

Mass Workforce Issuance

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☒ Policy ☐ Information

To: Chief Elected Officials
Workforce Development Board Chairs
Workforce Development Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Operations Managers

cc: WIOA State Partners

From: Alice Sweeney, Director
Department of Career Services

Date: July 6, 2017

Subject: **On-the-Job Training (OJT)**

Purpose: To provide guidance to Local Workforce Development Boards, One-Stop Career Center Operators and other local workforce partners regarding development and implementation of local On-the-Job Training (OJT) policies.

This revision addresses local flexibility for allowable reimbursement rate under the Workforce Innovation and Opportunity Act (WIOA).

Background: On-the-Job Training (OJT) is defined in WIOA sec. 3(44) as:

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

- (A) *Provides knowledge or skills essential to the full and adequate performance of the job;*
- (B) *Is made available through a program that provides reimbursement to the employer of up to 50 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*
- (C) *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.*

Policy:

On-the-Job Training Requirements

OJT is provided under a contract with an employer or a registered apprenticeship program sponsor in the public, private non-profit or private sector. Through the OJT contract, occupational training is provided for the WIOA participant in exchange for the reimbursement, typically up to 50 percent of the wage rate of the participant for the extraordinary costs associated with providing the training and supervision related to the training.

OJT contracts under WIOA Title I must not be entered into with an employer who has received payments under previous contracts under WIOA or WIA if the employer has exhibited a pattern of failing to provide OJT participants with continued long-term employment as regular employees with wages and employment benefits (including health 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.

An OJT contract must be limited to the period of time required for a participant to become proficient in the occupation for which the training is being provided. In determining the appropriate length of the contract, consideration should be given to the skill requirements of the occupation, the academic and occupational skill level of the participant, prior work experience and the participant's individual employment plan.

On-the Job Training Contracts for Employed Workers (§680.710)

OJT contracts may be written for eligible employed workers when:

- (a) The employee is not earning a self-sufficient wage or wages comparable to or higher than wages from previous employment, as determined by Local WDB policy;
- (b) The requirements in §680.700 are met; and
- (c) 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 the Local WDB.

On-the-Job Training Payments to Employers (§680.720)

- (a) 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.
- (b) Employers may be reimbursed up to 50 percent of the wage rate of an OJT participant, and up to 75 percent using the criteria in §680.730, for the

extraordinary costs of providing the training and additional supervision related to the OJT,

- (c) Employers are not required to document such extraordinary costs.

On-the-Job Training Wage Reimbursement Rate (§680.730)

- (a) The Governor may increase the reimbursement rate for OJT contracts funded through the statewide employment and training activities described in §682.210 of this chapter up to 75 percent, and the Local WDB also may increase the reimbursement rate for OJT contracts described in §680.320(a)(1) up to 75 percent, when taking into account the following factors:
 - (1) The characteristics of the participants whether they are “individuals with barriers to employment,” as defined in WIOA sec. 3(24);
 - a. Displaced homemakers;
 - b. Low-income individuals;
 - c. Indians, Alaska Natives, and Native Hawaiians;
 - d. Individuals with disabilities;
 - e. Older individuals (i.e. those 55 or over);
 - f. Ex-offenders;
 - g. Homeless individuals;
 - h. Youth in or have aged out of the foster care system;
 - i. Individuals who are English language learners, low levels of literacy, and those facing substantial cultural barriers;
 - j. Eligible migrant and seasonal farmworkers (WIOA sec. 167(i));
 - k. Individuals within 2 years of exhausting lifetime eligibility under TANF;
 - l. Single-parents (including single pregnant women);
 - m. Long-term unemployed individuals;
 - n. Other groups determined by the Governor to have barriers to employment.
 - (2) The size of the employer, with an emphasis on small businesses;
 - (3) 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
 - (4) Other factors the Governor or Local WDB may determine to be appropriate, which may include 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.
- (b) Governors or Local WDBs must document the factors used when deciding to increase the wage reimbursement levels above 50 percent up to 75 percent.

Local Boards that elect to increase the wage reimbursement levels above 50% or up to 75% must document the factors used and the process to determine the reimbursement rate in local policy.

Average Hourly Wage Rate

Employers are required to compensate OJT participants at the same rates as trainees or employees who are situated in similar occupations by the same employer and who have comparable training, experience, and skills (WIOA Sec. 181(a)(1)(A)). 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 current Average Hourly Wage Rate for Massachusetts is \$29.25.** This number changes and should always be verified for the most current wage rate for Massachusetts via: https://www.bls.gov/oes/current/oes_ma.htm.

On-the-Job Training to Support Registered Apprenticeship (§680.740)

- (a) OJT contracts may be entered into with registered apprenticeship program sponsors or participating employers in registered apprenticeship programs for the OJT portion of the registered apprenticeship program consistent with §680.700. Depending on the length of the registered apprenticeship and State and local OJT policies, these funds may cover some or all of the registered apprenticeship training.
- (b) If the apprentice is unemployed at the time of participation, the OJT must be conducted as described in §680.710.

OJT Combined w/Individual Training Account Funds (§680.750)

There is no Federal prohibition on using both ITA and OJT funds when placing participants into a registered apprenticeship program. See §680.330 on using ITAs to support participation in registered apprenticeship.

Documentation must demonstrate the clear and distinct use of each fund source as well as non-duplication and progression of learning and skills development.

Action

Required: Local Boards are to develop local On-the-Job Training policies commensurate with the information contained herein.

Local Boards that elect to increase the wage reimbursement levels above 50% or up to 75% must document, in local policy, the factors used and the process to determine the reimbursement rate.

Please ensure appropriate staff, managers and business partners are aware of wage caps, allowable reimbursement, and the OJT criteria when negotiating OJT contracts.

Effective: Immediately

Inquiries: Please email all inquiries to PolicyQA@MassMail.State.MA.US. Please include the policy number and description.

References: Workforce Innovation and Opportunity Act (WIOA) Sec. 3(44)
Workforce Innovation and Opportunity Act (WIOA) Sec. 134(c)(3)(H)
Workforce Innovation and Opportunity Act (WIOA) Sec. 181
20 CFR 680.320(b)
20 CFR 680.720 – 680.730

Attachments: A: OJT Procedural Guidance
B: Sample Employer Eligibility Checklist
C: Sample OJT Skill Gap Form
D: Sample OJT Contract
E: Sample OJT Justification Form
F: Sample Employer Invoice Monthly
G: Sample OJT Monthly Progress Report
H: Sample OJT Local Monitoring Report
I: Sample MA Certificate of Good Standing