

## Occupations in Demand (OID) methodology

Employment Projections are intended for career development over time, not as the basis for budget or revenue projections, or for immediate corrective actions within the labor market.

Employment projections are the basis of the Occupations in Demand (OID) list covering Washington's 12 workforce development areas and the state as a whole. This list is used to determine eligibility for a variety of training and support programs, but was created to support the unemployment insurance Training Benefits Program.

The full OID list is accessible through the "Learn about an occupation" tool located at <https://esd.wa.gov/labormarketinfo/LAAO>.

All occupations in the list have demand indication definitions. The definitions come in three forms; "in demand," "not in demand" or "balanced." These definitions indicate the probability of a job seeker gaining employment in a given occupation. The term "in demand" indicates a greater probability of gaining employment. The term "not in demand" indicates a lesser probability and "balanced" indicates an uncertain probability between success and failure in gaining employment. The definitions are created through a four-step process as follows:

### The data sources for the OID list:

The 2016 list is based on projections:

- Five-year projections for 2014 through 2019, using average annual growth rates and total job openings.
- Ten-year projections for 2014 through 2024, using average annual growth rates and total job openings.
- A combination of two-year (second quarter 2015 through second quarter 2017) and ten-year (2014 through 2024) projections, using average annual growth rates and total job openings.

All of these time frames use unsuppressed occupations with employment in a base year (2014), consisting of 50 or more employees, for the state and Workforce Development Areas (WDAs).

In addition to projections, the OID list is created using supply and demand data:

- Supply data; average annual counts of WorkSource registered job seekers and unemployment claimants for WDAs, May 2015 through April 2016.
- Demand data; average annual counts of job announcements from Help Wanted OnLine (HWOL) mid-monthly time series, May 2015 through April 2016.

#### *Step one: Identifying initial "in demand" and "not in demand" categories for each period.*

- For each time frame, occupations with average annual growth rates of at least 90 percent of their respective geographic areas (statewide or workforce development area) total

average annual growth rates **and** a share of total openings of at least .08 percent are defined as “in demand.”

- Occupations with average annual growth rates less than 70 percent of their respective geographic areas total growth rates *and* a share of total openings of less than 1 percent are defined as “not in demand.”

#### *Step two: Identifying provisional occupational categories.*

- If within any of the three projection time frames (five-year, 10-year and two-/10-years combined), an occupation is categorized as being “in demand,” it receives the first provisional identification as “in demand.”
- If within any of the three projection time frames, an occupation is categorized as “not in demand,” it receives a second provisional identification of “not in demand.”

#### *Step three: Create final projections definitions.*

- If an occupation has only one provisional definition, it equals the final projections definition.
- If an occupation has two provisional definitions of “in demand” and “not in demand,” it gets identified as “balanced.”
- All other occupations, without provisional definitions (i.e., not meeting the thresholds from step one), are identified as “balanced.”

#### *Step four: Create final adjustment definitions*

The projections definitions are now put through an adjustment process, using current labor market supply/demand data, which compares online job postings to information on unemployment claimants and WorkSource job seekers. An adjustment is applied when current supply/demand data significantly contradicts the model-based projections definitions. Only data for occupations with new annual job announcements of at least 100 are used in further calculations.

### **The adjustment methodology**

- If the projections definition is “in demand” or “balanced” but the ratio of supply to demand is more than 2, then the adjusted definition is “not in demand;”
- If the projections definition is “in demand” and the ratio of supply to demand is not larger than 2, but more than 1.5, then the adjusted definition is “balanced;”
- If the projections definition is “not in demand” or “balanced,” but the ratio of supply to demand is less than 0.5, then the adjusted definition is “in demand;”
- If the projections definition is “not in demand” and the ratio is at least 0.5, but less than 0.75, then the adjusted definition is “balanced;”
- If the number of new job announcements for a current month is at least 10 and supply data are not available, the adjusted definition is “in demand.”

### **The final list: Local adjustments**

The Employment Security's Labor Market and Performance Analysis division uses the methodology outlined above to prepare the initial lists for the state as a whole and by workforce development area. Those lists are then given to local workforce development councils to review, adjust and approve on the basis of their local, on-the-ground experience.