


**Workforce Investment Act Policy No. 2013-PL-04**

To: All Delegate Agencies, One-Stops and Sector Centers

From:


Karin Norington-Reaves, CEO
Chicago Cook Workforce Partnership

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

Date: April 1, 2013

Purpose:

The purpose of this communication is to provide guidance and requirements for the provision of On-The-Job Training (OJT) initiatives under the Workforce Investment Act and to define the process for implementing and managing OJT agreements.

References:

Workforce Investment Act of 1998, Section 101 (31). Workforce Investment Act, Final Rules, Subsection 663.

Background:

Under the WIA, OJT is defined as training provided through an employer to a customer that: (a) provides knowledge or skills essential to the full and adequate performance of the job; (b) provides reimbursement to the employer of up to 50 percent of the wage rate of the customer, for the costs of the training and additional supervision related to the training; and (c) is limited in duration as appropriate to the occupation for which the participant is being trained, taking into account the content of the training, the prior work experience of the participant and the service strategy of the participant, as appropriate. The Act and WIA Final Rules allow for local definitions of these services. As a result, the Chicago Cook Workforce Partnership (The Partnership) issues this policy letter to define the use of OJT in local programs. The Partnership reserves the right to adjust this policy to comply with future federal or state policy and/or waivers.

Federal requirements of On-the-Job Training:

OJT is provided under a contract with an employer in the public, private non-profit, or private sector. Through the OJT contract, occupational training is provided for the WIA customer in exchange for the reimbursement of up to 50 percent of the wage rate to compensate for the employer's extraordinary costs.

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.

An OJT contract must be limited to the period of time required for a customer 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 customer, prior work experience, and the customer's individual employment plan.

Policy:

General Requirements

WIA customers will be considered for OJT if they are unable to find employment through core and intensive services. This policy is for the training of new full-time employees that leads to transferable skills or part-time employment of populations with extraordinary barriers including people with disabilities, ex-offenders and homeless as approved by The Partnership. The following are considerations and provisions:

The Partnership will identify and target occupations that have growth potential and offer a career ladder leading to job retention based on local and regional labor market information. Training within occupations determined inappropriate will be denied if they do not offer appropriate wages or benefits or are not within a growth industry.

The Partnership and the Workforce Investment Board (WIB) have determined that the preferred industries for Local Workforce Investment Area 7 are:

- Business and Professional Services
- Healthcare
- Hospitality
- IT
- Manufacturing
- Retail
- Transportation Distribution and Logistics

The WIB and The Partnership may make changes to the list of "preferred industries" as the needs of area employers change.

The duration of OJT is determined by the occupation and the individual employer. Time limits based upon industry standards for "normal" learning time and individual needs/growth generally do not exceed six months. Industry standards are based upon O'NET job classifications. Individuals' prior experience will also be considered.

Newly relocated employers in operation for a minimum of 120 days may qualify for OJT, however employers whose relocation has caused lay-offs will be ineligible to participate in the program.

Training wages should meet or exceed self-sufficiency income guidelines defined by family size. Minimum wage for eligible OJT agreements is the self-sufficiency wage of \$10.00 per

hour for adults and \$8.50 per hour for youth (age 18-21) (15% less than adult). Up to 50% of training wages may be supplemented by OJT agreements. (See Compensation section below)

A maximum of 50% of an individual's training wages will be reimbursed to an employer with a maximum of \$10,000 per individual OJT. *NOTE: The Partnership reserves the right to adjust the reimbursement rate in accordance with future federal or state policy and/or waivers.*

A formal OJT Agreement will be written between the contractor and employer. One agreement is required per job title. The contractor will specify the occupation, wages, duration of training and job description. The Agreement can be changed as needed by The Partnership.

The maximum duration of six months for an OJT agreement will be expressed as the number of hours, days or weeks for full-time customers. Part-time customers may participate in OJT for a maximum of 499 hours.

Guidelines for the WIA Contractor

The WIA contractor (also known as the OJT Broker or delegate agency) will perform the following:

1. Review and approval of applications as directed by The Partnership;
2. Periodic site monitoring to ensure validity of contract and employer performance.
3. Coordinate voucher system for employer payment;
4. Review billing documents including payroll and timecard records;
5. Assist employer with development and provision of the OJT curriculum;
6. Provide limits to the number of OJT granted to a single employer as directed by The Partnership;
7. Maintain data, for a period of five years, of WIA customers employed at the end of the OJT contract; and
8. Document the need for training. Any customer referred will undergo normal assessment and eligibility requirements of the WIA program.

Guidelines for OJT Contract Employers

As noted above, OJT is not a wage subsidy to employers or an incentive to hire. OJT is intended to encourage the development of in-company training programs that lead to transferable skills for customers who would not otherwise be hired for a given position.

1. Employers are required to provide the following:
 - a. An adequate number of staff to supervise and provide training.
 - b. An adequate number of staff to implement the training program.
 - c. A minimum of 50% of the employee wages through the duration of the training period.
 - d. A work environment, salary and benefits equivalent to that provided to other employees of equal status and position.
 - e. Certification to verify legal operation under state and local regulations.
 - f. An outline of job specific tasks to be learned by the OJT customer.
 - g. Assessment and documentation of customer's skills, strengths, needs and career path.

2. Employers will be ineligible for OJT agreements if:
 - a. They have poor prior histories of service under OJT agreements or have failed to provide OJT customers with long-term employment;
 - b. They are in violation of labor, discrimination, environmental or health and safety laws. Documentation will be requested as needed;
 - c. The OJT agreement is made to replace laid off employees or displace employees.
 - d. The OJT customer is a current employee;
3. An OJT should not make up more than 25% of the employer's workforce (exceptions may be made depending upon the size of a business).
4. Upon successful completion of the OJT, employers are expected to retain the participant in their workforce.

Compensation:

Up to 50% of training wages may be supplemented for an OJT agreement. An OJT may also be considered "preferred" if it results in wages that exceed \$15.56 for youth (age 18-21) (25% higher than self-sufficiency) or \$17.43 for adults (40% higher than self-sufficiency). **NOTE:** *The Partnership reserves the right to adjust the reimbursement rate in accordance with future federal or state policy and/or waivers.*

Situations where OJT may not be used:

1. OJTs may not be used for regular orientations which are provided to all employees in a given job or worksite.
2. Entry level jobs that offer minimal training and few opportunities for promotion.
3. Jobs where wages rely on tips and commission.
4. Seasonal jobs.
5. Occupations not in demand with low growth potential, unless specifically approved by The Partnership.
6. Jobs that pay low wage defined as below self-sufficiency.
7. Jobs that do not provide benefits and health insurance.

Action Required:

This information should be disseminated to delegate agency staff responsible for brokering OJT agreements such as job developers, placement staff, and case managers; and to staff responsible for budgeting, vouchering and accounting.

Inquiries:

Questions regarding any aspect of this policy should be directed to the Chicago Cook Workforce Partnership via email at OJTCustomizedTraining@workforceboard.org.

Effective Date:

Effective immediately upon approval of the Chicago Cook Workforce Investment Board.