

Fiscal Year (FY) 2005 Budget Estimates

Office of Economic Adjustment (OEA)



February 2004

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates Submission
 Budget Activity 4: Administration and Service-Wide Activities

APPROPRIATION HIGHLIGHTS

Summary:

The Office of Economic Adjustment (OEA) continues to prepare for the next round of BRAC by hiring five additional people in both FY 2004 and FY 2005. It is projected that this level of end strength will be required through FY 2012. OEA Project Managers continue active support and oversight of base closure communities that have completed base reuse planning and are moving into implementation, even if OEA grant assistance has ended.

(\$ in Millions)

FY 2003 <u>Actual</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2004 <u>Estimate</u>	Price <u>Growth</u>	Program <u>Growth</u>	FY 2005 <u>Estimate</u>
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Appropriation Summary:

Budget Activity 4

O&M, Defense-wide

OEA	41.819	0.630	17.786	60.235	0.869	-16.348	44.756
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Narrative Explanation of Changes:

FY 2003 to FY 2004

The program reflects price increases and Congressional adds to include: George AFB (\$3,400,000), Norton AFB (\$3,400,000), Bayonne Military Ocean Terminal (\$4,200,000), Cecil Field (\$1,200,000), Charles Melvin Price Support Center (1,000,000),

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APPROPRIATION HIGHLIGHTS

Narrative Explanation of Changes (Cont.):

CCAT (\$4,500,000), March Joint Powers Authority Arnold Heights Reuse Project (\$1,000,000), Hunters Point Naval Shipyard (\$2,200,000), Asbestos Removal at Eaker AFB (\$250,000) UCHSC DCH Fitzsimons Medical Center (\$6,000,000), Hangar Renovation at Griffis AFB (\$500,000), McClellan AFB Remediation (\$4,900,000), Port of Anchorage Intermodal Marine Facility Project (\$5,000,000), Environmental Study of the former NIKE Missile Site (\$250,000), David's Island Fort Slocum Remediation (\$1,500,000), Fibers Cleanup at Fort Royal (\$6,000,000), and Knollwood Special Care Unit (\$1,500,000).

FY 2004 to FY 2005

The program reflects price increases and funds to support the OEA requirement to support BRAC offset by the absence of one-time Congressional additions.

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates Submission
 Summary of Increases and Decreases
 (Dollars in Thousands)

Appropriation: Operation and Maintenance, Defense-Wide

1	FY 2004 President's Budget Request		14,105
2.	Congressional Adjustments (Distributed)		
	a. George AFB	3,400	
	b. Norton AFB	3,400	
	c. Bayonne Military Ocean Terminal	4,200	
	d. Cecil Field	1,200	
	e. Charles Melvin Price Support Center	1,000	
	f. CCAT (Connecticut Consortium)	4,500	
	g. March Joint Powers Authority	1,000	
	h. Hunters Point NSY	2,200	
	i. Asbestos Removal at Eaker AFB	250	
	j. UCHSC-DCH Fitzsimmons Medical Center	6,000	
	k. Hangar Renovation at Griffis AFB	500	
	l. McClellan AFB Remediation	4,900	
	m. Port of Anchorage Marine Facility	5,000	
	n. Environmental Study NIKE Missile Site	250	
	o. David's Island Fort Slocum Remediation	1,500	
	p. Fibers Cleanup at Front Royal	6,000	
	q. Knollwood Special Care Unit	1,500	
	Total Congressional Adjustments (Distributed)		46,800

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Summary of Increases and Decreases
(Dollars in Thousands)

3. Congressional Adjustments (General Provisions)		
a. Section 8094, Prorate Professional Support Services	-342	
b. Section 8126, Prorate Management Efficiencies	-291	
Total Congressional Adjustments (General Provisions)		-633
4. Congressional Earmarks		
a. Section 8044 Prorate Indian Lands Environmental Impact	-37	
Total Congressional Earmarks		-37
5. FY 2004 Appropriated Amount		60,235
6. Price Growth		869
7. Program Increases		
a. Increase in personnel program for upcoming BRAC	509	
b. Increase in travel program for upcoming BRAC	173	
c. BRAC Grants	33,000	
Total Program Increases		33,682
8. Program Decreases		
1. Loss of the following Congressional Increases		
a. George AFB	-3,444	
b. Norton AFB	-3,444	
c. Bayonne Military Ocean Terminal	-4,255	
d. Cecil Field	-1,216	
e. Charles Melvin Price Support Center	-1,013	

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Summary of Increases and Decreases
(Dollars in Thousands)

f. CCAT (Connecticut Consortium)	-4,559	
g. March Joint Powers Authority	-1,013	
h. Hunters Point NSY	-2,229	
i. Asbestos Removal at Eaker AFB	-253	
j. UCHSC-DCH Fitzsimmons Medical Center	-6,078	
k. Hangar Renovation at Griffis AFB	-507	
l. McClellan AFB Remediation	-4,964	
m. Port of Anchorage Marine Facility	-5,065	
n. Environmental Study NIKE Missile Site	-253	
o. David's Island Fort Slocum Remediation	-1,520	
p. Fibers Cleanup at Front Royal	-6,078	
q. Knollwood Special Care Unit	-1,520	
2. Decrease in operational and equipment costs	-2,622	
Total Program Decreases		-50,030
9. FY 2005 Budget Request		44,756

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Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates Submission
Manpower Changes in Full-Time Equivalent End Strength
 FY 2003 through FY 2005

	<u>US Direct Hire</u>	<u>Foreign National</u>		<u>Total</u>
		<u>Direct Hire</u>	<u>Indirect Hire</u>	
1. FY 2003 FTE	28	-	-	28
Changes	-	-	-	-
2. FY 2004 FTE	36	-	-	36
Changes	8	-	-	8
3. FY 2005 FTE	41	-	-	41
Changes	5	-	-	5
4. Summary: O&M, Defense-Wide				
FY 2003				
O&M Total	28	-	-	28
Direct Funded	28	-	-	28
Reimbursable Funded	-	-	-	-
FY 2004				
O&M Total	36	-	-	36
Direct Funded	36	-	-	36
Reimbursable Funded	-	-	-	-
FY 2005				
O&M Total	41	-	-	41
Direct Funded	41	-	-	41
Reimbursable Funded	-	-	-	-

Office of Economic Adjustment
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates

PERSONNEL SUMMARY

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	Change FY 2004/ FY 2005
<u>Active Military End Strength (Total)</u>				
Officer	3	3	3	0
Enlisted	0	0	0	0
 <u>Civilian End Strength (Total)</u>				
US Direct Hire	29	40	47	7
 <u>Active Military Average Strength (A/S) (Total)</u>				
Officer	3	3	3	0
Enlisted	0	0	0	0
 <u>Civilian FTEs (Total)</u>				
US Direct Hire	28	36	41	5

OFFICE OF ECONOMIC ADJUSTMENT
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates Submission
 Summary of Price and Program Changes - FY 2004
 (Dollars in Thousands)

<u>Direct</u>	<u>FY 2003</u>	<u>Price Growth</u>	<u>Program</u>	<u>FY 2004</u>
	<u>Actuals</u>	<u>Percent</u>	<u>Growth</u>	<u>Program</u>
			<u>Amount</u>	
<u>Civilian Personnel Compensation</u>				
101 Ex., Gen. & Special Schedules	2,819	.04148	116	932 3,867
106 Benefits to Former Employees	50		0	-20 30
199 Total Civ Personnel Comp	2,869		116	912 3,897
<u>Travel</u>				
308 Travel of Persons	113	1.3	1	86 200
399 Total Travel	113		1	86 200
<u>Transportation</u>				
771 Commercial Transportation	56	1.3	0	-56 0
799 Total Transportation	56		0	-56 0
<u>Other Purchases</u>				
673 Payments to DFAS	106	14.2	15	21 142
912 SLUC (GSA Leases)	269	1.7	4	65 338
914 Purchased Communications	85	1.3	1	14 100
915 Rents	69	1.3	0	2 71
920 Supplies & Materials	95	1.3	1	4 100
921 Printing and Reproduction	0	1.3	0	10 10
925 Equipment (Non-Fund)	33	1.3	0	-13 20
932 Management & Professional Services	66	1.3	0	10 76
934 Engineering and Technical Services	1,058	1.3	13	113 1,184
987 Other Intra-Governmental Purchases	30,227	1.3	392	15,201 45,820
988 Grants	6,718	1.3	87	1,405 8,210
989 Other Contracts	53	1.3	0	13 66
998 Other Costs	2	1.3	0	-1 1
999 Total Other Purchases	38,781		513	16,844 56,138
9999 Total Direct	41,819		630	17,786 60,235
<u>Reimbursable</u>				
308 Travel of Persons	4	1.3	0	1 5
989 Other Contracts	566	1.3	7	-328 245
9999 Total Reimbursable	570		7	-327 250

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 Summary of Price and Program Changes - FY 2005
 (Dollars in Thousands)

<u>Direct</u>	<u>FY 2004</u> <u>Estimates</u>	<u>Price Growth</u> <u>Percent</u>	<u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Program</u>
<u>Civilian Personnel Compensation</u>					
101 Ex., Gen. & Special Schedules	3,867	.02207	85	539	4,491
106 Benefits to Former Employees	30		0	-30	0
199 Total Civ Personnel Comp	3,897		85	509	4,491
<u>Travel</u>					
308 Travel of Persons	200	1.4	2	173	375
399 Total Travel	200		2	173	375
<u>Transportation</u>					
771 Commercial Transportation	0	1.4	0	0	0
799 Total Transportation	0		0	0	0
<u>Other Purchases</u>					
673 Payments to DFAS	142	2.43	3	20	165
912 SLUC (GSA Leases)	338	1.5	5	-2	341
914 Purchased Communications	100	1.4	1	9	110
915 Rents	71	1.4	0	2	73
920 Supplies & Materials	100	1.4	1	-1	100
921 Printing and Reproduction	10	1.4	0	0	10
925 Equipment (Non-Fund)	20	1.4	0	5	25
932 Management & Professional Services	76	1.4	1	3	80
934 Engineering and Technical Services	1,184	1.4	16	5	1,205
987 Other Intra-Governmental Purchases	45,820	1.4	641	-45,161	1,300
988 Grants	8,210	1.4	114	28,086	36,410
989 Other Contracts	66	1.4	0	4	70
998 Other Costs	1	1.4	0	0	1
999 Total Other Purchases	56,138		782	-17,030	39,890
9999 Total Direct	60,235		869	-16,348	44,756
<u>Reimbursable</u>					
308 Travel of Persons	5	1.3	0	0	5
989 Other Contracts	245	1.3	3	-3	245
9999 Total Reimbursable	250		3	-3	250

OFFICE OF ECONOMIC ADJUSTMENT
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates Submission
Budget Activity 4: Administration and Service-Wide Activities

I. Description of Operations Financed:

The Office of Economic Adjustment (OEA) provides technical and financial assistance to communities: (a) that are affected by base closures, realignments, and reductions in defense industry employment; (b) where the local economy is heavily dependent on defense expenditures; (c) where expansion of the local military installation significantly increases the demand for public facilities and services; or (d) when community development and encroachment threatens the mission of an installation.

The Office of Economic Adjustment FY 2005 funding will be used to continue assistance to earlier BRAC communities and those affected by other changes in DoD programs. Some communities will continue to require OEA funding to undertake specialized plans to facilitate the reuse of the base. In addition, OEA will work with military installations and their surrounding communities to prevent further community development from encroaching on base operational effectiveness. In anticipation of BRAC FY 2005, many communities are expected to analyze their dependence on their local military installation and possible ways to diversify to assuage the impact of a possible closure. Studies to evaluate program usefulness and to enhance the efficiency of financial and IT management systems will continue in FY 2005.

The FY 2001 Defense Authorization Act amended the Base Closure and Realignment Act of 1990 to allow for an additional round of base realignments and closures (BRAC) starting in 2005. It is anticipated that OEA will increase personnel by five in FY 2005, in addition to the increase of five in FY 2004, totaling ten new personnel from FY 2005 through FY 2012. Based on OEA's experience with four previous rounds of BRAC, we estimate the OEA requirement to support BRAC, including additional direct staff and grant funds, will increase by \$33 million in FY 2005. This number may increase further depending on the actual recommendation and additional requirements and responsibilities that OEA may be directed to assume. These projected requirements will continue through at least FY 2012.

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 Budget Activity 4: Administration and Service-Wide Activities

I. Description of Operations Financed: (continued)

OEA may support the Under Secretary of Defense (Policy), EUCOM/Joint Staff, and NATO for international defense restructuring and reforms; threat reduction; and enhanced relationships with Partner Nations.

II. Financial Summary (O&M: \$ in Thousands):

		<u>FY 2004</u>			
		<u>FY 2003 Budget</u>			
Current	FY 2005				
<u>Estimate</u>	<u>Activity Group:</u>	<u>Actuals</u>	<u>Request</u>	<u>Appropriated</u>	<u>Estimate</u>
	Office of Economic Adjustment	41,819	14,105	60,235	60,235
44,756					
	<u>B. Reconciliation Summary:</u>				
				Change	Change
				<u>FY 2004/FY 2004</u>	<u>FY 2004/FY 2005</u>
	1. Baseline Funding			14,105	
60,235					
	a. Congressional Adj. (Dist.)			46,800	-0-
	b. Congressional Adj. (Undist.)			-0-	-0-
	c. Congressional Adj. (Gen. Prov.)			-633	-0-
	d. Congressional Earmarks			-37	
-0-					
	2. Appropriated Amount (Subtotal)			60,235	

OEA

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	-0-	
869	3. Price Change	-0-
	4. Program Change	-0-
	5. Current Estimate	60,235
		-16,348
		44,756

II. Financial Summary (O&M: \$ in Thousands): (continued)

C. Reconciliation of Increases & Decreases:

	FY 2004 President's Budget Request	14,105
1.	Congressional Adjustments	
a.	Distributed Adjustments	
1.	George AFB	3,400
2.	Norton AFB	3,400
3.	Bayonne Military Ocean Terminal	4,200
4.	Cecil Field	1,200
5.	Charles Melvin Price Support Center	1,000
6.	CCAT (Connecticut Consortium)	4,500
7.	March Joint Powers Authority	1,000
8.	Hunters Point NSY	2,200
9.	Asbestos Removal at Eaker AFB	250
10.	UCHSC-DCH Fitzsimmons Medical Center	6,000
11.	Hangar Renovation at Griffis AFB	500
12.	McClellan AFB Remediation	4,900
13.	Port of Anchorage Marine Facility	5,000
14.	Environmental Study NIKE Missile Site	250

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15. David's Island Fort Slocum Remediation	1,500	
16. Fibers Cleanup at Front Royal	6,000	
17. Knollwood Special Care Unit	1,500	
Total Congressional Adjustments (Distributed)		

46,800

b. General Provisions		
1. Section 8094 Prorate Professional Support Services	-342	
2. Section 8126 Prorate Management Efficiencies	-291	
Total General Congressional Adjustments (General Provisions)		-633

II. Financial Summary (O&M: \$ in Thousands): (continued)

c. Congressional Earmarks		
1. Section 8044 Prorate Indian Lands Environmental Impact	-37	
Total Congressional Adjustments (Earmarks)		-37

FY 2004 Appropriated Amount		60,235
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2. Price Change		869
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3. Program Increases		
a. One-Time FY 2005 Increases		
1. Addition of resources for OEA based on anticipated requirements associated with legislation authorizing another round of base realignments and closures.	33,000	
b. Program Growth		
1. Increase in personnel program for upcoming BRAC	509	
2. Increase in travel program		

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Budget Activity 4: Administration and Service-Wide Activities

173

Total Program Increases

33,682

4. Program Decreases

a. Loss of the following one-time Congressional increases

1. George AFB	-3,444
2. Norton AFB	-3,444
3. Bayonne Military Ocean Terminal	-4,255
4. Cecil Field	-1,216
5. Charles Melvin Price Support Center	-1,013
6. CCAT (Connecticut Consortium)	-4,559
7. March Joint Powers Authority	-1,013
8. Hunters Point NSY	-2,229
9. Asbestos Removal at Eaker AFB	-253

II. Financial Summary (O&M: \$ in Thousands): (continued)

10. UCHSC-DCH Fitzsimmons Medical Center	-6,078
11. Hangar Renovation at Griffis AFB	-507
12. McClellan AFB Remediation	-4,964
13. Port of Anchorage Marine Facility	-5,065
14. Environmental Study NIKE Missile Site	-253
15. David's Island Fort Slocum Remediation	-1,520
16. Fibers Cleanup at Front Royal	-6,078
17. Knollwood Special Care Unit	-1,520
b. Decrease in operational costs of OEA basic program	-2,622

Total Program Decreases

-50,030

FY 2005 Budget Request

44,756

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III. Performance Criteria and Evaluation Summary:

Demand for OEA grant funds will remain fairly stable in FY's 2004 and 2005. The distribution of OEA grant funds is as follows:

	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Estimate</u>	<u>FY 2005</u> <u>Estimate</u>
Base Closure Grants/Realignments	40	35	65
Defense Industry Impacts	2	2	2
Joint Land Use Studies	25	25	25
State Grants	4	2	2
Advance Planning	2	10	12

IV. Personnel Summary:

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Change</u> <u>FY 2004/2005</u>
<u>Active Military End Strength (E/S) (Total)</u>				
Officer	3	3	0	0
Enlisted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	3	3	0	0
<u>Civilian End Strength (Total)</u>				

0

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US Direct Hire	29	40	47	7
<u>Military Average Strength (CA/s) (Total)</u>				
Officer	3	3	3	0
Enlisted	$\frac{0}{3}$	$\frac{0}{3}$	$\frac{0}{3}$	$\frac{0}{0}$
Total	$\frac{3}{3}$	$\frac{3}{3}$	$\frac{3}{3}$	$\frac{0}{0}$
<u>Civilian FTES (Total)</u>				
US Direct Hire	28	36	41	5

V. OP 32 Line Items:

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Direct	FY 2003 Actuals	Price Growth	Program Growth	FY 2004 Program	Price Growth	Program Growth	FY 2005 Program
<u>Civilian Personnel Compensation</u>							
101 Ex., Gen. & Special Schedules	2,819	116	932	3,867	85	539	4,491
106 Benefits to Former Employees	50	0	-20	30	0	-30	0
199 Total Civ Personnel Comp	2,869	116	932	3,897	85	509	4,491
<u>Travel</u>							
308 Travel of Persons	113	1	86	200	2	173	375
399 Total Travel	113	1	86	200	2	173	375
<u>Transportation</u>							
771 Commercial Transportation	56	0	-56	0	0	0	0
799 Total Transportation	56	0	-56	0	0	0	0
<u>Other Purchases</u>							
673 Payments to DFAS	106	15	21	142	3	20	165
912 SLUC (GSA Leases)	269	4	65	338	5	-2	341
914 Purchased Communications	85	1	14	100	1	9	110
915 Rents	69	0	2	71	0	2	73
920 Supplies & Materials	95	1	4	100	1	-1	100
921 Printing and Reproduction	0	0	10	10	0	0	10
925 Equipment (Non-Fund)	33	0	-13	20	0	5	25
932 Management & Professional Services	66	0	10	76	1	3	80
934 Engineering and Technical Services	1,058	13	113	1,184	16	5	1,205
987 Other Intra-Governmental Purchases	30,227	392	15,201	45,820	641	-45,161	1,300
988 Grants	6,718	87	1,405	8,210	114	28,086	36,410
989 Other Contracts	53	0	13	66	0	4	70
998 Other Costs	2	0	-1	1	0	0	1
999 Total Other Purchases	38,781	513	16,844	56,138	782	-17,030	39,890
9999 Total Direct	41,819	630	17,786	60,235	869	-16,348	44,756