

MERCED COUNTY WORKFORCE DEVELOPMENT BOARD

1900 Airdrome Entry · Atwater, CA 95301 · (209) 724-2000 · Fax (209) 383-4039

POLICY BULLETIN

MCWDB PB # 13-21	Date of Release: June 08, 2021
To:	All Merced County Workforce Development Board Staff and Service Providers
From:	Erick Serrato, Merced County Workforce Development Board
Effective Date:	June 08, 2021
Subject:	On-The-Job-Training
Responsible Official:	MCWDB Program Manager

BACKGROUND

On-the-Job Training (OJT) is one of the allowable program activities authorized by Section 134(c)(3)(D) of the Workforce Innovation and Opportunity Act of 2014 (WIOA) and provides the most direct opportunity for unsubsidized employment for WIOA participants.

The intent of an OJT is to provide an opportunity for Adult, Dislocated Workers, and Youth who are WIOA eligible to receive the training necessary to acquire occupational skills that will enable them to attain unsubsidized employment, and successfully compete for job advancement.

Two unique features of an OJT are: (1) The participant begins training as an employee of the OJT contractor and is subject to the same conditions of employment and wage as other similarly employed individuals; and, (2) The OJT participant receives "Hands-on Training" under appropriate supervision.

An OJT assists employers in industry sectors approved by the Merced County Workforce Development Board (MCWDB) that have high demand, high skill, and high wage jobs. These industries are spelled out in the MCWDB's Occupations in Demand Policy.

An OJT allows the employer to hire and successfully train eligible WIOA participants without incurring the full cost of the training involved. Reimbursement funds are allocated to employers to offset a portion of the training costs.

EMPLOYER ELIGIBILITY

In general, employers are eligible to participate as OJT contractor if they have job openings in demand occupations per the MCWDB Occupations in Demand policy. Employers selected as OJT contractors must meet the following program guidelines:

- A. The employer is required to carry and provide Certificates of Insurance in minimum amounts as indicated below, prior to the commencement of any work under an OJT contract.
 1. Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 aggregate covering bodily injury, personal injury and property damage. The County of Merced (County) and its officers, employees and agents shall be endorsed to above policies as additional insured, using ISO form CG2026 or an alternate from that is at least as broad as form CG2026 as to any liability arising from the performance of the contract.
 2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage, or alternatively split limits of \$500,000 per person and \$1,000,000 per accident for bodily injury with \$250,000 per accident for property damage.

3. Workers Compensation: Statutory coverage, if and as required, according to the California Labor Code, including Employers' Liability limits of \$1,000,000 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the County.
- B. The employer must certify that the participants hired and trained under the OJT contract would not have been hired in the occupation specified in the absence of such a contract.
 - C. The employer must not be involved in a current labor dispute, and must not have a history of frequent layoffs.
 - D. The employer must not utilize an OJT contract to displace currently employed workers or to reduce the hours of those employed workers below their normal schedule.
 - E. An OJT contract cannot be written for a position in which a worker is currently on layoff or for a position that will deny a current worker promotional opportunities.
 - F. If the employer was previously involved in an OJT training program, prior performance will be reviewed to assist in determining contract approval.
 1. Specific criteria that will be used to determine approval is as follows:
 - a. The dates and contract numbers of the last two agreements (last two agreements will be listed on the Agreement);
 - b. Successful completion of OJT training and/or status of the participants' continued employment with employer; and
 - c. The average hourly wage of the last two OJT participants following training.
 2. When appropriate, as determined by the Service Provider, the employer may be requested to provide a narrative highlighting the retention rate of OJT participants compared to other similarly situated employees. For example, participants may have quit voluntarily, or may have been terminated for cause or due to unforeseeable changes in business conditions.
 3. The Service Provider will record this data and information and will determine which of the following conditions exists:
 - a. The employer has had positive/successful performance in previous OJT or other training programs.
 - b. The employer has not exhibited a pattern of providing participants with long-term employment and comparable wages, but there have been extenuating circumstances that do not disqualify the employer from OJT program eligibility;
 - c. The employer has exhibited a pattern of not providing participants with long-term employment and comparable wages and has been disqualified from OJT program participation for one year.
 - d. The employer has exhibited a pattern of not providing participants with long-term employment and comparable wages and has been disqualified from OJT program participation indefinitely.
 - G. The OJT must be conducted at the employer's business location and may not be subcontracted.
 - H. OJT contracts may not include employers who have relocated, either in whole or in part, if such relocation resulted in the loss of employment for any employee of the company at the original location. An establishment is considered to have relocated if any of its operations have moved from facilities located in one labor market area within the United States and its territories to a new or expanding facility in

another labor market. As a general rule, this restriction extends for a period of time equal to 120 days following the commencement of operations at the relocation site.

- I. This policy establishes a Pre-Award Survey process for all OJTs to verify eligibility criteria.
 1. This Pre-Award Survey may include contact between the Service Provider, and its counterpart in the labor market area from which the business moved to verify information obtained in the review. The contact will also enable the Service Provider to obtain additional and more subjective information with which to make a decision.
 2. The information provided on the Pre-Award Survey, and any information that may be obtained from conversations with representatives from the labor market area where the employer was originally located, must be evaluated by the Service Provider management team, and/or the MCWDB Director in order to make a judgment as to whether OJT contracts may be developed.
 3. As a general local rule, no more than 25 percent of an eligible relocated company's workforce may be enrolled in OJT at any one time during the first year of operation at the new location. The MCWDB Director may grant waivers to this policy where economic development circumstances exist, such as major plant expansions or start-ups.
 4. In circumstances where there is a sole proprietor, an OJT contract may be allowed if the employer can demonstrate that sufficient training and supervision will be afforded to the OJT participant.

OCCUPATIONAL QUALIFICATIONS

The following guidelines will determine occupations that are eligible for OJT:

- A. The occupation must not be seasonal, intermittent, or temporary;
- B. The occupation must not have commission as the primary source of reimbursement to the OJT participant;
- C. The occupation must not include political or religious activity;
- D. The occupation should have career advancement potential;
- E. The occupation must be one in which specific occupational training is a prerequisite for employment. The occupation must require at least four weeks of training to reach full productivity. Priority should be given to high skill occupations appropriate for clients who require long-term training;
- F. The occupation's wage will adhere to MCWDB's Self Sufficiency Policy;
- G. Occupations requiring a license/certification/credential are not allowed unless the OJT contractor certifies that it is the businesses' intention to continue employment and further occupational training for the OJT employee/trainee specified, until all requirements for an application for a license have been met; and,
- H. OJT training shall not be conducted at worksites where adequate provisions have not been made for the OJT participant's occupational safety and general health.

PARTICIPANT ELIGIBILITY

OJT is an occupational skills training made available to Adults, Dislocated Workers, and Youth who have been determined to be unable to obtain or retain employment through career services, have been determined by the Service Provider to be in need of an OJT to obtain full time and self-sufficiency, and are deemed to be able to successfully complete the OJT training. Participants must meet the WIOA eligibility requirements and have received the following:

- A. Objective Assessment (i.e. TABE, CASAS);
- B. Initial Assessment;
- C. Development of an Individual Employment Plan (IEP) for Adults and Dislocated Workers;
- D. Individual Service Strategy (ISS) for Youth; and,
- E. Case Management

PARTICIPANT ASSESSMENT

Service Provider will evaluate the participant's appropriateness for an OJT by determining if the client is OJT ready. Assessments tools such as CASAS, TABE, and WorkKeys may be used to measure academic skills and aptitudes to match to an occupation, but a participant's placement into an OJT position must not be based solely on the Assessment tool results. Participants are considered to be OJT ready if the following has been met:

- A. Identified an occupational area for which immediate employment is a realistic goal;
- B. Academic, interest, and aptitudes necessary in the specific occupation;
- C. A general knowledge of the expectations of the workplace (i.e., attendance, punctuality, adhering to workplace requirements, acceptable dress and grooming, performing job duties, accepting supervision, dealing with co-workers, and in general accepting responsibilities that are associated with employment);
- C. Resolved employment barriers such as transportation, childcare, housing, health, or other barriers that can prevent successful OJT participation; and,
- D. Negligible current or prior experience and/or education in the occupational area for which the OJT is being considered, and negligible current or prior experience and/or education in an occupation that is on the current MCDWB Occupations in Demand policy.
 - 1. A current participant resume must be uploaded to CalJOBS with the OJT agreement.

PARTICIPANT REFERRALS

The Service Provider will market the training programs to the business community, and develop job sites to refer WIOA eligible participants. Service Providers will ensure that all WIOA participants who meet the eligibility and assessment requirements are considered for all developed OJT openings, with current enrolled participants receiving priority for OJT placements.

A "reverse referral" occurs when a potential participant is referred to the Service Provider for eligibility and certification from an employer or other agency. No more than 50% of all OJT Placements shall be Reverse Referrals within the Program Year.

Either the participant or the business must be from Merced County.

CONTRACT DEVELOPMENT AND CREDENTIALING

- A. OJT contracts are developed by taking into consideration an assessment of the client's needs, interests, aptitudes, education, skills and previous work history. In instances where the client possesses previous work experience in the same or substantially similar job, the Service Provider will consider such information when determining the appropriate length of training time.
- B. OJT contracts are for the industries identified in the local Occupations in Demand policy.
- C. OJT contracts must be completed and signed before the OJT participant starts the OJT Training.

- D. The OJT contractor must assure that it will compensate the participant at a rate that adheres to the MCDWB Self-Sufficiency Policy and must also be comparable to the compensation rate for the employer's regular workers in the same occupation and possessing commensurate skills and experience. OJT participants must receive the same workers' compensation coverage and benefits package as regular employees of comparable tenure and experience employed in the same or similar position.
- E. OJT contracts shall have a maximum cost limit of \$8,000 and a reimbursement rate limit of 50% of wages earned. In no case will reimbursement exceed the total contract amount or the percentage of wages earned specified in the contract, whichever is less. Exceptions to this policy require the MCWDB Director's, or his/her designee's, approval.
- F. Upgrade OJTs are limited to a maximum of three months in length. Incumbent workers may be considered for upgrade OJTs provided they are earning less than the self-sufficiency wage as determined by MCDWB Self-Sufficiency Policy, and will be learning new skills or technologies, and will receive a pay increase commensurate with the new skills or technologies acquired and agreed upon by the employer and the Service Provider.

The OJT program is designed to ensure the participant becomes proficient in their new occupation. The completion of an OJT is based on the successful completion of employer-provided training as described in the training outline portion of the OJT Agreement. Worknet uses the Occupational Information Network (O*NET) as a recognized source to set standards for the training to be provided. The O*NET provides guidance in determining the skills necessary, the difficulty/technical level of the job, and the length of time needed to train.

The Service Provider will:

- A. Complete the identifying information by recording the name of the OJT participant, the OJT contractor and the job title for occupation for which training is being offered.
- B. Determine the O*NET occupational title and O*NET code for the occupation.
- C. Determine the Specific Vocational Preparation (SVP) level associated with the O*NET code.
- D. Refer to O*NET to determine the maximum number of training hours allowed for this SVP level. This number of hours represents the unadjusted training time permitted for the contract. It can be either the maximum allowed under the O*NET or the actual number of hours proposed by the OJT contractor/employer, provided that these latter hours do not exceed the maximum.

*(For example, a particular occupation may provide for a maximum of 640 hours under the O*NET, but the OJT contractor/employer specifies a total of 590 hours of training in the training outline. In this example, the 590 hours represents the unadjusted training time permitted. In another example, the maximum under the O*NET may be 640 hours, but the OJT contractor/employer specifies 720 hours on the training outline. In this case, the 640 hours represents the unadjusted training time permitted.) (Contract may not exceed \$8,000.00 unless approved by the MCWDB Director or his/her designee.)*

- E. Evaluate the OJT participant's previous work experience, education, and training background to reduce the unadjusted training hours based on the specific areas of prior skills and knowledge.
- F. In instances where the OJT participant has a disability that requires training time in excess of that required of an individual without such a disability, determine if additional hours are justified and will

contribute to the success of the OJT program. These additional hours are to be identified and supported by the IEP.

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O*NET/SVP APPROACH

<u>SVP LEVEL</u>	<u>MAXIMUM HOURS</u>	
1-2	Less than 200	1-1 ½ months
3	400	2 months
4	700	4 months
5	1000	6 months
6	1300	8 months
7	1600	10 months
8	1900	11 months
9	2080	12 months

Adjusting the Length of Training

While the SVP provides guidance in estimating the amount of time required to learn the skills, acquire knowledge and develop the ability to perform the job, it does not take into consideration training or education the client gained from prior employment or formal education.

PRIOR EXPERIENCE

For each one (1) month experience at same job, with a different employer.

For each three (3) months experience in a related job.

RELATED TRAINING/EDUCATION

For each one year (174 days) directly related secondary education, based on average class time of 55 minutes.

For each one-tenth (.1) directly related Continuing Education Unit (CEU) from accredited post secondary institution.

For each three (3) credits directly related college course.

ADJUSTMENT

Reduces SVP recommended training by 40 hours

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ADJUSTMENT

Reduce training by 159.5 hours

Reduce training by 1 hour

Reduce training by 30 hours

Shorter training periods are often established on the basis of the OJT Contractor's successful experience using shorter time periods, an OJT Contractor's estimate of necessary time, job descriptions that vary from the O*NET description, or a participant's prior experience that makes some of the training unnecessary.

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. Written justification for the agreed-upon training duration should be notated on the Training Plan.

A “Measurable Skills Gain” (MSG) will be fulfilled only for participants who have satisfactorily completed 90% of the Learning Objectives at or above competent in the training outline. The OJT Contractor will certify that the OJT participant has reached the stated goals by rating & signing the Completion & Certification of Skills Learned form and returning the form to the Service Provider. The rated & signed Completion & Certification of Skills Learned form signifies that the MSGs have been achieved. Training positions less than SVP 2 are not eligible for certification. Furthermore, training positions must require four (4) weeks and 200 hours of training as well as contain at least six (6) Skills/Learning Objectives. The completed form is retained and uploaded to CalJOBS by the Service Provider as verification for Core Performance Measures.

Amendments to the OJT Agreement can be made by utilizing the OJT Amendment form.

An OJT site visit is to be conducted prior to placement to satisfy Section 2 #14-15 of the Work Based Training Pre-Award Survey. Once the participant begins the OJT, the Service Provider will conduct work site visits at the two (2) week period, and monthly thereafter, with the employer and employee to check progress. Reviews may include questions regarding the general work environment. The two (2) week and monthly site visits will all utilize the OJT Site Visit Report Form and be documented in CalJOBS.

MAXIMUM WAGE CAP

A wage cap is an upper limit on the hourly wage rate that is eligible for reimbursement. A reimbursement rate, or reimbursement level, refers to the percentage of the OJT participant's hourly wage or wage cap that can be reimbursed to an employer. The wage cap is set at the average hourly wage rate for each state. The training reimbursement percentage is applied against the participant's wage rate unless the wage rate exceeds the state's average hourly rate. When the latter occurs, the training reimbursement percentage must be applied against the state's average hourly rate.

This limitation on the training reimbursement provides latitude in the type of occupations that can be targeted, while maximizing the number of OJT opportunities. OJT contracts may be entered with employers who elect to pay participants more than the state average wage; however, the employer cannot receive a training reimbursement beyond the percentage of the capped level.

The average hourly wage rate for each state is provided by the Bureau of Labor Statistics in the Quarterly Census of Employment and Wages. The following link contains the most up-to-date data:

<https://data.bls.gov/maps/cew/us>

The OJT employee should not be paid more simply because the state's average wage makes available a higher reimbursement threshold.

BILLING PROVISION

The Employer of Record will be reimbursed upon receipt of the employee's time card, pay stubs, and the signed OJT Invoice. Invoices received ninety (90) days after the expenditures have been incurred or thirty (30) days after the contract closes, whichever is earlier, will not be honored. Contractor will provide supportive documentation (i.e., timecards, check stubs, invoices). Original signatures are required for an OJT Contract, however, more routine business documents that require signatures may be faxed, or scanned and emailed (i.e., invoices and time cards).