



ÁREA LOCAL  
DE DESARROLLO LABORAL  
GUAYNABO / TOA BAJA

*Guaynabo-Toa Baja Workforce Development Local Board  
Workforce Innovation and Opportunity Act (WIOA)*

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**PUBLIC POLICY FOR ON-THE-JOB TRAINING (OJT) SERVICES**

**POLICY NUMBER: WIOA 20-07**

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**PURPOSE**

In order to continue being competitive in an economy becoming more globalized each day, we must invest in our workers and provide them the necessary training and skills to be successful in the labor market. The on-the-job-training provided by the Workforce Innovation and Opportunity Act (WIOA) presents a great opportunity to promote greater participation by employers, implementing sectorial strategies, and encouraging industry associations. This type of training allows employers to train their employees while being productive members of the workforce.

On-the-job training contracts may be awarded to public or private for-profit or not-for-profit organizations. For this activity, the employer is required to retain the participant after finishing the training.

To these effects, the Guaynabo-Toa Baja Local Area Workforce Development Local Board (hereinafter the Local Board) issues the following Public Policy to establish the applicable criteria to on-the-job training (OJT) services.

**LEGAL BASE**

- Workforce Innovation and Opportunity Act (WIOA), Sections 3(44); 134(c)(3)(H); and 181.
- TEGL 21-16: Third Workforce Innovation and Opportunity Act (WIOA) Title I Youth Formula Program Guidance (March 1, 2017).
- TEGL 19-16: Guidance on Services Provided Through the Adult and Dislocated Worker Programs under the Workforce Innovation and Opportunity Act (WIOA) (March 1, 2017).
- TEGL 13-15: On-the-Job Training (OJT) Wage Caps and Reimbursement Rate Waivers for Job Driven, Dislocated Worker Training, and Sector Partnership National Emergency Grants (NEGs) (February 23, 2016).
- 20 CFR 680.320(b) 20 CFR 680.700 - 680.730

**PUBLIC POLICY**

In Section 3(44), WIOA defines the term "On-the-job training" (OJT) as the training offered by an employer to a participant who receives wage compensation, while performing productive work that:

1. Provides essential knowledge or skills for completely and adequately performing the work for which the participant is being trained.
2. Is available through a reimbursement program, which reimburses the employer fifty per cent (50%) of the participant's salary. The reimbursement may be greater according to that established in Section 134(c) (3) (H), for extraordinary costs when offering the training and additional supervision regarding the latter.
3. Its duration is limited to the time necessary to obtain the knowledge related to the occupation in which the participant is receiving training. This will be taken into consideration as well as the training content, previous work experience, and service strategy of the participant, as applicable. **The Local Board will establish up to a maximum of one thousand forty (1,040) hours for the on-the-job training activity.**

We encourage using the specific vocational preparation (SVP) codes to determine the duration of the training in a particular occupation. The SVP codes can be found in *onetonline.org*.

### **OJT WAGE REIMBURSEMENT RATE (20 CFR 680.730)**

The Local Board establishes an increase in the reimbursement rate of up to seventy five percent (75%) taking into account the following criteria:

1. The characteristics of the participants if they are "individuals with barriers to employment", as defined in WIOA, Sec. 3 (24);
2. the size of the employer, with emphasis in small and medium businesses;
3. the quality of training and promotion opportunities offered by the employer; and
4. other factors the State or Local Board may determine as appropriate, which may include: the number of employees who participate, the salary levels, and employee benefits (at the beginning as well as at the end of the training), and the relationship between the training and the participant's competency.

The Local Board will document the factors used when deciding to increase the levels of wage reimbursement above fifty percent (50%) up to seventy five percent (75%).

The Local Board will establish as a policy to give priority in the investment of OJT funds for Microbusinesses, Small Businesses, and Medium Businesses (PYMES, by its Spanish acronym) of the Region.

For the purposes of this Public Policy, and in accordance with Public Law 62-2014, as amended, known as "Law for the Support of Microbusinesses and Small and Medium Businesses", businesses and companies are defined as follows:

1. **Microbusiness:** business or company generating a gross income of less than five hundred thousand dollars (\$500,000.00) a year, which has seven (7) employees or less.
2. **Small Businesses:** business or company generating a gross income of less than three million dollars (\$3,000,000.00) a year, which has twenty-five (25) employees or less.
3. **Medium Businesses:** business or company generating a gross income of less than ten million

dollars (\$10,000,000.00) a year, which has fifty (50) employees or less.

When a business or business owner employs more than two hundred and fifty (250) persons and generates a gross income greater than ten million dollars (\$10,000,000.00) a year, it will have the statutory reimbursement of fifty percent (50%) of the participant's wages. The Local Board will take into account several aspects, including, the amount of participants the employer will be receiving as part of the activity, the salary and benefits provided, and the degree of difficulty of the training.

## **EXEMPTIONS**

According to the authorization of the state to implement the exemption approved by the U.S. Department of Labor Employment Training Administration (DOLETA) for Puerto Rico, the Local Board establishes a maximum reimbursement of ninety percent (90%) of the participant's wages. The percentage of reimbursement will be calculated based on the size of the company's workforce:

1. For employers with fifty (50) employees or less – up to ninety percent (90%) reimbursement.
2. For employers with fifty one (51) to two hundred fifty (250) employees – up to seventy-five percent (75%) reimbursement.
3. For employers with more than two hundred fifty (250) employees – statutory reimbursement of fifty percent (50%).

## **GENERAL PROVISIONS**

1. Employers who hire persons with disabilities who are able to work and persons with a criminal record will be reimbursed ninety percent (90%) of the wages of the participant who meets these criteria (while the exemption provided by DOLETA is in effect). The reimbursement of the remaining participants of the proposal will be made based on the size of the company, as mentioned before.
2. OJT participants will not work less than thirty (30) hours a week.
3. OJT funds will be invested in participants' wages, and are not for fringe benefits.
4. The OJT activity will be subject to state and/or local monitoring, which may include, but is not limited to, revising a sample of the OJT contracts, invoice payments and participant records to ensure compliance with federal, state, and local policies.
5. Every employer who wants to benefit from the On-the-job training funding grant provided by WIOA will be required to retain the participant who has successfully completed the training, for an additional period of six (6) months after concluding the activity.

## **AVERAGE HOURLY WAGE**

Employers must provide OJT participants the same work benefits and conditions as a current employee of the company who performs similar work as that performed by the participant (WIOA Sec. 181 (a)(I) (A)). According to TEGL 13-15 a salary top is established for OJT activities for each state according to the statistics from the US Bureau of Labor Statistics (UBLS). The average hourly wage for Puerto Rico, according to UBLS, is thirteen dollars and ninety-one cents (\$13.91) per hour. **To such effects, the Local Board establishes a top salary of \$13.91 per hour for reimbursing wages to the employer.**

## CRITERIA TO CONSIDER WHEN AWARDING OJT FUNDS TO AN EMPLOYER

1. The employer must show financial solvency.
2. This training activity will not include the displacement of any employee of the company, or alter the promotion opportunities of the current workers.
3. No OJT agreement will be entered with an employer who has fired a regular employee, or who has reduced the workforce to hire employees under this agreement.
4. The employer must not have workers currently at risk of being laid off, or be involved in a labor dispute.
5. The OJT agreement must not undermine existing service contracts or collective bargaining agreements.
6. No OJT funds will be awarded to employers who have relocated their operations and for who, as a consequence of this relocation, employees have been laid off, until the company has operated in the new location for one hundred and twenty (120) days.
7. The employer must not discriminate illegally based on race, color, sex, origin, nationality, religious beliefs, mental or physical disability, political beliefs or affiliations, sexual orientation, gender identity, gender expression, or age.
8. According to WIOA (20 CFR 683.200) regulations, no participant will be assigned to an OJT activity if a member of his or her immediate family will be their direct supervisor. For the purposes of this Public Policy, the term "immediate family" includes a spouse, son, daughter, son-in-law, daughter-in-law, father, mother, mother-in-law, father-in-law, brother, sister, brother-in-law, sister-in-law, uncle, aunt, nephew, niece, stepfather, stepmother, stepson, stepdaughter, grandmother, grandfather, or grandson, granddaughter.
9. Employers must agree to cooperate with the monitoring efforts, as required by WIOA, comply with all the other applicable local, state, and federal rules and regulations and answer the requests of the Local Board personnel to gather information about the salaries and retention of the participants.
10. The OJT activity participants will receive the same work benefits and conditions as a current employee of the company performing similar functions as those performed by the participant (20 CFR 683.275).
11. No OJT contracts will be awarded to companies that have not shown retention results for program participants in previous contracts.

### VALIDITY

This Public Policy will be effective immediately after its approval. This Policy voids any previous policy regarding OJT services of the Local Board.

In Guaynabo, Puerto Rico, on April 22, 2020.



Mr. Oriel Ramírez Rodríguez  
President  
Workforce Development Local Board