

Attachment 1
Recommendations for Local OJT & Customized
Training Policy & Procedures

- **On-the-Job Training Contracts:** As a requirement of this policy letter, an LWIA intending to provide training through On-the-Job training (OJT) contracts must develop operational procedures for administering OJT contracts. Several operational guidelines, described below, are recommended for incorporation into local policies and procedures.
- **Types of Occupations:** Policy should be established regarding the types of occupations the LWIB considers appropriate for OJT contracting. The LWIA may wish to consider factors such as: occupational supply and demand, types and transferability of skills to be acquired by trainees, career advancement potential, earning potential, likelihood of full-time employment, and access to health care and retirement benefits.
- **Duration of OJT:** In order to ensure that the duration of an OJT contract is appropriate, it is recommended that the LWIB utilize Specific Vocational Preparation (SVP) codes (or similar codes) associated with various occupational coding systems (e.g., DOT, OES, SOC, or the Occupational Units of the O*Net system). The SVP code for an occupation indicates the normal time required to learn the techniques, acquire information, and develop the facility necessary for average performance in a specific job. SVP codes range from 1 through 9 levels. Each level suggests an appropriate duration for training as shown below.

SVP Level	Duration of Training
1	Short demonstration
2	Anything beyond demonstration up to & including 30 days
3	Over 30 days up to and including 3 months
4	Over 3 months up to and including 6 months
5	Over 6 months up to and including 1 year
6	Over 1 year up to and including 2 years
7	Over 2 years up to and including 4 years
8	Over 4 years up to and including 10 years
9	Over 10 years

SVP codes for various occupational coding systems may be obtained through DOL's O*Net web site at <http://www.online.onetcenter.org>. Note that the duration of training suggested by the SVP for a given occupation is only a starting point for negotiations with an employer. In determining the specific duration of training for a specific contract, 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 individual employment plan.

It is also recommended that the LWIB establish a lower threshold for occupations for which OJT is considered inappropriate (e.g., not less than a SVP code of 3) and further establish a maximum duration for OJT contracts.

- **Minimum OJT Contract Provisions** : The LWIB should define minimum OJT contract provisions. DOL has established such minimum provisions for certain nationally administered programs at 20 CFR 669.420. DOL suggests that, at a minimum, an OJT contract include provisions citing:
 - ? Occupation(s) for which training is to be provided;
 - ? Duration of training;
 - ? Wage rate to be paid to the trainee;
 - ? Rate of reimbursement;
 - ? Maximum amount of reimbursement;
 - ? Outline that reflects the work skills required for the position;
 - ? Description of any other classroom training that may be provided by the employer; and
 - ? Agreement with the employer that they will maintain and make available time and attendance, payroll and other records to support amounts claimed for reimbursement under the OJT contract.
- **OJT Training Plans** : A training plan should be included in every OJT contract. The plan should be used to tailor training to an individual's needs and for monitoring of contracts. The plan should include a summary of the skills to be learned and the anticipated time needed for the participant to learn those skills.
- **OJT Monitoring** : OJT contracts should establish a monitoring schedule (i.e., frequency and intervals) for current OJT contracts as well as follow-up after contract completion. At least one follow-up visit should be done after an individual's OJT contract is completed to determine that the agreed-upon wage (and/or wage increase) is being paid, that benefits comparable to those received by other workers are being provided to the worker, and to get employer and employee feedback on the OJT experience.
- **OJT Broker Contracts** : Each On-the-Job training contract that is not directly contracted by a one-stop center with an employer (but instead is contracted through an intermediary brokering contractor) should, in addition to meeting the requirements of the contract, specify the outreach, recruitment, participant training, counseling, placement, monitoring, follow-up, and other services to be provided directly by the brokering contractor within its own organization; the services to be provided by the employers conducting the On-the-Job training; and, the services to be provided, with or without cost, by other agencies and subcontractors.

The cost of broker fees and training reimbursements to employers should be priced separately in the broker agreement when / if such an agreement is a fixed unit price agreement. In that way, training payments to employers will always be covered in a broker agreement on the actual cost reimbursement basis. This is to eliminate the "pernicious incentive" for brokers to pocket additional funds by minimizing the training costs under an OJT contract.

OJT is a proven means of providing occupational training. However, LWIAs are cautioned that under past programs certain misuses, poor operational practices, and abuses in the administration of OJT contracts have sometimes hampered the use of this training option. When developing local policies and procedures, LWIBs should review the federal guidance appended to this letter in the attachment entitled, *Attachment 2- Basic Federal Guidance Points for OJT*.

Customized Training Contracts: As a requirement of this policy letter, a local Workforce Board intending to provide customized training must develop operational procedures for administering customized training contracts. LWIBs may consider policies that target and limit the use of customized training including:

- ? Limiting contracts to jobs that are substantially full-time;
- ? Limiting contracts to specific industries or occupations (e.g., critical shortages);
- ? Requiring increased wages after successful completion;
- ? Limiting the types of reimbursable training costs;
- ? Considering the transferability of the new skills to be learned; and,
- ? Considering any credentials to be awarded.