
**Innovative Contracting Practices
Special Experimental Project No. 14
WORK PLAN**

**Michigan Department of Transportation
On the Job Training (OJT)
Voluntary Incentive Program (VIP) Pilot**

October 5, 2016

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1.0 INTRODUCTION

In March, 2015 the Office of the Secretary of Transportation announced provisions to allow recipients of federal aid through the Federal Highway Administration (FHWA) to pilot the use of hiring preferences in federal aid contracts for the purpose of assessing if contractual provisions for local hiring preference “unduly affect competition”. The Michigan Department of Transportation (MDOT), in consultation with the Michigan Division of FHWA and our industry and community partners, considered several proposals in response to this opportunity. However, after careful analysis, MDOT determined that local hiring preferences under the conditions in the Secretary’s announcement would not be very effective in achieving the overall goal of providing improved pathways into long-term careers in the construction skilled trades for residents of localities that are traditionally underserved or economically challenged. However, in our exploration of alternatives and approaches for local hiring preferences, MDOT does believe there is an effective means to achieve this objective and is therefore submitting this proposal under Special Experimental Projects, Section 14 (SEP-14), separate and distinct from the Local Hiring Preferences Pilot Program (LHPPP).

This SEP-14 proposal by MDOT intends to help achieve improved outcomes for minority and disadvantaged individuals’ entry and participation in the construction skilled trades while also determining if this can be achieved without unduly affecting competition by applying a specific approach based on the contractor-centered model of how we currently administer the federal aid “On the Job Training” (OJT) program. MDOT’s proposal is to pilot a Voluntary Incentive Program (VIP) across a range of projects, and not just a single project. The goal of this pilot is to assess the impact of contractual bid incentives to increase workforce participation from historically under-represented populations (minority and low income), thereby amplifying the economic impact of federal dollars used in transportation infrastructure improvements for populations in communities whose demographics are predominantly comprised of such traditionally under-represented populations when those investments are being made. To this end, MDOT is seeking approval from the FHWA to modify the criteria for determination of low bidders through the inclusion of bid incentives (deductions) for contractors who voluntarily participate in programs to increase employment from the target populations.

2.0 BACKGROUND

The Federal Highway Administration’s (FHWA) policy is to require full use of all available training and skill improvement opportunities to assure increased participation of minority groups, disadvantaged persons and women in all phases of the highway construction industry. The FHWA On-the-Job Training (OJT) Program requires the state transportation agencies (STAs) to establish apprenticeships and training programs targeted to move women, minorities, and disadvantaged individuals into journey-level positions to ensure that a competent workforce is available to meet highway construction hiring needs, and to address the historical under-representation of members of these groups in highway construction skilled crafts.

MDOT and other federal aid recipients have successfully applied innovative contracting techniques that enhance or encourage contractors to achieve the goals of the agency’s customers and taxpayers. MDOT has successfully used contract incentives as effective tools for capturing the attention of contractors, achieving specified outcomes and motivating new behaviors and practices that the owner agency deems

important relative to the needs and expectations of their customers.

Traditionally, local hiring preferences are thought of in terms of simple targets or quotas for the mix of the labor pool on a specific project. While easy to articulate, and appealing in their rhetorical application, such artificial targets fail to acknowledge the realities and complexities of how the heavy construction industry works to deliver high quality, cost-competitive infrastructure. These realities and complexities include the following factors.

- a. Road and bridge construction depends on highly skilled, trained and experienced workers. Many people perceive that road and bridge construction, because the work is performed outside in “dirty” conditions, is unskilled labor that anyone could walk off the street and perform. Nothing could be farther from the truth. The heavy construction industry is rooted in a skilled trades workforce, with specific and rigorous qualifications for entry, training, and experience to successfully and safely perform the work of any project.
- b. Construction skilled trades are a career choice, not just a job on a project. Building on the premise above, development of the skills to successfully perform heavy construction work takes time and experience across multiple projects and multiple years. We know that most heavy construction projects do not span a sufficient length of time to gain the requisite experience; therefore, workers must necessarily move from project to project, which may or may not be located in the same “local” community in which they reside. The very nature of the heavy construction workforce is one that is flexible, mobile, and applicable across many projects within a larger regional area.
- c. The effective and efficient use of skilled labor in heavy construction is crew-based. Contractors assemble crews of workers to learn and perform specific types of tasks, resulting in greater quality and efficiency in the performance of tasks that are commonly needed on most projects. Crew productivity and quality is achieved by the degree of consistency in working predominantly with the same group of people over time, understanding each individual’s abilities and contributions to the work of the whole, while learning and training together and from each other. Keeping a cohesive crew together as much as possible is necessary for the success of the individual crew members and quality project outcomes.
- d. Heavy construction, crew-based work is transitory. Work crews move from project to project within a region that spans multiple localities, wherever a contractor may have projects, such that all projects are completed according to their progress schedules and the crews are applying their skills and abilities most efficiently. The notion that any given work crew stays on one project for their entire season is not plausible. Therefore, if work crews are limited by traditional local hiring preferences, the “local” labor would only be applied when the crew is working on that specific, local project. They would not be able to transition to work outside their locality, which would be detrimental for both the contractor, in terms of managing their crews’ quality and productivity, the workers, in terms of stable, reliable employment, and the owner, in terms of achieving the desired quality and timely outcomes at the most efficient cost.

Consequently, while it may be easy to say, “We want you to hire more ‘local’ workers on this project”, that approach ignores the reality of how heavy construction work is executed and how individual workers develop and apply their skills in the industry over the long term. While the desired, visible outcome might

be to see local workers engaged in any given project, the true goal should be to have local workers holding successful, long term careers in the skilled trades of their choice. The question at hand is how to encourage and overcome any barriers that inhibit the latter. The solution is not a “one and done” scenario that can be applied project by project or community by community. The solution must be thought of as a long term strategy that spans across projects, across a larger geographic area, across broader programs, and across multiple years of cooperative partnerships between owner agencies, communities, contractors, labor, and training institutions that build toward sustainable, long term career success for the target populations.

MDOT, in partnership with the construction industry and heavy construction skilled trades unions have explored this issue in depth over the past several years. One of the outcomes of these endeavors has been the transformation of our federal aid “On the Job Training” (OJT) program from a project-based focus to a contractor-centered focus. For contractors who are awarded and perform above a threshold amount of federal aid work each year with MDOT, a minimum number of OJT positions is assigned that they must fill and maintain during the course of the year. In this way, contractors can place OJTs in meaningful work assignments, such that they learn and become productive members of crew-based work. It also ensures that they remain actively engaged, because they are unencumbered by individual project labor requirements and can move from project to project with their crews. This change has proven to be more successful in recruiting, developing and retaining OJTs, leading toward their ultimate entry into apprenticeships, journey level status, and full time employment in the heavy construction industry.

Another outcome of the partnership with the community and industry partners has been the creation of pre-apprenticeship recruitment and training programs that are specifically tailored to the heavy construction industry. Such programs have ensured that the program graduates meet the needs and expectations that contractors have for their employees to be productive members of their team, and provide the participants with the readiness to successfully meet the requirements of the skilled trade apprenticeship programs they seek to enter. The proposal herein aspires to build upon and leverage such initiatives.

MDOT proposes to evaluate the effectiveness of an approach that uses bid incentives to reward behaviors that result in long term recruitment, development and retention of quality, skilled labor from the targeted populations. The model proposed herein would incentivize contractors for applying efforts and creative techniques, allowing them to leverage their approach as a competitive advantage in the bidding and award of federal aid projects. Some factors to consider as we apply this model, include:

- a. The supply and demand equation. Michigan struggled significantly through the recession of 2008-2012, and the heavy construction industry especially. The demand for labor stagnated as private sector heavy construction work largely came to a halt. State and federal public investments have remained steady but insufficient to create any significant demand for additional labor in the marketplace. However, the private market is beginning to generate new demand, and we remain optimistic that state and federal law makers will address the long standing underinvestment in public infrastructure, thus generating more public sector demand too. The model being proposed here could serve as an effective tool to begin building a supply reservoir in the workforce development pipeline to meet the anticipated future demand in the industry.
- b. A long term, career-minded approach. Understanding the nature of the supply and demand in the labor pool, our approach should be one that is demand driven. Not only is important to not

displace current skilled, trained, experienced workers in the industry, the recruitment of new labor should be predicated on eventual placement into a skilled trade position in a construction company.

- c. Prime and subcontracting realities. MDOT's contracts are with the prime contractors, who are required to self-perform at least 40% of the work. However, in many cases the primes subcontract a substantial portion of work to subcontractors. The model must reflect the means by which the provisions either would or would not apply to subcontractors as well as the prime contractors.

3.0 PROJECT SCOPE

MDOT, in consultation with the road building industry, has developed modifications to our OJT program procedures to include provisions for a Voluntary Incentive Program (VIP) pilot. In addition, MDOT has also developed contract specifications to be used on select projects to modify the terms for consideration of bids. These OJT program changes are being submitted concurrently for review and approval by the EEO Officer of the FHWA Michigan Division. These draft documents are contained in the appendix of this proposed work plan for reference, as they are integral to the proposed SEP-14 work plan.

Building off the MDOT's existing contractor-centered OJT program, the proposed OJT VIP Pilot procedures provide for the methodology for recognizing contractor who voluntarily elect to hire more OJT employee than their normal allocation. The proposed procedures are provided in the appendix.

This SEP-14 request proposes to offer bid incentives (deductions from the bid amount) for selected projects to bidders who have voluntarily hired additional OJTs. The bid incentives would be applied as described in the OJT VIP Pilot program procedures, as shown in the appendix.

4.0 SCHEDULE

MDOT proposes that this pilot program be approved for a period of 5 calendar years, from 2017 through 2021. While we understand the need to have defined time limits on pilot initiatives, because skilled trades employment and development is a long term commitment of time and resources for both the employee and employer, it is essential that the proposed pilot parameters be in place long enough to encourage a shift in behavior and an opportunity for employers to realize the benefits of their investment in people over the long term.

The proposed schedule for implementation of the OJT VIP Pilot will be follows:

December, 2016

MDOT determines and communicates the OJT allocation for contractors for CY 2017 according to the OJT program procedures.

MDOT determines and communicates a list of 2018 projects for consideration of inclusion in the OJT VIP Pilot program.

CY 2017	Contractors hire and employ OJTs, including additional positions if they intend to voluntarily pursue OJT VIP bid incentives in 2018.
December, 2017	MDOT evaluates contractor compliance with OJT program procedures and determines the total number of qualifying OJT employees for CY 2017. The number of OJT employees over the contractor's allocation for the year qualify for use in 2018 OJT VIP bid incentives.
December, 2017-2020	<p>MDOT determines and communicates the OJT allocation for contractors for CY 2018 according to the OJT program procedures.</p> <p>MDOT communicates the OJT VIP number of qualifying positions that the contractor may use during CY 2018 bidding.</p> <p>MDOT determines and communicates a list of 2018 & 2019 projects for consideration of inclusion in the OJT VIP Pilot program.</p> <p>These steps are repeated each December, 2018 through 2020.</p>
CY 2018-21	<p>MDOT lets selected projects in the OJT VIP Pilot.</p> <p>Contractors apply bid incentives in accordance with the program procedures and special provision.</p> <p>Contractors hire and employ OJTs, including additional positions if they intend to voluntarily pursue OJT VIP bid incentives in 2018.</p> <p>These steps are repeated for each calendar year, 2019 through 2021.</p>

5.0 EVALUATION PROCESS

MDOT proposes to evaluate this pilot program through a series of evaluations.

1. At the conclusion of the bidding of each contract within the pilot program, MDOT will evaluate the bidding process to:

- a. Determine if an overall competitive bidding environment is preserved, by comparing bidding patterns to similar projects, locations and lettings from the previous few years, and
 - b. Determine if project specific competition exists or is enhanced based on the degree of participation and success by bidders with OJT VIP status.
2. At the end of each year in the OJT VIP Pilot, MDOT will evaluate hiring practices by contractors in the OJT program. The evaluation will include, but not be limited to:
 - a. The number of contractors who voluntarily hired additional OJT employees.
 - b. The total number of additional OJTs hired as a result of the OJT VIP Pilot.
 - c. The degree of compliance with the OJT program procedures relative to the quality of the experience for OJT employees.
 - d. The number of OJT employees who are retained as permanent employees by the contractor after completion of the OJT program,
 - e. Any other factors or considerations the workers are aware of that may have been a result of the pilot specifications.
3. At the end of each year of the OJT VIP Pilot, starting in 2018, MDOT will evaluate the overall program impacts of the OJT VIP Pilot program. The evaluation will include, but not be limited to:
 - a. Number of contracts included in the pilot.
 - b. Average number of bidders for projects in the pilot.
 - c. Average number of bidders who qualified for and used their OJT VIP bid incentive.
 - d. Number and percent of contracts in which the OJT VIP bid incentive changed the outcome of which contractor was determined to be the lowest responsive bidder.
4. At least once annually, MDOT convenes a meeting of the OJT Steering Committee, which includes representation for the contractors and skilled trades unions throughout the state. A discussion will be included in each year of the pilot at these meetings to document success stories, concerns and issues by the industry on how the OJT VIP Pilot program is working. Adjustment may be made to the OJT program procedures and special provision as deemed appropriate, and in consultation with the FHWA Michigan Division.

6.0 REPORTING

MDOT will prepare and submit the following reports during and following the implementation of the OJT Incentive Pilot Program.

1. Annual interim reports will be prepared that summarize the findings of each annual evaluation. A draft interim report will be submitted to the FHWA Michigan Division office within 2 months after the end of each calendar year. A final interim report for each calendar year will be issued within 4 months after the end of each calendar year.
2. A final report will be prepared that incorporates the findings of the interim reports as well as final OJT hiring and participation performance results, information garnered from interviews and questionnaires during and following the execution of pilot projects, and conclusions and recommendations. Within 6 months of the completion of the last contract in the pilot program, the aforementioned information will be compiled into a draft final report, which will be shared with the FHWA Michigan Division for review and comment. A final report will be issued 3 months after receipt of comments.

APPENDIX



Voluntary Incentive Program (VIP)
PILOT

ACRONYMS & DEFINITIONS

Advertised Net Classification – The amount of prequalification (truncated three places) a contractor has to have available in order to bid as a prime contractor. A contractor's net amount is determined by subtracting their uncompleted work from their overall financial rating.

Advertised Net Classification Required Multiplied by 50 – The maximum bid incentive on the select project, not to exceed \$500,000.00 on any individual contract.

Bid Incentive – the total bid incentive a Contractor has earned based on its training program performance in a particular calendar year that may be used as a bid incentive on their project bid price in the subsequent year.

Calendar Year – January through December

CFR – Code of Federal Regulations

EEO – Equal Employment Opportunity

MDOT – Michigan Department of Transportation

MDOT Prequalified Contractor – One who has received MDOT work classifications to perform on prequalification-required construction projects and maximum contractor amount a vendor may perform for MDOT through a contract or subcontract (at any tier). Construction and service prequalification applications and related information are linked to the MDOT "Doing Business" website at www.michigan.gov/mdot, under the "How To" section.

OBD – Michigan Department of Transportation's Office of Business Development

OJT – Michigan Department of Transportation's On-the-Job Training Program

OJT Allocation – The training slot(s) assigned to a prequalified contractor by OBD based on a contractor's three previous fiscal year average total dollar value of MDOT federal-aid gross receipts.

Performance Year – The year of OJT Program and VIP Pilot performance OBD uses to determine a Contractor's bid incentive for use in the following calendar year.

Select Projects – Projects selected by MDOT that allows the contractor to use its earned bid incentive on the project bid price.

VIP – Voluntary Incentive Program

VIP Employer – A Contractor who has met the requirements of MDOT's OJT Program and VIP Pilot and as a result has earned a bid incentive.

VOLUNTARY INCENTIVE PROGRAM PILOT OBJECTIVE

As an extension of MDOT's current OJT Program, MDOT's VIP Pilot will offer equal opportunity for the training and upgrading of minorities, women, and disadvantaged persons toward journey-level status in the highway construction trades in accordance with 23 CFR 230, Appendix B to Subpart A.

It is also the objective of the program to employ individuals in highway construction.

PROGRAM PILOT SUMMARY

MDOT's OJT Program Manual can be obtained at www.michigan.gov/OJT.

The VIP Pilot is voluntary and is available to all MDOT Prequalified Contractors. The VIP Pilot will be administered by OBD.

This VIP Pilot will be piloted starting calendar year 2017, where the Contractor's performance in calendar year 2017 will determine the bid incentive earned and applicable to select projects in the 2018 calendar year and will be administered in the same manner in subsequent years.

CONTRACTOR ELIGIBILITY

- 1) A Prequalified Contractor who is in compliance with the MDOT OJT Program and is an Equal Employment Contractor, or
- 2) A Prequalified Contractor who is not required to participate in the MDOT OJT Program, but has voluntarily accepted an OJT allocation and is subject to the requirements outlined in the MDOT OJT Program Manual.

VIP EMPLOYER STATUS

VIP Employers would be those contractors who:

- 1) Elect to fill more training slots than those allocated to them for the same calendar year, and
- 2) Has worked all OJT Program and VIP Pilot trainees the minimum required 800 hours toward completion of their training program per calendar year.

A Contractor who is considered a VIP Employer has earned a bid incentive that can be applied to select projects the following calendar year. A Contractor who has earned a bid incentive through the VIP Pilot is considered a VIP Employer. Respectively, a Contractor who is a VIP Employer has earned a bid incentive.

OBD will determine a Contractor's bid incentive at the end of each calendar year based on the Contractor's OJT Program and VIP Pilot performance in that same calendar year.

TRAINEE ELIGIBILITY

As an extension of MDOT's OJT Program, the VIP Pilot is designed to be used by contractors for increase the participation of minorities, women, and disadvantaged persons in the construction skilled trades on MDOT federal-aid construction projects. The VIP Pilot is not intended, and will not be used, to discriminate against any applicant for training. Trainees must meet 23 CFR 230 Appendix B requirements.

Eligibility Requirements for Trainees:

- 1) No employee will be employed as a trainee in any classification in which he/she has successfully completed a training course leading to journey level, or in which he/she has been employed at journey level. The person cannot have experience in the training program in which he/she is to be placed.
- 2) No person shall be employed as a trainee if he/she possesses a degree in a construction-related field, is enrolled in school, on break or leave from school, or registered to start classes. If the prospective trainee has a college degree in a non-construction-related field, their eligibility will be determined on a case-by-case basis.
- 3) No person within the second degree of consanguinity to an owner or officer of the Contractor is eligible for participation in the training program.

A trainee with VIP Pilot experience is not disqualified from being a trainee in the current MDOT OJT Program so long as the eligibility requirements are met.

VIP EMPLOYER BID INCENTIVE

For every additional training slot a Contractor has above their required OJT allocation(s), they will receive a \$50,000 bid incentive from their bid price, for purposes of determining the lowest responsive bidder for select MDOT federal-aid projects. The maximum total bid incentive capped for each contract will be the advertised net classification required multiplied by 50, not to exceed \$500,000 on any individual contract.

NOTE: The bid incentive defined above will be used solely for determining the lowest responsive bidder. The awarded contractor will be compensated for the work performed according to their bid price and the other terms of the contract relating to measurement and payment.

Bid incentives will be determined by OBD at the end of each calendar year. A Contractor who has earned a bid incentive can apply the incentive to select projects the following calendar year. A Contractor's bid incentive is only valid in the subsequent calendar year and cannot be carried over.

VIP SUBCONTRACTORS

Bid incentives will be allowed for major subcontractors (performing 25% or more of the awarded contract amount). All other subcontractors will not be considered for purposes of the bid analysis. The maximum total bid incentive capped for each contract will be the advertised net classification required multiplied by 50, not to exceed \$500,000 on any individual contract.

VIP PRIME CONTRACTOR JOINT VENTURES

Prime Contractor Joint ventures, if formed, will be allowed to claim the cumulative bid incentives of each joint venture partner without reapplication. The subcontracting provisions stated above will still apply. The maximum total bid incentive capped for each contract will be the advertised net classification required multiplied by 50, not to exceed \$500,000 on any individual contract.

PROJECTS

MDOT projects with VIP Pilot special provision will be selected by the Contract Selection Committee using the following criteria:

- 1) Large enough to have a significant labor demand and multiple work crews;
- 2) Large enough to likely attract potential bidders who already participate in the federal aid OJT program; and
- 3) Are located within the proximity of the population of OJT participants per 23 CFR 230 Appendix B.

CONTRACTOR RESPONSIBILITY

A Contractor who has required OJT allocation(s) will remain in compliance with the MDOT OJT Program.

It is the responsibility of the Contractor to identify VIP training slots to OBD at the time the Contractor submits the Contractor Yearly Training Plan Form (MDOT Form 0181) or the Request for On-the-Job Trainee Approval Form (MDOT Form 0190).

NOTE: Contractor submission of the Contractor Yearly Training Plan and Request for On-the-Job Trainee Approval will be placed in MDOT's OJT Program and not the VIP Pilot unless Contractor identifies VIP placement.

Request for On-the-Job Trainee Approval (VIP FORM) – must be submitted to OBD for approval into the VIP program.

Trainee Monthly Report (VIP FORM) – reflects the number of training hours acquired by the trainee for a given month. Trainee Monthly Reports are due to OBD by the 20th of the month following the report month. For example, June monthly report is due no later than July 20. Hours submitted to OBD after Dec. 20 of each calendar year will not be used in determining a Contractor's potential VIP Status and bid incentive.

Hours – Voluntary and OJT allocation(s) will meet the minimum required 800 hours for each training slot per calendar year. In instances with vacant VIP slots due to factors beyond the Contractor's control, OBD may take into consideration the hours acquired by the trainee who previously filled the training slot.

TRAINING SLOTS

A voluntary training slot remains voluntary and will not become a Contractor's OJT allocation.

NOTE: Should a Contractor's OJT allocation become vacant, a Contractor may place a trainee in a VIP slot into the vacant OJT slot to remain in compliance with the OJT Program. A VIP trainee's transition into the OJT Program may include the training hours completed by the trainee while in the VIP Pilot.

PENALTIES

Failure to comply with the requirements of the OJT VIP Pilot may result in a Contractor's ineligibility to participate in the VIP Pilot.

MICHIGAN
DEPARTMENT OF TRANSPORTATION

SPECIAL
PROVISION FOR
**PREPARATION AND CONSIDERATION OF BIDS ON ON-THE-JOB
TRAINING VOLUNTARY INCENTIVE PROGRAM PROJECTS**

DES:CGY

1 of 3

APPR:JJG:LFS:11-21-16

The Department will receive and compare bids according to the process described in the standard specifications and this special provision to determine the low Bidder for this project.

Delete subsection 102.03, on page 16 of the Standard Specifications for Construction, in its entirety and replace it with the following:

The Department will use the estimated quantities in the Schedule of Items and the process described in the Special Provision for Preparation and Consideration of Bids on On-the-Job Training Voluntary Incentive Program Projects to compare bids.

Add the following after the second paragraph in subsection 102.05, on page 17 of the Standard Specifications for Construction:

To be eligible for the On-the-Job Training Voluntary Incentive Program, the Bidder must follow and comply with the requirements in the Department's On-the-Job Training Voluntary Incentive Program guidance document (www.michigan.gov/OJT).

Complete the On-The-Job Training Voluntary Incentive Program Designated Contractor Form, Attachment A in the Special Provision for Preparation and Consideration of Bids on On-the-Job Training Voluntary Incentive Program Projects and submit the form to MDOT-BidLetting@michigan.gov by 5:00 p.m. on the day of the letting for which the designation is being made.

Delete the first paragraph of subsection 102.13, on page 21 of the Standard Specifications for Construction, in its entirety and replace it with the following:

The maximum On-the-Job Training Voluntary Incentive Program bid incentive on this contract is the advertised net classification required multiplied by \$50, not to exceed \$500,000.00.

To determine the low Bidder, the Department will compare the bids on the basis of the total bid amounts (the sum of lump sum amounts, the products of the estimated quantities and unit prices, and allowable bid incentive(s) from the Department's On-the-Job Training Voluntary Incentive Program). Allowable bid incentive(s) will be applied by the Department after bids are received, and will be included in the As-Checked Bid results. For a discrepancy between the calculated total and the total shown in the bid, the Department will use the unit prices entered in the bid and correct the errors found in the calculations.

Add the following after the first paragraph in subsection 102.18.E, on page 25 of the Standard Specifications for Construction:

Failure to comply with the requirements of the On-the-Job Training Voluntary Incentive Program guidance document or the commitments made in Attachment A in the Special Provision for Preparation and Consideration of Bids on On-the-Job Training Voluntary Incentive Program Projects may result in the penalties listed in the On-the-Job Training Voluntary Incentive Program guidance document.

**ON-THE-JOB TRAINING VOLUNTARY INCENTIVE PROGRAM
DESIGNATED CONTRACTOR FORM**

Letting Date: _____ Contract ID: _____ Call Number: _____

This form must be submitted to MDOT-BidLetting@michigan.gov by 5:00 p.m. on the day of the letting for which this designation(s) is being made.

Contractor Name and ID: _____

Prime Contractor Bid Incentive: _____

Percentage of Work to be Self-Performed: _____

Bid incentives will be allowed for major subcontractors (performing 25 percent or more of the awarded contract amount) who hold voluntary incentive program (VIP) status.

DESIGNATED ON-THE-JOB TRAINING (OJT) VIP SUB-CONTRACTORS:

WORK TYPE: DESIGNATED OJT VIP SUBCONTRACTOR PERCENT OF WORK:

(Cb, Ea, etc.) _____
(Company Name)

OJT VIP SUBCONTRACTOR BID INCENTIVE:

(Dollar Amount)

WORK TYPE: DESIGNATED OJT VIP SUBCONTRACTOR PERCENT OF WORK:

(Cb, Ea, etc.) _____
(Company Name)

OJT VIP SUBCONTRACTOR BID INCENTIVE:

(Dollar Amount)

TOTAL BID INCENTIVE (PRIME + SUBCONTRACTOR) = * _____

*The maximum total bid incentive on this contract will be the advertised net classification required multiplied by \$50, not to exceed \$500,000.00.