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# ARMED FORCES RETIREMENT HOME

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## CONGRESSIONAL BUDGET JUSTIFICATION FISCAL YEAR 2027



Submitted to the 119<sup>th</sup> 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 2027 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, \$77,000,000 to remain available until September 30, 2028, of which \$2,000,000 shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home—Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi: *Provided*, That of the amounts made available under this heading from funds available in the Armed Forces Retirement Home Trust Fund, \$27,000,000 shall be paid from the general fund of the Treasury to the Trust Fund.

## **FISCAL YEAR 2027 BUDGET REQUEST**

The Armed Forces Retirement Home (AFRH) fiscal year (FY) 2027 request is \$77,000,000 in total budget authority and 353 full-time equivalent (FTE) personnel, with \$75,000,000 requested for operating expenses and \$2,000,000 requested for capital maintenance and construction.

AFRH's mission is to provide independent living and upper levels of care for certain retired and former enlisted, limited duty officers and warrant officers of the Armed Forces. Many residents are disabled and have lower incomes, services are mandated as defined under 24 USC 413, and residents are supported regardless of their ability to pay for the services they receive per 24 USC 414. The AFRH Trust Fund receives funds from dedicated revenue sources and transfers from other federal funds. Expenditures from the trust fund to support AFRH operations, maintenance, and capital improvements are appropriated annually by Congress. Net surpluses add to the trust fund balance while net deficits reduce the balance.

### ***REQUEST FOR GENERAL FUND SUPPORT***

Since FY 2015, AFRH has had to rely on transfers from the General Fund of the Treasury to fund operations due to substantial declines in fines and forfeitures revenue from active-duty military members. As directed by Congress, AFRH and DOW leaders have identified new opportunities for revenue and sought organizational efficiencies without disrupting services to residents. These efforts, combined with general fund support, are intended to re-build the trust fund balance. Despite general fund transfers in FYs 2016 through 2025, and improvement in the trust fund balance, dedicated income streams and initiatives to generate additional revenue and cut costs are not sufficient to offset operating expenses. Congress has not enacted legislative proposals or Government Accountability Office recommendations to authorize funding from sources other than the General Fund. In FY 2027, AFRH requests \$27,000,000 be transferred from the General Fund of the Treasury to the AFRH Trust Fund, without which the AFRH will not have sufficient income to offset non-discretionary outlays and will therefore need to draw on the trust fund balance to support operations.

## **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 Reports 115-673, 115-188, and 114-497
- Senate Reports 115-130 and 114-237
- The Joint Explanatory Statement accompanying H.R. 5325 (Public Law 114-223)

AFRH's longstanding financial model has not been reliably sufficient to cover AFRH annual expenditures, resulting in appropriated support from the General Fund of the Treasury to prevent reductions in the trust fund balance. This occurred primarily due to significant declines in Fines & Forfeitures, AFRH's largest dedicated revenue stream.

	Recent High	FY 2025	Loss
Fines & Forfeitures	FY 2009 - \$40.7 million	\$16.3 million	\$24.4 million

The buying power of these sources have likewise declined due to the effects of inflation. For example, the active duty withholding rate of \$0.50 per month has been unchanged since 1977.

As stated in the consolidated response to Government Accountability Office report GAO-24-106171:

*Recent deficits have been shouldered by taxpayers, which Congress has directed be reduced and preferably eliminated. But these recent taxpayer infusions mask the much longer history of insidious underinvestment, capacity reductions, and service cuts which, alongside inflation, work to erode this benefit to enlisted veterans. Consider, for example, these statistics for two fiscal years fifteen years apart:*

<i>Fiscal Year</i>	<i>Operating Budget</i>	<i>Resident Capacity</i>	<i>FTE</i>
2004	\$63.296 million	1,865	549
2019	\$63.300 million	1,125	336
		-40%	-39%

*\$63.296 million in September 2004 has the same buying power as \$107.8 million in September 2025—a 70% difference, which AFRH has been tracking near identically by paring capacity and staffing.<sup>1</sup>*

Reforms over multiple years, with increased contributions from all AFRH stakeholders, continue to be necessary to create a sustainable path for the home and its mission. Provided below is a summary of three focus areas for reform and support. For further information on AFRH initiatives and performance, see the Performance and Accountability Report for Fiscal Year 2025 at <https://www.afrh.gov/PAR>.

### **ATTRACTING NEW RESIDENTS**

Long-term sustainability for AFRH must include evolving our facilities to meet the needs and desires of current and future generations of veterans. Our Gulfport campus continues to attract new residents with its modern facilities and amenities and beachfront location, though at over a decade in service and with limited capacity for couples, the facility will require increasing capital investments in the coming years. Our Washington campus is significantly more challenging as over 80 percent of residents live in the Sheridan Building, which was originally constructed in the 1960s with the last significant facelift completed in the early 1990s. Rooms are designed for single occupants and are smaller than average rooms in the lowest quartile for retirement communities nationwide.

<b>AVERAGE UNIT SIZE (PER SQUARE FOOT) OF CONTINUING CARE RETIREMENT COMMUNITIES</b>			
AFRH Sheridan Building	National Lower Quartile	National Median	National Upper Quartile
272	453	1,033	1,828

Source: *The State of Seniors Housing, 2024*; American Seniors Housing Association

With funding support from Congress, AFRH will soon embark on a renovation project to significantly increase room sizes and modernize systems. With a General Services Administration (GSA) project management agreement in place and procurement actions underway, the approved design will yield 50 rooms on independent living floors averaging 561 square feet and ranging from 400 to 730 square feet, with rooms larger than 500 square feet able to accommodate couples. The assisted living design will consolidate that unit onto the ground floor, significantly improving safety and nursing coverage since it is currently split between the first and second floors. The project will enclose balconies as new interior space, replace the façade to improve energy efficiency, and modernize HVAC, mechanical, and electrical

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<sup>1</sup> [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)

systems. Together with critical maintenance projects already funded, the renovation will address an estimated \$23 million in deferred maintenance for the Sheridan Building. Since Sheridan houses 80 percent of Washington campus residents, the building will need to remain open during renovation with the seven-floor renovation phased over a 3- to 4-year period. The FY 2023 enacted budget provided \$77 million for the major capital project, and the FY 2025 enacted budget provided an additional \$31 million to fund the project at the revised estimate of \$108 million. AFRH executed an interagency agreement for the General Services Administration (GSA) to manage the construction project. A project management contract has been awarded. The first solicitation for a general contractor was closed late FY 2025 after receiving fewer bids at significantly higher costs than anticipated. GSA is preparing to resolicit in FY 2026 with revised requirements in response to market feedback.

## ***LEVERAGING ASSETS TO GENERATE LONG-TERM REVENUE***

### **Washington Campus Mixed-Use Development Project**

Despite continued volatility in real estate and financial markets, AFRH remains actively engaged in market sounding with public institutions, local officials, and potential developers to explore opportunities for long-term property redevelopment. In May 2025, AFRH received an unsolicited proposal from a private developer; however, following review, the then-named Department of Defense (DOD) and GSA concluded that the proposal did not present a materially different approach from AFRH's prior competitive solicitation. Additionally, GSA has advised that due to staffing constraints, it will be unable to provide AFRH with significant real estate and leasing support until further notice. AFRH continues to assess alternative pathways to leverage its real property assets in a manner consistent with its statutory mission and federal property management standards, meeting recently with the District of Columbia National Guard which is looking at potential relocation sites for its current armory.

### **Addressing Critical Deferred Maintenance**

Congressional authorizations in FYs 2020 through 2025 totaled \$53,480,000 for capital expenditures, which has allowed AFRH to address mission-critical capital maintenance and we have moved to aggressively execute these projects as procurement and supply chain disruptions have eased.

Continuing capital investment is essential to prevent disruption to operations and safety and avoid more expensive replacements in future years. Outdated and deteriorating facilities have a negative effect on AFRH's ability to attract and retain residents, and low occupancy exacerbates AFRH's financial problems by reducing fee income and driving higher fixed costs. While the Washington campus requires the bulk of resources due to its age, after over a decade in service the Gulfport facility will require increased investment in the coming years. Saltwater and weather corrosion reduces the life expectancy of many systems, requiring more frequent maintenance and earlier replacement. The FY 2025 balance sheet acquisition cost of our property and equipment was \$383.4 million minus \$117.3 million accumulated amortization/depreciation including a \$9.2 million charge for the year. The \$8.94 million capital spending enacted in both FY 2024 and FY 2025 partly offset the depreciation charge and provided a capital expenditure rate of \$8,214 per available unit.

The FY 2027 request of \$2 million supports critical life-safety projects. The following prioritizes projects for funding in the FY 2027 request:

Priority	Location	Estimate	FY 2027 Request
1	Gulfport	\$2,000,000	\$2,000,000
Project Title:		Roof Replacement	
Justification:		The concrete piers and screen walls on the tower roofs have developed stress cracks due to thermal expansion mismatches with the main structure. These cracks are allowing water intrusion and will worsen over time, particularly with Gulf Coast freeze-thaw cycles, risking eventual structural failure if not addressed. While the damage has not yet compromised roof integrity, engineering assessments confirm that full roof replacement is required to prevent significant future degradation.	
Strategic Alignment:		This project aligns with Strategic Goal 2: Stewardship at Our Core by proactively addressing a critical infrastructure issue that impacts both the safety and longevity of the facility.	
Impact:		Without timely roof replacement, water intrusion will continue, likely causing increased structural damage, rising repair costs, and potential service disruptions. Addressing this now ensures uninterrupted facility operations, protects mechanical systems, and avoids compounding future capital needs.	
Project/Request History:		New project.	

Beyond the \$2 million critical maintenance project identified above for FY 2027, AFRH incurs ongoing expenses for routine equipment replacements and contingency repair needs as they occur. Additionally, we maintain a capital funding reserve set aside for emergency situations such as hurricane damage and equipment failures.

### **REVENUE PROJECTION INCLUDING SOLVENCY INITIATIVES**

REVENUES (Dollars in Millions)				
	FY 2025 Actual	FY 2026 Estimate	FY 2027 Projection	2026-2027 Increase / (Decrease)
General Fund transfers	\$ 62	\$ 27	\$27	\$ 0
Fines and forfeitures	16	16	16	0
Resident fees	19	19	20	1
Military pay deductions	7	7	7	0
Leases and property sales	4	4	4	0
Trust fund interest	9	8	8	0
Donations & Bequests	1	0	0	0
<b>TOTAL</b>	<b>\$ 118</b>	<b>\$ 81</b>	<b>\$ 82</b>	<b>\$ 1</b>

## **MANAGEMENT PRIORITIES**

### ***SUMMARY***

This section of the FY 2027 Budget Request summarizes proposals in the areas of agency management tied to Presidential Priorities around eliminating waste, fraud and abuse, the workforce federal procurement, financial management, and information technology. The priorities to advance the forthcoming President's Management Agenda and other government-wide management efforts include:

### ***ELIMINATING WASTE, FRAUD, AND ABUSE***

AFRH maintains strong internal controls, transparent reporting, and rigorous oversight practices, including a history of annual independent audits with no material weaknesses. The agency aligns its policies with Executive Order 14249, prioritizing antifraud measures in procurement, financial transactions, and asset management. In FY 2027, AFRH will continue to strengthen its real property utilization strategies, reduce deferred maintenance backlogs, and prioritize capital investments to avoid resource misallocation. We are currently evaluating commercial-off-the-shelf products to streamline hotline and other reporting to simplify and streamline the reporting process, protect anonymity, and provide management with enhanced tools to monitor and resolve concerns from residents, staff, and stakeholders.

### ***WORKFORCE MANAGEMENT***

In support of the President's Merit Hiring Plan and Executive Order 14356, AFRH is strengthening workforce management practices to ensure hiring and position decisions are deliberate, mission-driven, and aligned with statutory responsibilities under Title 24, U.S.C. Chapter 10. As a small, independent federal agency operating 24/7 resident-focused healthcare and support services, AFRH must balance streamlined hiring with the need to maintain continuous care, safety, and operational readiness across two campuses.

In response to the President's priorities, AFRH reinvigorated and strengthened its Position Management Board (PMB) to serve as the agency's strategic hiring committee and is the central governance body for workforce planning, position authorization, and hiring decisions. The PMB reviews all proposed hiring actions to ensure alignment with mission priorities, funding availability, grade discipline, and organizational design principles, and to prevent unnecessary fragmentation, duplication, or excessive layering. This integrated governance approach ensures that workforce growth is controlled, transparent, and directly tied to mission execution.

AFRH is actively working to reduce time-to-hire and time-to-onboard by standardizing position descriptions, expanding the use of skills-based assessments, and improving internal coordination across hiring officials, human resources, and finance. As part of this effort, AFRH is planning for the mandatory transition of human resources and procurement shared services following the Department of the Treasury's decision to exit interagency shared services by the end of FY 2026. AFRH is conducting due diligence to identify a new shared services provider that can support merit-based hiring, acquisition, and personnel processing with minimal disruption to operations. This transition is being managed deliberately to ensure continuity, compliance, and service quality throughout FY 2026 and beyond.

To strengthen outcomes for senior and high-impact positions, AFRH has implemented a pilot leadership hiring framework designed to improve evaluation rigor, clarify roles and decision authority, and reinforce merit system principles. The pilot is being applied initially to Chief of Resident Services searches at both campuses and emphasizes disciplined use of panels and subject-matter experts, structured leadership-focused assessments, and documented accountability for hiring decisions. Lessons learned from this pilot will inform future refinements to AFRH leadership hiring practices.

Workforce planning at AFRH emphasizes performance-based accountability, supervisory engagement, and retention of resident-facing staff. AFRH is investing in training, mentoring, and leadership development to strengthen supervisory capability, improve performance management, and reduce reliance on overtime and short-term contract labor—particularly in healthcare, security, and campus operations, where continuity and institutional knowledge directly affect resident outcomes. Resources provided by the One Big Beautiful Bill Act and the FY 2027 budget request will support these workforce investments, including onboarding improvements, staff development, and retention initiatives. Together, these efforts will better align staffing levels and skill sets with workload demands, accreditation requirements, and long-term mission priorities, while maintaining a lean administrative footprint consistent with Administration guidance.

The Budget also includes \$67,000 to support the transition to the U.S. Office of Personnel Management’s consolidated Core Human Capital Management (Core HCM) system, which will consolidate outdated and inefficient human resources systems into a single, modern Core HCM platform. This single, modern platform will encompass personnel action processing, employee system of record, position management, and workforce analytics, among other human resource functions. This amount includes estimated licensing fees for the new system, data migration, and warehousing of legacy data.

### ***PROCUREMENT AND FINANCIAL MANAGEMENT***

AFRH leverages interagency shared services to support competitive procurement, financial integrity, and compliance with federal acquisition and fiscal management requirements. As a small, independent agency with significant reliance on contracted services to support healthcare, facilities, and resident services, AFRH places particular emphasis on disciplined procurement planning, contract oversight, and stewardship of trust fund resources.

In recent years, AFRH has strengthened procurement practices by incorporating value engineering and lifecycle cost considerations into major capital and facilities projects, ensuring that scope, pricing, and performance expectations are aligned with long-term operational needs. Through procurement actions executed with our current service provider at Treasury, AFRH has prioritized small business utilization, competition, and procurement integrity, consistent with Executive Order 14240 and broader Administration guidance on responsible acquisition.

To further improve buying discipline and contract surveillance, AFRH is investing in new procurement specialist capacity. The position will strengthen requirements development and acquisition planning, improve market research and acquisition lead times, support small business utilization, and provide hands-on support to staff with contract management responsibility to ensure consistent surveillance, documentation, and performance across service-heavy contracts. This new in-house capability will also improve contract administration fundamentals (e.g., quality assurance, invoice review support, performance monitoring, and closeout readiness) and reduce fragmentation by standardizing acquisition practices across both campuses.

In parallel, AFRH is consolidating and clarifying contract oversight responsibilities into dedicated operational roles and strengthening coordination among program offices, finance, and procurement support. These changes are intended to improve requirements definition, reduce contract fragmentation, enhance vendor performance monitoring, and mitigate cost and performance risk—particularly in critical service contracts supporting healthcare, facilities maintenance, and resident services.

In FY 2027, AFRH will execute a mandatory transition of procurement shared services following Treasury’s decision to exit interagency procurement support for external clients. AFRH is actively planning this transition to ensure uninterrupted acquisition operations, continued compliance, and alignment with the

agency's enhanced focus on procurement governance and contract oversight. Financial shared services will remain with Treasury.

### ***INFORMATION TECHNOLOGY, CYBERSECURITY, AND AI INNOVATION***

AFRH is advancing a focused information technology modernization strategy to strengthen healthcare delivery, improve operational efficiency, and enhance cybersecurity across both campuses. These efforts are supported through a combination of annual appropriations and government-wide initiatives, including the Technology Modernization Fund, and are aligned with federal standards for security, interoperability, and resilience.

A central element of AFRH's modernization effort is its evaluation of transitioning to the Federal Electronic Health Record (EHR). AFRH is working closely with the Federal Electronic Health Record Modernization Office and the Defense Health Agency and other interagency partners to design a transition plan. Activities include aligning clinical workflows, upgrading network infrastructure, modernizing end-user devices, and ensuring data security and interoperability. Transitioning to the federal EHR would improve continuity of care, support standardized clinical practices, enhance data sharing with federal healthcare partners, and strengthen AFRH's long-term cybersecurity posture by moving away from legacy systems.

In parallel, AFRH is addressing aging IT infrastructure that presents reliability, security, and performance risks. The agency is upgrading legacy hardware, standardizing end-user equipment, and modernizing network components to meet current federal IT and cybersecurity standards. These investments reduce downtime, improve system performance, and support secure access to clinical and administrative systems essential for 24/7 operations.

AFRH is also improving network capacity and connectivity at both campuses. Planned initiatives include increasing internet bandwidth to support cloud-based systems, telehealth, and the federal EHR, as well as evaluating and improving campus-wide Wi-Fi coverage to ensure reliable access for staff and residents in clinical, residential, and administrative areas. These improvements are critical to enabling modern service delivery and meeting customer expectations for connectivity.

In addition, AFRH is modernizing its public-facing website to improve accessibility, usability, and security, ensuring residents, families, applicants, and partners have timely access to accurate information and online services. Website modernization supports transparency, customer service, and compliance with federal digital standards.

As these foundational systems are modernized, AFRH is exploring responsible use of AI-enabled capabilities within healthcare and administrative workflows, consistent with federal policy and governance requirements. Potential applications include clinical documentation support, data-driven quality improvement, and administrative automation, all designed to augment staff effectiveness rather than replace clinical judgment.

Together, these IT investments strengthen AFRH's cybersecurity posture, reduce operational risk associated with legacy systems, and position the agency to deliver secure, efficient, and high-quality services to residents while aligning with federal IT modernization and healthcare interoperability priorities.

### ***REAL ESTATE FOOTPRINT***

AFRH's real property holdings include two primary campuses: AFRH–Washington (AFRH–W) on 272 acres in the District of Columbia, and AFRH–Gulfport (AFRH–G) on 40 acres in Gulfport, Mississippi. These campuses support a combined capacity for approximately 1,100 residents and are operated in support of

AFRH’s statutory mission to provide a continuum of care for eligible veterans. As part of the FY 2027–2031 Real Property Capital Plan, AFRH does not propose a reduction in its real estate footprint due to the following considerations:

- **Mission alignment with real property needs:** AFRH operates as a federally owned and operated continuing care retirement community, with all levels of residential and medical care provided on site. Downsizing physical space would directly impact resident capacity, eliminate essential healthcare and support services, and compromise statutory obligations under 24 U.S.C. Chapter 10.
- **Resident-driven utilization:** AFRH occupancy is rebounding and demand is increasing—particularly from recently eligible reservists and couples. Rather than excess, AFRH’s space is increasingly required to accommodate projected growth and ensure quality care. AFRH’s approved master plan includes authority to construct additional residential facilities to meet additional demand for senior living services in the coming years.
- **Modernization:** AFRH is actively modernizing its facilities. The renovation of the Sheridan Building on the Washington campus, beginning in FY 2025, is a cornerstone of the agency’s strategy. This multi-phase project will reconfigure and repurpose existing space to improve accessibility, energy efficiency, and long-term usability.
- **Historic Restrictions:** The entirety of AFRH-Washington is a historic district encompassing a national monument, national landmark, and historic land and structures governed by preservation requirements under federal law. These constraints limit AFRH’s ability to pursue real property reductions without significant legal and mission-related repercussions.
- **Alternative Revenue Strategies:** AFRH seeks to leverage its real estate through long-term leases or enhanced-use partnerships that will preserve its historic properties and provide a revenue stream that will reduce its reliance on general fund support.

## BUDGET DETAIL

### *SPENDING AUTHORITY BY ACTIVITY*

Authority	SPENDING AUTHORITY BY ACTIVITY (Dollars in Thousands)				
	FY 2025 Enacted	FY 2026 Request	FY 2026 Enacted	FY 2027 Request	2026-2027 Increase / (Decrease)
Operation and maintenance	\$ 68,060	\$ 74,928	\$ 77,928	\$ 75,000	\$ [2,928]
Construction and renovation	\$ 8,940	\$ 2,072	\$ 2,072	\$ 2,000	[\$ 72]
Major construction	\$ 31,000	\$ 0	\$ 0	\$ 0	\$ 0
Supplemental appropriation – PL 119-21	\$ 6,000	\$ 0	\$ 0	\$ 0	\$ 0
Total authority	\$ 114,000	\$ 77,000	\$ 80,000	\$ 77,000	[\$3,000]

**SALARIES & RELATED EXPENSES**

AFRH’s FY 2026 budget request for salaries and related expenses fully supports the agency’s mission requirements while providing flexibility to insource where labor costs efficiency can be yielded.

<b>SALARIES &amp; RELATED EXPENSES</b> (Dollars in Thousands)			
<b>FY 2026 Enacted</b>		<b>FY 2027 Request</b>	
<b>Full Time Equivalents</b>	<b>Budget Authority</b>	<b>Full Time Equivalents</b>	<b>Budget Authority</b>
353	\$ 33,000	353	\$ 34,000

<b>STAFFING HISTORY</b> (Dollars in Thousands)		
<b>Fiscal Year</b>	<b>Salaries &amp; Benefits Request</b>	<b>Full Time Equivalents</b>
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
2020	28,000	363
2021	31,000	363
2022	32,000	363
2023	32,000	363
2024	32,000	363
2025	33,000	363
2026	34,000	353

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.

**CHANGES ANTICIPATED FOR FY 2027 APPROPRIATIONS**

**INCREASES / DECREASES BY OBJECT CLASS**

The table below describes the differences between the FY 2026 appropriation and the FY 2027 request. This budget request will allow AFRH to prioritize essential residency and support services to achieve the Administration’s government-wide management initiatives within agency operations, as well as manage staffing costs and inflationary impact in cost of care.

<b>Major Object Class</b>		<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>2026-2027 Increase / (Decrease)</b>
11	Personnel compensation	\$ 24	\$ 25	\$ 25	\$ 0
12	Personnel benefits	9	10	10	0
21	Travel & transportation	0	0	0	0
23	Communications & utilities	4	6	6	0

25	Contractual services	30	36	33	[3]
26	Supplies & materials	1	1	1	0
30	Equipment, land & structures	40	2	2	0
TOTAL		\$ 108	\$ 80	\$ 77	\$(3)
Full time equivalents		363	353	353	0

## **FUTURE BUDGETARY CONCERNS**

### ***TRUST FUND SOLVENCY***

Congress has supported elements of AFRH’s strategic plan to reach long term solvency by expanding eligibility categories to attract residents, including retired members of the National Guard and Reserves and spouses; facilitating new income from underutilized property by clarifying leasing authority; and investing in capital maintenance and improvements. Many of these strategic goal elements will require near-term and ongoing investments of funds and resources to generate long-term results, statutory and administrative changes outside AFRH’s control, and access to and flexibility of funds to reach long-term solvency.

### ***AFRH – DC 1938 WATER AGREEMENT***

On January 9, 2018, DC Water filed a lawsuit in the United States District Court for the District of Columbia which was subsequently transferred to U.S. Court of Federal Claims on September 12, 2018. The lawsuit alleges non-payment for sewer services that DC Water provides to the buildings on AFRH-W’s grounds. DC Water alleges that the fair market value of the services provided to AFRH since January 22, 2010 thru 2018 is \$12,000,000. DC Water has also requested charges from 2019 thru the present year. Both DOW and AFRH believe the 1938 agreement is valid. On September 10, 2021 the court ruled that AFRH is required to pay FY2021 sewer charge (\$1,747,090.49 estimate) and future charges should DC Water bill AFRH correctly in accordance with the DC Public Works Act of 1954, Pub. L. No. 83-364, 68 Stat. 101, 83rd Cong. (1954). AFRH disputes the FY2021 sewer estimate submitted for payment and is litigating the issue to arrive at the correct amount to be charged. The Court also determined that sections 106 (water) & 212(sewer) of the D.C. Public Works Act of 1954 are money mandating provisions and threaten the 1938 Agreement without a specific exemption clause for AFRH. AFRH filed a motion for reconsideration. On December 14, 2023, DC Water filed a motion for Stormwater fees and sewer charges (FY21-24) in excess of \$4,000,000. Notable sections for exemption are 1954 Act., Pub. L. No. 83-364, 68 Stat. 101, §§ 106, 206, 212(a); Pub. L. No. 91-650, 84 Stat. 1931, § 105(b). On July 3, 2024, the court awarded sewer charges from the 2019 Estimate (633K + interest etc.). The court further reasoned that the 1954 Public Utilities Act abrogated the exchange in the 1938 Agreement. Notice of appeal was filed with the court on September 10, 2024. The appeal is Case No. 24-2293 (Fed. Cir). Separately, AFRH continues to dispute Stormwater charges in Case No. 23-2127C in the Court of Federal Claims.

## APPENDIX 1: FUNDING HISTORY

SPENDING AUTHORITY 1992 TO PRESENT					
(Dollars in Thousands)					
Fiscal Year	Operate and Maintain	Construction and Renovation	Total Regular Appropriations	Special Appropriations	
1999	55,028	15,717	70,745		
2000	55,599	12,696	68,295		
2001	60,000	9,832	69,832		
2002	61,628	9,812	71,440	\$ 5,200	<sup>1</sup>
2003	62,244	5,769	68,013		
2004	63,296	1,983	65,279		
2005	57,624	4,000	61,624	6,000	<sup>2</sup>
2006	57,033	1,248	58,281	65,800	<sup>3</sup>
				176,000	<sup>4</sup>
2007	57,033	1,248	58,281		<sup>5</sup>
2008	55,724		55,724	800	<sup>6</sup>
2009	54,985	8,025	63,010		
2010	62,000	72,000	134,000		
2011	69,200	2,000	71,200		
2012	65,700	2,000	67,700	14,630	<sup>7</sup>
2013	65,590	2,000	67,590		
2014	66,800	1,000	67,800		
2015	63,400	1,000	64,400		
2016	63,300	1,000	64,300	20,000	<sup>8</sup>
2017	63,300	1,000	64,300	22,000	<sup>8</sup>
2018	63,300	1,000	64,300	22,000	<sup>8</sup>
2019	63,300	1,000	64,300	22,000	<sup>8</sup>
2020	63,300	12,000	75,300	22,000	<sup>8</sup>
				2,800	<sup>9</sup>
2021	66,300	9,000	75,300	22,000	<sup>8</sup>
2022	68,000	7,300	75,300	25,000	<sup>8</sup>
2023	68,060	7,300	75,360	25,000	<sup>8</sup>
				77,000	<sup>11</sup>
2024	68,060	8,940	77,000	25,000	<sup>8</sup>
2025	68,060	8,940	77,000	25,000	<sup>8</sup>
				31,000	<sup>11</sup>
				6,000	<sup>12</sup>
2026	77,928	2,072	80,000	27,000	<sup>8</sup>

<sup>1</sup> \$5,200,000 grant from DOD available until September 30, 2002 for 9/11 recovery

<sup>2</sup> \$6,000,000 transfer from DOD Operation and Maintenance Defense-Wide for Hurricane Katrina recovery

<sup>3</sup> \$65,800,000 General Fund payment available until expended for Hurricane Katrina recovery

<sup>4</sup> \$176,000,000 General Fund payment available until expended for AFRH-Gulfport replacement

<sup>5</sup> In 2007 the government operated under a series of Continuing Resolutions

<sup>6</sup> \$800,000 General Fund payment available until expended

<sup>7</sup> \$14,630,000 General Fund payment available until expended for earthquake recovery

<sup>8</sup> General Fund payments to support operations

<sup>9</sup> \$2,800,000 CARES Act General Fund payment available through FY21 for COVID-19 response

<sup>11</sup> General Fund payment available until expended for AFRH-W Sheridan Building renovation

<sup>12</sup> \$6,000,000 One Big Beautiful Bill Act supplemental funding available through September 30, 2029.

## APPENDIX 2: CURRENT / PROJECTED RESIDENTS

CURRENT / PROJECTED RESIDENTS			
	ACTUAL FY 2025	ESTIMATED FY 2026	ESTIMATED FY 2027
Domiciliary Care	560	570	570
Healthcare	136	145	145
Total Residents	696	715	715

## 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 DOW and Veterans Affairs health facilities near each campus. Though an independent establishment, AFRH is under the control and administration of the Secretary of Defense.

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 Creative Minds International Public Charter School.

## ORGANIZATIONAL CHART



## APPENDIX 5: 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, AFRH
COO	Chief Operating Officer, AFRH
DCOP	District of Columbia Office of Planning
DOD	Department of Defense
DOW	Department of War
FTE	Full Time Equivalent
FY	Fiscal Year
NCPC	National Capital Planning Commission