



INDIANA
WORKFORCE
DEVELOPMENT
AND ITS **WorkOne** CENTERS

FORMAL COMMUNICATION

TO: Indiana's Workforce Investment System

FROM: Nate Klinck, Director of Policy

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**Technical Assistance Bulletin
TAB 2010-01
Guidance for On-the-Job Training**

Content

This bulletin contains guidance for on-the-job training programs funded by the Workforce Investment Act (WIA), Title I, and the American Recovery and Reinvestment Act (ARRA) of 2009 programs in the State of Indiana. Specifically, this bulletin provides the limitations established by WIA and ARRA, specific State guidelines which govern on-the-job training in Indiana, and information and processes that should be used when establishing and operating on-the-job training programs.

Background of Federal Regulations Governing OJT

On-the-job training is an "occupational" training activity that is allowable under the Workforce Investment Act of 1998. 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:

- (A) Provides knowledge or skills essential to the full and adequate performance of the job;
- (B) 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
- (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."

OJT Minimum Requirements

The DWD Policy, 2009-07, entitled "On-the-Job Training Guidelines," dated February 19, 2010, provides complete guidance for utilizing funds under Title I of the Workforce Investment Act of 1998 for the administration of on-the job training activities and contracts. The policy is located at: http://www.in.gov/dwd/files/DWD_Policy_2009-07.pdf

The following guidelines must be adhered to when developing and implementing an OJT:

- The OJT must be for occupations in-demand and should be for high-wage or high-demand occupations. An "in-demand" occupation is one that is based on employer demand and occupational projections. An OJT should result in long-term employment for the WIA participant.
 - Occupations in-demand are included on the State's list of targeted economic sectors, as defined by the Indiana Economic Development Corporation, or regionally-targeted sectors, as defined by a Workforce Investment Board (WIB) or Regional Workforce Board (RWB).
 - See the Hoosier Hot 50 Jobs web site at: <https://netsolutions.dwd.in.gov/hh50/>
- An OJT is provided under a contract between a Workforce Investment Board or Regional Workforce Board or designee, and an employer in the public, private non-profit, or private sector.
- An OJT payment to employers is deemed to be compensation for the extraordinary costs associated with training participants, the extra supervision required during training, and the costs associated with the lower productivity of the participants.
- OJTs are limited to a maximum duration of six months.
- The OJT must be for a position that pays a minimum of \$10 an hour or the equivalent of \$20,800 annually.
- The maximum expenditure amount for an OJT contract is \$13,000.
- All job openings for which an OJT is to be provided must be listed on Indiana Career Connect (ICC), Indiana's online job matching system, except in circumstances where the OJT is being provided to incumbent workers. ICC can be located at: <http://www.indianacareerconnect.com>
- An OJT contract may be used to train a WIA participant who, prior to the start of the OJT, is already working for the OJT employer but is not earning a self-sufficient wage as determined by a Workforce Investment Board or Regional Workforce Board. In such a case, the OJT must relate to either:
 - The introduction by the employer of new technologies;
 - The introduction of new production or service procedures;
 - Upgrading to new jobs that require additional skills/workforce literacy; or
 - Other appropriate purposes identified by a Workforce Investment Board or Regional Workforce Board.

An OJT cannot be provided to employers who have previously exhibited a pattern of failing to provide OJT participants with continued long-term employment which includes wages, benefits, and working conditions that are equal to those provided to regular employees who have worked a similar length of time and are doing the same type of work.

OJT Funding Sources

OJT projects may be funded using the following funding sources. As indicated below (*) some of these sources are limited in duration:

- WIA Title I Adult, Older Youth and Dislocated Worker formula allocations;
- WIA Title I Rapid Response*;
- State Energy Partnership Grant (SESP)*; and
- National Emergency Grant – On-the-Job Training (NEG-OJT)*

The following outlines the stipulations under which OJT projects can be implemented and written utilizing the above funding sources listed above.

WIA Title I Adult, Dislocated Worker, and Youth Annual Allocations

- Workforce Investment Boards and Regional Workforce Boards are encouraged to utilize portions of their WIA Title I Adult, Dislocated Worker, and Older Youth Annual Allocations for on-the-job training.
- Eligibility criteria for Adults, Youth and Dislocated Workers are identical to those established in 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 into an on-the-job training. The OJT training must be “based on the needs of the youth” as identified by an objective assessment that includes a review of the academic and occupational skill levels, as well as the service needs, of the youth and written in the youth’s individual service strategy.

WIA Title I Rapid Response Funding

- The grant end date is June 30, 2011.
- An OJT contract shall only be written for an eligible dislocated worker.
- OJT reimbursement costs must comprise a minimum of 70 percent of the total grant award.
- All services and activities shall be documented in the State’s case management and participant reporting system, under the appropriate Rapid Response funding stream.
- Each Workforce Investment Board and Regional Workforce Board will submit a monthly employer report (cumulative) using the required Excel spreadsheet provided with the grant agreement.

State Energy Partnership Grant Funding

The State Energy Sector Partnership (SESP) Grant, entitled “I GET IT” is funded under the American Recovery and Reinvestment Act (ARRA) of 2009.

SESP OJT contracts are bound by the following guidelines:

- OJT contracts are limited to green manufacturing companies that produce energy efficient products and components or advanced drive train vehicles. Green manufacturers are generally known as those entities that produce clean, energy efficient products and

components. These companies must engage in the production of products or components, as indicated above, in whole or part – meaning that either the organization is committed to such or a specific division’s operations are committed to the production of energy efficient products or components to qualify for funding under this grant.

- The impact of “green” activities and technologies can impose significant changes to worker requirements. While the essential purposes of the occupation may remain the same, tasks, knowledge and skills and external elements, such as credentialing, may be altered. Workers will require updated skills to perform the requirements of the job.
- Examples of green manufacturing companies include the broad section of companies that produce lithium-ion and other rechargeable batteries, the new hybrid automobiles, and green manufacturers of wind turbines.
- Not all OJT projects are limited to companies that produce energy efficient products or components. For example, a division of a company, rather than the entire company itself, could also be considered as “green” under this grant. For example, New Trend is a division of the ABC Company which manufactures multiple product lines of washers and dryers and other home appliances. New Trend employees manufacture the new energy efficient washer and dryer product lines. While an employee of the ABC Company may not be eligible for OJT training under this funding source, an employee of New Trend division may be eligible for training.
- The grant end date is January 28, 2013.
- Funds are for eligible dislocated and incumbent workers and veterans. They must be individuals in need of technical skill upgrading needed for green industries and be underemployed individuals who are not employed in high-wage, high-demand occupations.
- High-wage or high-demand occupations are limited to green manufacturing companies as defined in Indiana’s approved grant proposal.
- While the average duration of most OJT contracts ranges up to six weeks, the maximum contract duration time under this grant is six months.
- The employee is to be retained in the position minimally two quarters.

National Emergency Grant - On-the-Job Training Funding

National Emergency Grants (NEG) are discretionary grants from the Secretary of Labor intended to provide time limited increased funding to expand the capacity of the workforce system to meet emergent needs. The NEG On-the-Job Training (NEG-OJT) grant is a one-time opportunity funded with American Recovery and Reinvestment Act (ARRA) funds.

- The grant end date is June 30, 2012.
- Participation is limited to eligible dislocated workers who were laid off on or after January 1, 2008 and who are unlikely to return to their previous employment.
- The NEG-OJT is intended to expand OJT opportunities for “hard to serve” populations with the “greatest barriers to reemployment.” These populations of individuals may be characterized as having barriers to reemployment such as being low-income, basic skills deficient, an offender, a homeless individual, having substantial language or cultural barriers, or other barriers as determined by a Workforce Investment Board or Regional

Workforce Board. They are encouraged to implement strategies that promote longer-term services for these populations to better prepare them for the workforce.

- Service providers, contracted with a Workforce Investment Board or Regional Workforce Board to provide OJT projects, cannot subcontract, utilizing these funds, with private employment agencies or other third-party contractors to provide OJT.
- OJTs may not be developed with public sector employers using the NEG-OJT.

Questions regarding this TAB may be directed to:

Nate Klinck
Director of Policy
Indiana Department of Workforce Development
10 North Senate Avenue, SE 304
Indianapolis, IN 46204
Email: nklinck@dwd.in.gov