

# **Fiscal Year (FY) 2020 President's Budget**

## **Operation and Maintenance, Defense-Wide Office of Economic Adjustment**



**March 2019**

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

	FY 2018	Price	Program	FY 2019	Price	Program	FY 2020
	<u>Actuals</u>	<u>Change</u>	<u>Change</u>	<u>Enacted</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
OEA	253,762	4,489	71,283	329,534	6,466	-276,487	59,513

The FY 2018 Actuals column includes \$235 Million of no-year obligations for congressionally directed efforts for the DoD program for construction, renovation, repair or expansion of public schools located on military installations.

The FY 2019 Enacted column includes a funding increase of \$270 Million for congressionally directed efforts for the DoD program for construction, renovation, repair or expansion of public schools located on military installations. As noted in the public law, this funding is considered "available until expended".

**I. Description of Operations Financed:** The Office of Economic Adjustment (OEA) provides support to communities and states as they are essential to supporting the lethality and readiness of our installations, ranges, and supply chains. The Joint Force is built to be lethal through the weapons employed, the intelligence and surveillance systems used to target, and the supply system supporting the soldiers and equipment used to employ those systems at a state of high Readiness to deploy and fight. The OEA program of assistance provides support to communities and states to strengthen the economic and cybersecurity resilience of their supply chains to ensure that our defense industry can continue to supply the equipment and materials needed for our weapons and warfighters.

The OEA's core business lines support lethality and readiness, quality of life, and collaboration and alliance. The OEA leverages other Federal and state resources to support the Department and lessens the political cost of any Department effort that impacts states and communities by assisting states and communities impacted by Defense changes and carrying out programs and other efforts as directed by the Secretary of Defense (SECDEF) and in conformance with the National Defense Strategy. The technical and financial assistance provided by OEA helps communities to plan and carry out local adjustment strategies.

As the Executive Director for Economic Adjustment Committee (EAC), the OEA Director also provides guidance and assistance by leveraging other Federal agency expertise to enable the Components and 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

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

preparation and implementation of adjustment strategies or action plans. The OEA also 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:

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

- Mission Growth;
- Compatible use and responding to instances of encroachment of civilian communities on military missions;
- Industry resilience;
- Budget reductions;
- Contract cancellations;
- Base closures and realignments

The OEA's assistance helps states and communities respond to:

- Defense job losses;
- Reductions in defense economic activity;
- Tax base reductions;
- Mission needs for increased public services and infrastructure

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

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

The OEA's Compatible Use activities are designed to respond to civilian activity that is impairing the operational utility of a military installation, range, military training route, special use airspace, and/or 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 represents the only DoD source of technical and financial resources for civilian efforts to optimize the local mission - support lethality and enhance the military value/resilience of our assets. The OEA is supporting 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 and energy siting project concerns.

Efforts under this program often deliver dividends for the Department, including: State of Texas and City of Wichita Falls leveraged OEA's \$292.5K to invest \$5M for property acquisition and traffic upgrades to the Main Gate - a priority and critical to the Shepherd AFB's overall force security; State of South Dakota established the Ellsworth Development Authority and leveraged OEA's \$700K to invest \$23M for wastewater treatment plant for the City of Box Elder and Ellsworth AFB, saving the Air Force \$8M, and lowering their annual operation and maintenance costs; Commonwealth of Virginia and City of Hampton leveraged OEA's \$200K to invest \$8.77M for property acquisition (with an additional \$1.4M in FY 2019) to acquire properties located in the Clear and Accident Potential Zones around Langley AFB.

The OEA's Industry Resilience activities assist states, regions, and communities with a program of support designed to overcome the loss of Defense contract activity as well as to help strengthen the economic and cyber resiliency of their supply chains, delivering competitiveness and innovation for the Department. The OEA assistance helps state and local entities identify vulnerabilities to further reductions across DoD

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

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. The OEA assistance represents the only source of technical and financial resources for civilian efforts to help strengthen defense supply chains at the state and local 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.

Efforts under this program deliver technology and innovation that often results in better improving the combat credibility of our warfighter, including: building a composite materials skill-based workforce to support the Hill AFB Air Logistics Center and its F-35 program support mission; developing and deploying a software solution in Kansas for additive manufacturing rapid prototyping to aid in the production and assembly of current and future weapon systems (initial estimates are showing upwards of a 200% improvement in assembly time for apprentice workers, and 3D printed tooling 80% less expensive for mid-sized tools and 9-10x less expensive for larger tools); and, reverse engineering an electrical Brush Block for the Blackhawk helicopter, currently being made overseas, reducing cost and lead time to the Army and bringing manufacturing jobs back into the US.

For base closures and realignments (BRAC), the OEA's activities support 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 due to the continued need of the Military Departments to dispose of excess property.

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

Operational Support Activities:

The OEA headquarters enables mission execution by strategically managing priorities in support of the Department's goals and initiatives. Functions of the headquarters includes:

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

The OEA finalized organizational restructuring to comply with all DoD management and organizational initiatives resulting in a streamlined organization with optimal supervisory oversight. This reorganization included 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.

The 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, the 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. Additionally, the upgrades will support OEA audit readiness efforts.

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II. Force Structure Summary:

Not Applicable.



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III. Financial Summary (\$ in thousands)

A. BA Subactivities	FY 2019						
	FY 2018 <u>Actuals</u>	Budget <u>Request</u>	<u>Congressional Action</u>			Current <u>Enacted</u>	FY 2020 <u>Estimate</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>		
OEA	253,762	70,035	259,499	370.5	329,534	329,534	59,513
<b>Total</b>	<b>253,762</b>	<b>70,035</b>	<b>259,499</b>	<b>370.5</b>	<b>329,534</b>	<b>329,534</b>	<b>59,513</b>

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III. Financial Summary (\$ in thousands)

<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2019/FY 2019</u></b>	<b><u>FY 2019/FY 2020</u></b>
<b>Baseline Funding</b>	<b>70,035</b>	<b>329,534</b>
Congressional Adjustments (Distributed)	-10,321	
Congressional Adjustments (Undistributed)	-180	
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	270,000	
<b>Subtotal Appropriated Amount</b>	<b>329,534</b>	
Fact-of-Life Changes (2019 to 2019 Only)		
<b>Subtotal Baseline Funding</b>	<b>329,534</b>	
Supplemental		
Reprogrammings		
Price Changes		6,466
Functional Transfers		
Program Changes		-276,487
<b>Current Estimate</b>	<b>329,534</b>	<b>59,513</b>
Less: Wartime Supplemental		
<b>Normalized Current Estimate</b>	<b>329,534</b>	

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

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<b>FY 2019 President's Budget Request (Amended, if applicable)</b>		<b>70,035</b>
1. Congressional Adjustments		259,499
a. Distributed Adjustments		
1) Infrastructure improvements program decrease	-10,321	
b. Undistributed Adjustments		
1) Historical Underexecution	-180	
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
1) Section 8128 (Public Schools on Mil Installations)	270,000	
Funds were appropriated as no-year.		
<b>FY 2019 Appropriated Amount</b>		<b>329,534</b>
2. War-Related and Disaster Supplemental Appropriations		
3. Fact-of-Life Changes		
<b>FY 2019 Baseline Funding</b>		<b>329,534</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2019 Estimate</b>		<b>329,534</b>
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
<b>FY 2019 Normalized Current Estimate</b>		<b>329,534</b>
6. Price Change		6,466
7. Functional Transfers		
8. Program Increases		12,664
a. Annualization of New FY 2019 Program		
b. One-Time FY 2020 Increases		
c. Program Growth in FY 2020		
1) Grants	12,642	
Grant funding is increased as a result of the anticipated adjustment to state and local government funds for cost sharing on program grants when the DoD		

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

<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
expands its presence across communities. (FY 2019 Baseline: \$314,071 thousand)		
2) Compensation and Benefits - One Additional Compensable Day One additional compensable day that is added for FY 2020. The number of compensable days changes from 261 in FY 2019 to 262 in FY 2020. (FY 2019 Baseline: \$6,217 thousand)	22	
9. Program Decreases		-289,151
a. Annualization of FY 2019 Program Decreases		
b. One-Time FY 2019 Increases		
1) Section 8128 (Public Schools on Mil Installations) Removal of FY 2019 one-time add for Section 8128 (Public Schools on Mil Installations); funds were appropriated as No-Year. (FY 2019 Baseline: \$270,000 thousand)	-275,400	
2) Commonwealth of Northern Mariana Islands Removal of one-time add for funding necessary to support public infrastructure improvements. (FY 2019 Baseline: \$10,321 thousand)	-10,527	
c. Program Decreases in FY 2020		
1) Purchased Utilities Reduction in purchased utilities to properly align with actual requirements. (FY 2019 Baseline: \$1,450 thousand)	-1,439	
2) Other Services Funding decreased to accommodate price changes for services provided by non federal sources. (FY 2019 Baseline: \$4,047 thousand)	-1,125	

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
3) Executive, General and Special Schedules Reduction of 2 FTEs as a result of department-wide management reform efforts to streamline DoD processes. (FY 2019 Baseline: \$6,217 thousand)	-387	
4) Other Intra-Government Purchases Funding reallocated within budget to accommodate previously unfunded requirements. (FY 2019 Baseline: \$1,036 thousand)	-157	
5) Equipment Maintenance By Contract Funding decrease to align with anticipated service requirement changes. (FY 2019 Baseline: \$673 thousand)	-36	
6) Travel of Persons Reallocation of funds to reflect anticipated travel requirements. (FY 2019 Baseline: \$518 thousand)	-28	
7) Rental Payments to GSA Funding decrease to accommodate price changes for services provided by non federal sources. (FY 2019 Baseline: \$828 thousand)	-24	
8) Operations and Maintenance of Facilities Funding decreased to align with anticipated maintenance requirements. (FY 2019 Baseline: \$249 thousand)	-14	
9) Studies, Analysis and Evaluations Reallocation of budgeted funds to more accurately reflect anticipated expenditures. (FY 2019 Baseline: \$207 thousand)	-11	
10) Printing & Reproduction Inflation rate providing reduction in expendable	-2	

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III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
funding. (FY 2019 Baseline: \$31 thousand)		
11) Subsistence and Support of Persons	-1	
Funding reduction due to decreased participation in Mass Transit program. (FY 2019 Baseline: \$207 thousand)		
<b>FY 2020 Budget Request</b>		<b>59,513</b>

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IV. Performance Criteria and Evaluation Summary:

Not applicable.

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<b>V. <u>Personnel Summary</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>Change FY 2018/ FY 2019</u></b>	<b><u>Change FY 2019/ FY 2020</u></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>39</u>	<u>37</u>	<u>1</u>	<u>-2</u>
U.S. Direct Hire	38	39	37	1	-2
Total Direct Hire	38	39	37	1	-2
<u>Civilian FTEs (Total)</u>	<u>38</u>	<u>39</u>	<u>37</u>	<u>1</u>	<u>-2</u>
U.S. Direct Hire	38	39	37	1	-2
Total Direct Hire	38	39	37	1	-2
Average Annual Civilian Salary (\$ in thousands)	159.7	159.4	157.6	-0.3	-1.8
 <u>Contractor FTEs (Total)</u>	 <u>11</u>	 <u>11</u>	 <u>11</u>	 <u>0</u>	 <u>0</u>



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

<u>OP 32 Line</u>	<u>FY 2018</u>	<u>Change</u>		<u>FY 2019</u>	<u>Change</u>		<u>FY 2020</u>
		<u>Actuals</u>	<u>Price</u>		<u>Program</u>	<u>FY 2019/FY 2020</u>	
101 Exec, Gen'l & Spec Scheds	6,047	31	139	6,217	0	-387	5,830
107 Voluntary Sep Incentives	20	0	-20	0	0	0	0
<b>199 Total Civ Compensation</b>	<b>6,067</b>	<b>31</b>	<b>119</b>	<b>6,217</b>	<b>0</b>	<b>-387</b>	<b>5,830</b>
308 Travel of Persons	518	9	-9	518	10	-28	500
<b>399 Total Travel</b>	<b>518</b>	<b>9</b>	<b>-9</b>	<b>518</b>	<b>10</b>	<b>-28</b>	<b>500</b>
417 Local Purch Supplies & Mat	316	6	-6	316	6	-322	0
<b>499 Total Supplies &amp; Materials</b>	<b>316</b>	<b>6</b>	<b>-6</b>	<b>316</b>	<b>6</b>	<b>-322</b>	<b>0</b>
912 Rental Payments to GSA (SLUC)	606	11	211	828	17	-24	821
913 Purchased Utilities (Non-Fund)	2,829	51	-1,430	1,450	29	-1,439	40
921 Printing & Reproduction	0	0	31	31	1	-2	30
922 Equipment Maintenance By Contract	910	16	-253	673	13	-36	650
923 Facilities Sust, Rest, & Mod by Contract	0	0	249	249	5	-14	240
933 Studies, Analysis & Eval	180	3	24	207	4	-11	200
960 Other Costs (Interest and Dividends)	3	0	0	3	0	0	3
964 Other Costs (Subsistence and Support of Persons)	0	0	207	207	4	-1	210
987 Other Intra-Govt Purch	1,038	19	-21	1,036	21	-157	900
988 Grants	237,009	4,266	72,796	314,071	6,281	-273,263	47,089
989 Other Services	4,286	77	-635	3,728	75	-803	3,000
<b>999 Total Other Purchases</b>	<b>246,861</b>	<b>4,443</b>	<b>71,179</b>	<b>322,483</b>	<b>6,450</b>	<b>-275,750</b>	<b>53,183</b>
<b>Total</b>	<b>253,762</b>	<b>4,489</b>	<b>71,283</b>	<b>329,534</b>	<b>6,466</b>	<b>-276,487</b>	<b>59,513</b>

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