



# Department of Defense

## DIRECTIVE

NUMBER 5410.12

July 5, 2006

Incorporating Change 1, August 31, 2018

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USD (A&S)

SUBJECT: Economic Adjustment Assistance to Defense-Impacted Communities

- References:
- (a) DoD Directive 5410.12, subject as above, December 22, 1987 (hereby canceled)
  - (b) Section 2391 of title 10, United States Code, "Military Base Reuse Studies and Community Planning Assistance"
  - (c) Executive Order 12788, "Defense Economic Adjustment Program," January 15, 1992 (as amended)
  - (d) Executive Order 13378, "Amendments to Executive Order 12788 Relating to the Defense Economic Adjustment Program," May 12, 2005
  - (e) DoD Directive 1400.20, "DoD Program for Stability of Civilian Employment," June 16, 1981
  - (f) Sections 4321-4347 of title 42, United States Code, "National Environmental Policy Act of 1969"
  - (g) Deputy Secretary of Defense Memorandum, "Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment," July 13, 2018

### 1. REISSUANCE AND PURPOSE

This Directive:

1.1. Reissues and updates Reference (a).

1.2. Continues to establish policies and guidance, assigns organizational responsibilities, and guides the administration of an Economic Adjustment Program to minimize economic impacts on communities resulting from changes in Defense programs, such as base closures, realignments, consolidations, transfer of functions, and/or reduction in force.

1.3. Implements References (b), (c), and (d).

### 2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the “DoD Components”).

### 3. DEFINITIONS

The terms used in this Directive are defined in Enclosure 1.

### 4. POLICY

It is DoD policy that:

4.1. Every practical consideration shall be given to implementing DoD actions that seriously affect the economy of a community in a manner that minimizes the local economic impact.

4.2. The Department of Defense shall take the leadership role in assisting substantially and seriously affected communities, businesses, and workers from the effects of major Defense base closures, realignments, and Defense contract-related adjustments, and assist State and local governments in preventing the encroachment of civilian communities from impairing the operational utility of military installations.

4.3. Community economic adjustment assistance shall be directed toward helping impacted communities to help themselves, using the combined resources of the Federal, State, and local governments and the private sector to support local initiatives. A community economic adjustment program shall:

4.3.1. Identify a responsible community leadership group with which an Economic Adjustment Committee (EAC) team, the State, and the private sector may work effectively.

4.3.2. Identify uniform economic impact information and provide a Community Economic Adjustment Analysis.

4.3.3. Formulate an economic development strategy to help diversify the local economy and reduce dependency on DoD-related activities.

4.3.4. Identify and assign responsibility for specific adjustment actions, including redevelopment of surplus DoD property, needed to offset the DoD impact.

4.3.5. Provide for community planning and implementation capacity needed to execute the community economic adjustment program.

4.3.6. Formulate plans for productive civilian use of all or part of surplus DoD installation property in the area.

4.3.7. Formulate Community Growth Management Plans to guide the provision of necessary off-base public facilities and services for communities affected by major, new, or expanded military bases.

4.4. DoD employees displaced by base closures, consolidations, transfer of functions, and reductions in force shall be provided assistance under DoD Directive 1400.20 (Reference (e)).

4.5. The Department of Defense shall seek to maximize the early conversion of surplus DoD installations to productive and practical civilian use. A community affected by the closure or realignment of a DoD installation shall be given an opportunity to develop a base reuse plan for available surplus DoD property.

## 5. RESPONSIBILITIES

5.1. The Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), pursuant to E.O. 12788 as amended (References (c) and (d)), shall oversee the Defense Economic Adjustment Program consistent with the Policy section. The USD(AT&L) shall serve as Chair of the EAC, established by the President, to coordinate Federal efforts in assisting DoD-impacted communities under References (c) and (d). To help carry out this overall responsibility, the USD(AT&L) has assigned the Director, Office of Economic Adjustment (OEA), a DoD Field Activity under his or her jurisdiction, with:

5.1.1. Ensuring that the DoD Components and EAC member agencies participate in the Economic Adjustment Program.

5.1.2. Determining the extent of the Defense economic impact on a community at the request of community leaders or a member of the Congress and, when appropriate, assist local leaders in undertaking a Community Economic Adjustment Program.

5.1.3. Ensuring that economic impact analyses are realistic and uniform and that community requirements for economic adjustment resources before and during base closures and/or realignments, major DoD contract cutbacks, or major new base expansions are identified.

5.1.4. Providing DoD Community Planning Assistance when authorized and needed by communities in planning or implementing their Community Economic Adjustment Programs.

5.1.5. Ensuring that each Community Economic Adjustment Program is administered in a timely and effective manner in cooperation with the responsible DoD Component and the appropriate EAC members and such other Federal Agencies as may be required.

5.1.6. Ensuring that Community Economic Adjustment Programs are coordinated with the DoD Program for Stability of Civilian Employment, involving base closures, consolidations, and transfer of functions and reductions under Reference (e).

5.2. The Heads of the DoD Components shall develop implementing guidance that is consistent with the policy provided in this Directive.

5.3. The Secretaries of the Military Departments and the Director of the Defense Logistics Agency, under the USD(AT&L), shall:

5.3.1. Designate representatives to serve as focal points for providing policy and assistance regarding Community Economic Adjustment Programs. The Secretaries of the Military Departments shall designate representatives within the appropriate military structure to provide liaison and coordination between the Director, OEA, and the installation commanders as well as with the affected communities to assist the Director, OEA, in administering community programs initiated in response to closure or realignment of military installations (see subparagraph E1.4.1.).

5.3.2. Provide the installation commander with timely information concerning the Economic Adjustment Program in DoD personnel reduction and base closure and/or realignment situations. This information should include guidance on:

5.3.2.1. Local press interviews and releases.

5.3.2.2. Briefings for community leaders.

5.3.2.3. Briefings for installation personnel.

5.3.2.4. Reporting real and personal property for transfer or disposition.

5.3.3. Provide the OEA personnel with support and information as may be required for specific community programs.

5.3.4. Provide uniform economic impact information on base realignment actions within 90 days to allow the OEA and the Secretary of the Department of Commerce to calculate a realistic secondary regional impact forecast from the DoD program change.

5.3.5. Provide overall planning information to States and communities on base personnel, local procurement, and construction activity associated with major DoD base expansions during any environmental assessment process conducted pursuant to the National Environmental Policy Act (Reference (f)) or during the basing decision process. This overall planning information shall be coordinated with the OEA to permit the early preparation of an effective Community Growth Management Plan to support the establishment or expansion of a military base.

5.3.6. Provide maximum advance information and support to State and local governments to allow planning for necessary adjustments in local facilities and public services, workforce training programs, and local economic development activities.

5.3.7. Cooperate with the community by identifying minimum-essential related-personal property for the continued productive civilian use of the surplus DoD facility.

6. SUMMARY OF CHANGE 1. This change reassigns the office of primary responsibility for this Directive to the Under Secretary of Defense for Acquisition and Sustainment in accordance with the July 13, 2018 Deputy Secretary of Defense Memorandum (Reference (g)).

7. EFFECTIVE DATE

This Directive is effective immediately.



Gordon England

Enclosures – 1  
E1. Definitions

E1. ENCLOSURE 1

DEFINITIONS

E1.1.1. Community Economic Adjustment Analysis is an assessment of community requirements for Federal economic adjustment resources before and during the DoD program change based on reasonable community expectations on the likely regional economic impact.

E1.1.2. Community Economic Adjustment Program is a joint effort by local leaders and an EAC team to plan and carry out an adjustment strategy and a series of actions designed to alleviate the effects of a Defense economic impact on a community.

E1.1.3. Community Growth Management Plan is a collection of explicit plans for desired land use, zoning enforcement, public facility extensions, tax and fee policies, and community growth patterns necessary to accommodate growth from major new or expanded military bases.

E1.1.4. Defense Economic Impact is the adverse effect on the economy of a community or geographical area that may result from:

E1.1.4.1. Complete or partial closure of a military installation.

E1.1.4.2. Reduction in DoD personnel (civilian or military).

E1.1.4.3. Termination or cancellation of major military procurement contracts.

E1.1.4.4. A general decline in the level of military prime and subcontract awards.

E1.1.4.5. The establishment or expansion of a military installation that causes a substantial increase in demand for local facilities and public services.

E1.1.5. Displaced DoD Employee is any DoD employee affected by conversion to contract operation (including such actions as job elimination or grade reduction). It includes both employees in the function converted to contract and employees outside the function who are affected adversely by conversion through reassignment or the exercise of bumping or retreat rights.

E1.1.6. Economic Adjustment Committee (EAC) is an interagency committee established by the President under Reference (e) to coordinate Federal efforts to assist DoD-impacted communities.

E1.1.7. EAC Team is a task force selected from the EAC to provide specialized assistance to an impacted community.