

BRAC 2005 Economic Impact Joint Process Action Team

Meeting Minutes of June 24, 2004

The third meeting with JPAT on the BRAC 05 Economic Impact Analysis (EIA) took place on June 24, 2004 at the Pentagon. Mr. Mike McAndrew chaired the meeting.

The main items on the agenda were updates on the BRAC 2005 Economic Impact Information Tool (EIT) and the methodology for multipliers to estimate potential indirect job losses. A summary of the major discussion points and decisions are below.

EIT: The Booz Allen team presented (see attached slides) an overview of the BRAC 2005 EIT. The main points included:

- **EIT Concept:** The EIT will be a web-based information and reporting application that will receive data directly from COBRA. Booz Allen expressed a preference that all data input and changes be made in COBRA to preserve and ensure data integrity.
- **EIT Development Schedule:** Booz Allen is planning to make the EIT ready for use by the end of August 2004.
- **Technical Approach:** The EIT will use the Rational Unified Process (RUP) which consists of four phases:
 - Inception Phase: Developers define the scope of the project and its business case
 - Elaboration Phase: Developers analyze the project's needs in greater detail and define its architectural foundation
 - Construction Phase: Developers create the application design and source code
 - Transition Phase: Developers deliver the system to users
- Standard identification of installations and activities is crucial to ensure commonality across the Department of Defense.
- Risks can be mitigated by early JPAT feedback on potential EIT problems.

JPAT 6 agreed to Booz Allen hosting the IT Tool server at its McLean site. Appropriate measures will be taken to ensure data integrity and security.


Update on Methodology for Multipliers: To determine multipliers for estimating potential indirect job losses in base communities, JPAT has previously considered using a statistical method, which was used in prior BRAC rounds. As an alternative to the statistical method, JPAT will evaluate using multipliers derived specifically for each economic area. Detailed description of this economic area-specific multiplier method is summarized in the attached slides presented at the meeting ("Multiplier Update").

Major advantages of this method include determining and assigning economic area-specific multipliers for estimating economic impact in associated military communities. The cost of using this specific method is also comparable to the statistical method (circa \$15,000). However, the JPAT found that categorizing jobs under 24 categories (i.e. three personnel categories x eight principle functions (see slide 3)] would become highly contestable because there is a high potential for error of mis-assigning jobs/functions that do not clearly fall under one specific category.

JPAT therefore recommended using an established economic model that is analytically sound and defensible. The proposed model from IMPLAN estimates economic impact by estimating employment multipliers specific to economic areas (i.e., Metropolitan Statistical Areas [MSAs], Metropolitan Divisions, Micropolitan Areas and individual counties) where military installations are located. The JPAT approved using the IMPLAN economic model and its purchase.

Next Steps:

- Historical Data: Booz Allen will update JPAT at the next meeting (July 8th).
- Direct Mission Contractors: Booz Allen will propose decision rules for counting “direct mission contractors.”
- Base Data: Air Force will forward its base location information by June 24th.
- Navy’s CNA Report: Booz Allen will provide feedback to JPAT by July 8th.
- IT Tool Methodology: OSD BRAC will circulate the IT Technical Approach proposal to JPAT members for any additional comments or questions.
- Internal Control Plan (ICP): Booz Allen will develop and circulate ICP by July 8th.
- Independent Panel Review: Booz Allen will propose to JPAT potential members and the timeline for the independent panel meeting on July 8th.
- Old or New MSAs: Booz Allen will review pros and cons of using “old” or new MSAs and make a recommendation to JPAT.
- Next Meeting: July 8, 2004 at 9:00-11:00 AM at the Pentagon.

Approved: 
Michael McAndrew
Deputy Director, BRAC
Chairman, Economic Impact JPAT

Attachments:

1. List of Attendees
2. Slides on the IT Tool
3. Slides on Multipliers

**Meeting 2: BRAC 2005 Economic Impact JPAT
June 24, 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
- GAO: Charles Perdue
- Army TABS: Rob Dow
- DoDIG: Lisa Such

Booz Allen Hamilton:

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

Economic Impact for the 2005 Round of Base Realignment and Closure

Overview of the BRAC Economic Impact Tool (EIT)

24 June 2004

Veena Murthy & Roger Ramia

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Agenda

- ▶ EIT Concept
- ▶ EIT Development Schedule
- ▶ Overview of Technical Approach
- ▶ Use Case Model
- ▶ Questions/Issues

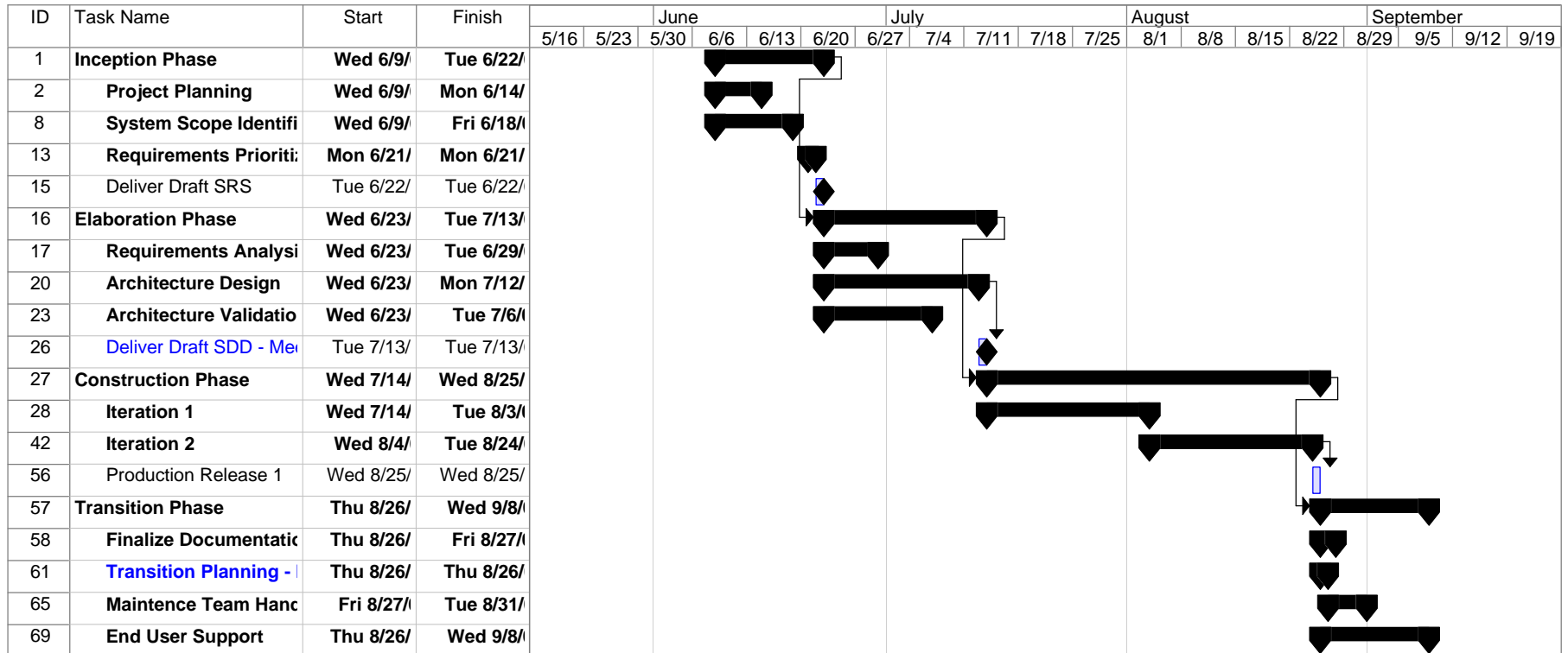
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EIT Concept

- ▶ **Function** - Web-based information and reporting application that will receive data from the Cost of Base Realignment Actions (COBRA) tool.
- ▶ **Access** – Tool is accessed via an Internet browser. Users can extract data that they have downloaded onto their desktops from COBRA, and upload that data into the EIT.

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EIT Development Schedule



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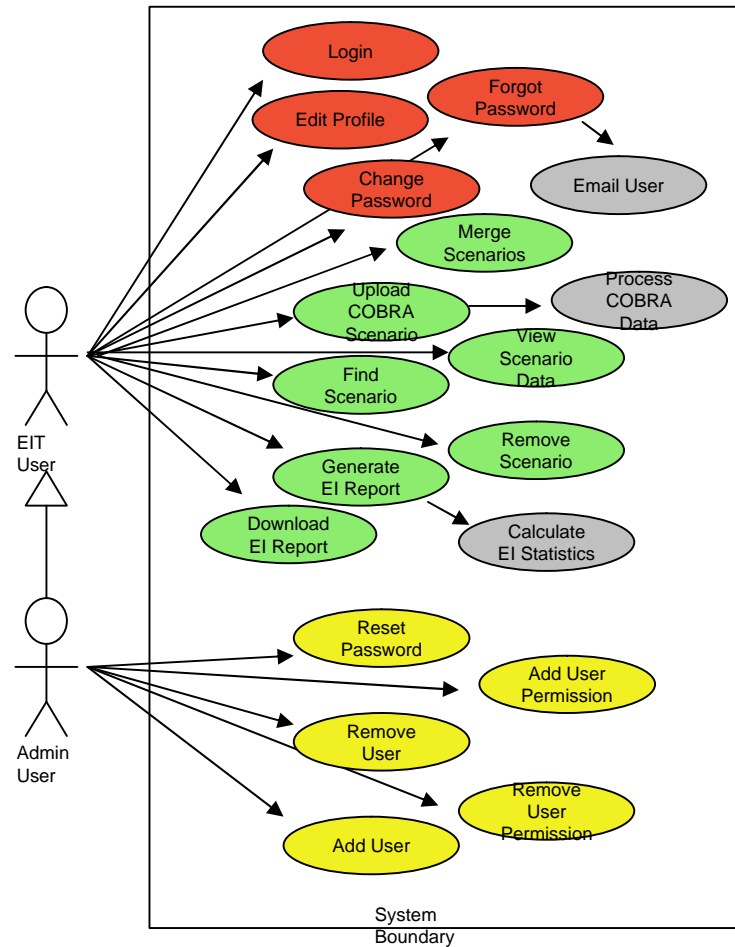
Overview of Technical Approach

- ▶ Methodology
- ▶ User Process
- ▶ Hardware Architecture
- ▶ Software Architecture

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Use Case Model

- Model based on RUP Methodology.
- Each Use Case represents a function of the system.



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Questions/Issues

- ▶ System hosting
- ▶ COBRA data

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Multiplier Update

JPAT 6

June 24, 2004



Multiplier Update

- We proposed to use a statistical method to estimate employment multipliers
- We would like the JPAT to consider an alternative, namely, using multipliers derived specifically for each economic area, rather than calculated via a statistical analysis



Estimating Employment Multipliers

- Booz Allen can develop employment multipliers (indirect and induced) by category of personnel and principal base activity directly for each economic area (Metropolitan Statistical Areas, Metropolitan Divisions and smaller rural areas)
 - Personnel: military, civilian, trainee
 - Principal base activity would need to be defined for each base, linked to Joint Cross Service Group functions:
 - Education and Training
 - Headquarters and Support Activities
 - Industrial
 - Intelligence
 - Medical
 - Supply and Storage
 - Technical
 - All others



Multipliers could be estimated using IMPLAN

- MIG, Inc., the IMPLAN firm, can run IMPLAN to estimate employment multipliers for each economic area
 - Includes Metropolitan Statistical Areas, Metropolitan Divisions and smaller rural areas
- Advantage to this approach is employment multipliers will be specific for each economic area where military installations are located



Estimating Multipliers for Government Activities Requires Certain Modifications

- IMPLAN includes 528 industry sectors including government services
- However, government services do not have a traditional “production function”
 - Multipliers associated with government activities only represent induced effects (e.g., household expenditures)
- To estimate indirect employment multipliers for military installations, analysis will examine industries providing similar types of services
 - Education and Training
 - Headquarters and Support
 - Industrial
 - Etc.



Other Modifications

- IMPLAN can not distinguish between different categories of personnel
 - Military personnel
 - Civilian employees
 - Trainees
- To account for this limitation, Booz Allen will adjust the induced multiplier to account for differences in income levels for different labor categories
 - Induced multipliers will be adjusted up or down based on the average wages by category