ECONOMIC ADJUSTMENT TECHNICAL BULLETIN 1

COMMUNITY REACTION GUIDE 2005 Military Base Closure Recommendations

Office of Economic Adjustment
Department of Defense

By May 15, 2005, the Secretary of Defense will announce recommended military base closures and realignments. This action will follow the establishment of criteria for selection of bases and the submission of a force structure plan to Congress as required by the 1990 Base Realignment and Closure Act (P.L. 101-510), as amended. A six-year implementation period will begin in 2006 if Congress fails to override the base closure and realignment (BRAC) recommendations of the Defense Base Closure and Realignment Commission that are forwarded by the President.

SHOCK

The first reaction in most communities affected by a recommended base closure or realignment is disbelief and denial. A military base often enjoys center stage in a community economy and social structure. The prospect of closure suddenly spells the end to a lengthy, symbiotic relationship. Community leaders are at a loss.

NOT IN MY BACK YARD

The next reaction is to form a "fight the closure" committee (if one is not already in place) to lobby with the Defense Base Closure and Realignment Commission, the President, and the Congress. Understandably, each committee will assert that their base is the cornerstone of the community economy; that it is one of the most important in the country with military attributes worthy of saving, *at the expense of another base, elsewhere*. While this activity is a rational reaction and essential politically, reality intrudes. Defense transformation and efficiencies will not stay on target, if more bases are not closed. Since 1987, Defense personnel were reduced 36%. However, bases were only reduced by 21% during the previous 4 rounds of BRAC. Still fewer bases are needed to train and maintain a modern military force.

The "fight the closure" window of opportunity is small. Before September 15 the Commission must review the Secretary's recommendations and determine if they are in accord with the force level plan and selection criteria. The Commission may change the list if it feels that the Secretary deviated substantially from the plan and criteria, but it also must provide rationale, based on the plan and criteria, to explain the changes. After September the President must accept or reject the Commission's recommendations entirely. If he rejects the recommendations, the Commission can submit a revised list to the President in October, but any changes must adhere to the force structure plan and selection criteria. If the President forwards the recommendations to Congress, it is again an all or nothing proposition.

WHAT SHOULD WE DO NOW?

In September it will be more certain which bases are to be closed and realigned. However wise community officials should begin contingency reuse planning as soon as possible, even before then. Level heads should prevail. Panic need not reign. No closure will happen immediately. There is sufficient time for sound planning. As

Begin Contingency Planning

soon as possible after May 15, community leaders need to begin thinking about how to and who should address the potential closure impacts. Even if there is an overt effort to fight the closure, some energy should be devoted to a parallel effort to plan for closure and civilian base reuse. An existing organization can be tasked with preliminary assessments of impacts and base redevelopment potential. Often facilities at a closing base open new economic development doors, as there are assets, like an airfield or a port facility, previously not available for local economic development purposes. Experience shows, however, that a special purpose planning and coordination organization needs to be established early that includes representatives from affected jurisdictions, organizations, and individuals (the major stakeholders). These include political leaders from the jurisdictions in which the base lies, potential public and private sector users of the

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base property, homeless providers and other non-profit education and health institutions, business leaders, native American representatives as appropriate, and other interested organizations or individuals.

Contact should be made with the DoD Office of Economic Adjustment (OEA) to seek advice and support for local economic adjustment efforts. Community leaders should also talk with their counterparts in other communities that have survived a base closure. Community points of contact and links to closed base websites are available on the OEA web site (www.oea.gov). Visits might be made to see what is possible, learn how to avoid mistakes, and receive encouragement. Conversion from military use to civilian use is highly probable. This preparatory period is an opportunity for introspection and analysis of community goals and economic development possibilities.

DEFINE THE PROBLEM

Military bases are unique micro economies. Understanding how they work is important for assessing the potential impacts of closure. Each will be different. However, generally speaking, military families tend to be taxed elsewhere, and they spend a major proportion of their salaries on military bases at the exchange, commissary, and recreational facilities. Not much of this spending enters a local or regional economy.

The installation job structure is also unique. There are four job classes: military, DoD civilian, non-appropriated fund (NAF) civilian, and contractor personnel. The military personnel usually leave the area when the base closes. Thus, they have no negative effect on local unemployment. Spouses and other dependents of military personnel often hold DoD civilian and NAF jobs on the base, as well as jobs elsewhere in the community. These people also leave when the base closes, reducing the number of displaced workers and increasing job vacancies in the community. DoD civilian employees have a safety net. A DoD-wide job placement system provides new DoD job opportunities on a priority basis. Special separation incentives may also be available. These measures help to reduce the total number of displaced workers when the base actually closes.

Certain installations, like shipyards, maintenance depots, or research facilities have a high percentage of civilian and contractor personnel. Adjustment efforts will need to address job replacements strategies as a priority.

The residential pattern of military personnel living off base will indicate the impact on the local housing market when they depart. The DoD Homeowner's Assistance Program (HAP) that reduces the losses to military personnel forced to sell in a sagging housing market, can also help to keep these houses off the local market until they can be absorbed. But, the number of off-base housing units will likely be added to the local market as soon as they can be sold by the Army Corps of Engineers, which is responsible for the HAP.

A review of the local base procurement pattern over a five-year period will reveal the local businesses that may be affected by curtailed construction, maintenance, support, and supply purchases from the base. In some cases, business with the base may be the sole reason for a firm to exist.

Schools will also be affected. School-age military dependents will leave. This will reduce the student population in area school districts. A careful evaluation of the military personnel residence pattern and the schools serving them will tell which districts and school buildings will be most affected. Federal Impact Aid to Schools program should also be evaluated. A hold-harmless provision may provide a financial cushion for school districts that will lose this aid.

If the base closure is several years away, all the above cited impact patterns may change, as some military personnel now at the base will likely be reassigned and normal civilian job attrition will occur before closure. But, a review of current data will give an idea of the likely effects when closure activity begins.

The base closures and realignments recommended by the Secretary of Defense include relocation of military functions to other installations. Sometimes the personnel data accom-

panying the announcement shows an influx of people and jobs to those "receiving" communities. However, leaders should be aware of other management and budget initiatives that may occur at receiving bases, canceling out "apparent" increases.

HELP IS AVAILABLE

This brief overview offers some interim guidance for communities likely to be affected by base closures. Where serious economic impacts are expected from a base closure or realignment, comprehensive guidance and economic adjustment planning assistance is available from the DoD Office of Economic Adjustment (OEA). When the BRAC list is known, OEA will assign a project manager to work with the community. Elected officials at the local, state or Congressional levels should request assistance. Contingency planning assistance and organizational seed funding will be available before Congress acts on the BRAC recommendations. OEA can be reached on (703) 604-6020. Often a closure affects multiple jurisdictions, and a collective request is appropriate. An effective adjustment organization must at least include representation from the jurisdictions in which the closing installation lies. The BRAC law and DoD policy require the formation of a single local redevelopment authority (LRA) for Federal interaction and assistance.

Seek Assistance

Peer assistance is offered by the National Association of Installation Developers (NAID), an organization of owners and operators of former military bases and other interested groups or individuals. The NAID sponsors annual conferences for information exchange and peer networking. For information visit the NAID web site (www.naid.org).

KEY DATES IN 2005

May 15	Proposed DoD Base Closure & Realignment List Publicized
July 15	GAO Reports on Base Selection Process
September 1	Defense Base Closure & Realignment Commission Recommendations to the President
September 15	President Approves or Disapproves If Approved, Sends to Congress If Disapproved, Sends back to the Commission
October 1	Deadline for Commission to Submit New Recommendations to President
October 15	Deadline for President to Act on Revised Commission Recommendations--Disapproval means no Closures or Realignments
Acceptance	The deadline for Congress to disapprove is 45 legislative days (not counting periods when Congress is in recess for more than 3 days) after recommendations are transmitted by the President, but not later than the end of the first session of Congress. Failure to act constitutes acceptance.