



ON-THE-JOB TRAINING POLICY

EDD Revision Date: N/A

WDB Review Date: 7/26/07; 12/20/07; 4/28/11; 12/12/11; 9/18/14; 12/17/15; 2/29/16; 6/16/16; 7/28/16; 10/27/16; 12/15/16; 8/23/18

Purpose:

This document establishes the Workforce Development Board of Madera County's policy regarding the use of On-the-Job Training (OJT) agreements as an allowable local training activity pursuant to the Workforce Innovation and Opportunity Act.

References:

- Workforce Innovation and Opportunity Act (WIOA), Section 134
- Title 20 Code of Federal Regulations (CFR) Sections 680.700 – 680.730

Background:

The Workforce Innovation and Opportunity Act (WIOA) Section 134(c)(3)(D)(ii) specifically lists on-the-job training as an allowable local employment and training activity. Section 3(44) of the Workforce Innovation and Opportunity Act defines OJT as "training by an employer that is provided to a paid participant while engaged in productive work". Additionally, any OJT should provide knowledge or skills essential to the full and adequate performance of the job. The Act allows reimbursement to the employer of **up to a maximum of 50 percent** of the wage rate to offset the extraordinary costs of the provision of the training and additional supervision required during the course of the training. WIOA Section 134(c)(H)(ii) permits a Local Workforce Development Board to increase the reimbursement rate for OJT **up to 75%** when taking into account:

- the characteristics of the participant and whether they are an individual with barriers to employment;
- the size of the employer, with an emphasis on small business;
- the quality of the employer-provided training and advancement opportunities, including whether the OJT contract is for an in-demand occupation and will lead to an industry-recognized credential; and
- other factors that the Board may determine to be appropriate, which may include the number of individuals participating, the wage and benefit levels of the participants both during and following the completion of the OJT, and the relation of the training to the competitiveness of the participant.

OJT agreements will be 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 individual service strategy of the participant. Consistent with Workforce Innovation and Opportunity Act Section 194(4) and 20 CFR 680.700(b), OJT agreements using funds under the act shall not be provided to employers who have exhibited a pattern of failing to provide participants with continued long-term employment, including the provision of wages, working conditions and employment benefits consistent with other employees with similar tenure and duties.

Policy:

The Workforce Development Board of Madera County will utilize On-the-Job Training agreements, as an appropriate and allowable training activity, consistent with the definitions and requirements of the Workforce Innovation and Opportunity Act as outlined in the previous paragraphs. In addition, it is the policy of the Workforce Development Board of Madera County to provide OJT agreements for positions that are directly linked to employment opportunities in the local area (WIOA 134(d)(4)(A)(iii)), as determined by the Board's policy regarding occupations in demand, or by specific documentation from local employers or labor market information. OJT will only be provided for positions paying no less than \$0.50 above the current minimum hourly wage, and for employment providing no less than 32 hours of work per week. Reimbursement amounts to employers utilizing OJT will be based on straight time hours worked in training and will not exceed the maximum allowed under WIOA and/or Local Board policy, unless there is a current approved waiver of the cap from the U.S. Department of Labor or the terms and conditions of a special project or alternate funding source allow for a higher reimbursement rate. The ratio of OJT trainees to regular employees will typically not exceed 1:7 unless the total number of employees in the business is less than 7; ratios exceeding one trainee to seven regular employees must be approved by the Executive Director. All OJT agreements with employers of any size offering between \$0.50 and \$0.99 above the current minimum wage will be reimbursed at the standard 50% rate.

The Workforce Development Board of Madera County approves the use of higher reimbursement rates for certain sizes of small businesses in Madera County who are offering a starting wage of at least \$1.00 above the current minimum wage as outlined below:

- 1-20 employees reimbursed at 75%
- 21-35 employees reimbursed at 70%
- 36-50 employees reimbursed at 60%
- 51 or more employees reimbursed at 50%.

Reimbursement rates below 50% may be negotiated with businesses with more than 100 employees, or who are offering a starting wage more than \$5.00 above the current minimum wage.

Maximum training hours and total reimbursement for each OJT agreement will be negotiated individually based on the elements of training, skill and experience levels of the participant, the size of the business, and the hourly wage at entry into the position, as outlined above. The maximum allowable length for an OJT agreement will be 1,056 work/training hours. The

maximum allowable OJT hours are typically reserved for individuals who are being trained in a new industry or sector in which they have no previous experience. In no event will training through an OJT be provided for skills in which the individual has previous experience, unless it can be documented that the specific skill is unique to the specific employer (such as specialized software or unique equipment). Extensions to OJT agreements already in place will not be provided. Only one OJT opportunity will be provided to each individual customer.

Exceptions to this policy may be approved by the Executive Director on a case-by-case basis for specific training programs or employment opportunities with higher support costs/needs. Projects funded by special grants will follow any limits established by the specific grant, proposal, or project, and may exceed the limits established here, when necessary, allowable, and appropriate for successful participation in, or completion of, training or employment programs.

Action:

This policy is effective on the date of approval by the Workforce Development Board of Madera County and replaces the previous version approved by the Board on December 15, 2016. Retain this policy until further notice.

Inquiries:

If you have questions, please contact the Executive Director or designee at (559) 662-4500.