



## RETRAINEE - JOB CREATION

**Training Proposal for:**

**Scaled Composites, LLC**

**Agreement Number: ET17-0186**

**Approval Date:** August 29, 2016

**ETP Regional Office:** North Hollywood

**Analyst:** M. Webb

### PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative HUA	Industry Sector(s):	Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Kern	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: 560	U.S.: 560	Worldwide: 560
<u>Turnover Rate:</u>	16%		
<u>Managers/Supervisors:</u> (% of total trainees)	0%		

### FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$69,120</td></tr> </table>	Program Costs	\$69,120	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$0	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Total ETP Funding</b></td></tr> <tr><td style="text-align: center;">\$69,120</td></tr> </table>	<b>Total ETP Funding</b>	\$69,120
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In-Kind Contribution:	100% of Total ETP Funding Required	\$69,120
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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 HUA	Mfg Skills, HazMat, PL-Mfg. Skills	180	8-200	0	\$324	*\$13.63
				Weighted Avg: 18			
2	Retrainee Job Creation Initiative Priority Rate	Mfg Skills, HazMat, PL-Mfg. Skills	10	8-200	0	\$1,080	*\$13.63
				Weighted Avg: 54			

\*It will be made a condition of contract that the trainees in this Job Number 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.

**Minimum Wage by County:** Job Number 1 (HUA): \$11.70 per hour for trainees in Kern County.  
Job Number 2 (Job Creation): \$12.77 per hour for trainees in Kern 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

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

**Wage Range by Occupation**

Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1</b>		
Composite Fabricator		135
Composite Technician		40
Shop Assistant		5
<b>Job Number 2 (Job Creation)</b>		
Composite Fabricator		5
Composite Technician		4
Shop Assistant		1

**INTRODUCTION**

Founded in 1982, Scaled Composites, LLC (Scaled Composites) is an aerospace and specialty composites development company located in the City of Mojave. The Company designs and fabricates air/spacecraft structures and prototypes for developmental flight testing. Scaled Composites is a subsidiary of Northrop Grumman and provides services mainly in the aerospace industry.

## **PROJECT DETAILS**

This will be Scaled Composites' fifth ETP Agreement, the fourth in the last five years. Previous Agreements only trained newly hired employees to expand the number of Composite Fabricators at the Mojave location. No incumbent workers in this proposal have participated in prior ETP-funded training.

The Company will train incumbent staff on new equipment/machinery and advanced skills. Course topics included in the Menu Curriculum are similar to curriculum provided in prior Agreements but will include new upgrades, methodologies, techniques, and materials to improve job performance and increase employee skills. A large number employees have not been exposed to all disciplines of composite fabrication which can include injection, molding (open, compression, resin transfer, vacuum-assisted resin transfer), new hand layups, casting, and curing (chemical, electron-beam).

### **Retrainee - Job Creation**

Scaled Composites is expanding business capacity by hiring more employees. The Company has committed to hiring 10 new employees (Job Number 2). Newly hired trainees will receive a 54-hour training session on basic composite fabrication. Trainees will be taught basic concepts in fabrication such as wet lay-up, trimming, drilling, bonding, and tooling.

The date-of-hire for all trainees will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into "net new jobs" as a condition of contract.

### **Training Plan**

Training will take place at the Mohave facility. All training will be conducted by in-house instructors who have lead experience and 5-7 years of experience.

**Manufacturing Skills (80%):** Training will be offered to all occupations to introduce new methods in composite fabrication. Training topics will include secondary bonds, hot-wire, and tooling.

**Hazardous Materials (10%):** Training will be offered to all occupations to ensure they can properly handle hazardous chemicals such as alodine on the shop floor. This training will be conducted by in-house instructors.

### **Productive Laboratory (10%)**

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

Composite Fabricators/Technicians, and Shop Assistants will receive up to 40 hours of PL training in Manufacturing. Scaled Composites requests a trainer-to-trainee ratio of 1:3. Trainees are often grouped together to work on similar parts being used for specific aircraft structures. Fabrication is conducted at a steady pace to ensure materials and components are being handled accurately. As a result, one instructor can be assigned to supervise up to three trainees while they lay and reinforce materials to create multiple shapes and parts as needed.

Under direct supervision of the instructor, trainees will demonstrate newly learned fabrication techniques (lay-up, bonding, etc.) on aircraft structures/parts. Instructors will assign the trainee specific parts to fabricate with composite materials. Trainees are provided a Manufacturing

Outline Traveler (M.O.T.) that gives specific steps that they must follow to build specific parts. Trainees will then follow instructions cutting, molding, and reinforcing materials. Trainers will ensure that trainees can handle various chemicals and components properly.

### **Commitment to Training**

The Company spends approximately \$75,000 annually for training at this location. Training topics delivered are new hire, on-the-job, and all state mandated 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.

#### ➤ Training Infrastructure

Scaled Composites has assigned staff members to administer this ETP Agreement (training, scheduling, enrollment, tracking data, etc.). The Manufacturing Trainer has administered all prior ETP Agreements and fully understands all requirements and administrative duties.

### **Prior Alternatively Funded Agreement**

Scaled Composites has a previous alternatively funded Agreement (ET10-0708) in the last five years that ended March 31, 2012.

### **High Unemployment Area**

All trainees work in Kern County, a High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%. For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. The Company is requesting a 13% modification (from \$15.60 to \$13.63) for Job Number 1 trainees.

### **Substantial Contribution**

The Company is on track to earn more than \$250,000 in prior ETP contracts in the last five years. However, Substantial Contribution does not apply to funds earned from Job Creation training (all prior Agreements were Job Creation only).

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **PRIOR PROJECTS**

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0141	Mojave	08/24/2013- 08/23/2015	\$99,360	\$69,100 (70%)
ET12-0359	Mojave	04/28/2012- 04/27/2014	\$145,800	\$134,036 (91%)

**DEVELOPMENT SERVICES**

N/A

**ADMINISTRATIVE SERVICES**

N/A

**TRAINING VENDORS**

N/A

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

8-200

Trainees may receive any of the following:

**MANUFACTURING SKILLS**

- Blind Flanges
- Clip Bonding
- Core Cut/Bevel
- Corner Taping
- Drilling
- Equipment Operation
- Hot-Wire
- Manufacturing Outline Traveler (M.O.T.'s)
- Oven Build and Operations
- Prepreg Lay-Up
- Repair Procedures
- S.P.'s Knowledge (Basic Instruction on Completing Tasks on M.O.T.s)
- Secondary Bonds
- Tooling
- Tow Machine
- Trimming
- Wet Lay-Up

**HAZARDOUS MATERIALS**

- Hazardous Material Handling
  - Alodine
- Hazardous Chemical Cleaning/Handling

**Productive Lab Hours (1:3)**

0-40

**MANUFACTURING SKILLS**

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- Drilling
- Equipment Operation
- Hot-Wire
- Manufacturing Outline Traveler (M.O.T.'s)
- Oven Build and Operations
- Prepreg Lay-Up
- Repair Procedures
- S.P.'s Knowledge
- Secondary Bonds
- Tooling
- Tow Machine
- Trimming
- Wet lay-up

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 40 hours per-trainee.