

**Fiscal Year 2016 Budget Estimates  
Office of Economic Adjustment (OEA)**



**February 2015**

(This page intentionally left blank)

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

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

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

	FY 2014 <u>Actual</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2015 <u>Enacted</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2016 <u>Estimate</u>
OEA	120,533	2,055	158,768	281,356	4,738	-175,482	110,612

\*OEA has no OCO.

**I. Description of Operations Financed:** The Office of Economic Adjustment (OEA) is responsible for assisting states and communities impacted by Defense changes, carries out programs and other efforts as directed by Secretary of Defense (SECDEF) and the President. The technical and financial assistance provided under OEA helps communities to plan and carry out local adjustment strategies; engage the private sector in ventures to plan and/or undertake economic development and base redevelopment; and, work with the Military Departments in support of their mission.

As the Executive Director for Economic Adjustment Committee (EAC), the OEA Director provides economic adjustment guidance and assistance, enabling impacted states and communities to: assess economic hardships caused by Department of Defense (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. OEA directs the Defense Economic Adjustment Program and coordinates the involvement of other Federal Agencies through the EAC under Executive Order 12788, as amended, on behalf of the SECDEF and Section 4004 of Public Law 101-510: "the Economic Adjustment Committee may not be terminated and the duties of the Committee may not be significantly altered unless specifically authorized by law."

OEA provides technical and financial assistance for eligible states and communities to plan and carry out economic and community development in response to local job loss and

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

**I. Description of Operations Financed (cont.)**

declines in economic activity, in response to Base Realignment and Closure (BRAC), Compatible Use and Defense Budget Reductions.

For BRAC, 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 identified 25 closures, 26 realignments, 44 expansions, for a total of 95 major installations, and the closure of 116 Reserve Component sites. 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 through base redevelopment will continue through 2018.

For Compatible Use, OEA is executing more than 75 projects to serve the needs of the Military Departments, DoD, and civilian communities. This Budget ensures OEA is postured to support the Department's future sustainability goals. The Military Departments nominate installations and ranges for this program based upon concerns over civilian encroachment. OEA then determines that identified encroachment is likely to impair continued operational utility of the installation/range prior to working with the local command and region. This program took on additional importance when the SECDEF requested OEA work with the Military Departments in the aftermath of the Naval Air Station Oceana crash, and assist where civilian development is present in established accident prevention zones to improve mission capabilities and Force readiness.

Additionally, \$33.1 million is requested in support of the Defense Industry Adjustment (DIA) program to enhance the OEA support of regional and community adjustment in areas affected by defense procurement reductions. This is the final increment for the overall

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

**I. Description of Operations Financed (cont.)**

2014-2018 FYDP DIA increase, totaling \$137.8 million. An example of this support is with the termination or reduction of defense contracts and projects funded in Colorado, Connecticut, Georgia, Massachusetts, Maryland, New Jersey, Ohio, Pennsylvania, Rhode Island, South Carolina, Virginia, and Washington. OEA must capably assist these states, regions, and communities with a multi-year program of support.

The Department's Asia-Pacific Rebalance strategy builds upon the DoD's longstanding reliance on the Territory of Guam (Guam) to host critical existing and enduring military installations and missions, as well as potential for any DoD growth. However, the deteriorating condition of Guam's water distribution and wastewater treatment and collection systems on which the DoD relies, jeopardizes Guam's ability to sustain existing and planned critical Defense activities. The requested funding will address civilian infrastructure deficiencies that impact the public health of DoD personnel and are beyond the financial capability of Guam to correct. Additionally, the request will provide safer, sustainable water resources and capacity critical not only for the more than 16,000 DoD personnel currently based on Guam and for future DoD growth, but also for current residents of the Territory and civilian population growth induced by the military realignment. These investments will be consistent with the Navy's Supplemental Environmental Impact Statement (SEIS).

In FY 2014, OEA was appropriated \$119.4 million (\$13 million for a Guam Public Health Laboratory capable of biosafety level 2/3 testing, and an initial investment of \$106.4 million for the Guam water and wastewater program) which is available until expended. OEA (in collaboration with the Department of Commerce (DOC), Department of Labor (DOL), Department of Health and Human Services (HHS), the Environmental Protection Agency (EPA), the Department of Interior (DOI), the Department of Justice (DOJ), and the Government of

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

**I. Description of Operations Financed (cont.)**

Guam (GovGuam) through the EAC, will begin planning efforts for each of these investments and other outside the fence needs in support of the Marine buildup.

U.S. EPA recently issued a National Pollution Discharge Elimination System (NPDES) permit requiring the NDWWTP to achieve secondary treatment. That plant is currently undergoing critical repair projects mandated by the U.S. District Court's Order for Preliminary Relief, and financed by GWA, that are needed to comply with GWA's former NPDES permit discharge limits.

The FY 2016 President's Budget requests an additional \$20 million, with authority to continue implementation of the Guam civilian water and wastewater infrastructure improvement program necessary to support the preferred alternative for the relocation of Marine Corps forces. The \$20M will supplement the \$106.4 continuing to fund the upgrade of the Northern District Wastewater Treatment Plant and to fund the Northern Guam Lens Aquifer monitoring system expansion and rehabilitation project as necessary to ensure protection of the sole source aquifer providing water to civilian and military populations in Northern Guam. Additionally this request will fund the initial stages of rehabilitation and refurbishment of the civilian wastewater collection system supporting Anderson Air Force Base and other existing and planned DoD facilities

DoD is requesting authority to implement the water and wastewater project funds through the OEA.

OEA is also carrying out a program to repair or replace (K-12) public schools on military bases prioritized by SECDEF as having the most serious deficiencies in capacity or facility condition. This \$945 million program directly benefits the children of our troops, and supports members of the Armed Forces and their families' morale and well-

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

**I. Description of Operations Financed (cont.)**

being. \$480,982,857 has been executed to date with another \$187,177,969 committed to projects in work.

OEA is carrying out a \$300 million program to improve access to medical facilities affected by BRAC 2005 mission growth. This program alleviates transportation challenges that improve access to medical care for wounded warriors, wounded warrior family members, and personnel serving wounded warriors, and directly supports member of the Armed Forces and their families' moral and well-being. \$290.13 million has been executed to date.

**II. Force Structure Summary:**

Not Applicable.

Office of Economic Adjustment  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2016 Budget Estimates

III. Financial Summary (\$ in thousands)

	FY 2014	Budget	FY 2015			Current	FY 2016
			Congressional Action				
<u>A. BA Subactivities</u>	<u>Actual</u>	<u>Request</u>	<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>	<u>Enacted</u>	<u>Estimate</u>
1. Operations	12,000	12,000	-12,000	-100.0	0	12,000	12,340
2. Community Investment	119,400	80,596	-80,596	-100.0	0	175,000	19,796
3. Community Assistance	85,188	94,391	-94,391	-100.0	0	94,356	78,476
<b>Total</b>	<b>216,588</b>	<b>186,987</b>	<b>-186,987</b>	<b>-100.0</b>	<b>0</b>	<b>281,356</b>	<b>110,612</b>

\*OEA has no OCO.



Office of Economic Adjustment  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2016 Budget Estimates

III. Financial Summary (\$ in thousands)

<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2015/FY 2015</u></b>	<b><u>FY 2015/FY 2016</u></b>
<b>Baseline Funding</b>	<b>186,987</b>	<b>281,356</b>
Congressional Adjustments (Distributed)	-80,596	
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	174,965	
<b>Subtotal Appropriated Amount</b>	<b>281,356</b>	
Fact-of-Life Changes (2015 to 2015 Only)		
<b>Subtotal Baseline Funding</b>	<b>281,356</b>	
Supplemental		
Reprogrammings		
Price Changes		4,738
Functional Transfers		
Program Changes		-175,482
<b>Current Estimate</b>	<b>281,356</b>	<b>110,612</b>
Less: Wartime Supplemental		
<b>Normalized Current Estimate</b>	<b>281,356</b>	

Office of Economic Adjustment  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2016 Budget Estimates

**III. Financial Summary (\$ in thousands)**

	<b>Amount</b>	<b>Totals</b>
<b>C. Reconciliation of Increases and Decreases</b>		
<b>FY 2015 President's Budget Request (Amended, if applicable)</b>		<b>186,987</b>
1. Congressional Adjustments		94,369
a. Distributed Adjustments		
1) Guam Civilian Water and Wastewater funding ahead of need	-80,596	
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
1) Sec 8017 (Public Schools) - Transfer funds to the Secretary of Education	175,000	
2) Sec 8035 (Indian Lands) (\$12M) - Various	-35	
<b>FY 2015 Appropriated Amount</b>		<b>281,356</b>
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
<b>FY 2015 Baseline Funding</b>		<b>281,356</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2015 Estimate</b>		<b>281,356</b>
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
<b>FY 2015 Normalized Current Estimate</b>		<b>281,356</b>
6. Price Change		4,738
7. Functional Transfers		
8. Program Increases		
a. Annualization of New FY 2015 Program		
b. One-Time FY 2016 Increases		
c. Program Growth in FY 2016		
9. Program Decreases		-175,482
a. Annualization of FY 2015 Program Decreases		
b. One-Time FY 2015 Increases		
1) Sec 8017 (Public Schools) - Transfer funds to the	-175,482	

Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates

III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
Secretary of Education		
One-time congressional add for the OEA to transfer funds to the Secretary of Education to address capacity and facility condition deficiencies at public schools on military bases. (FY 2015 Baseline: \$175,000 thousand; +0 FTEs)		
c. Program Decreases in FY 2016		
<b>FY 2016 Budget Request</b>		<b>110,612</b>

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

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

OEA assists communities impacted by the DoD with a multi-year program of support. In the case of a closure or downsizing realignment action, OEA assists 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 budget efficiencies. As the first responder for multiple communities, businesses and workers adversely affected by Defense industry cutbacks, OEA carries out program activities to plan and coordinate local, state and Federal economic adjustment and workforce response efforts.

OEA manages an effective Compatible Use Program capability to address instances of encroachment; meets the needs of the Military Departments, DoD and civilian communities; and support the Department's future sustainability goals.

OEA continues providing these critical areas of assistance to affected states and communities, supports the Defense Economic Adjustment program, and carries out all Congressional requirements in a timely manner.

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

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

Additionally, OEA will execute \$770 million to construct, renovate, repair, or expand elementary and secondary public schools located on military installations in order to address capacity or facility condition at such schools; and \$300 million provided in Section 8119 of Public Law 112-10 for transportation infrastructure improvements associated with medical facilities related to recommendations of the BRAC 2005 Commission.

Office of Economic Adjustment  
 Operation and Maintenance, Defense-Wide  
 Fiscal Year (FY) 2016 Budget Estimates

<b><u>V. Personnel Summary</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b>Change FY 2014/ FY 2015</b>	<b>Change FY 2015/ FY 2016</b>
<u>Active Military End Strength (E/S) (Total)</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>
Officer	3	3	3	0	0
<u>Civilian End Strength (Total)</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>0</u>	<u>0</u>
U.S. Direct Hire	38	38	38	0	0
Total Direct Hire	38	38	38	0	0
<u>Civilian FTEs (Total)</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>0</u>	<u>0</u>
U.S. Direct Hire	38	38	38	0	0
Total Direct Hire	38	38	38	0	0
Average Annual Civilian Salary (\$ in thousands)	108.4	163.2	163.2	54.8	0
 <u>Contractor FTEs (Total)</u>	 <u>5</u>	 <u>5</u>	 <u>5</u>	 <u>0</u>	 <u>0</u>

**Office of Economic Adjustment  
Operation and Maintenance, Defense-Wide  
Fiscal Year (FY) 2016 Budget Estimates**

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

<u>OP 32 Line</u>	<u>FY 2014</u> <u>Actual</u>	<u>Change</u> <u>FY 2014/FY 2015</u>		<u>FY 2015</u> <u>Enacted</u>	<u>Change</u> <u>FY 2015/FY 2016</u>		<u>FY 2016</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	4,121	41	788	4,950	61	-11	5,000
121 PCS Benefits	0	0	1,250	1,250	0	-50	1,200
<b>199 Total Civ Compensation</b>	<b>4,121</b>	<b>41</b>	<b>2,038</b>	<b>6,200</b>	<b>61</b>	<b>-61</b>	<b>6,200</b>
308 Travel of Persons	1,466	26	-892	600	10	-10	600
<b>399 Total Travel</b>	<b>1,466</b>	<b>26</b>	<b>-892</b>	<b>600</b>	<b>10</b>	<b>-10</b>	<b>600</b>
502 Army Fund Equipment	698	9	-707	0	0	0	0
507 GSA Managed Equipment	0	0	83	83	1	-84	0
<b>599 Total Equipment Purchases</b>	<b>698</b>	<b>9</b>	<b>-624</b>	<b>83</b>	<b>1</b>	<b>-84</b>	<b>0</b>
912 Rental Payments to GSA (SLUC)	0	0	800	800	14	-14	800
913 Purchased Utilities (Non-Fund)	0	0	150	150	3	-103	50
915 Rents (Non-GSA)	0	0	84	84	1	115	200
920 Supplies & Materials (Non-Fund)	48,543	874	-49,417	0	0	0	0
921 Printing & Reproduction	315	6	-276	45	1	-16	30
922 Equipment Maintenance By Contract	2,436	44	20	2,500	43	-199	2,344
923 Facilities Sust, Rest, & Mod by Contract	0	0	5	5	0	0	5
933 Studies, Analysis & Eval	125	2	-127	0	0	0	0
958 Other Costs (Investments and Loans)	4,382	0	-4,382	0	0	0	0
960 Other Costs (Interest and Dividends)	0	0	0	0	0	1	1
964 Other Costs (Subsistence and Support of Persons)	0	0	20	20	0	-15	5
987 Other Intra-Govt Purch	926	17	257	1,200	20	780	2,000
988 Grants	57,428	1,034	210,907	269,369	4,579	-175,676	98,272
989 Other Services	93	2	205	300	5	-200	105
<b>999 Total Other Purchases</b>	<b>114,248</b>	<b>1,979</b>	<b>158,246</b>	<b>274,473</b>	<b>4,666</b>	<b>-175,327</b>	<b>103,812</b>
<b>Total</b>	<b>120,533</b>	<b>2,055</b>	<b>158,768</b>	<b>281,356</b>	<b>4,738</b>	<b>-175,482</b>	<b>110,612</b>

\*OEA has no OCO.