

**PA Department of Labor & Industry**  
**Workforce Development**  
**Bureau of Workforce Development Partnership**  
**WORKFORCE INVESTMENT INFORMATION NOTICE NO. 1-05, Change 2**

**April 26, 2007**

**TO:** ALL LOCAL WORKFORCE INVESTMENT AREAS

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**SUBJECT:** WIA Title I Training through Individual Training Accounts (ITAs) in High Priority Occupations (HPOs)

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1. **Purpose.** This document is intended to furnish Local Workforce Investment Areas (LWIAs), training providers and other pertinent stakeholders with the most up-to-date information relative to the training program certification process.
2. **Reference.** WIA Public Law 105-220, dated August 7, 1998 (29 USC § 2801, et seq); WIA Final Regulations, dated August 11, 2000 (20 CFR § Part 652 et al); PA's Strategic Five-Year Workforce Investment Plan for Title I; and PA's Title I Policy Paper.

**Auxiliary aids and services are available upon request to individuals with disabilities  
Equal Opportunity Employer Program**

3. **Discussion.** The Bureau of Workforce Development Partnership is distributing the attached guidance information relevant to updates to the certification process for eligible training programs/providers, which will serve as the basis for the development and issuance of future technical assistance guides.
4. **Action Required.** Local Workforce Investment Boards (LWIBs) are requested to widely distribute copies of this issuance to training providers, LWIA agency staff, and other Pennsylvania CareerLink partners within the LWIA.
5. **Rescissions.** Workforce Investment Information Notice 1-05, Change 1 dated October 25, 2006.
6. **Attachments.** Regional High Priority Occupation (HPO) Application
6. **Expiration Date.** June 30, 2008.

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## **High Priority Occupations (HPOs)**

### **I. Introduction**

To compete in today's global economy, businesses need a skilled workforce, and Pennsylvania's citizens need increasingly higher levels of skills and knowledge. In the past, most workforce education and training programs in Pennsylvania, including those that are publicly funded, were not aligned with skill needs and job openings in the economy. Pennsylvania's new workforce development strategy seeks to change that by targeting education and training funds to HPOs. To ensure that WIA funds are targeted to training and education that will enable customers to compete for higher skill, higher wage jobs in demand by employers, Pennsylvania's workforce system is undertaking a three step process to define High Priority Occupations in PA, which will guide all public workforce investments. These lists will be evaluated on an annual basis to ensure that public investments keep pace with rapidly changing technology and labor market demand.

The development of the HPOs has three main components:

- **Industry Cluster Analysis** – Identifies the industry sectors that have the potential for growth or in which strategic investments are likely to improve outcomes for employers and Pennsylvania's workforce;
- **Occupational Data Analysis** – Determines what occupations are high demand and pay higher wages within each of the targeted clusters; and
- **Expert Input and Regional Labor Market Conditions** – Identifies occupations that are likely to emerge based on economic development investment, new labor market trends, or business demand not captured by data.

Industry clusters were identified in 2004 with the publication of Targeted Industry Clusters. Occupational data analysis and expert input will be performed on an annual basis to ensure that public investments keep pace with rapidly changing technology and labor market demand.

### **II. Industry Cluster Analysis**

As part of the effort to better align workforce development spending with the needs of the economy, a Workforce Development Task Force was created, which included regional practitioners, economists, and the Departments of Labor & Industry, Community and Economic Development, and Education. This task force defined the following nine (9) industry clusters and eight (8) sub-clusters and mapped business concentration and the employment of these clusters across the Commonwealth's 67 counties:

- A. Advanced Materials and Diversified Manufacturing

- Chemicals, Rubber and Plastics
  - Electronics
  - Metals and Metal Fabrication
  - Printing
  - Vehicle and Vehicle Equipment
- B. Agriculture and Food Production
- Food Processing
- C. Building and Construction
- D. Business and Financial Services
- E. Education
- F. Information and Communication Services
- G. Life Sciences
- Bio-Medical
  - Health Care
- H. Logistics and Transportation
- I. Lumber, Wood and Paper

Each of these clusters consists of a group of industries that are closely linked by common product markets, labor pools, similar technologies, supply chains, and/or other economic ties. The Center for Workforce Information & Analysis (CWIA) within the Department of Labor & Industry profiled the state's clusters in the 2004 publication ***Pennsylvania's Targeted Industry Clusters***. The clusters were chosen based on the potential for growth or their overall importance to the stability of Pennsylvania's economy.

### **III. Occupational Data Analysis (Defining HPOs)**

The next critical step in implementing PA's workforce strategy is to align training and education with occupations that are in demand by employers, have higher skill needs, and are most likely to provide family-sustaining wages. To assist in understanding labor market demand, a baseline list of occupations is developed through data analysis using labor market statistics and projections. The analysis and projections are based on historic data, and therefore, may not capture the distinct dynamics of a particular industry or region. The data analysis is an important part of the process in developing HPOs, but must be augmented by in-depth knowledge about dynamic changes in the industry as outlined in Step Three. Following is the criteria used to develop the baseline list of HPOs.

HPOs are required to meet four common criteria:

- Importance to the cluster. (Additional information can be found in Section II. Industry Cluster Analysis.)
- Number of projected job openings each year.
- Job quality – scarce workforce dollars should be used to train workers for good jobs and/or to encourage improvement in jobs and careers.
- Evidence of skill shortages – workers should not be trained for occupations in which an ample supply of trained workers already exists.

A. Importance

Importance to the cluster is based on two guiding factors.

1. Occupations must account for at least one out of every 100 jobs in the cluster; or
2. At least one out of every five jobs in the occupation must be in the cluster.

B. Annual Openings

The projected number of annual openings in the cluster has been established as:

1. 75 openings within the cluster; or
2. At least 1 percent of the total projected openings in the cluster, but not less than 25 total openings and 250 openings across all industries.

C. Job Quality

The quality of jobs is defined based on a wage threshold; i.e., jobs have to pay at least \$26,922 in the cluster -- 200 percent of the poverty level for one adult and one child in 2005.

D. Skill Shortages

WIA and Trade funds should be targeted to training in occupations with shortages of workers, and not to occupations with excess supply. Since no single statistic exists that definitively indicates whether skill shortages exist, it makes sense to use available indicators of possible shortages. Skill shortages have been evaluated based on employment trends, wage trends, unemployment rates, and the ratio of the number of “training

completers” in an occupation; i.e., individuals completing education and training courses/programs of study that prepare them for the occupation to the number of job openings. Occupations with indications of labor market decline were removed from the initial list based on the following standards:

1. Employment Loss of greater than 10 percent from 2002 to 2004

With employment loss greater than this, experienced dislocated workers should be available to fill job openings.

2. Nominal wage decline

Nominal wage loss is one indicator of a sagging labor market.

3. An occupational unemployment rate of 10 percent or higher over the 2004-06 period

Higher levels of unemployment are an indicator that unemployed workers should be available for job openings.

4. A ratio of training completers to job openings of more than 300 percent

The ratio of training completers to job openings should be a good indication of how well the supply of trained workers is meeting industry demand. Occupations for which significant evidence exists that more individuals are being trained than there are jobs are eliminated from the initial list. The threshold was set at 300 percent more training completers than openings.

While the goal of the high priority occupation lists is to prepare individuals to compete for high-skill, high-wage paying jobs, it is essential that the need for remedial training is not ignored. If individuals need such training in order to be able to successfully complete training, remedial training should be a viable option.

#### **IV. Expert Input and Regional Labor Market Conditions**

The third step in the strategic realignment of the Commonwealth’s workforce investments is deepening our knowledge of particular industry sectors and occupations by engaging economic developers, business and labor leaders, workforce development professionals and educators to better understand

demand for a skilled workforce that cannot be captured by the data. Critical to this effort is the creation of Regional Industry Partnerships in which groups of business leaders, worker representatives, and education experts define their immediate and anticipated training needs and other human resource challenges.

The criteria used to develop the initial High Priority Occupation Lists may not capture an emerging trade in the labor market. State and regional input from industry experts, labor unions, and employers is needed to augment the data analysis and, in some cases, may override a decision to eliminate an occupation based on available data.

Occupations **below** the wage threshold established will be included if the following conditions are met:

- a. Substantial opportunities exist for advancement into higher-level jobs; or
- b. Opportunities exist to invest WIA and/or Trade funds in ways that improve job quality and/or strengthen career ladders. Occupations added based on advancement and career ladder opportunities are subject to approval by the Economic Development Cabinet.

While flexibility is essential, it is also critical that modifications to the baseline list not be made so easily that they undercut the strategic focus underlying the state's workforce reforms and the statewide criteria for generating the initial High Priority list. Therefore, even if compelling evidence exists that more openings will emerge than indicated by official projections, recommended additions to the HPOs list must be evaluated against available data on wages and the existence of skill shortages suggested by unemployment, employment changes, and wage changes.

All additions to the High Priority Occupation list are subject to approval by the Economic Development Cabinet. The mechanisms through which occupations may be added to the High Priority list are as follows.

#### **A. Statewide Additions and Eliminations**

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

1. 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.



2. Evidence that appropriate workforce development investment could substantially improve wage or work environment conditions, or promote the development of career advancement and career ladders.

The Economic Development Cabinet will consider recommendations from the Workforce Development Sub-Committee to remove occupations that are not a good investment of Commonwealth funds or do not meet economic development and quality of life goals. The Cabinet can also add occupations based on targeted statewide economic development investments.

## **B. Regional Input**

In some cases, statistical analysis and projections can miss differences and dynamics in regional and local labor markets. In order to ensure that the HPOs list has appropriate input from regional employers, the following procedures must be utilized to obtain local input.

1. LWIBs can petition the Economic Development Cabinet through the Department of Labor & Industry to add HPOs based on the criteria below. The petitions must be made annually within **60 days** after the initial HPOs list is distributed. A Regional High Priority Occupation Application must be submitted to the CWIA at the address specified on the form in Attachment 1 or it may be e-mailed to CWIA at [workforceinfo@state.pa.us](mailto:workforceinfo@state.pa.us) within the prescribed time frames. Questions concerning completion of the application should be directed to Ms. Kim DeLellis, CWIA, [kdelellis@state.pa.us](mailto:kdelellis@state.pa.us) or telephone (717) 772-1364.

To be considered, occupations must meet one of the following three criteria:

- a. New economic development or business investment in a certain field or industry is likely to stimulate job growth in occupations that is not captured by the historical data. At least three businesses must certify that they will have a total number of openings in an occupation that meets or exceeds a regional openings threshold (the regional thresholds and number of openings required varies by local workforce investment area and is listed below) for each of the next five years.
- b. Industry Partnerships of at least five employers demonstrate an unmet need for an emerging occupation in their industry

sector sufficient to generate openings equal to or greater than the regional threshold for five years.

- c. 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.

#### LWIA Openings Thresholds

CWIA will provide available data on the occupations that meet the openings thresholds and other HPOs criteria to each LWIB.

The following are the thresholds that have been determined for LWIAs:

#### Greater than 75 openings

South Central, Three Rivers (Allegheny County)  
Philadelphia, and Montgomery

#### Greater than 50 openings

Lancaster, Central, Bucks, Chester, Lehigh Valley, Northwest, Delaware, Berks, Luzerne-Schuylkill, Westmoreland/Fayette, and Lackawanna

#### Greater than 35 openings

Northern Tier, West Central, North Central, Pocono Counties, Southern Alleghenies, Southwest Corner, and Tri-County

2. **Local educational institutions (K-12 and higher education) and economic development agencies** can petition LWIBs to propose adding a High Priority Occupation. The petitioning LWIB must provide documentation that the above criteria are met.

In the event that the LWIB denies a request from local educational institutions or economic development agencies, these entities can **appeal** to the Sub-Committee on Workforce Development of the Economic Development Cabinet by completing the High Priority Occupation application found in Attachment 1. The appeal must provide documentation of demand as listed above and will be reviewed and decided upon by the Economic Development Committee.

## C. Exceptions

### 1. Wage Thresholds

In cases where regional weighted self-sufficiency wages for one child and one adult are lower than the current wage floor of 200% of the federal poverty level for the same family size, a region may petition to include occupations that meet the self sufficiency wage, but not the federal poverty wage floor. The CWIA will calculate weighted self-sufficiency wages for Local Workforce Investment Areas.

### 2. Emergency Additions

New dynamics in a labor market may emerge over the course of the year, after the HPOs list has been established, that would significantly benefit specific industries. If new information or unique circumstances warrant additions, LWIBs may petition the Workforce Sub-Committee of the Economic Development Cabinet for additions to the list, so long as appropriate documentation and rationale is included.

### 3. Employer Commitment Exceptions

If a determination is made that a unique opportunity exists to train **A LIMITED NUMBER OF INDIVIDUALS WITH GUARANTEED EMPLOYMENT** in occupations not included on the High Priority Occupation List, LWIAs may petition to have occupations added exclusively for courses/programs submitted by training providers in their respective areas. Occupations that are approved will only be added to the respective LWIA's HPO list and not to all the LWIAs' HPO Lists in the Team PA Region. These additions must be made on a case-by-case basis and must be adequately documented.

### 4. Customized and On-the-Job Training Programs

These workforce programs are designed to result in guaranteed employment upon successful completion. These programs do not need to meet the openings thresholds and do not need to be listed on the HPOs list, but must meet wage standards. Additionally, these types of training remain exceptions to the ITA process as well.

## 5. Pre-Employment, Basic Skills, and Literacy Education

The HPOs 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 LWIB policy.

## V. **Annual Changes**

Occupations that have been eliminated from the HPO Lists will be identified under the following categories:

- **Occupation to be eliminated** – An occupation once listed as High Priority, will be listed as “**to be eliminated**” in the first year the occupation no longer meets demand criteria and/or additional criteria and is projected to fail to meet demand criteria for the future. At this point, LWIBs should inform local providers and CareerLinks that they should begin to counsel clients toward training in occupations that show more demand and placing more emphasis on the HPOs.
- **Eliminated Programs, No new enrollments** – An occupation previously listed as a High Priority Occupation that is not projected to meet demand criteria for the second year in a row will be added to a list for which WIA or Trade funds will not be used to train new enrollees. However, students currently enrolled will be allowed to complete the training course/program of study.
- **Eliminated Programs** – In the third year, programs will be eliminated completely and no WIA or Trade funds will be used to support training in these programs.

