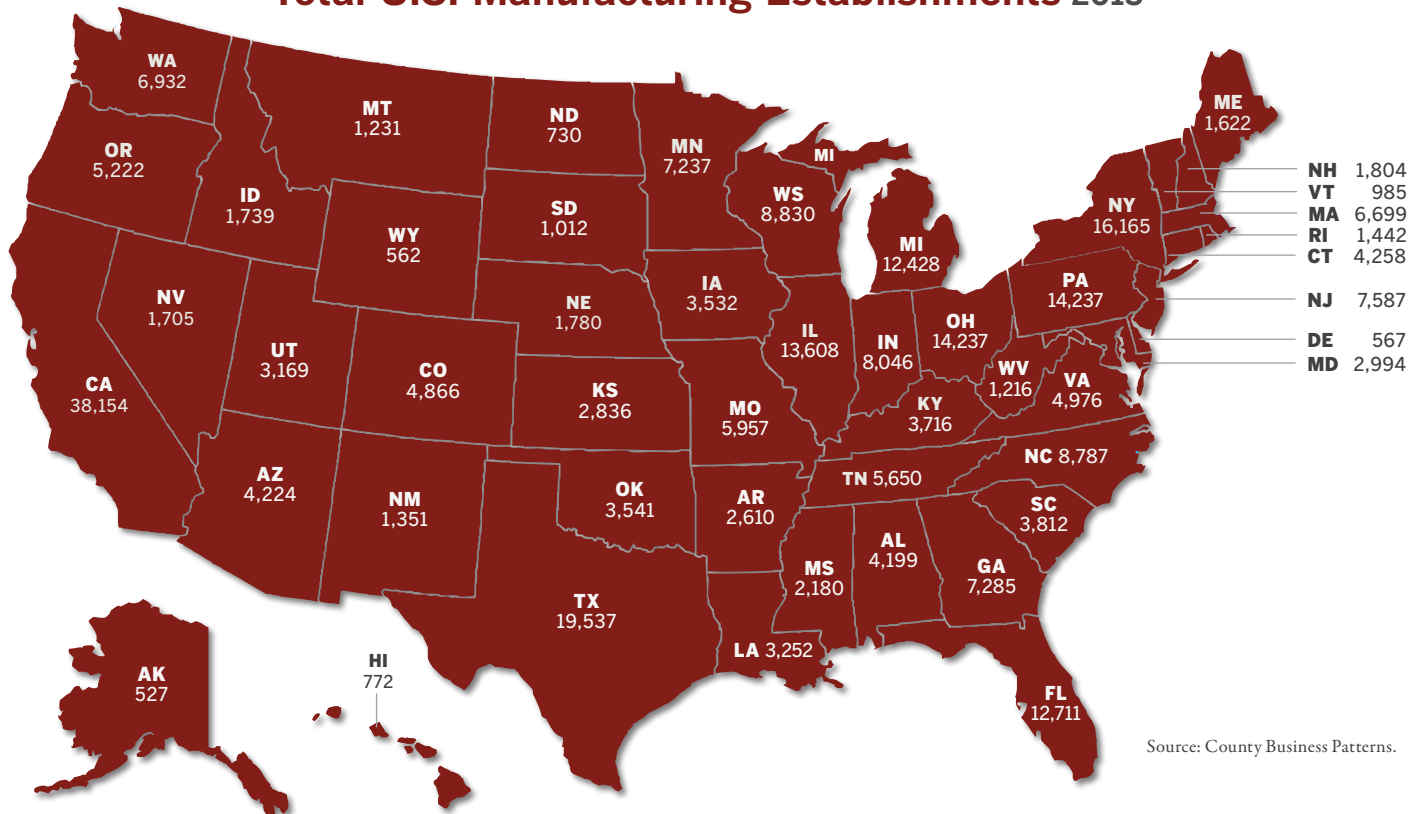
Paid Employees for Pay Period	Annual Payroll (IN THOUSANDS)	Total Establishments
1. BERGEN	32,673	1. BERGEN 1,077
2. MIDDLESEX	28,047	2. MIDDLESEX 726
3. PASSAIC	17,839	3. UNION 706
4. ESSEX	17,617	4. BURLINGTON 699
5. UNION	15,849	5. SOMERSET 589

BOTTOM 5: New Jersey County Ranking 2013

Paid Employees for Pay Period	Annual Payroll (IN THOUSANDS)	Total Establishments
1. CAPE MAY	458	1. SALEM 38
2. ATLANTIC	1,549	2. CAPE MAY 69
3. SUSSEX	2,191	3. ATLANTIC 88
4. SALEM	2,784	4. WARREN 108
5. HUNTERDON	3,713	5. SUSSEX 114

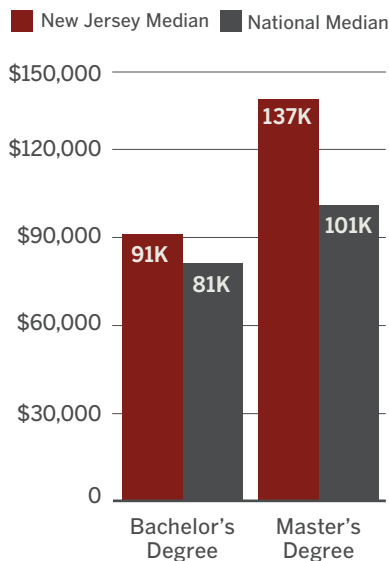
Source: County Business Patterns.

Total U.S. Manufacturing Establishments 2013



Source: County Business Patterns.

Worth of a Degree: Industrial & Manufacturing Engineering 2015



Source: Center on Education and the Workforce.

employee with a bachelor's degree in industrial and manufacturing development is \$91,000, compared to the national median of \$81,000. A graduate degree in the same field is worth \$137,000 in New Jersey,

Ongoing public-private initiatives must continue to further strengthen the environment for the state's manufacturing sector, to help ensure the industry's robust future and continued growth.

compared to an average of \$101,000 nationally.⁶

Add to that New Jersey's strategic geographic location, its proximity to major financial markets, its transportation network, major airports and ports creating an extensive distribution channels, and the productivity of New Jersey manufacturers, and it becomes obvious why New Jersey is a key player in the worldwide manufacturing industry, as well as a significant contributor to the state's economy.

New Jersey's civic, business and

education leaders have long collaborated to create and foster a statewide business climate and public policy that support the manufacturing sector and its competitive position both nationally and internationally. However, there is always more that can and should be done. Ongoing public-private initiatives must continue to further strengthen the environment for the state's manufacturing sector, to help ensure the industry's robust future and continued growth—all for the benefit of the state's economy and of its residents at large.

ENDNOTES

1. New Jersey Department of Labor and Workforce Development. "Employment History for One Industry, Manufacturing, seasonally adjusted." 2015. Accessed August 2015. http://lwd.state.nj.us/labor/lpa/LMI_index.html
2. County Business Patterns. "2013 County Business Patterns (NAICS)." May 2015. Accessed July 2015. <http://www.census.gov/econ/cbp/>
3. See "New Jersey's Manufacturing Establishments, by County 2013."
4. State of New Jersey. "Manufacturing." 2014. Accessed July 2015. <http://www.nj.gov/njbusiness/industry/manufacturing/>
5. See "Total U.S. Manufacturing Establishments 2013." map.
6. Carnevale, Cheah, and Hanson. "The Economic Value of College Majors." Georgetown University: Center on Education and the Workforce. May 2015. Accessed July 2015. <https://cew.georgetown.edu/cew-reports/valueofcollegemajors>

ABOUT THE



FOUNDATION

The New Jersey Policy Research Organization (NJPRO) Foundation is an independent public policy research affiliate of the New Jersey Business & Industry Association. NJPRO produces innovative, timely and practical research. NJPRO is New Jersey's leading policy organization conducting research on behalf of New Jersey employers.

Governed by an independent Board of Trustees, NJPRO is a nonpartisan, tax-exempt organization. NJPRO depends on the support of companies, individuals and foundations for its income.

NJPRO FOUNDATION

10 West Lafayette Street | Trenton, NJ 08608 | njprofoundation.org
Sara Bluhm, Executive Director | 609-393-7707, Ext. 9514 | sbluhm@njbia.org