# RETRAINEE - JOB CREATION

## Training Proposal for:

Western Digital Corporation

**Agreement Number:** ET16-0216

**Panel Meeting of:** November 5, 2015

**ETP Regional Office:** San Diego

### PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Job Creation Priority Retrainee</th>
<th>Industry Sector(s): Manufacturing Technology/IT</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Counties Served:</th>
<th>Alameda, Orange, Santa Clara</th>
<th>Repeat Contractor: Yes No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Union(s):</th>
<th>Yes No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Number of Employees in:</th>
<th>CA: 5,625</th>
<th>U.S.: 8,530</th>
<th>Worldwide: 84,000</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Turnover Rate:</th>
<th>8%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Managers/Supervisors: (% of total trainees)</th>
<th>7%</th>
</tr>
</thead>
</table>

### FUNDING DETAIL

<table>
<thead>
<tr>
<th>Program Costs</th>
<th>$716,400</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>(Substantial Contribution)</th>
<th>(High Earner Reduction)</th>
<th>Total ETP Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>$132,480 50%</td>
<td>$0</td>
<td>$583,920</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In-Kind Contribution:</th>
<th>100% of Total ETP Funding Required</th>
<th>$750,000</th>
</tr>
</thead>
</table>
### TRAINING PLAN TABLE

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retrainee Priority Rate</td>
<td>Business Skills, Computer Skills, Cont. Imp., Mfg. Skills</td>
<td>368</td>
<td>8-200 0</td>
<td>*$360</td>
<td>$16.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Retrainee Priority Rate</td>
<td>Business Skills, Computer Skills, Cont. Imp., Mfg. Skills</td>
<td>552</td>
<td>8-200 0</td>
<td>$720</td>
<td>$16.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Job Creation Priority Rate Retainee</td>
<td>Business Skills, Computer Skills, Cont. Imp., Mfg. Skills</td>
<td>30</td>
<td>8-200 0</td>
<td>$1,800</td>
<td>$13.35</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Reflects Substantial Contribution

---

**Minimum Wage by County:** Job Numbers 1 & 2: $16.02 per hour in Orange County; and $16.44 per hour in Alameda and Santa Clara counties

Job Number 3 (Job Creation): $13.35 per hour in Orange County; $13.70 per hour in Alameda and Santa Clara counties

**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 $4.60 per hour may be used to meet the Post-Retention Wage in Job Numbers 1 & 2 and up to $2.65 per hour in Job Number 3.

---

### Job Numbers 1 and 2 Wage Range by Occupation

<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Staff</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>Customer Service Staff</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Engineering Staff</td>
<td></td>
<td>245</td>
</tr>
<tr>
<td>IT Staff</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Marketing Staff</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Production Personnel</td>
<td></td>
<td>370</td>
</tr>
<tr>
<td>Technical Staff</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Manager/Supervisor</td>
<td></td>
<td>73</td>
</tr>
</tbody>
</table>
### Job Number 3 Wage Range by Occupation (Job Creation)

<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Staff</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Customer Service Staff</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Engineering Staff</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>IT Staff</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Manager/Supervisor</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Marketing Staff</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Production Personnel</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Technical Staff</td>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

### INTRODUCTION

Founded in 1970, Western Digital Corporation (WDC) ([www.wdc.com](http://www.wdc.com)), designs, manufactures and sells high-performance hard disks, solid-state drives, and other consumer electronics. WDC is the largest traditional hard drive manufacturer in the world. The Company's customers include major personal computer manufacturers, retailers, and distributors.

This proposal will be administered in Irvine at WDC's headquarters and is designed to train workers at five WDC facilities located in Irvine, Fremont, Mountain View and San Jose (2).

### PROJECT DETAILS

This will be WDC's fifth project, the third in the last five years. ET12-0160 (12/12/11-12/11/13) provided skill sets necessary to enable the Company to implement new branded products. ET14-0194 (10/28/13-10/27/15) delivered training in skill sets needed to analyze, design, manufacture and sell new solid state hard drive devices.

WDC must continue to meet customer demands for vast amounts of storage capacity in its Hard Disk Drive Systems (HDDS). As the market for desktop computers continues to shrink, the Company has begun to move its emphasis from single platter drives (used in personal computer products) to multi-platter drives that meet high storage needs used in “server farms” (a group of networked servers housed in one location) to house and manage massive quantities of data.

The Company is also involved in the research and design of shingled magnetic recording and heat assisted magnetic recording processes to increase the areal density of every disk/platter. New research and design skill sets are needed to successfully design and manufacture HDD products that store more data at a lower cost. Once perfected, these technologies will be used in both the single platter and multi-platter enterprise products.

WDC entered the Cloud marketplace in its last ETP Agreement. Recently, data breaches have become an area of concern by individual consumers and small businesses. To address these concerns, WDC’s Content Solutions division is working on a fledgling product line for those who are wary of storing information in the Cloud. This new product line will enable its users to control its data, access, and security while having some Cloud advantages including sharing photos and other files that can be accessed from multiple devices anywhere, anytime. New technology skills will be required for this product line.
In addition, WDC continues to develop new innovative HDD technology storage solutions and recently launched several new products, including:

- My Passport Cinema – a user friendly way to organize, store and view high definition digital movies and TV shows in up to 4L UHD resolution with high dynamic range;
- My Book Pro – WDC’s fastest external storage solution that stores more digital content than other products with faster transfer rates; and
- My Cloud OS3 – provides customers with greater photo sharing capability, backup, and synchronization.

The data storage device market is highly competitive and is characterized by rapidly changing technology, short product life cycles, and evolving industry standards. Training will focus on high capacity HDD disk drive design and production skills along with new security software enhancements: new products and technologies for WDC. With the assistance of ETP funds, WDC will be able to update knowledge and skills and remain on the forefront of technology and innovation. Trainees who participated in previous Agreements will not receive duplicate training.

Retrainee - Job Creation

WDC has committed to hiring 30 net new full-time workers to support its market and business expansion of recently launched products and those currently under development. These employees will require extensive training to develop requisite skills to support the design and manufacture of these products.

WDC represents that the date-of-hire for all trainees in the Job Creation program (Job Number 3) will be within the three-month period before contract approval or within the term-of-contract. The Company also represents that these trainees will be hired into “net new jobs” as a condition of contract. The Substantial Contribution requirement will be waived for Job Number 3 trainees.

Temporary to Permanent Hiring

WDC states that approximately 5 of the 30 job creation trainees in Job Number 3 will come under Panel guidelines for “temporary to permanent” employment. WDC has retained these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by WDC. Until then, WDC will not receive progress payments.

Substantial Contribution

WDC is a repeat contractor with payment earned in excess of $250,000 with former Substantial Contributions at the 15% and 30% levels, at the Irvine and Fremont facilities, within the past five years (see active and prior project tables). Accordingly, reimbursement for trainees at the Job Number 1 facilities (Irvine and Fremont) will be reduced by 50% to reflect the Company’s $132,480 Substantial Contribution to the cost of training.
Training Plan

**Business Skills** (10%): Trainees in all occupations will receive skill sets needed to manage both internal and external customer relationships and speak to the WDC products with acumen. Project management skills will enable employees to manage higher workloads and a variety of customer accounts. Training will also include leadership skills, marketing techniques, communication and customer service skills, and conflict resolution. These skill sets will improve operational efficiency.

**Computer Skills** (20%): Engineers and Technical Staff will receive training on software such as computer-aided design, software design applications, software security applications, and web usability testing software. Training will provide the skills needed to design higher capacity disks with increased security encryption.

**Continuous Improvement** (20%): Trainees in all occupations will be offered training based on individual needs and job function. Training will focus on the development of critical thinking skills and collaborative problem solving skills between the functional teams responsible for designing, testing, and integrating the various features of new products. Lean manufacturing skills will assist technical, engineering, and production staff in reducing production errors, improving quality, and shortening delivery times.

**Manufacturing Skills** (50%): Select Managers/Supervisors, Production Personnel, Engineers and Technicians will receive training on topics such as Production Processes/Techniques/Workflow, new Product Specifications and Procedures, Heat Assisted Magnetic Recording, Shingled Magnetic Recording and Multi-Platter Drive production.

**Commitment to Training**

WDC reports that it annually spends $1,131,000 on training at its California facilities. The Company provides the following training: newly hired orientation; OSHA mandated training; sexual harassment and violence in the workplace prevention; first aid and CPR; and continuous improvement, computer, business and manufacturing skills training. WDC also champions an on-the-job engineering mentoring program that helps new engineers build technical skills. The Company states that it would not be able to deliver the amount of formal training to as many of its employees as it does without the assistance of ETP.

WDC states that 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.

**Training Infrastructure**

WDC'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 WDC’s company headquarters in Irvine by the WDC staff that has handled prior ETP Contracts.

**Impact/Outcome**

Training goals include the development of new products and technologies and the skill sets necessary to successfully manage company growth while providing long term career opportunities for employees.

**RECOMMENDATION**

Staff recommends approval of this proposal.
**ACTIVE PROJECTS**

The following table summarizes performance by WDC under an active ETP Agreement:

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Approved Amount</th>
<th>Term</th>
<th>No. Trainees (Estimated)</th>
<th>No. Completed Training</th>
<th>No. Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET14-0194</td>
<td>$607,070</td>
<td>10/28/13-10/27/15</td>
<td>950</td>
<td>852</td>
<td>852*</td>
</tr>
</tbody>
</table>

*Based on ETP Online Systems, 40,513 reimbursable hours have been tracked for potential earnings of $559,644 (92% of approved amount). Training was completed on 7/27/15 and retention will complete on 10/27/15.

**PRIOR PROJECTS**

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

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Location (City)</th>
<th>Term</th>
<th>Approved Amount</th>
<th>Payment Earned $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET12-0160</td>
<td>Statewide</td>
<td>12/12/11-12/11/13</td>
<td>$424,530</td>
<td>$424,530</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

**DEVELOPMENT SERVICES**

NTC in Irvine assisted with development of this proposal for a flat fee of $15,000.

**ADMINISTRATIVE SERVICES**

NTC will also 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 may receive any of the following:

**BUSINESS SKILLS**
- Communication Skills
- Computer/Internet Applications in Business
- Conflict Resolution
- Leadership Skills
- Marketing Techniques
- Product Knowledge
- Project Management

**COMPUTER SKILLS**
- Computer-Aided Design
- Computer-Based Diagnostic Equipment
- Computer Security
- Designing Software Applications
- Material Resource Planning
- MATLAB Statistical Analysis
- Microsoft 2013 Conversion
- Microsoft Desktop Optimization Pack
- MS Office (Intermediate and Advanced)
- Programming and Database Standards
- Software Development
- Software Security Applications
- Software Synchronization
- Software Troubleshooting
- Using Advanced Excel for Statistical Analysis
- Web Usability Testing
- Western Digital Software Applications

**CONTINUOUS IMPROVEMENT**
- Conflict Management Strategies
- Decision Making Skills
- Critical Thinking Skills
- Process Improvement
- Effective Teams
- How to Coach and Mentor
- Kaizen Events
- Lean Manufacturing
- Managing Change
- Problem Solving and Resolution
- Product Quality & Reliability
- Inventory Control
- Six Sigma Processes
- 5S Principles
• Total Quality Management
• Quality Control Techniques
• Standard Operating Procedures

**MANUFACTURING SKILLS**
• Acceptance Testing
• Arial Density Specifications
• Assembly Procedures
• Cross Training On Production Equipment/Skills
• Heat Assisted Magnetic Recording
• Management and Monitoring of Materials
• Multi-Platter Drives
• Parts and Product Specifications
• Production Processes/Techniques/Workflow
• Proper Selection and use of Test Equipment
• Shingled Magnetic Recording
• Solid State Electronic Devices
• Technical Specifications/Procedures
• Testing Materials and Equipment

Safety Training cannot exceed 10% of total training hours per-trainee

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