



RETRAINEE - JOB CREATION

Training Proposal for:

Kimberly-Clark Worldwide, Inc.

Agreement Number: ET17-0229

Panel Meeting of: September 23, 2016

ETP Regional Office: San Diego

Analyst: J. Davey

PROJECT PROFILE

Contract Attributes:	Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Counties Served:	Orange	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Association of Western Pulp & Paper Workers, Fullerton Local #672			
Number of Employees in:	CA: 520	U.S.: 30,900	Worldwide: 43,000	
<u>Turnover Rate:</u>	4%			
<u>Managers/Supervisors:</u> (% of total trainees)	5%			

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	=	(High Earner Reduction)	=	Total ETP Funding
\$384,000		\$173,250 50%		\$0		\$210,750

In-Kind Contribution:	100% of Total ETP Funding Required	\$213,830
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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, Continuous Impr, HazMat, Mfg Skills, OSHA 10/30, PL-Mfg Skills	385	8-200	0	*\$882	\$17.64
				Weighted Avg: 50			
2	Retrainee Job Creation	Business Skills, Computer Skills, Continuous Impr, HazMat, Mfg Skills, OSHA 10/30, PL-Mfg Skills	15	8-200	0	\$2,500	\$17.19
				Weighted Avg: 125			

*Reflects Substantial Contribution

Minimum Wage by County: Orange County Job #1: \$16.51 per hour; Job #2: \$13.76 per hour

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 will not be used to meet Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Administrative Staff		10
Engineering Staff		25
Facility Service Staff		10
Finance Staff		5
Human Resources Staff		5
Managers/Supervisors		20
Maintenance Staff		50
Operators		230
Support Staff		30
Job Number 2		
Facilities Service Staff		1
Maintenance Staff		1
Operators		12
Support Staff (Material Handlers, Loaders, Stackers)		1

INTRODUCTION

This is the third ETP proposal for KCW Fullerton within the last five years. In this proposal, Kimberly-Clark Worldwide, Inc. (KCW) seeks funding for retraining as outlined below for its Fullerton mill, a wholly owned branch of KCW:

Founded in 1872, KCW (www.kimberly-clark.com) is a manufacturer of various personal and home consumer products with manufacturing plants located worldwide. Products include facial tissue, diapers, baby care products, bathroom tissue, wet wipes, industrial wipes, paper towels, feminine hygiene products, and medical supplies (gowns, gloves).

PROJECT DETAILS

KCW manufactures and distributes facial tissue, bathroom tissue and industrial wipes for organizations such as Wal-Mart, Costco, hospitals, hotels, and other businesses throughout the western United States.

Training in the previous ETP Agreements focused primarily on Lean Manufacturing concepts which included Kaizen events and standardized work processes. Training topics included Lean Boot Camp and Process and Procedure Training. Employees were trained on Mill Production Procedures and Problem Resolution needed to streamline manufacturing operations.

This proposal will focus on training workers to take over manufacturing processes from Senior Machine Operators. The workforce is maturing and many staff are reaching retirement age, necessitating a succession plan to train new, younger workers. These older workers have years of experience operating production equipment. They know how to run the equipment at optimum levels to allow the production lines to function at maximum capacity. The Company will be using Document Preservation System to capture and archive the accumulated knowledge of the retiring workforce. This will give newer employees access to proprietary knowledge only available from senior retiring workers. Trainees will also be cross-trained to operate different equipment.

KCW is also manufacturing a new product line. The Company is slowly increasing production towards full capacity. The new production line will require expanding capacity and hiring new workers.

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.

KCW intends to expand its business capacity by hiring and training new staff to fill skill and experience gaps, increase business capacity and production demands, and improve workflow. KCW has committed to hiring 15 new employees (Job Number 2) during the term of this Agreement.

Trainees must be hired within the three-month period prior to Panel approval or during the term of contract. Trainees will be hired into "net new jobs" as a condition of contract. As a feature of this program, the Substantial Contribution requirement will be waived for Job Number 2. Substantial Contribution does not apply to the Job Creation Job number.

Training Plan

Training will be conducted by mainly K-C in-house trainers. Vendors will be retained as necessary. OSHA 10/30 training will be conducted by certified training providers.

Business Skills (20%) - Trainees across all occupations will receive skill sets in topics such as advanced customer service, advanced communication, and DDI communication skills. Training will focus on business development and meeting customer demands.

Computer Skills (10%) - Training will be provided to all occupations as it relates to specific job functions. Training will include Internet Applications, Inventory Control Software, KCW proprietary software, and Project Management Software. Trainees will receive skills to navigate software that support KCW's manufacturing environment.

Continuous Improvement (5%) - Training will be delivered to all occupations and is designed to improve processes and efficiencies throughout the organization. Training will give employees skills to manage performance and process improvements, think strategically, and set appropriate goals for themselves and the organization. Training will reduce costs, eliminate waste, and identify and resolve production problems.

Hazardous Materials Handling (5%) – Training will be offered to all occupations. Employees who handle and control hazardous materials will receive skills training in hazard communication, hazardous waste, and emergency response. Trainees will also learn to correctly complete material safety data sheets.

Manufacturing Skills (35%) - Training will be offered to Operators, Engineers, Technical Support, Facilities Support, Maintenance Staff and Managers/Supervisors. Training will include topics such as Asset Centerline Settings, Advanced Operating Procedures, Operator Certification, and other skills. Competency in these topics will improve manufacturing operations and increase production efficiencies.

OSHA 10/30 (5%) – Training will be offered to Operators, Engineers, Support Staff, Facilities Service Staff, Maintenance Staff and selected Managers/Supervisors. This training will help provide a safe and healthy workplace. Trainees will learn about the OSHA standard to reduce on-the-job injuries and improve worker productivity.

Productive Laboratory - Manufacturing Skills (10%)

Trainees may produce goods for profit as part of the Productive Lab (PL) training, in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

KCW requests PL training in Manufacturing Skills for approximately 50 of its existing and newly-hired Operators, Engineers, Technical Support Staff, Facilities Support Staff and Maintenance Mechanics. PL training will be provided at a trainer-to-trainee ratio not to exceed 1:3. PL hours will be capped at 60 hours per trainee. Most trainees will receive up to 40 hours of PL. However, a few trainees (10-15 and mostly new employees) will need up to 60 hours, depending on current skill level and need for cross-functional skills training.

PL training will ensure a broader understanding of the entire manufacturing process and allow trainees to properly operate each piece of machinery on the mill floor. The PL trainer will be qualified and/or machine certified to instruct and deliver the course content and material. The Company anticipates production will be decreased by up to 50% of normal capacity during PL.

This will allow trainees to acquire the skills to become competent without the pressure of normal production requirements.

Certified Safety Training

1. OSHA 10/30. This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom or CBT training for journey-level workers and 30 hours for frontline supervisors. The coursework is geared to construction work, and also manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

Substantial Contribution

KCW is a repeat contractor with payment earned in excess of \$250,000 for incumbent workers at the Fullerton mill within the past five years. (See Prior Project Table.) A prior substantial contribution of 15% and 30% have been applied on the past two Agreements respectively. As such a 50% substantial contribution has been applied to Job Number 1 (incumbent workers) at this location.

Union Letter

KCW’s Operators, Maintenance Mechanics, Facilities Service and Technical Support Staff are represented by the Association of Western Pulp & Paper Workers, Fullerton Local Number 672. A union letter of support for the proposed training has been provided.

Commitment to Training

ETP funds 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.

Although KCW does not have a training budget, approximately \$155,000 per year is spent at the Fullerton facility for training in on-the-job manufacturing skills, New Employee Orientation, Basic Computer Skills Training, and Safety training.

ETP funds will permit KCW to conduct more in-depth and advanced training than what has been previously offered to trainees. None of the trainees that were trained in prior ETP Agreements will repeat the same training under this Agreement. KCW will deliver training on more advanced Lean Manufacturing topics, including meeting Lean Capability Targets and Lean deployment.

➤ Training Infrastructure

KCW’s training department will work directly with National Training Company (NTC) to administer the ETP-funded Agreement. The Company expects to start training within 10 days of Panel approval. The ETP Agreement will be managed out of KCW’s company headquarters in Fullerton by the KCW staff that handled the prior ETP Contract.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PERFORMANCE

The following table summarizes performance by KCW under ETP Agreements completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET15-0173	Fullerton	07/07/2014– 07/06/2016	\$275,440	\$199,681 (72.5%)* (\$170,552 incumbent)
ET12-0147	Fullerton	10/01/2011- 09/30/2013	\$424,276	\$337,713 (80%) [†] (no Job Creation)

*ET15-0173: Kimberly-Clark tracked a total of 15,013 eligible training hours for 335 trainees who completed training and the 90-day retention period. They are in the process of submitting their Final closeout Invoice.

[†]ET12-0147: There were no Job Creation trainees in this contract.

DEVELOPMENT SERVICES

KCW retained National Training Company (NTC) in Irvine to assist with development of this proposal for a flat fee of \$10,000.

ADMINISTRATIVE SERVICES

KCW has also retained NTC 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**

8 –200

Trainees will receive any of the following:

BUSINESS SKILLS

- Advanced Customer Service
- Advanced Communication Skills
- DDI Communication Skills
- Product Knowledge
- Project Management

CONTINUOUS IMPROVEMENT

- Capability Building Status
- Centerline Quality Training
- Cultural Change
- Daily Accountability Process
- Employee Engagement Process
- Kaizen Events
- Leader Standard Work
- Lean Tools/Procedures
- Mill Core Team
- Proactive Work Culture
- Process Calendar Management
- Product Quality Systems
- Speed Improvement Strategy
- Standard Work
- Team Building
- Waste Walks

COMPUTER SKILLS

- Document Preservation System
- Equipment Management Reports
- Equipment Reliability Reports
- Internet Applications
- Inventory Control Systems
- Kimberly-Clark Software Applications
- Maintenance Master Data Reports
- MS Office (Intermediate and Advanced)
- Production Reconciliation Reports
- Project Management Systems
- Sharepoint Stores Reporting
- Vendor Notification

MANUFACTURING SKILLS

- Advanced Operating Procedures
- Asset Centerline Settings
- Forklift Certification
- Equipment Cross-Training
- Equipment Maintenance Procedures
- Getting Machines Stable
- Operator Certification
- Permanent Equipment Fixes
- Production Tools/Instruments

- Quick Change
- Reel and Re-Winder Procedures
- Stack-Out
- Sustain & Operate Building Program
- Verification System

HAZARDOUS MATERIALS

- Hazard Communication
- Hazardous Materials
- Hazardous Waste
- Emergency Response Team Training

OSHA 10/30 (OSHA certified instructor)

- OSHA 10 (Requires completion of full 10-hour course)
- OSHA 30 (Requires completion of full 30-hour course)

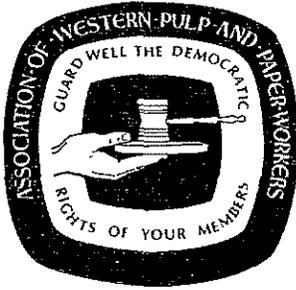
PL Hours

0-60

MANUFACTURING SKILLS (limited to 1:3 trainer-to-trainee ratio)

- Case Packer
- Wrapper
- Winder
- Cartoner
- Multifolder
- Operating Standards
- Preferred Work Methods
- Production Tools/Instruments

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 60 hours per-trainee.



ASSOCIATION OF WESTERN PULP AND PAPER WORKERS

A Union for Today and Tomorrow

Affiliated with the United Brotherhood of Carpenters and Joiners of America

Local 672

1501 North Raymond Ave Suite K
Local President Ronnie Carrillo Phone: (951) 850-4929

April 7, 2016

EMPLOYMENT TRAINING PANEL
1100 J Street 4th Floor
Sacramento, California 95814

RE: Kimberly-Clark Worldwide Employment Panel

In the interest of good Union/Management relations and on a Non Precedent basis the Association of Western Pulp and Paper Workers, and its Local 672 support the proposed Employment Training Panel (ETP) project.

The Union understands and agrees that the ETP training program will build a healthy safe program, empowering our members with successful strategies for the workplace.

Sincerely,

Ronnie Carrillo
Local 672 President