

**Defense Health Program  
Fiscal Year (FY) 2015 Budget Estimates  
Operation and Maintenance  
Facilities Sustainment, Restoration, and Modernization**

**I. Description of Operations Financed:** Base Operations (BASEOPS) Facilities Sustainment, Restoration, Modernization activities refers to the routine repair, maintenance and modernization of Defense Health Program (DHP) medical and dental facilities located in CONUS and OCONUS 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 50 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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**I. Description of Operations Financed (cont.)**

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**II. Force Structure Summary:**

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**II. Force Structure Summary (cont.)**

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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 (R/M) keeps our facilities current with advances in medical care delivery and patient throughput. R/M 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.

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

	<b>FY 2014</b>							<b>FY 2015 <u>Estimate</u></b>
	<b>FY 2013 <u>Actual</u></b>	<b>Budget <u>Request</u></b>	<b>Congressional Action</b>			<b>Current <u>Estimate</u></b>		
			<b><u>Amount</u></b>	<b><u>Percent</u></b>	<b><u>Appropriated</u></b>			
<b>A. <u>BA Subactivities</u></b>								
1. Facility Restoration/Modernization - CONUS	599,489	470,492	0	0.0	470,492	470,492		283,309
2. Facility Restoration/Modernization - OCONUS	32,379	72,687	0	0.0	72,687	72,687		46,525
3. Facility Sustainment - CONUS	422,723	407,674	0	0.0	407,674	407,674		380,004
4. Facility Sustainment - OCONUS	81,296	82,049	0	0.0	82,049	82,049		74,467
5. Demolition	0	0	0	n/a	0	0		0
<b>Total</b>	<b>1,135,887</b>	<b>1,032,902</b>	<b>0</b>	<b>0.0</b>	<b>1,032,902</b>	<b>1,032,902</b>		<b>784,305</b>

1. FY 2013 actuals include \$0.0M for Overseas Contingency Operations (OCO).

2. FY 2014 estimate excludes \$0.0M for OCO.

3. FY 2015 request excludes OCO.

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<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2014/FY 2014</u></b>	<b><u>FY 2014/FY 2015</u></b>
<b>Baseline Funding</b>	<b>1,032,902</b>	<b>1,032,902</b>
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
<b>Subtotal Appropriated Amount</b>	<b>1,032,902</b>	
Fact-of-Life Changes (2014 to 2014 Only)		
<b>Subtotal Baseline Funding</b>	<b>1,032,902</b>	
Supplemental		
Reprogrammings		
Price Changes		18,904
Functional Transfers		
Program Changes		-267,501
<b>Current Estimate</b>	<b>1,032,902</b>	<b>784,305</b>
Less: Wartime Supplemental		
<b>Normalized Current Estimate</b>	<b>1,032,902</b>	

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<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<b>FY 2014 President's Budget Request (Amended, if applicable)</b>		<b>1,032,902</b>
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
<b>FY 2014 Appropriated Amount</b>		<b>1,032,902</b>
2. OCO and Other Supplemental Enacted		
3. Fact-of-Life Changes		
<b>FY 2014 Baseline Funding</b>		<b>1,032,902</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2014 Estimate</b>		<b>1,032,902</b>
5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		
<b>FY 2014 Normalized Current Estimate</b>		<b>1,032,902</b>
6. Price Change		18,904
7. Functional Transfers		
8. Program Increases		8,456
a. Annualization of New FY 2014 Program		
b. One-Time FY 2015 Increases		
c. Program Growth in FY 2015		
1) Defense Health Agency (DHA) - Health Facility Shared Services:	8,456	
The initial phase requires investment for portfolio management. Investment costs for services and automation software will capture and identify facility inventory such as buildings and medical equipment installed to be used in planning and analysis of future construction, renovation and modernization projects. The investment in this		

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
process will reduce redundancies resulting in future cost savings to the Defense Health Program.		
9. Program Decreases		-275,957
a. Annualization of FY 2014 Program Decreases		
b. One-Time FY 2014 Increases		
c. Program Decreases in FY 2015		
1) Restoration/Modernization (R/M) of Medical Facilities Program:	-195,141	
Reduces facilities R/M funding for risk mitigation. This strategy provides for a 7 year restoration plan with 80 % toward inadequate facilities and 20% for mission critical Life, Health, Safety restoration. The FY 2014 restoration and modernization funding baseline is \$543.2M		
2) Sustainment of Medical Facilities Program:	-43,295	
Funding reduced within the facilities sustainment program investment costs achieving moderate risk of all required maintenance, accreditation standards and funding maintenance contracts. The FY 2014 sustainment funding baseline is \$489.7M.		
3) Restoration/Modernization Requirements Reduction:	-37,180	
Reduction to funding resulted from implementation of Defense Health Agency standard modeling practices for requirements determination based on investment costs and measureable facility condition evaluation achievements. FY 2014 restoration and modernization funding baseline is \$543.2M		
4) Rate Change for Defense Finance & Accounting Service (DFAS) Services:	-341	
Changes DFAS rate from current estimates.		

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FY 2015 Budget Request		784,305



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

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Change</b>	<b>Change</b>
	<b><u>Actuals</u></b>	<b><u>Estimate</u></b>	<b><u>Estimate</u></b>	<b><u>FY 2013/2014</u></b>	<b><u>FY 2014/2015</u></b>
Facility Sustainment Funding:	504,019	489,831	454,471	-14,296	-35,252
Facility Sustainment Model Requirement:	429,071	488,274	504,663	59,203	26,228
Sustainment Rate (MILPERS not included)	117%	100%	90%		

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<b>V. <u>Personnel Summary</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>Change FY 2013/ FY 2014</u></b>	<b><u>Change FY 2014/ FY 2015</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>315</u>	<u>244</u>	<u>245</u>	<u>-71</u>	<u>1</u>
U.S. Direct Hire	309	227	228	-82	1
Foreign National Direct Hire	0	13	13	13	0
Total Direct Hire	309	240	241	-69	1
Foreign National Indirect Hire	6	4	4	-2	0
Average Annual Civilian Salary (\$ in thousands)	101.4	101.2	102.4	-0.2	1.2
<u>Contractor FTEs (Total)</u>	<u>86</u>	<u>80</u>	<u>67</u>	<u>-6</u>	<u>-13</u>

Note: The reduction of Civilian FTEs from FY 2014 through FY 2015 is a zero based realignment within Base Ops Budget Activity Group (BAG) or various BAGs in the Defense Health Program.

Note: The volume of FSRM contracts related to facility projects cause the number of contractors to change from year to year.