

**Defense Health Program  
Fiscal Year (FY) 2017 Budget Estimates  
Operation and Maintenance  
Facilities Sustainment, Restoration, and Modernization**

**I. Description of Operations Financed:** Base Operations (BASOPS) Facilities Sustainment, Restoration Modernization activities refers to the routine repair, maintenance and modernization of Military Health System (MHS) medical and dental facilities located world-wide where delivery of health care occurs within military installations and satellite locations.

**Facility Restoration and Modernization** - Resources required for facilities' restoration and modernization projects including repair and replacement due to excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards (including regulatory changes), to accommodate new functions, or to replace building components that typically last more than 30 years (such as foundations and structural members).

**Facility Sustainment** - Resources required for maintenance and repair activities necessary to keep facilities in good working order. It includes regularly scheduled adjustments and inspections, preventive maintenance tasks, emergency response and service calls for minor repairs. Sustainment also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, etc.

**Demolition** - Resources required for demolition and/or disposal costs associated with excess facilities, including buildings or any other permanent or temporary structure as well as pavements, utility systems, and other supporting infrastructure. Includes environmental costs directly attributable to demolition/disposal to include inspection and removal of hazardous material (such as lead-based paint or asbestos).

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**II. Force Structure Summary:**

The medical facilities maintenance programs combine together to keep the medical structures operating as designed and without failure in the delivery of healthcare services to the beneficiaries. The Sustainment program provides services, typically by contract, for scheduled and routine lifecycle maintenance to include repairs to structures. Examples of sustainment repairs are painting, HVAC maintenance and roof replacements. Restoration and Modernization (RM) keeps our facilities current with advances in medical care delivery and patient throughput. RM includes staffing to provide design and oversight of medical and dental facilities which provide the full range of inpatient and ambulatory medical and dental care services. DHA initiatives such as Right facilities in the Right places are fully engaged with restoration and modernization projects to accomplish the DHA mission.

NOTE: Distribution of funds between CONUS and OCONUS follows the Financial Management Regulation (FMR) definition of CONUS and OCONUS. DoD 7000.14.R "Contiguous United States [CONUS] is the 48 states of the United States and the District of Columbia, which do not include Alaska and Hawaii."

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**III. Financial Summary (\$ in thousands)**

	FY 2016						
	FY 2015	Budget	<u>Congressional Action</u>			Current	FY 2017
			<u>Actual</u>	<u>Request</u>	<u>Amount</u>		
<b>A. <u>BA Subactivities</u></b>							
1. Facility Restoration/Modernization - CONUS	436,514	311,214	0	0.0	311,214	311,214	590,153
2. Facility Restoration/Modernization - OCONUS	44,763	28,874	0	0.0	28,874	28,874	18,858
3. Facility Sustainment - CONUS	456,423	441,655	0	0.0	441,655	441,655	388,423
4. Facility Sustainment - OCONUS	77,344	75,688	0	0.0	75,688	75,688	140,300
5. Demolition	0	0	0	n/a	0	0	0
<b>Total</b>	<b>1,015,044</b>	<b>857,431</b>	<b>0</b>	<b>0.0</b>	<b>857,431</b>	<b>857,431</b>	<b>1,137,734</b>

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<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2016/FY 2016</u></b>	<b><u>FY 2016/FY 2017</u></b>
<b>Baseline Funding</b>	<b>857,431</b>	<b>857,431</b>
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
<b>Subtotal Appropriated Amount</b>	<b>857,431</b>	
Fact-of-Life Changes (2016 to 2016 Only)		
<b>Subtotal Baseline Funding</b>	<b>857,431</b>	
Supplemental		
Reprogrammings		
Price Changes		13,064
Functional Transfers		
Program Changes		267,239
<b>Current Estimate</b>	<b>857,431</b>	<b>1,137,734</b>
Less: Wartime Supplemental		
<b>Normalized Current Estimate</b>	<b>857,431</b>	

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**III. Financial Summary (\$ in thousands)**

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<b>FY 2016 President's Budget Request (Amended, if applicable)</b>		<b>857,431</b>
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
<b>FY 2016 Appropriated Amount</b>		<b>857,431</b>
2. OCO and Other Supplemental Enacted		
3. Fact-of-Life Changes		
<b>FY 2016 Baseline Funding</b>		<b>857,431</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2016 Estimate</b>		<b>857,431</b>
5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		
<b>FY 2016 Normalized Current Estimate</b>		<b>857,431</b>
6. Price Change		13,064
7. Functional Transfers		
8. Program Increases		267,239
a. Annualization of New FY 2016 Program		
b. One-Time FY 2017 Increases		
c. Program Growth in FY 2017		
1) Restoration of MHS Military Treatment Facilities (MTFs):	262,801	
Funds for restoration and modernization (RM) project requirements that improve the facility condition index for Army, Navy, Air Force and National Capital Region MTFs to promote safe, high quality health care and comply with accreditation standards mandated by The Joint Commission. The FY 2016 RM baseline is \$340.1M.		

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<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
2) Facility Sustainment Program: The MHS strategy for the sustainment program is to fund sustainment at 100% for maintenance based on scheduled life cycle requirements in medical facilities and 90% for non-clinical facilities. This strategy reduces the risk of facilities failures of major systems such as Heating, Ventilation, and Air Conditioning (HVAC), generators, and roofs maintaining them in proper working condition during their life cycle. The FY 2016 Sustainment baseline funding request is \$517.3M.	4,438	
9. Program Decreases		
a. Annualization of FY 2016 Program Decreases		
b. One-Time FY 2016 Increases		
c. Program Decreases in FY 2017		
<b>FY 2017 Budget Request</b>		<b>1,137,734</b>

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**IV. Performance Criteria and Evaluation Summary:**

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Change</u> <u>FY</u> <u>2015/2016</u>	<u>Change</u> <u>FY</u> <u>2016/2017</u>
Facility Sustainment Funding:	533,767	517,343	528,723	-16,424	11,380
Facility Sustainment Model Requirement:	504,663	527,297	560,701	22,634	33,404
Sustainment Rate (MILPERS not included):	106%	98%	94%		

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<b>V. <u>Personnel Summary</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Change FY 2015/ FY 2016</u></b>	<b><u>Change FY 2016/ FY 2017</u></b>
<u>Active Military End Strength (E/S) (Total)</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>0</u>	<u>0</u>
Officer	9	9	9	0	0
Enlisted	6	6	6	0	0
<u>Active Military Average Strength (A/S) (Total)</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>0</u>	<u>0</u>
Officer	9	9	9	0	0
Enlisted	6	6	6	0	0
<u>Civilian FTEs (Total)</u>	<u>331</u>	<u>217</u>	<u>253</u>	<u>-114</u>	<u>36</u>
U.S. Direct Hire	312	203	239	-109	36
Foreign National Direct Hire	16	13	13	-3	0
Total Direct Hire	328	216	252	-112	36
Foreign National Indirect Hire	3	1	1	-2	0
Average Annual Civilian Salary (\$ in thousands)	87.6	84.5	92.7	-3.1	8.2
 <u>Contractor FTEs (Total)</u>	 <u>18</u>	 <u>32</u>	 <u>133</u>	 <u>14</u>	 <u>101</u>

Note: The civilian FTE for FY 2017 change of 36 FTEs is a result of reducing FSRM civilians by (-1) at USUHS and increasing FSRM civilians within the NCR by +37.

Note: Changes in the methodology used to count contractors and the volume of Facility Sustainment, Restoration and Maintenance contracts related to facility projects cause the number of contractors to fluctuate from year to year. FY 2017 increase at NCR accounts for total Contractors for Facility Sustainment program.

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**VI. OP 32 Line Items as Applicable (Dollars in thousands):**

<u>OP 32 Line</u>	<u>FY 2015</u>	<u>Foreign</u>		<u>Change</u>		<u>FY 2016</u>	<u>Foreign</u>		<u>Change</u>		<u>FY 2017</u>
		<u>Currency</u>	<u>Rate Diff</u>	<u>FY 2015/FY 2016</u>	<u>Program</u>		<u>Currency</u>	<u>Rate Diff</u>	<u>FY 2016/FY 2017</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	10,589	0	130	-6,035	4,684	0	71	5,180	9,935		
103 Wage Board	17,417	0	213	-4,818	12,812	0	195	321	13,328		
104 FN Direct Hire (FNDH)	688	0	8	11	707	0	11	-660	58		
107 Voluntary Sep Incentives	63	0	0	0	63	0	0	0	63		
<b>199 TOTAL CIV COMPENSATION</b>	<b>28,757</b>	<b>0</b>	<b>351</b>	<b>-10,842</b>	<b>18,266</b>	<b>0</b>	<b>277</b>	<b>4,841</b>	<b>23,384</b>		
308 Travel of Persons	723	0	12	-421	314	0	6	-2	318		
<b>399 TOTAL TRAVEL</b>	<b>723</b>	<b>0</b>	<b>12</b>	<b>-421</b>	<b>314</b>	<b>0</b>	<b>6</b>	<b>-2</b>	<b>318</b>		
401 DLA Energy (Fuel Products)	86	0	-6	65	145	0	-12	15	148		
402 Service Fund Fuel	6	0	0	-5	1	0	0	0	1		
412 Navy Managed Supply, Matl	70	0	2	-1	71	0	4	-2	73		
416 GSA Supplies & Materials	112	0	2	41	155	0	3	0	158		
417 Local Purch Supplies & Mat	676	0	11	-5	682	0	12	2	696		
422 DLA Mat Supply Chain (Medical)	88	0	0	23	111	0	0	2	113		
<b>499 TOTAL SUPPLIES &amp; MATERIALS</b>	<b>1,038</b>	<b>0</b>	<b>9</b>	<b>118</b>	<b>1,165</b>	<b>0</b>	<b>7</b>	<b>17</b>	<b>1,189</b>		
503 Navy Fund Equipment	28	0	0	1	29	0	1	-1	29		
505 Air Force Fund Equip	16	0	0	-16	0	0	0	0	0		
507 GSA Managed Equipment	34	0	1	-1	34	0	1	-1	34		
<b>599 TOTAL EQUIPMENT PURCHASES</b>	<b>78</b>	<b>0</b>	<b>1</b>	<b>-16</b>	<b>63</b>	<b>0</b>	<b>2</b>	<b>-2</b>	<b>63</b>		
601 Army	28	0	2	-30	0	0	0	0	0		

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	FY 2015	Foreign	Change		FY 2016	Foreign	Change		FY 2017
	<u>Actual</u>	<u>Rate Diff</u>	<u>FY 2015/FY 2016</u>	<u>Program</u>	<u>Estimate</u>	<u>Rate Diff</u>	<u>FY 2016/FY 2017</u>	<u>Program</u>	<u>Estimate</u>
<b>OP 32 Line</b>									
Industrial Operations									
631 Navy Base Support (NFESC)	296	0	33	412	741	0	53	-42	752
633 DLA Document Services	0	0	0	46	46	0	1	0	47
634 NAVFEC (Utilities and Sanitation)	0	0	0	14,098	14,098	0	-610	6,039	19,527
635 Navy Base Support (NAVFEC Other Support Services)	26,166	0	0	-4,438	21,728	0	478	-1,866	20,340
<b>699 TOTAL DWCF PURCHASES</b>	<b>26,490</b>	<b>0</b>	<b>35</b>	<b>10,088</b>	<b>36,613</b>	<b>0</b>	<b>-78</b>	<b>4,131</b>	<b>40,666</b>
719 SDDC Cargo Ops-Port hndlg	0	0	0	5	5	0	0	0	5
771 Commercial Transport	52	0	1	-44	9	0	0	0	9
<b>799 TOTAL TRANSPORTATION</b>	<b>52</b>	<b>0</b>	<b>1</b>	<b>-39</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
901 Foreign National Indirect Hire (FNIH)	238	0	3	-173	68	0	1	0	69
912 Rental Payments to GSA (SLUC)	0	0	0	1	1	0	0	0	1
913 Purchased Utilities (Non-Fund)	254	0	4	-130	128	0	2	1	131
914 Purchased Communications (Non-Fund)	694	0	12	-698	8	0	0	0	8
915 Rents (Non-GSA)	113	0	2	-115	0	0	0	0	0
920 Supplies & Materials (Non-Fund)	8,173	152	142	764	9,231	0	166	-1,942	7,455
921 Printing & Reproduction	6	0	0	-5	1	0	0	0	1

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	FY 2015	Foreign	Change		FY 2016	Foreign	Change		FY 2017
		Currency	FY 2015/FY 2016	Program		Currency	FY 2016/FY 2017	Estimate	
<u>OP 32 Line</u>	<u>Actual</u>	<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
922 Equipment Maintenance By Contract	1,515	0	26	9,345	10,886	0	196	92	11,174
923 Facilities Sust, Rest, & Mod by Contract	308,612	246	5,251	44,725	358,834	-1,539	6,431	2,893	366,619
925 Equipment Purchases (Non-Fund)	4,663	0	79	-3,388	1,354	0	24	2	1,380
930 Other Depot Maintenance (Non-Fund)	0	0	0	16	16	0	0	1	17
932 Mgt Prof Support Svcs	568	0	10	-578	0	0	0	0	0
934 Engineering & Tech Svcs	800	0	14	-814	0	0	0	0	0
937 Locally Purchased Fuel (Non-Fund)	25	0	-2	-21	2	0	0	0	2
955 Other Costs (Medical Care)	1,282	0	47	-1,329	0	0	0	1	1
957 Other Costs (Land and Structures)	462,225	1,433	7,882	-131,452	340,088	0	6,122	262,801	609,011
987 Other Intra-Govt Purch	126,898	0	2,157	-90,963	38,092	0	686	-11,525	27,253
989 Other Services	41,840	354	717	-636	42,275	0	761	5,930	48,966
990 IT Contract Support Services	0	0	0	12	12	0	0	0	12
<b>999 TOTAL OTHER PURCHASES</b>	<b>957,906</b>	<b>2,185</b>	<b>16,344</b>	<b>-175,439</b>	<b>800,996</b>	<b>-1,539</b>	<b>14,389</b>	<b>258,254</b>	<b>1,072,100</b>
<b>Total</b>	<b>1,015,044</b>	<b>2,185</b>	<b>16,753</b>	<b>-176,551</b>	<b>857,431</b>	<b>-1,539</b>	<b>14,603</b>	<b>267,239</b>	<b>1,137,734</b>