Pennsylvania Department of Labor & Industry

High-Priority Occupations Policy

July 2012

Purpose

The commonwealth's workforce development strategy targets education and training investments to High-Priority Occupations, or HPOs. HPOs are used to identify workforce programs that provide individuals with the knowledge and skills necessary to enter, maintain or advance their career in today's economy.

Definition

HPOs are job categories, within selected industry clusters, that are in demand by employers, have higher skill needs and are likely to provide family-sustaining wages. These clusters and HPOs were identified via a three-step process (described in detail in the Background section of this document) developed by the commonwealth's workforce system.

Background

As mentioned previously, the commonwealth's workforce system developed a three-step process to define HPOs:

Step **1**...

Industry Cluster Analysis to identify the industry sectors that have the highest potential for growth and could benefit most from strategic workforce investments

Step **2**...

Occupational Data Analysis to create a baseline list of high-demand, higher-wage occupations within each of the industry clusters using the best available labor force data

Step **3**...

Expert Input and Regional Factors to identify occupations likely to emerge based on economic development investment, new labor market trends or business demand, as well as those that are too new or regionally specific to be captured by the data.

Step One (described in more detail in Appendix A) was originally completed in 2004 and resulted in the identification and publication of Pennsylvania's industry clusters. Due to the transformation and evolution of certain industries, this work was updated in 2008 in order to respond to the new economy and introduce Pennsylvania's Energy cluster.

Steps Two and Three of the HPO process are undertaken annually to ensure that public investments keep pace with rapidly changing technology and labor market demand. All public workforce investments are focused on job categories identified as HPOs. For a detailed explanation of Step Two, refer to Box 1.

Box 1 *Occupational Data Analysis*

Annually, the Pennsylvania Department of Labor & Industry prepares a baseline list of HPOs that are in demand by employers, have higher skill needs and are likely to provide family-sustaining wages. This list is created using federal and state labor market data as well as projections based on U.S. Department of Labor models. Occupations are selected based on the following criteria:

1. *Importance to the Industry Cluster:* Occupations must account for at least one out of every 100 jobs in the cluster ("significance") or at least one out of every five jobs in the occupation must be in the cluster ("dominance").

2. *Annual Job Openings:* The thresholds were set at:
    a. 75 openings within the cluster,
    b. Or at least 1 percent of the total projected openings in the cluster, but not less than
    c. 25 total openings and 250 openings across all industries.

3. *Job Quality,* defined largely based on a self-sustaining wage threshold: HPOs had to pay at least $31,008 in the cluster – 200 percent of the federal poverty level for one adult and one child in 2011.

4. *Additional Screens*: Workforce dollars should be targeted to occupations with shortages of workers, not occupations with excess supply. No single statistic definitively determines whether a workforce shortage exists in a particular area, so additional assessments are made based on the data described below. Occupations with indications of labor market slack are removed from the initial HPO list based on the following standards:
    a. **Employment loss:** With employment loss greater than 10 percent, experienced dislocated workers would be available to fill job openings. Over the 2008-2010 timeframe, average employment across all occupations decreased at a rate of 4.0 percent.
    b. **Nominal wage decline:** Average wage growth across all occupations in the 2009-11 period equaled 4.8 percent. The rate of inflation equaled 5.7 percent. Therefore, nominal wage loss is one indicator of a slack labor market in particular occupations.
    c. **Occupational unemployment rates of 10 percent or higher:** From 2009-11, the average unemployment rate across all occupations was 7.6 percent. Higher levels of unemployment indicate that unemployed workers should be available for job openings.
    d. **Ratio of training completers to job openings:** A ratio of training completers to job openings should be a good indication of how well the "supply" of trained workers is meeting industry "demand." However, the completion data is sometimes unreliable and may not capture regional differences. Occupations for which significant evidence exists that the commonwealth is training more people than there are job openings were eliminated from the initial list. The threshold was set at 300 percent, or three trained individuals for every one opening.

Recognizing that data alone does not completely capture workforce trends, the third step of the HPO process aims to refine the initial HPO list based on input from workforce development and other professionals including economic developers, business and labor leaders, and educators. Critical to this effort is the contribution of regional Industry Partnerships, which include the professionals just mentioned, who define immediate and anticipated training needs and other human resource challenges.

It is critical that modifications to the baseline HPO list do not undercut the strategic focus underlying the commonwealth's workforce reforms. Proposed additions to the HPO list must be supported by sound rationale and documented evidence of industry demand and must pay above the current wage threshold. Occupations paying below this level will be included only if (a) substantial opportunities exist for advancement into higher-level jobs; (b) opportunities exist to invest workforce dollars in ways that improve job quality and/or strengthen career ladders; or (c) regional self sufficiency wages are lower than the current statewide threshold. The Center for Workforce Information & Analysis will calculate weighted self-sufficiency wages for all regions, defined here as Local Workforce Investment Areas.

HPO Additions and Eliminations

All additions to the statewide and regional HPO lists are subject to approval by the Secretary of Labor & Industry. The mechanisms through which occupations may be added to an HPO list, as described below, will differ slightly for the statewide list as compared to regional lists.

Statewide Mechanisms

A panel of industry experts will review the initial HPO list and make recommendations for additions and eliminations based on their knowledge. The rationale for adding or subtracting HPOs can include:

- Significant investment in a sector that will lead to new demand for a skilled workforce or new skill sets that could not be captured by historic data;
- Evidence that appropriate workforce development investment could substantially improve wage or work environment conditions, or promote the development of career advancement and career lattices;
- Targeted statewide economic development and other financial investments;
- Removal of occupations that are not a good investment of commonwealth funds or do not meet economic development and quality of life goals; and
- Research conducted for special reports that identify new and emerging occupations in a specific field that are in demand or targeted for workforce investments.

Regional Mechanism

In some cases, statewide statistical analysis and projections can miss differences and dynamics in regional and local labor markets. To ensure that the HPO list has appropriate input from regional businesses, the following petition process was put into place (Appendix B).

1. **Local Workforce Investment Boards** can petition the Department of Labor & Industry to add HPOs to their regional list (using the petition form found in Appendix B) based on one of three justification options described below. Petitions must be submitted within 30 days after the initial HPO list is released. Occupations successfully added via this petitioning process will appear on the local HPO list for three years.

    a) New Job Opportunities: New economic development or business investment in a certain industry is likely to stimulate job growth in occupations that may not be captured by the historical data. At least three businesses must certify that they will have a total number of openings for the occupation being petitioned for each of the next

three years that meets or exceeds the regional openings threshold for the Local Workforce Investment Area (Appendix C).

b) Industry Partnership Need: State-recognized Industry Partnerships, comprised of at least five employers, demonstrate an unmet need for an emerging occupation in their industry sector sufficient to generate openings for each of the next three years equal to or greater than the regional threshold for their Local Workforce Investment Area (Appendix C).

c) Regional Cluster Openings: Regional openings in an occupation exceed the job openings threshold for the Local Workforce Investment Area (Appendix C) and the occupation(s) has/have a demonstrated importance to one or more regionally targeted industry clusters.

2. **Local educational institutions (K-12 and higher education) and economic development agencies** can petition Local Workforce Investment Boards to propose adding an HPO. The petitioning organization must provide documented evidence that wage threshold and job openings criteria described in the previous section are met.

3. **Appeal process***:* In the event that the Local Workforce Investment Board denies a request from a local educational institution or economic development agency, these entities can appeal directly to the Department of Labor & Industry. The appeal must provide documentation of the demand for the occupation as listed above and will be reviewed by committee.

HPO Exceptions

Emergency Petition Additions

New dynamics in a labor market may emerge over the course of the year, after the HPO list has been established. If new information or changed circumstances warrant additions, Local Workforce Investment Boards may petition the Department of Labor & Industry for additions to the list outside of the initial petition period, so long as appropriate documentation and rationale is included.

Customized and On-the-Job Training

Several workforce programs are designed to fund customized or on-the-job training that results in immediate job placement. The HPO list does not preclude programs from continuing to engage in this type of training, subject to their own program guidelines. Most programs will require that the wage floor established above be met for these training activities.

Pre-employment, basic skills and literacy education

The HPO list does not prevent programs that currently provide pre-employment and basic skills training, or literacy and English as a second language education, from continuing to do so. These education and training activities are governed by individual agency or program policy.

Yearly Changes to the HPO Lists

When the HPO list is released each year, some occupations are new additions and others have been eliminated since the previous year. Below is a brief description of how the departments of Labor & Industry and Education are handling these annual fluctuations in the HPO list, by specific funding program.

*Workforce Investment Act Training (*Department of Labor & Industry*)*

Approved training programs under the Workforce Investment Act for the given funding year are based on current local HPO lists and managed by the Bureau of Workforce Development Partnership within the Department of Labor & Industry. An eligible training provider must offer a program aligned to one of the designated HPOs in their area. This connection is established solely via the CIP-SOC crosswalk tool that aligns education and training programs with the occupations that require those skill sets.

If an occupation has been removed from the HPO list since the previous year, the bureau will ensure that all participants still enrolled in the training are grandfathered through until completion, but that no new enrollees will be accepted. Local Workforce Investment Boards can use the initial petition period to help ensure that programs will continue to be eligible for the upcoming year.

*Economic Development Stipend Program (*Community Colleges*)*
The focus of Economic Development Stipend funding is alignment of community college credit programs and non-credit courses with HPOs, as well as other occupations of regional importance.

Each year, the 14 community colleges submit a list of credit programs and non-credit workforce development courses to the Department of Education that they believe align with the most current HPO list. The Departments of Education and Labor & Industry work closely to ensure that all credit programs and non-credit courses that should be eligible for funding are identified. In addition, to approve programs and non-credit courses aligned with regionally-significant occupations that are not currently on the HPO list, the Department of Education has incorporated the Regional Workforce Application process. Closely following the HPO process, under the Regional Workforce Application process, applications are submitted by community colleges and reviewed and approved by the Department of Education in consultation with the Department of Labor & Industry.

Using these two avenues, the HPO process or the Regional Workforce Application process, funding is then distributed based on the number of full-time equivalent students each community college has in credit programs and non-credit courses approved under the Economic Development Stipend program.

Bureau of Career and Technical Education
Each year, the Pennsylvania Department of Labor & Industry provides the Bureau of Career and Technical Education with a final version of the HPO lists for the commonwealth and each of its 22 Workforce Investment Areas. An early notification (prior to the release of this final list) is also provided which allows schools the opportunity to work with their Local Workforce Investment Boards to gather documentation to petition for other occupations to be considered for the HPO list at the regional level.

STEP ONE: INDUSTRY CLUSTER ANALYSIS: APPENDIX A

To better align workforce spending with the needs of the economy, Pennsylvania's Workforce Development Task Force redefined the targeted industry clusters. Prior to 2008, there were nine industry clusters with eight sub-clusters, today there are 11 clusters and seven sub-clusters. The Task Force included the departments of Labor & Industry, Community and Economic Development, and Education, as well as economists, the Center for Workforce Information & Analysis, and regional workforce and economic development practitioners.

Each of these clusters consists of a group of industries closely linked by common product markets, labor pools, similar technologies, supply chains and/or other economic ties. The clusters, listed below, were chosen based on the potential for growth or their overall importance to the stability of Pennsylvania's economy.

Pennsylvania's Industry Clusters

1. **Advanced Materials and Diversified Manufacturing**
    a. Chemicals, Rubber and Plastics
    b. Electronics
    c. Metals and Metal Fabrication
    d. Printing
    e. Vehicle and Vehicle Equipment

2. **Agriculture and Food Production**

3. **Bio-Medical**

4. **Building and Construction**

5. **Business and Financial Services**
    a. Business Services
    b. Finance and Insurance

6. **Education**

7. **Energy**

8. **Health Care**

9. **Information and Communication Services**

10. **Logistics and Transportation**

11. **Lumber, Wood and Paper**

12. **Other Industries Outside of PA's Industry Clusters**

Regional High-Priority Occupation Petition

1. Date of Application: _____ Workforce Investment Area: _____

2. **Occupation** Code (SOC or O*Net): _____

   Occupation Title: _____

   If applicable, list any CIP codes related to this petition: _____

3. Submitting on behalf of:
   - ☐ Workforce Investment Board
   - ☐ Community College (list) _____
   - ☐ Career & Technical Center (list) _____
   - ☐ Other Training & Educational Institution(s) (list) _____

Justifications

New Job Opportunities: New economic development or business investment in a certain industry is likely to stimulate job growth in occupations that may not be captured by the historical data. List a minimum of three businesses that will have a total number of job openings (**specific to the SOC petitioned**) that meets or exceeds your regional openings threshold **for each of the next three years**. Attach letters of support from each of the employers documenting their business opportunities. Use additional paper as needed.

Business 1:	Number of Projected Openings:
Business 2:	Number of Projected Openings:
Business 3:	Number of Projected Openings:

Industry Partnership Need: PA WIB-recognized Industry Partnership that demonstrates an unmet need for an emerging occupation in their industry sector sufficient to generate openings equal to or greater than the regional threshold **for each of the next three years**. Briefly explain the unmet need. Include a summary of the business opportunities expected/planned that support this need. Use additional paper as needed.

Regional Cluster Openings: Regional openings in an occupation exceed the job openings threshold for the local Workforce Investment Area (LWIA) and the occupations have a demonstrated importance to one or more regional industry clusters. Briefly explain the occupation's importance to the regional industry clusters, including the cluster name. Use additional paper as needed.

Workforce Investment Board Authorization

By submitting this application, I affirm that the facts set forth in it are true and complete

Name (printed)	
Signature	

Check here if this petition is an appeal ☐

This application can be e-mailed to workforceinfo@pa.gov with the subject *High Priority Occupations* or mailed to the Center for Workforce Information & Analysis, Attn: High Priority Occupations, 651 Boas St., Room 220, Harrisburg, PA 17121

LWIA OPENINGS THRESHOLDS: APPENDIX C

75 openings	*50 openings*	*35 openings*
Montgomery	Berks	North Central
Philadelphia	Bucks	Northern Tier
South Central	Central	Pocono Counties
Three Rivers	Chester	Southern Alleghenies
	Delaware	Southwest Corner
	Lackawanna	Tri-County
	Lancaster	West Central
	Lehigh Valley	
	Luzerne-Schuylkill	
	Northwest	
	Westmoreland-Fayette	