



Policy : On-the-Job Training (OJT) Policy

Effective Date: 10/27/22

PURPOSE: This policy provides guidance regarding the limitations and eligibility of individuals to participate in On-the-Job Training (OJT) opportunities. WIOA provides for a workforce system that is job-driven. OJT opportunities provide structured training for participants to gain the knowledge and skills to be competent in the job for which they are hired and lead to stable employment. OJT is just one of the strategies, available to youth, adults and dislocated workers, to receive training funded through Essex County WIOA. During the training, the participant is engaged in productive work in a job for which he or she is paid, and the training provides the knowledge or skills essential to the full and adequate performance of the job. OJT is an excellent opportunity for individuals to build new skills.

WIOA ON-THE-JOB-TRAINING

On-the-Job-Training (OJT) is one strategy, available to youth, adults and dislocated workers, to receive training funded through Workforce Innovation and Opportunity Act (WIOA). The term "on-the-job training" (OJT) is a type of training that is provided by a private, private-non-profit or public sector employer to a participant. During the training, the participant is engaged in productive work in a job for which he or she is paid, and the training provides the knowledge or skills essential to the full and adequate performance of the job. OJT is an excellent opportunity for individuals to build new skills.

Positive features of OJT are:

- The participant begins training as a permanent employee with the employer and is subject to the same conditions of employment as other similarly employed individuals; and
- The participant starts earning a wage immediately and receives employer sponsored benefits when they are available; benefits such as health insurance, retirement, etc.
- The participant receives training in a production setting, under appropriate supervision, gaining knowledge of the job and acquiring and applying occupational skills while performing on the job.
- Training time leads to greater proficiency in the occupation for which the training is being provided.

Training contracts are directed at employers who are able to provide occupational skill training and full-time employment that leads to self-sufficiency for the participant. Employers must agree first to hire and then to train eligible WIOA participants. A training payment is provided to the employer to compensate for the extraordinary costs of training; extraordinary costs are those associated with workplace training and additional supervision. This includes those costs the employer has in training participants who may not yet have the knowledge or skills to obtain the job through an employer's normal recruitment process.

Despite the benefits accruing to employers who participate in WIOA training, the focus of the activity should be on the participant. First and foremost, it is designed to provide participants an opportunity to receive the training necessary to acquire skills and knowledge that will enable them to maintain self-sufficient employment and compete for job advancement.

PARTICIPANT ELIGIBILITY

Only those individuals who meet the WIOA eligibility (Adult, Dislocated Worker, Youth) requirements, have received an assessment and have an Individual Employment Plan (IEP) developed identifying that OJT is appropriate may be considered. Regardless of the funding stream, 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 participants IEP.

OJT is appropriate for a participant when:

- The adult or dislocated worker participant has received at least one career service and has not been able to gain or retain employment; **and**
- The Individual Employment Plan (IEP) has identified employment goals and achievement objectives that support the use of OJT.
- The Youth Employment Plan identifies employment goals and achievement objectives supporting the use of OJT.

Both the unemployed participant and the eligible employed participant may qualify for OJT. WIOA participants who are employed, but are not receiving self-sufficiency wages, may be eligible for WIOA training services. The U.S. Department of Labor's 100 percent Lower Living Standard Income Level (LLSIL) guidelines¹ can be used to set minimum criteria for determining whether WIOA Title I participants receive self-sufficiency wages in their local areas.

An eligible, employed individual may be appropriate for OJT through WIOA when:

- The participant's training plan supports the use of OJT
- The position meets training requirements (hours, wages, etc.); and
- *The employee does not exceed self-sufficiency guidelines (see USDOL LLSIL guidelines); and
- Training relates to the introduction of new production or service procedures; or
- Training relates to an employment promotion requiring additional skills or workplace literacy.

YOUTH OJT

Youth, ages 17 to 24, also qualify for OJT. However, such training may not be an appropriate activity for participants under age 18, whose employability plan is focused on completion of secondary education rather than employment.

1 <https://www.doleta.gov/dinap/pdf/2016%20LLSIL.pdf>

EMPLOYER ELIGIBILITY

OJT is provided under an agreement with an employer in the public, private non-profit or private sector. In general, employers are eligible to participate if they can provide high quality, occupational skill training and full-time, long-term, self-sufficient employment. Meaning, upon successful completion of training, the participant will continue his/her employment with the employer and the participant's job title, wage, working conditions and benefits will be the same or higher than those received during WIOA training. OJTs should provide participants in-demand skills with opportunities for career advancement and employers with a skilled workforce.

Prior to entering into an OJT agreement, a pre-award review should be conducted to ensure the employer meets the minimum standards and can provide both the required training and long-term employment to an OJT trainee.

An employer will NOT be eligible to receive WIOA OJT training reimbursements if:

1. The employer has any other individual on layoff from the same or substantially equivalent position.
2. The OJT would infringe upon the promotion of or displacement of any currently employed worker or a reduction in their hours.
3. The employer must not be involved in a current labor dispute and must not have a history of frequent layoffs.
4. The same or a substantially equivalent position is open due to a hiring freeze.
5. The positions are for seasonal employment.
6. OJT training may not be subcontracted and must be conducted at the employer's place of business, which meets prevailing standards with respect to wage, hours and conditions of employment.
7. The employer is a private for-profit employment agency, i.e. temporary employment agency, employee leasing firm or staffing agency.
8. The position is not full time, i.e. minimum of 32 hours per week.
9. Per WIOA regulations (20 CFR 683.200(9)), "no individual may be placed in an employment activity if a member of that person's immediate family is directly supervised by or directly supervises that individual." For the purpose of this policy, the term "immediate family" includes a spouse, child, son-in-law, daughter in-law, parent, mother-in-law, father-in-law, sibling, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, stepparent, stepchild, grandparent, and grandchild.

EMPLOYER - PAST PERFORMANCE REVIEW

If an employer fails to provide a participant with long-term employment, wages, benefits and/or working conditions equal to those provided to regular employees, the employer has failed the OJT contract and will not be eligible for future contracts. Such employers may be provided another opportunity to participate in training if they make a request for reconsideration and if the circumstances attributed to the failure have changed. However, an employer who exhibits or has exhibited a pattern of failure will not be eligible to participate in future OJT contracts.

To determine a pattern of failure, you must examine the following:

- number of individuals who participated in training programs;
- number of participants who completed training and continued employment with the employer;
- length of time participants were employed after training;
- average length of employment for other "new hires" in similar occupations;
- average hourly wage of participants after training; and
- average hourly wage of other individuals (similarly employed) following a length of time equal to the training received by the participants.

The comparison of WIOA participants with regular employees should provide enough information to determine the employer's success or failure with WIOA training contracts, *including previous WIOA OJT contracts*. Should these findings indicate a pattern of failure, the employer will be asked to provide a narrative explanation that may justify a lower retention rate for participants as compared to regular employees. For example, participants may have quit voluntarily or may have been terminated for cause or unforeseeable changes in business conditions.

DETERMINATION OF ELIGIBILITY

Record all information and make one of the following determinations:

- The Employer exhibits a pattern of failure with WIOA employees, or past WIOA employees, in providing long-term employment with wages, benefits and working conditions comparable to regular employees, but has extenuating circumstances that do not disqualify them from program eligibility; or
- The Employer exhibits a pattern of failure with WIOA employees, or past WIOA employees, in providing long-term employment with wages, benefits and working conditions comparable to regular employees and is disqualified from program participation.

Reverse referrals are allowed, however, all of the conditions of WIOA eligibility must be met. A reverse referral occurs when an employer with a hiring need refers an individual to WIOA Services for an eligibility determination, and then hires the individual under an OJT training contract. Consideration should be given to the skill requirements of the occupation, academic and occupational skill level of the participant, prior work experience, and the participant's IEP. The results of objective assessment, as documented on the individual's IEP, must indicate that the participant is in need of, and can benefit from, the activity of OJT.

REIMBURSEMENT RATES/WAGE CAP

A wage cap is an upper limit on the hourly wage rate that is eligible for reimbursement. A reimbursement rate, or reimbursement level, refers to the percentage of the OJT participant's hourly wage or wage cap that can be reimbursed to an employer. The wage cap is set at the average hourly wage rate (not less than \$8.38 per hour or more than \$24.04 per hour)². The training reimbursement percentage is applied against the participant's wage rate unless the wage rate exceeds the state's average hourly rate. When the latter occurs, the training reimbursement percentage must be applied against the state's average hourly rate.

The Employment and Training Administration (ETA) has established a wage cap policy not to exceed 50 percent of the participant's wage rate or the ETA established wage cap. This is consistent with section 3(44) of WIOA. However, section 134(c)(3)(H) of WIOA allows State and Local areas the flexibility to increase the reimbursement level to up to 75 percent taking into account the following factors:

- The characteristics of the participants;
- The size of the employer;
- The quality of employer-provided training and advancement opportunities; and
- Other factors the State or local boards may determine appropriate (for example, the number of employees participating in the training, wage and benefit levels of the employees (both pre and post participation earnings), and the relation of the training to the competitiveness of the participant).

Essex County WIOA Services reimbursement rate are as follows:

Employer size: (1) up to 75 percent of the participant's wage rate for employers with 50 or fewer employees; and, (2) up to 60 percent of the participant's wage rate for employers with 51 - 250 employees. Employers with more than 250 employees are limited to the standard WIOA cap of 50 percent.

TRAINING PERIOD

The OJT 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 training, 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 (IEP).

Specific Vocational Preparation (SVP), as reflected in the Job Zones of O*Net³, is defined as the amount of time required by a typical worker to learn the techniques, acquire the information, and develop the facility needed for average performance in a specific job- worker situation. This training may be acquired in a school, work, military, institutional, or vocational environment. It does not include the orientation time required of a fully qualified worker to become accustomed to the special conditions of any new job. Specific vocational training includes: vocational education, apprenticeship training, in-plant training, on-the-job training, and essential experience in other jobs.

² <https://www.doleta.gov/layoff/avgHourlyWagesbyState.cfm>

³ <http://www.onetonline.org/help/online/zones>

The following is an explanation of the various levels of specific vocational preparation:

Level	Time
1	Short demonstration only
2	Anything beyond short demonstration up to and including 1 month
3	Over 1 month up to and including 3 months
4	Over 3 months up to and including 6 months
5	Over 6 months up to and including 1 year
6	Over 1 year up to and including 2 years
7	Over 2 years up to and including 4 years
8	Over 4 years up to and including 10 years
9	Over 10 years
Note: The levels of this scale are mutually exclusive and do not overlap.	

*Note: Occupations with SVP levels 1 or 2 are not appropriate for WIOA sponsored OJT.

The minimum time frame for an OJT is four (4) weeks and the maximum is six (6) months. WIOA OJT contracts exceeding 6 months or 1040 hours in duration must be approved by an NJDOL Regional Manager or the Administrator who signs the WIOA Service Provider Agreement.

PARTICIPANT FILE

When a WIOA participant is enrolled in an OJT activity, the participant file should include the following documents:

- Trainee information (Name, contact information of participant, and AOSOS Customer ID number)
- WIOA IEP that identifies OJT as appropriate
- Employer information, (Name and contact Information)
- OJT Information - start and end dates, wage rate, and reimbursement rates
- Occupational Information - Job title and description, O*Net code, and number of hours per week
- Training Information - list of specific skills or tasks the employer agrees to provide to the participant, estimated training hours for each skill, and acknowledgement of skill obtained D OJT Contract
- Contract Modification, if applicable
- Invoices submitted for training payments

MONITORING & FOLLOW-UP

OJT Contracts shall be monitored on-site to ensure that the validity and propriety of amounts claimed for reimbursement are substantiated by payroll and time and attendance records and that the training is being provided as specified in the agreement. The progress of the participant for an increase in the participant's skills and competencies shall also be monitored. The monitoring requirement must be mentioned at the initial interview with the employer. Specific on-site visits and monitoring shall include

- An initial monitoring visit to the OJT work site shall be scheduled within thirty(30) days of the onset of the OJT contract to ensure that the validity and propriety of amounts claimed for reimbursement are substantiated by payroll and time and attendance records and that the training is being provided as specified in the OJT agreement. Employer evaluation of trainee progress and personnel issues should also be addressed at this meeting
- Training is occurring as outlined in the Training Task Outline
- The employer is abiding by the terms and conditions of the contract
- Mid and final evaluations are conducted and documented
- Concerns or problems that might jeopardize the participant's successful completion of training are identified and resolved
- The career planner must follow up with the employer to ensure mid and final evaluations have been completed
- At least one (1) additional monitoring visit should be scheduled during the term of a sixteen (16) week contract and two (2) additional monitoring visits should be scheduled during the term of a twenty six (26) week contract. Items identified above should be addressed in the follow-up monitoring visits.
- Monitoring responsibilities shall continue until a contract is ended or closed out.

In addition to the on-site visit(s), regular contact with the participant and the employer is expected and should be recorded in the participant's file and AOSOS. At a minimum, this type of contact will occur monthly by telephone or e-mail.