



## RETRAINEE - JOB CREATION

### Training Proposal for:

**J.A. Cosmetics US, Inc. dba e.l.f. Cosmetics**

**Agreement Number: ET16-0457**

**Panel Meeting of:** May 26, 2016

**ETP Regional Office:** North Hollywood

**Analyst:** M. Reeves

### PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative Veterans	Industry Sector(s):	Retail Wholesale Trade Warehouse  Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	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: 37	U.S.:300	Worldwide: 300
<u>Turnover Rate:</u>	0%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

### FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$197,960</td></tr> </table>	Program Costs	\$197,960	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$0	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Total ETP Funding</b></td></tr> <tr><td style="text-align: center;">\$197,960</td></tr> </table>	<b>Total ETP Funding</b>	\$197,960
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In-Kind Contribution:	100% of Total ETP Funding Required	\$203,350
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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 Job Creation Initiative	Commercial Skills, Computer Skills, Continuous Imp.	90	8-200	0	\$1,960	\$14.48*
				Weighted Avg: 98			
2	Retrainee Job Creation Initiative Veterans	Commercial Skills, Computer Skills, Continuous Imp.	10	8-200	0	\$2,156	\$14.48*
				Weighted Avg: 98			

\*It will be made a condition of contract that the trainees in these Job Numbers 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:** \$12.77 per hour for San Bernardino 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

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

**Wage Range by Occupation**

Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Numbers 1 and 2</b>		
Production Staff		91
Frontline Supervisor		9

**INTRODUCTION**

Founded in 2004 and based in New York, J.A. Cosmetics US, Inc. dba e.l.f. Cosmetics (ELF) is a retailer and wholesale distributor of cosmetics. The Company ([www.elfcosmetics.com](http://www.elfcosmetics.com)) offers a full line of cosmetic makeup and accessories for the eyes, lips, face, and skin. The Company is eligible for standard retraining under the out-of-state competition provisions as a provider of products/services to customers located inside and outside of California.

**PROJECT DETAILS**

ELF has a Western Regional Headquarters office located in Oakland, and the Company is currently in the process of relocating its New Jersey distribution center to Ontario. Training will only target newly-hired workers at the Ontario facility.

The Ontario distribution center will implement a new warehouse management system beginning in May 2016. This new system will interface with all aspects of the facility and result in new standard operating procedures for all personnel. Training on the system will help the Company maximize efficiencies and ensure that the new distribution center is equipped to accommodate increasing volume.

## **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.

In this proposal, ELF has committed to hiring 100 new employees to support its expansion efforts in California. The Company is relocating its distribution center from New Jersey to Ontario to reduce operating and shipping costs (employees were not relocated). Relocation will also include approximately \$6 million in capital expenditures. The Company has already begun the recruitment process to hire all new staff from the Southern California region.

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.

## **Veterans Program**

ELF conservatively plans to hire 10 Veterans (Job Number 2) who have served on active full-time duty in the Armed Forces. The Company is working with RecruitMilitary and is currently assessing implementation of a phased recruitment/hiring approach. The Panel has established a higher reimbursement rate and other incentives for training California veterans, as will be reflected in the contract.

## **Training Plan**

Training will be delivered by a combination of in-house subject matter experts and outside training vendors to be identified during the contract term.

**Commercial Skills (70%)** – Training will be offered to all occupations. This training will focus on the requisite distribution and warehousing skills needed to effectively receive, process, and ship products.

**Computer Skills (15%)** – Training will be offered to all occupations. Employees will learn the features and functionality of the Company’s new warehouse management system. This training will enhance worker productivity by empowering system users to manage data, process orders, resolve problems, and perform tasks at a high level of efficiency.

**Continuous Improvement (15%)** – Training will be offered to all occupations. These modules are intended to maximize output by placing emphasis on organizational communication, cross-training, frontline leadership, and time management principles.

## **Commitment to Training**

The Company spends approximately \$15,000 annually on training in California. Previous company-funded training has consisted of basic office software skills, effective communication, and management/leadership skills. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law. ELF is fully committed to the professional development of its employees and plans to incorporate the successful elements of the proposed training into its ongoing training efforts.

➤ **Training Infrastructure**

The Company's leadership team (Managers/Supervisors) will oversee training rollout and administration. Training will be rolled out in phases as new employee recruitment and hiring plans unfold. The Company intends to utilize various train-the-trainer techniques to facilitate skills development during the ramp up of personnel. The Company also continues to evaluate the possibility of retaining an outside administrative consultant to assist with ETP project administration and documentation.

**RECOMMENDATION**

Staff recommends approval of this proposal.

**DEVELOPMENT SERVICES**

Abbott Consulting Group in Fairfield, Connecticut assisted with development of this proposal for a flat fee of \$6,500.

**ADMINISTRATIVE SERVICES**

N/A

**TRAINING VENDORS**

To Be Determined

## **Exhibit B: Menu Curriculum**

### **Class/Lab Hours**

8 - 200

Trainees may receive any of the following:

#### **COMMERCIAL SKILLS**

- Distribution Equipment Skills
- Ordering/Picking/Packing
- Forklift/Hand Trucks/Levelers
- Conveyor Belts
- Warehouse Operations
- Maintenance Operations
- Transport
- Material Handling
- Distribution/Warehouse Safety

#### **COMPUTER SKILLS**

- Symmetry Warehouse Management System
- Order Management Production
- Warehouse Systems Applications

#### **CONTINUOUS IMPROVEMENT**

- Communication
- Customer Service
- Warehouse/Distribution Cross-Training
- Leadership Development
- Train-the-Trainer
- Time Management

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