



ON-THE-JOB TRAINING (OJT)

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I. BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA), Sec. 134(c)(3)(D)(ii) and Sec. 129(c)(2)(C)(iv) define On-the-Job Training (OJT) as a Training Service.

OJT is an important work-based learning option that the One-Stop System can offer to local employers and job seekers. OJT puts unemployed individuals to work earning a wage while they receive training to address gaps in their skill set that hinders them from fully performing a job. OJT also offers individuals a more family-friendly “learn and earn” training option in that they have a chance to upgrade their skills while earning a regular paycheck. For these reasons, OJT offers the opportunity to offset initial training costs to fill skilled positions while building organizational productivity as the participant learns job requirements. An OJT arrangement can also be the impetus for employers to create job opportunities now.

II. POLICY

OJT is training by an employer in the private, private non-profit or public sector given to a participant who, identified in the Objective Assessment or employment plan has been referred to and hired by the employer.

Any participant going into OJT must be deficient in the skills of the OJT job as documented in the employment plan. WIOA Sec. 3(44), states that OJT payments “shall be deemed to be in compensation for the extraordinary costs associated with training participants.” This means that training should only be provided for participants who have less than entry-level skills for the job into which they are being hired and that training should only be provided until such skills are obtained. OJT employers should be aware of this justification for the reimbursement they receive.

1. Provides knowledge or skills essential to the full and adequate performance of the job,
2. Provides reimbursement to the employer of up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing the training and additional supervision related to the training,

3. Provides reimbursement to the employer of up to 75 percent of the wage rate of the participant after considering and documenting in case notes the following [WIOA Sec. 134(c)(H)], and:
 - a. Characteristics of the participant with an emphasis on someone with barriers to employment as defined by WIOA Sec. 3(24),
 - b. Size of the employer with an emphasis on small businesses (i.e., employer with fewer than 250 employees),
 - c. Quality of employer provided training (e.g., industry-recognized credential, advancement opportunity),
 - d. The number of participants the employer agrees to sponsor,
 - e. Wage and benefit level of the participant (both during and after completion of the OJT),
 - f. OJT position is an in-demand occupation as defined by WIOA Sec. 3(23) and determined by ESD Labor Market Information:
 1. In-Demand Industry Sector or Occupation: In general,
 2. 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
 3. an occupation that currently has or is projected to have several 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. 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.
 - g. OJT employer is:
 1. an in-demand industry as defined by WIOA Sec. 3(23) and determined by ESD labor market information; or
 2. in an in-balance industry as determined by ESD labor market information; or
 3. in a declining industry, but there are compelling reasons (e.g., evidence of long-term viability of the employer) justifying reimbursement above 50 percent.
 - h. Employer attestation, in writing, is that it is not delinquent in unemployment insurance or workers' compensation taxes, penalties, and/or interest.
4. Is limited in duration as appropriate to the occupation for which the participant is being trained, considering the content of the training, the prior work experience of the participant, and the service strategy of the participant as appropriate. OJT length is up to the time it takes to become proficient in the occupation. Consider the job's skill requirements, the academic and occupational skills levels of the participant, their prior work experience and the employment plan.

OJT is a training option meant to be conducted in the highest skill occupations appropriate for the eligible participant. It is not subsidized employment for low-skill occupations, which need very little training time.

OJT may be sequenced with or accompanied by other types of services such as classroom training or basic skills training.

Only those assessed and for whom on-the-job training has been documented as an appropriate activity may be referred to an employer for an OJT.

III. REQUIREMENTS

The following are the requirements for OJT:

1. OJT is provided by an employer in the public, private non-profit, or private sector. A contract may be developed between the employer and the local program that provides occupational training for the WIOA participant in exchange for the reimbursement of up to 50 percent of the wage rate to compensate for the employers' extraordinary costs.
2. The local program must not contract with an employer who has previously exhibited a pattern of failing to provide OJT participants with continued long-term employment with wages, benefits, and working conditions that are equal to those provided to regular employees who have worked a similar length of time and are doing the same type of work.
3. An OJT contract must be limited to the period of time required for a participant to become proficient in the occupation for which the training is being provided. In determining the appropriate length of the contract, consideration should be given to the skill requirements of the occupation, the academic and occupational skill level of the participant, prior work experience, and the participant's individual employment plan.

OJT contracts may be written for eligible employed workers when:

1. The employee is not earning a self-sufficient wage as determined by the South Central Workforce (SCW) policy; and
2. The OJT relates to the introduction of new technologies, introduction to new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the SCW.

IV. GENERAL POLICY

OJT may be made available to participants who:

1. Have met the eligibility requirements for Individualized Career Services, have received at least one career service, and have been determined to be unable to obtain or retain employment through such services;
2. After an initial interview, evaluation, or assessment, and case management have been determined by a WorkSource Operator or WorkSource Partner, to need an OJT and to have the skills and qualifications to successfully complete the OJT;
3. Select an OJT program that is directly linked to the employment opportunities either in the local area or in another area to which the individual is willing to relocate;

4. Are unable to obtain grant assistance from other sources to pay the cost of OJT, or require WIOA assistance in addition to other sources of grant assistance; and
5. Are determined eligible in accordance with the State and local priority system.

OJT employers are not required to maintain separate records to document the extraordinary costs actually incurred. OJT employers must maintain adequate time and attendance, payroll, and other records to support amounts reimbursed under OJT contracts.

The OJT is limited in duration as appropriate to the occupation for which the participant is being trained, considering the content of the training and prior work experience of the participant, and the service strategy of the participant, as appropriate. The training length should be realistic in terms of how much time is needed (as judged by any prudent person and without exceeding the maximum times established by the O*NET, DOT or SVP Codes) to learn the skills of the job. OJTs should vary in the costs negotiated and not automatically be written for the same amount of reimbursement or the same length of time without regard to individual training needs. A one-page summation on the method used to define the length and rate of each OJT should be included as part of the OJT record.

OJT employers can be reimbursed for only those hours spent in training while on the job. Reimbursement **cannot** be paid for

- a. Work performed outside the term of the contract, or
- b. During periods of work stoppages (e.g., strikes, holidays, vacation, sick leave, weather, or other emergency-related closing).

Reverse Referral: An individual referred to WIOA by an employer may not be enrolled in an OJT program with that employer unless it is documented in the employment plan as an appropriate activity and all other eligibility requirements are met.

An OJT with a participant's previous or current employer in the same or similar job is not permitted. OJTs for new or upgraded jobs requiring new skills due to the introduction of new technology or new production methods are permitted.

Contractors will establish a procedure for selection and evaluation of OJT employers, which will ensure placement of participants who successfully complete training. An OJT contract shall not be entered into with an employer who has previously exhibited a pattern of failing to provide OJT participants with continued long-term employment with wages, benefits, and working conditions that are equal to those provided to regular employees who have worked in a similar length of time and are doing the same type of work.

Each contract with an OJT employer shall specify the outreach, recruitment, supplemental training, counseling, placement, monitoring, and Follow-Up Services to be provided with or without cost by the Contractor, OJT employer, and other agencies.

Each contract with an OJT employer shall be periodically monitored onsite sufficiently to assure the propriety of reimbursements and that training is being provided as specified in the contract.

The OJT contract should be negotiated and should be understood by both the employer and participant before the hire date. This is a safeguard to prevent the expenditure of WIOA funds on participants who would have been hired and trained by an employer in the absence of WIOA. If

there is no program intervention on the participant's behalf or service to the participant or employer, no WIOA payment is justified.

The attached OJT Contract model is required to be used.

V. GUIDELINES

1. Trigger List: The following situations represent risks to the integrity of the OJT program. Contracting under these conditions should be carefully considered.
 - a. The participant was previously employed with, a relative of, or referred by the OJT employer;
 - b. The OJT employer failed to retain previous OJT participants;
 - c. The participant has similar job experience as the proposed OJT position;
 - d. The OJT wage is not consistent with the wages paid for similar employment in the local labor market;
 - e. The employer has a high turnover rate or there are indications of a poor work environment;
 - f. The employer has poor screening and hiring practices;
 - g. The participant's information is inconsistent with the employers.
2. Prohibited Occupations: OJT contracts shall not be written for the following occupations:
 - a. Occupations have not traditionally required specific occupational training as a requirement for employment;
 - b. Occupations where the principal source of income is tips, commissions or piecework;
 - c. Intermittent or seasonal occupations;
 - d. Occupations with a substantial number of experienced workers and able unemployed workers in the local labor market;
 - e. Occupations with above average turnover;
 - f. Occupations with relocating companies for the first 120 days after commencing operations and where job loss occurred at original site; and
 - g. Occupations related to political, electoral, or partisan activities.
3. Overtime Hours of OJT:

OJT payments may only be paid for regular wages paid by the employer. Payments may not be based on overtime, shift differential, premium pay and other non-regular wages. This does not preclude a participant from working overtime; however, the reimbursement to the employer must be based on the regular wage rate.
4. Nepotism and OJT's:

The SCW grant recipients and other subrecipients will avoid organizational conflict of interest and their staff will avoid personal conflicts of interest and the appearance of conflict of interest in disbursing funds for any purpose and in the conduct of procurement activities. OJT employers are considered "subrecipients" under the Act and the referral of individuals who have immediate family members engaged in an administrative capacity (persons with

selection, hiring, placement, or supervisory responsibilities for OJT trainees) with the OJT employer is strongly discouraged. At a minimum, the family member must declare a conflict of interest and avoid any involvement in the selection, hiring or supervision of the participant. Furthermore, unrelated individuals should be referred, and assurances should be sought that the OJT employer used regular recruitment and hiring practices to fill the position and gave fair and equal consideration to all other applicants for the job.

5. To assure the participants on OJT contracts do not represent a disproportionate share of the employer's workforce the following standards apply:
 - a. OJT contracts must represent a reasonable percentage of the employer workforce.
 - b. The rationale and justification for the number of OJT contracts must be documented.
 - c. The extraordinary training associated with OJT must be documented.

Attachment 1 On-the-Job Training Agreement and Attachment 2 Training Plan/Evaluation are to be used for OJT assignments. The agreement format may be revised provided the content is not altered, and it has been pre-approved by Board staff.

VI. LABOR CONCURRENCE AND CONSULTATION

WIOA requires written concurrence and comment where a labor organization represents a significant number of Employees who are engaged in similar work or training in the same area as proposed to be funded under this Act.

The SCW's program operator will provide the appropriate labor organization written notice and allow five days for comments of proposed OJT, Customized or group training.

Written comments from labor organizations will be forwarded to SCW for review and consideration.

A copy of all comments received will be placed in the participant file.

Attachment 1: On-the-Job Training Agreement

Attachment 2: Training Plan/Evaluation

REFERENCES

All contractors will be monitored for compliance with the MIS procedures for timeliness, accuracy, and completeness of all forms and documents.

- 20 CFR § 680.700 – .730
- 20 CFR § 683.275
- TEGL 19-16 – Guidance on Services Provided through the Adult and Dislocated Worker Programs
- WorkSource System Policy 5606 – Approving OJT Employer Reimbursements