

# FY 2002 Amended Budget Submission

## Office of Economic Adjustment (OEA)



June 2001

**OFFICE OF ECONOMIC ADJUSTMENT**  
**Operation and Maintenance, Defense-Wide**  
**FY 2002 Amended Budget Submission**  
**Budget Activity 4: Administration and Service-Wide Activities**

**I. Description of Operations Financed:**

The Office of Economic Adjustment provides technical and financial assistance to communities: (a) that are affected by base closures, realignments, and reductions in defense industry employment; (b) where the local economy is heavily dependent on defense expenditures; (c) where expansion of the local military installation significantly increases the demand for public facilities and services; or (d) when community development and encroachment threatens the mission of an installation. In FY 2002, 105 communities will continue to receive technical and/or grant assistance from OEA.

The Office of Economic Adjustment (OEA)'s FY 2002 funding will be used to continue assistance to BRAC communities and those affected by other changes in DoD programs. Most communities will have completed their initial base reuse plans but will require OEA funding to undertake follow-on, specialized plans and for additional organizational support to facilitate the re-use of the base. Assistance to defense industry communities averages \$200,000 annually and is required for two to three years. It is also expected that more than twenty military installations will request assistance in preventing further community development from encroaching on the operational effectiveness of the base. Grant assistance will be provided to a small number of communities for advanced planning assistance and state adjustment assistance.

OEA project managers will continue active support and oversight of base closure communities that have completed base reuse planning and are moving into implementation, even if OEA grant assistance has ended. In addition, OEA will continue to develop strategies and implementation of early property transfer opportunities; which includes the use of environmental insurance in cases where it facilitates faster, more cost-effective property transfers; and possible changes in a new base closure process.

OEA will also continue program support to the Under Secretary of Defense (Policy) for international defense restructuring and reforms, primarily in Eastern Europe and the

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Newly Independent States.

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I. Description of Operations Financed (cont'd):

The largest change in the FY 2002 budget request is the removal of \$34.5 million net Congressional additions for special interest items in the FY 2001 OEA budget. The program budget reflects an anticipated decreased demand for OEA community planning assistance grants.

II. Force Structure Summary: (N/A)

III. Financial Summary (O&M: \$ in Thousands):

A. <u>Activity Group:</u>	<u>FY 2001</u>			<u>Current</u>	<u>FY 2002</u>
	<u>FY 2000</u>	<u>Budget</u>	<u>Appropriated</u>		
<u>Office of Economic</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriated</u>	<u>Estimate</u>	<u>Estimate</u>
Adjustment	72,108	22,495	56,791	54,866	16,972
B. <u>Reconciliation Summary:</u>					
				Change	
				<u>FY 2001/FY 2001</u>	<u>FY</u>
<u>2001/2002</u>					
54,866	1. Baseline Funding				22,495
0-	a. Congressional Adj. (Dist.)				34,500
0-	b. Congressional Adj. (Undist.)				-167
0-	c. Congressional Adj. (Gen. Prov.)				-0-

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	d. Congressional Earmarks	-37	-
0-			
	e. Earmark Billpayers	-0-	-
0-			
	2. Appropriated Amount (Subtotal)	56,791	-
0-			
	a. Adjustment to Meet Cong. Intent	-0-	-
0-			
	b. Across-the-board Reduction	-125	-
0-			
	c. Approved Reprogrammings/Transfers	-0-	-
0-			
	3. Price Change	-0-	
975			
	4. Program Change	-1,800	-
38,869			
	5. Current Estimate	54,866	
16,972			

**III. Financial Summary (O&M: \$ in Thousands) (Cont'd):**

C. Reconciliation of Increases & Decreases:

	1. FY 2001 President's Budget Request		22,495
	2. Congressional Adjustments (Distributed)		
	a. Fitzsimmons Army Hospital	10,000	
	b. Pico Rivera	2,000	
	c. Adak Reuse Support	7,000	
	d. MCAS El Toro	1,500	
	e. Fort Greely	1,000	

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f. Charleston Naval Shipyard, Bldgs. 3&4	10,000	
g. NAS Cecil Field	3,000	
Total Congressional Adjustments (Distributed)		34,500
3. Congressional Adjustments (Undistributed)		
a. HQ Personnel Reduction	-87	
b. DJAS	-38	
c. Additional HQ Personnel Reduction	-42	
Total Congressional Adjustments (Undistributed)		-167
4. Congressional Earmarks		
a. Indian Lands Mitigation	-28	
b. Mid East Regional Security Issues Pgm.	-3	
c. Bosque Redondo Memorial	-6	
Total Congressional Earmarks		-37
5. FY 2001 Appropriated Amount		56,791
6. FY 2001 Rescission		-125

**III. Financial Summary (O&M: \$ in Thousands) (Cont'd):**

C. Reconciliation of Increases & Decreases (cont'd):

7. Functional Transfers - In		-0-
8. Other Transfers In		-0-
9. Functional Transfers - Out		-0-

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10. Other Functional Transfers - Out		-0
11. Price Growth		-0-
12. Program Increases		-0-
13. Program Decreases		-0-
Reduced Base Closure requirements	-1,800	
14. Total Program Decreases		-1,800
15. Revised FY 2001 Estimate		54,866
16. Price Changes		975
17. Transfers - In		-0-
18. Transfers - Out		-0-

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III. Financial Summary (O&M: \$ in Thousands) (Cont'd):

C. Reconciliation of Increases & Decreases (cont'd):

19. Program Increases		-0-
a. Equipment maintenance on copiers	5	
b. Additional contract study for BRAC community	43	
20. Total Program Increases		48
21. Program Decreases		
a. One-time FY 2001 Costs		
(1) Adak Reuse Support	-7,103	
(2) Fitzsimmons Army Hospital	-10,148	
(3) Charleston Naval Shipyard	-10,148	
(4) MCAS El Toro	-1,522	
(5) Pico Rivera	-2,030	
(6) Fort Greely	-1,015	
(7) NAS Cecil Field	-3,044	
Total One-time FY 2001 Costs	-35,010	
b. Reduced base closure requirements	-3,609	
c. Decreased travel requirements	-29	
d. Decreased service requirements from DFAS-Indianapolis	-107	
e. Decreased communications requirements	-15	
f. Cost savings from "Economic Adjustment Data System" IT system installed in FY 2001	-112	
g. One time equipment purchase in FY 2001	-11	
h. Decrease in office space required	-24	
22. Total Program Decreases		-38,917



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23. FY 2002 Budget Request

16,972

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**IV. Performance Criteria and Evaluation Summary:**

The decrease in demand for OEA grant funds continued in FY 2001, with most BRAC communities completing their initial base reuse planning. With this reduction in demand, the distribution of OEA grant funds follows:

	<u>FY 2000</u> <u>Actuals</u>	<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>
Base Closure Grants/Realignments	64	55	45
Defense Industry Impacts	5	5	2
Joint Land Use Studies	4	19	20
State Grants	3	3	4
Advance Planning	2	4	2
Privatization Grants	0	0	0

**V. Personnel Summary:**

<u>FY 2001/FY 2002</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	Change
<u>Military End Strength</u>				
Officer	3	3	3	0
Enlisted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	3	3	3	0
<u>Civilian End Strength</u>				
US Direct Hire	34	32	31	0
<u>Military FTE's</u>				
Officer	3	3	3	0
Enlisted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	3	3	3	0
<u>Civilian FTE's</u>				

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US Direct Hire	34	31	31	0
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**VI. OP 32 Line Items:**

	FY 2000 <u>Actual</u>	Change FY 2000/FY 2001		FY 2001 <u>Estimate</u>	Change FY 2001/FY 2002		FY 2002 <u>Estimate</u>
		<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
101 Exec, Gen & Spec Schedules	3,081	123	181	3,385	122	0	3,507
308 Travel of Persons	270	4	0	274	5	-29	250
673 Payments to DFAS	329	16	-12	333	-16	-107	210
912 SLUC (GSA Leases)	266	5	-2	269	5	-24	250
914 Purchased Comm.	112	1	0	113	2	-15	100
915 Rents	50	1	-1	50	1	0	51
920 Supplies & Materials	55	1	-15	41	1	0	42
921 Printing & Reproduction	28	0	-16	12	0	0	12
922 Equipment Maintenance	0	0	0	0	0	5	5
925 Equipment (Non-fund)	57	1	12	70	1	-11	60
933 Contract Studies and Analysis	100	2	-37	65	2	43	110
988 Grants	66,590	1,065	-18,300	49,355	839	-38,619	11,575
989 Other Contracts	<u>1,170</u>	<u>18</u>	<u>-289</u>	<u>899</u>	<u>13</u>	<u>-112</u>	<u>800</u>
9999 Total	<u>72,108</u>	<u>1,237</u>	<u>-18,479</u>	<u>54,866</u>	<u>975</u>	<u>-38,869</u>	<u>16,972</u>