

February 17, 2021

Kristine Nelson, ESD Program Chief
DETR/Workforce Investment Support Services
1923 N. Carson Street, Ste. 200
Carson City, NV 89706

RE: SCP (1.14) On-the-Job Training (OJT) and Customized Training

Dear Ms. Nelson:

The local boards, Nevadaworks and Workforce Connections, are requesting the alignment of state policy with federal regulations where there is no percentage limit of On-the-Job Trainings (OJTs) with a single employer. The OJT percentage limitation was initially set a decade ago at 20 percent to attempt to stop employers from “cheating the system.” These are very different times, so accordingly, the Governor’s Workforce Development Board (GWDB) raised the limit from 20 percent to 40 percent a few months ago to help the local boards better respond to the effects of the pandemic. The impact of COVID-19 has deepened since then and more workers will be in need of returning to work as soon as permitted to do so. We respectfully request the GWDB align state policy to federal regulations by removing all percentage limitations on getting people placed into employment.

The limitation is not effective as initially designed. Strong programmatic oversight, monitoring, and auditing is the correct solution. Furthermore, the WIOA Title I programs are not the only WIOA programs that use OJT activities as a means to remove barriers to employment. These percentage limitations on OJT do not exist in the federal regulations. Removing these limitations will keep Nevada competitive among our neighboring states. These are unprecedented times, and we need all the flexibility allowed in the legislation to best serve businesses and jobseekers in their greatest time of need. While this requirement might have made sense in a thriving economy, we request alignment with the federal regulations for the following reasons:

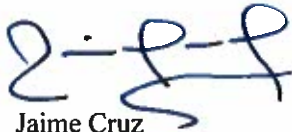
- Businesses with less than three employees cannot participate in OJT activities. The great majority of businesses in the state are micro-enterprises.
- A business with two employees is currently allowed 40 percent of staff or 0.8 of an employee to enter an OJT activity. It is not possible to do an OJT on a partial individual. The effect is the same with a business with one employee or a business looking to hire its first employee.

OJT is an effective tool for training and placing people into employment. It serves a dual purpose of aligning strongly with business needs. Our intent is to help small businesses hire back dislocated workers that will require training due to the effects of the pandemic. As a result of the closure of non-essential businesses in Nevada, many small businesses were negatively impacted. A recent survey by the New York Federal Reserve indicated that one in five small businesses reported that they would fail if they had to operate two months without revenue. Although a number of these businesses have reopened, they are operating at a significantly reduced capacity. The removal of OJT limitations is needed for the following reasons:

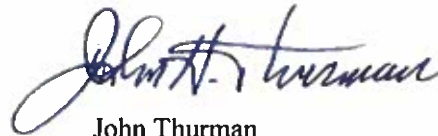
- The needs of small businesses are better addressed before they fail preventing further job losses.
- Layoffs in small businesses will drive the need for rehiring.
- Many job functions will evolve requiring some on-the-job training
- The current requirement is a burden on WIOA Title I service providers because rural communities have fewer businesses, and they tend to be smaller in size.
- Businesses operating at significantly reduced capacity drive the need for increased training activities with those employers which are able to do OJTs now.
- Limiting OJTs with employers who are able makes it difficult for the local boards to meet the WIOA Title I Youth requirement of a minimum of 20 percent expenditures on work-based learning activities.

In order to meet the need of dislocated workers in today's economic conditions, we respectfully request your help once again. Your continual support during these incredibly challenging times is appreciated. The GWDB's decision to grant our request will have tremendous beneficial impact on the difficult work ahead of us.

Yours in partnership,



Jaime Cruz
Executive Director, Workforce Connections



John Thurman
Chief Executive Officer, Nevadaworks