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Department of Defense Community Support Programs

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Department of Defense Community Support Programs

For decades the Department of Defense has provided financial support for local communities near military installations that seek help adjusting to the economic impact of a DOD installation closing, downsizing, or changing its mission. In 1981, Congress codified these programs in a law that also gave DOD authority to provide certain assistance to communities near military installations where military missions are expanding. For example, to support an expansion of the local military population, communities may require new or expanded facilities such as schools or roads; civilian communities may need to improve their utility infrastructure to ensure reliable and resilient support for military readiness. These DOD activities – and their statutory authorities and budgets – have increased in recent decades, providing extensive support to communities impacted by Base Realignment and Closure commission decisions issued between 1988 and 2005. Today, DOD carries out several programs that provide DOD funding to support places where military installations and nearby civilian communities become interdependent and may develop converging interests in issues such as economic development, quality of life, and/or infrastructure support. These programs allow DOD to support surrounding communities for a variety of reasons, such as furthering its military missions or improving the quality of life for military servicemembers and their families.

DOD's Office of Local Defense Community Cooperation (OLDCC) oversees and executes many of these programs, providing support to local communities that are dealing with the evolving needs of a nearby installation or changes in the DOD's presence. Congress has given DOD statutory authority (codified at 10 U.S.C. §2391) to make grants to states and communities, and DOD has given OLDCC the responsibility of executing that assistance on the Department's behalf. In FY2021, Congress codified OLDCC into statute and further defined its mission in 10 U.S.C. §198.

OLDCC's primary duties include:

- helping state and local governments foster cooperation with military installations to enhance quality of life for servicemembers and residents of surrounding communities;
- providing and coordinating economic development assistance to state and local governments to mitigate potential negative impact of military closures, force reductions or mission changes, and lessen the economic reliance on military installations of neighboring communities; and
- helping to address shared concerns about local infrastructure.

Congress may have an interest in policy considerations related to OLDCC, including:

- assuring that OLDCC's resources align with its responsibilities;
- determining whether OLDCC's authorities and funding should provide direct support for private-sector housing development in the vicinity of military installations; and
- assessing how OLDCC's added authorities may affect the planning, appropriations, and oversight of DOD military construction, which includes family housing construction.

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Background

The Secretary of Defense is authorized under 10 U.S.C. §2391 to offer grants and support to help military-adjacent communities address various effects of certain DOD actions. The DOD’s Office of Local Defense Community Cooperation (OLDCC) administers the grants.

10 U.S.C. §2391 Authorities

Section 2391 of Title 10, *U.S. Code* authorizes the Secretary of Defense to make grants to state and local governments to carry out community and economic diversification programs following:

- the proposed or actual establishment, realignment, or closure of a military installation;
- the cancellation or termination of a DOD contract or the failure to proceed with an approved major weapon system program;
- a publicly announced planned major reduction in DOD spending that would directly and adversely affect a community;
- the encroachment of a civilian community on a military installation;
- threats to military installation resilience; or
- the closure or the significantly reduced operations of a defense facility as the result of the merger, acquisition, or consolidation of the defense contractor operating the defense facility.¹

The statute also authorizes the Secretary of Defense to make grants to state and local governments to support the following:

- projects intended to address deficiencies in community infrastructure supportive of a military installation;² or
- projects for planning or enhancing infrastructure, and implementing measures and projects that contribute to or maintain military installation resilience (to include resilience measures and projects involving the protection, restoration, and maintenance of natural features).³

OLDCC operates under the DOD’s Office of the Under Secretary of Defense for Acquisition and Sustainment and falls under the purview of the Assistant Secretary of Defense for Energy, Installations, and Environment. In FY2023, Congress provided OLDCC approximately \$880 million in funding (**Figure 1**).⁴

DOD created OLDCC (initially known as the Office of Economic Adjustment, or OEA) in 1961, when the administration of President John F. Kennedy was closing more than 100 military installations DOD deemed “obsolete.”⁵ Then-Secretary of Defense Robert McNamara created OEA in an effort to mobilize federal, state, local, and private resources to help convert the closed installations to other productive uses that would support local economies and offset payroll and job losses.⁶

OEA’s work expanded after the Cold War when President George H.W. Bush issued Executive Order (EO) 12788, *Defense Economic Adjustment Program*, in January 1992. EO 12788 directed

¹ 10 U.S.C. §2391(b)(1).

² 10 U.S.C. §2391(d)(1).

³ 10 U.S.C. §2391(b)(5)(D).

⁴ OLDCC, *Fiscal Year 2024 Budget Estimates*, March 2023, p. 2, at https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/OLDCC_OP-5.pdf.

⁵ History of the Office of the Secretary of Defense: The McNamara Ascendancy, 1961-1965, Historical Office, Office of the Secretary of Defense, p. 463, at https://history.defense.gov/Portals/70/Documents/secretaryofdefense/OSDSeries_Vol5.pdf.

⁶ *Ibid.*

OEA to administer the newly established Defense Economic Adjustment Program (DEAP), which helps affected states, communities, businesses, and workers respond to DOD changes. The EO also created the Economic Adjustment Committee (EAC), which comprises 22 federal departments and agencies at the Cabinet level that work together to coordinate federal technical and financial assistance in support of the DEAP. The OLDCC director serves as the EAC's executive director.⁷

In FY2021, Congress codified OEA's existence in statute and renamed it OLDCC.⁸

10 U.S.C. §198 Office of Local Defense Community Cooperation

Section 198 of Title 10, *U.S. Code* codifies OLDCC's existence. Under this provision, the office's duties include the following:

- providing assistance to States, counties, municipalities, regions, and other communities to foster cooperation with military installations to enhance the military mission, achieve facility and infrastructure savings and reduced operating costs, address encroachment and compatible land use issues, support military families, and increase military, civilian, and industrial readiness and resiliency; and
- providing adjustment and diversification assistance to State and local governments under section 2391 (b) of this title;
- coordinating the provision of such assistance with other organizations and elements of the Department;
- providing support to the Economic Adjustment Committee or any successor to such Committee; and
- carrying out such other activities as the Secretary considers appropriate.

In addition to codifying OLDCC in 2021, Congress expanded OLDCC's authorities to support potential construction activities by authorizing the Secretary of Defense to make grants to state and local governments for "planning, enhancing infrastructure, and implementing measures and projects (to include resilience measures and projects involving the protection, restoration, and maintenance of natural features) that...will contribute to maintaining or improving military installation resilience."⁹

OLDCC also publishes the annual Defense Spending by State report.¹⁰ The report documents DOD personnel and contractual spending in a given fiscal year for all 50 states and the District of Columbia. The report may enable state and local officials to assess a region's dependence on defense spending and to target assistance to communities.

Funding and Staffing

Congress has appropriated more money than the White House sought in the President's budget requests for OLDCC's budget for FY2019 through FY2023 (see **Figure 1**).

Congress provides some funding for OLDCC grants annually, as regular Operation and Maintenance (O&M) appropriations.¹¹ These appropriations are available for obligation for one

⁷ OLDCC, Federal Assistance Coordination, at <https://oldcc.gov/federal-assistance-coordination>.

⁸ See Section 905 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (P.L. 116-283). The following year, Section 902 of the National Defense Authorization Act for Fiscal Year 2022 (P.L. 117-81) moved OLDCC's codification to its current location at 10 U.S.C. §198.

⁹ P.L. 116-283, §905.

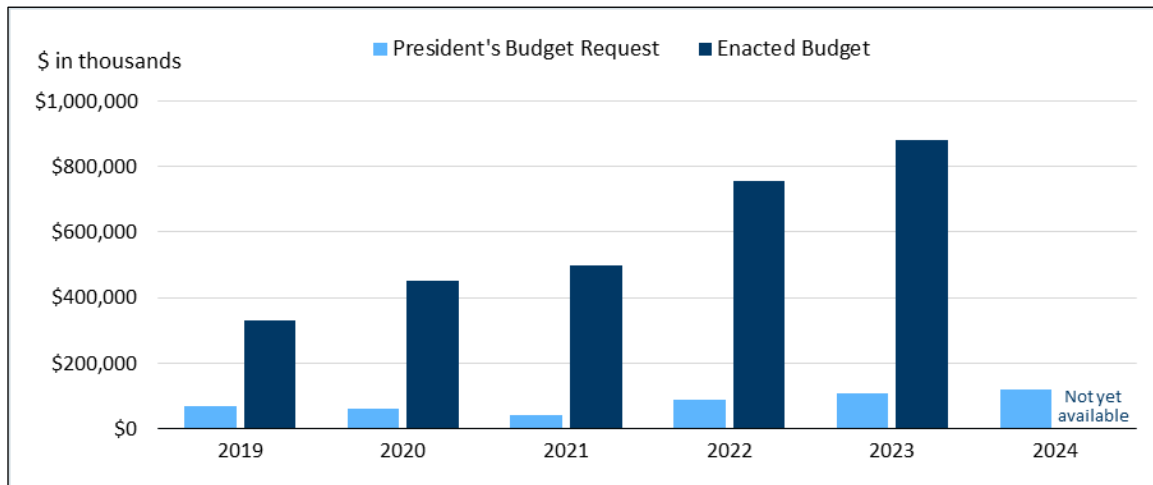
¹⁰ OLDCC, *Defense Spending by State - Fiscal Year 2021*, October 2022, at <https://oldcc.gov/dsbs-fy2021>.

¹¹ For an example of OLDCC funding from O&M accounts, see p. 37E of Division C, Department of Defense Appropriations Act, Consolidated Appropriations Act (P.L. 117-328), which provides funding for OLDCC's Defense Community Infrastructure Pilot program and Defense Manufacturing Community Support program. For more (continued...)

year and DOD typically obligates these funds during the fiscal year for which they were appropriated. For other programs, Congress has appropriated money specifically for OLDCC grant programs and directs the funding “to remain available until expended.”¹²

OLDCC’s staff has increased from 39 full-time employees in FY2021 to 56 full-time employees in FY2023.¹³ According to OLDCC’s budget request justification documents submitted in March 2023, “The OLDCC is actively restructuring to respond to additions in program growth (local infrastructure, defense manufacturing, noise mitigation, installation physical resilience).”¹⁴

Figure I. OLDCC Funding Requests vs Enacted Budgets
 From FY2019 through FY2023, Congress appropriated more money than the President’s Budget Request sought for OLDCC.



Source: CRS graphic based on DOD Comptroller data, OLDCC, Budget Estimates for FY2019 through FY2024.

OLDCC Grant Programs

OLDCC administers a portfolio of grant programs that have evolved over time as some programs end and Congress authorizes and funds new ones. In FY2023, OLDCC managed over 300 active awards, totaling more than \$1.5 billion.¹⁵ Some grant programs primarily provide funding for

information about O&M accounts and the DOD budget, see CRS Report R46965, *The Department of Defense (DOD) Budget: An Orientation*, by Pat Towell.

¹² See, for example, appropriations for Public Schools on Military Installations, Section 8108 of the Consolidated Appropriations Act, 2023, (P.L. 117-328).

¹³ For FY2021 staffing data, see Fiscal Year 2022 President’s Budget, Office of Local Defense Community Cooperation, May 2021, p. 15, at https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2022/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/OSD_OLDCC_OP-5.pdf. For FY2023 staffing data, see Fiscal Year 2024 Budget Estimates Office of Local Defense Community Cooperation, March 2023, p. 16, at https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/OLDCC_OP-5.pdf.

¹⁴ See FY2024 Budget Estimates, Office of Local Defense Community Cooperation, March 2023, p. 18, at https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/OLDCC_OP-5.pdf.

¹⁵ Department of Defense Comptroller, OLDCC, *Fiscal Year 2024 Budget Estimates*, March 2023, p. 3, at https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/OLDCC_OP-5.pdf.

studies and economic analyses that local communities can use to support future planning and decision-making by local officials. Other grant programs provide funding for construction projects for infrastructure improvements.

Table 1 presents data on OLDCC grant awards. Each of the programs listed in the table is described in this section below.

Table 1. OLDCC Grant Execution, FY2018-FY2022

dollars in millions

Program	FY2018	FY2019	FY2020	FY2021	FY2022	Total
Public Schools on Military Installations	\$0.0	\$80.9	\$172.7	\$24.4	\$131.8	\$409.8
Defense Community Infrastructure Pilot	\$0.0	\$0.0	\$49.8	\$59.8	\$89.7	\$199.3
Diversification	\$23.0	\$25.4	\$18.4	\$17.1	\$7.2	\$91.1
Defense Manufacturing	\$0.0	\$0.0	\$25.0	\$25.0	\$29.7	\$79.7
Guam (Pacific Deterrence Initiative)	\$0.0	\$0.0	\$7.6	\$34.2	\$0.4	\$42.2
Compatible Use	\$4.8	\$9.1	\$11.3	\$7.9	\$2.4	\$35.5
Growth	\$7.0	\$6.9	\$5.1	\$4.6	\$4.9	\$28.5
Installation Resilience	\$0.0	\$0.0	\$5.8	\$8.6	\$7.2	\$21.6
Mission Realignment	\$6.6	\$2.8	\$3.7	\$3.7	\$3.7	\$20.5
Total	\$41.4	\$125.1	\$299.4	\$185.3	\$277.0	\$928.2

Source: Data provided to CRS by OLDCC.

Public Schools on Military Installations Program

OLDCC’s Public Schools on Military Installations (PSMI) program awards grants to local school districts that oversee certain schools located on military property. Congress authorized the program in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10) after public reports that spotlighted the poor conditions in some schools serving military children.¹⁶

The grants are intended to help construct, renovate, repair, or expand elementary and secondary public schools on military installations, or to address capacity or facility condition deficiencies at those schools. More than 160 schools are located within the boundaries of a military installation

¹⁶ Kristin Lombardi, “Military Children’s Schools in Disrepair,” Newsweek, June 27, 2011, at <https://www.newsweek.com/military-childrens-schools-disrepair-68003>.

and are owned and operated by local education authorities and school districts.¹⁷ PSMI grant funding is available based upon a school's placement on the program's priority list and the availability of appropriations.¹⁸ From FY2011 to FY2023, Congress appropriated more than \$3.25 billion to the program.¹⁹

Defense Community Infrastructure Pilot Program

Congress authorized the Defense Community Infrastructure Pilot (DCIP) program in the John S. McCain National Defense Authorization Act (NDAA) for Fiscal Year 2019 (P.L. 115-232, Section 2861). DCIP grants support projects that are near but not on military installations. The grants aim to address “deficiencies in community infrastructure, supportive of a military installation, in order to enhance military value, installation resilience, and military family quality of life.”²⁰

DCIP is a competitive grant program; OLDCC prioritizes DCIP grant applications according to the grant's ability to enhance a military installation's military value, resilience and/or military family quality of life.²¹ The FY2019 NDAA included a requirement that a state or local government must match at least 30% of the award, unless the project is located in a rural area, or if the Secretary of Defense waives the requirement for reasons related to national security.²²

DCIP-eligible projects include transportation projects; community support facilities (e.g., a school, hospital, police, fire, emergency response, or other community support facility); and utility infrastructure projects (e.g., water, wastewater, telecommunications, electric, gas, or other utility infrastructure, with necessary cyber safeguards). Projects must have substantial planning and design work completed so construction is ready to begin at the time the grant is awarded.²³

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263, Sections 2862 and 2864) expanded DCIP to include projects supporting strategic seaports; projects supporting Reserve Officer Training Corps programs at certain Historically Black Colleges and Universities; and projects located on properties subject to leases and easements with military installations.

Defense Manufacturing Community Support

Congress authorized the Defense Manufacturing Community Support (DMCS) program in the FY2019 NDAA. The program awards grants for long-term investments in critical skills, facilities, research and development, and small business support, in order to strengthen national security innovation and the defense manufacturing industrial base.

¹⁷ OLDCC, *Public Schools on Military Installations*, at <https://oldcc.gov/our-programs/public-schools-military-installations>.

¹⁸ *Ibid.*

¹⁹ CRS analysis of Department of Defense Appropriations Acts FY2011-FY2023.

²⁰ OLDCC, *Defense Community Infrastructure Pilot (DCIP) Program*, at <https://oldcc.gov/defense-community-infrastructure-program-dcip>.

²¹ *Ibid.*

²² See Sec. 2861 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (P.L. 115-232), which amends Title 10 of the *U.S. Code*, Section 2391(d)(2), at <https://www.congress.gov/115/plaws/publ232/PLAW-115publ232.pdf>.

²³ OLDCC, *DCIP Fact Sheet*, at https://www.sdmac.org/media/uploads/dcip_fact_sheet_final.pdf. Also see OLDCC, *Defense Community Infrastructure Pilot (DCIP) Program*, at <https://oldcc.gov/defense-community-infrastructure-program-dcip>.

The DMCS program designates and supports consortia known as defense manufacturing communities (DMCs). A consortium may be composed of members of academia, defense manufacturers, workforce organizations, state and local government organizations, and nonprofit organizations.²⁴ Once designated a DMC, a consortium may apply for grants for activities including:

- equipment or facility upgrades;
- workforce training, retraining, or recruitment and retention, including of women and underrepresented minorities;
- business incubators;
- advanced research and commercialization;
- supply chain development; and
- small business assistance.²⁵

Grantees must provide 20% of project costs.²⁶

Installation Resilience

OLDCC's Installation Resilience program aims to foster partnerships between military installations and state or local governments to support installation resilience. OLDCC recently merged the previous Installation Resilience program and the Compatible Use program into one broader program continuum.²⁷ The Installation Resilience program provides technical and financial assistance to enable states and communities to address man-made or natural threats that are likely to affect operations or readiness at local military installations.²⁸

The Installation Resilience program may fund, among many types of projects, planning for key infrastructure that supports both the civilian and military communities' needs, such as roadways, railways or pipelines.²⁹ Other projects may include planning for stormwater and floodwater management or taking measures to better prepare for extreme weather events, wildfires or droughts.³⁰ The program also supports efforts to mitigate the encroachment of incompatible land-use and development in areas surrounding military installations that are at higher risk for noise or potential accidents.

The program can fund studies such as an "installation resilience review," which identifies risks outside military installations that may inhibit the military's ability to conduct critical missions, such as weaknesses in critical infrastructure.³¹ The installation resilience reviews may also look at housing to determine whether the local civilian housing market and existing housing stock is meeting the needs of members of the military community who receive a housing allowance to

²⁴ OLDCC, *Defense Manufacturing Communities Support Program FY22 Notice of Funding Opportunity*, May 20, 2022, p. 2, at <https://www.grants.gov/web/grants/view-opportunity.html?oppId=338460>.

²⁵ *Ibid.*, p. 6.

²⁶ OLDCC, *Defense Manufacturing Community Support Program* page, at <https://oldcc.gov/defense-manufacturing-community-support-program>.

²⁷ OLDCC, *Installation Resilience* page, at <https://oldcc.gov/our-programs/installation-resilience>.

²⁸ *Ibid.*

²⁹ For a more complete list of projects that may be eligible for Installation Resilience program funding, see OLDCC, *Compatible Use and Resilience Grantee Guide*, p. 3, February 2022, at https://oldcc.gov/sites/default/files/resources/OEA0182%20MIS%20Grantee%20Guide%20508%20%28jc%29_0.pdf.

³⁰ *Ibid.*

³¹ *Ibid.*, p. 6.

live off base. Grants can also support compatible use studies, which help civilian leaders understand the current and future needs of local installations.³² These studies can provide guidance for zoning decisions, economic development planning, or infrastructure investment. The studies may also identify sources for additional state or federal funding or identify policy issues that the local community may need to address on a state or federal level. Entities that are eligible for grant funding include city, county, or state governments as well as other political entities or tribal nations.³³

In Section 313 of the National Defense Authorization Act for Fiscal Year 2022, Congress amended Section 2391(b)(5) of Title 10 of the *U.S. Code* and granted the Secretary of Defense authority to “make grants, conclude cooperative agreements, and supplement other Federal funds, in order to assist a State or local government in planning, enhancing infrastructure, and implementing measures and projects (to include resilience measures and projects involving the protection, restoration, and maintenance of natural features) that, as determined by the Secretary of Defense, will contribute to maintaining or improving military installation resilience or will prevent or mitigate encroachment that could affect operations of the Department of Defense.”³⁴ In May 2023, OLDCC was conducting a legal review to determine the extent to which the language of that statute authorizes enhancements to include construction.³⁵

The Installation Resilience program does not currently fund construction projects but may refer applicants to other construction grant programs such as DCIP or those overseen by other federal agencies. Although Congress in the National Defense Authorization Act for Fiscal Year 2022 granted OLDCC the authority to potentially support construction projects, the FY2023 Installation Resilience program does not accept applications for or fund construction projects.³⁶

Diversification and Modernization

OLDCC makes diversification and modernization grants to states, counties, municipalities, tribal nations, territories, and other political subdivisions or special purpose units of local government, to help lessen local dependencies on defense spending and diversify the local economy.³⁷

The OLDCC determines eligibility for diversification and modernization grants based on whether a “substantial portion of the economic activity or population of the geographic area ... is dependent on defense expenditures.”³⁸ OLDCC’s diversification and modernization grants aim to ease such dependencies on defense expenditures. DOD considers an area “defense-dependent” if the area can demonstrate that:

- direct military and civilian defense employment totals at least one-and-a-half times the national level of defense employment as a percentage of the U.S. labor force; or

³² Ibid.

³³ Ibid., p. 13.

³⁴ See Sec. 313 of P.L. 117-81, which amends Sec. 2391 of Title 10 of the *U.S. Code*.

³⁵ Correspondence between CRS and OLDCC, May 2023, on file with the authors.

³⁶ Correspondence between CRS and OLDCC, May 2023, regarding Sec. 313 of the FY2022 NDAA (P.L. 117-81), on file with the authors.

³⁷ OLDCC, *Diversification & Modernization*, <https://oldcc.gov/our-programs/diversification-and-modernization>.

³⁸ 10 U.S.C. §2391(b)(5)(A).

- defense-related expenditures in the area comprise at least one-and-a-half times the defense percentage of the gross domestic product.³⁹

Grantees may use the awards for a range of activities, generally focused on planning for economic diversification and implementation.⁴⁰

Growth

Section 2391 of Title 10, *U.S. Code* authorizes the Secretary of Defense to make grants to state and local governments when there is an establishment or expansion of a military installation. Grantees may use the awards for planning activities to anticipate the growth of the installation.⁴¹

OLDCC may offer growth awards when:

- community impact assistance or special impact assistance is not otherwise available; and
- the establishment or expansion involves the assignment of personnel to the installation that is the lesser of either (1) more than 2,000 military, civilian, and contractor DOD personnel; or (2) more military, civilian, and contractor DOD personnel than 10% of the number of persons employed in counties or independent municipalities within fifteen miles of the installation.⁴²

Mission Realignment

Congress has approved five rounds of military base realignments and closures under the Base Realignment and Closure (BRAC) process: in 1988, 1991, 1993, 1995, and 2005.⁴³ Although there have been no additional BRAC rounds since 2005, the process of closing an installation, remediating any environmental conditions needing cleanup, and conveying the installation to a nonfederal entity, can take several years or even decades. A 2022 Government Accountability Office report found that there were 1,486 BRAC properties awaiting remediation and/or conveyance.⁴⁴ Outside of BRAC, DOD also occasionally reduces the number of personnel at an installation or disestablishes missions.⁴⁵

OLDCC mission realignment grants are available to state and local governments that are experiencing either a proposed or actual BRAC-related or non-BRAC-related mission

³⁹ OLDCC, *Diversification & Modernization*, at <https://oldcc.gov/our-programs/diversification-and-modernization>.

⁴⁰ Ibid.

⁴¹ 10 U.S.C. §2391(b)(2).

⁴² 10 U.S.C. §2391(b)(2). Authority assigned to OLDCC by statute in 10 U.S.C. §198(c)(1)(B).

⁴³ See CRS Report R45705, *Base Closure and Realignment (BRAC): Background and Issues for Congress*.

⁴⁴ Government Accountability Office, *Base Realignment and Closure: DOD Should Provide Congress More Complete and Transparent Information*, GAO-22-105207, September 2022, p. 7, at <https://www.gao.gov/assets/gao-22-105207.pdf>.

⁴⁵ Sec. 2687 of Title 10, *U.S. Code* provides thresholds for notification regarding the potential closure or realignment of military installations. Specifically, the statute requires DOD to notify Congress if DOD intends to close any installation with 300 or more direct-hire DOD civilian authorized positions. The statute also requires DOD to notify Congress about any planned realignment of any installation with 300 or more direct-hire DOD civilian authorized positions, if the realignment will reduce the installation by 1,000 or more civilian positions, or 50 percent or more of the total civilian authorized positions. DOD regularly makes basing and realignment decisions that fall below these thresholds. For more information, see Government Accountability Office, *Military Bases: DOD Has Processes to Comply with Statutory Requirements for Closing or Realigning Installations*, GAO-13-645, June 27, 2013, <https://www.gao.gov/products/gao-13-645>.

realignment. Grantees may use the awards for both economic development planning and implementation of those plans.⁴⁶ For example, grants can support the operation and maintenance of a Local Redevelopment Agency (LRA) to represent a BRAC-affected area and its workers, businesses, and residents. OLDCC provides technical assistance to help with project implementation.

Community Noise Mitigation

Congress authorized the Community Noise Mitigation (CNM) program in Section 8120 of the Consolidated Appropriations Act, 2022 (P.L. 117-103) and provided \$75 million to assist communities affected by military fixed-wing aviation noise. Specifically, the CNM program supports noise mitigation for facilities that are located near military installations and that may include hospitals, daycare facilities, schools, facilities serving senior citizens, and private residences. P.L. 117-103 allocated \$56.3 million to active military installations and \$18.6 million to reserve component installations. As of June 2023, DOD has not made CNM award data publicly available.

Guam (Pacific Deterrence Initiative)

Between FY2020 and FY2022, OLDCC provided \$42.2 million in grants to fund various projects in Guam, supporting the Pacific Deterrence Initiative, which is a DOD-wide effort to invest in the Indo-Pacific Command region.⁴⁷ OLDCC grant funding was provided as part of a broader \$186 million package of federal support for infrastructure projects for Guam coordinated by the Economic Adjustment Committee (EAC).⁴⁸ According to OLDCC, these investments were “directly responsible for the Governor [of Guam] signing the Programmatic Agreement [with the DOD] for live-fire activity, allowing the overall basing effort to progress. OLDCC staff, viewed as an honest broker, served as an important intermediary between the Navy/Marine Corps and Territory to overcome disagreements and areas of friction as they arose.”⁴⁹

OLDCC grants include funding for off-installation infrastructure projects in Guam, such as the construction of a Guam Public Health Laboratory capable of Biosafety Level 2-3 analytical testing and support for the Port of Guam.⁵⁰ The projects funded by this program have also

⁴⁶ OLDCC, *Mission Realignment*, at <https://oldcc.gov/our-programs/mission-realignment>.

⁴⁷ Grant allocation data provided by OLDCC. For more information about the Pacific Defense Initiative, see CRS In Focus IF12303, *The Pacific Deterrence Initiative: A Budgetary Overview*, by Luke A. Nicastro. See also, Department of Defense, Office of the Under Secretary of Defense (Comptroller), *Pacific Deterrence Initiative, Department of Defense Budget Fiscal Year (FY) 2023*, April 2022, p. 5, https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2023/FY2023_Pacific_Deterrence_Initiative.pdf.

⁴⁸ OLDCC, *Projects in Guam, “\$173.2M meets environmental mitigation requirement to move Marines to Guam,”* at <https://oldcc.gov/project/guam-1732m-meets-environmental-mitigation-requirement-move-marines-guam>.

⁴⁹ See OLDCC, press release, “Indo-Pacific Build-up (Guam): \$27M delivers Territory’s continued support for Indo-Pacific build-up,” at <https://oldcc.gov/project/indo-pacific-build-guam-27m-delivers-territorys-continued-support-indo-pacific-build>. For details on the Programmatic Agreement, see <https://jrm.cnic.navy.mil/Portals/77/JRM/Documents/Final%20PATT%20Executed%20by%20Signatories%2029DEC2020.pdf?ver=zETtJCNIVwQ4vPemfFpqaA%3d%3d>.

⁵⁰ OLDCC, *Projects on Guam, “Indo-Pacific Build-up (Guam): \$27M delivers Territory’s continued support for Indo-Pacific build-up,”* at <https://oldcc.gov/project/indo-pacific-build-guam-27m-delivers-territorys-continued-support-indo-pacific-build>. Also see OLDCC, *Projects on Guam, “Defense Department provides \$32M for Guam Public Health lab,”* at <https://oldcc.gov/defense-department-provides-32m-guam-public-health-lab>.

provided support for DOD plans to relocate U.S. Marines from Okinawa, Japan to the Territory of Guam.⁵¹

Considerations for Congress

Congress may evaluate the long-term mission of the OLDCC and its portfolio of programs in the context of the office's budgets and statutory authorities increases during the past decade.

Alignment of Resources with Congressional Intent

In the budget request submitted to Congress in March 2023, OLDCC budget request documents stated: "The growing volume of activity with increasing complexities (i.e., construction, environmental compliance, Federal Interest) is stretching OLDCC capabilities to effectively manage program activities from cradle to grave [sic], including timely approvals of determinations and findings, quality grants management and oversight, timely close-outs, and de-obligations."⁵²

Given OLDCC's expanded responsibilities, Members of Congress or DOD officials may have concerns about whether OLDCC's resources are aligned with congressional intent and sufficient to manage its programs and oversight responsibilities effectively. Congress may consider whether to assess the alignment of OLDCC's responsibilities and capacity, especially if OLDCC takes on additional tasks in the future.

During the past five years, Congress has authorized new OLDCC programs and provided OLDCC funding in excess of the amount requested in the President's budget request (see **Figure 1**). For example:

- For FY2021, congressional appropriators funded OLDCC at more than 1,000% above the FY2021 President's budget request.
- For FY2022, congressional appropriators funded OLDCC at more than 740% above the FY2022 President's budget request.
- For FY2023, congressional appropriators funded OLDCC at more than 700% above the FY2023 President's budget request.

During a similar time period, Congress has provided funding to increase OLDCC's staffing levels. OLDCC's staff of full-time employees went from 39 in FY2020 to 56 in FY2023, an increase of about 44%.⁵³

Congress may consider asking DOD to provide information about the planning and programming process related to OLDCC and the Future Years Defense Program to evaluate whether DOD plans align with congressional intent.

⁵¹ OLDCC, Projects in Guam, "\$173.2M meets environmental mitigation requirement to move Marines to Guam," at <https://oldcc.gov/project/guam-1732m-meets-environmental-mitigation-requirement-move-marines-guam>.

⁵² See Fiscal Year 2024 Budget Estimates Office of Local Defense Community Cooperation, March 2023, p. 8, at https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/OLDCC_OP-5.pdf.

⁵³ Correspondence between CRS and OLDCC, April 2023, on file with the authors.

Options for Congress

Congress could consider whether or not to direct OLDCC and the DOD to develop and provide a report about OLDCC plans for staffing, programs, and resource allocations over the five-year span of the Future Years Defense Program. Congress also could consider whether to seek a review of OLDCC's planning, resources, programs, and authorities by a Federally Funded Research and Development Center or other third-party management consultant. Congress may consider holding oversight hearings with DOD officials and other stakeholders (e.g., local civilian officials, other federal agencies) to determine whether or not current resources and authorizations are effectively meeting the collective needs of DOD and military-adjacent communities.

Local Housing Needs

In some communities near military installations, some servicemembers and others have raised concerns about a shortage of affordable housing for those servicemembers seeking to live off base.⁵⁴ About 62% of active duty servicemembers receive a basic allowance for housing (BAH) to obtain civilian housing outside of military installations.⁵⁵ To support efforts to address housing concerns in local military communities, OLDCC has awarded grants to local communities to support studies of local housing markets that may help community leaders and housing developers plan for current and future housing needs. OLDCC considers housing needs to be a component of its Installation Resilience program.⁵⁶ Existing authorities may allow for a wide range of options for future programs and policies to foster and support local housing markets that meet the needs of military families. Congress may consider adjusting OLDCC's authorities and funding to clarify its expectations with respect to OLDCC's involvement in directly supporting housing development near military installations.

Options for Congress

Congress may consider whether or not to provide funding and direction to OLDCC to execute programs under existing authorities that allow the Secretary of Defense to provide investment capital, direct loans, loan guarantees, or rental agreements to incentivize the private-sector housing market to create housing suitable for military servicemembers.⁵⁷

Congress may consider whether or not to introduce funding and direction to OLDCC to collaborate with the U.S. Department of Housing and Urban Development (HUD) to enhance affordable housing availability in civilian communities surrounding military installations.⁵⁸

⁵⁴ As an example of a local community housing issue, see Air Force Gen. (retired) Paul Selva, "When it comes to housing, we are failing military families," *Seattle Times*, May 8, 2023, at <https://www.seattletimes.com/opinion/when-it-comes-to-housing-we-are-failing-military-families/>. See also Bipartisan Policy Center, "Answering FAQs on Housing America's Military Families," March 24, 2023, at <https://bipartisanpolicy.org/blog/faqs-housing-military-families/>. See also Lisa Smith Molinari, "Airbnb: An unwitting player in military housing crisis," *Stars and Stripes*, March 3, 2023, at https://www.stripes.com/living/the_meat_and_potatoes_of_life/2023-03-03/lisa-smith-molinari-military-spouse-humor-column-march-3-airbnb-9273550.html.

⁵⁵ Housing data provided to CRS in correspondence with the Office of the Secretary of Defense, June 2023.

⁵⁶ Information about housing-related grants drawn from correspondence between CRS and OLDCC on file with the authors.

⁵⁷ See authorizations under *U.S. Code* Title 10, §§ 2873, 2875, 2876.

⁵⁸ See, for example, S. 4563 and H.R. 7564, both titled the Building More Housing for Servicemembers Act. Congress authorized the Secretary of Defense to engage with private-sector housing developers under 10 *U.S. Code*, Subtitle A, Part IV, Chapter 169, Subchapter IV: Alternative Authority for Acquisition and Improvement of Military Housing.

Congress may consider whether or not to adjust or clarify authorities under Section 2391(b)(5) of Title 10 of the *U.S. Code* and provide funding and direction to OLDCC regarding congressional intent for DOD's activities related to housing outside of military installations.

In evaluating these options, Congress may consider how they align with DOD's current overarching plans and policies for providing housing to servicemembers through more traditional means of on-base housing construction, Basic Allowance for Housing (BAH), and the Military Housing Privatization Initiative (MHPI). Development of additional housing options through OLDCC could affect the preferences and individual decisions of servicemembers and military families, which could in turn affect occupancy rates or rental prices in other parts of the local on-base and off-base housing markets. Before initiating policy changes in this regard, Congress may consider directing DOD to develop an analytical framework for evaluating these local effects.

The legal structures of providing DOD grant funding to support off-base housing development would likely be complex. Congress may direct DOD to provide a briefing or report about the unresolved issues and implications of developing these options to address the housing needs of servicemembers and their families.

Congress may consider whether or not to hold hearings or to seek further input from OLDCC, other DOD entities, HUD or state and local stakeholders for ways to structure programs and policies and to determine a possible role for OLDCC in encouraging housing development in military-adjacent communities that may support military servicemembers and families.

Military Installation Resilience

Congress and the Defense Department's leadership have grown increasingly focused on the issue of military installation resilience.⁵⁹ In the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Congress defined the term in statute for the first time:

MILITARY INSTALLATION RESILIENCE.—The term ‘military installation resilience’ means the capability of a military installation to avoid, prepare for, minimize the effect of, adapt to, and recover from extreme weather events, or from anticipated or unanticipated changes in environmental conditions, that do, or have the potential to, adversely affect the military installation or essential transportation, logistical, or other necessary resources outside of the military installation that are necessary in order to maintain, improve, or rapidly reestablish installation mission assurance and mission-essential functions.

In the FY2021 and FY2022 NDAA, Congress recognized that military installation resilience may sometimes rely on civilian-owned infrastructure. Congress enacted laws authorizing at least two possible alternative options for funding and executing projects outside of military installations that support military installation resilience.⁶⁰ The two options include:

Resilience Project Construction Option 1:

Congress may consider funding projects outside military installations that support military installation resilience through 10 U.S.C. §2815(d)(3), which is part of the traditional

⁵⁹ DOD press release, “Leaders Testify About DOD Installation Resiliency Efforts,” March 29, 2021, at <https://www.defense.gov/News/News-Stories/Article/Article/2552821/leaders-testify-about-dod-installation-resiliency-efforts/>.

⁶⁰ See 10 U.S.C. §2391(d), as amended in Section 313 of the FY2022 NDAA and also see 10 U.S.C. §2815(d)(3), enacted in Sec. 315 of the FY2021 NDAA. Historically, Military Construction funding has been primarily limited to facilities on military property; both statutes cited here offer options for projects outside of military facilities if those grants and projects provide support for an installation's readiness or resilience.

military construction (MILCON) program.⁶¹ This statute, enacted in 2021, authorizes the use of MILCON funding for projects outside of military installations “if the Secretary concerned determines that the project would preserve or enhance the resilience of ... community infrastructure determined by the Secretary concerned to be necessary to maintain, improve, or rapidly reestablish installation mission assurance and mission-essential functions.”⁶² Projects executed under this authority can require Congress to provide specific line-item level authorization and appropriation and the process from start to finish (from planning to completed construction) can take up to 5 to 7 years.⁶³

Resilience Project Construction Option 2:

Congress may consider funding projects outside military installations that support military installations through OLDCC’s Installation Resilience program. As noted above, Section 313 of the National Defense Authorization Act for Fiscal Year 2022 amended Section 2391(b)(5) of Title 10 of the *U.S. Code* and granted the Secretary of Defense authority to “make grants, conclude cooperative agreements, and supplement other Federal funds, in order to assist a State or local government in planning, enhancing infrastructure, and implementing measures and projects (to include resilience measures and projects involving the protection, restoration, and maintenance of natural features) that, as determined by the Secretary of Defense, will contribute to maintaining or improving military installation resilience or will prevent or mitigate encroachment that could affect operations of the Department of Defense.”⁶⁴ In May 2023, the OLDCC was conducting a legal review to determine whether the language of that statute would authorize enhancements to include construction. Congress has not provided specific appropriations or explicit direction for OLDCC to exercise this authority for construction projects.

Options for Congress

Congress may consider and evaluate each of these two authorities to determine which, if either, or another approach for the planning, appropriation and oversight of funding in support of military installation resilience is best.

When evaluating the first option noted above—funding off-base military resiliency projects through the DOD’s traditional MILCON program under 10 U.S.C. §2815(d)(3)—Congress may consider the prominent role of military installation commanders and the military service leadership in planning and prioritizing projects within the DOD’s broader MILCON program. This approach may provide legislators with more oversight options, as individual projects using MILCON funding typically require specific line-item approval in both the annual authorization and appropriation acts. The military services provide direct oversight of the construction projects, which fall under the jurisdiction of the federal contracting regulations. At the same time, this approach may result in more time-consuming processes and provide for less direct involvement of stakeholders in the local community.

When evaluating the second option noted above—funding off-base military resiliency projects through OLDCC under the authority in 10 U.S.C. §2391(b)(5)— Congress may consider whether to appropriate funding for grants that OLDCC may, in turn, award to local government entities to support specific infrastructure projects to be executed under the direction of local government entities. Congress could consider whether to direct OLDCC to execute such grants based on specific criteria or within certain limitations in cost or scope. Congress may consider OLDCC’s

⁶¹ See CRS Report R44710, *Military Construction: Authorities and Processes*, by Andrew Tilghman.

⁶² P.L. 116-283, §315.

⁶³ See CRS Report R44710, *Military Construction: Authorities and Processes*, by Andrew Tilghman.

⁶⁴ See Sec. 313 of P.L. 117-81, which amends Sec. 2391 of Title 10 of the *U.S. Code*.

institutional experience collaborating with state and local governments in military communities. On one hand, grant programs may allow for more input from local communities and potentially provide for more rapid execution for projects. On the other hand, grants may provide less opportunity for oversight through federal contracting regulation.⁶⁵

Oversight and Coordination across DOD

If Congress continues to increase OLDCC resourcing, Congress may consider evaluating the level of oversight over grant funding or the level of coordination in the decision-making about the allocation of those grants.

The Government Accountability Office (GAO) in December of 2020 issued a report recommending that the OLDCC (then known as the OEA) establish performance measures for its community grant programs.⁶⁶ DOD concurred with that recommendation and in August 2022, informed GAO about continued work toward that goal. GAO reported in July 2023 that the recommendation has not been fully implemented.

GAO said in its report:

With the department’s investment in these programs growing, it is important that there be reliable ways to assess program outcomes. Without establishing performance measures for CUP, MIR, and DCIP that are clear, quantifiable, objective, and provide for the baseline measurement of current performance, decision makers in DOD and Congress may find it difficult to determine whether current and future investments in these programs are achieving their intended outcomes or delivering their expected value. Moreover, the absence of such measures may hamper decision makers’ ability to prioritize resources when considering these programs’ efficacy vis-à-vis other means for enhancing installation resilience to the effects of climate change and extreme weather.⁶⁷

Congress may consider whether or not to evaluate the oversight mechanisms in place to determine the impact of OLDCC’s grant programs on military readiness.

OLDCC operates within the Office of the Secretary of Defense (OSD). If Congress continues the trend of increasing OLDCC resourcing, Congress may consider additional oversight to ensure OLDCC’s engagement and coordination with the individual military departments meets congressional intent. The military services and their leadership may seek to provide input on the planning, programming and budgeting for certain OLDCC programs, particularly for programs that have implications for morale and readiness, such as the Public Schools on Military Installations program, the Defense Community Infrastructure Pilot program or the Installation Resilience program.⁶⁸ Congress may consider whether or not to encourage coordination of

⁶⁵ The GAO reports that: “In numerous reviews, we and agency inspectors general identified weaknesses in agencies’ internal controls for managing and overseeing grants.” And “improper payments have consistently been a government-wide issue.” For more on the advantages and disadvantages of federal grants compared to direct funding, see General Accountability Office, *Grants Management: Observations on Challenges with Access, Use, and Oversight*, May 2023, at <https://www.gao.gov/products/gao-23-106797>.

⁶⁶ Government Accountability Office, *Climate Resilience: DOD Coordinates with Communities, but Needs to Assess the Performance of Related Grant Programs*,” GAO-21-46, December 2020, Recommendations for Executive Action, at <https://www.gao.gov/products/gao-21-46>.

⁶⁷ Government Accountability Office, *Climate Resilience: DOD Coordinates with Communities, but Needs to Assess the Performance of Related Grant Programs*,” GAO-21-46, December 2020, Rp. 34, at <https://www.gao.gov/products/gao-21-46>.

⁶⁸ See CRS Report R47178, *DOD Planning, Programming, Budgeting, and Execution (PPBE): Overview and Selected Issues for Congress*, by Brendan W. McGarry.

OLDCC activities with the services' traditional MILCON programs as managed through the PPBE and FYDP. Congress may consider directing the OSD, OLDCC, or the military services to submit a report to Congress or provide Congress with input on organizational structures that could foster optimal coordination across DOD.

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