



Montana Department of LABOR & INDUSTRY

2 Division: Workforce Services Division

3 Category: WIOA

4 Effective Date: 10/01/2018

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6 Policy No.: 22-18

9 On-The-Job Training (OJT) Policy

10 **Background:** On-The-Job Training (OJT) is a work-based training strategy available through
11 Workforce Innovation and Opportunity Act (WIOA) resources and delivered through the public
12 workforce system. OJT is a proven, evidence-based strategy that creates opportunities for job
13 seekers and incentives for businesses to hire individuals in the Adult, Dislocated Worker, and Out of
14 School youth programs and invest in their skill development.

15
16 On-the-Job Training is provided by an employer to a paid participant who is engaged in productive
17 work that:

- 18 • Provides knowledge or skills essential for the full and adequate performance of the job;
- 19 • Provides reimbursement of a portion of the newly hired employee's wages as compensation
20 for the employer's extraordinary costs related to training, additional supervision, and loss of
21 production; and
- 22 • Is limited in duration as appropriate to the participant's prior work experience, service
23 strategy, and occupational training needs; as well as the training content.

24
25 **Scope:** This policy applies to all service providers operating WIOA Title I Adult, Dislocated Worker
26 or National Dislocated Worker Grants and/or Out-of- School Youth programs; WIOA Title I Adult,
27 Dislocated Worker or National Dislocated Worker Grants, and Out-of- School Youth program
28 manager(s); WIOA fiscal officers, and the WIOA monitoring team. This policy is effective October 1,
29 2021.

30 Policy:

31 In Montana, the OJT goal is to match participants and employers according to growth potential;
32 abilities needed to succeed, and experience gained through quality training that leads to long term,
33 unsubsidized employment. When selecting jobs for OJT training, service providers must consider
34 those which offer opportunities not otherwise available; lead to economic self-sufficiency; and
35 provide upward economic mobility.

36

37 Service providers are responsible for assuring employer compliance with the terms and conditions
38 for the OJT contract. This includes regular contact and review of progress with the OJT employer to
39 reach the participant's outcomes. Service providers must also assure that presently employed
40 workers are not adversely affected and there is sufficient work to provide long term, regular
41 employment for the participant. The business must have operated at its current location for at least
42 120 days. If the business has operated in its current location for less than 120 days and relocated
43 from another area in the U.S., individual(s)/employees must not have been laid off at the previous
44 location as a result of relocation.

45

46 OJT is included in the Measurable Skill Gains (MSG) WIOA primary indicator of performance for Adult,
47 Dislocated Worker, and Out-of-School Youth programs.

48

49 Requirements:

50 1. Participants

51 To participate an OJT, an individual must:

- 52 • Be enrolled in WIOA Adult, Dislocated Worker, or Out-of-School Youth program;
- 53 • Receive an assessment with consideration given to:
 - 54 ○ Abilities, knowledge, and skills related to both the participant and the occupation;
 - 55 ○ Prior work experience; and
 - 56 ○ Employment goal.

57 An OJT contract between a business and an existing employee requires the following assurances:

- 58 • The employee is not earning a self-sufficient wage or wages comparable to or higher than
59 wages from previous employment.
- 60 • The OJT relates to the introduction of new technologies, introduction to new production or
61 service procedures, upgrading to new jobs that require additional skills, workplace literacy, or
62 other appropriate purposes identified by the SWIB.

63

64 Please note: Under no circumstance, directly or indirectly, may a provider employee who is a relative
65 of an eligible participant train that participant; including, but not limited to, a relative in a
66 management position with the authority to approve or disapprove services.

67

68 2. Businesses/Contractors

- 69 • OJT guidelines require that a business or contractor must:
 - 70 ○ Provide knowledge or skills essential to the full and adequate performance of the job;
 - 71 ○ Provide supervision as the participant learns specific, occupation-related skills;
 - 72 ○ Represent industry standards of job continuity and security; and
 - 73 ○ Comply with the non-discrimination and equal opportunity provisions of WIOA law and
74 regulations.
 - 75 ○ Provide participants benefits and working conditions at the same level and to the
76 same extent as other trainees or employees working a similar length of time and
77 doing the same type of work, including providing workers' compensation.

78

79 3. Documents

80 a) OJT Contract

81 Before a participant begins an OJT placement, the OJT Contract (WIOA.25) must be negotiated,
82 completed, and signed as part of the agreement between the employer and the service provider.

83 The participant will begin training within fifteen (15) days of the contract's effective date.

- 84 • The participant and business each receive a copy of the signed OJT contract. The original
85 contract must be saved in the participant's file.
- 86 • Contracts may not be written for more than 40 hours a week.
- 87 • Contracts must end June 30th of the current program year. If training extends beyond June
88 30th, a contract modification is required.
- 89 • The employment may not be seasonal in nature.
- 90 • OJT contract duration shall not exceed the maximum training allowed according to O-Net
91 using the occupational O-Net code and the appropriate corresponding job zone.

92 b) OJT Contract Modification

- 93 • A Contract Modification form (WIOA.27) must be used when modifying a contract. Original
94 contracts cannot be altered.
- 95 • The participant and business each receive a copy of the signed contract modification. The
96 original modification must be saved in the participant's file.

98 c) Progress Report and Monthly Invoice

- 99 • For each OJT contact, the OJT Progress Report and Monthly Invoice (WIOA.26) must be
100 completed by the employer. The form must include a payroll report detailing the participant's
101 hours and wages. All forms must be saved in the participant's file.
- 102 • When the contract is approved and the participant begins their placement, the monthly
103 reporting cycle begins.
 - 104 ○ A report is due each month during the course of an OJT .
 - 105 ○ Monthly reports must be saved in the participant's file.
 - 106 ○ Payments must be processed within 7 working days.
- 107 • The service provider must have monthly contact with the business.

109 d) Employee/Trainee Wages and Benefits

- 110 • Employees must be compensated at the same rates, including periodic increases, as
111 trainees or employees who are situated in similar occupations by the same employer and
112 who have similar training, experience, and skills. The rates must be in accordance with
113 applicable law, but never less than minimum wage. This includes all benefits (health
114 insurance, retirement, etc.)
- 115 • The minimum starting rate of OJT employees must be the greater of:
 - 116 ○ Wages comparable to, leading to, or higher than wages from previous employment;
117 or
 - 118 ○ At the same rates as trainees or employees similarly situated in similar occupations
119 by the same business and who have similar training, experience and skill.
- 120 • Commission-only occupations are not allowed for OJTs.

121 4. Funding

122 a) Reimbursement

123 The standard reimbursement rate for OJT contracts is up to 50%, however the reimbursement rate
124 may be up to 75% if justification is based on one or more of the following factors and documented in
125 the MIS System:

- 126 • The characteristics of the participant, taking into consideration whether they are individuals
127 with barriers, such as:
 - 128 ○ Migrant or Seasonal Farmworkers;
 - 129 ○ Youth who have aged out of the foster care system;

- 130 ○ English language learners;
- 131 ○ Individuals with a low level of literacy;
- 132 ○ Individuals who face substantial cultural barriers;
- 133 ○ Displaced homemakers;
- 134 ○ Low-income individuals;
- 135 ○ Indians, Alaska Natives, and Native Hawaiians;
- 136 ○ Individuals with disabilities, including individuals who are in receipt of Social Security
- 137 Disability Insurance;
- 138 ○ Older individuals (age 55 and older);
- 139 ○ Ex-offenders;
- 140 ○ Homeless individuals;
- 141 ○ Individuals within two years of exhausting lifetime TANF eligibility;
- 142 ○ Single parents (including single pregnant women); and
- 143 ○ Long-term unemployed individuals (unemployed for 27 or more consecutive weeks).
- 144 ● The business employs 50 or fewer individuals;
- 145 ● The business agreed to sponsor an apprenticeship in an occupation that meets registered
- 146 apprenticeship guidelines; or
- 147 ● Other factors that the State Workforce Innovation Board (SWIB) may determine are
- 148 appropriate.

149 **b) Non-allowable Costs**

- 150 ● OJT participant referred and/or hired through a private employment agency.
- 151 ● Overtime wages, holidays, sick leave or vacation.
- 152 ● Payroll taxes, including federal and state taxes; unemployment insurance, and workers’
- 153 compensation.
- 154 ● Wages of incumbent employees during their participation in economic development activities
- 155 provided through a state workforce development system.
- 156 ● Foreign travel; and
- 157 ● Political activities.
- 158

159 **Administrative Requirements:**

- 160 ● The WIOA Title I program manager(s) will provide technical assistance to service providers to
- 161 ensure eligibility of OJT participants and safeguard the participant’s OJT success through
- 162 placement with an appropriate employer.
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164 **Monitoring and Evaluation:**

- 165 ● A formal monitoring will be conducted by the entity designated by SWIB.

166 **References:**

- 167 ● [20 CFR 680.700 – 680.740, 680.830 and 680.840 Work-based Training](#)
- 168 ● [20 CFR 680.200 and 680.210 Training Services for Adults and Dislocated Workers](#)
- 169 ● [TEGL 19-16 Adult and Dislocated Worker Programs under WIOA and Wagner-Peyser](#)
- 170 [Employment Service \(ES\)](#)