

## **Waiver of Limits on Employer Reimbursement for On-the-Job Training**

**Statutory Provisions to be Waived:** WIA Section 101(31)(B) provides reimbursement to the employer for On-the-Job Training (OJT) of up to 50 percent of the wage rate of the participant, and for the extraordinary costs of providing for the training and additional supervision related to the training.

The Montana Department of Labor and Industry's Statewide Workforce Programs and Oversight Bureau (Bureau) as the Administrative Entity for the State Workforce Investment Board (SWIB) is proposing a sliding scale of reimbursement to the employer of up to 90% of the wage rate and extraordinary costs defined by the law, based on the following criteria:

- Up to 90%: Employers with 50 or fewer employees
- Up to 75%: Employers with 51-250 employees
- Up to 50%: Employers with more than 250 employees

According to the U.S. Small Business Administration, 97 percent of Montana employers are considered small business. Over 71 percent of these small businesses do not have employees and most employers have fewer than 20 employees. Allowing businesses and industry to be reimbursed on a sliding scale will increase employer participation in WIA On-the Job Training. Montana has successfully operated one of the OJT NEG grants with a sliding scale employer reimbursement similar to what is contained in this waiver. Policy guidance was issued for the OJT NEG and similar guidance will be issued statewide regarding implementation of the sliding scale, which will adhere to the principles of training workers in high-demand, higher skill, and higher wage occupations.

**State or Local Statutory Regulatory Barriers:** There are no state or local statutory or regulatory barriers to implementing the proposed waiver. State WIA policies are currently in compliance with Federal guidelines. Upon notification of approval of this waiver request, State WIA policies will be amended as appropriate to comply with the terms of the waiver.

### **Goals and Programmatic Outcomes to be Achieved by This Waiver**

- Maximize the flexibility needed to ensure speedy implementation of formula and discretionary grants
- Increase business usage of the workforce system
- Create additional opportunities for new workers, and for unemployed and underemployed workers to speed their return to full-time employment
- Reduce the length of time for a UI claim, and reduce the need for usage of other public assistance benefits

### **Individuals Impacted by the Waiver**

- Unemployed and underemployed workers who do not have transferrable or marketable skills
- Individuals entering the workforce for the first time

- Hard-to-serve low-income youth who are unable to compete for limited job openings
- Businesses needing to hire additional workers to sustain their productivity, who do not have the resources to do so

**Process Used to Monitor Progress in Implementing the Waivers:** Montana has a long standing, comprehensive monitoring and performance accountability system that measures and evaluates results for job seekers and employers accessing America's Job Centers in the State. On a quarterly basis, Montana reviews and analyzes client enrollment and service levels, program expenditures, and performance outcomes. In addition, State program monitors conduct quarterly reviews designed to assure that contract requirements are being met for all WIA programs. On an annual basis, comprehensive compliance monitoring is conducted onsite utilizing outcome reports generated from Montana's statewide databases. Should this waiver request be granted, Montana will ensure regular review of WIA programs and discretionary grants to monitor the outcomes and impacts of this waiver authority.

**Process for Notice of Local Boards and Opportunity to Comment:** Consistent with general waiver requirements, the Bureau is adhering to publication requirements to ensure the broadest participation possible. Montana is a single statewide planning area, and as such, The Bureau will submit the waiver request to the SWIB Executive Board for approval along with posting the waiver for a 15 day public comment period.