

## YOUTH ADMINISTRATIVE BULLETIN NO. 10

TO: WIA YOUTH CONTRACTING AGENCIES

SUBJECT: ON-THE-JOB TRAINING (Youth 18-21 Only)

EFFECTIVE: July 1, 2007

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### I. BACKGROUND:

On-the-Job Training (OJT), as defined in the WIA Sec. 101 (31) is training by an employer in the private, private non-profit or public sector that is provided to a paid participant while engaged in productive work in a job 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 participant, for the extraordinary costs of providing the training and additional supervision related to the training;
- (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.

OJT is a training option intended to be conducted in the highest skill occupations appropriate for the eligible participant. It is not subsidized employment for low-skill occupations, which need very little training time. **In most cases, OJT is not an appropriate work experience activity for youth participants under the age of 18.**

OJT may be sequenced with or accompanied by other types of training such as classroom training or literacy training.

Only those whose assessment indicates OJT as an appropriate activity, documented on the OBJ/ISS, may be referred to an employer for OJT.

II. REQUIREMENTS

The following are the requirements for On-the-Job Training:

- (a) OJT is provided by an employer in the public, private non-profit, or private sector. A contract may be developed between the employer and the local program that provides occupational training for the WIA participant in exchange for the reimbursement of up to 50 percent of the wage to compensate for the employer's extraordinary costs.
- (b) 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.
- (c) 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. 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 participant, prior work experience, and the participant's individual employment plan.

OJT contracts may be written for eligible employed workers when:

- (a) The employee is not earning a self-sufficient wage as determined by local WDC policy;
- (b) The requirements of 20 CFR 663.700 are met; and
- (c) The OJT relates to the introduction of new technologies, new production or service procedures, or to the upgrading of jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the local WDC (20 CFR 663.705).

III. GENERAL POLICY:

On-the-Job Training may be made available to employed and unemployed older youths who:

- (a) After an initial interview, evaluation, objective assessment, and case management have been determined by the case manager to be in need of an OJT and to have the skills and qualifications to successfully complete the OJT;
- (b) Select an OJT program that is directly linked to employment opportunities either in the local area or in another area to which the individual is willing to relocate;

(c) Are unable to obtain grant assistance from other sources to pay the cost of OJT or require WIA assistance in addition to other sources of grant assistance.

(d) Are determined eligible in accordance with the State and local priority system.

The Workforce Investment Act, Section 101 (31), states that OJT “provides reimbursement to the employer of up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing training and additional supervision related to the training.” This means that training should only be provided to participants who have less than entry-level skills for the job into which they are being hired and that training should only be provided until such skills are obtained. OJT employers should be aware of this justification for the reimbursement they receive.

OJT employers are not required to maintain separate records to document the extraordinary costs actually incurred. OJT employers must maintain adequate time and attendance, payroll, and other records to support amounts reimbursed under OJT contracts.

The OJT 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 training length should be realistic in terms of how much time is needed (as judged by any prudent person and without exceeding the maximum times established by the DOT or SVP Codes) to learn the skills of the job. OJT's should vary in the costs negotiated and not automatically be written for the same amount of reimbursement or the same length of time without regard to individual training needs. **A one-page summation on the method used to define the length and rate of each OJT should be included as part of the OJT record.**

OJT employers can be reimbursed for only those hours actually spent in training while on the job. Reimbursement cannot be paid for a) work performed outside the term of the contract; or b) during periods of work stoppages (e.g. strikes, holidays, vacation, sick leave, weather, or other emergency-related closing).

**Reverse Referral.** An individual referred to WIA by an employer may not be enrolled in an OJT program with that employer unless it is documented as an appropriate activity and all other eligibility requirements are met.

The OJT Agency will establish a procedure for selection and evaluation of OJT employers, which will ensure placement of participants who successfully complete training. **This procedure must be approved by Council staff.**

An OJT contract shall not be entered into 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 (663.700)(b).

**OJT contracts shall specify the outreach, recruitment, supplemental training, counseling, placement, monitoring, and/or follow-up services to be provided, with or without cost, by the OJT agency, the OJT employer, and any other entities involved.**

Each OJT contract shall be periodically and sufficiently monitored on site to assure the propriety of reimbursements and that training is being provided as specified in the contract. In addition, OJT sites will be monitored periodically by Council staff.

The OJT contract should be negotiated and should be understood by both the employer and the participant before the hire date. This is a safeguard to prevent the expenditure of WIA funds on participants who would have been hired and trained by an employer in the absence of WIA funding. If there is no program intervention on the participant's behalf or service to the participant or employer, no WIA payment is justified.

The attached OJT Contract template is required to be used.

IV. GUIDELINES:

- A. Trigger List: The following situations represent risks to the integrity of the OJT program. Contracting under these conditions should be carefully considered.
1. The participant was previously employed with, a relative of, or referred by the OJT employer.
  2. The OJT employer failed to retain previous OJT participants.
  3. The participant has similar job experiences as the proposed OJT position.
  4. The OJT wage is not consistent with the wages paid for similar employment in the local labor market.
  5. The employer has a high turnover rate or there are indications of a poor work environment.
  6. The employer has poor screening and hiring practices.
  7. The participant's information is inconsistent with the employer's.

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B. Prohibited Occupations: OJT contracts shall not be written for the following occupations:

1. Occupations that have not traditionally required specific occupational training as a requirement for employment
2. Occupations where the principal source of income is tips, commissions or piecework
3. Intermittent or seasonal occupations
4. Occupations with a substantial number of experienced workers and able unemployed workers in the local labor market
5. Occupations with above average turnover
6. Occupations with relocating companies for the first 120 days after commencing operations and where job loss occurred at original site
7. Occupations related to political, electoral, or partisan activities

C. Overtime Hours for OJT:

OJT reimbursement may only be made for regular wages paid by the employer. Payment may not be based on overtime, shift differential, premium pay or other non-regular wages. This does not preclude a participant from working overtime; however, the reimbursement to the employer must be based on the regular wage rate only. The overtime hours must be considered in calculations against the 6-month rule (usually not more than 1,040 hours) or 499-hour rule for less than full-time employees.

D. Nepotism and OJT's:

Washington State Policy No. 3420, Conflict of Interest, states Grant Recipients and other subrecipients will avoid organizational conflict of interest and their staff will avoid personal conflicts of interest and the appearance of conflict of interest in disbursing PL 105-220 funds for any purpose and in the conduct of procurement activities. OJT employers are considered "subrecipients" under the Act and the referral of individuals who have immediate family members engaged in an administrative capacity (persons with selection, hiring, placement, or supervisory responsibilities for OJT trainees) with the OJT employer is strongly discouraged. At a minimum, the family member must declare a conflict of interest and avoid any involvement in the selection, hiring or supervision of the participant. Furthermore, unrelated individuals should also be referred and assurances should be sought that the OJT employer used regular recruitment and hiring

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practices to fill the position and gave fair and equal consideration to all other applicants for the Job.

- E. In order to assure that participants on OJT contracts do not represent a disproportionate share of the employer's workforce the following standards apply:
1. OJT contracts must represent a reasonable percentage of the employer workforce.
  2. The rationale and justification for the number of OJT contracts must be documented.
  3. The extraordinary training associated with OJT contracts must be documented.

Attachment: 1. On-the-Job Training Agreement