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PPEP, Inc.

On-the-Job Training Policies & Procedures Manual

Policies and Procedures designed for clarification of details surrounding the One-the-Job Training Program operated by PPEP, Inc., utilizing US Department of Labor funds, in conjunction with local WIB and One-Stop partners.

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PPEP, Inc. On-the-Job Training (OJT) Policy and Procedures Manual

I. The Purpose of this Manual is to:

- Encourage an increase in the utilization of on-the-job-training (OJT). OJT is a strategy that has a proven track record of helping unemployed workers gain new skills to find and retain employment.
- Provide minimum standards and suggestions for operating federally funded OJT.
- Encourage consistent protocol and processes across workforce areas for outreach and building effective OJTs.

II. Overview of OJT

OJT is one strategy for individuals to receive training funded through the Workforce Investment Act (WIA). The term "on-the-job training" means 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 for the costs associated with training the OJT trainee, which are usually calculated up to half the pay rate for the agreed-upon training period; 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.¹

OJT is an excellent vehicle for individuals to build their skills and re-establish themselves in new fields. It provides incentive for employers to invest in employee skill development. It is also a good option for job seekers who:

- Need to earn a wage while learning an occupational skill;
- Are uncomfortable in a classroom setting or options for classroom training are limited;
- Prefer to learn by doing and can learn the skills necessary for the occupation more thoroughly on the job or require a skill upgrade that can only be obtained on the job;
- Need supervision as they learn specific skills for an occupation; and/or
- Have barriers to employment that may be overcome by offering this incentive to hire.

¹ WIA section 101 (31)(C) and 20 CFR 663.700(c).

Employers providing an OJT can receive reimbursement for a portion of the hourly pay rate – typically up to 50% -- which is considered payment for extraordinary costs to the employer associated with training a new employee. An agreement with the employer specifies the duration of training, as well as the skills and competencies to be acquired by the participant. The need for an OJT and what skills need to be learned by the trainee will be identified and documented on the WIA participant's Individual Employment Plan (IEP). The length of the training period depends on the complexity of the job, as well as the participant's skills and prior work experience. OJT provides an incentive to employers to hire individuals and invest in their skill development, and trainees can earn as they learn.

III. OJT Policies - General

Establishing OJT policies is critical for consistency and institutionalizing practices that PPEP wants to deliver. Further, it provides staff a reference for managing the OJT system. Those OJT policies that are formed according to federal regulations and local direction include:

- **Required Documents:** Each new employer will be asked to complete an "OJT Pre-Contract Checklist" to assure that the company has no issues that would disallow for a contract to be developed under WIA Regulations. Each employer will have a contract for each trainee and that document must be signed by all parties prior to the trainee's start date.
- **Limits on the amount of funds per individual** - local areas have set limits similar to those for classroom training and allow individuals to combine classroom training and OJT within a given funding amount; PPEP will adhere to the local guidelines.
- **Types of OJTs** –OJTs generally are for upgrading skills and achieving self-sufficiency and may include taking classroom and OJT training simultaneously. OJT slots will only be solicited for those positions, which are full-time and will afford the participants a meaningful skill development and living wage level. Only those slots paying at least the current minimum hourly wage will be allowed, but are preferred to pay no less than \$10.00 per hour in order to meet WIA Common Measures and Tucson's Self-Sufficiency Wage.
- **Wages:** Wages are monies paid to the workers for services performed and do not include tips, commissions, etc. Under no circumstances will any OJT slot be developed for a wage based on commission, or piecework. OJT contracts will not be written for positions whose primary duties are mixing and/or serving alcoholic beverages.
- **Duration of an OJT training plan:** The length of time for each OJT should not exceed that period of time generally required for a person to obtain the necessary skills. The Specified Vocational Preparation (S.V.P.) codes, listed on ONET, give an indication of how long a period of training may be required. No OJT contract will be written for anything longer than a moderate-term OJT.
- **Additional items for reimbursement** - in addition to the cost of training, generally calculated at a portion of the hourly wage, local area programs will reimburse the employer or the individual, separately from the OJT contract, for the cost of such

supportive services items as uniforms, tools, licensing fees, or additional coursework related to the training occupation.

- **Allowable costs** – PPEP, Inc. adheres to federal cost principles and utilizes guidelines issued by the OMB, particularly OMB Circular A-122, *Cost Principles for Non-Profits*.
- **Reimbursement terms** – OJT Provider shall reimburse Employer on a monthly basis, upon submission of a properly completed invoice for wages paid in the previous month. Invoices are to be prepared from payroll records, showing wages paid, but excluding payments such as vacation, holiday or sick leave. While trainee may work overtime, reimbursements will only be made for regular working hours, less shift differential. Copies of payroll records reflecting wages paid to the trainee shall be submitted with each invoice. In no event shall total payments exceed the Agreement amount.
- **Employer Responsibilities:** The Employer will complete a W-9 Form and submit it with the first request for reimbursement. Employer agrees to maintain adequate time and attendance, payroll, and other records to support amounts reimbursed under the OJT contract. Employer agrees that records which are directly related to the OJT contract are subject to review, monitoring, and audit by the OJT Provider, the State and/or the federal government, at any time and without prior notice to the employer. Employer shall preserve all OJT Employee payroll records, fringe benefits and personnel records. Employer shall provide adequate insurance coverage to include workers compensation and to protect against legal liability arising out of OJT activity.
- **Preferences in training occupations** – Local WIBS may establish lists of Demand Occupations in High Growth Industries and PPEP will utilize such lists to determine where trainees should be placed.

IV. OJT Outreach

OJT training can be marketed, directly or indirectly, to both employers and job seekers. Information about OJT should be integrated into the Business Services function and the Job Seeker Services function and should focus on jobs in high-growth sectors or occupations. Integrating OJT outreach into the Business Services minimizes the chance of multiple staff contacting one employer. Outreach includes, but is not limited to: face-to-face contacts, mail outs (introductory letters, notes of appreciation, newsletters), involvement with the Chamber of Commerce, press releases, networking with other agencies, and speaking to civic organizations.

Sample outreach strategies include:

- Researching companies thoroughly before contact and note previous labor needs.
- Working with nearby agencies to target high growth industries for regional outreach.
- Educating employers about how OJT training can enhance their business, cut waste, help train employees, reduce turnover and increase profits.
- Educating job seekers about how to sell OJT training to potential employers.
- Projecting company savings by utilizing OJT.
- Ensuring employer generated required paperwork is minimal.

- Encouraging the job seeker use an introductory letter from the OJT provider when interacting with employers as part of the job search

V. Employer Pre-Screening for OJT

OJT is provided under an agreement with an employer in the public, private non-profit, or private sector. Prior to entering into an OJT agreement, a pre-screening will be conducted to ensure that the employer meets the minimum standards and can provide both training and long-term employment to an OJT trainee. Employer checklists may include (at a minimum):

- Worker Adjustment and Retraining Notification Act (WARN) notices have previously been filed.
- The company has not exhibited a pattern of failing to provide OJT trainees with continued long-term employment.
- Company verifies WIA funds will **not** be used to relocate operations in whole or in part.
- Company has operated at current location for at least 120 days. If less than 120 days and the business relocated from another area in the U.S and individual(s), employees were not laid off at the previous location as a result of the relocation.
- Company commits to providing long-term employment for successful OJT trainees.
- If the company has a collective bargaining agreement, the OJT contract does not impair existing contracts for services or collective bargaining agreements. If, as a program authorized under title I of WIA, the OJT would be inconsistent with a collective bargaining agreement, the program obtains written concurrence from the appropriate labor organization and employer before the OJT activity begins.²
- OJT funds will not be used to directly or indirectly assist, promote or deter union organizing.
- The OJT will not result in the full or partial displacement of employed workers.
- Trainee wages to be paid are at least equal to:
 - ✓ The federal, state or local minimum wage (Fair Labor Standards Act).
 - ✓ Other employees in the same occupation with similar experience.
- Trainees will be provided the same workers' compensation, health insurance, unemployment insurance, retirement benefits, etc. as regular, non-OJT employees.
- The employer will comply with the non-discrimination and equal opportunity provisions of WIA and its regulations.

VI. OJT Trainee Requirements

Proper program eligibility is required for each funding source, i.e. WIA formula, low income, state set-aside, National Emergency Grants (NEG) (dislocated worker), American Recovery and Reinvestment Act (ARRA), NFJP, CAP recipients, or Trade Act eligible, and must be completed prior to a referral to an OJT. Only those individuals who meet the eligibility requirements for intensive services, who have received an assessment and for whom an Individual Employment Plan (IEP) has been developed, may be considered for OJT, as well as any type of training under WIA. WIA Older and/or Out-of-School Youth may be considered for OJTs. Working participants

² 20 CFR 667.270(b)

are only considered appropriate for OJTs, if they are eligible under an Incumbent Worker grant and are still active in the program (i.e. not in follow-up).

Once businesses start working with the OJT Program, they are encouraged to continue to work with the program for future employee needs, as long as they continue to meet the federal requirements on the Pre-Award Checklist. Hiring Managers, who have already interviewed and chosen potential trainees, are often in a hurry to get them onboard, so it's necessary to process these applicants as quickly as possible. These participants represent immediate placements and generate EER Rates well above the programs' goals. However, an individual referred to a One Stop Career Center by an employer may be considered for OJT with that employer only **after** the individual has met eligibility requirements. Once eligibility is completed and if the applicant is found to be eligible, the potential trainee should be "fast-tracked" to their first meeting with a PPEP WDS for an IEP development meeting for an assessment and the development of an IEP indicating that an OJT is appropriate. All trainees being referred from repeat business partners will be case managed by a PPEP WDS.

Regardless of the funding stream or referral source, 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 IEP. Once the preliminary IEP information has been gathered and the assessment process is completed, the following considerations should be addressed:

- Does the participant need to learn skills for the desired position, or have those skills already been acquired?
- Does the participant have a need for training?
- What is the best way for the individual to obtain the skills needed (i.e., OJT or occupational skills training)?
- Is the participant likely to succeed in training?
- Can the position be obtained at this company without OJT training? If a need for OJT cannot be documented, a direct placement or referral to other services should be considered. If a need for OJT has been determined and recorded on the IEP, a referral may be made to the PPEP OJT Coordinator, using a "PPEP OJT Referral Form". The PPEP OJT Coordinator will then meet with the participant, match him/her to current OJT job openings and refer him/her to appropriate employers.

Factors used to select OJT may include the participant's need for occupational training, job readiness, and match of open position to the participant's needs, interests, employment objectives, and capability of the participant to complete the training. The IEP documentation of a participant's appropriateness for OJT is required prior to employer selection. In summary, it is the local area's responsibility not only to ensure the *eligibility* of the participant/trainee, but also to assure the individual's *suitability* for an OJT.

VII. Required Documents

To encourage the use of OJT by employers and job seekers, it is critical that the OJT providers keep paperwork to a minimum. However, there are several documents required to effectively implement an OJT including OJT contracts, training plans, invoicing and monitoring documentation. Please note that OJT is considered a program cost under WIA and should be reported as such on financial reports.

A. ***OJT CONTRACT MINIMUM REQUIREMENTS***

After a “Pre-Award Checklist” has been completed and it has been determined that the particular employer meets all federal requirements, an employer orientation must be conducted. The OJT Coordinator will meet with each employer and/or employer representative to discuss the contract provisions and training plans. The contract process sets the ground-rules for OJT with an employer and ensures there is a legally binding agreement between the employer and the OJT provider. Contracts are the terms and conditions that the employer and OJT provider agree to provide for an OJT experience.

At a minimum, an OJT contract must comply with the requirements of WIA rules and regulations including identifying the occupation, skills and competencies to be learned, and the length of time the training will be provided.³

B. ***TRAINING PLANS (PPEP only)***

After determination of the occupation in which the participant will be trained, an OJT training plan must be developed. This plan will be a formal and written program of the structured job training that will provide participants with an orderly combination of instruction in work maturity skills, general employment competencies and occupationally specific skills that will enable the participant to work toward self-sufficiency. PPEP uses O*NET and/or a company job description as a basis to begin listing skills or tasks. The Training Plan must include:

- Trainee information - name and contact information of participant and Social Security Number;
- Employer information – name and contact information;
- OJT information – start and end dates, wage rate, and reimbursement rates;
- Occupational information – job title and description, O*NET code, and number of hours per week;
- Job skills – skills necessary to perform the job and the trainee’s skill level for each of these skills;
- Training information - list of specific skills or tasks the employer agrees to provide to the participant, estimated training hours for each skill, and acknowledgement of skill obtained;
- Signatures - of trainee and date, of employer and date, and of OJT provider and date.

³ 20 CFR Sec. 663.700(c)

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, level of difficulty, and the participant's IEP⁴. The level of difficulty is determined from an assessment of the job description.

The training plan becomes the work statement of the contract and followed as a guide when delivering training. The training plan is also useful for determining whether the services contracted for are delivered. Once skills have been identified and a method for measuring them has been established, trainee progress can be determined.

C. INVOICING

Payments to employers for OJT shall be in compliance with WIA program guidelines. Payments to employers are in compensation for the "extraordinary costs" associated with training participants.⁵ Employers are not required to document these extraordinary costs. Extraordinary costs associated with training of participants are usually understood to mean:

- More intense supervision;
- Above average material waste;
- Abnormal wear on tools;
- Down time; and
- Lower rates of production.

The participant must receive wages and fringe benefits equal to those similarly employed by the employer. The reimbursement is not a wage subsidy. It is expected that the participant will continue working after the payments to the employer end. It is also expected that the participant will continue to receive compensation and benefits commensurate with the job performance.

Payments made to employers by PPEP are managed by an invoice system that clearly documents the number of hours worked each day by the participant and rate of pay for the time period. Invoices must be signed by both the participant and the employer or only by the employer if accompanying documentation (timesheets/time-cards) is signed by the participant and reconciled to the invoice. Payments to employers are based on the contract solely, if there are scheduled raises and regular pay increases during the OJT period, they will need to be negotiated prior to any payment disbursement for those increases or raises.

D. MODIFICATIONS

The employer should contact the PPEP OJT Coordinator when and if problems affecting the trainee's progress are noted. The OJT Coordinator also collects monthly Invoices and Progress Reports and check to assure that sufficient progress is being made. He/she

⁴ WIA sec. 101(31)(CC)

⁵ WIA sec. 101(31)(B)

will act as the trainee's coach and mentor, while they are engaged in the training activity, assuring that communications between the trainee and his/her supervisor remain open and that misunderstandings, should they occur, be discussed, as soon as possible. The PPEP OJT Coordinator will alert the WDS to any required supportive services requests, while the WIA customer is in training.

If, during the course of the contract, it is determined that for some legitimate reason the contract cannot be completed effectively within the given time frame, a modification to the contract may be developed. That modification must be agreed upon and signed by all parties involved and must be approved by PPEP's State Director of Operations.

Every effort should be made to assure that the trainee retains the position during the contract. If that is impossible, despite everyone's best efforts, the participant may need to be removed from the trainer's organization and a replacement trainee found for the employer. The WIA participant would then meet with the Workforce Development Specialist to revise his/her IEP and decide what plan of action they might pursue.

E. MONITORING

Monitoring of PPEP's OJT program is the responsibility of both the state and the local area. Monitoring by PPEP includes oversight of the participant training and corresponding employer payroll records. To ensure validity and propriety of the reimbursement amounts claimed, and that the training for which the contract is written is actually delivered, monitoring of OJT employers is required. Each month, PPEP's State Director of Operations reviews each invoice received, to assure that proper back-up documentation has been provided, and processes it for reimbursement. The Invoice, itself, includes an evaluation, completed by the supervisor, of the participant's progress on occupations skills to be learned, as well as soft skills. PPEP maintains the right to refuse final payment until all necessary documentation has been received.

On-site monitoring of the OJT may also occur and must include documenting information received directly from the trainees, information that captures the trainee supervisor's perspective about how the training is progressing, and includes a review of the employer's payroll records.

F. CERTIFICATES OF COMPLETION

Once the contract ends and the customer is employed by the OJT employer in an unsubsidized position, the PPEP OJT Coordinator will provide the placement information to the appropriate Workforce Development Specialist and supply a certificate of completion, based upon the skills acquired, for the trainee's file