

Fiscal Year 2009 Budget Estimates
OFFICE OF ECONOMIC ADJUSTMENT



February 2008

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OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2009 Budget Estimates

Operation and Maintenance, Defense-Wide Summary (\$ in thousands)

Budget Activity (BA) 4: Administration and Service-Wide Activities

	FY 2007	Price	Program	FY 2008	Price	Program	FY 2009
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
OEA	117,377	2,250	49,068	168,695	3,388	-121,429	50,654

* The FY 2007 Actual column includes \$1,938.0 thousand of FY 2007 Global War on Terror Emergency Supplemental funds (PL 110-28).

* The FY 2008 Estimate column excludes FY 2008 GWOT funding.

I. Description of Operations Financed: The Office of Economic Adjustment is the Department of Defense's (DoD) primary source for assisting communities that are adversely impacted by Defense changes and the first responder locally to the Department's Base Realignment and Closure (BRAC) actions. The OEA's Director testified before the BRAC Commission that 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) and transformation initiatives as well. OEA must be able to capably assist 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 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 communities:

- (a) that are affected by base closures, realignments, and reductions in defense industry employment;

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I. Description of Operations Financed: (continued):

- (b) where expansion of the local military installation significantly increases the demand for public facilities and services; or
- (c) where community development and encroachment threatens the mission of an installation.

To aid impacted communities, OEA assists with economic and community development; land use planning; Federal real property programs; Military Department programs; worker adjustment; and community assessments of educational, housing, infrastructure and transportation needs caused by military growth. The OEA staff is experienced in these areas and has working knowledge of other Federal Agencies and their respective programs to help 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 Realignment."

The September 2005 Defense Base Closure and Realignment Commission "Report to the President", which became law November 9, 2005 included 22 major closures, 33 major downsizing realignments, at least 20 major expansions, and closure of 116 Reserve Component sites. Based upon field work to date with affected jurisdictions, OEA estimates awarding approximately 45 grants per year. 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 amount of community economic adjustment assistance gradually declines as the BRAC execution timeline draws to an end. However, this decline may vary depending on actual community needs.

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I. Description of Operations Financed: (continued):

The OEA funding will continue to assist earlier BRAC communities that require OEA funding to undertake specialized plans that facilitate the reuse of a former base. The OEA also administers a Joint Land Use Study (JLUS) program to encourage cooperative land use planning between military installations and the surrounding communities where civilian encroachment is likely to impair the operations of an installation. In these instances, OEA may provide technical and financial assistance to state and local governments to achieve compatible use and development activities and sustain adjacent Defense facilities and ranges.

II. Force Structure Summary: Not Applicable.

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III. Financial Summary (\$ in thousands)

	FY 2008						
	FY 2007 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>		<u>Appropriated</u>	Current <u>Estimate</u>	FY 2009 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>			
A. <u>Budget Activity (BA) 4</u>							
OEA Program	47,039	57,176	-781	-1.4	56,395	57,176	50,654
Congressionally Directed Projects							
Citizen Soldier Support Program	5,000						
Davids Island-Fort Slocum Remediation	9,000		8,000		8,000	8,000	
George AFB	2,400						
Delaware Valley Continuing Education for National Guard and Reserves	500		1,000		1,000	1,000	
Hunters Point Naval Shipyard	4,800		9,300		9,300	9,300	
Military Intelligence Service Historic Learning Center	1,000						
Institutional and Infrastructure Development Assistance for HSIs	2,300						
Norton AFB Infrastructure Improvements	6,400						
Norton AFB High Ground Water	1,000						
Multi Purpose Parade Field for Fort Benning	5,000						
Port of Philadelphia	1,000						
Northern Line Extension	4,000						
Intermodal Marine Facility - Port of Anchorage	10,000		11,000		11,000	11,000	
Arnold Heights Redevelopment	1,000						
Fort Wainwright Track Relocation Study	12,000						
Thorium/Magnesium Excavation - Blue Island	1,000		1,200		1,200	1,200	
Fort Belvoir Road Study	2,000						

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III. Financial Summary (\$ in thousands)

	FY 2007 <u>Actuals</u>	Budget <u>Request</u>	FY 2008				FY 2009 <u>Estimate</u>
			<u>Congressional Action</u>		<u>Current Estimate</u>		
			<u>Amount</u>	<u>Percent</u>			
A. <u>Budget Activity (BA) 4</u>							
Access to Joint Tanana Training Complex			44,200		44,200	44,200	
Charles E. Kelly Relocation Project			4,000		4,000	4,000	
Exhibit on Role of Arab/American in the Defense of Our Country			2,000		2,000	2,000	
Frankford Arsenal Environmental Assessment & Remediation			1,600		1,600	1,600	
Lake Erie/Toussaint River Remediation			1,000		1,000	1,000	
McClellan AFB			2,400		2,400	2,400	
Norton AFB			4,000		4,000	4,000	
Port of San Francisco Site			2,400		2,400	2,400	
Restoration of Naval Facility at Centreville Beach			3,000		3,000	3,000	
Spring Valley Remediation			3,200		3,200	3,200	
Stabilization/Repair at MOTBY			8,000		8,000	8,000	
Soldier Center at Patriot Park, Fort Benning			6,000		6,000	6,000	
Supplemental Funding							
USMA Highland Falls	1,500						
USAF Academy	438						
Total	117,377	57,176	111,519	+195.0	168,695	168,695	50,654

* The FY 2007 Actual column includes \$1,938.0 thousand of FY 2007 Global War on Terror Emergency Supplemental funds (PL 110-28).

* The FY 2008 Estimate column excludes \$X.0 thousand of FY 2008 GWOT funding.

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III. Financial Summary (\$ in thousands)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2008/FY 2008</u>	<u>Change</u> <u>FY 2008/FY 2009</u>
Baseline Funding	57,176	168,695
Congressional Adjustments (Distributed)	106,300	
Congressional Adjustments (Undistributed)	5,529	
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	-310	
Subtotal Appropriated Amount	168,695	
Fact-of-Life Changes (CY to CY Only)		
Subtotal Baseline Funding	168,695	
Anticipated Supplemental		
Reprogrammings		
Price Changes		3,388
Functional Transfers		
Program Changes		-121,429
Current Estimate	168,695	50,654
Less: Wartime Supplemental		
Normalized Current Estimate	168,695	50,654

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III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2008 President's Budget Request (Amended, if applicable)		57,176
1. Congressional Adjustments		
a. Distributed Adjustments		111,519
1) Access to Joint Tanana Training Complex	44,200	
2) Charles E. Kelly Relocation Project	4,000	
3) David's Island - Ft. Slocum Remediation	8,000	
4) Delaware Valley Continuing Education Initiative for National Guard and Reserve	1,000	
5) Exhibit on Role of Arab Americans in the Defense of Our Country	2,000	
6) Frankford Arsenal Environmental Assessment and Remediation	1,600	
7) Hunter's Point Naval Shipyard	9,300	
8) Intermodal Marine Facility - Port of Anchorage	11,000	
9) Lake Erie/Touissant River Remediation	1,000	
10) McClellan AFB Infrastructure Improvements	2,400	
11) Norton AFB - Infrastructure Improvements	4,000	
12) Port of San Francisco Site Investigation and Remedial Action	2,400	
13) Restoration of Naval Facility at Centreville Beach	3,000	
14) Spring valley Remediation	3,200	
15) Stabilization/Repair of the Ship Repair Facility at MOTBY	8,000	
16) Thorium/Magnesium Excavation - Blue Island	1,200	
b. Undistributed Adjustments		
1) Soldier Center at Patriot Park, Fort Benning	6,000	
2) Unobligated Balances	-471	
c. Adjustments to meet Congressional Intent		
d. General Provisions		

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
1) Sec 8097 - Contractor Efficiencies	-92	
2) Sec 8104 - Economic Assumptions	-193	
e. Congressional Earmarks - Indian Lands Environmental Impact	-25	
FY 2008 Appropriated Amount		168,695
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
FY 2008 Baseline Funding		168,695
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2008 Estimate		168,695
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations		
FY 2008 Normalized Current Estimate		168,695
6. Price Change		3,388
7. Functional Transfers		
8. Program Increases		445
a. Annualization of New FY 2008 Program		
b. One-Time FY 2009 Increases		
c. Program Growth in FY 2009		
1) Increase in contractor support for IT and administrative services	155	
2) Increased number of community summits and conferences related to growth and BRAC downsizing and closure	288	
3) Increase in Travel	2	
9. Program Decreases		-121,874
a. Annualization of FY 2008 Program Decreases		
b. One-Time FY 2008 Increases - one-time FY2008 Congressional Adjustments projects	-108,320	
c. Program Decreases in FY 2009		

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases

	<u>Amount</u>	<u>Totals</u>
1) Reduction in Personnel costs due to retirement of high grades	-25	
2) Adjustment to rent amount	-1	
3) Decrease in services purchased from other governmental entities	-299	
4) Decrease in Community Adjustment Assistance Grants	-13,229	
FY 2009 Budget Request		50,654

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IV. Performance Criteria and Evaluation Summary

OEA will assist communities impacted by BRAC 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 local capacity to plan and possibly 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.

In the case of an expansion action resulting in local growth, OEA will assist States and communities to focus on the capacity of the community to absorb an influx of personnel and any excessive demands on off-base community services and facilities.

The September 2005 Defense Base Closure and Realignment Commission "Report to the President", which became law November 9, 2005 included 22 major closures, 33 major downsizing realignments, at least 20 major expansions, and 116 Reserve Component closure sites. In FY 2007, OEA organized and executed staff visits to each of the affected communities adjacent to these impacted installations; assessed their needs and capabilities to adjust to the Defense program changes; and initiated the provision of technical and financial assistance as needed. In FY 2008 and FY 2009, OEA will continue to provide this critical assistance to affected communities, support the Defense Economic Adjustment Program, and carryout all Congressional reporting requirements in a timely manner.

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IV. Performance Criteria and Evaluation Summary

<u>Type of Project</u>	<u>Number of Projects</u>		
	<u>FY 2007 Actuals</u>	<u>FY 2008 Estimate</u>	<u>FY 2009 Estimate</u>
Base Closure/Realignment/Growth	55	50	45
Reserve Component Transformation	100	100	50
Joint Land Use Studies	45	45	40
State Grants	7	10	10
Defense Dependency/Industry Impact	3	4	4

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V. Personnel Summary

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Change FY 2007/ FY 2008</u>	<u>Change FY 2008/ FY 2009</u>
<u>Active Military End Strength (E/S) (Total)</u>					
Officer	3	3	3	-	-
Enlisted	-	-	-	-	-
<u>Civilian End Strength (Total)</u>					
U.S. Direct Hire	36	41	41	5	-
Total Direct Hire	36	41	41	5	-
<u>Active Military Average Strength (A/S) (Total)</u>					
Officer	3	3	3	-	-
Enlisted	-	-	-	-	-
 <u>Civilian FTEs (Total)</u>					
U.S. Direct Hire	36	41	41	5	-
Total Direct Hire	36	41	41	5	-
Average Annual Civilian Salary (\$ in thousands)	97	102	105	5	3

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

	Change from FY 2007 to FY 2008			FY 2008 Estimate	Change from FY 2008 to FY 2009			
	FY 2007 Actuals	Price Growth	Program Growth		Price Growth	Program Growth	FY 2009 Program	
<u>CIVILIAN</u>								
<u>PERSONNEL COMPENSATION</u>								
	Exec., General &							
101	Special Schedules	4,242	119	-162	4,199	122	-25	4,296
107	VSIP	-	-	-	-	-	-	-
199	Total Civilian Comp	4,242	119	-162	4,199	122	-25	4,296
<u>TRAVEL</u>								
308	Travel of Persons	436	8	550	994	20	2	1,016
399	Total Travel	436	8	550	994	20	2	1,016
<u>OTHER PURCHASES</u>								
673	DFAS Services	304	-15	67	356	-19	-	337
912	Rental Payment to GSA	458	11	-52	417	10	-1	426
914	Purchased Communication	84	2	116	202	4	-	206
920	Supplies & Materials	233	4	56	293	6	-	299
921	Printing/Reproduction	100	2	29	131	3	-	134
925	Equipment	273	5	-176	102	2	-	104
987	Other Intragovernmental Purchases	3,112	59	-78	3,093	62	-299	2,856
988	Grants	107,309	2,039	47,171	156,519	3,130	-121,549	38,100
989	Other Contracts	821	16	1,547	2,384	48	443	2,875
998	Other Costs	5	-	-	5	-	-	5
999	Total Other Purchases	112,699	2,123	48,680	163,502	3,246	-121,406	45,342
	TOTAL	117,377	2,250	49,068	168,695	3,388	-121,429	50,654

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