

Fiscal Year (FY) 2019 President's Budget

Operation and Maintenance, Defense-Wide

Office of Economic Adjustment



February 2018

(This page intentionally left blank)

**Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget**

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

	FY 2017 <u>Actuals</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2018 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2019 <u>Estimate</u>
OEA	311,785	5,315	-259,260	57,840	965	11,230	70,035

The FY 2017 Actuals column includes \$251,188K of no-year obligations for program assistance activities.

I. Description of Operations Financed: The Office of Economic Adjustment (OEA) is responsible for assisting states and communities impacted by Defense changes, carrying out programs and other efforts as directed by the Secretary of Defense (SECDEF). 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 adjustment strategies or action plans. 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 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."

Program of Assistance:

OEA's Program of Assistance includes technical and financial assistance provided to eligible states and communities in response to Defense actions, including:

- Base Realignment and Closures (BRAC);

**Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget**

I. Description of Operations Financed (cont.)

- Base expansions;
- Encroachment of civilian communities on local missions;
- Budget reductions;
- Contract cancellations;

OEA assistance helps states and communities respond to:

- Defense triggered job loss;
- Reductions in economic activity;
- Tax base reductions;
- Needs for increased public services and facilities

Assistance can also help states and communities avoid civilian activities that may impair the operations of local installations.

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 on November 9, 2005, identified 25 closures, 26 realignments, 44 expansions, for a total of 95 major actions, 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 2019 due to the need of the Military Departments to dispose of excess property. OEA currently supports more than 21 BRAC 2005 communities with grant assistance, as well as 2 legacy BRAC communities.

**Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget**

I. Description of Operations Financed (cont.)

OEA's Compatible Use activities are designed to support DoD's installations by responding where civilian activity is likely to impair the continued operational utility of a military installation, including associated ranges, military training routes, special use airspace and military operations area. Technical and financial assistance is provided to State and local governments to plan and carry out specific actions to ensure civilian activities are compatible with vital training, testing, and other military operations. The program promotes and enhances civilian and military communication and collaboration, serves as a catalyst to sustain the military mission, and promotes public health, safety, quality of life, and economic viability of a region. OEA is executing more than 70 Compatible Use projects serving the needs of the Military Departments, DoD, and neighboring civilian communities. The Military Departments may nominate installations and ranges for this program based upon concerns over civilian encroachment, or State and local governments may request community planning assistance for studies to address civilian encroachment. OEA then determines whether the identified encroachment is likely to impair continued operational utility of the installation/range. This program took on additional importance when the SECDEF requested to assist where civilian development is present in established clear zones to improve mission capabilities and Force readiness. Community planning assistance also is provided to help prevent the siting of energy projects from adversely affecting DoD's test, training, and military operations.

OEA provides economic and community adjustment support in areas affected by defense procurement reductions. OEA's Procurement Reduction activities assist states, regions, and communities with a program of support designed to identify vulnerabilities to further reductions across DoD supply chains, prime state and local programs of assistance for rapid responses to local dislocations, retain and/or expand impacted worker skill sets, and leverage local clusters to expand business opportunities for impacted defense manufacturing firms at the local/regional level. These efforts are undertaken in close coordination with the Small Business Administration, Employment and Training Administration at the U.S. Department of Labor, and the Economic Development Administration and National Institute of Standards and Technology at the U.S. Department of Commerce.

**Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget**

I. Description of Operations Financed (cont.)

Public infrastructure assistance is a key component of the commitment and cooperation between the Department and the Commonwealth of the Northern Mariana Islands (CNMI). The Mariana Islands play a critical role in providing a platform to maintaining a significant forward presence in the Asia -Pacific region. However, CNMI's infrastructure is in a fragile state. The Department is requesting \$10.5 million to be executed by the Office of Economic Adjustment to improve public infrastructure on CNMI.

Operational Support Activities:

OEA headquarters enables mission execution by strategically managing priorities in support of the Department's goals and initiatives, and is comprised of a staff of 8 FTEs. Functions of the headquarters includes:

- Financial Management
- Human Capital Management
- Security
- Maintenance of Facilities and Equipment
- Strategic Management
- Logistical and Property Management
- Travel Management

Beginning in FY 2017, OEA began delayering its organizational structure in support of DoD initiatives resulting in a streamlined organization with optimal supervisory oversight. This reorganization includes the alignment of support functions under senior staff members to relieve supervisory responsibility and enhance supervisor to staff ratios. OEA met additional directed reductions through the execution of the Services Requirements Review Board, which identified savings in contractual support.

**Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget**

I. Description of Operations Financed (cont.)

OEA continues modernizing its IT infrastructure through upgrades of the Economic Adjustment Data System to streamline workflow processes and ensure Audit Readiness. Through this initiative, OEA is moving forward to Cloud Computing solutions as mandated by the DoD Chief Information Officer (CIO). The new infrastructure will provide an electronic interface between state and local governments and other Federal Agencies. This capability will lessen the need for paper media reproduction and allow for an increase in electronic media sharing.

II. Force Structure Summary:

Not Applicable.

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

A. BA Subactivities	FY 2018							FY 2019 Estimate
	FY 2017 Actuals	Budget Request	Congressional Action			Current Estimate		
			Amount	Percent	Appropriated			
OEA	311,785	57,840	0	0.0	0	57,840	70,035	
Total	311,785	57,840	0	0.0	0	57,840	70,035	

The FY 2017 Actuals column includes \$251,188K of no-year obligations for program assistance activities.

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2018/FY 2018</u>	<u>FY 2018/FY 2019</u>
Baseline Funding	57,840	57,840
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	57,840	
Fact-of-Life Changes (2018 to 2018 Only)		
Subtotal Baseline Funding	57,840	
Supplemental		
Reprogrammings		
Price Changes		965
Functional Transfers		164
Program Changes		11,066
Current Estimate	57,840	70,035
Less: Wartime Supplemental		
Normalized Current Estimate	57,840	

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

	<u>Amount</u>	<u>Totals</u>
C. <u>Reconciliation of Increases and Decreases</u>		
FY 2018 President's Budget Request (Amended, if applicable)		57,840
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2018 Appropriated Amount		57,840
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
FY 2018 Baseline Funding		57,840
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2018 Estimate		57,840
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2018 Normalized Current Estimate		57,840
6. Price Change		965
7. Functional Transfers		164
a. Transfers In		
1) DoD Audit Readiness	164	
Funding supports the DoD Consolidated Audit, from the start of the audit engagement until findings are fully remediated. (FY 2018 Baseline: \$6,003 thousand; +1 FTEs)		
8. Program Increases		11,066
a. Annualization of New FY 2018 Program		
b. One-Time FY 2019 Increases		
1) Commonwealth of Northern Mariana Islands	10,321	
Funding necessary for public infrastructure improvements.		

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
c. Program Growth in FY 2019		
1) Program Grants	575	
OEA is a first responder organizations which assists communities in addressing DoD related economic impacts. The Program of Assistance budget is based on known current requirements.		
2) Other Services	66	
Restructure of contractual needs for services not previously identified.		
3) Purchased Utilities (Non-Fund)	25	
Restructure of services provided by non-Federal sources.		
4) Additional Compensable Day	19	
Increase to account for additional compensable day (261) in FY 2019. (FY 2018 Baseline: \$6,003 thousand)		
5) Other Intra-Govt Services	18	
Enhanced Federal partnerships to meet mission goals.		
6) Rental Payments to GSA	14	
Restructure of costs from non-GSA service provider.		
7) Equipment Maintenance By Contract	11	
Restructure of costs provided by non-fed sources.		
8) Travel	9	
Funding determined by increased Program of Assistance as identified by need.		
9) Facilities Sust, Rest, & Mod By Contract	5	
Restructure of costs associated with facility sustainment and modernization.		
10) Other Costs (Subsistence of persons)	3	
Enhanced participating in subsistence provided to		

Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget

III. Financial Summary (\$ in thousands)

	<u>Amount</u>	<u>Totals</u>
C. <u>Reconciliation of Increases and Decreases</u>		
personnel through programs such as Mass Transit.		
9. Program Decreases		
a. Annualization of FY 2018 Program Decreases		
b. One-Time FY 2018 Increases		
c. Program Decreases in FY 2019		
FY 2019 Budget Request		70,035

Office of Economic Adjustment
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2019 President's Budget

IV. Performance Criteria and Evaluation Summary:

Not applicable.

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2019 President's Budget

<u>V. Personnel Summary</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change FY 2017/ FY 2018</u>	<u>Change FY 2018/ FY 2019</u>
<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>33</u>	<u>38</u>	<u>39</u>	<u>5</u>	<u>1</u>
U.S. Direct Hire	33	38	39	5	1
Total Direct Hire	33	38	39	5	1
Average Annual Civilian Salary (\$ in thousands)	155.0	158.0	159.4	3.0	1.4
 <u>Contractor FTEs (Total)</u>	 <u>11</u>	 <u>11</u>	 <u>11</u>	 <u>0</u>	 <u>0</u>

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2019 President's Budget

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

OP 32 Line	FY 2017	Change		FY 2018	Change		FY 2019
	<u>Actuals</u>	<u>FY 2017/FY 2018</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>FY 2018/FY 2019</u>	<u>Estimate</u>
101 Exec, Gen'l & Spec Scheds	5,115	100	788	6,003	31	183	6,217
199 Total Civ Compensation	5,115	100	788	6,003	31	183	6,217
308 Travel of Persons	346	6	148	500	9	9	518
399 Total Travel	346	6	148	500	9	9	518
912 Rental Payments to GSA (SLUC)	854	15	-69	800	14	14	828
913 Purchased Utilities (Non-Fund)	1,443	25	-68	1,400	25	25	1,450
921 Printing & Reproduction	0	0	30	30	1	0	31
922 Equipment Maintenance By Contract	947	16	-313	650	12	11	673
923 Facilities Sust, Rest, & Mod by Contract	92	2	146	240	4	5	249
933 Studies, Analysis & Eval	237	4	-241	0	0	0	0
960 Other Costs (Interest and Dividends)	0	0	3	3	0	0	3
964 Other Costs (Subsistence and Support of Persons)	0	0	200	200	4	3	207
987 Other Intra-Govt Purch	2,302	39	-1,341	1,000	18	18	1,036
988 Grants	297,089	5,051	-258,926	43,214	778	10,896	54,888
989 Other Services	3,360	57	-3,217	200	4	3	207
990 IT Contract Support Services	0	0	3,600	3,600	65	63	3,728
999 Total Other Purchases	306,324	5,209	-260,196	51,337	925	11,038	63,300
Total	311,785	5,315	-259,260	57,840	965	11,230	70,035

The FY 2017 Actuals column includes \$251,188K of no-year obligations for program assistance activities.