

SEC. 325. DEFENSE CONVERSION ADJUSTMENT PROGRAM

(a) IN GENERAL. -- From funds made available to carry out this section, the Secretary may make grants to States, substate grantees, employers, employer associations, and representatives of employees to provide training, adjustment assistance, and employment services to eligible employees adversely affected by reductions in expenditures by the United States for defense, by closures of United States military facilities, or by reductions in the export of defense articles and defense services as a result of United States policy, including reductions in the amount of defense articles and defense services under agreements to provide such articles or services or through termination or completion of any such agreements. For purposes of this section, an eligible employee is an eligible dislocated worker as defined in section 301(a) who has been terminated or laid off, or has received a notice of termination or lay off, as a consequence of reductions in expenditures by the United States for defense, by closures of United States military facilities, or by reductions in the export of defense articles and defense services as a result of United States policy, including reductions in the amount of defense articles and defense services under agreements to provide such articles or services or through termination or completion of any such agreements as determined in accordance with regulations of the Secretary.

(b) APPLICATION. -- In reviewing applications for grants under subsection (a), the Secretary shall give priority to applications from areas which have the greatest number of eligible employees.

(c) USE OF FUNDS. -- Grants under subsection (a) may be used for any purpose for which funds may be used under section 314 or this part.

(d) DEMONSTRATION PROJECTS. -- In carrying out the grant program established under subsection (a), the Secretary may make grants to entities referred to in that subsection for the purpose of developing demonstration projects to encourage and promote innovative responses to the dislocation resulting from reductions in expenditures by the United States for defense, by closures of United States military facilities, or by reductions in the export of defense articles and defense services as a result of United States policy, including reductions in the amount of defense articles and defense services under agreements to provide such articles or services or through termination or completion of any such agreements. Such demonstration projects may include--

- (1) projects to facilitate the placement of eligible employees in occupations experiencing skill shortages that will make use of the skills acquired by the eligible employees during their employment;

(2) projects to assist in retraining and reorganization efforts designed to avert layoffs that would otherwise occur as a result of such reductions or closures; and

(3) projects to assist communities in addressing and reducing the impact of such economic dislocation.

(e) NOTICE OF TERMINATION FOR CERTAIN DEFENSE EMPLOYEES. --

(1) IN GENERAL. -- A civilian employee of the Department of Defense employed at a military installation being closed or realigned under the laws referred to in paragraph (2) shall be eligible for training, adjustment assistance, and employment services under subsection (a) beginning on the date on which such employee receives actual notice or termination, or the date determined by the Secretary of Defense under paragraph (3), whichever occurs earlier.

(2) CERTAIN DEFENSE LAWS. -- The laws referred to in this paragraph are --

(A) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note); and

(B) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note).

(3) DATE. -- The date determined under this paragraph is the date that is 24 months before the date on which the military installation is to be closed or the realignment of the installation is to be completed, as the case may be.

(f) DEFINITION. -- For purposes of this section, the term "defense articles and defense services" means defense articles, defense services, or design and construction services under the Arms Export Control Act (22 U.S.C. 2751 et seq.), including defense articles and defense services licensed or approved for export under section 38 of that Act (22 U.S.C. 2778).

SEC. 325A. DEFENSE DIVERSIFICATION PROGRAM .

(a) IN GENERAL. -- From funds made available to carry out this section, the Secretary, in consultation with the Secretary of Defense, may make grants to States, substate grantees, employers, representatives of employees, labor-management committees, and other employer-employee entities to provide for training, adjustment assistance, and employment services to eligible individuals described in subsection (b) and to develop

plans for defense diversification or conversion assistance to affected facilities located within an area directly affected by reductions in expenditures by the United States for defense or by closures of United States military facilities.

(b) INDIVIDUALS ELIGIBLE FOR TRAINING, ASSISTANCE, AND SERVICES. --

(1) CERTAIN MEMBERS OF THE ARMED FORCES. -- A member of the Armed Forces shall be eligible for training, adjustment assistance, and employment services under this section if the member --

(A) was on active duty or full-time National Guard duty on September 30, 1990;

(B) during the 5-year period beginning on that date --

(i) is involuntarily separated (as defined in section 1141 of title 10, United States Code) from active duty or full-time National Guard Duty; or

(ii) is separated from active duty or full-time National Guard duty pursuant to a special separation benefits program under section 1174a of title 10, United States Code, or the voluntary separation incentive program under section 1175 of that title;

(C) is not entitled to retired or retainer pay incident to that separation; and

(D) applies for such training, adjustment assistance, or employment services before the end of the 180-day period beginning on the date of that separation.

(2) CERTAIN DEFENSE EMPLOYEES. --

(A) IN GENERAL. -- Except as provided in subparagraph (B), a civilian employee of the Department of Defense or the Department of Energy shall be eligible for training, adjustment assistance, and employment services under this section if the employee --

(i) during the 5-year period beginning on October 1, 1992, is terminated or laid off (or receives a notice of termination or lay off) from such employment as a result of reductions in defense spending, as determined by the Secretary of Defense or the Secretary of Energy, except that, in the case of a notice of termination or lay off, the eligibility of the employee shall not

begin until 180 days before the projected date of the termination or lay off; and

(ii) is not entitled to retired or retainer pay incident to that termination or lay off.

(B) SPECIAL RULE FOR CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE EMPLOYED AT CERTAIN MILITARY INSTALLATIONS. --

(i) IN GENERAL. -- A civilian employee of the Department of Defense employed at a military installation being closed or realigned under the laws referred to in clause (ii) shall be eligible for training, adjustment assistance, and employment services under this section beginning on the date on which such employee receives actual notice of termination, or the date determined by the Secretary of Defense under clause (iii), whichever occurs earlier.

(ii) CERTAIN DEFENSE LAWS. -- The laws referred to in this clause are --

(I) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note);

(II) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note);

(III) section 2687 of title 10, United States Code; and

(IV) any other similar law enacted after the date of the enactment of the National Defense Authorization Act for Fiscal Year 1994.

(iii) DATE. -- The date determined under this clause is the date that is 24 months before the date on which the military installation is to be closed or the realignment of the installation is to be completed, as the case may be.

(3) CERTAIN DEFENSE CONTRACTOR EMPLOYEES. -- An employee of a private defense contractor shall be eligible for training, adjustment assistance, and employment services under this section if the employee --

(A) during the 5-year period beginning on October 1, 1992, is terminated or laid off (or receives a notice of termination or lay off) from such employment as a result of reductions in defense spending, the closure or realignment of a military installation, or reductions in the export of defense articles and defense services as a result of United States policy, including reductions in the amount of defense articles and defense services under agreements to provide such articles or services or through termination or completion of any such agreements, as determined by the Secretary of Defense, except that, in the case of a notice of termination or lay off, the eligibility of the employee shall not begin until 180 days before the projected date of the termination or lay off; and

(B) is not entitled to retired or retainer pay incident to that termination.

(c) APPLICATION REQUIREMENTS . --

(1) IN GENERAL. -- To receive a grant under subsection (a), an applicant shall submit to the Secretary an application which contains such information as the Secretary may require and which meets the following requirements:

(A) CONSULTATION. --

(i) IN GENERAL. -- (I) In the case of an applicant other than a State, such applicant shall submit an application to the Secretary developed in consultation with the State, and, where appropriate in consultation with the labor-management committee or other employer-employee entity established pursuant to subparagraph (C)(ii) at the affected facility and in consultation with representatives from the Department of Defense.

(II) Prior to the submission of an application under subclause (I) to the Secretary, the applicant shall submit the application to the State for review. The State shall have 30 calendar days to review the application. The applicant may submit the application to the Secretary after the date on which the State completes its review of the application or upon expiration of the 30 calendar days, whichever occurs first.

(ii) STATES. -- In the case of an applicant that is a State, such State shall submit an application to the Secretary developed in consultation with appropriate substate grantees, and, where appropriate, in consultation with the labor-management committee or other employer-employee entity established pursuant to subparagraph (C)(ii) at the affected facility and in consultation with representatives from the Department of Defense.

(B) CONTENTS OF APPLICATION. -- An application shall contain a local labor market analysis, a general assessment of basic skills, career interests, income needs, and strategies necessary for the training and placement of the population that may be served, and, where appropriate --

(i) a preliminary outline of a program to convert the affected defense base or facility;

(ii) preliminary plant or military base conversion proposals, and proposals for the effective use or conversion of surplus Federal property; and

(iii) assurances that the applicant will coordinate the activities and services provided under this section with the Office of Economic Adjustment and other relevant agencies.

(C) PROVISION OF STATE DISLOCATED WORKER SERVICES. -- The applicant shall provide verification that the State dislocated worker unit has provided, or is in the process of providing, in addition to the services described in section 311(b)(3) and 314(b), the following activities and services:

(i) The State dislocated worker unit, in conjunction with the substate grantee (and where appropriate, representatives from the Department of Defense), has established on-site contact with employers and employee representatives affected by a dislocation or potential dislocation of eligible individuals, preferably not later than 2 business days after notification of such dislocation.

(ii) The State dislocated worker unit has promoted the formation of a labor-management committee or other employer-employee entity in the case of a facility affected by an employee dislocation or potential dislocation in accordance

with section 314(b)(1)(B), including the provision of technical assistance and, where appropriate, financial assistance to cover the start-up costs of such committee.

(iii) The State dislocated worker unit has provided, in conjunction with the labor-management committee or other employer-employee entity established pursuant to clause (ii), the following services:

(I) An initial survey of potential eligible individuals to determine the approximate number of such individuals interested in receiving services under this section, orientation sessions, counseling services, and early intervention services for eligible individuals and management. Such services may be provided in coordination with representatives from the United States Employment Service, the Interstate Job Bank, the Department of Defense, and the National Occupational Information Coordinating Committee.

(II) Initial basic readjustment services in conjunction with such services provided by substate grantees.

(D) SKILLS UPGRADING. -- The applicant shall provide assurances satisfactory to the Secretary that if the applicant uses amounts from a grant under subsection (a) for skills upgrading at defense facilities pursuant to subsection (f)(2), the applicant will maintain its expenditures from all other sources for skills upgrading at or above the average level of such expenditures in the fiscal year preceding the date of the enactment of this section.

(2) TECHNICAL ASSISTANCE. -- The Secretary may provide technical assistance to an applicant for the purpose of assisting the applicant to meet the application requirements under paragraph (1).

(3) TIMELY DECISION. -- The Secretary shall make a determination with regard to an application received under paragraph (1) not later than 30 calendar days after the date on which the Secretary receives the application.

(4) TIMELY NOTIFICATION. -- The Secretary shall provide timely written notification to an applicant upon determination by the Secretary that the applicant has not satisfied

the requirements under paragraph (1).

(d) SELECTION REQUIREMENTS. --

(1) IN GENERAL. -- In reviewing applications for grants under subsection (a), the Secretary --

(A) shall not approve an application for a grant unless the application contains assurances that the applicant will use amounts from a grant to provide needs-related payments in accordance with subsection (i);

(B) shall select applications from areas most severely impacted by the reduction in defense expenditures and base closures, particularly areas with existing high poverty levels or existing high unemployment levels; and

(C) shall select applications from areas which have the greatest number of eligible individuals, taking into account the ratio of eligible individuals in the affected community to the population of such community.

(2) PRIORITY. -- In reviewing applications for grants under subsection (a), the Secretary shall give priority to each of the following:

(A) Applications received from substate grantees.

(B) Applications received from any applicant on behalf of affected employers in a similar defense-related industry or on behalf of a single employer with multiple bases or plants within a State.

(C) Applications demonstrating employer-employee cooperation, including the participation of labor-management committees or other employer-employee entities.

(e) RETENTION OF PORTION OF GRANT AMOUNT --

(1) PORTION RELATING TO GENERAL APPLICATION REQUIREMENTS. -- Subject to paragraph (2), the Secretary shall retain 25 percent of the amount of a grant awarded under subsection (a) and shall disburse the amount to the applicant not later than 90 days after the date on which the Secretary determines that the applicant is satisfactorily implementing the plans and strategies described in subsection (c)(1)(B).

(2) PORTION RELATING TO STATE DISLOCATED WORKER SERVICES. -- The Secretary shall retain up to 20 percent of the amount retained under paragraph (1) (not to exceed \$50,000) and shall disburse the amount to the State dislocated worker unit not later than 90 days after the date on which the Secretary determines that the applicant has provided verification that such unit has satisfactorily provided the activities and services described in subsection (c)(1)(C). The amount disbursed under the preceding sentence shall be used to reimburse such unit for expenses incurred in providing such activities and services.

(f) USE OF FUNDS. -- Subject to the requirements of subsections (g), (h), (i), and (j), grants under subsection (a) may be used only for the following purposes:

(1) Any purpose for which funds may be used under section 314 or this section.

(2) Skills upgrading, which may be provided to --

(A) individuals who are employed in non-managerial positions, including individuals in such positions who have received notice of termination or lay off, if such upgrading --

(i) is integral to the conversion of a defense facility and necessary to prevent a closure or mass layoff which would result in the termination or layoff of such individuals; and

(ii) is to replace or update obsolete skills of such individuals with marketable skills; and

(B) individuals who have received notice of termination or lay off from non-managerial positions, including individuals who have been terminated or laid off from such positions, if such upgrading is to replace or update obsolete skills of such individuals with marketable skills, without which reemployment in a high demand occupation or industry would be unlikely.

(3) The development and introduction of high performance workplace systems, employee and participative management systems, and workforce participation in the evaluation, selection, and implementation of new production technologies.

(g) LIMITATION. -- Not more than 20 percent of amounts received from a grant under subsection (a) shall be used for administration, conversion planning activities, and the activities described in subsection (f)(3).

(h) ADJUSTMENT ASSISTANCE REQUIREMENTS . -- The adjustment assistance requirements described in section 326(e) shall apply for purposes of grants made under subsection (a) for adjustment assistance.

(i) NEEDS-RELATED PAYMENTS REQUIREMENTS . -- The Secretary shall prescribe regulations with respect to the use of funds from grants under subsection (a) for needs-related payments in accordance with the requirements described in section 326(f) in order to enable eligible individuals to complete training or education programs. Priority for needs-related payments shall be given to eligible individuals participating in certificate or degree awarding vocational training or education programs of 1 year or more.

(j) DEPARTMENT OF DEFENSE FINANCIAL ASSISTANCE REQUIREMENT . -- The Secretary of Defense, in consultation with the Secretary of Labor, shall prescribe regulations to ensure that student financial assistance authorized under programs for employees of the Department of Defense and veterans is provided prior to adjustment assistance under subsection (h), needs-related payments under subsection (i), and any other student financial assistance provided under Federal law.

(k) DEMONSTRATION PROJECTS . --

(1) IN GENERAL. -- In carrying out the grant program established under subsection (a), the Secretary, in consultation with the Secretary of Defense, may make grants to the entities referred to in that subsection for the purpose of developing demonstration projects to encourage and promote innovative responses to the dislocation resulting from reductions in expenditures by the United States for defense, the closure of United States military installations, or reductions in the export of defense articles and defense services as a result of United States policy, including reductions in the amount of defense articles and defense services under agreements to provide such articles or services or through termination or completion of any such agreements. Such demonstration projects may include --

(A) projects to assist in retraining efforts designed to address the needs of individuals who have received notice of termination or lay off and individuals who have been terminated or laid off in communities affected by such reductions or closures;

(B) projects to assist in retraining and reorganization efforts designed to avert layoffs that would otherwise occur as a result of such reductions or closures;

(C) projects to assist communities in addressing and reducing the impact of such economic dislocation;

(D) projects involving teams of transition assistance specialists from Federal, State, and local agencies to provide onsite services, including assisting affected communities in short-term and long-term planning and assisting affected individuals through counseling and referrals to appropriate services, at the site of such reductions or closures within 60 days of the announcement of such reductions or closures;

(E) projects to assist in establishing transition assistance centers at the installations where large dislocations occur to provide comprehensive services to individuals affected by such dislocations;

(F) projects involving the joint efforts of Federal agencies, such as the Department of Labor, the Department of Defense, the Department of Commerce, and the Small Business Administration, to assist communities affected by such reductions or closures in developing integrated community planning processes to facilitate the retraining of affected individuals and the conversion of installations to commercial uses;

(G) projects to develop new information and data systems to assist individuals and communities affected by such reductions or closures, including the development of data bases with the capability to provide an affected individual with a civilian economy skills profile which takes into account the skills acquired while working on defense-related matters; and

(H) projects to assist small and medium-sized firms affected by such reductions or closures in the formation of learning consortia, which will promote joint efforts for staff training, human resource development, product development, and the marketing of products.

(2) LIMITATION. -- Not more than 10 percent of the funds available to the Secretary to carry out this section for any fiscal year may be used to carry out the projects established under paragraph (1).

(1) STAFF TRAINING AND TECHNICAL ASSISTANCE. -- In carrying out the grant program established under subsection (a), the Secretary may provide staff training and technical assistance services to States, communities, businesses, and labor organiza-

tions, and other entities involved in providing adjustment assistance to workers.

(m) ADMINISTRATIVE EXPENSES. -- Not more than 2 percent of the funds available to the Secretary to carry out this section for any fiscal year may be retained by the Secretary for the administration of activities authorized under this section.

(n) COORDINATION WITH TECHNOLOGY REINVESTMENT PROJECTS. -- The Secretary, in consultation with the Secretary of Defense, shall ensure that activities carried out under this section are coordinated with relevant activities carried out pursuant to title IV of the Department of Defense Appropriations Act, 1993 (Public Law 102-396; 106 Stat. 1890).

(o) DEFINITIONS. -- For purposes of this section, the following definitions apply:

(1) LABOR-MANAGEMENT COMMITTEE. -- The term "labor-management committee" --

(A) has the meaning given such term in section 301(b)(1); and

(B) includes a committee established at a military installation to assist members of the Armed Forces who are being separated and civilian employees of the Department of Defense and the Department of Energy who are being terminated.

(2) DEFENSE CONTRACTOR. -- The term "defense contractor" means a private person producing goods or services pursuant to --

(A) one or more defense contracts which have a total amount not less than \$500,000 entered into with the Department of Defense; or

(B) one or more subcontracts entered into in connection with a defense contract and which have a total amount not less than \$500,000.

(3) DEFENSE ARTICLES AND DEFENSE SERVICES -- The term "defense articles and defense services" means defense articles, defense services, or design and construction services under the Arms Export Control Act (22 U.S.C. 2751 et seq.), including defense articles and defense services licensed or approved for export under section 38 of that Act (22 U.S.C. 2778).