



**Panel Amendment #1 Proposal for:
Scaled Composites, LLC
Agreement Number: ET14-0141**

Panel Meeting of: August 22, 2014

ETP Regional Office: North Hollywood

Analyst: M. Webb

CURRENT PROJECT PROFILE

Contract Type:	Priority/Retrainee HUA - Retrainee Job Creation	Industry Sector(s):	Manufacturing Aerospace and Defense
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	Priority Industry:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Current Contract Term:	August 24, 2013 to August 23, 2015	Substantial Contribution:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CURRENT FUNDING

Current Funding
\$54,000

AMENDMENT FUNDING

Requested Funding	Total Funding
+\$45,360	\$99,360

AMENDMENT TRAINING PLAN TABLE

Job No.	Job Description (By Contract Type)	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	HUA - Retrainee Priority Rate Job Creation	Mfg Skills	50	8-200	0	\$1,080	\$11.00
				Weighted Avg: 54			
2	HUA - Retrainee Priority Rate Job Creation	Mfg Skills	42	8-200	0	\$1,080	\$11.00
				Weighted Avg: 54			

Minimum Wage by County: Phase II (Job Number 2): \$9.14 for 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

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

Wage Range by Occupation	
Occupation Title	Wage Range
Job Number 2	
Composite Fabricator	

INTRODUCTION

Scaled Composites, LLC (Scaled Composites), a wholly owned subsidiary of Northrop Grumman Corporation, was founded in 1982 and is located in the City of Mojave. The Company is an aerospace and specialty composites development company with broad experience in air/vehicle design, tooling, manufacturing, specialty-composite structural design, analysis, fabrication, and flight test.

Under prior and active ETP Agreements, Scaled Composites has provided Manufacturing Skills training to approximately 290 new employees. As part of industry standards, any individual working with composites must complete training courses in basic composite fabrication. As a result, Scaled Composites has developed a 54-hour training program for newly hired employees to learn skill sets required to fabricate aerospace structures commonly used on aircraft. Under this contract (ET14-0141), 38 employees have completed training and 76% of the contract amount has been earned.

AMENDMENT DETAILS**Phase II Amendment**

Recognized for their expertise in composite air structure design and fabrication, the Company was chosen to partner with Stratolaunch Systems (A Paul G. Allen Project) in 2011 to develop

the world's largest aircraft. The aircraft will provide orbital access to space with greater safety, flexibility, and cost-effectiveness. Since the partnership in 2011, the Company has created and filled approximately 165 new positions.

During the development of the Agreement, Scaled Composites estimated the number of new hires conservatively. Now, with 76% of the contract amount earned already and most of the trainees done (or will be done) with training, the Company realized that it still needs to hire more employees to work on the aircraft and other projects. The Company will be exhausting its ETP funding soon and is requesting a second phase of funding to train 42 new Composite Fabricators. The Amendment request will add \$45,360 to the current Agreement to reach a total of \$99,360. Company staff will provide training to all new hires through May 2015. This time frame is within the current contract term date and allows sufficient time to complete the training program and retention.

RECOMMENDATION

Staff recommends approval of this Amendment.

SUMMARIZE PRIOR MODS/AMENDS

This is the first Amendment/Modification request submitted by Scaled Composites.

CURRENT CONTRACT PERFORMANCE

The following table summarizes performance by Scaled Composites under the current ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees Enrolled	No. Completed Training	No. Retained
ET14-0141	\$54,000	8/24/13-8/23/15	38	38	29

To date, 38 trainees have completed training, 29 have completed retention, and a total of 2,268 training hours are eligible for reimbursement. The Contractor may earn 84% of the contract amount based on the number of trainees enrolled and hours of training entered into the ETP Online Tracking System. Training remains on-going in an effort to reach 100% of funding by September 2014. To limit the number of invoices, Scaled Composites has made a company decision to submit for payment once all trainees have completed retention.