



**DELEGATION ORDER**

**Training Proposal for:  
Sparton Irvine, LLC**

**Agreement Number: ET16-0269**

**Approval Date:** November 19, 2015

**ETP Regional Office:** San Diego

**Analyst:** M. Ray

**PROJECT PROFILE**

Contract Attributes:	Retrainee Priority Rate	Industry Sector(s):	Manufacturing Aerospace and Defense  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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 340	U.S.: 1,700	Worldwide: 2,000
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$24,120		\$0	\$0		\$24,120

In-Kind Contribution:	100% of Total ETP Funding Required	\$26,437
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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	Continuous Improvement	67	8 - 200	0	\$360	\$16.02
				Weighted Avg: 20			

**Minimum Wage by County:** \$16.02 per hour in Orange 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 \$2.61 per hour may be used to meet the Post-Retention Wage.

**Wage Range by Occupation**

Occupation Titles	Wage Range	Estimated # of Trainees
Production		47
Engineering		5
Quality		9
Supervisor/Manager		6

**INTRODUCTION**

Founded in 1900 and headquartered in Jackson, Michigan, Sparton Corporation (Sparton Corporation) ([www.sparton.com](http://www.sparton.com)) is an industry leader in designing, developing, and manufacturing complex electronic and electromechanical devices. Sparton Corporation specializes in regulated, industrial products such as car horns for the automobile industry; wearable and internal medical devices for the health industry; as well as defense, security devices and sonar for the military.

Sparton Corporation has three California facilities including one facility in Milpitas, which currently holds an active ETP Agreement (ET15-0129). Sparton Corporation acquired Hunter Technology Corporation (Hunter) in April 2015 subsequent to the approval of the ETP Agreement. All training under this Agreement will be completed by April 2016. However, Hunter will not participate in this training proposal. The proposed training will only target workers from Sparton Irvine, LLC (Sparton Irvine), a wholly-owned subsidiary of Sparton Corporation.

Sparton Irvine is a manufacturer of electronic assemblies. The facility provides contract design, manufacturing, and aftermarket repair and refurbishment of sophisticated printed circuit card assemblies, sub-assemblies, full product assemblies, and custom cable/wire harnesses. Customers include Original Equipment Manufacturer customers serving medical and biotechnology; military and aerospace; as well as industrial and commercial markets.

## **PROJECT DETAILS**

Sparton Irvine focuses on complex design manufacturing. Its customers frequently develop highly-specialized or highly-sophisticated electronics with a small margin for error. In addition, these customers are also in tightly regulated industries, thereby, requiring Sparton Irvine to adhere to stringent military and aerospace specifications; Food and Drug Administration guidelines and approvals; as well as internal product and process certifications.

To support industry and customer demands, Sparton Irvine must develop a more specific training program. Specifically, the Company must improve its business processes and services and maintain high quality standards to acquire and retain customers. To do this, Sparton Irvine will provide its workers with complex training focused on completing industry certification requirements. The Institute for Printed Circuits (IPC) Quality Standards certification process will involve initial classroom setting, testing, periodic classroom refresher, and/or re-testing after a period of time (typically two years). Further, the Company has hired a dedicated employee to manage, provide, and administer standards training and overall certification process.

Workers will train in specific Continuous Improvement topics to meet customer demands and remain competitive in the electronics industry market. With ETP funding, Sparton Irvine will be able to deliver classroom training to provide new and existing workers the skills necessary to prepare for IPC testing and maintain various IPC certifications. Trainees will need to test for these certifications outside ETP-funded training at the Company's expense.

### **Training Plan**

**Continuous Improvement** (100%) – Training will be offered to all occupations. Course topics are specific to IPC Standards such as IPC-A-610 F, IPC/WHMA-A-620 B, and IPC J-STD-001 F.

### **Commitment to Training**

The Company spends an estimated \$72,000 annually on training at its Irvine facility and includes company processes, policies and procedures for new hires. Training is reiterated as needed based on topic complexity and policy changes.

ETP funds will not displace the existing financial commitment to training. Safety training is, provided in accordance with all pertinent requirements under state and federal law.

#### ➤ Training Infrastructure

The Company's in-house IPC trainer will oversee, manage and implement training. Outside vendors may be used if needed. Supervisors/Managers will be responsible for approving and scheduling training. Human Resources Staff will be responsible for the overall administration of the proposed ETP Agreement.

## **RECOMMENDATION**

Staff recommends approval of this proposal.

## **ACTIVE PROJECTS**

The following table summarizes performance by Hunter Technology (subsidiary of Sparton Corporation) under an active ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Estimated)	No. Completed Training	No. Retained
ET15-0129	\$81,000	7/7/14 – 7/6/16	180	TBD	TBD

Training is ongoing in Milpitas at the newly acquired Hunter Technology. As of October 2015, the Contractor has documented 2,393 eligible training hours (57% of the Agreement amount). Based on the training schedule remaining for the workers at the Milpitas facility, the Contractor expects to earn 100% of the planned Agreement amount.

### **DEVELOPMENT SERVICES**

N/A

### **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:

**CONTINUOUS IMPROVEMENT**

- Institute for Printed Circuits (IPC) Quality Standards
  - IPC-A-610 F
  - IPC/WHMA-A-620 B
  - IPC J-STD-001 F

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