

Fiscal Year 2010 Budget Estimates Office of Economic Adjustment (OEA)



May 2009

(This page intentionally left blank.)

**OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates**

**Operation and Maintenance, Defense-Wide Summary (\$ in thousands)
Budget Activity (BA) 4: Administration and Service-Wide Activities**

	<u>FY 2008</u> <u>Actuals</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2009</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2010</u> <u>Estimate</u>
OEA	160,211	2,181	-1,084	161,308	2,002	-126,144	37,166

OEA did not receive FY 2008 or FY 2009 Emergency Supplemental or Bridge funding.

I. Description of Operations Financed: The Office of Economic Adjustment is the Department of Defense's (DoD) primary source for assisting states and communities that are impacted by Defense changes and a first responder to the Department's Base Realignment and Closure (BRAC) actions. Technical and financial assistance provided under this program ensures affected communities: 1) can plan and carry out local adjustment strategies; 2) engage the private sector in ventures to plan and/or undertake economic development and base redevelopment; and 3) partner with the Military Departments as they implement BRAC actions in support of the DoD mission. This assistance must be comprehensive enough to address the community impacts caused by Global Defense Posture Review (GDPR), Grow the Army (GTA), Grow the Force (GTF) and other transformation initiatives as well. The OEA assists these communities with a multi-year program of support.

The OEA manages and directs the Defense Economic Adjustment Program and coordinates the involvement of other Federal Agencies through the Economic Adjustment Committee under Executive Order 12788, as amended. Economic adjustment assistance enables impacted states and communities to assess economic hardships caused by DoD program changes, identify and evaluate alternatives for local recovery, identify resource requirements, and assist in the preparation and implementation of an adjustment strategy or action plan to help states and communities:

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

I. Description of Operations Financed (continued):

- (a) that are affected by base closures, realignments, and reductions in defense industry employment;
- (b) where expansion of the local military installation significantly increases the demand for public facilities and services; or
- (c) where community development and encroachment threaten the mission of an installation.

The OEA provides technical and financial assistance to plan and carry out economic and community development; land use planning; real estate development; base redevelopment; partnership with Military Department programs; workforce adjustment; and growth management. The OEA helps communities put together an adjustment program combining Federal, State, local, and private resources. For BRAC 2005, OEA's activities support DoD's goals in closing and realigning installations as presented in 32 CFR Parts 174 and 176, "Revitalizing Base Closure Communities and Addressing Impacts of Realignments."

The September 2005 Defense Base Closure and Realignment Commission "Report to the President", which became law November 9, 2005, identified 25 closures, 26 realignments, 44 expansions, and the closure of 116 Reserve Component sites. Most installations affected by BRAC 2005 will not be closed or realigned until 2011, and the need for community economic adjustment assistance to plan and carry out strategies to overcome the economic hardships caused by BRAC, complete property disposal actions, and regenerate jobs will continue through the next several fiscal years. Transformation initiatives like BRAC 2005, GPDR, GTA, and GTF will continue to have significant impacts upon states and communities into the future.

Also, OEA is the DoD first responder for the multiple communities, businesses and workers adversely affected by DoD decisions to cancel or curtail Defense acquisition programs,

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

I. Description of Operations Financed (continued):

with OEA program activity designed to plan and coordinate a local, state and Federal-wide economic adjustment response effort.

The OEA maintains an effective Compatible Use Program capability to address instances of likely encroachment. While executing current projects; OEA is working with the National Academy of Public Administration (NAPA) to evaluate future directions for the compatible use program; position the program to serve the needs of the Military Departments, DoD, and civilian communities; and ensure that OEA is postured to support a new phase of adjustment to meet the Department's future sustainability goals.

In addition to technical and financial economic adjustment assistance, OEA will provide for community and staff information technology and training, as well as host regional and national conferences for affected jurisdictions. The OEA will continue to assist earlier BRAC communities that require OEA funding to undertake specialized plans that facilitate the reuse of a former base.

II. Force Structure Summary: Not Applicable.

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

III. Financial Summary (\$ in thousands)

	FY 2008 <u>Actuals</u>	FY 2009				Current <u>Estimate</u>	FY 2010 <u>Estimate</u>
		Budget <u>Request</u>	<u>Amount</u>	<u>Percent</u>	<u>Approp</u>		
A. BA 4 Administration and Service-wide Activities							
OFFICE OF ECONOMIC ADJUSTMENT	160,211	50,654			161,308	161,308	37,166
OEA Program	47,111	50,654	-126	0.2	50,528	50,528	37,166
Congressionally Directed Projects	113,100				110,780	110,780	
Thorium/Magnesium Excavation - Blue Island	1,200				1,200	1,200	
Davids Island-Fort Slocum Remediation	8,000						
McClellan AFB Infrastructure Improvements	2,400				2,400	2,400	
Hunters Point Naval Shipyard	9,300				9,300	9,300	
Port of San Francisco Site Investigation and Remedial Action	2,400						
Charles E. Kelly Relocation Project	4,000						
Delaware Valley Continuing Education for National Guard and Reserves	1,000				800	800	
Frankford Arsenal Environmental Assessment and Remediation	1,600				1,600	1,600	
Norton AFB Infrastructure Improvements	4,000				4,800	4,800	
Stabilization/Repair at MOTBY	8,000				6,800	6,800	
Access to Joint Tanana Training Complex	44,200				60,000	60,000	

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2010 Budget Estimates

III. Financial Summary (\$ in thousands)

	FY 2008 <u>Actuals</u>	Budget <u>Request</u>	FY 2009			Current <u>Estimate</u>	FY 2010 <u>Estimate</u>
			<u>Congressional Action</u>				
A. BA 4 Administration and Service- wide Activities			<u>Amount</u>	<u>Percent</u>	<u>Approp</u>		
Intermodal Marine Facility - Port of Anchorage	11,000				10,000	10,000	
Exhibit on Role of Arab Americans in the Defense of Our Country	2,000						
Restoration of Naval Facility at Centreville Beach	3,000				6,400	6,400	
Lake Erie/Touissant River Remediation	1,000						
Spring Valley Remediation	3,200						
Soldier Center at Patriot Park, Fort Benning	6,000				4,800	4,800	
Military Intelligence Service Historic Learning Center	800				1,000	1,000	
Former March AFB Building Demo - NE Corner					1,200	1,200	
Supplier Network Training Program					480	480	

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2010 Budget Estimates

III. Financial Summary (\$ in thousands)

B. Reconciliation Summary

	Change <u>FY 2009/FY 2009</u>	Change <u>FY 2009/FY 2010</u>
Baseline Funding	50,654	161,308
Congressional Adjustments (Distributed)	104,980	
Congressional Adjustments (Undistributed)	5,800	
Adjustments to Meet Congressional Intent	-23	
Congressional Adjustments (General Provisions)	-103	
Subtotal Appropriated Amount	161,308	
Fact-of-Life Changes (CY to CY Only)		
Subtotal Baseline Funding	161,308	
Anticipated Supplemental Reprogrammings		
Price Changes		2,002
Functional Transfers	n/a	
Program Changes	n/a	-126,144
Current Estimate	161,308	37,166
Less: Wartime Supplemental		
Normalized Current Estimate	161,308	37,166

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2009 President's Budget Request (Amended, if applicable)		50,654
1. Congressional Adjustments		
a. Distributed Adjustments		110,654
1) Restoration of Centerville Beach Naval Facility	6,400	
2) Former March AFB Building Demo - NE Corner	1,200	
3) Thorium/Magnesium Excavation - Blue Island	1,200	
4) Norton AFB	4,800	
5) McClellan AFB	2,400	
6) Hunters Point Naval Shipyard	9,300	
7) Frankford Arsenal Environmental Assessment and Remediation	1,600	
8) Delaware Valley Continuing Education for National Guard and Reserves	800	
9) Phase II of Stabilization/Repair of MOTBY Ship Repair Facility	6,800	
10) Supplier Network Training Program	480	
11) Joint Tanana Range Access	60,000	
12) Intermodal Marine Facility - Port of Anchorage	10,000	
b. Undistributed Adjustments		
1) Soldier Center at Patriot Park, Fort Benning	4,800	
2) Military Intelligence Service Historic Learning Center	1,000	
c. Adjustments to meet Congressional Intent		
d. General Provisions - Sec 8101 - Economic Assumptions	-103	
e. Congressional Earmarks - Indian Lands Environmental Impact	-23	
FY 2009 Appropriated Amount		161,308
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
FY 2009 Baseline Funding		161,308
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2009 Estimate		161,308
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations		

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2010 Budget Estimates

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2009 Normalized Current Estimate		161,308
6. Price Change		2,002
7. Functional Transfers		
8. Program Increases		73
a. Annualization of New FY 2009 Program		
b. One-Time FY 2010 Increases		
c. Program Growth in FY 2010 - Increased costs for additional staff (salary, travel, communications, equipment, supplies) (FY 2009 Base: \$7,633)	73	
9. Program Decreases		-126,217
a. Annualization of Program Decreases		
b. One-Time FY 2009 Increases - FY 2009 Congressionally Directed Projects	-112,110	
c. Program Decreases in FY 2010		
1) Decrease in Community Economic Assistance Grants	-13,626	
2) Decrease in Printing and Reproduction Costs	-29	
3) Economic Assumptions	-452	
FY 2010 Budget Request		37,166

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

IV. Performance Criteria and Evaluation Summary

OEA will assist communities impacted by the Department of Defense with a multi-year program of support. In the case of a closure or downsizing realignment action, OEA will assist states and communities to address challenges which include: replacing the jobs lost through the DoD action; creating capacities to plan and carry out redevelopment of the former installation; addressing buildings that are unsuitable for redevelopment; partnering with the private sector to optimize civilian reuse; financing redevelopment to the extent the public sector chooses; understanding and effectively addressing complex environmental circumstances; dealing with extremely variable implementation horizons; and offsetting negative regional economic impacts that may include declining DoD contract expenditures and housing purchases.

As the first responder for multiple communities, businesses and workers adversely affected by Defense industry cutbacks, OEA will carry out program activities to plan and coordinate local, state and Federal economic adjustment efforts.

In the case of an expansion action resulting in local growth, OEA will assist states and communities to focus on the capacities to absorb an influx of personnel and their dependents; assess any excessive demands for off-base community services and facilities; develop and implement growth management plans; and identify Federal, state and local resources needed to adjust to growth impacts.

OEA will manage an effective Compatible Use program capability to address instances of likely encroachment; meet the needs of the Military Departments, DoD and civilian communities; support the Department's future sustainability goals.

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

IV. Performance Criteria and Evaluation Summary

OEA will continue to provide these critical areas of assistance to affected states and communities, support the Defense Economic Adjustment Program, and carryout all Congressional reporting requirements in a timely manner.

<u>Type of Project</u>	<u>Number of Projects</u>		
	<u>FY 2008</u> <u>Actuals</u>	<u>FY 2009</u> <u>Estimate</u>	<u>FY 2010</u> <u>Estimate</u>
Base Closure/Realignment/Growth	86	50	55
Reserve Component Transformation	96	100	50
Compatible Use	41	45	45
State Grants	5	10	10
Defense Dependency/Industry Impact	3	4	10

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

<u>V. Personnel Summary</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>Change</u>	
				<u>FY 2008/ FY 2009</u>	<u>FY 2009/ FY 2010</u>
<u>Active Military End Strength (E/S) (Total)</u>					
Officer	3	3	3	-	-
Enlisted	-	-	-	-	-
<u>Reserve Drill Strength (E/S) (Total)</u>					
<u>Reservists on Full Time Active Duty (E/S)</u>					
<u>Civilian End Strength (Total)</u>					
U.S. Direct Hire	36	41	41	5	-
Foreign National Direct Hire	-	-	-	-	-
Total Direct Hire	36	41	41	5	-
Foreign National Indirect Hire	-	-	-	-	-
Memo: Military Technician Included Above	-	-	-	-	-
Memo: Reimbursable Civilians Included	-	-	-	-	-
<u>Active Military Average Strength (A/S) (Total)</u>					
Officer	3	3	3	-	-
Enlisted	-	-	-	-	-
<u>Reserve Drill Strength (A/S) (Total)</u>					
<u>Reservists on Full Time Active Duty (A/S)</u>					
(Total)					
<u>Civilian FTEs (Total)</u>					
U.S. Direct Hire	36	41	41	5	-
Foreign National Direct Hire	-	-	-	-	-
Total Direct Hire	36	41	41	5	-
Foreign National Indirect Hire	-	-	-	-	-
Memo: Reimbursable Civilians Included	-	-	-	-	-
Average Annual Civilian Salary (\$000)	100	106	108	6	2

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2010 Budget Estimates

VI. OP 32 Line Items as Applicable (Dollars in thousands):

<u>OP 32 Line</u>	FY 2008 <u>Actuals</u>	Change <u>FY 2008/FY 2009</u>		FY 2009 <u>Estimate</u>	Change <u>FY 2009/FY 2010</u>		FY 2010 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
<u>Civilian Personnel</u>							
101 Executive, Gen'l & Special Schedules	4,538	172	211	4,921	122	44	5,087
107 VSIP	25	0	-25	0	0	0	0
199 Total Civ Pers Comp	4,563	172	186	4,921	122	44	5,087
<u>Travel</u>							
308 Travel of Persons	857	11	6	874	10	7	891
<u>Other Purchases</u>							
673 Payments to DFAS	356	-19	0	337	-1	9	345
912 SLUC	637	16	0	653	16	0	669
914 Purchased Communications	119	2	0	121	1	1	123
920 Supplies/Materials	346	5	2	353	4	3	360
921 Printing & Reproduction	75	1	74	150	2	-29	123
925 Equipment	32	1	67	100	1	1	102
987 Other Intragovernmental	909	12	6	927	11	8	946
988 Grants	149,791	1,947	-2,858	148,880	1,787	-125,767	24,900
989 Other Contracts	2,526	33	1,432	3,991	48	-420	3,619
998 Other Costs	0	0	1	1	0	0	1
Total	160,211	2,181	-1,084	161,308	2,002	-126,144	37,166

*Note: Columns off due to rounding.