ARMED FORCES RETIREMENT HOME

CONGRESSIONAL BUDGET JUSTIFICATION

FISCAL YEAR 2021

Submitted to the 116th 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
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PROPOSED FISCAL YEAR 2021 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, [$75,300,000,] $70,300,000, to remain available until September 30, 2022; of which [$12,000,000] $6,000,000 shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home-Washington, District of Columbia, and the Armed Forces Retirement Home-Gulfport, Mississippi: Provided, That of the amounts made available under this heading from funds available in the Armed Forces Retirement Home Trust Fund, $22,000,000 shall be paid from the general fund of the Treasury to the Trust Fund.

FISCAL YEAR 2021 BUDGET REQUEST

The Armed Forces Retirement Home (AFRH) fiscal year (FY) 2021 operating budget request is $70,300,000 in total budget authority and 363 full-time equivalent (FTE) personnel.

AFRH's operation and capital improvement expenditures are supported from funds appropriated by Congress and withdrawn from the AFRH Trust Fund. The FY 2021 operating budget request supports AFRH's mission to provide independent living and upper levels of care for retired and certain former enlisted, limited duty officers and warrant officers of the Armed Forces, many of whom are disabled and have lower incomes. AFRH will continue to pursue operating efficiencies to absorb anticipated cost of living increases in Federal salaries and contracts as well as additional residents advancing to upper levels of care, however, many AFRH services are mandated 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. AFRH has identified and prioritized critical projects from its $135 million deferred maintenance backlog to address in the coming years.

Since FY 2015, AFRH has had to rely on transfers from the General Fund to fund operations due to substantial declines in a key revenue source: fines and forfeitures from active duty military members. Since FY 2018, AFRH leadership has worked to identify new sources for revenue opportunity and has sought organizational efficiencies. These efforts, combined with Congressional support at $22,000,000, are intended to help re-build the Trust Fund.

REQUEST FOR GENERAL FUND SUPPORT

Despite general fund transfers in FYs 2016-2020, and improvement in the trust fund balance, dedicated income streams and initiatives to generate additional revenue and cut costs are not yet sufficient to support FY 2021 operating expenses. Therefore, in FY 2021 AFRH requests $22,000,000 be transferred from the General Fund of the Treasury to the AFRH Trust Fund, without which the AFRH will not have sufficient income to offset non-discretionary outlays and will therefore draw on the Trust Fund balance to support operations. AFRH and DOD are working diligently to generate additional revenue and operating efficiencies without disrupting services to residents. If these initiatives are successful, general fund support in future years is expected to be reduced or eliminated

REQUEST FOR TWO YEAR AVAILABILITY OF FUNDS

The AFRH is an independent establishment in the executive branch with its funding derived through a Trust Fund as defined under 24 USC 419, with amounts in that Fund remain available solely for the operation of the Retirement Home. These funds have been appropriated in one-year increments and new obligations against those funds are not available to the Home after the fiscal year ends.

AFRH operations are continuous and funds from one year to the next have been unavailable to align funding with operational continuity requirements. AFRH is a residential facility focused on delivering healthcare to seniors and its operational requirements which include life-saving medical care and nursing services continue 24/7, which means that AFRH operations do not cease during a lapse or delay in funding. The absence of continuity in funding has caused safety issues which has included an inability to acquire medical supplies and to make urgent equipment or facility repairs. It also creates an impediment to response capabilities in case of emergencies. The majority of operational obligations and commitments occur in the beginning and end of the fiscal year. This is also when AFRH must ensure sufficient contingency funds are available to address needs in the event of a hurricane which coincides seasonally with the Federal fiscal year. To mitigate this risk and ensure approved funding can be fully utilized, in FY 2021 AFRH requests two-year availability of funds.

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)

SOLVENCY PLAN

In July 2018, AFRH leadership, with guidance and support from DOD, developed a three-year strategic plan focused on stabilizing the organization and restoring the long-term sustainability of the trust fund. A summary table of the goals, objectives, and initiatives established in that plan is provided on the next page.

Summary Table, AFRH Strategic Plan 2020-2022

Strategic Goal	Objective	Initiative
1	Strategic Goal 1 – Quality Care First and Always	
1.1	Achieve an occupancy rate of 90 percent or better	
1.1.1	Expand eligibility criteria to serve additional veterans	
1.1.2	Admit spouses when space is available	
1.1.3	Modernize residential facilities	
1.2	Reorganize healthcare services for optimum income potential	
1.2.1	Ensure staffing is right-sized and professionally diverse	
1.2.2	Develop plans for care gaps in skilled nursing	
2	Strategic Goal 2 – Stewardship at Our Core	
2.1	Manage assets productively	
2.1.1	Develop a strategic asset management plan	
2.1.2	Execute a ground lease on the AFRH-Washington development zone	
2.1.3	Commission a feasibility study for the historic Grant Building and develop a plan for its restoration and use	
2.1.4	Generate additional rent from underutilized buildings, quarters, and ancillary uses	
2.2	Transition to a cost-based resident fee model	
2.2.1	Implement service cost budgeting	
2.2.2	Reform hardship assistance and gross income calculations	
2.2.3	Expand cost transparency	
2.3	Improve budgeting and financial management	
2.3.1	Implement operational-level budget formulation and execution processes	
2.3.2	Include financial management as a factor in employee performance evaluations	
2.4	Streamline administrative activities	
2.4.1	Evaluate interagency agreements for administrative services	
2.4.2	Consolidate or eliminate recurring requirements	
2.4.3	Improve policymaking processes	
3	Strategic Goal 3 – Constantly Evolving	
3.1	Continue to reform leadership and succession planning	
3.1.1	Transition procurement oversight and other functions to the Deputy COO	
3.1.2	Establish new leadership positions to promote reform	
3.2	Improve staff recruitment, engagement, and retention	
3.2.1	Communicate and coordinate	
3.2.2	Leadership and professional development	
3.3	Establish gifts and estates as a major source of support	
3.3.1	Refine gifts and estates structures, policies, and procedures	
3.3.2	Develop a fundraising capacity	
3.3.3	Build fundraising partnerships	
3.3.4	Develop an estate program	

The previous financial model has been insufficient to cover AFRH annual expenditures, resulting in annual withdrawals from available trust fund balances and appropriated support from the General Fund of the Treasury for fiscal years 2016-2020. This occurred due to: AFRH's largest revenue stream, fines and forfeitures, declining 49 percent since FY 2009; active duty withholding declining by 11 percent due to multiple factors; investment income declining by over 90 percent; and facility construction. The trust fund balance has been depleted to the point where it can no longer support AFRH operations and must be restored through a series of reforms over multiple years to create a sustainable path for the future of the institution and the mission it serves.

Improving Leadership and Management

During FY 2019, DOD and AFRH continued actions to improve leadership and management focused on services to residents. Both campuses have new ombudsmen dedicated to improving the resident experience and raising issues to management and the Washington campus hired a retired Air Force colonel to fill a critical vacancy for its Chief of Healthcare Services.

Leveraging AFRH for New Long-Term Revenue

In 2008, following years of effort, the National Capital Planning Commission approved a master plan for the AFRH-Washington campus in coordination with the District of Columbia Government and the Advisory Council on Historic Preservation allowing over four million square feet of mixed-use building development on 77 acres of the eastern portion of the campus with the goal of generating leasing revenue for the AFRH. Actual development of the property ceased after negotiations with the selected developer stalled due to its bankruptcy following the 2008 financial crisis and management did not strategically plan for the future of AFRH solvency.

Since 2008, AFRH's attempts to restart development activities proved unsuccessful due to continued weakness in the real estate market and inability to execute statutory leasing authority with the DOD. In 2017, Congress adopted a legislative proposal which clarified leasing authority to allow development to begin in earnest. AFRH submitted an amendment to the master plan including additional acreage to the development zone encompassing a decommissioned heating plant, bringing the total land area for development to 80 acres.

AFRH issued a request for proposals in May 2018 which encouraged plans that maximize revenue while providing enhancements for AFRH residents and the surrounding community. AFRH received responses in October 2018 and, with support from the General Services Administration, announced the selection of a development team in November 2019. Lease and zoning and entitlement process negotiations are underway and expected to continue through FY 2020.

In addition to the development zone, AFRH leadership continued initiatives in fiscal year 2019 to generate revenue from existing property assets and other means, including:

- Parking: Late in FY18 AFRH initiated a lease agreement with the VA realizing $435,000 in annual revenue. AFRH issued a second agreement in FY19 to lease over 300 additional parking spaces in the development zone to MedStar Washington Hospital Center, adding an additional $435,000 in annual revenue.
- Special Events: AFRH extended its pilot program with the Lincoln Cottage Foundation for revenue-sharing on event rentals in several Washington campus venues for a second year.
- Other Leases and Agreements: AFRH is evaluating all other exchange and non-exchange revenue opportunities with current pending commitments of approximately $360,000.

IMPLEMENTING A SUSTAINABLE RESIDENT FEE MODEL

AFRH's mission is to serve our Nation's eligible veterans regardless of their ability to pay for the services they receive. Low- to moderate-income housing is underserved in the seniors housing market overall, but particularly in the Washington metro area, and AFRH fills some of that demand. The median income of AFRH residents was $44,000 in November 2018. However, resident fees are capped by law at a percentage of income or a maximum monthly amount. Seventy-six percent of current residents are housed in the independent living level of care. In fiscal year 2018, the maximum fee was the lower of 40 percent of gross income or $1,458 monthly ($17,496 annually) while AFRH's average cost per independent living resident was $3,054 monthly ($36,648 annually), resulting in an annual subsidy of at least $19,500 per resident including 25 percent of residents with gross incomes above $58,000.

In April 2018, AFRH announced a new resident fee structure which would have tied maximum fees to the cost for each level of care; increased percentage-based fees in independent living and assisted living; and decreased percentage-based fees in long-term care and memory support. Congress responded to the proposal in the FY 2019 National Defense Authorization Act by agreeing with the cost-based approach to maximum fees, but required a three-year phase-in and authorized relief for residents unable to afford increased fees. The first phase of the plan took effect in January 2019, with independent living fees rising from 40% to 46.7% of income and the maximum fee rising from $1,458 to $1,990. After analyzing occupancy trends and further feedback from residents, in January 2019 AFRH management announced a further revision to the fee structure, extending the phase-in for current residents from three years to five and freezing the independent living percentage-based fee at 46.7%. To bolster occupancy rates, in September 2019 AFRH management announced that maximum fees would not increase in January 2020 as previously scheduled.

USING NEW TOOLS

- Soliciting Contributions: AFRH received legislative authorization in the FY 2019 National Defense Authorization Act to solicit gifts and donations. While AFRH could previously accept gifts, including estate gifts from residents and others, legislation did not allow soliciting contributions although many other Federally-chartered entities have such authority. Private giving is a key funding source for non-profit retirement communities and veteran service organizations, an opportunity which AFRH had been unable to pursue. In January 2019 AFRH executed a fundraising consulting contract to develop a fundraising strategy. Initial outreach to certain regional and national parties with an interest in supporting veterans is underway while AFRH works to improve its website and marketing materials to attract philanthropic support.
- Healthcare Reimbursements: AFRH management worked closely with DOD throughout 2018 and 2019 to develop a legislative approach that would facilitate AFRH receiving reimbursement for approximately $25 million in healthcare expenditures. As a Federal agency, AFRH is currently unable to receive reimbursement from sources such as Medicare, Medicaid, TRICARE, and Veterans Health Benefits. AFRH residents are effectively paying twice for healthcare: once through these earned benefit or paid premium programs, and in some cases through private insurance, and twice through AFRH resident fees which include are mandated to include primary medical, dental, and a continuum of care.

TRIENNIAL INSPECTION UPCOMING

In 2018 the DOD Inspector General completed its last statutorily mandated triennial inspection of all AFRH operations. The next triennial inspection is anticipated in FY 2021.

FISCAL YEAR 2019 PERFORMANCE

In fiscal year 2019 AFRH successfully executed two of its four agency strategic goals: embracing resident-centered care and promoting staff-centered environments. Performance fell short in the two remaining strategic goals:

- Maintaining Exceptional Stewardship: While AFRH technically met its performance metrics to achieve an even balance of budgetary resources versus obligations and for positive growth in the trust fund, it would not have done so without the $22 million appropriated transfer from the general fund. For that reason, AFRH leadership does not consider the goal met and is working diligently to identify new sources of revenue, operating efficiencies, and legislative proposals to return the trust fund to long-term solvency.
- Leveraging External Stakeholders: AFRH continued outreach efforts to attract new residents and boost occupancy, however new admissions did not keep pace with departures—some of which were attributable to the revised resident fee structure announced in April 2018 which went into effect January 2019. As a result, AFRH did not achieve the stated performance metric of a 5% increase in occupancy over the previous year; however, much work has been done to evaluate these trends improve occupancy performance.

For further information on AFRH performance and initiatives, see the Performance and Accountability Report for Fiscal Year 2019 at https://www.afrh.gov/PAR/2019PAR.

BUDGET DETAIL

ARMED FORCES RETIREMENT HOME
SPENDING AUTHORITY BY ACTIVITY
(Dollars in Thousands)

	FY 2019 Enacted	FY 2020 Request	FY 2020 Enacted	FY 2021 Request	FY 2020-2021 Increase / (Decrease)
Operation & Maintenance Authority	$ 63,300	$ 63,300	$ 63,300	$64,300	$ 1,000
Construction & Renovation Authority	$ 1,000	$ 1,000	$ 12,000	$ 6,000	($ 6,000)
Total Authority	$ 64,300	$ 64,300	$ 75,300	$ 70,300	($ 5,000)
Full-Time Equivalent Personnel	336	363	363	363	0

SALARIES & RELATED EXPENSES

AFRH's FY 2021 budget request for salaries and related expenses fully supports the agency's mission requirements. AFRH identified cost savings opportunities to support a straight-line budget while absorbing anticipated increases in Federal salaries and benefits.

SALARY & RELATED EXPENSES
(Dollars in Thousands)

FY 2020 Appropriated		FY 2021 Requested	
Full Time Equivalents	**Budget Authority**	**Full Time Equivalents**	**Budget Authority**
363	$30,000	363	$31,000

Full-time Equivalent Personnel

AFRH's FY 2021 request includes a 363 full time equivalents (FTE) employment level. This provides AFRH with the ability to transition contract support positions to government FTE positions to yield savings, principally by reducing overtime.

STAFFING HISTORY (Dollars in Thousands)		
FISCAL YEAR	SALARIES & BENEFITS	FTE
2007	$ 22,460	288
2008	24,043	283
2009	21,120	268
2010	21,589	252
2011*	25,019	280
2012	23,876	278
2013**	23,910	278
2014	22,976	275
2015	23,427	269
2016	24,820	293
2017	28,170	285
2018	28,695	336
2019	29,000	336
2020	30,000	363
2021	31,000	363

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 2021 APPROPRIATIONS

Increases / Decreases by Object Class

The table below describes the differences between the FY 2020 appropriation and the FY 2021 request. This budget request will allow AFRH to continue providing residency and support services to achieve the Administration's government-wide management initiatives within agency operations, as well as manage to staffing costs and inflationary impact in cost of care.

TOTAL BUDGET BY OBJECT CLASS (Dollars in Millions)				
Major Object Class		FY 2019 Obligated Expenditures	FY 2020 Appropriated	FY 2021 Requested
11	Personnel Compensation	$ 20	$ 23	$ 24
12	Personnel Benefits	8	7	7
13	Benefits, Former Personnel	0	0	0
23	Communications & Utilities	5	4	4
25	Other Services	28	28	28
26	Supplies & Materials	1	1	1
32	Land & Structures	1	12	6
TOTAL BUDGETED		$ 63	$ 75	$ 70
TOTAL FULL-TIME EQUIVALENTS		285	363	363

- Personnel Compensation and Full-Time Equivalents: Increases support estimated for Federal pay increases included in the Administration's pay assumptions.
- Communications & Utilities: Reflects increases in Campus utility rates for both sites.
- Other Services: Reflects inflation factors included in contract agreements, and new contract actions to support and fulfill strategic plans.
- Supplies & Materials: Reflects the need for updating materials that support marketing including publication materials, advertising, and website updates.

FUTURE BUDGETARY CONCERNS

SUSTAINING CAPITAL INVESTMENTS AND MAINTENANCE

Between FY 2015 and FY 2020, AFRH operated with a $1,000,000 annual budget for capital construction and renovation. The net balance sheet value of our property, plant, and equipment (PP&E) was $307.819 million as of June 30, 2019, after a $102.407 million accumulated amortization/depreciation. This equated to a capital expenditure ratio of only .325%. By comparison, a 2016 senior living industry report showed average capital expenditures per unit of $6,151[1] for continuing care retirement communities nationwide. At $1,000,000 per year, AFRH has only had $900 available to invest in each of its 1,100 units.

AFRH management is concerned that capital investment of a fraction of one percent annually is not sustainable given the 24-hour operation of our facilities and the age and historic significance of our Washington property. Outdated and deteriorating facilities have a negative effect on AFRH's ability to attract and retain residents and low occupancy levels exacerbate AFRH's financial problems by reducing fee income and driving higher fixed costs per resident.

In addition, AFRH's total deferred maintenance currently stands at an estimated $135 million, including $15 million in mandated life and safety improvements and $500,000 in recurring annual expenses to support leasing of underutilized property and other requirements. If unaddressed, this backlog will threaten our continued operation and force more expensive replacements in future years. To begin addressing these needs, in FY 2020 Congress authorized $12 million to be drawn from the Trust Fund for capital investments. The following table lists top projects by dollar value and priority.

Top 5 Projects by Dollar Value		Top 5 Projects by Priority	
Sherman Bldg—All Updates	$ 39,700,000	Electrical Infrastructure	$ 7,500,000
Sheridan Bldg—All Updates	22,700,000	Water and Sewer Infrastructure	6,500,000
Roads and Parking Improvements	9,600,000	Sheridan Bldg—Roof Replacement	1,800,000
Electrical Infrastructure	7,500,000	Sheridan Bldg—Elevator Replacement	1,700,000
Gulfport Building Updates	6,800,000	Chiller and Water Pump Replacement	1,500,000

Capital Maintenance and Replacement

AFRH has delayed urgently needed repairs and replacements to infrastructure systems which directly affect life safety. Without aggressive capital investments, AFRH will not be able to maintain safe, efficient, and habitable facilities. Priority project include:

- Electrical Infrastructure. Replace 1950's power distribution and switch gears for parts that are no longer manufactured.

[1] "Actual vs. Budgeted Capital Expenditures Per Available Unit by Property Type" (Table 12.7A, p. 85), *State of Seniors Housing 2016,* American Seniors Housing Association.

- Water and Sewer Infrastructure. Replace 80+ year old leaking underground piping for entire campus.
- Sheridan Building Roof and Elevators. Replace original 59-year-old leaking roof and elevator equipment for main residential building on Washington campus.

Capital Improvements

AFRH's limited maintenance budget has led to unattractive living quarters in poorly maintained condition which deters paying tenants and financially capable residents. Comparatively small investments can substantially improve marketability for these valuable assets. AFRH intends to integrate some of these updates and renovations with the necessary safety and health projects on the deferred maintenance list. While items on the deferred maintenance list are required by OSHA and accreditation requirements, the primary driving force is the government's responsibility to maintain a safe and healthy environment for the disabled veterans in its care, and to sustain the infrastructure that supports them. The improvements highlighted below represent an example of urgent and time-sensitive needs.

Resident Room Improvements. The 2019 National Defense Authorization Act approved AFRH to admit spouses with their eligible veterans. Resident rooms at the Washington campus are currently designed for single occupancy with only 280 square feet per room. To support the anticipated arrival of couples, the Washington campus needs to convert rooms by combining single rooms into larger rooms capable of accommodating couples. One prototype reconfiguring two single rooms into one couples room is complete and a second prototype to reconfigure three single rooms into two couples' rooms is underway. Additionally, single resident rooms were last updated in the 1990's. Outdated and deteriorating bathroom fixtures, electrical components, and flooring are in need of replacement. In FY 2021, AFRH's intention is to modernize or convert 87 of the Sheridan Building's 486 existing rooms at a total cost of approximately $2.6 million to help support occupancy goals and strategies. In FY 2021, AFRH's intention is to modernize or convert 87 of the Sheridan Building's 486 existing rooms at a total cost of approximately $2.6 million to help support occupancy goals and strategies.

- Government-Owned Quarters Investments. With an investment of $300,000 in four government-owned quarters, AFRH projects to increase annual rental income from $39,720 to $115,200, a 25 percent return on investment in the first year. AFRH recently invested $30,000 updating one vacant government-owned quarters. When last leased the quarters earned $1,590 rent per month. After improvement it leased for $3,500 rent per month, a 120 percent increase and a 76 percent return on the $30,000 investment in the first year.

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 spouses; clarified leasing authority to facilitate new income from underutilized property; permitted solicitation of gifts; and tying maximum fees to cost of care. Many of these strategic goal elements will require near-term investments of cash and resources to generate long-term returns, and AFRH management's access to and flexibility of funds will be critical to reaching solvency without continued General Fund appropriations. AFRH management understands and agrees with Congress' desire to impose spending limits on Trust Fund assets, however we are working to resolve a number of resulting challenges:

- The mandatory nature of our round-the-clock operations and expenses to preserve the health and safety of our high-risk residents
- Operation and maintenance authority frozen at $63.3 million since FY 2016 while AFRH continues to absorb inflation increases in personnel compensation and operating costs
- High levels of resident services mandated by statute and settlement, restricting cost savings opportunities or aligning to industry standards

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 is $12,000,000. Both DOD and AFRH believe the 1938 agreement is valid, and covers the cost of sewer services. Should DC Water's claim be approved, this would represent a liability against the Trust Fund or a claim against appropriated dollars.

APPENDIX 1: FUNDING HISTORY

FUNDING HISTORY 2007 TO PRESENT (Dollars in Thousands)									
Fiscal	Operation & Maintenance			Construction & Renovation			Total		
Year	Requested	Authorized	Appropriated	Requested	Authorized	Appropriated	Requested	Authorized	Appropriated
2007	$ 54,846	$ 54,846	$ 54,846	$ 0	$ 0	$ 0	$ 54,846	$ 54,846	$ 54,846
2008	55,724	56,524	55,724	0	0	0	55,724	56,524	55,724
2009	54,985	54,985	54,985	8,025	8,025	8,025	63,010	63,010	63,010
2010	62,000	62,000	62,000	72,000	72,000	72,000	134,000	134,000	134,000
2011	69,200	69,061	69,061	2,000	1,996	1,996	71,200	71,057	71,057
2012	65,700	65,700	65,700	2,000	2,000	16,630	67,700	67,700	82,330
2013	63,814	65,590	63,814	1,946	2,000	1,946	65,760	67,590	65,760
2014	66,800	66,800	66,800	1,000	1,000	1,000	67,800	67,800	67,800
2015	62,400	62,400	62,400	1,000	1,000	1,000	63,400	63,400	63,400
2016	63,300	63,300	63,300	1,000	1,000	1,000	64,300	64,300	64,300
2017	63,300	63,300	63,300	1,000	1,000	1,000	64,300	64,300	64,300
2018	63,300	63,300	63,300	1,000	1,000	1,000	64,300	64,300	64,300
2019	63,300	63,300	63,300	1,000	1,000	1,000	64,300	64,300	64,300
2020	63,300	63,300	63,300	1,000	1,000	12,000	64,300	64,300	75,300
2021	64,300			6,000			70,300		

SPECIAL APPROPRIATIONS 2007 TO PRESENT (Dollars in Thousands)		
Fiscal Year	Appropriation	Description
2008	$ 800	General Fund payment available until expended
2012	14,630	General Fund payment available until expended for earthquake recovery
2016	20,000	General Fund payment to support operations
2017	22,000	General Fund payment to support operations
2018	22,000	General Fund payment to support operations
2019	22,000	General Fund payment to support operations
2020	22,000	General Fund payment to support operations

APPENDIX 2: CURRENT / PROJECTED RESIDENTS

CURRENT / PROJECTED RESIDENTS	ACTUAL FY 2019	ESTIMATED FY 2020	ESTIMATED FY 2021
Domiciliary Care	562	618	680
Healthcare	150	158	161
Total Residents	712	776	841

Average Operating Cost per Resident by Level of Care FY 2019	
Independent Living	$ 36,643
Independent Living Plus	42,835
Assisted Living	107,634
Long Term Care	124,954
Memory Support	127,513

APPENDIX 3: AFRH ORGANIZATION

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

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

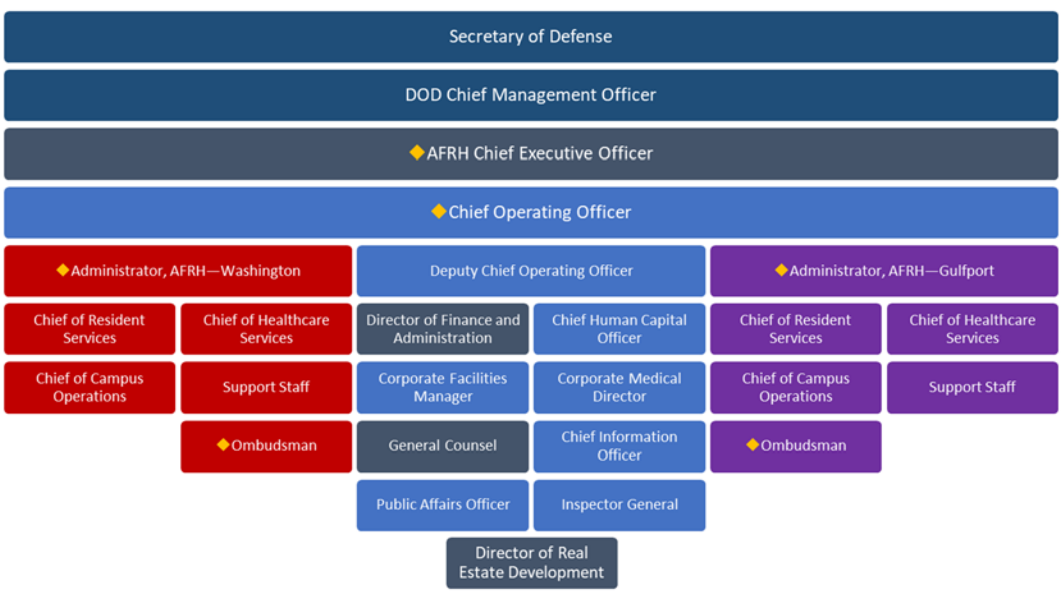
AFRH-G (GULFPORT, MS)

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

AFRH-W (WASHINGTON, DC)

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

ORGANIZATIONAL CHART



◆Denotes Secretary of Defense appointed position
Department of Defense employees in dark blue

APPENDIX 4: ACRONYMS

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