

Fiscal Year 2011 Budget Estimates Office of Economic Adjustment (OEA)



February 2010

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

(This page intentionally left blank.)

**OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates**

**Operation and Maintenance, Defense-Wide Summary (\$ in thousands)
Budget Activity (BA) #: Name**

	<u>FY 2009</u> <u>Actuals</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2010</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2011</u> <u>Estimate</u>
OEA	160,252	1,836	-36,412	125,676	1,764	-76,629	50,811

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. The OEA's Director testified under oath 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), Grow the Army (GTA), Grow the Force (GTF) and other 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 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) 2011 Budget Estimates

I. Description of Operations Financed (continued):

- (a) 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.

To aid impacted states and communities, the OEA will provide 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 will 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 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, for a total of 95 major installations, 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. Likewise, mission growth from BRAC 2005, GPDR, GTA, GTF, Guam military

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

I. Description of Operations Financed (continued):

build up and other transformation initiatives will continue to have significant impacts upon states and communities into the future.

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

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

The OEA estimates ongoing actions will result in a continuing need for approximately 100 grants per year, with the average grant being \$500,000. This estimate is based on field work assessments in project areas for communities impacted by downsizing and mission growth in affected jurisdictions for Federal and State funding requirements. In addition to technical and financial economic adjustment assistance, the OEA will provide for community and staff information technology and training, as well as host regional and national conferences for affected jurisdictions. The OEA funding will continue to assist earlier BRAC communities to undertake specialized plans to facilitate the redevelopment of a former base. These numbers may increase depending on additional Congressional requirements and responsibilities the OEA may be directed to assume.

II. Force Structure Summary: Not Applicable.

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

III. Financial Summary (\$ in thousands)

	FY 2010						
	FY 2009 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>		<u>Appropriated</u>	<u>Current Estimate</u>	FY 2011 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>			
A. BA Activity (4)							
Administration and Service-wide Activities	160,252	37,166	88,510	238.1	125,676	125,676	50,811
OFFICE OF ECONOMIC ADJUSTMENT							
Operations	11,652	12,266	-62	-0.5	12,204	12,204	13,311
Community Assistance Grants	37,820	24,900			24,900	24,900	37,500
Congressionally Directed Projects	110,780		88,572		88,572	88,572	
Restoration of Centerville Beach Naval Facility	6,400						
Former March AFB Building Demo	1,200						
Thorium/Magnesium Excavation	1,200				1,600		
Norton AFB	4,800				4,800		
McClellan AFB	2,400				800		
Hunters Point Naval Shipyard	9,300				9,000		
Frankford Arsenal Environmental Assessment and Remediation	1,600						
Delaware Valley Continuing Education Initiative for National Guard	800						
Phase II of Stabilization/Repair of MOTBY Ship Facility	6,800						
Supplier Network Training Program	480						
Joint Tanana Range Access	60,000						
Intermodal Marine Facility-Port of Anchorage	10,000						

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2011 Budget Estimates

III. Financial Summary (\$ in thousands)

	FY 2009 <u>Actuals</u>	Budget <u>Request</u>	FY 2010		<u>Appropriated</u>	<u>Current Estimate</u>	FY 2011 <u>Estimate</u>
			<u>Congressional Action</u>				
A. <u>BA Activity (4)</u>			<u>Amount</u>	<u>Percent</u>			
Soldier Center at Patriot Park, Fort Benning	4,800				4,000		
Military Intelligence Service Historic Learning Center	1,000				1,000		
Community Economic Assistance Grants-restore cut					7,000		
George AFB					1,000		
Almaden AFS Environmental Assessment and Remediation					3,200		
Naval Station Ingleside Redevelopment					1,000		
Phase I of Berth N-2 Reconstruction of MOTBY Ship Facility					3,600		
Caster Range Conservation Conveyance Study					300		
Drydock #1 Remediation and Disposal					3,000		
Eliminate Public Safety Hazards					1,072		
Remediation of Jet Fuel Contamination at Floyd Bennett Field					2,400		
Centerville Naval Housing Transfer					4,800		
Brigade Basing Remediation - Support to Public Entities					40,000		

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2011 Budget Estimates

III. Financial Summary (\$ in thousands)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2010/FY 2010</u>	<u>Change</u> <u>FY 2010/FY 2011</u>
Baseline Funding	37,166	125,676
Congressional Adjustments (Distributed)	83,572	
Congressional Adjustments (Undistributed)	5,000	
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	-62	
Subtotal Appropriated Amount	125,676	
Fact-of-Life Changes (CY to CY Only)		
Subtotal Baseline Funding	125,676	
Anticipated Supplemental		
Reprogrammings		
Price Changes		1,764
Functional Transfers		
Program Changes		-76,629
Current Estimate	125,676	50,811
Less: Wartime Supplemental		
Normalized Current Estimate	125,676	50,811

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
FY 2010 President's Budget Request (Amended, if applicable)		37,166
1. Congressional Adjustments		88,510
a. Distributed Adjustments		
Economic Assistance Grants	7,000	
Norton AFB	4,800	
George AFB	1,000	
McClellan AFB	800	
Thorium/Magnesium Excavation - Blue Island	1,600	
Almaden AFS Environmental Assessment and Remediation	3,200	
Naval Station Ingleside Redevelopment	1,000	
Phase I of Berth N-2 Reconstruction of MOTBY Ship Repair Fac	3,600	
Caster Range Conservation Conveyance Study	300	
Drydock #1 Remediation and Disposal	3,000	
Eliminate Public Safety Hazards	1,072	
Hunters Point Naval Shipyard Remediation	9,000	
Remediation of Jet Fuel Contamination at Floyd Bennett Field	2,400	
Centerville Naval Housing Transfer	4,800	
Brigade Basing Remediation-Support to Public Entities	40,000	
b. Undistributed Adjustments		
Soldier Center at Patriot Park, Fort Benning	4,000	
Military Intelligence Service Historic Learning Center	1,000	
c. Adjustments to meet Congressional Intent		
d. General Provisions		
1) Sec 8097 - Economic Assumptions	-46	

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2011 Budget Estimates

III. Financial Summary (\$ in thousands)

	Amount	Totals
C. Reconciliation of Increases and Decreases		
e. Congressional Earmarks - Sec 8037 Indian Lands Environmental Impact	-16	
FY 2010 Appropriated Amount		125,676
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
FY 2010 Baseline Funding		125,676
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2010 Estimate		125,676
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings, Iraq Freedom Fund Transfers		
FY 2010 Normalized Current Estimate		125,676
6. Price Change		1,764
7. Functional Transfers		
8. Program Increases		16,803
a. Annualization of New FY 2010 Program		
b. One-Time FY 2011 Increases		
c. Program Growth in FY 2011		
1) Anticipated retirement buy outs and potential recruitment costs	34	
2) Proprietary software upgrade	886	
3) Increased operations costs	4	
4) Increased community assistance and defense industry grants	15,879	
9. Program Decreases		-93,432
a. Annualization of FY 2010 Program Decreases		
1) Back out price growth of congressional projects	-4,922	
b. One-Time FY 2010 Increases		

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

III. Financial Summary (\$ in thousands)

	Amount	Totals
C. Reconciliation of Increases and Decreases		
c. Program Decreases in FY 2011		
1) Congressional projects	-88,510	
FY 2011 Budget Request		50,811

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

IV. Performance Criteria and Evaluation Summary

The OEA will assist communities impacted by the DoD with a multi-year program of support. In the case of a closure or downsizing realignment action, the 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, the OEA will execute program activities to plan and coordinate local, state and Federal economic adjustment and workforce response efforts.

In the case of an expansion action resulting in local growth, the 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.

The 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) 2011 Budget Estimates

IV. Performance Criteria and Evaluation Summary

The 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 2009 Actuals</u>	<u>FY 2010 Estimate</u>	<u>FY 2011 Estimate</u>
Base Closure/Realignment/Growth	100	100	100
Reserve Component Transformation	96	100	50
Compatible Use	41	60	60
State Grants	5	10	10
Defense Dependency/Industry Impact	3	5	10

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2011 Budget Estimates

<u>V. Personnel Summary</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	Change FY 2009/ FY 2010	Change FY 2010/ FY 2011
<u>Active Military End Strength (E/S)</u>	3	3	3	-	-
(Total)					
Officer	3	3	3	-	-
Enlisted	-	-	-	-	-
<u>Civilian End Strength (Total)</u>					
U.S. Direct Hire	38	41	41	3	-
Foreign National Direct Hire	-	-	-	-	-
Total Direct Hire	38	41	41	3	-
Foreign National Indirect Hire	-	-	-	-	-
<u>Active Military Average Strength (A/S)</u>					
(Total)					
Officer	3	3	3	-	-
Enlisted	-	-	-	-	-
 Civilian FTEs (Total)					
U.S. Direct Hire	34	41	41	7	-
Foreign National Direct Hire	-	-	-	-	-
Total Direct Hire	34	41	41	7	-
Foreign National Indirect Hire	-	-	-	-	-
Average Annual Civilian Salary (\$ in thousands)	110,794	97,732	99,829	-13,062	2,097

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

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

<u>OP 32 Line</u>	FY 2009 <u>Actuals</u>	Change FY 2009/FY 2010		FY 2010 <u>Estimate</u>	Change FY 2010/FY 2011		FY 2011 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	4,904	121	62	5,087	79	34	5,200
199 Total Civ Compensation	4,904	121	62	5,087	79	34	5,200
308 Travel of Persons	603	7	281	891	12	-26	877
399 Total Travel	603	7	281	891	12	-26	877
673 Def Fin & Accounting Svc	215	-1	131	345	1	-28	318
912 GSA Leases	606	15	48	669	9	0	678
914 Purch Communications	181	2	-60	123	2	0	125
920 Supplies/Matl (non fund)	354	4	2	360	5	1	366
921 Print & Reproduction	50	1	72	123	2	0	125
925 Eqt Purch (non fund)	0	0	102	102	1	1	104
987 Other IntraGovt Purch	1,436	16	-506	946	13	2	961
988 Grants	148,600	1,635	-36,825	113,410	1,589	-77,499	37,500
989 Other Contracts	3,302	36	281	3,619	51	886	4,556
998 Other Costs	1	0	0	1	0	0	1
999 Total Other Purchases	154,745	1,708	-36,755	119,698	1,672	-76,636	44,734
Total	160,252	1,836	-36,412	125,676	1,764	-76,629	50,811

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2011 Budget Estimates

(This page intentionally left blank.)