

PUBLIC LAW 115-232—AUG. 13, 2018

JOHN S. MCCAIN NATIONAL DEFENSE
AUTHORIZATION ACT FOR FISCAL YEAR 2019

★ (Star Print)

“(D) JUSTIFICATION.—The determination required under subparagraph (B) shall also include the rationale and justification for the determination.

“(4) RECOMMENDATIONS FOR LEGISLATION.—For applications recommended under subsection (3), the official designated pursuant to paragraph (2)(A) shall be responsible for preparing a legislative proposal for consideration by the Secretary.”.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect one year after the date of the enactment of this Act.

10 USC 2534
note.

SEC. 845. REPORT ON DEFENSE ELECTRONICS INDUSTRIAL BASE.

(a) IN GENERAL.—Not later than January 31, 2019, the Secretary of Defense, in consultation with the Executive Agent for Printed Circuit Board and Interconnect Technology and the Director of the Office of Management and Budget, shall submit to Congress a report examining the health of the defense electronics industrial base, including analog and passive electronic parts, substrates, printed boards, assemblies, connectors, cabling, and related areas, both domestically and within the national technology and industrial base.

(b) ELEMENTS.—The report required under subsection (a) shall include the following elements:

(1) An examination of current and planned partnerships with the commercial industry.

(2) Analysis of the current and future defense electronics industrial base.

(3) Threat assessment related to system security.

(4) An assessment of the health of the engineering and production workforce.

(5) A description of the electronics supply chain requirements of defense systems integral to meeting the goals of the 2018 National Defense Strategy.

(6) Recommended actions to address areas deemed deficient or vulnerable, and a plan to formalize long-term resourcing for the Executive Agent.

(7) Any other areas matters determined relevant by the Secretary.

SEC. 846. SUPPORT FOR DEFENSE MANUFACTURING COMMUNITIES TO SUPPORT THE DEFENSE INDUSTRIAL BASE.

10 USC 2501
note.

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Secretary of Defense may, in coordination with the Secretary of Commerce and working in coordination with the defense manufacturing institutes, establish within the Department of Defense a program to make long-term investments in critical skills, facilities, research and development, and small business support in order to strengthen the national security innovation base by designating and supporting consortiums as defense manufacturing communities.

(2) DESIGNATION.—The program authorized by this section shall be known as the “Defense Manufacturing Community Support Program” (in this section referred to as the “Program”).

(b) DESIGNATION OF DEFENSE MANUFACTURING COMMUNITIES COMPLEMENTARY TO DEFENSE MANUFACTURING INSTITUTES.—

(1) IN GENERAL.—The Secretary of Defense may designate eligible consortiums as defense manufacturing communities

through a competitive process, and in coordination with the defense manufacturing institutes.

(2) ELIGIBLE CONSORTIUMS.—The Secretary may establish eligibility criteria for a consortium to participate in the Program. In developing such criteria, the Secretary may consider the merits of—

(A) including members from academia, defense industry, commercial industry, and State and local government organizations;

(B) supporting efforts in geographical regions that have capabilities in key technologies or industrial base supply chains that are determined critical to national security;

(C) optimal consortium composition and size to promote effectiveness, collaboration, and efficiency; and

(D) complementarity with defense manufacturing institutes.

(3) DURATION.—Each designation under paragraph (1) shall be for a period of five years.

(4) RENEWAL.—

(A) IN GENERAL.—The Secretary may renew a designation made under paragraph (1) for up to two additional two-year periods. Any designation as a defense manufacturing community or renewal of such designation that is in effect before the date of the enactment of this Act shall count toward the limit set forth in this subparagraph.

(B) EVALUATION FOR RENEWAL.—The Secretary shall establish criteria for the renewal of a consortium. In establishing such criteria, the Secretary may consider—

(i) the performance of the consortium in meeting the established goals of the Program;

(ii) the progress the consortium has made with respect to project-specific metrics, particularly with respect to those metrics that were designed to help communities track their own progress;

(iii) whether any changes to the composition of the eligible consortium or revisions of the plan for the consortium would improve the capabilities of the defense industrial base;

(iv) the effectiveness of coordination with defense manufacturing institutes; and

(v) such other criteria as the Secretary considers appropriate.

(5) APPLICATION FOR DESIGNATION.—An eligible consortium seeking a designation under paragraph (1) shall submit an application to the Secretary at such time and in such manner as the Secretary may require. In developing such procedures, the Secretary may consider the inclusion of—

(A) a description of the regional boundaries of the consortium, and the defense manufacturing capacity of the region;

(B) an evidence-based plan for enhancing the defense industrial base through the efforts of the consortium;

(C) the investments the consortium proposes and the strategy of the consortium to address gaps in the defense industrial base;

(D) a description of the outcome-based metrics, benchmarks, and milestones that will track and the evaluation

methods that will be used to gauge performance of the consortium;

(E) how the initiatives will complement defense manufacturing institutes; and

(F) such other matters as the Secretary considers appropriate.

(c) **FINANCIAL AND TECHNICAL ASSISTANCE.**—

(1) **IN GENERAL.**—Under the Program, the Secretary of Defense may award financial or technical assistance to a member of a consortium designated as a defense manufacturing community under the Program as appropriate for purposes of the Program.

(2) **USE OF FUNDS.**—A recipient of financial or technical assistance under the Program may use such financial or technical assistance to support an investment that will improve the defense industrial base.

(3) **INVESTMENTS SUPPORTED.**—Investments supported under this subsection may include activities not already provided for by defense manufacturing institutes on—

(A) equipment or facility upgrades;

(B) workforce training, retraining, or recruitment and retention, including that of women and underrepresented minorities;

(C) business incubators;

(D) advanced research and commercialization, including with Federal laboratories and depots;

(E) supply chain development; and

(F) small business assistance.

(d) **RECEIPT OF TRANSFERRED FUNDS.**—The Secretary of Defense may accept amounts transferred to the Secretary from the head of another agency or a State or local governmental organization to carry out this section.

SEC. 847. LIMITATION ON PROCUREMENT OF CERTAIN ITEMS FOR T-AO-205 PROGRAM.

Effective during fiscal year 2019, the Secretary of Defense may procure the following items for the T-AO-205 program only if the manufacturer of the item is in the United States:

(1) Auxiliary equipment, including pumps, for all shipboard services.

(2) Propulsion system components, including engines, reduction gears, and propellers.

(3) Shipboard cranes.

(4) Spreaders for shipboard cranes.

Subtitle F—Small Business Matters

SEC. 851. DEPARTMENT OF DEFENSE SMALL BUSINESS STRATEGY.

(a) **IN GENERAL.**—Chapter 136 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2283. Department of Defense small business strategy

10 USC 2283.

“(a) **IN GENERAL.**—The Secretary of Defense shall implement a small business strategy for the Department of Defense that meets the requirements of this section.

“(b) **UNIFIED MANAGEMENT STRUCTURE.**—As part of the small business strategy described in subsection (a), the Secretary shall