



Workforce Innovation and Opportunity Act Policies and Procedures

On-the-Job Training (OJT) Policy

POLICY NUMBER: P-1006, Revision 3

RELEASE DATE: March 10, 2023

SUPERSEDES: On-the-Job Training (OJT) Policy Rev. 2 released February 9, 2022

PURPOSE

The purpose of this policy is to provide direction for the implementation and documentation requirements of Workforce Innovation and Opportunity Act (WIOA) Title I-funded on-the-job training (OJT) placements.

The policy was revised to:

- Clarify OJT regular pay reimbursements.
- Remove the list of OJT documentation requirements and direct the reader to WorkForce Central's ETO Data Validation & Documentation Policy Handbook for completed OJT documentation requirements.

BACKGROUND

On-the-job training (OJT) is a workplace training opportunity for eligible employers to teach qualified full-time¹ employees specific knowledge or skills essential to the full and adequate performance of a new job. In an OJT program, the business is generally the entity providing the training which helps to ensure all training is relevant to the job into which the employee is placed. In some instances, however, the employer offering the OJT may require the employee to receive additional specialized training if the position requires it. In such instances, the employer may hire an outside trainer.

OJT opportunities are formed through a contractual agreement between the employer and a WIOA Title I service provider who reimburses the employer up to 75 percent of the wage rate of an eligible employee for the extraordinary costs of providing the training and the supervision related to the training. Employers are not required to document such extraordinary costs. The contractual agreement will also specify the duration of training and the competencies to be learned during the OJT.

OJT is a hire-first program. The employee begins their OJT as a full-time employee of the company that has agreed to provide the onsite training and long-term employment upon completion of the OJT. The rate of pay, fringe benefits, periodic pay increases, and working conditions offered to the employee are the same as similarly situated employees in similar positions by the same employer and are in accordance with Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29.U.S.C. 206(a)(a) or the applicable state or local minimum wage laws.

While most OJTs occur when an individual is newly hired to a company, an OJT may be written for an employed worker when:

- The employee is enrolled in a WIOA Title I program and meets the eligibility criteria for an OJT as outlined in this policy, and
- The employee is not earning a self-sufficient wage, defined as having family income equal to or exceeding 80% of median family income based on the U.S. Dept. of Housing and Urban Development (HUD) Median Family Income Guideline, or
- The employee is not earning wages comparable to or higher than wages from previous employment, or
- The OJT relates to the introduction of new technologies, introduction to new production or service

¹ WorkForce Central defines "full-time, regular employee" to equal no less than [40 hours per week](#).

- procedures, upgrading to new jobs that require additional skills, or workplace literacy, and
- All other requirements of [20 CFR 680.700](#) and this policy are met.

POLICY

On-the-job training must be provided through a contract that provides a structured training opportunity for the new employee to gain the knowledge and skills to be competent in the job for which they are hired. The contract must be completed and signed by all parties before the employee may begin the OJT training.

Washington State employers are required to provide paid sick leave to their employees, unless the employer only has workers who are exempt from Chapter [49.46 RCW](#)-Minimum Wage Act, which includes paid sick requirements. If the employer is operating within the city limit of Tacoma, Tacoma Municipal Code on minimum wage and paid sick leave apply.

OJT contracts must include language on the implementation and adherence to the minimum wage act including the paid sick leave requirements which requires accrual of one (1) hour for every forty (40) hours worked. For the purpose of sick leave accruals, overtime (OT) hours are considered hours worked, and must be taken into account.

OJT may be sequenced with other WIOA Title I program services such as work experience, classroom training or basic skills training.

A. Employee Eligibility

Employees eligible for OJT opportunities must first meet specific WIOA Title I program eligibility requirements and be enrolled in the WIOA Title I Adult, Dislocated Worker, or Youth (Young Adult) formula funded programs. Individuals enrolled in the WIOA Title I programs must receive a documented assessment that results in the development of an Individual Service Strategy (ISS-Youth program) or Individual Employment Plan (IEP-Adult and Dislocated Worker programs) that documents the individual has the interest, aptitude, and skills necessary to meet the specific employer OJT requirements. The ISS or IEP must also identify potential supportive services the individual may need to successfully participate in the OJT. For specific WIOA Title I program eligibility, assessment, and IEP/ISS requirements, see WorkForce Central's WIOA Title I Program Eligibility, Enrollment & Documentation Policy and accompanying WIOA Title I Program Eligibility, Enrollment & Documentation Handbook located at [WorkForce Central's Policy Library](#).

Employees must need training that is above and beyond standard new hire on-boarding or orientations that require a very brief initial introduction. Jobs that pay by commission or piecework are not eligible for OJT, as are seasonal, temporary, and part-time jobs because the intent of an OJT is for permanent, full-time, and self-sufficient employment. Jobs that include religious or political activities are likewise ineligible.

Work Opportunity Tax Credit (WOTC): Individuals who meet [WOTC](#) eligibility requirements may from time-to-time be hired into positions using an OJT. The WOTC may not be used at the same time as the employer is receiving WIOA Title I reimbursement of wages for the OJT but may be applied once the OJT Contract has been completed. When OJT participants also qualify under the WOTC, all WOTC paperwork must be completed *before* the individual's hire date into the company – this is very important in order for the employer to access the tax credit. The employer should let their tax accountant know that the OJT is in place and assure that the tax credit is not applied against wages earned during the OJT Contract period. For more information on WOTC, visit U.S. Department of Labor's website at: <https://www.dol.gov/agencies/eta/wotc>.

B. Employer Eligibility

WorkForce Central's Business Solutions Team will ensure businesses meet the following WIOA Title I criteria for OJT opportunities:

- Are licensed to operate in the State of Washington and provide their Federal Employer Identification Number (FEIN).

- Are registered with the Internal Revenue Service (IRS) and have an account with the Washington State Employment Security Department for Unemployment Insurance and carry Workman's Compensation Insurance.
- Have safe and healthy working conditions with no previously reported health and safety violations that have been reported but have not been corrected.
- Have not been debarred or suspended from receiving federal funding.
- Have adequate staffing for the training and supervision of the OJT.
- Are financially solvent to meet the OJT contract obligations through the end of the training.
- Have adequate payroll record keeping systems that track hours worked, gross pay, deductions, and net pay.
- Have operated in Pierce County for a minimum of 120 days or has not relocated to Pierce County in the last 120 days where relocation resulted in the loss of employment at the prior location.
- Must not have workers currently in a layoff status or laid off workers over the past 120 days from the same or any substantially equivalent job. The period of 120 days may be waived if there are mitigating circumstances reviewed and approved by a WorkForce Central.
- Shall not displace any currently employed worker, or alter current workers' promotional opportunities, nor have terminated any regular employee, or otherwise reduced the workforce for the purpose of hiring an employee for OJT reimbursement purposes.
- Are not involved in a labor dispute.
- Must not impair existing contracts for services or collective bargaining agreements. The employer must gain written concurrence with the appropriate labor organization before the OJT can begin if the OJT agreement would be inconsistent with a collective bargaining agreement. Additionally, the employer must attest that the OJT agreement would not assist, promote, or deter union organizing.
- Must not allow employees receiving OJT to work on the construction, maintenance or operation of any facility that is used for sectarian activities or as a place of worship.
- Must not illegally discriminate in training or hiring practices because of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, sex stereotyping, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, or political affiliation or belief, or, against any beneficiary of, applicant to, or participant in programs financially assisted under Title I of the Workforce Innovation and Opportunity Act, on the basis of the individual's citizenship status or participation in any WIOA Title I-financially assisted program or activity
- Must not have a previous pattern of failing to provide individuals who have received on-the-job training with long-term employment upon completion of the OJT. In evaluating employer performance for OJT re-contracting purposes, the following criteria should be considered:
 - Number of OJT positions previously funded
 - Retention rate after conclusion of OJT
 - OJT turnover rate
 - Identification of poor or incomplete training
 - Decrease in wages after training
 - Grievances

Only businesses with a history of successful training and retention of OJT employees should be used as repeat OJT sites. Employers that use OJT to subsidize short-term "revolving door" positions should be decertified as OJT sites.

Business Solutions and the eligible employer will enter into an agreement that serves as written assurance the business will comply with the conditions listed above. Business Solutions will make the agreement available to the WIOA Title I service provider who will attach the agreement to the OJT

Contract and upload both into the WIOA Title I enrolled individual's OJT service touchpoint recorded in ETO.

Businesses that maintain eligibility and have a pattern of positive OJT placements may continue to participate in future OJT opportunities. However, businesses may no longer qualify for WIOA Title I funded OJT opportunities if, after receiving assistance to resolve the matter, one or more of the following occurs:

- Business fails to maintain eligibility (i.e., maintain applicable IRS, UI registrations, licensures, insurance, etc.),
- Business fails to maintain healthy and safe working environments,
- Business fails to provide agreed upon training and oversight,
- Repeated complaints are made against the business, or
- Other compliance requirements are not met.

C. Conflict of Interest

No grantee, contractor, or sub-recipient will engage in any conflict of interest, real, implied, or apparent, in the selection, award or administration of a WIOA Title I funded contract or grant. OJT contracting must be conducted by training professionals and employers in a manner that is objective and independent of personal interests. A business or organization represented on the Pierce County Workforce Development Council (WDC) may employ OJT workers if the same standards for selecting OJT employers who are not members of the WDC are applied, and the WDC member does not participate in the process to select OJT employers.

D. Employer Reimbursement Rates

The employer's training reimbursement payment is based on a predetermined number of training hours and limited to the gross wages paid to the employee for hours worked during the training period.

Employers are eligible to receive between a minimum of 50 percent and a maximum of 75 percent reimbursement of employee regular wages earned during the on-the-job training. The reimbursement rate is based on the size of the employer as follows:

- A maximum of 50 percent for large employers defined as having a 100 or more employees.
- A maximum of 65 percent for medium size employers defined as having 20-99 employees.
- A maximum of 75 percent for small employers with a workforce of 1-19 employees.

The following factors must be considered when the employer reimbursement rate exceeds 50 percent:

- The characteristics of the participant(s) with an emphasis on barriers to employment as defined in [WIOA Section 3\(24\)](#).
- The size of the employer with an emphasis on small businesses (i.e., employers with fewer than 250 employees)
- The quality of employer-provided training (e.g., an industry recognized credential, advancement opportunity).
- The number of individuals the employer agrees to train.
- The wage and benefit level of the participant (both during and after completion of the OJT).
- The OJT position is an in-demand occupation as defined by [WIOA Section 3\(23\)](#) and determined by ESD labor market information.
- The OJT employer is:
 - In an in-demand industry as defined by WIOA Section 3(23) and determined by ESD labor market information, or
 - In an in-balance industry as determined by ESD labor market information, or
 - In a declining industry, but there are compelling reasons (e.g., evidence of long-term viability

Of the employer) justifying reimbursement above 50 percent.

OJT reimbursements may only be for regular wages paid by the employer for the time the employee is engaged in on-the-job training. WIOA Title I does not authorize the reimbursement of supplemental wages such as overtime, commissions, bonuses, shift differential, or other premium pay. This does not preclude an employee from working overtime or earning wages in addition to their regular pay; the reimbursement to the employer must be based solely on the regular wage rate.

And, although some trainees may be paid by the employer for holidays, vacation, and/or sick leave, the WIOA Title I service provider may not reimburse the employer for this time. Because the reimbursement is for wages earned while in training, WIOA Title I funds cannot be paid for time not spent in training. Proper reimbursement for an employee who is paid on an hourly basis, can be calculated by simply deducting the holiday, vacation, and sick leave hours from the training schedule. For an employee who is paid a monthly salary, however, a standard approach must be used to prorate the reimbursable portion of the salary. The reimbursable salary is deemed to be the percentage for the month calculated by the actual number of hours worked divided by the total number of hours available to be worked in that month had there been no holidays, vacation, or sick leave. Prorating is done on the basis of the actual month in order to ensure that reimbursement will never exceed the percent of the wage paid for training. (Note that where monthly salary is paid for a training position that begins or ends part way through a month, the reimbursement may be calculated either by documenting the employee's gross pay or the same prorating method.)

Converting a monthly salary into an hourly wage rate: Use the following procedure for converting monthly salaries into an hourly pay rate to ensure the training payment does not exceed the contracted amount.

Example: \$4,000/month X 12 months = \$48,000 annual salary
 Standard 40-hour work week X 52 weeks = 2080 hours per year
 \$24,000 annual salary divided by 2080 hours = \$23.07/hour

E. Registered Apprenticeship Programs

OJT contracts may be written with registered apprenticeship programs or participating employers in registered apprenticeship programs for the on-the-job training portion of the registered apprenticeship program.

F. The OJT Contract and Training Plan

Following the verification of employer eligibility, the WIOA Title I service provider and employer will enter into a contractual agreement that includes, at a minimum, the requirements of WIOA Title I, the federal fair labor standard act and the state and local minimum wage act, the OJT reimbursement rate, and a training plan that includes the occupation, skills, competencies to be learned, the length of time the training will be provided.

The training plan must be collaboratively developed by the employer, the employee, and the WIOA Title I service provider. The training plan is unique and customized for each OJT trainee and provides structure and context to ensure thorough and comprehensive training. The training plan should include a comprehensive job description where the tasks and requisite skill requirements that the employee must perform is derived. The training plan is useful for determining if contract services are being delivered.

Supplemental training in addition to the work-based on-the-job training may be provided to employees when the supplemental training is required for full competency in the new job. Supplemental training may be arranged through:

- A class at a community college, technical college, or other school outside of work hours or during work hours if the employer is willing to pay wages during class time.
- A short, intensive seminar or training session to teach a specific technical skill.
- A formal in-house program offered by the company to its employees that is not ordinarily offered to new employees in similar positions.

Prior to approving supplemental training activities, the service provider must determine:

- The costs and other potential available funding sources for the supplemental training,
- Related supportive service needs such as transportation, lodging, necessary books, and tools,
- Agreement from the employer regarding cost sharing, and
- Admissions and academic requirement such as basic skill levels needed for classroom success.

OJT contracts may be modified and must be in writing, signed and dated by all parties prior to the effective date of the modification. Verbal modifications are not valid.

G. Funding Limits and Duration of OJT

WorkForce Central does not limit the funding amount or duration of OJTs. WIOA Title I service providers have discretion to award OJTs in accordance with the individual's training needs, the provider's internal policies, budget limitations, and WorkForce Central's On-the-Job Training policy. Service providers must ensure equitable treatment in the provision of OJTs.

The duration of an OJT is based on the skillset of the employee at the time of hire, the skills to be acquired during the OJT, and the learning needs of each individual. Training does not include the orientation time required of a fully qualified worker to become accustomed to the special conditions of a new job. When establishing the duration of the OJT, service providers should reference the [Specific Vocation Preparation \(SVP\)](#) for guidance on the amount of time required by a typical worker to learn the techniques, acquire the information, and develop the necessary skills for average performance in a specific position.

H. Onsite Monitoring and Progress Reports

WIOA Title I service providers must conduct onsite monitoring of the OJT to ensure the employee is working in safe and healthy conditions and ensure contracted training is being provided. Onsite monitoring should occur shortly after the OJT begins with additional visits scheduled at appropriate intervals determined by the length of training. Ongoing monitoring should include information received directly from the employee and should capture the employee and supervisor's perspective about how the training is progressing. Service providers must also regularly review the employee's progress in meeting the OJT objectives including obtaining progress reports from the employer that, when applicable, may be recorded in ETO as a Measurable Skill Gain (MSG).

Service providers must review the employer's OJT reimbursement invoices to ensure required documentation is submitted to support the reimbursement request and ensure appropriate accrual and usage of paid sick leave.

Any deviations from the OJT Contract should be dealt with and documented promptly.

Monitoring at the federal, state, and local level will include a review of the WIOA Title I service provider's oversight of the employee's on-the-job training and corresponding employer payroll records.

I. Documentation Requirements

WIOA Title I service providers must follow OJT documentation requirements detailed in WorkForce Central's ETO Data Validation and Documentation Policy, located on [WorkForce Central's Policy Library](#).

All documentation related to an OJT placement must be made available to authorized federal, state, and local monitors and auditors to ensure compliance with federal, state, and local regulations and policies.

REFERENCES


- WIOA Sections 3(23) and 3(44)
- WIOA Section 134(c)(H)
- WIOA Section 188 (a)(2) and (3)

- 20 CFR 680.700, 680.710, 680.720, 680.730 and 680.850
- 20 CFR 683.260, 683.265, 683.270 683.275
- RCW Chapter 49.46 – Minimum Wage Act
- ESD Policy 5606

ATTACHMENTS

- [Employer OJT Agreement](#)
- [OJT Contract](#)

APPROVED


Katie Condit (Mar 10, 2023 08:16 PST)

Mar 10, 2023

Katie Condit, WorkForce Central CEO

Date

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