

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:
PenChecks, Inc.**

Small Business

ET17-0212

Approval Date: September 1, 2016

ETP Regional Office: San Diego

Analyst: H. Bernard

CONTRACTOR

- Type of Industry: Services
- Priority Industry: Yes No
- Number of Full-Time Employees
 - California: 24
 - Worldwide: 26
 - Number to be trained: 26
 - Owner Yes No
- Out-of-State Competition: Customers Outside CA
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 4%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$20,152
- In-Kind Contribution: \$41,986

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 SB <100	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	24	8 - 80	0	\$748	*\$16.46
				Weighted Avg: 34			
2	Retrainee Job Creation Initiative SB <100	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	2	8 - 60	0	\$1,100	*\$14.54
				Weighted Avg: 50			

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

- Reimbursement Rate: Job #'s 1 and 2: \$22 SB Non-Priority
- County(ies): San Diego
- Occupations to be Trained: Operations Staff, Client Services Staff, Software Development/IT Staff, Administrative Staff, Compliance Staff, Sales/Marketing Staff, Managers/Supervisors
- Union Representation: Yes
 No
- Health Benefits: Job #1 only: \$1.92 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source of Seal Beach assisted with development of this proposal for a flat fee of \$1,900.
- Administrative Services: Training Funding Source will also assist with administraction for a fee not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

PenChecks, Inc. (PenChecks) (www.penchecks.com), located in La Mesa, provides fully compliant retirement plan distribution services for benefit payment distributions, Default and Missing Participant IRA programs, uncashed check solutions and abandoned plan services. PenChecks serves customers such as the Florida Marlins Baseball franchise, Jelly Belly, Payless Shoes, YMCA and PayPal. The Company has only one facility located in La Mesa.

Need for Training

PenChecks has seen significant growth. In 2015, revenue increased 18% and the Company expects to see increases between 20-30% in 2016. In order to keep up with the growth, the Company plans to change the role of its Client Services Staff in the coming months to instill more responsibilities in a leadership role. Training will ensure that they have the soft skills and technical skills they need to perform at a higher level.

Additionally, PenChecks is updating its online benefit distribution processing service, P3, which allows clients to receive retirement distribution payments, monitor distribution requests and verify deposits. The update for this software will be released later this year to keep up with increasing client demands and growth. PenChecks will also be implementing new software programming methods including SCRUM methodologies and object-oriented programming.

As a provider of retirement distributions, PenChecks must ensure that the Company is in compliance with government regulations as mandated by the Department of Labor, the Internal Revenue Service and the Employee Retirement Income Security Act. These regulations are constantly updated requiring continuous training to ensure compliance.

Retrainee - Job Creation

Under the Retrainee-Job Creation program, training for newly-hired employees will be subject to a lower post-retention wage. PenChecks will be expanding business capacity, hiring new employees due to high growth in sales. The Company is committed to hiring 2 employees during the term of the Agreement.

Trainees must be hired within the three-month period prior to the Panel approval or during the term of the contract. Trainees will be hired into "net new jobs" as a condition of contract.

Training Plan

Business Skills – Training will be provided to all occupations. Training will focus mainly on Client Services Staff due to the changing roles. However, Sales/Marketing Staff will receive communication skills and Managers/Supervisors will receive leadership skills, communication skills and time management training in order to more effectively manage their teams.

Commercial Skills – Training will be provided to all occupations. Training for Operations, Administration, Client Services and Sales/Marketing Staff will focus on Product Knowledge to ensure staff are trained on the Company's new product offerings including its Qualified Termination Administration and its new Prepaid card offering. Additionally, all staff will receive training on governmental regulations.

Computer Skills – Training will be provided to all staff. Computer Skills training will include the updates to PenChecks P3 software, a new trust accounting software, and government regulation requirements. Managers/Supervisors will receive training on Advanced Excel and Tableau reporting.

Continuous Improvement – Training will be provided to Operations, Administrative, Client Services, and Sales/Marketing Staff and Managers/Supervisors. Training on process improvements, goal setting, and performance management will help the Company manage growth.

Modification to the Training Hours Limitation

PenChecks is requesting an exception to the standard small business cap of 60 hours per trainee for Job Number 1. The Company expects that Software Development Staff will need up to 80 hours of training during the term of the Agreement in SCRUM methodology, changes being made to P3 software, and a new trust accounting software. These topics are essential to the Company's growth and may require more hours of training.

RECOMMENDATION

Staff recommends approval of this proposal.

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

8 - 80

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Service
- Financial Statements
- Internal Procedures
- Leadership Skills
- Time Management
- Workflow Production

COMMERCIAL SKILLS

- 4019(a), 401(k), Pension Plans
- Case Management Review
- Abandoned Plans
- Client Billing
- Government Regulations
- IRA Distribution
- New Client Deliverables
- New Forms/Government Forms/Reporting Forms
- Retirement Distribution
- Trust Accounting & Distribution

COMPUTER SKILLS

- Customer Survey Tools & Reporting
- P3 Software
- Marketing Cloud
- Microsoft Office
- QuickBooks
- Salesforce/Customer Resource Management
- Tableau Reporting
- Trust Accounting Software

CONTINUOUS IMPROVEMENT

- Performance Management
- Goal Setting
- Process & System Improvement

Note: Reimbursement for retraining is capped at 80 total training hours per trainee, regardless of the method of delivery.