

Earning & Learning

Options under the Workforce Investment Act

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Overview

Adults with limited work experience, low education and skill levels and other barriers to employment face the greatest challenges, especially at a time of rising unemployment. Strategies that combine work and learning are critical to help these individuals to enter or regain employment. This paper focuses on two program strategies that combine work and learning: on-the-job training and paid work experience combined with skill development.

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The recession that began in December 2007 has produced the worst labor market conditions in more than two decades. Adults with limited work experience, low education and skill levels and other barriers to employment face the greatest challenges, especially at a time of rising unemployment. These individuals can benefit from “earn while you learn” strategies that provide both needed income and opportunities for skill development. Such strategies are particularly appealing to adults who need to support themselves and their families while building valuable skills.

This paper focuses on two program strategies that combine work and learning: on-the-job training and paid work experience combined with skill development. Both strategies emphasize the value of work in providing income, cultivating workplace skills and building an employment history. On-the-job training (OJT) enables an individual to obtain work experience and skills training after being hired and to continue employment at the end of training. Paid work experience provides an individual with a time-limited learning experience in a workplace and typically leads to unsubsidized employment, though not necessarily with the host employer.

Additional promising strategies that combine work and learning include:

- Transitional Jobs programs that combine time-limited subsidized employment with

other services to help individuals with barriers to employment enter the workforce;

- Work-study programs that provide part-time employment and enable students to finance postsecondary education; and
- Registered apprenticeship programs that combine on-the-job training with classroom instruction and prepare individuals for careers in skilled occupations.

Although these “earn while you learn” strategies have the potential to serve disadvantaged adults and dislocated workers, they have not been extensively used under the Workforce Investment Act (WIA), partly because of limited funding. The American Recovery and Reinvestment Act (the Recovery Act), which was enacted in February 2009, effectively doubles the resources available for most workforce programs and presents new opportunities to increase use of on-the-job training, paid work experience and other strategies that combine work and learning.

On-the-Job Training

On-the-job training (OJT) is a proven strategy that combines work with occupational skills training. Employers participating in OJT can receive reimbursement for a portion of the hourly pay rate—typically up to 50 percent—which is considered payment for costs associated with training a new employee.¹ The length of the training period depends on the complexity of the job as well as the participant’s skills and prior work experience. An agreement with the employer specifies the duration

of training, the skills and competencies to be acquired by the participant and necessary employer and employee protections.

OJT is an excellent vehicle for individuals to build their skills and re-establish themselves in new fields. It also is an incentive to employers to hire workers and invest in their skill development. For these reasons, OJT is particularly suitable as a Recovery Act strategy. Some local workforce administrators report greater interest in OJT by employers, especially small and medium-sized ones, who understand and value the contribution that OJT can make both to employee development and the “bottom line.”² It also is a very good option for adults and dislocated workers who prefer to learn by doing. In Fulton, Montgomery and Schoharie counties in upstate New York, where unemployment has risen during the past year, OJT is being used to train displaced workers to prepare them for jobs in other industries, especially advanced manufacturing.

OJT can be incorporated into a regional strategy to prepare individuals for jobs in high-growth sectors, such as health care. For example, in Morris County, New Jersey, the workforce area has identified career paths and ladders within the health care industry. Local workforce administrators are using OJT to place Certified Nursing Assistants and upgrade them to higher-level related occupations. In Waccamaw, South Carolina, there is a similar partnership with hospitals that enables individuals to enter permanent jobs through OJT after completing required classroom training. Local administrators in Waccamaw also use WIA funds to pay for the classroom component of Registered Apprenticeship programs that lead to jobs, such as electrician, plumber and HVAC (heating, ventilation, air conditioning) technician. The employer, in turn,

¹ At least 12 states have requested and received waivers from the U.S. Department of Labor/Employment and Training Administration to increase OJT reimbursement for small- and medium-sized businesses. The provisions of these waivers vary, but in Texas, up to 90 percent of the hourly pay rate may be paid to employers with 50 or fewer employees, and up to 75 percent for employers with more than 50 but fewer than 100 employees.

² Interviews with representatives in local workforce areas, 2009

provides OJT at no cost.

OJT can be a successful training strategy for individuals who have requisite workplace skills, but who need to upgrade or learn different skills to become reemployed. In Alameda County, California, for example, individuals learn to introduce the possibility of OJT to prospective employers during their job search. (See Appendix) In this self-marketing approach, job seekers sometimes receive letters of introduction that explain the concept and value of OJT to interested employers. This innovation has been used successfully with dislocated workers in occupations from diesel truck mechanic to desktop publisher. In the current economic environment, this gives job seekers an additional tool to market themselves and an incentive for employers to hire them. After the job seeker makes an initial contact, it is the role of local workforce administrators to develop and monitor an agreement with employers to ensure that appropriate training is provided.

Although OJT historically has generated strong performance outcomes, it has tended to be under-used. Only 11.4 percent of adults exiting the program and 7.6 percent of dislocated workers participated in this form of training during 2007.³ A key issue with OJT is that it can be more labor-intensive to administer for WIA staff than classroom training because OJT contracts are written one at a time or for a small number of individuals. The OJT arrangement also must be put into place quickly because the contract must be executed before the individual's

first day of paid employment. Perhaps the greatest issue with OJT is that some employers are reluctant to contract with any government program, no matter how simple or straightforward the process. To overcome these concerns, local programs can use a simple contract with basic requirements and deploy staff that are able to communicate with employers, analyze job descriptions and prepare a training plan. Staff also should involve labor organizations, which must concur with any OJT agreement for workers covered by a collective bargaining agreement.

Another potential concern with OJT is that it may not lead to a recognized credential.

One of the performance measures required by WIA is attainment of credentials by individuals who participate in training. Because OJT may not result in a credential that meets the definition in the performance measures, there is a disincentive for local workforce administrators to use OJT. To address this concern, local programs can identify credentials to be acquired as part of an agreement with the employer or combine OJT with classroom instruction leading to a certificate or degree. In addition, a number of states have obtained waivers from the U.S. Department of Labor to use federal "common measures" for reporting purposes. The "common measures" for adults and dislocated workers do not include a credential measure.

Paid Work Experience, Combined with Skill Development, for Adults and Dislocated Workers

Paid work experience, a staple of workforce development programs for youth and workers ages 55 or more, is a time-limited, structured learning experience in a workplace. It should be targeted to individuals who have never worked or who have a very limited work history. Paid work experience is allowable as an intensive service under WIA, but it

³ In the past, use of OJT has varied widely, with some states reporting high usage (more than 40% of those in training) and others almost none. It has tended to be used more in rural states and rural areas of states. For the most recent period available (4/1/07– 3/31/08), OJT amounted to 11.4 percent of all training for adult exiters under WIA and 7.6 percent of all training for dislocated worker exiters. PY 2007 WIASRD Data Book, <http://www.doleta.gov>

has not been used extensively for adults and dislocated workers.⁴

Typically, work experience is paid and is subject to wage and other protections defined by the Fair Labor Standards Act.⁵ In many cases, a local administrative entity will serve as the employer of record, pay wages to the participant and maintain worker protections and benefits. Wages are paid at the same level as wages of other workers performing similar work, as required in WIA. In addition, participants must not displace workers employed with the host organization or replace workers where layoffs have occurred.

Work experience should be viewed as a developmental opportunity for the individual and should be blended with basic skills instruction and training. The South Central Workforce Council in Washington State uses work experience for low-income adults who have a limited work history or who need to develop workplace and other skills. (See Appendix) The work experience is typically structured as a part-time work assignment (20-30 hours) that continues for no more than three months. A community-based organization serves as the employer of record and pays wages to participants who are placed with a non-profit agency or private-sector employer. Work experience is combined with skill building activities, including basic skills instruction or occupational training provided by the local community college and other training providers.

The Full Employment Council in Kansas City,

⁴ WIA Final Regulations (August 11, 2000) section 663.200: work experience is classified as an intensive service.

⁵ The Fair Labor Standards Act applies if an employer/employee relationship exists. Information on FLSA is available at <http://www.dol.gov/compliance/laws/comp-flsa.htm>

Missouri, also combines work experience with skill development for low-income adults and dislocated workers. Work experience is available in a sequence of classroom training and other preparation leading to unsubsidized employment. It is generally provided to participants who complete classroom training and is structured as a full-time work assignment that extends for no more than 12 weeks. The Full Employment Council serves as the employer of record and pays wages to participants who are placed with non-profit agencies, government agencies and private sector employers.

Work experience can be a lead-in to training that will upgrade an individual's skills and credentials. The Upper Savannah workforce area in South Carolina uses it to help individuals become familiar with the work environment in a field in which they are interested in seeking training. For example, individuals interested in health occupations might perform a short work experience assignment in a medical office or hospital. Used in this way, work experience serves as a "reality check" for longer-term training decisions.

Work experience is not solely a vehicle for adults who have never worked or have not worked for an extended period of time. During this recession, it has been used to introduce displaced workers to the demands of a new occupation or industry. For example, the Upper Savannah workforce area uses work experience to help dislocated textile workers become accustomed to multi-tasking, a skill now commonly expected in the workplace.

In some areas, work experience serves as a two-way employment assessment for participants and employers. Individuals who perform well in their work assignments sometimes are hired by the employer or host agency. In this case, it is viewed as try-out employment—a "foot in the door" for participants who might not otherwise be considered

for employment.

Paid work experience, like OJT, has not been widely used under WIA. A key issue with this strategy is the cost of participant wages, which is a barrier for local programs that have experienced declining funding for years. A related concern is the need to target use of work experience, given limited funds. To address these concerns, local administrators can develop clear policies to prioritize work experience for individuals with limited or no recent work history and for those entering occupations and industries with the potential for growth and wage progression.

Conclusion

Both OJT and paid work experience are suitable for disadvantaged adults and require close connections with local employers. Yet, neither strategy has been used extensively under WIA. Strategies that combine work and learning are critical to help individuals with limited work experience, low education and skill levels and other barriers to enter or regain employment. These strategies are particularly useful at a time of high unemployment. As states and localities serve increasing numbers of disadvantaged adults with Recovery Act funding, they should look for ways to expand OJT and paid work experience, which put people on a path to stable employment and higher wages. These strategies, together with other approaches that work for low-income, low-skill individuals, also should receive renewed attention during WIA reauthorization.

Appendix

Lessons from Practice about On-the-Job Training

Experienced practitioners of OJT offer the following tips on good practices:

- Before signing an agreement with an employer, conduct a pre-award survey to make sure that all basic legal requirements are met. For example, OJT cannot be used in cases where an employer has recently relocated to a new area and has laid off workers in the previous location.
- It is best to use a simple contract that contains only the minimum items required by law. Many employers are alienated by lengthy or cumbersome agreements. If the training occupation is covered by a collective bargaining agreement with the employer, the appropriate labor organization must concur with the OJT agreement.
- To assure quality, each OJT should be monitored approximately halfway through the training period by someone other than the person who negotiated the agreement.
- Staff must have skill and expertise in communicating with employers, analyzing (or in some cases helping to create) job descriptions, assessing an individual's skills in relation to the job description, and writing a training plan. In many cases, this process is made easier by the use of tools such as O*NET to create a job description and training outline. O*NET, the occupational information network, is a national system that identifies and describes key components of modern occupations.⁶
- There is the potential to combine OJT with e-learning or with other types of training that can lead to a credential.

Useful OJT-Related Forms

<http://www.acwib.org/forms.cfm> This website has all of Alameda County's OJT forms, including: Employer Information Worksheet; Union Concurrence form; OJT Master Contract; OJT Referral form; and OJT Monitoring Report format.

⁶ Full information about O*NET can be found at www.onetcenter.org/ and at <http://online.onetcenter.org>

Lessons from Practice about Paid Work Experience

- An appropriate assessment and service strategy should be developed and documented in an individual employment plan. Paid work experience should not be a stand-alone activity; in most cases, it should be combined with formal skill building, either before, during or after the work experience assignment. The duration of the assignment should be appropriate to its purpose. It should not be too short or too long.
- The assignment must be a meaningful work experience. This means that the worksite should be matched with the participant's interests and goals, and that the site should introduce and reinforce the rigors, demands, rewards and sanctions associated with holding a job.⁷ In all cases, this includes good worksite selection, proper supervision and quality worksite agreements, preferably including training plans.
- Staff must have the skill to identify good worksite hosts and develop a worksite agreement appropriate for the individual. Workforce areas should be careful not to place people where there have been layoffs and should work with appropriate labor organizations.
- Work experience should be driven by the needs of the individual participant. While the employer or host agency may receive some benefit from work experience, the primary goal is to provide a developmental opportunity for the individual.
- Workforce areas must stay involved with participants and closely monitor worksites to make sure that the purpose of the work experience assignment is adhered to.

Useful Work Experience-Related Guidance

www.yakimacounty.us/e&t/adbul/A16_09.pdf Yakima County, Washington policy for the use of Work Experience and Work Experience Template for the formation of agreements with the employer providing the worksite.

www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=WIATL17 Ohio Department of Job and Family Services, Workforce Investment Act Transmittal Letter No. 17: Work Experience for Adults and Dislocated Workers, 2005.

⁷ This language is taken from page 27 of Training and Employment Guidance Letter No. 14-08 (March 18, 2009) related to the implementation of ARRA. Although the passage referred to related to youth programs, it is appropriate to work experience for adults as well.