



Armed Forces Retirement Home Congressional Budget Justification

Common Bond



Exceptional Care



Fiscal Year 2017



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Submitted to the 114th Congress of the United States
Senate Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
and
House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies



PROPOSED APPROPRIATIONS LANGUAGE	5
GENERAL PROVISION NUMBER 1	5
EXECUTIVE SUMMARY	6
INTRODUCTION	8
KEY 2015 AGENCY ACCOMPLISHMENTS	8
OPPORTUNITIES AND CHALLENGES	10
STRATEGIC PLAN	11
GUIDING PRINCIPLES	11
STRATEGIC GOALS	12
AFRH ORGANIZATION	13
CAMPUSES	14
<i>Gulfport, MS</i>	14
<i>Washington, D.C.</i>	15
FY 2015 KEY CAMPUS EVENTS	16
AFRH-GULFPORT	16
AFRH-WASHINGTON	17
STRATEGIC GOALS / PERFORMANCE METRICS	19
PERFORMANCE PROCESS AND METRICS	19
BUDGET REQUEST	21
BUDGET BACKGROUND	21
FY 2017 BUDGET OVERVIEW	22
SALARY & RELATED EXPENSES	22
FULL-TIME EQUIVALENT EMPLOYMENT LEVEL	23
CAPITAL IMPROVEMENT	24
INCREASES / DECREASES BY OBJECT CLASSIFICATION	25
FUTURE BUDGETARY CONCERNS	26
TRUST FUND SOLVENCY	26
<i>AFRH / D.C. 1938 Water Agreement</i>	29
SUPPLEMENTAL MATERIALS	31
APPENDIX 1 – APPROPRIATIONS HISTORY	31
APPENDIX 2 – CURRENT/PROJECTED RESIDENTS	33
APPENDIX 3 – PHYSICIANS COMPARABILITY ALLOWANCE	34
APPENDIX 4 – ACRONYMS	35



PROPOSED APPROPRIATIONS LANGUAGE

ARMED FORCES RETIREMENT HOME 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, \$64,300,000, [\$63,400,000] 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, \$20,000,000 shall be paid from the general fund of the Treasury to the Trust Fund].

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

GENERAL PROVISION NUMBER 1

Title VIII, SEC. 8047, DoD FY 2017 Budget Submission. "From amounts made available for operation and maintenance for Defense-wide activities for the current fiscal year, the Secretary of Defense may transfer such sums as are necessary to the Armed Forces Retirement Home Trust Fund."



EXECUTIVE SUMMARY

The Armed Forces Retirement Home (AFRH) requests \$64,300,000 in total budget authority and a 336 Full-Time Equivalent (FTE) employment level. This request will support AFRH's Fiscal Year (FY) 2017 operations to fulfill our commitment to our nation's Veterans by providing a retirement community with residential care and support services. AFRH has engaged in numerous cost cutting measures and frozen its spending at the FY 2016 budget authority level. No change is requested in AFRH's FTE employment level; AFRH's current FTE employment level allows AFRH to hire additional federal nursing staff and reduce dependence on contract labor and federal overtime.

AFRH is requesting \$1,000,000 in capital appropriations, the majority of which will support deferred maintenance. The remainder supports safety, security and accreditation maintenance, renovations to preserve historical buildings, and the AFRH Master Plan. The approved AFRH Master Plan allows the lease or sale of approximately 80 acres of underutilized property at the AFRH-W campus for private development. The lease or sale will provide significant annual revenue and support the stewardship of AFRH grounds and buildings.

AFRH operations and maintenance is supported by withdrawals from the AFRH Trust Fund. The AFRH Trust Fund is replenished from revenue sources limited by current legislation (active-duty withholding, Fines and Forfeitures, Resident fees, lease or sale of property, Trust Fund interest, and gifts and donations). Due to significant reductions in Fines and Forfeitures—an uncontrolled revenue source, the AFRH Trust Fund is at an all-time low and cannot support FY 2017 AFRH operations from the current revenue sources. The AFRH Trust Fund will require additional funds or a transfer from DoD in FY 2017 and out years to support annual Budget Requests.

Per FY 2016 legislation, "AFRH is directed to work with DoD to develop an approach that will replenish the Trust Fund in a sustainable, reliable manner and to present that approach to the Committees in the fiscal year 2017 budget request", DoD has commissioned an independent study to benchmark AFRH fee structure and services against similar retirement communities operating in the local market, recommend potential legislation changes to revise AFRH's outdated funding model and assess delivery of current services and recommend efficiencies. This study is key to AFRH and DoD developing a strategic approach to support long-term Trust Fund solvency and allow AFRH to continue meeting its mission while operating within budget constraints.

Since the study is expected to assist AFRH and DoD to identify recommendations which can be implemented with minimum impact to Residents and will support long-term sustainability, AFRH and DoD are deferring any significant decisions until this study is completed. To support AFRH in the short-term, DoD has included an appropriations legislative proposal (G.P. 8047) in their FY 2017 budget request to allow transfer of funds from DoD to the AFRH Trust Fund to support AFRH outlays. While the proposal calls for "such sums", the current estimate is for \$22 million per year to address the current deficit (which has proven to be difficult to predict).



Current initiatives that will be implemented as soon as possible include:

- AFRH continues to work to identify a path forward for selling or leasing underutilized buildings and land; the AFRH is currently reviewing work to date and identifying next steps for the solicitation to lease the 80 acre parcel in Washington, D.C. Securing a private development lease or sale for this property would reduce the Trust Fund's vulnerability.
- Continue monitoring the Fines and Forfeiture receipts to ensure they include all collections since the Fines and Forfeiture decrease is unprecedented.
- DoD will create a Plan of Action and Milestones (POA+M) during FY 2016 on all AFRH areas including replenishment of the Fund to ensure Trust Fund solvency, meeting the Federal responsibilities to our Veterans.



INTRODUCTION

The Armed Forces Retirement Home (AFRH) is proud to present its Congressional Budget Justification for Fiscal Year (FY) 2017.

In FY 2017, AFRH will focus on maintaining quality services for the nation's Veterans while seeking new revenue sources, identifying opportunities to reduce cost with minimum impact to AFRH Resident services, continuing to focus on healthcare initiatives by broadening federal and civilian partnerships and filling current healthcare staff vacancies.

Due to the continued reduction in the largest revenue stream, Fines and Forfeitures, an uncontrollable revenue stream, AFRH is unable to support its FY 2017 budget request without assistance from the Department of Defense (DoD). The Administration is proposing an appropriations (G.P. 8047) legislative change to AFRH's current legislation which would allow DoD to transfer up to \$22 million to the AFRH Trust Fund to support operations for FY 2017. This proposal is necessary to have adequate resources available to support FY 2017 outlays.

In FY 2015, DoD and AFRH implemented two initiatives to generate additional income:

- The first in a two-step fair and equitable Resident fee increase was implemented in September 2015 with the final increase implemented in January 2016.
- Lease of two sections of the underutilized historic Sherman building to a D.C. Charter school generates growing revenue while reducing operating costs. It has helped renovate a historic building and put it to a great use.

Although AFRH has identified and implemented several large cost savings initiatives, current Trust Fund solvency concerns require AFRH to continue seeking ways to reduce annual operations and maintenance (O&M) costs. AFRH's greatest opportunity to reduce costs in FY 2016, without impacting services offered to Residents, is to hire additional federal nursing personnel to reduce reliance on short-term nursing contracts and federal overtime to meet nursing requirements for upper levels of care Residents. AFRH has also identified other areas which require further review to identify potential cost savings. These areas include dining and facility custodial services. AFRH has initiated an independent review of costs to recommend process improvements.

AFRH has achieved accreditation for four of five levels of care (Independent Living, Assisted Living, Memory Support and Long-term Care) through two independent accreditation associations and will undergo an accreditation survey in FY 2016 for the fifth and newest level of care, Independent Living Plus.

Key 2015 Agency Accomplishments

The Joint Commission (TJC) Accreditation in Ambulatory and Nursing Care: In FY 2014 The Joint Commission (TJC) surveyed both AFRH facilities. The success of these surveys resulted in the notification of TJC accreditation in the first quarter 2015, meeting one of AFRH's major performance goals. TJC is an independent, not-for-profit organization that accredits and certifies more than 20,500 healthcare organizations and programs in the United States. Achieving TJC accreditation reflects AFRH's commitment to excellence in healthcare performance standards.



Throughout FY 2015, the healthcare staff worked on maintaining compliance with its accreditation standards for Ambulatory and Nursing Care while formalizing its compliance with TJC Home Care standards for the AFRH Independent Living Plus program. All programs were internally assessed by AFRH through the use of Joint Commission Resources, Inc. consultants at the end of FY 2015. This Operational Assessment ensures continued compliance in existing accredited programs and provides a measurement of organizational growth toward compliance in the new Home Care program.

High Resident Satisfaction: The 2015 Resident satisfaction survey shows AFRH is meeting, and in many areas exceeding Resident expectations; over 90% of Residents rated AFRH excellent or above average. AFRH is particularly proud of the superior Resident ratings for dining and facilities programs.

Increased Resident Fees: Working with DoD leadership, AFRH successfully implemented a Resident fee increase--a critical first step to support out-year expenses. The reasonable and equitable Resident fee increase was implemented in two phases (September 2015 and January 2016). This increase will generate an additional \$1.5M in FY 2016 and out-years. Since the AFRH fee schedule is based on a percentage of income up to a maximum amount for each level of care, AFRH continues to offer a retirement community to our nation's Veterans which is affordable regardless of their income.

Level of Care Expansion: AFRH's Independent Living Plus (ILP) pilot program transitioned to a permanent level of care providing Residents the ability to remain in their independent living room longer while receiving assistance with some daily activities of living. In FY 2015, this program allowed more than 100 Residents to safely remain independent longer. Prior to the introduction of this program, Residents who required assistance with activities of daily living were transferred to Assisted Living (AL) with higher costs for both the Resident and AFRH. To secure accreditation for this level of care and have all AFRH levels of care accredited, AFRH began preparing for The Joint Commission (TJC) Home Care Accreditation with both Campuses undergoing an operational assessment in FY 2015. Both Campuses will complete a TJC Home Care accreditation survey in early 2016.

Leasing of Underutilized Buildings: An additional revenue source was secured with the signing of a lease with Creative Minds International Public Charter School for the North and Annex sections of the AFRH-W Sherman Building. Not only does this lease provide a welcomed revenue generator but also adds an additional community dimension for Resident interaction.

Electronic Health Record System (EHRS): During FY 2015, AFRH began a comprehensive review of the processes, forms and reports used by healthcare staff to create a single set of procedures / processes in the EHRS that provides a consolidated health record with accompanying care plans. Bi-weekly meetings were held with the key healthcare personnel, management staff and the vendor to better understand the system's capabilities and streamline current processes to better utilize the system's functionality.

Credentialing Verification Organization: In FY 2015 AFRH transferred its paper-based process of credentialing and privileging independently licensed medical practitioners to an electronic credentialing service which collects and verifies data. Electronic credentialing facilitates accuracy, keeps information more current and improves the validation process.



Opportunities and Challenges

Trust Fund Solvency: AFRH's greatest challenge continues to be the solvency of the Trust Fund. The Trust Fund's largest revenue source, Fines and Forfeitures—an uncontrollable revenue source, has reduced well outside historical norms from \$41M in FY 2009 to only \$23M in FY 2015. Before this reduction occurred, AFRH had two large outlays; \$80M to replace the outdated AFRH-W Scott building to meet current accreditation and ADA requirements and \$240M towards the replacement of the AFRH-G facility (damaged beyond repair by Hurricane Katrina). These two large construction outlays coupled with the unanticipated reduction in Fines and Forfeitures have resulted in a sharp decline in the Trust Fund Balance. This issue became critical in FY 2015 as Fines and Forfeitures experienced another significant reduction of \$5M from FY 2014 receipts. AFRH continues to work closely with Congress and DoD leadership to overcome this challenge.

The AFRH Inspector General (IG) Challenges: In 2015, the AFRH continued to focus on IG challenges to identify and mitigate risks. The AFRH team strengthened internal controls in several areas identified by the IG while also tackling business and organizational challenges.

Information Technology (IT): The Department of Defense Inspector General identified flaws in the AFRH IT functions; AFRH continues to work with the Department of Interior, AFRH IT service provider, to strengthen the program.



STRATEGIC PLAN

Mission: To fulfill our Nation’s commitment to its Veterans by providing a retirement community with exceptional residential care and extensive support services.

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.

The Armed Forces Retirement Home (AFRH) is an independent agency in the Executive branch. AFRH provides residences and related services for certain retired and former members of the Armed Forces (24 U.S. Code 10, Subchapter 411).

The Chief Operating Officer (COO) is the head of the Home and is subject to the authority, direction and control of the Secretary of Defense.

Established in the 19th century separately by the Navy and then the Army as “asylums” for aging former military, AFRH has evolved to a retirement community offering the latest in retirement home services and amenities for the current generation of military Veterans. Today, AFRH has two locations in Gulfport, MS (AFRH-G) and Washington, D.C. (AFRH-W).

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.

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.

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.

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.

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.

Honor heritage: We honor the rich history of the U.S. Armed Forces—from our Veterans to our victories. As such, our campus reflects that military heritage with memorabilia and tributes.

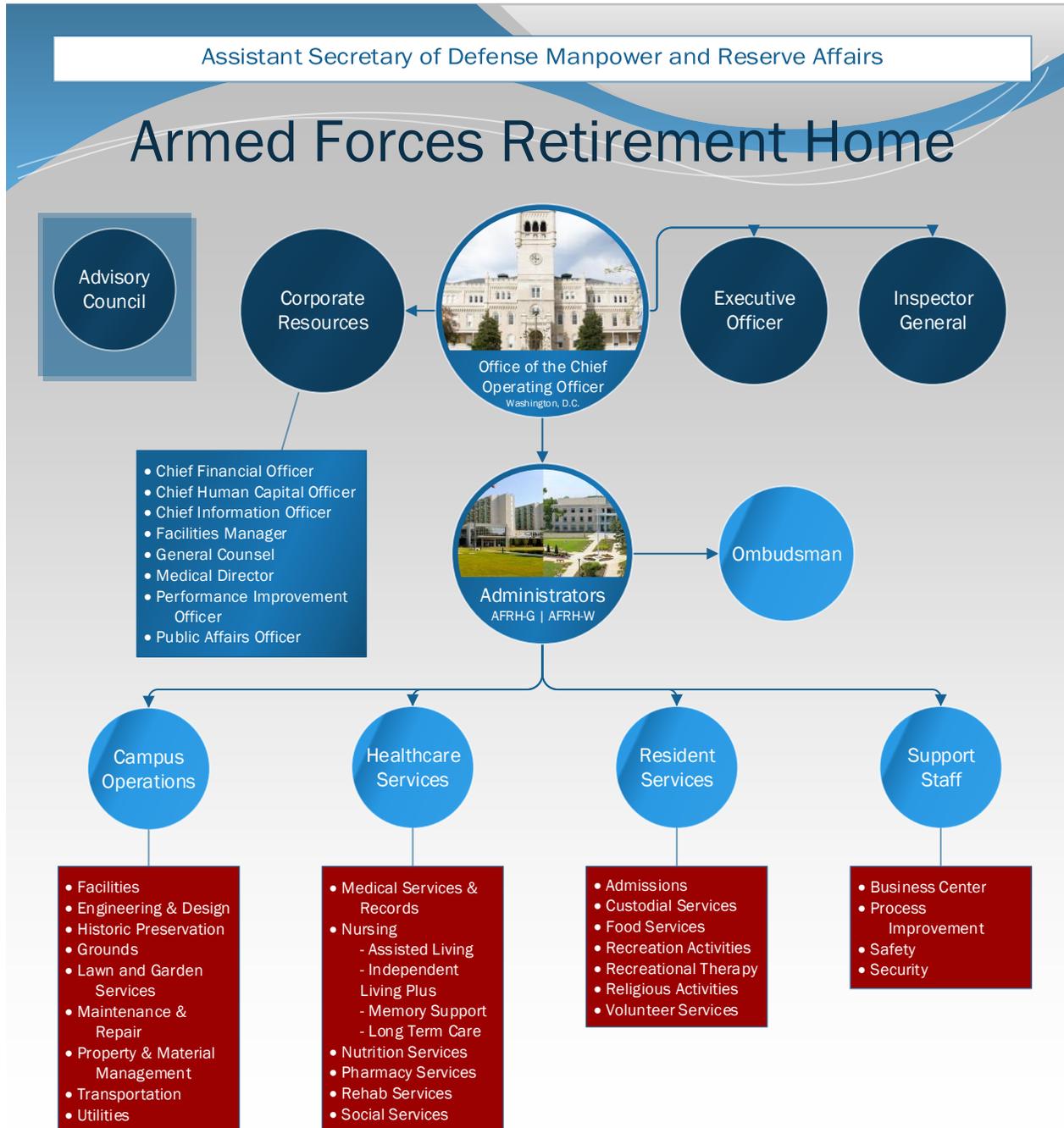


Strategic Goals

STRATEGIC GOALS	OBJECTIVES
<p>EMBRACE RESIDENT-CENTERED CARE:</p> <p>Each person will understand each Resident’s individual needs and take realistic action to fulfill them within AFRH resources and capabilities.</p>	<p>Enhance and increase communication with direct input from Residents and staff.</p> <hr/> <p>Develop and offer comprehensive training for staff, and require parallel training for contractors and volunteers related to Resident-centered care – which is in turn tied to performance, competencies and accountability.</p> <hr/> <p>Encourage activities for Residents’ Health and Wellness.</p>
<p>MAINTAIN EXCEPTIONAL STEWARDSHIP:</p> <p>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.</p>	<p>Utilize outside resources to lower costs (Medicare, Tricare, Historic Preservation Society, grants and fundraising).</p> <hr/> <p>Establish annual net revenue by 2013 and maintain “in the black” status.</p> <hr/> <p>Establish metrics as a high priority to enhance financial objectives.</p> <hr/> <p>Explore new revenue streams.</p> <hr/> <p>Develop and deliver a Resident-centered vision for AFRH property and services.</p> <hr/> <p>Optimize use of technology solutions.</p> <hr/> <p>Maintain and improve operations.</p>
<p>PROMOTE STAFF-CENTERED ENVIRONMENTS:</p> <p>Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.</p>	<p>Educate staff on accreditation, inspection and regulatory standards (annually).</p> <hr/> <p>Encourage responsible displays of individual initiative to achieve organizational Goals and staff accountability (daily).</p> <hr/> <p>Link performance to results (semi-annually).</p> <hr/> <p>Encourage activities that promote workforce growth beyond training.</p> <hr/> <p>Demonstrate leadership in complying with Federally-mandated initiatives.</p>
<p>LEVERAGE EXTERNAL STAKEHOLDERS:</p> <p>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.</p>	<p>Explore and recommend Advisory Council membership to ensure diversity, local campus representation and functional guidance based on membership’s expertise.</p> <hr/> <p>Partner with High Profile Drivers to successfully effect recommended changes in law, policy, finance, healthcare and Resident initiatives that impact AFRH.</p> <hr/> <p>Plus up opportunities to cross-flow information from our known and suspected silos.</p>

AFRH ORGANIZATION

AFRH is a unique Federal Agency that it is classified as a Continuing Care Retirement Community. AFRH is organized in a contemporary business model, with a corporate office that manages independent functioning retirement communities in two different locations. This arrangement allows the corporate office to make strategic decisions, as well as communicate with Congress, DoD, other Federal Agencies and stakeholders. Oversight comes from the Secretary of Defense, delegated to Under Secretary of Defense for Personnel and Readiness.





Campuses

AFRH has two locations—Gulfport, MS (AFRH-G) and Washington, DC (AFRH-W). Both AFRH Homes have evolved from institutions to comfortable and accessible homes for today’s retired Veterans. Each community has its own character reflecting the input of its Residents. Both facilities are modern facilities 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 person-centered vision by meeting individual Resident needs in a home-like setting.

Gulfport, MS



The AFRH-G facility is located on approximately 40 acres of prime waterfront 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 and warrant officer service members since 1976 when the Naval Home relocated to Gulfport from Philadelphia, Pennsylvania.

AFRH-G is an energy-efficient and modern facility opened in late 2010 after the original facility was severely damaged by Hurricane Katrina in 2005. The new building was designed to withstand Category 5 hurricane-force winds and was tested in August 2012 during Hurricane Isaac with damage being limited to some outside shades.

The new building features a multi-tower complex with all five levels of care under one roof. Full amenities include dining, social, recreational and therapeutic activities. The AFRH-G Campus amenities include a swimming pool, hobby shops, a wellness center with general medicine, basic dental and eye care, a bank, a barber / beauty shop, a putting green, bowling alley, a community room / movie theater, a computer room, a library and a private walkway to the beach.

The AFRH-G Residents enjoy their proximity to the Gulf Coast beaches, ability to participate in outdoor activities almost year-round and their close relationships with local military, government, civilian and business associates. Throughout 2015, AFRH-G Residents enhanced the facility’s landscaping with several planting projects.



THEN

The Naval Asylum in Philadelphia, 1834, situated on the scenic Schuylkill River.



NOW

AFRH-G is a dynamic community on the Gulf Coast, close to many coastal activities.

Learn more about AFRH-Gulfport online at: <https://www.afrh.gov/locations/afrh-g-history>

Washington, D.C.



The AFRH-W facility is located atop a hill 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. AFRH-W has many historic buildings, including President Lincoln’s Cottage, the Sherman Building (which served as one of the original dormitories), former military leaders’ quarters and the stately Grant Building.

In the 19th century, Residents wandered through cow pastures; today, those same fields are now a golf course. Residents have a breathtaking view of the U.S. Capitol and the Washington Monument.

AFRH-W has two Resident buildings which are connected by an underground tunnel. Full amenities include an indoor swimming pool, hobby shops, a wellness center with general medical and dental care, a credit union, barber / beauty shop, a bowling center, a community room / movie theater, computer rooms, a library and a 9-hole golf course / driving range.

The AFRH-W Residents enjoy their proximity to the nation’s capital and the many activities, museums and galleries in their backyard. In April, AFRH-W continued to restore its tree canopy with a second planting of Yoshino Cherry Trees. The donated trees and volunteers who planted them are part of a continuing partnership with the Washington National Cherry Blossom Festival.



THEN

The Old Soldiers’ Home, 1854, situated high on a hill in Washington.



NOW

AFRH-W is a vibrant community featuring modern amenities, healthcare and activities.

Learn more about AFRH-Washington online at: <https://www.afrh.gov/locations/afrh-w-history>



FY 2015 KEY CAMPUS EVENTS

AFRH-Gulfport

Mississippi Governor Phil Bryant and First Lady Deborah Bryant visit Residents: Mississippi's Governor and the First Lady toured the AFRH-G facility, visiting and interacting with Residents who were participating in various recreational activities.

Senator Cochran & Congressman Palazzo staff tour AFRH-G: Residents and staff welcomed Congressional staffers from Senator Thad Cochran's and U.S. Congressman Steven Palazzo's offices. The staffers received a mission brief, toured the facilities and held meetings with Resident representatives.

AFRH-G welcomes Ride 2 Recovery (R2R) Bikers: AFRH-G Residents welcomed bikers participating in the 470 mile Atlanta to New Orleans challenge. The R2R bikers took a break from the 60.1-mile daily ride to visit with Residents and enjoy refreshments. R2R is a partnership between the Department of Defense and Veterans Affairs to provide mental and physical rehabilitation programs for healing our Nation's wounded heroes and raises money to help Veterans overcome obstacles by participating in a R2R event regardless of their disability.

AFRH-G Spring Open House: Each year AFRH-G hosts a May Open House to celebrate spring and showcase the Resident-inspired landscaping and environmentally conscious design on the Campus. With the Campus open to the public, visitors took self-guided garden tours, enjoyed refreshments and browsed through the displays of Resident artists.

Veterans Day Open House: To honor Veterans who have served, and who are now serving, AFRH-G hosted a wreath-laying ceremony and open house. Enhancing this event were the Patriot Guard Motorcycles, Harley® Owners Group, Pensacola Motorcycles, Harrison County Sheriff's Helicopter Crew (who landed a helicopter on the front lawn of AFRH), Gulfport High School Band, U.S. Coast Guard, Gulfport Police & Fire Department, Biloxi Police Department, Army National Guard, Air National Guard and many others. The guest speaker was Lt Gen Clark Griffith, USAF (Ret).

Cruising' The Coast: This festival which began in 1996 to celebrate antique, classic and hot rod vehicles, showcased over 8,000 classic cars on the coast in October. Car enthusiasts from 41 states, plus Canada and Sweden, drive to the Mississippi Gulf Coast once a year to showcase their rides and to cruise the beautiful 30-mile stretch of beachside highway. AFRH-G was one of the scheduled stops to allow Residents to participate in this wonderful event.

Residents Honored at First Shuckers Tailgate Party: AFRH-G Residents were honored to be included in the opening of the new Biloxi Baseball Stadium. These Residents enjoyed the ultimate game day experience, sponsored by the Beau Rivage Resort and Casino, when they arrived in style, attended a VIP tailgate and were recognized for their service during WWII.

AFRH-G Mardi Gras Parade and Ball: The annual Mardi Gras celebration is always a high point for Gulfport Residents. "Laissez les bons temps rouler" is a Cajun expression meaning "Let the good times roll!" It strongly conveys the "joie de vivre" ("joy of living") attitude at AFRH-G. After celebrating "Fat Tuesday" the 2015 King and Queen were crowned. This year's King is Vernon Bourdette (USA) and Queen is Mildred Knoble (USAF). A Mardi Gras Parade, with traditional tossing of the beads, was held. The Mardi Gras Ball followed the parade where Residents celebrated and danced the night away.



AFRH-Washington

Senator Cory Booker Visits Residents: AFRH-W Residents were honored with a special visit from New Jersey Senator Cory Booker. Senator Booker expressed his heartfelt gratitude for their service and his dedication to helping Veterans.

Senator Robert “Bob” Dole Visit: AFRH-W had the honor of hosting Senator Bob Dole who had previously visited AFRH-W in 2005. Senator Dole chatted with Residents, answered questions, joked about his 1996 bid for the Presidency and discussed growing older. At 92 years old, Senator Dole is still very active and was surprised to find he wasn't the oldest person in the room. A decorated World War II Veteran, Senator Dole revealed he visits the WWII Memorial in DC every Saturday.

British Royalty Visit: In March 2015, AFRH-W hosted Charles, Prince of Wales, and Camilla, the Duchess of Cornwall. The Royal Couple toured the Scott and Sheridan buildings and spoke with Residents and staff along the way. In the Hall of Honors the Royal Couple greeted AFRH-W Residents, some of whom had traveled to England to visit the Royal Hospital Chelsea and wanted to welcome the Royal Couple to their Home personally. To everyone's delight, when Resident Patricia Kirchner asked the Prince if he would like to try his hand at bowling, the Prince accepted the challenge. FY 2015 Performance & Accountability

South Korea Delegation: The South Korean Ruling Party Leader Kim Moo-sung, escorted by Major General Kyoung Soo Shin (Republic of Korea Defense Attaché to the U.S.), other distinguished visitors and Korean journalists, toured the AFRH-W facility and addressed Residents in the Hall of Honors.

The South Korean delegation presented a crystal Korean War memento and cash donation to AFRH-W Residents Fund. During Party Leader Kim Moo-sung's heartfelt speech, he thanked AFRH-W Korean War Veterans for their service and sacrifice in defense of the Korean people and freedom.

Last Rosie the Riveter visits AFRH-W: The last original World War II “Rosie the Riveter”, Elinor Otta, visited with AFRH-W Residents. Ms. Otta was one of the original brigades of working women who kept American factories, critical to the war effort, operating when most men left to join the military. Ms. Otta surprised Residents when she told them she is still working on the line at the Boeing Plant in Long Beach, California, inserting rivets into C-17 cargo planes and has no plans to retire.

AFRH-W Cherry Tree Planting: For the second consecutive year, a group of volunteers planted cherry trees as part of the National Cherry Blossom Festival. Over 100 volunteers from Casey Trees planted 25 Yoshino Cherry Trees and 31 native shade trees to assist AFRH in restoring the AFRH-W tree canopy. Japanese representatives recited poetry and created traditional calligraphy for AFRH-W Residents.

AFRH-W Antique Car Show and Fall Fest: AFRH-W held its 56th Annual Antique Car Show and enhanced this established tradition with its first annual Fall Fest. In October 2014, AFRH-W partnered with the community and the military to provide tours of the grounds, art displays, a petting zoo and much more to entertain both Residents and neighbors. The highlight of this year's event was a medical van from WRNMMC which provided a close-up look at the most advanced mobile emergency medical technology used in the military today.

Best Seat in D.C. for July 4th Fireworks: AFRH-W opened its Campus to neighbors, employees and their families and friends who gathered to celebrate Independence Day. The celebration included food, music, activities, dancing and, most importantly, a perfect view to watch the fireworks. The event was co-hosted by AFRH partner, The Friends of the Soldiers Home, to encourage Resident and neighbor interaction.



Ruppert Landscape Gift: One day can make a huge difference as AFRH-W recently found out. Ruppert Landscape, a D.C. area company, annually donates 5% of their profits by selecting a local organization to “improve through community service”. This Ruppert team event mobilizes over 500 volunteers from 15 branches who compete against each other in different landscaping projects donated to the selected organization. In FY 2015, AFRH-W was selected as Ruppert’s “Community Service Organization” to host their annual team event and benefit from the completion of several projects to enhance the Campus.

AFRH-W and Ruppert management selected projects that would not only provide “team competition” for Ruppert employees but also make a difference for Residents by making vital Campus upgrades. Projects included planting new trees along North Capitol Street to provide a better noise buffer, planting shrubs, mulching and flower beds, installing new benches, adding a handicap ramp to the Scott Building lower terrace and building new raised planters for Resident gardening. Ruppert’s generous donation of skills, employees and materials was greatly appreciated, and AFRH-W Residents were certainly the grand prize winner of this event.



STRATEGIC GOALS / PERFORMANCE METRICS

AFRH is committed to creating an environment that fulfills the mission of the health and wellness philosophy of aging. Resident services and healthcare services are designed to promote aging-in-place. AFRH's day-to-day operations and physical plant have been carefully designed according to Person-centered Care philosophy.

The Strategic Plan for FY 2013-2016, vision and mission ensure the organization is a high performing, efficient and caring residential community to serve the Nation's Veterans who call AFRH home.

Performance Process and Metrics

AFRH has established performance metrics for assessing program performance to achieve AFRH strategic goals and objectives. These performance metrics assist in identifying areas where additional management effort is needed in the coming year and recognizes successes. AFRH has 14 key performance metrics to assess four strategic goals.

AFRH Strategic Goals	Strategic Objectives	Performance Metrics
Resident-centered Care	3	3
Stewardship	7	5
Staff-centered Environment	5	4
External Stakeholders	3	2
Total	18	14

For each performance metric, AFRH established an annual performance target to measure success. In FY 2015, AFRH met 93% of its performance metrics. Strategic Goal Leaders are responsible to collect data, measure success and, where necessary, implement corrective actions to address performance metrics not met.

AFRH Strategic Goals	Targets Met	Targets Unmet
Resident-centered Care	3	0
Stewardship	4	1
Staff-centered Environment	4	0
External Stakeholders	2	0
Total	13	1

AFRH met 13 of its 14 annual performance metrics. Due to an unexpected decline in AFRH's largest revenue source, Fines and Forfeitures, diminishing further in FY 2015, and the delay in releasing the D.C. Master Plan request for proposal to solicit developer concepts, the Trust Fund balance is lower than previously forecast and AFRH was unable to meet its performance metric of Trust Fund growth. Fines and Forfeitures have decreased by 46% from \$41 million in FY 2009 to \$23 million in FY 2015 resulting in an aggregate revenue loss of over \$54 million from FY 2010 through FY 2015. Initial FY 2016 Fines and Forfeiture receipts indicate this reduction is continuing in FY 2016 and is unlikely to stop declining in the foreseeable future. AFRH is diligently working with Congress, DoD Leadership, and the AFRH Advisory Board to find additional sources of revenue to replace the large drop in Fines and Forfeitures.



In the immediate future, AFRH, working with DoD, will implement steps to assist in providing solvency for the Trust Fund:

- The Administration is proposing appropriations legislation (G.P. 8047) to allow DoD to transfer funds to the AFRH Trust Fund in FY 2017. The FY 2017 Budget includes out year estimates in the MAX tables for continuing G.P. 8047 (at \$22 million for FY 2018-2021) to sustain the Trust Fund balance at minimum levels.
- DoD has commissioned a top-to-bottom study of operations at AFRH, looking for efficiencies and ways to stream-line current operating costs and implement recommendations as appropriate;
- DoD will assist AFRH in working to expedite the release of a solicitation to request proposals to lease or sale the underutilized 80 acres in Washington DC to generate additional revenue; and,
- Once the AFRH operational study is completed, DoD and AFRH will develop a Plan of Action and Milestones (POA+M) on all AFRH areas including replenishment of the Trust Fund to a level which will ensure long-term solvency and allow AFRH to meet Federal responsibilities to our Veterans.



BUDGET REQUEST

Budget Background

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

The AFRH Trust Fund has authority to accept funding exclusively from the following sources:

- Withheld Funds from active duty military personnel, each Warrant Officer and Enlisted person contributes a fee of fifty cents per month (six dollars per year);
- Fines and Forfeitures charged to military personnel for misconduct in service, this revenue source typically provides more than half of the total revenue for the Trust Fund;
- Resident fees, with an equitable two phase increase that began September 1, 2015 and completed January 1, 2016;
- Interest on the AFRH Trust Fund;
- Estates and gifts; and,
- Sale of property and other miscellaneous revenue.

The AFRH's operations and capital improvements expenditures are supported from funds withdrawn from the AFRH Trust Fund and appropriated by Congress. The authorized sources are no longer adequate to support AFRH annual operations. Annual outlays have been outpacing annual income for the last several years and the AFRH Trust Fund reserve balance has been depleted. The Trust Fund solvency is AFRH's most critical issue and was caused by a loss of over \$54 million in Fines and Forfeitures revenue from FY 2010-FY 2015. Although AFRH, working with DoD leadership, implemented two initiatives in FY 2015 to increase revenue; these additional revenue sources are not adequate to replace the 46% reduction in Fines and Forfeitures—a loss of revenue in FY 2015 of \$18 million from FY 2009 receipt levels.

To ensure AFRH can continue serving Residents, many of whom are disabled and would no longer be able to afford to live in a retirement community due to their limited income, additional revenue sources need to be identified and appropriate legislative changes implemented. Until a long-term solution can be identified and implemented, AFRH received \$20 million in FY 2016 from the general fund of the Treasury and the Administration has proposed an appropriations legislative change which would provide the ability for AFRH to accept DoD transfers. This legislative proposal allows DoD to transfer an estimated \$22 million for one year in FY 2017. These funds are critical to support annual operations.

Although AFRH has preserved the assets in the Trust Fund while taking withdrawals with great prudence for the longest period possible; after six years of substantially decreased revenue to replenish the Trust Fund, AFRH is unable to continue absorbing a significant annual loss of income and provide the current Resident services. In FY 2016, DoD commissioned an independent study of AFRH operations and outdated funding model. The independent study will compare AFRH services to similar communities, identify areas where additional cost savings initiatives can be implemented and recommended changes to AFRH's outdated funding model with the overall goal of further reducing costs while increasing revenue.



FY 2017 Budget Overview

AFRH requests \$64,300,000 in total budget authority and a 336 FTE employment level. This request supports AFRH’s FY 2017 mission to provide residence and related services for retired and certain former enlisted, Limited Duty Officer and Warrant Officers of the Armed Forces many of who are disabled and have limited income. This request includes no increase above AFRH’s FY 2016 Budget Request.

The AFRH FY 2017 Budget Request, in conjunction with a transfer from DoD to support FY 2017 requirements, is adequate to support Residents while absorbing the estimated increase in federal personnel, compensation and benefits and increased contract costs in key cost area—healthcare, dining, transportation and facilities maintenance. The budget request includes an anticipated 2017 funding transfer from DoD O&M to provide adequate resources to support our FY 2017 budget requests and ensure future Trust Fund solvency. The General Provision legislative proposal is for such sums given the continuing uncertainty of fund balances, but the current estimate is for a requirement of \$22 million.

ARMED FORCES RETIREMENT HOME BUDGET AUTHORITY BY ACTIVITY (Dollars in Thousands)				
	FY 2015 Enacted Amount	FY 2016 Enacted Amount	FY 2017 Estimate Amount	FY 2017 - FY 2016 Increase or Decrease Amount
O & M BUDGET AUTHORITY	\$ 62,400	\$ 63,300	\$ 63,300	\$ 0
CAPITAL AUTHORITY:				
TRUST FUND	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0
TOTAL BUDGET AUTHORITY				
TRUST FUND	\$ 63,400	\$ 64,300	\$ 64,300	\$ 0
TOTAL FULL-TIME EQUIVALENTS	336	336	336	0

Salary & Related Expenses

AFRH’s FY 2017 budget request for salaries and expenses fully supports the agency’s mission requirements. AFRH took the opportunity during the FY 2017 budget formulation process to identify cost savings opportunities to support a straight-line budget while absorbing the anticipated increase in federal salaries and benefits. Although the straight-line budget will require some trade-offs, AFRH believes the funding level will support additional compensation and benefits by reducing costs in other areas.

SALARY & RELATED EXPENSES (Dollars in Thousands)			
FY 2016 Enacted		FY 2017 Requested	
Work years (FTE)	Budget Authority	Work years (FTE)	Budget Authority
336	\$ 27,800	336	\$28,170



Full-time Equivalent Employment Level

AFRH's FY 2017 request includes a 336 FTE employment level. The 336 FTE provides AFRH the ability to fill key healthcare vacancies and hire additional nursing staff (Register Nurses, Licensed Practical Nurses and Certified Nursing Assistant) which allows AFRH to meet Health & Human Services (HHS) recommend 4.1 hours/day for upper-level care Residents more efficiently. AFRH currently meets this nursing requirement with heavy reliance on contractors and federal overtime. Hiring additional nursing staff will provide continuity of care for our Residents as well as reduce our staffing costs.

STAFFING HISTORY (Dollars in Thousands)		
FISCAL YEAR	SALARIES & BENEFITS	FTE's
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	23,876	278
2013***	23,910	278
2014	22,976	275
2015	23,427	269
2016	27,800	336
2017	28,170	336

FOOTNOTES:

*Result of AFRH-G facility closure after Hurricane Katrina; only AFRH-Washington was operational.

** Reopening of AFRH-G Facility and reshaping of AFRH-W workforce.

***Additional FTE requested to implement HHS recommended 4.1 hrs/day for upper-level care Residents.



Capital Improvement

The FY 2017 Budget Request includes \$1,000,000 for capital improvements for both campuses. No increase from the FY 2016 funding level is requested. This funding is required to retain proper maintenance of our buildings and infrastructure. Capital improvement projects include designs to replace the AFRH-W 70-90 year old water and sewage infrastructure, 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 APPROPRIATION		
<u>FY 2017 Capital Appropriation</u>		
Deferred Maintenance Projects	\$ 615,000	
IT Equipment	\$ 125,000	
AFRH-W Master Plan	\$ 100,000	
Furniture Replacement at AFRH-W	\$ 80,000	
Quarters Renovation and Roof	\$ 80,000	
Total		\$1,000,000
<u>FY 2016 Capital Appropriation</u>		
AFRH-W Water & Sewage Lines Replacement	\$ 530,000	
General Infrastructure	\$ 200,000	
Metering Buildings	\$ 120,000	
AFRH-W Master Plan	\$ 100,000	
Quarters Renovation and Roof	\$ 50,000	
Total		\$ 1,000,000
<u>FY 2015 Capital Appropriation</u>		
AFRH-W Water & Sewage Line Replacement	\$ 200,000	
General Infrastructure	\$ 300,000	
AFRH-W Master Plan	\$ 245,000	
AFRH-G Nurse Call System Upgrade	\$ 175,000	
IT Equipment Replacement	\$ 80,000	
Total		\$1,000,000



Increases / Decreases by Object Classification

The table below describes the differences from the FY 2016 Appropriation and the FY 2017 Request. This budget request will allow AFRH to continue providing residency and support service to our Residence and 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 (MOC)		FY 2015 Actual Obligated/ Expenditures	FY 2016 Enacted	FY 2017 Estimate	FY 2017 - FY 2016 Increase/ (Decrease)
11	*Personnel Compensation	17,599	21,130	21,410	280
12	Personnel Benefits	5,818	6,590	6,680	90
13	Benefits, Former Personnel	10	800	800	0
21	Travel/Leasing	126	230	230	0
22	Transportation of Things	1	0	0	0
23	Communications & Utilities	3,346	3,430	3,530	100
24	Printing & Reproduction	37	30	30	0
25	Other Services	31,858	31,200	30,890	(310)
26	Supplies & Materials	545	570	420	(150)
31	Equipment	240	40	30	(10)
32	Land & Structures (Capital Outlays)	516	1,000	1,000	0
TOTAL BUDGETED		\$ 60,096	\$ 64,300	\$ 64,300	0
TOTAL FULL-TIME EQUIVALENTS		269	336	336	0
*Annual Physicians’ Comparability included					

Changes from the FY 2016 Appropriations include:

Personnel Compensation – increase supports estimated FY 2017 federal pay increase included in the Administration’s FY 2017 pay assumptions.

Personnel Benefits & Benefits, Former Personnel—increases supports anticipated increases in federal benefits and matching retirement payments.

Communications & Utilities—increase supports anticipated Gulfport electricity rate hike.

Other Services—decrease in nursing staff contractors as additional federal nursing staff is hired.

Supplies & Materials—decrease reflects fewer supplies and materials to support anticipated personnel cost increases.

Equipment—reduction in equipment and maintenance cost to operate equipment to support anticipated personnel cost increases.



FUTURE BUDGETARY CONCERNS

AFRH is facing two challenges which could have significant impact on AFRH out-year Budget Requests and operations. AFRH is working with DoD leadership to resolve these issues and ensure AFRH can meet its mission to provide an affordable retirement community for our nation's Veterans.

Trust Fund Solvency

AFRH's Trust Fund is at an all-time low and in jeopardy of being insolvent in FY 2017. Since 2010, AFRH's largest funding source, Fines and Forfeitures, has steadily declined by more than 40 percent. AFRH now shows an FY 2016 balance brought forward of only \$15 million and a projected closing balance of less than \$2 million.

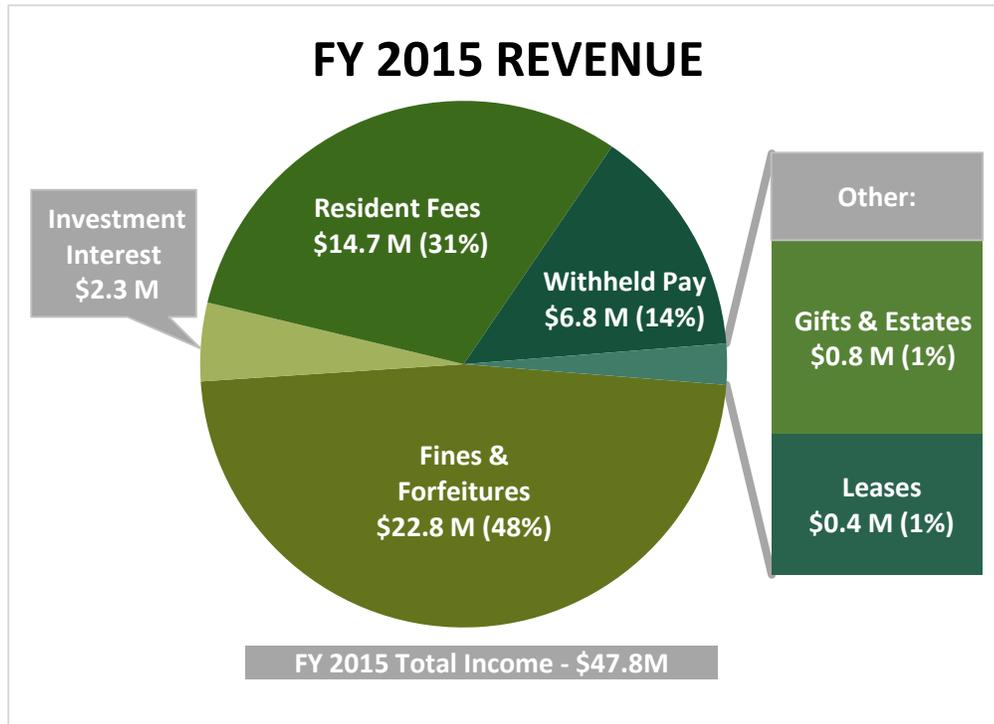
Consistent with FY 2016 Congressional language, "AFRH is directed to work with DoD to develop an approach that will replenish the Trust Fund in a sustainable, reliable manner and to present that approach to the Committees in the FY 2017 budget request along with legislative proposals". Legislation to transfer such sums as needed from DoD O&M to the AFRH Trust Fund is proposed in the 2017 Budget given the precarious funding situation in the Trust Fund.

The solvency of the AFRH Trust Fund is the most crucial challenge AFRH is currently facing. AFRH's funding sources are distinctive among Federal agencies. The 1991 Defense Authorization Act, Public Law 101-510, created an AFRH Trust Fund to finance the operations and maintenance of the Gulfport and Washington facilities. Trust Fund annual revenue and balance are integral parts of the AFRH financial picture and budget requests.

AFRH Trust Fund revenue is limited to:

- Withheld Funds from active duty military personnel, each Warrant Officer and Enlisted person contributes a fee of fifty cents per month (six dollars per year);
- Fines and Forfeitures charged to military personnel for misconduct in service, this revenue source typically provides more than half of the total revenue for the Trust Fund;
- Resident fees, with an equitable two phase increase that began September 1, 2015 and completed January 1, 2016;
- Interest on the AFRH Trust Fund;
- Estates and gifts; and,
- Sale of property and other miscellaneous revenue.

FY 2015 Trust Fund revenue receipts included:

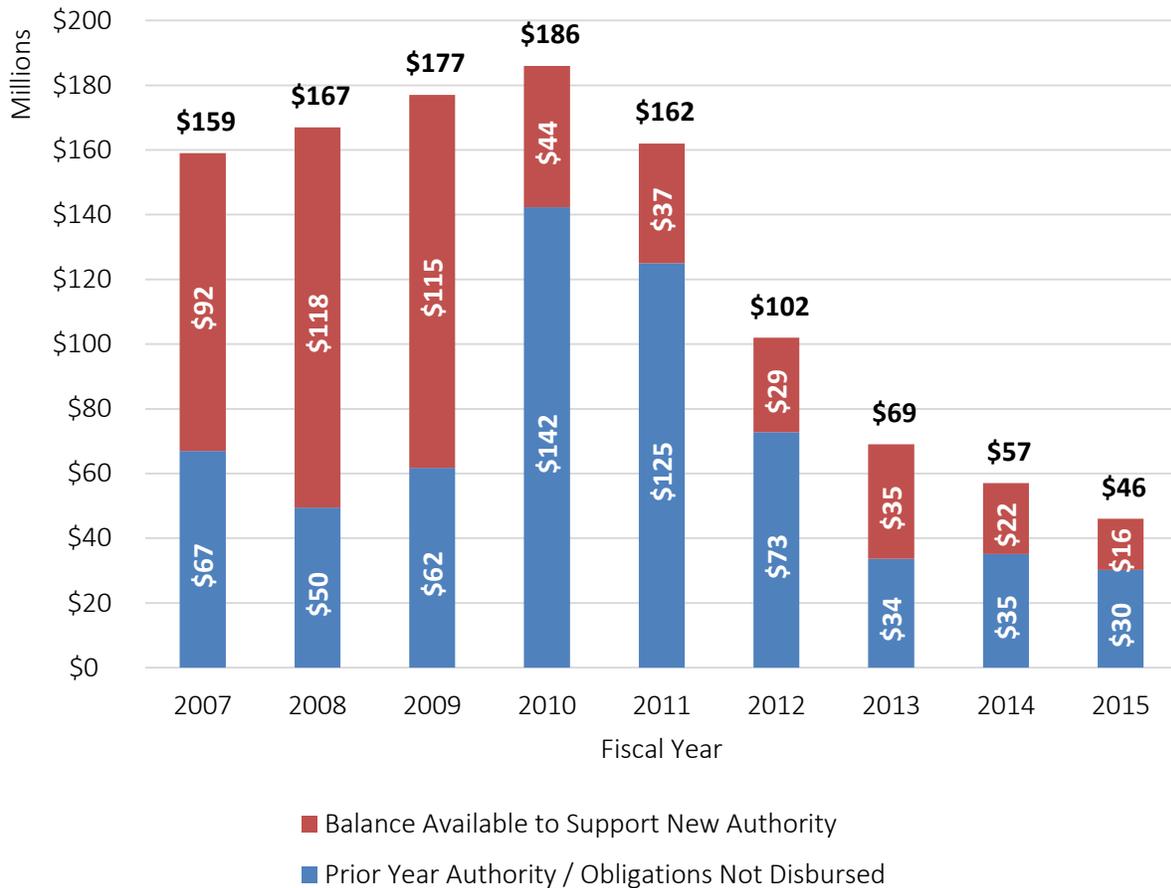


Unfortunately, the AFRH Trust Fund cash balance is at an all-time low and expected to continue decreasing in out years. The Trust Fund cash balance decrease is caused by an unanticipated and uncontrollable reduction in AFRH’s largest revenue source, Fines and Forfeitures. In FY 2009, Fines and Forfeitures provided 67% (\$41 million) of AFRH’s total annual revenue (\$61 million). In FY 2015, Fines and Forfeitures provided only 48% (\$23 million) of AFRH’s total annual revenue (\$48 million). This reduction is well outside historical norms making it difficult to accurately predict out-year receipts from this revenue source. Initial FY 2016 receipts indicate this revenue source will continue to further decline.

Although AFRH management has substantially reduced operating costs in recent years, annual expenses exceed annual receipts due to reduced receipts from various sources. In FY 2015, estimated annual expenditures exceeded annual revenue by \$15 million. Since FY 2010 when the decrease began, AFRH’s revenue has been reduced by an aggregate of more than \$54 million. Through FY 2015, the Trust Fund has been able to absorb this significant loss of revenue but the available balance to support future budget requests has been depleted.



TRUST FUND BALANCE





Despite additional revenue receipts generated from the Resident Fee increase and D.C. Charter School Lease, AFRH was unable to support its FY 2016 budget request from the current available Trust Fund balance due to the inability to accurately forecast the FY 2015 Fines and Forfeitures which unexpectedly dropped by an additional \$5 million from FY 2014 receipts. Working with DoD leadership and Congress, the FY 2016 Omnibus provided \$20 million from the General Fund to ensure adequate funds were available to support FY 2016 annual expenses. The \$20 million General Fund infusion will preserve the Trust Fund balance to support initial FY 2017 outlays in the event of a Continuing Resolution and a delay in the availability of the proposed DoD Transfer.

The AFRH Trust Fund with approval of DoD's transfer will support the FY 2017 Budget Request from its current limited revenue sources.

Although AFRH has identified and implemented several large cost savings initiatives, AFRH continues to seek ways to reduce annual O&M. AFRH's greatest opportunity to reduce costs, without impacting services offered to Residents, is to hire additional federal personnel to reduce reliance on short-term nursing contracts and federal overtime while continuing to meet nursing requirements for upper levels of care Residents. AFRH has also identified other areas to have independent reviews performed to identify potential cost savings. These areas include dining and facilities custodial services. These studies will provide work hour assessments and recommend areas for reducing services while adhering to legislative and accreditation requirements.

To fully address AFRH's Trust Fund solvency issues long-term, additional revenue streams will be required. In FY 2016, DoD has commissioned an independent study to follow up on last summer's AFRH Task Force Review of current practices. This study will assist in identifying potential legislative changes, review AFRH's outdated funding model and benchmark services of similar retirement facilities. The independent study recommendations will inform DoD and AFRH as they develop a plan for long-term solvency.

AFRH / D.C. 1938 Water Agreement

In the early 1930's, the District of Columbia approached the U.S. Soldier's Home Board of Commissioners (AFRH predecessor) with a request to build a water reservoir on U.S. Soldier's Home federal land. The United States Soldier's Home Board of Commissioners determined that a land grant from Congress required the property to be used solely for the Home and for the benefit of the Residents, and therefore, D.C.'s request could not be granted without consideration for the use of the land. The U.S. Soldier's Home Board of Commissions and D.C. government signed an agreement in 1938 providing a land grant to the District of Columbia to construct a water reservoir and provide U.S. Soldier's a grant of "perpetual right to use water from the water supply system of the District of Columbia, as may be needed, for the purpose of said Home, including water for fire protection purposes without compensation therefore at any time."

When the D.C. Public Works office was formed, they initially demanded payment of water and sewage service from the U.S. Soldier's & Airmen's Home (USSAH) (U.S. Soldier's Home initial predecessor). However, after negotiations with USSAH and reviewing the agreement, on June 25, 1990 the D.C. Director of Public Works stated unequivocally that "...the Department of Public Works will honor the 1938 Agreement between the U.S. Soldier's and Airman's Home and the District of Columbia. The District will continue to render water and sewer services to the Home without charge."

In 1996, D.C. Water was formed as a semiautonomous regional entity, and in the early 2000's, initiated a campaign to again challenge the 1938 agreement, although it had been reviewed in 1990 and D.C. had



indicated they would honor the agreement, and demands for back payment and future payments eventually ensued. As a semiautonomous regional entity, D.C. Water did not insist on their right to collect monies for sewer services until 2004. AFRH has been in negotiations seeking resolution to the dispute but the negotiations are currently stalled. Both DoD and AFRH General Counsel assert the 1938 agreement is valid, D.C. is still benefiting from the reservoir and AFRH provides access to D.C. Water to operate and maintain the reservoir as required.

D.C. Water is requesting payment of approximately \$10 million for back sewer bills and payment of approximately \$700,000 annually in sewer bills and assessments. Should D.C.'s claim be approved, despite the 1938 valid agreement and AFRH challenge to the validity of such a request, AFRH Trust Fund Balance and Budget Authorization would be significantly impacted, and AFRH would require a supplemental appropriation or other actions for the fiscal year in which the back payment was due.



SUPPLEMENTAL MATERIALS

Appendix 1 – Appropriations History

APPROPRIATIONS HISTORY FY 2006 – 2016

(Dollars in Thousands)

FISCAL YEAR	DESCRIPTION	APPROPRIATION				
		CONGRESSIONAL BUDGET JUSTIFICATION	AUTHORIZED	HOUSE ALLOWANCE	SENATE ALLOWANCE	FINAL APPROPRIATION
2006	O&M	57,033	57,033	57,033	57,033	56,463
	Capital	11,248	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*	0	176,000	176,000	176,000	176,000
	Total	58,281	300,081	300,081	300,081	299,499
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



APPROPRIATIONS HISTORY FY 2006 – 2016

(Dollars in Thousands)

FISCAL YEAR	DESCRIPTION	APPROPRIATION				
		CONGRESSIONAL BUDGET JUSTIFICATION	AUTHORIZED	HOUSE ALLOWANCE	SENATE ALLOWANCE	FINAL APPROPRIATION
2014	Capital	1,946	2,000	1,946	1,946	1,946
	Total	65,760	67,590	65,760	65,760	65,760
	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				
	Capital	1,000				
	Total	64,300				

NOTE:

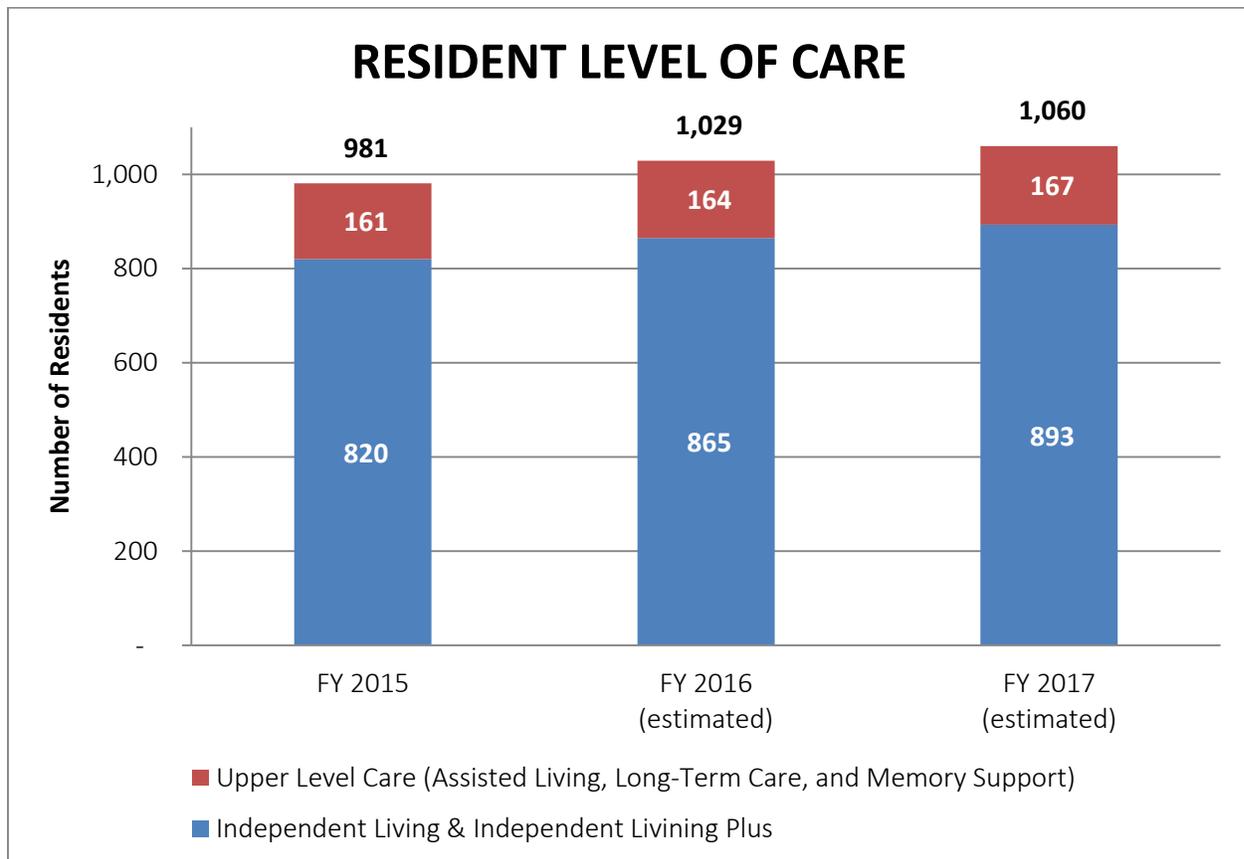
* Supplemental funding from the General Fund to replace AFRH-G facility due to Hurricane Katrina

**Supplemental funding from the General Fund to repair the structural damage from D.C. August 2011 earthquake

***Appropriation includes \$20M General Fund deposit to Trust Fund in H.R. 2029 (Public Law No. 114-113).

Appendix 2 – Current/Projected Residents

CURRENT/PROJECTED RESIDENTS (Dollars)			
	ACTUAL FY 2015	APPROPRIATED FY 2016	ESTIMATE FY 2017
Domiciliary Care	820	865	893
Healthcare	161	164	167
Total Residents	981	1,029	1,060
O&M	\$ 59,425,673	\$ 63,300,000	\$ 63,300,000
Capital Outlay	\$ 670,822	\$ 1,000,000	\$ 1,000,000
Total Budget	\$ 60,096,495	\$ 64,300,000	\$ 64,300,000
Operating Budget per Resident	\$ 61,260	\$ 62,487	\$ 60,660





Appendix 3 – Physicians Comparability Allowance

**Physicians’ Comparability Allowance (PCA) Worksheet
Department: Armed Forces Retirement Home**

		PY 2015 (Actual)	CY 2016 (Estimates)	BY 2017 (Estimates)
1) Number of Physicians Receiving PCAs		1	0	0
2) Number of Physicians with One-Year PCA Agreements		0	0	0
3) Number of Physicians with Multi-Year PCA Agreements		1	0	0
4) Average Annual PCA Physician Pay (without PCA payment)		\$ 158,700	\$ 0	\$ 0
5) Average Annual PCA Payment		\$ 30,000	\$ 0	\$ 0
6) Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position	0	0	0
	Category II Research Position	0	0	0
	Category III Occupational Health	0	0	0
	Category IV-A Disability Evaluation	0	0	0
	Category IV-B Health and Medical Admin.	1	0	0

7) If applicable, list and explain the necessity of any additional physician categories designated by your agency (for categories other than I through IV-B). Provide the number of PCA agreements per additional category for the PY, CY and BY.

N/A

8) Provide the maximum annual PCA amount paid to each category of physician in your agency and explain the reasoning for these amounts by category.

N/A

9) Explain the recruitment and retention problem(s) for each category of physician in your agency (this should demonstrate that a current need continues to persist).

The agencies near the AFRH (VA and until very recently Walter Reed Army Medical Center) address pay issues through Title 38 market pay. The AFRH has used PCA but it is not as effective as it once was. AFRH has transitioned to exercising Title 38 Authority for all physicians.

10) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

The AFRH is the only continuing care retirement community in the Federal government: most are in the private sector, and only a small percentage specifically serve veterans. The use of PCA at AFRH was no longer attracting the physicians required to meet Resident needs.

11) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

N/A



Appendix 4 – Acronyms

Acronym	Definition
AFRH	Armed Forces Retirement Home
AFRH-G	Armed Forces Retirement Home-Gulfport
AFRH-W	Armed Forces Retirement Home-Washington
AL	Assisted Living
BY	Budget Year
COO	Chief Operating Officer
CY	Calendar Year
DoD	Department of Defense
EHRS	Electronic Health Record System
FTE	Full Time Employees
FY	Fiscal Year
IG	Inspector General
IL	Independent Living
ILP	Independent Living Plus
IT	Information Technology
Lt Gen	Lieutenant General (Air Force)
LTC	Long Term Care
MS	Memory Support
O&M	Operations and Materials
PCA	Physicians' Comparability Allowance
POA+M	Plan of Action and Milestones
PY	Project Year
TJC	The Joint Commission
USAF	United States Air Force
USACE	United States Army Corps of Engineers

