

BRAC 2005 Economic Impact Joint Process Action Team

Meeting Minutes of June 4, 2004

The second meeting with JPAT on the BRAC 05 Economic Impact Analysis (EIA) took place on June 4, 2004 at the Pentagon. Mr. Mike McAndrew chaired the meeting.

The main items on the agenda were the Task Plan and the Draft Methodology Report 1.

The Task Plan needs to address scheduling changes to advance the production date for the IT tool. The goal is to start using the tool by a late August timeframe.

The Draft Methodology Report 1 requires more discussion. A summary of the major discussion points and decisions are below. JPAT's decisions on other issues are addressed in the attached document entitled "Decisions Needed from JPAT 6."

Data Set for Bases: The JPAT agreed to use the list of bases from the first BRAC 2005 data call. The Navy representative stated that he would provide a consolidated list of installations within two (2) weeks.

On-Base Contractors (Ref. Decision Rule 1: On-Base Contractors): A major part of the meeting was devoted to determining a methodology for measuring economic impact of on-base contractors. Questions and issues included:

- Determining which on-base contractors should be included for counting job losses: e.g. a plumbing contractor for whom the base may be the main customer. Should this be counted as a job loss or as part of the induced economic impact in the economic area?
- Avoiding double-counting economic impact of contractors: i.e. counting their job changes as both direct and indirect job losses.
- Determining contractor categories as mission or non-mission jobs; how is mission defined?
- Whether to measure contractors as FTEs or the dollar value of contracts.

For the BRAC95 process, on-base contractors were measured in FTEs. The group agreed to revisit this question at the next JPAT meeting. Whichever methodology is chosen, detailed clear decision rules will be required.

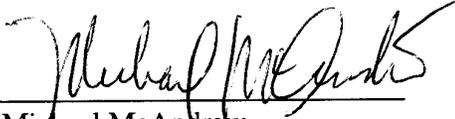
Economic Areas (Ref. Decision Rule 2: Assigning Bases to Economic Areas): The JPAT agreed to use Metropolitan Statistical Areas (MSAs) for assigning base communities to economic areas. The process will be consistent with the BRAC95 process. The first step is to map and assign bases to defined MSAs. The Group agreed to revisit bases that fall outside of MSAs after this initial mapping. Draft detailed steps and guidelines are provided in the attached document "Decision Rule 2: Assigning Bases to Economic Areas."

Other Decision and Issues: See the attached document entitled "Decisions Needed from JPAT 6" for decisions and actions.

Next Steps:

- Task Plan: Advance the IT development and deployment schedule for the tool implementation by late August.
- OSD-BRAC to provide the list of military bases within 2 weeks of the meeting – i.e., June 21
- OSD-BRAC to arrange for file transfer/export from COBRA for the IT tool to run scenarios.
- Booz Allen to review and provide feedback on Navy’s CNA Report entitled “Economic Area Profiles for DON BRAC-95 Regions of Influence.”
- Internal Control Plan (ICP): Booz Allen will develop and circulate ICP.
- JPAT will determine the methodology for measuring economic impact of on-base contractors.

Approved: _____


Michael McAndrew
Deputy Director, BRAC
Chairman, Economic Impact JPAT

Attachments:

1. List of Attendees
2. Decision Needed from JPAT 6
3. Decision Rule 1: On-Base Contractors
4. Decision Rule 2: Assigning Bases to Economic Areas

**Meeting 2: BRAC 2005 Economic Impact JPAT
June 4, 2004, Pentagon**

Attendees

JPAT Members:

- Mr. Michael McAndrew, Deputy Director, OSD-BRAC / Chairman
- Navy: Jack Leather
- Air Force: Roy Murray

Other(s):

- OSD-BRAC: Alex Yellin
- OSD-BRAC: David Asiello
- DoDIG: Lisa Such

Booz Allen Hamilton:

- Mike Berger: Project Manager
- Veena Murthy: IT Team
- Roger Ramia: IT Team
- Young-Min Shim: Project Management
- Dave Wilson: Economics Team

Decisions Needed from JPAT 6

1. Will the key measures be:
 - a. Direct and indirect job losses (absolute number) - **Yes**
 - b. Direct and indirect job losses as a percent of local employment? - **Yes**

Decision: Yes to Both

2. How will DoD measure direct job losses?
 - a. Military personnel - **OK**
 - b. Military trainees – **OK. Need definition and decision rules on different categories (by activity) of trainees (e.g. are they PCS or not?)**
 - c. Civilian government employees – **OK.**
 - d. On-base contractors (Need decision rule for counting): **Requires further discussion.**

TBD - No Decision

3. How will DoD measure indirect job losses?
 - a. Indirect jobs via multiplier methodology - **Yes**
 - b. Base purchases via related methodology - **Yes**

Decision: Yes to Both

4. Is it acceptable to use a statistical model to develop multipliers as was done in BRAC 95?

Decision: Yes. Be sure that sample sizes are big enough for statistical significance.

5. Is it acceptable to try to develop unique multipliers for bases that are more likely to have a disproportionate number of highly paid staff, based on the principal base mission?
 - a. Industrial
 - b. Technical
 - c. Others?

Decision: Develop two sets of multipliers with decision rules for the categorization.
- High for more highly paid staff.
- Low for all others

6. Will the statistical model be based on runs from:
 - a. RIMS II (Commerce Department) OR
 - b. IMPLAN

Decision: Use IMPLAN for its wide availability and flexibility pending approval by the Independent Panel.

7. What geographic area will be used to calculate local employment? (Need decision rule for assigning installations to economic areas)

Decision: Assign bases to metropolitan Division and MSAs. Then review others. See Decision Rule 1.

8. What economic data series or statistics will be added for context?
- a. Total population - **Yes**
 - b. Total employment - **Yes**
 - c. Unemployment rate - **Yes**
 - d. Per-capita income - **Yes**
 - e. Other? – **TBD**

Decision: All of the above. For others, consider at the upcoming JPAT meeting.

9. The economic impact tool will require a set of standard base or activity names to link to economic areas and to make sure that users are referring to the correct installations. Is this feasible? When would such a list be available?

Decision: Use the list of bases from the Data Call 1. This list is due to Booz Allen in 2 weeks, i.e. June 21, 2004.

10. The economic impact tool is proposed to upload scenario data from another information system, such as COBRA. When will the specifications of the relevant portions of those tools be available so that we can program the tool accordingly?

Decision: Arrange file export from COBRA into the IT Tool. User rules will be developed to determine, for example, who is allowed access to the tool and who is allowed to run scenarios. Utmost attention will be paid to ensure security.

Decision Rule 1: On-Base Contractors

Count

1. Contractor employees who work full time on base (within the fence line) and whose principal duty station is the base.
2. Contractor employees performing work in direct support of the base's military mission.
3. Contractor personnel performing support functions if they are assigned to the base on a full time basis.
4. Annual estimate on a full time equivalent basis.

Do Not Count

1. Contractor employees who provide services for base operating support and who are on base only occasionally or periodically. For example, do not count contractor personnel who provide services for grounds keeping, solid waste disposal, and other functions for which the base is one of their many customers. (The economic impact for these employees is captured under the method for estimating base purchases.)
2. Contractor employees, who provide goods and services to the base, but are located off the base.

No decision from the June 4th meeting. See discussion summary in the minutes.

Decision Rule 2: Assigning Bases to Economic Areas

1. The BRAC 2005 economic area should include the residences of the majority of the military personnel and civilian employees at the activity or base.

Decision: Yes

2. In general, if a base is located in a Metropolitan Statistical Area that consists of subordinate Metropolitan Divisions, then the BRAC 2005 economic area is defined as the Metropolitan Division in which it is located. (This is consistent with BRAC 95, when DoD used Primary Metropolitan Statistical Areas, which have migrated to Metropolitan Divisions.)

Decision: Yes

3. In general, if a base is located in a Metropolitan Statistical Area without subordinate Metropolitan Divisions, then the MSA is the BRAC 2005 economic area.

Decision: Yes

4. If a base is located outside of an MSA, then there are at least three options. JPAT 6 would have to determine which best meets BRAC 2005 requirements:
 - a. DoD can use the Micropolitan Statistical Areas published by OMB as the BRAC 2005 economic area, if appropriate.
 - b. DoD can use the Military Housing Area definitions to determine the BRAC 2005 economic area.
 - c. DoD can use the groupings of non-MSA counties used for bases in BRAC 1995 that are located outside of MSAs.

Decision: Map and assign bases to defined MSAs. Then review bases that fall outside of MSAs.

5. With adequate justification based on observed local economic factors, the Military Services may propose exceptions to these rules for assigning installations to economic areas. JPAT 6 will consider such exceptions on a case by cases basis. JPAT 6 shall document in writing those exceptions granted and the rationale.

We propose to use current MSA definitions, which is consistent with OMB guidance.

Decision: Yes