



Department of  
Job and Family Services

# Writing More and Better On the Job Training (OJT) Agreements

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The logo for OhioMeansJobs, featuring the word "Ohio" in a red outline font, "Means" in a dark red sans-serif font, and "Jobs" in a grey sans-serif font.

# Recession Questions ...

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- ❑ Will there be a job available when classroom training ends?
- ❑ Two year colleges are full, particularly high "demand" programs
- ❑ How can unemployed students survive during long term training?
- ❑ How about participants who have low basic skills, or who don't want to go back to school?

# OJT Revisited

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- How can basic OJT paperwork be simplified to the maximum extent and still meet all legal requirements?
- Flat payments at completion and/or retention, not to exceed maximum % allowable under the sliding scale.
- One OJT agreement per employer no matter how many get trained and hired
- One training plan per trainee

# One “Blanket” OJT Agreement

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- ❑ It passes on all “terms and conditions” for all training outlines written with that employer
- ❑ It establishes reimbursement procedures
- ❑ No \$ is obligated until a training plan is written for an eligible participant
- ❑ The OJT agreement **MUST** be preceded by careful employer screening

# OJT Reimbursements

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- The old, standard approach was one reimbursement per month
- Today, over half of all OJT's nationally do not reimburse until 1) the OJT is complete, 2) training has been successful, 3) the trainee is still employed at or above a set # of hours and at or above the OJT wage.
- Some local workforce areas hold \$ for retention!

# Model 1: Traditional Monthly Reimbursement

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- Monthly reimbursement is traditional and accepted. It involves an excruciating amount of paperwork.
- Monthly reimbursements usually tie payments only to wages and not to training gains. The employer starts to think of the trainee as a “special” government subsidized person
- If the OJT fails under the monthly reimbursement model, you’re out the \$!

# Model 2: Employment and Completion Driven Reimbursement

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- If no continued employment, no \$. This passes on the WIA “entered employment” mandate to businesses. Economic theory predicts a higher employment % when \$ are directly tied to employment.
- The paperwork is streamlined
- \$ fit the design: reimbursement for training and lower productivity as opposed to straight wage subsidy.

# Model 3: Retention Driven Reimbursement

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- Many local workforce areas withhold a share of the OJT reimbursement for 90 day retention.
- A common retention withholding is \$1000
- The check is usually hand delivered and creates a wonderful job development opportunity!
- Again, economics predicts higher retention when \$ are directly tied to retention

# OJT Retention \$

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- ❑ This is NOT a bonus! It is \$ which could have been paid out when the OJT was “live”
- ❑ The payment is “accrued” when the 90 day retention period occurs. This stretches out \$ for one more quarter. This may not be desirable as OJT NEG ends and 6/30/12 approaches
- ❑ One more check must be processed

# Advice

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- ❑ Tying OJT reimbursement to completion, employment and retention works.
- ❑ \$1000 seems to be enough to withhold for retention.
- ❑ Be aware of the end date of the available fund stream and adjust accordingly.
- ❑ If the OJT ends after 6/30/11, fund the OJT with regular WIA \$ or pay monthly.

# All Training Requires an In-depth Assessment

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- What makes a good OJT candidate?
- Which participants would not make good OJT candidates?

# Training Justification

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- The trainee has been determined eligible, has received a least one core and intensive service AND needs more help to get a job.
- Make sure EVERY file contains documentation as to why training is needed

# OJT Justification

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- ❑ The Training Outline should show several skills which are needed to do the job and which the trainee does not yet have.
- ❑ Keep the listed skills short and simple!
- ❑ I prefer rating each skill: "1" = no prior experience, "2" = some prior education/experience, and "3" = they are already fully skilled. Delete "3's" and adjust OJT length!

# Tracking Skill and Credential Attainment

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- Credentials are important to USDOL!
- When the skills in the Training Outline have been learned ... as certified by the employer ... the trainee can do the job. To be “credentialed” takes additional certification by an employer association or by an accredited educational institution.

# Credentialing the OJT Training Outline

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- If the skills in the Training Outline mesh with occupational skills accepted by an occupational employer association or with skills in an accredited occupational training course, perhaps credentialing can be arranged at OJT completion.
- Credentials are portable and broadly accepted. Traditional OJT skills may apply only to a specific job and employer.

# Extraordinary Training

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- WIA and JTPA explicitly stated that no documentation of extraordinary training is required. There is a statutory presumption that reimbursement at or below the specified % is reasonable compensation for “extraordinary training” and “lower productivity.”
- The training can be exactly the same as that given other new hires.

# OJT Length

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- Use the "O\*net" or "SVP" codes to determine average training length
- Adjust down for prior related work or education using the "1,2,3" method or something similar.
- You may also adjust up for specific trainee barriers such as a disability, limited english or low basic skills

# OJT Length and Cost

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- ❑ Ohio's WIA funded OJTs are capped at 1040 hours (up to 1560 hours allowed for individuals with significant barriers such as disability)
- ❑ When might shorter or longer OJT's make sense?
- ❑ Some local workforce areas cap OJT cost as is done with ITA's. A common cap is \$6000 to \$10,000.
- ❑ Does a cap make sense?

# Wages Paid

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- ❑ In Ohio, the reimbursement base does not include overtime pay, holiday, vacation or sick pay or pay for other hours not worked.
- ❑ The reimbursement base is regular “straight time” hours.
- ❑ In Ohio, commissions are not included in the wage base when calculating OJT reimbursements.

# The OJT Worksite

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- What makes a good OJT worksite?
- What makes a bad OJT worksite?

# OJT Issues

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- ❑ Layoff from a same or similar position
- ❑ A staffing agency is involved
- ❑ Adequate training and supervision
- ❑ High turnover
- ❑ Commission-based wages
- ❑ Nepotism
- ❑ Lack of wage records or Worker's Comp

# The Layoff Issue

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- If someone is on layoff from a “substantially equivalent” job, no OJT or other subsidized employment!
- The key is careful upfront screening and regular employer contact.
- See the draft procedure manual for “layoff” definition.

# The Displacement Issue

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- ❑ The employer may not let a regular employee go, reduce hours or infringe on a promotional opportunity because they've received or expect to receive a subsidized employee.
- ❑ The key is intent. The proof of ill intent is often a "flip" statement or suspicious timing.
- ❑ The jobs need not be the same or similar!

# Work Relocation

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- If the employer lets workers go in one location and expands in your area, no WIA assistance may be offered for 120 days after commencing expanded operations in your area.
- There is no bar on relocating within a labor market or from a foreign country. The bar does apply to “sister” companies!

# Work Relocation

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- Factors to consider:

- If identical or substantially equivalent work is moved from one US labor market to another, relocation has occurred.
- Stated intent by a company to relocate is taken at face value.

# Work Relocation

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- Factors to consider:
  - The terms of an applicable collective bargaining agreement or personnel policy shall be determinative.
  - An employer's signed certification that no relocation has occurred shall be taken at face value.
- See the draft procedure manual.

# OJT Issues

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- ❑ A relocated business
- ❑ The national OJT NEG: special rules and requirements
- ❑ Trade Assistance OJT's: special rules and requirements
- ❑ TANF OJT's? Voc Rehab OJT's?
- ❑ Does it make sense to have each local workforce area and each fund stream have its own OJT model?

# Staffing Agencies

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- ❑ Could be “temp,” could be “temp to hire,” could be permanent! No “OJT NEG” \$ for staffing agency situations!
- ❑ The key is to determine whether long term employment is highly likely. Look at past and expected turnover patterns. Is employment for a year or more expected in the normal course of business?
- ❑ How about wages and fringe benefits?

# Staffing Agencies

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- Ensure that upfront screening and ALL OTHER paperwork is signed off on by BOTH the “host employer” and the staffing agency!
- If you elect to start the OJT after transition from the staffing agency to the host employer, the training length must be adjusted down to factor in skills already learned.

# Staffing Agencies

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- Avoid terms like “temporary employment” and “permanent employment.” Employers do not often use them in personnel policies.
- Is any job in America truly permanent? Instead, the key is a reasonable expectation of employment for a year or more from the day the OJT starts.

# Conflict of Interest on the OJT Site

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- ❑ What are Ohio's conflict of interest rules?
- ❑ See [Serving Immediate Family Members And Other Stakeholders in WIA, WIA Policy Letter No. 08-13.1 \(8/10/2009\)](#)
- ❑ Does your local workforce area area have a nepotism/conflict rule governing OJT?
- ❑ Absent State/local policy, worksite rules govern
- ❑ It is a bad idea to have a close relative train and supervise another close relative!

# Conflict of Interest

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- ❑ No staff person should arrange an OJT, process OJT paperwork or monitor an OJT if a close relative is the trainee, is involved with the training or owns the company.
- ❑ Conflict put in writing and have another staff person with no conflict handle every aspect!
- ❑ What do State, local and agency codes require in a conflict situation?

# Records to be Kept

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- Proof that the OJT wages were paid
- Proof that you reimbursed no more than the allowable %
- Proof that the training was needed and in fact occurred
- What proof do you require with the reimbursement request? What documentation is viewed at the worksite but not submitted?

# The Head Count and the Worksite Definitions

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- See the draft procedure manual.
- The head count is a “good faith” snapshot. It need not be revisited until the OJT agreement expires and a new screening form is completed, or a mass layoff or large scale hiring occurs.
- Each “local operation” is treated separately.

# Promoting OJT to Employers

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- ❑ Word of mouth is always best
- ❑ Advertise each success
- ❑ Target growth sectors
- ❑ Use business organizations
- ❑ Consider hand delivering OJT checks as a job development opportunity
- ❑ Teach participants to sell OJT

# Promoting OJT

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- ❑ Why do employers shy away from listing openings with us?
- ❑ Why do some employers use us over and over?
- ❑ How do we minimize our “baggage” and maximize our good will?

# Promoting OJT

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- ❑ What advantages has the recession brought? How can we put these advantages to work?
- ❑ How should customized screening and assessment tailored to each business be marketed? How should it work to ensure quality control?

# Promoting OJT

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- Put the participants to work as a primary component of your job development network
- Job clubs
- "Alumni" connections ...
- Giving back ...
- Sectoral focus

# Questions?

