

Preliminary Policy on In-Demand Industries and Occupations

Reference:

Workforce Innovation and Opportunity Act Sections 3, 108, 129, 134, and 181; TEGL 19-14

Background:

The Workforce Innovation and Opportunity Act (WIOA) presents an extraordinary opportunity to improve job and career options for Nebraska's workers and jobseekers through an integrated, job-driven public workforce system that links diverse talent to businesses. It supports the development of strong, vibrant regional economies where businesses thrive and people want to live and work.

Businesses inform and guide the workforce system and access skilled talent as they shape regional workforce development and build a pipeline of skilled workers. This engagement includes leadership in the workforce system and active participation in the development and provision of education and training, work-based learning, career pathways, and industry sector partnerships.

One of the hallmarks of the revitalized workforce system established under WIOA is that the needs of business and workers drive workforce solutions. This is reflected in the emphasis WIOA places on in-demand industries in the state. This policy will explain the definition of "in-demand" industries and occupations and how it is further clarified by the current state plan.

Action:

This policy becomes effective on immediately.

Policy:

WIOA Definition

WIOA section 3(23) defines "in-demand sector or occupation", in general, as:

1. An industry sector that has a substantial current or potential impact (including through jobs that lead to economic self-sufficiency and opportunities for advancement) on the state, regional, or local economy, as appropriate, and that contributes to the growth or stability of other supporting businesses, or the growth of other industry sectors; or
2. An occupation that currently has or is projected to have a number of positions (including positions that lead to economic self-sufficiency and opportunities for advancement) in an industry sector so as to have a significant impact on the state, regional, or local economy, as appropriate.

Determination – the determination of whether an industry sector or occupation is in-demand shall be made by the state board or local board, as appropriate, using state and regional business and labor market projections, including the use of labor market information.¹

Foundational Principles

WIOA section 134(c)(3)(G)(iii) indicates that training services for adults and dislocated workers must be directly linked to an in-demand industry sector or occupation in the local area or planning region, or in another area to which an adult or dislocated worker receiving such services is willing to relocate. However, the local board may approve training services for occupations determined by the local board to be in sectors of the economy that have a high potential for sustained demand or growth in the local area.

Similarly, local plans for youth programs must also include consideration of in-demand industry sectors or occupations. WIOA section 129(c)(2)(D) requires that local areas offer eligible youth occupational skill training, which includes priority consideration for training programs that lead to recognized postsecondary credentials that are aligned with in-demand industry sectors or occupation in the local area involved.

The definitions below clarify the expectations for funding WIOA Adult and Dislocated Worker training in Nebraska. Dynamic occupations identified by the local boards 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, which 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

¹ WIOA section 3(23)(B)

Occupations associated with these industry clusters are available to users on the H3 (High Wage, High Demand, High Skill) website, accessible at <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.

Definitions²

Nebraska defines in-demand sectors and occupations as those sectors and occupation which fall into the High Demand, High Wage, and High Skill definitions as follows:

1. Defining High Growth and High Demand

High Demand/Growth ratings are based on the long-term occupational projections that cover a ten year time span. The NDOL assigns a rating based on three factors; the number of annual openings, the net change in employment and the growth rate. The highest weighted factor in determining opportunity is the number of actual job openings expected. The second highest weighted factor is the net change in employment, which represents the pure volume of increased numbers of positions expected in the workforce. The growth rate is third factor of the three, 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 assign each occupation a rating and rank. High Demand/Growth occupation ratings are calculated separately for the state and each region. 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.

2. Defining High-Wage Occupations

NDOL produces wages for eight wage categories. The eight categories are: average hourly wage, entry wage, experienced wage, tenth percentile wage, twenty-fifth percentile wage, fiftieth percentile wage, seventy-fifth percentile wage and ninetieth percentile wage. When an occupation has wages at or above the average of all occupations within the region, all industries wage in a category get a score for that wage category. If an occupation gets a score in four or more of the categories, it is considered high wage.

3. Defining High-Skill Occupations

The Bureau of Labor Statistics assigns three measures of education/training to each occupation.

The first is “Education” and has eight possible rankings: “Less than high school”; “High school diploma or equivalent”; “Some college, no degree”; “Postsecondary non-degree award”; “Associate degree”; “Bachelor’s degree”; “Master’s degree”; and “Doctoral or professional degree”.

The second is “Work Experience” and has three possible assignments: “None”; “Less than Five Years”; and “Five Years or More”.

² Source: Nebraska Department of Labor Office of Labor Market information, July 2014

The third category is “Job Training” and has six categories: “None”; “Short-term on-the-job training”; “Moderate-term on-the-job training”; “Long-term on-the-job training”; “Apprenticeship”; and “Internship/residency.”

Any occupation assigned an “Education” value of “Some college, no degree” or higher is considered High Skill. In addition occupations with an education level of “High school diploma or equivalent” and a job training value of “Long-term on-the-job training”, “Apprenticeship”, or “Internship/residency” are rated as high skill.

All occupations are ranked and rated against other occupations within their region. This may result in an occupation appearing on the list for one region but not another.

Development of State and Local Plans

Identifying the need to train participants for careers in in-demand sector and occupations is a requirement in State and Local plans.

1. The narrative in the current 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.³
2. Under WIOA, the local plan must include, among other things:⁴
 - An analysis of the regional economic conditions including:
 - Existing and emerging in-demand industry sectors and occupations; and
 - The employment needs of employers in those industry sectors and occupations;
 - An analysis of the workforce skills and knowledge individuals need to meet the employment needs of the employers in the region, including employment needs in in-demand industry sectors and occupations;
 - An analysis of the workforce in the region, including current labor force employment (and unemployment data), and information on labor market trends, and the educational and skill levels of the workforce in the region, including individuals with barriers to employment;
 - An analysis of the workforce development activities (including education and training) in the region, including:
 - An analysis of the strengths and weaknesses of such services; and
 - The capacity to provide such services;
 - A description of the local board’s strategic vision and goals for preparing an educated and skilled workforce, including goals relating to the performance accountability measures based on primary indicators of performance;
 - A strategy to work with the entities that carry out the core programs to align resources available to the local area to achieve the local board’s vision and goals;
 - A description of the strategies and services that will be used in the local area in order to:

³ As required by WIOA section 102(b)(1)(A)(i).

⁴ WIOA section 108(b).

- Facilitate engagement of employers, including small employers and employers in in-demand industry sectors and occupations, in workforce development programs;
- Support a local workforce development system that meets the needs of businesses in the local area;
- Better coordinate workforce development programs and economic development; and
- Strengthen linkages between the one-stop delivery system and unemployment insurance programs; and
- A description of the one-stop delivery system in the local area, including a description of how the local board will ensure the continuous improvement of eligible providers of services through the system and ensure that such providers meet the employment needs of local employers.

Existing Analysis – As appropriate, a local area may use an existing analysis in order to carry out the requirements of the analysis.⁵

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 development 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. Community colleges often address employer needs by providing training to the employees of specific employers through contract or customized training.

Requests for Non-Demand Occupational Training

Under WIOA, training may not be furnished through an ITA unless the training is in an in-demand occupation. The limited exceptions to the use of Individual Training Accounts include:⁶

⁵ WIOA section 108(c).

⁶ WIOA section 134(c)(3)(G)(ii)

1. When the services provided are on-the-job training (OJT), customized training, incumbent worker training, or transitional employment.
2. When the local board determines there are an insufficient number of eligible providers in the local area to accomplish the purposes of a system of individual training accounts.
3. When the local board 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 individuals with barriers to employment.
4. When the local board determines that:
 - a. it would be most appropriate to award a contract to an institution of higher education or other eligible provider of training services in order to facilitate the training of multiple individuals in in-demand industry sectors or occupations and
 - b. Such contract does not limit customer choice; or
5. When the contract is a pay-for-performance contract.

50% Threshold Requirement - When providing training services under any of the exceptions to the use of ITAs, at least 50% of the services must be in an in-demand occupations.

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

WIOA 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.

WIOA 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. The report includes state and regional data specific to each area.

Disclaimer:

This policy is based on NDOL's reading of the statute along with the Notice of Proposed Rulemaking released by USDOL. This policy may be subject to change as additional federal regulations and guidance are released. This policy is not intended to be permanent and should be viewed as a placeholder until final federal regulations are released in early 2016.