

High Country Workforce Development Board ON-THE-JOB TRAINING POLICY

Effective June 2011 (Revised May 2011)

What is On-the-Job Training?

On-the-Job Training (OJT) is a work-based training opportunity for adults, dislocated workers, and youth customers who are eighteen years of age or older that leads to full-time employment. OJT is only offered if a WIA participant is eligible for *training services* provided through the Workforce Investment Act. OJT contracts encourage employers to provide occupational training that results in hiring unemployed, underemployed or dislocated persons. OJT contracts:

- Provide training for the WIA participant in exchange for a reimbursement of up to 50 percent of the wage rate to compensate for the employer's extraordinary costs for training a worker who has an identified skills gap.
NOTE: North Carolina has been granted a 1-year waiver from the US Department of Labor (in effect through June 30, 2011) to allow the reimbursement of OJT employers on a sliding scale based upon the number of employees at an employer's single location. Up to 90% of the participant's wage rate may be reimbursed to employers with 50 or fewer employees and up to 75% of the participant's wage rate may be reimbursed to employers with 51-250 employees. Employers with more than 250 employees are limited to the standard WIA cap of 50% wage reimbursement. The OJT sliding scale waiver applies to all state and local ARRA and non-ARRA WIA funds and is in effect through June 30, 2011. (The sliding scale also applies to the OJT National Emergency Grant and is in effect through June 30, 2012.) **However, the OJT sliding scale waiver does not apply to the State Energy Sector Partnership Grant.**
- Are contracted for a limited period of time for a participant to become proficient in the occupation for which the training is being provided.
- Are developed with employers in the public, private or non-profit sector. **NOTE: NEG OJT does not allow public sector OJT.**
- Require that participants uphold the standards of the Hatch Act. A participant cannot participate in any activity that is considered a political activity during working hours. This includes the following: soliciting, transporting voters, distributing campaign materials, working on or developing campaign materials, etc.
- Will not employ participants to carry out the construction, operation or maintenance of any part of a facility that is used or will be used for sectarian instruction or as a place for religious worship, nor will be participant be required to participate in religious activities.
- Must be conducted at the employer's place of business or a related location. An employer may not subcontract the OJT to another organization.

No individual (neither new hire nor incumbent) may enter an OJT position if a member of his/her family is engaged in an administrative capacity with the OJT employer, including a person with selection, hiring, placement or supervision responsibilities for the OJT trainee.

The OJT employer will maintain and make available for review all time and attendance, payroll, and other records to support amounts reimbursed under OJT contracts. Records must be maintained and available for review for a period of five years from the completion date of the contract.

WIA Service Provider OJT Coordination

In the High Country workforce development region, WIA service providers employ both Business Services Representatives (BSR) and career counselors (also identified as career development facilitators or case managers.) Both have a role to play in OJT services.

Generally, the BSR conducts employer outreach/marketing and recruitment of OJT participants, negotiates the OJT contract (including development of training plan in conjunction with employer), and maintains employer contact for the duration of the OJT contract (including collection of invoices, time sheets, and monthly employee performance evaluations), and ensures that an employer file is maintained at the work site and is available for review.

The career counselor determines participant eligibility, maintains a relationship with the participant throughout and beyond the contract period, and maintains participant records. As appropriate, the career counselor may assist the participant with supportive services (refer to Supportive Service Policy) during the OJT until the first paycheck is received.

The BSR and career counselor collaborate on the selection of a suitable candidate for a specific OJT, coordinate contact with employer and participant throughout the contract period; and confer with one another to determine appropriate course of action when either identifies a potential problem. In addition the WIA supervisor conducts at least one formal on-site OJT monitoring review.

Each WIA service provider is to maintain a written plan, for the specific delineation of duties to ensure proper coordination and non-duplication of services. Service providers are responsible for appropriate outreach and recruitment of OJT participants as well as employer marketing strategies that best meets the needs of their service area.

What makes an individual suitable for OJT?

OJT is primarily intended to serve unemployed individuals as a way to obtain full-time, skilled employment.

However, an OJT contract can be an extraordinary tool for employed adults who meet WIA eligibility criteria for intensive services and for dislocated workers who are currently underemployed based on the information in this section.

To receive training services and participate in an OJT contract, **all individuals must:**

- a) Have met the eligibility requirements for intensive services and must have received an assessment. In addition, an Individual Employment Plan must have been developed.

- b) Have been determined to be in need of training services with consideration 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. The results of objective assessment, as documented on the individual's Individual Employment Plan, must capture the past work history of the applicant; assess the test results; capture additional information from the applicant about past work experience, hobbies, and volunteer experience; and identify skill strengths and weaknesses of the applicant. The objective assessment must include documentation as to the new skills to be acquired during training and how skill gap deficiencies will be overcome with the training.
- c) Select a field of training that is directly linked to employment in the local labor market area where the individual is willing to locate.
- d) Be unable to receive/obtain grant assistance from other sources to pay training cost.
- e) Be a WIA-enrolled individual after having been determined eligible for WIA services with priority given to low income individuals, recipients of public assistance, veterans and eligible spouses, and dislocated workers. (663.310)
- f) In addition, in cases where an individual is referred as a potential candidate for OJT by an employer (reverse referral), that individual may be considered for OJT with that employer only after the individual has met eligibility requirements for intensive services, and has received an assessment, and for whom an Individual Employment Plan has been developed which indicates OJT is appropriate.

Employed Adults: If adult participant is already employed, eligibility for OJT is limited to

- a) those customers whose current employment does not meet the self-sufficiency standard adopted by the High Country Workforce Development Board. (The Board's Self-Sufficiency Policy for Adults defines self-sufficiency as a wage that equals at least 200% of the lower living standard income level and where access to family health insurance benefits is available through the employer); **and**
- b) requirements in Section 663.700, WIA Regulations, are met (basic on-the job training); **and**
- c) The OJT relates to the introduction of new technologies, new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the Workforce Development Board.

Dislocated Workers who are underemployed: Dislocated workers who have obtained employment but are below self-sufficiency are eligible for OJT. The High Country Workforce Development Board's defines self-sufficiency for Dislocated Workers as 90% of the participant's compensation level at the time of dislocation and the availability of family health insurance. Dislocated workers who have accepted employment which does not meet these standards is eligible for an OJT contract when b) and c) above are also met.

NOTE: Because the unemployment rate in the counties of North Carolina are currently at unacceptable levels, the use of OJT for incumbent workers is highly discouraged.

Choosing the Right Employer

An OJT contract has certain criteria that an employer must meet in order to be eligible to receive WIA funds to reimburse extraordinary training costs. If an employer has “exhibited a pattern of failing to provide prior OJT participants with continued long-term employment, wages, benefits, and working conditions, a contract cannot be developed.” (663.700) The High Country Workforce Development Board has established the following policy for complying with this provision:

- 1) A pre-award checklist will be used which requires the review of retention patterns of employers who have had two or more previous OJT contracts under WIA. Where a pattern of failure to hire without just cause is apparent, an OJT contract cannot be developed.
- 2) OJT contracts will specify that successful OJT participants will be offered long-term employment with wages, benefits and working conditions equal to those provided to regular employees with similar experience and responsibility. The pre-award checklist also requires review of past compliance with this requirement. No OJT contract will be developed with an employer who has previously exhibited a pattern of failing to meet this requirement.

The Workforce Development Board also provides guidance regarding OJT pre-award review of relocating new and expanding industries:

- WIA service providers will not solicit a company or use funds to entice a company to relocate to or expand in the service area.
- For a business that is relocating to the area, the employer must certify that no person was displaced as a result of the relocation of the current business within the 120 days immediately preceding contract agreement date.

OJT Employer Performance Expectations

The goal of on-the-job training is that the employer retains the OJT trainee as a regular employee following the successful completion of training. If an employer has had previous OJT contracts, the service provider staff are expected to access the employer’s past performance in training employees under OJT. The WIA service provider will not develop an OJT contract with an employer who has repeatedly failed to meet performance standards. The employer must exhibit a history of long-term employment of trainees as regular employees with wages and similar working conditioned at the same level. Completion and retention rates of at least 75% are expected. Retention is defined as continued employment of at least three months following the completion of the OJT contract.

Conditions governing OJT payments to employers

Conditions governing the OJT payments to employers:

- a) OJT payment is deemed to be compensation for the extraordinary training costs and lower productivity of the OJT participant.

- b) Employers may be reimbursed up to 50% of the wage rate of an OJT participant for these extraordinary training costs and their associated additional supervision requirements. (**See Note for sliding scale waiver on page one.**)
- c) Employers are not required to document such extraordinary costs. (663.710)

Determining the length of the Contract: Employer Agreement

The *Specific Vocational Preparation* or *SVP* data found in the O*NET Online database for that particular occupation will be used and will be adjusted to determine the length of training necessary to acquire the needed skills for each OJT participant. The SVP, published by the U.S. Department of Labor, provides guidance in calculating training time based on the type of occupation. The higher the SVP code, the higher skilled or more complex the occupation; therefore, a longer training time would be expected. Under WIA legislation, OJT contracts can be developed for occupations with SVP levels from 3 to 8. Other occupations are excluded because the training is considered to be either too simple or too complex.

The following chart reflects the OJT time allowed for each Specific Vocational Preparation (SVP) Level:

<u>SVP Level</u>	<u>Hours of Training Permitted</u>
3	Over 1 month up to and including 3 months. (Three months equal 520 work hours)
4	Over 3 months up to and including 6 months. (Six months equal 1,040 work hours)
5	Over 6 months up to and including 1 year (One year equals 2,080 work hours)
	NOTE: WIA OJT training period cannot exceed 6 months/1040 hours

OJT contracts may not be written for a job below a SVP Level 3, a job above SVP 8, for fewer than 240 hours nor for more than 1040 hours.

In every case, training hours are defined as time worked. Work time is to be recorded in terms of hours.

The following example illustrates the computation of **maximum** OJT costs:

Credit Clerk: DOT Code 205.367.022, SVP level - 4 has negotiated training time of 800 hours.

Starting wage rate - \$8.00

One-half starting wage rate per training. $\$8.00 \times 800 \text{ hours} = \6400.00

Divided by 2 = \$3200.00

The SVP Chart shows that an SVP level of four has a maximum training time of 1040 hours. In this example, the employment representative accrued a savings of \$960.00 by negotiating the OJT contract for fewer than the maximum hours permitted. The employer got a

reasonable training time by negotiation, and the accrued savings can be used to help fund an OJT slot for another participant.

When determining the period of time needed for a WIA OJT participant to acquire the necessary skills for the identified job tasks, consideration is to be given to recognized reference data including, but not limited to, the O*NET Online database “Dictionary of Occupational Titles.” In addition, a participant’s Individual Employment Plan, education, skills, prior work experience, and relevant hobbies are all to be taken into consideration.

NOTE: Employer negotiations must include a reasonable amount of time for orientation, coaching, and counseling activities by WIA staff since these activities are frequently critical to the success achieved by many participants. These sessions may be most reasonably conducted at the participant’s worksite, but are to be managed in such a way that maximizes confidentiality, that does not call undue attention to the participant’s WIA status, and does not distract from productivity. Conducting these sessions during a scheduled break or immediately preceding or following scheduled work hours are viable options.

Providing upgrading and retraining through OJT

Training a participant in the same occupation for virtually or nearly the same work from which the participant had been laid off or separated from is not allowable when the participant already has the skills required for the job. In order to conduct skill upgrading and retraining, conditions for eligibility and participation must be met and there must be a demonstrable difference between the job and skill requirements of the upgraded job for which the participant is being trained and those of current or prior employment. The WIA service provider will refer to the SVP and assessment results to determine prior skills of the participant.

What occupations are eligible for OJT contracts?

OJT may only be offered in those occupations which provide opportunities not otherwise available, lead to economic self-sufficiency and provide stable employment. Occupations that are eligible for WIA funding include:

- a) Occupations which offer a reasonable expectation of continued employment in the occupation for which training is offered.
- b) Occupations which are sufficiently skilled to require a training period of at least two hundred and forty (240) hours duration.
- c) Occupations that meet prevailing standards with respect to wage, hours and conditions of employment.
- d) Occupations on a promotional line that do not infringe in any way upon the promotional opportunities of currently employed individuals.

For all customers, training must be in an occupation which provides new skills distinct from those already possessed by the customer. The Board encourages placement of OJT’s in areas that have been identified as “high growth” employment sectors.

Occupations that are not eligible for OJT contracts

Occupations for which training **will not be approved** include, but are not limited to:

- a) Occupations that have not traditionally required specific occupational training as a requirement for employment.
- b) Occupations dependent on commission as the primary source of income. (This does not exclude those jobs which have a guaranteed base wage of at least the federal minimum wage in addition to commission pay and such guaranteed wage will continue after the training period.)
- c) Intermittent seasonal occupations.
- d) Occupations requiring less than 240 training hours or more than 1,040 reimbursable training hours.
- e) Part-time occupations. (For definition purposes, full-time employment is the 40-hour week, except where fewer hours are normal to the occupation, but in NO case less than thirty-two (32) hours per week).
- f) Occupations that are currently, or will be, included under an employee-leasing contract whereby job openings for a particular occupation at a business facility are filled by staff of the leasing contractor.
- g) Occupations where adequate supervision and/or monitoring are not available.

Length of Training

Refer to page 5, Determining the Length of the OJT Contract

Participant Wages

In no event will wages paid to WIA OJT participants be less than the highest of the following:

- the federal minimum wage
- the State or local minimum wage
- prevailing wage rates provided to individuals in similar positions
- minimum entrance wage rate for inexperienced workers in the same occupation
- the wage rate required by applicable collective bargaining agreements
- prevailing rate established by the Davis-Bacon Act.

When an OJT participant works overtime, reimbursements are made to the employer at the regular hourly rate. The additional half-time rate cannot be reimbursed. The amount of the reimbursement is the total number of hours worked times the reimbursement rate. For example, if a participant works 40 hours per week at \$8.00 per hour, the reimbursement is \$160.00 (40 x \$8.00 divided by 2). If that participant works 60 hours in one week, the total reimbursement payment is still based on \$8.00/hr for 60 hours rather than \$8.00/hr for 40 hours plus \$12.00/hr for the additional 20 hours. The additional 20 hours of overtime work is calculated into the total number of training hours to be reimbursed.

OJT Contract/Employer Agreement Modifications

A change or modification can be made to the OJT contract/employer agreement during the training period if necessary. A modification is necessary to increase the OJT contract amount, to change the contract closing date, or to increase the number of training slots. The WIA service provider and the OJT employer must mutually agree upon the modification. Authorized signatures of both parties must be on the modification.

Skills Gap Analysis/Training Plan Development

An individualized OJT Training Plan must be developed for the acquisition of skills that the trainee does not already possess. This plan will contain occupationally specific skills that the employer requires for competency in the OJT occupation. An analysis of the trainee's prior work history and the job skills already possessed must be compared to the job skills/job description the employer requires in the OJT occupation. The resulting gap in skills will be the basis for the development of the Training Plan. The Specific Vocational Preparation(SVP) data found in the O*NET Online database for that particular occupation will be used and adjusted to determine the length of training necessary to acquire the needed skills. Each skill description needs to be concise, yet comprehensive, and the individual tasks must be measurable and observable. The specific types and sources of information used to identify the scope of the skills gap must be included in the participant's case file.

In the High Country Workforce Development Board service area, WIA service providers have a choice of three assessment tools to conduct a skills gap analysis and provide adequate documentation of the process used to develop the Training Plan. These include:

- (1) "Prove It!" an internet-based assessment tool used to determine an individual's level of skills in a particular occupation and to document skill deficiencies;
- (2) www.myskillsmyfuture.org which has been developed by the US Department of Labor, and
- (3) O'Net.

The training plan is used to assign an estimated length of time it will take to acquire the skill for each task. The total number of hours for each individual skill will total the negotiated length of the contract/employer agreement. The standard training hours and actual training hours per task may vary depending on the current skill level of the participant. The training plan will also identify the individual who will provide the training. The training plan is normally completed with the assistance of a representative of the company and is always reviewed with both the employer and participant before the contract is signed. The participant is to be given a copy of the training plan. The WIA service provider is responsible for maintaining close contact with the trainee, the employer, and the person(s) assigned to train the participant to ensure that proper skills are being obtained as outlined in the training plan. Such contact is to occur at least monthly and must be documented in participant case notes. It is the mutual responsibility of the WIA service provider's business services representative and the participant's career counselor to maintain close coordination to identify any potential areas of concern regarding progress toward skill development and/or individual counseling/coaching services needed.

The OJT contract (also known as the Employer Agreement) is completed following negotiation of contract terms. The agreements must contain the name, address, IRS number and phone number of the employer and must also include reimbursement amount, start date and termination date of the contract. The job description and training plan for each individual participant are to be attached to the contract/employer agreement (copies in both the employer and customer file).

It is incumbent upon the WIA service provider to be aware of any problems that arise during the training period and to assume primary responsibility for working with both the employer and the participant to resolve these issues. Problem-solving dialogue needs to include the WIA Business Services Representative and/or career counselor and may include the WIA supervisor. It is the WIA service provider's responsibility to cultivate and maintain positive working relationships with both employer and participant and to ensure that both are following through on their responsibilities and doing their best to carry out the objectives of the plan.

The trainee's progress under an OJT contract/employer agreement will be officially monitored at least once during the training period by the service provider's WIA supervisor or designee who has not been involved in the development or implementation of the OJT.

How to Complete OJT Invoices

OJT invoices are used to document the number of hours and rate of reimbursement to the employer. OJT employers are expected to complete the timesheet and trainee evaluations on a monthly basis. The participant's immediate supervisor is expected to complete and sign the timesheet and the evaluation. Copies of OJT invoices, timesheets and evaluations are to be maintained in both the employer file and the OJT participant's customer file.

The calendar on the timesheet is completed based on the dates the participant trained during the month. For example, if the participant trained 8 hours on Friday, March 5, a 5 is placed in the corner of the block on the first row of the calendar under that date. A large 8 is also placed in the square. These numbers show that the participant trained 8 hours on March 5. This procedure is followed for the entire month. WIA funds are not to be used to pay employers for benefits such as sick leave, annual leave or holiday pay since no training is taking place at this time.

The immediate supervisor completes the evaluation based on the participant's work performance during the month. Any rating of a 4 or 5 must include a written explanation. Each monthly evaluation is to be discussed with the participant in order to communicate concerns and receive feedback. Only after the timesheet has been reviewed and the evaluation discussed, do the supervisor and employee sign the evaluation document.

The participant's career counselor is also expected to review each monthly employee evaluation and to discuss inadequate progress toward goals with the participant. Similar discussions are expected to be conducted with the participant's supervisor by designated service provider staff.

The WIA service provider completes invoices following receipt of all required employer documentation, as designated in the employer agreement.

Each WIA service provider will have a system for ensuring the receipt of OJT invoices from employers in a timely manner for processing by the service provider's finance office.

Reasonableness of Cost: The Act provides that each contract "specify the types and duration of on-the-job training and other services to be provided in sufficient detail to allow for a fair analysis of the reasonableness of proposed costs..." WIA regulations prohibit the imposition of a requirement on employers to document extraordinary costs. Such a record-keeping burden would unnecessarily make OJT a less desirable training option. WIA regulations require no more record keeping of an employer that is already required of the employer for other purposes, (e.g., an employer would have to maintain payroll records to demonstrate that a participant worked the number of hours that were billed, but payroll records are already required to be kept for a variety of other federal and state purposes).

Official Monitoring Reviews

The monitoring system for OJT will at a minimum include the following: compliance with the training plan, participant's eligibility checklist, comparison of time and attendance with invoices, comparison of contracted wage rate vs. wages paid, and actual start date of compared to contract/employer agreement start date. Other areas of monitoring may include EO issues, safety procedures, participant interview, and/or supervision.

A monitoring review is to be conducted whenever there are indications of problem areas, i.e., layoffs or rumors of layoffs, decrease in hours of reported training time, complaints from participant (either formal or verbal complaints), complaints from the employer (either formal or verbal), rumors of an employer filing bankruptcy, etc.

All monitoring reviews must be documented. Written monitoring documentation will become a part of the contract/employer agreement file. The report is to include: all areas of non-compliance with the contractual agreement, review of the eligibility of participant(s) enrolled under the contract, any corrective actions necessary, and the findings of any ineligible participants.