



RETRAINEE - JOB CREATION

Training Proposal for:

ARS National Services Inc.

Agreement Number: ET17-0140

Panel Meeting of: August 26, 2016

ETP Regional Office: San Diego

Analyst: M. Ray

PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative	Industry Sector(s):	Services Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	San Diego, San Bernardino	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 320	U.S.: 423	Worldwide: 423
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	5%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$100,600		\$0	\$0		\$100,600

In-Kind Contribution:	100% of Total ETP Funding Required	\$333,371
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TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee	Business Skills, Computer Skills	240	8 - 200	0 - 9	\$375	*\$15.60
				Weighted Avg: 25			
2	Retrainee Job Creation	Business Skills, Computer Skills	10	8 - 200	0 - 9	\$1,060	*\$13.72
				Weighted Avg: 53			

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: Job Number 1: \$15.60 per hour in San Bernardino and \$16.46 per hour in San Diego
 Job Number 2 (Job Creation): \$13.72 per hour in San Diego
Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.
Used to meet the Post-Retention Wage?: Yes No Maybe
 Up to \$2.85 per hour for Job Number 1 and up to \$0.72 per hour for Job Number 2 may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
San Diego County		
Administrative Support		47
Account Representative (Call Center Staff)		110
Manager/Supervisor		7
San Bernardino County		
Administrative Support		3
Account Representative (Call Center Staff)		70
Manager/Supervisor		3
Job Number 2		
San Diego County		
Administrative Support		2
Account Representative (Call Center Staff)		6
Manager/Supervisor		2

INTRODUCTION

Founded in 1987, ARS National Services Inc. (ARS) (www.arsnational.com) is a third-party accounts receivable management agency that provides debt collection services including managing post charge-off receivables for financial institutions including major banks and credit card companies such as JP Morgan Chase and Citibank. The Company also provides consumers payment options and methods to allow them to resolve past due debts. This will be the Company's first ETP Agreement.

Headquartered in Escondido, ARS has three call centers located in Escondido, Rancho Cucamonga and Jacksonville, FL. The proposed training will target approximately 250 workers at the Company's Southern California facilities located in Escondido and Rancho Cucamonga.

ARS is an entity eligible for standard retraining as a company primarily engaged in providing services directly to customers located both inside and outside of California, as outlined under 22CCR, Section 4416(d)(3,4).

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

To support the expansion of the Company's existing business capacity from consumer credit card companies and new customers from auto (servicing new/used car, motorcycle, and motorsports loans) and healthcare industry (servicing overdue premium/copay), ARS has committed to hiring 10 new employees (Administrative Support, Account Representative [Call Center Staff] and Manager/Supervisor) at its Escondido facility. These newly-hired workers (Job Number 2) will allow the Company to meet increased demands of current customers and service an increasing client base.

ARS represents that the date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

PROJECT DETAILS

ARS is growing as the customer demands increase. For example:

- In 2015, two major clients consolidated its network which required ARS to provide additional services, increasing the Company's market share;
- In January 2016, one of the Company's existing clients obtained additional market share into a new asset class which will allow ARS' services to expand into the auto industry;
- In January 2016, ARS obtained its first new client in the healthcare industry. This customer provides outsourced staffing, billing, and revenue cycle management to approximately 3,400 hospitals, clinics, and physician groups nationwide. This new customer relationship will result in the Company's expansion into this new market; and
- ARS is currently in the final stages and will complete its contract negotiations at the end of 2016 for a new customer in student lending (servicing defaults on federally-funded student loans).

To successfully support increased customer demands and continue to provide exemplary customer service, ARS must be up-to-date on the latest regulations, issues, and business plans

in all aspects of collection services for existing customers and new markets. To help meet this challenge, ARS has committed to enhance company-wide business processes.

To start, in 2015, ARS named a new Chief Executive Officer and President who is driving the Company to become a learning organization, fully investing in improving the skills of its workers. The vision is to provide greater opportunities for employees to grow professionally as the Company expands its business. To this end, the Company developed a more structured training program that will provide its workers with increased skills to achieve a higher level of customer service. A key part of this strategy is to provide significant ongoing learning and development opportunities to its employees.

To support its strategic goals, the Company also invested approximately \$80,000 on a new phone system, LiveVox, and \$10,000 for a new software system, SharePoint. Both systems will be implemented in August 2016. Training in these new systems is expected to be delivered in the next two years.

With the help of ETP funding, ARS will be able to supplement some of its Business and Computer Skills training specifically for improving trainee's ability to work efficiently and effectively. The overall training plan will allow the Company to provide the highest level of transparency and integrity in every interaction with clients, supporting increased customer expectations and ARS' commitment to long-term success.

Training Plan

Training will be delivered by in-house subject matter experts, however, the Company may acquire outside training vendor's. The proposed training plan consists of the following skills:

Business Skills (67%) – Training will be provided to all occupations. Training topics include Communication, Customer Relations, Leadership and Time Management skills to improve customer service and interpersonal skills. Skills training in coaching, critical and creative thinking, process improvement, project management, goal setting, problem solving, and team building will allow trainees to build effective relationship between employees and customers while Sales training will allow trainees to improve relationship between ARS's direct customers.

Computer Skills (30%) – Training will be provided to all occupations as it pertains to their job duties. Staff will receive training in various software systems including Sage 300, SharePoint, Cisco, VMware, Network+, and Security+. Training will allow workers to navigate data successfully and systems to increase efficiencies.

Computer-Based Training in Commercial Skills (3%)

Modification

Normally, CBT hours are capped at 50% of total training hours per-trainee. However, under this proposal, ARS is asking to be reimbursed for up to 100% CBT. (See Exhibit B).

ARS states that to enable workers to stay current and keep clients in compliance with regulatory changes, trainees need company-mandated training topics (Anti-Money Laundering; Call Recording and Disclosure; Equal Credit Opportunity; Fair Credit Reporting; Fair Debt Collection Practices Act; Fair Lending Policy; Recognizing Financial Elder Abuse etc.) Training in these topics will also ensure that workers treat customers with respect and understanding.

The Company reports that Commercial Skills training delivered via CBT will allow flexibility to provide the above company-mandated training based on stages of development and production throughout the two-year term of the proposed Agreement. CBT is a major part of ARS' training practices and policies designed to prepare and support its workforce. It provides deeper understanding of financial services strategies and processes. The self-paced CBT delivery method will allow workers to participate in training during the workday when it best suits their job schedule or staffing demand.

CBT is typically used to supplement planned instructor-led learning to ensure a solid understanding of the concepts presented. Although the majority of ETP training will be delivered via classroom/laboratory, up to 50% (120 of 240 trainees) in all occupations in Job Number 1 (incumbent workers) may receive all their training via CBT (up to 9 hours, per trainee). The request to fund 100% CBT will allow the Company to include these trainees in the proposed training plan.

Commitment to Training

ARS' annual training budget is approximately \$300,000 for Escondido and \$170,000 for Rancho Cucamonga. The current training method consists of classroom, laboratory, on-the-job, and CBT setting. The Company provides mandatory Business, Computer and Continuous Improvement Skills training as well as optional CBT modules from its Learning Resource Center. In addition, ARS provides additional training to enhance skills in products and services for any changes in policies or regulations. ARS represents that ETP funds will not displace the existing financial commitment to training.

➤ Training Infrastructure

ARS has retained an administrative subcontractor to assist with ETP project administration. The Company's Vice President of Talent Resources will oversee the ETP project and meet with ETP staff during monitoring visits. A Talent Resources Coordinator will work with the training team, collect and maintain original documentation (paper-based attendance rosters), and submit a copy to the administrative subcontractor for data entry into the ETP online systems.

ARS has eight full-time staff members dedicated to recruitment and training. Four of whom are responsible for curriculum design and training delivery. The staff has also been designated to schedule, implement and deliver ETP training.

Commission Sales

ARS Supervisors and Account Representatives receive commission compensation; however, commissions will not be used to meet the ETP minimum wage requirement.

Supervisor commission plan is based on four specific areas, Account Representative's development, team quality and compliance metrics, client goals, and a revenue component. Account Representative commission plan is based on certain quality and compliance metrics including call quality, account documentation, account handling, client call monitoring and other factors, revenue targets.

ARS is not in Retail Trade; therefore, not affected by the Panel's recent Strategic Plan low funding priority placement of Commission Sales occupations in Retail Trade.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Training Funding Source in Seal Beach assisted with development for a flat fee of \$6,900.

ADMINISTRATIVE SERVICES

Training Funding Source will also perform administrative services for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

8 - 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Communications Skills
 - Asking Effective Questions
 - Creating Meaningful Conversations
 - Finding the Right Pace
- Customer Relations
 - Building Relationships over the Phone
 - Creating a Positive Customer Experience
- Coaching Skills
- Critical Thinking Skills
- Creative Thinking Skills
- Negotiation Skills
 - Finding the Right Solution
- Leadership Skills
 - Lead with your Strengths
 - Accountability
 - Conducting a Successful Meeting
- Time Management Skills
 - Prioritizing Made Simple
- Process Improvement
- Project Management
- Document Management
- Goal Setting
- Problem Solving Skills
- Sales Skills
- Team Building
- Writing Effective Policies and Documenting Procedures

COMPUTER SKILLS

- Adobe
- WordPress
- Columbia Ultimate Business Solution
- Data Analysis Skills
- Microsoft Office (Intermediate and Advanced)
- Prezi Presentations
- Software Programming Skills
- Sage 300
- SharePoint
- Structured Query Language
- Cisco Networking
- Data Security
- Windows Server and Active Directory
- VMware
- Network+
- Security+

- LiveVox (Telecomm)
- Information Technology Infrastructure Library

CBT Hours

0 - 9

COMMERCIAL SKILLS

- Anti-Money Laundering (0.5 hour)
- Call Recording and Disclosure (0.5 hour)
- Equal Credit Opportunity (0.5 hour)
- Fair Credit Reporting (0.5 hour)
- Fair Debt Collection Practices Act (0.5 hour)
- Fair Lending Policy (0.5 hour)
- Recognizing Financial Elder Abuse (0.5 hour)
- General Banking Industry Knowledge (0.5 hour)
- Information Technology Security and Privacy (0.5 hour)
- Protecting Customer Privacy (0.5 hour)
- Protecting Customers through the Fair Credit Reporting Act (0.5 hour)
- Unfair, Deceptive, or Abusive Acts or Practices (0.5 hour)
- Computer Systems (1 hour)
- Servicemembers Civil Relief Act (0.5 hour)
- Treating Customers Fairly (0.5 hour)
- State Laws (0.5 hour)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee, in Job Number 2.