

103^D CONGRESS
1ST SESSION

H. R. 1880

To mitigate the adverse effects on defense contractors and defense workers
of reductions in defense spending.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1993

Mr. BACCHUS of Florida introduced the following bill; which was referred
jointly to the Committees on Armed Services, Small Business, Education
and Labor, Energy and Commerce, Science, Space, and Technology, and
Banking, Finance and Urban Affairs

A BILL

To mitigate the adverse effects on defense contractors and
defense workers of reductions in defense spending.

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 Workers Eco-
5 nomic Reinvestment Act of 1993”.

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

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

TITLE I—DEFENSE PROCUREMENT SPECIFICATIONS

- Sec. 101. Examination of Department of Defense procurement specifications.
- Sec. 102. Greater defense use of commercially available systems, supplies, and services.

TITLE II—RETRAINING DEFENSE WORKERS FOR NEW EMPLOYMENT

- Sec. 201. Training Oversight and Administration Office.
- Sec. 202. Retraining and other transition assistance programs.
- Sec. 203. Eligible defense workers.

TITLE III—COMMERCIALIZATION AND DUAL-USE RESEARCH OPPORTUNITIES FOR DEFENSE CONTRACTORS AND SMALL BUSINESS

- Sec. 301. Promotion of commercialization opportunities for qualified defense contractors.
- Sec. 302. Defense and energy dual-use research under the Small Business Innovation Research Program.
- Sec. 303. Commercialization loans.
- Sec. 304. Promotion of industrial parks.
- Sec. 305. Defense commercialization award.

TITLE IV—FAST RESPONSE STATE TECHNOLOGICAL COMPETITIVENESS GRANTS

- Sec. 401. Purpose.
- Sec. 402. Uses of funds.
- Sec. 403. Funding formula.
- Sec. 404. State eligibility.
- Sec. 405. Authorization of appropriations.

1 **SEC. 3. DEFINITIONS.**

2 For purposes of this Act:

3 (1) The term “critical technology” has the
4 meaning given that term in section 2491(6) of title
5 10, United States Code.

6 (2) The term “dual-use” has the meaning given
7 that term in section 2491(2) of title 10, United
8 States Code.

9 (3) The term “eligible defense worker” means
10 an employee of a qualified defense contractor or a ci-

1 vilian employee of the Department of Defense who
2 is eligible for assistance under title II.

3 (4) The terms “Military-Civilian Integration
4 and Technology Transfer Advisory Board” and “Ad-
5 visory Board” mean the Military-Civilian Integration
6 and Technology Transfer Advisory Board established
7 under section 2516(a) of title 10, United States
8 Code.

9 (5) The terms “Office of Training Oversight
10 and Administration” and “Office” mean the Office
11 of Training Oversight and Administration estab-
12 lished under section 201.

13 (6) The term “qualified defense contractor”
14 means a private business producing goods or services
15 for the Department of Defense that, during the
16 three years immediately preceding the date of the
17 enactment of this Act—

18 (A) obtained at least 30 percent of its
19 gross income from defense contracts or sub-
20 contracts; or

21 (B) had at least 30 percent of its
22 workforce actively engaged in work directly re-
23 lated to defense contracts or subcontracts.

1 **TITLE I—DEFENSE PROCUREMENT**
2 **MENT SPECIFICATIONS**

3 **SEC. 101. EXAMINATION OF DEPARTMENT OF DEFENSE**
4 **PROCUREMENT SPECIFICATIONS.**

5 (a) EXAMINATION.—Not later than one year after the
6 date of the enactment of this Act, the Secretary of Defense
7 shall complete an examination of all existing procurement
8 contracts of the Department of Defense to determine
9 whether those contracts which apply to dual-use tech-
10 nologies contain overly restrictive specifications on sys-
11 tems, supplies, and services that are also available com-
12 mercially.

13 (b) REPORT.—Upon completing the examination re-
14 quired by subsection (a), the Secretary of Defense shall
15 submit a report to the Congress detailing the results of
16 the examination. In the case of each contract examined
17 under subsection (a) which exceeds \$100,000 and contains
18 Department of Defense specifications precluding the pur-
19 chase of commercial sector products, the report shall in-
20 clude the justification for developing a different specifica-
21 tion and the reasons for the unsuitability of commercial
22 specifications.

23 (c) CONSULTATION.—The Secretary of Defense shall
24 consult with the Military-Civilian Integration and Tech-
25 nology Transfer Advisory Board in conducting the exam-

1 ination required by subsection (a) and the report required
2 by subsection (b).

3 **SEC. 102. GREATER DEFENSE USE OF COMMERCIALY**
4 **AVAILABLE SYSTEMS, SUPPLIES, AND SERV-**
5 **ICES.**

6 Section 2305(a)(1)(B) of title 10, United States
7 Code, is amended—

8 (1) by striking out “and” at the end of clause
9 (i);

10 (2) by striking out the period at the end of
11 clause (ii); and

12 (3) by adding at the end the following new
13 clause:

14 “(iii) encourage the use of commercially avail-
15 able systems, supplies, and services.”.

16 **TITLE II—RETRAINING DEFENSE**
17 **WORKERS FOR NEW EMPLOY-**
18 **MENT**

19 **SEC. 201. TRAINING OVERSIGHT AND ADMINISTRATION**
20 **OFFICE.**

21 (a) ESTABLISHMENT OF OFFICE.—The Secretary of
22 Defense shall establish an Office of Training Oversight
23 and Administration to coordinate and oversee retraining,
24 placement, and other transition assistance activities for el-
25 igible defense workers. The Office shall be under the su-

1 pervision of the Assistant Secretary of Defense for Force
2 Management and Personnel and shall be consolidated with
3 existing transition assistance programs for eligible defense
4 workers that are currently the responsibility of the Assist-
5 ant Secretary.

6 (b) INFORMATION ON RETRAINING OPPORTUNI-
7 TIES.—The Office shall disseminate information to quali-
8 fied defense contractors and to civilian employees of the
9 Department of Defense concerning the availability, scope,
10 and rules governing the retraining and other transition as-
11 sistance programs for eligible defense workers established
12 under—

13 (1) section 202;

14 (2) section 1598 or 2410c of title 10, United
15 States Code; or

16 (3) section 325 or 325A of the Job Training
17 Partnership Act (29 U.S.C. 1662d, 1662d–1).

18 (c) PLACEMENT ASSISTANCE.—The Office should en-
19 sure that each qualified defense contractor informs all em-
20 ployees of the contractor regarding the programs referred
21 to in subsection (b). The Office shall facilitate placement
22 of eligible defense workers by acting as a repository for
23 employment opportunity information and publicizing the
24 availability of qualified employees.

1 (d) INFORMATION COLLECTION.—The Office shall
2 maintain statistics to analyze the effectiveness of the re-
3 training and placement programs in order to assist the
4 Assistant Secretary and provide any other information
5 that the Assistant Secretary may request.

6 **SEC. 202. RETRAINING AND OTHER TRANSITION ASSIST-**
7 **ANCE PROGRAMS.**

8 (a) SKILLS DEVELOPMENT PROGRAMS.—The Office,
9 in cooperation with other Federal agencies, may enter into
10 agreements to carry out skills development programs for
11 the provision of retraining assistance to eligible defense
12 workers in skills identified by the Office as being, or pro-
13 jected to be, in short supply in the area in which the pro-
14 gram operates. A skills development program may be de-
15 veloped and taught pursuant to the agreement by any
16 Federal agency, State and local governments, institutions
17 of higher learning (especially associate-degree granting
18 colleges), educational consultants, or qualified defense
19 contractors. The Office shall have principal responsibility
20 for transition assistance to eligible defense workers se-
21 lected to participate in such a skills development program
22 and should consult with the Secretary of Labor to avoid
23 duplication with services provided by the Department of
24 Labor under section 325 or 325A of the Job Training
25 Partnership Act (29 U.S.C. 1662d, 1662d-1).

1 (b) SCHOLARSHIP PROGRAMS.—The Office may
2 award one-year and two-year scholarships to eligible de-
3 fense workers to assist the recipients of the scholarships
4 to attend educational institutions. The scholarships shall
5 be awarded on the basis of a competitive selection process,
6 except that the Office may give a priority—

7 (1) for scholarships in certain critical occupa-
8 tions, as determined by the Office; and

9 (2) to eligible defense workers who seek voca-
10 tional training offered by associate-degree granting
11 colleges.

12 (c) FEDERAL SHARE.—The Federal contribution to
13 a skills development program conducted under subsection
14 (a) may not exceed 50 percent of the costs of the program.

15 (d) ALLOWED EXPENSES.—Funds provided under
16 this section for a skills development program may be used
17 to pay employee certification, apprenticeship, or profes-
18 sional registration costs incurred by an eligible defense
19 worker receiving retraining to enter a new profession. The
20 Secretary may also share any other subsistence costs asso-
21 ciated with employee transition so long as the Federal
22 funding share does not exceed 50 percent of such costs.
23 Extended income support requirements can be reduced by
24 the employer through early retraining prior to employee
25 termination.

1 (e) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to the Secretary of De-
3 fense for each of the fiscal years 1994 through 1996—

4 (1) \$50,000,000 for skills development pro-
5 grams under subsection (a); and

6 (2) \$25,000,000 for scholarships under sub-
7 section (b).

8 **SEC. 203. ELIGIBLE DEFENSE WORKERS.**

9 (a) ELIGIBILITY REQUIREMENTS.—To be eligible for
10 selection to participate in a skills development program
11 under section 202(a) or receive a scholarship under section
12 202(b), an individual must be—

13 (1) a full-time employee of a qualified defense
14 contractor for at least three years who—

15 (A) is directly involved with a Department
16 of Defense funded project which is canceled or
17 experiences a reduction in Federal funds equal
18 to at least 25 percent of the Federal funds re-
19 ceived for the project the previous year; and

20 (B) as a result of the cancellation or re-
21 duction, is terminated or identified by the em-
22 ployer as likely to be terminated within one
23 year; or

1 (2) a civilian employee of the Department of
2 Defense who is eligible for transition assistance
3 under rules established by the Secretary of Defense.

4 (b) NOTIFICATION.—A qualified defense contractor
5 shall make a good faith effort to identify as early as pos-
6 sible employees who meet the eligibility requirements of
7 subsection (a)(1), advise such employees on retraining op-
8 tions, and allow such employees to participate in skills de-
9 velopment programs and other transition assistance pro-
10 grams.

11 (c) CERTAIN PREVIOUSLY TERMINATED EMPLOY-
12 EES.—An employee of a qualified defense contractor who
13 was terminated during the one-year period ending on the
14 date of the enactment of this Act shall be eligible for as-
15 sistance under section 202 if the Office determines that
16 the employee—

17 (1) was a full-time employee of a qualified de-
18 fense contractor for at least three years;

19 (2) was directly involved with a Department of
20 Defense funded project; and

21 (3) was terminated as a result of the cancella-
22 tion or a funding reduction of that project.

1 **TITLE III—COMMERCIALIZATION**
2 **AND DUAL-USE RESEARCH**
3 **OPPORTUNITIES FOR DE-**
4 **FENSE CONTRACTORS AND**
5 **SMALL BUSINESS**

6 **SEC. 301. PROMOTION OF COMMERCIALIZATION OPPORTU-**
7 **NITIES FOR QUALIFIED DEFENSE CONTRAC-**
8 **TORS.**

9 (a) PROMOTION PROGRAMS.—The Secretary of Com-
10 merce shall establish a program to assist qualified defense
11 contractors to participate in the Advanced Technology
12 Program of the National Institute of Standards and Tech-
13 nology established under section 28 of the National Insti-
14 tute of Standards and Technology Act (15 U.S.C. 278n)
15 and other appropriate programs of the Department of
16 Commerce to commercialize significant new scientific dis-
17 coveries and technologies. The Secretary shall include lan-
18 guage in the solicitations and announcements of such pro-
19 grams to encourage proposals concerning critical tech-
20 nology and technology transfers from military to civilian
21 applications.

22 (b) NOTIFICATION OF ADVISORY BOARD.—The Sec-
23 retary of Commerce shall inform the Military-Civilian In-
24 tegration and Technology Transfer Advisory Board of the
25 status of projects involving qualified defense contractors.

1 **SEC. 302. DEFENSE AND ENERGY DUAL-USE RESEARCH**
2 **UNDER THE SMALL BUSINESS INNOVATION**
3 **RESEARCH PROGRAM.**

4 (a) ENCOURAGEMENT OF PROPOSALS WITH DUAL-
5 USE APPLICATION.—The Secretary of Defense and the
6 Secretary of Energy, in consultation with the Adminis-
7 trator of the Small Business Administration, shall include
8 language in solicitations of the Small Business Innovation
9 Research Program conducted by the Department of De-
10 fense and the Department of Energy encouraging research
11 proposals involving dual-use applications and proposals in-
12 volving military to civilian conversion. This subsection
13 shall apply with respect to solicitations for projects to be
14 funded in fiscal year 1994 and subsequent fiscal years.

15 (b) SPECIAL SET ASIDE.—Of the amount of the re-
16 search and development budget of the Department of De-
17 fense and the Department of Energy required under sec-
18 tion 9(f)(1) of the Small Business Act (15 U.S.C.
19 638(f)(1)) to be expended with small business concerns in
20 connection with the Small Business Innovation Research
21 Program—

22 (1) 10 percent of the amount set aside for fiscal
23 year 1994;

24 (2) 15 percent of the amount set aside for each
25 of the fiscal years 1995 and 1996; and

1 (3) 20 percent of the amount set aside for fiscal
2 year 1997,
3 shall be reserved for projects involving dual-use applica-
4 tions and projects involving military to civilian conversion.

5 **SEC. 303. COMMERCIALIZATION LOANS.**

6 (a) LOANS AUTHORIZED.—The Secretary of Com-
7 merce may make loans to qualified defense contractors to
8 carry out commercialization projects. The potential for the
9 development of a product that has military applications
10 and nonmilitary commercial applications shall be a cri-
11 terion in the selection of projects for funding, although
12 not an absolute requirement. Other criteria should include
13 the risk of the project compared to the utility to consum-
14 ers and the United States.

15 (b) AMOUNT AND NUMBER OF LOANS.—A loan
16 under this section may not exceed \$2,000,000 for any one
17 commercialization project. No more than three loans may
18 be made to any single company or joint venture.

19 (c) TERMS.—A loan under this section shall be made
20 under such terms and conditions as the Secretary of Com-
21 merce may require, including the payment of fair market
22 interest, except that repayment of the loan shall be com-
23 pleted within seven years after the loan is made.

24 (d) MATCHING REQUIREMENT.—The recipient of a
25 loan under this section shall be required to match the

1 amount of the loan with an equal amount of non-Federal
2 funds specifically guaranteed for use in the project.

3 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to the Secretary of Com-
5 merce for fiscal year 1994 \$150,000,000 to carry out this
6 section. Funds appropriated pursuant to this subsection
7 shall be available until expended.

8 **SEC. 304. PROMOTION OF INDUSTRIAL PARKS.**

9 (a) PROMOTION.—The Secretary of Defense shall en-
10 courage the creation of industrial parks or technology in-
11 cubator centers, including prototyping facilities, to trans-
12 fer and spinoff technology from qualified defense contrac-
13 tors, including those operating national laboratories, to
14 small businesses.

15 (b) USES OF PATENT ROYALTIES.—The Secretary of
16 Defense may use up to 50 percent of the royalties from
17 the licensing of relevant Department of Defense and De-
18 partment of Energy owned patents to assist local tech-
19 nology transfer activities conducted in close proximity to
20 qualified defense contractor facilities and up to 25 percent
21 of such royalties to assist technology transfer activities
22 that are unrelated to the proximity of a qualified defense
23 contractor facility.

1 **SEC. 305. DEFENSE COMMERCIALIZATION AWARD.**

2 (a) AWARD.—The Secretary of Defense, in consulta-
3 tion with the Secretary of Commerce, shall create and ad-
4 minister an awards program to foster and encourage inno-
5 vation and redirection efforts by qualified defense contrac-
6 tors in the area of commercialization. Criteria for selection
7 of award recipients shall include job creation, leverage of
8 Federal funding, and product quality.

9 (b) MODEL.—The Secretary shall model the awards
10 program after the Malcolm Baldrige Quality Awards pro-
11 vided under section 17 of the Stevenson-Wydler Tech-
12 nology Innovation Act of 1980 (15 U.S.C. 3711a).

13 **TITLE IV—FAST RESPONSE**
14 **STATE TECHNOLOGICAL COM-**
15 **PETITIVENESS GRANTS**

16 **SEC. 401. PURPOSE.**

17 The purpose of this title is to provide Federal assist-
18 ance directly to States for defense reinvestment programs
19 to improve existing programs and to create new initiatives.

20 **SEC. 402. USES OF FUNDS.**

21 (a) IN GENERAL.—Funds made available under this
22 title shall be used by States to assist industries, workers,
23 and communities that have been adversely affected by the
24 overall reduction of defense spending in the State. States
25 may use such funds in conjunction with other Federal or
26 State assistance for programs within the public and pri-

1 vate sectors, involving industry, communities, and edu-
2 cational institutions. Qualifying projects should stress eco-
3 nomic development, quality job growth, education and re-
4 training, technology transfer, technology infrastructure,
5 and enhanced competitiveness. Preference in the funding
6 of projects should be given to projects concerning the de-
7 velopment or improvement of transportation infrastruc-
8 ture or environmentally sustaining technologies.

9 **SEC. 403. FUNDING FORMULA.**

10 (a) ALLOCATION.—From the amount appropriated
11 under section 405 for a fiscal year, the Secretary of De-
12 fense shall allocate such amounts for distribution consist-
13 ent with the formula specified in subsection (b) for such
14 fiscal years. The Secretary shall make such allocation in
15 consultation with the Military-Civilian Integration and
16 Technology Transfer Advisory Board.

17 (b) FORMULA.—From the amount allocated for a fis-
18 cal year under subsection (a), the Secretary of Defense
19 shall distribute during such fiscal year fast response State
20 technological competitiveness grants to States whose rein-
21 vestment programs meet the requirements of section 404
22 as follows:

23 (1) 50 percent of the total allocation for that
24 year shall be distributed among the States pro rata
25 based on the ratio of the population of the State to

1 the total population of all States, as determined by
2 the latest available Federal census.

3 (2) 50 percent of the total allocation for that
4 year to be distributed among the States pro rata
5 based on the ratio of the cumulative dollar amount
6 of Department of Defense purchases in the State for
7 fiscal year 1992 (including research and develop-
8 ment, procurement, operations and maintenance,
9 and construction) to the total dollar amount of such
10 Department of Defense purchases in all the States
11 as determined by the Department of Defense using
12 its most recent official data collected after fiscal
13 year 1990.

14 **SEC. 404. STATE ELIGIBILITY.**

15 (a) APPLICATION GUIDELINES.—The Secretary of
16 Defense, in consultation with the Advisory Board shall de-
17 velop and disseminate guidelines on State eligibility for
18 fast response State technological competitiveness grants.
19 The guidelines shall require the following:

20 (1) The State shall agree to contribute to the
21 defense reinvestment program of the State an
22 amount equal to at least 10 percent of the amount
23 of the technological competitiveness grant made to
24 the State.

1 (2) Any program using funds provided under a
2 technological competitiveness grant that is assisting
3 a defense contractor shall require the contractor to
4 provide at least a \$1 funding match for every \$2 ex-
5 pended in grant funds to assist the contractor.

6 (3) In addition to the matching contribution re-
7 quired by paragraph (1), the State shall guarantee
8 to maintain its aggregate expenditures from all other
9 sources for programs which provide technical and fi-
10 nancial assistance to defense contractors at or above
11 the average level of such expenditures in the two fis-
12 cal years preceding the date of the enactment of this
13 Act.

14 (b) STATE RESPONSIBILITY.—Prior to receiving a
15 fast response State technological competitiveness grant,
16 the Governor of the State shall provide to the Secretary
17 of Defense information about the defense reinvestment
18 program conducted by the State. The State shall appoint
19 a single agency or entity within the State to be the recipi-
20 ent of the Federal funding and to administer and oversee
21 the State's reinvestment program. Each State must annu-
22 ally report on the progress of its defense reinvestment pro-
23 grams back to the Secretary and supply any analysis data
24 that the Secretary may require for program evaluation.

1 (c) WITHHOLDING OF GRANT FUNDS.—The Sec-
2 retary of Defense shall withhold a fast response State
3 technological competitiveness grant from any State if the
4 Secretary concludes that the State’s defense reinvestment
5 program or the progress of such program is unsatisfactory
6 relative to the published guidelines. In such a case, the
7 Secretary shall provide to the State the reasons for its dis-
8 qualification and provide a 90-day appeal period during
9 which the State shall be allowed to submit a revised pro-
10 posal for review by the Secretary.

11 **SEC. 405. AUTHORIZATION OF APPROPRIATIONS.**

12 (a) IN GENERAL.—There is authorized to be appro-
13 priated to the Secretary of Defense for the fiscal years
14 1994 through 1996 \$1,000,000,000 for fast response
15 State technological competitiveness grants under this title.

16 (b) AVAILABILITY.—Amounts appropriated under
17 subsection (a) shall remain available until expended.

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