

**Defense Health Program
Fiscal Year (FY) 2016 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 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).

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

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II. Force Structure Summary (cont.)

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)

	FY 2015							FY 2016 Estimate
	FY 2014 Actual	Budget Request	Congressional Action			Current Estimate		
A. BA Subactivities			Amount	Percent	Appropriated			
1. Facility Restoration/Modernization - CONUS	877,648	283,309	150,000	52.0	433,309	433,309	311,214	
2. Facility Restoration/Modernization - OCONUS	87,308	46,525	0	0.0	46,525	46,525	28,874	
3. Facility Sustainment - CONUS	540,795	380,004	0	0.0	380,004	380,004	441,655	
4. Facility Sustainment - OCONUS	89,173	74,467	0	0.0	74,467	74,467	75,688	
5. Demolition	0	0	0	n/a	0	0	0	
Total	1,594,924	784,305	150,000	19.1	934,305	934,305	857,431	

1. This Budget Activity Group contains no Overseas Contingency Operations (OCO) funds in FY 2014, FY 2015 and FY 2016.

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B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2015/FY 2015</u>	<u>FY 2015/FY 2016</u>
Baseline Funding	784,305	934,305
Congressional Adjustments (Distributed)	150,000	
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	934,305	
Fact-of-Life Changes (2015 to 2015 Only)		
Subtotal Baseline Funding	934,305	
Supplemental		
Reprogrammings		
Price Changes		17,809
Functional Transfers		
Program Changes		-94,683
Current Estimate	934,305	857,431
Less: Wartime Supplemental		
Normalized Current Estimate	934,305	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2015 President's Budget Request (Amended, if applicable)		784,305
1. Congressional Adjustments		150,000
a. Distributed Adjustments		
1) Facility Infrastructure funding to improve the facility condition index of medical buildings used in the delivery of healthcare to beneficiaries.	150,000	
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2015 Appropriated Amount		934,305
2. OCO and Other Supplemental Enacted		
3. Fact-of-Life Changes		
FY 2015 Baseline Funding		934,305
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2015 Estimate		934,305
5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		
FY 2015 Normalized Current Estimate		934,305
6. Price Change		17,809
7. Functional Transfers		
8. Program Increases		60,540
a. Annualization of New FY 2015 Program		
b. One-Time FY 2016 Increases		
c. Program Growth in FY 2016		
1) Facility Sustainment Program:	55,118	
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		

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
strategy reduces potential shifting to restoration due to failures of major systems such as HVAC, generators, roofs and minor repairs by keeping them in proper working condition during their life cycle. The FY 2015 Sustainment baseline funding is \$454.5M.		
2) Facility Investments for Restoration/Modernization (R&M) Program: The Military Health System (MHS) strategy for R&M provides funding to improve the overall condition of MHS facilities in the delivery of health care. The strategy is based on investing 80% toward inadequate facilities and 20% for MHS and medical initiatives such as new missions, critical life, health, safety restoration. The FY 2015 Restoration and Modernization baseline funding is \$479.8M.	5,422	
9. Program Decreases		-155,223
a. Annualization of FY 2015 Program Decreases		
b. One-Time FY 2015 Increases		
1) One-time Congressional adjustment to reverse Facility Infrastructure funding to improve the facility condition index of medical buildings used in the delivery of healthcare to beneficiaries.	-152,550	
c. Program Decreases in FY 2016		
1) Defense Health Agency (DHA) Health Facilities Shared Service Savings: Reduced requirement for health facilities services due to the consolidation of the Health Facilities Portfolio Management under the DHA. This phased-in Military Health System (MHS) Shared Service plan utilizes an automated facility inventory tool to	-1,669	

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<p>reduce duplication and redundant medical facilities functions. The consolidation of like health facility services across the MHS is projected to achieve economies of scale and cost reductions for the Defense Health Program. The FY 2015 Facilities Sustainment, Restoration, and Modernization funding baseline is \$934.3M.</p>		
<p>2) Defense Health Agency (DHA) - Support of Health Facilities Shared Service: Realigns funds for operational requirements such as travel, contracts and supplies from DHP Service Components BAG 7 to align Shared Services under the DHA BAGS: Consolidated Health Support, IM/IT and Management Activities.</p>	-743	
<p>3) Manpower Review and Realignment - Army: Zero based realignment of civilian manpower among Budget Activity Groups by Army to position personnel for FY 2016 Command Plan regarding mission requirements.</p>	-261	
FY 2016 Budget Request		857,431

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IV. Performance Criteria and Evaluation Summary:

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Change FY 2014/2015</u>	<u>Change FY 2015/2016</u>
Facility Sustainment Funding:	489,723	454,471	517,343	-35,252	62,872
Facility Sustainment Model Requirement:	488,274	504,663	527,297	16,389	22,634
Sustainment Rate (MILPERS not included):	100%	90%	98%		

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V. <u>Personnel Summary</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Change FY 2014/ FY 2015</u>	<u>Change FY 2015/ FY 2016</u>
<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>307</u>	<u>245</u>	<u>217</u>	<u>-62</u>	<u>-28</u>
U.S. Direct Hire	302	228	203	-74	-25
Foreign National Direct Hire	0	13	13	13	0
Total Direct Hire	302	241	216	-61	-25
Foreign National Indirect Hire	5	4	1	-1	-3
Average Annual Civilian Salary (\$ in thousands)	99.5	92.4	96.0	-7.1	3.6
<u>Contractor FTEs (Total)</u>	<u>0</u>	<u>18</u>	<u>32</u>	<u>18</u>	<u>14</u>

Note: The change in Civilian FTEs from FY 2014 through FY 2015 is a zero based realignment within Base Operations Budget Activity Group (BAG) or various BAGs in the Defense Health Program. FY 2016 changes for FSRM civilians zero based realignments are (-24) in Navy and (-3) in Army.

Note: Changes in the method 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.

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

<u>OP 32 Line</u>	<u>FY 2014</u>	<u>Foreign</u>	<u>Change</u>		<u>FY 2015</u>	<u>Foreign</u>	<u>Change</u>		<u>FY 2016</u>
	<u>Actual</u>	<u>Currency</u>	<u>FY 2014/FY 2015</u>		<u>Estimate</u>	<u>Currency</u>	<u>FY 2015/FY 2016</u>		<u>Estimate</u>
		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	30,002	0	300	-8,163	22,139	0	271	-1,660	20,750
199 TOTAL CIV COMPENSATION	30,002	0	300	-8,163	22,139	0	271	-1,660	20,750
308 Travel of Persons	240	0	4	80	324	0	6	-16	314
399 TOTAL TRAVEL	240	0	4	80	324	0	6	-16	314
401 DLA Energy (Fuel Products)	85	0	2	-11	76	0	-6	75	145
402 Service Fund Fuel	77	0	2	-13	66	0	-5	-60	1
411 Army Supply	0	0	0	16	16	0	0	-16	0
412 Navy Managed Supply, Matl	0	0	0	70	70	0	2	-1	71
416 GSA Supplies & Materials	957	0	17	-820	154	0	3	-2	155
417 Local Purch Supplies & Mat	148	0	3	525	676	0	11	1	688
422 DLA Mat Supply Chain (Medical)	56	0	0	53	109	0	0	2	111
499 TOTAL SUPPLIES & MATERIALS	1,323	0	24	-180	1,167	0	5	-1	1,171
503 Navy Fund Equipment	19	0	0	9	28	0	0	1	29
507 GSA Managed Equipment	23	0	0	11	34	0	1	-1	34
599 TOTAL EQUIPMENT PURCHASES	42	0	0	20	62	0	1	0	63
631 Navy Base Support (NFESC)	340	0	2	5,380	5,722	0	641	-5,622	741
633 DLA Document Services	0	0	0	46	46	0	-1	1	46
634 Navy Base Support (NAVFEC)	0	0	0	25,380	25,380	0	-86	-11,196	14,098

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	FY 2014	Foreign	Change		FY 2015	Foreign	Change		FY 2016
	<u>Actual</u>	<u>Rate Diff</u>	<u>FY 2014/FY 2015</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Rate Diff</u>	<u>FY 2015/FY 2016</u>	<u>Estimate</u>
OP 32 Line									
635 Navy Base Support (NAVFEC Other Support Services)	12,640	0	164	195	12,999	0	0	8,937	21,936
671 DISA DISN Subscription Services (DSS)	1	0	0	-1	0	0	0	0	0
699 TOTAL DWCF PURCHASES	12,981	0	166	31,000	44,147	0	554	-7,880	36,821
719 SDDC Cargo Ops-Port hndlg	0	0	0	5	5	0	2	-2	5
771 Commercial Transport	5	0	0	4	9	0	0	0	9
799 TOTAL TRANSPORTATION	5	0	0	9	14	0	2	-2	14
901 Foreign National Indirect Hire (FNIH)	527	0	5	-61	471	0	6	-415	62
902 Separation Liab (FNIH)	25	0	0	0	25	0	0	0	25
912 Rental Payments to GSA (SIUC)	8	0	0	-7	1	0	0	0	1
913 Purchased Utilities (Non-Fund)	263	0	5	-142	126	0	2	0	128
914 Purchased Communications (Non-Fund)	502	0	9	-503	8	0	0	0	8
915 Rents (Non-GSA)	96	0	2	-98	0	0	0	0	0
920 Supplies & Materials (Non-Fund)	11,294	0	203	-2,441	9,056	152	157	-134	9,231
921 Printing & Reproduction	0	0	0	1	1	0	0	0	1
922 Equipment Maintenance By Contract	1,550	0	28	10,182	11,760	0	200	-1,074	10,886
923 Facilities	359,059	0	6,463	-80,574	284,948	246	4,848	68,855	358,897

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<u>OP 32 Line</u>	FY 2014	Foreign	Change		FY 2015	Foreign	Change		FY 2016
	<u>Actual</u>	Currency	<u>FY 2014/FY 2015</u>		<u>Estimate</u>	Currency	<u>FY 2015/FY 2016</u>		<u>Estimate</u>
		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	
Sust, Rest, & Mod by Contract									
925 Equipment Purchases (Non- Fund)	4,539	0	82	-3,276	1,345	0	23	4	1,372
930 Other Depot Maintenance (Non- Fund)	8	0	0	59	67	0	1	-52	16
932 Mgt Prof Support Svcs	77	0	1	-78	0	0	0	0	0
937 Locally Purchased Fuel (Non-Fund)	2	0	0	0	2	0	0	0	2
955 Other Costs (Medical Care)	33,970	0	1,257	-34,160	1,067	0	39	-1,106	0
957 Other Costs (Land and Structures)	1,005,394	0	18,097	-543,657	479,834	1,433	8,182	-149,361	340,088
986 Medical Care Contracts	135	0	5	-140	0	0	0	0	0
987 Other Intra- Govt Purch	74,590	0	1,343	-37,340	38,593	0	656	-1,157	38,092
989 Other Services	58,288	0	1,049	-20,201	39,136	354	671	-684	39,477
990 IT Contract Support Services	4	0	0	8	12	0	0	0	12
999 TOTAL OTHER PURCHASES	1,550,331	0	28,549	-712,428	866,452	2,185	14,785	-85,124	798,298
Total	1,594,924	0	29,043	-689,662	934,305	2,185	15,624	-94,683	857,431