

FY 2001 Budget Estimate

Office of Economic Adjustment

(OEA)



OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2001 Budget Estimates
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 threatens the mission of an installation. In FY 1999, OEA absorbed the Base Transition Office and now provides all necessary resources to execute its mission. In FY 2000, 115 communities will continue to receive technical and/or grant assistance from OEA to respond to BRAC impacts.

The Office of Economic Adjustment (OEA)'s FY 2001 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 re-use 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 five to seven 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, state adjustment assistance, and/or privatization and outsourcing assistance.

OEA project managers will continue active support and oversight of base closure activities that have completed base reuse planning and are moving into implementation, even if OEA grant assistance has ended. In addition, new initiatives beginning in FY 2000 will continue into FY 2001, including developing strategies and implementation of environmental liability issues and early property transfer opportunities; use of environmental insurance in cases where it facilitates faster, more cost-effective property transfer; and working with state and local governments to facilitate outsourcing of base

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 services to reduce DoD overhead

I. Description of Operations Financed: (con't)

costs. OEA will also continue program support to the Under Secretary of Defense for Policy for international defense downsizing assistance, primarily in the Newly Independent States.

The largest change in the FY 2001 budget request is the absence of \$53.8 million net Congressional additions for special interest items in the FY 2000 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):

	FY 1999 Actuals	FY 2000			FY 2001
		Budget Request	Appropriated	Current Estimate	
A. <u>Activity Group:</u>					
<u>Estimate</u>					
Office of Economic Adjustment	34,104	30,940	90,725	76,480	22,495
B. <u>Reconciliation Summary:</u>			Change <u>FY 2000/FY 2000</u>		Change <u>FY 2000/FY</u>

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2001

1. Baseline Funding	30,940	76,480
a. Congressional Adjustments (Dist.)	47,000	-0-
b. Congressional Adjustments (Undist.)	12,851	-0-
c. Congressional Adjustments (Gen. Prov.)	-0-	-0-

III. Financial Summary (O&M: \$ in Thousands): (con't)

B. Reconciliation Summary: (con't)

d. Congressional Earmarks	-0-	-0-
e. Earmark Billpayers	-66	-0-
2. Appropriated Amount (Subtotal)	90,725	-0-
a. Adjustment to Meet Congress Intent	-5,000	-0-
b. Across-the-board Reduction	-1,745	-0-
c. Approved Reprogrammings/Transfers	500	-0-
3. Price Change	-0-	1,236
4. Program Change	-8,000	-55,221
5. Current Estimate	76,480	22,495

C. Reconciliation of Increases & Decreases:

1. FY 2000 President's Budget Request	30,940
2. Congressional Adjustments (Distributed)	
a. Fitzsimmons Army Hospital	10,000

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b. Pico Rivera	2,000
c. Fort Ord Conversion Support	5,000
d. San Diego Conversion Support	5,000
e. Philadelphia Naval Shipyard	7,500
f. Charleston Naval Shipyard	7,500
g. Charleston Macalloy Site	10,000

47,000 Total Congressional Adjustment (Distributed)

C. Reconciliation of Increases & Decreases: (con't)

3. Congressional Adjustments (Undistributed)

a. O&M Defense-Wide Related Absorbtion	-145
b. Contract and Advisory Services	-4
c. Community Retraining Initiative	8,000
d. Armed Forces Retirement Homes	5,000

12,851 Total Congressional Adjustments (Undistributed)

4. Congressional Earmarks

a. Congressional Earmarks Billpayer	-66
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	Total Congressional Earmarks	-
66		
90,791	5. FY 2000 Appropriated Amount	
	6. FY 2000 Rescission	-
1,745		
	7. Functional Transfers - In	-0-
	<u>To Reflect Congressional Intent</u>	
	a. Washington Square Renovation	500

February

2000

C. Reconciliation of Increases & Decreases: (con't)

	Total Functional Transfers - In	
	500	
	8. Other Transfers In	-0-
	9. Functional Transfers - Out	-

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0-			
	<u>To Reflect Congressional Intent</u>		
	a. Armed Forces Retirement Home	-5,000	
	Total Functional Transfers - Out		-
5,000			
	10. Other Functional Transfers - Out		-0-
	11. Price Growth		-
0-			
	12. Program Increases		-
0-			
	13. Program Decreases		-
0-			
	a. Reduced base closure requirements	-8,000	
	Total Program Decreases		-
8,000			
	14. Revised FY 2000 Estimate		76,480
	15. Price Changes		1,236

Exhibit

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February

2000

C. Reconciliation of Increases & Decreases: (con't)

16. Transfers - In		-0-
17. Transfers - Out		-0-
18. Program Increases		
a. Increase in privatization assistance grants to local communities	1,153	
Total Program Increases		1,153
19. Program Decreases		
a. One-time FY 2000 Costs		
(1) contracts	-28	
(2) CAAS	-2	
(3) equipment	-11	
(4) Fitzsimmons Army Hospital	-10,150	
(5) Pico Rivera	-2,030	
(6) Fort Ord Conversion Support	-5,075	
(7) San Diego Conversion Center	-5,075	
(8) Philadelphia Naval Shipyard	-7,612	
(9) Charleston Naval Shipyard	-7,613	
(10) Charleston Macalloy Site	-10,150	
(11) Community Retraining Initiative	-8,120	
(12) Washington Square Renovation	-508	

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C. Reconciliation of Increases & Decreases: (con't)

	Total One-time FY 2000 Costs	-56,374
	b. Annualization of FY 2000 program decreases	-0-
	c. Program Decreases in FY 2001	-0-
55,374	20. Total Program Decreases	-
	21. FY 2001 Budget Request	22,495

IV. Performance Criteria and Evaluation Summary:

The major decrease in demand for OEA grant funds will occur in FY 2000 because most BRAC communities will have completed their initial base reuse planning. With this reduction of funds, the distribution of OEA grant funds follows:

	FY 1999	FY 2000	FY 2001
<u>Estimate</u>	<u>Actuals</u>	<u>Estimate</u>	

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Base Closure Grants/Realignments	64	55	45
Defense Industry Impacts	5	5	5
Joint Land Use Studies	4	8	8
State Grants	3	3	3
Advance Planning	2	4	4
Privatization Grants	0	0	7

V. Personnel Summary:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Change</u> <u>FY 2000/FY 2001</u>
<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	38	39	39	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>				
US Direct Hire	38	39	39	0

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VI. OP 32 Line Items:

	FY 1999 <u>Actual</u>	Change <u>FY 1999/FY 2000</u>		FY 2000 <u>Estimate</u>	Change <u>FY 2000/FY 2001</u>		FY 2001 <u>Estimate</u>
		<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
101 Exec, Gen & Spec Schedules 3,684	3,372	146	25	3,543	141	0	
308 Travel of Persons 298	291	3	0	294	4	0	
673 Payments to DFAS 365	356	4	0	360	5	0	
912 SLUC (GSA Leases) 272	265	3	0	268	4	0	
914 Purchased Communications 120	117	1	0	118	2	0	
915 Rents 51	49	1	0	50	1	0	
920 Supplies & Materials 41	76	1	-37	40	1	0	
921 Printing & Reproduction 2	2	0	0	2	0	0	
922 Equipment Maintenance 16	7	0	9	16	0	0	
925 Equipment							

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(Non-fund)	0	0	55	55	1	-11
45						
933 Contract Studies and Analysis	100	2	-2	100	2	-2
100						
988 Grants	28,469	342	41,918	70,729	1,061	-55,180
16,610						
989 Other Contracts	<u>956</u>	<u>11</u>	<u>-62</u>	<u>905</u>	<u>14</u>	<u>-28</u>
<u>891</u>						
9999 Total	34,104	514	41,862	76,480	1,236	-55,221
22,495						