

Oklahoma Employment Security Commission
Workforce Integrated Programs Division

MEMORANDUM #M-15-2010

TO: Local Workforce Investment Boards
Fiscal Agents
OJT Coordinators
Area Managers
Local Office Managers

FROM: Richard J. Gilbertson, Director
Workforce Integrated Programs Division

DATE: October 5, 2010

SUBJECT: Building an Appropriate OJT Training Plan

I. On-the-Job Training (OJT) Overview

The basic purpose of an OJT is to allow an employer to hire an individual who would not otherwise qualify for the job and to teach the skills needed to perform at the entry level for the position. The activity is based upon a contractual exchange between the employer and the Local Workforce Investment Board's (LWIB's) designated entity. The LWIB's designated entity provides the employer with a partial wage reimbursement for an agreed-upon training time period in exchange for the provision of training by the employer and a commitment to retain the individual when the training is successfully completed.

OJT is a hire-first program. The trainee is actually an employee of the company that has agreed to provide the training. It is very important that everyone involved understands that it is not a subsidized employment program. OJT training payments to employers are deemed to be compensation to the employer for the extraordinary costs associated with training participants and the costs associated with the lower productivity of the participants during the training period. Employers are not required to document such extraordinary costs [WIA reg. 663.710(c)]. Employers may be reimbursed at wage rates consistent with Oklahoma Employment and Training Issuance (OETI) #16-2010. Training duration is limited as appropriate to the occupation for which the OJT participant is being trained, taking into account the content of the training, the prior work experience of the participant, and the service strategy (IEP) of the participant, as appropriate.

Because all new employees undergo some form of training, it is essential to differentiate the initial "training and orientation" routinely provided by the employer to new hires from the additional training that is to be provided for the OJT trainee. The employer should only be compensated for training that is in addition to what is normally provided to a new employee.

During the course of the OJT, the trainee must be treated as a regular employee and should receive wages and benefits at the same level as similarly employed workers. Not all jobs are appropriate for OJT. The emphasis on training automatically eliminates all jobs that require no more than a brief initial orientation period. Similarly, because reimbursements are intended to compensate the employer for decreased productivity, jobs that pay by commission or piecework are generally considered inappropriate. Additionally, seasonal and temporary jobs should likewise be avoided because the desired outcome is long-term retention into full time employment at the completion of training.

OJT can also be inappropriate for a variety of other reasons. As with consideration of any participant for a training service, the potential trainee should generally possess at least the threshold level of basic and work readiness skill proficiency to ensure the possibility of success. Placement into OJT before a trainee is ready can negate earlier achievements and undermine motivation and self-confidence. Additionally, the placement of trainees who fail to meet even basic employer expectations will diminish the credibility of the LWIB's designated entity, the OJT program, and the Workforce Investment system within the business community. The initiation of an OJT for an unemployed participant is generally delayed until the trainee:

- has identified interests and aptitudes that match the prospective training;
- has expressed an occupational preference based upon sound and current labor market information;
- understands and/or exhibits the attitudes and behaviors that employers require;
- appears motivated and committed to give a best effort; and
- has sufficient basic work readiness and occupational skills to learn the job skills.

Although the primary focus of OJT is training in job-specific skills, it is sometimes necessary to build in activities that simultaneously address needed basic and/or work readiness skill deficiencies as part of the overall training plan.

Trainees who already possess a substantial portion of the skills required to perform the job also should not be placed into OJT positions. The responsibilities that accompany the use of public funds demand that expenditures for training activities be confined to situations where there is a documented need for training; mere subsidies for business or financial incentives to hire are avoided. Thus, the selection of trainees for OJT should be carefully governed by a well-thought out process. The skills already possessed by the participant must be considered along with the skills required to do the job.

II. The OJT Training Plan

A well-stated training plan is the heart of the OJT contract package. Because OJT reimbursements are intended to compensate the employer for the extraordinary costs of training, the training plan serves as the work statement of the Agreement. Please refer to OETI #16-2010 for requirements related to OJT training plans. Contractually the OJT training plan:

- specifies what is being "purchased" from the employer;
- serves as an instrument to monitor whether what has been "purchased" has been "delivered;" and
- obligates the training funds.

The training plan provides structure and context to insure thorough and comprehensive training. LWIB's designated entity should assist employers in the development of a training plan that will satisfy program requirements, serve as a meaningful guide for both the trainer and the trainee, and result in a valuable, skilled employee for the business. It helps to think the plan through in several steps.

[Note: Many considerations go into the development of an appropriate OJT training plan, including selection of trainees, assessment, qualifying the business, proper documentation, etc. The main focus of this document is to provide guidance in 1) assessing and documenting the skills gap between and the employer's job and the trainee, and 2) determining an appropriate OJT duration.]

1. Create/Review a Job Description:

A comprehensive job description is a critical starting place in developing OJT training plan components. Written job descriptions for the positions that may be covered under an OJT Agreement should be collected at the beginning of the process. Tasks and requisite skill requirements that employees must be able to perform should come from the related job description.

A job description may be obtained from the Employer or the LWIB's designated entity may assist the employer in writing a job description, thus providing a "value-add" for the employer. For assistance in writing a job description you may use the tasks and activities provided at the CareerOneStop Job Description Writer (<http://www.careerinfonet.org/jobwriter/>). You should modify these descriptions to be specific to an employer's needs for the occupation, e.g., identifying specific type(s) of tools or software used. Another resource that may be helpful for assistance in writing skill requirements is to use the task statements and activities provided at O*NET Online (<http://online.onetcenter.org>).

2. Identify the Skill Gap(s):

Review the skills needed to perform the job to the standards based on the job description that was used for comparison against the trainee's current levels.

a. Document Trainee's Starting Capability:

Using the Job Skill Requirements, document the trainee's skill level for each skill to identify the skill gap(s). Documentation of these skill deficiencies is required in order to identify the skills to be learned by the trainee during the training period. You may also wish to document the trainee's capability for each skill. The "Starting Capability" may be based upon an interview with the trainee's supervisor. Using the following rating scale may be helpful:

- i. Beginning - Can do only simple parts of the task.
- ii. Intermediate - Can do most parts of the task.
- iii. Skilled – Meets the Employer's standard for the task.

b. Document Trainee's Ending Capability:

For each skill listed in the training plan, record the date on which the "Ending Capability" assessment is made and the skill level which has been obtained using scale above. It is necessary to identify a method of measurement by which it will be determined if the trainee has acquired the skill. The most typical methods of measurement include oral or written questions and answers (testing), observation of the trainee as he or she performs a process, or review and inspection of a work product. The supervisor will determine whether the skill has been acquired to a satisfactory level. Wherever possible the employer should identify an objective standard against which performance will be measured. The "Ending Capability" scores may be based upon an interview with the trainee's supervisor or by utilizing another skill assessment method used by the employer.

Note: Developing a plan for achievement can be a helpful tool as part of the OJT plan. Training quality can be improved by logically sequencing the skills to be learned. Although a schedule should not be inflexible, it generally keeps training on track with the goal. A clear timetable also helps to inform the employer and trainee about progress.

3. Determining Appropriate Training Duration:

In determining the appropriate length of the 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 IEP.

For example, if the job requires the repair of machinery, a determination needs to be made of tools needed, the precision needed to use the tools successfully, skills needed to diagnose problems, and the training needed to successfully disassemble and reassemble parts.

Training duration is negotiated with the employer on the basis of the skills that need to be learned to perform the job at a level comparable to an employee who would be hired without the need for OJT. The Specific Vocational Preparation (SVP) code can be used to set the upper limit for training duration (refer to O*NET Online (<http://online.onetcenter.org>, Job Zone/SVP parameters to obtain the SVP per occupation, where available). O*NET is a useful resource to use in determining the length of training; however, O*NET should not be relied upon exclusively at the risk of overlooking the needs, skills, and abilities of the participant and the specific needs of the employer. The following table identifies the SVP level and comparable training time:

SVP	Maximum OJT Training Time
1	Short demonstration only (usually not appropriate for OJT)
2	Anything beyond short demonstration up to and including 30 days (usually not appropriate for OJT)
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

Sometimes the SVP limits can be exceeded when adequate documentation supports the need for longer training. Reasons to exceed these durations frequently include:

- basic educational skill deficiencies that affect the rate of training (including English-as-a-second Language (ESL), reading, writing, and oral communications, mathematics);
- identified problems with required work attitudes and behavior that will be addressed as part of the OJT;
- complexity of the job exceeds the O*Net description; and
- other relevant factors such as disabilities.

The SVP levels relate to occupations and not specific skills within an occupation. As noted above, an appropriate training plan considers the skills gap within an occupation and not the occupation as a whole. Therefore the SVP levels should be used to set the parameters for training duration but attention is given to the skills to be learned during the training period to adequately determine appropriate training duration.

A process to consider that may be helpful in determining appropriate training duration (given that 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) would be to reduce OJT training time based prior occupational related experience, education, and training. Examples of such a process may include the following:

- a. Prior Experience – the maximum training length of OJT could be reduced by:
 - One week (40 hours) for each month of prior employment in the same occupation with a different employer.
 - Forty (40) hours for each three (3) months prior employment in a directly related job.
- b. Related Education/Training – the maximum training length of OJT could be reduced by:
 - Fifteen (15) hours of each thirty (30) hours of related commercial training or occupational training in secondary education.
 - Two (2) years of specific vocational preparation for the average four (4) year college curriculum.

III. Other Considerations

The training plan becomes the work statement of the contract and is followed as a guide when delivering training. The training plan is also useful for determining whether the services contracted for are delivered. Once skills have been identified and a method for measuring them has been established, trainee progress can be determined.

It may be necessary to deviate from the training schedule, depending on the trainee's ability to gain and retain knowledge of the various tasks within the occupation. Any such disruptions of the planned training period through no fault of the trainee or the employer will require a modification to the OJT contract.

Because the length of training is determined through a process of negotiation, procurement procedures require written justification for the agreed-upon duration. Written documentation serves to satisfy procurement regulations and also records the rationale employed in the negotiation.

LWIB's designated entity must adhere to the requirements of Oklahoma Employment and Training Issuance (OETI) #16-2010 and as such this policy should be read and understood before developing any OJT contracts.

ACTION REQUIRED: Please be advised that while making use of the above is not mandatory, OESC highly encourages the use of this tool as a "good practice".

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