

BRAC 2005 Economic Impact Joint Process Action Team

Meeting Minutes of October 21, 2004

The 11th meeting of JPAT 6 on the BRAC 05 Economic Impact Analysis (EIA) took place on October 21, 2004. Mr. Mike McAndrew chaired the meeting. The list of attendees is attached.

The main items on the agenda were to provide the JPAT with an update on the timetable for launching the Economic Impact Tool (EIT) beta version, provide the status on developing the EIT multipliers, and provide a sample of the top industries in various regions of influence. The attached briefing slides were used to summarize and promote discussion.

Economic Impact Tool (EIT): The EIT team is on schedule to start the internal (Booz Allen) testing starting on October 26, 2004. The Chairman asked Booz Allen to arrange a demonstration of the tool, in it's current configuration, at the next JPAT meeting scheduled for October 28, 2004. The formal user acceptance testing is scheduled to begin on November 8, 2004, when the authorized JPAT 6 members are provided access to the EIT so that they can access and test the tool from their respective locations.

Update on Multipliers: The economic team has obtained all of the economic data necessary for developing the three multipliers for each economic region of influence (ROI) for military, civilian/contractors and students. The only exception is data associated with Guam and Puerto Rico. Booz Allen representatives provided the JPAT with an option to use national averages for these two ROIs if data necessary to develop acceptable multipliers cannot be obtained in a sufficient time to build into the EIT. The Booz Allen economic experts noted that using national average multipliers will likely overstate the economic impact for these two locations. The JPAT members concurred with this approach recognizing the potential for overstating the economic impact in those two ROIs..

The Booz Allen economic team indicated that while developing the student multipliers, they noticed salary information and specific military occupations codes (MOC) missing from the data obtained from the Defense Management Data Center. As the economic team reviews how to deal with the missing data, the JPAT members also asked them to explore developing two sets of student multipliers; one for boot camp enlistees and one for the other military trainees to recognize the difference in salary levels between student officers and enlisted trainees at boot camps. The economic team indicated they will closely analyze the different pay scales for military trainees, conduct sensitivity tests using a range of potential multipliers, and recommend the multipliers that most closely measure the two types of trainee salaries.

ROI Designation for Naval Surface Warfare Center, Dahlgren Division: NSWC Dahlgren is located in the King George County in Virginia. Because its base personnel live and commute from multiple adjacent counties (King George, Westmoreland and Stafford counties in VA, and some from the Charles County in MD), the economic team sought the JPAT’s guidance for establishing NSWC Dahlgren’s ROI designation. Booz Allen indicated that preponderance (45 percent) of the King George County’s total employment is linked to Dahlgren, JPAT 6 members decided to designate the King George as a single county ROI for the base.

Top Employment Industries: For the purposes of providing broader economic context for the BRAC 2005 economic impact analysis, the economic team sought to list top industries in terms of employment for each ROI. The most reliable source for this data is from the Bureau of Economic Analysis through the Regional Economic Information System (REIS) database, which provides an estimate of annual employment by industry for each economic area. However, the employment by industry is not always complete due to disclosure issues; the database does not report employment data for industries that include only a “few” firms (e.g., a single large manufacturing plant) within an area to prevent the disclosure of business-sensitive information. In addition, the REIS database has incomplete reporting and missing data (e.g., it does not list employers with less than 10 employees). As a result, listing the top industries based on this incomplete database would be misleading, and potentially raise questions about the validity of the economic impact analysis tool. Because this information would be of little analytical value and the challenges for obtaining consistent, accurate information, the JPAT members agreed not to provide the top industry information in the BRAC 05 economic impact analysis document.

Contractor Data Call: At the request of JPAT members, the contractor data call will list examples of contractor functions to be included in the data call.

Engaging DoD Inspector General: Booz Allen expressed the need to engage the DoD Inspector General (DoDIG) and the General Accountability Office (GAO) as the JPAT finalizes the methodology for the economic impact analysis and prepares to launch the associated IT tool. The DoDIG and GAO representatives emphasized the importance of documenting the assumptions and rationale for the entire development process of the methodology. For example, it is crucial that data used for the model come from authoritative, auditable sources such as from COBRA and the economic data from the Department of Commerce. The DoDIG representative indicated that once the EIT becomes functional, they will designate functional experts to examine and audit the model and its underlying assumptions and data sources.

Next Steps/Actions:

- Booz Allen to arrange EIT demonstration for JPAT 6 on October 28th, 2004

- OSD BRAC Office and Services to provide names for the EIT User Acceptance Testing
- Booz Allen to draft the BRAC 2005 Policy Memo for JPAT's review

Approved:



Michael McAndrew
Deputy Director, BRAC
Chairman, Economic Impact JPAT

Attachments:

1. List of Attendees
2. Briefing Slides

**Meeting 11: BRAC 2005 Economic Impact JPAT
October 21, 2004, Pentagon**

Attendees

JPAT 6 Members:

- Mr. Michael McAndrew, Deputy Director, BRAC / Chairman
- Army: MAJ Dave Smith and
- Navy: Mr. Jack Leather
- Air Force: Mr. Frank Sosa

Other(s):

- GAO: Charles Perdue
- DoDIG: Lisa Such
- OSD-BRAC: David Asiello
- OSD-BRAC: Alex Yellin

Booz Allen Hamilton:

- Michael Berger: Project Management
- Veena Murthy: IT Team
- Young-Min Shim: Project Management
- David Wilson: Economic Team



BRAC 2005 JPAT 6 Economic Impact

Briefing to the
JPAT 6

21 October 2004



Agenda

- Update on Economic Impact Information Tool
- Update on Multipliers
- Update on Top Industries for ROIs
- Consensus on Contractor Data Call
- Engaging DoD Inspector General



Update on Economic Impact Tool

- On schedule
- Internal testing scheduled to start Oct 26
- JPAT participation possible – test site TBD
- User Acceptance Test: JPAT to nominate testers



Update on Multipliers

- All data obtained*: Undergoing QA/QC
- Developing 3 multipliers for each ROI: military, civilian & contractor, students
- Data ready for EIT October 22

* Except for Puerto Rico and Guam



Update on Top Industries in ROIs

- BAH evaluated data sources for determining the top five industries in terms of employment for each ROI
- Best source of data is from the Bureau of Economic Analysis through the REIS database
 - Easily accessible through the web
 - Provides an estimate of annual employment by industry (NAICS and SIC) for each MSA



Implications and Potential Challenges

- Employment by industry for each MSA is not always complete
 - Disclosure issues – will not report employment data for industries that include only a “few” firms within a MSA
 - Missing data
 - Employers with less than ten employees not reported
 - Incomplete estimates



Approaches for addressing data holes

- Summarize only “reporting” industries
 - This option has potential to mislead the public on which industries are the most important in terms of employment
 - Has the potential to miss a large, important employer in particular areas (e.g. manufacturing plant) which may raise issues on tool validity
- Use various decision rules to fill in missing information
 - Creates problems in terms of auditability



Engaging DoD Inspector General

- Need to schedule meetings with DoD Inspector General