

High Country Local Area ON-THE-JOB TRAINING

What is OJT Training?

On-the-Job Training (OJT) is a work based training opportunity for adults, dislocated workers, and youth customers.. OJT is only offered if a client is eligible for *training services* provided through the Workforce Investment Act. OJT contracts encourage employers to provide occupational training that result in hiring unemployed, underemployed or dislocated persons. OJT contracts:

- Provide for the WIA participant in exchange for the reimbursement of up to 50 percent of the wage rate to compensate for the employer's extraordinary costs.
- 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
- Require that clients must uphold the standards of the Hatch Act. Participant cannot do anything 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.

What type of client is suitable for OJT?

An OJT contract can be an extraordinary tool for employed and underemployed adults and dislocated workers, who need additional training to be successful in developing the necessary skills to work toward employment, maintain employment or advancement in employment. To receive training services and participate in an OJT contract employed and underemployed adults and dislocated workers must:

- a) Have met the eligibility requirements for intensive services, have received at least one intensive service and have been determined to be unable to obtain or retain employment through these services.
- b) After an interview, evaluation or assessment, and case management by the Employment Representative or One-Stop partner, have been determined to be in need of training services and have the skills/qualifications to successfully complete the training program.
- c) Select a training program that is directly linked to employment in the local area to where the individual is willing to relocate.
- d) Be unable to receive/obtain grant assistance from other sources to pay training cost.
- e) Be an individual served through WIA adult or dislocated worker funding after having been determined eligible for WIA services with priority given to low income individuals, recipients of public assistance, veterans, and dislocated workers. 663.310

If a client is employed, OJT contracts maybe written for eligible employed workers when:

- a) 1) An adult employee is not earning a self-sufficient wage at 200% of lower living standard income level (based on family size) and availability of family health insurance benefits.
2) A dislocated worker self-sufficiency – 90% of previous compensation level and availability of family health insurance or Adult Self-Sufficiency definition, whichever is higher.
- b) Requirements in 663.700 (Requirements for OJT) are met
- c) 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 Local Board.

Choosing the right employer

Just as with a work experience, finding the right match of employer to client for OJT contracts can be challenging *and* rewarding. However, an OJT contract has certain criteria that an employer must meet before they are eligible to receive WIA funds. If an employer has “exhibited a pattern of failing to provide OJT participants with continued long-term employment, wages, benefits, and working conditions, a contract cannot be developed.” (663.700). The High Country Local Area has established the following policy for complying with this provision. The policy states:

- 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 either under WIA or JTPA. 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. Pre-award checklist also requires review of past compliance with the requirement.
- 3) It is the Local Area’s policy that no OJT contract will be developed with an employer who has previously exhibited a pattern of failing to meet this requirement.

The Local Area also provides guidance regarding OJT pre-award review of relocating new and expanding industries:

- Employment Representatives will not solicit a company or use funds to entice a company to relocate to or expand in the service area.
- Prior to an employer participating in the OJT program, the employer will complete a Division of Workforce Development Issuance that was adjusted for local use survey to obtain information stipulated in Section 627.215 (d) of WIA Regulations.
- A company must have been in the area at least 120 days before contracting occurs.

- Companies that have participated previously, but not within twelve months, will be asked to verify that current employees will not be adversely affected by the OJT contract.

OJT Employers performance expectations

Performance expectations for each OJT contract should be 75% completion and 75% retention. If an employer is providing second or on-going OJT contracts, the Local Area staff should access the employer's past performance in training employees under previous OJT programs and should not undertake development of a 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.

An employer's retention rate for OJT Training is determined by the number of WIA enrollees who are retained in training related employment for at least 3 months following the completion of the OJT training project. Contract proposals from an employer who has had previous (or has current) OJT contracts are to include a past performance assessment of the employer's completion and retention under previous contracts. The company should have written policies on layoffs and grievances, which articulate its philosophy and approach to separation. The OJT trainees should be aware of, and subject to these procedures.

Conditions governing OJT payments to employers

Conditions governing the OJT payments to employers:

- a) OJT payment is deemed to be compensation for the extraordinary costs associated with training participants and the costs associated with the lower productivity of the participant.
 - b) Employers may be reimbursed up to 50% of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to OJT.
 - c) Employers are not required to document such extraordinary costs.
- 663.710

Determining the length of the contract

Negotiated training time for OJT should include a reasonable amount of time for orientation, coaching and counseling activities. These activities are frequently critical to the success achieved by many clients. Coaching may also be used to recognize praise-worthy work and to otherwise provide encouragement. Counseling includes assisting trainees with job-related problems, personal adjustment and other problems, both on and off the job, that will enhance their retention in unsubsidized employment. The OJT experience should provide sufficient time for the Employment Representative to meet the counseling needs of their client and for the employer to meet the training needs of the client.

Use of a book called the *Specific Vocational Preparation Manual* or *SVP Manual* is needed in determining training length for OJTsl. The manual, published by the U.S. Department of Labor, provides guidance in calculating training time based on the type of occupation. Listed with each occupation there is an SVP code. The SVP code describes the classification of difficult for each occupation. The higher the SVP code, the higher skilled or more complex the occupation, thus the more time the training will take. Under WIA legislation, OJT contract can be developed for occupations between SVP levels of two and eight. Other occupations are excluded because the training is either too simple or too complex. Although, the amount of time needed for training in a is stated in the SVP Manual, Employment staff may use their *professional judgment* to decrease the training time if a participant has prior experience in the particular job training area.

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>
2	Anything beyond short demonstration up to and including 1 month. (One month equals 240 hours or 30 days)
3	Over 1 month up to and including 3 months. (Three months equal 520 hours or 65 days)
4	Over 3 months up to and including 6 months. (Six months equals 1,040 hours or 130 days)
5	Over 6 months up to and including 1 year. (One year equals 2,080 hours or 260 days)

The SVP codes correspond with the maximum number of hours allowed under the "Hours of Training Permitted" column. Subcontracts may not be written for fewer than 160 hours.

The following example illustrates the computation of OJT costs:

Credit Clerk, DOT Code 205.367.022, SVP level - 4 has negotiated time for 800 hours. OJT costs for this occupation for one trainee, may be derived as follows:

Starting wage rate - \$5.50

One-half starting wage rate per training. $\$5.50 \times 800 \text{ hours} = \4400.00
Divided by 2 = \$2200.00

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 \$660.00 by writing the subcontract for fewer than the maximum hours permitted. The employer got a reasonable training time by negotiation, and the accrued savings will go a long way toward funding a slot for another needy participant.

$$1040 \times \$5.50 = \$5720 \text{ divided by } 2 = \$2860$$

$$\$2860 - \$2200 = \$660$$

Staff developing OJT subcontracts should be reminded that negotiation is an inherent part of the subcontracting process. Therefore, subcontracts negotiated for fewer than the maximum training hours will permit the operator to serve additional clients. However, use your **professional judgment** when setting up your client's OJT contract. Make your decision based upon your knowledge of the client and their needs and the employer and their needs. Assessing your client's past work history, interest, aptitude and classroom training or education levels should all be accounted for when making training time decisions.

Within the above framework, training time may range from a minimum of 30 days to a maximum of 260 days, interpreted, in every case, to mean "days to pay status." When claiming reimbursement, time should be recorded in terms of hours.

When determining the period of time needed for a client to acquire the necessary job task and skills, consideration should include recognized reference manuals, including, but not limited to the "Dictionary of Occupational Titles." In addition, a client's IEP, their education, skills, prior work experience and ISS should all be taken into consideration.

Providing upgrading and retraining through OJT

The Workforce Investment Act *does not* permit a Local Area to plan or operate OJT (regular, retraining, or upgrade) services with an enrollee's current or previous employer. Training an enrollee in the same occupation for virtually or nearly the same work, from which the participant had been laid off or separated, is not allowable when the enrollee 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 enrollee is being trained and those of current or prior employment. The operator will refer to the SVP and assessment results to determine prior skills of the participant.

What occupations are eligible for OJT contracts?

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

- a) Occupations which offer a reasonable expectation of employment in the occupation for which training is offered. This means there is a demonstrated need for workers in the occupation and it has been identified by the Workforce Development Board as a "Occupation in Demand" or the case manager has sufficiently researched and determined that there is a local demand for the occupation.
- b) Occupations which are sufficiently skilled to require a training period of at least thirty (30) days or one hundred and sixty (160) 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 possessed by the customer. If an occupation is not identified as a 'Occupation in Demand' the High Country Local Area staff will consider other occupations on a case-by-case basis through written request.

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 with a substantial number of experienced and able workers presently unemployed and available to fill job openings with no extraordinary amount of training.
- c) 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.)
- d) Intermittent seasonal occupations.
- e) Professional occupations requiring licensing, testing or certification, or training length extends beyond 1,040 hours (Unless training can be given on the job).
- f) 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).
- g) 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.
- h) Occupations where adequate supervision and/or monitoring is not available.

Length of Training

The length of training allowed in an OJT contract is limited to a period not in excess of that required for the participant to acquire the skills needed for the OJT position. The period of reimbursement to the employer under an OJT contract shall not exceed 1,040 hours of training. The 1,040 hours of OJT may be expressed in the number of hours, days, or weeks the enrollee is expected to work full-time.

Participant Wages

Wages above the average hourly wage are desired and preferred. Being able to offer up to a 50% reimbursement of wages provided through the OJT contract is an effective way to persuade an employer that through their additional savings, they should be able to start the participant at a higher wage.

In no event will wages paid job seekers be less than the highest of the following:

- the federal minimum wage
- the State or local minimum wage
- prevailing wage rates from persons similarly employed
- 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 the participants work overtime, reimbursements are made to the employer at the regular rate. The 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 \$5.50 per hour, the reimbursement is \$110.00 (40 x \$5.50 divided by 2).

OJT Contract Modifications

A change or modification can be made to the OJT contract during the training period if necessary. A modification is necessary to increase the subcontract amount, to change the contract closing date, or to increase the number of training slots. The subcontractor and the contractor must mutually agree upon the modification. Authorized signatures of the subcontracting officer and the contracting officer must be on the modification.

Providing a Training Outline

Developing a training outline is an important part of setting expectations for the employee, employer and the WIA staff person. Training outlines are based on the negotiated training time of the OJT contract. Begin by obtaining a copy of the job description from the employer. If the company or business does not have a job description, the WIA staff may need to assist in the development and completion of a job description which outlines the skills necessary to measure job performance.

The job description is used to assign each task an estimated length of time it will take to acquire the skill. The number of hours for the individual skill will total the negotiated length of the contract. Knowing the person who will be training the participant and documenting this information is an important part of the training outline and developing good communication. The training outline is normally completed with the assistance of a representative of the company and is always reviewed by the employer before the contract is signed. A copy of the training outline is shared with the participant. A sample-training outline is included in your forms section of this notebook. The sample includes a detailed job description with a simple training outline. If the job description does not explain the details of a job, a more detailed outline is necessary. WIA staff should stay in close contact with the trainee, the employer and the person assigned to train the participant to ensure the proper skills are being obtained as outlined in the training plan. This monitoring needs to occur at least two times each month.

After the contract terms are negotiated, the contract is completed based on the information obtained during the negotiation process. The subcontractor's name, address, IRS number, and telephone number, the reimbursement amount, and the start date and termination date of the contract are included.

The OJT Cost Table and Hiring Schedule are completed based on negotiated hourly wages and training hours. The job description and training outline for each occupation are attached to the contract.

Before the subcontractor's signature is obtained, the terms of the contract should be explained a second time. The employer should clearly understand their responsibility and the responsibility of the High Country Local Area and its contractors. The employer needs to understand that the expectation is that the participant to be retained after training. The employer should also, realize that the goal of OJT program is long-term, full-time unsubsidized employment. If there are any problems or concerns that arise during the training, the appropriate WIA staff member and/or their supervisor will be available to provide assistance.

Problems that may arise during training should be solved with the employer, the participant, and the WIA staff member (may include the WIA supervisor). A good working relationship is needed with the participating employers and the enrollees to make the project a success. It is the WIA staff member's responsibility to help cultivate these relationships and ensure that the employer and the participant are following through on their responsibilities and doing their best to carry out the objectives of the plan.

How to complete OJT invoices

Copies of OJT invoices, timesheets and evaluations need to be maintained in the customer file. The OJT employers are asked to complete the timesheet on a monthly or biweekly basis and trainee evaluations are to be completed for every 80 hours of training completed. The participant's immediate supervisor is expected to complete and sign the timesheet and the evaluation. The WIA staff member completes the bottom portion of the timesheet based on the information in the contract.

The calendar on the timesheet is completed based on the dates the enrollee trained during the month. For example, if the enrollee 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 Friday. A large 8 is also placed in the square. These numbers show that the enrollee trained 8 hours on March 5. This same 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.

Each WIA contractor will have a system for insuring the receipt of OJT invoices from employers in a timely manner for processing by the WIA contractor's finance office. A copy of the invoice is to be placed in the customer's file.

The immediate supervisor completes the evaluation based on the enrollee's work performance during the month. Any rating of a 4 or 5 must include a written explanation. The evaluation should be discussed with the participant in an effort to explain concerns and/or have the opportunity to receive positive feedback. This should occur prior to the evaluation being signed. After the timesheet has been reviewed and the evaluation discussed, the evaluation is signed by the supervisor and the participant.

The WIA staff member who is working with the customer should also review the employer evaluation. Low ratings should be discussed in a professional manner with the supervisor and the enrollee separately. High ratings deserve positive feedback and praise from the WIA staff to the customer.

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..." The WIA Regulations prohibit the imposition of a requirement on employers to document extraordinary costs. Payments to employers should not produce a record-keeping burden on employers by requiring the documentation of extraordinary costs that would unnecessarily make OJT a less desirable training option. The 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). The U.S. Department of Labor believes that the intent of this requirement is that the contract accurately reflect the basis for the contract costs, including the number of enrollees, occupations, wage rates, training content and the duration of training, provisions for adjustment (such as scheduled wage increases), and the basis for any other payments (such as separately scheduled classroom training as described in paragraph (d) (4) of this section).

Monitoring

The monitoring system for OJT should at a minimum include the following: compliance with the training outline, enrollees eligibility check, comparison of time and attendance with invoices, comparison of contracted wage rate vs. wages paid, and start date of employment vs. contract start date. Other areas of monitoring may include, EO issues, safety, participant interview, and/or supervision.

A monitoring review should 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 should be documented and the written documentation should become a part of the contract file. The report should 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 ineligibility of WIA enrollees.