



Budget Update

AFRH Advisory Council

October 17, 2024

Financial Snapshot

In millions; amounts may not sum due to rounding

Income	FY 2024
General fund appropriation	25
Fines and forfeitures	\$ 18
Resident fees	17
Military withholding	6
Interest	10
Leases and property sales	3
Gifts and donations	0
Total	79
Operating Expenses	
Healthcare	\$ 24
Resident services	19
Administration	13
Facilities	14
Total	70
Net Operating Income	\$ 9

Spending Authority			
FY	Operating	Capital	Total
2018	63	1	64
2019	63	1	64
2020	63	12	75
2021	66	9	75
2022	68	9	77
2023	68	84	152
2024	68	9	77
2025 request	69	32	101
Trust Fund Balance			
FY 2016 end		\$ 55	
FY 2018 end		78	
FY 2020 end		100	
FY 2022 end		107	
FY 2023 end		186 (109 net)	
FY 2024 (estimate)		192 (116 net)	

Revenue Trends

Resident Fees

- Steadily climbing from 2021 (realized \$2M increase in FY24)

Military Withholding/Fines & Forfeitures

- Trending downward from 10-year average for military withholding in 2024 with a \$1M decrease.
- Fines & Forfeitures trending downward in 2024 with a \$1M decrease.

Leases

- Maintaining \$3M/year lease revenue in FY24

Investment Income

- Investments are in U.S. Treasury's Government Account Series (GAS) securities - Overnight Securities.
 - Tied to market conditions (interest rates)
- From a low \$47,914 in 2021 to a high of \$10,024,184 in 2024, investment income significantly increased as a result of the interest rate hikes and larger trust fund balance.

Cost Trends From 2022 Levels

Market

- Utilities - 36% increase (\$0.5M)
- Materials and supplies - 19% increase (\$0.1M)
- Food - 33% increase (\$1.1M)

Intragovernmental

- Support Services - 47% increase (\$2.1M)

Statutory

- Federal pay increases - 14% increase (\$4M)
- Federal contractor minimum wages - 35% increase (\$1.4M)
- New medical providers - \$0.5M

Future Budgetary Concerns

- DC Water Sewer Litigation - \$2.2M annually
- Technology Modernization Fund Repayment - \$1.2M



Organizational Accreditations

AFRH Advisory Council

October 17, 2024

The Joint Commission (TJC)

Each facility surveyed separately and carries independent accreditation certification

- Washington DC survey: May 14-17, 2024
- Gulfport MS. survey: June 4-7, 2024

Current Accreditation Status

Both campus locations fully accredited without conditions

Accreditation Quality/Safety Events

Successes: No findings on either campus for Home Care Accreditation Program

Challenges:

DC: Sentinel Events-(3) falls within 4 months. Reported safety incidents to TJC. RCAs reporting underway to TJC Quality and Patient committee.

Action: Quality/Safety Stand down to access Falls Program

GP: Infection Control/Sterilization-Biologicals for autoclave

Action: Streamlined ordering through IC nurse to ensure appropriate matching and adequate sterilization

Commission on Accreditation of Rehabilitation Facilities (CARF)

Survey Anniversary Dates

Each facility surveyed separately and carries independent accreditation certification

- Washington DC: Sep. 27-29, 2021
 - Survey anniversary date: Aug. 2026
- Gulfport: Oct. 18-20, 2021
 - Survey anniversary date: Oct. 2026

Current Accreditation Status

Both campus locations are fully accredited without conditions

Accreditation Update:

AFRH leadership has decided to continue CARF accreditation as statutory requirement.

The Joint Commission (TJC)

Survey Analysis for Evaluating Risk (SAFER) Matrix-Washington DC-Ambulatory Health Care Accreditation Program

Unannounced Full Event
05/14/2024 - 05/17/2024



Likelihood to harm a patient/visitor/staff

<i>IIL</i>			
<i>HIGH</i>			
<i>MODERATE</i>	MM.06.01.01 EP3	HR.02.01.03 EP1	IC.01.04.01 EP1 IC.02.02.01 EP2
<i>LOW</i>	EC.02.02.01 EP12 IC.02.02.01 EP4 WT.03.01.01 EP5	EC.02.05.01 EP9 HR.01.04.01 EP1	EC.02.04.03 EP4 IC.02.02.01 EP1 IC.02.04.01 EP7
	<i>LIMITED</i>	<i>PATTERN</i>	<i>WIDESPREAD</i>
	Scope		

The Joint Commission (TJC)

SAFER Matrix-Washington DC-Nursing Care Center Accreditation Program

Unannounced Full Event
05/14/2024 - 05/17/2024



Likelihood to harm a patient/visitor/staff

<i>ITL</i>			
<i>HIGH</i>			
<i>MODERATE</i>	EC.02.02.01 EP5 EC.02.05.03 EP11 HR.01.06.01 EP6 IC.02.01.01 EP3	PC.02.01.03 EP1 PC.02.02.03 EP11	EC.02.05.05 EP5 IC.02.02.01 EP4
<i>LOW</i>	LS.02.01.35 EP10 WT.03.01.01 EP5		
	<i>LIMITED</i>	<i>PATTERN</i>	<i>WIDESPREAD</i>

Scope

The Joint Commission (TJC)

SAFER Matrix-Washington DC-Assisted Living Community

Unannounced Full Event
05/14/2024 - 05/17/2024



Likelihood to harm a patient/visitor/staff

<i>ITL</i>			
<i>HIGH</i>			
<i>MODERATE</i>	PC.01.02.03 EP3	LS.02.01.35 EP14 PC.01.02.01 EP1	HR.01.06.01 EP6
<i>LOW</i>	EC.02.05.01 EP8 IC.02.02.01 EP1 LS.02.01.20 EP1		WT.03.01.01 EP5
	<i>LIMITED</i>	<i>PATTERN</i>	<i>WIDESPREAD</i>
	Scope		

The Joint Commission (TJC)

SAFER Matrix-GP-Ambulatory Health Care Accreditation Program

Unannounced Full Event
06/04/2024 - 06/07/2024



Likelihood to harm a patient/visitor/staff

<i>ITL</i>			
<i>HIGH</i>			IC.02.02.01 EP2
<i>MODERATE</i>	UP.01.03.01 EP4	HR.01.01.01 EP2	
<i>LOW</i>			EC.02.02.01 EP5 EC.02.02.01 EP11 HR.01.06.01 EP6 IC.02.02.01 EP1
	<i>LIMITED</i>	<i>PATTERN</i>	<i>WIDESPREAD</i>
	Scope		

The Joint Commission (TJC)

SAFER Matrix-GP-Nursing Care Center Accreditation Program

Unannounced Full Event
06/04/2024 - 06/07/2024



Likelihood to harm a patient/visitor/staff

<i>ITL</i>			
<i>HIGH</i>			
<i>MODERATE</i>	EC.02.02.01 EP5	PC.02.01.03 EP1	EC.02.05.05 EP5
	EC.02.05.03 EP11	PC.02.02.03 EP11	IC.02.02.01 EP4
	HR.01.06.01 EP6		
	IC.02.01.01 EP3		
<i>LOW</i>	LS.02.01.35 EP10		
	WT.03.01.01 EP5		
	<i>LIMITED</i>	<i>PATTERN</i>	<i>WIDESPREAD</i>
	Scope		

The Joint Commission (TJC)

SAFER Matrix-Gulfport Assisted Living Community

Unannounced Full Event
06/04/2024 - 06/07/2024



Likelihood to harm a patient/visitor/staff

<i>ITL</i>			
<i>HIGH</i>			
<i>MODERATE</i>	PC.01.02.03 EP3	LS.02.01.35 EP14 PC.01.02.01 EP1	HR.01.06.01 EP6
<i>LOW</i>	EC.02.05.01 EP8 IC.02.02.01 EP1 LS.02.01.20 EP1		WT.03.01.01 EP5
	<i>LIMITED</i>	<i>PATTERN</i>	<i>WIDESPREAD</i>
	Scope		



Admissions & Marketing

AFRH Advisory Council

October 17, 2024

Eligibility

Changes since 2018

- Removal of age requirement
- Admission of couples (non-military spouses)
- Admission of National Guard & Reserves

Impact in the last year

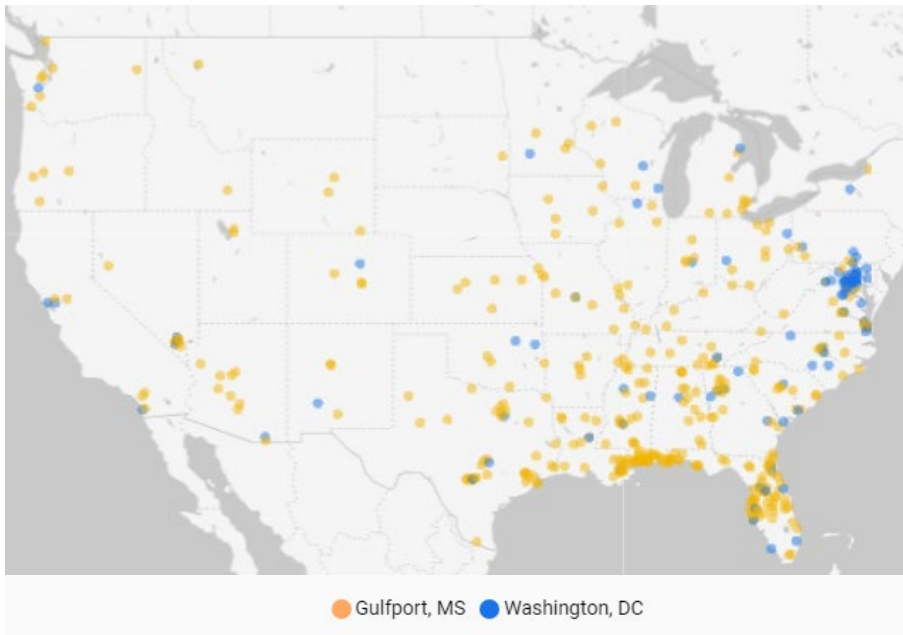
- Increased females by 85%
- Increased couples by 75%
- 1 same sex couple

- Current application process time
 - FY24: 22.4 days
 - Since last council: 20.65 days
- FY24 total inquiries: 669
- FY24 total applications: 171 (80% complete)
- Currently 13 applicants in process
 - 8 Gulfport, 5 Washington

Marketing

Key Selling Points

- **Cost, Medical Care, Vitality, Military History**
 - Building brand recognition and satisfaction
 - Understanding demographics



Inquiries To Date

669

Campus:	Completed
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Gulfport, MS	76%
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Washington, DC	24%
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Veteran Only	74%
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Couple Non-military	18%
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Couple Dual-military	4%
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Marketing

Strategies

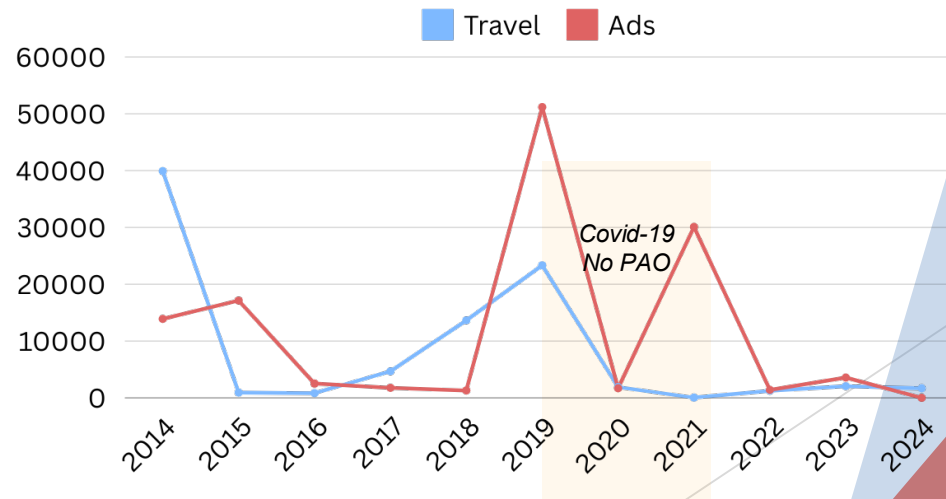
- **Storytelling over Advertising**
 - Organization vs. Resident stories
- **Earned Media vs. Purchased Advertising**
 - Cut travel associated with advertising
 - Pulled advertising in-house
 - Tracking in place to identify low-infiltrated areas

Mentions ⓘ

253

Total Potential News Reach ⓘ

208M



Advertising

Execution of Marketing Strategy

- **Storytelling as a low-cost method**
 - Continue submissions to Military Retiree Magazines (Afterburner, Echoes, Submariner, etc.) & Military newsletters (DFAS, TRICARE, etc.) which account for 35% of inquiries
 - Short documentary in progress
- **Re-building an image**
 - Agency website
 - Communicator newsletter
 - Social Media
- **Connecting with other Agencies**
 - DoD-VA Collaboration Office JEC

The Armed Forces Retirement Home: A Sanctuary for Enlisted Soldiers



The **Armed Forces Retirement Home** is a well-kept secret, even among veterans. More than 200 former enlisted men and women reside on the

Armed Forces Retirement Home

16.8M Reach 17 Social Echo 680k Views Positive

January 2024

»»» QUARTERLY ISSUE «««

THE COMMUNICATOR

ARMED FORCES RETIREMENT HOME

A PREMIER RETIREMENT COMMUNITY FOR OUR NATION'S VETERANS

AGENCY NEWS

»»» ADVISORY COUNCIL SWORN-IN

Our Agency leadership serves in a new members for the Armed Forces Retirement Home Advisory Council. As required by Section 438 of Title 24 of the United States Code, the Advisory Council is comprised of experts in retirement home administration, gerontology, financial management, veterans affairs, military affairs, and other domains of expertise. They will provide industry insight and recommendations to our leaders.

NEW GOALS FOR 2024

With new metrics in place to track occupancy and savings, the Public Affairs office is committed to increasing occupancy to the full capacity of each campus. The Washington campus will continue to manage a waiting period for the finalization of the Sheridan renovation project. The Gulfport campus is on a waiting list for occupancy only, and we're encouraging our single applicants to let their move-in dates and join our communities before it's too late.

ADMISSIONS UPDATES

MUSIC

Fred started playing piano at age six and even had his first professional gig at age 11 and continued playing weekends with various local bands. While in Korea, just days after the 1952 Armistice, Fred formed his own Jazz and Standards band called the Six Saxes or Sixes that played nightly at NCO clubs and most Sunday afternoons at the officers club. When he returned to civilian life, Fred married his high school sweetheart, Elsie and had three children. He continued his engineering pursuit and received his BS degree from Clark University in 1958. He then worked as a draftsman and mechanical engineer at various industries including Raytheon and GE. During these years Fred continued playing piano, sometimes nightly, weekends or Sunday afternoons, either with his own band or by joining with other groups. Upon retiring in 1994, Fred became a Piano Soloist providing background music at restaurants.

EARLY YEARS

FRED SMITH
By Dan Ellis

Frederick S. Smith was born to Frederick and Isabelle Smith at Worcester, Mass. on April 3, 1902. He attended Worcester Union Elementary School, South High, and later Worcester S. College in the evenings evenings where he received an associate degree in engineering.

MILITARY CAREER

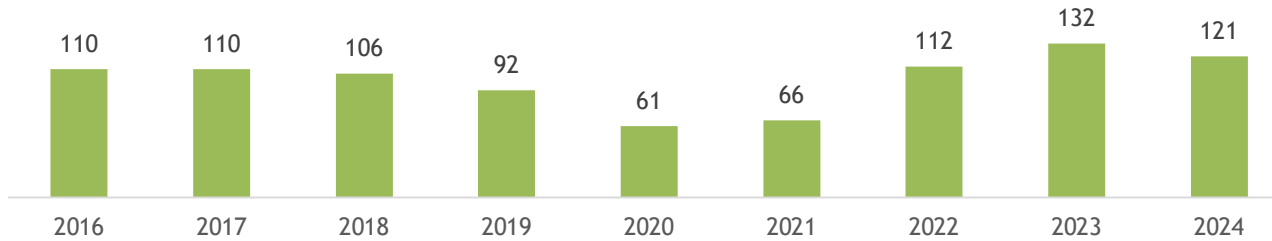
Fred was drafted in November 1951 and completed his Basic Training at Ft. Bliss, TX. He was then sent to Japan, Korea, where he was assigned to the 198th AAA (AA) Battalion. Before his departure in November 1953, he received his corporate design.

RETIREMENT

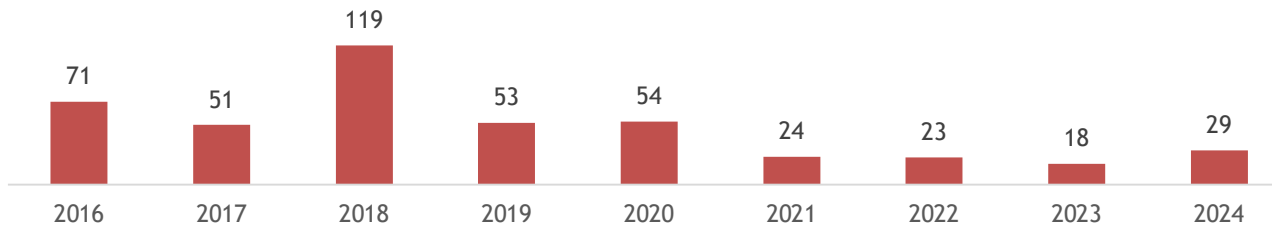
Since arriving at AFRRH in 2022, Fred has continued keeping his fingers plied to the keyboard in the Home's Retirement Home in the company of all guests. Fred had originally become aware of the grand facilities that are available at the Home through his son, Stephen, who had been the Contract Executive for the new AFRRH building in Gulfport.

Key Trends by Fiscal Year

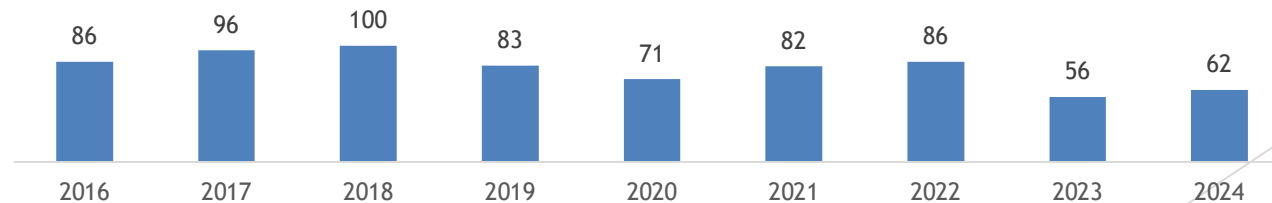
Admissions



Discharges



Deaths





Renovation & Capital Projects

AFRH Advisory Council

October 17, 2024

Sheridan Building renovation

- \$77 million ready for Phase 1
- \$31 million pending for Phase 2 in FY25 budget
- Expect to award construction contract Mar 2025, demolition to begin Jun 2025

Capital projects

- New awards expected Jan-Mar:
- Washington: Sherman Bldg chiller, high voltage equipment, Rose Chapel envelope repairs, water infrastructure
- Gulfport: generators, boilers, chillers
- All of 10% Fiscal Responsibility Act cut borne by capital budget, down to \$1 million for FY25 for projects other than Sheridan renovation

Backup

Sheridan Building Renovation

- ▶ Largest residential building on Washington campus, completed 1962, last interior renovation 1992-1994
 - ▶ 431 independent living, 60 assisted living rooms
 - ▶ 272 sqft rooms are 40% smaller than Gulfport and national median for retirement communities, no kitchenettes, limited storage
- ▶ Proposed redesign converts exterior balconies to interior space, enlarging rooms to 561 sqft average while increasing total occupancy
- ▶ Addresses estimated \$29 million deferred maintenance, relocate Assisted Living to ground floor, replace antiquated electrical and HVAC systems, and reduce energy use
- ▶ Floor-by-floor renovation over 3-4 years, \$77 million appropriated with phase one planned to start April 2024



Capital Investment

PROPERTY & EQUIPMENT

\$401
million
undepreciated

NATIONAL AVERAGE CAPEX PER UNIT *

\$6,333

DEFERRED MAINTENANCE BACKLOG

\$135
million

IMPUTED CAPEX @ AFRH 1,125 UNITS

\$7.1
million

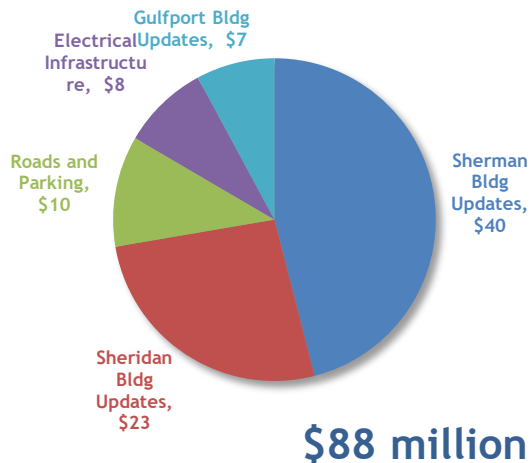
Authorized Capital Investment (in millions)

2017	2018	2019	2020	2021	2022	2023	2024
\$1	\$1	\$1	\$12	\$9	\$9	\$7	\$9

Projects 2020-2025 (in millions)

Washington electrical infrastructure and substation	\$ 10.2
Washington water & sewer infrastructure	7.5
Washington roof replacements	2.1
Washington elevator replacements	2.8
Washington chiller replacement and HVAC	4.3
Gulfport generators replacement	6.0
Gulfport boilers and chiller replacement	2.1
Washington historic bldgs repairs	3.4
Washington fire pump and sprinkler modernization	2.0
Emergency alert system replacement	1.8
Keyless entry system replacement	2.0
Total	\$ 44.2

LARGEST PROJECTS



* "The State of Seniors Housing", American Seniors Housing Association, 2021



Technology Modernization

AFRH Advisory Council

October 17, 2024

Technology Modernization Fund Investment

- Government-wide TMF board approved \$6.1 million investment for AFRH electronic health record and hardware modernization
- 25% repayable over 5 years
- Joint DOD-VA Federal Electronic Health Record Modernization Office (FEHRM) spearheading roll-out of Oracle/Cerner system
- DOD rollout complete, VA early stages
- AFRH reviewed DOD version, determined unlikely
 - No long-term care module, no customization at go-live
 - Challenges with user credentials, network access, cost
- Reviewing VA version now, initial review positive
 - VA rolled out long-term care at Chicago facility in March
 - More aligned with AFRH needs, higher SNF level
- Hardware upgrade underway

