



On-The-Job Training Guide



The purpose of this Practices and Procedures Guide is:

1. To encourage an increase in the utilization of the On-the-Job Training (OJT) program, in the local workforce regions.
2. To provide Indiana's minimum standards for operating Federal and State-funded OJT programs.
3. To provide standards for consistent protocol and policies across workforce areas in the State of Indiana.



The Workforce Investment Act of 1998 (WIA) established a national workforce preparation and employment system to meet the needs of businesses, job seekers, and those who want to further their careers.

On-the-job training (OJT) is a vital program of the WIA through which funding is available to partially reimburse businesses for the extraordinary cost of training new workers or, in some cases, updating the skills of an existing workforce.



Section 101 (31) of the Workforce Investment Act defines OJT as:

“Training by an employer that is provided to a paid participant while engaged in productive work in a job that:

- Provides knowledge or skills essential to the full and adequate performance of the job;
- Provides reimbursement to the employer of up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing the training and additional supervision related to the training; and
- 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.”



- When organized and planned thoroughly, OJT is a proven and effective training strategy offering a win/win solution for both worker and employer.
- The employer is compensated for the extraordinary costs associated with training and, when the training is completed, has an employee trained to the organization's specific needs.
- Workers acquire general skills that can be transferred from job to job.
- The employer and employee gain valuable benefits that will allow both to support the economic viability of the company and the State.



Federal Guidelines:

- OJT participants must receive equal pay and benefits as other employees with equivalent job responsibilities and duties.
- The maximum reimbursement to employers is 50 percent of wages throughout the duration of training; this excludes fringe benefits.
- Reimbursement for overtime hours is not permitted.



- WIA funds may not be used as part of an attraction package, to entice or encourage a business to relocate from any location in the U.S.
 - ✓ If a relocation within the U.S. has occurred within the past 120 days that resulted in employee job losses at the previous location, the company must operate for at least 120 days in the new location prior to being eligible for OJT funds.
- OJT funds provided to employers cannot be used to directly or indirectly assist, promote or deter union organizing.



An OJT participant may not be employed or assigned to a job if:

- Another individual is currently on layoff from the same or equivalent job;
- The employer has terminated the employment of a current employee or caused an involuntary reduction in its workforce with the intent of filling the vacancy with an OJT participant; or
- The OJT position is created in a promotion line that infringes on the promotional opportunities of any current employee.



- OJT must be for in-demand occupations and for high-wage or high-demand occupations listed in the Indiana Economic Development Corporation's (IEDC) list of targeted economic sectors or regionally targeted sectors defined by the Local and Regional Workforce Investment Boards.
- The minimum pay rate for an OJT position is \$10 per hour or \$20,800 annually for WIA Adult/Dislocated worker or the federal minimum wage for Out-of-School Youth.*
- The maximum expenditure for an individual OJT is \$13,000 annually.*
- The maximum duration of an OJT is 6 months.*

*Waivers of these provisions may be considered by the IDWD Director of Policy.



- OJT cannot be provided at companies that have participated in the program within the last year and failed to provide all OJT participants with employment for at least six months following completion of training. This excludes participants that failed to complete training or were terminated for just cause.
- Companies that are disbarred from doing business within the State of Indiana cannot participate in an OJT.
- OJT is expected to result in long-term employment for program participants.
- All OJT job openings must be posted on the State's job matching system.



Employer Referral:

- An employer may refer an individual to the WorkOne for consideration as a participant in an OJT.
- The participant must be qualified as WIA eligible and assessed as in need of training.



Pre-Award survey:

Prior to entering into an OJT agreement, a pre-screening will be conducted to ensure the employer meets the minimum standards and can provide both training and long-term employment. The employer checklist includes but is not limited to:

- The previous filing of Worker Adjustment and Retraining Notification (WARN) notices.
- A pattern of failing to provide OJT trainees with long-term employment.
- Assurance that WIA funds will not be used to relocate operations in whole or part.
- Verification that the company has operated at its current location within the U.S. for at least 120 days. If less than 120 days, the relocation must not have resulted in employee job losses at the previous location.



After the pre-award process, the following documents and activities are required to effectively implement an OJT:

- Training Plan: A formal written plan describing the occupational skills training that will be provided to teach the employee skills and competencies necessary to successfully perform the job.
- Contract: At minimum, the contract must comply with the requirements of the WIA and State rules and regulations, including identifying the occupations, skills and competencies to be learned, and the length of time training will be provided.
- Monitoring: Must include documenting information received directly from the employee, capture the trainer's perspective about how the training is progressing, and a review of the employer's payroll records.



Training Plan:

When employer eligibility has been determined and OJT defined as the best training strategy, the WorkOne staff will:

- Screen and assess potential OJT candidates;
- Refer candidates to employer for interviewing and selection; and
- Develop the OJT training plan with the employer.

The training plan should include a detailed description of the job for which the participant is being trained, an outline of skills to be taught, a timeframe for program completion, and an indication of the evaluation process.

Federal regulations require OJT participants to be hired as regular employees by the first day of training.



Contract:

- The contract should provide a timeframe that is sufficient for the employee to learn the skills necessary to become proficient in the job for which the employee was hired.
- Following guidelines established by the SWIC, the OJT shall last no longer than six months; pay at least \$10 per hour or \$20,800 annually, and provide long-term employment.
- To ensure employee success and contract compliance, projects must be monitored at various points throughout the training.



Monitoring:

- At minimum, monitoring must include monthly check-ins at all worksites and one fully documented visit completed during the term of the contract. All visits must be documented in the State's electronic case management system.
- The purpose of the monitoring visits/check-ins is to ensure the employer is in full compliance with the contract specifications and the employee is making satisfactory progress.
- A final monitoring visit shall take place six months following the completion of the training project. This is to determine if the employee is in need of services to successfully retain employment.



OJT contracts may be funded through the following funding sources:

- State Energy Sector Partnership (SESP) Grant
- National Emergency Grant (NEG)
- WIA Rapid Response allocations
- WIA Annual Adult, Dislocated Workers or Youth allocations
- Trade Adjustment Assistance (TAA)



State Energy Sector Partnership (SESP) Grant:

The SESP grant is a competitive grant for 'green' jobs training in emerging industries including energy efficiency and renewable energy.

- Eligible participants are dislocated workers, other unemployed workers, and veterans.
- The grant focuses on providing OJT at jobs with green manufacturers that produce energy efficient products or components, or advanced drive-train vehicles.

Green manufacturers are entities that produce clean, energy efficient products and components. These companies engage in the production of products or components, in whole or part, meaning that either the organization or a specific subdivision is committed to the production of efficient products or components.

This grant expires January 2013.



National Emergency Grant:

The National Emergency Grant (NEG for OJT) is a one-time discretionary grant to expand the capacity of the workforce system to meet emergent occupational need.

The NEG OJT is not only intended to deliver OJT services for the unemployed, but also provide a method to jump-start re-employment.

Eligible participants are dislocated workers laid off on or after January 1, 2008 and who are unlikely to return to their previous employment.



- OJT contracts developed with NEG funds must follow federal and state laws and guidelines for implementation.
- Unlike the other funding sources, the U.S. DOL established a wage cap policy for NEG funds; in Indiana the maximum hourly reimbursement is \$9.23.
- Funding for this grant expires June 30, 2012.



Rapid Response Allocation:

In 2010, Rapid Response funds were made available to provide OJT to eligible workers. The purpose of this allocation was twofold:

1. To help energize the economy by easing the financial burden of employers looking to hire new employees, off-setting a portion of the exorbitant costs of training a new employee; and
2. To improve the opportunities of dislocated workers through rapid reemployment and allowing them to “earn while they learn.”

The Workforce Investment Act limits the use of Rapid Response funds to eligible dislocated workers. However, in very limited cases, Rapid Response funds may be used to provide OJT for incumbent workers.



WIA Annual Adult, Dislocated Worker, and Youth Allocations:

- Local and Regional Workforce Investment Boards can utilize a portion of their annual allocations to provide OJT to eligible participants.
- Eligibility guidelines for Adult and Dislocated Workers are identical to those in the WIA and State policy.
- The WIA Regulations indicate that OJT is not an appropriate work experience activity for youth participants under age 18.
- Youth aged 18 and older may be enrolled in an OJT. The training must be “based on the needs of the youth” as identified in an objective assessment that includes a review of academic and occupational skills levels and the service needs of the youth, and as written in their individual service strategy.



Trade Adjustment Assistance (TAA) Act:

Under TAA rules and regulations OJT is an allowable activity. It follows the same procedural guideline as all TAA training services.

The Department of Workforce Development dislocated workers unit will be issuing further guidance in the near future.

Which OJT is Appropriate?



Participant Questions

		SESP	NEG	Rapid Response	WIA Dislocated Worker	WIA Adult	WIA Youth
	There are multiple funding streams for OJT. The one to use should be based on participant eligibility and grant requirements.						
1	Is the participant an eligible dislocated worker?						
	YES	✓	✓	✓	✓		
	NO					✓	✓
2	Was the participant dislocated on or after January 2, 2008?						
	YES	✓	✓	✓	✓		
	NO					✓	✓
3	Is the participant an incumbent worker? Are job losses being averted?						
	YES			✓		✓	✓
	NO	✓	✓		✓		
4	Does the the participant need to learn new skills for the desired position?						
	YES	✓	✓	✓	✓	✓	✓
	NO						
5	Is the participant an eligible unemployed adult?						
	YES	✓	✓	✓		✓	
	NO				✓		✓
6	Is the participant an eligible unemployed youth?						
	YES						✓
	NO	✓	✓	✓	✓	✓	



Company Questions

		SESP	NEG	Rapid Response	WIA Dislocated Worker	WIA Adult	WIA Youth
	There are multiple funding streams for OJT. The one to use should be based on company eligibility and grant requirements.						
1	If the company currently has workers on layoff for the same or similar job, is it eligible for OJT?						
	YES NO	✓	✓	✓	✓	✓	✓
2	If the company used OJT in the past year and failed to provide workers with long-term employment, is it eligible for OJT?						
	YES NO	✓	✓	✓	✓	✓	✓
3	Is the company debarred from doing business in Indiana?						
	YES NO	✓	✓	✓	✓	✓	✓
4	If the company relocated from another location and laid off workers in the same or similar type of job at the previous location within the last 120 days, is it eligible for OJT?						
	YES NO	✓	✓	✓	✓	✓	✓
5	Is the company a public employer?						
	YES NO	✓	✓	✓	✓	✓	✓
6	Does the company manufacture energy efficient products or components or advanced drive train vehicles?						
	YES NO	✓	✓	✓	✓	✓	✓
7	Will the OJT worker be employed at a casino, swimming pool or golf course?						
	YES NO	✓	✓	✓	✓	✓	✓



Incumbent worker On-the Job training funds are extremely limited.



In the rare case that an OJT is authorized, the two potential funding streams are:

1. Local WIA Adult funds made available by the local WIB or RWB for a worker who is:
 - Not earning a “self-sufficient” wage; and
 - Learning new technologies or processes.

2. Rapid Response Funds:
 - Can only be used to avert layoffs; and
 - Cannot be used to generally improve a company’s competitiveness by introducing a new product, line, or process.

For more information, see DWD Policy 2009-07



OJT is an effective training tool when well planned and implemented appropriately.

Indiana is investing in OJT as a training strategy to support the long-term employability of its workforce.

For more information about OJT and OJT contracts, review the following resources:

- Training and Employment Guide Letter (TEGL) 4-10 entitled, “On-the-Job Training National Emergency Grant funded by The American Recovery and Reinvestment Act of 2009”
- DWD Policy 2009-07, the Indiana Department of Workforce Development’s policy on OJT.

References:



- The American Recovery and Reinvestment Act of 2009 (P.L. 111-5) (ARRA)
- The Workforce Investment Act (WIA)
- <http://www.doleta.gov/programs/wprs.cfm>
- http://www.doleta.gov/layoff/Job_Training.cfm
- www.clasp.org/admin/site/document/files/CSF-WIA-Adult-and-Dislocated-worker.pdf
- DWD Policy 2009-07: http://www.in.gov/dwd/files/DWD_Policy_2009-07.pdf.

Contact Information:



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