

	POLICY P07: ON-THE-JOB TRAINING
	APPROVED: 10/28/2016 – NOW
	<input checked="" type="checkbox"/> NEW <input type="checkbox"/> REVISED

PURPOSE

Section 134(c)(3)(H) of the Workforce Innovation and Opportunity Act (WIOA) allows the Governor and local boards to reimburse employers for On-The-Job Training (OJT) participants. This policy conveys the local requirements for the development of OJT opportunities and contracts.

POLICY

Oregon Northwest Workforce Investment Board doing business as Northwest Oregon Works (NOW) encourages the use of OJT by its contracted service providers to better meet the needs of job seekers to find and keep good jobs and local employers to offset the extraordinary cost of training employees.

OJT is a hire-first program. In consideration of the extra costs to the employer of hiring and training a new employee or promote an employee onsite, a portion of the employee's wages may be reimbursed for a limited duration. OJTs put unemployed individuals to work and keep incumbent workers earning a wage while they receive training to address gaps in their skill set that hinders them from fully performing a job.

OJT is not a subsidized employment program. The OJT contract assists businesses in training and retaining skilled, productive workers by off-setting the extraordinary costs of providing the training and additional supervision related to the training. A rigorous training plan, put in place by the employer, leads to employee retention and growth in the job. OJTs are intended to encourage the development of in-company training programs that lead to transferrable skills for eligible individuals who would not otherwise be hired or promoted to a given position. OJT is not an entitlement program for employers. The decision to enter into contract with an employer is at the discretion of the Workforce Board and its contracted service providers.

With written approval from NOW, OJTs may be provided to support eligible trainees in apprenticeship programs and may be combined with Individual Training Accounts based on the needs of the trainee.

Eligible trainees. Contracted service providers will only enter into OJTs on behalf of trainees who are:

- a. Job seekers enrolled in the WIOA Title I Adult, Dislocated Worker and/or Youth funding streams that the employer agrees to hire or incumbent workers the employer intends to retain who are not earning self-sufficient wages or wages comparable to or higher than wages from previous employment who need training to deal with the introduction of new technologies, new production or service procedures, new jobs that require additional skills, workplace literacy, or other appropriate purposes; and
- b. Who are assessed, through the NCRC or other means, as having the skills and qualifications to participate successfully in an OJT training contract, in order to obtain or retain employment that leads to self-sufficiency.

Eligible employers. Contracted service providers will enter into OJT contracts and provide OJT reimbursements only to eligible employers that meet the following criteria:

- a. Have the capacity and resources to adequately train the OJT candidate with the intent of retaining the employee in long-term, full-time employment;
- b. Enter into a signed training contract that spells out the training and retention expectations of the employee, the employer, and the contracted service provider;
- c. Have adequate payroll and record keeping systems in place;
- d. Have the explicit agreement of the bargaining agent if OJT positions are covered by collective bargaining agreements;
- e. Provide the same rate of pay, fringe benefits and working conditions offered to the OJT trainee as similarly situated employees in similar positions in the local labor market;
- f. Have adequate Workers' Compensation or accident insurance coverage is in effect.
- g. Are private sector employers. Preference should be provided to private sector employers operating in in-demand sectors, or providing in-demand occupations or providing higher wages. NOTE: some fund sources ban the use of OJTs with public sector employers, casinos, gaming establishments, swimming pools, aquariums, zoos, golf courses and faith-based organizations. Service providers are expected to comply with the restrictions of the applicable funding sources.

Service providers **must not** enter into an OJT contract when

- a) OJT positions result in the displacement of current workers who are on layoff status with recall rights from the same or any substantially equivalent job or are terminated with the intention of filling the vacancy with an OJT participant;
- b) The OJT position infringes on the promotional opportunities of currently employed workers.
- c) The OJT would result in the reduction in the hours of non-overtime work, wages, or employment benefits of any currently employed employee.
- d) The employer has relocated all or part of their business within the previous 120 days where the relocation action has resulted in the loss of employment of any employee at the original location;
- e) Employer has been convicted of violating federal laws and regulations;

- f) Employer received OJT payments under contracts under WIOA or the Workforce Investment Act of 1998 and exhibited a pattern of failing to provide participants with continued long-term employment as regular employees with wages and employment benefits (including health benefits) and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

OJT Training Duration. 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, taking into account the content of the training, the prior work experience of the participant, and the service strategy of the participant, as appropriate.

Reimbursement. Employers may be reimbursed only for the portion of the trainee's wages agreed upon in the OJT contract. Employers may be reimbursed only for time the trainee was actually on the job and receiving training. Reimbursement to the employer **may not** exceed 50 percent, and may only exceed 50 percent of trainee wages under the following conditions:

- a) The participant faces barriers to employment as defined in WIOA Section 3(24);
- b) The employer has fewer than 100 employees;
- c) The employer-provided training results in an industry-recognized credential and advancement opportunities;
- d) More than one employee is participating in the training;
- e) The pre and post wage and benefit levels of the participating employees exceed local median incomes,
- f) The training results in increased competitiveness.
- g) The OJT position is an in-demand occupation or industry as identified by the local board in alignment with WIOA Section 3(23);

Performance. Employers providing OJT are not subject to the requirements of the eligible training provider list and are not included on the State list of eligible training providers and programs. The one-stop operator(s) must collect any performance information the Governor may require and determine whether the providers meet performance, and must disseminate information identifying providers of OJT that have met performance criteria established by the Governor.

DEFINITIONS

On-the-job training: Training provided by employers to paid participants in the form of productive work in jobs that (1) provide the knowledge or skills essential to the full and adequate performance of the jobs, (2) are available through programs that provide reimbursement to employers of up to 50 percent of the participants' wages, with the exception provided by this policy, for the extraordinary costs of training and additional supervision related to the training, and (3) are limited in duration as appropriate to the occupations for which

participants are being trained, taking into account training content, participants' prior work experiences, and participants' service strategies.

Reimbursement Rate. 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.

In-Demand Industry Sector or Occupation: In general, (i) 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 Page 3 of 3 contributes to the growth or stability of other supporting businesses, or the growth of other industry sectors; or (ii) an occupation that currently has or is projected to have a number of 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.