

**MID-CAROLINA
WORKFORCE & TALENT
DEVELOPMENT**

Policy Letter #12

TO: All Staff and OJT Contractors

FROM: Justin Hembree, Interim Director

SUBJECT: On-the-Job Training Policy

PURPOSE

On-the-Job Training (OJT) is one of the allowable program activities authorized by the Workforce Innovation and Opportunity Act (WIOA). WIOA provides that in addition to using Individual Training Accounts, training may be provided to Adults, Dislocated Workers, and Youth through contracted On-the-Job Training (OJT).

OJT is conducted by a private or public sector employer. It occurs while an individual is engaged in productive work, learning the skills and information necessary for full and adequate performance on the job. WIOA defines OJT as training at an employer that is provided to a paid participant while engaged in productive work in a job that:

1. Provides knowledge or skills essential to the full and adequate performance of the job;
2. Provides reimbursement to the employer of up to 75 percent of the wage rate of the participant, except as provided in section 134(C)(3)(H), for the extraordinary costs of providing the training and additional supervision related to the training; and
3. 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 NCWorks Career Center operates On-the-Job Training (OJT) services through its contractor for the Young Adult, Adult, and Dislocated Worker Programs.

POLICY

The NCWorks Career Center incorporates the policies, procedures, and contract forms issued by the North Carolina Department of Commerce, Division of Workforce Solutions (DWS) in Policy Statement Number PS 04-2015, Change 1 dated June 17, 2019. The Policy Statement can be viewed at <http://www.nccommerce.com/documents>.

On-the-Job Training (OJT) is limited contracts to the time required for the employee to become proficient in his/her job, and *not to exceed six months*. Listed below, the Local Workforce Development Board Policies has addressed the nine elements of OJT as mentioned in DWS PS 04-2015, Change 1; listed below.

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities

Section I: WIOA OJT Contract Elements

1. Outreach and recruitment of OJT participants

The outreach and recruitment of OJT participants is the responsibility of all Career Center staff as they work with various partnering agencies. In addition, Career Center staff who work with businesses will work to identify potential participants with those respective businesses and industry sectors. Partner agencies can be but are not limited to Vocational Rehab, Department of Social Services, Community Colleges, Public Schools, Economic Development Organizations, Chambers of Commerce, and Faith-based Organizations.

2. Skills gap analysis and Training Plan development

A Skills Gap Analysis will be completed on each potential OJT participant. The gap in required skills is the basis of the Training Plan and is used to determine the length of the OJT training period. There are several assessment tools available that may be used to conduct a skill gap analysis and provide adequate documentation of the process used to develop the Training Plan. Please see Section VII: OJT Contract Length for additional information.

3. Employer marketing strategies

The OJT Program will be marketed to potential employers through visits made by the Business Services Representative and/or local Career Center staff. Additional advertising will be done through social media sites, flyers and brochures, telephone, and email contacts as well as through partnering agencies. Staff will discuss the “value add” and benefits of the OJT program to the employer.

4. Reverse referral policy

When an employer identifies a potential candidate for employment who lacks the skills the employer requires upfront and needs OJT, they must refer the individual to the Career Center for WIOA and OJT eligibility documentation. This must be done prior to the hiring selection or extending an offer of employment.

5. OJT supportive services policy

Supportive services will be provided to all participants who demonstrate a need for assistance. Supportive services will be made available based on funding and cover such items as transportation, emergency assistance, and occupational uniforms and/or equipment. Other requests will be considered on a case-by-case basis and will be based on need and funding assistance.

6. OJT contract development

Please refer to Section II: Employer Guidelines/OJT Contract Development for specific details on how an OJT is developed and the requirements placed on the employer.

7. Coordination of case management and business services functions

Case Management will be the responsibility of the WIOA Career Adviser. The Career Adviser will have monthly contact with the participant and document through a case note in NCWorks. This will ensure the participant stays on track during training and any subsequent OJT contract.

8. Reimbursement policy and invoicing process

Please refer to Section IV: Method of Payment to Employer.

9. Financial and programmatic monitoring

Financial and Program Monitoring will be conducted by Mid-Carolina (MCWDB)WDB Staff and will be conducted during the review of monthly invoices along with scheduled monitoring visits

throughout the program year. Additionally, formal reviews will take place at least once during each OJT contract duration.

Section II: Employer Guidelines/OJT Contract Development

No participant who is to be hired into a training position under an OJT contract may be employed prior to the date the contract is scheduled to be signed. The effective date of the contract shall be negotiated between the contractor and the employer and shall be based upon the needs of the participant(s) to start to work and the time needed for processing the contract (checking corporate status, typing forms, mailing, &, etc.). The employer must also be made aware of the fact that no reimbursement will be paid for any training costs incurred prior to the effective date of an approved contract.

Orientation will be provided to each WIOA OJT participant by a designated staff person. Each participant, as a minimum, will be acquainted with job factors (wage rate, fringe benefits, numbers of hours expected to work or attend training, and place of employment), supportive services available, grievance procedures, and civil rights. Special orientation to the “world of work” may be provided by service provider staff or by the employer. The orientation is not covered as part of the OJT contract training activities.

The WIOA OJT contract must be conducted by the employer at the worksite indicated on the contract. The following list provides restrictions and conditions for determining an employer’s eligibility for WIOA/OJT funding.

- a. The employer has a bona fide job vacancy and/or can give a specific date for an expansion of the workforce to meet needs to increase productivity.
- b. The employer agrees to retain the participant in employment upon successful completion of training.
- c. It is intended that OJT assistance be available only to those employers who generally provide year-round employment.
- d. The employer must not violate local, state, or federal labor laws, which includes taxes.
- e. The employer must be in compliance with Section 181(b)(2) and 20 CFR667.270 of the Act which prohibits the replacement or displacement of regular employees for the sole purpose of filling those vacancies with participants whose wages are subsidized under the ACT.
- f. The employer has not previously abused or misused federally funded OJT programs as a means of subsidizing his payroll and/or by his failure to operate such programs in compliance with applicable contract rules and regulations unless corrective action has been initiated and approved by the LA/Substate Grantee.
- g. Per Section 663.700 of the WIOA Act, subsequent training contracts will not be entered into with employers who have received payments under previous contracts and have exhibited a pattern of failing to provide continued long-term

employment as regular employees with wages and employment benefits (including health benefits) and working conditions the same level and extent as other employees working similar lengths of time and the same type of work.

- h. OJT contracts will not be entered into with employment agencies or employee leasing agencies for staff the leasing contractor provides to perform specific job functions for another employer.
- i. All OJT employers must be registered or licensed (as appropriate) to do business in the State of North Carolina and in good standing with applicable North Carolina Statutes.

Section III: Working Conditions and Labor Laws

WIOA OJT employees are subject to the same personnel rules, working conditions and benefits as regular employees hired by the employer. It is the responsibility of the person who negotiates the OJT contract to determine that the participants will be provided 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 and that all employer and occupational eligibility requirements are met. If the participants will not be covered by the required benefits, a contract cannot be written or approved.

- a. Worker's Compensation: Participants must be covered by Worker's Compensation insurance. The person who negotiates the contract must verify that the employer provides Worker's Compensation for present employees. If the employer does not have this coverage or an equivalent coverage a contract cannot be negotiated.
- b. Fringe Benefits: Participants shall be afforded the same benefits, at the same level, as other regular employees working a similar length of time and doing the same type of work. This means that if other new employees are considered for salary increases after 30 days, the OJT employee/trainee shall also be considered for a raise using the same evaluation process and the same increase schedule. However, the OJT reimbursement rate will remain the OJT contracted hourly rate.

OJT employees shall also be afforded all paid leave and paid holidays as other employees in accordance with the personnel rules covering regular employees but all fringe benefits shall be a cost to the employer and shall not be included in the OJT cost reimbursement. The person who negotiates the contract must determine that the OJT employee(s) are provided all benefits afforded to other regular, newly hired employees of the same employer.

- c. Grievance Procedures: If the employer has established grievance procedures for resolving employee complaints, the OJT employees must be made aware of, and subject to, these procedures. The employer must agree to abide by the Local Area's grievance procedures for resolving grievances and complaints from the OJT participant.

Section IV: Method of Payment to Employer

Employers may be reimbursed for the wage rate of an OJT participant. OJT payments to employers are deemed to be compensation for the extraordinary costs associated with training participants and

potentially lower productivity of the participants while in the OJT. Employers are not required to document such extraordinary costs. The wages of incumbent employees during their participation in the OJT is not allowed as an expense under WIOA Title I. Payment will be released upon completion of the training hours and submission of the OJT payment voucher with all required documentation should be submitted to the Contractor (“Fiscal”). Employers are required to submit monthly invoices along with timesheets and pay stubs/pay register to the WIOA Service Provider. The monthly invoices will cover the previous pay periods corresponding to the invoice submitted. Employers are required to submit monthly invoices within 10 days of the Invoice End Date. The WIOA Service Provider will provide the employer with assistance in completing the first invoice at the 30-day Evaluation and will assist thereafter as needed.

Reimbursement is limited to time worked for which wages are paid under each training objective listed on the participant's Training Plan. Employers will not be reimbursed for time paid to trainees for: sick leave, vacation time, holidays, personal leave, military leave, and other paid leave, as these days are not considered days in training. Employers who pay trainees for travel time cannot be reimbursed travel time, as a trainee is not performing work documented on a training plan. Employers may be reimbursed for overtime wages, provided the work is consistent with the participant's Training Plan. Overtime wages are paid at the established reimbursement rate, not the actual overtime rate paid the participant. Original contract end dates can be modified to allow for employer closings. However, the end date cannot exceed six calendar months.

The reimbursement incentive varies depending on the size of the company:

- Up to 50 percent for employers with 251 or more employees; or
- Up to 75 percent for employers with 250 employees or fewer employees.

Section V: Recordkeeping Requirements

Employers must retain records for a period of three (3) years to substantiate all claims for reimbursement. Records required to substantiate training enrollments and progress, as well as extraordinary costs, generally are left to the discretion of the employers; however, the Training Plan has been developed to assist employers in substantiating extraordinary costs. The Training Plan is actually the means by which the employer verifies that the training is being or has been provided and the training participant has or has not attained the skill(s) outlined in the plan.

All participant records and eligibility documentation, along with the following OJT paperwork, will be scanned into the participant's electronic file through NCWorks.

- a. Pre-Award Analysis
- b. Skills Gap Analysis Worksheet which also includes an employer job description and participant resume
- c. Employer Agreement
- d. Training Plan
- e. OJT Monthly Invoices which also includes timesheets and pay stubs/pay register
- f. Trainee Evaluation (30-day, mid-point, and final)
- g. Contract Modifications
- h. All correspondence relating to the contract
1. Any Local Area Forms (if/when applicable)

The original OJT package (Pre-Award, Skills Gap and supporting documentation, Employer

Agreement and Training Plan) will be maintained in the Business Services files.

Section VI: Participant Eligibility and Requirements

An eligible participant is someone who has the aptitude and interest to succeed in a given occupation, is a North Carolina resident and meets WIOA eligibility criteria. The eligible participant, if referred by the employer, will be required to meet WIOA eligibility guidelines and follow all program requirements before placement in an OJT can occur. If the individual is referred to WIOA from the employer (reverse referral), the final hiring selection cannot be complete, and no offer of employment can be made until eligibility is determined. An offer can be extended after the Pre-Award Analysis Form and the OJT Employer Agreement has been signed by all parties. The trainee becomes an employee of the company once the OJT Training Plan is signed by all parties.

No individual (new hire or incumbent) can be in an OJT if a member of his/her family is engaged in an "administrative" capacity with the OJT employer; including the individual who would be supervising the OJT trainee or anyone responsible for the selection, hiring, or placement of trainees.

Section VII: OJT Contract Length

In determining the appropriate length of the OJT contract, Specific Vocational Preparation (SVP) codes are used to calculate the maximum length of time allowed. The Specific Vocational Preparation (SVP) data found in the database for the respective occupation will be used and adjusted to determine the length of training necessary to acquire the needed skills. Occupation-specific SVP codes can be found at onetonline.org.

SVP CODE	Maximum Training Hours
2	160
3	320
4	480
5	640
6	800
7	960
8	1040
9	Director's Approval

The unit of measure for OJT is based on the number of hours in training over a fixed calendar period. The maximum number of hours for an OJT must not exceed 1,040 hours (six months).

Length of training time will be negotiated based on factors such as a specific individual's need for additional training time and/or reduction in training time to reflect the individual participant's pre-existing skills. The participant's Individual Employment Plan (IEP) and the training plan inclusive of a documented skills gap analysis will detail the basis for the training time (contract length) necessary for the participant to become proficient in the occupation for which OJT training is provided.

Section VIII: Trainee/Participant Skill Evaluations

WIOA Career Advisors are required to do Skill Evaluations at 30 days after the contract begins, at the mid-point of the contract, and the conclusion. These evaluations provide the employer, the participant, and the Career Advisor the opportunity to review the Training Plan and ensure the participant is progressing. If modifications need to be made, they are noted on the Evaluation Form and the OJT Training Plan will be modified.

In addition, Career Advisors will monitor, using the OJT Monitoring tool, at least once during the OJT contract period. The completed OJT Monitoring Tool will be uploaded into the participant's NCWorks file. Career Advisors will document the trainee's progress monthly in a case note.

Section IX: OJT Contract Modification and/or Termination

The OJT contract may be modified or terminated by the WIOA Service Provider, or the employer, by mutual consent, if it is determined that such modification or termination is in the best interest of the program participant and the employer. The Service Provider will use the Local Area Employer Agreement form to document the modification or termination. Modifications requested by an employer shall be evaluated by the WIOA Service Provider who may approve or disapprove the modification. Modifications are to be documented and signed in Section 4 of the Employer Agreement and the OJT Training Plan.

Section X: Forms

The following forms are used with OJT contracts:

- Attachment 1: MCWDB Pre-Award Analysis
- Attachment 2: MCWDB Employer Agreement
- Attachment 3: MCWDB Training Plan
- Attachment 4: MCWDB Training Evaluation

Creation Date

July 2022