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**Capital Area Michigan Works! (CAMW!)
Policy Issuance (PI): 06-00, Change 5**

Date: January 29, 2016

To: Capital Area Michigan Works! Contractors

Subject: On-The-Job Training (OJT) Policy

Programs

Affected: Workforce Innovation and Opportunity Act (WIOA); Partnership. Accountability. Training. Hope (PATH); Food Assistance Employment & Training (FAE&T); Capital Area Prisoner Re-Entry (CAPR)

Rescissions: None

Background: Capital Area Michigan Works! has guidelines that govern the creation and execution of an OJT contract.

Policy: On-the-Job Training is defined as training by an employer that is provided to a paid participant while engaged in productive work in a job that:

- (1) Provides knowledge or skills essential to the full and adequate performance of the job;
- (2) Provides reimbursement to the employer of up to a percentage of the wage rate of the participant for the extraordinary costs of providing the training and additional supervision related to the training; and

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- (3) 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.

OJT contracts may be written for eligible employed workers when:

- (1) The employee will obtain a substantial increase in wages which will enable the contractor to meet/exceed the performance measure associated with wages.
- (2) The aforementioned requirements are met; and
- (3) 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;
- (4) The OJT aligns with being in a demand-driven occupation in alignment with the locally approved demand-driven occupation list.

OJT training payments to employers are deemed to be compensation for the extraordinary costs associated with training participants and the costs associated with the lower productivity of the participants. Employers may be reimbursed up to 50% of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT. Employers are not required to document such extraordinary costs.

CAMW! OJT Requirements:

- No participant shall be trained under an OJT subcontract with an ending salary that will not enable a contractor to meet at 100% or exceed at 100+% the performance measure associated with wages.**
- No OJT subcontract, including upgrading and extensions, may be written for more than \$3,000 or more than six months without prior written approval by the Chief Executive Officer or applicable designee.**
- Only full-time employment (30+ hours per week) is allowed.
- All OJT Slots must be additions to the employer's workforce that would otherwise not be financed by the employer without financial assistance under WIOA (maintenance of effort).
- Employers may receive payment only for extraordinary training costs. Payment to employers for extraordinary training costs cannot exceed 50 percent of participant wages. Extraordinary costs are defined as the difference between costs of training and the

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productivity associated with employing WIOA participants to costs associated with others similarly employed.

- Use the CAMW! approved OJT Training Agreement.
- Obtain a written evaluation of participant performance monthly.
- Monitor the worksite monthly and complete the CAMW! Worksite Monitoring Report.
- The need for OJT training will be documented based on assessment and IEP or ISS.
- Provide specific job training through the tri-county area employers.
- Ensure adequate supervision of participants during training. The IEP must explain training length determination.
- Review each participant's progress through their training at least once every 30 days. The written evaluation or evidence that training was completed (credential) will be included in the participant's file.
- No participant in on-the-job training shall be placed in or remain working in any position if any person in the same or substantially equivalent position is on layoff.
- OJT subcontracts shall be executed only for positions that are full-time, non-temporary classifications, unless prior written approval is given by CAMW!'s CEO or applicable designee.
- A participant should be placed in an OJT Training position only if there is a reasonable expectation of continuing employment in the occupation, in which he/she is being trained.
- No participant shall be placed in an occupation that is not sufficiently skilled to normally require a training period of at least six weeks.
- No participant may be placed in an OJT subcontract in an occupation that does not meet the prevailing standards with respect to wages, hours and conditions of employment.
- Occupations/Employers under which individuals may not be placed under OJT subcontracts include, but are not limited to the following:
 - a. Occupations depending on commission as the primary income source;
 - b. Occupations dependent on tips or gratuities as the primary income source;
 - c. Employers prohibited by WIOA regulations (golf courses, swimming pools, zoos, gaming establishments, etc.)
- No participant may be placed in an OJT subcontract with a firm or in an industry that is in violation of local, state or federal labor laws.
- No participant may be placed in an OJT subcontract with a firm that is experiencing abnormal labor conditions such as a strike, lockout or other similar condition.
- All participants placed under OJT subcontracts shall be subject to the same working conditions as all other employees in similar positions with the respective employer.
- All participants under OJT subcontracts must be employees with the respective employer. OJT subcontracts are not allowed where the participant is a subcontractor of the employer and not an employee.
- Participants under WIOA OJT subcontracts shall comprise no more than 25% of the employer's employees.

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- ❑ No participant shall be employed or job opening filled when the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy so created by hiring a participant whose wages are subsidized under this Act or training paid for under an OJT subcontract.
- ❑ No funds may be used to assist in relocating establishments, or parts thereof, from one area to another unless such relocation will not result in an increase in unemployment in the area of original location or in any other area.
- ❑ The program operator shall request written concurrence from the appropriate bargaining agent where a collective bargaining agreement exists with the participating employer covering occupations in which the OJT subcontract is proposed (prior to the execution of the OJT subcontract). Such concurrence shall apply to the elements of the proposed activity that affects the bargaining agreement, such as wages and benefits. If no response is received within 5 days after written notification to the collective bargaining agent, the program operator may proceed in signing the OJT subcontract. Such written notification shall include a deadline date for any response. Evidence shall be maintained on file of all such communication.
- ❑ An OJT subcontract may be upgraded when,
 - a. The original OJT subcontract has not been completed, and
 - b. The original OJT subcontract is upgraded before the maximum amount of time allowed, and is rewritten with an advanced occupational title, and the participant is paid a higher wage that will enable the contractor to meet at 100% or exceed at 100+% the performance measure associated with wages.
- ❑ OJT subcontracts shall not generally be written with employers who have been in business for less than twelve (12) months or who have relocated within the past 12 months.
- ❑ No participant shall be trained under an OJT subcontract where the position is funded in whole or in part with WIOA funds.
- ❑ OJT subcontracts will not be written for employers who have consistently failed to retain OJT participants or have otherwise been deficient in their adherence to previous subcontracts.
- ❑ In the event a staffing agency is involved in an OJT, both the host employer and the staffing agency must sign off on all OJT documentation. Meeting OJT obligations is a dual responsibility of the host employer and the staffing agency. Note, **only** the extraordinary costs of training are reimbursable so therefore the reimbursement must be made to the host employer, not the staffing agency.
- ❑ WIOA funded programs shall not participate in Reverse Referrals - referring clients to an employer whom the employer referred to the agency, unless all four conditions listed below have been met.
 - a. The client has not already been offered the job.
 - b. The client lacks the skills necessary to do the job.

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- c. Because of the client's lack of skills, the employer will only hire the client under an OJT.
- d. The job is open to any qualified applicant.
- Employers shall only be reimbursed for straight time hourly wages for non-overtime hours actually worked. Participants shall receive the same holiday pay, sick leave or vacation pay, if any, as regular employees.
- CAMW! funded programs shall not enter into OJT training agreements if any one or more of the aforementioned conditions have not been met

Action: Effectively immediately, all Capital Area Michigan Works! contractors shall take action necessary to insure concurrence with this policy issuance.

Inquiries: Questions regarding this policy should be directed to Carrie Rosingana, Chief Operating Officer, at (517) 492-5506.

In accordance with the Americans with Disabilities Act, information contained in this policy issuance will be made available in alternative format (large type, audio tapes, etc.) upon written requests received by this office.

Expiration: Continuing

(SIGNED)
Edythe Hatter-Williams
Chief Executive Officer

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