



## RETRAINEE - JOB CREATION

**Training Proposal for:**

**ConAgra Foods, Inc.**

**Agreement Number: ET16-0107**

**Panel Meeting of:** July 24, 2015

**ETP Regional Office:** Sacramento

**Analyst:** M. Mazzone

### PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee Job Creation Initiative HUA	Industry Sector(s):	Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Counties Served:	Tulare	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Number of Employees in:	CA: 2,412	U.S.: 20,000	Worldwide: 36,000	
<u>Turnover Rate:</u>	8%			
<u>Managers/Supervisors:</u> (% of total trainees)	4%			

### FUNDING DETAIL

<b>Program Costs</b>	-	(Substantial Contribution)	-	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$304,000		\$0		\$0		\$304,000

<b>In-Kind Contribution:</b>	100% of Total ETP Funding Required	\$325,000
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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 Priority Rate	Business Skills, Computer Skills, Cont. Impv., Manufacturing Skills, HazMat., PL - Manufacturing Skills	280	8-200	0	\$900	\$15.07
				Weighted Avg: 50			
2	Retrainee Job Creation Initiative Priority Rate	Computer Skills, Cont. Impv., Manufacturing Skills, HazMat., PL - Manufacturing Skills	40	8-200	0	\$1,300	\$12.33
				Weighted Avg: 65			

**Minimum Wage by County:** **Job No. 1:** \$15.07 per hour for Tulare County; **Job No. 2:** \$12.33 per hour for Tulare County.

**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 \$2.47 per hour may be used to meet the Post-Retention Wage for Job Number 1 and \$1.33 for Job Number 2.

**Wage Range by Occupation**

Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1</b>		
Administrative Staff		14
Quality Assurance Specialist		17
Sanitation Staff		24
Warehouse Staff		24
Maintenance Staff		20
Production Staff		167
Supervisor		10
Manager		4
<b>Job Number 2</b>		
Production Staff		40

## **INTRODUCTION**

Headquartered in Omaha, ConAgra Foods, Inc. (ConAgra) has locations worldwide, including seven manufacturing facilities in California. Originally incorporated in 1919, ConAgra is a large manufacturing corporation engaged in preparing, marketing, and distributing packaged foods throughout North America. There are two basic product groups:

1. Products in the Consumer Foods Group span a variety of categories (meals, entrees, condiments, sides, snacks, and desserts). The food products are packaged in frozen, refrigerated, and shelf-stable temperature classes. Major brands include Chef Boyardee®, Healthy Choice®, Marie Callender's®, Orville Redenbacher's®, and others.
2. The Food and Ingredients Group produces commercially branded foods and ingredients, such as specialty potato products, milled grain ingredients, dehydrated vegetables and seasonings, and related items which are then sold to food processors under such brands as ConAgra Mills®, Lamb Weston®, Gilroy Foods®, and others.

This is the fourth ETP-funded agreement with ConAgra; however, this is the first agreement for the ConAgra facility in Visalia. The Visalia facility produces pretzels and snack mixes and will be the only participating location in this proposal. (See Active Project table for ongoing training at the Company's facility in Oakdale.)

## **PROJECT DETAILS**

The proposed training plan is aimed at improving the Visalia facility's quality standards and efficiencies. A Total Productive Maintenance (TPM) and Lean Manufacturing training program will be instituted throughout the facility to increase production capacity, quality and to promote waste reduction.

ConAgra will be replacing old equipment that is no longer efficient. It will be installed for a new Snack Mix product line that goes into full production in the first quarter of 2016. ConAgra has also purchased a Snack Mix Blending station for mixing and packaging the product as well two new ovens and two new weighing stations.

The Company will train staff on this new equipment. Training will also include effective communication skills, hazardous materials, and a new Materials Resource Planning software program.

### **Retrainee - Job Creation**

In support of job creation, the Panel is offering 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.

ConAgra has committed to hiring 40 new employees as shown in Job Number 2. 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. These trainees will be hired into "net new jobs" as a condition of contract.

ConAgra recently purchased new equipment for the launch of a new product line. The new product line will begin full production in the first quarter of 2016 and will produce 10 million pounds of snack mix annually. To meet this production goal, ConAgra will be hiring 40 net new employees.

## Training Plan

Trainees will receive between 8-200 hours of classroom/laboratory training with an estimated average of 50 hours per retrainee and 65 hours per job creation trainee. Production and Maintenance Staff will receive between 0-11 hours of job specific Productive Lab training.

**Business Skills (5%):** Training will be delivered to all occupations. All trainees will receive training to improve internal communication skills and job specific occupations will receive training to improve communication skills to external customers and vendors. In addition, select staff will receive training in the art of interpreting and generating reports. Training course topics will include Effective Communication and Interpreting/Generating Reports.

**Computer Skills (15%):** Training will be delivered to select staff in all occupations throughout the facility. Staff will receive training to improve competencies in software used throughout their daily duties. Training topics will include Intermediate and Advanced Microsoft Office and SAP Materials Resource Planning.

**Continuous Improvement (35%):** Training will focus on the improvement of efficiencies and capacities of all occupations. Production staff will receive the majority of the Continuous Improvement training; however, all occupations will participate in process improvement training. Training topics will include Standards and Measurements, Process Mapping, Kaizen, Six Sigma, Process Improvement, Quality Control System Training, and Teambuilding.

**Manufacturing Skills (35%):** Training will be delivered to Quality Assurance Specialists, Sanitation Staff, Warehouse Staff, Maintenance Staff, Production Staff, Supervisors, and Managers. The focus of training will be in the safe operation, controls, and maintenance of production equipment. Retrainee staff will receive job specific training on new equipment and may be cross-trained on ConAgra's existing equipment. Job Creation staff will receive training on both new and existing equipment. Training topics will include Food Product Safety, Production Equipment Controls, Computer Assisted Machinery Operation, Production Equipment Safe Operation, Preventative Maintenance, and Cross Training.

**Hazardous Materials (3%):** Training will be delivered to Production Staff, Warehouse Staff, Quality Assurance Specialists, Maintenance Staff, and Supervisors. Staff will learn the proper procedures for identifying, handling, storing and transporting hazardous materials. Training topics will include Hazardous Materials Identification, Storage, and Clean-up.

### Productive Laboratory – Manufacturing Skills (7%)

The Panel recently adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. The instructor will be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring.

Due to the purchase of new equipment for their new Snack Mix product line, ConAgra staff will require PL training. Production Staff and Maintenance Staff will receive hands-on training that is specific to the operation and maintenance of the equipment (oven, blending, and packing machines). During PL training the instructor will be present 100% of the time and the maximum trainer-to-trainee ratio will not exceed 1:3. The 1:3 ratio is necessary, as much of the machinery utilized during PL requires up to three people to operate. ConAgra is estimating that it will take 11 hours of training per trainee to learn how to operate the new equipment.

Production is expected to be slowed during PL training as the trainer will be stopping production to coach and mentor the trainees. Also, the equipment will be operating at a slower speed until proficiency is gained. Once the trainee is performing work satisfactorily over several runs, the trainer will deem the trainee as proficient.

### **Temporary to Permanent Hiring**

Ten trainees in Job Number 2 come under the Panel guidelines for “temporary to permanent” employment. ConAgra has retained these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. (Unemployment Insurance Code Section 10201(c).) However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired on full time by ConAgra. Until then, ConAgra will not receive progress payments.

### **High Unemployment Area**

The 280 trainees in Job Number 1 and 40 trainees in Job Number 2 work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company’s location in Tulare County qualifies for HUA status under these standards.

However, ConAgra is not asking for a wage and/or retention modification.

### **Commitment to Training**

ConAgra has an annual training budget of \$125,000 per location, which includes state mandated safety training, new employee orientation, and sexual harassment prevention. ETP funding will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

#### ➤ Training Infrastructure

The Company has designated their Continuous Improvement Manager to lead and schedule the planned training. The Continuous Improvement Manager and staff will be responsible for overseeing the completion of training and collection of training rosters. In addition, Strategic Business Services, LLC has been retained by ConAgra and will be responsible for administration duties.

### **Impact/Outcome**

ConAgra’s training plan will provide staff with necessary training on new equipment and provide trainees with knowledge that will allow them to work more independently and efficiently. With increased efficiencies, the ConAgra Visalia facility will reduce waste, work more productively and increase company profitability.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

**ACTIVE PROJECTS**

The following table summarizes performance by ConAgra under an active ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Estimated)	No. Completed Training	No. Retained
ET15-0291	\$424,728	09/02/14 – 09/01/16	347	0	0

ET15-0291 –This Agreement is only for trainees at the Oakdale facility. Based on ETP Systems, 3127 reimbursable hours have been tracked for potential earnings of \$56,286 (13% of approved amount). The Contractor projects final earnings of 100% based on training currently committed to by the employer and in progress through June 2016.

**PRIOR PROJECTS**

The following table summarizes performance by ConAgra under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET09-0254	Oakdale, Gilroy, Modesto, Oakland, Helm, Colton, Compton, Fresno, Hanford	10/20/08 – 10/19/10	\$1,183,608	\$887,952	(75%)

ET09-0254 – This contract was held by ConAgra locations other than Visalia.

**DEVELOPMENT SERVICES**

ConAgra retained Strategic Business Solutions, LLC in Visalia to assist with development of this proposal for a flat fee of \$8,250.

**ADMINISTRATIVE SERVICES**

ConAgra also retained Strategic Business Solutions, LLC in Visalia to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

**TRAINING VENDORS**

To Be Determined

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

8-200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- Effective Communication
- Interpreting/Generating Reports

**COMPUTER SKILLS**

- Intermediate and Advanced Microsoft Office
- SAP Materials Resource Planning (MRP) Training

**CONTINUOUS IMPROVEMENT**

- Standards and Measurements
- Lean Principles and Processes
- Process Analysis
  - Process Mapping
  - Kaizen
  - Six Sigma
  - 5S
  - Process Improvement
- Quality Control System Training
- Leadership
- Teambuilding

**MANUFACTURING SKILLS**

- Food Product Safety
- Production Equipment Controls
  - Operation
  - Setup
  - Calibration
  - Quick Change
- Computer Assisted Machinery Operation
- Production Equipment Safe Operation
- Preventative Maintenance
- Materials Handling Equipment Training
- Cross Training
- Confined Space Training
- Height Training

**HAZARDOUS MATERIALS**

- Hazardous Materials Identification
- Hazardous Materials Storage
- Hazardous Materials Clean-up

**Productive Lab Hours (Ratio 1:3)**

0-11

**MANUFACTURING SKILLS**

- Computer Assisted Machinery Operation
  - Blending Machine
  - Packing Machine
  - Oven
- Production Equipment Safe Operation and Preventative Maintenance
  - Blending Machine
  - Packing Machine
  - Oven

Safety Training cannot exceed 10% of total training hours per-trainee

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 11 hours per-trainee.