

# Technical Assistance Guidance

## TAG 44-2020

Issued Date: July 23, 2020

Subject: Criteria for 75 Percent Reimbursement for On-the-Job Training

### **Purpose**

This TAG provides guidance regarding criteria where the reimbursement rate for on-the-job training (OJT) contracts may be increased to 75 percent.

### **References**

Public Law P.L. 113-128; [Secs. 3, 122, 134, 181, 189, 194, 503]; [20 CFR Part 678]; [20 CFR Part 680]; [20 CFR Part 683]; [29 CFR Part 38]; [TEGL 13-15]; [TEGL 19-16]; [State Compliance Policies 1.14 and 3.6]; and [WC Policy GEN-050-10]

### **Background**

The Governor may increase the reimbursement rate for on-the-job training (OJT) contracts funded through statewide employment and training activities described in §682.210 up to 75 percent, and the Local Workforce Development Board (Workforce Connections) may also increase the reimbursement rate for OJT contracts described in §680.320(a)(1) up to 75 percent, when taking into account the following factors:

1. The characteristics of the participants taking into consideration whether they are “individuals with barriers to employment,” as defined in WIOA sec.3(24);
2. The size of the employer, with an emphasis on small businesses;
3. The quality of employer-provided training and advancement opportunities, for example if the OJT contract is for an in-demand occupation and will lead to an industry-recognized credential; and
4. Other factors the Governor or Local Workforce Development Board may determine to be appropriate, which may include the number of employees participating, wage and benefit levels of the employees (both at present and after completion), and the relation of the training to the competitiveness of the participant.

WC believes OJT is an effective tool for training and serves a dual purpose of aligning strongly with business needs below:

- The needs of businesses are better addressed before they fail, preventing further job losses.
- Layoffs in small businesses will drive the need for retraining.
- Many job functions will change requiring training.
- Current requirement is a burden on service providers because rural communities have fewer business and the businesses tend to be smaller in size.
- Reduced availability of training due to COVID-19 creates a need for more training opportunities.

## **Guidance**

### **Participant Characteristics**

This TAG permits an increase in employer reimbursements through a sliding scale based on the length of the participant's unemployment, or whether or not the participant is a veteran, an individual with a disability, an individual on public assistance, low-income, homeless, or ex-offender. Under this guidance, the following reimbursement percentages are permitted:

- Up to 75 percent of the participant's wage where OJT is provided to an individual who was unemployed for 26 weeks or more at the time of participation into the WIOA Title I program.
- Up to 75 percent of the participant's wage where OJT is provided to:
  - Veterans
  - Disabled individuals
  - Individuals on public assistance
  - Low-income individuals
  - Homeless individuals
  - Ex-offenders
  - Individuals who are English language learners or basic skills deficient
  - Youth who have aged out of the foster care system
  - Individuals who are 55 years of age or older
  - Displaced homemakers
  - Single parents (including single pregnant women)

### **Employer Size**

This guidance permits an increase in employer reimbursements for OJT through a sliding scale based on the size of the business. Under this guidance, the following sliding scale is permitted:

- Up to 75 percent of the participant's wage rate for employers with 100 or fewer employees.
- Up to 50 percent of the participant's wage rate for employers with more than 100 employees.

### **Quality of Employer-Provided Training and Advancement Opportunities**

This guidance permits reimbursement up to 75 percent based on the quality of employer-provided training and advancement opportunities. Under this guidance, the following factors are used to determine employer quality and/or advancement opportunities, and allow for reimbursement up to 75 percent of the participant's wage:

- Minimum OJT wage criteria:
  - OJT wage is greater than or equal to the mean wage for the local area.
  - OJT wage is greater than or equal to the mean wage reported for the occupation in the local area.
- Occupation is an in-demand occupation as published by Workforce Connections.
- Salary increase criteria
  - Guaranteed salary increase of at least 10 percent at completion of training, or
  - Guaranteed salary increase of at least \$1.00 on an hourly basis at completion of training.

### **Board Approved Exceptions**

This guidance permits reimbursement up to 75 percent based on a written request if none of the other 75 percent criteria are met. Criteria which may be considered are:

- Participant characteristics
- Employer size
- Locality of business
- Wage criteria
- Demand occupation criteria
- Wage increase criteria
- Competitiveness of the participant
- Number of employees participating
- Other factors as presented

The statutory OJT reimbursement requirement of up to 50 percent reimbursement rate for employers will continue to apply in all other instances.

### **Technical Assistance**

Available upon request.