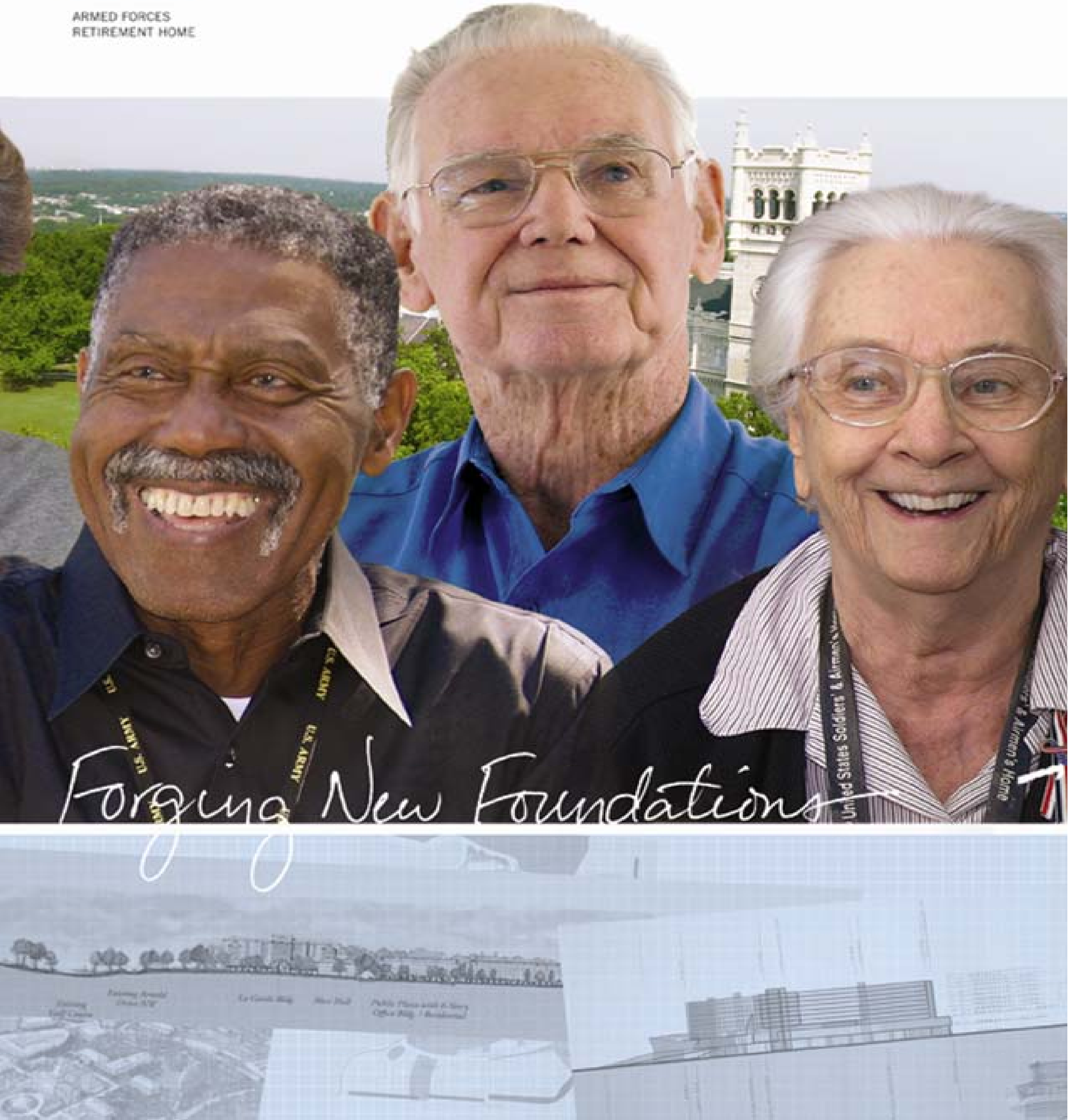
AFRH

ARMED FORCES
RETIREMENT HOME

Congressional Justification
FY 2009



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APPROPRIATION LEGISLATION

Federal Funds

[General Fund Payment, Armed Forces Retirement Home]

[For payment to the "Armed Forces Retirement Home," $800,000, to remain available until expended.] (Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008.)

Trust Funds

Armed Forces Retirement Home

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, [*$55,724,000] $63,010,000, of which $8,025,000 shall remain available until expended for construction and renovation of physical plants at the Armed Forces Retirement Home-Washington and the Armed Forces Retirement Home–Gulfport. (Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008.)*

INTRODUCTION

The Armed Forces Retirement Home (AFRH) is proud to present this Congressional Justification of $63 million for Fiscal Year 2009, which includes $8 million for capital requirements. Thanks to the support of Congress we can look forward to rebuilding our Gulfport campus, closed due to damage inflicted during Hurricane Katrina in Fiscal Year 2005. We are working closely with General Services Administration (GSA) who has been given the task by legislation to rebuild our Gulfport Home. Through two Public Laws (PL 109-148 and 109-234) Congress has authorized approximately $240 million for the rebuild of the Gulfport home. The rebuild in Gulfport is on track for completion in the last quarter of Fiscal Year 2010. As requested by Congress we are submitting a report no later than March 1, 2008, detailing the planned on-site services and how the Agency could implement the principles of the Green House approach on the Gulfport campus.

This Congressional Justification communicates our focus to develop a multiyear financial plan that ensures the Trust Fund solvency while addressing our capital requirements across the Agency. In preparation for development of a multiyear financial plan, the AFRH engaged the services of URS Corporation to conduct a facility assessment of our Washington campus to identify and estimate the costs to remedy building deficiencies for 28 structures and campus infrastructure. The study was done in the context of an anticipated lease and re-use of a substantial portion of the campus for private development. The 2006 cost to repair all deficiencies was in excess of $134 million. The largest costs are associated with the Scott Building, a primary resident dorm.

Our Congressional Justification of $63 million recognizes the benefits of renovating the Scott Dormitory Building in Fiscal Year 2010. We are requesting $5.6 million in Fiscal Year 2009 to begin the planning and design build for the renovation, and another $2.4 million for the upkeep of our facilities at the Washington campus. The Scott Dormitory was built in 1954; no major renovation of the entire building has been completed. The Scott Dormitory Building was partially renovated in 1986 and 1987 when bathrooms were installed in each room and the building was outfitted with central air conditioning. In 2007 the Home completed a 10-year capital plan that identified over $81 million in repair work for the Scott Building. In Fiscal Year 2006, 54 percent of all the work orders on the Campus were associated with the Scott Building. Work order data for Fiscal Year 2007 is incomplete, but through July 51 percent of all work orders on the Campus were associated with the Scott Building. In comparison to maintaining the building, renovating the building is estimated to cost approximately $76 million, including $70 million in Fiscal Year 2010.

We are mindful of maintaining our Washington campus population with as little disruption as possible. So, by starting the renovation of the Scott Dormitory in Fiscal Year 2010 to coincide with the opening of Gulfport in Fiscal Year 2010, we can use the Gulfport facility as “swing” space for our Washington residents during the renovations. Working with the Department of Defense and Office of Management and Budget, we have programmed $70 million in Budget Authority for the Scott Dormitory renovation in Fiscal Year 2010.

In Fiscal Year 2007 AFRH conducted a study to determine the state of the Trust Fund. This study was a snapshot of the AFRH Trust Fund for Fiscal Years 2007 through 2018. The study indicated that the AFRH Trust Fund appears strong through Fiscal Year 2018, using the base set of assumptions. The $800 thousand appropriated by Congress will be used to determine the solvency of the Trust Fund by detailed analysis of projected capital and operating costs and revenue streams. In all we do at AFRH, we are mindful to manage the resources entrusted to us in a responsible, efficient, and effective manner. In Fiscal Year 2003 our Trust Fund balance reached an all time low of $94 million; however, through our due diligence and the President’s Management Agenda our Trust Fund balance reached $159 million at the end of Fiscal Year 2007. This Justification presents complete, reliable information that demonstrates our efforts to hold both programs and financial systems to the highest standards of accountability. We have an impressive record in reducing costs and fiscal management as seen over the past few years.

Protecting a promise | Renewing a trust.

STRATEGIC PLAN FRAMEWORK

VISION:

To actively nurture the Health and Wellness Philosophy of Aging while providing our nation's heroes with a continuum of Life Care Services in a community setting.

MISSION:

To fulfill our nation's Promise to its Veterans by providing a premier retirement community with exceptional residential care and extensive support services.

GUIDING PRINCIPLES:

Establish Accountability

We expect our workforce to achieve what we promise to our residents, staff and service partners. To ensure success, we measure progress and provide feedback to our customers.

Inspire Excellence

We continuously work to improve our processes, services and delivery while striving for excellence in all we do. We expect excellence and reward it.

Honor Heritage

We honor the rich history of the US Armed Forces – from our Veterans to our victories. As such, our campus reflects that military heritage with memorabilia and tributes.

Maintain 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.

Maximize Workforce

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.

Serve Customers

Success depends on our devotion to consistently serve ever-changing customer preferences. Hence, we vow to be innovative and responsive – while offering exceptional products and services at competitive prices.

STRATEGIC GOALS

Culture of Integrity:	Inspire commitment to the AFRH Guiding Principles through mutual respect.
Exceptional Service:	Enhance the overall AFRH experience to enrich the quality of residents' lives.
Financial Growth:	Create financial net growth and stability for the AFRH Trust Fund.

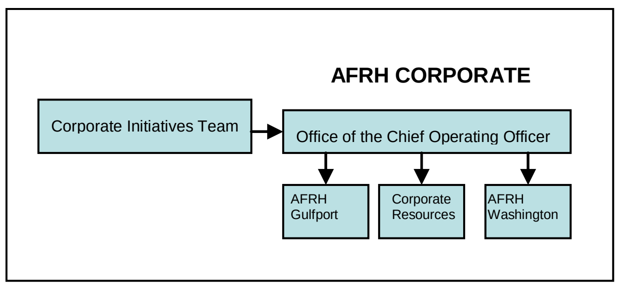
Improved Processes: Modernize internal operations to maximize & leverage resources across AFRH.

Learning & Growth: Promote personal excellence and professional growth for all personnel.

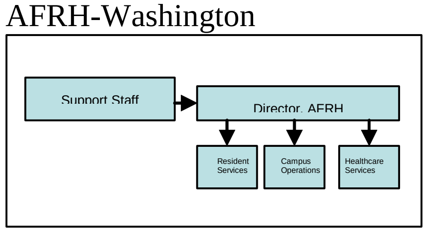
AFRH ORGANIZATION

Under 2002 legislation our standard operating environment was established when the Chief Operating Officer (COO) was appointed in September 2002, reporting to the Secretary of Defense through the Under Secretary of Defense (Personnel & Readiness). We are driven to fulfill *The Promise* to care for our retired military and to renew the Trust Fund that finances this effort. To effectively achieve this, the Agency developed a "One Model" approach (or, "One Process") for the two very diverse campuses. The desired outcomes of the "One Model" are to maintain accountability, achieve results and provide superior service to our nation's retired Veterans. The "One Model" approach calls for regular assessments of our "core competencies," plus determinations on whether to build internal capacity or competitively outsource functions.

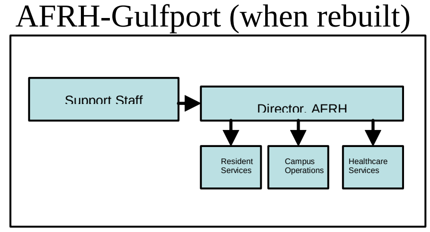
AFRH Organizational Structure:



AFRH-Washington



AFRH-Gulfport (when rebuilt)



MAJOR ACHIEVEMENTS

FISCAL YEAR 2006

Absorbed and assimilated Gulfport residents into the Washington campus
We opened the mothballed Pipes Building for our newly arrived residents. Plus we distributed clothing and personal items that were donated by numerous volunteers in 2005.

Received an unqualified audit opinion on AFRH financial statements

Implemented the AFRH Performance Management Plan
This Plan covers an 18-month performance evaluation period ending 31 December 2006.

Opened the newly constructed Health and Wellness Center in the Scott Building

Implemented the Admissions, Pre-Admissions, Clinical, and MDS modules of UltraCare software for a Resident Data Base.

Launched the AFRH Internal Control Board to meet quarterly

Transported all personal belongings of former Gulfport residents
All property that was temporarily stored in Gulfport was shipped to our residences now living in Washington and elsewhere in the US.

Received Security Certification and Accreditation for AFRH's Information Technology Enterprise Network

FISCAL YEAR 2007

Closed the Gulfport campus for rebuilding

Received the second unqualified audit opinion on AFRH financial statements

AFRH responded to serious allegations in healthcare management and oversight by an anonymous source in GAO letter to Secretary of Defense.
The allegations were found to have no merit by various inspection teams from the Secretary of Defense and independent audit by the JCAHO.

Signed a Memorandum of Agreement with GSA to rebuild the Gulfport facility as a result of legislation designating GSA as the lead for the rebuild in Public Law 109-234.

Launched Channel 99, the AFRH in-house TV station for residents

Selected Crescent Resources, LLC, as AFRH's preferred developer for the Washington Master Plan

Began transition to accreditation with Commission Accreditation of Rehabilitation Facilities (CARF)/Continuing Care Accreditation Commission (CCAC)

Opened the Scott Canteen and a Dining Kiosk in LaGarde

Worked with GSA to designate Jacobs Engineering as the Professional Engineering Services & Construction Manager for Gulfport and award the Gulfport Design-Build to Yates Construction

PRESIDENT'S MANAGEMENT AGENDA

The Performance to Praise

The President's Management Agenda (PMA) is a strategic tool to improve the management and performance of the Federal government. Since 2001, five government-wide Initiatives have been the standards against which agencies are to develop and implement action plans.

The AFRH heeds the guidance in the PMA – and we continue to make significant progress in each of these five initiatives. The Home's "Scorecards" have not officially been submitted for evaluation, but every year since FY 2004, we have conducted a self-assessment as of September 30, 2007.

The PMA Initiatives for AFRH:		
Initiative	***Status****	***Progress in Implementation****
Strategic Management of Human Capital	Yellow	Green
Competitive Sourcing	Yellow	Green
Improved Financial Performance	Green	Green
Expanded Electronic Government	Green	Green
Budget and Program Integration	Yellow	Green

**as of September 30, 2007*

As a small agency, AFRH has focused on one initiative per year. In 2007, AFRH has focused its energies on Improved Financial Performance.

IMPROVED FINANCIAL PERFORMANCE

PROGRESS: Green STATUS: Green

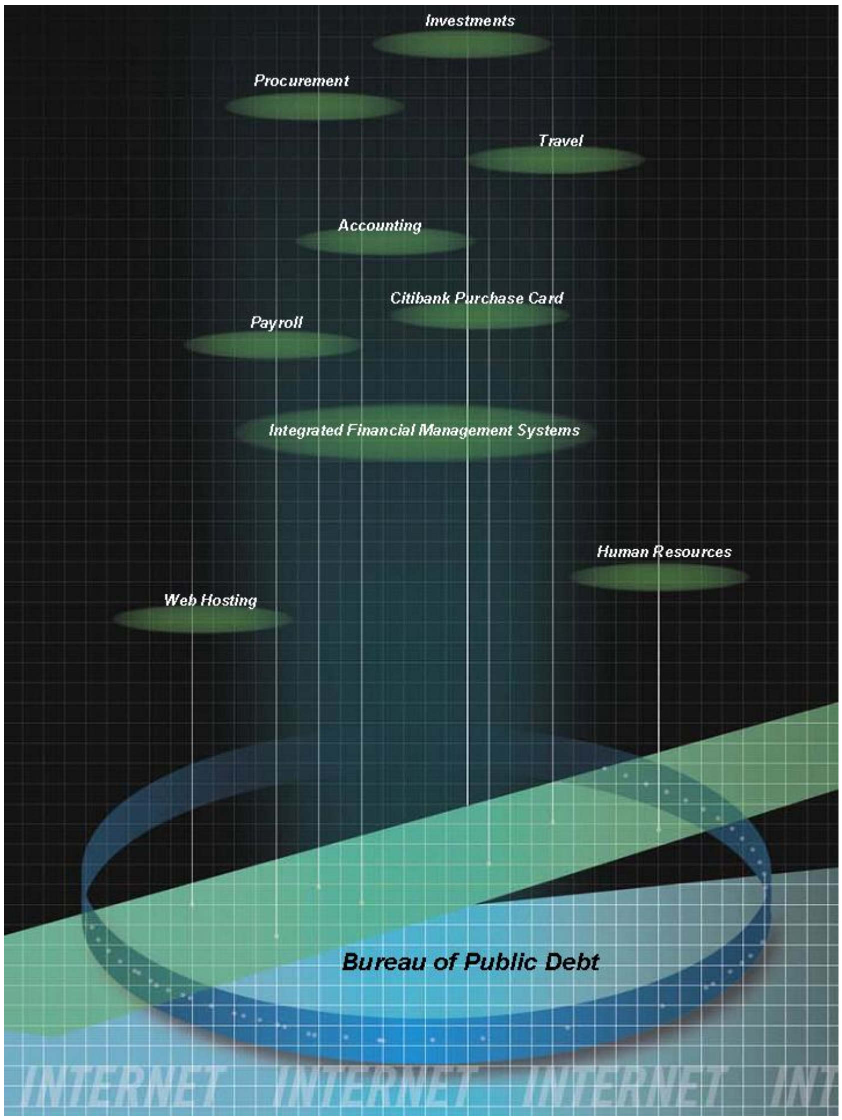
At present, progress is "Green" and we are on track. Since FY04, we have been refining our Gulfport and Washington Master Plans. With the PMA as a guide, we literally transformed the way we do business.

The Trust Fund balance has grown dramatically – rising from its low of $94 million in 2003 to $159 million in 2007. Plus, the FY07 audit produced our third straight "unqualified opinion."

AFRH has no chronic or Anti-Deficiency Act Violations, no material auditor-reported internal control weaknesses and no material non-compliance with laws or regulations. Plus our agency head has provided an unqualified statement of assurance.

We began a relationship with Bureau of Public Debt (BPD) in FY04. This partnership has been one of the cornerstones of our recent financial success. BPD gave us the key ability to balance and account for all assets, liabilities and other financial elements. BPD's management has helped us maintain and increase the balance of the AFRH Trust Fund – and pull all AFRH accounts together with sound accounting practices. AFRH did not have such in-house expertise. So, thanks to BPD's financial guidance, the Home is now in a highly stable position.

Today, we are continuing to grow and evolve. We're proud of our financial success, which has eluded AFRH in the past. With a change in thinking, a strong management team, and a clear vision, the Home is poised for continued success.



GULFPORT MASTER PLAN – REBUILD OF THE FACILITY

GSA, as the agent for the planning, design, and construction, became fully engaged in the summer of 2006. GSA appointed a program manager and visited the Gulfport site several times after the law was enacted. A Memorandum of Agreement between GSA and AFRH was signed on January 5, 2007.

The MOA calls for implementation of P.L. 109-234 to rebuild AFRH-Gulfport by demolishing the existing facility and building a new structure on the existing site. The plan is based on one option recommended by AFRH in its Special Report to Congress (dated February 28, 2006). Without the constraints of an existing structure, the new facility will be designed to better meet the needs of residents and staff, providing amenities found at comparable facilities nationwide, yet not in the existing facility.

Housing will meet health, life safety and accessibility requirements. All levels of care will be enhanced to include Americans with Disabilities Act (ADA). Ground level parking will ensure vital building systems are above flood level, for continued operations during hurricane or floods. All common areas will be located on one floor, providing greater visibility to activities and encouraging greater participation. Plus, the new construction will provide greater staff and maintenance efficiencies. Residents will return to a completed facility ready for occupancy.

GSA assessed the existing facility and program and made a recommendation that was the basis for the Memorandum of Agreement. The MOA establishes the respective responsibilities of the parties for the provision of goods and services to AFRH, through GSA, to include (and not limited to) delivering engineering, design, construction, construction management and administration, environmental, contracting and such other related goods and services and technical services.

GSA has developed the process and strategies by which this project will be managed. Design-Build is the delivery strategy. Design/Build is well suited for this project as the project is new construction and schedule sensitive. The Gulfport Campus collectively will represent one project in the context of the plan. Though the various buildings located at the site (Naval Home Chapel and Support Facilities) satisfy many different functional requirements, they may be developed under separate acquisition strategies including the use of services provided by the Naval Construction Battalion Center, Gulfport.

GSA has proceeded on schedule. In October 2006 all remaining salvageable items were removed from the campus. Military memorabilia were stored in the nearby Naval Construction Battalion (SEABEE) base. In November 2006 Gulfport officially closed its doors. In January 2007 GSA and AFRH signed the MOA to rebuild Gulfport. In February 2007 AFRH turned over the keys to GSA. In March 2007 GSA designated Jacobs Engineering as the construction manager. In August 2007 a demolition contract was awarded with a completion date of January 2008. In September 2007 Yates Construction was awarded the Design-Build contract.

GSA is committed to the successful completion of the project. GSA and AFRH are working closely together to design and build a suitable residence for retirement living. The rebuild is targeted to be completed in Fiscal Year 2010.

WASHINGTON MASTER PLAN - THE MITIGATION OF AGENCY RISK

The National Defense Authorization Act for Fiscal Year 2002 permitted us to sell, lease or otherwise dispose of underutilized buildings and property. So, AFRH launched its real estate Master Plan. This Plan forms the basis of our risk management strategy.

The Washington Master Plan focus is to preserve and improve the Home for the residents and the community. At the same time the Master Plan aims to create an additional revenue stream for the Trust Fund.

In November 2002, AFRH started an effort to determine and identify what real property is essential to the core mission of the AFRH. Using the Department of Army's Inspector General Inspection of 1999, the Most Efficient Organization Study, internal reviews and a Manning Analysis we determined what core mission requirements are and how to minimize risk to the AFRH mission. The Inspector General's inspection of 1999 also identified significant cost savings which could be achieved by better management of facilities and personnel relocation.

In the first quarter of Fiscal Year 2004 we developed our Program Assessment Reporting Tool (PART). However, with the impact of Hurricane Katrina and the closure of Gulfport in 2005, it became impossible to continue the PART analysis, since it covered both Gulfport and Washington. But, PART served as the foundation that helped us identify real property essential to the core mission of the AFRH. Through the studies and the PART, AFRH vacated identified facilities in 2003 and 2004 and the last facility in July 2005; targeted them for lease; and created a potential revenue stream for the future. The methodology of PART used space and land reductions as surrogate measures of the successful reforms that are now going on at the Washington campus of the AFRH, which served as the foundation to transform the entire agency. Leasing of excess space increases revenues and reduces operational costs, which are leading to reduced Congressional Justifications.

The Fiscal Year 2006 Congressional Justification submitted in 2005 provided a continued next step for capital funding by redefining the AFRH–Washington footprint by development of a design plan, which integrates AFRH-Washington operations (independent living, assisted living, and long-term care) into a footprint size similar to AFRH-Gulfport. The focus of the capital improvement project was a continuation and support of our initial PART's foundation in 2004. Completion of this project will reduce AFRH–Washington's square footage by 514,670. It will complete the closures of Pipes, LaGarde, Forwood, Barnes, and the Mess Hall buildings.

In June 2005 the Deputy Under Secretary, Military Community and Family Policy and the AFRH COO briefed Congressional staffers from both the Senate Armed Services Committee and House Armed Services Committee on the Washington Master Plan. As noted previously, the PART had identified what real property was essential to the core mission of AFRH and created the ability for DoD/AFRH to dispose of real property by sale, lease, or otherwise after a 120 day notification of the proposed disposal to the Committees on Armed Services of the Senate and the House of Representatives.

As reflected in our Fiscal Year 2006 Congressional Justification, AFRH partnered with many Federal agencies in an effort to achieve stated goals of the PART submission. Our primary partnerships are with the Department of Defense, Department of Treasury (Bureau of Public Debt), Department of Agriculture (National Finance Center), General Services Administration, and the Office of Management and Budget. AFRH has also partnered with private organizations such as the National Trust for Historic Preservation to steward the preservation and redevelopment of the President Lincoln and Soldiers' Home National Monument, which designates the sites role as Lincoln's presidential retreat. The long-term vision for the monument includes:

- A fully operational historic site featuring a preserved Lincoln Cottage
- A partially restored historic landscape
- A Visitor Center with amenities
- Exhibits and programs for all ages that explore the ideas and actions of President Lincoln present the context of his presidency in Civil-War Washington and document the history of the Soldiers' Home.

Resources are being allocated consistent with risk management and core mission requirements. The Program was rated as moderately effective by the Office of Management and Budget (OMB) and received the following assessment:

- The purpose of the Program is clear. Resources are being allocated consistent with risk management and core mission requirements.
- The Strategic Planning process is sound and helpful for implementation.
- Program timelines are aggressive and based on the 2005 budget. The budget-planning process is aligned with the program goals. Annual costs; cost savings; and expected revenues are included in the Budget Submission.
- Being in the process of implementation, Program Management still is being developed. The program has not fully identified how it establishes performance standards for managers incorporating program performance into personnel performance evaluation criteria.

The OMB assessment concluded the Program Results were quite satisfactory, particularly since our efforts since 2002 to reduce risk through the Master Plan had been ongoing. Additionally, the PART was highlighted in every Budget Submission and Performance and Accountability Report from Fiscal Year 2005. The PART and the Master Plan went hand in hand. The PART created the ability to reduce costs while the Master Plan capitalized on the vacancies created by the PART to bring in a new revenue stream.

GENERATING REVENUE

The Master Plan strives for new revenue to support our resident-focused care. This will help grow the Trust Fund and give us more capital to improve the campus. The Plan seeks to attract development at a fair market value that is compatible with the AFRH Mission. In summer 2005, an open dialogue with the residents and neighbors began. At the close of Fiscal Year 2006, a major milestone was reached: we chose three potential developers for the first AFRH redevelopment project. Initial revenue is planned for 2012 and is forecast to be just over $1 million. Year 2013 should yield about $14 million.

FISCAL YEAR 07 ACCOMPLISHMENTS

We passed major milestones in our plan to draw revenue from surplus real estate. The Plan contract was awarded to Crescent Resources LLC, a North Carolina-based builder, as the preferred developer for a 77-acre parcel of land. We envision the stretch of land along North Capitol Street having a small hotel, supermarket, condominiums, market-rate rental apartments, about 300 units of affordable housing plus transitional facilities for veterans. Our briefing to the National Capitol Planning Commission (NCPC) in August 07 was received well. Now, we are poised to continue on schedule with GSA as our development partner.

An artist's rendering of one proposal for the Washington Master Plan with the view of the US Capitol in the background.

Protecting a promise | Renewing a trust.

CURRENT CHALLENGES

Nearly two centuries ago, the leaders of our young nation made a Promise to care for our aging and infirm retired military personnel. This pledge would serve as a payback to soldiers for risking their lives to preserve democracy. In 1811, Congress fulfilled this Promise by passing legislation that created a home for destitute Navy officers, sailors and Marines in Philadelphia. Over the centuries, the Home has evolved into a modern retirement community: the AFRH.

Today, we continue to provide shelter and care for former enlisted Warrant Officers and Veterans as they age. This care demonstrates to today's soldiers – and tomorrow's Veterans – that their service and sacrifices *won't* be forgotten. Just as our brave young men and women helped save the world from fascism in the 20th Century, today's heroes can fight for and preserve our way of life – knowing their country will repay them for their service. Now, more than ever, the AFRH and Congress are bound to honor that original *Promise*, the Home's heritage and the tradition of the US military.

Challenge 1: Implement & manage the Scott Building renovation

Retaining residents and keeping them happy are essential to attaining our Goals of Financial Growth and Exceptional Service. Today the Scott Building in Washington is home to nearly half of our resident population. Yet, it has not been renovated in decades and desperately needs enhancements. In fact living conditions must be updated soon, if we wish to usher in new residents. Repairs will cost about $81 million, which is the greatest portion of the capital improvement estimate of $134 million. So, this endeavor will require the hands-on guidance and supervision of management. Together we must focus our efforts, plan meticulously and coordinate with all stakeholders to finish on-time and on-budget.

Challenge 2: Employ & monitor National Patient Safety Goals (NPSG)

AFRH currently has a Gold Seal of Approval™ in healthcare from Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and on-site, unannounced visits are required to maintain accreditation. AFRH faces the challenge of keeping pace with ever changing requirements in healthcare. Fortunately, the NPSGs from JCAHO help identify widespread problems – and outline evidence and expert-based solutions. So, AFRH must scrutinize its operations to adhere to these Goals.

Challenge 3: Develop succession planning for operations & management

AFRH strives to meet the PMA's "Strategic Management of Human Capital" Initiative and maintain best practices. To achieve this, the Home must develop a consolidated succession plan for all management positions. Nursing was completed in 07 – and now we must develop succession plans for campus operations, corporate support staff, IT and resident services.

Challenge 4: Transition from JCAHO to CARF/CCAC

To cover all levels of care AFRH that provides as a Continuing Care Retirement Community (CCRC), we must seek a more fitting accreditation from CARF/CCAC. In Fiscal Year 2008 we will seek initial review – so training and preparations must be carefully monitored to ensure a successful outcome.

Challenge 5: Educate stakeholders on our Mission to serve a new generation of veterans

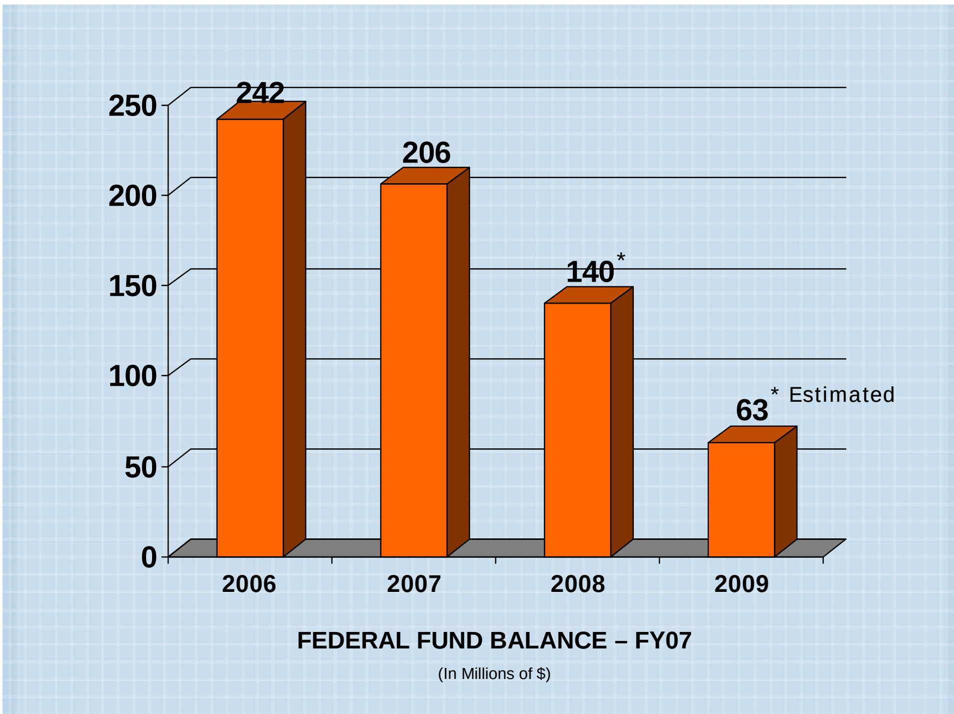
In recent years, both campuses have primarily served WWII veterans. So mental images of the "Old Soldiers' Home" and the "Naval Home" still linger with most stakeholders. Sadly, this "greatest generation" is dying at a rate of nearly 1,000 a day. Thus, AFRH must address the needs of a new generation of war heroes – those eligible veterans from Korea and Vietnam to Afghanistan and Iraq. As such, we must make major improvements such as larger rooms, more leisure activities and access to family and friends. Planning and executing the upgrades is a major challenge and calls for plenty of lead time and a shared vision. Getting constituents and Congress to share our vision is vital – and clearly articulating our plans will take time. So AFRH must provide constant updates to keep constituents apprised of our direction. This way, if policy or funding changes are required, they'll understand why … and they'll likely be supportive.

JUSTIFICATION HIGHLIGHTS

FEDERAL FUND BALANCE

In Fiscal Year 2006 AFRH received approximately $242 million in Federal Funds from the General Fund as a result of Hurricane Katrina. The rebuild of the Gulfport home is underway with a targeted completion date of 2010. The chart below reflects the estimated balance of Federal Funds as we approach the completion date for rebuild.

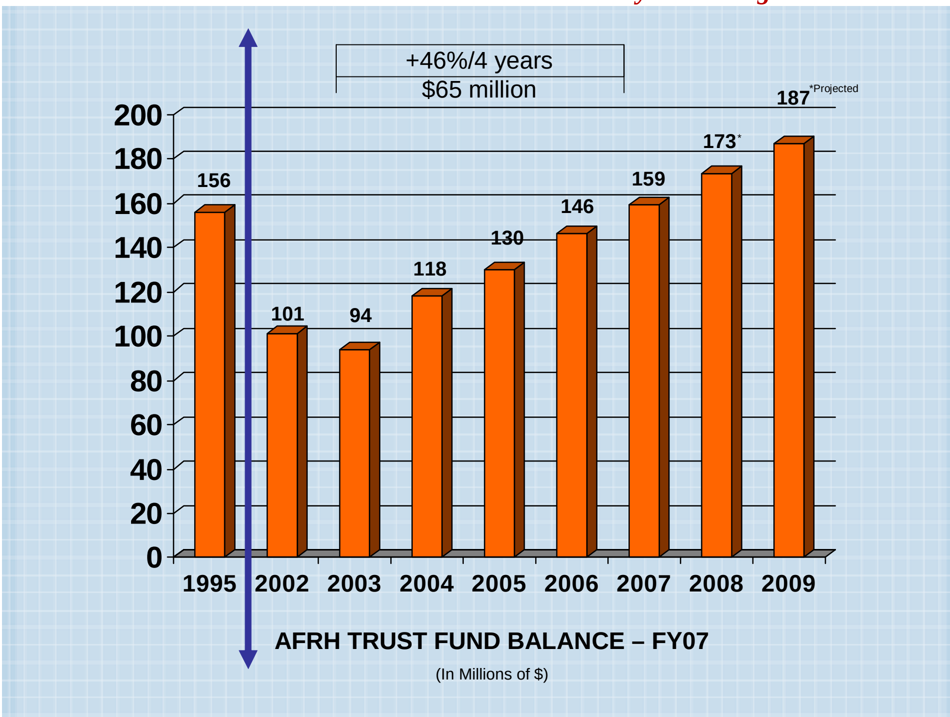
The Federal Fund Balance:



TRUST FUND BALANCE

In 2003, operating costs greatly increased over previous years – eventually outpacing our revenue. The Trust Fund balance declined from $156 million in 1995 to $94 million in 2003. Renewing it became a critical mandate to retain the Home's solvency. So, we concluded our operating model had to change. We followed the Federal government's lead for an integrated strategy – linking planning with budget and performance. From 2003 – 2007, we aggressively developed a disciplined strategic plan that netted many gains. The result: the Trust Fund balance swelled to $159 million and was still rising.

The Trust Fund Balance has been steadily increasing:



In four years the Trust Fund has grown by $65 million. By Fiscal Year 2009 the Trust Fund is projected to grow by another $28 million to a balance of $187 million. Coupled with the recent growth of the Trust Fund and the projected revenue from the Washington Master Plan the Trust Fund is postured to renovate the Scott Dormitory in 2010.

As previously discussed our Congressional Justification of $63 million recognizes the benefits of renovating the Scott Dormitory Building in 2010. We are requesting $5.6 million in Fiscal Year 2009 to begin the planning and design build for the renovation, and another $2.4 million for the upkeep of our facilities at the Washington campus.

The Washington Home presently occupies three dormitory buildings (Sheridan, Scott, and LaGarde) totaling over 867,590 square feet. After renovation the Home would occupy only two dormitory buildings (Sheridan and Scott) totaling approximately 653,590 square feet. This reduction in square feet would result in reduced cost for facility and grounds maintenance, custodial, on campus transportation, utilities, room turnover, food service operations, etc. Nurse staffing would also decreases as a result of a smaller Independent Living population. So as our independent population decreased we would see a similar decrease in other levels of care which would result in reduced costs. Statistically we would expect 13 percent of our population to be long-term care and memory support with an additional 12 percent for assisted living. Bottom line – renovation of the Scott Dormitory would reflect positive Trust Fund growth as a result of a more efficient operation.

Budget Authority

ARMED FORCES RETIREMENT HOME
BUDGET AUTHORITY & OBLIGATIONS BY ACTIVITY
($ in Thousands)

	FY07 Actual Amount	FY08 Actual Amount	FY09 Est Amount	FY08-09 Increase or Decrease Amount
O&M BUDGET AUTHORITY	$56,690	$56,524	$54,985	($1,539)
CAPITAL AUTHORITY	$ 0	$ 0	$ 8,025*	$8,025
TOTAL BUDGET AUTHORITY	$56,690	$56,524	$63,010	$6,486
TOTAL FTE's	288	302	318	16

Note: (*) Scott Dormitory renovation project includes $5.6 million in Fiscal Year 2009 for planning and design work and an additional $70 million in Fiscal Year 2010 for the renovation.

Capital Investment

ARMED FORCES RETIREMENT HOME
CAPITAL OUTLAY
($ in Thousands)

FY07 CAPITAL APPROPRIATION

TOTAL	**$0**

FY08 CAPITAL APPROPRIATION

TOTAL	**$0**

FY09 CAPITAL APPROPRIATION

Planning and Construction Management of the Scott Building	$5,635
LaGarde Building Repairs	$ 200
Sheridan Building Repairs	$ 600
Scott Building Emergency Repair	$ 200
Sherman Building Repairs	$ 410
Other Repairs (not anticipated by facility assessment)	$ 530
A/E Design Fee	$ 200
Master Plan - GSA	$ 250
Building 1 Covered by Other Repairs not anticipated by facility assessment	
ARMED FORCES RETIREMENT HOME TOTAL	**$8,025**

Summary of Changes (O&M)

ARMED FORCES RETIREMENT HOME
SUMMARY OF CHANGES (O&M)
($ in Thousands)

FY08 O&M Appropriation	$56,524	
		$56,524
FY09 O&M Request	$55,985	
		$55,985
Net Change		**($1,539)**

	FY2008 Base		FY2009 Change from Base	
	Workyears (FTE's)	Budget Authority	Workyears (FTE's)	Budget Authority
Increases:				
A. Built-In:				
1. Base Payroll Costs	302	$24,271	318	$868
2. Non-salary increases:				
Travel/Leases		$224		$47
Communications, Utilities		$4,902		$462
		$5,126		**$462**
TOTAL BUILT-IN INCREASES		**$29,397**		**$1,376**
Decreases:				
A. Built-in:				
1. Non-Salary Decreases:				
Transportation		$ 330		($21)
Supplies & Materials		$ 4,965		($815)
Equipment		$ 171		($95)
Printing and Reproduction		$ 201		($ 5)
Other Services		$ 21,626		($1,979)
TOTAL BUILT-IN DECREASES				**($2,915)**
NET CHANGE				**($1,539)**

Total Obligations by Object Class

ARMED FORCES RETIREMENT HOME

TOTAL OBLIGATIONS BY OBJECT CLASS

($ in Thousands)

		FY 07 ACTUAL	FY 08 ESTIMATE	FY 09 ESTIMATE	INCREASE (DECREASE)
11	PERSONNEL COMPENSATION*	17,188	18,617	19,306	689
12	PERSONNEL BENEFITS	5,043	5,631	5,833	202
13	BENEFITS, FORMER PERSONNEL	288	23	0	(23)
21	TRAVEL/LEASING	213	224	271	47
22	TRANSPORTATION OF THINGS	185	330	309	(21)
23	COMMUNICATIONS & UTILITIES	4,214	4,902	5,363	461
24	PRINTING AND REPRODUCTION	199	201	196	(5)
25	OTHER SERVICES*	21,625	21,460	19,481	(1,979)
26	SUPPLIES AND MATERIALS*	4,604	4,965	4,150	(815)
31	EQUIPMENT	130	171	76	(95)
32	LAND & STRUCTURES (CAPITAL OUTLAY)	0	0	0	0
42	CLAIMS	0	0	0	0
	TOTAL OBLIGATIONS	53,629	56,524	54,985	(1,539)
	NUMBER OF FTE	288	302	318	16

Note: Decreases between FY08 and 09 in “Other Services” and “Supplies and Materials” are related to the one time cost for the solvency study, $800 thousand, and the expected decrease of resident population starting in FY 08 of 1123 to a stabilized population through FY 2009 of 1054 as the Washington Campus postures for the renovation in Fiscal Year 2010. The increased labor costs in Fiscal Year 2009 are associated with FTE growth for both the renovation of the Scott Dormitory and the Standup of Gulfport Campus in Fiscal Year 2010.

Appropriations History FY 92-09

ARMED FORCES RETIREMENT HOME
APPROPRIATIONS HISTORY FY92-09
($ in Thousands)

FISCAL YEAR	DESCRIPTION	BUDGET CONGRESS	AUTHORIZED	APPROPRIATION HOUSE ALLOWANCE	SENATE ALLOWANCE	FINAL APPROPRIATION
1992	O&M	$52,178	$52,178	$50,636	$52,178	$51,407
	CO	5,473	5,473	5,473	5,473	5,473
	Total	57,651	57,651	56,109	57,651	56,880
1993	O&M	54,306	55,077	51,713	53,232	52,892
	CO	7,651	7,651	4,651	6,473	6,425
	Total	61,957	62,728	56,364	59,705	59,317
1994	O&M	54,289	56,488	53,914	53,914	53,914
	CO	5,416	5,416	5,403	5,403	5,403
	Total	59,705	61,904	59,317	59,317	59,317
1995	O&M	55,140	56,411	56,910	56,931	56,411
	CO	2,906	2,906	2,906	2,906	2,906
	Total	58,046	59,317	59,816	59,837	59,317
1996	O&M	57,069	57,069	56,135	51,898	53,931
	CO	2,051	2,051	2,051	1,857	1,954
	Total	59,120	59,120	58,186	53,755	55,885
1997	O&M	55,340	56,868	52,752	55,772	55,772
	CO	432	432	432	432	432
	Total	55,772	57,300	53,184	56,204	56,204
1998	O&M	55,452	55,452	55,452	55,452	55,452
	CO	24,525	24,525	13,217	10,000	13,217
	Total	79,977	79,977	68,669	65,452	68,669
1999	O&M	55,028	55,028	55,028	55,028	55,028
	CO	15,717	15,717	15,717	15,717	15,717
	Total	70,745	70,745	70,745	70,745	70,745
2000	O&M	55,599	55,599	55,599	55,599	55,599
	CO	12,436	12,436	12,436	12,436	12,436
	Total	68,035	68,035	68,035	68,035	68,035

FISCAL YEAR	DESCRIPTION	BUDGET CONGRESS	AUTHORIZED	APPROPRIATIONS HOUSE ALLOWANCE	SENATE ALLOWANCE	FINAL APPROPRIATION
2001	O&M	60,000	60,000	60,000	60,000	60,000
	CO	9,832	9,832	9,832	9,832	9,832
	Total	69,832	69,832	69,832	69,832	69,832
2002	O&M	61,628	61,628	61,628	61,628	61,628
	CO	9,812	9,812	9,812	9,812	9,812
	Total	71,440	71,440	71,440	71,440	71,440
2003	O&M	61,628	61,839	61,839	61,839	61,839
	CO	5,712	5,769	5,769	5,769	5,769
	Total	67,340	67,608	67,608	67,608	67,608
2004	O&M	63,926	63,296	63,296	63,296	63,296
	CO	1,983	1,983	1,983	1,983	1,983
	Total	65,909	65,279	65,279	65,279	65,279
2005	O&M	57,195	57,163	57,163	57,163	57,163
	CO	4,000	3,968	3,968	3,968	3,968
	PUBLIC LAW 109-62*	6,000	6,000	6,000	6,000	6,000
	Total	67,195	67,131	67,131	67,131	67,131
2006	O&M	57,033	57,033	57,033	57,033	56,463
	CO	1,248	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
	CO	0				
	Total	54,846	54,846	54,846	54,846	54,846
2008	O&M	55,724	61,624	56,524	56,524	56,524
	CO	0	0	0	0	0
	Total	55,724	61,624	56,524	56,524	56,524
2009	O&M	54,985				
	CO	8,025				
	Total	63,010				

Note:

(*) Supplemental funding from the General Fund as a result of Hurricane Katrina for the movement and stabilization of displaced residents from Gulfport in Fiscal Year 2005.
(**) Majority of Supplemental funding from the General Fund as a result of Hurricane Katrina for the rebuild of the Gulfport Campus.

Staffing History

ARMED FORCES RETIREMENT HOME
STAFFING HISTORY
($ in Thousands)

FISCAL YEAR	SALARIES & BENEFITS	FTE's
1993	38,215	1,045
1994	39,026	1,031
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	22,519	288
2008	24,271	302
2009	25,138	318

Note: (*) The significant reduction in FTE in 2006 was a result of Hurricane Katrina and the closure of the Gulfport Facility.

Resident Data

ARMED FORCES RETIREMENT HOME
RESIDENT DATA

	ACTUAL FY07	EST. FY08	EST. FY09
Domiciliary Care	888	825	825
Health Care	235	229	229
Total Residents	1123	1054	1054
Total Budget	$56,690,105	$56,524,000	$63,010,000
Budget Per Resident*	$50,481	$53,628	$59,782

Note: (*) Higher costs per resident in Fiscal Year 2009 are a reflection of capital requirements, $8M. Without capital requirements the operational cost per resident reflects a decrease by approximately $1,460.