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FEBRUARY 1996

Military Base Closures: The Impact on California Communities

Communities surrounding California military bases that closed in the early 1990s have fared much better than state and local authorities predicted, with some experiencing little or no economic or population declines. The negative effects of base closures were highly localized, with little spillover into more distant areas.

So concludes a recent RAND study that gauged how local communities weathered the closure of three military bases in California between 1992 and 1995. While noting that the closures disrupted economic and social life in the affected communities, the study found that the consequences were neither catastrophic nor as severe as local and military authorities had feared.

The study results likely will have implications for how policymakers decide to shut down military bases in the future—decisions that have become so politically charged that Congress created the Base Realignment and Adjustment Commission to take them out of its hands.

The study also points out the dilemma that confronts policymakers when facing base-closure decisions. While communities clearly gained benefits from nearby military bases in the past, the future effects of shutting down these bases are difficult to gauge, and policymakers want to be sure that whatever governmental assistance they provide to affected communities is truly needed.

To make these decisions, policymakers traditionally have relied either on socioeconomic projections done before bases shut down (and often commissioned by local authorities to lobby against shutdowns) or on studies of the long-term effects of closures, which have been conducted long after shutdowns occurred. Neither approach solves the real-time needs of policymakers. The RAND study suggests that rather than relying on predictions or long-term studies, policymakers' decisions to render assistance should be based on current and continual evaluations of the effects of closures in specific communities.

RECENT BASE CLOSURES HIT CALIFORNIA HARD

Base shutdowns have littered California's landscape in recent years. In the latest rounds of base closures that began in 1989, a total of 163 bases nationwide with 119,000 military and

civilian personnel have been marked for closure. Through 1994, California accounted for a disproportionate share of those totals, losing 21 bases and 82,000 military and civilian personnel. California's recent experience stands in sharp contrast to the post-Vietnam closures, when it lost only 7 of the 100 bases closed nationwide. Local authorities therefore predicted dire economic consequences for the state and affected communities, including rising unemployment and declining housing prices, retail sales, population, and school enrollment.

THE EXPERIENCES OF THREE COMMUNITIES

RAND researchers examined the experiences of communities surrounding three of the largest bases closed in California since 1988. They selected those bases because of their large presence in the local community and because the communities were sufficiently isolated geographically that the effects of the closures were expected to be both severe and measurable.

Using case studies, RAND investigated communities near George Air Force Base, located in San Bernardino County, which closed in December 1992; Fort Ord, located in Monterey County, which closed in September 1994; and Castle Air Force Base, located in Merced County, which was slated for closure in 1995 and had lost 65 percent of its uniformed personnel by October 1994.

To weigh the effect of base closures, RAND researchers looked at changes in the communities' populations, school enrollments, and employment. They also monitored measures indicating how the communities' tax revenues and housing markets changed. For each community, RAND researchers analyzed how each measure behaved before and after the closure of the selected bases.

To gauge the significance of these changes, the study compared them to three benchmarks: (1) expert projections of what would take place in each community, (2) the experience of a matched set of California bases that had not closed, and (3) the experience in the broader regions in which the closed military bases were located. These comparisons allowed researchers to place the effects on local communities in a wider context.

WITHSTANDING THE SHUTDOWNS

While some communities suffered, the outcomes were not catastrophic and not nearly as severe as forecasted.

As the accompanying figure suggests, the affected communities had mixed experiences. Communities surrounding George and Castle Air Force Bases witnessed growth in their populations, labor forces, retail sales, housing markets, and school enrollments after the bases closed. Their real estate vacancy rates and unemployment levels increased only slightly.

Monterey County communities had a slight drop in population and a modest drop in school enrollment after Fort Ord closed. However, their labor forces and retail sales grew and their unemployment rates were stable.

Even the most dramatic of these changes were nowhere near the projections of local and state experts. For example, Fort Ord's closure was predicted to cause a 15 percent drop in the population of the surrounding communities. The real drop was

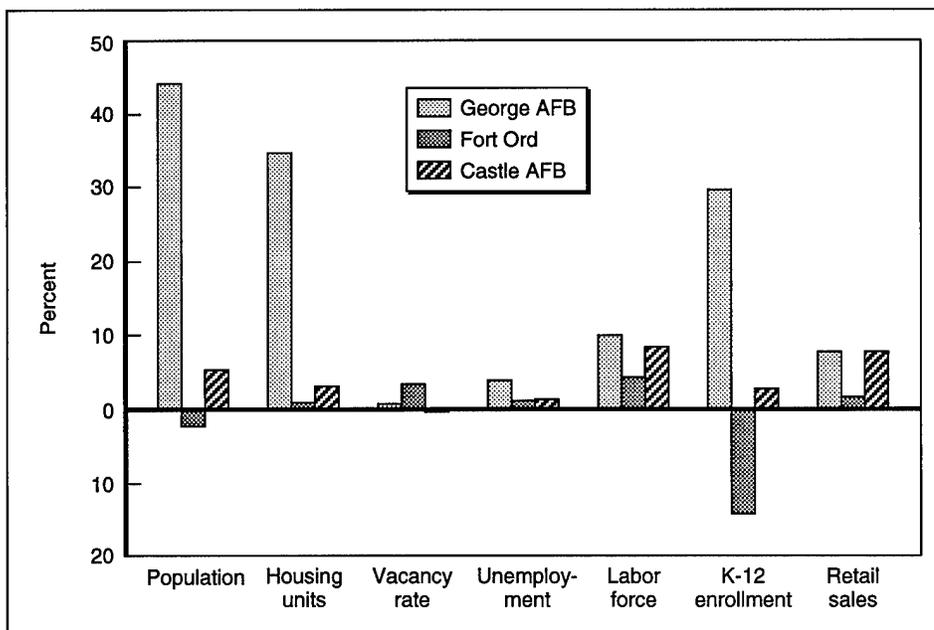
less than 3 percent. Unemployment in the Fort Ord area was expected to jump by 7 percent; the actual increase was 1 percent. And retail sales near the closed base were forecast to plummet by 25 percent; they rose by 2 percent.

These findings do not deny the very real costs of job loss borne by displaced workers and their families or the revenue losses suffered by local businesses. But those effects tend to fall disproportionately on individual firms and their workers rather than on the community at large.

Although generalizing from the experiences of only three bases is problematic, these results suggest that the effects of base closures on local communities are not nearly as straightforward as some might believe. Many factors mitigate the loss of base personnel. The departure of spouses, many of whom have been employed in the local community, may open employment opportunities. Retail sales may climb as military retirees and others who had shopped on the bases are forced to transact business in the local civilian market. New employment and associated development may be generated as developers seek to reuse base properties. Finally, broader regional factors such as economic growth and suburbanization may offset the negative effects of closure.

CONCLUSION

In sum, the effects of base closure are difficult to predict beforehand and are by no means as negative as many assume. Waiting until long-term studies can be completed, however, is not feasible. Thus, policymakers who want to assess the effects of base closures have only one alternative: to monitor the changes brought by shutdowns as they occur. While this option entails numerous and vexing data problems, this study—by providing a model for such monitoring—demonstrates that such problems can be overcome.



Community Changes Since Base Closures

RAND research briefs summarize research that has been more fully documented elsewhere. This research brief describes work sponsored by the Office of the Undersecretary of Defense (Personnel and Readiness), conducted within the Forces and Resources Policy Center of the National Defense Research Institute, and documented in M. Dardia, K. F. McCarthy, J. Malkin, and G. Vernez, *The Effects of Military Base Closures on Local Communities: A Short-Term Perspective*, MR-667-OSD, 1996, 72 pp., \$15.00, ISBN 0-8330-2354-3, which is available from RAND Distribution Services (Telephone: 310-451-7002; Fax: 310-451-6915; or Internet: order@rand.org). Abstracts of RAND documents may be viewed on the World Wide Web (<http://www.rand.org>). Publications are distributed to the trade by National Book Network. RAND is a nonprofit institution that helps improve public policy through research and analysis; its publications do not necessarily reflect the opinions or policies of its research sponsors.

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