



CRS Report for Congress

Military Base Closures: Redevelopment Assistance Programs

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Summary

On September 15, 2005, President Bush approved the list¹ of military facilities that the Defense Base Closure and Realignment Commission recommended be closed or realigned in the current round of base closures, known generally as “BRAC.” The list includes 22 major base closures and 33 major realignments and would result in a net reduction of more than 8,000 military and civilian personnel.² On October 27, the House failed to pass H.J.Res. 65, a motion of disapproval of this list. Thus, barring some future congressional action, the recommendations will take effect over the next six years.³ Despite the difficulties inherent in a base closure, communities near facilities on the list must now face a very high probability of life without a local military base. Recognizing that closures and realignments can have a major impact on the economies of the affected regions, Congress has created a variety of different resources available both to communities and individual workers to help mitigate the resulting economic dislocation. This report is intended to summarize these various programs. It will be updated as events warrant.

Aid to Communities

Federal aid to communities affected by base closures and realignments covers a wide range of activities and agencies: planning and economic adjustment assistance provided by the Office of Economic Adjustment of Department of Defense (DOD), the Economic Development Administration, and the Rural Development Administration; environmental

¹ See [<http://www.brac.gov/finalreport.asp>].

² The original BRAC list from DOD indicated a reduction of more than 26,000 personnel, but this included more than 13,000 from overseas deployments that are not included in the BRAC Commission recommendations.

³ See CRS Report RL32216, *Military Base Closures: Implementing the 2005 Round*, by David E. Lockwood, for additional information on the BRAC process.

cleanup at military bases; disposal of surplus federal properties; the Federal Airport Improvement Program; community development block grants; and community service grants.

Office of Economic Adjustment

The Office of Economic Adjustment (OEA), [<http://www.oea.gov>], is the primary source within DOD for assistance to communities affected by both increases and decreases in military spending. It also serves as a focal point for assistance from other federal agencies. The OEA has provided a total of \$280 million in funding for previous BRAC rounds, primarily with the intent of preparing strategies for local development efforts and other federal funding.

Over the years, the OEA has provided planning and implementation assistance to communities, regions, and states in an effort to alleviate serious economic impacts that result from defense program changes, such as base closings, expansions, and openings; contract changes affecting firms; and personnel reductions or increases at military facilities. The OEA has also maintained close working relationships with other federal agencies that have programs that can be utilized to assist communities adversely affected by defense cutbacks or realignments. By design, the OEA plays a facilitating role in the economic adjustment process. The affected community, however, must play the principal role in initiating and carrying out the adjustment and conversion plan.

Currently, the OEA operates with a staff of 45 civilian and 3 military personnel. Funding for the office has been provided in the Defense Appropriations bill under the general operations and maintenance account. In previous budget estimates, the OEA has indicated that most communities affected by a BRAC round receive assistance averaging \$400,000 to \$500,000 a year for three to five years depending on individual circumstances. In addition, there have been a number of congressional adjustments for specific sites over the years, in amounts as high as \$10,000,000 in a single year. **Table 1** lists the amounts requested by the administration for OEA grants and administrative expenses, the amounts appropriated for OEA, including congressional adjustments, and the actual amounts spent by the OEA for FY1999-FY2007.

Table 1. Office of Economic Assistance Budget FY1999-FY2007
(in millions of \$)

| | FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
|--------------|------|------|------|------|------|------|------|-------|-------|
| Requested | 31.2 | 30.9 | 22.5 | 17.0 | 14.7 | 14.1 | 44.8 | 30.5 | 73.0 |
| Appropriated | 56.7 | 90.7 | 56.8 | 46.6 | 49.6 | 60.2 | 88.8 | 161.6 | 141.4 |
| Actual | 34.1 | 72.1 | 43.2 | 36.6 | 41.8 | 57.5 | 60.0 | | |

Source: Successive OEA budget estimates FY2000-FY2007, FY2007 Defense Appropriations Act, conference report, H.Rept. 109-678, p. 115.

Economic Development Administration

Title IX of the Public Works and Economic Development Act of 1965,⁴ calls for economic adjustment grants to eligible communities to help them respond to sudden changes in economic conditions including those resulting from natural disasters, changing trade patterns and military base closures. The Economic Development Administration (EDA), [<http://www.eda.gov>], has provided grants from their appropriated funds in excess of \$640 million since the first BRAC round in 1988, as well as administering \$274 million of DOD funds and \$8 million from the Department of Energy for defense adjustment projects that have included some closed military bases. EDA grants are made on a cost-share basis with local governments, redevelopment agencies, and private or non-profit organizations. The grants include monies for planning and technical assistance, infrastructure improvement, and revolving loan funds for private business development.

President Bush's FY2006 budget request included the "Strengthening America's Communities Initiative," which outlined substantial changes and realignment in federal economic development programs, including the EDA. Exactly what these changes might mean for assistance to BRAC communities is unclear. Congress has not acted on the President's proposals, nor set any timetable to do so.⁵

Other Assistance

In addition to the OEA and EDA, there are a number of other federal agencies and activities that may help communities adversely affected by base closures and realignments. They include the following:

- DOD responsibility and funding for environmental review and cleanup at closing military facilities, which may support local jobs after a base is designated for closure but before federal land is actually transferred.
- Below market value transfer of land from closed military bases under the DOD's authority to make public benefit transfers and economic development conveyances.
- The potential transfer of military airports to civilian use under the Federal Airport Improvement Program of the Federal Aviation Administration (FAA).
- The provision of financial grants to eligible communities under the Community Development Block Grants Program of the Department of Housing and Urban Development to promote neighborhood revitalization and community and economic development that principally benefit low- and moderate-income persons.

⁴ 42 USC 3201 *et seq.*

⁵ See CRS Report RL32823, *An Overview of the Administration's Strengthening America's Communities Initiative*, coordinated by Eugene Boyd.

- Programs to promote economic development in rural communities with populations of less than 50,000, administered by the Rural Development Administration of the Department of Agriculture. Such assistance includes community facilities loans, rural business enterprise grants, business and industrial guaranteed loans, and intermediary relending programs.

Worker Assistance

There are a number of federal programs that can provide transition assistance to workers displaced by base closures. These include various forms of transition assistance and benefits provided by DOD to its workers as well as other types of assistance available to all dislocated workers (e.g., the dislocated worker job training program of the Department of Labor, unemployment compensation, and food stamps).

DOD Programs

DOD has the authority to provide numerous incentives and transition benefits to departing *military* personnel. These include early retirement incentives, temporary continuation of medical care benefits, pre-separation counseling for separating service members, employment counseling and placement assistance, relocation assistance, and special GI bill education benefits. In addition, the Pentagon is also authorized to provide special benefits and incentives to *civilian* personnel displaced by a defense drawdown. These include advance notification of a reduction in force, pre-separation counseling, a hiring preference system (including the maintenance of a government-wide list of vacant positions) with federal agencies to re-employ qualified displaced DOD employees, financial incentives to encourage early retirement of eligible employees, and continued health insurance coverage for up to 18 months following involuntary separation.⁶

Department of Labor (DOL) Job Training Program for Dislocated Workers⁷

Overview. The Workforce Investment Act of 1998⁸ (WIA), authorizes, among other programs, a program specifically for providing training and other services to dislocated workers. Dislocated workers are generally characterized as workers with an established work history who have lost their jobs as a result of structural changes in the economy and who are not likely to find new jobs in their former industries or occupations. The WIA program provides services to dislocated workers regardless of the cause of dislocation, and has been utilized in the past by workers affected by base closures.

⁶ For more information, see DOD's webpage on assistance for civilian employees at [<http://www.cpms.osd.mil/bractransition>].

⁷ This section authored by CRS Specialist in Social Legislation Ann Lordeman.

⁸ P.L. 105-220, 29 U.S.C. 2811 *et seq.*

All WIA programs operate on a July 1 to June 30 program year (i.e., appropriations for FY2004 are for program year 2004, which is from July 1, 2004 through June 30, 2005). The FY2004 appropriation for dislocated workers was \$1.4 billion. This was increased to \$1.5 billion for both FY2005 and FY2006. The authorization for WIA programs expired on September 30, 2003; Congress, however, has continued to fund the programs through annual appropriations.

Formula Grants. Of the funds appropriated for the dislocated worker program, approximately 80% are for formula grants to states and 20% are for a national reserve, which primarily funds National Emergency Grants (NEGs). (NEGs are discussed below.) The governor can reserve not more than 15% of the state's formula grant for state level activities, and not more than 25% for "rapid response" activities. At least 60% must be allocated to local workforce investment boards (WIBs) by a formula prescribed by the governor. Rapid response activities are provided by specialists in the state's dislocated worker unit⁹ in the state's workforce agency as soon as possible after learning of a projected permanent closure or mass layoff. Activities include establishing onsite contact with employers and employee representatives, providing information and access to available employment and training activities, and providing assistance to the local community in developing a coordinated response and in obtaining access to state economic development assistance.

In addition to rapid response activities, there are three levels of services, provided sequentially, available to dislocated workers: core, intensive, and training. To be eligible to receive intensive services, such as comprehensive assessments and development of individual employment plans, an individual must first receive at least one core service, such as job search, and have been unable to either obtain employment or retain employment that allows for self-sufficiency. To be eligible to receive training services, such as occupational skills training and on-the-job training, an individual must have received at least one intensive service, and must have been unable to obtain or retain employment. Individuals receive these services through a coordinated service delivery system called the "one-stop" system. Each one-stop system in a local area must include at least one physical center, which may be supplemented by affiliated sites.¹⁰ In addition to these services, local WIBs can decide whether to provide supportive services, such as transportation and child care, and need-related payments. Supportive services can be provided to individuals who are participating in core, intensive, or training services, and who are unable to obtain them through other programs.

National Emergency Grants (NEGs). NEGs, which are funded through the 20% of the dislocated worker appropriation allotted to the national reserve, provide supplemental dislocated worker funds to state workforce agencies and local WIBs in order to meet the needs of dislocated workers and communities affected by significant dislocation events that cannot be met with the formula allotments. In its May 24, 2005

⁹ For a list of state dislocated worker unit coordinators, see [http://www.doleta.gov/layoff/e_sdwuc.cfm].

¹⁰ To find the location of one-stop centers, see America's Service Locator at [<http://www.servicelocator.org/>]

Training and Guidance Letter,¹¹ DOL announced the availability of NEG funds for Phase I planning grants to states that may be affected by the 2005 BRAC. The purpose of these grants is to plan a comprehensive response to a BRAC closure or realignment. States eligible to receive the Phase I planning grants are those states listed in the Secretary of Defense's May 13, 2005 announcement of installations being recommended for closure or realignment. It is expected that no state will receive Phase I planning funds in excess of \$1 million. Awards will be made in consultation with DOD. Phase II grants were made to states to provide employment and training assistance to affected workers, beginning in November 2005 when current BRAC actions were finalized.¹²

Other Assistance

In addition to the various federal programs designed to provide transition assistance to displaced workers, a variety of other programs might also provide assistance to those affected by base closure. These include the following:

- Post-secondary education and training assistance for students under Title IV of the Higher Education Act¹³; and vocational education programs under the Carl D. Perkins Vocational and Technical Education Act.¹⁴
- Benefits related to past employment: Unemployment Compensation¹⁵ and temporary health insurance continuation.¹⁶
- Benefits related to financial need: Temporary Assistance to Needy Families,¹⁷ Food Stamps, subsidized school meals,¹⁸ Medicaid¹⁹ and housing assistance furnished by the Department of Housing and Urban Development.

¹¹ For more information, see [http://www.doleta.gov/directives/attach/TEGL16-03_Ch2.pdf] and NEG BRAC Planning Grant Q and A's at [<http://www.doleta.gov/neg/Faqs.cfm>].

¹² For additional DOL resources to assist workers who may be affected by local base realignment or closure, see [<http://www.doleta.gov/BRAC>] or [<http://www.brac-coach.org>].

¹³ See CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues*, by Adam Stoll.

¹⁴ See CRS Report RL31747, *The Carl D. Perkins Vocational and Technical Education Act of 1998: Background and Implementation*, by Rebecca R. Skinner and Richard N. Apling.

¹⁵ See CRS Report RS21964, *Military Service and Unemployment Compensation Insurance*, by Julie Whittaker.

¹⁶ See CRS Report RL30626, *Health Insurance Continuation Coverage Under COBRA*, by Heidi G. Yacker.

¹⁷ See CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on Financing and Requirements for State Programs*, by Gene Falk.

¹⁸ See [<http://www.fns.usda.gov/fns>] for information on food stamps and subsidized meals.

¹⁹ See CRS Report RL32277, *How Medicaid Works: Program Basics*, coordinated by Elicia Herz.