



Retrainee - Job Creation
Training Proposal for:
Q C M, Inc. dba Veris Manufacturing

Small Business

ET17-0110

Approval Date: June 20, 2016

ETP Regional Office: San Diego

Analyst: H. Bernard

CONTRACTOR

- Type of Industry: Manufacturing
Priority Industry: [X] Yes [] No
Number of Full-Time Employees
California: 85
Worldwide: 85
Number to be trained: 50
Owner [] Yes [X] No
Out-of-State Competition: NAICS Code Eligible
Special Employment Training (SET): [] Yes [X] No
High Unemployment Area (HUA): [] Yes [X] No
Turnover Rate: 5%
Repeat Contractor: [X] Yes [] No

FUNDING

- Requested Amount: \$37,700
In-Kind Contribution: \$58,168

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 SB<100	Business Skills, HazMat, Computer Skills, Cont. Imp., Mfg. Skills	44	8 - 150	0	\$754	*\$16.51
				Weighted Avg: 29			
2	Retrainee Job Creation Initiative Priority Rate SB<100	Business Skills, HazMat, Computer Skills, Cont. Imp., Mfg. Skills	6	8 - 150	0	\$754	*\$13.76
				Weighted Avg: 29			

*It will be made a condition of contract that the trainees in Job Numbers 1 & 2 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.

- Reimbursement Rate: Job #'s 1 & 2: \$26 SB Priority
- County(ies): Orange
- Occupations to be Trained: Production Staff, Administrative Staff, Managers/Supervisors
- Union Representation: Yes
 No
- Health Benefits: Job #'s 1 & 2: \$2.02 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source (TFS) in Seal Beach assisted with development for a flat fee of \$1,900.
- Administrative Services: TFS will also provide administrative services for an amount not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Founded in 1987 and located in Brea, Q C M, Inc. dba Veris Manufacturing (Veris) manufactures electronic products such as printed circuit boards, cable and box-build components. The Company also offers conformal coating and testing services. Veris' products

are used in medical, test and measurement, aerospace and military, capital equipment, telecom and industrial markets.

This will be Veris' third ETP Agreement in the last five years. In its most recent project (ET15-0169) the Company provided training to 31 workers who received an average of 66 hours each. This training focused on new product knowledge, Lean Manufacturing and Six Sigma.

Due to an increase in contracts from the defense industry, Veris projects growth of up to 25% over the next 2 years. The Company anticipates three new major customers by the end of 2016, including a Tier 1 Military/Aerospace customer. To keep up with this demand, Veris will pursue accreditation through the National Aerospace and Defense Contractors Accreditation Program (NADCAP). In order to meet its goal of being certified by December 2016, the Company must provide extensive training to all staff for NADCAP.

In support of growth, Veris recently added AS9100 (aerospace) and ISO13485 (medical) industry certifications, allowing it to serve the aerospace and medical industries. These certifications require continual auditing and training. The Company must also stay current on the latest standards on the Electronics Assemblies Certification (IPC-610) and the Soldered Electrical and Electronic Assemblies (J-STD-001) all of which require ongoing training.

The Company is continually training on the shop floor in control/tracking software called Aegis FactoryLogix. Training was provided for this software in the previous contract, (ET15-0169), but the system was not fully implemented. As such, training will continue on the software to ensure that all work stations are up-to-date. The Company has a goal of being 100% paperless in 2016, when the Aegis system will be implemented for all functions.

In addition, the Company moved to a 30,000 sq. ft. facility in Brea in 2015. The larger facility has allowed Veris to purchase new equipment, including the Flying Probe machine, which tests circuit boards to determine defects. Veris expects to invest \$300,000 in additional new equipment/technology over the next 2 years.

Retrainee - Job Creation

Due to the expansion in new business discussed above, the Company expects to hire up to ten new employees by the end of 2017. Of these, six new trainees will be included under the Job Creation guidelines (Job Number 2). Through the Panel's Job Creation Initiatives funding, trainees must be hired within the three-month period prior to the Panel approval or during the term of the contract.

Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

Temporary to Permanent Hiring

Veris plans to train two workers in Job Number 2 under the ETP "Temporary-to-Permanent" program. The Company has retained these employees on a temporary basis with the intention of hiring them into full-time, permanent positions after training. According to Veris, the average time for "converting" temporary workers into full-time permanent employment is three months. It is expected that these workers will receive employer-paid share-of-cost for healthcare premiums while on temporary status, and upon hire into full-time permanent employment.

These trainees must be eligible to participate in ETP-funded training pursuant to Unemployment Insurance Code Section 10201(c). Moreover, they cannot be enrolled as trainees until after they have been hired by Veris into full-time, permanent employment. Until they are so hired, retention and post-retention wage requirements cannot be satisfied and the Company will not receive progress payments.

Training Plan

Business Skills – Training will be provided to all occupations in communication, customer service and marketing and business development. This training will also include extensive product knowledge. Veris must train staff to understand customer's product requirements and the manufacturing needs associated with those products.

Computer Skills – Training will be provided to all occupations. Administrative Staff will receive Microsoft Office, Accounting and Scheduling. Production Staff and Supervisors will receive training in Aegis Factory Logix and the ERP systems. Training will also assist Veris in its goal to be 100% paperless.

Manufacturing Skills – Training will be provided to all occupations. Training for the Production Staff and Manager/Supervisors will focus on new equipment and process. Training will also include preventative maintenance to ensure the machines are running properly and will incorporate Lean manufacturing. Production Staff will be cross trained on multiple functions to shorten manufacturing times. Administrative Staff will receive cross training on how to read manufacturing documents and manufacturing processes.

Continuous Improvement – Training will be provided to all occupations. This training will include NADCAP, AS9100 and other needed updates to stay current with industry trends. Training will also focus on quality control and process improvement.

Hazardous Materials – Training will be offered to newly hired Production Staff. Training in Hazardous Materials Handling will help employees manage waste/spill operations to prevent injury or damage.

Modifications

Small Business retraining hours are capped at 60 per trainee; however, the Panel may increase the maximum training hours with justification. Veris requests an increase in the maximum training hours from 60 to 150.

New equipment training may require upwards of 80 hours of training per person depending on the occupation and the equipment. For example, the Flying Probe Machine alone requires upwards of 20 hours of training per trainee. In the Company's previous ETP contract, the average hours of training was over 60 and 12 trainees received over 100 hours.

RECOMMENDATION

Staff recommends approval of this proposal.

ACTIVE PROJECTS

The following table summarizes performance by Veris Manufacturing under an active ETP Agreement

Agreement No.	Approved Amount	Term	No. Trainees Enrolled	No. Completed Training	No. Retained
ET15-0169	\$49,140	7/7/14 – 7/6/16	43	31	0

The initial Agreement amount was \$30,160. Due to high training needs It was amended to add an additional \$18,980 and additional training hours. The 31 who have completed training are in retention. To date, Veris has tracked 2,041 hours of training sufficient to earn 100% of the Agreement amount.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET12-0395	Anaheim	5/11/12 – 5/10/14	\$45,530	\$30,290 (66%)

Low performance in this contract was due to poor record-keeping. Although training was provided, trainers did not document ETP-eligible training. The subsequent (active) project was right-sized (ET15-0169).

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

8 - 150

Trainees may receive any of the following:

BUSINESS SKILLS

- + Coaching
- + Communication
- + Conflict Resolution
- + Customer Relations
- + Finance
- + Goal Setting
- + International Traffic and Arms Regulation
- + Inventory Control
- + Leadership
- + Marketing & Business Development
- + Program Management
- + Product Knowledge
- + Project Management
- + Team Building

COMPUTER SKILLS

- + Accounting
- + Aegis Factory Logix MES
- + Asana
- + CircuitCam
- + Crystal Reports
- + ERP Software (Vantage by Epicor)
- + Manufacturing
- + MRP
- + MS Office
- + MS Project
- + Purchasing
- + Quote FX
- + Scheduling
- + Warehouse

CONTINUOUS IMPROVEMENT

- + 6S
- + AS9100
- + Corrective/Preventive Actions
- + ISO9001-2008
- + ISO 13485
- + Lean Manufacturing
- + National Aerospace & Defense Contractors Accreditation Program
- + Compliance Processes Process Improvement
- + Productivity Improvement
- + Quality improvement

MANUFACTURING SKILLS

- + AOI Inspection and Programming
- + Blueprint Reading

- ✚ DEK Stencil Printer
- ✚ Equipment Operation, Maintenance & Troubleshooting
- ✚ Hand Soldering to J-Std
- ✚ Inspection Techniques
- ✚ IPC-610
- ✚ Juki SMT Pick and Place Machine
- ✚ Lean Manufacturing
- ✚ Moisture Sensitive Devices
- ✚ Material Requirements Planning
- ✚ Preventative Maintenance
- ✚ Programmable Conformal Coating Machine
- ✚ Solder Paste Handling
- ✚ Surface Mount Defects—Causes and Prevention
- ✚ SMT and Stencil Operation
- ✚ Statistical Process Control
- ✚ VI Technology SPI Machine
- ✚ X-ray Machine Inspection

HAZARDOUS MATERIALS

- ✚ HazMat Handling

Safety Training cannot exceed 10% of total training hours per-trainee. This cap does not apply to Hazmat, OSHA 10/30 or HAZWOPER.

Note: Reimbursement for retraining is capped at 150 total training hours per trainee, regardless of the method of delivery.