PENDING DEFENSE CUTS, BRAC AND THE IMPACT ON STATES AND COMMUNITIES

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WHO WE ARE

The **ASSOCIATION OF DEFENSE COMMUNITIES** (ADC) is the nation’s premier membership organization serving America’s defense communities. ADC represents 200 communities, states and regions with a significant military presence, and partner organizations.
OUR MISSION

ADC is a unique, dynamic organization with a 35-year history of linking communities, states, the military and the private sector on four major issues:

• **Community-Military Collaboration** – Advancing partnerships that promote the value of military installations and strengthen communities and states through effective military-community relationships and sustainable regional planning.

• **Installation Change** – Supporting communities and states to address changes in military infrastructure and their impacts on the local and regional economies.

• **Public/Private Partnerships** – Cultivating private-sector resources to support military infrastructure, energy security, environmental remediation and conservation.

• **Military Families/Veterans** - Helping communities and states understand current and future challenges facing military families and veterans and advancing effective solutions.
LOOMING DEFENSE SPENDING CUTS

Budget Control Act of 2011

- **Phase 1**: Approximately $487 billion cut over 10 years; Secretary Panetta calls these “manageable”

- **Phase 2** (Sequestration): $500 billion over 9 years starting Jan. 2013
SEQUESTRATION

- $500 billion in cuts over 9 years, starting January 2013; $55 billion a year
- Funding for each defense account would be reduced by 9.4% in 2012; Impact on facilities even greater
- Potential results:
  - Furlough of a large number of civilian personnel; Industry Impacts – layoffs, etc.
  - Curtailed training and lower investment in installation support
  - Force reduction in future years
  - Fewer weapons purchases
POSSIBLE SCENARIOS FOR RESOLVING SEQUESTER AND FISCAL CLIFF

• Short-term solution that postpones the automatic cuts for six months
• Fall over the fiscal cliff, but a deal is reached soon thereafter
• Regardless, further defense cuts almost definitely will be one element of an agreement, perhaps a reduction of only $250 billion or less will be called for
HOUSE NATIONAL DEFENSE AUTHORIZATION ACT

- House passed May 18
- Does NOT call for BRAC 2013 or BRAC 2015
- Prohibits DoD from spending FY 2013 funds to plan for an additional BRAC round
- Calls for GAO study on community impact of BRAC
- Prohibits the Air Force from carrying out its far-reaching plan to retire aircraft and eliminate personnel in 2013, primarily from the Air National Guard
- Includes support for shared-service agreements
The Senate is expected to pass its version soon, possibly today.

- It does not authorize new BRAC rounds (in 2013 or 2015).
- Calls for GAO to assess how DoD determines the amount of excess capacity it has.
- Prohibits the Air Force from carrying out its far-reaching plan to retire aircraft and eliminate personnel in 2013, primarily from the Air National Guard.
- Includes language on shared-service agreements.
- After the Senate approves its version, a House-Senate conference committee will be established to reconcile the competing versions. The process should take about a week, leaving time for each chamber to pass the conference report and send it to the president for his signature.
THE FUTURE OF BRAC

• BRAC 2013 not going to happen
• Likelihood for 2015: given the vehemence of congressional opposition this session against BRAC, it's uncertain how soon the tide will turn
• BRAC-like actions are occurring?
• What is worse?
EMERGING OPPORTUNITIES FOR MILITARY PARTNERSHIP
PARTNERSHIP BETWEEN THE MILITARY AND COMMUNITIES

• Long history of collaboration and partnership between communities/states and the military
• Budget realities are forcing “new” paradigms
• Appropriate actions are required on both sides of the fence to create cost efficiencies
• Best practices still contain large saving potentials
• Need to move beyond basic partnership to business relationships that yield real results
SHARED SERVICES - HARNESING THE POWER OF COMMON INTEREST

• Redundancies are not affordable anymore
• Local governments often work together to integrate delivery of services that:
  – are based on a common interest
  – create financial efficiencies
  – better leverage resources
  – create mutual value greater than what the partners could achieve individually
  – are necessary to share (e.g. water, electricity, sewage treatment)
• Why not the military and communities?
INTERGOVERNMENTAL SUPPORT AGREEMENTS WITH STATE AND LOCAL GOVERNMENTS.

(1) The Secretary of the military department concerned may enter into an intergovernmental support agreement with a State or local government to provide, receive, or share installation-support services when such an agreement—

(A) serves the best interests of the military department by enhancing mission effectiveness or creating efficiencies or economies of scale, including by reducing costs;

(B) serves the best interest of State or local government party to the agreement, as determined by the community’s particular circumstances; and

(C) otherwise provides a mutual benefit to the military department and the State or local government.
FIVE THINGS STATES/COMMUNITIES SHOULD BE DOING NOW
Assume defense cuts are going to happen.
Make the case for installation support and the defense infrastructure in your community and state.
Make **reducing the cost** of operating your installations your #1 priority.
Be aware and prepared for BRAC without BRAC.
Stay informed. This is the most dynamic period for defense communities in the last three decades.
Authorization Debate Expected to Finish This Week

The Senate is expected to reach a final vote on the fiscal 2013 defense authorization bill later this week after three days of debate last week failed to wrap up consideration of all amendments. After ending recorded votes Friday morning, Majority Leader Harry Reid (D-Nev.) later filed a cloture motion to limit debate on the bill, S. 3264, when the chamber reconvened Sunday afternoon.

Available for free at www.defensecommunities.org
Questions/Comments?

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