

**Purpose.**

This document establishes the policy of the Southwest Wisconsin Workforce Development Board for On-the-Job (OJT) placements under the Workforce Innovation & Opportunities Act (WIOA). WIOA authorizes local workforce development boards (WDBs) to provide training that focuses on high-demand jobs in the local area. Authorized training may include On-the-Job Training (OJT) conducted with a commitment by the employer to continue the employment of an individual upon successful completion of the training. WIOA regulations require local workforce development boards to develop policies in order to administer OJT programs.

**Background.**

On-the-Job Training (OJT) is a training option that provides employers the opportunity to train new employees on the specific knowledge or skills essential to the full and adequate performance of the job. OJT opportunities are formed through a contractual agreement between the employer, a participant/employee, and the local workforce board. In an approved OJT placement, the local workforce board provides the employer with a partial wage reimbursement, typically up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing the training and supervision related to the training. Section 134(c) of WIOA authorizes local boards to reimburse employers up to a maximum of 75 percent of the wage rate of an OJT participant after considering factors listed in proposed rules at 20 CFR 680.730.

OJT is a hire-first program. The individual begins the OJT as a full-time employee of the company that has agreed to provide the on-site training and long-term employment upon completion of the OJT. The rate of pay, fringe benefits, periodic pay increases, and working conditions offered to the employee are the same as similarly situated employees in similar positions by the same employer and are in accordance with Section 6(a) (1) of the Fair Labor Standards Act of 1938 (29.U.S.C. 206(a) (a) and the applicable state or local minimum wage laws.

**Policy.**

On-the-Job Training (OJT) provides selected participants with specific occupational skills and assists employers in the development of a trained workforce. OJT puts unemployed individuals to work earning a wage while they receive training to address gaps in their skill set that hinder them from fully performing a job. Individuals eligible for OJT are those who would not have been hired by an employer due to lack of qualifications/skills and who have been determined to be in need of the training to be productive in the occupation.

SWWDB may enter into a negotiated OJT contract with an employer to provide occupational training in exchange for partial reimbursement of the participant's wage rate to compensate the employer for the extraordinary costs of training the participant and the costs of the lower productivity of the worker. Employers need not document such extraordinary costs or lower productivity. Training shall be limited to the time required for the participant to become proficient in the occupation with consideration of the skill requirements of the occupation, academic and occupational skills of the participant, prior work experience and the person's individual employment plan (IEP).



The Southwest Wisconsin Workforce Development Board (SWWDB), as allowable under WIOA regulations, provides OJT opportunities as one option within the scope of its overall training service plan within the region; OJT may be sequenced with other WIOA program services such as work experience, classroom training or basic skills training.

OJT participants must meet program eligibility requirements for each funding source (i.e. WIOA Adult, Dislocated Worker or Youth formula funded programs) as appropriate. Participants must have received a documented assessment that results in the development of an Individual Employment Plan (IEP) that documents the participant's interest, aptitude and skills to meet the specific employer OJT requirements.

Contracted reimbursement rates to the employer may be up 50 percent of the wage rate of the participant to cover the extraordinary costs of training. As stipulated in WIOA Section 134(c)(3)(H), SWWDB may also increase the reimbursement rate for OJT contracts up to 75 percent when taking into account the following factors:

- a. The characteristics of the participants taking into consideration whether they are "individuals with barriers to employment," as defined in WIOA sec. 3(24);
- b. The size of the employer, with an emphasis on small businesses;
- c. The quality of employer-provided training and advancement opportunities, for example if the OJT contract is for an in-demand occupation and will lead to an industry-recognized credential; and
- d. Other factors SWWDB may determine to be appropriate (i.e. the number of employees participating, wage and benefit levels of the employees (both at present and after completion), and relation of the training to the competitiveness of the participant.
- e. SWWDB and/or WIOA service providers must document the factors used when deciding to increase the wage reimbursement levels above 50 percent up to 75 percent.

An OJT shall be conducted at least 32 hours per week to provide skills that the participant does not already possess. OJT positions shall be matched to the participant's occupational interests and capabilities with training providing transferable skills into a different job/occupation. The employer shall provide OJT participants with wages, benefits and working conditions equal to those provided to regular employees who perform the same type of work and have similar seniority.

SWWDB may enter into OJT contracts for employed workers when the employee is:

- a. not earning a self-sufficient wage (defined by local / state policy), and;
- b. the OJT relates to the introduction of new technologies, introduction to new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by SWWDB in accordance with WIOA regulations.

OJT is allowable for occupations which are consistent with the participant's capabilities, are in demand occupations which will lead to employment opportunities enabling the participant to become economically



self-sufficient and which will contribute to the occupational development and upward mobility of the participant on a career pathway.

SWWDB may contract with registered apprenticeship programs or participating employers in registered apprenticeship programs for the OJT portion of the registered apprenticeship program. Depending on the need of the participant, an individual training accounts (ITA) and OJT contract can be combined to support the placement of an individual into a registered apprenticeship.

SWWDB shall enter into an OJT contract when the training meets the following performance criteria at the time of **completion**:

- Training is in one of the region's demand occupations in accordance with the SWWDB Local WIOA Plan.
- Employer is a private or public-sector business or non-profit organization located in the SWWDB region.
- The employee's hourly compensation upon successful completion of all on-the-job training requirements meets the state and local definition of self-sufficiency. *(As of this policy update, SWWDB defines self-sufficiency as "70 percent of the median hourly wage in the county where the worksite is located." The median hourly wage shall be calculated using most recent annual data available from the U.S. Department of Labor's Quarterly Census of Employment and Wages (QCEW). The employee's hourly compensation upon completion of the OJT requirements is considered to be the sum of the hourly wage and the dollar value of the employer's fringe-benefit package.)*
- Training is in an occupation where there is a reasonable expectation of continued and permanent employment upon completion of the training provided performance is satisfactory.
- Employee has the opportunity for upward mobility into a higher-paying job classification.
- Employer has the necessary equipment, materials, and supervision capabilities to provide training.
- Employer does not have workers adversely affected and/or displaced due to lay-off.
- Employer does not have a history of not retained OJT participants or have experienced other OJT related problems.
- Union concurrence should be established when appropriate.

An individual referred to the program by an employer (reverse referral) may be considered for OJT with the employer if the following conditions are met:

- The individual has not already been offered the job;
- The individual lacks the skills necessary for the job;
- Because of the lack of skills, the employer will only hire the individual under an OJT contract;
- The job is open to any qualified applicant; and



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- The individual has met eligibility requirements, shown need for training assistance suitable for an OJT arrangement, and has received an assessment, and for whom an individual employment plan has been developed.

SWWDB shall ensure that the agreement specifies the source of training and specifies that the payments are for the extraordinary training costs of the entity providing the training.

The Board directs the Chief Executive Officer (CEO) to implement this policy, and to develop and maintain procedures that will allow for the implementation of OJT training services in a manner that is practical, uniform and complies with applicable federal and state laws and regulations. Under the direction of the Chief Executive Officer, the Business Services Coordinator is operationally responsible for management and oversight of work-based training programs, including OJT placements. WIOA contracted service providers, as defined in this policy and in adherence to procedure E.330.1, shall present On-the-Job Training as one of the work-based training options available to clients. Service providers are to understand and follow SWWDB policies and procedures for OJT services. Failure to comply with SWWDB policies and procedures may result in costs being disallowed and/or termination of the contract.

References:            Workforce Innovation and Opportunity Act (WIOA) of 2014, Public Law 113-128  
                               WIOA Section 3(23)  
                               WIOA Section 3(44)  
                               WIOA Section 134(c)(H)  
                               WIOA Proposed rules at 20 CFR 680.700, 680.720, 680.730, and 683.270  
                               Department of Workforce Development, Division of Employment Training  
                               Administrator's Memo 10-07 dated May 10, 2010

Policy Adopted:    **September 10, 2008**

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