

United States Code Annotated  
Title 24. Hospitals and Asylums  
Chapter 10. Armed Forces Retirement Home  
Subchapter I. Establishment and Operation of Retirement Home

24 U.S.C.A. § 419

§ 419. Armed Forces Retirement Home Trust Fund

Effective: December 31, 2011

[Currentness](#)

(a) Establishment

There is hereby established in the Treasury of the United States a trust fund to be known as the Armed Forces Retirement Home Trust Fund. The Fund shall consist of the following:

- (1) Such amounts as may be transferred to the Fund.
- (2) Moneys deposited in the Fund by the Chief Operating Officer realized from gifts or from the disposition of property and facilities.
- (3) Amounts deposited in the Fund as monthly fees paid by residents of the Retirement Home under [section 414](#) of this title.
- (4) Amounts of fines and forfeitures deposited in the Fund under [section 2772 of Title 10](#).
- (5) Amounts deposited in the Fund as deductions from the pay of enlisted members, warrant officers, and limited duty officers under [section 1007\(i\) of Title 37](#).
- (6) Interest from investments made under subsection (c) of this section.

(b) Availability and use of Fund

Amounts in the Fund shall be available solely for the operation of the Retirement Home.

(c) Investments

The Secretary of the Treasury may invest in obligations issued or guaranteed by the United States any monies in the Fund that the Chief Operating Officer determines are not currently needed to pay for the operation of the Retirement Home.

(d) Reporting requirements

United States Code Annotated

Title 10. Armed Forces (Refs & Annos)

Subtitle A. General Military Law (Refs & Annos)

Part IV. Service, Supply, and Procurement (Refs & Annos)

Chapter 165. Accountability and Responsibility (Refs & Annos)

10 U.S.C.A. § 2772

§ 2772. Share of fines and forfeitures to benefit Armed Forces Retirement Home

Effective: December 31, 2011

[Currentness](#)

**(a) Deposit required.**--The Secretary of the military department concerned or, in the case of the Coast Guard, the Commandant shall deposit in the Armed Forces Retirement Home Trust Fund a percentage (determined under subsection (b)) of the following amounts:

(1) The amount of forfeitures and fines adjudged against an enlisted member, warrant officer, or limited duty officer of the armed forces by sentence of a court martial or under authority of [section 815](#) of this title (article 15) over and above any amount that may be due from the member, warrant officer, or limited duty officer for the reimbursement of the United States or any individual.

(2) The amount of forfeitures on account of the desertion of an enlisted member, warrant officer, or limited duty officer of the armed forces.

**(b) Determination of percentage.**--The Chief Operating Officer of the Armed Forces Retirement Home shall determine, on the basis of the financial needs of the Armed Forces Retirement Home, the percentage of the amounts referred to in subsection (a) to be deposited in the trust fund referred to in such subsection.

**[(c) Repealed.** [Pub.L. 111-281, Title II, § 205\(b\)\(1\)\(B\)](#), Oct. 15, 2010, 124 Stat. 2911]

**CREDIT(S)**

(Added [Pub.L. 101-189](#), Div. A, Title III, § 342(a)(1), Nov. 29, 1989, 103 Stat. 1419; amended [Pub.L. 101-510](#), Div. A, Title XV, § 1533(a)(3), (4)(A), Nov. 5, 1990, 104 Stat. 1733; [Pub.L. 111-281, Title II, § 205\(b\)\(1\)](#), Oct. 15, 2010, 124 Stat. 2911; [Pub.L. 112-81](#), Div. A, Title V, § 567(b)(2)(B), Dec. 31, 2011, 125 Stat. 1425.)

10 U.S.C.A. § 2772, 10 USCA § 2772

Current through P.L. 113-296 (excluding P.L. 113-235, 113-287, and 113-291) approved 12-19-2014

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**ARMED FORCES RETIREMENT HOME  
CONGRESSIONAL BUDGET JUSTIFICATION  
FISCAL YEAR 2016**

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## **APPROPRIATIONS LEGISLATION**

### **ARMED FORCES RETIREMENT HOME**

#### **TRUST FUNDS**

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the Armed Forces Retirement Home-Washington, District of Columbia, and the Armed Forces Retirement Home-Gulfport, Mississippi, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, \$64,300,000, [\$63,400,000] of which \$1,000,000 [\$1,000,000] shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home-Washington, District of Columbia, and the Armed Forces Retirement Home-Gulfport, Mississippi.

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

## CAMPUSES

The original notion of an 'asylum' to care for America's former military veterans has evolved to two state of the art Continuing Care Retirement Centers (CCRC) facilities. The Home has changed from working farms and light-duty workshops to golf courses, swimming pools, community gardens, and scenic walking trails. Large institutions facilities have been replaced with intimate domiciles and open communities who welcome partnerships with the local communities.

AFRH has two locations, one in Gulfport, MS (AFRH-G) and one in Washington, DC (AFRH-W). Both AFRH facilities are comfortable and accessible homes for today's retired veterans. Each community has its own character reflecting the input of its Residents. Both Homes have modern facilities, top-notch amenities, recreational services and a small house concept in upper levels of care. The small house concept in upper levels of care contributes to AFRH's person-centered vision by meeting individual Resident needs in a home-like setting.



### GULFPORT, MS

The AFRH-G facility is located on approximately 40 acres of waterfront land on the Mississippi Sound. The resort towns of Gulfport and Biloxi as well as Keesler Air Force Base and other government facilities are in close proximity. The Gulfport community has been home to former enlisted, limited duty and warrant officer service members since 1976 when the Naval Home relocated to Gulfport from Philadelphia, PA, where it was established in 1834 as the first permanent military retirement asylum.

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

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



The AFRH-G Residents are energetic and have put their stamp on the home with military memorabilia and beautification projects. They enjoy close relationships with military, government, civilian and business associates in the area.

During 2014, AFRH-G Residents completed several key landscaping improvements on the property. Gardeners and plant enthusiasts heartily engaged in planting new trees, wild flowers, flowerbeds and adding flower boxes. As in past years, the Residents' vegetable gardens flourished.



### **WASHINGTON, DC**

The AFRH-W is located atop a hill on 272 acres in the heart of our nation's capital. The AFRH-W Campus has been home to thousands of former enlisted, warrant officer and limited duty officer service members since 1851. AFRH-W has many historic buildings including President Lincoln's Cottage, the Sherman Building (which served as one of the original dormitories), former military leaders' quarters, and the stately Grant Building. In the 19th century Residents wandered through cow pastures; today, those same fields are now our golf course. Residents have a breathtaking view of the U.S. Capitol and the Washington Monument from the Scott Building.

The AFRH-W has full amenities including an indoor swimming pool, hobby shops, a wellness center with medical care, a credit union, barber / beauty shop, a bowling center, a community room / movie theater, computer rooms, a library, and a 9-hole golf course / driving range.

AFRH-W Residents are active in ensuring the Washington facility reflects their heritage and personality. They have contributed their military memorabilia, and their artistic creations fill the

halls of several buildings with paintings depicting military events and campaigns created by Residents.

In 2014, several major landscaping projects were completed including newly planted trees, shrubs and flowers which blossomed into a comfortable and inviting space for Residents to enjoy. During nice weather, Residents gather on a quadrant and outdoor recreation areas. This newly established historic quadrangle is also used for many public events and celebrations.



The Residents Landscape Committee designed a backyard recreation area to provide additional outdoor space for the Residents complete with a bocce court, shuffleboard, a basketball hoop, a horseshoe pit, a barbecue grill and

picnic tables. This area was completed in time for the Residents to enjoy during the fall and is a popular area for Residents and their guests.

The “Lady Sheridan” Residents, working with the AFRH-W Recreation staff, have also been busy creating a more home-like entrance to the Sheridan Building. These Residents established and maintain a new flower area in the main lobby creating an inviting entrance for our Residents and their guests.

- Implementing our AFRH-W Master plan which not only reduces our footprint but will also provide additional revenue for the AFRH Trust Fund.

## **FY 2016 BUDGET REQUEST**

The AFRH provides, through our two Campuses, residences and related services for retired and certain former enlisted, Limited Duty Officer and Warrant Officers of the Armed Forces. The AFRH FY 2016 Budget Request of \$64.3M covers Operations & Maintenance and Capital Improvements for both Campuses. The AFRH FY 2016 Budget Request is adequate to support our Residents while absorbing a key cost driver—increasing our health care staff and reduce our reliance on contract personnel and federal employee overtime. The FY 2016 Budget Request will allow AFRH to absorb rising healthcare costs (our largest cost driver) while continuing to provide our Residents the services and amenities they deserve while maintaining our two Campus facilities and grounds.

Our vision is to preserve our Trust Fund and continue providing exemplary financial management by:

- Ensuring full compliance with Federal regulations.
- Maintaining our stellar performance in financial metrics with a focus on maintaining our successes in debt collection, improper payments, interest payments, and compliance with requirements for EFT. AFRH's excellent record for the past 3 years showed only one improper payment. The one improper payment identified during FY 2014 was resolved, cause identified and additional training provided for invoice approvers.
- Securing Trust Fund solvency by working with our COO, DoD partners and Advisory Council to increase revenue.
- Operating responsibly under budget reductions to ensure quality services and care for our Residents.
- Updating the AFRH Long Range Financial plan to accurately forecast out year Trust Fund Balances with the revenue changes we are currently experiencing.
- Hiring additional nursing staff for both locations to reduce our dependency on contract staff and federal overtime.

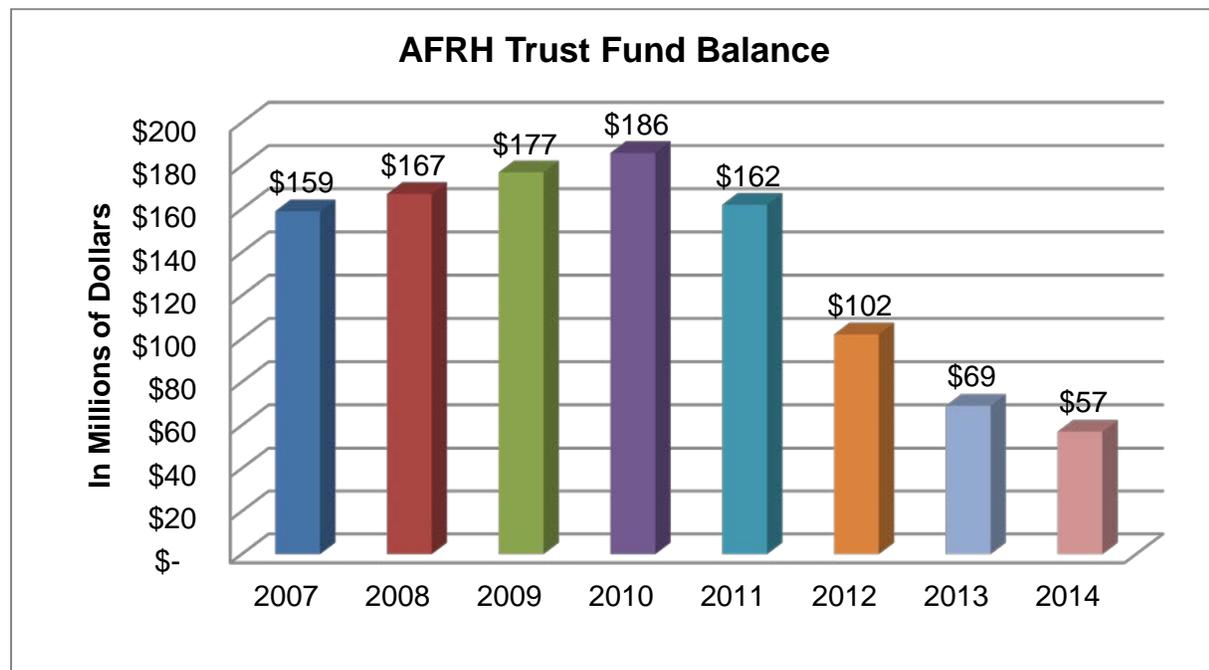
The FY 2016 Budget Request includes \$1 million for capital improvements for both campuses. Capital improvements projects include design to replace AFRH-W 70-90 year old water infrastructure, AFRH-W road and sidewalk replacement / repairs, AFRH-G Nursing Call System and continue our efforts to complete the AFRH-W Master Plan by leasing 77+ underutilized acres. Since the entire AFRH-G facility was constructed and opened in 2010, the majority of planned capital improvements are for AFRH-W.

## **BUDGETARY CONCERNS**

The solvency of the AFRH Trust Fund is our most crucial challenge and AFRH is pleased to report with the assistance of DoD we have made several key positive steps to support the Trust Fund. The AFRH Trust Fund is the self-funded investment that pays for the AFRH operations and capital improvements. In recent years, AFRH management has substantially reduced operating costs and undertaken several major construction projects to further reduce O&M costs.

AFRH's funding source is distinctive among Federal agencies. The 1991 Defense Authorization Act, Public Law 101-510, created an AFRH Trust Fund to finance the Gulfport and Washington Homes. The Trust Fund status is an integral part of the financial picture. With the fluctuations we are now facing in Fines and Forfeitures, we may be unable to maintain a balance of spending against income.

The 2012 Trust Fund Solvency analysis concluded that the AFRH Trust Fund was solvent long term with the key assumption revenue remained significantly within historical variation. AFRH's Trust Fund balance reflects reduced revenue from an unexpected decline in AFRH's largest revenue stream—Fines and Forfeitures. AFRH is working closely with our DoD Leadership to address revenue concerns.



Since 2010, Fines and Forfeitures have fallen more than would be expected from normal variations or historical trends steadily declining from \$37.2M in 2010 to \$28.2M in 2014--a reduction of more than 24 percent. AFRH is seeking new revenue sources, proceeding with the lease of underutilized buildings / land, and continuing to contain operating costs.

To replace the reduced Fines & Forfeitures Revenue, AFRH, working with our DoD Leadership, is implementing a multi-tiered approach which includes:

- Increasing Active Duty Withholding from 50 cents to \$1 per month by June 30, 2015. DoD has had the authority to increase the monthly withholding paid by active duty enlisted, Warrant Officers and Limited Duty Officers since 1996. The active Duty Withholding has not increased since 1977 when it was permanently established at 50 cents / month. The active duty withholding change will increase revenue by approximately \$1.7M in FY 2015 and \$6.8M in FY 2016.

- Implementing an equitable increase of Resident Monthly Fees in both the percentage of income and maximum fee amounts. Resident Fees have not been adjusted since 2002 or kept pace with the rising cost of healthcare. Even with the proposed increase AFRH is still the best value for our veterans and offers services not available at other facilities. Increased Resident Fees will generate approximately \$.3M in FY 2015 and \$1.4M in FY 2016.
- Establishing our Pilot Independent Living level of care as a permanent level of care with a fee structure that recognizes the costs associated with this level of care. Our Independent Living program allows Residents with basic living needs while remaining in their Independent Living which is a savings for both the Resident and AFRH. Prior to the pilot programs Residents who needs assistance with basic needs had to be moved to Assisted Living with high nursing costs and pay a higher monthly Resident fee. Currently, AFRH has over 100 Residents in the Independent Living level of care with an approximate cost savings of \$10,000/annually per Resident.
- Auditing Active Duty Fines & Forfeitures transferred from DoD to AFRH. Since the significant reduction in this revenue source is unprecedented and unexplainable based on over 50 years of historic trends, this audit will assist in better out year projects for AFRH's largest revenue source.
- Implementing the AFRH-W Master Plan—AFRH has an approved Master Plan for 77+ acres of underutilized land in the southeast corner of the AFRH-W property. AFRH offered this area for a lease in 2008 but due to the downturn in the DC real estate market put the project on hold. AFRH working the GSA expected to release the request for proposal in FY 2015 Q2 and hopes to select a vendor by early FY 2016. Revenue from this lease is expected to begin in FY 2017.
- Leasing underutilized buildings and land—AFRH has identified several buildings, in addition to our Master Plan 77+ acres, which are underutilized due to our recent reductions in our footprint. AFRH has been actively working to offer these buildings for lease to not only generate additional income but also to reduce the operations and maintenance.

In addition to our efforts to increase revenue, AFRH continues to identify and implement cost containment activities keeping operations efficient while providing quality services and amenities to our Residents. Working our DoD leadership, we are confident the above actions will assist in increasing our Trust Fund balance and support our out year budget requests.



Fiscal Year 2014  
**ARMED FORCES RETIREMENT HOME**  
Performance and Accountability Report

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*General Winfield Scott was a revered leader who took reparations from the Mexican War and gave ample funds to his troops. The rest he gave to Congress with a petition to use the money to build a soldiers’ sanctuary for when they become old or disabled.*

**VERIFICATION**

The financial highlights presented in this section are an analysis of the information that appears in AFRH's FY2014 financial statements as audited by an independent accounting firm. AFRH management is responsible for the fair presentation of information contained in these principal financial statements. In addition to the annual Trust Fund financial audit, AFRH undergoes an annual audit of its Non-Appropriated Funds Instrumentality (NAFI) and financial operations are also reviewed during our triennial DoD IG surveys.

**TRUST FUND**

The AFRH Trust Fund is held by the U.S. Treasury and is supported by several revenue sources:

- Fines and forfeitures charged to military personnel for misconduct (54%)
- Resident Fees (26%)
- 50 cent monthly payroll withholding from active duty military personnel (14%)
- Interest on the AFRH Trust Fund (4%)
- Estates and gifts (1%) and
- Sale / Lease of property (1%)

While AFRH has successfully identified and implemented numerous cost saving initiatives, the AFRH Trust Fund balance is at an all-time low and current annual outlays outpace annual revenue by approximately \$8 million. The deficit is caused by the unanticipated reduction in Fines & Forfeitures which peaked in FY2009 at \$40M and have steadily declined to \$28M in FY2014.

Although AFRH carefully tracks and projects fluctuations in Fines & Forfeitures through the use of historical trends and plans for fluctuations in this revenue stream, AFRH has never experienced a reduction of this magnitude. Unfortunately, this reduction is anticipated to continue as the active-duty military force strength continues to decline.

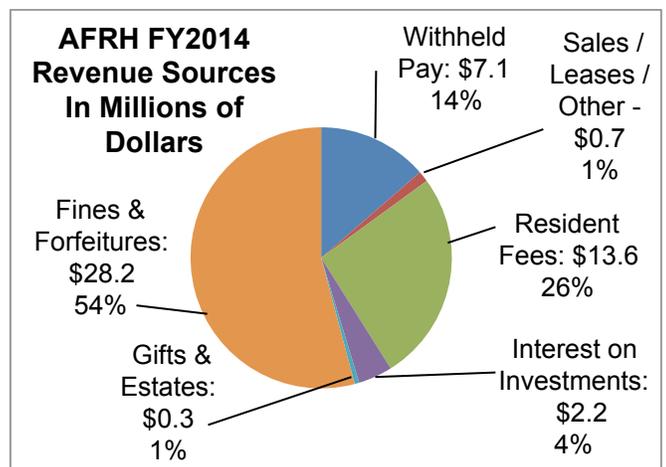
AFRH is working with OMB and its DoD Leadership to develop the best strategy to rectify the situation and ensure long-term Trust Fund

solvency. In FY2015, AFRH will update its Long Range Financial Plan to include the recent changes in Fines & Forfeitures revenue; this analysis is a high priority activity for FY2015.

**TRUST FUND BALANCE**

In FY2010 AFRH received appropriated funds to rebuild our Gulfport facility after Hurricane Katrina and repair the historic Sherman Building after the Washington, DC Earthquake. The other major capital improvement project, the replacement of the aging AFRH-W Scott Building, was funded from FY2007 – FY2013 withdrawing from the Trust Fund causing the Trust Fund balance to decrease significantly. The new state-of-the-art Scott Building is energy efficient, provides improved dining, recreation and healthcare accessibility, reduces our footprint, eliminates excessive maintenance of an aging infrastructure and reduces transportation costs to move Residents from different areas of the expansive AFRH-W Campus.

AFRH's current Long Range Financial Plan projected the Trust Fund balance would begin to recover in FY2014 once the Scott Building capital improvement project outlays were disbursed; however, due to significant decreases in Fines & Forfeitures no recovery has occurred and the balance continues to fall. Without taking steps to increase revenue and identify new revenue streams, the Trust Fund balance is not expected to recover.



**FY2014 Revenue = \$52M**