



Protecting a Promise. Renewing a Trust.

The Armed Forces Retirement Home is the premier retirement community for enlisted military retirees and veterans with locations in Washington, D.C. and Gulfport, Mississippi.

HISTORY

Congress established a home for destitute Navy officers, sailors and Marines in Philadelphia during the War of 1812. Forty years later, Congress established an “asylum” for old and disabled soldiers in Washington, D.C. The U.S. Naval Home eventually moved from Philadelphia to Gulfport, Mississippi and the U.S. Soldiers and Airmen’s Home stayed in Washington. For many years, they operated separately. Congress passed a law combining the two facilities into the Armed Forces Retirement Home 15 years ago.

KATRINA

Hurricane Katrina decimated the Gulfport campus leaving 416 veterans homeless in 2005. Due to the heroic efforts of the Home staff, the veterans were all safely evacuated – some on stretchers in a C130; the ambulatory on a fleet of 11 buses – within 24 hours. Most came to Washington where they remain. Congress is reviewing five options for the future of Gulfport.

OUR MISSION

The Armed Forces Retirement Home provides an affordable, comfortable, beautiful home for America’s heroes. The facility provides a continuum of care including outpatient dental and medical services, hospital and long term nursing care, three meals a day, private rooms, and extensive recreational facilities including a state of the art gym, a nine-hole golf course, artists’ studios and a wood working shop. The Home guarantees its retired enlisted men and women a caring and secure home in their old age.

FINANCES

The Home is an independent federal agency funded by a permanent Trust Fund. The fund is made up of the 50 cent per month payroll deductions of active duty military personnel, fines and forfeitures from the Armed Forces and investment income.

The Armed Forces Retirement Home is self-sustaining. It does not receive an annual appropriation from Congress. Several years ago, expenses outstripped revenues and began depleting the Trust Fund. In less than ten years, the Trust Fund plunged from \$156 million to \$94

million. Congress recognized the state of the Home's precarious finances and approved legislation as part of the 2002 Defense Authorization Act, granting permission to the Secretary of Defense to sell or lease land as part of an overall fiscal strategy. Congress instructed the Home to replenish the Trust Fund and put finances on a sturdier footing by leasing unused buildings and land to compatible tenants. Further, Congress required the Home to modernize and improve operations and hire professional and experienced retirement facility administrators.

FINANCIAL PROGRESS

The Home sold 49 acres of under utilized land on the Washington campus to Catholic University of America for \$22.3 million and two beachfront properties in Gulfport for \$1 million in 2004. This gave a one time boost to the Trust Fund which increased to \$118 million in 2005. The Home cannot continue to sell off its land. The Home must find savings and generate revenue in other ways. To that end, the new administrators began to implement new business processes to unify the operations of the two campuses, reduce staff redundancy and outmoded positions and find new cost effective ways to deliver services. For example, the Home is now using the Bureau of Public Debt to provide accounting, property management and web site services and has transferred its payroll and personnel work to the National Finance Center. It has realized significant savings in transportation and trash removal, grounds and facility maintenance, security and dining services. The Home is moving ahead with development of a Master Plan for use of underutilized property on the Washington campus.

WHAT COMES NEXT

AFRH has released a Request for Proposal to three short-listed developers. The developers will submit detailed development proposals which will reflect market conditions. The RFP includes many of the comments made during the Environmental Impact Statement and Draft Master Plan process.

The proposals are due in late October. AFRH will evaluate them and then select a preferred development concept. Once we do that, the Environmental Impact Statement and the Master Plan will be modified to reflect the preferred development concept. As these documents are finalized, we will be seeking public input again.

AFRH will then submit its revised Master Plan to the National Capital Planning Commission for its review in the spring of 2007.



WHY WE NEED THE MONEY

The Armed Forces Retirement Home is the nation's oldest retirement community for enlisted military veterans. The institution needs new sources of revenue to provide appropriate facilities and services to its elderly residents.

BACKGROUND

AFRH is an independent federal agency under the jurisdiction of the Secretary of Defense. AFRH relies upon its Trust Fund for operations, maintenance and construction of equipment and buildings. It receives no annual appropriation from Congress.

In 2002 Congress authorized the AFRH to use its biggest asset, its land, to replenish its Trust Fund. The Master Plan outlines a development plan to guide the institution for the next 25 years, guarantee any development generates money for the institution and be compatible with the smooth operation of a retirement community.

Previous administrators spent down the Trust Fund to pay for operational expenses. The Fund fell from \$156 million to \$94 million in less than ten years. This pattern of spending put the institution in jeopardy. To address this problem, Congress passed reform legislation in 2002 that not only authorized redevelopment of underutilized land but also directed the Defense Department to hire professional managers with experience in retirement communities to bring costs under control and run the institution.

STOPPING THE HEMORRHAGING

In the past three years, new administrators reduced the operating budget from \$76 million to \$54.7 million by cutting staff from 736 to 447, outsourcing many services, from transportation to security, and consolidating operations by closing many buildings. This stopped the hemorrhaging but did not address the long term financial needs of the institution.

AFRH operates under severe financial constraints beyond its control. The Trust Fund is financed with a 50 cent payroll deduction from active duty military, fines and forfeitures from military disciplinary actions (which vary depending upon operational tempo), fees from residents which are capped by income and interest income. The Home is restricted by law to investments in low yield Treasury bonds.

LOOKING AHEAD

Our residents are living longer and becoming frailer and sicker. AFRH needs a new ward for Alzheimer's patients now. As the Baby Boom generation reaches retirement, AFRH

anticipates increased demand for housing and specialized services. Current soldiers are returning home with injuries which would have killed them in previous wars and with high levels of Post Traumatic Stress Syndrome. AFRH will need significant funds to build new facilities to meet the changing needs of future residents and to maintain and modernize the existing aging facilities.



Who Lives at the Armed Forces Retirement Home

The Armed Forces Retirement Home provides a safe and caring haven for enlisted military veterans. The law imposes a number of restrictions upon residency and does not allow veterans to live at the facility with spouses unless those spouses meet the same qualifications.

As a result, most of our veterans are not only elderly but also alone. Most residents have no family or support structure and depend totally on the Home. Our residents take great comfort in living with other veterans and reminiscing about their active duty days. A majority spent their most productive working years in the service of our country as career military. The typical resident is a single Army veteran in his late 70's. More than half are over the age of 80. About one out of every five residents is disabled.

The law restricts residency at the Armed Forces Retirement Home to military veterans who are over the age of 60 and served in a branch of the military for more than 20 years; veterans who served in a war theater who are unable to earn a livelihood because of any disability; veterans unable to earn a living because of a service related disability and female veterans who served prior to 1948. In the future, AFRH hopes to update these conditions to reflect the current reality of a fulltime professional military. For example, it is the hope of AFRH that spouses will someday be allowed even though this will create new housing needs. It is expected that spouses will pay a market rate for housing.

There is a waiting list of several hundred veterans at this time.

AT A GLANCE

- 77 percent are age 75 or older
- 52 percent are 80 or older
- 4 percent are over 90
- 91 percent are men and 9 percent are women
- 85 percent are white (not Hispanic) and 13 percent are black
- 83 percent are single, divorced or widowed and 13 percent were married at the time they moved into the Home
- The average annual income is \$22,000; a large number have little or no income
- 42 percent served in the Army; 32 percent Air Force, 23 percent Navy; 2 percent Marine Corps; 1 percent Coast Guard
- 64 percent of the residents served in the military for more than 20 years
- 18 percent are disabled

(Information based upon a 2005 survey of residents)