

Commonwealth of Massachusetts
Executive Office of Labor and Workforce Development

Waiver Request

On the Job Training (OJT) Employer Reimbursement Waiver: Sliding Scale

The Massachusetts Department of Workforce Development (DWD), on behalf of the Executive Office of Labor and Workforce Development (EOLWD), is requesting a waiver to the current allowable employer reimbursement rate of up to 50 percent of the wage rate of an On-the-Job Training (OJT) participant for the extraordinary costs of providing training and additional supervision related to the OJT as described in WIA Section 101(31) (B). The waiver request has been developed in accordance with the WIA guidelines in Section 189(i) (4) (B) and the WIA Federal regulations at 20 CFR 661.420.

Massachusetts is proposing a sliding scale of reimbursement to the employer based on employer size. Under the waiver, the following sliding scale will be implemented: up to 90% reimbursement for employers with 50 or fewer employees; up to 75% reimbursement for employers with 51 – 250 employees; and for employers with more than 250 employees, the statutorily defined 50% limit will continue to apply.

The waiver is requested for use with all WIA formula funds: Adult, Dislocated Worker, and on a limited basis, Youth funds. The U.S. Department of Labor has approved a similar waiver per TEGL No. 38-09 for the OJT NEG. We look forward to approval of this waiver for Massachusetts and, upon approval request that the waiver period be effective immediately.

A. The statutory and/or regulatory requirements for which the waiver is requested:

WIA Section 101(31)(B) and the accompanying regulations as promulgated at 20CFR Subpart G 663.710(b) state that employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT.

B. Description of the actions the state or local area has undertaken to remove state or local barriers:

There is no state or local statutory or regulatory barrier to implementing the proposed waiver.

C. Description of the waiver goals; relationship of goals to the strategic plan goals; and expected programmatic outcomes:

The waiver is consistent with national policy to develop a workforce system that is responsive to the demands of both individual and employer customers. The Commonwealth anticipates the following goals will be achieved with approval of the waiver request:

- Maximize the flexibility needed to impact local economic vitality and direct resources where demand for services is greatest by assisting local areas in marketing OJT as a vehicle to engage employers, particularly in targeted sectors, to hire and provide training to new workers. This will build the capacity and future viability of both the workforce and the industries themselves.
- Assist with the transformation of the current workforce system to a demand-driven, sector based and regionally driven talent development pipeline.
- Increase training and transitional employment opportunities for unemployed workers and hard-to serve youth and adults.
- Equip individuals with relevant job training and transferable skills in high-skill, high-wage, high-demand occupations and industries.
- Increase business usage of the local workforce system by providing added incentives to hire and train new workers.

Local workforce investment partners have provided feedback with regard to employer needs for assistance with economic competitiveness in the current economic downturn. Allowing businesses to be reimbursed on a sliding scale will address the primary reason for prior limited use of OJT and increase employer participation. Employer feedback indicates that they will be more likely to use this opportunity if reimbursement was greater than 50%.

Small to medium-sized employers are responsible for 51% of all the jobs in Massachusetts, therefore the Commonwealth estimates that small to medium-sized employers will comprise a significant percentage of OJT opportunities.

As cited above, Massachusetts has applied for OJT NEG funds that provide for the same sliding reimbursement scale as described in this request. Extending the option to the use of local formula funds will allow for a more consistent expansion of training options available to potential employers interested in hiring and training new workers.

D. Description of the individuals impacted by the waivers:

The need for training is especially acute for those workers most in need: dislocated workers transitioning to new occupations and industries, long-term unemployed individuals in need of advancing outmoded skills in order to catch up with emerging technologies, and low-income and entry-level workers seeking to start their careers in the weakest economic climate in the past seventy years. Approval of the waiver will increase training options for WIA-eligible job seekers.

The reduced match requirement for employers, particularly new start-ups and other small to medium-sized businesses, will provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model to hire and train new workers. This waiver will allow Massachusetts' businesses to more rapidly adapt to both technological and general marketplace changes by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific developmental goals.

E. Description of the process used to: Ensure meaningful public comment, including comment from business and labor; provide notice to any local board affected by the waiver; provide affected local boards the opportunity to comment; and monitor implementation:

DWD actively sought the input of local regions during the development of this waiver request. As with all major workforce policies and procedures, the State has solicited dialogue and input from local workforce boards, one-stop career center operators and workforce investment partners concerning the impact of this waiver; the local workforce areas overwhelmingly support this request. This waiver request has been circulated statewide for review and comment and is posted on the State Workforce Website at: www.massworkforce.org.

The Department of Workforce Development (DWD) will monitor implementation of this waiver and work with the 16 local workforce investment regions to develop the appropriate state and local policies to govern its use by local regions.