

On-the-Job Training (OJT) Eligibility and Requirements Guidance

OJT provides North Carolina a means to expand and enhance workforce service delivery to the state's citizens. OJT is a viable pathway for unemployed and underemployed workers seeking employment, and for employers seeking workers. It offers the unique opportunity to offset initial training costs to fill skilled positions while building organizational productivity as the employee learns job requirements. An OJT arrangement can be the impetus for an employer to create a job opportunity. The WDBs should consider OJT placements in the context of in-demand occupations or industries where career pathways exist with employer partners who have a documented plan to add jobs.

OJT, as defined in Section 3(44) of the WIOA, is 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) is made available through a program that provides reimbursement to the employer of up to 50% of the wage rate of the participant, except as provided in Section 134(c)(3)(H) of WIOA, (75%, see note below) 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.

Note: Per Sections 3(44) and 134(c)(3)(H) of WIOA, the amount of reimbursement may be increased up to 75% of the wage rate of the participant if the increased rate of reimbursement is warranted after taking the following factors into account:

- (I) Attributes of the participant with special emphasis on whether the participant is an individual with barriers to employment as defined in Section 3(24) of the WIOA;
- (II) The size of the employer, with increased reimbursement available to employers with less than 251 employees;
- (III) The quality of employer-provided training and advancement opportunities; and
- (IV) Any other factors deemed appropriate by the Governor or Local Area WDB, respectively, may be determined to be appropriate, which may include the number of employees participating in the training; wage and benefit levels of those employees (at present and anticipated upon completion of the training); and relation of the training to the competitiveness of the participant.

WDBs must document the factors used when deciding to increase the wage reimbursement levels above the 50% limit set in Section 3(44) of the WIOA; provided the reimbursement level cannot exceed 75% in any circumstances.

Policy Requirements

The WDBs will develop written OJT policies that address the following ten elements, at a minimum:

- 1) Outreach and recruitment of OJT trainees
- 2) Skills gap analysis and Training Plan development
- 3) Employer marketing strategies
- 4) Employer (reverse) referral policy
- 5) OJT supportive services policy
- 6) OJT contract development
- 7) Coordination of case management and business services functions
- 8) Reimbursement policy and invoicing process
- 9) Financial and programmatic monitoring
- 10) Reporting required data elements

Trainee Eligibility

On-the-Job Training (OJT) may be provided to eligible WIOA trainees who are assessed and found to be in need of, and suitable for, training services in order to obtain or retain employment that leads to self-sufficiency. The trainees must demonstrate a need for training as recorded on the Individual Employment Plan (IEP) or Individualized Service Strategy (ISS).

While employers will have the final selection authority for individuals to be hired, all trainees must meet certain WIOA eligibility criteria before training can begin. Only those individuals who meet the eligibility requirements for career services, who have received an assessment, and for whom an IEP or ISS has been developed may be considered for OJT.

Consideration should be given to the skill requirements of the occupation, academic and occupational skill level of the trainee, prior work experience, and the trainee's IEP or ISS. The results of an objective assessment, as documented on the individual's IEP or ISS, must indicate that the trainee is in need of, and can benefit from, the activity of OJT. The trainee's resume must capture the past work history, volunteer experience, and education to identify strengths and areas of needed improvement of the applicant. The trainee's file must include documentation as to the new skills to be acquired during training and how skills gap deficiencies will be overcome with the training.

Eligible Employed Workers

A currently employed individual may be eligible for OJT with their existing employer when training is required to enable the employee to advance to a new position that requires the acquisition of substantially different and higher-level skills. The OJT must result in the individual gaining the necessary competencies to move into the upgraded role and must be accompanied by a wage increase upon successful completion.

For example, a current employee transitioning into a Registered Apprenticeship Program with their current employer - where a formal training plan and wage progression are in place - may be supported through an OJT contract to facilitate skill acquisition for the apprenticeship role.

This is allowable under 20 CFR § 680.710, which states:

OJT contracts may be written for eligible employed workers when:

- *The employee is not earning a self-sufficient wage or wages comparable to or higher than wages from previous employment, as determined by Local WDB policy;*
- *The requirements in [§ 680.700](#) are met; and*
- *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 identified by the Local WDB.*

Employer Referrals (Reverse Referrals)

When an employer identifies a potential candidate for employment who lacks the skills the employer requires upfront and is in need of OJT, they may refer the individual to the Career Center for WIOA and OJT eligibility determination. An individual referred as a potential candidate for OJT by an employer (reverse referral) may be considered for OJT with that employer only after the individual has met eligibility requirements for career services, has received an assessment, and for whom an IEP or ISS has been developed that indicates OJT is appropriate. This must be done *prior to the hiring selection or extending an offer of employment*.

Employer Eligibility

The hiring and training may begin after the OJT Pre-Award Analysis form has been completed and the OJT Employer Agreement has been signed by all the parties. The trainee becomes an employee of the company on the day the OJT begins.

Staff should give careful consideration when selecting a suitable employer for OJT. General business practices in terms of working conditions (safety, health, etc.), the availability of benefits, sustainable wage structure, company turnover rates, adequate staff and equipment to carry out the training, previous performance with the OJT program, and whether the employer is in compliance with federal, state, and local laws are factors to consider while completing the OJT Pre-Award Analysis form.

When considering an employer to participate as an OJT worksite, staff should carefully review and determine the nature of the employment to ensure the employment is ongoing and not temporary, probationary, or intermittent employment.

An OJT contract must be limited to the period of time required for a trainee to become proficient in the occupation for which training is being provided. In determining the appropriate length of the training, consideration must be given to the skill gaps that exist when comparing the skill requirements of the

occupation and the academic and occupational skill level of the trainee, prior work experience, and the trainee's Individualized Employment Plan. See the Skills Gap Analysis/Training Plan Development section.

Contract Requirements

- OJT contracts require that the wages paid to trainees be at least the prevailing entry wage for any specific occupation in the community. If the employer operates under a collective bargaining agreement, the wage and benefits must be those specified in that union agreement and the job opening must be cleared with the appropriate union.
- Reimbursements will be based on the participant's regular base wage rate. Overtime hours may be reimbursed at the regular rate of pay only, and not at the overtime or premium rate. Reimbursements will not cover holiday pay, sick leave, vacation, or other leave time.
- The employer must comply with requirements of the Civil Rights Act of 1964 and 29 CFR Part 31 with respect to equal opportunity in employment for the OJT position, as well as comply with all federal, state, and local laws.
- Trainees hired under OJT will be subject to the same personnel policies, rules and regulations, afforded the same benefits, and compensated at the same rates as other employees of the company.
- Employers are required to maintain Workers' Compensation Insurance coverage for all OJT participants and must comply with applicable federal and state tax withholding laws. Employers must also retain individual trainee payroll tax records for a minimum of three (3) years following the completion of the training period and make such records available for review upon request.
- Conditions of employment and training will be in full accordance with all applicable federal, state, and local laws (including but not limited to health and safety laws) and be appropriate and reasonable with regards to the type of work undertaken and the proficiency of the trainee.
- The employer must certify that the trainee will not displace any regular employee of the employer, and that no person was displaced as a result of the relocation of the current business within the previous 120 days of signing the OJT Contract Agreement.
- The OJT employer will agree to adhere to the WDB's grievance process if a complaint arises in connection with the OJT trainee and/or the training.
- OJT trainees will not be employed to carry out the construction, operation, or maintenance of any part of a facility that is used, or to be used for sectarian instruction or as a place for religious worship or be required to participate in religious activities.
- No individual (neither new hire nor incumbent worker) may enter an OJT position if a member of his or her family is engaged in an administrative capacity with the OJT employer, including a person with selection, hiring, placement, or supervision responsibilities for the OJT trainee.
- The OJT employer must certify that neither the employing company nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or excluded from participation by any federal department or agency. Staff should review Suspension of Funding List through the Office of State Budget and Management.

- The OJT employer will maintain and make available for review all time and attendance, payroll, and other records to support amounts reimbursed under OJT contracts.
- A trainee may not be trained under an OJT contract at a particular employer if:
 - 1) any other individual is on layoff from the same or substantially equivalent job;
 - 2) the employer has terminated the employment of any regular, unsubsidized employee, or otherwise caused an involuntary reduction in its workforce with the intention of filling the vacancy so created with the WIOA trainee; or
 - 3) the job is created in a promotional line that infringes in any way on the promotional opportunities of currently employed workers.

Skills Gap Analysis/Training Plan Development

Prior to the OJT start date, an individualized OJT Training Plan must be developed for the acquisition of skills that the trainee does not already possess. Skills the trainee acquired from previous work or life experiences are transferrable and can be used in every occupation, regardless of the type of work. Transferrable skills are unlike job-related skills, which tend to be used only in one type of work. This plan will contain occupationally specific skills that the employer requires for competency in the OJT occupation. OJT funds should not be used for orientation to standard operating procedures of the employer.

An analysis of the trainee's prior work history, transferrable work skills, and the job skills gained must be compared to the job skills/job description the employer requires in the OJT occupation. The resulting gap in skills will be the basis for the development of the Training Plan. Specific Vocational Preparation (SVP), as defined in Appendix C of the *Dictionary of Occupational Titles*, is the amount of lapsed time required by a typical worker to learn the techniques, acquire the information, and develop the facility needed for average performance in a specific job-worker situation. The following is an explanation of the various levels of specific vocational preparation (SVP):

SVP Levels

1.0 to < 2.0	Short demonstration only
2.0 to < 3.0	Anything beyond short demonstration up to and including 1 month
3.0 to < 4.0	Over 1 month up to and including 3 months
4.0 to < 5.0	Over 3 months up to and including 6 months
5.0 to < 6.0	Over 6 months up to and including 1 year
6.0 to < 7.0	Over 1 year up to and including 2 years
7.0 to < 8.0	Over 2 years up to and including 4 years
8.0 to < 9.0	Over 4 years up to and including 10 years
9.0 +	Over 10 years

SVP levels found in the O*NET Online database for a particular occupation will be used and adjusted to determine the length of training necessary to acquire the needed skills. Each skill description should be

concise but comprehensive, and the individual tasks should be measurable and observable. The specific types and sources of information used to identify the scope of the skills gap must be included in the trainee's case file.

Additional insights can be gathered through interviews with both the employer and the candidate to identify any specific skills gaps. These gaps should be clearly summarized in a narrative included with the skills gap analysis.

Trainee Skill Evaluation

At the midpoint of training, the trainee's acquisition of the required occupational skills on the Training Plan will be evaluated by the employer/supervisor using the OJT Trainee Evaluation Form (Attachment 3). This provides an opportunity for the employer or supervisor and the trainee to review the trainee's progress, discuss skill development, and make any necessary adjustments to the Training Plan—including modifying, extending, or shortening the training duration as needed.

- The Trainee Evaluation Form will also be used at the conclusion of training to document the mastery of the required skills.
- Completion of the final skills evaluation section of the form signals the successful completion of the Training Plan and agreement by the employer to retain the trainee.
- Trainees under an OJT contract will be formally monitored at least once during the training period by the staff of the agency responsible for the development of the contract.
- Trainee's progress must be documented monthly in the case notes.

On-site assessments are strongly recommended during the OJT process to ensure that the OJT employer is adhering to all program requirements and training quality. By observing the workplace and training environment firsthand, staff can better determine if the skills being taught align with the training plan, and the training meets industry standards. Additionally, face-to-face visits build a stronger relationship between the staff and the employer. It fosters communication, encourages collaboration, and demonstrates the staff's commitment to helping both the employer and the trainees succeed. This partnership is essential for the long-term success of the OJT program.

OJT Supporting Registered Apprenticeships

Under the WIOA, OJT can be a supportive strategy for the Registered Apprenticeship (RA) or Pre-Apprenticeship programs. The WIOA recognizes the importance of apprenticeships in the workforce development system and allows the use of funds to support OJT for employers who hire apprentices. The OJT can complement the structured learning provided by the RA program, ensuring apprentices gain practical, hands-on experience, help reduce the financial burden on employers and makes it easier for them to participate in the apprenticeship program. Performance outcomes for RA include measures such as employment retention, wages earned, measurable skills gains and attainment of industry-recognized credentials.

OJT Forms (See Attachment 3)

The official OJT forms are:

- Pre-Award Analysis – Pages 1- 2
- Employer Agreement – Pages 3 – 5
- Training Plan – Pages 6 - 9
- Trainee Evaluation – Pages 10 - 11

These documents are required for all WIOA-funded OJT activities. Each of these forms must be uploaded and maintained in the participant's NCWorks Online account. It is also recommended that these documents be uploaded to the employer's NCWorks account to help identify individuals participating in OJT by employer.

Justification for Reimbursement Documentation

Signed timesheets, invoices, payroll records, and/or copies of pay stubs must be maintained and uploaded in NCWorks Online and made available for local and state monitoring. Electronic timesheets are acceptable with required signatures and may be printed and signed. The Local Area WDB must have processes in place to verify trainee time and pay.

Timely submission of invoices by the employer allows for timely reimbursement. It is at the Local Area WDB's discretion to implement a specific length of time for invoicing and reimbursements.

Reporting

The following must be entered or uploaded in NCWorks:

- The appropriate service codes must be entered for each OJT participant
- All OJT documents (such as the Pre-Award Analysis, Employer Agreement, Training Plan, Skills Gap Evaluation documentation, and Trainee Evaluation)
- Signed timesheets, invoices, payroll records, and/or copies of pay stubs
- Case notes relevant to the OJT service

The Work-Based Learning Training Programs and Grants Commission Policy Statement (CPS 03-2024) states "...strengthening data collection and tracking of employers participating in (WBL) opportunities will position North Carolina to better assess the impact in areas such as employer location, size, and industry."

In order to strengthen employer related data associated with WBL activities, data entry in the Salesforce system for WIOA funded WBL activities is strongly encouraged for PY 25 and will be required for PY 26.