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# On-the-Job Training (OJT)

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## PURPOSE

The purpose of this policy is to provide direction on the administration of On-the-Job Training contracts by Pacific Gateway Workforce Innovation Network (Pacific Gateway) for Adults, Dislocated Workers and Youth participating in Workforce Innovation and Opportunity Act (WIOA) programs and other special projects.

## BACKGROUND

On-the-Job Training (OJT) is a work-based training service that encourages public, private non-profit or private employers to hire an individual who would not otherwise qualify for the job and provide training on the skills required to perform the job. OJT benefits employers by reducing the cost of training new employees and provides job seekers the opportunity to earn wages in a hands-on environment, while receiving training on the essential skills to perform the job.

On-the-Job Training (OJT) is defined in WIOA Section 3(44) as training by an employer that is provided to a paid participant while engaged in productive work in a job that:

- Provides knowledge or skills essential to the full and adequate performance of the job;
- Provides reimbursement to the employer, typically 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 OJT. In limited circumstances, the reimbursement may be up to 75 percent of the wage rate of the participant; and
- 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.

## POLICY

On-the-Job Training must be provided through a contract that provides a structured training opportunity for the OJT trainee to gain the knowledge and skills to be competent in the job for which they are hired. The contract must be completed and signed by all parties before the OJT trainee may begin the OJT.

OJT must be for a permanent full-time position and with a starting wage of at least \$15/hr. Exceptions to the wage requirement may be approved by Pacific Gateway's Deputy Director. Exceptions should take into consideration if the OJT is for a demand occupation and/or part of a career ladder.

OJT may be sequenced with other WIOA program services, such as work experience or classroom training.

## A. Participant Eligibility

OJT trainees must meet program eligibility requirements and be enrolled in a WIOA program or special project administered by Pacific Gateway. OJT may be provided for enrolled participants who are either employed or unemployed.

An assessment must be conducted and justify OJT is the appropriate training service. The assessment must support the participant is suitable for OJT based upon the skill requirements of the occupation and employer, the academic and occupational skill level of the participant, the participant's prior work history and experience, and the participant's level of commitment.

OJT for employed participants may be provided when the employee is not earning a self-sufficient wage as determined by Pacific Gateway's Self-Sufficiency Standard Policy P-WIOA-SSS-1.A. and 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.

Participants who received funding through an Individual Training Account (ITA) or other WIOA funded training may also be eligible for OJT.

## B. Employer Eligibility

To qualify for an OJT contract, the employer must meet the following requirements:

- Has not previously exhibited a pattern of failing to provide OJT trainees with continued long-term employment as a regular employee with wages, benefits, and working conditions at the same level of as other employees performing the same type of work for the same length of time.
- Has operated at its current location for at least 120 days. If less than 120 days, employees were not laid off at the previous location as a result of the relocation.
- Has not displaced any currently employed worker or altered promotional opportunities for current employees. Nor has terminated any regular employee or reduced the workforce to hire OJT trainees.
- Must comply with the non-discrimination and equal opportunity provisions of WIOA and its regulations.
- Must provide trainees the same worker's compensation, health insurance, unemployment insurance, retirement benefits, etc. as regular non-OJT employees.
- Must be financially solvent and have adequate payroll record keeping systems that track hours worked, gross pay, deductions and net pay.
- Must not have workers currently in a layoff status or be involved in a labor dispute.

OJT contracts may be written with registered apprenticeship programs or participating employers in registered apprenticeship programs.

Liquor stores, bars, grocery stores, restaurants, churches and home-based businesses may not qualify to participate in the OJT program if they cannot provide permanent full-time employment that leads to self-sufficiency.

### C. Employer Reimbursement

Employers may be reimbursed up to 50 percent of the wage rate of an OJT trainee for the extraordinary costs of providing the training and additional supervision related to the OJT. The wage rate eligible for OJT reimbursement cannot exceed \$25.91/hr. The primary wage rate cannot be in the form of a commission.

The reimbursement rate may be increased up to 75 percent when the following factors are taken into account:

- The characteristics of the participants taking into consideration whether they are “individuals with barriers to employment,” as defined in WIOA Section 3(24).
- The size of the employer, with an emphasis on small business.
- The quality of employer-provided training and advancement opportunities (i.e., is an in-demand occupation that will lead to an industry-recognized credential).
- The relation of the training to the competitiveness of the participant (i.e., the skills and abilities the participant possesses prior to the beginning of the training).

The specific factors used to determine the increase in reimbursement rates above the 50 percent must be clearly documented and approved by Pacific Gateway’s Deputy Director.

OJT reimbursements must be for regular wages paid by the employer. Payments for overtime, vacation, holidays, sick leave, work plant closures or any time in which training does not occur is not allowable.

### D. Training Duration

Training shall be limited to the period of time required for a participant to become proficient in the occupation for which they are receiving the OJT. In determining the appropriate length of training, the following factors should be taken into consideration: the skill requirements of the job, the Specific Vocational Preparation (SVP) Code, the academic and occupation level of the participant, and the participant’s prior work experience.

The following chart indicates the maximum length of an OJT by SVP Code:

<b>SVP Code</b>	<b>Maximum OJT Length</b>
1-2	120 hours
3	240 hours
4 - 9	360 hours

Exceptions to the maximum contract length may be granted by Pacific Gateway’s Deputy Director.

The minimum number of training hours required to enter into an OJT contract is 40 hours. The minimum number of weekly hours for OJT training is 32 hours per week.

Training positions for commission salespersons, temporary or seasonal workers do not qualify for OJT.

### E. OJT Contract

An OJT contract (Agreement) is required for every participant entering into an OJT program. The Agreement stipulates the general terms and conditions that must be adhered to by the Employer and Pacific Gateway. The Agreement includes the requirements of WIOA rules and regulations, the occupation, skills and competencies to be learned and the length of time the training will be provided.

Prior to the start of the training, the Employer, Pacific Gateway and Trainee must sign the Agreement. (ATTACHMENT A).

Any modifications to the Agreement must be in writing, signed and dated by all parties prior to the effective date of the modification. Verbal modifications are not valid.

F. OJT Monitoring

OJT Agreements are required to be monitored by Pacific Gateway staff at the mid-point of the training agreement. An on-site monitoring visit must be conducted and shall ensure that training objectives are being met in accordance with the participant's training plan. Any issues identified during the monitoring review must be addressed, resolved and documented within a timely manner. Non-compliance or deviations to the OJT Agreement may result in a Corrective Action(s). (ATTACHMENT B)

G. OJT Placement

Upon completion of the OJT, the On-the-Job Training Placement Form must be completed and signed by the Employer and Trainee. The form certifies that the participant has successfully completed the training and has attained the necessary skills ensuring proficiency in the occupation for which the training is being provided and/or within an occupation that requires the same/similar standards. (ATTACHMENT C)

H. Exceptions

Exceptions to this policy may be approved by Pacific Gateway's Deputy Director on a case-by-case basis for specific training programs or employment opportunities with higher support costs/needs or for special projects and grants that allow for flexibility.

**REFERENCES**

- WIOA (Public Law 113- 128) Section 3(44) and Section 134(c)(3)(H)
- Title 20 CFR "WIOA Final Rule" Sections 680.200, 680.700-680.750
- Training and Employment Guidance Letter (TEGL) 19-16 "Guidance on Services provided through the Adult and Dislocated Worker Programs under the Workforce Innovation and Opportunity Act (WIOA) and the Wagner-Peyser Act Employment Service (ES), as amended by title III of WIOA, and for implementation of the WIOA Final Rules." (March 1, 2017)

**INQUIRIES**

For questions or assistance related to this policy, please contact the Pacific Gateway Workforce Innovation Network staff at (562) 570-3748.

**ATTACHMENT(S)**

- OJT Agreement (ATTACHMENT A)
- OJT Monitoring Report (ATTACHMENT B)
- OJT Placement Form (ATTACHMENT C)

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