

## **Demand Occupations Policy**

### **Reference:**

Workforce Investment Act of 1998; 20 CFR Section 663.310; TEN 4-07; TEGL 2-07; TEGL 31-07; Local Plan Instructions; Economic Development and WIA funds policy; Individual Training Accounts policy; U.S. Government Accountability Office (GAO) report, GAO-08-547; Congressional Research Service Report for Congress; and Federal Register, Vol. 73, No. 15, January 23, 2008, pp. 3998 – 4011; WIA Five-Year Integrated State Plan for the period of July 1, 2012 – June 30, 2017.

### **Background:**

In 2002, the U.S. Department of Labor Employment and Training Administration (ETA) began awarding High Growth Job Training Initiative grants. This initiative was a strategic effort to prepare workers for new and increasing job opportunities in high growth, high demand, and economically vital industries and sectors of the American economy. These grants propose to address industry-specific workforce challenges within the context of regional talent and economic development strategies along with preparing workers for good jobs in rapidly expanding or transforming industries. ETA has expanded this model through Community-Based Job Training grants and the Workforce Innovation in Regional Economic Development (WIRED) initiative. These efforts support broad regional partnerships that increase employment and advancement opportunities for American workers and stimulate the creation of high skill and high wage opportunities in regional economies. This policy is written to share the definition of “demand occupations” and its impact on services provided at the local level.

### **Action:**

After the 10 day public review period, this policy is considered final. Questions and comments should be submitted in writing to Jan Fox, Policy Coordinator, [jan.fox@nebraska.gov](mailto:jan.fox@nebraska.gov).

### **Policy:**

#### **Foundational Principles**

The Act at Sec. 134(d)(4)(A)(iii) states that funds shall be used to provide training services to adults and dislocated workers “who select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the adults or dislocated workers receiving such services are willing to relocate.” Local plans must assure this is true.

The definitions below clarify the expectations for funding WIA Adult and Dislocated Worker training in Nebraska. Fifty percent (50%) of the Adult and Dislocated Workers participants (combined) initiated into training in a local area during the program year shall be for a high demand, high wage and high skill occupation at the local level. Dynamic occupations identified by the local Workforce Investment Board and “directly linked to employment opportunities” following the completion of training shall be included in this criteria. Individuals training for a Registered Apprenticeship are also included as participants meeting the criteria.

## **Targeted Sectors of the Economy**

Nebraska's competitive advantages were studied in the *Growing Jobs, Industries and Talent: A Competitive Advantage Assessment and Strategy for Nebraska* report prepared for the Nebraska Department of Economic Development and Nebraska Department of Labor by the Battelle Technology Partnership Practice in October 2010. The study was designed to help the state assess its economic building blocks and address both gaps holding Nebraska back and specific opportunities for growth. Twelve industry clusters were identified as components of the state's economic growth. They included:

- Agricultural Machinery
- Agriculture and Food Processing
- Biosciences
- Business Management and Administrative Services
- Financial Services
- Health Services
- Hospitality and Tourism
- Precision Metals Manufacturing
- Renewable Energy
- Research, Development, and Engineering Services
- Software & Computer Services
- Transportation, Warehousing, and Distribution Logistics

Occupations associated with these industry clusters are available to users in the High Wage, High Demand, High Skill web application <http://h3.ne.gov/>. Detailed labor market information is available for occupations within the target industry clusters to enable individuals to make informed career decisions.

## **Definitions**

### **1. Defining High Growth and High Demand**

High Demand/Growth ratings are based on the long term occupational projections that cover a 10 year time span. The Nebraska Department of Labor (NDOL) assigns a rating based on three factors:

- the number of annual openings,
- the net change in employment, and
- the growth rate.

NDOL judges the most important factor in determining opportunity to be the number of actual job openings expected, so this variable was assigned the highest weight. The second most important factor was determined to be the net change in employment that represents the pure volume of increased numbers of positions expected in the workforce, so this variable was assigned the second highest weight. The growth rate was determined to be the least important factor and given the lowest weight because while the rate of growth or decline can impact the speed at which jobs may be eliminated or created, the rate itself does not change the number of current job opportunities. These calculations are used to assign each occupation a rating and rank to each occupation.

Occupations are assigned Hot, Fair or Cold ratings; the top 25% of occupations are rated Hot, the middle 50% are rated Fair, and the bottom 25% are rated Cold. In addition, an occupation is automatically rated Cold if less than one opening per year is projected.

High Demand/Growth occupation ratings are calculated separately for the state and each local area. Occupations are ranked against other occupations within their region to determine their

final rating. Because each area is ranked individually, occupations may have a higher rating in one region than another.

All occupations rated Hot and the top half of those rated Fair meet the criteria to be High Demand. An exception to this is if using only the top half of Fair occupations results in a list that is too restrictive. In this case all jobs rated Fair are used to determine Demand. This tends to happen in smaller regions where employment numbers are lower which results in more jobs falling into the Cold category.

## 2. Defining High-Wage Occupations

High-Wage is determined by calculating the median wage for each of the eight wage categories produced by NDOL. The eight possible categories for hourly wages include: Average Hourly Wage, Entry Wage, Experienced Wage, 10<sup>th</sup> percentile, 25<sup>th</sup> percentile, 50<sup>th</sup> percentile, 75<sup>th</sup> percentile, and 90<sup>th</sup> percentile. When an occupation has wages in one of the above categories at the median wage or higher, it is assigned a number for that category. Any occupation assigned a score in four or more categories is identified as High-Wage.

## 3. Defining High-Skill Occupations

The ability to develop, attract, and retain a well-educated and skilled workforce is a key factor in Nebraska's economic competitiveness. The United States is moving increasingly toward a knowledge-based economy, requiring workers to have higher-level skills and more education.

NDOL's 2010 – 2020 long term occupational projections forecast that about one-third (31%) of total openings and 40% of growth openings will require some form of education beyond high school.

Registered Apprenticeship is a national training system that combines paid learning on-the-job and related technical and theoretical instruction in a skilled occupation. All occupations arrived at through Registered Apprenticeship training shall be considered high-skill.

Education and training requirements are developed by the Bureau of Labor Statistics and are an output of the state projections software. Three categories are used to classify each occupation:

- typical entry-level education,
- related work experience, and
- typical on-the-job training.

**Typical entry level education** represents the typical education level needed to enter an occupation. The following assignments are used: Doctoral or professional degree; Master's degree; Bachelor's degree; Associate's degree; Postsecondary non-degree award; Some college, no degree; High school diploma or equivalent; and Less than high school.

**Work experience** in a related occupation indicates if work experience in a related occupation is commonly considered necessary by employers for entry into the occupation, or is a commonly accepted substitute for formal types of training. The following assignments are used: More than 5 years, 1-5 years, Less than 1 year, and None.

**Typical on-the-job training** indicates the typical on-the-job training needed to attain competency in the occupation. The assignments for this category are the following: Internship/residency, Apprenticeship, Long-term on-the-job training (more than 1 year),

Moderate-term on-the-job training (1-12 months), Short-term on-the-job training (1 month or less), and None.

Each occupation is assigned a score based on a combination of these categories and ranked to determine if it is considered to be high skill.

### **Development of State and Local Plans**

The need to train participants for careers in demand jobs has been a principle evident in State and Local plans.

1. The narrative in the State Plan includes:

- Analysis of the economic and labor market;
- Projection of industries and occupations expected to grow and/or decline;
- A listing of industries and occupations showing a demand for skilled workers;
- A listing of occupations considered most critical to the State's economy; and
- Identification of skill needs for the available, critical and projected jobs.

2. The Local Plan Instructions require the local areas to:

- Analyze the local economic and labor market;
- Identify current and projected trends of the local area's economy, industries and occupations;
- Describe the workforce skills and knowledge individuals need to find current and future employment in the local area;
- Describe the characteristics of the local area's population;
- Provide an analysis of the challenges associated with the local area's population attaining the education, skills, and training needed to obtain employment; and
- Describe specific strategies the local WIB and One-Stop Operator are or will be implementing during this plan period to insure the skill needs of local employers is met and to close any existing skill gaps.

### **Establishing and Maintaining Partnerships**

**1. Employer And Industry Involvement**

Active employer and industry involvement is critical to ensure well-targeted and up-to-date training in high-growth industries is provided. Employers and industry associations must play an active role in establishing requirements for entry into training, developing training curricula and instructional methods, selecting training materials/equipment, and determining the duration of training.

**2. Regional Partnership**

Training solutions must be developed and implemented by a strategic regional partnership, which includes leaders from the workforce investment system, business and industry, economic development, and the education and training community, as well as other public and private sector partners that bring critical assets to the joint venture.

**3. Community Colleges**

Community colleges have come to understand the specific training needs of key industries in their regions and use this information to keep programs current or develop new programs to address these needs. Given their mission, affordability, and accessibility, community colleges will continue to be an important part of a responsive workforce system. Based on a survey of One-Stop managers, GAO estimated that 40% of the One-Stop clients who were enrolled in training by a One-Stop from July 2006 through June 2007 selected a community college to obtain their training. Community colleges often address employer needs by providing training to the employees of specific employers through

contract or customized training. They also are knowledgeable of the training needs of small businesses in their communities.

### **Impact on Special Populations**

When adult funds are limited, local areas give priority for intensive and training services to recipients of public assistance, and other low-income individuals as described in their local plans. In addition, the local plans must discuss the priority system for providing services to youth including narrative on how the local area shall invest in youth who are most at-risk and in need. As local areas assess clients, they need to consider narrative in the preamble to the regulations stating: "We believe all training eligibility decisions should be made on the basis of each individual's skills, abilities, interests, and needs. It would of course, be inappropriate to enroll any individual, whether or not they are disabled, into training programs for which they did not have the skills to be successful."

### **Appeal Process**

If individuals with a disability, or any others, feel they have been improperly assessed by One-Stop staff regarding their skills and qualifications, they may appeal the decision using the appropriate local grievance or complaint procedures established in accordance with WIA sections 181(c).

### **Requests for Non-Demand Occupational Training**

The preamble to the regulations acknowledges there may be situations in which an eligible participant seeks training in an occupation in which there are employment opportunities available but which is not classified by the local area as an occupation in demand. It states "the training can only be provided if it can be arranged through one of three exceptions to Individual Training Account's. While it is possible the individual may not be able to receive WIA-funded training because of this distinction, we think there will not be many cases where this occurs." The three limited exceptions to the use of Individual Training Accounts as identified in the Individual Training Accounts policy are as follows:

1. When the services provided are on-the-job training (OJT) or customized training.
2. When the local WIB determines there are an insufficient number of eligible providers in the local area. The local plan must describe the process to be used in selecting the providers under a contract for services. This process must include a public comment period for interested providers of at least 30 days.
3. When the local WIB determines there is a training services program of demonstrated effectiveness offered in the area by a community-based organization or another private organization to serve special participant populations that face multiple barriers to employment. The WIB must develop criteria to be used in determining demonstrated effectiveness, particularly as it applies to the Special Participant Population to be served. The criteria may include, but are not limited to:
  - A. Financial stability of the organization;
  - B. Demonstrated performance in the delivery of services to hard to serve participant populations through such means as program completion rate; attainment of the skills, certificates or degrees the program is designed to provide; placement after training in unsubsidized employment and retention in employment; and
  - C. The relevance of the specific program to the workforce investment needs identified in the local plan.

**Evaluations and Reviews**

To ensure the appropriate training is provided, industry trends must be continuously monitored and analyzed, using input from employers, industry trade associations, and other outside experts, along with review of occupational projections.

**Reporting and Documentation**

WIA enrollment in high demand, high wage, and high skill occupational training will be tracked and recorded in the State MIS NEworks. Occupations associated with these industry clusters can be identified by staff in the High Wage, High Demand, High Skill web application <http://h3.ne.gov/>. Detailed labor market information is available for occupations within the target industry clusters to enable individuals to make informed career decisions. Staff will store evidence of a demand occupation in participants' electronic case file (ECM) under Demand Occupation document type; staff will also utilize case notes to detail training selection criteria.

WIA enrollment activities will be recorded and maintained in an electronic case file in NEworks; each enrollment activity will indicate training type, program and related occupational training code on the service provider tab in the activity record. The recorded occupation code will be queried and compared to the identified demand occupation codes to monitor training enrollments in H3 occupations and verify the 50% enrollment requirement. The report includes state and regional data specific to each area.