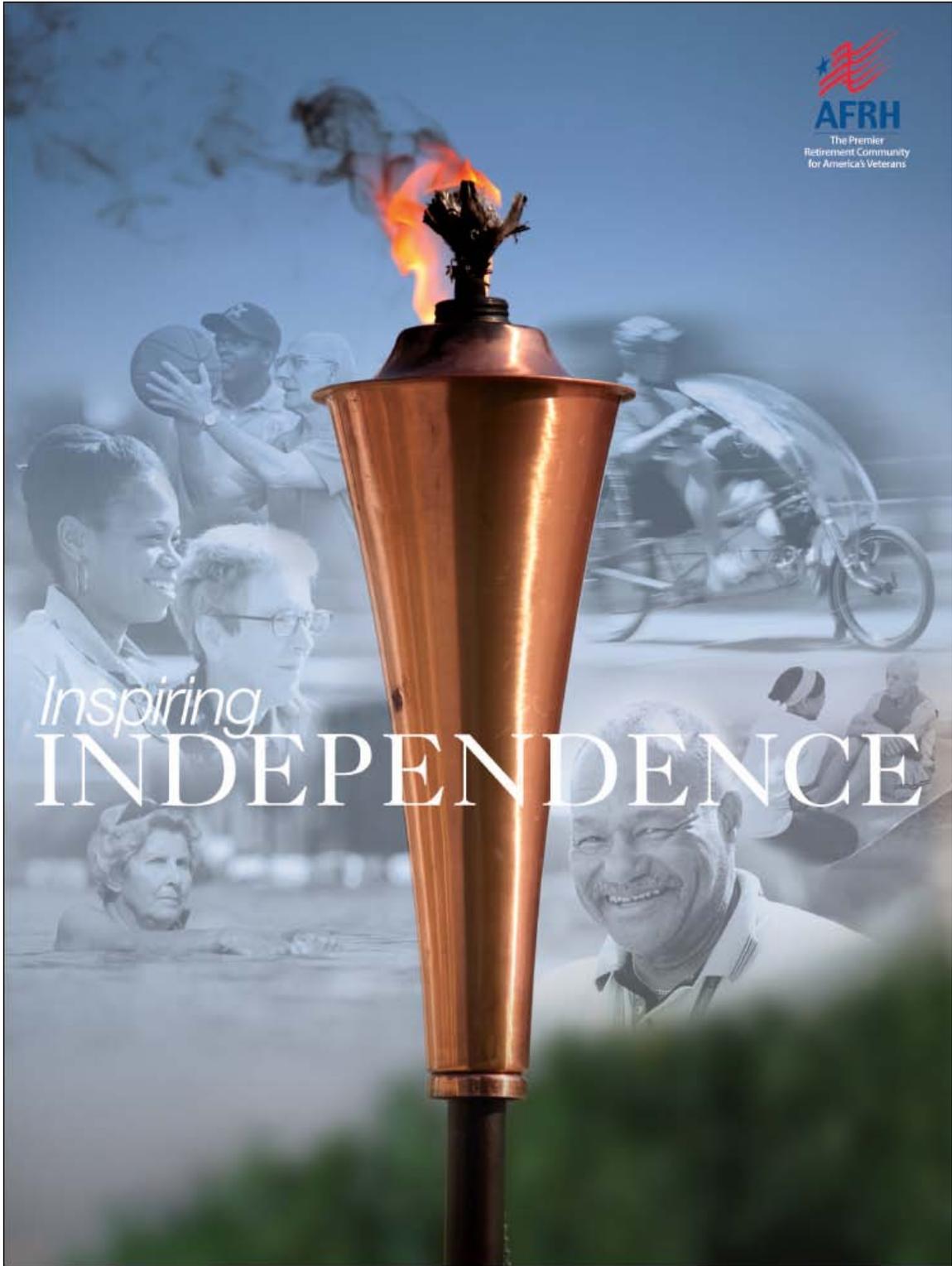


CONGRESSIONAL BUDGET JUSTIFICATION
FISCAL YEAR 2013



Inspiring
INDEPENDENCE

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In Gulfport, AFRH Residents maintain health and fitness in the outdoor pool.

APPROPRIATION LEGISLATION

ARMED FORCES RETIREMENT HOME

FEDERAL FUNDS

GENERAL FUND PAYMENT, ARMED FORCES RETIREMENT HOME
[For payment to the "Armed Forces Retirement Home", \$14,630,000, to remain available until expended, for expenses necessary to mitigate structural damage sustained to buildings on the Armed Forces Retirement Home—Washington, District of Columbia, campus as a result of the August 2011 earthquake.]

TRUST FUNDS

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the Armed Forces Retirement Home—Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, [\$67,700,000]\$67,590,000, of which \$2,000,000 shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home—Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi.

(Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2012.)

INTRODUCTION

Inspiring Independence

The Armed Forces Retirement Home (AFRH) is proud to present the Congressional Budget Justification for Fiscal Year 2013.

Since 2002, we have been transforming the AFRH, striving to reduce inefficiencies, enhancing operations, and meeting the needs of our Residents. Fiscal Year (FY) 2011 was filled with success and change as we continued to focus on fine-tuning our business model to promote health, wellness and person-centered care. Our transformation can be witnessed by two significant events. In FY 2011, we witnessed the grand opening of the new Gulfport Facility which, to the elation of our Residents, was completed on schedule and on budget. Since the opening of the Facility, we have been recruiting the personnel needed to provide optimal customer service to our Residents. Another significant event that is taking place in our Washington Facility is the refurbishing of the Campus by working toward opening the renewed Scott Dormitory (which is one of the major dormitories within the Campus). The budgets for FY 2009 and 2010 initiated the planning and execution for the design-build of the Scott Dormitory and FY 2011 and 2012's budgets started the transitional costs. The culmination of this effort will result in normal operations commencing in FY 2013. Both of these essential projects are bringing our Person-Centered Care and Aging-in-Place philosophies from vision to reality.

We also pledged to minimize risk and increase financial stability through a variety of strategies: reducing our footprint and associated infrastructure, revitalizing our facilities, growing our staff, right-sizing our population, seeking energy efficiencies, and streamlining contracts by reasonably refitting the scope and corresponding requirements. Various examples of these efforts are as follows:

- 1.) We observed the following savings in FY 2011: \$2 million decrease in our dining contract, healthcare produced savings of \$1.2 million, and efficiencies in campus operations resulting in a decrease of \$1 million;
- 2.) We restructured our Performance Improvement process to focus on high-risk areas and documented key threats to monitor through our Internal Control Board;
- 3.) We are currently continuing to collaborate with external stakeholders to modernize our facility in order to comply with regulatory requirements; and
- 4.) Our plans to increase financial stability are on schedule and within budgetary parameters.

The AFRH leadership developed a new five-year Strategic Plan for FY 2011-2015 to serve as the foundation for promoting excellence for our Residents. We revalidated our Vision, Mission, & Guiding Principles and determined the best way to guarantee that each facet of our Residents lives is enriched while maintaining our fiscal responsibility. The Strategic Plan theme, "The Power of Progress", stemmed from our Agency-wide commitment to achieve a person-centered model focusing on Residents' needs and well-being. We feel that our new Strategic Performance Goals are aligned with AFRH's vision:

- Goal 1: Embrace Resident-Centered Care,
- Goal 2: Maintain Exceptional Stewardship,
- Goal 3: Promote Staff-Centered Environment, and
- Goal 4: Leverage External Stakeholders

To improve service provided to our Residents, we are continuing to utilize the Independent Living Plus program. We started utilizing this program in February of 2010 and have found it to be an invaluable tool to assist our Residents in Aging-In-Place. We also analyzed and adjusted our staffing for efficiency. Federal and contractual staff are held to a high standard and are focused on Resident-Centered Care.

In the midst of these advances, we experienced a major setback in Washington. In August 2011, a 5.8 magnitude earthquake rattled the Washington Campus to be followed by a category 1 hurricane four days later. The result: multiple facilities suffered significant damage. One of the most daunting tragedies was the structural damage that affected our 150-year-old historic landmark, the Sherman Building. This edifice served as the heart of our business operations and necessitated that administrative staff operate in rooms designated as Resident dormitories. Thanks to Congress and the President we will be able to restore the historical Sherman Building beginning in FY 2012.

Through a focused effort on fiscal management, the Trust Fund remains solvent. However, its greatest risk will occur during a period of time that we have coined as our "transition years" (2010-2013) as we continue to grow operations in Gulfport and reduce our footprint in Washington. However, we believe that infrastructure and facility upgrades, coupled with contract refitting efforts, will have a direct and positive impact on Trust Fund solvency.

While we recognize negative growth will occur in the transition years as we expense funding for the Scott Project, we expect positive Trust Fund growth to continue again after 2013. As we move toward our vision of economical operations on both Campuses, we continue to review and adopt practices that will improve service and nurture Trust Fund growth. In tandem with our transitional objectives, the AFRH received its seventh annual "unqualified" audit opinion in FY 2011. This outcome validates our strong controls and sound fiscal management.

As noted earlier, one of our focal points is to reduce our footprint and optimize our infrastructure. Our AFRH Capital Improvement Plan assists in the effort by providing 10 years' worth of vital improvements on both Campuses. These projects include a smaller footprint in Washington; assessing environmental impacts; and continuing to focus on Person-Centered Care and Aging-in-Place.

The National Defense Authorization Act for FY02 permitted AFRH through the Department of Defense (DoD) to sell, lease or otherwise dispose of underutilized buildings and property. The NDAA, in FY 2010 altered the language by requiring the AFRH to follow Enhanced Use Lease procedures for lease of AFRH property. DoD is currently reviewing the Agency's development strategy for the 77 acres of development. In the interim, the AFRH is mothballing unoccupied buildings, preparing to close the Power Plant and LaGarde facility, renewing relationships with our neighbors, and developing a relationship with our new real estate manager (US Army Corps of Engineers) in anticipation of sale/leasing excess land. We have also increased interactions with external partners, such as: the National Association of Uniformed Services, the Petworth Neighborhood, Armed Forces Foundation, Non-Commissioned Officers Association, Government Employees Insurance Company, Camp Shelby, Keesler Air Force Base, Walter Reed National Medical Center, Virginia Medical Center, and the Veterans Administration in Biloxi.

Lastly, we underwent assessments by Office of Personnel Management, our Advisory Council, and Commission on Accreditation of Rehabilitation Facilities. The Washington Campus was inspected by Commission on Accreditation of Rehabilitation Facilities in October, 2011. The Campus received praise for its strides in Person-Centered Care and training of personnel. The Gulfport Facility underwent its first Commission on Accreditation of Rehabilitation Facilities inspection one month later. The inspection resulted in Gulfport receiving its accreditation and the same complimentary praise extended to the Washington Campus.

Our military has inspired liberty around the world since 1776. They have forged a viable Nation, defeated global tyranny, and galvanized America's strength. All along the flame of freedom has burned bright. Today that tradition endures with a focus on greater independence. The AFRH is motivating Residents to push the limits of vitality through new programs and modern services. The Residents enjoy dynamic activities, modern amenities, and various levels of care based on their unique needs and desires. In the end, we're confident that we are realizing the vision of our forefathers. No event reflects their undying spirit like our Senior Olympics, featured on the cover of our reports this year. As we celebrate another successful year, the Residents and staff are: **INSPIRING INDEPENDENCE**. Two hundred years ago America's leaders made a promise to care for its aging Veterans. Now, more than ever, the AFRH and Congress are bound to honor that original Promise, the Home's heritage and the tradition of the US military.

This Congressional Budget Justification presents complete, reliable information that demonstrates our efforts to hold both Campuses to the highest standards of accountability. As we move forward to our vision of a vibrant, economical operation at both AFRH Campuses, we continue to work to use the dollars of current and former military personnel efficiently and in their best interests.

STRATEGIC PLAN FRAMEWORK

VISION:

A retirement community committed to excellence, fostering independence, vitality and wellness for Veterans, making it a vibrant place in which to live, work and thrive.

MISSION:

To fulfill our nation's promise to its Veterans by providing a premier retirement community with exceptional residential care and extensive support services.

GUIDING PRINCIPLES:

Person-Centered: "Person-Centered Care" is defined as the careful manner in which Resident needs are considered while developing responsive plans of care and delivering meaningful services.

Accountability: We expect our workforce to achieve what we promise to Residents, staff and service partners. To ensure success, we measure progress and provide feedback to our customers.

Integrity: We will strongly uphold the mission of AFRH. We are honest and ethical and deliver on our commitments. We recognize that good ethical decisions require individual responsibility enriched by collaborative efforts.

Workforce Growth: We strive to hire and retain the most qualified people. We maximize their success through training and development as well as maintaining and promoting open communication.

Honor Heritage: We honor the rich history of the US Armed Forces—from our Veterans to our victories, as such, our Campus reflects that military heritage with memorabilia and tributes.

Inspire Excellence: We continuously work to improve each process, service and its delivery, while striving for excellence in all we do. We expect excellence and reward it.

One Vision / One Mission / One Organization: Success depends on our devotion to an unwavering Vision and Mission. Working together in different locations, under various managers and leaders, we maintain a distinct focus to serve our Residents. We collaborate and respond in a unified and single voice.

Strategic Goals

EMBRACE RESIDENT-CENTERED CARE:

Each person will understand each Resident's individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

MAINTAIN EXCEPTIONAL STEWARDSHIP:

Pursue and implement innovative ways to deflect, reduce, and manage costs by maximizing assets, resources, and programs to fulfill needs and wishes of current / future Residents.

PROMOTE A STAFF-CENTERED ENVIRONMENT:

Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.

LEVERAGE EXTERNAL STAKEHOLDERS:

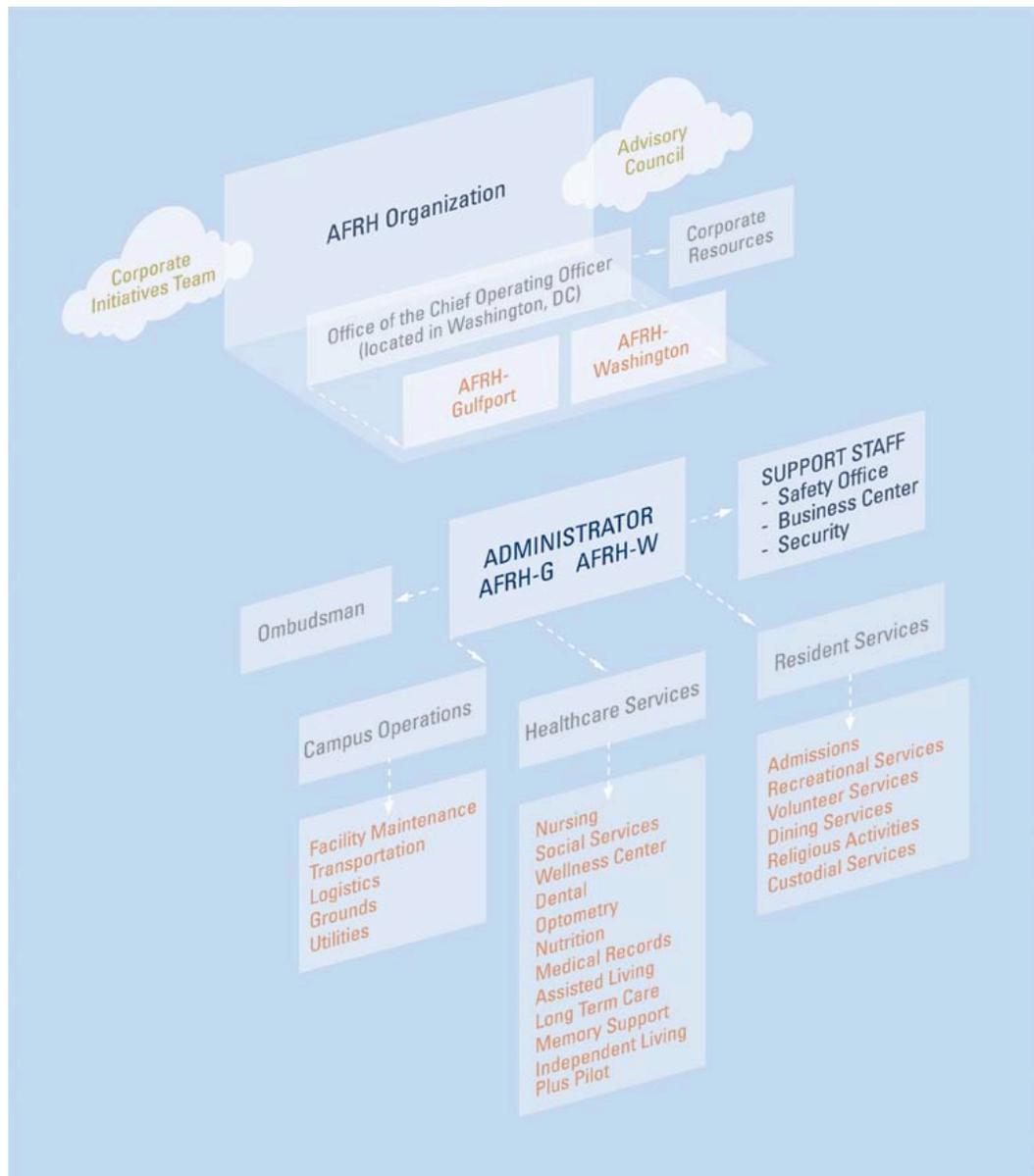
Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

AFRH Organization

AFRH is a unique Federal Agency that resembles a private sector Continuing Care Retirement Community. The Chief Operating Officer is subject to the authority, direction and control of the Secretary of Defense, delegated to the Under Secretary of Defense (Personnel & Readiness) and the Deputy Assistant Secretary of Defense for Military Community & Family Policy. A Local Advisory Council helps provide expert experience and knowledge of military and medical related concerns on each Campus.

AFRH is organized in a contemporary business establishment, with a corporate office that manages independent functioning retirement communities in different locations. This arrangement allows the corporate office to make strategic decisions, as well as communicate with Congress, other Federal Agencies and stakeholders.

Using the successful "One Vision, One Mission, One Organization" philosophy for all operations, each Home has an Administrator who reports to the Chief Operating Officer. Each Administrator has the autonomy to make tactical operational decisions, manage the facility and respond to local Resident requirements.



INSPIRING INDEPENDENCE

FY 2011 ACCOMPLISHMENTS

October 2010

- "Coast Guard and Maritime Transportation Authorization Act of 2010" (Sec. 205) amended Section 1502 of the Armed Forces Retirement Home Act of 1991 (24 U.S.C. 401) and allowed Coast Guard participation in AFRH.
- October 4, 2010 – prior Gulfport Residents vacated Washington Campus to arrive at Armed Forces Retirement Home-Gulfport (AFRH-G) to occupy the new building (130 Residents)
- Mid-October – prior AFRH-G Residents that lived in alternate locations arrived at AFRH-G (87 Residents)
- October 25, 2010 – AFRH-W Residents that wanted to transfer to AFRH-G were allowed to do so (108 Residents)
- Scott Project Actions:
 - Work commenced on walking path/connector from Sheridan to Sherman
 - Work began to move information technology hub from Scott to Sherman
 - Work began on clearing space in Sherman North for temporary dining hall
 - Renovation of AFRH-W Bowling Center completed
 - Plans were put in place to move the chillers and cooling towers
- To facilitate a smoke-free environment, plans were put in place for outdoor smoking shelters

November 2010

- November 2, 2010 – Assisted Living Residents arrived in Gulfport
- November 9, 2010 – AFRH-Gulfport Grand Opening ceremonies took place
- 6th consecutive unqualified audit opinion was received on AFRH financials
- AFRH-Gulfport expanded levels of care to Independent Living Plus

December 2010

- Scott Building residential units totally vacated with only dining and staff offices operational
- All AFRH-W Independent Living Residents housed in Sheridan Building
- Chief Operating Officer, Timothy C. Cox, resigned effective January 15, 2011
- AFRH-Gulfport Independent Living over 90% occupied

January 2011

- Deputy Chief Operating Officer/Chief Financial Officer, Steven G. McManus, became Acting Chief Operating Officer
- Resident Focus Groups at AFRH-W encouraged full participation by Residents and staff in moving Recreation and Leisure activities and spaces to Sherman and Sheridan
- Transportation bus stops relocated for the AFRH-W due to the Scott Project
- AFRH-W Health & Wellness Center relocated to Sheridan

February 2011

- Tunnel connector between Sheridan and Sherman Buildings opened for Resident use
- Scott Building vacated and closed permanently
- AFRH managers met at AFRH-G to define 2011-2015 AFRH strategy focusing on "person-centered" philosophy
- AFRH-G and AFRH-W elected new Resident Advisory Committee (first for AFRH-G since 2005)
- Scott Project Design-Build contract awarded
- All transition spaces at AFRH-W were completed by end of February and in use by Residents
- Vision workshops held at both Campuses to kick off the 10-year AFRH Capital Improvement Plan

March 2011

- Health Fairs for Residents and staff held simultaneously at AFRH-G and AFRH-W
- Scott Project design build began
- First Coast Guard retiree application approved – Chief Petty Officer Rayford Keen
- Team Strategies and Tools to Enhance Performance and Patient Safety training launched for all AFRH to enhance person-centered care
- First "person-centered" care training launched for Train the Trainer
- AFRH-W Residents met Australian Prime Minister Julia Gillard on the steps of the Lincoln Memorial

March 2011 (Continued)

- AFRH-G held first Mardi Gras celebration in the new facility

April 2011

- AFRH-W started annual mandatory training for staff
- Dr. Sissay Awoke named AFRH Medical Director
- Renovation of the AFRH-W Pond by volunteers of the Coast Guard Washington, D.C. Chief Warrant Officers Association and the Chief Petty Officers Association

May 2011

- Chiller relocation and cooling towers completed as scheduled and on budget
- IT relocation work completed
- AFRH-G held an Open House/Community Appreciation Day for the Gulfport community
- AFRH Advisory Council met in Gulfport (this marked the first meeting in which both facilities were represented since 2005)
- South Carolina Congressman Joe Wilson visits AFRH-W

June 2011

- Commons/Health Care Building Scott Project Design Development documents submitted to include enlargement of the new building and revisions to the pedestrian tunnel
- Submission of the Sheridan Elevator Design to National Capital Planning Commission and Commission of Fine Arts completed.
- AFRH-W managers determined furniture, fixtures and equipment for the new building
- AFRH-W hosted an open Civil War Living History event featuring the Sykes' re-enactment group
- AFRH Korean War Veterans traveled to South Korea as guests of the South Korean government

July 2011

- 1st Annual Volunteerism Expo held at AFRH-G
- 10-year AFRH Capital Improvement Plan published
- Republic of Korea's Minister of Patriots and Veteran Affairs Sung Choon Park visited the AFRH-W and thanked Korean War Veterans for their service to his country
- American Legion National President Jimmie L. Foster toured the AFRH-G
- Ed Crump, an AFRH-W Resident, captured an 8th place finish in the 1500 Meter Race Walk in the 2011 National Senior Games that took place in Houston, Texas
- U.S. Coast Guard sponsored a Pond Cookout at AFRH-W for Residents
- CFA approved original design of Sheridan elevator

August 2011

- 95% of the construction documents for the Scott Project submitted
- Maurice (Sonny) Scardino and Laura Moore exchanged wedding vows at the AFRH-G Chapel on August 15, 2011. Sonny is the first resident to be married in the Chapel since AFRH-G re-opened.
- August 23rd at 1:50 p.m. - a 5.8 magnitude earthquake shook the grounds and buildings at the historic Washington, DC Campus
- All functions in Sherman North and South were closed due to earthquake damage
- Dining was moved to Sheridan Fitness Center (dubbed as "Jerry's Diner")
- Ascertained that three elevators in Sheridan building were damaged by earthquake
- August 25 - National Capital Planning Commission approved original design of Sheridan elevator
- August 27 - Hurricane Irene category 1 hurricane passes through Washington less than a week after the earthquake

September 2011

- September 25 - Mr. Steve McManus officially assumes the role of Chief Operating Officer
- September 27 - The wrecking ball dropped on the Scott building signifying the second phase of the Scott demolition. The complete demolition completed within 60 days.
- National Capital Planning Commission staff presentation scheduled for the Sheridan elevators.

AFRH STRATEGY

Throughout FY 2006-2010, the AFRH achieved noteworthy progress through utilizing the performance goals that were in place. Today, the heart of our new strategy is to embody a "Person-Centered Care" philosophy while encouraging Aging-in-Place. Our goal is to keep Residents independent with personalized care – while also maintaining economical and efficient operations. Our vision to achieve person-centered care has resulted in a new dimension in our strategic goals – Staff-Centered Environment. We believe nurturing the growth and development of our staff will empower them, both personally and professionally. Ultimately, that will motivate them to deliver better care to the Residents that we serve.

During FY 2011, the new AFRH Strategic Plan for FY 2011-2015 was created and initiated. It features four high performance strategies to help guide the AFRH to even greater success. Our revised goals are sparking superior performance from the AFRH staff.

Goal 1: Embrace Resident-Centered Care: Each person will understand each Resident's individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

Objectives

- Communication
 - Promote person-centered principles
 - Encourage safety awareness
 - Distribute more communications (via internet, bulletins, public television, in-house broadcasting, newspapers, etc.)
 - Utilize Team STEPPS communication methodology
- Staff Training
 - Endorse person-centered care focus
- Health and Wellness Activities
 - Respond to Resident surveys
 - Expand assistance with daily living via Independent Living Plus pilot
 - Reduce travel distances to promote independence
 - Lower reliance on Power Mobility Devices and buses

Measures Met

- CARF Accreditation: Valid thru FY 2015
- Resident surveys: 72% approve
- Resident Assessments: for Independent Living Plus, Assisted Living, Long-Term Care and Memory Support

Achievements

- AFRH-G
 - Occupancy of building was successful
 - Independent Living Plus Pilot Program increased from 0 to 39 Residents
 - Residents praised recreation and dining services at the new facility
- AFRH-W
 - Independent Living Plus pilot went from 46 to 52 Residents
 - Scott Project: person-centered transition
 - Scott dormitory closed for demolition
 - Resident activities relocated from Scott building
 - Residents moved comfortably to Sheridan and LaGarde
 - Addressed Sherman earthquake damage
 - Dining and all activities moved to Sheridan
 - Successfully relocated various operations to accommodate move

Goal 2: Maintain Exceptional Stewardship: Pursue and implement innovative ways to deflect, reduce, and manage costs by maximizing assets, resources, and programs to fulfill needs and wishes of current / future Residents.

Objectives

- Continue to be a fiscally sound organization
- Reduce costs via outside resources
- Establish metrics for financial objectives
- Create new revenue streams
- Harbor person-centered environment (e.g. services, facilities, etc.)
- Continue to achieve maximum efficiencies through reduced footprint

Measures Met

- Trust Fund solvency: Solvent thru 2013
- Financial Reporting Accuracy: Unqualified Audit Opinion
- Housing for Veterans (Scott Project): On budget and schedule
- Cost avoidance: Planning for the shutdown of Power Plant

Achievements

- Implemented environmental Executive Orders
- Revised CIP for 10-year capital expenditures
- Designed Low Energy Electron Diffraction Gold for Scott Project
- Vacated and demolished Scott Building
- Evaluated property at AFRH-W for potential sale
- Began certification and accreditation process with National Business Center for Federal Information Security Management Act compliance
- Replaced antiquated internal telecommunication system and integrated to another system (Centrex) at AFRH-W
- Began utilizing independent power to eliminate reliance on the Power Plant

Goal 3: Promote Staff-Centered Environment: Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.

Objectives

- Adhere to Federal initiatives
- Foster personal initiative and accountability
- Link staff performance to results
- Cultivate and motivate workforce
- Encourage camaraderie and unity among personnel (team environment)
- Encourage training, educational advancement and obtaining certifications

Measures Met

- Mandatory Training: 80% participation
- Employee Satisfaction: 70% of personnel are approving of current operations
- Workforce Growth: Development Plan
- Surpassed goal to execute two initiatives per year

Achievements

- 90 %+ participation in all training
- Developed course of action to motivate and enhance workforce
- Person-Centered Care:
 - Staff effectively trained
 - Created tools to enhance communication and reinforce the meaning of person-centered care
 - Commission on Accreditation of Rehabilitation Facilities surveyors noted more staff initiatives
- OPM audited HR operations in 2006, the findings were confirmed in 2008 and corrective actions were completed in 2011

Goal 4: Leverage External Stakeholders: Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

Objectives

- Fill vacant positions within the Advisory Council
- Attain high-profile partners
- Share info for synergy

Measures Met

- Increased communication with Congressional contacts: quarterly
- Community events were held at each Campus: 2 per year

Achievements

- Congressional contacts
 - Chief Operating Officer briefed Congressional Committees and staffers on various occasions
 - Staffers visited the Washington Campus to view the earthquake damage
- Community events (AFRH-G):
 - "Glory on the Gulf" – theme of the Grand Opening, Nov 2010
 - Community Picnic - Memorial Day, June 2011
- Community events (AFRH-W):
 - Annual Antique Auto Show, Oct 2010
 - Volunteer Community Appreciation Picnic, Aug 2011

AFRH has been very fortunate to receive an overflow of volunteer assistance. Our volunteer base is comprised of industry, military and non-profit groups.



AFRH's Strategy At Work

GULFPORT OPERATION



Dining facility at newly opened AFRH-G

The Gulfport Facility which was destroyed by Hurricane Katrina in 2005 was rebuilt over a four-year period with funding provided by Congress. The Trust Fund provided approximately \$21 million of the funding necessary for this effort. With top-notch construction management, advanced engineering, and efficient scheduling - a modern facility with exceptional amenities officially opened its doors on October 4, 2010.

Joyous Residents returned to the new Gulfport Home during the months of October and November 2010. The grand opening was held on November 9, 2010. The "Glory on the Gulf" event celebrated the rebuilding and opening of the new AFRH-G.

After its first year of operation, AFRH received its initial CARF accreditation in November 2011. The first annual Resident survey yielded over 91% satisfaction with recreation services and 85% satisfaction with dining services.

AFRH-G embodies the spirit of Aging-In-Place by offering the pilot Independent Living Plus. Out of 540 current occupants 40 Residents are enrolled in the Independent Living Plus program.

WASHINGTON SCOTT PROJECT

"The Scott Project" refers to a group of projects necessary to replace the now demolished 1954 Scott Building with a new modern facility that will consolidate residential and health functions in the north end of the Washington campus. Begun in FY 2010, completion of the construction is slated for FY 2013. The "new" Scott will require less maintenance due to its energy efficient structures built to Low Energy Electron Diffraction Gold standards. The design will be compliant with current building codes and the latest standards and practices in senior care design.

Another major benefit of the Scott Project is relocating all of our Residents to a centralized setting where they can be in closer proximity to each other. This option has the advantage of drawing Long Term Care and Memory Support Residents into the community, instead of keeping them in the remote and isolated LaGarde Building. The "new" Scott will also include a progressive Health and Wellness Center that will include medical, dental and optometry services.

All plans are rooted in the Aging-in-Place philosophy and are financed from the AFRH Trust Fund. This will help our Washington Facility keep pace with the new Gulfport community and bring greater health and wellness to Residents. Under the General Services Administration's project management, the Scott Project will produce a facility with a similar population to Gulfport.

	Independent Living	Assisted Living	Memory Support	Long Term Care	Total
Gulfport	474	60	19	24	577
Washington	450	58	24	36	568



Old Scott building prior to demolition



Artist's concept of "new" Scott Building

Project Execution

AFRH partnered with General Service Administration (GSA) to manage this project starting in August 2008. GSA implemented projects to demolish the old Scott Building, construct the new facility, provide needed infrastructure, and integrate the new building into the current landscape. These vital projects include:

- Scott Building Replacement
- IT Hub Relocation (completed)
- New Chiller (completed)
- Commons-Sherman Sidewalk Realignment
- New Elevators in Sheridan Building
- Exterior Renovations for Assisted Living
- Second Tunnel (Low Energy Electron Diffraction Rating – "Gold")



The final section of the old Scott that was ready for demolition.

The AFRH will implement other critical projects needed to accommodate uninterrupted operations and activities by creating temporary spaces for administrative and Resident use until the opening of the new building in 2013. Those projects include:

- Sherman Building Transition
- Sheridan Building Residence Transition
- Sheridan Building Staff Transition

GSA employed the expertise of a Bridging Design Architect Engineer to expedite the GSA's "Design Excellence" procedures in August 2009. Throughout FY 2010, the engineer worked with the Program of Requirements created during the analysis for the long range financial plan and developed a conceptual design which was reviewed in early 2010. The engineer also worked in concert with an engineering firm who served as the Construction Manager on this project. AFRH staff worked with the designers to modify the designs and completed them in August 2010. The Construction Design Build was awarded in January 2011. All conceptual designs were reviewed and approved by the National Capital Planning Commission. The contractor began work in March 2011. According to schedule, the old Scott Building was demolished and laid the foundation for the "new" Scott throughout the 2011 calendar year.



Staff addressing Residents' healthcare needs



AFRH FINANCIAL DEVELOPMENT PLAN

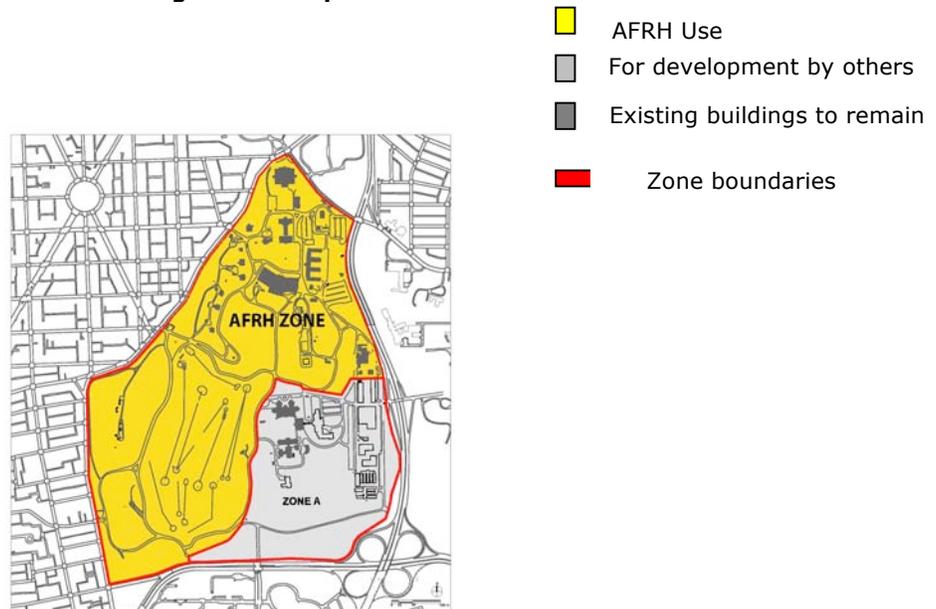
The National Defense Authorization Act for FY 2002 permitted AFRH through DoD to sell, lease or otherwise dispose of underutilized buildings and property. AFRH launched its real estate development plan (previously referred to as the Washington Master Plan) currently known as the AFRH Financial Development Plan.

The National Defense Authorization Act for FY 2002 (as modified by Public Law 111-084) permitted the AFRH via DoD to sell, lease, or otherwise dispose of underutilized buildings and property. We launched a development plan that served as the basis of the AFRH risk management strategy. The plan was approved by the National Capital Planning Commission in 2008. The focus of this plan is to preserve and improve the Home for Residents, as well as generate additional revenue for the Trust Fund.

Given the changing economic conditions beginning in 2008, we had to shift our focus from revenue generation to infrastructure improvements. We mothballed facilities within the 77-acre development zone and closed buildings that no longer serve Residents' needs. Additionally, we initiated the shutdown of the Power Plant, the remapping of utility grids, and the revitalization of key historic buildings.

During FY 2011, the Army Corps of Engineers was engaged to determine if the designated 77 acres are excess (per June 2010 Presidential Memorandum--Disposing of Unneeded Federal Real Estate) and if this acreage could potentially be offered for lease or sale. This study continues in FY 2012.

AFRH-Washington Development Zones



MASTER PLANNING

Power Plant Phase-Out

The present plant distributes steam for 272 acres, requires full-time licensed operators and utilizes underground distribution lines. Economies are available for decentralizing these steam heating systems and installing modular systems, which don't require operators, in each of the buildings. First, the fuel costs to provide campus heat can be reduced by as much as 37% by utilizing decentralized heating systems with modern technologies. Second, the steam plant can produce steam at lower levels while maintaining proper operation. While it is economical to replace the current steam system,

The best transition is an immediate change to distributed heating systems, which will produce the greatest amount of efficiencies. Yet, that would require a capital expenditure. The recommendation is to incorporate new modular heating systems within each new project, including the Scott Project, until the rest of the campus can be converted and the steam plant may be shut down.

The AFRH will install a new boiler system as part of the decommissioning of the existing heating plant. Operations in the heating plant will be terminated, and the associated converters will be removed.

Phasing out the Power Plant is comprised of the following actions:

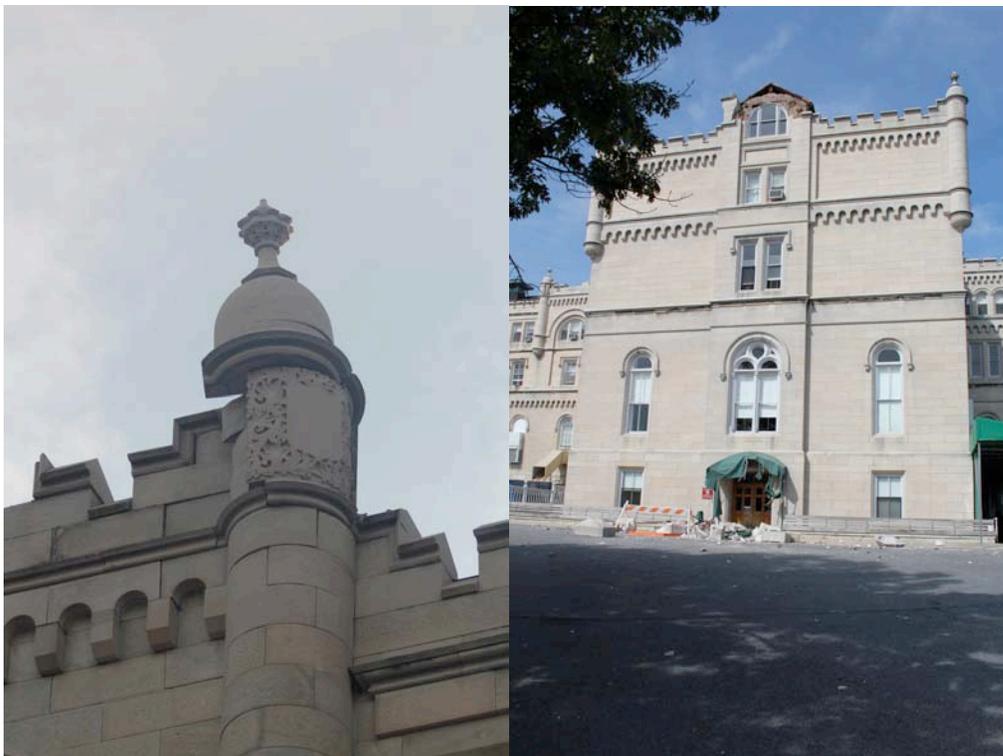
- Moving converters from the North Converter Room;
- Installing five new boilers in the Sheridan Building;
- Two additional boilers will be installed to provide steam to all operational space within AFRH-W excluding the Sheridan and the refurbished Scott building;
- The Grant and "Old Security" Building will be mothballed and removed from the system; and
- The existing boilers serving the remainder of the Campus will be replaced.



In an effort to be more efficient, the existing Power Plant will be phased out in FY 2013.

UNEXPECTED EVENTS

In August, the Residents and staff at AFRH-W had their world disrupted by two natural disasters that occurred in a one week period - a 5.8 magnitude earthquake and Hurricane Irene. Over the past 200 years, two such events have never occurred concurrently in Washington. The safety and well-being of Residents was secured thanks to the decisive action of diligent staff members. Several historic buildings were severely damaged as a result of the earthquake. Damages have been estimated in excess of \$14 million. AFRH's Management is thankful for the funding, received from Congress and the President, which will support our efforts in revitalization and restoring our Campus to its previous condition.



The Sherman building suffered significant damage due to the earthquake.

One of the buildings that suffered the most damage was the Sherman building. The Sherman building was built in 1852 and has long been a monumental piece of our footprint. The AFRH, in concert with the Scott Project design builder, hastened to secure the Sherman so it could withstand the hurricane-force winds that were expected three days after the earthquake. This endeavor entailed removing loose stones and debris, as well as adding temporary covering over the fragile infrastructure. The precarious clock tower, which is one of highest points in the Washington, DC area, was secured with industrial wire. The Sheridan was assessed for loose panels in the exterior and replaced with water-resistant covers. Three damaged elevators in Sheridan were no longer operational. However, the LaGarde facility (which houses our Assisted Living, Memory Support and Long Term Care Residents) did not sustain any damages and our Residents were unscathed.

CURRENT CHALLENGES

Accreditation and Inspection

The NDAA of 2008 required the AFRH to seek a more comprehensive accreditation service to review its healthcare practices. In FY07, the AFRH embarked on acquiring such a new independent accreditation. Throughout FY08, the AFRH worked very diligently to implement new standards in accordance with those set forth by the Commission on Accreditation of Rehabilitation Facilities/Continuing Care Accreditation Commission International. The Commission on Accreditation of Rehabilitation Facilities is an independent, nonprofit accreditor of human service providers in the areas of aging services, behavioral health, child and youth services, employment and community services, medical rehabilitation, and opioid treatment programs. The Commission currently accredits more than 5,000 providers at more than 18,000 locations in the United States, Canada, Western Europe, and South America. More than 6.5 million persons of all ages are served annually by the Commission as well. This Commission's accreditation replaces the long standing Joint Commission on Accreditation of Healthcare Organizations accreditation held by AFRH for nursing care only. The AFRH received a 5 year accreditation by Commission on Accreditation of Rehabilitation Facilities/Continuing Care Accreditation Commission in August 2008 and 2010. AFRH is proud to report that both AFRH-Gulfport and Washington received accreditation in 2011 for 5 years.

Challenges

AFRH's greatest challenges lie in managing expenses during major ongoing projects:

Project	Fiscal Challenges
The Scott Project	maintaining schedule, cost and safety
Gulfport	achieving capacity and effective staffing
Washington Master Plan revival	securing investors and funding

Project	Potential Performance Challenges
Person-Centered Care	empowering staff, reaching a performance plateaus and altering services
Aging-in-Place	reducing higher levels of care and related costs via right-sizing AFRH-W, promoting independence via Independent Living Plus expansion on both Campuses and the construction of the "new" Scott
Information Technology	attaining electronic records, networking and video-conferencing
Financial Management	ensuring Trust Fund solvency, keeping expenses down and creating revenue from the Washington Master Plan
Gulfport Administration	keeping a cohesive team, ensuring a vibrant organization and maintaining accreditation

BUDGET HIGHLIGHTS

BUDGET IMPLICATIONS

The 1991 Defense Authorization Act, Public Law 101-510, created an Armed Forces Retirement Home (AFRH) Trust Fund to finance the AFRH-Gulfport and the AFRH-Washington Homes. The Homes are financed by appropriations drawn from the Trust Fund.

The AFRH Fiscal Year 2011 Performance and Accountability Report highlighted the impact and far-reaching effects of the health and wellness philosophy of aging and our person-centered care approach. Effective fiscal management is essential for achieving our multi-faceted mission, for realizing our goals, and for shaping the Person-Centered Care and Aging-in-Place vision for Resident care. All of this and more will ensure that current and future Residents have a safe and comfortable retirement. The new facility at Gulfport and the upgrades in Washington are expected to yield far-reaching economies, efficiencies, and gains.

Our strict scrutiny paid huge dividends in keeping costs down and realizing our cost-efficiencies during the first year of operations within AFRH-G. The same will prove true as we continue to reduce our footprint in Washington. Throughout FY 2011, the AFRH focused on reporting and monitoring risks through our internal control assessments. A recent forecast based on a risk analysis of the Trust Fund through the year 2013 states: "the AFRH Trust Fund is solvent".

The AFRH provides, through the Armed Forces Retirement Home-Gulfport and Armed Forces Retirement Home-Washington, residences and related services for certain retired and former members of the Armed Forces. The Agency's annual operating costs decrease in 2013 by \$3.5 million from FY 2011. This decrease is associated with AFRH's continued efforts to become more fiscally sound and move towards a sustainable AFRH Trust Fund. FY 2011 marked the last year of growth with the opening of the new Gulfport facility. The Budget Authority stabilized in 2011 as resources (funding and FTE) shifted from Washington to Gulfport.

When Gulfport was opened in FY 2011, the number of Assisted Living Residents was minimal and is slowly growing as Residents shift to our pilot "Independent Living Plus" program. The Memory Support and Long-term care are not being utilized at this time thus minimizing our costs.

We are working on multiple initiatives to reduce costs in the out-years. Our primary effort is using the pilot Independent Living Plus to assist our Residents with aging-in-place. We believe this effort will reduce costs in the Trust Fund while enhancing the care and well-being of our Residents.

The greatest risk to the Trust Fund will occur over the four transition years (e.g. 2010 - 2013) as we establish and maintain operations in Gulfport and transition to a reduced footprint in Washington. Many of the infrastructure and new facility changes occurring at AFRH will have a positive, direct impact on the solvency of the Trust Fund. Although we recognize negative growth will occur between the transition years as we expense the Scott Project, we expect positive growth to continue after 2013. Through the implementation of AFRH's Financial Plan, we believe that this plan will offset potential deficiencies through preserving and improving the Home while exploring options to generate additional revenue for the Trust Fund. As we move forward to our vision of a vibrant, economical operation at both AFRH Campuses, we continue to work to use our funding wisely and in the best interest of our stakeholders.

FY 2013 BUDGET

AFRH will be ending the transition period during FY 2013. The Washington Residents are expected to occupy the new facility in the second quarter of 2013. Its purpose is to create better living conditions for our DC Residents, promote aging-in-place, and bring AFRH Resident facilities in line with the Americans with Disabilities Act, fire codes, and other building regulations. This Project is currently within funding and on schedule.

Our Budget Request of \$68 million for FY 2013 contains \$66 million in Operations & Maintenance and \$2 million in Capital Improvements. The O&M request reflects \$110 thousand reduction from FY 2012 funding levels.

Being that our mission is peculiar in nature when compared to other Federal Government Agencies; our non-labor expenditures contain a diverse assortment of fundamental cost drivers. AFRH's key cost drivers are: Dining Services; Subsistence; Nursing; Wellness Center; Dental and Optometry; Utilities; Facility and Grounds Maintenance; and Transportation.

The budget forecast shows that operating costs for the Washington Campus will decline from \$45.9 million to \$32.9 million in FY 2013. This represents an approximate reduction of 30% in 2013 for the DC Campus. The Scott Project will generate savings in all major cost drivers to include:

- Consolidate dining services so that only one dining facility is operational
- Reduction in subsistence costs
- Reduce nurse staffing
- Lower utility costs
- Lessen facility maintenance requirements
- Decrease in custodial requirement
- Streamline Campus operations so that on-campus transportation is no longer required

The Scott Project also accomplishes the following:

- Closes the LaGarde Facility
- Relocates all Assisted Living, Memory Support, and Long Term Care from the LaGarde facility
- Reduces square footage by approximately 48% or 421,050 square feet
- Postures AFRH Operations for positive Trust Fund Growth
- Creates similar capacity and service capabilities between AFRH-G and AFRH-W

TRANSITION YEARS FY 2012-2013

FY 2011 marked the opening of the new Gulfport facility. The population of Washington is shifting to a target of 568. There will be a shift of full-time equivalents as well. As we hire additional employees in AFRH-G, we should see a decrease in full-time equivalents in Washington, DC due to our decreased footprint. We plan to obtain this decrease in full-time equivalents through attrition.

Cost savings associated with the Gulfport Transition are as follows:

- Minimize Long Term Care costs for a few years
- Reduced dining services and subsistence being that the Facility is not fully occupied
- Minimal maintenance costs
- Less than 75% Assisted Living and Memory Support requirement due to low occupancy in these areas
- Begins significant reduction of Washington population
- Lower cost of living due to shifting costs to the Gulfport location

There are risks, however, during the transition years as well. The potential risks are:

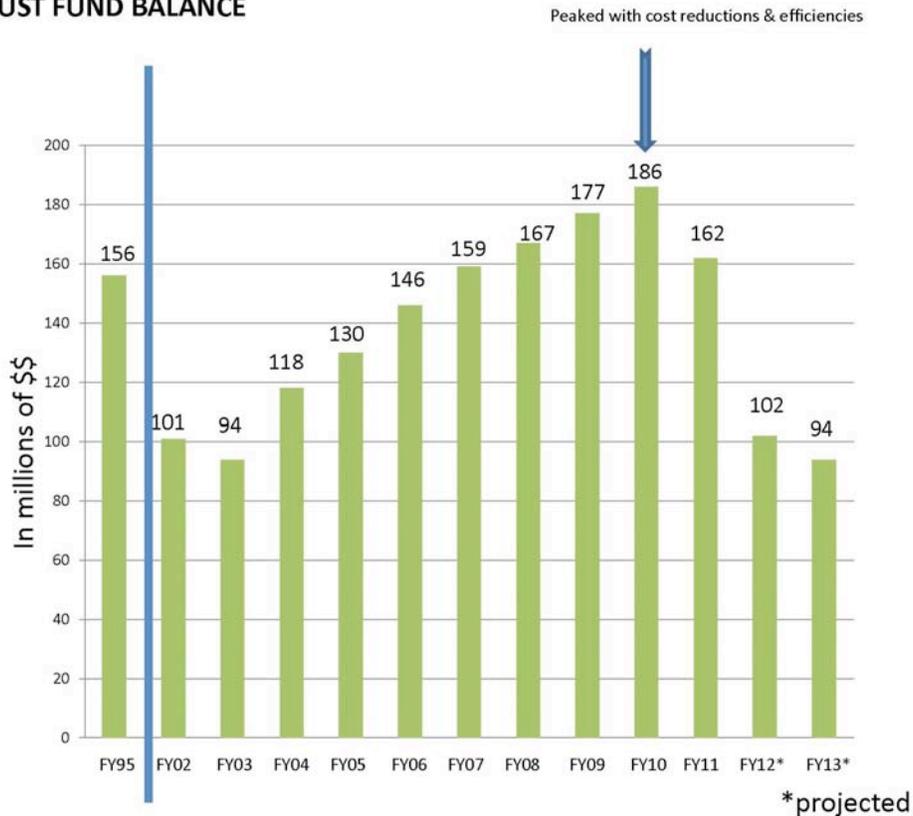
- 1.) Being able to attain the targeted reduction in population for the Washington campus
- 2.) Ability to successfully realign and reduce contracts in Washington
 - Dining Services
 - Nurse Staffing
 - Pharmacy and Medical Supplies
 - Facility Maintenance
 - Grounds Maintenance
 - Custodial
 - Transportation
- 3.) Contract strategy
 - New contracts for transition years vice modifications that reduce the scope of the contract
 - New contracts beginning in 2013
 - Negotiate the same costs at Gulfport and Washington for Dining Services and Custodial contracts

TRUST FUND BALANCE

In 2003, operating costs greatly increased over previous years - eventually outpacing our revenue. The Trust Fund balance declined from \$156 million in 1995 to \$94 million in 2003. Renewing a healthy balance became a critical mandate to retain the Home's solvency. So, we concluded that our operating model had to change. We followed the Federal Government's lead by implementing an integrated strategy - linking planning with budget and performance. From 2003 - 2010, we aggressively developed a disciplined strategic plan that netted many gains. The result: the Trust Fund balance grew substantially to \$186 million at the end of FY 2010.

In FY 2011 the AFRH expended funds as an investment in future generations of Residents via the Scott Project. This reduced the Trust Fund balance to \$162 million. Nevertheless, through our Long-Range Financial Plan we forecast that the Trust Fund will remain solvent and its balance will increase to current levels again.

AFRH TRUST FUND BALANCE



The Trust Fund Balance has been steadily increasing since 2003 but has decreased due to the Scott Project.

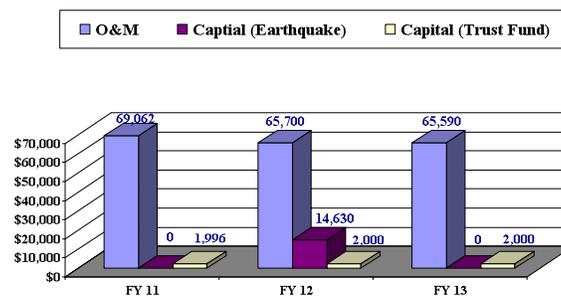
JUSTIFICATION HIGHLIGHTS

Budget Authority

**ARMED FORCES RETIREMENT HOME
BUDGET AUTHORITY & OBLIGATIONS BY ACTIVITY
(\$ in Thousands)**

	FY 11 Actual	FY 12 Actual	FY 13 Estimate	FY12-13 Increase or Decrease
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
TOTAL OBLIGATIONS				
O & M BUDGET AUTHORITY	\$ 69,062	\$ 65,700	\$ 65,590	(\$110)
CAPITAL AUTHORITY:	\$ 1,996	\$ 16,630	\$ 2,000	(\$14,630)
TRUST FUND	\$ 1,996	\$ 2,000	\$ 2,000	-
EARTHQUAKE FUNDING ¹	-	\$ 14,630	-	(\$14,630)
TOTAL BUDGET AUTHORITY ²	\$ 71,058	\$ 82,330	\$ 67,590	(\$14,740)
TRUST FUND	\$ 71,058	\$ 67,700	\$ 67,590	(\$110)
EARTHQUAKE FUNDING	-	\$ 14,630	-	(\$14,630)
TOTAL FULL-TIME EQUIVALENTS ³	280	336	336	-

AFRH Budget Authority by Activity
(in thousands of dollars)



¹ The FY 2012 Capital Authority includes \$14.63M that was appropriated for the repairs necessary to resolve structural damages that were incurred during the August, 2011 earthquake that occurred in Washington, DC.

² The FY 2011 Budget Authority of \$71.1M depicts the amount of funding available subsequent to the .2% enacted rescission.

³ The increase of full-time equivalents from 280 to 336 is due to Gulfport reopening.

Capital Appropriation

ARMED FORCES RETIREMENT HOME CAPITAL APPROPRIATION (\$ in Thousands)

FY13 CAPITAL APPROPRIATION

A/E Design Fee	\$ 200	
LaGarde Building	-	
Master Plan – GSA	\$ 310	
Planning, construction and construction management of Scott Building	-	
Scott Building Emergency Repair	-	
Sheridan Building Repairs	-	
Sherman Building Repairs	\$ 690	
Other Repairs (not anticipated by facility assessment)	\$ 800	
TOTAL	\$ 2,000	\$2,000

FY12 CAPITAL APPROPRIATION

A/E Design Fee	\$ 200	
Earthquake Funding	\$14,630	
LaGarde Building	-	
Master Plan – GSA	\$ 250	
Planning, construction and construction management of Scott Building	-	
Scott Building Emergency Repair	-	
Sheridan Building Repairs	\$ 480	
Sherman Building Repairs	\$ 600	
Other Repairs (not anticipated by facility assessment)	\$ 470	
TOTAL	\$16,630	\$16,630

FY11 CAPITAL APPROPRIATION

A/E Design Fee	\$ 200	
LaGarde Building	\$ 150	
Master Plan – GSA	\$ 310	
Planning, construction and construction management of Scott Building	-	
Scott Building Emergency Repair	-	
Sheridan Building Repairs	\$ 540	
Sherman Building Repairs	\$ 450	
Other Repairs (not anticipated by facility assessment)	\$ 346	
TOTAL	\$ 1,996	\$1,996

Summary of Changes (O&M)

ARMED FORCES RETIREMENT HOME SUMMARY OF CHANGES (O&M) (\$ in Thousands)

FY12 O&M Appropriation	\$65,700
FY13 O&M Request	\$65,590
Net Change	\$(110)

<u>Changes:</u>	FY2012 Base		FY2013 Change from Base	
	Workyears (FTE's)	Budget Authority	Workyears (FTE's)	Budget Authority
A. <u>Built-In:</u>				
1. Base Payroll Costs	336	\$ 28,785	-	\$ (400)
2. Non-Salary Costs:				
Travel/Leases		\$ 259		\$ (1)
Transportation		\$ 46		\$ 1
Communications/ Utilities		\$ 5,104		\$ 290
Printing		\$ 132		\$ 1
Other Services (Contracts)		\$ 26,248		\$ (15)
Supplies & Materials		\$ 5,107		\$ 15
Equipment		\$ 19		\$ (2)
Land & Structures		\$ -		\$ -
Claims		\$ -		\$ -
Total Non-Salary Costs		\$ 36,915		\$ 289
TOTAL		\$ 65,700		\$ (110)
NET DECREASE				\$ (110)

Total Obligations by Object Class

ARMED FORCES RETIREMENT HOME TOTAL OBLIGATIONS BY OBJECT CLASS

(\$ in Thousands)

	FY 11 ACTUAL	FY12 ACTUAL	FY13 ESTIMATE	FY12-13 INCREASE (DECREASE)
11 PERSONNEL COMPENSATION*	\$18,221	\$21,451	\$21,141	(\$310)
12 PERSONNEL BENEFITS	\$6,798	\$6,401	\$6,312	(\$89)
13 BENEFITS, FORMER PERSONNEL	\$0	\$933	\$933	\$0
21 TRAVEL/LEASING	\$132	\$259	\$258	(\$1)
22 TRANSPORTATION OF THINGS	\$78	\$46	\$47	\$1
23 COMMUNICATIONS & UTILITIES	\$5,236	\$5,104	\$5,394	\$290
24 PRINTING AND REPRODUCTION	\$74	\$132	\$133	\$1
25 OTHER SERVICES	\$32,317	\$26,248	\$26,233	(\$15)
26 SUPPLIES AND MATERIALS	\$5,181	\$5,107	\$5,122	\$15
31 EQUIPMENT	\$25	\$19	\$17	(\$2)
32 LAND & STRUCTURES (CAPITAL OUTLAY)	\$78,000	\$16,630	\$2,000	(\$14,630)
42 CLAIMS	-	-	-	
TOTAL OBLIGATIONS	\$146,062	\$82,330	\$67,590	(\$14,740)
GULFPORT FULL-TIME EQUIVALENTS	49	97	125	28
WASHINGTON FULL-TIME EQUIVALENTS	231	239	211	(28)
TOTAL NUMBER OF FULL-TIME EQUIVALENTS	280	336	336	-

[NOTE:(*) The annual Physicians' Comparability Allowance, of \$22,500, is included in the FY 2011 through FY 2013 personnel compensation.]

Appropriations History

ARMED FORCES RETIREMENT HOME APPROPRIATIONS HISTORY FY 2002-2012 (\$ in Thousands)

FISCAL YEAR	DESCRIPTION	CONGRESSIONAL BUDGET JUSTIFICATION	AUTHORIZED	APPROPRIATION HOUSE ALLOWANCE	SENATE ALLOWANCE	FINAL APPROPRIATION
2002	O&M	61,628	61,628	61,628	61,628	61,628
	CO	<u>9,812</u>	<u>9,812</u>	<u>9,812</u>	<u>9,812</u>	<u>9,812</u>
	Total	71,440	71,440	71,440	71,440	71,440
2003	O&M	61,628	61,839	61,839	61,839	61,839
	CO	<u>5,712</u>	<u>5,769</u>	<u>5,769</u>	<u>5,769</u>	<u>5,769</u>
	Total	67,340	67,608	67,608	67,608	67,608
2004	O&M	63,926	63,296	63,296	63,296	63,296
	CO	<u>1,983</u>	<u>1,983</u>	<u>1,983</u>	<u>1,983</u>	<u>1,983</u>
	Total	65,909	65,279	65,279	65,279	65,279
2005	O&M	57,195	57,163	57,163	57,163	57,163
	CO	4,000	3,968	3,968	3,968	3,968
	PUBLIC LAW 109-62*	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
	Total	67,195	67,131	67,131	67,131	67,131
2006	O&M	57,033	57,033	57,033	57,033	56,463
	CO	1,248	1,248	1,248	1,248	1,236
	PUBLIC LAW 109-148**	0	65,800	65,800	65,800	65,800
	PUBLIC LAW 109-234**	<u>0</u>	<u>176,000</u>	<u>176,000</u>	<u>176,000</u>	<u>176,000</u>
	Total	58,281	300,081	300,081	300,081	299,499
2007	O&M	54,846	54,846	54,846	54,846	54,846
	CO	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	54,846	54,846	54,846	54,846	54,846
2008	O&M	55,724	56,524	56,524	56,524	55,724
	CO	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	55,724	56,524	56,524	56,524	55,724
2009	O&M	54,985	54,985	54,985	54,985	54,985
	CO	<u>8,025</u>	<u>8,025</u>	<u>8,025</u>	<u>8,025</u>	<u>8,025</u>
	Total	63,010	63,010	63,010	63,010	63,010
2010	O&M	62,000	62,000	62,000	62,000	62,000
	CO	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>
	Total	134,000	134,000	134,000	134,000	134,000

Appropriations History (Continued)

FISCAL YEAR	DESCRIPTION	CONGRESSIONAL BUDGET		APPROPRIATION		FINAL APPROPRIATION
		JUSTIFICATION	AUTHORIZED	HOUSE ALLOWANCE	SENATE ALLOWANCE	
2011	O&M	69,200	69,061	69,061	69,061	69,061
	CO	<u>2,000</u>	<u>1,996</u>	<u>1,996</u>	<u>1,996</u>	<u>1,996</u>
	Total	71,200	71,057	71,057	71,057	71,057
2012	O&M	65,700	65,700	65,700	65,700	65,700
	CO***	<u>2,000</u>	<u>2,000</u>	<u>16,630</u>	<u>16,630</u>	<u>16,630</u>
	Total	67,700	67,700	82,330	82,330	82,330
2013	O&M	65,590				
	CO	<u>2,000</u>				
	Total	67,590				

[NOTE:(*) Supplemental funding from the General Fund as a result of Hurricane Katrina for the movement and stabilization of displaced Residents from Gulfport in Fiscal Year 2005.

(**) Majority of Supplemental funding from the General Fund as a result of Hurricane Katrina for the stand up of the Gulfport Campus.

(***) Funding includes \$14.6M from the General Fund to repair the structural damage incurred due to the August, 2011 earthquake that occurred in Washington, DC.]

Staffing History

ARMED FORCES RETIREMENT HOME STAFFING HISTORY (\$ in Thousands)

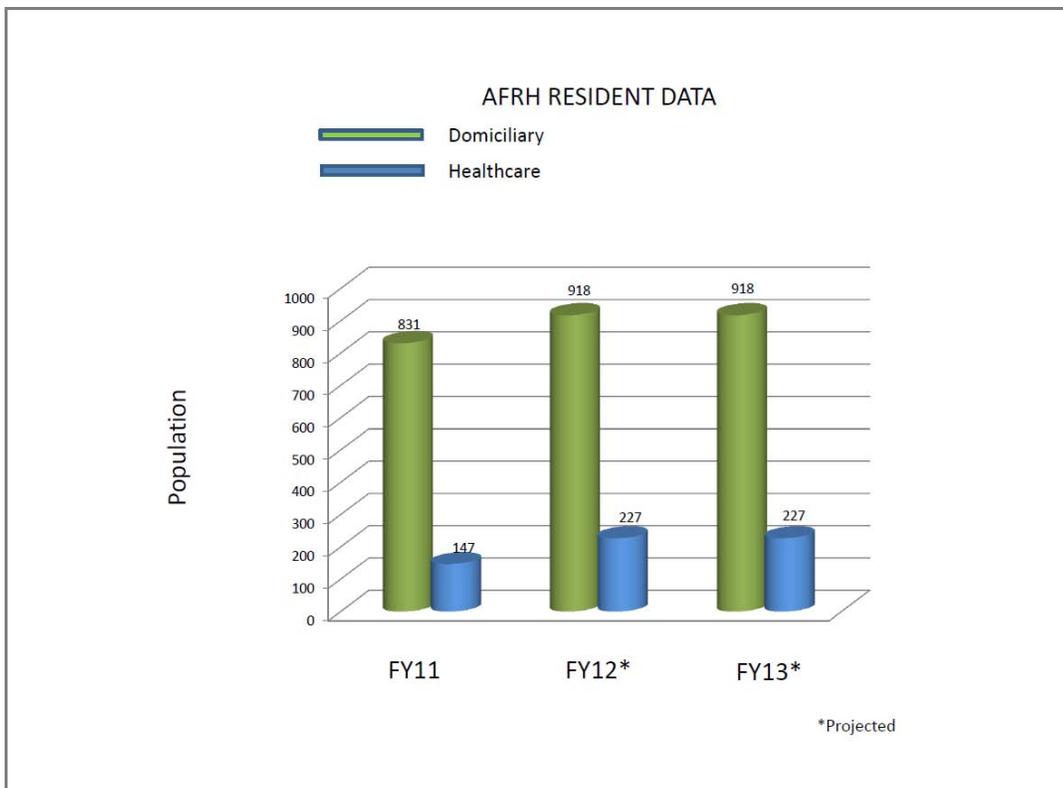
<u>FISCAL YEAR</u>	<u>SALARIES & BENEFITS</u>	<u>FTE's</u>
1995	39,312	989
1996	37,655	903
1997	37,671	865
1998	37,605	841
1999	37,419	799
2000	38,612	753
2001	38,292	734
2002	41,936	736
2003	40,495	683
2004	35,870	548
2005	30,684	446
2006*	25,754	299
2007	22,460	288
2008	24,043	283
2009	21,120	268
2010	21,589	252
2011**	25,019	280
2012**	28,785	336
2013	28,385	336

[NOTE: (*) The significant reduction in FTE in 2006 was a result of Hurricane Katrina and the closure of the Gulfport Facility.

(**) Growth from 252 to 336 is the result of opening Gulfport.]

Resident Data
ARMED FORCES RETIREMENT HOME
RESIDENT DATA

	ACTUAL FY11	ACTUAL FY12	ESTIMATE FY13
Domiciliary Care	831	918	918
Health Care	147	227	227
<u>Total Residents</u>	<u>978</u>	<u>1,145</u>	<u>1,145</u>
Operating Budget	\$ 69,061,000	\$ 65,700,000	\$ 65,590,000
Capital Outlay	\$ 1,996,000	\$ 16,630,000	\$ 2,000,000
Total Budget	\$ 71,057,000	\$ 82,330,000	\$ 67,590,000
Operating Budget Per Resident *	\$70,615	\$57,380	\$57,284



[NOTE: (*) The decrease in costs for FY 2012 and FY2013 represents operating costs based on full occupancy; which in turn reduces the cost per Resident. Services to the Residents will not be adversely impacted by this decrease.]