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1ST SESSION

H. R. 1259

To provide for the economic conversion and diversification of industries in the defense industrial base of the United States that are adversely affected by significant reductions in spending for national defense.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 1993

Mr. LANTOS introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs, Education and Labor, Small Business, Foreign Affairs, and Public Works and Transportation

A BILL

To provide for the economic conversion and diversification of industries in the defense industrial base of the United States that are adversely affected by significant reductions in spending for national defense.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Defense Industrial Sta-
5 bilization and Community Transition Act of 1993”.

1 **TITLE I—PRESIDENTIAL COUNCIL ON**
2 **ECONOMIC DIVERSIFICATION AND AD-**
3 **JUSTMENT**

4 **SEC. 101. ESTABLISHMENT AND MEMBERSHIP.**

5 (a) ESTABLISHMENT.—There is established in the
6 Executive Office of the President a Council to be known
7 as the “Presidential Council on Economic Diversification
8 and Adjustment”.

9 (b) MEMBERSHIP.—The Council shall be composed of
10 the following:

11 (1) The Secretary of Commerce, who shall be
12 the Chairman of the Council.

13 (2) The Secretary of Labor.

14 (3) The Secretary of Health and Human Serv-
15 ices.

16 (4) The Secretary of Defense.

17 (5) The Secretary of Energy.

18 **SEC. 102. RESPONSIBILITIES.**

19 (a) IN GENERAL.—The Council shall have the follow-
20 ing responsibilities:

21 (1) To determine the amounts of the projected
22 future reductions in spending under the national de-
23 fense budget function and the sectors under such
24 budget function in which significant reductions will
25 occur.

1 (2) To identify the communities and businesses
2 within the United States that will be adversely af-
3 fected by such spending reductions.

4 (3) To assist those businesses and the econo-
5 mies of those communities to diversify into
6 nondefense commercial activities before such spend-
7 ing reductions adversely affect such businesses and
8 communities.

9 (4) To assist defense-dependent industries in
10 seeking new markets for the products of such indus-
11 tries.

12 (5) To assist workers adversely affected by
13 spending reductions referred to in paragraph (1).

14 (6) To serve as a liaison among Federal Gov-
15 ernment programs on technology transfer, marketing
16 assistance, small business, economic development,
17 job training, and export enhancement in order to en-
18 sure that all available Federal resources are utilized
19 to minimize the adverse effects referred to in para-
20 graph (2) in the most effective manner possible.

21 (7) To maintain the integrity of the defense in-
22 dustrial base of the United States during periods of
23 significant reductions in spending under the national
24 defense budget function.

1 (8) To ensure that the technological base of the
2 United States is not unduly impaired by such reduc-
3 tions.

4 (9) To publish an annual report in accordance
5 with subsection (b).

6 (10) To maintain a clearinghouse of informa-
7 tion on State and local initiatives on economic and
8 commercial diversification of businesses referred to
9 in paragraph (2) and the economies of communities
10 referred to in that paragraph and to publish an an-
11 nual report on, and evaluation of, those initiatives.

12 (11) To assist State economic development of-
13 fices in the planning of regional meetings and con-
14 ferences on economic and commercial diversification
15 and to participate in such meetings and conferences
16 to the extent appropriate.

17 (12) To ensure that communities, businesses,
18 and workers likely to be significantly adversely af-
19 fected by spending reductions referred to in section
20 102(a)(1) are given advanced notice, under section
21 4101 of Public Law 101-510 (10 U.S.C. 2391 note)
22 or otherwise, of the likely adverse effects of such re-
23 ductions.

24 (13) To allocate funds in the Defense Economic
25 Adjustment Trust Fund established under section

1 801 to programs, projects, and activities referred to
2 in subsection (b) of that section.

3 (b) ANNUAL REPORT ON ADVERSELY AFFECTED
4 COMMUNITIES AND BUSINESSES.—At the same time as
5 the President submits the budget to Congress pursuant
6 to section 1105 of title 31, United States Code, each year,
7 the Council shall publish a report that identifies—

8 (1) the defense-dependent communities and
9 businesses that are likely to be significantly ad-
10 versely affected by spending reductions that—

11 (A) are provided for under the national de-
12 fense budget function in that budget or in the
13 multiyear defense program submitted to Con-
14 gress with that budget pursuant to section 114a
15 of title 10, United States Code; or

16 (B) may result from projected changes in
17 programs, projects, and activities of the Depart-
18 ment of Defense that are provided for in any
19 other relevant documents; and

20 (2) the defense-dependent communities and
21 businesses that might be adversely affected by po-
22 tential future spending reductions under the national
23 security budget function.

1 **SEC. 103. DEFENSE DEPENDENCY AND DEFENSE BUSI-**
2 **NESSES.**

3 (a) DEFENSE DEPENDENCY.—The Council shall pre-
4 scribe the criteria for determining which regions, commu-
5 nities, businesses, and industries are defense-dependent
6 regions, communities, businesses, and industries for the
7 purposes of this Act.

8 (b) DEFENSE BUSINESS DEFINED.—In this Act, the
9 term “defense business” means a commercial enterprise
10 that derives a substantial percentage (as defined by the
11 Council) of its annual revenues from the performance of
12 Department of Defense contracts as a prime contractor
13 or a subcontractor.

14 **SEC. 104. COUNCIL WORKING GROUPS.**

15 (a) WORKING GROUPS NAMED.—There shall be four
16 working groups under the Council as follows:

- 17 (1) A working group on technology.
- 18 (2) A working group on marketing.
- 19 (3) A working group on small business.
- 20 (4) A working group on job training.

21 (b) WORKING GROUP ON TECHNOLOGY.—(1) The
22 Under Secretary of Commerce for Technology shall be the
23 chairman of the working group on technology.

24 (2) The working group on technology shall—

- 25 (A) coordinate Federal technology transfer ini-
26 tiatives among defense-dependent businesses and

1 other businesses in defense-dependent regions of the
2 United States;

3 (B) publish an annual guide to Federal Govern-
4 ment technology transfer programs that are avail-
5 able for providing assistance to such businesses re-
6 garding diversification of production;

7 (C) provide such businesses with assistance in
8 applying for assistance under such programs; and

9 (D) issue an annual report containing a discus-
10 sion of—

11 (i) the extent to which skilled labor and
12 technologically advanced equipment is being re-
13 tained within regions of the United States expe-
14 riencing significant adverse effects resulting
15 from spending reductions referred to in section
16 102(a)(1); and

17 (ii) the extent to which existing technology
18 transfer programs are encouraging stability in
19 the availability of skilled labor and techno-
20 logically advanced equipment in such regions.

21 (3) The working group on technology, the Defense
22 Advanced Research Projects Agency of the Department of
23 Defense, and the National Institute of Standards and
24 Technology shall—

1 (A) conduct a joint study of the unique techno-
2 logical needs of defense businesses seeking to diver-
3 sify or convert to nondefense production; and

4 (B) issue a report containing recommendations
5 on ways to strengthen existing programs for the en-
6 couragement of such diversification or conversion.

7 (c) WORKING GROUP ON MARKETING.—(1) The
8 Under Secretary of Commerce for International Trade
9 shall be the chairman of the working group on marketing.

10 (2) The working group on marketing shall provide—

11 (A) businesses referred to in section 102(a)(2)
12 that are seeking to diversify, or are newly diversi-
13 fied, into nondefense commercial activities with—

14 (i) advice on foreign and domestic markets;

15 and

16 (ii) other relevant marketing advice;

17 (B) publish an annual guide to Federal Govern-
18 ment marketing and export financing programs;

19 (C) provide defense businesses in defense-de-
20 pendent regions of the United States with assistance
21 in applying for Federal Government assistance avail-
22 able through programs of the International Trade
23 Administration of the Department of Commerce and
24 the Export-Import Bank; and

1 (D) administer the grant program under the
2 provisions of title II of this Act.

3 (3) The working group on marketing and the Depart-
4 ment of Commerce shall—

5 (A) conduct a joint study of the unique market-
6 ing needs of defense businesses seeking to diversify
7 or convert to nondefense production; and

8 (B) issue a report containing recommendations
9 on ways to strengthen existing programs for encour-
10 aging such diversification and conversion.

11 (d) WORKING GROUP ON SMALL BUSINESS.—(1)
12 The Administrator of the Small Business Administration
13 shall be the chairman of the working group on small busi-
14 ness.

15 (2) The working group on small business shall—

16 (A) ensure that programs administered by the
17 Small Business Administration are coordinated with
18 Federal Government activities that support economic
19 diversification of defense-dependent communities and
20 commercial diversification of defense-dependent busi-
21 nesses;

22 (B) issue an annual guide to Small Business
23 Administration programs available for providing
24 small business concerns that are defense businesses
25 with assistance on diversifying into nondefense busi-

1 ness activities and new small business concerns with
2 assistance on commencing nondefense commercial
3 operations in defense-dependent regions of the Unit-
4 ed States; and

5 (C) issue an annual report containing—

6 (i) a discussion of the effectiveness of the
7 programs referred to in subparagraphs (A) and
8 (B) in meeting the needs of the businesses re-
9 ferred to in such subparagraphs; and

10 (ii) recommendations for improving such
11 programs.

12 (e) WORKING GROUP ON JOB TRAINING.—(1) The
13 Secretary of Labor shall be the chairman of the working
14 group on job training.

15 (2) The working group on job training shall—

16 (A) coordinate job training programs for work-
17 ers who are displaced as a result of the spending re-
18 ductions referred to in section 102(a)(1);

19 (B) issue an annual guide to Federal Govern-
20 ment job training and unemployment programs that
21 are available to workers displaced as a result of such
22 spending reductions; and

23 (C) provide such workers with assistance in ap-
24 plying for Federal Government assistance under

1 those programs that are administered by the De-
2 partment of Labor.

3 **SEC. 105. ADVISORY COMMITTEE.**

4 (a) IN GENERAL.—There shall be an advisory com-
5 mittee for the Council.

6 (b) COMPOSITION.—The advisory committee shall
7 consist of three representatives of industry in the defense
8 industrial base of the United States, six representatives
9 of labor unions, and three members not from industry in
10 the defense industrial base of the United States or from
11 labor unions. The members shall be appointed by the
12 President for such terms as the President determines ap-
13 propriate.

14 (c) EX OFFICIO MEMBERSHIP OF COUNCIL WORK-
15 ING GROUPS.—The advisory committee members shall be
16 members without vote of the Council and of the working
17 groups referred to in section 103 and shall provide advice
18 to the Council and to those working groups.

19 (d) INAPPLICABILITY OF TERMINATION PROVISION
20 IN THE FEDERAL ADVISORY COMMITTEE ACT.—Section
21 14 of the Federal Advisory Committee Act (5 U.S.C.
22 App.) shall not apply to the advisory committee estab-
23 lished under subsection (a).

1 **SEC. 106. COUNCIL PERSONNEL MATTERS.**

2 (a) STAFF.—The Chairman of the Council may ap-
3 point a staff director and such other additional personnel
4 as may be necessary to enable the Council to perform its
5 duties. The employment of a staff director shall be subject
6 to confirmation by the Council.

7 (b) DETAIL OF GOVERNMENT EMPLOYEES.—Any
8 Federal Government employee may be detailed to the
9 Council or a working group of the Council without reim-
10 bursement to the department or agency from which the
11 employee is detailed.

12 (c) PROCUREMENT OF TEMPORARY AND INTERMIT-
13 TENT SERVICES.—The Chairman of the Council may pro-
14 cure temporary and intermittent services under section
15 3109(b) of title 5, United States Code, at rates for individ-
16 uals which do not exceed the daily equivalent of the annual
17 rate of basic pay prescribed for Executive Level V of the
18 Executive Schedule under section 5316 of such title.

19 (d) ADVISORY COMMITTEE.—(1) Each member of the
20 advisory committee established under section 105 who is
21 not an officer or employee of the Federal Government
22 shall be compensated at a rate equal to the daily equiva-
23 lent of the annual rate of basic pay prescribed for Execu-
24 tive Level V of the Executive Schedule under section 5316
25 of title 5, United States Code, for each day (including
26 travel time) during which such member is engaged in the

1 performance of the duties of the Council or a working
2 group of the Council. All members of the advisory commit-
3 tee who are officers or employees of the United States
4 shall serve without compensation in addition to that re-
5 ceived for their services as officers or employees of the
6 United States.

7 (2) The members of the advisory committee shall be
8 allowed travel expenses, including per diem in lieu of sub-
9 sistence, at rates authorized for employees of agencies
10 under subchapter I of chapter 57 of title 5, United States
11 Code, while away from their homes or regular places of
12 business in the performance of services for the Council.

13 (3) A member of the advisory committee who is not
14 otherwise employed by the Federal Government shall not
15 be considered to be a Federal employee except for the pur-
16 poses of—

17 (A) chapter 81 of title 5, United States Code,
18 relating to compensation for work-related injuries;
19 and

20 (B) chapter 171 of title 28, United States
21 Code, relating to torts claims.

1 **TITLE II—GRANT ASSISTANCE FOR**
2 **ALTERNATIVE USE COMMITTEES**

3 **SEC. 201. GRANT AUTHORITY.**

4 The Presidential Council on Economic Diversification
5 and Adjustment may make a grant to any eligible alter-
6 native use committee at a facility of a defense business
7 for a purpose described in section 203.

8 **SEC. 202. ELIGIBLE ALTERNATIVE USE COMMITTEES.**

9 (a) **ALTERNATIVE USE COMMITTEE DEFINED.**—For
10 the purposes of this title, an alternative use committee at
11 a defense business is any committee established at a facil-
12 ity of a defense business for the purpose of planning for
13 the diversification of that facility into nondefense commer-
14 cial activities.

15 (b) **GRANT ELIGIBILITY.**—An alternative use com-
16 mittee at a facility of a defense business is eligible for a
17 grant under this title if, as determined by the Secretary
18 of Commerce, the committee is composed of—

19 (1) three representatives of the management of
20 that facility;

21 (2) three representatives of employees of that
22 facility;

23 (3) three representatives of local government in
24 the area in which the facility is located; and

1 (4) three representatives of nongovernmental
2 leaders in the community in which the facility is lo-
3 cated.

4 **SEC. 203. GRANT PURPOSES.**

5 A grant may be made to an eligible alternative use
6 committee at a facility of a defense business for any of
7 the following purposes:

8 (1) To provide for a marketing expert to deter-
9 mine the potential market needs in the region of the
10 facility that provide diversification and conversion
11 opportunities for that facility.

12 (2) To provide a suitable office or offices for
13 such committee.

14 (3) To provide for one or more experts in rel-
15 evant technologies to determine the feasibility of var-
16 ious diversification and conversion alternatives for
17 that facility.

18 **SEC. 204. GRANT AMOUNT AND PERIOD.**

19 (a) MAXIMUM AMOUNT.—A grant to an alternative
20 use committee at a facility of a defense business for the
21 conduct of any activity referred to in section 203 may not
22 exceed the lesser of one-third of the cost incurred for such
23 activity during the period covered by the grant or \$50,000.

1 (b) PERIOD.—A grant may be made to a recipient
2 for one year. Second and subsequent grants may be made
3 for one year each.

4 **SEC. 205. GRANT APPLICATION.**

5 The application of an alternative use committee for
6 a grant under this title shall contain the following infor-
7 mation:

8 (1) The composition of the committee.

9 (2) A detailed proposal for the use of the grant
10 proceeds, including—

11 (A) the cost of the activity or activities re-
12 ferred to in section 203 that are proposed to be
13 carried out by the applicant; and

14 (B) in the case of a proposal for funding
15 activities referred to in paragraph (1) or (3) of
16 that section, the potential market needs or di-
17 versification and conversion alternatives, as the
18 case may be, to be studied and the methodology
19 to be used in conducting the study.

20 (3) Such other information as the Secretary of
21 Commerce may prescribe.

22 **SEC. 206. REGULATIONS.**

23 The Secretary of Commerce, in consultation with the
24 Presidential Council on Economic Diversification and Ad-

1 justment, may prescribe regulations for the administration
2 of this title.

3 **TITLE III—DISPLACED WORKERS**

4 **SEC. 301. DEFENSE CONVERSION ADJUSTMENT PROGRAM.**

5 Section 325 of the Job Training Partnership Act (29
6 U.S.C. 1662d) is amended by inserting “and the sums
7 made available under section 801 of the Defense Savings
8 Investment Act of 1991” after “Act of 1990”.

9 **SEC. 302. FUNDING MATTERS.**

10 (a) TRANSFER AUTHORITY.—The Council may trans-
11 fer funds under section 801(b) of this Act to the Depart-
12 ment of Labor for the purpose of providing assistance
13 under section 325 of the Job Training Partnership Act
14 (29 U.S.C. 1662d) to eligible employees, as defined in
15 such section.

16 (b) OBLIGATION OF TRANSFERRED FUNDS.—Of the
17 amount transferred pursuant to subsection (a) for any fis-
18 cal year—

19 (1) at least 50 percent shall be obligated not
20 later than February 1 of that fiscal year; and

21 (2) at least 90 percent shall be obligated not
22 later than August 1 of that fiscal year.

1 Israel. The aggregate amount guaranteed under this sub-
2 section in any fiscal year may not exceed \$1,000,000,000.

3 “(2) In extending medium- and long-term guarantees
4 for commercial sales pursuant to paragraph (1), the Presi-
5 dent shall not offer terms and conditions more beneficial
6 than would be provided by the Export-Import Bank of the
7 United States under similar circumstances in conjunction
8 with the provision of guarantees for nondefense articles
9 and services.

10 “(3) Section 653 of the Foreign Assistance Act of
11 1961 shall not apply to funds appropriated to carry out
12 this subsection. In addition, section 634A of that Act and
13 any similar provision of law shall apply to the obligation
14 of funds to carry out this subsection only with respect to
15 guarantees, in particular cases of amounts exceeding
16 \$20,000,000.

17 “(4) There are authorized to be appropriated for each
18 of fiscal years 1992 and 1993, \$63,500,000 for the sub-
19 sidy cost of the guarantees authorized under this sub-
20 section.

21 “(5) The authorities of this subsection may be exer-
22 cised only to such extent and in such amounts as provided
23 for in advance in appropriations Acts.

24 “(6) Applications for guarantees issued under this
25 subsection shall be submitted to the Secretary of State,

1 who is authorized to make such arrangements as nec-
2 essary with other agencies, including with the Export-Im-
3 port Bank of the United States, to process these applica-
4 tions and otherwise to implement this subsection.

5 “(7)(A) A fee shall be charged for each guarantee is-
6 sued under this subsection.

7 “(B) All fees collected in connection with guarantees
8 under this subsection shall be available to offset the cost
9 of guarantee obligations under this subsection.

10 “(C) All of the fees referred to in this paragraph, to-
11 gether with earnings on those fees and other income aris-
12 ing from guarantee operations under this subsection, shall
13 be held in a financing account maintained in the Treasury
14 of the United States. All funds in such account may be
15 invested in obligations of the United States. Any interest
16 or other receipts derived from such investments shall be
17 credited to such account and may be used for the purposes
18 specified in subparagraph (B).”.

19 **TITLE V—DEFENSE PRODUCTION ACT**

20 **SEC. 501. LOAN GUARANTEES.**

21 Section 301 of the Defense Production Act of 1950
22 (50 U.S.C. App. 2091) is amended by adding at the end
23 the following new subsection:

24 “(f)(1) The President may also authorize any depart-
25 ment or agency of the Federal Government referred to in

1 subsection (a)(1) to guarantee in whole or in part any pub-
2 lic or private financing institution (including any Federal
3 Reserve bank) against loss of principal or interest on any
4 loan, discount or advance, or on any commitment in con-
5 nection therewith, which may be made by such financing
6 institution for the purpose of financing the conversion of
7 businesses referred to in paragraph (2) from the produc-
8 tion of goods primarily for national defense-related pur-
9 poses to the production of goods for other commercial pur-
10 poses. A guaranteeing agency may provide a guaranty au-
11 thorized under this paragraph by commitment to pur-
12 chase, agreement to share losses, or otherwise.

13 “(2) The President may provide guaranty authority
14 under paragraph (1) only with respect to financing for
15 businesses critical to the defense industrial base of the
16 United States that are likely to be closed as a result of
17 projected reductions in Federal Government spending
18 under the national security budget function.

19 “(3) A guaranteeing agency may exercise authority
20 provided by the President under paragraph (1) without
21 regard to provisions of law relating to the making, per-
22 formance, amendment, or modification of contracts.

23 “(4) A small business concern (as defined in accord-
24 ance with section 3 of the Small Business Act) may not

1 be held ineligible for the issuance of a guaranty under
2 paragraph (1) by reason of alternative sources of supply.

3 “(5) Subsections (a)(3) and (e) do not apply to the
4 authority provided under paragraph (1).”.

5 **SEC. 502. DIRECT LOANS.**

6 Section 302 of the Defense Production Act of 1950
7 (50 U.S.C. App. 2092) is amended by adding at the end
8 the following new subsection:

9 “(d)(1) The President may make loans (including
10 participations in, or guarantees of, loans) to businesses re-
11 ferred to in paragraph (2) in order to finance, in whole
12 or in part, the conversion of such businesses from the pro-
13 duction of goods primarily for national defense-related
14 purposes to the production of goods for other commercial
15 purposes.

16 “(2) The President may provide for loans under para-
17 graph (1) only for businesses critical to the defense indus-
18 trial base of the United States that are likely to be closed
19 as a result of projected reductions in Federal Government
20 spending under the national security budget function.

21 “(3) Subsections (b) and (c) do not apply to the au-
22 thority provided under paragraph (1).”.

1 **SEC. 503. JOINT VENTURES.**

2 Title III of the Defense Production Act of 1950 (50
3 U.S.C. 2091 et seq.) is amended by adding at the end
4 the following:

5 **“SEC. 310. JOINT VENTURES.**

6 “(a) IN GENERAL.—The President is authorized to
7 enter into a joint venture to carry out the purposes of—

8 “(1) section 301(f); or

9 “(2) section 302(d);

10 and to authorize guarantees and make loans as authorized
11 by either such section to assist such a joint venture.

12 “(b) LIMITATION.—The total investment or other
13 participation by the United States in any joint venture
14 under this section may not exceed 40 percent of the total
15 investment by all parties to the joint venture.

16 “(c) REGULATIONS.—The Secretary of Defense may
17 issue such regulations as may be necessary to carry out
18 this section.”.

19 **SEC. 504. EFFECTIVE DATE.**

20 The amendments made by sections 501, 502, and 503
21 shall take effect on October 1, 1992.

22 **TITLE VI—SMALL BUSINESS**

23 **SEC. 601. SMALL BUSINESS DEVELOPMENT CENTERS.**

24 The Administrator of the Small Business Administra-
25 tion shall take such actions as may be necessary to in-
26 crease—

1 (1) the number of small business development
2 centers established under section 21 of the Small
3 Business Act (15 U.S.C. 648) in defense-dependent
4 regions of the United States; and

5 (2) the assistance and services provided by the
6 small business development centers to defense-de-
7 pendent small business concerns in such regions, es-
8 pecially marketing assistance.

9 **SEC. 602. INCREASED ALLOCATION FOR SMALL BUSINESS**

10 **INNOVATION RESEARCH PROGRAM.**

11 (a) IN GENERAL.—Section 9(f)(1) of the Small Busi-
12 ness Act (15 U.S.C. 638(f)(1)) is amended by striking out
13 “1.25 per centum” each place it appears and inserting in
14 lieu thereof “1.75 per centum”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall take effect on October 1, 1992.

17 **TITLE VII—ECONOMIC DEVELOPMENT**
18 **ASSISTANCE**

19 **SEC. 701. ELIGIBILITY FOR SPECIAL ECONOMIC DEVELOP-**
20 **MENT AND ADJUSTMENT ASSISTANCE.**

21 Communities identified pursuant to section 102(a)(2)
22 shall be eligible to receive special economic development
23 and adjustment assistance under title IX of the Public
24 Works and Economic Development Act of 1965 (42
25 U.S.C. 3241 et seq.).

1 **SEC. 702. FUNDING MATTERS.**

2 (a) TRANSFER AUTHORITY.—The Council may trans-
3 fer funds under section 801(b)(4) of this Act to the De-
4 partment of Commerce for the purpose of providing assist-
5 ance under title IX of the Public Works and Economic
6 Development Act of 1965 to communities referred to in
7 section 701.

8 (b) OBLIGATION OF TRANSFERRED FUNDS.—Of the
9 amount transferred pursuant to subsection (a) for any fis-
10 cal year—

11 (1) at least 50 percent shall be obligated not
12 later than February 1 of that fiscal year; and

13 (2) at least 90 percent shall be obligated not
14 later than August 1 of that fiscal year.

15 **TITLE VIII—DEFENSE ECONOMIC**
16 **ADJUSTMENT TRUST FUND**

17 **SEC. 801. ESTABLISHMENT AND USES OF FUND.**

18 (a) ESTABLISHMENT.—There is established on the
19 books of the Treasury a fund to be known as the “Defense
20 Economic Adjustment Trust Fund” (hereafter in this sec-
21 tion referred to as the “Fund”). The Fund shall be admin-
22 istered by the Secretary of the Treasury under the direc-
23 tion of the Presidential Council on Economic Diversifica-
24 tion and Adjustment established by section 101(a).

1 (b) USES OF FUND.—Sums in the Fund shall be
2 available for carrying out programs, projects, and activi-
3 ties, as the Council may direct, under—

4 (1) this Act;

5 (2) sections 301(f) and 302(d) of the Defense
6 Production Act of 1950 (50 U.S.C. App. 2091(f)
7 and 2092(d)), as added by sections 501 and 502;

8 (3) section 303 of that Act (50 U.S.C. App.
9 2093);

10 (4) section 310 of that Act, as added by section
11 503;

12 (5) title IX of the Public Works and Economic
13 Development Act of 1965 (42 U.S.C. 3241 et seq.);
14 and

15 (6) section 325 of the Job Training Partnership
16 Act (29 U.S.C. 1662d).

17 (c) SOURCE OF FUNDS.—There is authorized to be
18 appropriated to the Fund for each fiscal year the amount
19 equal to 10 percent of the difference between—

20 (1) the amount of the budget authority nec-
21 essary to support military personnel end strengths
22 for such fiscal year at the same levels as was pro-
23 vided for the preceding fiscal year; and

24 (2) the amount of the budget authority nec-
25 essary to support military personnel end strengths

- 1 for such fiscal year at the levels prescribed by law
- 2 for such fiscal year.

○