



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

DEC 20 2004

MEMORANDUM FOR INFRASTRUCTURE EXECUTIVE COUNSEL MEMBERS INFRASTRUCTURE STEERING GROUP (ISG) MEMBERS CHAIRMEN, JOINT CROSS-SERVICE GROUPS (JCSGs)

SUBJECT: Transformation Through Base Realignment and Closure (BRAC 2005)
Policy Memorandum Six – Selection Criterion 6

Background

The Secretary of Defense's memorandum of November 15, 2002, established the authorities, organizational structure, goals, and objectives for the Department's development of BRAC 2005 recommendations. Policy Memoranda One through Five provided further guidance on implementing BRAC 2005. This memorandum is the sixth in a series of Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) policy memoranda implementing BRAC 2005. The USD (AT&L) will issue additional policy guidance, as necessary, throughout the BRAC process.

Purpose

This memorandum provides guidance for applying selection criterion 6, "the economic impact on existing communities in the vicinity of military installations," in the Department of Defense's BRAC 2005 process. Selection criterion 6 will be assessed against all scenarios considered during the BRAC scenario analysis process using an Economic Impact Tool (EIT). The EIT provides a uniform methodology for estimating the total direct and indirect job changes associated with BRAC closure and realignment scenarios. This guidance, applicable to the Military Departments and the Joint Cross Service Groups (JCSGs), establishes policy and procedures for use of the EIT when applying BRAC selection criterion 6.

Policy Guidance

General

The Military Departments and JCSGs will use the EIT to assess the economic impact of scenarios on communities. The EIT will measure the total potential job change in the economic area and the total potential job changes as a percentage of total employment in the economic area for each scenario. The direct job changes for each scenario, used in combination with information preloaded in the EIT, will provide an



estimate of indirect job changes. The sum of the direct and indirect job changes provides a scenario's total potential job changes.

To assist in assessing the relative economic impact of a scenario, the EIT will also produce a Portable Document Format (PDF) document (a sample is provided at Appendix A) that displays the economic region of influence (ROI) population and employment, the installation's authorized manpower, the authorized manpower as a percentage of the ROI's employment, the total job change (sum of direct and indirect job changes), and the total job change as a percentage of ROI employment. Additionally, the PDF document will provide graphs displaying the total employment from 1988-2002, the annual unemployment rates from 1990-2003, and the per capita income from 1988-2002 for each ROI. These graphs will provide users with a reference for determining the relative impact a scenario might have on a local community's economy.

There is no need for separate consideration of the cumulative economic impact of the prior BRAC rounds (1988, 1991, 1993, and 1995) in BRAC 2005 deliberations. In BRAC 1995, the Department developed a separate method for assessing cumulative economic impact because at that time, in 1995, the full economic impact of the prior BRAC rounds had not yet been realized. Some of the closures and realignments from the prior rounds had not been fully implemented, so special consideration was given to the economic impacts that were yet to occur.

For BRAC 2005, this is no longer the case. The prior BRAC rounds have been implemented, and the historical data that users review in the EIT covers all years in which a prior round BRAC economic impacts occurred. Because these impacts are already reflected in the EIT historical data, there will be no separate consideration in BRAC 2005 of cumulative economic impact of prior BRAC actions.

The EIT relies on the assignment of military installations/activities to an economic region of influence (ROI). If a Military Department or JCSG believes an installation may have been incorrectly assigned to an economic ROI or an installation is not present in the EIT, that Military Department or JCSG should contact Mr. Mike McAndrew, Deputy Director, Base Realignment and Closure Office. He can be reached at 703-693-6170. If the EIT is modified, all users will be notified and asked to rerun the EIT for scenarios potentially affected by the change.

Responsibilities

The Military Departments and JCSGs, using certified data, shall collect the direct job changes for each action within a scenario. The following definitions for job changes are provided:

- **Job Changes (Out):** The number of authorizations for DoD military personnel, military students, civilian employees, and mission support contractors jobs to be

eliminated or relocated, by installation, as a result of BRAC actions, by fiscal year from 2006 through 2011.

- **Job Changes (In):** The number of authorizations for DoD military personnel, military students, civilian employees, and mission support contractors to be gained, by installation, as a result of BRAC actions, by fiscal year from 2006 through 2011.

To ensure a proper accounting and complete analysis of economic impact, it is essential for Military Departments and JCSGs to enter information on **all** job changes, including job gains, into the EIT, for their scenarios.

The Cost of Base Realignment Actions (COBRA) model provides a report that displays the direct job changes for the DoD military personnel, military student, and civilian employees (see example screen at Appendix B). The Military Departments and JCSGs must obtain mission support contractor information from existing certified data or from a scenario-specific data call. To obtain the number of mission support contractors through a scenario-specific data call, the Military Departments and JCSGs will include the following question in their scenario data call:

Report the number of contractor mission support employees whose positions would be directly affected by the proposed BRAC action.

Definition: “Contractor mission support employees” are contractor employees who perform one or more of the military missions on the base, and whose work tasks are virtually identical to government civil servants or military personnel. Such mission support contractors provide direct support to the installation mission. Examples of mission support contractors include intelligence analysts, technicians, aircraft, ship, vehicle, or weapon system maintenance staff and information technology specialists; the key factor must be that mission support contractors perform the same mission tasks as military personnel or civilian employees.

When counting mission support contractors, determine the number of full-time equivalents (FTE). A FTE is defined by 8 hours of work per working day.

Do Not Include: Following types of contractor personnel should not be included because they do not fit the definition of contractor mission support employees: Contractors for Base Sustainment or Base Operations Support (BOS), such as grounds keeping, facilities maintenance, plumbing, and general purpose utility work, and non-appropriated fund employees. (These personnel do not perform military missions. Their economic impact

will be estimated separately as part of the BRAC 2005 economic impact methodology.)

Historical Economic Data

The Military Departments and JCSGs will consider the total potential job change in the ROI and the total potential job changes as a percentage of total employment in the ROI viewed in the context of historical economic data.

For historical context, the Military Departments and JCSGs will consider for each ROI:

- Total Employment: 1988-2002, Source: Bureau of Economic Analysis, Department of Commerce
- Annual Unemployment Rates: 1990-2003, Source: Bureau of Labor Statistics, Department of Labor
- Per Capita Income: 1988-2002, Source: Bureau of Economic Analysis, Department of Commerce

These years were selected to capture the most recent official actual (not estimated) economic data and the economic effects of the prior BRAC rounds. The historical data will provide broad economic perspectives of the areas associated with potential BRAC actions. By displaying the historical data, BRAC decision makers will be able to view the estimated job changes in a larger economic context. For example, they will be able to determine if the proposed action will affect a community that, in economic terms, is performing better or worse than national averages on key selected indicators.

Applying Measures and Historical Economic Data

This guidance does not establish threshold values for economic impact measures and historical economic data. Rather, scenario proponents will use the measures and historic economic data for relative comparisons of the economic impacts of potential BRAC recommendations. Scenario proponents will develop their candidate recommendations through a comprehensive analysis on the basis of the force structure plan, all of the final selection criteria, and all other relevant legal and policy requirements.

BRAC 2005 Economic Impact Results and Recommendations

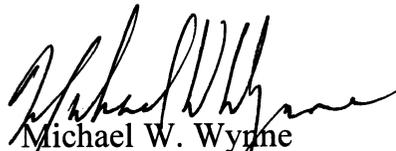
The scenario proponents shall use the following language to document consideration of criterion 6 for each candidate recommendation:

“Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction/increase of XXX jobs (YYY direct jobs and ZZZ indirect jobs) over the 2006-2011 period in the [fill in name of the metropolitan statistical area, metropolitan division, micropolitan statistical area or county] economic area, which is x.x percent of economic area employment.”

If the percentage of economic area employment affected is less than 0.1 percent, then scenario proponents shall use the phrase "less than 0.1 percent" in the last phrase of these statements. (That is, the language should not report percentages in the hundredths of a percent, i.e., "0.07 percent." Simply state "less than 0.1 percent.")

Economic Impact Assessment for Multiple Candidate Recommendations in the Same ROI

The Infrastructure Steering Group (ISG) and Infrastructure Executive Council (IEC) will review candidate recommendations. There will be instances where multiple candidate recommendations will impact the same ROI. The OSD BRAC Office will work with the relevant JCSGs and Military Departments to analyze the economic impact of multiple candidate recommendations in a single ROI, and provide that analysis to the ISG and IEC for use during their review.



Michael W. Wynne
Acting USD (Acquisition, Technology & Logistics)
Chairman, Infrastructure Steering Group

Attachment
As Stated

Economic Impact Report By Action
SAMPLE EIT OUTPUT
Scenario Tracking Number: SAMPLE 01

As of: Mon Dec 13 12:35:44 EST 2004

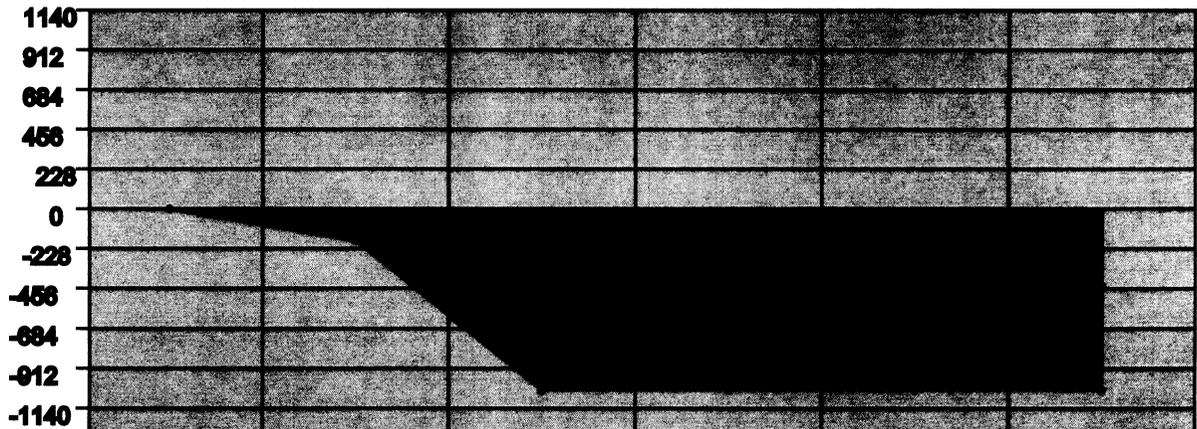
ECONOMIC IMPACT DATA

Scenario: SAMPLE EIT OUTPUT
Economic Region of Influence(ROI): Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
Base: BAILEY'S CROSSROADS
Action: Move Lease 1

Overall Economic Impact of Proposed BRAC-05 Action:

ROI Population (2002):	3,895,337
ROI Employment (2002):	2,771,791
Authorized Manpower (2005):	695
Authorized Manpower(2005) / ROI Employment(2002):	0.03%
Total Estimated Job Change:	-1,039
Total Estimated Job Change / ROI Employment(2002):	-0.04%

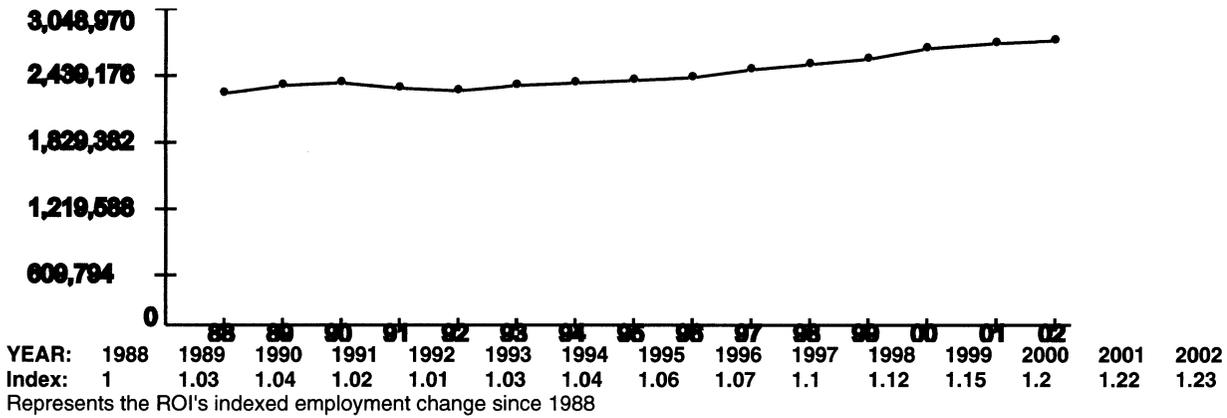
Cumulative Job Change (Gain/Loss) Over Time:



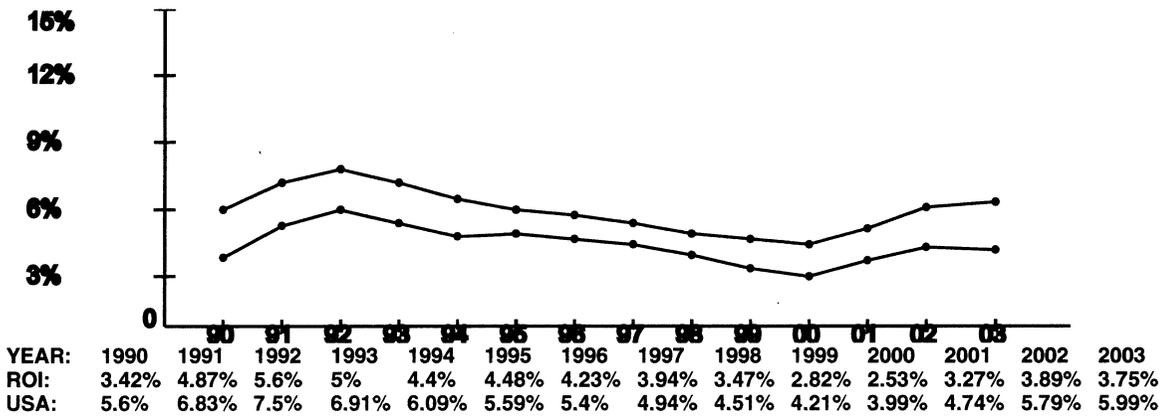
YEAR:	2006	2007	2008	2009	2010	2011
Direct Military:	0	-5	-109	0	0	0
Direct Civilian:	0	-97	-389	0	0	0
Direct Student:	0	0	0	0	0	0
Direct Contractor:	0	0	0	0	0	0
Indirect/Induced:	0	-76	-439	-439	-439	-439
TOTAL:	0	-178	-1039	-1039	-1039	-1,039

Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division Trend Data

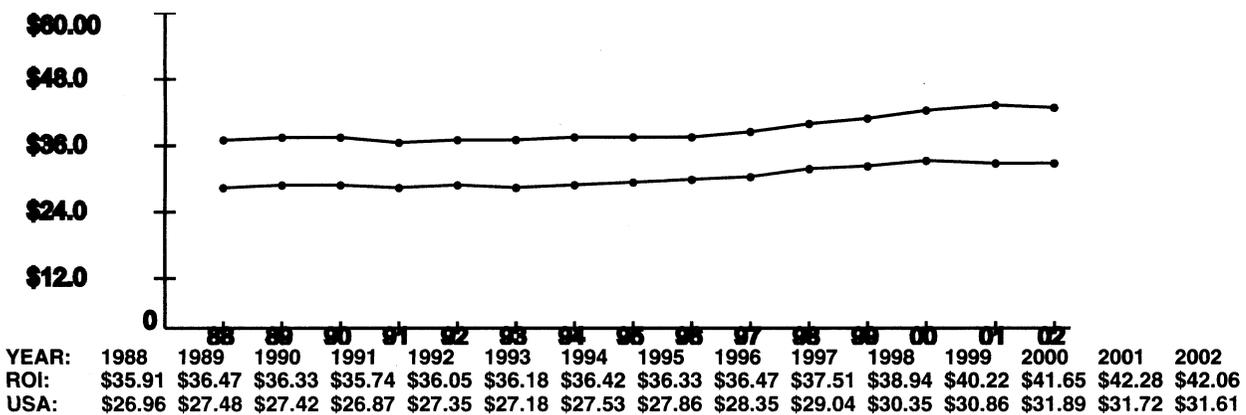
Employment Trend (1988-2002)



Unemployment Percentage Trend (1990-2003)



Per Capita Income x \$1,000 (1988-2002)



As of: Mon Dec 13 12:35:44 EST 2004

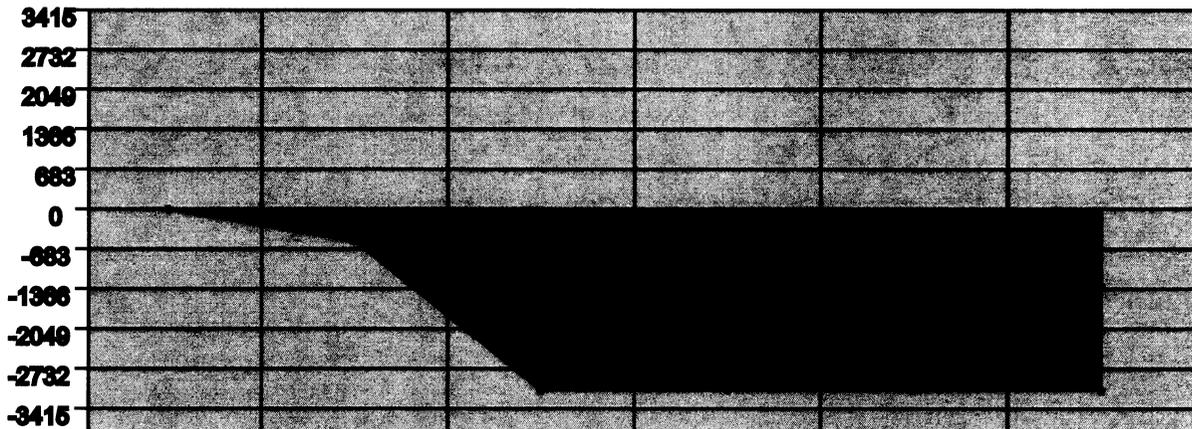
ECONOMIC IMPACT DATA

Scenario: SAMPLE EIT OUTPUT
Economic Region of Influence(ROI): Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
Base: CRYSTAL CITY LEASE
Action: Move Lease 2

Overall Economic Impact of Proposed BRAC-05 Action:

ROI Population (2002):	3,895,337
ROI Employment (2002):	2,771,791
Authorized Manpower (2005):	1,816
Authorized Manpower(2005) / ROI Employment(2002):	0.07%
Total Estimated Job Change:	-3,105
Total Estimated Job Change / ROI Employment(2002):	-0.11%

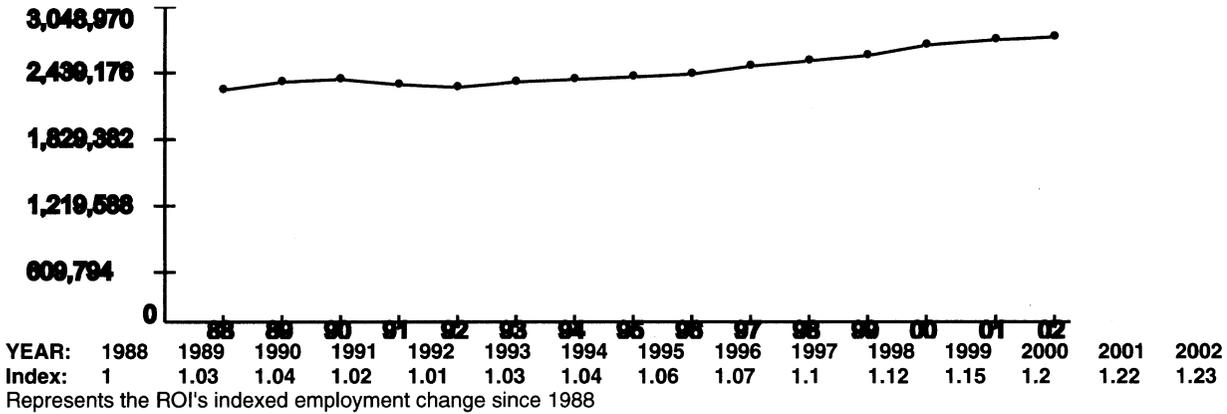
Cumulative Job Change (Gain/Loss) Over Time:



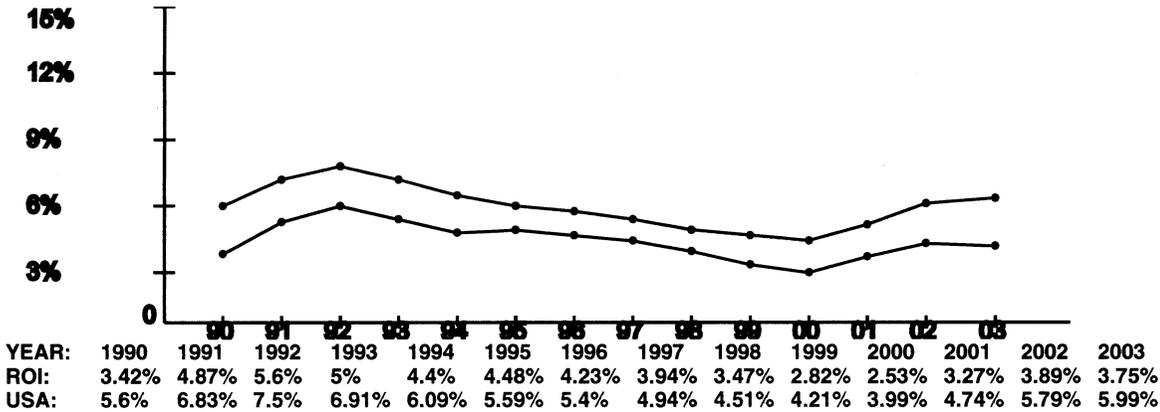
YEAR:	2006	2007	2008	2009	2010	2011
Direct Military:	0	-54	-267	0	0	0
Direct Civilian:	0	-269	-1201	0	0	0
Direct Student:	0	0	0	0	0	0
Direct Contractor:	0	0	0	0	0	0
Indirect/Induced:	0	-237	-1314	-1314	-1314	-1314
TOTAL:	0	-560	-3105	-3105	-3105	-3,105

Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division Trend Data

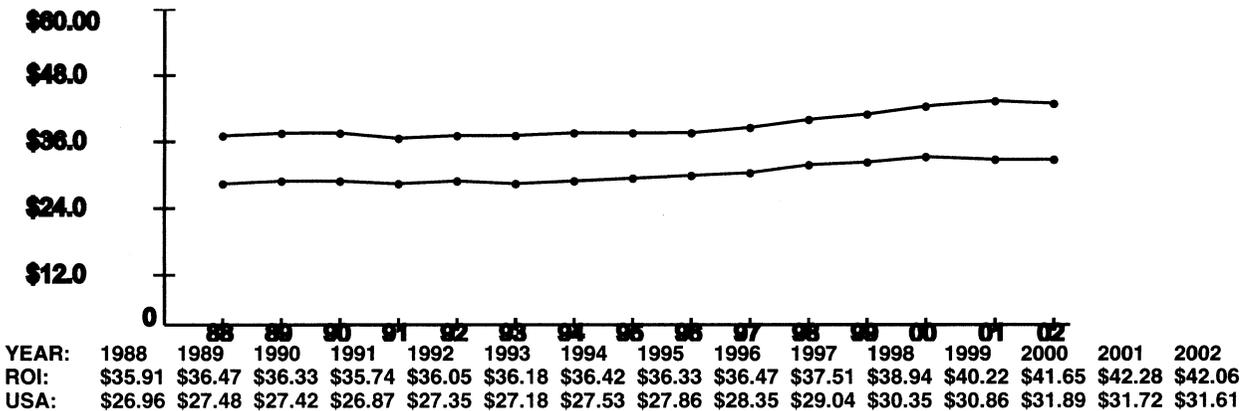
Employment Trend (1988-2002)



Unemployment Percentage Trend (1990-2003)



Per Capita Income x \$1,000 (1988-2002)



As of: Mon Dec 13 12:35:44 EST 2004

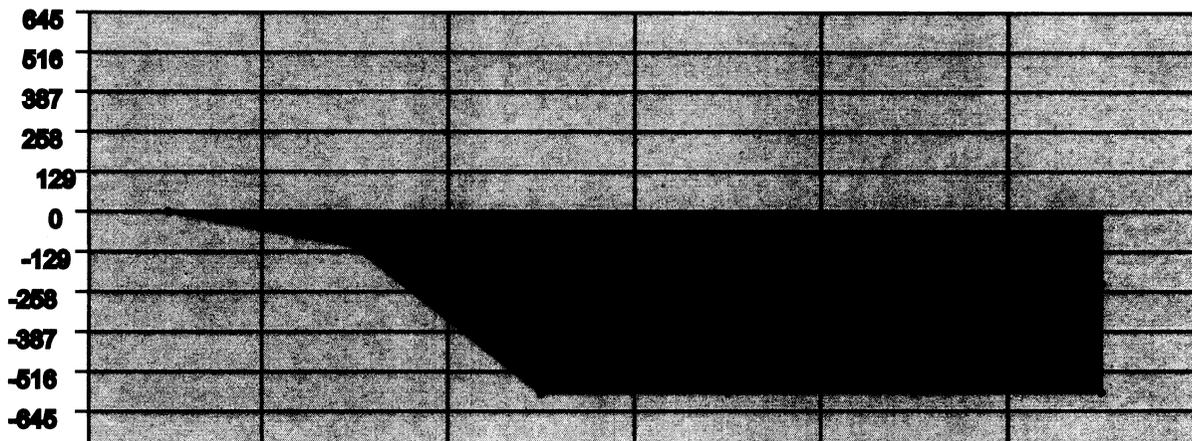
ECONOMIC IMPACT DATA

Scenario: SAMPLE EIT OUTPUT
Economic Region of Influence(ROI): Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
Base: BALSTON LEASE
Action: Move Lease 3

Overall Economic Impact of Proposed BRAC-05 Action:

ROI Population (2002): 3,895,337
 ROI Employment (2002): 2,771,791
 Authorized Manpower (2005): 98
 Authorized Manpower(2005) / ROI Employment(2002): 0%
 Total Estimated Job Change: -589
 Total Estimated Job Change / ROI Employment(2002): -0.02%

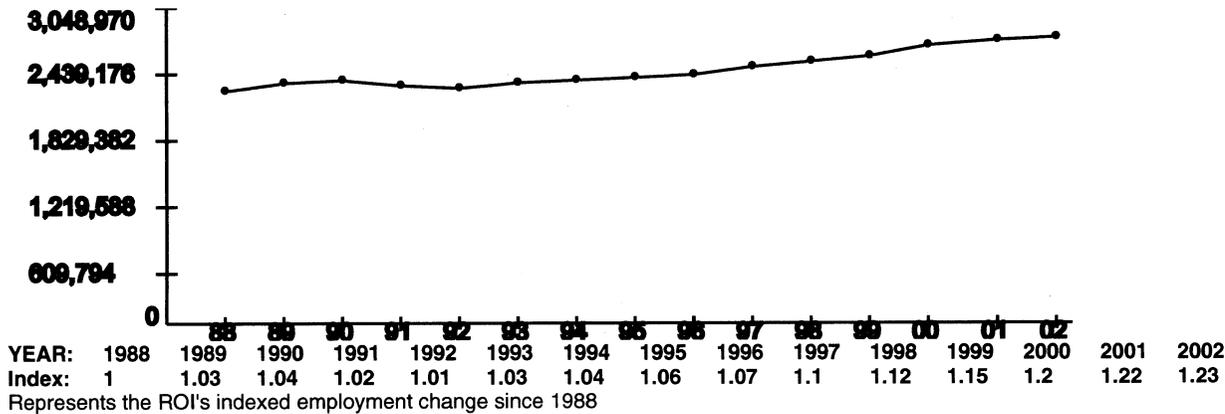
Cumulative Job Change (Gain/Loss) Over Time:



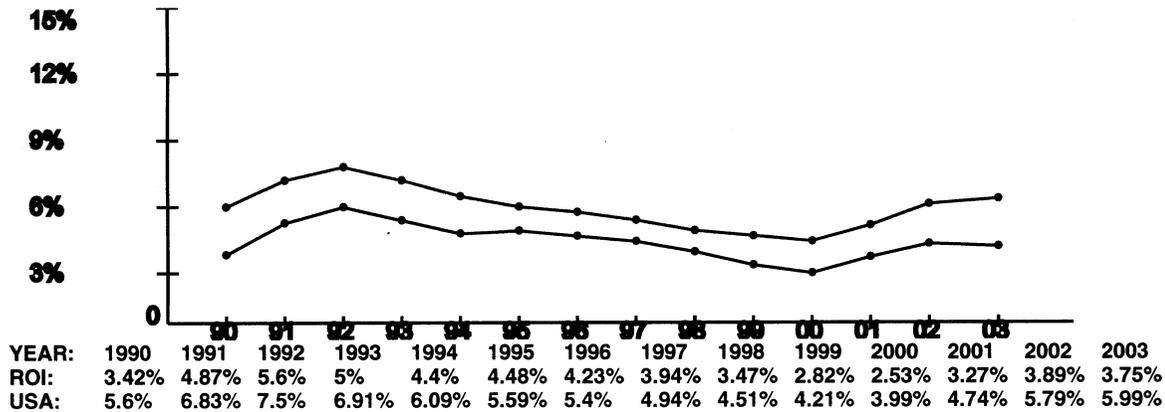
YEAR:	2006	2007	2008	2009	2010	2011
Direct Military:	0	-52	-210	0	0	0
Direct Civilian:	0	-18	-75	0	0	0
Direct Student:	0	0	0	0	0	0
Direct Contractor:	0	0	0	0	0	0
Indirect/Induced:	0	-46	-234	-234	-234	-234
TOTAL:	0	-116	-589	-589	-589	-589

Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division Trend Data

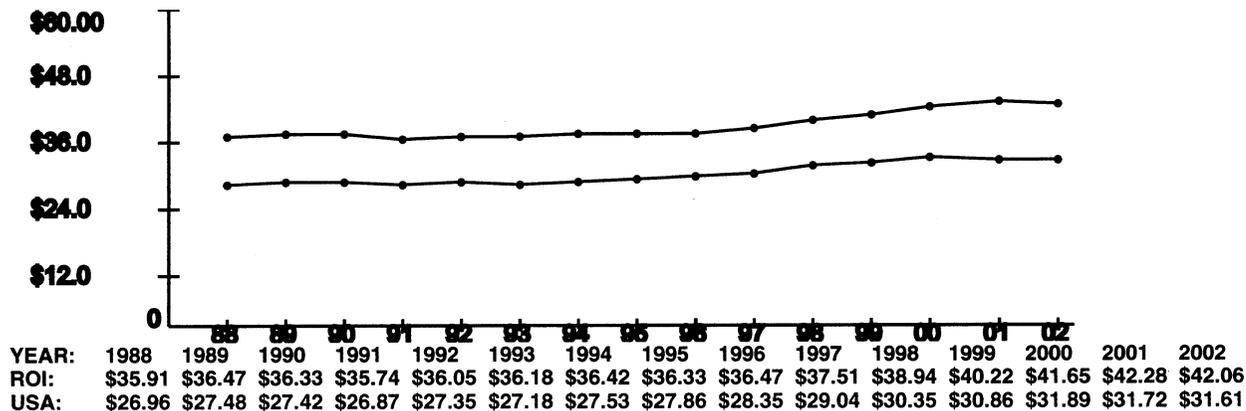
Employment Trend (1988-2002)



Unemployment Percentage Trend (1990-2003)



Per Capita Income x \$1,000 (1988-2002)



As of: Mon Dec 13 12:35:44 EST 2004

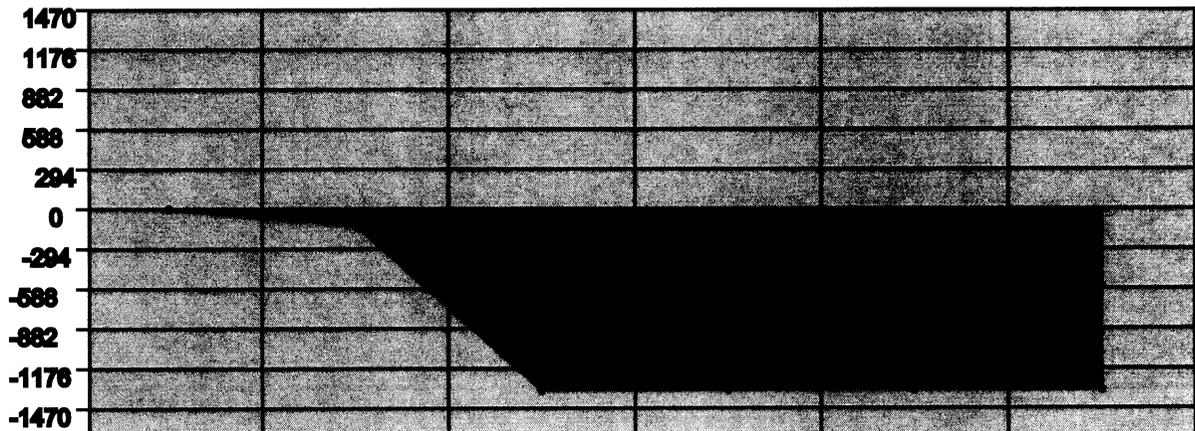
ECONOMIC IMPACT DATA

Scenario: SAMPLE EIT OUTPUT
Economic Region of Influence(ROI): Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division
Base: HOFFMAN LEASE
Action: Move Lease 4

Overall Economic Impact of Proposed BRAC-05 Action:

ROI Population (2002):	3,895,337
ROI Employment (2002):	2,771,791
Authorized Manpower (2005):	2,316
Authorized Manpower(2005) / ROI Employment(2002):	0.08%
Total Estimated Job Change:	-1,339
Total Estimated Job Change / ROI Employment(2002):	-0.05%

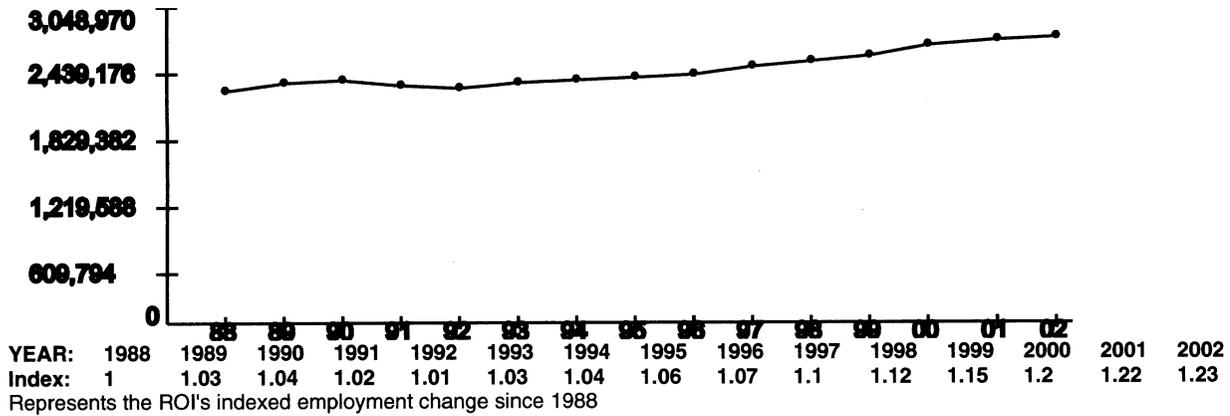
Cumulative Job Change (Gain/Loss) Over Time:



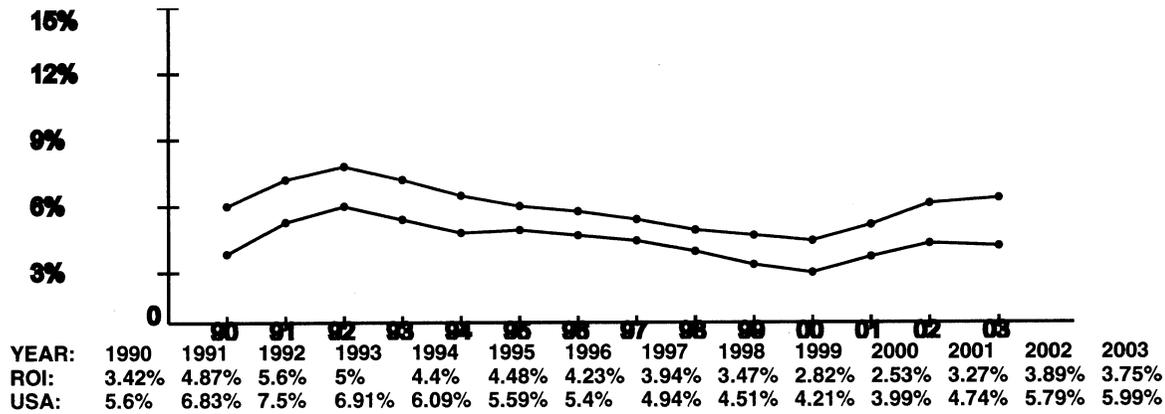
YEAR:	2006	2007	2008	2009	2010	2011
Direct Military:	0	0	-24	0	0	0
Direct Civilian:	0	-72	-668	0	0	0
Direct Student:	0	0	0	0	0	0
Direct Contractor:	0	0	0	0	0	0
Indirect/Induced:	0	-54	-575	-575	-575	-575
TOTAL:	0	-126	-1339	-1339	-1339	-1,339

Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division Trend Data

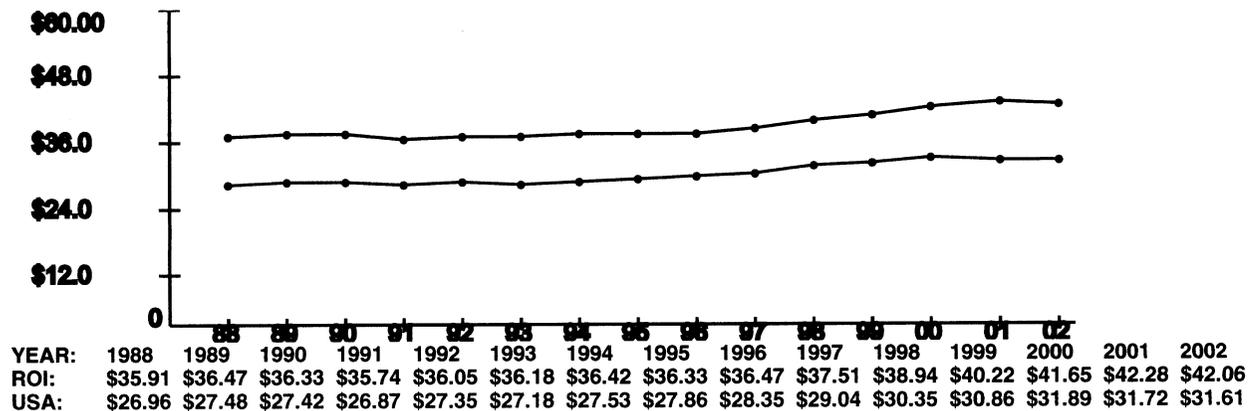
Employment Trend (1988-2002)



Unemployment Percentage Trend (1990-2003)



Per Capita Income x \$1,000 (1988-2002)



COBRA ECONOMIC IMPACT REPORT (COBRA v6.04)

Data As Of 12/07/2004 1:04:38 PM, Report Created 12/10/2004 9:51:23 AM

Department : Army
 Scenario File : SAMPLE.CBR
 Option Pkg Name: Empty NCR Lease Sites
 Std Fctrs File : H:\Backup\COBRA 2-6-04\Army COBRA 6.04\BRAC2005.SFF

LEASE LOCATION 1	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	5	109	0	0	0	114
NET CHANGE-Mil	0	-5	-109	0	0	0	-114
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	97	389	0	0	0	486
NET CHANGE-Civ	0	-97	-389	0	0	0	-486
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

LEASE LOCATION 2	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	54	267	0	0	0	321
NET CHANGE-Mil	0	-54	-267	0	0	0	-321
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	269	1,201	0	0	0	1,470
NET CHANGE-Civ	0	-269	-1,201	0	0	0	-1,470
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

LEASE LOCATION 3	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	52	210	0	0	0	262
NET CHANGE-Mil	0	-52	-210	0	0	0	-262
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	18	75	0	0	0	93
NET CHANGE-Civ	0	-18	-75	0	0	0	-93
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

LEASE LOCATION 4	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	0	24	0	0	0	24
NET CHANGE-Mil	0	0	-24	0	0	0	-24
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	72	668	0	0	0	740
NET CHANGE-Civ	0	-72	-668	0	0	0	-740
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

COBRA ECONOMIC IMPACT REPORT (COBRA v6.04)

Data As Of 12/07/2004 1:04:38 PM, Report Created 12/10/2004 9:51:23 AM

Department : Army
 Scenario File : SAMPLE.CBR
 Option Pkg Name: Empty NCR Lease Sites
 Std Fctrs File : H:\Backup\COBRA 2-6-04\Army COBRA 6.04\BRAC2005.SFF

LEASE LOCATION 1

	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	5	109	0	0	0	114
NET CHANGE-Mil	0	-5	-109	0	0	0	-114
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	97	389	0	0	0	486
NET CHANGE-Civ	0	-97	-389	0	0	0	-486
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

LEASE LOCATION 2

	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	54	267	0	0	0	321
NET CHANGE-Mil	0	-54	-267	0	0	0	-321
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	269	1,201	0	0	0	1,470
NET CHANGE-Civ	0	-269	-1,201	0	0	0	-1,470
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

LEASE LOCATION 3

	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	52	210	0	0	0	262
NET CHANGE-Mil	0	-52	-210	0	0	0	-262
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	18	75	0	0	0	93
NET CHANGE-Civ	0	-18	-75	0	0	0	-93
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0

LEASE LOCATION 4

	2006	2007	2008	2009	2010	2011	Total
Jobs Gained-Mil	0	0	0	0	0	0	0
Jobs Lost-Mil	0	0	24	0	0	0	24
NET CHANGE-Mil	0	0	-24	0	0	0	-24
Jobs Gained-Civ	0	0	0	0	0	0	0
Jobs Lost-Civ	0	72	668	0	0	0	740
NET CHANGE-Civ	0	-72	-668	0	0	0	-740
Jobs Gained-Stu	0	0	0	0	0	0	0
Jobs Lost-Stu	0	0	0	0	0	0	0
NET CHANGE-Stu	0	0	0	0	0	0	0