



ARMED FORCES RETIREMENT HOME

CONGRESSIONAL BUDGET JUSTIFICATION



FISCAL YEAR FY 2019



Submitted to the 115th Congress of the United States

Senate Committee on Armed Services

House Committee on Armed Services

Senate Committee on Appropriations

Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

House Committee on Appropriations

Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

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PROPOSED FISCAL YEAR 2019 APPROPRIATIONS LANGUAGE

ARMED FORCES RETIREMENT HOME TRUST FUND

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, \$64,300,000, [\$64,300,000] of which \$1,000,000 [\$1,000,000] 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: *Provided*, that of the amounts made available under this heading from funds available in the Armed Forces Retirement Home Trust Fund, \$22,000,000 [\$22,000,000] shall be paid from the General Fund of the Treasury to the Trust Fund.

FISCAL YEAR 2019 BUDGET REQUEST

The Armed Forces Retirement Home (AFRH) fiscal year (FY) 2019 operating budget request is \$64,300,000 in total budget authority and 336 full-time equivalent (FTE) personnel. This includes a request for \$1,000,000 in capital appropriations primarily for deferred maintenance. The remainder of the capital budget supports safety, security and accreditation maintenance, renovations to preserve historical buildings and the AFRH Master Plan.

AFRH's operation and capital improvement expenditures are supported from funds appropriated by Congress and withdrawn from the AFRH Trust Fund. The FY 2019 operating budget request supports AFRH's mission to provide independent living and upper levels of care for retired and certain former enlisted, limited duty officers and warrant officers of the Armed Forces, many of whom are disabled and have lower incomes. AFRH will continue to pursue operating efficiencies to absorb anticipated cost of living increases in Federal salaries and contracts as well as additional residents advancing to upper levels of care, however many AFRH services are mandated by law and residents are supported regardless of their ability to pay for the services they receive.

REQUEST FOR GENERAL FUND SUPPORT

Despite FY 2016 and 2017 general fund transfers, the trust fund balance remains at an all-time low and is not sufficient to support FY 2019 operating expenses. Therefore, in FY 2019 AFRH requests \$22,000,000 be transferred from the general fund of the Treasury to the AFRH Trust Fund, without which the AFRH will not have sufficient cash available to meet non-discretionary outlays. AFRH and DOD are working diligently to generate additional revenue and operating efficiencies. If these initiatives are successful, general fund support in future years can be reduced or eliminated.

QUARTERLY REPORT ON TRUST FUND STATUS

In accordance with House reports 115-188 and 114-497, the trust fund balance at the end of the first quarter of fiscal year 2018 (December 31, 2017) was \$45,889,503. Quarterly receipts totaled \$11,701,319 and expenditures totaled \$11,675,119.

LEADERSHIP TRANSITION

On February 14, 2017, Deputy Secretary of Defense changed the Department of Defense (DOD) official charged with oversight of the AFRH from the Under Secretary of Defense for Personnel and Readiness to the Deputy Chief Management Officer (DCMO). After a period of review, the DCMO concluded a new leadership structure was necessary to deliver progress. On November 14, 2017, the DCMO appointed the first Chief Executive Officer (CEO) as a new position exercising the Department's control and administration over the AFRH on a full-time basis. The CEO position is a full time DCMO billet invested by the DCMO to provide proper leadership for the AFRH. The COO continues to be the head of the agency as designated in law and will report to the CEO. The CEO will focus on long-term strategic direction and external relationship-building, together with the COO, allowing the COO to focus primarily on operations.

After being vacant for nearly a decade, the Deputy COO position is reopening and will result in a realignment of corporate staff responsibilities to improve organizational effectiveness and succession planning.

Working with DCMO leadership, AFRH reevaluated and streamlined its advisory council. The updated advisory council includes senior healthcare, actuarial, and legal expertise.

AGENCY STRATEGIC PLAN

AFRH leadership is developing an updated agency strategic plan focused on stabilizing the organization and restoring the long-term sustainability of the trust fund. A fully revised and coordinated strategic plan is scheduled to be released in July 2018; however, the basis of that plan will include goals outlined in this budget request:

- Leveraging Assets for New Long-Term Revenue: AFRH is restarting efforts to develop 80 acres of master-planned property on the Washington campus and making better use of vacant facilities elsewhere on the campus with the goal of generating new long-term lease revenue.
- Implementing a Sustainable Resident Fee Model: AFRH's mission has been, and will be, to care for eligible veterans regardless of their ability to pay for the services they receive. Unfortunately, the current model is arbitrary, changes unpredictably, and is not tied to the cost of services. AFRH and DOD leadership are developing a new model that takes cost into account while allocating financial support based on financial need. The AFRH is leveraging common services across the agency for efficiency and improved performance.
- Using New Tools: AFRH benefits greatly from its Federal agency status but should adopt a business-like approach and harness opportunities available to private sector non-profits and many Federal organizations with charitable missions. This includes legislative, administrative, and other changes to develop a fundraising capacity and avenues for reimbursement of healthcare services normally covered by outside programs and plans. Additionally, AFRH spends significant resources on administrative services and is in the process of transitioning services to DOD's Washington Headquarters Services.

FISCAL YEAR 2017 PERFORMANCE

- Accreditation: AFRH satisfied statutory requirements for third-party accreditation of all services provided to residents by achieving a 3-year reaccreditation of healthcare programs from The Joint Commission and a 5-year reaccreditation of independent living and resident services programs from the Commission on Accreditation of Rehabilitation Facilities.
- Inspection: The DOD Inspector General began its legally mandated triennial inspection of all AFRH operations in early 2017. The first phase report covering healthcare services was released in December 2017 (DODIG-2018-034). The second phase report covering procurement and finance is expected to be published early 2018. The third phase inspection covering operational areas (human resources, information technology, security, facilities management, etc.) began in November 2017.

In fiscal year 2017 AFRH successfully executed two of its four agency strategic goals: embracing resident-centered care and promoting staff-centered environments. Performance fell short in the two remaining strategic goals:

- Maintaining Exceptional Stewardship: While AFRH technically met its performance metrics to achieve an even balance of budgetary resources versus obligations and for positive growth in the trust fund, it would not have done so without the \$22 million appropriated transfer from the general fund. For that reason, AFRH leadership does not consider the goal met and is working diligently to identify new sources of revenue, operating efficiencies, and legislative proposals to return the trust fund to long-term solvency.
- Leveraging External Stakeholders: AFRH outreach efforts to attract new residents and boost occupancy began to yield positive results near the end of fiscal year 2017, with new admissions outpacing departures for the first time in years. However, these admissions did not achieve the stated performance metric of a 5% increase in occupancy over the previous year.

For detailed information on AFRH strategic goals and results in fiscal year 2017, see the Performance and Accountability Report for fiscal year 2017 at <https://www.afrh.gov/PAR/2017PAR>.

SOLVENCY AND SUSTAINABILITY

This section responds to congressional reporting requirements for proposals and updates on progress to stabilize the trust fund and ensure the long-term sustainability of AFRH: House Report 115-188, Senate Report 115-130, House Report 114-497, Senate Report 114-237, and the Joint Explanatory Statement accompanying H.R. 5325 (Public Law 114-223).

The current financial model is no longer sufficient to cover AFRH annual expenditures, resulting in annual withdrawals from available trust fund balances and appropriated support from the General Fund of the Treasury for fiscal years 2016-2018. This occurred due to AFRH's largest revenue stream, fines and forfeitures, declining 49 percent since FY 2009; active duty withholding declining by 11 percent with the reduction in active duty forces; investment income declining by over 90 percent; and facility construction. The trust fund balance has been depleted to the point where it can no longer support AFRH operations and must be restored through a series of reforms over multiple years to create a sustainable path for the future of the institution and the mission it serves.

LEVERAGING ASSETS FOR NEW LONG-TERM REVENUE

In 2008, following years of effort, the National Capital Planning Commission approved a master plan for the AFRH-Washington campus in coordination with the District of Columbia Government and the Advisory Council on Historic Preservation allowing over four million square feet of mixed-use building development on 77 acres of the eastern portion of the campus with the goal of generating leasing revenue for the AFRH. Actual development of the property ceased after negotiations with the selected developer stalled due to its bankruptcy following the 2008 financial crisis.

Since 2008, AFRH's attempts to restart development activities proved unsuccessful due to continued weakness in the real estate market and inability to execute statutory leasing authority with the DOD. In 2017, DOD and AFRH sponsored a legislative proposal which Congress included in the National Defense Authorization Act for Fiscal Year 2018 clarifying leasing authority to allow development to begin in earnest. AFRH submitted an amendment to the master plan including additional acreage to the development zone encompassing a decommissioned heating plant.

With this clarified authority and expanded 80-acre development zone, AFRH can proceed to solicit development proposals beginning early 2018. Major steps and a notional timeline include:

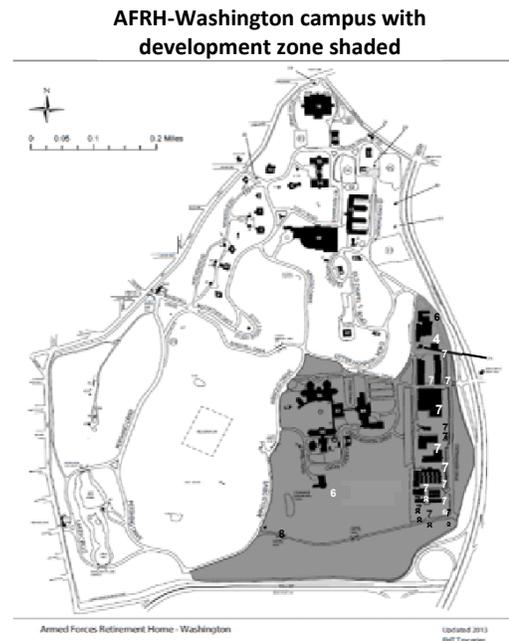
- RFP development (March 2018)
- Marketing and industry days (March-April 2018)
- Proposal submission (June-July 2018)
- Proposal evaluation (through December 2018)
- Selection (December 2018)
- Ground lease negotiation (January-June 2019)

The 2008 master plan approved construction within the following limits:

Use	Square Ft	Acreage
Residential	2,280,477	15
Office	1,191,391	7
Medical	290,650	1
Retail	214,086	2
Assisted Living	214,000	3
Hotel	126,391	8
Open Space & Roads		41
Total	4,316,995	77

The request for proposals will encourage plans that maximize revenue while providing enhancements for AFRH residents and the surrounding community. We expect that summer 2018 will yield creative, private sector concepts for what the future AFRH campus could become and potential cash flows.

In addition to the development zone, AFRH leadership will move aggressively in fiscal year 2018 to generate revenue from existing property assets, including:



- **Parking:** AFRH is in negotiations with another Federal agency to lease several hundred parking spaces in the development zone. With new clarified leasing authority, AFRH expects to execute the lease and begin receiving rent in early 2018 at a \$420,000 annual rate.
- **Quarters 1:** Quarters 1 is a 7,500 square foot historic home with strong potential for revenue from private event rental. Minimal interior investment is required, although kitchen and bathroom areas are outdated, therefore the majority of any capital improvement would focus on the exterior. The building is not currently ADA-compliant. Historic restoration grants are a potential financing source. A 2014 appraisal estimated \$150,000 annual revenue using Quarters 1 as an event space. AFRH and DOD are in early discussions with the President Lincoln’s Cottage non-profit organization, which may serve as a partner to leverage this and other campus assets for event rental revenue.
- **Sherman Building:** The Creative Minds International Public Charter School (CMI) leases approximately two-thirds of the Sherman Building. The remaining third serves as the AFRH agency headquarters. The 10-year lease began in August 2015 and ends in July 2025. CMI expanded its student population ahead of projections and has expressed interest in a longer lease term and additional space.
- **Government quarters:** There are currently two unoccupied government quarters buildings which are undergoing minor improvement to become usable. Once occupied, these quarters are likely to generate approximately \$50,000 per year of additional revenue. Two additional unoccupied quarters require substantial restoration work but may be included in the development zone and golf course proposals.
- **Antennae:** As the highest elevation in Washington proper, the AFRH campus attracts interest from private sector and government agencies for siting antennae. AFRH currently houses ten antennae for various Federal agencies without payment, although General Services Administration guidance is that agencies can obtain payment for antenna installations (GSA Bulletin FMR 2007–B3, *Assessment of Fees and Recovery of Costs for Antennas of Federal Agencies and Public Service Organizations*). A single antenna installation often generates \$30,000 rent per year. In fiscal year 2018, AFRH will review agreements and

pursue assessments wherever possible. With clarified leasing authority, private sector entities may be interested in antenna installation.

While development plans focus on generating long-term rental income, historically AFRH has addressed financial shortfalls by selling land and property. At 272 acres, the Washington campus is significantly smaller than its original 500+ acres. As a Federal agency, property determined to be excess by AFRH triggers statutory and regulatory provisions requiring property disposal through a process which inhibits AFRH ability to maximize proceeds. AFRH leadership believes that the AFRH trust fund model makes the organization unique, thus disposal of assets should yield maximum value. AFRH will explore strategies to generate greater returns to the trust fund related to the assets at its disposal, though legislative relief is likely to be needed.

IMPLEMENTING A SUSTAINABLE RESIDENT FEE MODEL

AFRH's mission is to serve our Nation's eligible veterans regardless of their ability to pay for the services they receive. Low- to moderate-income housing is underserved in the seniors housing market overall, but particularly in the Washington metro area, and AFRH fills some of that demand. The median income of AFRH residents was \$40,000 in November 2017. However, resident fees are capped by law at a percentage of income or a maximum monthly amount. Seventy-six percent of current residents are housed in the independent living level of care. In fiscal year 2017, the maximum fee was the lower of 40 percent of gross income or \$1,429 monthly (\$17,148 annually) while AFRH's average cost per independent living resident was \$3,054 monthly (\$36,648 annually), resulting in an annual subsidy of at least \$19,500 per resident including those gross income above \$42,870.

DOD and AFRH officials are evaluating alternatives for resident fees to include aligning maximum monthly fees with the actual cost of care. Existing law requires that any change in fees, aside from corresponding increases in military retiree pay, be transmitted to Congress at least 120 days before taking effect.

USING NEW TOOLS

AFRH leadership will evaluate the benefits and drawbacks of converting to a congressionally-chartered non-profit entity. While there are many benefits to continuing as a Federal agency, AFRH should harness opportunities available to other entities with a charitable mission. In some cases this would require legislative change, and AFRH would appreciate congressional support to develop a more business-like approach.

- Solicitation of Contributions: While AFRH can accept gifts, including estate gifts from residents and others, existing legislation does not allow it to solicit contributions although many other Federal entities have such authority. Private giving is a key funding source for non-profit retirement communities and veteran service organizations, an opportunity which AFRH is currently unable to pursue. A legislative change would be required to put AFRH on par with similar entities inside and outside the Federal Government and facilitate AFRH self-sufficiency.
- Healthcare Reimbursements: In 2017, the DCMO appointed individuals with expertise in healthcare reimbursements across Federal agencies and programs as members of the AFRH Advisory Council. AFRH is working closely with the Deputy Director of the Defense Health Agency, in his statutory role as senior medical advisor to the AFRH, to identify healthcare service costs at AFRH which may be reimbursable and determine the best approach for reimbursements. AFRH leadership will task the advisory council to charter a working group in 2018 to evaluate AFRH services against reimbursable costs through various programs and recommend pathways to participate in such programs.
- Administrative Services: AFRH obtains administrative services support through interagency agreements with several Federal agencies, primarily the Department of Treasury Bureau of Fiscal Services. Following the transition of DOD oversight to the DCMO, DOD and AFRH officials plan to migrate administrative services to DOD's Washington Headquarters Services (WHS) with the goal of reducing costs for AFRH.

Procurement support services began transitioning to WHS in October 2017 and full support is expected by the start of fiscal year 2019. Legal services began transitioning in November 2017 with most support expected to transfer by March 2018. WHS and AFRH are beginning to evaluate transitioning human resources support and tentatively plan to transition at the start of fiscal year 2019. Financial services may transition to WHS in fiscal year 2019 or later. Potential savings will be estimated for those functions during the second quarter of fiscal year 2018.

BUDGET DETAIL

ARMED FORCES RETIREMENT HOME BUDGET AUTHORITY BY ACTIVITY (Dollars in Thousands)				
	FY 2017 Exact Amount	FY 2018 **Estimated Amount	FY 2019 Estimated Amount	FY 2019 - FY 2018 Increase / (Decrease) Amount
O&M Budget Authority	\$ 63,300	\$ 63,300	\$ 63,300	\$ 0
Capital Authority	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0
Total Trust Fund Budget Authority	\$ 64,300	\$ 64,300	\$ 64,300	\$ 0
Full-Time Equivalent Personnel	285	336	336	0

SALARIES & RELATED EXPENSES

AFRH’s FY 2018 budget request for salaries and related expenses fully supports the agency’s mission requirements. AFRH identified cost savings opportunities to support a straight-line budget while absorbing the anticipated increase in Federal salaries and benefits.

SALARY & RELATED EXPENSES (Dollars in Thousands)			
FY 2018 Estimated		FY 2019 Requested	
Work Years (FTE)	Budget Authority	Work Years (FTE)	Budget Authority
336	\$28,695	336	\$29,956

FULL-TIME EQUIVALENT PERSONNEL

AFRH’s FY 2018 request includes a 336 FTE employment level. This provides AFRH with the ability to fill key healthcare vacancies and hire additional nursing staff to meet Center for Medicare and Medicaid Services (CMS) recommended 4.1 nursing hours per resident daily for upper-level care and support an anticipated increase in AFRH-G upper-level care residents.

STAFFING HISTORY (Dollars in Thousands)		
FISCAL YEAR	SALARIES & BENEFITS	FTE
2007	\$ 22,460	288
2008	24,043	283
2009	21,120	268
2010	21,589	252
2011*	25,019	280
2012	23,876	278
2013**	23,910	278
2014	22,976	275
2015	23,427	269
2016	24,820	293
2017	28,170	285
2018	28,695	336
2019	29,956	336

FOOTNOTES:

* Reopening of AFRH-G Facility after Hurricane Katrina destruction in 2005 and reshaping of AFRH-W workforce.

**Additional FTE requested to implement HHS recommended 4.1 hours per day for upper-level care residents.

CAPITAL IMPROVEMENTS

The FY 2019 budget request includes \$1,000,000 for capital improvements for both campuses. This funding is required for proper maintenance of campus buildings and infrastructure. Capital improvement projects include designs to replace AFRH-W’s 70-90 year-old water and sewage infrastructure as well as safety, security and regulatory deferred maintenance projects and repairs to preserve historic AFRH-W buildings and quarters. Since the entire AFRH-G facility was constructed and opened in 2010, the majority of planned capital improvement projects are for AFRH-W.

CAPITAL APPROPRIATIONS	
FY 2018 Capital Appropriation	
Security Camera Update	\$ 50,000
Water Infrastructure Repairs	300,000
Deferred Maintenance Repair	150,000
Furniture and Sheridan Building Update Lobby	50,000
Elevator Door Update	95,000
Sherman Water Proofing	50,000
Update Computers	75,000
Master Plan	230,000
Total	1,000,000

FY 2017 Capital Appropriation	
Elevator Door Update	\$ 90,000
Replace Servers with DOI	290,000
Quarters Renovation and Roof	85,000
Eagle Gate Guardhouse Generator installation and Security System repair	70,000
Sherman Heat	65,000
Master Plan	400,000
Total	1,000,000
FY 2016 Capital Appropriation	
Quarters Renovation and Roof	\$ 125,000
Metering Buildings	155,000
Issues listed in Deferred Maintenance Report	55,000
Scott Building - Wi-Fi for IT and Cell Phone Amplification	185,000
Sheridan BAS Replacement	225,000
Repair Grant Parapet to prevent further leaks	55,000
Master Plan	200,000
Total	1,000,000

INCREASES / DECREASES BY OBJECT CLASSIFICATION

The table below describes the differences between the FY 2018 appropriation and the FY 2019 request. This budget request will allow AFRH to continue providing residency and support services to achieve the Administration's government-wide management initiatives within agency operations.

TOTAL BUDGET (O&M & Capital) BY OBJECT CLASS					
(Dollars in Thousands)					
Major Object Class		FY 2017 Actual Obligated / Expenditures	FY 2018 Estimated	FY 2019 Estimated	FY 2018 - FY 2019 Increase / (Decrease)
11	*Personnel Compensation	\$ 18,620	\$ 22,052	\$ 22,470	\$ 418
12	Personnel Benefits	6,898	6,880	7,420	540
13	Benefits, Former Personnel	70	90	70	(20)
21	Travel / Leasing	94	240	240	0
22	Transportation of Things	36	0	0	0
23	Communications & Utilities	3,170	3,650	3,700	50
24	Printing & Reproduction	21	30	30	0
25	Other Services	27,664	29,880	28,942	(938)
26	Supplies & Materials	73	450	400	(50)
31	Equipment	33	30	30	0
32	Land & Structures (Capital Outlays)	1,660	1,000	1,000	0
TOTAL BUDGETED		\$ 58,339	\$ 64,300	\$ 64,300	\$ 0
TOTAL FULL-TIME EQUIVALENTS		285	336	336	0

Changes from FY 2018 appropriations:

- Personnel Compensation: Increase supports estimated FY 2018 Federal pay increase included in the Administration's FY 2018 pay assumptions and additional nursing support for anticipated increase in nursing beds.
- Personnel Benefits & Benefits, Former Personnel: Increase supports anticipated increase in Federal benefits and matching retirement payments, and additional nursing support for the anticipated increase in nursing beds at AFRH-G.
- Communications & Utilities: Increase reflects anticipated increases on AFRH-G utility rates.
- Other Services: Decrease reflects anticipated reductions in contractor support.
- Supplies & Materials: Decrease reflects anticipated cost efficiencies on renegotiation of medical supply contract.

FUTURE BUDGETARY CONCERNS

AFRH – DC 1938 WATER AGREEMENT

The status of this budgetary concern is now in active litigation since last reported in the FY 2017 budget request. In dispute is a recorded legal agreement of the parties reached in 1938: DC Water and Sewer Authority's (DC Water) predecessors obtained the right to use a substantial tract of AFRH's valuable land for a fresh water reservoir, and AFRH received "the perpetual right to use water from the water supply system of the District of Columbia." On January 9, 2018, DC Water filed a lawsuit in the United States District Court for the District of Columbia. The lawsuit alleges breach of contract for sewer services that DC Water provides to the buildings on AFRH-W's grounds. The lawsuit seeks money damages for services dating back to January 22, 2010 through the present date. DC Water alleges that the fair market value of the services provided to AFRH since January 22, 2010 is \$15,000,000. Both DOD and AFRH believe the 1938 agreement is valid, and covers the cost of sewer services. Should DC Water's claim be approved, this would represent yet another liability against the Trust Fund or a claim against appropriated dollars.

APPENDIX 1: APPROPRIATIONS HISTORY

APPROPRIATIONS HISTORY FY 2007 – 2018

(Dollars in Thousands)

<u>FISCAL YEAR</u>	<u>DESCRIP-TION</u>	<u>CONGRESSIONAL BUDGET JUSTIFICATION</u>	<u>AUTHORIZED</u>	<u>HOUSE APPROP.</u>	<u>SENATE APPROP.</u>	<u>FINAL APPROP.</u>
2007	O&M	\$ 54,846	\$ 54,846	\$ 54,846	\$ 54,846	\$ 54,846
	Capital	0	0	0	0	0
	Total	54,846	54,846	54,846	54,846	54,846
2008	O&M	55,724	56,524	56,524	56,524	55,724
	Capital	0	0	0	0	0
	Total	55,724	56,524	56,524	56,524	55,724
2009	O&M	54,985	54,985	54,985	54,985	54,985
	Capital	8,025	8,025	8,025	8,025	8,025
	Total	63,010	63,010	63,010	63,010	63,010
2010	O&M	62,000	62,000	62,000	62,000	62,000
	Capital	72,000	72,000	72,000	72,000	72,000
	Total	134,000	134,000	134,000	134,000	134,000
2011	O&M	69,200	69,061	69,061	69,061	69,061
	Capital	2,000	1,996	1,996	1,996	1,996
	Total	71,200	71,057	71,057	71,057	71,057
2012	O&M	65,700	65,700	65,700	65,700	65,700
	Capital*	2,000	2,000	16,630	16,630	16,630
	Total	67,700	67,700	82,330	82,330	82,330
2013	O&M	63,814	65,590	63,814	63,814	63,814
	Capital	1,946	2,000	1,946	1,946	1,946
	Total	65,760	67,590	65,760	65,760	65,760
2014	O&M	66,800	66,800	65,800	66,800	66,800
	Capital	1,000	1,000	1,000	1,000	1,000
	Total	67,800	67,800	66,800	67,800	67,800

2015	O&M	62,400	62,400	62,400	62,400	62,400
	Capital	1,000	1,000	1,000	1,000	1,000
	Total	63,400	63,400	63,400	63,400	63,400
2016	O&M	63,300	63,300	63,300	63,300	63,300
	Capital	1,000	1,000	1,000	1,000	1,000
	Total**	64,300	64,300	64,300	64,300	64,300
2017	O&M	63,300	63,300	63,300	63,300	63,300
	Capital	1,000	1,000	1,000	1,000	1,000
	Total***	64,300	64,300	64,300	64,300	64,300
2018	O&M	63,300	63,300	63,300	63,300	63,300
	Capital	1,000	1,000	1,000	1,000	1,000
	Total***	64,300	64,300	64,300	64,300	64,300
2019	O&M	63,300				
	Capital	1,000				
	Total****	64,300				

FOOTNOTES:

*Supplemental funding from the General Fund to repair the structural damage from DC August 2011 earthquake

**Includes \$20 million General Fund transfer to Trust Fund in H.R. 2029 (Public Law No. 114-113)

***Includes \$22 million General Fund transfer to Trust Fund in H.R. 5325 (Public Law No. 114-223)

****Agency request includes \$22 million General Fund transfer to Trust Fund

APPENDIX 2: CURRENT / PROJECTED RESIDENTS

CURRENT / PROJECTED RESIDENTS			
	ACTUAL FY 2017	ESTIMATED FY 2018	ESTIMATED FY 2019
Domiciliary Care	714	844	944
Healthcare	168	171	174
Total Residents	882	1,015	1,118
Operation and Maintenance	\$ 58,339,000	\$ 63,300,000	\$ 63,300,000
Capital Outlay	1,000,000	1,000,000	1,000,000
Total Budget	59,339,000	64,300,000	64,300,000

Average Operating Cost per Resident by Level of Care	
FY 2017	
Independent Living	\$ 36,643
Independent Living Plus	42,835
Assisted Living	107,634
Long Term Care	124,954
Memory Support	127,513

APPENDIX 3: AFRH ORGANIZATION

AFRH is an independent establishment in the Federal Executive Branch established under Title 24 U.S.C. Chapter 10. The agency encompasses two Continuing Care Retirement Communities (CCRC) offering increased levels of care as resident need additional services. As required by law, AFRH facilities provide on-site medical care services and transportation of residents to DOD and Veterans Affairs health facilities near each campus. In February 2017, the Deputy Secretary of Defense transferred oversight responsibility from the Assistant Secretary of Defense for Manpower and Reserve Affairs to the Deputy Chief Management Officer (DCMO). In November 2017, the DCMO established a new Chief Executive Officer (CEO) position to exercise DOD's oversight responsibilities on a full-time basis.

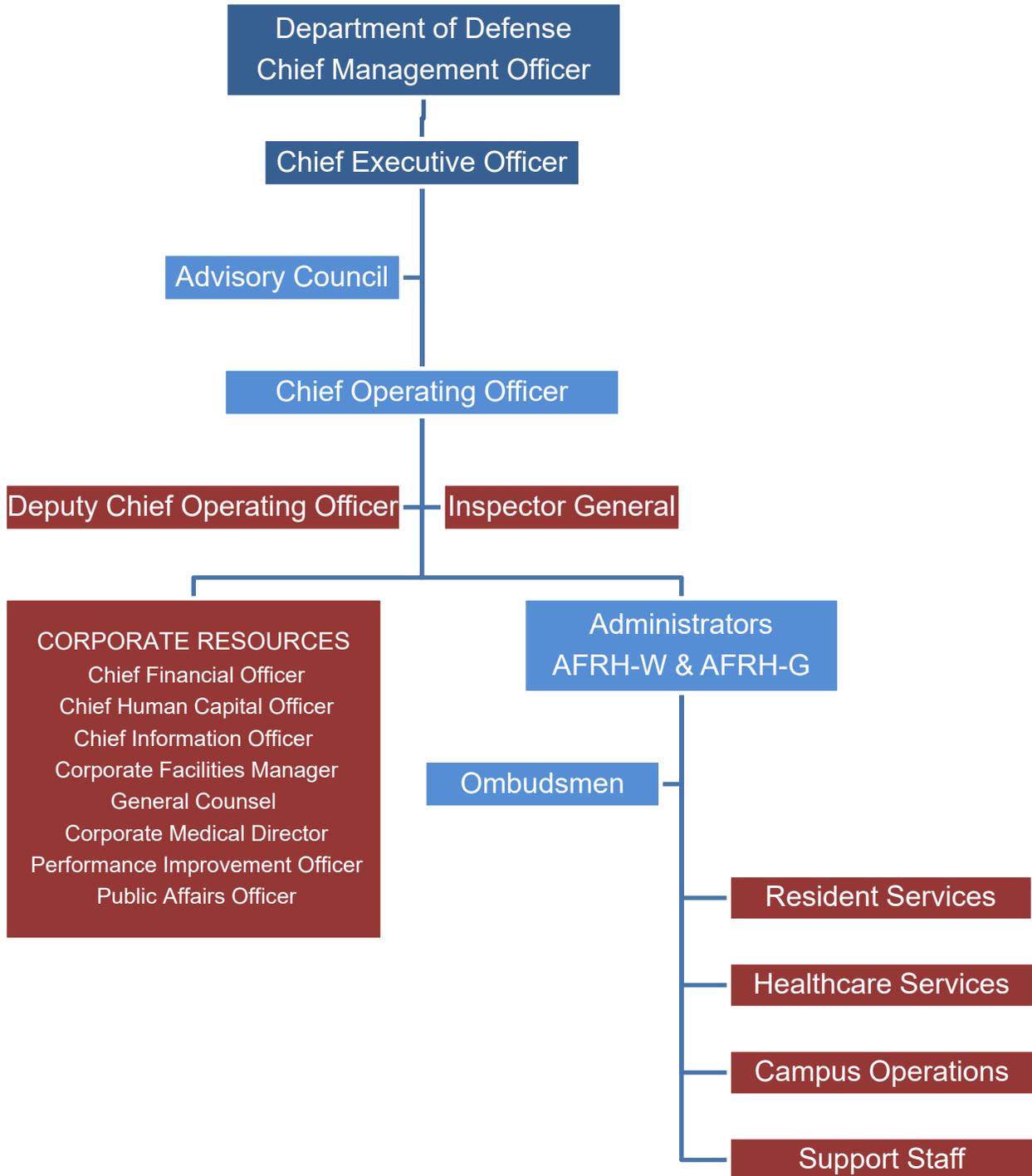
AFRH has two locations—Gulfport, MS (AFRH-G) and Washington, DC (AFRH-W). Both facilities are modern offering full services and a small house concept in upper levels of care. The upper-level of care small house concept contributes to AFRH's vision of Person-centered Care by meeting individual resident's needs in a home-like setting at a reasonable cost.

AFRH-G (Gulfport, MS)

The AFRH-G facility is located on approximately 40 acres of land on the Mississippi Sound. The resort towns of Gulfport and Biloxi as well as Keesler Air Force Base and other government facilities are in close proximity. The Gulfport community has been home to former enlisted, limited duty officer and warrant officer service members since 1976 when the Naval Home relocated to Gulfport from Philadelphia, Pennsylvania.

AFRH-W (Washington, DC)

The AFRH-W facility is located on 272 acres in the heart of the Nation's capital. The campus has been home to thousands of former enlisted, warrant officer and limited duty officer service members since 1851. The campus is also home to President Lincoln's Cottage at the Soldiers' Home and the Creative Minds International Public Charter School.



APPENDIX 4: ACRONYMS

Acronym	Definition
AFRH	Armed Forces Retirement Home
AFRH-G	Armed Forces Retirement Home-Gulfport
AFRH-W	Armed Forces Retirement Home-Washington
CEO	Chief Executive Officer
CMS	Centers for Medicare and Medicaid Services
CMI	Creative Minds International Public Charter School
COO	Chief Operating Officer
DCMO	Deputy Chief Management Officer
DOD	Department of Defense
FTE	Full Time Equivalent
FY	Fiscal Year
IT	Information Technology
O&M	Operation and Maintenance
WHS	Washington Headquarters Services