

BRAC 2005 Economic Impact Joint Process Action Team

Meeting Minutes of August 5, 2004

The sixth meeting with JPAT 6 on the BRAC 05 Economic Impact Analysis (EIA) took place on August 5, 2004, at the Pentagon. Mr. Mike McAndrew chaired the meeting.

The main items on the agenda were to continue discussion regarding the collection of mission contractor data and updates on the economic impact methodology. The agenda and briefing slides are attached. A summary of the major discussion points and decision are below.

Defining and Counting Contractors: Booz Allen briefed the JPAT on four options for counting mission-based contractors.

1. Examine DD Form 350 database for Place of Performance (POP) for contractors
2. Count base-access documents e.g. DoD auto stickers or base access passes
3. Count the number of e-mail accounts
4. Count the number of workstations.

The Air Force representative informed the JPAT that the Air Force has already obtained mission-contractor data from its data call in the form of full-time equivalents (FTEs). Recognizing that BRAC process must use consistent data within its analysis, the JPAT decided to review the Air Force's data call questions related to mission contractors to determine if it can be used globally to collect similar information across DoD. The JPAT will also consider incorporating elements from data calls used by the Navy in the 1995 BRAC round (e.g. Data Call 66: Installation Resources). Booz Allen will array the Air Force and Navy questions and provide the JPAT with recommended questions that will allow DoD to capture mission-contractor data for use in the economic impact model.

Other Factors for Economic Impact: Booz Allen then presented the JPAT with an assessment of the Center for Naval Analysis report provided the Navy's economic considerations used in BRAC 95. The JPAT discussed the additional economic factors identified in that report and determined to include a listing of the top occupational and industrial sectors and a list of DoD activities within the region being reviewed. These additions will be reflected as part of the summary report for each economic area.

Choosing a Deflator for Per-Capital Income: The next topic discussed focused on determining the appropriate index to use to deflate the historical levels and trends in local per-capita income that will be developed as part of the economic model. This information is readily available, but it has not been corrected for inflation. Booz Allen indicated that there are several different deflators used by economists and policy analysts, each one of which is appropriate in different contexts. The two viable options include the Consumer Price Index for Urban Consumers (CPI-U) published by the Bureau of Labor Statistics or the Gross Domestic Product (GDP). The JPAT 6 favored using the CPI-U index; however, they also decided to present the two options to the Independent Review Panel for their opinion to inform the JPAT's final decision.

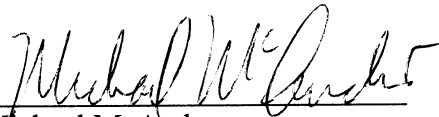
The JPAT was also asked to determine what base year should be used to normalize the data. The JPAT agreed the economic model would use the latest year that has the most complete data.

Internal Control Plan: Booz Allen submitted for JPAT 6 review a draft Internal Control Plan (ICP). Upon feedback from the JPAT, Booz Allen will work with DoDIG representatives to finalize the document.

Independent Panel Review: Booz Allen presented the proposed criteria and potential members for the Independent Panel for the economic impact methodology. The JPAT expressed some concern about the number of reviewers identified to date. Booz Allen will continue to research viable candidates with the goal of nominating at least as many reviewers who participated in the BRAC 95 review process. Booz Allen will prepare a more detailed briefing on the panel for review by the BRAC 2005 Deputy Assistant Secretaries at their next meeting.

Action Items/ Next Steps:

- OSD-BRAC to provide to Booz Allen a list of DoD leases on bases to determine their (DoD facilities) mapping to economic areas
- Army to provide to Booz Allen a list of 15 stand-alone DoD agencies/facilities that are included in COBRA
- OSD-BRAC to review Air Force's data call for contractor information, and consider incorporating appropriate elements from Navy's 1995 BRAC data call (#66).
- Booz Allen to develop a position paper for determining contractor data entry point (i.e. at COBRA or EIT)
- Booz Allen to verify that COBRA data can be exported to the economic impact information tool
- JPAT to provide its feedback on the draft Internal Control Plan (ICP) to Booz Allen.
- Booz Allen to work with DoDIG representatives to finalize the ICP.
- Booz Allen to prepare a briefing on the Independent Panel to the BRAC 2005 Deputy Assistant Secretaries.

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

Attachments:

1. List of Attendees
2. Meeting Slides
3. Issue Paper on Defining and Counting Contractors
4. DoN BRAC 1995 Installation Resources Data Call Questions
5. Issue Paper on Factors to Analyze for Impact and Context
6. Issue Paper on Choosing a Deflator
7. Issue Paper Describing Qualifications for Independent Review Panel
8. Resumes for Four Prospective Independent Review Panel Members

**Meeting 6: BRAC 2005 Economic Impact JPAT
August 5, 2004, Pentagon**

Attendees

JPAT Members:

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

Other(s):

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

Booz Allen Hamilton:

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



BRAC 2005 JPAT 6 Economic Impact

Briefing to the
JPAT 6

5 August 2004



Agenda

- Defining and Counting Contractors
- Other Factors For Economic Impact
- Choosing a Deflator for Per-Capita Income
- Internal Control Plan
- Update on Independent Panel



Defining and Counting Contractors

- Defining and determining mission contractors: jobs that involve performing one or more of the military mission of the base (e.g. military intelligence or aircraft repair)
- Counting direct jobs performed by mission contractors:
 - ❑ Input-Output Model does not distinguish jobs performed by government employees or contractors
 - ❑ Possible Methods for counting work performed by contractors:
 - 1. Examine DD Form 350 database for Place of Performance (POP) for contractors
 - 2. Count base-access documents, e.g. DoD Auto Stickers or Base Access passes
 - 3. Count the number of e-mail accounts
 - 4. Count the number of work stations
 - ❑ Recommendation: Count the number of work stations



Other Factors for Economic Impact

■ Review of Center for Naval Analyses (CNA)

- 1. Demographics of age and education
- 2. Employment by occupation and industry - Useful
- 3. Duration of employment
- 4. Average wage and salary rates by job classification
- 5. Area affordability
- 6. Government spending patterns
- 7. Migration rates
- 8. Lists of activities within a region - Useful
- 9. Maps
- 10. Summary statistics on employment, population, unemployment & income
- 11. Small business data
- 12. Characterization of the area economy made by other federal agencies



Choosing a Deflator for Per-Capita Income

- Two Choices
 - Bureau of Labor Statistics' Consumer Price Index for Urban Consumers (CPI-U)
 - Gross Domestic Product (GDP)
- Recommendation: CPI-U because of its consumer-focused basket used for deflation calculation



Internal Control Plan (ICP)

- Purpose
- Authority
- General
- Internal Control Mechanisms
 - Organizational Controls
 - Documentation Controls
- Access to BRAC 2005 Information
- Audit Access to Records
- Dissemination
- Community Relations/Interactions
- Changes to ICP



Independent Panel Review: Criteria

A balanced mix experts from other government (non-DoD) agencies, academia and the private sector. Main selection criteria include:

- Experience in local economic impact studies
- Knowledge of the DoD Environment
- No direct connection with the BRAC 2005 deliberative process
- No perceived conflict of interest with the BRAC 2005 process



Independent Panel: Potential Candidates

- John Peterson, George Mason University (on BRAC 95 Panel)
- John Krause, Government Finance Group (GFG)
- Grace Johns, Hazen & Sawyer
- Adam Rose, Penn State Center for Integrated Regional Assessment

**BRAC Economic Impacts Issue Paper:
Defining and Counting Contractors**

30 July 2004

Background:

BRAC 2005 Joint Process Action Team (JPAT) 6 plans to use the Regional Input–Output model, IMPLAN, to estimate the number of indirect and induced jobs that will be gained or lost under different base realignment and closure scenarios. Each scenario consists of proposed changes in the number of **direct jobs**—jobs that involve performing one or more of the military mission of the base, such as military intelligence or aircraft repair.

The Input–Output model takes a proposed change in direct jobs and estimates the changes in two other levels of employment s:

- **Indirect jobs**—jobs that support the infrastructure required to execute the mission, such as base building maintenance or on-base construction
- **Induced jobs**—jobs that support the day-to-day life of households directly or indirectly impacted by base activities (e.g. base workers) such as off-base retail and food service

The sum of direct, indirect, and induced job changes will be a major indicator of the economic impact of the proposed scenario on the local economy.

Issues:

Input–Output models do not distinguish between direct jobs performed by government employees (military or civil service) and direct jobs performed by government contractors. They simply estimate, for example, that X jobs lost in aircraft repair will result in Y jobs being lost in construction and Z jobs being lost in retail sales.

Military Services have reliable data on full-time equivalent positions on base for military and civil servants, but not for contractors. Typically, contracts are defined by performance, deliverables, and price, rather than by numbers of employees. For example, a contract might specify that 10 aircraft be overhauled within a month for \$1,000,000. The contracting firm would not be limited in the number of workers used to complete this work, nor would it necessarily be required to reveal this number to the Services.

Moreover, contractor tasks are a mixture of direct and indirect jobs. Methods that count total contractors will have to distinguish between direct and indirect FTEs.

Because of these issues, it will be difficult for the Services to create reliable estimates of the number of direct contractor job losses under a closure and realignment scenario.

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Each potential method of counting contractors involves tradeoffs among accuracy, feasibility, and resources required.

It should also be noted that it is extremely difficult to link contractor employees whose primary place of work is near a military installation with particular BRAC actions that might occur on the installation. Their work may or may not be directly related to the nearby base. In many cases, their work could support installations around the world, and not necessarily the closest base. DoD has no way of reliably obtaining or estimating what portion of the nearby contractor workload is directly attributable to the base itself, or to a proposed BRAC action on the base.

Because we believe that the problems of associating nearby contractor personnel with base activities cannot be resolved for BRAC 2005, we recommend attempting to count only contractor personnel whose primary place of work is on the DoD installation in the count of *direct* contractor employees who will be affected by BRAC 2005. (Our methodology for estimating indirect and induced jobs affected will capture contractors who are not *directly* affected by a proposed BRAC action.)

Alternative approaches:

1. Examine the DD Form 350 database for contracts with Place of Performance (POP) on each base. The database shows date of performance, POP, and contract price for all contracts over \$25,000. The price could be divided by an average loaded wage per person-year to estimate the contractor FTEs.

Advantages:

- Does not require a data call from the services
- Consistent across bases

Disadvantages:

- Misses all contracts under \$25,000 dollars, resulting in an underestimate of jobs
- Labor costs and procurement costs not clearly distinguished; procurement treated as labor will result in an overestimate of jobs
- Costs not always broken down between direct and indirect tasks
- Some contracts have multiple POPs without allocations among locations
- Could be difficult to link specific contract actions to specific BRAC scenarios

2. Count base-access documents, such as DOD Auto stickers or Base Access passes, to estimate the number of contractors

Advantages:

- Relatively low effort to comply with data call
- Probably overcounts contractors, and hence is conservative

Disadvantages:

- Passes are not always cancelled when contracts are completed
- Sticker records do not always correspond to the current place of employment

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- Passes may be issued to contractors who spend less than full time on base-related jobs
- Little to no way to distinguish between direct and indirect jobs
- Contractors who work off base in direct jobs (such as some analysts or engineers) may not be counted

3. Count the number of .mil e-mail accounts authorized to contractors by Base IT, sorted by sponsoring command or department

Advantages:

- May be able to distinguish between direct and indirect jobs based on sponsor
- Effort to comply with data call limited to IT Department

Disadvantages:

- May overcount due to unclosed accounts for expired contracts
- May overcount FTEs due to accounts for part-time contractors
- Contractors may have multiple accounts or aliases
- Requires responses by tenant-command IT departments

4. Count the number of workstations [or cubicles] supplied for contractor personnel, sorted by sponsoring command or department. Identify those shared by more than one full-time user; or, for cubicles, distinguish between those used for up to 8 hours a day, for up to 16 hours per day, and for more than 16 hours per day, to correctly count shift workers.

Advantages:

- Clear, consistent definition
- May be able to distinguish between direct and indirect jobs
- Does not undercount shift workers
- Inventory probably carefully managed due to the value of the assets counted

Disadvantages:

- Does not count direct jobs performed by contractors without on-base workstations or cubicles, such as off-base analysts or on-base maintenance workers
- Miscounts jobs if cubicles are shared on a given shift, or if individuals have more than one cubicle
- Requires more effort to comply than other alternatives

Recommendation:

We recommend Alternative 4 as the best tradeoff among accuracy, feasibility, and effort. Scenario data calls could include language such as the following:

“Report the number of workstations on the base assigned to *contractor mission support employees* that would be *directly* affected by the proposed BRAC action. ‘Contractor mission support employees’ are contractor employees who perform one or more of

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the *military* missions on the base and whose work tasks are virtually identical to government civil servants or military personnel.

“Examples: On-base workstations for the following types of contractor personnel *would* be included as contractor mission support employees: contractor intelligence analysts working alongside DoD analysts; contractor personnel at a depot performing weapon system repairs alongside or under the direct supervision of DoD repair personnel; contractor personnel maintaining information technology systems alongside DoD information technology professionals, etc.

“On-base workstations for the following types of contractor personnel *would not* be included because they do not fit the definition of *contractor mission support employees*: contractors for grounds keeping, plumbing, and general purpose utility work (because they do not do *military* missions and because their job losses or gains are captured in the methodology for indirect or induced effects).

“For on-base workstations for contractor mission support employees, also report the sponsoring base organization of the contractor.

“If an on-base workstation is used by more than one full time contractor mission support employee, indicate how many full time employee equivalents use the workstation.”

**DATA CALL 66
INSTALLATION RESOURCES**

3. Contractor Workyears.

a. On-Base Contract Workyear Table. Provide a projected estimate of the number of contract workyears expected to be performed "on base" in support of the installation during FY 1996. Information should represent an annual estimate on a full-time equivalency basis. Several categories of contract support have been identified in the table below. While some of the categories are self-explanatory, please note that the category "mission support" entails management support, labor service and other mission support contracting efforts, e.g., aircraft maintenance, RDT&E support, technical services in support of aircraft and ships, etc.

Table 3 - Contract Workyears	
Activity Name:	UIC:
Contract Type	FY 1996 Estimated Number of Workyears On-Base
Construction:	
Facilities Support:	
Mission Support:	
Procurement:	
Other:*	
Total Workyears:	

* **Note:** Provide a brief narrative description of the type(s) of contracts, if any, included under the "Other" category.

DATA CALL 66
INSTALLATION RESOURCES

b. Potential Disposition of On-Base Contract Workyears. If the mission/functions of your activity were relocated to another site, what would be the anticipated disposition of the on-base contract workyears identified in Table 3.?

1) Estimated number of contract workyears which would be transferred to the receiving site (This number should reflect the number of jobs which would in the future be contracted for at the receiving site, not an estimate of the number of people who would move or an indication that work would necessarily be done by the same contractor(s)):

2) Estimated number of workyears which would be eliminated:

3) Estimated number of contract workyears which would remain in place (i.e., contract would remain in place in current location even if activity were relocated outside of the local area):

**DATA CALL 66
INSTALLATION RESOURCES**

c. "Off-Base" Contract Workyear Data. Are there any contract workyears located in the local community, but not on-base, which would either be eliminated or relocated if your activity were to be closed or relocated? If so, then provide the following information (ensure that numbers reported below do not double count numbers included in 3.a. and 3.b., above):

No. of Additional Contract Workyears Which Would Be Eliminated	General Type of Work Performed on Contract (e.g., engineering support, technical services, etc.)

No. of Additional Contract Workyears Which Would Be Relocated	General Type of Work Performed on Contract (e.g., engineering support, technical services, etc.)

Factors to Analyze for Impact and Context

30 July 2004

In a draft deliberative document¹, the Center for Naval Analyses listed twelve data streams that they used to crosscheck the results of the DOD BRAC 95 Economic Impact Model. These data streams, which were collected at the Activity, Region, and National levels, were:

1. Demographics on age and education
2. Employment by occupation and industry
3. Duration of employment
4. Average wage and salary rates by job classification
5. Area affordability
6. Government spending patterns
7. Migration rates
8. Lists of activities within a region
9. Maps
10. Summary statistics on
 - a. Employment
 - b. Population
 - c. Unemployment
 - d. Income
11. Small business data
12. Characterizations of the area economy made by other federal agencies

The document states that, “In general the profiles ‘corroborated’ DoD BRAC 95 Economic Impact Model results.”

Below we describe which of these supplemental data we have chosen to analyze or display in depth, and explain why we have chosen not to analyze or display others. We feel that many of these factors are either inputs to the relevant outcome (employment), are of secondary effect, or are not strongly relevant to the decision to close or realign bases.

1. Demographics on age and education

It is not clear how age demographics would be relevant to the base closure decision. If a regional workforce is relatively old, then indirect and induced job losses might be considered particularly difficult to recover from, given the high seniority and

¹ *Center for Naval Analyses, Draft Deliberative Document, “Comparison between Economic Impact Database 1995, Base Realignment and Closure (LMI) dated February 1995 and Economic Area Profiles for DON BRAC-95 Regions of Influence (CNA) dated November 1995”. Unpublished supplement to William W. Davis and David M. Wennergren, Economic Area Profiles for DON BRAC-95 Regions of Influence, November 1995: Center for Naval Analysis, Alexandria, VA, Report CRM 95-169.*

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specialization of the force. However, this seems like a second-order response to the first-order outcome, namely change in employment.

To the extent that education correlates with income, the PCI seems to be a reasonable proxy for education.

2. Employment by occupation and industry

This might be useful if the Commission wishes to judge the impact of base closures on specific occupations or industries, or to get an intuitive feeling for how militarily focused the region is. This would require the Commission to decide which industries and occupations to focus on, since there are so many in the NAICS. Presumably, the decision-relevant ones would be the top 5 or so in terms of total employment.

Data is available cross-industry online from BEA, albeit at a relatively aggregate NAICS level (such as "Manufacturing"). It is available from the BLS as well, but based upon the 1990 MSA definitions.

In most areas, the top several occupations tend to be Office and administrative support, Sales, Food preparation and serving, Production, and Transportation, which are not particularly enlightening to the BRAC process.

BLS data on employment by industry by MSA are available, although it would probably require filtering to avoid taking up considerable electronic storage space unnecessarily.

3. Duration of employment

The decision relevance of duration of employment is not clear. Presumably, if a region has a low average duration of employment, it has many low-paying jobs with lots of turnover, rather than skilled industrial jobs. However, high-technology corridors traditionally have had short durations of employment. A more direct indicator of the quality of jobs in the region might be average wages in the region, or else PCI.

4. Average wage and salary rates by job classification

This might be useful in judging the "quality" of jobs in the area, and their wage rate relative to the jobs being lost in the realignment or closure.

Data availability may be a problem. The BLS publishes quarterly the wage rates for the most populous 10 percent of counties. PCI seems to be a reasonable proxy for average wage and salary. If needed, we could use BEA data to estimate average wages by industry.

5. Area affordability

This measure compares the average per-capita income (PCI) to a cost-of-living index.

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The relationship between affordability and a base closure is not clear. Closing a base may drop the local cost of living by lowering housing prices, due to off-base housing being vacated by base personnel. However, the average PCI may also be lowered if on-base salaries were high relative to off-base salaries, or if the indirect and induced job losses are in high-value sectors. The resulting ratio of PCI to the COL might be higher or lower, depending on the details of the local economy.

Given the uncertainty on the effects of realignments and closures on affordability, we do not consider this a first-order decision factor.

6. Government spending patterns

Military expenditures will be dealt with directly during the analysis of the effects of lost base expenditures. Non-military government spending might be relevant to an equity argument: a base closure in a region that had also recently suffered a large decrease in non-military government spending might be considered particularly unfair.

This seems like a second-order decision factor, but might be considered for display in the report. The Census Bureau's Consolidated Federal Funds Report (CFFR) is a potential data source.

7. Migration rates

Presumably, closing a base in a region with an already large negative net migration would result in a more damaging impact than for a region that is attracting net positive immigration. However, population vs. time, which we propose to display, seems to be a reasonably good proxy to capture this effect.

8. Lists of activities within a region

If by "activities" we mean military activities, this could be of use when developing scenarios, to be cognizant of other services' potential closures in the region. The list of activities would alert scenario developers that other teams might be considering appropriate.

It would be reasonably easy to extract all of the other military activities within a region. Aren't we going to consider any "cumulative impacts" of closing more than one base in an area?

9. Maps

Maps allow the decision maker to locate the region in which the base lies. This, combined with a general knowledge of regional economic trends, might assist the decision maker's intuition about the economic robustness of the local and regional economy.

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However, the economic region of interest (MSA, MD, or rural county) will already be listed on the report. Maps would provide graphical but somewhat redundant information about the region in which the base resides.

If desired, it might be possible to create a hot link that would forward the base's zip code to a free commercial on-line mapping website.

10. Summary statistics on
 - a. Employment
 - b. Population
 - c. Unemployment
 - d. Income

These factors are all clearly important to understanding the vulnerability of a region to a base closure and the resulting direct, indirect, and induced employment reductions. These are the factors we propose to report for context.

11. Small business data

The relevance to the base closure decision of small business numbers and revenues, as compared with those of businesses in general, is not clear. One presumption could be that areas with many small businesses would be more vulnerable to lost government set-asides than an area with few small businesses. Alternatively, it could be argued that areas with many small businesses are more robust and less vulnerable to economic disruptions than areas with mainly large employers.

This appears to be an ambiguous measure of vulnerability to the primary effect of indirect and induced job losses.

12. Characterizations of the area economy made by other federal agencies

The lack of specificity of this measure makes it difficult to analyze. For example, relevant characterizations might include reports by the BIA to evaluate economies near tribal lands, or by the Economic Development Administration to identify economically distressed regions. The BEA, the BLS, and state-level statistics agencies issue many, many different metrics of economic performance. Different metrics might be appropriate on an ad-hoc basis, but the previous data seem sufficient to bring significant clarity to the potential local economic impacts of different proposed closures and realignments.

**BRAC Economic Impacts Issue Paper:
Choosing a Deflator for Per-Capita Income**

03 August 2004

Background:

JPAT-6 is using historical levels and trends in local per-capita income to provide context for economic changes due to potential realignments and closures. This information is readily available from government sources, but it is not corrected for inflation.

Issue:

There are several different deflators used by economists and policy analysts, each one of which is appropriate in different contexts. JPAT-6 needs to choose one that best represents the effects of inflation on local per-capita income.

Alternative approaches:

The most likely deflator choices are

1. Bureau of Labor Statistics' Consumer Price Index for Urban Consumers (CPI-U)
2. Bureau of Economic Analysis' Deflators based on Gross Domestic Product (GDP)

Some relevant differences are:

CPI-U

- Measures price changes for a *fixed* basket of 200+ categories of consumer goods
- Does not include any government purchases
- Does not include investment goods (e.g., stocks, bonds, real estate, life insurance)
- Is generally not revised once issued

GDP

- Measures price changes for the *changing* basket of all goods and services: namely, all goods and services included in the GDP
- Includes government purchases, imports, and exports
- Includes investment goods
- Is often revised as additional data become available

CPI-U's fixed basket of goods may overstate the inflation, since it does not take into account substitutions consumers make for expensive goods. However, it does isolate pure monetary inflation from substitution, quality change, and other muddying effects. CPI-U's exclusion of government purchases and investment goods makes it reasonable to use when deflating PCI data. CPI-U is focused on consumer goods, and specifically

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excludes government expenditures, which are not relevant to PCI. CPI-U also excludes investment goods, which are related to savings rather than consumption.

The fact that GDP deflators can be revised as new data become available is an advantage. CPI-U is not revised, in part because it is used for negotiating labor contracts, setting COLAs, and for other salary-related purposes that would be difficult to change retroactively.

Recommendation:

Primarily because of the consumer-focused basket used in its calculation, we recommend that CPI-U be used to deflate PCI data.

The BLS's discussion on its website (see excerpt below) supports this analysis, stating that "[CPI-U] is...the best measure to use to translate retail sales and hourly or weekly earnings into real or inflation-free dollars."

From the Bureau of Labor Statistics CPI FAQ Page
http://www.bls.gov/cpi/cpifaq.htm#Question_12

Is the CPI the best measure of inflation?

Inflation has been defined as a process of continuously rising prices, or equivalently, of a continuously falling value of money.

Various indexes have been devised to measure different aspects of inflation. The CPI measures inflation as experienced by consumers in their day-to-day living expenses; the Producer Price Index (PPI) measures inflation at earlier stages of the production and marketing process; the Employment Cost Index (ECI) measures it in the labor market; the BLS' International Price Program measures it for imports and exports; and the Gross Domestic Product Deflator (GDP-Deflator) measures combine the experience with inflation of governments (Federal, State and local), businesses, and consumers. Finally, there are specialized measures, such as measures of interest rates and measures of consumers' and business executives' inflation expectations.

The "best" measure of inflation for a given application depends on the intended use of the data. The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period. It is also the best measure to use to translate retail sales and hourly or weekly earnings into real or inflation-free dollars.

**BRAC Economic Impacts Issue Paper:
Qualifications for Independent Panel**

02 August 2004

Background:

BRAC 2005 Joint Process Action Team (JPAT) 6 intends to have an independent panel comment upon and validate the methodology used to model local economic impacts.

Issue:

Criteria must be set, and panel members must be selected.

Suggested approach:

We recommend the JPAT seek members for the independent review panel who have:

- Experience in conducting local economic impact studies, particularly in studies that use Input–Output models
- Experience in or significant knowledge of the DoD Environment
- No direct connection with the BRAC 2005 deliberative process
- No perceived conflict of interest with the BRAC 2005 process

The first criterion requires knowledge about the problem area, and the second requires domain knowledge; members should be strong in at least one, and preferably both, of these criteria. The third and fourth require the panel members to be truly independent, both in fact and in perception; members should clearly meet both of these criteria.

Recommendations:

We recommend the following members for the panel—

John E. Petersen, PhD
Professor of Public Policy
George Mason University
Participant in BRAC 1995 Economic-Impact Methodology Review Panel

Adam Z. Rose, PhD
Professor of Geography
Pennsylvania State University
Associate, Center for Regional Integrated Assessment
Researcher who has used IMPLAN for a wide range of impact studies

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Grace M. Johns, PhD
Senior Associate and Economist
Hazen and Sawyer, PC.

Has used I/O and other economic models to estimate economic impacts, benefits and costs of natural resource projects and environmental regulations to households and businesses

John L. Krause, Jr.
Director, Government Finance Group, ARD, Inc.

Has conducted research on local fiscal impact analysis and economic development, capital planning, and public-private initiatives; financial advisor to several DC-area local governments

Professional Resume: John Petersen

NAME: JOHN EARLE PETERSEN

TITLE: Professor of Public Policy and Finance
School of Public Policy, George Mason University
Fairfax, Virginia

BUSINESS ADDRESS: 3401 North Fairfax (Arlington Campus)
Room 265
Arlington Virginia 22209

TELEPHONES/ FAX: 703-993-2286 / 703-993-8215 (Fax) or 703-807-5700
eMAIL: 703-273-2653 (Home) email: jep@gmu.edu

NATIONALITY: USA

EDUCATION: Ph.D., Economics, 1967, University of Pennsylvania,
Philadelphia, PA

M.B.A., Wharton School, 1964, University of Pennsylvania
Philadelphia, PA

B.A., Economics, 1962, Northwestern University
Evanston, IL

LANGUAGES: Spanish, French (basic reading only)

MEMBERSHIP IN PROFESSIONAL SOCIETIES: American Economics Association
American Society for Public Administration
Formerly, City Council member (Fairfax, Va.) and Director,
Washington Area Council of Governments
Municipal Finance Forum of Washington (Past President)
Society of Municipal Analysts (Past President)
Southern Municipal Analysts Society and National
Federation of Municipal Analysts
Formerly, Professorial Lecturer, Georgetown University
School of Business
Senior Fellow, Urban Land Institute
Regular Columnist, "Finance," *Governing* magazine
Editorial Board, *Public Budgeting and Finance*, *Municipal
Finance Journal*, *National Tax Journal*, *Muni-Net*
Faculty Associate, Lincoln Institute of Land Policy
Member, Economic Development Authority, Fairfax City,
Virginia
Member, Commission on State and Local Government Tax
Structure, State of Virginia (Morris Commission)

**COUNTRIES OF
WORK EXPERIENCE:**

Philippines, Pakistan, Indonesia, Hungary, Poland, Slovakia, South Africa, Macedonia, Romania, Canada, Russia, Mexico, USA.

**EMPLOYMENT
RECORD:**

FROM: January 2002

TO: PRESENT

EMPLOYER:

George Mason University, Fairfax Virginia

**POSITION HELD AND
RECENT MAJOR
PROJECTS:**

Professor of Public Policy and Finance, School of Public Policy. Full-time member of faculty in the public policy graduate school program. Teaching both core and elective courses in Public Finance, Government Financial Management, International Finance and Financial Institutions, and Infrastructure Finance. Consulting work and special projects with domestic and international clients.

Consultant, Pacific and South East Asia Region, World Bank, Use of Credit Enhancements in Subnational Credit Markets. A study of a variety of credit enhancement techniques used in developing and developed markets to promote domestic financing of infrastructure at the subnational level. (May to July 2004)

Expert Witness, Landowners and City of Bristol Virginia Annexation Hearings before the Commission on Local Government, Commonwealth of Virginia. An examination of the fiscal trends and circumstances in the City of Bristol. (April to present)

Senior Analyst, Municipal Development Funds Study, for the Urban Division of the World Bank. A study of the efficiency and other characteristics of 120 World Bank projects that had loan funds for urban subnational government infrastructure. (April to June 2004)

Senior Editor and Author, Subnational Credit Markets in Developing Countries. A study of market access in developing and transitioning countries – the World Bank. It consists of an analytical framework and seventeen country case studies that assesses the results of efforts over the last decade to develop credit market access for subnational governments. Book was published by Oxford University Press/World Bank in 2004. (January 2002 to July 2003)

Senior Analyst, “An Examination of the Potential for Developing Subnational Credit Markets in Four Southeast Asian Countries: Viet Nam, Indonesia, the Philippines, and

China.”- World Bank. A report that uses multiple measures to determine the comparative stages of fiscal and financial market development. Makes an assessment of the feasibility for promoting greater private market access by local and regional governments and a strategy for accomplishing that result in these countries. Pacific and South East Asia Regional Group. World Bank (April to July 2003)

Senior Analyst, *Fiscal Impact of the Federal Presence in the District of Columbia.* Working with Urban Analytics, a fiscal impact model based on the Comprehensive Financial Statements of the District was constructed that estimates the costs versus revenues attributable to federal government employment and land use in that area. Report also examines the implications of using various compensatory mechanisms to offset the net estimated costs under a variety of assumptions. (May 2002 to September 2002)

Senior Researcher, George Mason University Regional Economics Center. *Loudoun County's Fund Balance: A Decade of Fiscal Change in Ten Virginia Urban Counties.* A comparative study of rapidly growing suburban counties and how they financed rapidly growing operating and capital outlays. (May to September 2003)

Presenter, National Tax Association Annual Meetings, Washington DC. *Changing Red to Black: Fiscal Alchemy in State and Local Government Budgets.* A discussion of how budgets are “balanced” through various forms of accounting manipulations and borrowing and the implications for event-driven, cyclical and structural deficits. Published in National Tax Journal September 2003. (May 2003)

Instructor, Commonwealth of Virginia -- Human Resources Management Department's Advanced Training Program: A series of two-day courses in *Dynamic Budgeting and Financial Analysis* (July 2002 to January 2004)

Finance Specialist, Options for creating a subnational government credit market in Indonesia – USAID. As part of a DAI/ARD team, examined the recent restructuring of local government in Indonesia and the various ways in which Indonesian Provinces and localities can be introduced into the domestic private credit markets. Recommendations regarding the creation of a specialized financial institution to facilitate a transition to private market- based lending mechanisms. (May to July, 2002)

Senior Financial Consultant, Macedonian Local

Government Finances Project. --- USAID. Working under contract to DAI, provided assistance in framing local government borrowing powers in new local government law. Did feasibility report on establishing a bond bank using various financial structures adapted to Macedonian governmental and financial structure (May 2001-April 2002).

FROM: 1998

TO: December, 2002

EMPLOYER:

ARD/Government Finance Group, Arlington, VA

**POSITION HELD AND
DUTIES AND RECENT
MAJOR PROJECTS:**

Division Director. Responsibilities included management of business development, financial accounting, and personnel assigned to the GFG Division. Allocated work to Division staff and oversaw and ensured quality of all technical work and products for both domestic national and local government clients and international clients. Provided technical services in areas of local financing for specific infrastructure projects. Served as Financial Advisor on \$3.5 billion in debt transactions (with the original firm and since 1992). As an international expert in a range of local government finance areas, especially in infrastructure financing, public private financings, and credit analysis and ratings.

Team Leader, Capacity Building in Local Government Unit Financing in the Philippines – Asian Development Bank. A multi-pronged technical assistance project to develop the capacity of government financial institutions and private banks and capital markets to assess and finance capital projects of local government units. Special emphasis is placed on a new lending authority that will provide interim credit to prepare feasibility studies and bidding documents of Build-Operate-Transfer projects and other privatization techniques. Training programs and seminars in project design and credit analysis, as well as loan administration for participating financial institutions. Also, design of proposed ADB credit mechanism to help support definitive (long-term) financing of LGU projects. (June 2000 – May 2001)

Senior Consultant, Pakistan Local Government Devolution Project – Asian Development Bank. A reorganization program for local government in Pakistan as part of the military government's domestic political reform program. Working on the four Provincial local government codes to create a new self-governing structure at the local level. Emphasis has been on the local government revenue-raising powers and their implementation and on the local-level fiscal transfer system. (April 2001 – February 2002)

Senior Financial Consultant, Romanian Local Government Assistance – USAID. Analysis of and technical assistance to Romanian bank lending and credit market access for local government units. Developed and conducted four training modules, including a training manual and methods for municipal credit analysis. The first training topic was “Capital Investment Programming and Borrowing Fundamentals.” The second topic was “Borrowing from Romanian Banks.” Future topics will address skills related to specific debt transactions in which technical assistance is being provided. Developed basic bank loan documentation and application/disclosure documents. Technical assistance to local authorities in debt transactions. (October 1999 to 2002).

Senior Advisor, Macedonia Local Government Finances Project – USAID. Prepared an analysis of the proposed local finances law, which devolves certain financial functions to local governments. Examined prospects for limited credit market activity and held seminar for Macedonian national and local officials on that subject. (April-May 2000)

Financial Advisor, Feasibility Study for Tax Increment Financing Proposal – District of Columbia. Prepared the financial feasibility studies for the first two economic development projects in D.C. involving an estimated \$65 million in District bonds. The feasibility studies assessed the D.C. government's ability to generate sufficient revenues in order to utilize tax increment financing (TIF) to secure bonds for financing public and private-use facilities related to the projects. Provided in-depth research of the projects' economic projections and generated a series of stress model scenarios. (September 1999 to present)

Financial Advisor, Community Development District Financing – Montgomery County, Maryland. Served Montgomery County both in developing its general policy regarding special taxing districts, and in creating and financing its first two Community Development Districts. These involve both residential and commercial developments (\$200 million residential and commercial projects involving \$30 million in public debt financing). Helped the County design taxes and assessments to be applied within the special districts and to issue limited obligation bonds. (March 1998 - Present)

Financial Advisor, Virginia Beach, Virginia. General advisory services (financial feasibility, security documents, etc.) provided on tax increment and special district financing of commercial public/private development involving approximately \$25 million in public debt issuances and a \$120 million development (September 1999 - Present)

Senior Analyst, Development Credit Authority-DCA (USAID). Under contract with Coopers Lybrand, applied the subsovereign general obligation, limited obligation, and project financing sections of the DCA Credit Manual in performing various credit evaluations of selected DCA-supported projects in South Africa. (1999 – 2000)

Chief of Party, Polish Local Government Debt and Financial Monitoring System. In a study for the Polish Ministry of Finance (MOF), prepared an analysis of new debt restrictions and definitions to be used as a result of the 1998 Public Finance Act. In addition to a report on definitions to be used and recommending improved collection of data, developed a manual giving financial ratios from the MOF's reporting forms to indicate the financial condition and performance of local governments. Organized two conferences and conducted training sessions on indicators. (August – November 1999.)

Senior Municipal Credit Finance Analyst, Philippines: Governance and Local Development Project. Contributed to the proposed methodology and manual for the Local Government Unit Guarantee Corporation (LGUGC) credit rating system, including comparisons to U.S. and international systems. Provided technical and policy assistance in structuring of bond insurance company to insure municipal loans. Assisted LGUGC staff in a full review of policies and operations. Designed spreadsheet approaches for monitoring financial trends for local governments that incorporate performance benchmarks. Provided advisory inputs to support credit finance assistance to selected project local government partners. Provided support in obtaining a DCA loan Guarantee from U.S. AID's DCA facility. (May 1998, October 1998, February-March 1999, July 1999, December 1999, June 2000 to Present.)

Presenter, World Bank Conference on Intergovernmental Financial Relationships, Chaing Mai Thailand: Subnational Government Borrowing and Credit Policies and Practices. (April 1999.) World Bank Conferences on *Local Capital Market Development*, New York City (February 2000); *Municipal Bond Market Development*, Washington DC (April 2000); and *Financial Intermediation and Local Governments*, Washington DC (March and April 2000)

Consultant, Council of Infrastructure Financing Authorities, Credit Considerations for Non-traditional SRF Borrowers. For the Council produced a manual on credit evaluation of non-profit and commercial borrowers to be used in environmental facility financing loans to private entities. Description of credit factors, sources of information, and case studies. This manual is used by the 38 state revolving loan funds in making loans to non-governmental borrowers. (January 1999)

Municipal Finance Specialist, Disclosure in Sub-sovereign Credit Markets. Prepared a "tool kit" in the sub-national

government financing series for the World Bank. The “tool kit” presented investment disclosure concepts including purpose, frequency, registration and enforcement; policy options; a detailed outline for disclosure documents including securities descriptions, information about the issuer and its activities; information about management and the governing body; evaluations and forecasts; and financial reports. (January 1999.)

Senior Financial Advisor, South Africa: Formulation of a Regulatory Framework for Municipal Borrowing. Completed a comprehensive examination of the existing municipal bond and steps that should be taken to re-activate and improve its operation. Made recommendations for strengthening the sub-national securities market, including regulation of the issuance process and the pledging of security by local governments, prudential regulation of banks and the security markets, financial reporting and disclosure, remedies in the case of default, and municipal workouts. Designed concessionary financing vehicles and credit enhancements compatible with private capital market access. (June-December, 1998.)

Senior Financial Advisor, South Africa: Municipal Infrastructure Investment Unit. Provided services to the Development Bank of South Africa’s Municipal Infrastructure Investment Unit in support of private sector project design and execution of infrastructure programs including analysis of alternatives and designing procedures for soliciting and procuring specialized consulting services. (January - May 1998.)

FROM: 1992

TO: 1998

EMPLOYER:

Government Finance Group, Inc., Arlington, VA

**POSITION HELD AND
DUTIES AND TYPICAL
PROJECTS:**

President/Chairman of the Board. Managed a staff of eight and actively participated in providing financial advisory, consulting and research work to governments, agencies and private clients. Acted as financial advisor on approximately \$3 billion in debt financings by state and local governments. GFG has undertaken a wide variety of engagements and serves clients located throughout the United States and in Asia, Eastern Europe, and Mexico. In addition, taught graduate course in public finance at George Mason University, wrote a monthly column on finance for *Governing* magazine, and was a frequent contributor to other publications, including publications of Moody’s Investor Service, Standard and Poors, and Fitch-IBCA.

Financial Analyst. Under subcontract to PriceWaterhouse Coopers/Lybrand prepared the sub-sovereign government, utility and project financing sections of the credit manual for the USAID's Development Credit Assistance Program (credit enhancement). The manual is used by USAID as a guide for assessing and quantifying the risk factors in specific proposed loans and credit enhancement programs. (June - August, 1998, July-August 1999.)

Financial Analyst, Russia: Environmental Bond Guarantee Program. Completed a study of the impact of Russia's financial difficulties on the EPA-sponsored proposal for an environmental guarantee program and available options for the future of the program. (August 1998.)

Local Government Finance Specialist, World Bank Urban Programs. Prepared a paper describing the linkages between local governments and financial markets. Developed a draft "tool kit" for Developing Sub-sovereign Credit Markets in Emerging Economies for the sub-national government financing series. The "tool kit" provided policy guidelines and described types of debt security, debt structures, instruments, and methods of sale; restrictions on issuance and use of sovereign debt; market structure, regulation and operations; disclosure, credit analysis and credit ratings; monitoring and oversight; and designing and implementing credit assistance. (June - December 1998)

Municipal Bond Specialist, Indonesia: Municipal Finance Project. Explored ways to minimize the potential cost of risk premiums that might be incurred by bond issuers. These were caused by new and untested nature of PDAM (the Indonesian local government water authority) revenue bonds in Indonesian capital markets, via an assessment of alternative credit enhancement mechanisms, especially utilization of the USAID Enhanced Credit Authority. Developed the first three PDAM revenue bonds for sale in the domestic market for Badung, Semarang, and Pam Jaya (Jakarta). Assisted the PDAMs in the selection process for legal counsel, credit enhancer, and underwriter, and in outlining bond sale documentation. (Multiple assignments 1995-1997.)

Local Government Finance and Municipal Credit Specialist, Poland: Pilot Local Government Partnership Program. Explored current conditions and prospects for establishment of a Municipal Bond Market in Poland. Analyzed primary and secondary markets, reviewed brokers,

evaluated rating agencies, reviewed taxation issues, assessed existing legal structure and implications of new bond laws, and analyzed of the comparative advantages of bonds versus loans. Worked with counterparts to develop registration and disclosure documents (prospectus) for the emerging municipal bond market. These guidelines were adopted by the Polish Sjem. Provided advisory services on the first local bonds (Ostrow Weipolski) to follow the guidelines and to be registered on the Polish over-the-counter market. Assisted city of Krakow in its first issue of bonds in a competitive negotiation. Both the Ostrow Weipolski and Krakow bond issues were sold for local roads and bridges. (Multiple assignments 1995-1996.)

Municipal Finance Specialist, Poland: Housing Finance and Municipal Advisory Program. Evaluated the policy, legal, and regulatory framework for private capital financing for municipal infrastructure and assessed the potential for developing municipal bond markets as a financing option. The work resulted in the paper “*Prospects for Municipal Bonds in Poland.*” (1995.)

Municipal Debt Market Specialist, Philippines: Governance and Local Development Project. Provided specialized technical assistance related to formation of “municipal bond” markets for local government bond issues. The work involved the mechanics of local planning for issues, issuance procedures, and examining various capital-raising techniques that might be used, including issues surrounding the tax treatment of Philippine local government securities. (Multiple assignments 1995-1998.)

Financial Analyst, Financial Feasibility Model for the City of Mexicali, Mexico. Contributed to the development of a spreadsheet-based financial model to assist the City of Mexicali, Mexico in its efforts to build a new wastewater treatment plant using a build-operate-transfer (BOT) agreement. This model contained long-term income and cash flow projections, capital financing structures, and a projection of tariffs to assist the City in evaluating bids from domestic and foreign contractors for the long-term contract. (June - September, 1994)

Municipal Capital Financing Trainer, Planning and Sale of Municipal Bonds: A Seminar on Local Government Capital Financing. Designed and produced a week-long seminar program on capital financing practices throughout the world, focusing on capital budgeting, analyzing alternatives, the use of debt financing techniques, and doing practical exercises.

Seminar attendees were from Southeast Asia, Central America, India, and Central Europe. (September, 1994.)

Municipal Bond Specialist, Indonesia: Municipal Bond Project/Enhanced Credit Program. Performed analysis of market potential and the use of credit enhancements to encourage the formation of local government securities markets in emerging and transitioning countries, including Indonesia. Also consulted on the operational aspects of preparing bonds for issuance, focusing on local government water utilities. (Multiple assignments, 1994 - 1995.)

Local Government Finance Specialist, Local Government and Housing Privatization Project: Financial Advisory Services to Eastern and Central Europe. Consulted on financial management, budgeting, and capital financing to central and local governments in countries in the region. Completed assignments with cities in Poland, Bulgaria, and Slovakia. (Multiple assignments 1994-1996.)

Municipal Infrastructure Finance Specialist, U.S./Mexican Border Environmental Financing. In support of EPA's examination of environmental financing needs and mechanisms for solid waste, wastewater, and hazardous waste, provided analysis that was used in the design of the North American Development Bank's infrastructure program. The examination was published as "Environmental Clean-up Along the Mexico-United States Border: An Examination of Financing Alternatives." (June - October, 1993)

Municipal Credit Specialist, Local Government and Housing Privatization Project: Accounting, Budgeting and Infrastructure Financing in Krakow, Poland. Based on the findings of two field visits to Poland, formulated recommendations concerning the budgeting, accounting, financial reporting, and infrastructure financing practices of the city government in Krakow, Poland. The report focused the financing of the City's water and sewer utility. The work also entailed making recommendations regarding the institution of a municipal credit program to be established by the Polish government. (August 1993.)

Seminar Presentation, Development Finance in Nuevo Leon, Mexico. Prepared and gave a presentation on comparative international local government financing patterns, fiscal impacts, and infrastructure finance presented to the state of Nuevo Leon, Mexico. (July- August, 1992)

Local Government Infrastructure Financing Specialist,

Philippines: Local Government Assistance Program. Provided an examination of local credit mechanisms including judging the creditworthiness of local government units with reference to the requirements of financial institutions and the characteristics of the financial instruments available; identifying alternative capital financing modes; evaluating various options available to local government units; and outlining the policy, institutional, and procedural steps required. Mini-workshops with selected Philippine professionals and government officials were conducted and a study tour to study the U.S. municipal securities market was designed and conducted. (Multiple assignments 1991-1994)

10.3 FROM: 1977

TO: 1991

EMPLOYER:

Government Finance Research Center, Government Finance Officers Association, Washington, DC

POSITION HELD AND DUTIES AND TYPICAL PROJECTS:

Senior Director, Managed a staff of 20 persons and actively participated in performing a variety of research, consulting, and training services, as well as publications and computer software products. A division of a national professional association, the research center undertook approximately 300 research projects and consulting engagements, including financial advisory services on approximately \$2 billion in bond sales by local governments. Designed and participated in approximately 50 debt-related training sessions, in addition to other forms of seminars and training courses.

Consultant, German-American Fund Prepared and presented a paper on the privatization and the financing of public works infrastructure in the formerly East German Lander. (November, 1991)

Project and Seminar Director, Offshore Financing and Investments Project. Conducted seminars in Tokyo, London, and Zurich and produced a publication based on the seminar proceedings entitled Offshore Financing for State and Local Governments. Program dealt both with offshore borrowing by state and local governments and investments by their pension funds. (Multiple assignments, 1985 - 1987.)

Consultant, U.S. Environmental Protection Agency, U.S. Department of Housing and Urban Development, U.S. Department of Transportation, U.S. Economic Development Agency and other agencies and state and local governments. Conducted research on state and local finance and capital financing on a wide range of topics in approximately 150 separate projects. Published seven books and over 100 articles in academic and trade journals. Awarded outstanding research award by Government Research Association in 1987 and by Federation of Municipal Analysts in 1984.

FROM: 1976

TO: 1977

EMPLOYER:

Center for Policy Research & Analysis, National Governors Conference, Washington, DC

POSITION HELD AND DUTIES

Director. Directed the research work of the national Governor's Association (staff of 8), both performing and commissioning research projects over a broad range of state-related subjects, including health care, transportation funding,

state budgeting techniques, and state assistance to local governments. Under arrangements, I also continued to work on several projects with the Municipal Finance Officers Association, including the Disclosure Guidelines for Offerings of State and Local Securities

FROM: 1973

TO: 1976

EMPLOYER:

Municipal Finance Officers Association

POSITION HELD AND DUTIES:

Washington Director. Opened the Washington Office of the Municipal Finance Officers Association (subsequently named the Government Finance Officers Association). Staff of four, the position involved both Congressional and federal agency representation and funded research work. Major studies involved the structure and workings of the municipal market, state oversight and monitoring of local governments, the use of credit ratings, and devising disclosure documents for sales of municipal securities. Was a principal designer of the federal regulation scheme for the municipal securities market as embodied in federal legislation passed in 1973.

FROM: 1970

TO: 1973

EMPLOYER:

Securities Industry Association, Washington, DC

POSITION HELD AND DUTIES:

Director of Public Finance. Director of a staff of seven located in Washington and New York City. Responsible for the work of the municipal and U.S. Governments division, including congressional, federal agency and interest group representation, committee support, and performing needed research to support industry activities. A major effort was directed toward devising a self-regulatory structure and establishing industry-wide standards for bond underwriting and trading. During my tenure, the association adopted uniform calculation procedures and expanded its industry data base on new issue underwriting.

FROM: 1968

TO: 1970

EMPLOYER:

Capital Markets Division, Board of Governors, Federal Reserve Board, Washington, DC

POSITION HELD AND DUTIES:

Capital Markets Economist. As an economist in the capital markets division I was responsible for following and reporting on the municipal securities market and also worked on Board's econometric model. I undertook several research projects, including creating the short-term municipal market reporting structure and examining the impact of monetary

policy on the state and local government sector. Published in the three pieces on that subject in the *Federal Reserve Bulletin* and prepared Congressional testimony on the same subject.

Updated 0203

Professional Record

Grace M. Johns, Ph.D., is responsible for firm-wide economic and financial studies for Hazen and Sawyer. These studies involve water resources, solid waste, agriculture, tourism, and land use. She is responsible for evaluating economic impacts, benefits and costs of natural resource projects and environmental regulations to households and businesses.

She has estimated the financial and economic impacts of chemical regulations and water/stormwater policies to agricultural industries. She has evaluated the benefits of recreation and water resource projects in California, Florida, Honduras, and Columbia using travel cost models and contingent valuation surveys.

Dr. Johns was project manager of the recently-completed Socio-economic Study of Reefs in Southeast Florida for Broward County. The study was funded by Palm Beach, Broward, Miami-Dade and Monroe Counties, NOAA and the Florida Fish and Wildlife Conservation Commission. The 2000-01 project included an 18 month long survey research effort to estimate the economic contribution and use values of artificial and natural reefs in southeast Florida. Dr. Johns is currently conducting this same study for Martin County, Florida. The Martin County surveys began in February 2003.

She recently completed the cost of service and retail rate study for the City of Coral Gables, Florida wastewater utility. The City Commission approved the retail rate recommendations in 2002. She also completed the cost of service and retail rate study for the City of Homestead Solid Waste Utility in 2001.

Dr. Johns directed the following additional projects from 1999 to 2003:

- Evaluation of Isolated Wetlands Restoration on Pastureland in the Lake Okeechobee Watershed
- Economic Impact of Phosphate Mining to Hardee County, Florida
- Preparation of the Statement of Estimated Regulatory Costs associated with the provision of wastewater service in the Florida Keys for the Florida Keys Aqueduct Authority.
- Impact of Water Use Permitting Provisions in the Most Impacted Area of the Southern Water Use Caution Area for the Southwest Florida Water Management District.
- Evaluation Model for Alternative Water Resource / Supply Management Strategies for the Southwest Florida Water Management District.
- Water demand projections by service area for the City of Fort Lauderdale and the City of Homestead.
- Contribution of three chapters and bibliography to NOAA Guidebook of Coastal Resource Valuation.
- Preparation of consumer confidence reports for water utilities.
- Economic analysis support to Miami-Dade County Cross Connection Control Ordinance Task Force.

Grace M. Johns, Ph.D.

Senior Associate

Academic Credentials:

- PhD - Agricultural and Natural Resource Economics University of California, Berkeley, 1986
- BS - Food and Resource Economics, University of Florida, 1981

Employment Record:

- 1990 - Present - HAZEN AND SAWYER, P.C.
- 1987 - 1990 - Spectrum Economics, Inc.
- 1986 - 1987 - Consulting Economist
- 1984 - 1986 - Minimax Research Corporation
- 1981 - 1984 - University of California, Berkeley, Graduate Research Economist

Principal Areas of Expertise:

Water Resource Economics
Full-Cost Accounting/Benefit-Cost Analysis
Market and Non-Market Valuation
Survey Research
Economic Impact Studies
Recreation/Instream Uses
Statistics/Econometrics
Agricultural Economics

Professional Activities:

Governor's Commission for a Sustainable South Florida - Full Cost Accounting Committee
American Association of Cost Engineers
American Water Resources Association
American Water Works Association

HAZEN AND SAWYER
Environmental Engineers & Scientists



[From <http://www.geog.psu.edu/people/rose/>; CV to follow]

ADAM Z. ROSE

CONTACT INFORMATION

E-mail: azr1@psu.edu

213 Walker Building, University Park, PA 16802

Phone: (814) 863-0179

Fax: (814) 863-7943

BACKGROUND

Professor, Geography faculty member since 2003

Professor, Department Head, Department of Energy, Environmental, and Mineral Economics, Penn State 1988-2002

B.A. (Economics), University of Utah, 1970

M.A., Ph.D. (Economics), Cornell University, 1972, 1974

Environmental & resource economics, energy economics, regional & urban economics, economic development, and applied general equilibrium analysis (I-O, SAMs, CGE)

Faculty Associate positions:

Natural Hazards Center, Penn State (since 1998)

Center for Integrated Regional Assessment, Penn State (since 1996)

Environmental Pollution Control Program, Penn State (since 1995)

Earth Systems Science Center (now Environment Institute), Penn State (since 1993)

Editorial positions for the following journals:

Natural Hazards Review, Acting Associate Editor (since 2001)

Energy Policy (since 2000)

Pacific and Asian Journal of Energy (since 1995)

Resource and Energy Economics (since 1993)

Resources Policy (since 1989)

Regional Science Review (since 1988)

Journal of Regional Science, Associate Editor (since 1985)

CURRENT FUNDED RESEARCH

Co-Principal Investigator and Track A Team Leader, National Institute of Building Sciences/Federal Emergency Management contract, "Independent Study to Assess Future Savings from Hazard Mitigation Activities (2003-2004).

Principal Investigator, Project Director, and MCEER Task Leader, National Science Foundation grant (through the Multidisciplinary Center for Earthquake Engineering Research)—Loss Estimation and Resiliency: Indirect Effects, 2001-2002 (renewed, Demonstration Projects, 2003-2004).

Past Projects:

Co-Principal Investigator and Project Director, Pennsylvania Department of Environmental Protection contract—Pennsylvania Greenhouse Gas Emission Inventory, 2001-2002.

Principal Investigator and Project Director, Center for Energy and Economic Development contract—Economic Impacts of U.S. Coal Production and Utilization, 2001.

Principal Investigator, National Science Foundation grant (through the Multidisciplinary Center for Earthquake Engineering Research)—Recovery Management, 2000-2001 (renewed, Policy Objectives, 2001-2002).

Co-Principal Investigator, U.S. Department of Energy NIGEC contract—Climate Change and Policy Impacts on the Southeastern U.S. Economy, 2000-2001 (subcontractor through University of Alabama; renewed Phase 2, 2001-2002).

RECENT PUBLICATIONS

The Marketable Permits Approach to Global Warming Policy: National and International Implications, Chicago, University of Chicago Press, forthcoming (with B.K. Stevens).

Economics and Environmental Justice, Special Issue of *Resource and Energy Economics*, forthcoming.

The Economics of Natural Hazards, Cheltenham, UK: Edward Elgar Publishing company, forthcoming (co-editor with H. Kunreuther).

"Global Climate Change and the Value of Solar Energy in the U.S. Agriculture," *Land Economics*, forthcoming (with R. Kamat and J. Shortle).

"Interregional Burden-Sharing of Greenhouse Gas Mitigation in the United States." *Mitigation and Adaptation Strategies for Global Change*, forthcoming (with Z. Zhang).

"Greenhouse Gas Mitigation Action Planning," *Penn State Dickinson Environmental Law Review*, forthcoming.

"Externalities, Efficiency, and Equity," in J. van den Bergh (ed.) *Encyclopedia of Life Support Systems*, UNESCO, forthcoming (with S. Kverndokk).

"Equity and Energy Policy," in C. Cleveland et al. (eds.) *Encyclopedia of Energy*, New York: Academic Press, forthcoming (with S. Kverndokk)

"Economic Principles, Issues, and Research Priorities in Natural Hazard Loss Estimation," in S. Chang and Y. Okuyama (eds.) *Modeling the Spatial Economic Impacts of Natural Hazards*, Heidelberg: Springer, forthcoming.

"Computable General Equilibrium Modeling of Electric Utility Lifeline Losses from Earthquakes," in S. Chang and Y. Okuyama (eds.) *Modeling the Spatial Economic Impacts of Natural Hazards*, Heidelberg: Springer, forthcoming (with G. Guha).

Greenhouse Gas Emissions Inventory for Pennsylvania, Report to the Pennsylvania Department of Environmental Protection, Center for Integrated Regional Assessment, Penn State, 2003 (with B. Yarnal, et al.)

National Institute of Building Sciences/Federal Emergency Management Agency,

"Indirect Economic Losses," *Flood Loss Estimation Methodology*, Washington, D.C., 2003 (with H. Cochrane and S. Chang).

"A Dynamic Analysis of the Marketable Permits Approach to Global Warming Policy: A Comparison of Spatial and Temporal Flexibility," *Journal of Environmental Economics and Management*, Vol. 44, No. 1, 2002, pp. 45-69 (with B.K. Stevens).

"Business Interruption Losses from Natural Hazards: Conceptual and Methodological Issues in the Case of the Northridge Earthquake," *Global Environmental Change B: Environmental Hazards*, Vol. 4, No. 2, 2002, pp. 1-14 (with D. Lim).

"Greenhouse Gas Reduction in the U.S.: Identifying Winners and Losers in an Expanded Permit Trading System," *Energy Journal*, Vol. 23, No. 1, 2002, pp. 1-18 (with G. Oladosu).

"Modeling Regional Economic Resiliency to Earthquakes: A Computable General Equilibrium Analysis of Water Service Distributions," in *Proceedings of the 7th National Conference on Earthquake Engineering*, Oakland, CA: EERI, 2002 (with S. Liao).

"Model Validation in Estimating Higher-Order Economic Losses from Natural Hazards," in C. Taylor and E. VanMarcke (eds.) *Acceptable Risk to Lifeline Systems from Natural Hazards Threats*, New York: American Society of Civil Engineers, 2002, pp. 105-131.

User Costs in Seismic Risk Management for Urban Infrastructure Systems, Report to the National Science Foundation, Department of Geography, University of Washington, 2002 (with S. Chang and others).

Chad-Cameroon Development Project: Economic Impact Assessment of Cameroon, Report to the World Bank for ExxonMobil, URS Corporation, Houston, TX, 2002 (with F. Bayne).

Earthquake Engineering Research Institute, *Securing Society Against Catastrophic Loss: A Research and Technology Transfer Plan*, Report to the National Science Foundation, Oakland, CA, 2002 (with other members of an Expert Review Panel).

HONORS AND AWARDS

Penn State Provost's Award for Collaborative Instruction and Curricular Innovation (1993, 1996)

Who's Who in America (since 1988)

American Planning Association, Outstanding Planning Program Honor Award (1983)

University of California Regents Junior Faculty Fellowship (1979)

PROFESSIONAL MEMBERSHIPS

American Economic Association (since 1974)

Regional Science Association (since 1975)

Association of Environmental and Resource Economics (since 1979)

International Association for Energy Economics (since 1983)

International Input-Output Association (since 1988)

International Society for Ecological Economics (since 1995)

Earthquake Engineering Research Institute (since 1995)

Association of American Geographers (since 2002), Member, Board of Directors,
Energy & Environmental Specialty Group

TEACHING INTERESTS

Undergraduate:

Economics of Energy & Environment

Ecological Economics

Economics of Natural Hazards

Graduate:

Economics of Energy & Environment

Resources & Economic Development

Economics of Minerals & Environment

CURRENT ADVISEES

Ph.D. Advisees: Dan Wei

PAST ADVISEES (RECENT)

Ph.D. Advisees: Shu-Yi Liao, California Energy Commission

Gauri Guha, Arkansas State University

Gbadebo Oladosu, Oak Ridge National Laboratory (ORNL)

Samuel Addy, University of Alabama

Juan Benavides, Inter-American Development Bank

Graham Davis, Colorado School of Mines

M.S. Advisees: Nate Collamer, ICF Consulting

Phil Szczesniak, U.S. Geological Survey

Greg Adams, ICF Consulting

JOINT PROCESS ACTION TEAM 6 ECONOMIC IMPACT

INTERNAL CONTROL PLAN FOR THE 2005 BASE REALIGNMENT AND CLOSURE PROCESS

PURPOSE

This guidance establishes the policies and responsibilities that constitute the Internal Control Plan (ICP) for Joint Process Action Team 6 (JPAT 6) and all contractors supporting its BRAC 2005 efforts. It is to be used to implement the Defense Base Closure and Realignment Act of 1990 (P.L.101-510 as amended) (BRAC) and the Secretary's November 15, 2002, "Transformation Through Base Realignment and Closure" memorandum and all subsequent policy memoranda outlining the DoD BRAC 2005 process. It is designed to delineate the policies and procedures that will ensure data integrity for JPAT 6 actions during the BRAC 2005 process.

JPAT 6 is developing a methodology and information technology tool that will facilitate consideration, Department of Defense-wide, of the economic impact on existing communities in the vicinity military installations that could be affected by closures, realignments, or other BRAC actions. In accordance with P.L. 101-510 as amended, the Department of Defense published the final selection criteria for BRAC 2005 in the **Federal Register** on February 12, 2004.¹ In selecting military installations for closure or realignment, the Department of Defense, giving priority consideration to military value, must also consider: "The economic impact on existing communities in the vicinity of military installations." A goal of JPAT 6 is to develop a common methodology and an associated information tool for BRAC 2005, principally for use by the Military Services, Defense Agencies, and Joint Cross Service Groups (DoD Components).

AUTHORITY

JPAT 6 operates as an integral part of the Department's BRAC 2005 process under the oversight of the Infrastructure Executive Council and Infrastructure Steering Group.

GENERAL

JPAT 6 recommends using three types of information to estimate the potential economic impact of BRAC actions on existing communities in the vicinity of military installations. The different types of data require different treatment under this ICP.

¹ See **Federal Register** , Vol. 69, No. 29, February 12, 2004, page 6948.

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(1) **Direct job changes.** The number of military personnel, civilian employees, and, possibly, contract mission support employees, that would be directly affected by a potential BRAC action is required to estimate economic impact.² Under current plans, DoD Components will develop these estimates as part of the scenarios they develop and review. The scenario data calls that are required as part of the BRAC 2005 scenario development process will require the submission of certified data for military personnel and civilian employees.

At the time of the writing of this version of this ICP, JPAT 6 is still deliberating over how to address the number of contract mission support employees affected by a potential BRAC action. Options include (a) omitting consideration of this group of potential job changes, (b) entering estimates directly into COBRA, or (c) entering estimates directly into the economic impact information tool. This ICP will be updated to address contract mission support employees after JPAT 6 completes its deliberations on this topic.

Because data elements for military personnel and civilian employees will be certified and entered into the Cost of Base Realignment Alternatives (COBRA) model, actions taken under this ICP need only to ensure that DoD Components, and the information tools that they use, transfer these data elements without change from COBRA to the economic impact information tool.

ICP requirements for contractor mission support employees will be developed after JPAT 6 determines how these jobs will be counted in its analysis, if at all.

(2) **Indirect job changes.** JPAT 6 currently plans to estimate the number of indirect job changes associated with a particular BRAC action by applying a multiplier value to the number of direct job changes. Under current plans, JPAT 6 will develop the BRAC 2005 multiplier values on the basis of the multiplier values provided by MIG, Inc., which is the supplier of IMPLAN, a commercial-off-the-shelf input-output economics model.

This ICP needs to ensure that the correct IMPLAN values are used as the basis for the calculations for the BRAC 2005 indirect multipliers.

(3) **Official Federal Government Economic data.** JPAT 6 currently plans to view direct and indirect job changes in the context of official federal government economic data for economic areas in the vicinity of military bases. This data includes employment levels, unemployment rates, per capita personnel income, and key industrial sectors. JPAT 6 plans to obtain the data from the U.S.

². '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.

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Departments of Labor and Commerce, the official data sources. Actions under this ICP need to ensure that the official data has been obtained correctly from the official source (via Internet, CD-ROM, etc.) and mapped to the correct economic area in the information tool, and that reports from the information tool accurately display to correct information.

The remainder of this ICP discusses issues specific to the three types of data.

INTERNAL CONTROL MECHANISMS

The objective of the internal control mechanisms is to ensure the accuracy, completeness, and integrity of the information upon which the Secretary of Defense recommendations for base realignments and closures will be based. The two principal control mechanisms are organization and documentation.

Organization Controls

Under the oversight and guidance of the Secretary, there are two groups within the DoD which have primary responsibilities for assisting the Secretary: the IEC, chaired by the Deputy Secretary of Defense and the ISG, chaired by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)). JPAT 6 operates under the direction of these two bodies. The ISG and IEC will review and approve the final methodology for economic impact for BRAC 2005.

The DoD Inspector General and General Accountability Office (GAO) advise the IEC, ISG, and JPAT 6. JPAT 6 also plans to conduct a review by independent economists of its general methodology for addressing economic impact.

Documentation Controls

The following outlines document controls for data to perform analyses related criterion 6, “The economic impact on existing communities in the vicinity of military installations.” The goal of documentation controls is to ensure that the information used is certified for accuracy and completeness, where appropriate, and that the information is used consistently by OSD, the Military Departments, the Defense Agencies, and the Joint Cross Service Groups throughout the BRAC 2005 process. (The JPAT’s work, the technical expertise of its contractor support, and the review by independent economists will help ensure that the information will be used in appropriate ways to evaluate economic impact.)

To protect the integrity of BRAC 2005 documentation prepared, handled, or processed, the economic impact methodology will adhere to the control elements described below. Representatives from the DoDIG and GAO may observe or validate these procedures, as appropriate.

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Data collection and handling:

(a) Direct job changes. To begin the process of calculating the potential economic impact of a BRAC action or scenario, DoD Components will electronically upload direct job changes for military personnel and civilian employees into the web-based economic impact information tool from a COBRA model output file located on their network or hard drive. These direct job changes will originate in a scenario data call and will be certified before they are entered into COBRA. For these data elements, therefore, the economic impact process need only ensure that the data are being exported correctly from the COBRA model into the COBRA output file and are uploading correctly (have not been altered) into the economic impact information tool.

To validate that COBRA is exporting the data correctly, representatives from JPAT 6 will:

- ◆ Manually review sample COBRA export files to validate, to the best of our ability, that the program will create an accurate data export.
- ◆ Create 5 “dummy files” in COBRA with an appropriate entry in each data field.
- ◆ Export the COBRA dummy files to a COBRA export file
- ◆ Validate that the COBRA export file contains identical information to the associated COBRA dummy file

To validate that the economic impact information tool is uploading the data correctly, representatives JPAT 6 will:

- ◆ Perform a data format check, which will confirm, for example, that numbers (not text) are uploaded to fields that should contain only numbers, etc. Uploading will not proceed unless the data format check is performed successfully.
- ◆ View scenario data through in the economic impact information tool. Analysts will perform a spot check of scenario data and compare entries in the COBRA export file to entries in the economic impact information tool.
- ◆ For a small number of test cases, analysts will perform a 100 percent check to verify that the scenario test case data uploaded

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correctly into the information tool.

(b) Indirect job changes. JPAT 6 will create multipliers for indirect job changes for each economic area based on calculations on multipliers from the IMPLAN input-output model.

To assure the integrity of the multiplier data provided by IMPLAN, JPAT 6 representatives will:

- ◆ Review the IMPLAN data when it is first received from MIG, Inc., to check for general reasonableness of the multiplier values using professional judgment.
- ◆ Review the IMPLAN multipliers to identify multiplier values, if any, that are clearly in error, i.e., too high, too low, a negative number, etc.
- ◆ Resolve any discrepancies or questions directly with MIG.

To ensure the integrity of the calculations performed (i.e., the calculations that will be performed on the IMPLAN data), JPAT 6 will ensure that a review of the calculations is performed by qualified analysts, either DoD or contractor personnel, who did not participate in the initial calculations. Calculations will be performed in a spreadsheet or database. The review will ensure that the spreadsheet formulas or database commands are appropriate. As part of the review, a small sample of parallel calculations will be performed in a separate spreadsheet or database to confirm the calculations in the “production” spreadsheet or database.

Analysts will ensure that all of the multiplier data is uploaded correctly from spreadsheets or database tools into the economic impact information tool. They will spot check a small number of entries and perform “check sum” calculations to ensure that all numerical entries have migrated correctly.

(c) Official Federal Government Economic Data. Data for the BRAC Economic Impact Analysis is being obtained from a various federal government agencies. It is therefore important that a plan be in place to assure quality and accuracy of such data. The following explains the approach that will be used by JPAT 6 to insure data integrity.

Sources for historical data that will be used to describe different economic areas are summarized in the following table.

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Data	Source	Agency	Notes
Base locations (county)	Spreadsheets from JPAT 6 representatives	Military Departments and Defense Agencies	
Metro/Micropolitan Areas and Metropolitan Districts	OMB Bulletin 04-03	OMB	
Total Population by County	Regional Economic Information System	BEA	Census Bureau midyear population estimates. Estimates for 2000-2002 reflect county population estimates available as of April 2004.
Total Employment by County	Regional Economic Information System	BEA	
Per Capita Income	Regional Economic Information System	BEA, BLS	Nominal Per Capita Income was obtained from the REIS database and converted to real dollars (2002) using the Annual U.S. City Average CPI (Not seasonally adjusted) for all items obtained from BLS
Total Earnings/Income by County	Regional Economic Information System	BEA	
Unemployment Rate, Labor Force and Employed by County		BLS	
Largest Industry by Metropolitan/Micropolitan Area			

Note BEA = Bureau of Economic Analysis, U.S. Department of Commerce; BLS = Bureau of Labor Statistics, U.S. Department of Labor; OMB = Office of Management and Budget, Executive Office of the President.

JPAT 6 will obtain historical economic data from the Bureau of Economic Analysis (U.S. Department of Commerce) and Bureau of Labor Statistics (U.S. Department of Labor). Data will either be obtained by download direct from the Internet or by email from the above-mentioned agencies. These files will be converted to an Excel format where they will be further manipulated where necessary (e.g., convert nominal dollars to real dollars). These Excel files will then be uploaded into an MS Access database,

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where data will be aggregated and organized by economic area (such as Metropolitan Statistical Area, Micropolitan Statistical Area, Metropolitan Division, or county).

Base location data obtained from the JPAT 6 Military Service representatives will be verified for accuracy using the following protocol:

- ◆ An analyst will collect the heterogeneous service submissions into a single Excel file and identify missing data and anomalies.
- ◆ The analyst will ask the JPAT 6 Service Representatives to review the unified Excel document, to supply missing data, and to validate or correct anomalies.
- ◆ Review and validation will continue until the JPAT 6 Service Representatives concur that the lists and locations are accurate.

Data obtained from OMB, BLS, and BEA will be checked for accuracy using the following protocol:

- ◆ An analyst who was not materially involved in the original download will examine county-level data in Excel format to identify any apparent errors or omissions. The analyst will search for missing data, anomalies, and statistical outliers.
- ◆ JPAT 6 will follow-up with the applicable agencies to validate outliers and correct errors and omissions where possible.
- ◆ The analyst who was not materially involved in the data manipulation will independently perform this manipulation on a subset of the data to validate that the manipulation was performed correctly.
- ◆ After the transformation and upload of the Excel data into the information technology tool, an analyst will perform spot checks on each fields in the database to ensure that the upload procedure loaded the data in the proper fields and records. Analysts will also perform “sum checks” on selected fields with quantitative data to ensure that all data transferred correctly.

Certification: Any data files uploaded into the economic impact information tool by the Military Departments, Defense Agencies, and Joint Cross Service Groups will be certified in accordance with their respective internal control plans. Data and information gathered from authoritative or official sources external to DoD, such as OMB, BLS, or BEA, will be certified as to the source if the sources’

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accuracy can be determined by the audit community to be in accordance with the U.S. GAO guidance.

Record Keeping: Minutes of all JPAT 6 deliberative meetings and attendance lists will be maintained. Minutes will include copies of materials circulated and discussed.

Outside Studies: No data from outside studies or briefings will be accepted for use by JPAT 6 unless such data is independently validated and certified in accordance with BRAC 2005 procedures.

Technical Experts: JPAT 6 has retained the services of Booz Allen Hamilton, to provide economics and information technology services. Booz Allen will work under the direction of JPAT 6 and coordinate regularly with its members.

Non-Disclosure Agreements: All individuals working within the JPAT 6 process, including contractor personnel, will be required to sign BRAC 2005 non-disclosure agreements.

ACCESS TO BRAC 2005 INFORMATION

To protect the integrity of the BRAC 2005 process, all files, data, and materials relating to that process are deemed deliberative and internal to DoD. All requests for release of BRAC 2005 data and materials, including those under the Freedom of Information Act, received prior to the Secretary forwarding his realignment and closure recommendations to the Defense Base Closure and Realignment Commission shall be forwarded to the Military Department BRAC authority concerned, or the DUSD(I&E). All BRAC 2005 documents, including electronic media, will have the following statements either as a header or footer, as appropriate:

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The members of JPAT 6 and its contractors are entrusted to have access to BRAC 2005 data and information that originated from OSD, the IEG, ISG, the Military Departments and the Defense Agencies. Consistent with the organization controls set forth in this and other ICPs, access will not be granted to any individual, to include technical experts or outside consultants, without the consent of the JPAT 6 Chair. Such access carries a responsibility for ensuring that BRAC 2005 data and information is treated as sensitive and pre-decisional. The members of the JPAT 6 and its supporting contractors are required to protect the BRAC 2005 process from either improper or unofficial disclosures. The JPAT 6 Chair will ensure all assigned and substitute members of his or

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her group are informed that no internal deliberations or data will be discussed or shared with anyone outside their group without specific Chair approval. The group members must also take precautions to prevent the acceptance of information that is not certified or may be forwarded to JPAT 6 through channels other than those identified in this document and BRAC 2005 policy guidance.

AUDIT ACCESS TO RECORDS

The Comptroller General is required to submit a report to Congress and the Commission containing a detailed analysis of the Secretary's recommendations and selection process shortly after the Secretary provides his BRAC recommendations to the Commission. To facilitate this review, the Department will allow the GAO auditors full and open access to all elements of the DoD process, except for deliberative meetings, and to all data supporting the Secretary's final recommendations, as they are being developed and implemented. Copies of the deliberative meeting minutes will be made available to the GAO as they are signed by the Chair.

Full and open access to the BRAC 2005 process and data will be granted to the Inspector General of the Department of Defense. Furthermore, the audit agencies of the Military Departments and Defense Agencies participating in BRAC 2005 will review and validate data collected and analyzed by their Departments and Agencies. GAO, the DoD Inspector General, and the relevant audit agencies will coordinate their efforts to avoid duplication of effort.

DISSEMINATION

All members of the IEC, ISG, JCSGs, Military Departments, Defense Agencies and JPAT 6 must use every precaution to prevent the improper release of and/or access to BRAC 2005 data and information. Not only is access restricted to those individuals officially approved to take part in the BRAC 2005 process, care must also be taken to avoid inadvertent dissemination through telephone conversation, facsimile "FAX", or electronic "E-mail" transmission. Dissemination of information that is not discussed in this ICP will only be made with the expressed documented approval of the USD(AT&L).

The JPAT 6 Chair will disseminate this ICP as appropriate. The Military Departments and Defense Agencies will incorporate this guidance in their ICPs for use within their Departments or Agencies. The USD(AT&L) will be advised of any control violations or weaknesses that are identified through application of this ICP.

This ICP will be modified as required to conform to the final ISG and IEC approval of the proposed methodology for addressing economic impact in BRAC 2005.

COMMUNITY RELATIONS/INTERACTIONS

The BRAC 2005 round will motivate local communities to solicit information from the DoD on the process and data used to develop recommendations. Protecting the integrity of the DoD BRAC 2005 process requires OSD, Military Departments, and Defense Agencies to designate key individuals and processes that will address community and congressional inquiries. Members of JPAT 6 and its contractors will not address community or congressional inquiries regarding economic impact in BRAC 2005 without the express approval of the JPAT 6 Chair.

CHANGES TO ICP

As the USD(AT&L) issues supplemental guidance that affects this ICP, JPAT 6 will incorporate this guidance into its ICP.