

On the Job Training (OJT)

Development Manual

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I. Introduction and Overview to On the Job Training

Worksystems, Inc. (WSI) operates WorkSource Portland Metro, a comprehensive training and employment system in Oregon's Workforce Investment Region 2 – Multnomah and Washington Counties and the City of Portland – that utilizes activities authorized under the Workforce Investment Act (WIA) to systematically develop the employability of eligible youth, dislocated workers and adults and, when appropriate, to place them into jobs.

The system utilizes a number of training tools to accomplish this goal – customized training with employer or industry-specific goals, individual training accounts that participants use to manage their training services, and On-the-Job Training (OJT) Agreements. When properly implemented, OJTs serve these system goals very effectively, since a trainee is hired into a job or upgraded within their existing job and is then trained in the requisite skills.

While the WIA contains a number of provisions that broadly define OJT and prohibit various practices, many of the parameters of this activity have been left to local definition. Region 2 establishes OJTs through its LWIB policy On-the-Job Training dated January 5, 2007.

Additionally, because the Portland Metro and SW Washington service areas comprise one labor market, area employers may work with a number of OJT brokering agencies and several workforce regions. It is desirable from a customer service and marketing standpoint to keep OJT paperwork and rules as simple and standard as possible throughout the greater Portland/SW Washington labor market. To that end, these procedures define an OJT process that is in place in the City of Portland, Multnomah, Washington counties in Oregon and Clark, Cowlitz, and Wahkiakum counties in SW Washington.

This manual, along with the On-the-Job Training Operational Communication dated January 5, 2007 (which corresponds to the Board policy), provides guidance for WIA subrecipients in the development, negotiation, implementation, and monitoring of OJT contract packages.

II. The Fundamentals of OJTs

A. On-the-Job Training (OJT)

The basic purpose of an OJT is to allow an employer to hire an individual, or upgrade an eligible employed worker, who would not otherwise qualify for the job and to teach the skills needed to perform at the entry level for the position (or at the appropriate level for the promotion). The activity is based upon a contractual exchange between the employer and the Subrecipient. The Subrecipient provides the employer with a partial wage reimbursement for an agreed-upon training time period in exchange for the provision of training by the employer and a commitment to retain the individual when the training is successfully completed. This commitment is enforced by the “pattern of failure” requirements specified in Section V.C. Retention Record of Participating Employer.

OJT is a hire-first program. The trainee is actually an employee of the company that has agreed to provide the training. It is very important that everyone involved understands that it is not a subsidized employment program. OJT training payments to employers are deemed to be compensation to the employer for the extraordinary costs associated with training participants and the costs associated with the lower productivity of the participants during the training period. Employers are not required to document such extraordinary costs [WIA reg. 663.710(c)]. Employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the costs of providing the training and additional supervision related to the OJT [WIA reg. Sec.673.710; WIA.101(31)B]. WSI limits the training duration to not less than four weeks and not more than 26 weeks. Training duration must be in line with Specific Vocational Preparation (SVP) estimates (refer to section VI.D. Determining Training Duration).

Because all new employees undergo some form of training, it is essential to differentiate the initial "training and orientation" routinely provided by the employer to qualified new hires from the additional training that is to be provided for the OJT trainee. The employer should only be compensated for training that is in addition to what is normally provided to a qualified new employee.

During the course of the OJT, the trainee must be treated as a regular employee and should receive wages and benefits at the same level as similarly employed workers. Not all jobs are appropriate for OJT. The emphasis on training automatically eliminates all jobs that require no more than a brief initial orientation period. Similarly, because reimbursements are intended to compensate the employer for decreased productivity, jobs that pay by commission or piecework are generally considered inappropriate. Additionally, seasonal and temporary jobs should likewise be avoided because the desired outcome is long-term retention into full time employment at the completion of training.

The assessment process is used to substantiate that each trainee has a need for the training that is to be provided and has the capability to benefit from this training. The decision to assign a participant to OJT should be based on consideration of the individual's employability skills, skill deficiencies, and interests.

OJT can also be inappropriate for a variety of other reasons. As with consideration of any participant for a training service, the potential trainee should generally possess at least the threshold level of basic and work readiness skill proficiency to ensure the possibility of success. Placement into OJT before a trainee is ready can negate earlier achievements and undermine motivation and self-confidence. Additionally, the placement of trainees who fail to meet even basic employer expectations will diminish the credibility of the Subrecipient and the Region 2 Workforce Investment system within the business community. The initiation of an OJT for an unemployed participant is generally delayed until the trainee:

- has identified interests and aptitudes that match the prospective training;
- has expressed an occupational preference based upon sound and current labor market information;
- understands and/or exhibits the attitudes and behaviors that employers require;
- appears motivated and committed to give a best effort; and
- has sufficient basic work readiness and occupational skills to learn the job skills.

Although the primary focus of OJT is training in job-specific skills, it is sometimes necessary to build in activities that simultaneously address needed basic and/or work readiness skill deficiencies as part of the overall training plan.

Trainees who already possess a substantial portion of the skills required to perform the job also should not be placed into OJT positions. The responsibilities that accompany the use of public funds demand that expenditures for training activities be confined to situations where there is a documented need for training; mere subsidies for business or financial incentives to hire are avoided. Thus, the selection of trainees for OJT should be carefully governed by a well-thought out process. The skills already possessed by the participant must be considered along with the skills required to do the job.

B. Economic Development Restrictions

Employment generating activities, economic development, and other similar activities are not allowed unless they are directly related to training for eligible individuals. Activities regarded as directly related to training for eligible individuals include:

- employer outreach and job development activities including contacts with potential employers for the purpose of placement of WIA participants;
- the development of OJT activities.

C. Demand for Occupation in Labor Market

OJT positions must be in demand in the local labor market. Local labor market information can be used to establish that the OJT training is for a demand occupation. OJTs that occur in

small businesses where the OJT training covers a relatively broad range of functions that draw from several occupations are generally considered as a unique occupation for labor market demand purposes. With these unique occupations, the fact that an opening exists for the occupation at the business presupposes the existence of a demand for the occupation.

III. Selection of Trainees

A. Recruitment

Sometimes an unfulfilled demand for skilled workers by an employer or among a group of employers may result in a targeted effort by WSI (working through the WorkSource system) to recruit appropriate trainees. Candidates may also be identified through system employer relationships, from the pool of applicants who have registered in iMatchSkills or have applied for WIA and have not yet been enrolled (“applicants” on I-Trac) or among participants who are receiving services beyond self-serve informational.

B. Employer Referrals

An employer may sometimes refer an applicant for a vacant position in order to determine whether the applicant is eligible for WIA and appropriate for training through an OJT training plan. This practice is allowed under WIA. Coordinators should assess the circumstances to determine whether an OJT is appropriate in the same way they would assess an individual participant.

Upon completing this assessment, an applicant who is referred to the Subrecipient by an employer can be registered into an OJT only after eligibility for WIA has been verified and after the assessment process has documented a need for and ability to benefit from the training offered by the employer. Documentation of discussions with the referring employer can best provide this information.

The OJT arrangement should be explained as an "investment" that the local workforce development system is making in both the business and the trainee. Like any sound business decision, the placement of a trainee must be based upon enough information to insure a reasonable likelihood of success. Despite the training reimbursement, the employer is also committing valuable time and money to the preparation of a new employee and should not risk the expense of rapid turnover resulting from a mismatch. Hence, the timely assessment of the applicant's interests, attitude, skills, and abilities will work to the benefit of the business. Similarly, the applicant's best interest is also served by avoiding the failure that will inevitably result from a hasty and inappropriate placement. See Section IV.C. Previous Employer of Applicant and Section IV.D. Currently Employed Workers; Upgrade.

IV. Assessment

A. Documenting Need

An individual's need for OJT is established by documenting their deficiency in occupational skills during the assessment process. Although the primary focus of OJT is the acquisition of job specific skills, deficiencies in basic and work readiness skills may for some also be addressed simultaneously. Regardless of the method used for recruitment, the decision to place a participant in OJT must be based upon an assessment of the skills, knowledge, attitudes, and behaviors. An individual may be placed in OJT only when assessment, testing, and/or individual counseling indicate a need for and ability to benefit from the training specified in the OJT agreement. This is no different then the processes used to determine any participant's ability to benefit from training services – an OJT is simply another training vehicle.

In addition, consideration must be given to the chosen occupational classification to determine whether OJT is an appropriate training modality. Further discussion of this issue is presented in Section V Qualifying the Business.

A review of the individual's employment history and educational background provides an appraisal of whether the applicant has relevant skills. A deficiency in occupational skills (job-specific skills) is adequately documented where application and assessment materials show that the individual:

- has minimal previous work experience in the occupation; and
- has not substantially completed a skills training program in the occupation for which training will be given.

A presumptive need for training may thus be established. See Section VI.D. Determining Training Duration for guidance in determining the length of training and adjustments for previous experience.

B. Participants with Previous Experience in the Occupation

An individual who possesses knowledge or skills essential to the full and adequate performance of the specific occupation for which the OJT is proposed may not be placed into an OJT in that occupation. While strict compliance with this principle is inherent in the concept of OJT, in reality many jobs are unique and do not present an exact match of the skills required for jobs with other employers, even where the job title is identical. Thus, even where an individual has some relevant experience or training, the need for OJT may still be substantiated through the assessment process. In addition, a lack of contemporary application of skills or a change in technology may necessitate additional training.

Where need cannot be established through satisfaction of the presumptive conditions listed in the previous subsection, then a deficiency must be demonstrated through:

- A pre-test administered by the Subrecipient or by an occupational skills training provider within two weeks of enrollment into a program activity that provides occupational skills training; or
- a comparison of employers' job descriptions and/or institutional training curricula that provide substantive evidence of the need for training in the prospective OJT; or
- a comparison of the employer's job description or a task analysis with the applicant's job specific skills.

An interview, however, does not constitute a pre-test and does not substitute for actual written job descriptions or training curricula. Pre-testing may be accomplished by use of standardized paper and pencil tests, computer-interactive techniques, worksite simulations, simulation formats conducted by educational institutions or civil service boards, or on the job.

The training plan that is part of the OJT Agreement, discussed further in Section VI. The OJT Contract Package may be used as an assessment instrument to determine skills a trainee already possesses and to document the need for further training. A preliminary two-week OJT Agreement is created. During this period the trainee is exposed to the range of skills required to perform the job and given hands-on opportunity to demonstrate abilities. The employer rates performance for each skill identified in the training plan. On the basis of the skill evaluation, the OJT Agreement is then modified to specify what skills must be learned and specify the time period required to achieve the appropriate level of skill.

C. Previous Employer of Applicant

As with employer referrals, where a candidate for training is a previous employee of the business wishing to provide OJT, the Coordinator must carefully examine whether the proposed training involves skills and duties that are substantially the same as the previous job. This lack of new or upgraded skills is a valid reason to prohibit an OJT.

If, however, there is adequate reason to enter into the agreement, e.g., a new job or upgraded job at a higher rate of pay, then OJT can be justified for a proportionately reduced duration. Additionally, regular monitoring must substantiate that training is occurring and that the trainee is not spending excessive time performing the duties of the previously held job.

D. Currently Employed Workers; Upgrades

A currently employed worker may be placed into an OJT with the same employer when they meet WIA eligibility and LWIB priority of service standards (LWIB Policy Setting Priorities for Service dated December 5, 2003). Additionally, the employer must meet OJT employer requirements.

Where the employer proposes to upgrade the employee by training for a job that requires substantially different or higher-level skills, the current employee must also, as a result of successfully completing the OJT:

- Expect a wage gain of \$0.50 or more by the end of the training period; or
- expect an upgrade to a new position, and the “backfill” with a new hire for the employee’s previous position is made through the Subrecipient when training is complete.

An exception may be granted by the Subrecipient’s WSI contract liaison. Examples of exceptions might include (but are not limited to) a worker who has a disability and requires retraining, medical benefits and regular employment status are gained as a result of the training, or a layoff can be averted through retraining.

Additionally, programs must evaluate whether the funding source that will be used to write the OJT allows for services to be provided to employed participants. For example, an OJT funded by Dislocated Worker funds could only be written for an employed worker if that worker was a WIA DWP participant and still engaged in services (enrolled or follow-up).

V. Qualifying the Business

A. The Initial Discussion

The contracting process begins with a systematic exchange of information between the prospective employer and the Subrecipient. The Subrecipient must make an on-site visit to the interested employer to:

- explain the program;
- learn about the business;
- identify and describe the job(s) to be filled;
- observe the work setting and environment; and
- review the administrative systems and the business' capacity to insure fiscal integrity.

If initial discussion indicates that the business may be appropriate for an OJT, it is necessary to gather and record detailed information that insures that the business can comply with the required administrative standards, in effect to "qualify" the business for OJT services. The process entails an interview with the owner or manager, inspection of documents or forms, and observation of the premises and work setting. Additionally, the requirements of the OJT Agreement, rules and training plan requirements should be discussed with the employer.

The information that is gathered is summarized and recorded on the On-the-Job Training Employer Checklist. The purpose of this process is to determine whether:

- the business is solvent;
- it has the capacity and resources to adequately train;
- successful training will provide a long-term job;
- the business's turnover rate is reasonable;
- the health, safety, and working conditions are reasonably safe and sanitary;
- adequate Workers' Compensation or accident insurance coverage is in effect;
- adequate payroll and record keeping systems are in place;
- any positions are covered by collective bargaining agreements, and if so whether the bargaining agent approves of and will concur in writing with the delivery of OJT services under the Agreement and subsequent training plans;

- there is a need to avoid an OJT because other employees are currently in layoff status, currently employed workers will be displaced by a trainee, the OJT would infringe on promotional opportunities of currently employed workers, or the company has relocated leaving dislocated workers at any other sites (this requires a 120 day waiting period before OJT services can be provided;
- the rate of pay, and fringe benefits, and working conditions offered to the trainee are the same as similarly situated employees in similar positions in the local labor market; and
- there is any evidence of discrimination or other unlawful practices.

The Subrecipient must also determine if a relocation results in any employee losing his or her job at the original location, since WIA funds may not encourage or induce a business, or part of a business, to relocate from any location in the United States. If an employee has lost his or her job at the original location, no OJT or customized training funds can be used at the new location until the business has operated at the new location for 120 days.

The Employer Checklist includes a section of Assurances and Compliance items for discussion. In the event that any of the above circumstances exist, further discussion with the employer and appropriate documentation of issue resolution is needed to determine if they can be qualified as an OJT employer.

B. Appropriate Businesses

The review process described above is used to determine whether a business is appropriate for OJT. OJT Agreements with organizations represented on the Region 2 Workforce Investment Board are subject to the same policies and approval procedures as any other employer.

All OJT Agreements must comply with the Workforce Investment Act, its implementing regulations, State of Oregon policies, and WSI Region 2 policies, including:

- The business is not involved in a labor dispute, has employees in layoff status, or is in violation of Davis-Bacon Labor practices that govern prevailing wage rates for government construction contracts.
- An OJT Agreement must not impair existing contracts for services or collective bargaining agreements. When an OJT Agreement would be inconsistent with a collective bargaining agreement, the appropriate labor organization and employer must provide written concurrence before the OJT can begin.
- The OJT Agreement would not assist, promote or deter union organizing.

- The OJT employer does not illegally discriminate in training or hiring practices because of race, color, sex, national origin, religion, physical or mental handicap, political beliefs or affiliations, or age.
- The OJT employer has adequate payroll record keeping systems that track hours worked, gross pay, deductions, and net pay.
- The OJT employer is registered with the Internal Revenue Service and has an account with the Oregon Employment Department for Unemployment Insurance and carries Workman's Compensation Insurance.
- The OJT training does not violate the sectarian prohibition [WIA 188(a)(3)].
- OJT trainees are compensated at the same rates, including periodic increases, as trainees or employees who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills, and such rates shall meet the higher of the federal or state minimum wage rate.
- OJT employees are provided benefits and working conditions at the same level and to the same extent as other trainees or employees working a similar length of time and doing the same type of work.
- The prospective OJT employer meets the existing “pattern of failure” requirements outlined in Section V.C. Retention Record of Participating Employer.
- The OJT employee would not be engaged in partisan political activities.
- The OJT Agreement would not displace any currently employed worker (including partial displacement such as reduction in non-overtime hours, wages, or benefits) or infringe upon the promotional opportunities of any current employee. Regular employees and program participants alleging displacement may file a complaint through the WorkSource Centers under the Region 2 Grievance policy and operational communication.
- No individual is on layoff from the same or any substantially equivalent job; the employer has not terminated the employment of any regular employee or otherwise reduced the workforce of the employer with the intention of filling the vacancy so created with an OJT participant; or the job is not created in a promotional line that will infringe in any way upon the promotional opportunities of currently employed individuals (as of the date of the participation).
- The OJT does not encourage or induce the relocation of a business or part of a business if such relocation would result in a loss of employment for any employee of such business at the original location and such original location is within the

United States unless 120 days have lapsed since the date on which such business commences operations at the new location.

- The OJT site has necessary equipment, materials, and supervision to provide adequate training.
- The OJT employer forecasts sufficient work to provide long-term regular employment for the OJT participant.
- The OJT site has safe and healthy working conditions, without previously reported health and safety violations that have been reported but have not been corrected. (Note that the Subrecipient should be attentive to this issue during the initial visit - and subsequent visits - to the training site and should inquire about safety records and inspections. The Subrecipient is not an OSHA inspector, however, and is only expected to question reasonably apparent potential hazards.) To the extent that the State workers' compensation law applies, workers' compensation must be provided to OJT employees on the same basis as the compensation provide to other individuals in the State in similar employment.
- No fee has been charged to the participant to be referred or placed into the OJT training position.

C. Retention Record of Participating Employer

The decision to enter into an OJT should also take into consideration the track record of employers who have previously undertaken OJTs. The Subrecipient must not enter into an Agreement 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); WIA195(4)]. Only businesses with a history of successful training and retention of OJT employees should be used as repeat OJT sites. Employers that use OJT to subsidize short-term "revolving door" positions will be decertified as OJT sites. For the purposes of re-contracting and "pattern of failure" considerations, additional OJT agreements and/or training plans should not generally be negotiated with any business that, having had five or more previous OJT training plans:

- Does not meet an employment (retention) rate of 75%. The employment rate is the percentage of all exiters from the applicable program who has unsubsidized employment in the 3rd quarter after exit. The employment rate calculation is:

of exiters from the applicable program employed in the 3rd quarter after exit
of exiters from the applicable program during the reporting period

Exception: When a business does not meet the employment rate of 75% for five or more exiters, but agrees to a corrective action plan that addresses the identified problems, additional OJT training plans can be approved on an interim basis after

the corrective action plan has received administrative approval from the WSI contract liaison. Absent an approved corrective action plan, a business that has been determined to exhibit a pattern of failure to retain trainees will be decertified as an OJT site for a limited duration of two years.

Such recontracting/corrective action decisions take into account the circumstances of trainees who have failed to complete training. A pattern of failure determination is generally not made until at least five OJT training plans have expired and the trainees have completed the follow-up period for performance. Efforts should be made to determine why trainees failed to complete.

D. Disproportionate Share of the Work Force

To effectively implement an OJT agreement it is necessary that the employer have adequate supervisory staff or other skilled workers who are available to instruct the trainee. The number of trainees participating at any business should, therefore not represent a disproportionate share of the employer's work force. Although a reasonable ratio may vary with circumstances such as the size and nature of the business, as a general guideline, the number of trainees placed into OJT positions should not exceed:

- One trainee for businesses with five or fewer employees; and
- 50% of the work force for businesses with six or more employees.

This guideline may be exceeded with administrative approval if sufficient benefit to the trainee can be documented. Contact the appropriate WSI contract liaison for assistance.

E. Work Opportunity Tax Credit (WOTC)

Participants who meet WOTC eligibility requirements may from time-to-time be hired into positions using an OJT. The WOTC may not be used at the same time as the employer is receiving subsidy for wages with the OJT, but may be applied once the OJT has been completed and closed and the wages are no longer being subsidized.

When OJT participants also qualify under the WOTC, all WOTC paperwork (including Form 8850) must be completed for the trainee's hire date into the company – this is very important in order for the employer to access the tax credit. The employer should let their tax accountant know that the OJT is in place and assure that the tax credit is not applied against subsidized wages.

Questions can be referred to the Oregon Employment Department at 1-800-237-3710 ext. 71672 or review their web information at:

http://www.oregon.gov/EMPLOY/ES/BUS/wotc_target_groups.shtml .

VI. The OJT Contract Package

In Region 2, OJT contract packages are comprised of two central documents: the Agreement and the individual participant Training Plans.

The **OJT Agreement** is an umbrella contractual arrangement between the Subrecipient and the employer in which the employer agrees to abide by the rules governing OJTs for all positions that have been discussed and identified as appropriate for OJT as the training vehicle and for which openings are anticipated during the life of the Agreement. The Employer Checklist, which includes the position discussion and assurance and compliance items, is made a part of the Agreement by reference (so a current and complete copy – including signature – must be in file). The Agreement includes the effective period (which may be for up to two years). The Agreement is *non-financial* but does outline how the payments will be made and the maximum allowable per OJT training plan.

The **OJT Training Plan** is the financial component of the OJT contract package, as well the document that defines the training parameters – in essence, what we are “purchasing” from the employer. The training plan obligates funding for the identified trainee and outlines the skills that will be developed through the training. The importance of a clearly written and concise but thorough training plan cannot be overemphasized. Refer to Section VI.E. The Training Plan for further detail on development of training plans.

A plan and associated training duration must be developed for each individual trainee, taking into consideration 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. O-Net Specific Vocational Preparation (SVP) parameters are to be used to guide training duration decisions (refer to Section VI. D. Determining Training Duration for additional detail).

A. Appropriate Jobs and Conditions

Types of employment to avoid for OJT projects include:

- employment on a part-time, temporary, or seasonal basis (note that some seasonal jobs may only have a brief lay-off period and thus afford economic self-sufficiency despite this characterization and may therefore be acceptable for OJT);
- the principal method of payment is by commission or piecework;
- working conditions do not comply with program requirements;
- there is no need for training other than a brief period of orientation; or
- a professional license or other certification requiring institutional training is necessary.

An individual's need for training is determined through the assessment process. Whether a job warrants training is determined by the time it takes an average employee with no previous experience to learn to perform at the entry level for that position. This average duration is provided by the Specific Vocational Preparation (SVP) code for each occupation listed in the Dictionary of Occupational Titles (DOT). In general, any job that requires less than 30 days of training for the previously inexperienced employee is not appropriate for an OJT. Exceptions to this guideline may be justified by documentation of special circumstances such as basic skill deficiencies or disabilities that substantiate the need for training or for longer training periods.

B. Starting Wage

To insure that WIA resources are utilized in a manner that provides participants with high quality training placements leading to long term job retention and financial independence, WSI periodically reviews the minimally acceptable starting wage rate for OJT sites. OJT training plans will have a minimum starting wage rate of \$10.00 per hour plus a benefit package that includes at least medical insurance with an employer contribution toward premiums. In addition, for new hires the job must be anticipated to last at least one year and provide for at least 30 hours of work per week.

Written exceptions may be issued by the WSI contract liaison based on special circumstances, e.g.:

- Special client needs such as disability, criminal history, or limited English.
- The employer provides a good benefit package; for example, adequate employer-paid health and dental insurance, paid sick leave, retirement benefits, etc.

Contact the appropriate WSI contract liaison for assistance.

C. Limitations on Annual Training Costs

In order to control costs of OJT contracting, WSI periodically reviews and updates limits to individual OJT training plans. The training cost limitation of \$5,000 applies to each OJT training plan and only includes the training cost reimbursement to the employer. Ancillary training costs such as the participant attending outside classes to enhance basic skills are over and above the \$5,000 limit. The regional cap of 26 weeks for an OJT applies.

Written exceptions may be issued based on special circumstances such as the need for additional training for special needs populations such as disabled persons and limited English communicators.

D. Determining Training Duration

An OJT training plan 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 training plan, consideration is 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 [WIA 101(31)C].

Training duration is negotiated with the employer on the basis of the skills that need to be learned to perform the job at a level comparable to an employee who would be hired without the need for OJT. An upper limit for training duration is established using the Specific Vocational Preparation (SVP) estimates for occupations in the U.S. Department of Labor. The following definitions for SVP levels are contained in the DOT (Revised 4th Edition):

Level	Time
1	Short demonstration only (usually not appropriate for OJT)
2	Anything beyond short demonstration up to and including 30 days
3	Over 30 days, up to and including 3 months
4	Over 3 months, up to and including 6 months
5	Over 6 months, up to and including 1 year
6	Over 1 year, up to and including 2 years
7	Over 2 years, up to and including 4 years
8	Over 4 years, up to and including 10 years
9	Over 10 years

Using the O*Net Online website (<http://online.onetcenter.org>), a Summary Report should be pulled for the occupation being considered for the trainee. In addition to tasks, knowledge, skills and abilities, the SVP code for job training is provided. Match the code with the definition above to determine maximum training length.

Remember, however, Region 2 limits an OJT training plan to a minimum of 4 weeks and a maximum of 26 weeks. Thus all jobs with SVP codes of 1 or 2 would usually not be appropriate for an OJT without an exception, and jobs with codes of 4 or higher will likewise be limited to 26 weeks of training without an exception.

Again, the SVP codes represent upper limits of OJT training duration for an "average" trainee. Sometimes these limits can be exceeded where adequate documentation supports the need for longer training. Reasons to exceed these "average" durations frequently include:

- basic educational skill deficiencies that affect the rate of training (including English-as-a-second Language (ESL), reading, writing, and oral communications, mathematics);

- identified problems with required work attitudes and behavior that will be addressed as part of the OJT;
- complexity of the job exceeds the DOT description; and
- other relevant factors such as disabilities (if the job is not restructured as "reasonable accommodation" to the condition).

Shorter training periods are often established on the basis of the agency's successful experience using shorter time periods, an employer's estimate of necessary time, job descriptions that vary from the DOT description, or a participant's prior experience that makes some of the training unnecessary. Occasionally, adjustments for a trainee's prior experience may be negotiated by varying the reimbursement rate instead of the training duration.

Because the length of training is determined through a process of negotiation, it is good procurement practice to provide written justification for the agreed-upon duration. Written documentation serves to satisfy procurement regulations and also records the rationale employed in the negotiation.

E. The Training Plan

A well-stated training plan is the heart of the OJT contract package. Because OJT reimbursements are intended to compensate the employer for the extraordinary costs of training, the training plan serves as the work statement of the Agreement. Contractually it:

- specifies what is being "purchased" from the employer;
- serves as an instrument to monitor whether what has been "purchased" has been "delivered;" and
- obligates the training funds.

The training plan provides structure and context to insure thorough and comprehensive training. Subrecipient staff should assist employers in the development of a training plan that will satisfy program requirements, serve as a meaningful guide for both the trainer and the trainee, and result in a valuable, skilled employee for the business. It helps to think the plan through in several steps:

- **Job description.** A comprehensive job description is a critical start place in developing training plan components. Written job descriptions for the positions that may be covered under an OJT Agreement should be collected at the time the Employer Checklist is completed and kept in the Employer OJT file. Tasks and requisite skill requirements that employees must be able to perform should come from the related job description.

- **Identify component skills.** When developing the training plan, list the skills needed to perform the job to the standards specified by the Employer. Skills should be stated as specifically and briefly as possible, identifying the skill to be learned.
- **Assess the trainee’s starting capability for each skill identified.** This provides the basis for measuring successful completion of a training plan and documentation of skill deficiencies which will be addressed through the training. Record the date of the “starting capability” assessment. The “starting” and “ending capability” scores are based upon observation and/or an interview with the trainee’s supervisor or by utilizing another skill assessment method used by the employer (refer to Section IV.A. Documenting Need), based on the following rating scale:

1	Beginning	Can do only simple parts of the task
2	Intermediate	Can do most parts of the task
3	Skilled	Meets the employer’s standard for the task
- **Assess the trainee’s ending capability for each deficient skill.** For each skill that had a starting capability of less than “3” re-assess following training activities to document proficiency using the same scale. When each skill to be learned on the training plan is scored a “3-Skilled” the training is complete.
- **Plan a schedule for achievement.** Training quality can be improved by logically sequencing the skills to be learned. Although a schedule should not be inflexible, it generally keeps training on track with the goal. A clear timetable also helps to inform the employer and trainee about progress.

A training plan structured in this manner has the added benefit of helping to motivate the trainee by clearly defining expectations and goals and providing built-in opportunities for feedback. Thus, by thinking through and defining the training process, the employer can be helped to fulfill his or her contractual responsibilities, but more importantly, it permits the development of an effective employee.

The development of a training plan requires that a job analysis be performed. This is best accomplished with as much input as possible from the prospective OJT employer. Do not, however, rely exclusively upon or require the employer to do this task independently.

Job analysis entails a systematic procedure for gathering, documenting, and analyzing information about a job. Because the training plan is structured around the skill requirements of the job, it is necessary to first identify the tasks that must be performed and to then factor and translate those tasks into the skills that must be acquired and demonstrated.

At a minimum, each training plan should identify at least five to ten job-specific skills that must be demonstrated to perform the job at the entry level for the position and encompass safe operation of all tools and equipment that are utilized.

After skill requirements have been specified, it is necessary to identify the method of measurement by which it will be determined if the trainee has acquired the skill. The most typical methods of measurement include oral or written questions and answers (testing), observation of the trainee as he or she performs a process, or review and inspection of a work product. Depending upon the skill, one of these methods will most likely be utilized by the supervisor to determine whether the skill has been acquired to a satisfactory level. Wherever possible the employer should identify an objective standard against which performance will be measured.

Learning is often most effective when several methods of instruction are used for reinforcement. For example, when demonstration and practice is supplemented with written materials, comprehension and retention are improved. Employers should be encouraged to organize written materials that provide background information and supplement the demonstration method. Use of more than one expert as trainer (if a business is large enough to have many available) can speed progress and enhance the quality and thoroughness of the training.

F. Supplemental Training and Support Services

In addition to work-based instruction in job-specific skills, it may be necessary to supplement the basic OJT design with additional activities and services to insure that all assessed skill deficiencies and barriers are addressed. This can include:

- counseling that focuses on work-related attitudes and behaviors that are needed to keep the job;
- participation in off-site workshops conducted by Subrecipient staff or professionals that address work readiness skills;
- participation in basic skills and General Equivalency Degree (GED) preparation;
- provision of case management and support services to solve problems not related to work that interfere with effective and consistent work performance; or

Additionally, some employers may not be able to provide all the needed job-specific skills training or may wish to augment the on-site skills instruction. Supplemental training in job-specific skills can be arranged through:

- a class at a community college, technical college or other school outside of work hours or during work hours if the employer is willing to pay wages during class time;
- a short, intensive seminar or training session to teach a specific technical skill (note that both of these options can be paid for by the Subrecipient if it is training that is not normally provided to new employees); and/or

- a formal in-house program offered by the company to its employees. (Note that if such an in-house program is ordinarily offered to new employees in similar positions it should not be part of reimbursed OJT time. However efforts could be made to work such training into the training plan when it would not normally be available to the trainee during the training period).

Basic and work readiness skills or any supplementary classroom occupational skills training may be incorporated into the training plan using the Supplemental Training Plan form. Many employers will agree to allow limited leave time for skills instruction. Some may even agree to pay for all or part of the leave time or training expenses.

Prior to initiating any of the above-listed supplemental training activities, the Subrecipient must determine:

- the costs and other available funding sources;
- related supportive service needs such as transportation lodging, necessary books and tools and agreement with the employer regarding cost sharing; and
- admissions and academic requirements such as basic skill levels needed for classroom success.

All supplemental training activities should be carefully reviewed with the employer and trainee in advance and must be specified in the Supplemental Training Plan, which is signed by all parties.

G. Participant File Documentation

All documentation relative to the development of the participant's OJT training plan should be included in the participant file, including:

- Participant file documentation checklist.
- All assessments and/or relevant training justification case notes, including documentation that the job is a growth occupation.
- Job description and related OLMIS/O*Net reports to support training duration and skills to be learned.
- Training Plan, plus any Supplemental Training Plans and/or Training Plan Modifications.
- Copy of Training Period Invoice and related documentation.
- Copy of Retention Period Invoice.

H. Collective Bargaining

Whenever OJT is proposed for a job that is covered under a collective bargaining agreement, it is necessary to get written concurrence on the OJT Agreement from the appropriate union representative.

There is no standard approach to obtaining union concurrence. Depending upon the relationships that exist, the employer may wish to take the lead in contacting the union and securing the written concurrence. From time to time it may be incumbent upon the Subrecipient to make the necessary contact. If that occurs, contact the appropriate official, explain the purpose of the program, review the specifics of the proposed training including the wage rate, and obtain written concurrence.

Contact may sometimes be limited to telephone and mail due to the location of the union official. Whenever possible, however, a face-to-face meeting should be arranged if no previous relationship has been established. Note that the WIA requires that WSI and the local Workforce Investment Board or its Subrecipients must neither promote nor deter union organizing. If a proposed OJT Agreement surfaces issues of disagreement or dispute between the union and the employer, the WSI contract liaison must be informed before proceeding.

I. Approval of Contract Packages

WSI requires Subrecipients to establish procedures for the initiation of OJT Agreements, including the steps of Agreement and Training Plan identification (numbering), approval and monitoring. No reimbursement of wages may be made for periods prior to the training period start date, as established in the executed Training Plan document.

J. Modifications

It is not uncommon for circumstances to change after an OJT has commenced. Training plans may be modified to best suit the respective and mutual needs of the employer, the Subrecipient, and the trainee. All modifications must be in writing, using the On-the-Job Training Plan Modification form and signed and dated prior to the effective date of the modification. Oral modifications of OJT training plans are not valid.

OJT training plans may require modification for a variety of reasons. These can include:

- Changes to the training plan to more accurately reflect the training that will be provided. This may entail a "planned" modification at the end of a two-week assessment period, or an unplanned change in the training due to business necessity, learning difficulties, or newly discovered aptitudes.
- Wage increases for the trainee that the employer agrees to implement during the training period that were not provided for in the original plan. (Note that a wage increase will result in a reduction to the training duration if the total financial obligation is not increased.)

- Extension of the training plan end date to accommodate a brief period of illness, layoff, or other unexpected contingency that interrupted the training, or foreshortening of the training plan to reflect a reduction in the number of training hours.
- Supplemental training that was not identified in the initial training plan and has subsequently been identified as necessary and reasonable.

OJT modifications must follow the Subrecipients established procedures. The Training Plan Modification form must be completed along with a revised Training Plan or Supplemental Training Plan form when necessary.

K. Termination

An OJT training plan may terminate because:

- It has been successfully completed and the trainee is retained as an employee.
- It expires at the ending date or the completion of the specified training duration although the trainee is not retained. (Note that when a trainee's failure to achieve the employer's expectations suddenly emerges at the conclusion of the training plan, it is a significant factor in the analysis and potential decision not to re-contract with the employer. Usually unsuccessful performance will be identified earlier in the training period, corrective action identified and taken, and/or the training plan should be cut short if efforts to intervene are to no avail.)
- The trainee quits or is fired. (Efforts should be made to contact both the trainee and the employer to determine the reason(s). The employer should not fire a trainee without first contacting the Subrecipient for assistance in correcting the problem unless the trainee has exhibited particularly egregious behavior.) This may impact OJT payment, refer to Section VII. Reimbursement Process.

An OJT training plan may also be terminated if:

- the trainee is determined to be ineligible for WIA upon verification of information presented at intake or otherwise;
- the Subrecipient experiences a reduction in grant funds prior to the ending date of the training plan;
- the employer fails to provide the training that was specified in the training plan; or
- the employer violates a material term of the Agreement such as displacement of a non-WIA employee, violation of regulations governing employment of a minor, significant safety violations, or failure to pay the trainee at the agreed-upon wage rate.

Subrecipients' OJT procedures should include a provision for reporting and correcting violations. All suspensions should be reported to the WSI contract liaison. An OJT that is terminated as a result of serious violations of the Agreement may result in referral to Federal authorities for investigation where there is an indication that fraud may have occurred.

L. Nepotism

No person participating in the OJT program shall be "hired by" and/or "supervised" by a relative of that person. For the purpose of this rule, relative is defined to include: mother, father, son, daughter, grandfather, grandmother, grandson, granddaughter, sister, brother, uncle, aunt niece, nephew, cousin, step-parent, step-child, foster parent, foster-child, mother-in-law, father-in-law, sister-in-law and brother-in-law.

An individual who "hires and/or supervises" refers to an individual who exercises authority to hire for the position, provides day-to-day training or direction, or keeps time and attendance records. In addition, owners are included as supervisors/hiring managers since they have general authority to supervise, hire and dismiss.

Individual owners of organizations, cooperatives and corporations with more than 20 owners shall not be considered an owner in regard to this rule.

VII. REIMBURSEMENT PROCESS

Region 2 OJTs are reimbursed in two payments – one at the end of the training period and one at the end of a retention period. There are conditions that define each of these pay points, as outlined below.

The OJT training plan establishes the trainee’s rate of pay, the maximum obligation of the OJT (hourly rate x hours of training identified by the training period x .5, not to exceed \$5,000), the dollar amount of the payment to be reimbursed upon completion of training (50% of the total obligation) and the dollar amount of the Retention payment (the remaining 50% of the total obligation).

A. Time and Attendance

The employer is required to maintain daily attendance records for each trainee employed under an OJT Agreement. These records may be kept in any of several ways including sign-in/out sheets, time clocks, or other time cards that record hours worked. The actual form is less important than the existence of accurate and verifiable records that must be maintained and made available to the Subrecipient upon reasonable request, and support the time spent training for reimbursement purposes.

B. Invoices

There are two different invoices – one for the Training Period reimbursement and one for the Retention Period reimbursement. The appropriate invoice must be completed and signed/certified by the employer in order for an OJT payment to be made. Even though the payment is divided between two reimbursement points, the total amount to be paid is always for the actual training period and never more than the original obligation (or modifications).

- **Training period reimbursement.** Once all of the “Skills to be learned” listed on the training plan have been scored a “3” (skilled), an invoice may be submitted for the training period. The standard for scoring a “3” is “Meets the Employer’s Standard for the Task.” Scoring should consider the employer’s normal expectation for an employee in the same position at the same pay grade and with similar job tenure. Exceptions may be made on a case-by-case basis, but the exception must be documented by the employer.

In order to reimburse the employer the training period payment, the trainee must still be employed and expected to work at least thirty (30) hours or more each week in the normal course of business after the training and retention periods have passed. No material compliance issues may be outstanding.

The employer should include a copy of the completed training plan showing ending capabilities assessment and the appropriate documentation of hours worked with the invoice.

- **Retention period reimbursement.** The remainder of the OJT reimbursement (no more than 50% of the gross wages paid during the Training Period, minus the Training Payment) may be requested after an additional ninety (90) days has elapsed after training completion, and the trainee has retained employment which is expected to continue to provide thirty (30) hours or more of paid work per week.

The Retention Period invoice should be completed and signed by the employer to certify the status of the trainee. No other documentation is required, as it should have been included in the Training Period Invoice package.

The total OJT reimbursements for an individual trainee should not exceed the amount obligated as shown on the training plan, or any subsequent modifications.

C. Trainee Termination Prior to Training or Retention Period Completion

If the trainee leaves during the training period, the employer may only be reimbursed for 50% of the trainee's wages earned **during the training period**, prior to separation (in other words, documented hours beginning on the Training Period start date to the termination date). On the Training Period invoice the employer should note the trainee terminated employment and is no longer with the company.

If during the retention period the trainee quits or is fired for cause, disqualifying them from receiving unemployment compensation, the employer should be reimbursed for all training costs (both the Training and Retention Period reimbursements), as the employee's termination from the company is outside the employer's control and the employer did fulfill their obligation under the Agreement by training the individual. A meeting with the employer should attempt to determine if the trainee went to another job with higher pay or better benefits as a result of the training received, or if there are circumstances that need to be addressed in future OJT referrals.

If the trainee is laid-off during the retention period, the employer does not qualify to receive the retention payment.

D. Holidays, Vacation and Sick Leave

Although some trainees may be paid by the employer for holidays, vacation, and/or sick leave, Subrecipient may not reimburse the employer for this time. OJT rules require an employer to pay the trainee these "benefits" if they are provided to similarly situated employees. However, because the reimbursement is for training, it cannot be provided for time that is not spent in training.

For a trainee who is paid on an hourly basis, proper reimbursement can be calculated by simply deducting the holiday, vacation, and sick leave hours from the training schedule. For a trainee who is paid a monthly salary, however, a standard approach must be used to prorate the reimbursable portion of the salary. The reimbursable salary is deemed to be the percentage of the month calculated by the actual number of hours worked divided by the total

number of hours available to be worked in that month had there been no holidays, vacation, or sick leave.

Prorating is done on the basis of the actual month in order to insure that reimbursement will never exceed 50% of the wage paid for training. (Note that where monthly salary is paid for a training position that begins or ends part way through a month, the reimbursement may be calculated either by documenting the actual gross pay received by the trainee or the same prorating method.)

E. Overtime

An employer is generally required to pay the trainee at a rate of 1.5 times the normal hourly pay rate for hours worked in excess of 40 per week (overtime). The OJT training plan may not, however, calculate reimbursement to the employer at 50% of the overtime hourly pay rate but may reimburse at 50% of base pay for hours in excess of 40 per week.

It is presumed to be the employer's choice to employ the participant for more than 40 hours per week. Reimbursement at a higher pay rate would reduce the number of hours of reimbursable training for a given training plan obligation. Thus, to insure that the trainee receives the agreed-upon training, the reimbursement rate is kept at the regular rate of pay.

F. Pay Raises

Occasionally an employer may wish to provide a pay increase to the trainee that was not planned for in the original OJT training plan. If the pay raise is being given because all (or other) employees are also to receive a raise, it may be warranted to modify the OJT training plan to increase the total dollar amount obligated. If, on the other hand, the pay raise is being given to the trainee because the trainee is learning more rapidly than anticipated and is becoming more productive, then it may not be necessary to adjust the obligation, as the trainee will complete the training plan earlier than anticipated. The resultant decrease in the number of training hours will thus be proportional to the more rapid training progress.

VIII. MONITORING AND EVALUATION

Monitoring and evaluation play a critical role in insuring that the goals of the OJT are achieved. In basic form, monitoring activities are distinguished from evaluation in that monitoring examines the process of compliance with the OJT Agreement, training plan, the regulations, etc. whereas evaluation focuses on the achievement of the training objectives and where that progress fits into the overall goal for the participant.

A. Employer Records

All Subrecipients are required to keep an individual file on each OJT employer that enters into an OJT Agreement. The file should include:

- OJT Employer File Participant Tracking Checklist
- OJT Agreement
- OJT Employer Checklist, and documentation related to any issues that required resolution prior to approving the Employer
- Job descriptions for covered positions
- OJT Training Plans and any related supplemental Training Plans or Training Plan Modifications
- Copy of Training Period Invoice and related documentation
- Copy of Retention Period Invoice
- Site visit documentation
- Any corrective action documents and follow-up documentation

Employer files must be available to WSI monitors for compliance review.

B. Regular Contact

Monitoring entails the regular examination of performance to insure that the employer is complying with the OJT Agreement. This includes a determination of whether training is being provided in accordance with the plan, payment of wages is timely and at the specified rate, and the maintenance of records and working conditions are in keeping with Federal requirements.

Effective monitoring requires the desk review of all correspondence from the employer, including OJT Reimbursement Invoices and the requisite documentation.

Additionally, visits to the OJT training site by the Subrecipient are essential. Observation of the workstation and interviews with both the trainee and the supervisor (preferably separate interviews) should be used to determine whether benefits and working conditions remain unchanged, whether the trainee is being paid on time at the proper rate, and if the training plan is being followed and on-track for completion. Any deviations from the Agreement should be dealt with promptly, either with an appropriate corrective action plan or by suspension or termination of the Agreement if serious violations have occurred. Care must be taken to avoid the loss of employment for the trainee by imposition of inflexible standards or unduly harsh penalties for the employer.

The training plan is used to guide the trainee evaluation process. It should be referenced each time the Subrecipient makes an on-site visit to insure that all key training elements are being addressed.

All visits to the employer should be documented in the employer file. The entry should identify when the visit was made, what was observed, who was interviewed, a synopsis of the content of the conversation, and any items of concern that need to be addressed.

C. Formal Monitoring

A Subrecipient's OJT Agreements should be monitored as outlined in the Subrecipient's established subcontracting policies and procedures. WSI will review OJT Agreements and training plans in place as a component of the annual Compliance Review. Additionally, other entities may monitor WSI's finances and programs. These include the State of Oregon Office of Community Colleges and Workforce Development, the Department of Labor's Employment and Training Administration, and the Department of Labor's Office of Inspector General. OJT Agreements and records must be available to any and all of these monitors, including access to appropriate employer records.

The subgrant agreement in place between WSI and Subrecipient for the appropriate program year will govern oversight, corrective actions, associated timelines and final determinations.

On the Job Training (OJT)

Development Manual

Form Samples