

103^D CONGRESS
1ST SESSION

H. R. 2498

To assist community, business, and worker readjustment required as a result of the closure of military installations and reductions in defense spending, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1993

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

A BILL

To assist community, business, and worker readjustment required as a result of the closure of military installations and reductions in defense spending, and for other purposes.

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 Diversification
5 and Community Adjustment Act of 1993”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—IMPROVED DEFENSE CONVERSION, REINVESTMENT,
AND TRANSITION ASSISTANCE ACTIVITIES

- Sec. 101. Definitions.
 Sec. 102. Assistant Secretary of Defense for Economic Adjustment.
 Sec. 103. Community assistance grants through the Department of Defense.
 Sec. 104. Community economic adjustment assistance through the Economic
Development Administration of the Department of Commerce.
 Sec. 105. Improved notification for dislocated workers of available assistance.
 Sec. 106. Economic diversification and adjustment assistance through the De-
partment of Defense.
 Sec. 107. Small business assistance through the Department of Defense.
 Sec. 108. Information and coordination services.
 Sec. 109. Authority to allow one-year moratorium on payment of rent for use
of certain property by certain defense contractors for non-gov-
ernment purposes.
 Sec. 110. Authorization of appropriations.

TITLE II—IMPROVEMENTS TO THE DEFENSE DIVERSIFICATION
PROGRAM UNDER THE JOB TRAINING PARTNERSHIP ACT

- Sec. 201. Transfer of authority to carry out program from Secretary of Defense
to Secretary of Labor.
 Sec. 202. Authorization of appropriations.
 Sec. 203. Effective date.

1 **TITLE I—IMPROVED DEFENSE**
 2 **CONVERSION, REINVEST-**
 3 **MENT, AND TRANSITION AS-**
 4 **SISTANCE ACTIVITIES**

5 **SEC. 101. DEFINITIONS.**

6 For purposes of this title:

- 7 (1) The term “community adjustment commit-
 8 tee” means an entity formed to aid in adjustment
 9 activities for a substantially and seriously affected
 10 community following the announcement or a pro-
 11 posed announcement of a reduction in a defense con-
 12 tract or subcontract, reductions or termination of
 13 operations at a defense facility.

1 (2) The term “defense agency” means the De-
2 partment of Defense, the Department of Energy, the
3 National Aeronautics and Space Administration, the
4 Coast Guard, and other Federal agencies with re-
5 spect to defense-related operations of the agency.

6 (3) The term “defense contract” means any
7 contract entered into between a person and a de-
8 fense agency to provide material or defense-related
9 operations.

10 (4) The term “defense contractor” means any
11 person engaged in the furnishing of defense material
12 pursuant to the terms of a defense contract, includ-
13 ing components manufacturers, suppliers, and serv-
14 ice contractors.

15 (5) The term “defense facility” means—

16 (A) any private plant or other establish-
17 ment (or part thereof) used under a defense
18 contract or subcontract or engaged in the pro-
19 duction, repair, modification, storage, or han-
20 dling of defense material; or

21 (B) any government-owned or government-
22 leased facility (including military installations)
23 used by a defense agency.

24 (6) The term “defense subcontract” means any
25 subcontract entered into between a person and a de-

1 fense contractor to provide material or defense-relat-
2 ed operations.

3 (7) The term “defense subcontractor” means
4 any facility engaged in the furnishing of defense ma-
5 terial pursuant to the terms of a defense sub-
6 contract.

7 (8) The term “military installation” means a
8 base, camp, post, station, yard, center, or homeport
9 facility for any ship in the United States, or any
10 other facility under the jurisdiction of a military de-
11 partment located in the United States.

12 (9) The term “qualified small business” means
13 a small business concern that—

14 (A) employs less than 500 workers;

15 (B) is independently owned and operated;

16 (C) derives at least 25 percent of its gross
17 revenues from defense contracts or sub-
18 contracts; and

19 (D) can demonstrate that—

20 (i) it has either experienced or will ex-
21 perience the loss of a defense contract or
22 subcontract causing significant reductions
23 in the volume of defense-related work in
24 relation to the total defense work in such
25 facility; or

1 (ii) the loss of a defense facility, con-
2 tractor, subcontractor will substantially
3 and seriously affect its business.

4 (10) The term “substantially and seriously af-
5 fected community” means a community—

6 (A) which has within its administrative
7 and political jurisdiction 1 or more military in-
8 stallations or defense facilities or which is eco-
9 nomically affected by proximity to a military in-
10 stallation or defense facility;

11 (B) in which the actual or threatened cur-
12 tailment, completion, elimination, or realign-
13 ment of a defense contract results in a
14 workforce reduction of—

15 (i) 2,500 or more employee positions,
16 in the case of a Primary Metropolitan Sta-
17 tistical Area or similar area (as defined by
18 the Director of the Office of Management
19 and Budget);

20 (ii) 500 or more employee positions,
21 in the case of a Metropolitan Statistical
22 Area or similar area (as defined by the Di-
23 rector of the Office of Management and
24 Budget);

1 (iii) 250 or more employee positions,
2 in the case of a labor market area outside
3 of a Metropolitan Statistical Area; or

4 (iv) one percent of the total number of
5 civilian jobs in that area; and

6 (C) which establishes, by evidence, that
7 any workforce reduction referred to in subpara-
8 graph (B) occurred as a direct result of changes
9 in Department of Defense requirements or pro-
10 grams.

11 (11) The term “substantially and seriously af-
12 fected business” means a defense contractor or de-
13 fense subcontractor which—

14 (A) experiences a reduction, or the threat
15 of a reduction, of—

16 (i) 25 percent or more in sales or pro-
17 duction; or

18 (ii) 80 percent or more of the
19 workforce of such business in any division
20 of such business or at any plant or other
21 facility of such business; and

22 (B) establishes, by evidence, that the re-
23 ductions referred to in subparagraph (A) oc-
24 curred as a direct result of a reduction in the
25 defense budget.

1 **SEC. 102. ASSISTANT SECRETARY OF DEFENSE FOR ECO-**
2 **NOMIC ADJUSTMENT.**

3 (a) DESIGNATION OF ASSISTANT SECRETARY.—Sub-
4 section (b) of section 136 of title 10, United States Code,
5 is amended by adding at the end the following new
6 paragraph:

7 “(5)(A) One of the Assistant Secretaries shall be the
8 Assistant Secretary of Defense for Economic Adjustment
9 who shall be responsible to the Secretary of Defense for
10 the economic conversion program of the United States, in-
11 cluding—

12 “(i) assessment of defense economic adjustment
13 problems;

14 “(ii) consultation with States and communities
15 adversely affected by reductions in defense spending,
16 the completion or termination of a defense contract
17 or subcontract, or the closure or realignment of a
18 military installation;

19 “(iii) development of measures to relieve such
20 adverse effects; and

21 “(iv) provision of assistance to such States and
22 communities for conversion and adjustment pur-
23 poses.

24 “(B) The Assistant Secretary shall serve as the head
25 of the Office of Economic Adjustment of the Department
26 of Defense and shall supervise the activities of four direc-

1 tors, to be appointed by the Secretary of Defense, in the
2 following areas:

3 “(i) Community assistance.

4 “(ii) Economic diversification and adjustment.

5 “(iii) Assistance for dislocated workers.

6 “(iv) Coordination and informational activi-
7 ties.”.

8 (b) INCREASE IN NUMBER OF ASSISTANT SECRETAR-
9 IES.—(1) Subsection (a) of such section is amended by
10 striking out “eleven” and inserting in lieu thereof
11 “twelve”.

12 (2) Section 5315 of title 5, United States Code, is
13 amended by striking out “Assistant Secretaries of Defense
14 (11).” and inserting in lieu thereof “Assistant Secretaries
15 of Defense (12).”

16 **SEC. 103. COMMUNITY ASSISTANCE GRANTS THROUGH THE**
17 **DEPARTMENT OF DEFENSE.**

18 (a) COMMUNITY ADJUSTMENT PLAN.—The Assistant
19 Secretary of Defense for Economic Adjustment shall facili-
20 tate the development of a community adjustment plan for
21 each substantially and seriously affected community by
22 members of that community to reduce the adverse effects
23 of defense downsizing. The Assistant Secretary shall carry
24 out this section through the Director of Community As-

1 sistance appointed under section 136(b)(5) of title 10,
2 United States Code.

3 (b) COMMUNITY ADJUSTMENT COMMITTEES.—

4 (1) IN GENERAL.—The Director shall facilitate
5 and aid in the formation of a community adjustment
6 committee for each substantially and seriously af-
7 fected community. Except as provided in paragraph
8 (2), to receive assistance under this subsection, a
9 community adjustment committee must contain the
10 following members:

11 (A) At least 3 representatives from the
12 management of defense facilities in the commu-
13 nity.

14 (B) At least 3 representatives of employees
15 of defense facilities in the community.

16 (C) At least 3 representatives of the local
17 government of the community.

18 (D) At least 3 representatives of non-
19 governmental leaders in the community.

20 (2) EXISTING COMMUNITY ADJUSTMENT COM-
21 MITTEE.—The requirement described in the second
22 sentence of paragraph (1) shall not apply in the case
23 of a community adjustment committee which is in
24 existence as of the date of the enactment of this sub-
25 section.

1 (c) TECHNICAL ASSISTANCE FOR COMMITTEES.—(1)
2 Grants and assistance may be made available following the
3 formation of a community adjustment committee for the
4 purpose of providing the committee with technical assist-
5 ance. A grant may be made—

6 (A) to provide for a business expert to examine
7 the potential market needs of the region in which
8 the community is located to identify economic ad-
9 justment and conversion opportunities for defense
10 facilities in the community; and

11 (B) to provide for a technological expert to de-
12 termine the feasibility of various adjustment and
13 conversion alternatives for defense facilities in the
14 community.

15 (2) Grants and other assistance under this subsection
16 may not exceed \$100,000 per community adjustment com-
17 mittee.

18 (d) ECONOMIC DEVELOPMENT GRANTS.—(1) A sub-
19 stantially and seriously affected community that has a
20 community adjustment committee and has developed and
21 is ready to implement a community adjustment plan ap-
22 proved by the Director shall be eligible for grants under
23 this subsection.

24 (2) A grant under this subsection may be used to im-
25 plement a community adjustment plan to relieve the stress

1 caused upon a community as a result of defense
2 downsizing. The grants may be used to—

3 (A) implement the ideas of the community ad-
4 justment committee findings for the community;

5 (B) hire an economic development consultant to
6 aid in the management and facilitation efforts of
7 conversion;

8 (C) develop specific action plans for conversion;
9 and

10 (D) apply to the Economic Development Ad-
11 ministration of the Department of Commerce for
12 conversion assistance.

13 **SEC. 104. COMMUNITY ECONOMIC ADJUSTMENT ASSIST-**
14 **ANCE THROUGH THE ECONOMIC DEVELOP-**
15 **MENT ADMINISTRATION OF THE DEPART-**
16 **MENT OF COMMERCE.**

17 (a) ASSISTANCE AUTHORIZED.—A community that
18 has been determined by the Economic Development Ad-
19 ministration of the Department of Commerce, in consulta-
20 tion with the Office of Economic Adjustment of the De-
21 partment of Defense, to be a substantially and seriously
22 affected community shall be eligible for economic adjust-
23 ment assistance authorized under title IX of the Public
24 Works and Economic Development Act of 1965, subject
25 to the availability of appropriations for such purpose and

1 subject to meeting the eligibility requirements of such
2 title.

3 (b) PROCESS.—Any determination made under sub-
4 section (a) shall be made in accordance with the standards
5 and procedures established by the Economic Adjustment
6 Committee established in Executive Order 12049 (10
7 U.S.C. 111 note).

8 **SEC. 105. IMPROVED NOTIFICATION FOR DISLOCATED**
9 **WORKERS OF AVAILABLE ASSISTANCE.**

10 Section 4201 of the Defense Economic Adjustment,
11 Diversification, Conversion, and Stabilization Act of 1990
12 (Public Law 101–510; 104 Stat. 1851) is amended by
13 adding at the end the following new subsection:

14 “(c) ROLE OF DIRECTOR OF DISLOCATED WORK-
15 ERS.—The Assistant Secretary of Defense for Economic
16 Adjustment shall be responsible for the notification re-
17 quirements imposed by this section. The Assistant Sec-
18 retary shall carry out this subsection through the Director
19 for Dislocated Workers appointed under section 136(b)(5)
20 of title 10, United States Code. The Director shall develop
21 a method of rapidly identifying substantially and seriously
22 affected businesses and qualified small businesses in order
23 to provide for sufficient time to allow workers with such
24 businesses to enroll in adjustment programs, such as the
25 defense conversion adjustment program under sections

1 325 and 325A of the Job Training Partnership Act (29
2 U.S.C. 1662d, 1662d-1).”.

3 **SEC. 106. ECONOMIC DIVERSIFICATION AND ADJUSTMENT**
4 **ASSISTANCE THROUGH THE DEPARTMENT OF**
5 **DEFENSE.**

6 (a) IN GENERAL.—The Assistant Secretary of De-
7 fense for Economic Adjustment shall be responsible for as-
8 sessment and conversion possibilities for defense contrac-
9 tors, subcontractors, and qualified small businesses in a
10 substantially and seriously affected community. The As-
11 sistant Secretary shall carry out this section through the
12 Director of Diversification and Adjustment appointed
13 under section 136(b)(5) of title 10, United States Code.
14 The Director shall use technical assistance of the Depart-
15 ment of Defense to assist in the conversion and retention
16 of defense capabilities, the retooling of defense-related in-
17 frastructure to commercial use, and research and develop-
18 ment related to conversion.

19 (b) RETENTION OF CRITICAL TECHNOLOGIES.—The
20 Director, in conjunction with the Director of the Defense
21 Logistics Agency, will develop a listing of Department of
22 Defense classified and nonclassified critical technologies to
23 target those businesses involved in the production of criti-
24 cal technologies that could be lost due to a defense
25 downsizing or reduction. The Director will work with the

1 Secretary of Defense to provide grants and technical as-
2 sistance to aid in the retention of critical technologies that
3 have a chance to be lost due to downsizing.

4 **SEC. 107. SMALL BUSINESS ASSISTANCE THROUGH THE DE-**
5 **PARTMENT OF DEFENSE.**

6 (a) BUSINESS GRANTS AND LOANS.—

7 (1) ASSISTANCE FOR QUALIFIED SMALL BUSI-
8 NESSES.—A qualified small business may apply to
9 the Assistant Secretary of Defense for Economic Ad-
10 justment for grants and other assistance to aid in
11 conversion to nondefense activities. The Assistant
12 Secretary shall carry out this section through the
13 Director of Community Assistance Grants appointed
14 under section 136(b)(5) of title 10, United States
15 Code.

16 (2) ASSISTANCE FOR EMPLOYEES.—The Direc-
17 tor may also assist employees or former employees
18 of a defense contractor or defense subcontractor to
19 establish a small business concern.

20 (3) USE OF GRANTS.—A grant made under this
21 subsection may be used—

22 (A) to facilitate the conversion of a de-
23 fense-related business to a nondefense-related
24 business;

1 (B) to develop new business opportunities
2 and markets for a qualified small business; and

3 (C) for the purpose of retooling or machin-
4 ery purchases for the purpose of commercial
5 manufacturing.

6 (b) IMPROVED COOPERATION BETWEEN DOD AND
7 SBA.—The Assistant Secretary of Defense for Economic
8 Adjustment shall work with the Administrator of the
9 Small Business Administration—

10 (1) to coordinate their activities on behalf of
11 qualified small businesses;

12 (2) to target substantially and seriously affected
13 communities to provide assistance from the Small
14 Business Administration to aid in the conversion of
15 qualified small businesses to nondefense activities;

16 (3) to provide a listing of lenders, that are ap-
17 proved by the Administrator, to qualified small busi-
18 nesses to assist such businesses to receive financing
19 for defense conversion activities; and

20 (4) to provide information to former employees
21 of defense facilities, defense contractors, and defense
22 subcontractors, and qualified small businesses to as-
23 sist in the possible formation of new small busi-
24 nesses.

1 **SEC. 108. INFORMATION AND COORDINATION SERVICES.**

2 (a) LISTING OF CONVERSION, REINVESTMENT, AND
3 TRANSITION PROGRAMS.—The Assistant Secretary of De-
4 fense for Economic Adjustment shall develop and maintain
5 a list of all Federal programs concerned with the assess-
6 ment and relief of defense economic adjustment problems
7 resulting from reductions in defense spending, the comple-
8 tion or termination of defense contracts and subcontracts,
9 the displacement of defense workers and members of the
10 Armed Forces, and the closure or realignment of military
11 installations.

12 (b) INFORMATIONAL RESPONSIBILITIES.—The As-
13 sistant Secretary of Defense for Economic Adjustment
14 shall provide informational services to defense contractors
15 and defense subcontractors that desire to enter into part-
16 nerships under subchapter III of chapter 148 of title 10,
17 United States Code, for the purpose of developing, apply-
18 ing, or marketing dual-use technologies or for other busi-
19 ness purposes. In carrying out this subsection, the Assist-
20 ant Secretary shall consult with the Federal Trade Com-
21 mission to ensure that any such partnership formed is con-
22 sistent with the provisions of all applicable Antitrust Acts,
23 as defined in section 4 of the Federal Trade Commission
24 Act (15 U.S.C. 44).

25 (c) USE OF DIRECTOR OF COORDINATION AND IN-
26 FORMATIONAL ACTIVITIES.—The Assistant Secretary

1 shall carry out this section through the Director of Coordi-
2 nation and Informational Activities appointed under sec-
3 tion 136(b)(5) of title 10, United States Code. The Direc-
4 tor shall develop the list required by subsection (a) in con-
5 sultation with appropriate officers of the Department of
6 Commerce, the Department of Labor, and the Small Busi-
7 ness Administration.

8 **SEC. 109. AUTHORITY TO ALLOW ONE-YEAR MORATORIUM**
9 **ON PAYMENT OF RENT FOR USE OF CERTAIN**
10 **PROPERTY BY CERTAIN DEFENSE CONTRAC-**
11 **TORS FOR NON-GOVERNMENT PURPOSES.**

12 (a) **AUTHORITY.**—(1) With respect to production and
13 research property owned by the Government, the Sec-
14 retary of Defense is authorized to provide a one-year mor-
15 atorium on the payment of rent for non-Government use
16 of that property by any defense contractor described in
17 subsection (b). After the expiration of the moratorium, the
18 Secretary shall collect the rent from the defense contractor
19 for the use of the property during that year over such pe-
20 riod of time as the Secretary considers appropriate.

21 (2) The authority provided in this subsection applies
22 whether or not the property is required by the Department
23 of Defense for performance of defense contracts or sub-
24 contracts.

1 (b) CONTRACTORS COVERED.—Subsection (a) applies
2 to any person under contract with the Department of De-
3 fense which is affected by a termination or significant re-
4 duction of major research and development programs and
5 procurement programs of the Department of Defense.

6 (c) DEFINITIONS.—For purposes of this section:

7 (1) The term “non-Government use” means use
8 other than for purposes in support of a contract
9 with the Department of Defense, including direct
10 commercial sales to domestic and foreign customers.

11 (2) The term “production and research prop-
12 erty” has the meaning provided under the provisions
13 of the Federal Acquisition Regulation relating to
14 contractor use and rental of Government property.

15 (d) EFFECTIVE DATE.—The authority provided by
16 this subsection shall take effect on October 1, 1993.

17 **SEC. 110. AUTHORIZATION OF APPROPRIATIONS.**

18 (a) IN GENERAL.—There are authorized to be appro-
19 priated to the Secretary of Defense \$300,000,000 for fis-
20 cal year 1994 to carry out activities under sections 103,
21 106, 107, and 108 of this Act and section 4201(c) of the
22 Defense Economic Adjustment, Diversification, Conver-
23 sion, and Stabilization Act of 1990 (as added by section
24 105 of this Act).

1 (b) PROCUREMENT TECHNICAL ASSISTANCE.—There
2 are authorized to be appropriated to the Secretary of De-
3 fense \$25,000,000 for fiscal year 1994 for the purpose
4 of providing procurement technical assistance under sec-
5 tion 2418 of title 10, United States Code, through the pro-
6 curement technical assistance centers.

7 (c) DEFENSE DUAL-USE ASSISTANCE EXTENSION
8 PROGRAM.—There are authorized to be appropriated to
9 the Secretary of Defense \$75,000,000 for fiscal year 1994
10 to carry out the defense dual-use assistance extension pro-
11 gram under section 2524 of title 10, United States Code,
12 of which—

13 (1) \$50,000,000 shall be available to support
14 the conversion technology research programs of the
15 National Institute of Standards and Technology; and

16 (2) \$25,000,000 shall be available to support
17 the manufacturing extension program.

18 (d) AVAILABILITY OF APPROPRIATIONS.—Amounts
19 appropriated pursuant to this section shall remain avail-
20 able until expended.

1 **TITLE II—IMPROVEMENTS TO**
2 **THE DEFENSE DIVERSIFICA-**
3 **TION PROGRAM UNDER THE**
4 **JOB TRAINING PARTNERSHIP**
5 **ACT**

6 **SEC. 201. TRANSFER OF AUTHORITY TO CARRY OUT PRO-**
7 **GRAM FROM SECRETARY OF DEFENSE TO**
8 **SECRETARY OF LABOR.**

9 Section 325A of the Job Training Partnership Act
10 (29 U.S.C. 1662d-1) is amended—

11 (1) in subsection (a), by striking “From the
12 amount made available” and all that follows through
13 “Secretary of Labor,” and inserting “The Sec-
14 retary”;

15 (2) in subsection (c), by striking “Secretary of
16 Defense” each place it appears and inserting “Sec-
17 retary”;

18 (3) in subsection (d)—

19 (A) in the introductory sentence of para-
20 graph (1), by striking “of Defense”;

21 (B) in paragraph (1)(A), by striking “in
22 consultation with the Secretary of Labor,”; and

23 (C) in the introductory sentence of para-
24 graph (2), by striking “of Defense”;

25 (4) in subsection (e)—

1 (A) in the heading of such subsection, by
2 striking “OF DEFENSE”; and

3 (B) by striking “Secretary of Defense”
4 each place it appears and inserting “Secretary”;
5 (5) in subsection (i), by striking “of Defense”;

6 and

7 (6) in subsection (k)—

8 (A) in the introductory sentence of para-
9 graph (1), by striking “the Secretary of De-
10 fense, in consultation with the Secretary of
11 Labor” and inserting “the Secretary, in con-
12 sultation with the Secretary of Defense”; and

13 (B) in paragraph (2), by striking “of De-
14 fense”.

15 **SEC. 202. AUTHORIZATION OF APPROPRIATIONS.**

16 Section 3 of the such Act is amended by adding at
17 the end the following new subsection:

18 “(g)(1) There are authorized to be appropriated to
19 carry out section 325A \$50,000,000 for fiscal year 1994.

20 “(2) Amounts authorized to be appropriated under
21 paragraph (1) are in addition to amounts authorized to
22 be appropriated and made available to carry out such sec-
23 tion pursuant to—

24 “(A) subsection (b); and

1 “(B) section 4465(c) of the Defense Conver-
2 sion, Reinvestment, and Transition Assistance Act of
3 1992.

4 “(3) Amounts appropriated pursuant to paragraph
5 (1) are authorized to remain available until expended.”.

6 **SEC. 203. EFFECTIVE DATE.**

7 The amendments made by this title shall take effect
8 on the date of the enactment of this Act or October 1,
9 1993, whichever occurs later.

○

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