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A SYSTEM TO BETTER SERVE AMERICA'S VETERANS: INVESTING IN VA'S INFRASTRUCTURE

HEARING

BEFORE THE

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A SYSTEM TO BETTER SERVE AMERICA'S VETERANS: INVESTING IN VA'S INFRASTRUCTURE

WEDNESDAY, JUNE 9, 2021

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 3 p.m., in room 301, Russell Senate Office Building, Hon. Jon Tester, Chairman of the Committee, presiding.

Present: Tester, Murray, Brown, Blumenthal, Manchin, Sinema, Hassan, Moran, Boozman, Cassidy, Tillis, Blackburn, and Tuberville.

OPENING STATEMENT OF CHAIRMAN TESTER

Chairman TESTER. I call this Committee to order. Good afternoon, and I thank everyone for joining us today.

The VA's Fiscal Year budget request shows a steady increase to support VA's various health benefits and memorial affairs programs. We will review that budget in more detail at next week's hearing. Today we are going to discuss the state of VA's facilities and infrastructure.

The infrastructure funding requested by the administration for years has been relatively flat, with sporadic one-off cash infusions from Congress. As a result, today VA estimates its unmet infrastructure needs total as much as $70.8 billion. The need for action is clear, but today we have not had a plan from VA on how to get there. Today I hope to explore how VA and Congress can work together to deliver on that shared goal.

An agency as big, and with a mission as important needs more certainty so it can staff, plan, execute, deliver, and maintain facilities, whether they be in medical centers, clinics, vet centers, VBA offices, or national cemeteries. COVID–19 made VA's important role in responding to national emergencies even more clear.

We are here today to examine VA's infrastructure needs, how it is managing and delivering new facilities, and what Congress can do to help. We also want to hear more about President Biden's proposal for an $18 billion infusion in infrastructure funds for the VA, as part of his American Jobs Plan. I think it represents an important step but I have some questions and some ideas as we move forward.

And I appreciate the administration's willingness to have a dialogue on this topic. We all know that this is a bipartisan issue. We

know increased infrastructure funding for the VA has been on the table for a long time. In February 2022, Secretary Wilkie told us he was looking for $60 to $70 billion for the VA in one of the infrastructure pushes from the last administration. Well, that never came to be, and funding would have likely been spread out over a 10-year window. But it reinforces the notion that VA's infrastructure is a bipartisan priority.

And let's be clear. VA's track record for managing and delivering new facilities on time and on budget leaves much to be desired, whether it is Denver replacement hospital or the CBOC in Missoula, Montana, things take too long and often cost more than they should. I am glad we are able to have an outside perspective today from Kaiser, a very large health care system in its own right, about how it manages its capital portfolio and plans for growth.

We will probably also have some discussion on the AIR commission, which is a complex and sensitive issue. From my perspective, the AIR commission provides VA with an opportunity. It is an opportunity to thoroughly review its inventory needs and to make adjustments, where appropriate, to support the VA's ability to deliver for veterans. But it cannot be made into an effort to blindly close facilities or scale back services for veterans. Under Secretary McDonough, I do not think that will happen.

I am hoping VA makes this commission an opportunity to get rid of the truly excess VA infrastructure that is not being utilized, while building new, leasing new, building up or right-sizing facilities so they are able to meet the long-term needs of our veterans. Investments today in bolstering VA's internal capacity to deliver facilities, cutting red tape to help VA do its job, and providing smart, consistent funding before, during, and after the AIR commission is absolutely critical. With that I will turn it over to you, Senator Moran.

OPENING STATEMENT OF SENATOR MORAN

Senator MORAN. Chairman Tester, thank you once again. It is good to be with you this afternoon. I also want to welcome the witnesses, and they will be providing testimony that I think is important as a fundamental question for the Department of Veterans Affairs. We also, as you indicated, there are systemic problems for the VA in its infrastructure.

More than 7.2 million veterans received care from the VA health care system last year in aging hospitals, clinics, and health care facilities. The age and condition of VA facilities demand that we do better. This is not a new problem. It has been a reality for decades. It is troubling that the VA's discretionary appropriations, including collections, increased 291 percent from Fiscal Year 2003 to Fiscal Year 2021, now totaling $109.5 billion. Mandatory outlays increased $32.4 billion in that same timeframe, to $133.8 billion, represent a 313 percent increase. Yet, infrastructure needs go unmet and veterans continue to receive health care in dilapidated VA buildings.

More focus is needed on the VA's business process that produced this disappointing state of affairs. We cannot confuse what infrastructure means. Infrastructure is concrete and steel, operating rooms, exam rooms, laboratories, and parking garages, computers,

and networks. We cannot waste finite resources on anything that does not address this over four-decade-old physical infrastructure problem.

On March 31, the White House released a fact sheet on the American Jobs Plan. It stated that it would address immediate needs at VA health care facilities, create jobs for veterans, and expand opportunities for small veteran-owned businesses. I have questions about how this plan's $18 billion proposal for the VA will be used and how it will align with the most recent Department's Fiscal Year 2022 budget request for construction of $2.2 billion. I under the VA is "in the process" of identifying projects and facilities, but I have unanswered questions regarding how much they cost and how the funding will be prioritized.

The administration is requesting money now with the promise to provide a plan for where and how to spend it later. This is entirely backward. I seek clarity from our witnesses today as to how all this will be accomplished.

I would also like an update on the asset and infrastructure review process. We now, with the publication in the Federal Register, have the final criteria to make recommendations regarding the closure, modernization, and realignment of Veterans Health Administration facilities, as outlined in provisions of the MISSION Act.

We are in a chaotic position. A proposed $18 billion cash infusion, an almost $80 billion infrastructure backlog, in some cases over 100-year-old buildings, the AIR commission that has not even been established yet, and even if the funds are provided, a VA work force that can address all of these concerns does not exist.

I am also not confident that the VA planning process could deliver what the agency or Congress needs. For over four decades, this Committee has seen the same budget requests and similar planning process over and over, while watching the infrastructure continue to deteriorate while the Department's budget increases and blooms.

Therefore, I feel the responsibility for this Committee to make certain several key questions are answered today, and I hope they will be. I hope that you, as our witnesses, address these subjects and the crucial problems that exist, and I look forward to hearing your testimony. My position regarding the importance of VA health care is clear and on the record, and I am wholeheartedly committed to the maintenance, continued development, and improvement of our VA health care system.

Mr. Chairman, thank you.

Chairman TESTER. Thank you, Senator Moran, and this is an unusual VA hearing because we only have one panel today, folks, and let me introduce that panel right now.

First we have got, for the VA we have Brett Simms, Executive Director for the Office of Asset Enterprise Management. He is also the VA's Chief Sustainability Officer and Senior Real Property Officer.

Joining us virtually from the Government Accountability Office we have Andrew Von Ah. He is the Director of GAO's physical infrastructure team and is responsible for overseeing a portfolio of work, including VA property issues.

From the Veterans of Foreign Wars we have Pat Murray, Director of VFW's National Legislative Service. Pat is here representing the Independent Budget veterans service organizations.

And finally we have Don Orndoff, Senior Vice President of National Facilities Services at Kaiser Permanente.

I want to thank you all for being here, and we will start with you, Mr. Simms.

STATEMENT OF C. BRETT SIMMS

Mr. SIMMS. Good afternoon, Chairman Tester, Ranking Member Moran, and members of the Committee. I am happy to be here today to discuss VA's infrastructure.

VA operates the largest integrated health care system in the Nation, with more than 1,700 health care facilities, 158 national cemeteries, as well as a variety of benefit and service locations. However, our portfolio is aging, with the average age of VA's own buildings approaching 60 years old. VA's infrastructure is a barrier to the excellence in care and service delivery veterans have earned. Health care innovation is occurring at an exponential place. The comparatively newer private sector facilities are able to incorporate these trends, while VA's opportunities are limited within our existing facilities.

To reverse the trends in VA's aging infrastructure, a large capital investment is needed. The President has called for $18 billion in the American Jobs Plan to modernize VA health care facilities. These proposed investments will pay long-term dividends by offsetting growing costs of older facilities while meeting the health care needs of today's veterans and those of the future.

As a part of the $18 billion, $3 billion is sought to address immediate infrastructure needs. These immediate needs include upgrades to support the growing number of women veterans, improvements to utility and building systems for more reliable and energy efficient operations, and facility enhancements to better accommodate aging veterans.

The remaining $15 billion would be used to fully modernize or replace outdated medical centers with state-of-the-art facilities. This investment is multi-faceted, reflecting the need to replace aging facilities, adopt modern trends in U.S. health care, and align with the future Asset and Infrastructure Review commission, or AIR commission, discussions.

In addition, VA's Fiscal Year 2022 budget was recently published. It includes several infrastructure-related legislative proposals. We believe these legislative proposals are necessary and in line with this Congress' priorities to address our infrastructure needs. These proposals, including restructuring our major lease approval process, will address known challenges and provide VA additional tools in the delivery of health care facilities. We look forward to working with Congress to enact these much-needed authorities.

The transformation of VA health care to achieve a safer, more sustainable, veteran-centered health care environment requires that VA leverage innovations in ever-changing medical technology and clinical procedures. With these changes there is less demand for large, sprawling campuses and more emphasis on ambulatory and virtual care. This evolving landscape requires that VA rebal-

ance its infrastructure to provide for a blend of these delivery methods.

The American Jobs Plan funding will allow VA to jump-start a recapitalization effort, serving as a down payment on our path to modernizing our facilities. This investment will allow VA to address the degrading age and condition of our assets that present challenges to delivering world-class care. The American Jobs Plan, combined with a focus on public and private partnerships, and a veteran-centered approach to health care delivery will be transformative for the public health infrastructure of the nation.

VA recognizes that the amount of funding requested in the American Jobs Plan is significantly larger than our typical appropriations. Because of this, our approach to execution must adapt. We are pursuing a whole-of-government and industry approach will standardizing our facility designs and streamlining acquisition processes.

VA will leverage our Federal partners to expand capacity. We will also continue to engage with industry to adopt the most effective and innovative delivery methods and contract vehicles to rapidly scale up and speed up. In addition, leveraging standardized facility designs and building more adaptable space, VA can better manage cost and scale for these projects.

While recapitalizing our facilities to better support future health care delivery is critical, we must be cognizant of the ongoing Veterans Health Administration market assessments and AIR commission work. VA views both the American Jobs Plan and the AIR commission as driving toward the same goal—improving veteran access and outcomes, by ensuring facilities get the necessary investment to support care and service delivery into the future.

The MISSION Act requires VA to continue construction, leasing, budgeting, and long-range capital planning activities while the market assessment and AIR commission activities are occurring. The American Jobs Plan supports this requirement with additional resources, while still allowing the necessary coordination with the AIR commission efforts. The outcome of these efforts will shape VA's health care delivery system of the future.

To summarize, VA has taken important steps to improve our capital programs and processes, and will continue to do so. Tactical improvements, combined with VA's strategy recapitalization undertaking, as part of the President's proposed American Jobs Plan, are solid building blocks on which to develop and implement opportunities to best delivery health care and service to our veterans.

Chairman Tester, Ranking Member Moran, and members of the committee, this concludes my statement. Thank you for the opportunity to testify today. I will be happy to respond to any questions you may have.

Chairman TESTER. Yes, thank you, Mr. Simms. Now virtually we have Mr. Von Ah.

STATEMENT OF ANDREW J. VON AH

Mr. VON AH. Members of the committee, thank you for the opportunity to discuss our recent and ongoing work on VA's management of its vast portfolio of real property assets.

Ensuring the highest quality care for our Nation's veterans requires high-quality facilities with sufficient capacity, in accessible locations. These facilities should also be designed to meet veterans' needs and expectations. However, fulfilling all of VA's priority projects in its 10-year capital plan would cost up to $70 billion. Meanwhile, VA faces a growing backlog of maintenance to facilities that are often considerably older and thus more costly to renovate and modernize than private sector counterparts.

My remarks today are based on our reports issued over the last 4 years on a variety of VA property issues and preliminary observations for our ongoing work for this committee. We are currently evaluating VA's asset management practices against leading practices that GAO considers to be essential for effective asset management.

First I would like to acknowledge some progress VA has made over the last few years. For example, we have made over 20 recommendations to the VA to improve such things as its property disposal and facility activation processes, its cost estimation guidance, and its ability to incorporate changing veterans' needs and expectations into facility planning. To date, the VA management has actively engaged with us to implement over half of these recommendations, and has made progress on all of them.

Nonetheless, preliminary findings from our current work on asset management reveal a number of ongoing challenges in establishing an effective system. In particular, I would like to focus on shortcomings in staffing to address asset management issues, communication and coordination within VA, and performance measures for assessing asset management.

With respect to staffing, VA has had challenges recruiting and retaining staff across the department for a number of years. In particular, officials from several regional offices and medical centers report difficulties in recruiting engineers and maintenance staff for their facilities, given the high cost of living in their areas and because of competition with other Federal agencies as well as the private sector.

To address this challenge, VA now uses special salary rates granted by OPM to recruit for engineering staff, which has helped to compete for these positions. In fact, the Department's vacancy rate for engineers overall decreased from 17.2 percent in 2019 to 11.6 percent currently.

The VA is now developing a hybrid qualifications standard for engineers who perform work in a hospital or health care setting, and the goal here is to provide more flexibility in recruiting and increase the pool of potential candidates.

However, it is unclear whether these initiatives will fully address VA's staffing challenges until they have been more fully implemented. Currently, VA officials we have interviewed in both headquarters and field offices and all four of the veteran service organizations that we have spoken with report that staffing problems still affect VA's management of its capital assets.

Turning to communication and coordination within VA, effective capital asset management requires a collaborative culture and information sharing across traditional lines of operation. VA's organizational structure can pose challenges here, given its vast field

presence and asset management dispersed across numerous offices within the VA, with differing lines of command and authority.

VA recently issued a directive that clarifies roles and responsibilities for asset management across these offices, and has developed processes as guidance to indicate how and when offices should communicate. But progress in this area will require ongoing effort, findings from our current work identifying instances where a lack of communication and coordination may continue to hamper its efforts. For example, we found that IT staff in medical centers are not uniformly part of construction and activation discussions, thus, needs are not necessarily conveyed clearly.

Moreover, if early communication during design is lacking between medical center and headquarters staff, there may be delays between initial project approval and execution, with resulting scope increases and contract modifications which potentially could have been avoided.

With respect to measuring performance, and effective asset management framework should include the ability to evaluate the performance of your system and implement necessary improvements. Preliminary findings from our current work show that VA lacks goals and measures to fully evaluate the performance of its asset management system.

For example, while VA reports information on the condition of its capital assets, VA does not have goals or targets associated with them. In its updated directive on capital asset management, VA indicates that it will establish a system that will allow it to evaluate capital asset performance in order to make sound decisions regarding acquisition, maintenance, and disposal of its assets. In the meantime, without such indicators, VA will have difficulty knowing whether the system is working and where it may need to make improvements.

Chairman Tester, Ranking Member Moran, this concludes my statement. I am happy to answer any questions you or members of the committee may have. Thank you.

Chairman TESTER. Thank you, Mr. Von Ah. Mr. Murray.

STATEMENT OF PATRICK D. MURRAY

Mr. MURRAY. Chairman Tester, Ranking Member Moran, and members of the committee, on behalf of the Independent Budget veteran service organizations, a 30-year partnership between DAV, PVA, and VFW, thank you for the opportunity to offer our comments regarding how to strengthen and sustain the infrastructure of VA.

While VA has received increased funding levels, a persistent lack of resources for facilities management, modernization, and personnel continues to negatively impact access for an increasing number of veterans. VA's aging infrastructure not only causes veterans to wait too long and travel too far for care but it also potentially endangers the health and lives of veteran patients and personnel.

Last November, at the Veterans Affairs Medical Center in West Haven, Connecticut, an aging campus built mostly in the 1940's and 1950's, while performing what should have been a routine maintenance job ended in tragedy when an over-pressured event

occurred, killing two men and injuring three other people. Earlier this month, the G.V. Sonny Montgomery VA Medical Center in Jackson, Mississippi, announced the closing of its dialysis treatment center due to aging infrastructure. These are just two recent examples of how a failure of properly maintaining infrastructure can impact veterans' access to care and present risks for employees.

Improperly maintained facilities and equipment can lead to a loss of money, services, and unfortunately, in some cases, a loss of life. Infrastructure can be life safety issue and needs to be treated with the appropriate levels of attention.

Our nation's infrastructure also needs improvement, and a proposed infusion of $18 billion for VA facilities is potentially part of a larger national infrastructure package. The IBVSOs are very appreciative of this proposal, and given the gap in funding identified by VA's Strategic Capital Investment Planning process, or SCIP, such an infusion is certainly justified.

However, we believe it is also time to consider a wholesale transformation, beginning with the revamping of the SCIP process. While VA's SCIP list contains all VA major, minor, interim, and leasing projects, VA's budget request regularly fails to address the full SCIP funding estimates or priorities. The SCIP process does not provide a chronological list of anticipated repairs, renovations, and replacements of facilities. At best, SCIP provides non-binding suggestions to the VA budget process, which are regularly bypassed, resulting in ever-increasing backlog of overdue maintenance and construction projects.

The SCIP process needs to be overhauled to reflect an actual plan and priorities of VA's physical footprint. In reference to the $18 billion proposed infusion in VA's own testimony on May 27th, they stated, "To determine the most appropriate investment for the recapitalization effort, VA will leverage a data-driven process to identify potential sites." Why is that information not already identified? What is the purpose of having a SCIP process if it is not to determine priorities in infrastructure?

The SCIP process needs to change to reflect a real-time list of priorities so they can be completed in order, based on priority.

Insufficient VA personnel is also an obstacle to timely and cost-effective infrastructure, maintenance, and construction. The IBVSOs recommend that VA increase its internal capacity to plan and manage infrastructure and construction projects by hiring additional personnel with subject matter expertise in the office of Construction and Facilities Management, within each VISN, and at every VA medical center. Congress should also consider utilizing the Army Corps of Engineers to manage some or all of VA's major construction projects, as well as private sector construction management services to increase timeliness and cost effectiveness.

VA must also align its policies closer to that of private sector builders, who regularly innovate in order to become more efficient and effective. Although personnel are not normally considered part of an organization's infrastructure, the lack of sufficient professionals to run and maintain an organization certainly limits its capabilities.

Filling vacant positions is critical to ensuring that veterans can receive VA-provided care in a timely manner. Therefore, VA must request, and Congress must provide, sufficient authorities and funding to fully staff VA in order to eliminate gaps in health care employees.

Finally, while we await the formation of the AIR commission, we must not wait for its completion to perform maintenance, upgrades, and necessary construction. AIR represents the future of the footprint of VA, but there is $60-plus billion of work needed now.

Chairman Tester, Ranking Member Moran, this concludes our joint testimony, and I would be pleased to respond to any questions you or the Committee members may have.

Chairman TESTER. Thank you. You are up, Mr. Orndoff.

STATEMENT OF DON ORNDOFF

Mr. ORNDOFF. Good afternoon, Chairman Tester, Ranking Member Moran, and members of the Committee. Thank you for the opportunity and honor to be before you today on behalf of Kaiser Permanente. I am Don Orndoff, Senior Vice President and leader of Kaiser Permanente's National Facilities Services.

Kaiser Permanente Medical Care Program is the largest private integrated health care delivery system in the United States, providing comprehensive health care services to 12.5 million members in 8 states. Our mission is to provide high-quality, affordable health care to our members and the communities we serve. Like the U.S. Department of Veterans Affairs, we serve a large, diverse population across our operational footprint.

At Kaiser Permanente, I am responsible for the full lifecycle of facilities management, including planning, acquisition, and operation of our 90 million-square-foot real estate portfolio, comprised of 1,300 facilities, with a $40 billion replacement value. The portfolio includes hospitals, medical office buildings, ambulatory surgery centers, call centers, and supporting facilities. We typically invest about $3 billion a year in facilities-related capital, roughly 3 percent of our overall operating revenue.

Prior to joining Kaiser Permanente in 2010, I served as the Executive Director of the VA Office of Construction and Facilities Management. Before that I served for 30 years as a commissioned officer in the Civil Engineer Corps and the SEABEEs of the United States Navy. I am here today to offer my perspective of four decades of experience in large, complex organizations, both in the public and the private sectors.

I suggest there are 10 basic tenets to successful facilities management for large health care delivery systems at the scale and complexity of Kaiser Permanente and the U.S. Department of Veterans Affairs. They are:

1. Lead through a comprehensive, enterprise strategy, to make sure that all business decisions support and are aligned with a carefully developed, universally understood business strategy.

2. Transform the care delivery model, to ensure that design of new health care facilities is forward looking, adaptable for inevitable change, and flexible to meet future space requirements.

3. Optimize care delivery platforms as a system, based on member-centric design that spans across multiple sites of care, ensuring the right care is provided at the right time, at the right place.

4. Standardize facilities design, so the entire organization can apply the discipline to follow the evidence-based standard every time for every project. This principle embodies a structured process to continually improve, embracing innovation that supporting the transforming care model.

5. Modularize facilities components, creating a kit of parts that can be uniquely configured within a standard structural grid. Super-designed modules address all relevant design decisions and allow us to engage aggressively in supply chain management concepts to reduce the effort, time, and costs to design and deliver individual projects.

6. Accelerate project delivery, to dramatically reduce cycle time and cost of project delivery while consistently delivering high-quality health care buildings.

7. Leverage progressive acquisition strategies, using integrated project delivery contracting and concepts to allow the team to virtually plan, design, and fabricate the future health care building before any onsite work begins.

8. Commit to proactive sustainment, to optimize facilities' lifecycle performance by requiring proactive sustainment of existing infrastructure to extend to the service life of valuable assets, avoid the long-term cost of breakdown repairs, and minimize core business disruption due to unanticipated building system failure.

9. Commit to environmental stewardship. By linking environmental stewardship to effective facilities management, we are committed to reducing building energy demand while increasing energy supply from renewable sources, achieving carbon neutrality.

10. Commit to investing for community health impact, to create a positive economic force multiplier effect to address inequities and social determinants that define community health.

My written testimony submitted for the record further expands on each of these tenets and overviews the progress that Kaiser Permanente is making.

In summary, Kaiser Permanente is committed to serving our members by delivering and operating health care facilities faster (speed to delivery), better (consistent quality and capability), and cheaper (lowest lifecycle cost.) We stand ready to work with this Committee, the U.S. Department of Veterans Affairs, and all health care industry thought leaders to improve health and reduce costs.

Thank you for this opportunity to share information about our work and experiences. I am happy to respond to your feedback and questions.

Chairman TESTER. Thank you, Mr. Orndoff, and I want to thank all of you for your testimony, and know that your entire written testimony will be a part of the record, so thank you all.

I am going to start with you, Mr. Simms. VA has been waiting since 2017 for Congress to act on a list of leases to allow the VA to build or refurbish a number of new clinics all across this country. That list has gone to 21, impacts 13 different states, impacting hundreds of thousands of veterans across the country. I believe you

know that I have been working on legislation to try to fix this issue for once and for all.

My question to you, is it correct that VA is supportive of making changes to the major lease process similar to what is in my BUILD for Veterans Act legislation? Is that true?

Mr. SIMMS. Yes, sir.

Chairman TESTER. And would those changes, if we were to pass the BUILD for Veterans Act legislation, have a significant impact on actually delivering these claims for the communities that need them?

Mr. SIMMS. Yes, sir. That is correct. I think the 21 leases that you mentioned add over 2 million square feet of capacity to the portfolio, and the changes proposed in the BUILD Act, as well as our FY22 budget submission, our legislative proposal to change that process, would dramatically improve our ability to deliver those.

Chairman TESTER. I appreciate that. Mr. Murray, from a VSO standpoint, particularly yours at the VFW, especially since the fact that I believe you are intimately aware of this legislation, do you support the legislation?

Mr. MURRAY. To change the leasing authority, sir?

Chairman TESTER. Yes.

Mr. MURRAY. Absolutely. It offers much-needed flexibility for VA.

Chairman TESTER. And in the flexibility is what is critically important.

Mr. MURRAY. Yes, sir.

Chairman TESTER. All right. I am going to go over to you, Mr. Orndoff, if I can find the question here. Look, you manage large facilities for Kaiser Permanente. I understand that you recently had an opportunity to meet with VA officials, including Dr. Stone. Is that correct?

Mr. ORNDOFF. Yes.

Chairman TESTER. Yes, and to talk about some of your insights, and I thank you for that. Can you share with us some of the conversation, the lessons learned, the observations that you were able to translate to the VA folks?

Mr. ORNDOFF. Yes, Senator. I think the big conversation revolved around speed to delivery. Dr. Stone expressed a few examples of projects, and I think it is common knowledge that some projects have been case studies and were not speed to delivery.

So, what are the opportunities? What are the tools and methodologies that we use in Kaiser Permanente that might be applicable for VA application? So there was a lot of good conversation around that. Obviously, understanding the agility and how you are planning for the future for an ever-changing care model was part of the conversation as well. Kaiser Permanente is very committed to working with the VA on a continuing basis to address these kinds of challenges.

Chairman TESTER. I also appreciate that. Mr. Orndoff, Kaiser is smaller than VA in physical infrastructure size, but I think it is fair to say you have a comparable yearly budget for infrastructure as the VA does. Is that correct?

Mr. ORNDOFF. Yes.

Chairman TESTER. Okay. So, I mean, I think that says a lot right there, about where your priorities are. But how do you determine your budget for maintaining what you have and what you intend to build new each year?

Mr. ORNDOFF. Thank you for that question. We go through a rigorous process of trying to understand where our opportunities are to expand our membership and create additional access for our members. We have a delivery system planning process that is constantly looking at that issue. And where we have gaps or missing capability we will begin to program in solutions that would address those gaps.

We start off with the premise that maintenance of our existing infrastructure is the first priority of capital. That is repeatedly reaffirmed by our chief financial officer, that we will maintain our target performance for our existing infrastructure. We currently set our targets at 5 percent maximum backlog for hospital facilities and maximum of 10 percent for any other facilities, in terms of a backlog. That gives us the ability to execute that work and program it and keep those facilities in the best shape possible and extend the life of the facilities.

We typically look at about a 2 1/2 to 3 percent capital investments against operating income. Our whole economic structure and financial structure is geared to create the headroom to have a capital program to maintain the infrastructure, which is critical to our care delivery model.

Chairman TESTER. Do you think that proportion is applicable to any health care system, including the VA?

Mr. ORNDOFF. Well, certainly there is a point where it is an optimum. I think that obviously there are a lot of considerations and priorities that go into resource allocation. But, you know, we have come to that as a general business philosophy and program to those levels, and stress our entire system to deliver on those as part of measuring our performance.

Chairman TESTER. Thank you. Senator Tillis?

SENATOR THOM TILLIS

Senator TILLIS. Thank you, Mr. Chairman. Gentlemen, thank you for being here today.

Mr. Simms, you, in your opening comments mentioned rebalancing infrastructure. I think Secretary McDonough used a slightly different term. Some people have tried to characterize that as a brag for the VA. How are we able to break through the threat—you have got a ratchet effect problem going on here, right? You want to either consolidate or modernize facilities. It may affect a physical footprint. And so you have the challenge of being able to come up with some sort of service-level metric or something that can ensure the veteran that the fact that the address may change, that the service levels are as good or better.

As you are going through this process, to what extent are you preparing that kind of information so that they can feel confident that that would be the end result?

Mr. SIMMS. Thank you for that question. That is absolutely critical in any of the decisionmaking that we are looking at for infrastructure. What I will say is the Secretary is pretty consistent in

the message that we are looking to improve the access and the outcomes for veterans. And some of that is delivery care by VA, in VA facilities, some of it is VA as a provider, but in other facilities, and some of it may be care in the community that VA is the care coordinator for.

All of those are pieces of the market assessment and AIR commission work that is ongoing at this point. It will clearly influence what the physical footprint looks like, but we also know that there are sites that today, the age and condition of the facilities simply will not support whatever that future footprint will be.

So we are trying to get ahead and identify those sites and what work could be done early so that we are ready to hit the ground running.

Senator TILLIS. I am going to come back to you in a minute.

Mr. Orndoff, of the real estate portfolio that are responsible for managing, how much of that does Kaiser Permanente own versus some sort of a lease arrangement with the building owner?

Mr. ORNDOFF. In broad numbers it is about two-thirds owned, one-third leased.

Senator TILLIS. One-third. And what is the trend, moving forward? Would it be roughly the same proportion, or what is the trend?

Mr. ORNDOFF. For our larger facilities we tend to want to own those. It is major capital investment, long-term investment. We typically use leasing for more tactical purposes and administrative space. And right now, of course, post-COVID we are looking at consolidating our administrative footprint for some of the opportunity there.

I suspect that we will be seeing the owned ratio go up, probably to about three-quarters to one-quarter.

Senator TILLIS. That may make more sense in the space that you operate. When we build a building it is sort of like, I am having this discussion with DoD, I am having this discussion with DOJ on courthouses. When we enter into these sorts of relationships we have a stickiness that could be 20-, 30-, 50-year relationships. I think that is more attractive for private-public partnerships.

Mr. Simms, first off, when is the AIR commission going to present the report to the President, to either sign off and send to Congress or send the commission back to doing its homework?

Mr. SIMMS. If I have the dates right from the statute, VA will deliver its material at the beginning of 2022 calendar year. The AIR commission will debate for approximately a year, and then in February 2023 will deliver its recommendations back to the President.

Senator TILLIS. Is the AIR commission—I know the law restricted the stoppage of any projects while the commission was going through. So now you have got a physical plan that at the end of the day may or may not be completely consistent with what you want to do. So is the AIR commission also focusing on the end process projects?

Mr. SIMMS. No. In the end process projects are just continuing to move forward. The AIR commission is not necessarily looking at those.

Senator TILLIS. At the viability of them, whether or not it was a rational decision to do whatever they are doing. They are either renovations or new buildings. Those are outside of the purview of the AIR commission?

Mr. SIMMS. Correct.

Senator TILLIS. The last thing I will leave you with, I know, at least in North Carolina, I almost think about P4-—public, public-private partnership. As you are looking at some of these models, are you looking at state and local governments who may be willing to play a role to reduce the cost of the build-out? We are working on a project now in DoD where the state is going to issue bonds and be a partner with a private sector provider for facilities not far from Seymour Johnson. Have you all looked at that dimension as you move forward with the leasing and some of these PPPs?

Mr. SIMMS. Yes, that is a great question. So we do not have the inherent authority to look at even typical public-private partnerships. We do have some space-sharing authorities that we are looking to try to leverage in different situations to acquire space quicker, but it is not a pure public-private partnership engagement like you are describing.

Senator TILLIS. Well, Mr. Chair, I think I inferred from you that you are Okay with these leaseback projects. I think it would be absurd for that not to be a key part of our portfolio, and I think that the ratios, looking ahead, if we want to build out more facilities, should probably be more weighted to more leasebacks. These are long-term projects. They are not going to move for decades. You can create an investor base that is willing to put that in there because they know they have got a good tenant.

Thank you, Mr. Chair.

Chairman TESTER. Thank you, Senator Tillis. Senator Hassan?

SENATOR MARGARET WOOD HASSAN

Senator HASSAN. Well, thank you, Mr. Chair, and I want to thank the Ranking Member as well for this hearing, and I want to thank the witnesses for being here today. And, Mr. Simms, I want to start with a question to you.

New Hampshire is one of three states, along with Alaska and Hawaii, that lacks a full-service VA hospital, something I have been pushing to change for years. Because we do not have a single, full-service facility, many granite state veterans receive care in a patchwork manner—at clinics, through contractors, and across state lines.

Mr. Simms, in your testimony you said that the VA takes a data-driven approach to prioritizing projects. How does the lack of a full-service VA hospital in a state factor into that data-driven approach?

Mr. SIMMS. Thank you, Senator, for that question. I will get specifics on New Hampshire, but in general, what it comes down to is the enrollee population and the projected service demand are laid against the available resources. And those resources include VA, Community Care, and other providers out there, to determine where those points of care today exist or where there may need to be some in the future. But it is very local and very specific to different regions, as you pointed out.

Senator HASSAN. Well, I understand that. I think one of the things we are looking for is assurance that without a full-service VA resource within the state that there are different kinds of pressures on the other health care providers and different kinds of needs for the veterans. So this is a way of saying that I think the VA needs to better prioritize veterans in New Hampshire, Alaska, and Hawaii, who lack a full-service VA hospital. And at a minimum, VA should take the lack of a full-service VA hospital into account when allocating resources. I am happy to work with the committee and with the VA to help ensure that happens, going forward.

Relatedly, Mr. Simms, the current VA Medical Center building in Manchester is 70 years old, and it shows. Just a few years ago, the building had a major fly infestation that led to canceled procedures, and the VA has spent tens of thousands of dollars on exterminators to help address the problem. Our veterans should not have to wait for insect infestations to clear up in order to get the care that they need.

In 2018, a VA task force put forth a robust set of recommendations for VA care in New Hampshire, including an ambulatory surgical center at Manchester and numerous other changes to improve VA infrastructure. But 3 years later, Granite state veterans are still waiting for action on many of those recommendations.

So, Mr. Simms, can you please speak to how the VA will make real, lasting change to its facilities to proactively address our veterans' needs, rather than take a Band-Aid approach, like hiring insect exterminators to fix issues that have a negative impact on care?

Mr. SIMMS. Thank you, Senator. That is a great question, and frankly, that is at the root of why we are driving toward recapitalization. There is only so much of that Band-Aid approach that you can take before you simply cannot make some of the changes or fixes that are necessary to continue support in those facilities, without having shortages or stoppages of care delivery, and we certainly do not want that.

There are some facilities that we need to look at fully recapitalizing, and New Hampshire is an example. Manchester would be one that is of the right age, the right condition, that it would fit with many other facilities across the system that are in that discussion for where does recapitalization make sense to actually just wipe the slate clean and start new.

Senator HASSAN. Right. It is rare that you call somebody at Manchester—and the staff there is great, veterans love the staff, they are grateful for the care they get—but you call and there is almost always some facility issue that is interfering with care. It is not just an inconvenience. So I would look forward to working with you on that.

Mr. Murray, I want to thank you for being here today as well. We certainly know how essential our veteran service organizations are in our communities. We are really grateful for them in New Hampshire.

The VA must use a comprehensive approach in infrastructure planning that uses both data but also the input from veterans. Mr. Murray, can you please speak to why feedback from local VSOs is

critical to infrastructure planning and how VA officials can use this information to inform their decisions?

Mr. MURRAY. Absolutely, ma'am. As part of the market assessments, the local veteran's voice is important to find out what services are needed, what services are desired. VA cannot properly set up what they are going to put in their VA facility if they are not aware of exactly what it is they want.

One of the things that we are also here to say, as you mentioned, some of the issues regarding facilities. That is stuff that our members hear about. That is stuff that veteran patients see about. As Mr. Orndoff mentioned, 3 percent of operating costs, if that was applied to VA's budget that would probably align with what we think VA should be spending every year, but they do not have the capacity in order to do that. They do not have the personnel to manage that much work, that volume of work.

So we think that looking at what organizations like Kaiser are doing, and kind of applying that to VA would really help, moving forward.

Senator HASSAN. Thank you, and thank you, Mr. Chair.

Chairman TESTER. Senator Tuberville.

SENATOR TOMMY TUBERVILLE

Senator TUBERVILLE. Thank you, Mr. Chairman. Thank you, gentlemen, for being here today.

You know, the COVID–19 pandemic forced a lot of health care services online, and telehealth became a crucial ability for veterans and providers across the country. With this increased use of telehealth services, fewer veterans have to travel to see their doctor.

Mr. Simms, how does this trend influence the decision you are making around constructing or accessing the need for more VA hospitals and clinics?

Mr. SIMMS. Thank you, Senator. That is a great question that at this point we do not really know the answer to, simply because when COVID and the pandemic hit, it forced a lot of delivery of care to go into those virtual modalities. We are at the point now, as we come out of the pandemic, we are not sure that all of the veterans will want to stay in that virtual or whether they will want to come back to the facilities for visits for different types of things. So as we learn more about that it will absolutely impact the footprint.

Senator TUBERVILLE. Yes. I think education is going to a part of that too. You know, with 7.8 million young men and women, or my age, even, that just fought in these two wars we had, you know, we are going to have a lot of people that we are going to have to treat, and we are going to be overrun at times. I think telehealth could be a big factor.

Mr. Von Ah, when coordination breakdowns occur most frequently within the VA in relation to infrastructure vulnerabilities, how would you recommend the VA leverage the $18 billion from the American Jobs Plan to address these vulnerabilities?

Mr. VON AH. Thank you for that question, Senator. So our work has shown that there are a few places where communication can be lacking, where offices may not frequently interact, for example, the property disposal process does not occur as often as other types

of projects, so facility staff may not be familiar with the options or the processes they need to follow.

We also see a number of breakdowns between headquarters and the field in terms of headquarters sort of explaining what their priorities will be and should be for local planners, and local medical centers communicating their needs up to headquarters.

Then we also see issues where multiple lines of business come together, and this happens, for example, during activation, where you can have challenges with bringing different lines of business together with their own budgets and lines of authority.

In terms of the $18 billion, I think for us it really starts with setting goals and measures in terms of what VA hopes to accomplish. Our work has shown that while the SCIP process identifies priorities, there are not really clear goals in terms of, you know, do we want to close these SCIP gaps? Do we want to get this many facilities at this level of condition? Or do we need to make a dent in the deferred maintenance numbers that we have?

And so for us it really starts with setting those goals and measures to sort of guide what they should be doing with an infusion of dollars.

Senator TUBERVILLE. Thank you. Mr. Murray, private industry has certain standards and practices to improve construction. What can the VA do to align more closely with private sector?

Mr. MURRAY. Thank you, Senator. Some of the things is to speed up the lifecycle of the entire project by bringing the designers, the contractors, and the end users together in contractor-led design-build processes. It shortens it by bringing all the parties together. It might shorten it by a year or two, but when you are talking about medical equipment that has a certain lifecycle, it only has a finite number of years for it to be in its prime usage period, that really lets that facility operate at maximum capacity for a better amount of time for patients by bringing them together with contractor-led design.

Also by utilizing the Army Corps of Engineers, who has moved and developed some of those same practices. Also reaching out to private industry and asking organizations, like Kaiser, who have learned some of these lessons. The private sector works on efficiency. They do it because it works. That is something that VA should really lean on.

Senator TUBERVILLE. Thank you. That leads to my question to Orndoff here. What have you found to be the typical total cost of a building, a brand-new, state-of-the-art hospital, and if you were given $18 billion to improve the Kaiser system infrastructure, how would you allocate that money to ensure it is used effectively?

Mr. ORNDOFF. Thank you, Senator. Of course the cost of a hospital is depending on the size and the scale and so forth.

Senator TUBERVILLE. Average size.

Mr. ORNDOFF. Right now we are delivering about $800 million per copy, on a typical 250-to 300-bed hospital. We have one under construction right now, and that is the price point for that.

So, you know, round numbers, when you look all in, it is $1 billion a copy. It is a daunting challenge with the age of the infrastructure of VA to say where do you start and where do you apply this?

One piece of advice that we shared with Dr. Stone a couple of weeks back was, try to take a programmatic view of this, and in execution, not just in the thinking and the planning but in the execution as well, where you can leverage the scale of the spend in a way to get better pricing and streamline some of the decision-making process. So that might be one thing that we could talk about, some areas where we have had some success with, and share that with VA.

It is an expensive business, and as you know, the cost of materials and supplies right now are really escalating in the construction business. It is very difficult to predict the future of cost in construction right now. We are doing our best to forecast, but it is more of an art than a science, to be honest, and we hope to see that settle out soon. But there are also pinch points for things like labor availability. That is one of the major drivers of construction cost as well.

The dynamics post COVID, as we recover and set the new normal, will all be impacted by this and we will all be trying to read the tea leaves as best we can to understand costs and future costs.

Senator TUBERVILLE. Thank you, Mr. Chairman.

Chairman TESTER. Senator Brown. Senator Murray.

Senator MURRAY. Senator Brown has been sitting here, if you want to go.

Chairman TESTER. He has been here for at least 5 minutes before you. I just wanted you to know.

[Laughter.]

Senator BROWN. Senator Murray wants to chair this Committee.

SENATOR PATTY MURRAY

Senator MURRAY. Thank you. Thank you, gentlemen. It is great to see you here today.

You know, I am really glad that President Biden included historic investments in home and community-based services in the American Jobs Plan. As our aging population of veterans grows, veterans' long-term care needs really deserve a lot of attention to make sure that these veterans receive the quality care that they have earned.

This week I actually introduced a bill to pave the way for much-needed investments in long-term care. My bill, called the Planning for Aging Veterans Act, would improve VA's relationship with state-run veterans' homes and expand the care veterans in state homes receive. Importantly, this legislation requires the VA to develop a strategy addressing the future needs of our veterans so we can provide the resources to ensure veterans have access to long-term care options, which includes addressing the needs of veterans with unique needs, like women veterans and veterans who live with traumatic brain injuries, or in need of medical care.

So, Mr. Murray, I will start with you. Good name, by the way. What steps would you take to prepare for the growing number of older veterans seeking long-term care services, both at home and in institutional settings, and how can VA actually tailor their care infrastructure plan to properly serve our aging veterans?

Mr. MURRAY. Ma'am, for the aging veterans, we need to invest heavily in the long-term care facilities, something that frankly is

kind of has been overlooked in recent years, where we think now is the opportunity to really do that. It is a better model of care. There are far too many veterans that are in non-VA-controlled homes.

The other one you mentioned, for women veterans, that is another population that is growing, and the Independent Budget is recommending $20 million, specifically for physical infrastructure changes for women veterans, but we are also recommending that it be put in a dedicated budget item, so it is not put into a general facilities fund that could be taken as needed, if there is a more pressing issue that comes up in a facility. Otherwise, these things will never get done.

So we think that for critical things like that, for growing populations, they need to be assigned and left alone as certain budget items.

Senator MURRAY. I appreciate that, and our women veterans, in particular, we have a large number of women come into the military, they are aging, they are going to need these facilities. We never built them and are not ready for them, so that is important. Thank you.

Mr. Simms, let me turn to you. The average age of our VA health facilities is more than 50 years old, and by comparison, by the way, the median age of U.S. private sector hospitals is about 11 years old. So many veterans are now relying on these facilities to get the care that they desperately need, including a facility in my home state, Walla Walla, Washington, which I fought to keep open.

I wanted to ask you, how is the VA making sure that the existing facilities have the capacity to continue serving veterans, and particularly our veterans in our rural areas, with high-quality care, instead of shuttering facilities where access to health care is already a challenge?

Mr. SIMMS. Thank you, Senator, for that question. A couple of things. One is, as we talked a little bit ago about leveraging leasing, leasing facilities allows us to put points of care closer to where veterans are, including in rural areas where it may not make sense because you do not have the demographics to have a large VA facility, but standing up a clinic, via the leasing portfolio, is one of the ways that we can ensure there is access to VA, high-quality care in those areas.

For places where we have existing facilities, we are looking at those to ensure that both the capacity and the condition. Tactically, we have to address things as they come up, but we are also looking strategically at where those campuses are that need the larger reinvestments and recapitalization efforts.

To piggyback off of what Mr. Murray said, if we look at the focus areas for things like women veterans or aging veterans, part of the American Jobs Plan would be able to focus on those areas at multiple facilities across the country, to be able to address investments targeted at increasing access in those areas.

Senator MURRAY. Okay. And I am really worried about staffing shortages. The VA operates one of the largest health care systems in the country. It serves over nine million veterans. And in order to give our veterans the care they deserve, VA has to be operating at full capacity. And according to VA's latest publicly available

staffing data, VA is severely understaffed, even after the influx of hires due to the COVID–19 pandemic.

So I am not sure who can answer, but how can Congress help VA solve these staffing shortages and make sure that our veterans get the care they need?

Mr. SIMMS. Thank you. That is a critical question. In many respects, we are facing the same thing as the public health care system. There is simply a shortage of providers, in particular those specialty providers, that we just cannot get to, nor can anyone else. So it is a resource that is just scarce to get to.

With that said, I think the VA numbers on the staffing have improved, and our turnover rate is actually significantly lower than the private sector. Comparable private sectors have turnover rates close to 30 percent, and VA's is closer to 8 percent. So our turnover rate is very good. Some of those vacancies are simply that normal turnover, as well as increased funding that we are working to fill those vacancies. But they are essentially new positions so they are not existing providers that we do not have.

Senator MURRAY. Okay. Well, particularly if you can get back to the Committee how we can make sure we are doing what we need to do to make sure you have the staffing that you need, I would appreciate it.

Thank you, Mr. Chairman.

Chairman TESTER. Thank you. Senator Brown.

SENATOR SHERROD BROWN

Senator BROWN. Thank you, Mr. Chairman, and thanks for holding this hearing on VA infrastructure and how important it is. We know that our Nation's infrastructure is more than the Brent Spence Bridge over the Ohio River in Cincinnati, as important as that is. It is more than public transit. It is more than water and sewer systems. It is VA infrastructure too. And we know that when servicemembers answered the call, the American Jobs Plan, the $18 billion—I heard the Senator from Alabama talk about the $18 billion, what you should do with it. Well, you will obviously put it to particularly good use.

Experts on this panel and from organizations like RAND stated that VA's aging infrastructure has a major impact on veterans' access to health care logically. Mr. Murray's testimony highlights the need for additional resources for specialized care such as spinal cord injuries and disorders, and we know the number of female veterans seeking care at VA is growing rapidly. The VA in Cleveland has one of the best spinal units in the country.

So, Mr. Simms, in your testimony—my question is for you—you stressed the importance in the American Jobs Plan, of the $3 billion to address immediate infrastructure needs within VA facilities. How would the VA use the American Jobs funding to improve care for female veterans and other specialties like spinal cord injuries and mental health?

Mr. SIMMS. Thank you, Senator, for that question. There would be focused investments, looking at women's health, for example, where we would be looking to both increase access as well as improve existing facilities for things like privacy, separate entrances, and things like that, to address some of the concerns of women vet-

erans being able to access services that exist today. It would also include capacity expansion, to ensure that we have got the right clinics and the size of those clinics to be able to support the women veterans.

So that is one piece of it. More broadly, I think a lot of the challenges we face—and Ms. Hassan had given an example of that, of facilities where there are utility issues that force closures or denial of service. A large portion of that immediate investment would be looking at those core infrastructure utility system needs to ensure that we are operating efficiently and effectively in the existing medical centers, so that those types of care can be delivered, whether it be specialty, primary care, inpatient, or outpatient.

Senator BROWN. Thank you, Mr. Simms. My other question is for Ms. Murray and Mr. Von Ah. You both detailed steps that the VA can take to make improvements to address changes in demographics and adapt to new specialties. Walk us through, each of you, if you would, Mr. Von Ah and Mr. Murray, walk us through some of the staffing and resource improvements that you recommend. Tell us how these changes would improve veterans' access to health care.

Mr. MURRAY. Senator, the first thing that we really recommend is building internal capacity for VA to actually perform the work. Right now the current backlog, there is no plan to address the backlog for infrastructure. When we face backlogs with appeals, when we face C&P exam backlogs, right now there is a national records backlog, there is always a plan. It involves increased staffing, overtime, additional resources so that they can defeat that backlog.

Right now there is no plan for that for VA infrastructure. We think building the capacity in the work force to perform the work is critical. Right now there is a $60-plus billion backlog, and $22-$23 billion of that is maintenance alone.

Coming forward, in the next couple of years, we have AIR commission that is going to produce a report with recommendations. If those recommendations cannot be acted upon for years, then the report will be worthless. It will be a waste of time if the AIR commission results cannot get acted upon for 10 more years.

So building the internal capacity, increasing the slots to hire to do the work at VA I think is No. 1 to address those needs.

Senator BROWN. This money will enable you to carry you to answer that report, in a sense.

Mr. MURRAY. I am sorry. What was that, sir?

Senator BROWN. So these dollars will help you answer that—carry that out, carry that report out.

Mr. MURRAY. Yes.

Senator BROWN. Okay. Mr. Von Ah, if you would respond too.

Mr. VON AH. Sir, I thank you for that question. So just looking to the needs and expectations of veterans, you know, we have done some work looking at the ability for VA to incorporate those needs and expectations into facilities planning. VA has taken some steps to at least make it clear to local facility planners how these gaps in their facility needs are derived and understood in terms of the health care models that VA has and how that translates into space needs.

But we also have some outstanding recommendations related to them being able to identify and incorporate veterans' expectations and changing needs into some of that facility planning. So we think those recommendations could help them to sort of bridge that gap in terms of the types of things that you are talking about, in terms of women's care and specialty care that is needed in the community.

With respect to staffing challenges, I think, you know, again, it is just incredibly important that, you know, from my perspective we only look at it from the facilities side of things, so we are looking at the vacancies in facility managers and vacancies in engineering and maintenance staff. At facilities that I visited where you have robust staff, you see the ability to respond to some of those needs very quickly and very efficiently, and where you do not have staff you see difficult choices about what do we fund, what do we fix, what do we put off, and what do we defer.

So, you know, the idea that VA has some flexibility in terms of creating a new health care engineering position has used some flexibilities in terms of its ability to offer higher pay. I think those are all good things but it will remain to be seen whether that really addresses some of the problems out there in specific communities.

Senator BROWN. Thank you. Thank you, Mr. Chairman.

Chairman TESTER. Senator Blumenthal.

SENATOR RICHARD BLUMENTHAL

Senator BLUMENTHAL. Thanks, Mr. Chairman, and thank you for having this hearing. Very, very important. And let me just come right to the point. In West Haven—I hope you are familiar with what happened there—an explosion killed two people, including a member of the Veterans Affairs staff, a veteran of military service, not long ago, and the OSHA report, which has recently been released, found a number of errors in maintenance and repair procedures. But essentially that explosion was a result of an aging, decrepit system of steam pipes. It is only one example of why that whole structure, the West Haven VA facility, needs to be rebuilt.

I have advocated this reconstruction for years. It is a 1950's building with a more modern shell. It has been afflicted with insect infestations because of structural defects in its walls. It is insufficiently strong to accommodate the most modern surgical equipment. There are a variety of different structural problems that make it inadequate. And I should add the VA staff, the doctors, the nurses, the administrative staff are world-class. They are doing their best with this inadequate, aged, decaying facility, and they are heroes.

But the facility needs to be rebuilt, and two people are dead now because of a failure to take necessary steps to invest in this infrastructure. It is horrifying and outrageous.

So I would like to know, Mr. Simms, what will be done in this budget to provide the investment necessary to rebuild this facility? Connecticut has 200,000 veterans. VA systems employs 2,500 dedicated staff. And I think that this facility should be at the very top of any list, and there should be a list of VA facilities that need reconstruction.

Mr. SIMMS. Thank you for that question, Senator. The tragedy at West Haven obviously has many immediate impacts that we are working to address, both at West Haven as well as across the portfolio, to do our best to ensure incidents like that do not happen.

With that said, your point is well taken in that the facility, in and of itself, is an aged facility, and the infrastructure there is a contributing factor to incidents like this.

So let me talk specifically about West Haven, and that is we have identified a specific project that is included in our 5-year development plan for major rehabilitation work at the West Haven facility.

Senator BLUMENTHAL. What about the timetable for it?

Mr. SIMMS. I believe Fiscal Year 2023 or 2024 is the construction investment that was included in the budget.

Senator BLUMENTHAL. Well, I would like a specific commitment that it be done by date certain. I would like a timetable for what the planning and design and execution would be. I am saying this with all due respect, but I have said it years previously. And I do not want to see more deaths occur there as a result of delay. So if you could get me something in writing I would appreciate it.

Mr. SIMMS. I will happily do that, Senator.

VA Response: Planning - The planning contract for West Haven major construction project was awarded in March 2020 and completed in September 2021. The required National Environmental Policy Act study is ongoing and is scheduled to be completed in Q4 fiscal year (FY) 2022. VA approved the project to proceed from the planning to the design phase March 2022.
Design - The contract for the Architect/Engineer (A/E) is on track to be awarded by the US Army Corps of Engineers (USACE) in Q3 FY 2022. The cost estimate for this project is over $100M, hence the design and construction will be transferred to the USACE for execution.
Construction - The construction contract will be ready for award Q3 FY 2024. Detailed cost and schedule forecasts will be developed by the A/E.

Senator BLUMENTHAL. Thank you. Let me just ask, quickly, about another aspect of infrastructure there. Several years ago, the West Haven VA had a flood that impacted its sterile processing facilities, which resulted in staff being forced to conduct sterile processing in trailers and also farm it out to nearby hospitals, like Yale New Haven.

In 2018, investigations by the Joint Commission and the VA's National Program Office for Sterile Processing found that the facility did not meet its standards to properly sterilize surgical equipment and that the facility could not accommodate patient needs. As a result, a proportion of surgeries were outsourced. The OIG also found that VA leadership decisions to remedy this situation impeded progress and created a divide between clinical staff and administration. No staff with either the SPS or operating room experience were included in the SPS program. And I understand now the current location of the surgical sterilizing procedure is in the basement, that it is unsuitable because of intense humidity and high temperature that are creating mold and overall hazardous environment for that processing.

Again, disappointingly, construction has been delayed for a new addition to the Sterile Processing program, and it has been assigned and is currently in the project book stage. The initial cost

estimates were completed in 2015, and the latest estimates would place a completion date toward the end of 2028.

I have, again, asked repeatedly, and been assured it would happen well before that date, and I would like, if you know now, when this work will be completed. The retrofitting of the trailers for the temporary solution has also been delayed. Can you tell me what will happen by what date?

Mr. SIMMS. Senator, I do not have that information but I will get back to you with that, in writing.

VA Response: Initially the major construction project scope included the sterile processing services. This is now being completed through a minor construction project with design obligated in March 2020. Construction is estimated to be awarded in FY 2024 and completed by FY 2026. Sterile processing services are temporarily established in an onsite trailer until construction of the permanent facility is completed.

Senator BLUMENTHAL. I appreciate that. Thank you.

Chairman TESTER. Senator Blackburn.

SENATOR MARSHA BLACKBURN

Senator BLACKBURN. Yes, Mr. Chairman. Thank you so much. I appreciate this.

Let's see, Mr. Orndoff, I wanted to come to you. As you know, in Tennessee and there in Nashville we are pretty much the hub for our Nation's hospital management companies. And I know when we talk with them they talk a good bit about providing world-class service and the importance of budgeting and planning and execution, and how that has been so instrumental in their long-term success. And I feel like, as I look at the VA, this is truly something that is missing for them.

And, Mr. Simms, I am going to come to you next on this OIG report on the deficiencies in reliable physical infrastructure cost estimates for the electronic health records, and looking at VA infrastructure.

And I think, Mr. Orndoff, what I would like from you, for the record, is how do you identify both these electronic or cyber infrastructure, how do you identify the local physical infrastructure, how do you maintain this system of upkeep and maintenance, which sometimes, in the Federal process, we build it, it is new, but then it does not have the proper ongoing maintenance. And I think it would be helpful for you to just talk for a moment about what your process is, if you can give us a minute on that.

Mr. ORNDOFF. Thank you, Senator. We try to have a lifecycle perspective. I think that is common knowledge that everybody would want to be there. It is a bit challenging because——

[Audio interruption].

Mr. ORNDOFF. Okay. I should continue?

So what we try to do is to think about what is the sustainment cost as part of the overall decision to execute on a particular project, so we are not just focused on up-front capital costs but lifecycle and sustainment cost as part of the overall solutions.

It is challenging to do. There are different types of money and so forth, and I understand that there are competing priorities, obviously, for resources. But it does take the vision to do that. It does take the commitment of leadership to follow through to do that and

the constancy of purpose to deliver, and that is a constant vigilance that the organization needs to have.

In the private sector it is a little more straightforward on how we can plan, acquire, and operate. I understand certainly having been at VA in my past the challenges of having that longer-term view, and the magnitude of stakeholder input that you have to factor in.

But we have come to understand within Kaiser Permanente that the right answer is to make the lifecycle investments, and as we plan facilities we understand that there is a run cost and a tail to that, and we want those huge investments to have the absolute longest service life possible. And so by proactively maintaining that infrastructure you will get the maximum life, you will get the minimum disruption from breakdowns and unexpected events, and it actually, over the long term, reduces cost.

So it is hard to have the discipline and rigor to do it, but we know we need to and we have a steady stream in that direction.

Senator BLACKBURN. Not to interrupt but, Mr. Simms, I want to get to you. And looking at this report on the deficiencies, you know, we all know that really having fine-tuned and precise cost predictions are something that you are not going to be able to do specifically. The report points that out. But it is something that you need to be able to ballpark. And it said in the report, additionally, that VHA leaders did not know the true state of their physical infrastructure at these facilities.

So we are trying to move forward with 21st century health care provisions, and these electronic records, but you also have the physical facility issue. So why was the state of these facilities not known, and what steps are you taking to improve the SCIP process that should have been essential to this?

Mr. SIMMS. Thank you, Senator. So let me address that in two parts. First is we actually do know the condition of our facilities. We have a recurring assessment process that we evaluate all of the systems and subsystems of our building on a regular, 3-year cycle, that identifies what facility systems are in good condition, poor condition, and what it would cost to fix or get those to a like-new state.

The challenge, and the second point, with the EHRM infrastructure is it was not about the condition of the facilities. It was whether or not the facilities met the new standard that was necessary for deployment. So a simple example would be we have a wiring closet that has a HVAC capacity in it, but if it was not the right standard for EHRM, we needed to do work. We needed to do investment to ensure the deployment could happen.

So the state of the facilities that I believe the IG report references to is whether or not they met the standards or the requirements to deploy, not necessarily the physical condition of the facilities, which I do think is included in the SCIP process.

Senator BLACKBURN. Okay. Thank you. I know I am over time. Thank you, Mr. Chairman.

Chairman TESTER. Thank you. Is Senator Manchin on? He is not. Okay.

So I think we will close this out. I do want to thank the witnesses from the GAO, VFW, and from Kaiser, and the VA for being

here. This hearing demonstrated VA has a long way to go to meet the veterans' needs for modern facilities, and I think we have identified steps the VA needs to take and actions that we need to get done here in Congress. I look forward to working with the VSOs, my colleagues, and the VA in providing the VA the funding and the authorities they need to be successful while continuing rigorous oversight to ensure the funds are used wisely on construction projects, to get those projects across the line.

On that note I will keep the record open for a week.

One final thing before I adjourn, about a month ago this Committee held a hearing on four nominations: Mr. Remy, who is to be the Deputy Secretary in charge of the JAC—and, by the way, if the VA would communicate with the DoD and the DoD would communicate with the VA, it would solve a lot of the problems we deal with here every day. That is his job. He is also going to head up the IT. We all know, on this Committee, the IT challenges that the VA is having right now with electronic medical records and other things, scheduling and others.

The next person was Ms. Ross, who is Congressional Affairs. That is the person who can help us get legislation done so everybody can achieve success, and we can do legislation that actually meets the needs of our veterans that the VA can implement. Important position also.

And Ms. Donaghy, who is going to be the head of the Accountability and Whistleblower Protection. I do not need to tell folks how important that position is. It is critically important.

And last but not least, General Quinn, who is due to be the Under Secretary for Memorial Affairs. It is obvious what this person does. In some of the toughest times in these people's lives, when a loved one passes, the Director of Cemetery Affairs is critically important in that.

Well, long story short, somebody on this Committee has put a hold on those four nominees. I do not know who that is. I cannot find out. But I want to point out a couple of things. No. 1, they passed unanimously from this Committee. No. 2, you are not hurting those guys. You are hurting the veterans they serve. You are hurting the VA. And if we are going to hold the VA accountable, it is patently unfair not to give them a full slate of employees that are confirmed so that we can hold them accountable.

And finally, if they are being held because the VA is not stepping up and doing something, let this Committee know. If it is a reasonable request, more than likely we will help you get the VA to achieve that goal. If it an unreasonable request, then, of course, if it is without merit then that is very unfortunate, because these are four good people that passed this Committee unanimously, and I would request whoever has a hold on them to either come tell me or release your hold. If there are problems with the VA we will deal with that in a separate arena.

With that this hearing is adjourned. Thank you.

[Whereupon, at 4:44 p.m., the Committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

STATEMENT OF
MR. BRETT SIMMS
EXECUTIVE DIRECTOR, OFFICE OF ASSET ENTERPRISE MANAGEMENT
DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
SENATE COMMITTEE ON VETERANS AFFAIRS

JUNE 9, 2021

Good morning, Chairman Tester, Ranking Member Moran and members of the Committee. Thank you for the opportunity to testify on the state of the VA infrastructure and the American Jobs Plan (AJP). I am Brett Simms, Executive Director, Office of Asset Enterprise Management.

For more than a century, VA has delivered on a mission that is unique in the Nation and around the world. VA fulfills the Nation's promise to deliver health care and benefits after military service for more than 9 million Veterans, their families and caregivers. VA enables the pursuit of the American dream through education and homeownership; drives the leading edge of health research; educates future generations of health care providers; and enables the Federal Government to extend relief to Veteran and civilian Americans in times of natural disasters and pandemics. As the United States (U.S.) Veteran population shifts in age, geography and expectations, and as health care technology and innovation accelerates, VA's infrastructure is struggling to keep pace.

VA is responsible for an immense real estate portfolio, maintaining almost 40,000 acres, with more than 157 million square feet across nearly 6,300 VA-owned buildings. The average age of these buildings is nearing 60 years old, with 1,800 historic or historic-eligible status actively being used, and more than 300 others still managed by VA. On average, VA health care facilities are more than 50 years old. By comparison, the median age of U.S. private sector hospitals is roughly 11 years old. Due to the increasing age of our facilities, VA's facility correction costs have doubled from $11.6 billion in 2010 to $22.3 billion in 2020 and VA continues to grow to meet increased service demand. In the last 5 years, VA has worked to right-size the capital

asset portfolio, increasing the owned portfolio by nearly 1.7 million square feet to address space and capacity gaps identified through our Strategic Capital Investment Planning Process.

VA has also increased reliance on leasing, expanding from less than 750 leases prior to 2010 to nearly 2,000 in 2020 (a 166% increase), with leased square footage increasing from approximately 17.6 million square feet to 27.2 million square feet (a 54% increase). Leasing provides VA flexibility in occupying spaces that are closest to where Veterans are located to provide enhanced access to care for Veterans and allows VA to quickly adapt to changing technology. Where Veteran service needs or demographics change, the ability to expand, contract, refresh or end a lease is more easily accomplished compared to owned infrastructure.

As part of our continued efforts to address infrastructure needs, the President's fiscal year (FY) 2022 budget includes authorization requests for 21 major medical facility leases; 12 major medical facility construction projects; and 2 major cemetery expansions. Also included in the FY 2022 budget are five infrastructure related proposals to increase VA's flexibility to meet capital asset needs and realign facilities. Proposals include the authority to change Major Medical Lease authorization process and prospectus threshold to allow for Committee resolution and to allow for VA's annual rent threshold for major leases be consistent with the General Services Administration; allow VA to plan, design, construct and lease joint VA/Department of Defense (DoD) shared medical facilities, and allow for the sharing of funds between VA and DoD for those purposes; extend VA's Communities Helping Invest Through Property and Improvements Needed for Veterans Act of 2016 authority for 5 years beyond the current expiration of December 2021; expand VA's enhanced-use lease authority beyond supportive housing for other mission needs; and extend VA's enhanced-use lease program to continue indefinitely. We look forward to working with Congress on addressing these important needs.

Case for Investment

The President has called for $18 billion in the AJP to modernize VA health care facilities. These proposed investments will pay long-term dividends by offsetting growing costs of older facilities while meeting the health care needs of Veterans now and in the future.

VA is unique among Federal agencies in that we have facilities in virtually every state, community and Congressional district. Investment in VA infrastructure means local jobs across the country; improved care environments for Veterans; and the beginning of transformation to a modern health care system. However, VA's aging infrastructure is a looming barrier to the excellence in care and service delivery Veterans have earned. Health care innovation is occurring at an exponential pace, and the comparative youth of private sector facilities is informed by these trends. The architects who designed and constructed facilities many decades ago could not have anticipated the requirements of today's medical technology, including the key enabling role that infrastructure – to include technological infrastructure – now plays in delivering safe and high-quality health care. As VA progresses on building the high-performing, integrated health care delivery network of the future, we recognize the critical role that facilities play in delivering health care to Veterans and how we must continue to focus our efforts on the best practices in capital portfolio management that enable better facility outcomes for those we serve.

The American Jobs Plan will help VA Health Care

The American Jobs Plan that President Biden has called for requests $3 billion to address immediate infrastructure needs within VA health care facilities, such as upgrades to support the growing number of women Veterans, improvements to utility and building systems for more energy efficient operations, and enhancements to facility access to accommodate aging Veterans. These investments will span programs, including major construction, minor construction and non-recurring maintenance. This funding will also accelerate ongoing major construction project work to provide access to high quality health care more quickly. Some of this effort will focus on core infrastructure, such as utility system improvements and facility access. This includes

key facility upgrades to respond to aging Veteran demographics as there are now 1.7 million Veterans who are 70 years or older, and this number is expected to grow to 2.8 million by 2030.

President Biden has also requested $15 billion to fully modernize or replace outdated medical centers with state-of-the-art facilities to provide Veterans the care they deserve. This need reflects aging facilities, incorporates a person-centered approach, adopt modern trends in U.S. health care, and aligns with the Asset and Infrastructure Review (AIR) Commission, scheduled to complete recommendations in 2023

To determine the most appropriate investments for the recapitalization effort, VA will leverage a data driven process to identify potential sites. The data leveraged will include physical attributes, such as age and condition of the facilities, as well as capacity attributes related to the functional fit of our facilities to meet health care demands. Each of those elements will be associated with weights that will determine scores for each medical center. Once the top tier of priority sites is identified for consideration, factors such as facility size, complexity, ongoing investments, service composition and opportunities to leverage different models of care will be assessed, along with funding availability to make determinations on the appropriate investments.

VA is acutely cognizant that the AJP and AIR Commission are parallel activities. While they are not directly dependent on one another, VA views both as driving toward the same outcome to ensure facilities get the necessary investment to support care and service delivery into the future. The *VA Maintaining Internal Systems and Strengthening Integrated Outside Networks* (commonly referred to as MISSON) Act (PL 115-182) requires VA to continue construction, leasing, budgeting and long-range capital planning activities while the market assessment and AIR Commission activities are occurring. The AJP supports this requirement with additional resources and allows coordination with the AIR Commission work before investment of those resources.

Work on the market assessments has been ongoing for nearly 2 years, allowing VA to gain significant insights into trends in the VA health care delivery system. Enhancing Veteran access and outcomes will be the foremost consideration in all cases, including where VA has significant shifts in demand, service composition, or other factors. In some cases, moving from an older facility in poor condition to a more modern infrastructure may be the best investment.

VA recognizes that the amount of funding requested in AJP is significantly larger than our typical appropriations, even when factoring in Congressional "plus-ups" that have occurred. Because of this, the approach to execution must adapt, becoming a whole of Government and industry approach. VA will leverage our Federal partners to expand capacity and continue to engage with industry to adopt the most effective and innovative delivery methods and contract vehicles to rapidly scale and speed up the execution of VA construction projects. In addition, VA is also changing the way we execute our construction programs by streamlining facility designs and lowering risk to project delivery. By leveraging standardized facility designs and building more flexible space, VA will better manage cost and schedule for these projects. If authorized, the AJP Program will also be centrally managed, adding additional controls and accountability to streamline execution.

VA's large Federal footprint positions us to have a consequential role in furthering Federal climate and sustainability efforts through the investment funded through AJP. The AJP and VA's pursuit of a recapitalization initiative to modernize and improve its facility portfolio will include opportunities to build sustainable and energy efficient medical facilities in support of the Administration's goal of a carbon pollution free electrical grid by 2035.

VA has already reduced its energy and water intensity use despite significant increases of patient care activity by over 40% since 2008. VA's ongoing commitment to clean energy has resulted in investments in solar photovoltaic projects at our facilities across the country and the use of energy performance contracting activity supporting

over $1 billion of critical energy and water infrastructure improvements, expecting to generate $1.6 billion of avoided energy and water costs over the life of those contracts.

VA recently re-established a Climate Change Task Force with the goal of re-invigorating climate change discussions across the Department, in support of Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*. The efforts of this group efforts will drive the initial Climate Action Plan creation and will serve as a baseline to identify risks and opportunities to improve the resiliency of VA facilities and operations by further incorporating climate priorities into VA's infrastructure planning and health care operations.

AJP offers VA an unparalleled infrastructure investment opportunity and the age and condition of our facilities demand that we do better by Veterans. The investment AJP provides will positively impact the economies of almost every state, community and Congressional district, and the Nation will have a modern health care system prepared to deliver in times of crisis.

Investment in Human Capital

As the largest integrated health care system in the United States, the Veterans Health Administration (VHA) recognizes that investing in its workforce is key to delivering the best possible clinical care to Veterans. With more than 369,000 employees onboard, including over 27,000 physicians and more than 94,000 registered nurses and licensed practical nurses, VHA is continuously recruiting new staff while investing in the development and retention of the current workforce.

In addition to filling critical clinical vacancies due to turnover of staff, VHA has grown its workforce by approximately 4% each year for the past 5 years to meet the health care needs of Veterans, including a 5-year growth rate of 11% for physicians and 20% for registered nurses. VHA's staffing challenges mirror those of the private sector—there is a shortage of health care professionals in the United States, especially in rural areas and for scarce physician specialties (i.e. Psychiatry, Internal/Family

Medicine, Gastroenterology, Geriatric/Palliative Care Medicine, Critical Care Nursing: Operating Room, Emergency Room and Intensive Care Unit). To remain competitive in the health care labor market, VHA offers competitive total rewards packages that may include incentives, loan repayment and various paid leave benefits.

VA invests in employees through numerous development opportunities. In addition to the education and scholarship programs, VA also invests in formal internal training such as the Department of Veterans Affairs Acquisition Academy and external training opportunities for project management with approved training centers. Internal development programs include the Virtual Aspiring Supervisors Program; Technical Career Field Program; Health Care Leadership Development Program; and Leadership VA. These are all competitive development programs designed to build the next generation of VA leaders. In FY 2021, VHA launched Explorations in Leadership, a self-paced virtual leadership course aligned with VA's leadership development framework, which allows any employee to pursue a curated self-paced learning program to build their leadership competencies.

VA uses a variety of financial incentives to attract critical clinical health care providers including recruitment, relocation, and retention (3R) incentives; special salary rates; appraised value offer; the Education Debt Reduction Program (EDRP), the Student Loan Repayment Program , and the Employee Incentive Scholarship Program. For example, VHA uses EDRP to recruit and retain health care providers in specific, difficult to fill clinical positions for up to 5 years by providing student loan payment reimbursements of up to $40,000 annually, for a total reimbursement of up to $200,000 for qualifying student loans. In FY 2020, $70 million in EDRP loan reimbursements helped secure nearly 2,000 additional employees for VHA serving in patient care positions, bringing the active participant total to over 5,500.

Information Technology Workforce Investment

VA's Office of Information and Technology (OIT) workforce needs mainly center around highly qualified cybersecurity professionals which are difficult to recruit and retain. There continues to be a nationwide shortage of highly qualified cybersecurity experts which is supported by the U.S. Bureau of Labor Statistics projected growth of 32% from 2018 to 2028. To address this challenge, OIT uses various workplace flexibilities such as alternative work schedules; telework; creditable leave; and recruitment and retention incentives.

Additional non-financial incentives include the following: Technical Career Field and Pathways Programs; access to new technologies; work on national defense problems; leadership mentoring on key projects; and collaboration with the very best in academia and industry to attract and retain information technology (IT) talent. Talent Acquisition Consultants are actively identifying and proactively recruiting candidates outside of the traditional Federal recruiting channels which allows for the identification of potential applicants who possess specific skill sets to meet the needs of OIT.

VA's mission is amplified by our commitment to inclusion, diversity, equity and access – traits and characteristics that make people unique as well as behaviors and social norms that ensure people feel valued, welcome and comfortable. Our core I-CARE values – Integrity, Commitment, Advocacy, Respect and Excellence – define our culture and reinforce our devotion to those we serve. Our core values provide a baseline for the standards of behavior expected of all VA employees. To enable VA to sustain respect and collaboration amongst our multicultural workforce, Veteran community and Nation, VA will collaborate across the Federal Government, the Administration and with members of Congress to accomplish the following: (1) conquer our natural biases by advancing cultural competence and humility; (2) embrace the business case for diversity, inclusion and civil treatment of others; (3) foster employee engagement; and (4) inspire conscious inclusion, diversity, equity and access in everything we do. Through these strategies, we can be an organization committed to equity, humanity and justice for our employees and those we serve.

Systems of Support

VA is ensuring that IT investments, including OIT's personnel, policies and support processes are delivering measurable improvements in mission and operational performance creating better life outcomes for Veterans. A major focus area is creating a modern and seamless service experience between the Department and those we serve. OIT leverages the necessary tools, technologies and skill sets to meet Veterans' 21st century digital service expectations. Achieving this goal requires modernizing the touchpoints, workflows, tools and infrastructure that converge to deliver the services that Veterans have earned through their service and sacrifice. Veterans deserve a customer experience similar to the services they encounter in the private sector. OIT is developing best practices and processes that are necessary to create a best-in-class digital experience for those who served. One that will not only meet expectations in the near-term, but adapt to the changing Veterans' needs as we work with our stakeholders and business partners to continue building a 21st century VA.

As VA builds its physical infrastructure to meet Veteran service demands of the future, OIT is prepared to integrate the virtual environment to ensure that the necessary tools and automation are there at the point of care wherever they reside. We are focusing our IT investment strategy on jointness, closely coupled with our business partners across VA to ensure that we fully understand, prepare for and adapt to any changes in the Department's physical infrastructure.

Conclusion

VA is appreciative of Congress and the committee's investment and oversight of VA's physical infrastructure program, human capital and systems of support. I look forward to working with you to find innovative ways to improve our programs and discuss how the President's America Jobs Plan will modernize VA's infrastructure to meet current health care needs. I look forward to your questions.

United States Government Accountability Office

Testimony
Before the Committee on Veterans' Affairs, U.S. Senate

For Release on Delivery
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VA REAL PROPERTY

Preliminary Observations on Challenges Limiting VA's Ability to Effectively Manage Its Assets

Statement of Andrew Von Ah, Director,
Physical Infrastructure

GAO@100
A Century of Non-Partisan Fact-Based Work

GAO-21-105252

GAO@100 Highlights

Highlights of GAO-21-105252, a testimony before the Committee on Veterans' Affairs, U.S. Senate

June 9, 2021

VA REAL PROPERTY

Preliminary Observations on Challenges Limiting VA's Ability to Effectively Manage Its Assets

Why GAO Did This Study

VA manages a vast portfolio of real property assets, including a healthcare system that provides care at 171 VA medical centers and 1,112 outpatient sites to over 9 million veterans enrolled in the VA health care program. VA has pressing infrastructure needs, including adapting to changes in veterans' demographics and maintaining or replacing aging facilities.

GAO's key characteristics of an asset management framework state that effectively managing assets requires, among other things, maintaining leadership support that provides the necessary resources; a collaborative organizational culture; and a system for evaluating and improving asset management performance. However, GAO's previous and ongoing work has found that VA continues to face challenges on these fronts. Although VA has implemented some GAO recommendations, several priority recommendations remain outstanding in areas related to asset management, such as staffing and capital planning.

GAO was asked to testify about VA's management of its capital asset portfolio. This statement summarizes GAO's findings from prior reports and preliminary observations from ongoing work examining VA's capital asset management. In ongoing work, GAO reviewed VA documentation and interviewed officials from VA headquarters offices involved in asset management. GAO also interviewed personnel at a selection of eight VA medical centers and seven regional offices and from four Veterans Service Organizations about VA's asset management.

View GAO-21-105252. For more information, contact Andrew Von Ah at (202) 512-2834 or vonaha@gao.gov.

What GAO Found

GAO has identified key characteristics of an asset management framework designed to optimize funding and decision-making related to capital assets. The Department of Veterans Affairs (VA) continues to have challenges meeting at least three of these key characteristics.

- **Staffing resources.** This key characteristic calls for organizational leadership to provide the necessary resources for asset management to succeed. Previously, VA officials described problems resulting from low levels of staffing resources, including project delays and difficulties in managing projects. VA has taken some actions to improve staffing levels, such as establishing special salary rates for engineers, and VA's vacancy rate for general engineers has improved, decreasing from 17.2 percent in fiscal year 2019 to 12.6 percent in fiscal year 2020. VA officials, however, continue to describe staffing difficulties in planning and executing projects and limits on the number of projects that facilities can undertake.

- **Communication and collaboration.** This key characteristic calls for organizations to promote a culture of information-sharing across traditional agency boundaries to help ensure that agencies make effective, enterprise-wide decisions regarding their assets. VA has taken steps to improve communication among offices with asset management responsibilities, such as by issuing an asset management directive that VA officials said would help to facilitate such collaboration. However, in current work GAO has found instances of insufficient communication, such as lack of (1) collaboration early in project development between local offices and the Office of Construction and Facilities Management and (2) coordination between construction offices and the Office of Information and Technology when bringing facilities online.

- **Measurement and evaluation.** This key characteristic calls for agencies to continuously evaluate the performance of their asset management systems and implement necessary improvements to optimize the assets' value and ensure the assets reflect the organization's current goals. VA previously developed goals and measures for its program of inspections to identify maintenance and repair needs in health care settings. However, currently VA lacks goals with related measures that would evaluate its asset management processes and point the way to necessary improvements.

Chairman Tester, Ranking Member Moran, and Members of the Committee:

I am pleased to be here today to discuss the Department of Veterans Affairs' (VA) management of its vast portfolio of real property assets.[1] As you know, VA has pressing infrastructure needs and has struggled to make progress addressing them. VA operates one of the largest health care systems in the country, providing care at 171 VA medical centers and 1,112 outpatient sites of varying complexity to over 9 million veterans enrolled in the VA health care program. VA has recognized that it faces challenges aligning its capital assets to meet veterans' needs given ongoing changes in veterans' demographics, such as the differing care required for veterans of different generations and shifts in populations across different areas of the country.[2] VA also faces a growing backlog of maintenance on its facilities, which are considerably older than private-sector counterparts and thus costly to renovate and modernize. In the budget request for fiscal year 2022, VA estimated that fulfilling all of its priority projects in its 10-year, long-range capital plan would cost approximately $58-$71 billion. VA requested about $4.5 billion for construction and non-recurring maintenance projects in its budget request for fiscal year 2022.[3] Recognizing these challenges, the VA MISSION Act of 2018 requires VA to establish criteria for assessing and making recommendations for modernizing and realigning VA facilities.[4]

[1] Real property is generally defined as land and anything constructed on, growing on, or attached to land. Capital assets are generally land, structures, equipment, intellectual property, and information technology that are used by the federal government and have an estimated useful life of 2 years or more. For purposes of this testimony, we have focused on those capital assets that constitute land and structures.

[2] GAO, *VA Real Property: Improvements in Facility Planning Needed to Ensure VA Meets Changes in Veterans' Needs and Expectations*, GAO-19-440 (Washington, D.C.: June 13, 2019) and GAO, *VA Real Property: VA Should Improve Its Efforts to Align Facilities with Veterans' Needs*, GAO-17-349 (Washington, D.C.: Apr. 5, 2017).

[3] Non-recurring maintenance projects are capital projects that are intended to improve existing space without constructing new space.

[4] Pub. L. No. 115-182, § 203, 132 Stat. 1393, 1446. In February 2021, VA issued draft criteria for comment in response to this requirement. Department of Veterans Affairs, *Draft Criteria for Section 203 of the VA MISSION Act of 2018*, 86 Fed. Reg. 7921 (Feb. 2, 2021). An independent commission, the Asset and Infrastructure Review Commission, is to review and analyze VA's recommendations, conduct public hearings, and report its findings and conclusions to the President. The Commission is required to meet in 2022 and 2023.

GAO has previously identified a variety of concerns with how VA manages its portfolio of capital assets.[5] In recent years, we have issued several reports on VA's management of real property assets as VA seeks to modernize and align them with the current needs of veterans. We have made a number of recommendations to VA to improve its capital asset management, and VA has made progress in addressing some of them. However, several priority recommendations remain outstanding in areas related to asset management, such as staffing and capital planning.

My testimony today is based on prior GAO reports and preliminary observations from our ongoing work looking at VA's approach to managing its portfolio of capital assets. This statement addresses three challenges we have previously identified in our work concerning VA's capital asset management approach. These three challenges affect some of the areas that are integral to effective asset management and include providing the necessary resources for asset management to succeed, promoting collaboration between offices responsible for asset management, and evaluating performance of asset management.

For this statement, we reviewed and summarized GAO reports and recommendations related to VA's capital asset management to identify challenges VA has faced and may continue to face. More detailed information on our objectives, scope, and methodology can be found in each of the reports. For this statement, we examined several areas of management where we have previously found weaknesses, namely in communication and collaboration among offices, in staffing resources, and in measuring and evaluating capital asset management activities.

In our ongoing work, we have reviewed applicable VA directives, reports, and plans and interviewed officials from VA offices involved in or supporting capital asset management.[6] We also interviewed personnel at a selection of field offices—including eight medical centers and seven

[5] See, e.g., GAO, *VA Real Property: VHA Should Improve Activation Cost Estimates and Oversight*, GAO-20-169 (Washington. D.C: Jan. 2, 2020); GAO, *VA Real Property: Clear Procedures and Improved Data Collection Could Facilitate Property Disposals*, GAO-19-148 (Washington. D.C.: Jan. 9, 2019); GAO, *VA Construction: Management of Minor Construction and Non-Recurring Maintenance Programs Could Be Improved*, GAO-18-479 (July 31, 2018); GAO, *VA Construction: Improved Processes Needed to Monitor Contract Modifications, Develop Schedules, and Estimate Costs*, GAO-17-70 (Mar. 7, 2017).

[6] The Veterans Benefits Administration and the National Cemetery Administration are involved in capital asset management, but are not highlighted in our current work.

Veterans Integrated Service Network offices (regions)—about VA's capital asset processes, and personnel at four Veterans Service Organizations for their observations on capital asset management. We compared VA's capital asset management approach to selected key characteristics of an effective asset management framework detailed in our November 2018 report, focusing on the areas of weakness we previously found, including communication and collaboration, staffing, and measuring and evaluating capital asset management activities.[7] We sent VA a copy of our draft statement, and received some technical comments which we incorporated as appropriate.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA Offices Involved with Capital Asset Management

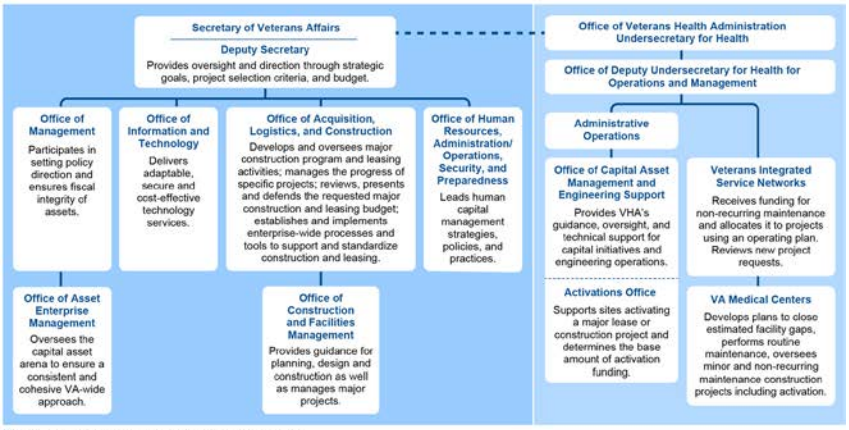
Several VA headquarters offices share responsibility for managing and supporting VA's capital asset portfolio. They include the Office of Asset Enterprise Management, Office of Construction and Facilities Management, and Veterans Health Administration (VHA). Other headquarters offices have a supporting role, such as the Office of Information and Technology and the Office of Human Resources and Administration/Operations, Security and Preparedness. These headquarters offices share responsibility for communicating and collaborating with field offices, such as regional offices and medical centers that also have key roles in maintaining capital assets and in planning.

VA officials at the regional and local level also play a major role in VA's work not only to deliver care but also to manage its capital assets. VHA has 18 regional networks—known as VA Integrated Service Networks—

[7] GAO, *Federal Real Property Asset Management: Agencies Could Benefit from Additional Information on Leading Practices*, GAO-19-57 (Washington, D.C.: Nov. 5, 2018). These key characteristics are based in part on International Organization for Standardization (ISO) 55000 standards, which are international consensus standards that describe leading practices for implementing, maintaining, and improving an effective asset management framework to manage all types of assets including real property assets.

that coordinate and oversee all administrative and clinical activities conducted by medical centers, outpatient clinics, and other healthcare facilities within their specified regions of the country. These regional networks and medical facilities have a number of responsibilities related to capital assets. For example, the medical facilities submit, and the regions review, proposed capital projects. See figure 1 below.

Figure 1: Veterans Affairs' (VA) and Veterans Health Administration's (VHA) Offices Involved in Capital Asset Management



Source: GAO analysis of Veterans Affairs information. | GAO-21-105252

Notes: Activation is the process for bringing a new facility into full operation, such as purchasing and installing furniture and medical equipment and hiring staff.

The Veterans Benefits Administration and the National Cemetery Administration also are involved in capital asset management, but are not highlighted in our current work.

Characteristics of a Capital Asset Management Framework

In November 2018, GAO issued a report that identified six key characteristics of a capital asset management framework that can help federal agencies manage their assets and resources effectively.[8] These key characteristics comprise establishing formal policies and plans,

[8] An asset management framework includes the processes, procedures, support systems, organizational roles and responsibilities, and policies organizations use to enable asset management decisions. See GAO-19-57.

maximizing an asset portfolio's value, maintaining leadership support, using quality data, promoting a collaborative organizational culture, and evaluating and improving asset management practices. Effective capital asset management can help federal agencies optimize limited funding and make decisions to better target their policy goals and objectives. For this statement, we focused on three of these key characteristics related to areas in which GAO identified shortcomings in VA's management of its capital assets in both previous and ongoing work, including:

- **Maintaining leadership support.** Organizational leadership should clearly articulate its support for asset management and provide the necessary resources for asset management to succeed. GAO has identified challenges related to VA providing sufficient staffing resources for asset management.
- **Promoting a collaborative organizational culture.** Organizations should promote a culture of information-sharing and enterprise-wide decision-making regarding their assets. GAO has identified challenges related to collaboration and communication among VA offices responsible for asset management.
- **Evaluating and improving asset management practices.** Organizations should evaluate the performance of their asset management systems and implement necessary improvements. GAO has identified challenges related to VA's ability to measure the performance of its asset management.

VA Faces Challenges That Limit Its Ability to Effectively Manage Its Capital Assets

VA Faces Capital Asset Management Challenges Related to Providing Staffing Resources

One component of the maintaining leadership support key characteristic is providing necessary resources. As VA has acknowledged, staffing resources are essential to the success of the Department's management of its capital assets. However, GAO has previously reported that VA has

faced staffing challenges across the Department.[9] These challenges include vacancies among both medical and non-medical staff, mission-critical skills gaps, and a lack of strategic human capital management, including limited human resources capacity. We have found that these challenges, among others, have affected VA's ability to accomplish its mission economically, efficiently, and effectively.[10]

We have also previously identified staffing challenges that affected the ability of VA's staff to effectively manage the Department's capital assets. For example, in 2019, we reported that VA officials had mentioned staff turnover as a contributing factor to staff's lack of knowledge on procedures for disposing of properties.[11] In a 2018 report on medical centers' oversight of facilities' conditions, VA headquarters and field officials told us that staff vacancies are common and can affect the efficiency and speed of maintenance and repairs.[12] In a 2018 report on VA's management of minor and non-recurring maintenance projects, staff at six of the seven selected medical facilities we visited stated that they did not have adequate staffing levels to manage complex projects, given the workload demands of the project engineers and contracting officers.[13]

VA officials we interviewed during our ongoing work also described staffing challenges. For example, Office of Asset Enterprise Management officials told us that staffing shortages at VA offices can cause the offices to have difficulties in planning and executing projects. Officials from several regional offices told us that it is difficult for the regions to compete with other federal agencies for engineers. Similarly, officials from two

[9] See, e.g., GAO, *Department of Veterans Affairs: Improved Succession Planning Would Help Address Long-standing Workforce Problems*, GAO-20-15 (Washington, D.C.: Oct. 10, 2019); GAO, *Veterans Affairs: Sustained Leadership Attention Needed to Address Long-standing Workforce Problems*, GAO-19-720T (Washington, D.C.: Sept. 18, 2019); and GAO, *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*, GAO-17-30 (Washington, D.C.: Dec. 23, 2016).

[10] GAO-20-15.

[11] GAO, *VA Real Property: Clear Procedures and Improved Data Collection Could Facilitate Property Disposals*, GAO-19-148 (Washington. D.C.: Jan. 9, 2019).

[12] GAO, *VA Medical Centers: VA Should Establish Goals and Measures to Enable Improved Oversight of Facilities' Conditions*, GAO-19-21 (Washington, D.C.: Nov 13, 2018).

[13] GAO, *VA Construction: Management of Minor Construction and Non-Recurring Maintenance Programs Could Be Improved*, GAO-18-479 (Washington, D.C.: July 31, 2018).

urban medical centers said it is especially difficult to recruit engineers and maintenance staffs for their facilities given the high cost of living in their areas, and because of competition with other federal agencies and the private sector.

VA has taken actions to improve its management of its human resources, but we have recommendations to VA that are still outstanding. Actions VA has taken include improving the capacity of human resource functions at VA medical centers by enhancing headquarters oversight and evaluating the competency of staff, and monitoring and improving employee engagement. Outstanding recommendations include:

- to develop a department-wide succession plan for leadership and mission-critical occupations; and
- to incorporate key leading practices into VHA's succession planning processes, including monitoring and evaluating its succession planning.

Implementing these recommendations could help VA address staffing concerns across the Department, including positions responsible for capital asset management.

In addition, our ongoing work identified several recent actions VA reported taking to address the Department's capital asset management staffing challenges:

- **Establishing special salary rates for engineers.** In May 2021, VA human capital officials said that VA now uses special salary rates granted by the Office of Personnel Management to recruit for general engineers, mechanical engineers, civil engineers, and architects. VA human capital officials said that these rates helped VA respond to significant competition from private industry due to higher pay for these positions.
- **Creating a healthcare engineering position.** In May 2021, VA human capital officials said that they had completed approximately 50 percent of the process to develop a qualification standard for engineers who perform work in a hospital or health care setting.[14] According to these officials, these engineering positions would give VA more flexibility in recruiting staff and provide VA with access to a

[14] For federal government positions, Title 5 describes non-medical or administrative positions, while Title 38 outlines VHA-related medical or health care related positions. 5 U.S.C. Part III and 38 U.S.C. Chapter 74.

larger candidate pool and the ability to offer salaries that compete with the private sector.

- **Improving management tracking of workforce data.** VA officials told us that VA had recently implemented a "manpower-management program" to refine the Department's approach to managing positions, defining staffing requirements, and planning for vacant positions. According to the officials, these workload-based requirements should be used to inform decisions made by VA's Department-wide process for planning and prioritizing capital projects and reports on VA capacity such as personnel-related reports that are required by the VA MISSION Act of 2018.

In our ongoing work, our preliminary review of VA's vacancy rate for general engineers showed that the rate has recently improved, but VA officials and others told us that staffing challenges continue. VA data we reviewed indicate that the Department's vacancy rate for general engineers had decreased from 17.2 percent in fiscal year 2019 to 12.6 percent in fiscal year 2020 and 11.6 percent by second quarter of fiscal year 2021. However, VA officials we interviewed in both headquarters and selected field offices and most of the veterans service organizations told us that staffing problems continued to affect VA's management of its capital assets, and it remains unclear the extent to which VA's recent efforts will address VA's staffing vacancies until enough time has passed following their implementation. Further, officials from some selected regions told us that staffing levels limit the number of projects that the regions' medical centers can complete, comments that raise concerns about the Department's ability to adequately manage additional projects should the Department receive funding for such in future infrastructure legislation.[15]

Responsible Offices Lack Sufficient Communication and Collaboration

One key characteristic of effective capital asset management is promoting a collaborative culture and facilitating information sharing across traditional lines of operation.[16] GAO, however, has previously reported on VA's challenges in this area. For example, in reports issued in 2020, we found that a lack of clear policies and communication from VA headquarters offices for "activating" or bringing a new facility into full operation, such as in purchasing and installing furniture and medical

[15] In our ongoing work, we are continuing to review this challenge, including its causes and implications for VA's capital asset management.

[16] GAO-19-57.

equipment, and in hiring staff, have contributed to confusion on the part of field office staff.

- In a January 2020 report, we found that VHA's Activations Office did not have a policy to inform facility activation staff about what they are allowed to purchase with activation funding and the spending timeframes for these funds. Officials from two selected medical facilities and four regional offices expressed uncertainty about which expenses they should pay using activation funding and which expenses to pay using another funding source, such as construction accounts.[17] VHA agreed to define and document what items and services officials can purchase with activation funds and, as of April 2021, expected to complete this action by June 2021.
- In a December 2020 report, we found that during the activation of a project in Omaha, the Office of Information and Technology was unaware that the project was progressing quickly, and consequently did not have timely funding to install information technology equipment required for activation. However, the Department was able to open the facility on time because it identified equipment to use temporarily until new equipment arrived.[18]

In recent years, VA has taken steps to improve communications among responsible offices, in part in response to GAO recommendations. For example, in December 2020, VA issued an updated directive on its Department-wide capital asset management policies.[19] According to officials in the Office of Enterprise Asset Management, this updated directive should help to facilitate collaboration between responsible offices because it clarifies, among other things, the current Department-wide process for planning and prioritizing capital projects and the responsibilities of various VA offices related to that process. In addition, VA has taken steps to address cases of weakness in communication and

[17] GAO, *VA Real Property: VHA Should Improve Activation Cost Estimates and Oversight*, GAO-20-169 (Washington. D.C: Jan. 2, 2020).

[18] GAO, *VA Construction: VA Should Enhance the Lessons-Learned Process for Its Real-Property Donation Pilot Program*, GAO-21-133 (Washington, D.C.: Dec. 10, 2020).

[19] *VA Directive 4085, VA Capital Asset Management*, Dec. 2, 2020. This replaced the preceding version of Directive 4085, dated 2003.

[19] GAO-18-47.

collaboration that we previously found between headquarters and field offices in response to GAO recommendations. For example:

- In 2019, we found that VA's guidance for regional and local facility managers did not specify sequential steps and actions for carrying out its procedures for disposal of excess properties.[20] As a result, we recommended that VA develop clear procedures to help facility managers plan, implement, and execute projects to dispose of vacant and unneeded properties. In 2020, VA developed a guide that explains the various options available and the corresponding processes to be followed when disposing of real property assets.
- In 2017, we reported that, due to a lack of VA guidance from headquarters, selected medical centers took different approaches to involving external stakeholders, such as local veterans' groups and local elected officials, in efforts to "align"—expand or consolidate—their facilities.[21] VA's consistent involvement of external stakeholders—such as by using two-way communication early in the process—is important because failure to effectively engage with stakeholders in these ways can undermine or derail facility alignment efforts. However, lacking detailed guidance, some medical centers did not effectively engage stakeholders in facility consolidation. In response to our findings and related recommendation, in June 2017 VHA issued a standard operating procedure for public affairs officers in regional offices and facilities to follow when planning or implementing a realignment.

In our ongoing work, we also found some instances of insufficient communication and collaboration among VA offices.[22] For example:

- Officials in the Office of Construction and Facilities Management told us that their office—which is responsible for overseeing major construction projects—sometimes attempts to execute a project that has been approved through VA's process for planning and prioritizing projects only to find that the project is not actually ready for execution, a circumstance that leads to project delays. These officials told us that if medical centers coordinated and collaborated with their office

[20] GAO, *VA Real Property: Clear Procedures and Improved Data Collection Could Facilitate Property Disposals*, GAO-19-148 (Washington, D.C: Jan 9, 2019).

[21] GAO, *VA Real Property: VA Should Improve Its Efforts to Align Facilities with Veterans' Needs* (Washington, D.C: Apr. 5, 2017).

[22] In our ongoing work, we are continuing to review VA's efforts to address this challenge, including its causes and implications for VA's capital asset management.

earlier, as they are developing the business cases submitted with project proposals, it would help assure that the approved projects are ready for development when the Office of Construction and Facilities Management inherits them.

- The level of collaboration with information and technology (IT) staff varied by medical center. For instance, officials at one medical center told us that they decided to include local IT staff in regular meetings, to help ensure that IT would be able to provide the center with its requested equipment and funding when needed. These officials also told us that their medical center had not encountered any issues related to IT being able to support their needs. Officials at another medical center said that although their local IT staff are helpful, getting the needed IT equipment was still challenging. In addition, officials at two other medical centers told us that they had encountered challenges in collaborating with IT staff in headquarters, including in getting funding approved by IT for requested equipment.
- Officials at two of eight medical centers told us that improved collaboration with VA headquarters offices would improve their project development efforts. For example, officials from one medical center noted that a lot of time lapses between when projects are initially approved for funding and when they are actually executed, with little communications from VA headquarters offices in the interim. This interval makes it difficult for the medical center to complete the project within the timeframe and budget initially proposed.

VA Lacks Measurable Goals to Fully Evaluate Its Capital Asset Management Performance

One key characteristic of an effective asset management framework is that it should include processes for evaluating the performance of a capital asset management system.[23] This involves not only setting and measuring progress toward goals but also using that information to identify and correct problems, improve program implementation, and make other important management and resource allocation decisions.

GAO has previously reported on circumstances where VA has lacked such performance goals and measures. For example, in November 2018, we reported that VHA needed to establish goals and measures for better oversight of facilities' conditions.[24] The report found that VHA did not have performance measures that were tied to specific performance goals for

[23] GAO-19-57.

[24] GAO, *VA Medical Centers: VA Should Establish Goals and Measures to Enable Improved Oversight of Facilities' Conditions*, GAO-19-21 (Washington, D.C.: Nov. 13, 2018).

the environment of care program, which conducts regular inspections of VHA's health care services to identify maintenance and repair needs. We recommended that VHA define goals, objectives, and outcome-oriented performance measures for this program. In 2020, GAO confirmed that VHA had implemented this recommendation.

Our ongoing work found that VA lacks measurable goals and related measures to evaluate the performance of its capital asset management processes and implement any necessary improvements.[25] VA acknowledges the importance of performance measures in its updated directive on VA's Department-wide capital asset management. This directive indicates VA will be establishing a system that will allow VA to evaluate capital asset performance in order to make sound decisions regarding acquisition, maintenance, and disposal of capital assets. VA officials acknowledged that VA's asset management program should be tied to performance measures that currently do not exist.[26]

In conclusion, leading practices for capital asset management help agencies effectively manage their capital assets. Such practices are critical for agencies such as VA that have an aging capital asset portfolio, a large maintenance backlog, and complex and changing mission requirements. VA's size, multiple offices, and reporting lines involved in asset management creates complexity that makes it difficult for VA to address these issues. Our prior work has found that VA has struggled in areas related to the framework; in particular staffing resources, communication, and performance management. VA has taken steps to improve these areas. However, preliminary observations from ongoing work suggest improvements in all areas would be helpful in improving VA's approach to managing its capital assets. Accordingly, VA's work to remedy these problems continues to merit examination and encouragement.

Chairman Tester, Ranking Member Moran, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions you may have at this time.

[25] Performance measurement is the ongoing monitoring and reporting of a program's accomplishments and progress, particularly toward its pre-established goals. GAO, *Program Evaluation: Key Terms and Concepts*, GAO-21-404SP (Washington, D.C.: March 2021).

[26] In our ongoing work, we are continuing to review VA's efforts to address this challenge, including its causes and implications for VA's capital asset management.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact me at (202) 512-2834 or vonaha@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Cathy Colwell (Assistant Director); Susan Bernstein; Jessica Bryant-Bertail; Tobias Gillett; Geoffrey Hamilton; Serena Lo; Jon Melhus; Josh Ormond; and Pat Tierney.

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DAV (Disabled American Veterans)
Paralyzed Veterans of America (PVA)
Veterans of Foreign Wars (VFW)

on
A System to Better Serve America's Veterans: Investing in VA's Infrastructure

Senate Committee on Veterans' Affairs
June 9, 2021

Chairman Tester, Ranking Member Moran and Members of the Committee:

On behalf of The Independent Budget veterans service organizations (IBVSOs)—DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA) and the Veterans of Foreign Wars (VFW)—thank you for the opportunity to offer our comments regarding how to strengthen and sustain the infrastructure of the Department of Veterans Affairs (VA). For more than 30 years, the IBVSOs have developed and presented recommendations to ensure that VA remains appropriately funded and capable of carrying out all aspects of its mission to serve our nation's ill and injured veterans, their caregivers, surviving spouses and children—both now and in the future.

Over the past decade, the VA health care system has faced significant challenges and undergone historic reforms to improve veterans' access to timely and high-quality health care. The VA MISSION Act of 2018 (P.L. 115-182) was enacted to improve veterans' access to medical care by expanding VA's internal capacity to deliver care and developing new community care networks to integrate within the VA health care system to serve as a supplemental source of care if VA is unable to provide needed services or do so in a timely manner. The law also established an Asset and Infrastructure Review (AIR) process to modernize, realign and rebuild VA's health care facilities. VA is also currently engaged in a 10-year, $16 billion modernization of its electronic health record management (EHRM) system. As these truly pivotal transformations continue during the COVID-19 pandemic, it is important for VA to incorporate critical lessons about how to safely and effectively expand and improve the delivery of care today and in the future.

While VA has received increased funding levels to support the veterans health care system and an increasing number of veterans are seeking VA care, a persistent lack of resources for facilities management and modernization, sufficient health personnel to meet demand for care and benefits and replacement of aging systems of support continues to negatively impact access for an increasing number of veterans. VA's aging infrastructure not only causes many veterans to wait too long and travel too far care, but also potentially endangers the health and lives of veteran patients and VA personnel.

For example, last November, "…at the Veterans Affairs Medical Center in West Haven, Conn., an aging campus built mostly in the 1940s and 1950s… what should have been a routine job [repairing a leaking pipe] ended in tragedy when an explosion occurred, killing both men and injuring three other people."[1] Earlier this month, the G.V. (Sonny) Montgomery VA Medical Center in Jackson, Mississippi, announced the closing of its dialysis treatment center, "…due to an aging infrastructure and the requirement to provide high quality care to our patients."[2] These are just two recent examples of how the failure of properly maintaining infrastructure can impact veterans access to care and present risks for employees. But many more examples can be found in GAO (U.S. Government Accountability Office) and VA's OIG (VA Office of Inspector General) reports that illustrate potentially avoidable delays in care and even life-safety issues.

Overview of VA Health Care Infrastructure

VA provides direct medical care to more than seven million veterans every year through an integrated system of over 1,750 access points, including medical centers, community outpatient clinics, Vet Centers, and community living centers. VA has more than 5,600 buildings with over 153 million square feet of space, much of which was built more than 50 years ago. To assess the costs of maintaining and updating this critical infrastructure, VA developed the Strategic Capital Investment Planning (SCIP) program in 2010 and first included it in the fiscal year (FY) 2012 budget submission. At that time, SCIP estimated VA would require approximately $56 billion over the next 10 years to adequately maintain VA's health care infrastructure. However, despite the IBVSOs continually recommending increased funding for VA infrastructure, successive administrations and Congresses controlled by both parties failed to provide adequate funding on an annual basis to carry out the plan. As a result, last year's VA FY 2021 budget submission saw the SCIP estimate rise to approximately $66 billion, a $10 billion increase in the last decade. Unless there is a dramatic shift in the trajectory of funding and a strong commitment to systemically address this issue, VA's health care infrastructure will continue to degrade, further endangering the health and lives of veterans and VA staff and increasing VA's need to send veterans into the community for care.

Asset and Infrastructure Review (AIR)

The VA MISSION Act established the AIR process to undertake a systematic review of VA's medical facilities, develop an integrated strategy to deliver health care to enrolled veterans, and present a comprehensive plan to realign and modernize VA's health care infrastructure to achieve those goals. The IBVSOs and other stakeholders supported the AIR process because we were and remain convinced that an honest and accurate assessment of the requirements for VA health care capacity will validate the need to expand and modernize, rather than contract VA health care capabilities. The first steps in the AIR process have already taken place this year. In January 2022, VA will publish a list of facility recommendations and then an independent AIR Commission nominated by the president will review them. Both the AIR Commission and the president may consider modifications to VA's recommendations, but it will ultimately be up to Congress to approve or reject the recommendations in whole approximately two years from now.

[1] https://www.nytimes.com/2020/11/13/nyregion/va-hospital-explosion.html
[2] https://www.wjtv.com/news/veteran-patients-suing-g-v-sonny-montgomery-hospital-in-jackson

If that plan is approved, it could finally produce the national consensus necessary to ensure consistent, full funding for VA's hospitals, clinics and other medical facilities.

Historic Opportunity for VA Health Care Infrastructure

While the AIR process, if successful, will establish a long-term plan for VA's health care infrastructure, it remains vitally important that VA and Congress continue to commit sufficient resources to maintaining VA's existing facilities. The IB's budget and critical issue reports released earlier this year provide specific funding and policy recommendations to improve VA's construction and facility maintenance programs.[3] VA and Congress should not wait for the results of the AIR commission to fund and execute existing maintenance, life-safety corrections, and necessary construction. Waiting an additional two years will only add to the already existing infrastructure backlog.

In addition, the president has proposed, and Congress is considering up to a $2 trillion plan to repair, replace and modernize the nation's critical infrastructure. The proposal includes $18 billion for VA hospitals to be utilized over the next ten years. The IBVSOs are very appreciative of the inclusion of VA hospitals among the numerous infrastructure proposals; and given the gap in funding identified by VA's SCIP process, such an infusion is certainly justified. However, given the current reforms and investments underway, we believe it's time to consider historical transformation rather than just incremental improvements.

The confluence of these two major initiatives over the next couple of years—the AIR process and a national infrastructure proposal—presents a historic opportunity to think beyond annual budget battles and consider the importance of the VA health care system to the nation. In addition to providing health care to enrolled veterans, VA also plays an essential role in the nation's biomedical research, medical education and national emergency response. To continue meeting these vital national purposes, Congress and the Administration should consider making once-in-a-generation investments, accompanied with comprehensive structural reforms of VA budgeting and management processes.

Problems with VA's Planning, Budgeting, Management and Oversight of Infrastructure

While VA's SCIP process ostensibly provides a consolidated and prioritized list of all VA major construction, minor construction, non-recurring maintenance and lease projects, VA's budget request regularly fails to request the full SCIP funding estimates or priorities. The SCIP process does not provide a chronological list of anticipated repairs, renovations and replacements of facilities necessary to develop an actuarial schedule of facility lifecycle repair and replacement costs. At best, SCIP provides nonbinding suggestions to the VA budget process, which are regularly ignored, resulting in an ever-increasing backlog of overdue maintenance and construction projects. Furthermore, as long as funding for VA infrastructure remains part of its discretionary budget, it must compete with other VA health care and benefit delivery priorities in an era of rising deficits and debt, budget caps and sequestration. In this limited fiscal environment, VA is forced to choose between properly funding the maintenance of existing facilities or making overdue modernizations and expansions to meet veterans' future health care

[3] http://www.independentbudget.org/117-congress

needs. As a result, the annual discretionary appropriations process has resulted in more than two decades of inadequate funding and a rising backlog of critical VA health care construction projects and leasing requirements.

Inefficient VA construction management and congressional oversight procedures are obstacles to timely and cost-effective infrastructure maintenance and construction. Neither VA's Office of Construction and Facilities Management nor individual VA facilities have the manpower or expertise required to plan or oversee VA's infrastructure. VA's multi-step planning, contracting, funding and approval process is consistently plagued by delays and cost overruns, and low funding thresholds for minor construction and non-recurring maintenance (NRM), as well as PAYGO scoring rules, have unnecessarily limited clinical treatment.

In order to overcome VA's infrastructure challenges, Congress must not only provide significantly increased funding to fully address these long-standing issues, but also enact comprehensive planning, budgeting, management and oversight reforms to ensure more effective use of those funds.

Significant New Investment Needed to Sustain, Modernize and Expand VA Health Care

The IBVSOs believe the time has come for historic new investments to sustain, modernize and expand VA's health care capacity. While the $18 billion proposed in the Administration's infrastructure plan would make a valuable down payment, the true level of funding required over the next ten years according to VA's SCIP report is more than three times that amount. As previously discussed, full funding for VA would not only benefit the 9 million enrolled veterans, but it would also benefit the nation through VA's research, medical education and national emergency response functions.

In addition, the IBVOs believe VA should make generational investments to expand its research, long-term care, and specialized care capabilities, particularly for spinal cord injuries and disorders (SCI/D). VA should consider retrofitting, renovating and replacing veterans long-term care facilities (both VA Community Living Centers and State Veterans Homes) to mitigate against future health emergencies, improve the quality of life, expand non-institutional alternatives, and address geriatric-psychiatric and memory care needs for an aging veterans' population. We recommend that full funding be provided for the combined cost of all SCI/D design and construction projects in VA's system of facility project delivery. In addition, VA needs to dramatically increase funding to repair existing VA research facilities and construct new ones to better prepare VA and the nation to address critical health care needs and future health emergencies. Finally, VA should conduct a system-wide review of all its health care facilities and make improvements to fully achieve accessibility for those with disabilities as well as needed changes to accommodate gender-specific care delivery.

VA Infrastructure Planning and Funding Reforms

In conjunction with the historic funding investments, the IBVSOs recommend that VA significantly reform or replace the current SCIP process in order to provide greater transparency, establish predictability and ensure prioritization of future infrastructure projects. We recommend

that VA consider creating a two-track process for planning and funding construction projects: one for maintaining existing infrastructure and the other for realigning, modernizing and expanding health care capacity. This would function similar to how VA uses separate accounts for IT "Development" and IT "Operations and Maintenance."

To better plan and manage the maintenance, repair, renovation and replacement of existing health care facilities, VA should consider adopting proven planning and funding models used for capital infrastructure. For example, many cities and states—including California, Illinois and Michigan—require homeowner and condo associations to conduct engineering studies of their community's infrastructure to determine future maintenance and replacement costs, as well as the level of funding required to pay for those future costs. The associations are also required to have separate capital maintenance reserve accounts that have adequate funding to meet future infrastructure liabilities. A similar concept could be employed to create a VA infrastructure maintenance fund that would receive guaranteed annual funding sufficient to repair, renovate and replace existing VA hospitals, clinics and other medical facilities when needed. Further, Congress should provide VA with the statutory authority to use this funding for facility maintenance, repairs and replacements without needing specific congressional approval, except for very large projects above certain thresholds.

In terms of the realignment, modernization and expansion of its health care infrastructure, VA is currently in the early stages of the AIR process mandated by the VA MISSION Act. When this strategic planning process is completed in 2023, VA will have a new strategic plan detailing where and how VA health care facilities should be aligned to meet veterans' future care needs. We highly recommend VA fully engage stakeholders—veterans and VSOs—early and throughout this process and be fully transparent with its market capacity assessment data and analysis. The AIR process will only be successful if VA cultivates and maintains the confidence of the veterans who choose and rely on VA for their medical care.

Moving forward, VA should continue to have regular infrastructure reviews as part of the Quadrennial Veterans Health Administration Reviews that were mandated by Section 106 of the VA MISSION Act. The reviews must regularly produce a prioritized list of all VA health care construction projects to realign, modernize or expand capacity, together with the full estimated cost and schedule for completion of each project. In order to assure more adequate and predictable funding, Congress should consider providing advance appropriations for either the full amount of construction projects, or at least multiple years of advance appropriations, similar to how VA medical care receives advance appropriations.

VA Construction Management and Oversight Reforms

VA and Congress must also reform and streamline the contracting, management and oversight of VA maintenance and construction projects. To help limit costly delays between the design, bidding, and building phases, the IBVSOs recommend that VA consider employing new private sector contracting methods, such as integrated "design-build" model, which utilizes a single contractor for both the design and construction of a project. To further eliminate unnecessary delays, Congress should authorize the full scope and cost of construction projects upfront, rather than requiring new approvals and appropriations for each phase. We also recommend that

Congress increase the thresholds for minor construction and non-recurring maintenance projects to allow greater autonomy by VISNs and VA medical centers over their local projects. In addition, Congress must modify PAYGO rules or enact legislation to change how VA leases are approved and scored to reflect the actual annual cost, rather than requiring offsets for the 10-year cost in the first year of the lease.

The IBVSOs recommend that VA increase its internal capacity to plan and manage infrastructure and construction projects by hiring additional personnel with subject matter expertise in the Office of Construction and Facilities Management, within each VISN and at every VA medical center. We also recommend that VA expeditiously implement the construction training curriculum and certification programming required by the VA MISSION Act. VA and Congress should consider utilizing the Army Corps of Engineers to manage some or all of VA's major construction projects, as well as private sector construction management services to increase timeliness and cost-effectiveness.

Human Capital

Although personnel are not normally considered to be part of an organization's infrastructure, the lack of sufficient, competent professionals to run and maintain an organization certainly limits its capabilities. For example, if there is an insufficient number of health providers it decreases the VA's ability to meet veterans' demand for care in a timely manner. Likewise, insufficient nursing staff levels reduces the number of available beds and hinders their ability to properly care for patients.

According to the latest Veterans Health Administration (VHA) OIG report on Occupational Staffing Shortages, medical center directors identified 2,430 severe occupational staffing shortages across 277 occupations.[4] This represents a decrease from 2,685 occupations in fiscal year (FY) 2019 and 3,068 occupations in FY 2018. The occupations of medical officer and nurse were the most cited occupations with severe occupational staffing shortages reported annually since 2014. Practical nurse was the most frequently reported hybrid Title 38 severe shortage occupation.

Due to the need to respond to the COVID-19 pandemic, VA relaxed hiring practices which produced thousands of new employees, including 3,300 physicians and more than 12,400 registered nurses in a short period of time. Despite these efforts, the number of vacant positions within the Department remains unacceptably high. According to VA's latest publicly available staffing data, the Department still has 39,118 vacancies which are broken down as follows.[5]

Veterans Health Administration	37,127
Veterans Benefits Administration	188
National Cemetery Administration	151
VA Staff Offices	1,651

[4] OIG Determination of Veterans Health Administration's Occupational Staffing Shortages Fiscal Year 2020, dated September 23, 2020

[5] VA-wide workforce data, In accordance with Public Law 115-182, the VA Mission Act of 2018, Section 505

Total VA Vacancies	**39,118**

VA's lack of adequate health personnel staffing levels is a multi-faceted problem. Since 2015, the VA OIG annual report on staffing shortages recommended VHA develop and implement staffing models, especially in critical need occupations. Staffing models that consider work activity, labor hours, collateral duties, employee's time spent on tasks, the ratio of staff members to veterans enrolled in a specific catchment area, and calculation of cost, would allow VA to better assess their current workforce, and forecast necessary coverage and growth needs in the future.

Effective succession planning is necessary for any organization looking to minimize staffing vacancies. A 2019 GAO report determined that one-third of VA employees who were on-boarded as of September 30, 2017, would be eligible to retire by 2022.[6] VA can do a better job tracking when positions will be vacant due to retirement, parental leave, or other predictable reasons. By being proactive and anticipating vacancy rates, along with projected estimates for increased demand for care in specific specialties and changes in the veteran population, VA can better manage employee retention and recruitment.

Adequate pay and compensation have the greatest impact on recruiting and retention of employees as well as their performance. Implementing the VA MISSION Act created and funded multiple opportunities for VA to explore alternative staffing models, as well as expand incentives to recruit and retain talented professionals and valuable nonclinical employees. Like any other health care system or major corporation, VA must stay abreast of the competition in the private sector. The cost of living through market assessments and additional studies can help ensure VA employees earn a salary that allows them to live and work within the communities they serve. Certain areas, like Hawaii, Alaska, California, and New York City, have an extremely high cost of living. Providing a specific locality pay formula that considers these extreme areas could make them more attractive and alluring, allowing VA to more easily fill their staffing vacancies.

Filling vacant positions is critical to ensuring that veterans can receive VA-provided care or receive earned VA benefits in a timely manner. Therefore, VA must request, and Congress must provide, sufficient funding and needed hiring authorities and incentives to allow the Department to expeditiously fill the nearly 40,000 existing vacant positions.

Systems of Support

One of the most critical elements of building a better VA is ensuring the Department has a highly efficient information technology system (IT) that can respond to the needs of VA and the veterans it serves, as well as combat cyber security threats. The IBVSO's report outlining budget recommendations for FYs 2022 and 2023 includes a broad range of IT needs throughout the Department as a whole.[7] These projects range from the ongoing Electronic Health Record Modernization project to accelerating and completing the Board of Veterans Appeals Case Flow system. In recent years, Congress has provided the Department considerable funding to upgrade its IT systems but always fell short of what was actually needed to complete large costly but

[6] GAO-14-215, Federal Workforce: Recent Trends in Federal Civilian Employment and Compensation
[7] The Independent Budget; Fiscal Years 2022 and 2023 for the Department of Veterans Affairs

essential projects like these. Consideration should be given to request infrastructure monies above and beyond those set aside for VA construction to help fully fund these projects, ending VA's need to piecemeal them together over many years.

For years, the IBVSOs have also advocated for expansions to the Department's e-health and telemedicine options, recognizing it provided a cost-effective and convenient means to deliver care for these individuals. We believe that after serving their nation, veterans should not experience neglect of their health care needs by VA because they are severely disabled or live in rural or remote areas far from major VA health care facilities. VA's use of telehealth increased substantially during the COVID-19 pandemic, surpassing everyone's expectations and it is sure to transform the way it delivers care in the future. VA must carefully study the efficacy of telehealth for each different clinical application. Ensuring that VA has adequate resources for the continued development and use of its electronic health options, as appropriate, will pay big dividends for veterans and the Department alike. There are also opportunities for VA to bring more services in-house through its telehealth and video connect programs. For example, VA should consider offering urgent care services to veterans via phone and video connect. VA has quick access to enrolled veterans' medical records and better ensures a continuity of care by providing this popular service in VA.

Conclusion

Mr. Chairman, the VA health care system is a national treasure not only for the medical care it delivers to millions of military veterans, but also for the contributions it makes to research, medical education and emergency response for all Americans. However, in order to assure that VA will continue to provide timely, accessible and high-quality medical care in the future, VA must have adequate, safe and reliable infrastructure to deliver that care. As Congress and the Administration engage in a debate over a national infrastructure investment plan, and with the AIR process running concurrently over the next couple of years, the IBVSOs urge Congress to consider making a once-in-a-generation investment in VA health care infrastructure, in conjunction with comprehensive reforms of VA planning, budgeting, management and oversight. America's veterans have earned—and deserve—no less.

This concludes the IBVSO's joint testimony on VA infrastructure and we would be pleased to respond to any questions that members of the Committee may have.

Testimony of

Donald Orndoff.

Kaiser Foundation Health Plan Inc.

on behalf of the

Kaiser Permanente Medical Care Program

to the

Senate Committee on Veterans' Affairs

"A System to Better Serve America's Veterans: Investing in VA's Infrastructure"

June 9, 2021

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Orndoff Written Testimony
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Good afternoon, Chairman Tester, Ranking Member Moran, and members of the Committee. Thank you for the opportunity and honor to testify before you today on behalf of Kaiser Permanente. I am Don Orndoff, Senior Vice President and leader of Kaiser Permanente's National Facilities Services.

The Kaiser Permanente Medical Care Program is the largest private integrated healthcare delivery system in the United States, providing comprehensive healthcare services to 12.5 million members in eight states (California, Colorado, Georgia, Hawaii, Maryland, Oregon, Virginia, and Washington) and the District of Columbia. Our mission is to provide high quality, affordable health care to our members and the communities we serve. Like the U.S. Department of Veterans Affairs (VA), we serve a large, diverse population across our footprint.

At Kaiser Permanente (KP), I am responsible for the full facilities' management lifecycle, including planning, acquisition, and operation of our 90 million-square-foot real estate portfolio, with current replacement value of $40 billion. The portfolio consists of more than 1,300 facilities, including hospitals, medical office buildings, ambulatory surgery centers, call centers, and supporting facilities. We typically invest about $3 billion per year in facilities-related capital, roughly 3 percent of overall operating revenue.

Prior to joining KP in 2010, I served as Executive Director of the VA Office of Construction and Facilities Management. Prior to my time at VA, I served for 30 years as a commissioned officer in the Civil Engineer Corps and SEABEEs of the U.S. Navy. I have professional degrees in architecture (Virginia Tech) and construction engineering (University of California at Berkeley), and senior executive business training from Harvard Business School and Dartmouth College. I am here today to offer my perspective shaped by over 42 years of facilities management experience in large, complex organizations in both the public and private sectors.

I suggest there are 10 basic tenets to a successful facilities management program for a large healthcare delivery system at the scale and complexity of KP and the VA. They are:

1. Lead through a comprehensive, enterprise business strategy
2. Transform the care delivery model
3. Optimize care delivery platforms as a system
4. Standardize facilities design
5. Modularize facilities components
6. Accelerate project delivery
7. Leverage progressive acquisition methods
8. Commit to proactive sustainment
9. Commit to environmental stewardship
10. Commit to investing for community health impact

1. **Lead through a comprehensive, enterprise business strategy.** All business decisions should support a carefully developed, universally understood business strategy that

defines macro objectives, measures outcomes, provides organizing structure, promotes innovation, and manages cost. All business decisions, at all levels of the organization, must align and link to the overarching business strategy. As a system, we strive to identify and remove constraints that can undermine system performance.

2. **Transform the care delivery model.** The continuum of health care continues to evolve at a rapid pace due to advancement of evidence-based medical care, innovative technologies, growing consumer preferences, increasing access demand, and the need for cost affordability. There is an inherent flow of care from higher acuity facilities (hospitals) to ambulatory sites (medical offices, out-patient surgery centers) to home care (chronic disease maintenance, rehabilitation, and recovery) to digital/virtual care (accessible anywhere via internet or cell phone service). Design of new health care facilities must be forward-looking, adaptable for inevitable change, and flexible to meet future space requirements. Large healthcare systems, like VA and KP, should work to "create" the future care model, rather than react to lagging indicators of industry dynamics.

3. **Optimize care delivery platforms as a system.** Improving population health requires a member-centric system design that creates a distributed "eco-system" of capability spanning across multiple sites of care, ensuring the right care is provided at the right time at the right place. Increasing easy access to care is key to improving member/patient satisfaction. Shifting quality care from higher acuity platforms (hospitals) to ambulatory or virtual care platforms increases access and significantly reduces construction and operating cost.

4. **Standardize facilities design.** Enterprise, system management allows identification and universal application of best business practices. Large healthcare systems should use content experts to create an enterprise design standard for each major care delivery function. Once design standards are established, the entire organization can apply the discipline to follow the standard, every time, for every project. Design standards cannot be static. There must be a structured process to continually improve, embracing innovation to better support the transforming care model requirements.

5. **Modularize facilities components.** With design standardization, a large healthcare system can break all care facilities down into functional modules, or a "kit of parts" that can be uniquely configured within a standard structural grid. Each module is "super designed" to address all relevant design decisions, including use of three dimensional space, care operations flow, clinical equipment, information and supporting technologies, furnishings, finishes, cleaning needs, maintenance needs, environmental controls, brand elements, color palettes, artwork, etc. Once design standards and modules are fixed programmatically, we engage aggressive supply chain management concepts to streamline every aspect of individual project delivery to dramatically reduce the effort, time, and cost to design and deliver individual projects.

6. **Accelerate project delivery.** With standard design modules, select industry partners, and a lean delivery process mindset (e.g., Lean Six Sigma), large systems can leverage purchase scale and project frequency to dramatically reduce process cycle time and cost of project delivery, while consistently delivering high quality healthcare buildings. Keys to success include choosing the right partners, establishing longer-term strategic relationships, and building trust through demonstrated performance. KP has established a pre-qualified pool of preferred vendors that understand, support, and deliver on our enterprise business objectives.

7. **Leverage progressive acquisition methods.** By leveraging integrated project delivery and value-targeted contracting concepts, the owner / designer / builder team establishes common project objectives, openly shares information, collectively solves problems, manages business risk, and mutually benefits from project success and reward incentives. The team virtually plans, designs, and fabricates the future healthcare building in a common graphic computer model (i.e., Building Information Model (BIM)) that defines space, cost, and schedule dimensions before on-site work begins. The negative impacts of disputes and contract claims are essentially eliminated.

8. **Commit to proactive sustainment.** As a large healthcare delivery system, Kaiser Permanente seeks to optimize facilities management lifecycle (plan, acquire, operate) process performance. In competitive markets, executives tend to focus on major capital investment of new footprint or expanded capabilities, while assuming sustainment of existing facilities and infrastructure can be deferred. To optimize lifecycle performance, a large system should require proactive sustainment of existing infrastructure as the highest resource priority to extend the service life of valuable assets, reduce the long-term cost of break-down repairs, and minimize core business disruption due to unanticipated building system failure. KP continually manages facility condition and sustainment investment against established targets to maintain maximum facilities performance.

9. **Commit to environmental stewardship.** As a healthcare system focused on improving health, we overtly link environmental stewardship to effective facilities management. We are committed to reducing energy intensity of our facilities (demand) and moving to renewable energy sources (supply) to achieve, as a minimum, net carbon neutrality. KP accomplished this with minimal additional up-front capital investment in high performance energy systems while driving lower facilities lifecycle operating cost. Through organizational policy, KP targets all new major project be certified at U.S. Green Building Council LEED Gold level, protecting the environment while improving the quality of the built care environment for our members and clinical staff.

10. **Commit to investing for community health impact.** Large healthcare systems have the opportunity and duty to target required facilities related spend to maximize positive health impact on their supported communities. Targeting investment and operations spend with aspiring minority, women, and veteran owned businesses, coupled with local construction hiring, creates a positive economic force multiplier effect to address inequities in the broader social determinates that define community health. KP executes

over $2 billion annually in diversity and impact spending programs related to building and operating clinical facilities.

In summary, KP is committed to serving our members by delivering and operating healthcare facilities **faster** (speed to delivery), **better** (consistent quality and capability), and **cheaper** (lowest lifecycle cost). We stand ready to work with this Committee, the VA, and all healthcare industry thought leaders to improve health and reduce cost.

Conclusion

Thank you for the opportunity to share information about our work and experiences. I am happy to respond to your feedback and questions.

Department of Veterans Affairs (VA)
Questions for the Record
Committee on Veterans' Affairs
United States Senate
Oversight Hearing
VA Infrastructure

June 9, 2021

Questions for the Record from Senator Jerry Moran

Question 1. **VA has many infrastructure flexibilities, including the ability to stand up community-based outpatient clinics (CBOCs) quickly using contract CBOCs.**

1a. **What is your plan going forward on using contract CBOCs?**

VA Response: A CBOC is a fixed health care site that can be either VA-owned and VA-staffed or contracted to health care management organizations. Regardless of how it is administered, a CBOC must have the necessary professional medical staff; access to diagnostic testing and treatment capability; and the referral arrangements needed to ensure continuity of health care for current or eligible Veteran patients. VA policies require all CBOCs to be operated in a manner that provides Veterans with consistent, safe, high-quality health care. CBOCs are managed at the Veterans Integrated Service Network (VISN) level, and planning and development of a new CBOC is based on VA's need, available resources and local market circumstances.

1b. **How do contract CBOCs compare to VA-built CBOCs in terms of time to stand up and cost?**

VA Response: There are different types and sizes of CBOCs that can provide a variety of services based on the needs of the patient population. The cost and time to establish a contracted CBOC varies based on the contract type, size, location and range of services provided.

Question 2. **AIR Commission and the process is critical to modernizing and improving VA facilities.**

2a. **What is the status of the Market Assessments, and when will they be completed?**

VA Response: The market assessments process will be completed in January 2022. Initial drafts of the market assessments were conducted in three phases based on a standard eight-step methodology.

All phases are being reviewed together and modified based on cross-market boundary issues, national strategies, cost-benefit analysis and Veteran feedback received during listening sessions.

The Market assessments are data-driven and include data on supply; demand; geography and demographics; facilities; quality and satisfaction; and access. A Data Discovery and Findings (DD&F) deck is produced for each market which combines and categorizes data from each field into a single document. In July 2021, VA released the DD&Fs for each market to the House Veterans Affairs Committee, Senate Veterans Affairs Committee, House Appropriations Committee and Senate Appropriations Committee. VA is in close communication with appropriate committee staff and anticipates holding briefings for all Congressional offices this Fall to describe the methodology used to perform the market assessments and provide the data that was used to inform the assessments to any Congressional offices that request it.

2b. **When do you expect to have the VA recommendations ready to send to the AIR Commission?**

VA Response: VA's recommendations will be transmitted to the AIR Commission, Congress and published in the Federal Register on January 31, 2022, in accordance with the statutory deadline. VA fully expects to meet the timeline to submit the recommendations to the AIR Commission. As part of the VA Maintaining Internal Systems and Strengthening Outside Networks (MISSION) Act of 2018 (P.L. 115-182), VA previously published decision criteria to be used by the Secretary to make recommendations to the AIR Commission. The Section 203 criteria were published in the Federal Register on May 31, 2021 and are being applied to the market assessments. Senior leadership continues to review draft recommendations and will be sent to the Secretary for approval by the statutory deadline.

2c. **Once the commissioners are confirmed, does VA have a plan to support the AIR Commission?**

VA Response: The AIR Commission is an independent Presidential advisory commission subject to the Federal Advisory Committee Act (FACA). As such, the AIR Commission will act independently from VA. VA is committed to supporting the Commission through funding, detailing VA employees as appropriate, and providing limited assistance with administrative functions. VA requested funding in the FY 2022 and FY2023 budgets to support the AIR Commission.

Question 3. **In 2017, Secretary Shulkin closed some empty buildings.**

3a. **Since then, how many empty buildings have VA closed?**

VA Response: As of June 2017, VA had 430 vacant and unused buildings in the portfolio. Vacant buildings have greater than 50% vacancy by square footage. At that time, Secretary Shulkin announced the Vacant Buildings Initiative, a 24-month effort to

reduce and/or reuse those buildings and VA was looking to dispose of or reuse them. When the initiative concluded in November 2019, VA had disposed of or reused 196 (46%) of the original 430 buildings targeted in the initiative and which resulted in the disposal or reuse of 3,734,989 square feet. Since then, VA has disposed of an additional 23 buildings from the list of 430 vacant buildings totaling 213,032 square feet.

3b. **Currently, how many buildings sit empty or underutilized?**

VA Response: As of June 28, 2021, VA had 374 vacant buildings. VA's portfolio is constantly in flux as VA stations dispose and acquire buildings as well as seek to manage and improve their utilization of buildings. As a result, the occupancy status of VA's buildings, and therefore, the number of vacant or underutilized buildings, fluctuates on an ongoing basis.

3c. **Are there plans to close those buildings?**

VA Response: Out of VA's current 374 vacant buildings, 245 (66%) of those buildings have active disposal plans and are in the process of being disposed. The remaining 129 (34%) vacant buildings do not an active disposal plan. Eighty-nine (69%) of those buildings are historic, presenting challenges in finding appropriate disposal or reuse options. VA continues to review its vacant buildings regularly to minimize the number in the portfolio and to ensure that any vacant buildings which are candidates for disposal have an active plan.

Question 4. **VA has had a poor track record of building new hospitals, which is why the U.S. Army Corps of Engineers (USACE) is credited for turning around the troubled $1.7 billion Department of Veterans Affairs hospital in Aurora, Colorado. Once the VA gets the approval and funding for either major hospital construction or new hospitals, what will VA do differently to ensure VA hospitals and CBOCs are built on time and on a budget?**

VA Response: As a result of our experience with the Colorado project, VA has taken steps to improve its delivery of facilities to Veterans. We adopted industry best practices and are improving our planning processes through better coordination of requirements on the front end and the adoption of a lifecycle management approach. In addition, VA has improved its change management procedures. We are adopting new execution approaches, such as design build and exploring how modular construction may benefit VA. We improved the way we manage major construction projects and are implementing an integrated oversight approach that will enable VA to deliver quality facilities on schedule and within budget.

As a high reliability organization, VA is committed to continuous learning and improvement. By working collaboratively, across VA Administrations and Staff Offices, we can identify gaps in the process that might result in project delays. For example, clearly defined roles and responsibilities; a rigorous and consistent approach to scope change management earlier in the project lifecycle; a structured format for leadership

decision briefs; authorization and documentation practices; and the development of major lifecycle actionable milestones, help to ensure supporting efforts are consistent and timely. These changes allow VA to respond early to mitigate schedule delays and associated costs.
Through the Strategic Capital Investment Planning (SCIP) process and Project Book stages, VA is able to better define and lock in program and design scope, ensuring better estimates at the 35% Prospectus-development stage and throughout.

VA is fortunate to partner with USACE, and our working relationship continues to improve each year. However, to maximize our capabilities, VA must consider all options, including the ability of other Federal entities to support VA construction.

Question 5. **The amount of funding requested is significantly higher than you usually execute. What will VA do to ensure it can execute funding under the American Jobs Plan if passed?**

VA Response: VA is changing the way we execute our construction programs on the requirements side. By leveraging standardized facility designs and building more flexible space, VA will better manage cost and schedule for these projects. VA will also need to increase staffing in areas such as contracting and engineering to support execution of such a large amount of funding. Funding for those staffing increases was included in the estimates included in proposed American Jobs Plan (AJP).

VA will leverage our Federal partners, such as USACE or General Services Administration (GSA), to improve long term execution and expand capacity. We will also engage with industry to adopt the most effective and innovative delivery methods and contract vehicles to rapidly scale up and speed up. Long-term recapitalization investments will be centrally managed, adding more controls and accountability to streamline execution.

Question 6. **Why does VA need to recapitalize its facilities?**

VA Response: VA operates the largest integrated health care system in the Nation, with more than 1,700 hospitals, clinics and other health care facilities. The median age of private sector hospitals in the United States is 11 years. Conversely, the median age of VA's portfolio is 58 years, with 69% of VA hospitals being older than 50 years. Facility correction costs, representing cost to remediate building systems/subsystem with D and F ratings, have doubled from $11.6 billion in 2010 to $22.3 billion in 2020. The current age and poor material condition of existing health care facilities results in inefficiencies and required workarounds. Existing infrastructure does not support current and future health care delivery technology, processes and modalities. The proposed recapitalization strategy will deliver modern, state-of-the-art facilities, paying long-term dividends by offsetting growing maintenance costs while better meeting the health care needs of Veterans now and into the future.

Question 7: **Recapitalizing facilities will take a long time; what will VA do in the interim for other facilities not recapitalized?**

VA Response: Immediate needs, including those addressing green energy, women Veteran health care equity and aging Veteran requirements will continue to be identified, vetted and prioritized annually via the existing SCIP process, to ensure the best and most impactful application of limited capital funding.

Additionally, VA is developing and prioritizing Enterprise-wide critical infrastructure system improvements needed at existing Veterans Health Administration (VHA) medical facilities that will be executed via the Recurring Expenses Transformational Fund. High-cost projects to modernize infrastructure systems (such as central utility plants) will be the focus of the fund's use. These mid-term core infrastructure modernization projects will address the needed improvements that have historically been deferred due to limitations in Non-Recurring Maintenance funding.

Question 8. **What consequences and concerns do you foresee if VA's construction budget is not sufficiently funded?**

VA Response: Facilities will continue to materially degrade, and the highest priority selected improvements will continue to reflect patchworks of short-term capital investments designed to meet immediate business needs, versus well thought out plans that meet the optimal service delivery objectives expected of modern health care delivery infrastructure.

The ability to transform VA's older hospital-based infrastructure through thoughtful long-term strategic planning approaches is constrained by the uncertainties and challenges in funding. SCIP has continuously and consistently identified VA's infrastructure gaps and costs (2022 SCIP process: $58 - $71 billion expected cost) to modernize, right size and maintain its facilities.

VA's infrastructure footprint is not flexible enough, and changes in Veteran demand, demographics and locations are outpacing our ability to transform and manage it. The median age of VA's portfolio is 58 years, with 69% of VA hospitals being older than 50 years. Approximately 30% of its owned space is considered historic and many are in need of repair. The maintenance backlog (the correction costs assigned to building systems/subsystems rated as Ds and Fs)[1] of our facilities continues to escalate (currently more than $23 billion).

Furthermore, ever-changing service delivery requirements and medical technologies have driven requirements for extensive modernization of VA infrastructure. Much of VA's infrastructure was originally designed to meet the needs of a hospital-driven health care system that, over the past several decades, has shifted to an outpatient-driven focus. Today's service delivery demands are further shifting requirements into the virtua

[1] D = Poor Condition, Past Assigned Useful Life/Problematic or Poor; F = Critical Condition, Needs Immediate Attention/Failing.

realm and VA buildings lack the flexibility to efficiently execute in that direction due to reconfigurations of space required for appropriate/private telehealth appointments.

Question 9. **How long will it take VA to correct the deficiencies accounted for in VA's Strategic Capital Investment Plan at the current construction funding level?**

VA Response: Historic capital investments levels have not been sufficient to significantly reduce the current deficiencies identified in SCIP. It is expected that, going forward, funding levels consistent with the FY 2022 funding request will slow this increasing condition degradation rate, but are not enough to completely correct deficiencies in the next 10 years. Further degradation of facility condition will continue to outpace available funding.

Question 10. **What is the status of VA's disposal projects?**

VA Response: Between June 2017 and May 2021, VA either reused or disposed of 344 buildings totaling 5.9 million square feet. Out of VA's current 374 vacant buildings, 245 (66%) have active disposal plans and are in the process of being disposed. Of the remaining 129 vacant buildings without an active disposal plan, 89 (69%) of those buildings are historic, presenting challenges in finding appropriate disposal or reuse options. VA recently disposed of two entire campuses in Knoxville, Iowa and Pittsburgh, Pennsylvania, which were no longer required and were disposed of through GSA in January 2020 and June 2021 respectively. VA continues to review its vacant buildings regularly to minimize the number of vacant buildings in the portfolio and to ensure that any vacant buildings which are candidates for disposal have an active plan.

Question 11: **In 2020 VA had a percent vacancy rate for general engineers of over 12 percent. While this number has improved in recent years, VA has indicated staffing is a major challenge.**

> *11a***. If granted additional funding for real property projects, does VA have the internal staffing capacity to execute a large number of additional projects in addition to their normal workload/funding?**

VA Response: VA has adequate staffing capacity to manage current major construction projects. VA has increased its staffing to better manage programs at the portfolio level; provide guidance to the field to meet VA objectives; and provide VA leadership with guidance and data necessary for decision making. Staffing levels for engineering, acquisition/contracting and program management positions would be expected to increase if a large number of projects were added to the normal workload. If additional funding for projects is provided, VA will need to correlate increases in staffing levels to correspond with the size of the investment. Recruitment, training and retention programs would allow VA to compete for talent in an industry with a tightening labor market. Additionally, where appropriate, VA can supplement existing staff levels with contract support.

11b. **If not, does VA have a plan in place to address this, and if so, what is it?**

VA Response: Regardless of receipt of additional funding, VA's Office of Construction and Facilities Management (CFM) will continue to leverage its relationship with USACE. In addition, CFM will engage other non-departmental Federal entities (NDFE), such as GSA, which have mature project delivery methods and contract vehicles. Adding flexibility to VA's ability to partner with other NDFEs would enable CFM to directly pursue faster and more agile acquisition methods (e.g., Construction Management at-risk) and to leverage a wider range of industry best practices and capabilities. CFM will streamline the acquisition process and timeline by establishing more efficient multiple award task order contract (MATOC) vehicles and leverage capacity from other agencies' existing contract vehicles. VA will extend its construction management and oversight capabilities through placement of regional and national construction services contract vehicles. All these activities are focused on improving a project's speed to market.

Special Salary rates for General Schedule (GS)-0801 General Engineer positions employed with VHA helped to better align pay with competitive salaries for similar positions in the private sector. Also, the Office of Personnel Management (OPM) has granted VA Direct Hire Authority for Engineers through December 2023.

*Question 12***. In accordance with the MISSION Act, VA is conducting market assessments for each of VA's markets to design high-performing networks of care. The networks will consist of a more flexible platform that can provide quality, readily accessible, cost-effective care through VHA and leverage the best of care provided by federal partners, academic affiliates and other private sector providers. Recommendations from the assessments will be finalized utilizing the approved criteria and submitted by VA's Secretary to the presidentially appointed Asset and Infrastructure Review (AIR) Commission for their consideration in January 2022.**

12a. **How does VA view the market assessments from the MISSION ACT with respect to the projects on its SCIP list?**

VA Response: Market assessments and the resulting AIR Commission recommendations will provide the service delivery plans for future VA health care and will be consolidated with the SCIP process. Projects will be developed and submitted through the SCIP process that are aligned to these market assessment plans. However, projects already in progress or currently in SCIP will not generally be impacted because the VA MISSION Act of 2018 requires VA to continue existing facility planning and construction efforts while the market assessments and AIR Commission efforts are on-going.

12b. **How does VA see the AIR Commission impacting its asset management portfolio?**

VA Response: The AIR Commission decisions will be highly impactful to the portfolio, setting the direction of high performing health care networks for the future. If the AIR Commission's recommendations are approved, and funds are appropriated, the asset and portfolio management teams will adopt those goals and develop implementation plans for the approved recommendations.

Question 13: **VA uses SCIP to prioritize new capital projects every year. These projects are ranked based on a number of criteria such as reducing facility condition assessment deficiencies, seismic, and safety/compliance.**

13a. **If granted additional funding, what are the areas of priority that VA should focus on when executing new projects?**

VA Response: In the near term, VA plans to prioritize addressing critical green energy, women Veteran health care equity and aging Veteran requirements. Funding will also accelerate ongoing major construction to provide access to high quality health care more quickly. These near-term, mature requirements are being pulled from existing SCIP process priorities.

VA's proposed long-term modernization investments target sites that do not support future health care needs. Potential sites for long-term investment are being identified using a data-driven model with criteria such as age, condition, functional capacity and health care demand. We anticipate identifying sites in tiers, where the top tier would be those sites with the most need for full modernization. Long-term modernization investments are more strategic, looking at sites as whole, rather than discrete projects evaluated through SCIP.

13b. **Is this reflected in the most recent SCIP list?**

VA Response: These near-term, mature requirements are being pulled from existing SCIP process priorities. The long-term facility modernization investments are more strategic, looking at sites as whole, rather than discrete projects evaluated through SCIP.

13c. **Are the projects identified in SCIP ready for design and construction if additional funding is approved?**

VA Response: All prioritized, first-year minor construction and Non-Recurring Maintenance (NRM) projects identified in the SCIP lists supporting the annual budget request are considered design ready, with construction to follow within 1 or 2 years, depending on program capabilities. Should additional funding be provided, VA would be able to approve not only additional new minor construction and NRM starts from the current SCIP list, but fund additional construction-ready projects approved and designed in the previous year. For major construction projects, additional funding would be used

to accelerate projects on the 5-Year Development Plan, pending authorization requirements. Newly prioritized major construction projects in SCIP could begin pre-design work but would not be ready for construction.

Question 14. **GAO has previously recommended that VA systematically gather feedback from facility planners and address their concerns with the reliability of the SCIP process, including providing additional information on how SCIP's space estimates are derived.**

> *14a.* **To what extent do efforts to fill SCIP gaps help VA address overall performance deficiencies?**

VA Response: SCIP gaps address infrastructure, which is an enabler to delivering care; however, performance and delivery of care goes beyond just infrastructure improvements.

SCIP gaps represent deficiencies in VA facilities including, but not limited to, condition, space, access, workload, sustainability, safety and security. Having facilities that are free from these gaps enables VA to deliver the best care in safe and secure buildings that are built to current health care delivery standards with flexible designs located where Veterans live.

For example, SCIP may identify a functional gap of 200 parking spaces for a facility and a project could be proposed to resolve that gap. Resolving the gap is a positive action but may not tie directly to performance of the facility.

Similarly, condition gaps are measured at the facility and subsystem level in actual dollar amounts for systems rated "D" or "F"; therefore, a proposed SCIP project for a roof replacement would show the dollar amount of condition deficiency backlog assigned to the roof that will be addressed as a result of the project.

VA's space gaps represent the need for additional space or the need to dispose of excess space and are tied to workload projections identified by multiple clinical Strategic Planning Categories. Typically, when a facility has a need for additional space of a certain clinical type there is also a related workload gap. A proposed project would demonstrate that both the space and workload gaps are addressed by the project that will directly serve Veterans.

The Government Accountability Office (GAO) provided feedback that improvements could be made to the SCIP process by providing the capital planners additional information on how space estimates are derived in SCIP. To address this feedback, additional training has been incorporated into the annual SCIP process. This training specifically addresses how both clinical and non-clinical space is generated and how it relates to projected station workloads. Training also specifies what is expected in terms of gap closure for both clinical and non-clinical space estimates.

14b. **How, if at all, can VA use data from its SCIP gaps to measure its overall performance?**

VA Response: While it is difficult to discern specific performance from individual SCIP gaps such as space, workload and condition since they change annually, we can use data to better understand facility performance. Additionally, VA regularly monitors real property performance through various goals and metrics, including space utilization, Condition Index of owned buildings and ratio of Owned and Lease Operating Costs per Adjusted Gross Square Foot. VA also reports energy consumption to the Department of Energy (DOE) and disposal plans for the annual budget process.

Question 15. **The Office of Information and Technology (OIT) has many responsibilities including maintaining and upgrading existing technologies as well as activating new construction with appropriate technology. GAO has mentioned that OIT is not well integrated into the overall asset management process.**

15a. **What measures can VA take to ensure that OIT is better integrated into the asset management process?**

VA Response: OIT continues growing its partnerships across the Department and providing an Enterprise commitment to equipment accountability and asset management. As VA continues implementing new asset management systems (e.g., Defense Medical Logistics Standard Support), the Department is committed to integrating OIT in all planning, development and testing phases to ensure that information technology (IT) assets are properly received and managed throughout their lifecycle. VA OIT and OEHRM coordinate frequently on an integrated master infrastructure refresh schedule, to ensure synergies and the appropriate allocation of equipment and infrastructure is upgraded and reconciled in advance of EHR deployments and as part of the normal annual infrastructure refresh program.

Coordination between OIT and the Office of Acquisition, Logistics and Construction (OALC) include recurring meetings with leadership to discuss ongoing initiatives and shipping requirements; meetings on the Electronic Health Record Modernization (EHRM) program and other focused requirements that are often specific to action areas in progress within a VISN; and coordination with OIT and logistics staff at local facilities.

OIT developed forecasting tools for incoming IT shipments to VA facilities and coordinate those deliveries with local logistics teams. OIT continues developing processes and supporting tools to improve the integration of construction, lease and IT projects across VA organizations that include VHA; the Veterans Benefits Administration (VBA); Board of Veterans' Appeals; and National Cemetery Administration (NCA).

15b. **How can VA work with OIT to ensure activations are executed in a timely manner?**

VA Response: OIT and VHA work collaboratively to improve activations lifecycle planning and budgeting process, which increases the efficacy of timely activations.

Question 16. **Several VA headquarters offices—including the Office of Asset Enterprise Management (OAEM), Office of Construction and Facilities Management (CFM), and Veterans Health Administration (VHA)—share responsibility for managing VA's asset portfolio. Other headquarters offices are part of and support capital asset management, such as the Office of Information and Technology (OIT) and Human Resources. These headquarters offices also share responsibility for communicating and collaborating with field offices such as regional offices and medical centers, which also play key roles in maintaining assets and in planning efforts.**

> *16a.* **Is VA's internal organizational layout best structured to support asset management, or are there opportunities to re-organize it to create more efficiencies?**

VA Response: VA recognizes that its asset management efforts must continuously improve; we are always striving to find ways to deliver high-quality facilities for Veterans; and already initiating these efforts from an Enterprise-wide level. While there may be some inefficiencies to address in the organizational structure, the focus is on improving business processes and practices, that are fundamentally where the inefficiencies lie. These changes are driving to process improvements that reflect a more holistic approach to planning, strategy development and information sharing across the entire capital program.

> *16b.* **What measures can VA take to break down information silos when it comes to asset management?**

VA Response: VA made strides addressing these issues through formal collaborations with "core" asset management stakeholders such as the SCIP process. SCIP and other formal engagements help ensure all offices have a common understanding of roles and responsibilities. The recent issuance of the December 2, 2020, revised VA Directive 4085, *Capital Asset Management*, is an example of such collaboration. We are also informally expanding outside of our "core" asset stakeholders to ensure that communication of VA's asset management approach is understood from all levels and outside of the normal lines of communication. We believe these formal and non-formal communication activities set VA on a path to break down silos and increase the success of the program. VA acknowledges more work is needed in the governance framework, regarding VA's asset management, to ensure all offices that are involved in asset management participate in its success.

Question 17. **GAO reported that VA has experienced substantial cost increases and schedule delays for its largest medical facility construction projects, in particular the Denver VA Medical Center. Further, others recognize these problems with other types of VA construction projects.**

17a. **What measures has VA taken, and what additional measures are needed to ensure that its major construction projects over $100 million are completed on time and within budget?**

VA Response: As per the 2015 Interagency Agreement (IA) between VA and USACE, USACE is the servicing agency for VA construction projects over $100 million. VA relies on USACE and its management processes for project delivery. Improvements made to VA's internal project management process compliment the USACE-VA partnership.

17b. **Should the VA use the U.S. Army Corps of Engineers to continue managing these projects?**

VA Response: VA and USACE have developed a strong partnership since the IA was signed in 2015. VA benefited from the partnership and our working relationship with USACE has led to positive outcomes for VA projects above and below the $100 million threshold. However, the Department sees a need for additional flexibilities in the future. Other Federal entities and execution approaches may meet VA business needs for specific designs or locations. Additionally, there are capacity issues to consider. VA will explore all options depending on availability; scale/complexity of project scope; and other determinative factors which could, and likely would, improve project delivery efficiencies.

Question 18. **GAO previously found that VHA did not have performance measures that were tied to specific performance goals for its environment of care program, a program which involves regular inspections of VHA's health care services to identify maintenance and repair needs. What sort of performance metrics does VA need to adequately measure the performance of its assets?**

VA Response: The Facility Condition Assessment (FCA) is the tool VA uses to measure the performance of its assets. FCA is an annual assessment of VA buildings and building systems (mechanical/electrical/plumbing, steam generation and structural). Individual facilities are surveyed on a 3-year rotation, and performance is measured against applicable codes and standards with consideration of the lifecycle investment needs of the asset. FCA reports the condition of medical facility campus buildings and building systems using the following scale:

- A: New or Like New Condition, Majority of Useful Lifespan Remains/Excellent.
- B: Above Average Condition, Over Half of Useful Lifespan Remains/Good or Very Good.
- C: Average Condition, Less than Half of Useful Lifespan Remains/Average, Fair or Workable.
- D: Poor Condition, Past Assigned Useful Life/Problematic or Poor.
- F: Critical Condition, Needs Immediate Attention/Failing.

FCA also identifies deficiency correction costs for those buildings and building systems graded at the D and F levels. The cost identified through FCA represent the costs of improvements needed to correct or mitigate an individual deficiency. FCA does not calculate the cost to replace, modernize or expand a facility. Based on the most recent FCA, VA's correction costs for the entire portfolio are $22.3 billion with 65% of these costs needed for corrections of D and F graded deficiencies in building systems.

The FY 2020 Facility Condition Assessment Data are as follows:

- A: 35,029 systems/sub-systems representing ~12.0% of the total portfolio.
- B: 57,399 systems/sub-systems representing ~19.7% of the total portfolio.
- C: 67,991 systems/sub-systems representing ~23.3% of the total portfolio.
- D: 73,924 systems/sub-systems representing ~25.4% of the total portfolio.
- F: 11,357 systems/sub-systems representing ~3.9% of the total portfolio.
- Systems/sub-systems that are in the process of being resurveyed: 45,805 representing ~15.7% of the total portfolio.
- VA's facility correction costs have doubled from $11.6 billion in 2010 to $22.3 billion in 2020.

Tools, including the SCIP Automation Tool (SAT) and Capital Asset Management Service (CAMS) Business Intelligence, assist VA in measuring the performance of VA's portfolio.

VA's SCIP gaps are updated annually in the SAT as part of the SCIP process and represent deficiencies in VA facilities including, but not limited to, condition, space, access, workload, energy sustainability, safety and security. VA uses this gap data to help identify, develop, vet and prioritize capital investments.

VA regularly monitors real property performance through various goals and metrics, including space utilization; Condition Index of owned buildings; and ratio of Owned and Lease Operating Costs per Adjusted Gross Square Foot. In addition, VA reports energy consumption to DOE and disposal plans for the annual budget process.

Question 19. **The White House recently released a $2.6 trillion infrastructure proposal, of which VA's share would be around $18 billion. What additional funding resources, if any, would VA need to adequately address and decrease its maintenance backlog? For example, additional staff or other resources?**

VA Response: VA recognizes that the amount of funding requested in the American Jobs Plan (AJP) to address our maintenance backlog is significantly larger than our typical appropriations, even when factoring in Congressional "plus-ups" that have

occurred. To address this, we included program management costs, needed to adequately resource project development and execution at the project level, in our AJP request.

Additionally, VA's approach to execution must adapt, becoming a whole of Government and industry approach, rather than VA attempting to execute as it has in the past. VA will leverage our Federal partners, such as USACE or GSA, to expand capacity. We will also engage with industry to adopt the most effective and innovative delivery methods and contract vehicles to rapidly scale up and speed up.

VA is also changing the way we execute our construction programs on the requirements side. By leveraging standardized facility designs and building more flexible space, VA will better manage cost and schedule for these projects.

Question 20. **VA indicates that American Jobs Plan (AJP) funds would be centrally managed, adding additional controls and accountability to streamline execution. How would this differ from other VA construction programs and projects? Why?**

VA Response: The centralized management approach will incorporate and build upon recent process and efficiency improvement opportunities identified by VA for construction program planning and execution. We made significant improvements to our overall execution strategy and capacity and have been able to prioritize other "plus ups" in funding that will continue to be leveraged in planning and execution of AJP requirements. The requested AJP funds will be a large increase to our portfolio; however, the changes we have made position VA to be successful in delivering infrastructure improvements that help the Nation's Veterans. CFM seeks continuous process improvements in the planning, programming, design and construction of major projects.

CFM retains full authority to manage major construction projects but is working to improve collaboration and integration with our Administration partners, e.g., VHA, VBA and NCA, throughout the facility lifecycle (from conception to activation). This approach reduces silos and facilitates stakeholder input, which leads to more informed decision making. VA is coordinating requirements and project development. This allows for a better definition of what and how we will build the project. We are emphasizing integrated project plans so that all stakeholders throughout the lifecycle of a project can plan for the actions under their control. Establishing Enterprise metrics is another way of "centralizing" management. Having similar goals and standardized measures eliminates ambiguity and promotes increased accountability. VA is establishing Enterprise-wide contracts that will provide construction management solutions for those who lack the expertise or internal resources to accomplish these duties.

Question 21. **In April 2020, VA acquired the closed former Garland-Baylor, Scott & White Health hospital in Garland Texas. Why did VA, without notifying SVAC, acquire an obsolete hospital that is a short distance from the Dallas VA hospital? What planning and business case justified acquiring the hospital? Since then,**

how much has VA spent on the hospital? Will VA be acquiring other hospital like this? https://northdallasgazette.com/2020/04/07/va-north-texas-health-care-system-officially-acquires-former-garland-baylor-scott-white-facility/

VA Response: The Baylor Scott and White donation is a completed, pre-existing health care facility donated to VA. P.L. 114-294, the Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 (CHIP IN), provided a limited authority for VA to accept donated real property, services or funds to be added to VA's appropriated dollars to complete a health care facility project for which VA had already requested and received authorization and appropriated funding. Separately, Congress provided general authority in 38 U.S.C. §§ 8103 and 8104 for VA to acquire medical facilities, subject to certain Congressional authorization requirements. Congress also provided general authority in 38 U.S.C. § 8301 for VA to accept "devises, bequests, and gifts" – more generically, donations – for the benefit of Veterans, or to enhance the Secretary's ability to provide services or benefits to Veterans.

VA North Texas Health Care System is the second-largest health care system and the sixth-fastest growing market for current and projected enrollees in VA. Dallas County (the location of this donation) is one of two counties with the greatest number of current and projected enrollees in the North Texas market.

Property improvements will be accomplished under the Minor Construction Program, limited to $20 million. As of August 24, 2021, VA spent approximately $7 million with $10 million pending obligation by September 30, 2021. The scope of the minor construction project is focused around a two-phased approach. The initial phase is to use the existing hospital as a temporary location to provide additional outpatient services while renovating the Medical Office Building (MOB) for the permanent home of these same services. Concurrently, a comprehensive assessment and evaluation is being conducted on various systems and spaces within the main medical facility to inform the reactivation plan of other spaces.

VA North Texas Health Care System continues to have a space deficit of approximately 900,000 feet, according to the capital asset inventory. If there is an opportunity to acquire other donations to help reduce the space deficit and improve access and quality care for our Veterans, we would like to undergo the same pathway to get the much-needed space for our growing population.

Question 22. **What are the top three specific projects the American Jobs Plan would fund for VA?**

VA Response: The AJP long-term investments will fund complete recapitalization and modernization of prioritized facilities. Additionally, near-term investments support known, near-term needs addressing green energy, women Veteran health care equity and aging Veteran requirements, as well as accelerating existing major construction projects.

Potential sites for long-term investments are being identified using a data-driven model, with criteria such as age, condition, functional capacity and health care demand. We anticipate identifying sites in tiers, where the top tier would be those sites with the most need for full modernization. It is premature to disclose the sites and their potential priority rank, at this time. VA is willing to brief Congress on the sites at a later date.

Question 23. **How long after the American Jobs Plan is enacted could VA begin construction on those projects?**

VA Response: We made significant improvements to our overall execution strategy and capacity and have been able to prioritize other "plus ups" in funding. This will be a large increase to our portfolio; however, the changes we have made position VA to be successful in delivering these AJP investments. It is expected that construction for the near-term investments will begin within 2 years of receipt of funds in most cases, maybe sooner for some projects further along in the design process.

Question 24. **If the process you described for directing American Jobs Plan infrastructure funding results in investing in an area where the AIR Commission recommends divesting, what rubric will VA use to resolve that conflicting guidance?**

VA Response: The AJP and AIR Commission are parallel activities, not directly dependent on one another, but rooted in the same core capital planning data and processes needed to ensure facilities get the necessary investment to support care and service delivery into the future. The VA MISSION Act of 2018 includes a requirement that VA continue with its construction, leasing, budgeting and long-range capital planning activities while the market assessment and AIR Commission activities are occurring. The AJP supports this requirement with additional resources and necessary integration with the AIR Commission work before investing those resources.

Work on the market assessments has been on-going for nearly 2 years, allowing VA to gain significant insights into the future of the health care delivery system. As investments are considered under AJP, there is a necessary checkpoint against the market assessment work to ensure the investments are properly placed. Where VA has significant shifts in demand, service composition or other factors, investment in existing infrastructure may not be appropriate, at this time. However, there are many VA sites that are older, in poor condition and the market assessment information clearly indicates VA will have a need for continued presence in that location that would be suitable for investment.

For sites where larger investments in recapitalization are suitable, the final scope and composition of what the future site needs to support will be informed by the AIR Commission recommendations. Because of that, the bulk of the longer-term investment would not occur until after the AIR Commission concludes; however, there is significant planning and due-diligence work VA can commence before that time to ensure we are ready to execute at that time.

For sites that are not able to be funded for full recapitalization in AJP, interim investments may still be needed through the short-term to mid-term to address core infrastructure issues. These investments are not as closely tied with the AIR Commission process. Even if those sites may be impacted in the long term by AIR Commission recommendations, implementation of those recommendations could be years away, and the short-term investments are needed to get us there and minimize risk during that time.

Question 25. **The President requested $18 Billion for VA infrastructure as part of the American Jobs Plan. $15 Billion of that is intended for "recapitalization" of an unspecified number of facilities in unknown locations for which there's been no analysis of alternatives, design work, project scope, or cost estimate. Current law details the Congress's and this Committee's role in authorizing major construction projects before appropriations may legally be spent.**

25a. **What is the Administration's expectation of this Committee's role, if any, as part of the American Jobs Plan proposal for VA?**

VA Response: VA will work with the committee on any necessary authorization that may be needed for proposed AJP projects.

25b. **Would an average American write a check for a large purchase without knowing exactly what they're buying beforehand?**

VA Response: VA is not requesting this leeway. VA has briefed Congressional committee staff on our proposed near-term and long-term modernization approach, including leveraging SCIP priorities for near-term investments. VA is committed to briefing the committee on the long-term recapitalization strategy as it progresses.

25c. **Why would the Congress ever do that?**

VA Response. VA is not requesting that congress fund undefined requirements. VA will continue to coordinate with and brief congress on this important initiative.

Question 26. **Does VA have a complete staffing model for construction and facilities management positions and know how many it needs to complete project backlog?**

VA Response: VA is assessing its current and future workload and developing additional strategies, structure and resources to ensure adequate staff are in-place at the right location, and at the right time, to effectively manage the forecasted construction projects. This includes studying options to increase the effectiveness of local project management staff to support specific project requirements. CFM continues to review its organizational structure and workforce needs to ensure efficient and effective mission delivery. This approach will enable CFM to align its staffing structure with that of other major construction organizations and ensure appropriate staffing levels.

Questions for the Record from Senator Mazie K. Hirono

Question 1. **Over the past year, many federal employees, including those previously working on VA leased and owned property, have moved to telework due to COVID-19. Has VA considered the relative success of telework and the potential for more flexible work in the future in its infrastructure planning?**

VA Response: VA established a Future of Work Integrated Project Team (IPT) to gather information and make recommendations related to post-reentry personnel policies and the work environment and inform the Department's reentry planning. The IPT developed the VA Future of Work Playbook (see embedded attachment) that includes a section on the physical workspace. The Playbook identifies lessons learned during the COVID-19 pandemic and recommends that managers consider the success of alternative work arrangements, like telework, in reentry planning.

*See VA Future of Work Playbook Attachment below

Question 2. **For over a decade, I worked to move the construction of a new clinic on Oahu forward. This process was repeatedly delayed by the processes that make it difficult to award leases, especially in high-cost areas. Can you commit to working with me and my staff to improve the overall process for awarding major medical leases so they do not get bogged down in years-long delays?**

VA Response: VA commits to working with you and your staff to improve the overall process for awarding major leases. We made significant strides over the past several years to improve our lease approval process, and we reduced the timeline for awarding major leases by half.

Specifically, in 2015, VA's leasing program underwent a Lean Six Sigma analysis which focused on implementing private sector best practices. As a result, VA reduced its leasing timeline by 2 years. In 2018, VA underwent another significant review of its leasing processes, which introduced new improvements, including utilization of commercial standards and local codes in contractual documents. These changes yielded further reductions to VA's lease processing timeline.

Additional changes to pre-award activities were also implemented, including scope change policy, internal review policy and creation of a central fund for tenant

improvement awards. These streamlined procedures increased the efficiency and timeliness of VA's lease award process.

Another improvement opportunity includes shifting design so that it occurs earlier in the process and prior to Congressional authorization. Part of VA's FY 2022 legislative proposal seeks to mirror GSA's lease authorities. The proposal would increase VA's prospectus threshold and allow a Committee Resolution rather than Congressional legislation to authorize leases. VA believes these changes will have a positive impact, by continuing to reduce the overall lease procurement timeline.

Question 3. **In your testimony you noted that due to budgetary constraints, VA is struggling to keep pace with infrastructure needs. Are there particular initiatives that you feel have been most impacted by VA's inability to invest in them, for example certain kinds of technology upgrades or making facilities more appropriate for women Veterans?**

VA Response: VA will continue to identify, analyze, and prioritize these requirements annually, via the SCIP process, to ensure the best and most impactful application of limited capital funding. VA has identified multiple unfunded infrastructure priorities needed to best care for the Veteran community. The median age of private sector hospitals in the United States is 11 years. Conversely, the median age of VA's portfolio is 58 years, with 69% of VA hospitals being older than 50 years. Historic capital investments levels have resulted in facility correction costs doubling from $11.6 billion in 2010 to $22.3 billion in 2020. We expect that going-forward, funding levels consistent with the FY 2022 funding request will slow this increasing condition degradation rate, but not impactfully reduce the outstanding backlog represented by this total correction cost.

Question 4. **The National Memorial Center of the Pacific currently has a number of deferred maintenance projects, some of which have been on the books for nearly ten years**.

> *4a.* **Are there other National Cemeteries dealing with a similar backlog of maintenance projects?**

VA Response: NCA continually evaluates and prioritizes facility and infrastructure requirements to ensure available annual funding is allocated to the most critical cemetery maintenance and improvement projects throughout the system. Many of these requirements are identified through VA's tri-annual conduct of facility conditions assessments. NCA currently has an inventory of maintenance and improvement projects with a total estimated budget of $300 million across 68 national cemeteries. Outstanding maintenance and improvement projects primarily consist of facility upgrades (Maintenance and Administrative Building), road improvements, drainage improvements, and general site improvements to historic structures such as walls,

gates, and rostrums. We use a Facility Condition Assessment (FCA) to identify and quantify the requirements/improvements. These requirements are then put into a NCA model and scored annually based on their severity and operational importance.

4b. **What kind of impact do delays in necessary infrastructure updates and repairs have on Veterans and their families?**

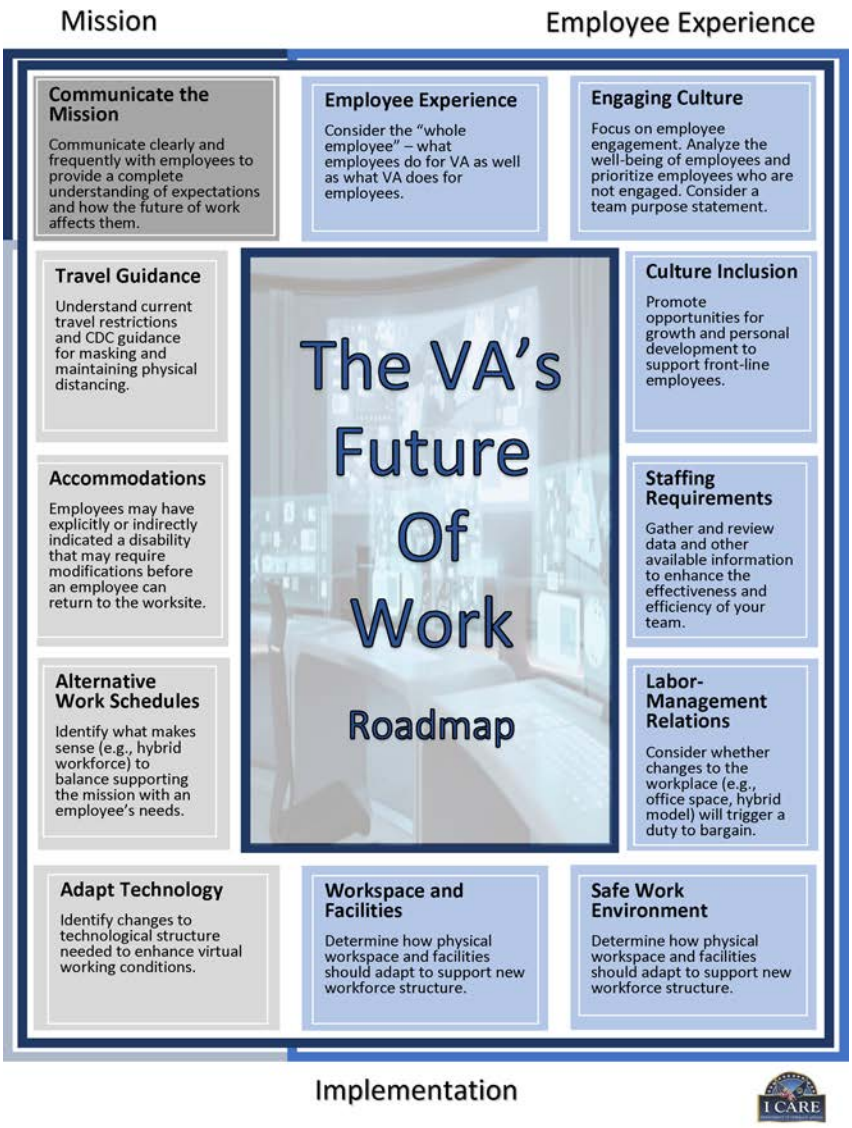
VA Response: NCA is committed to maintaining the national cemeteries as shrines that honor and respect the service and sacrifice of all those who served our Nation in uniform. Maintenance and infrastructure projects are evaluated and prioritized annually to address the greatest needs across the system. While these projects are identified as part of NCA's facilities maintenance and improvement program, they generally do not adversely impact Veterans and their families or visitors to the national cemeteries, to include the National Memorial Cemetery of the Pacific (NMCP). NMCP currently has two future projects, in FY 2022 and FY 2023, for facility maintenance and site improvements (maintenance building, water/irrigation pumps, sewer and roads). Additionally, there is an active FY 2021 project currently underway to construct 6,500 niches that will address several other infrastructure requirements, to include electrical, communication and road infrastructure.

VA Future of Work Playbook

The playbook provides information for Managers and Supervisors to consider as they chart a course for their team's future of work at VA.

U.S. Department of Veterans Affairs
Office of the Chief Human Capital Officer
Human Resources Reference Guide

July 2021


Mission
Employee Experience
Communicate the Mission
Communicate clearly and frequently with employees to provide a complete understanding of expectations and how the future of work affects them.
Employee Experience
Consider the "whole employee" – what employees do for VA as well as what VA does for employees.
Engaging Culture
Focus on employee engagement. Analyze the well-being of employees and prioritize employees who are not engaged. Consider a team purpose statement.
Travel Guidance
Understand current travel restrictions and CDC guidance for masking and maintaining physical distancing.
The VA's Future Of Work
Roadmap
Culture Inclusion
Promote opportunities for growth and personal development to support front-line employees.
Accommodations
Employees may have explicitly or indirectly indicated a disability that may require modifications before an employee can return to the worksite.
Staffing Requirements
Gather and review data and other available information to enhance the effectiveness and efficiency of your team.
Alternative Work Schedules
Identify what makes sense (e.g., hybrid workforce) to balance supporting the mission with an employee's needs.
Labor-Management Relations
Consider whether changes to the workplace (e.g., office space, hybrid model) will trigger a duty to bargain.
Adapt Technology
Identify changes to technological structure needed to enhance virtual working conditions.
Workspace and Facilities
Determine how physical workspace and facilities should adapt to support new workforce structure.
Safe Work Environment
Determine how physical workspace and facilities should adapt to support new workforce structure.
Implementation
I CARE

Contents

1. ABOUT THE FUTURE OF WORK PLAYBOOK

The COVID-19 pandemic declared in March 2020 forced a surge toward maximum telework and other workplace flexibilities at Veterans Affairs. As we emerge from the pandemic and assess the lessons learned, agency officials and employees are increasingly considering how the future of work will look. This is especially significant when it comes to what safety measures VA should and will take to maintain an on-site presence in the workplace, as well as determining whether telework and other workplace flexibilities may continue to be beneficial to the workforce.

This playbook provides managers and executives with information to help guide decisions which can be made about the return to physical office space within the framework of approved policy and agency guidance. The COVID-19 pandemic changed demands and expectations for physical office space, underscoring the need for managers and executives to have tools enabling them to make effective decisions.

The playbook encourages managers to take a forward-thinking approach to make data-driven and responsive decisions when determining what the future of work will look like. Supervisors and managers should:

- Consider the on-site presence required to perform in-person duty requirements while allowing for off-site presence for job functions that can be performed virtually.
- Understand employees' experiences and needs so decisions about the future of work are grounded and informed. This may include collecting data from employees and other stakeholders to understand their experience and preferences.
- Determine what's required to ensure a safe and productive workforce, including cleaning procedures and spacing requirements to implement.
- Transform future of work challenges into business-oriented opportunities to support VA and its promise to Veterans.
- Consider ways in which to attract and retain talent. What are benefits that would attract new employees and/or retain current employees?

There is no single approach to VA's future of work that will accommodate every employee, organization, administration or functional area. As a result, this playbook is intended as a foundation for managers and employees, while administrations and staff offices are encouraged to provide guidance and make decisions that support and uphold their unique missions.

Playbook Structure

The playbook's plays are designed to be executed together, but they can operate separately if needed. Use this playbook now, share ideas, decisions and challenges with employees and return to the playbook often to ensure you ask the right questions and make informed decisions.

> *As a manager*, use the key questions and the checklist to find the right workplace model and balance for your team. Don't rely too heavily on past experiences; pull from them to inform your decisions as you deem necessary. Simultaneously, as you consider whether to incorporate a hybrid model into your work environment, make sure you have prepared adequately and considered the full weight of that decision and followed all required steps and processes (e.g., union notifications) prior to implementation. As such, carefully consider decisions concerning space (a typical General Services Administration lease term is between 10 and 20 years).

Each play contains an overview, key questions, and a checklist of actions to complete the play. Plays indicate where administration-specific flexibility is either necessary or suggested. This guide is intended for managers and supervisors to customize to their needs and as such, not all plays may be relevant or necessary when moving forward.

2. MEETING THE MISSION

Since the current pandemic began, VA's workforce rose to meet the mission despite changes in the physical workspace. We showed flexibility, reliability and efficiency as we continued positively impacting our Veterans. Our goal is to meet VA's mission. The following plays further enable mission focus and achievement.

Understand your office's needs and pair that with the needs of your people

As you consider the future of work, take time to determine how your office fulfills VA's mission. We need to keep our mission and our people's needs at the forefront of decision-making; the first step to doing that is knowing what those needs are. Whether your people were impacted a little or a lot, their experiences and needs should help shape the decisions you make for their physical working location and presence. The needs of your people should be an important variable you consider as you formulate your team's future of work. Another variable to consider is the financial impact this has on the organization; as an example, if VA Central Office achieves and average space reduction of 30%, VA would save an estimated annual savings of $24 million.

This play helps you plan for and collect information that will be used to determine your organization's future of work wishes and needs.

Key Questions:

- How many people are in my organization?
- How does telework impact the type and amount of space that is required?
- On an average percentage basis:
    - How many days during a pay period were employees physically in the office before the pandemic started?
    - How many days during a pay period are employees physically in the office during the pandemic?
    - If hybrid work arrangements are being considered, how many days per week is it necessary to have employees on-site?
- Do people want to continue working remotely? Do they want to return to the office?
- What impact to our mission did the shift to more remote work have?
- What is the change in the amount of personal space (one-to-one versus shared)?
- Can you share special purpose space? E.g., collaboration spaces, conference rooms, team rooms, quiet spaces, break areas, personal spaces and broadcast capabilities.

Checklist:

- Reevaluate employees' and contractors' remote performance to determine the amount of time employees must be on-site, versus working in a remote/telework capacity.

  - Consideration should also be given to employees on a compressed work schedule, which may impact the number of days an employee is on-site/using their workspace.
  - Review applicable telework agreements (See Play 12) for more information
- Consider what work duties require an on-site presence and the personnel required to perform the task.
- Early in your decision-making process, think about and map out how best to obtain data from your people.
- Assess whether your people feel safe expressing their opinions to you or their supervisor. If not, consider the play for creating a psychologically safe space for discussion.
- Collect and summarize your findings.
- Share the findings with your leadership team.
- Create a prioritized list of needs expressed by your team.
- Review relevant collective bargaining agreements to determine if decisions will impact bargaining unit employees (See Play 8)

3. WHERE TO START

The information contained in this section is foundational to executing the playbook and is a prerequisite to effectively achieving desired outcomes associated with subsequent plays.

3.1 Communicate about the future of work landscape

Change, no matter how big or small, requires acceptance and buy-in from those impacted, and strong communication achieves that buy-in. Employees require a complete understanding of what is expected of them, how the future of work affects them, and parameters dictating how work gets accomplished. Managers should communicate with employees *throughout* the process.

This play should be used as a tool to help managers and employees communicate effectively.

Key Questions:

- What does your team need to know about your future of work?
  - What changes will impact them in the near and long term?
  - Which decisions are directed by leadership mandates, memorandums or other policy actions?
  - What actions can be taken to increase employee buy-in?
- How do you best communicate with your team?
  - Does your organizational structure demand that you communicate the future of work to certain employees first?
  - Is there a method other than email or virtual meeting that reaches them quickly and effectively?
  - What mechanisms can be used to ensure employees have a way to stay connected with each other no matter where employees are located?

    - What are you most concerned about when you communicate the plan to your team?
- How can we meet our Veterans and customers need?
- What can we do to ensure an inclusive and safe environment?

Checklist:

- Communicate VA's four fundamental principles as a vision for the future:
    - Advocacy: VA is going to be the nation's premier advocate for Veterans, their families, caregivers, and survivors.
    - Access: We will provide timely access to VA resources.
    - Outcomes: Veterans outcomes will drive everything we do.
    - Excellence: We are going to seek excellence in all we do for Veterans by leveraging the strength and diversity that defines our Veteran population, our VA workforce, and our country.
- Discuss with or notify union partners, as appropriate
- Communicate the course for your team's future of work at VA, highlighting the main points.
    - Emphasize what is in it for them and why should they care.
    - Clearly identify action items and next steps to make it obvious what is expected of them (i.e., if they are required to be in the office one time per week, bold that section of the email or bring it up top as a BLUF or bottom-line up front).
    - Include leadership mandates, policy, etc., that support your future of work decision.
- Open the lines of communication and be open to all questions/concerns. Expect lots of questions.
    - Follow up regularly with additional information.
    - Check in with your team regularly to ensure they are comfortable and prepared for these changes; consider holding a virtual meeting to discuss follow-up questions.
- VA will provide a safe, inclusive, equitable environment for both Veterans we serve and our VA workforce team.
    - Provide additional guidance for establishing work-life balance or supporting work safety during the pandemic.

3.2. Know your guidelines

While this playbook identifies areas where flexibility may be afforded, it is imperative that all employees — especially managers and decision-makers — understand policies, rules and other guiding principles governing what can and cannot be done. This play contains links to VA Handbooks that establish informational guiderails to follow when decisions are made in accordance to VA policies.

Office of the Chief Human Capital Officer (OCHCO) VA Handbooks

- 5001 General Introduction and Administration
- 5002 Workforce and Succession Planning
- 5003 Position Classification, Job Grading, and Position Management
- 5004 Employee Online Entrance and Exit Survey
- 5005 Staffing
- 5007 Pay Administration
- 5009 Employee Benefits
- 5011 Hours of Duty and Leave (Includes Telework)
- 5013 Performance Management Systems
- 5015 Employee Learning and Professional Development
- 5017 Employee Recognition and Awards
- 5019 Employee Occupational Health Service
- 5021 Employee-Management Relations
- 5023 Labor-Management Relations
- 5024 Human Capital Management Accountability Systems
- 5027 Senior Executive Service

All VA directives and handbooks are available on the VA publications site.

Additional guidance can be found in the OCHCO Bulletins

- Worklife Bulletins
- Staffing, Recruitment, and Onboarding Bulletins
- Employee Relations Bulletins
- Compensation and Pay Bulletins
- All Other Bulletins

4. EMPLOYEE EXPERIENCE

4.1 Create a culture of learning that promotes ongoing career development

The onset of the pandemic caused many of us to place regular work activities on pause, forcing us to assess and adjust to align more with our personal and professional values. In ensuring that Veterans have the best care, services, and access, many VA employees feel their time is limited to engage in professional development activities. This sentiment was exacerbated by the pandemic, as many employees took on personal responsibilities, such as child and elder care, while also managing their workload. As a leader, you can help foster this culture of learning and professional development, assisting your employees in reaching their professional aspirations while ensuring that the Veterans and families we serve are interacting with engaged and committed employees.

This play helps you promote opportunities for growth and development on your team and institutes standards for learning.

Key Questions:

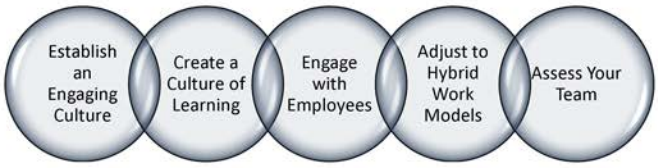
- Are you familiar with the training and professional development opportunities within the department and/or your specific administration?
- What career development opportunities do you currently have in place within your organization? Do you have established lines of communication within your

organization to share training and development opportunities as they are available, whether they are internal within your organization, from within the agency, or available in private sector?
- What can you do to improve accessibility to training and development opportunities for your employees?
- What gaps are you noticing on your team that could be filled with learning and development?
- Do you have a system in place for employees to identify, select, and receive approval for trainings?
- How much funding do you have to invest in learning and development?
- Are you aware of training and development opportunities that your employees can engage in that is free of cost?
- Has a remote workforce halted overall development of your team? I.e., have you noticed minimal growth among your employees?

Checklist:
- Share the VA Leadership Development Framework with your employees.
- Identify and encourage creative opportunities for engagement and development, such as a virtual book or journal club, sharing professional development podcasts (such as the VA's "Are You Future Ready: AdVAncing Your Professional Development" podcast series), and foster opportunities to have employees share things with their teammates that they have recently learned, as well as best/promising practices.
- Consider novel and low-to-zero cost development opportunities for employees, such as details positions, shadow opportunities, and stretch projects or assignments.
- Ask your employees what their short- and long-term professional goals are and encourage them to capture these in their individual development plans (IDP). On the LDF SharePoint site, there is a Values Exercise that will assist individuals with identifying their values to further support clarity on goals.
    - There is also tool within the VA Talent Management System 2.0 (TMS 2.0) entitled "My Development Plan" — an electronic IDP.
    - Encourage employees to think beyond the immediate opportunity; have them plan out their career growth on a multi-year basis.
- Gauge the level of interest and needs for learning and development opportunities. This can be done in a townhall, Teams channel, open forum, or survey (e.g., using Microsoft Forms, which is part of the Office 365 suite).
- Set a requirement for learning and development in line with performance expectations (i.e., establish performance standards that would encourage employees to prioritize their professional development).
- Provide your team with resources to select training courses and set clear guidelines for budget. Consider the many free courses, videos, and books available on TMS 2.0.
- Create a flexible work and leave policy that supports training and development. Micro-learning opportunities are now readily available through the Department's LinkedIN Learning (LIL) licenses available at www.linkedin.com/learning/activate. Employees may use this to access

portions of courses and specific topics in as little as 3-5 minutes, or longer if desired.
- Connect with your representative on the VA Talent Development Council to discuss issues, needs, and identify opportunities within your administration or staff office.
- Remind employees that this is a priority for the VA Chief Learning Officer and the VA Talent Development Council. They both have focused to ensure that employees across the department and within individual administrations have access to virtual and engaging training content, while also finding opportunities to reduce the mandatory training burdens for employees, especially those serving in the front lines.

Make sure that you are investing in yourself, as well, and setting a strong example for the need to do so. Share the development items, leadership books, or articles you've read that you find useful with your employees.



4.2 Engage with employees to help them perform at their best

As the VA considers what the future of work looks like, performance management must remain a critical activity and is vital to VA's overall success. Employee engagement plays a key part in that success. Ensuring your team members are engaged and eager to do the work supports the mission of the VA to serve America's Veterans and their families. VA supports a results-based, customer-oriented environment by linking individual performance to the achievement of VA's overall strategic goals as well as organizational goals. An employee's rating of record may be used to recognize and reward accomplishments, identify developmental needs, and, when performance expectations are not met, recommend appropriate personnel actions.

This play helps you incorporate performance management activities effectively regardless of the environment within which your employees work.

Key Questions:
- What performance management structure existed prior to the pandemic and are any changes necessary?
- How will you assess employee performance for remote workers?

- How are you going to engage with your team to assess, coach, and manage employee performance when they are working virtually?
- Do you have a system in place for evaluating and coaching employee performance? How do you manage your team?
- What impedes your team's performance?
- What changes might improve your team's performance, given your team's current and future working conditions?
- Have job duties changed? If so, are any changes to employee performance elements/standards necessary?

Checklist:

- Consider your current performance management approach (likely one that relied on in-person discussion and review) and identify adjustments for an off-site or hybrid work environment.
    - Ensure performance expectations are implemented fairly and equitably for all employees
- If you do not already have a performance meeting cadence in place, establish regular intervals for ongoing communication with your team regarding the work performed within your unit (e.g. staff meetings every other week, quarterly team meetings, Q&A sessions with management).
- Set up regular check-ins/one-on-ones with each team member to gauge how they are doing and what support is needed to accomplish their work.
- Set clear and actionable goals *with* your employees; communicate your expectations for how to achieve the goals incorporating timelines/benchmarks.
- Clearly identify, in writing, your expectations regarding how work will be performed by employees working off-site along with how you will measure their work performance.
- Regularly consider what's working and what's not working with your performance management process.
- Follow the procedures for performance management outlined in VA Directive and Handbook 5013, Performance Management Systems, to ensure employees are appraised appropriately.
- Review the Supervisory Workbook for Managing Employee Performance and the Employee Workbook and Assistance Tool available on the OCHCO Employee Relations and Performance Management website.
- Review performance management webinars on the Office of Personnel Management's website titled Managing in a Virtual Environment - Part 1 and Managing in a Virtual Environment - Part 2.

4.3 Adjust hiring and onboarding activities for hybrid work models

Hiring and onboarding activities slowed down during the pandemic but are picking back up and are expected to increase in volume as candidates reevaluate their post-pandemic career journeys. As a hiring manager, you will be required to adjust your hiring and onboarding activities to account for hybrid and off-site presence.

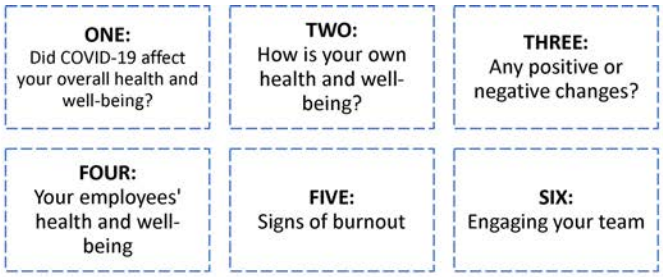
This play helps you hire and onboard employees without being entirely on-site.

Key Questions:

- What are the hiring needs of your organization today?
- How will the hiring needs of your organization change over the next five years?
- How are you conducting interviews for new positions?
- How has the selection process changed when you have been hiring while off-site? If the candidate is remote?
    - What works and how do you institutionalize that practice?
- What onboarding activities can you complete off-site? What must be completed on-site? How do you communicate the culture and connect with new employees in a hybrid work world?

Checklist:

- Create a set structure and framework for hiring and onboarding while off-site.
- Establish a strong interview plan with your fellow hiring managers. Make sure to coordinate questioning.
- Determine which hiring and onboarding activities must be completed on-site and create a clear calendar for coordinating those activities.
- Encourage video calls to improve engagement.
- Provide your new hires with the technology they need to fulfill their role successfully.
- Find and provide helpful resources for new hires to acclimate to a hybrid or remote work environment.
- Create and execute engaging onboarding activities that occur over the course of more than one day.
- Introduce new employees quickly. Establish their role and responsibilities and create facilitated opportunities to introduce themselves, emphasizing ways to get to know them better.
- Collect feedback from new hires to gauge how onboarding can improve in the future.



4.4 Assess your team's general health and well-being

Employees, regardless of their physical location while working, require the same attention to health and well-being. Things like burnout, diet and exercise and ergonomics are concerns while working in the physical office but are exacerbated when employees work and live in the same place. Since your employees may not commute to work every day, they might feel compelled to work more than they did previously, or than is necessary or desired. It is your role to encourage strong work/life balance even when not visibly seeing your team regularly.

This play helps you and your team focus on the role health and well-being plays in overall work productivity. It helps guide you to communicate the importance of health and well-being at all levels.

Key Questions:

- How has COVID 19 affected your overall health and well-being? How has if affected your work environment?
    - Have any of your employees mentioned declines in their health and well-being?
    - Have you noticed a positive or negative change since the shift in your work environment took place?
- How is your own health and well-being?
- Does your team demonstrate signs of burnout (e.g., an inability to concentrate, lack of energy, difficulty concentrating)?
- What did you do previously to address health and well-being on your team?

Checklist:

- Address concepts like burnout in conversations around employee engagement.
- Encourage employees to seek preventative healthcare as they are able and communicate broadly about benefits and access to vaccinations.

- Suggest that employees take breaks during which they can walk, rest their eyes and step away from their desks and computers.
- Remind employees of their annual leave for relaxation and recuperation.
- Encourage employees to step away from their screens regularly.
- Be flexible about familial commitments, and create a culture where employees feel empowered to balance their off-site duties (such as caretaking) while still fulfilling the work.
- Be attuned to the needs of employees who live alone; their needs are different than those with families but are no less important.
- Make sure you provide your employees with the tools they need to be able to complete their work effectively. Consider training and learning as a means for support, as well as regular touchpoints and mentorship opportunities.
- Make sure employees are familiar with VA resources such as the VA *Employee* Health & Wellness Program, VHA Employee Whole Health or the Employee Assistance Program (EAP).

5. ESTABLISH AN ENGAGING CULTURE FOR YOUR EMPLOYEES

The VA is guided by President Lincoln's original purpose statement: "To care for him who shall have borne the battle, and for his widow, and his orphan." This statement governs all VA work; however, a strong and productive workforce requires management support, whether that occurs on or off-site.

Even more, it relies on employees who are excited about their work, eager to perform for and with their team, and engaged with their mission. Managers are responsible for creating an engaging environment, otherwise, employees may burn out or become disinterested in the work, leading to workers ready to move on to different positions.

Focusing on employee engagement can immediately impact the work they are doing and the fulfillment of VA's mission. To create an engaging environment, each organizational unit and team can create a complementary purpose statement.

This play helps you enhance employee engagement regardless of their physical presence.

Key Questions:

- Does your team have a vision or mission statement that captures why they do the work (why), what their work is and how they achieve the vision (mission)?
- How is the team working together?
    - Is employee engagement suffering on your team?
    - Is your team enthusiastic about their work?
- Does my team engage freely in meetings?
    - Does my team seem eager to participate in virtual meetings? Does staff turn on their video through virtual platforms or just interact by audio?
    - Do people appear happy in meetings when we conduct business?
- Did the move to remote work decrease your team's effectiveness or team cohesion?
    - What opportunities can I create that would foster more engagement among my team?
    - How can I make sure engagement is equal among employees who are off-site with those who are on-site?
    - In what ways could I encourage greater engagement without my presence?
- What circumstances seem burdensome for my team? How can I mitigate these and create more opportunity for positive interactions?
- Is technology limiting my team's engagement? Is it helping engagement?
    - What technology do I have in place that serves as an opportunity for engagement? Is there anything I could implement to improve engagement?

Checklist:

- Convene a team meeting to brainstorm ideas for a purpose statement.

- Include some or all of the following elements:
  - If our team succeeds, what will be true? What do we aspire to achieve?
  - What impact do we have, or wish to have, on our customers?
  - Who are our customers?
  - What services do we provide?
  - What makes us a successful organization? What distinguishes our service?
- Use the inputs from those questions to craft statements documenting your team's purpose.
- Incorporate feedback from the team so they have "own" the purpose statement. Identify opportunities for staff that allows them to use their skills in different ways.
- Prioritize employees who are not engaged and seek opportunities (such as webinars, group activities, etc.) that could engage them more in their work.
  - Promote a culture that applauds innovation and support employees who are eager to try new things.
  - Check in with employees and gauge their level of engagement. Regularly touch base to see if it has changed.
- Consider what training/learning development is needed for employees who are eager to engage with new lines of work.

6. CREATE A CULTURE INCLUSION FOR FRONT-LINE (ON-SITE) EMPLOYEES

The "Future of Work" includes front-line (on-site) employees. Our front-line, essential employees who must be on-site to do their work have contributed immensely to keeping our country safe, including interacting face to face with the public and our Veterans by providing direct patient care, caring for Veterans in Community Centers or other facilities, taking care of Veteran cemeteries, and protecting classified information. VA leaders should think about ways to promote opportunities for growth, development, and work-life benefits whenever possible for VA's front-line employees, many of whom are in positions graded lower than positions eligible for telework.

This play helps you and your team craft a purpose statement as one way to keep engagement high or to increase engagement.

Key Questions:

- What are the differences in your organization between those employees who are eligible for telework and those who are not?
- Are there ways to enable front-line (on-site) employees to take advantage of situational telework?
- Are your front-line workers aware of resources for protective equipment, workplace safety notices, and changes?
- Do your front-line workers have a way to voice their concerns about their physical workspace? About other issues related to their work (e.g., commuting, working in an office with reduced occupancy)? Are their concerns promptly addressed?
- Are you familiar with the work-life interests or issues your front-line employees have and how effective we are at meeting those needs?
    - Childcare and or elder issues
    - Transportation/commuting issues
    - Educational opportunities
    - Stress and emotional burnout issues

- What are ways in which you could support and encourage your front-line employees to take advantage of training and professional development opportunities within the department and/or your specific administration?
  - Tuition reimbursement
  - VA training
  - Other training
  - VA career counseling
- Do your front-line employees have access to the VA network? Is there a shared computer in the office? Do employees have individual access?
- What are ways in which you can bring together telework employees and front-line employees for collaboration, information sharing, employee engagement?
- Have you considered different leave provisions/schedules for front-line employees to enable them to participate in VA Whole Health activities or training?
- Have you considered space needs for a hybrid workforce – how will your front-line employees interact with telework employees? Will the workspace configuration of front-line employees need to change?

Checklist:

- Consider issuing a VA iPhone to all front-line workers and include email access. This will provide a way to stay connected with your team and other VA employees and enable front-line workers to be in the communication loop.
- Consider collaboration with VA Information Technology to create an internal team social site (virtual breakroom) where you and your employees can engage in less formal interactions to build trust and inclusion. For example, initiate a "post your pet day," or a contest for how many states each person has visited and their favorite. Such activities are a way to encourage interaction among staff that is often lost when some staff are no longer on-site.
- Consider opportunities for bringing your team/staff together in-person for in-service training or "all hands" meetings, if feasible.
- Make sure your front-line workers are aware of various resources mentioned throughout this guide that they can go to for assistance, including:
- Resources
  - VHA Employee Whole Health
  - Child Care Subsidy Program
  - Employee Assistance Program (EAP)
  - OPM EAP Information

7. ASSESSING THE CHANGES IN WORKFORCE (STAFFING) REQUIREMENTS

As you consider the future of work, take time to consider changes to your mission, functions, and tasks in the changing work environment. Collect data on the impact on the workload (does it take more or less time to complete tasks) and consider if there were more efficient processes or changes in technology that evolved in a virtual environment. Gather information, opinions, and experiences from people in your organization before and during the COVID-19 pandemic. Evaluate if the changes in workflow reduced or increased the workload. The ability of your people to work more efficiently and effectively should be an important variable you consider as you formulate your team's future of work.

This play helps promote opportunities to enhance the effectiveness and efficiency of your team.

Key Questions:

- Was there a change in your mission, functions, or tasks?
- Has a remote workforce improved your outcomes or was there a downward trend? If downward, how is that best met to reverse the trend – skills development, additional staff, restructuring the organizational structure or other solutions?
- Did your team identify any process improvements that would lead to improved efficiency or effectiveness?
- Did your team identify any processes that need improvement?
- What gaps in essential functions or tasks were identified that need either process improvement or different skills?
- Are there opportunities to redesign the organizational structure to improve communication or operational effectiveness?
- Are there things (functions or tasks) that you should have been doing, but were not aware of until identified as an issue in the virtual work environment?
- If there are skills gaps, can additional training meet the gap or is additional staff needed?
- If efficiencies were found that reduces the workload, how would that time be reinvested in other essential functions?

Checklist:

- Evaluate the effectiveness of your current organizational structure to ensure appropriate span of control, lines of communication, and functional alignment.
    - Engage your employees in this exercise as the front-line workers can usually help identify problem areas with functional alignment and gaps in communication.
- Evaluate your outcomes pre and post COVID.
    - If outcomes improved, explore any root causes — capture any changes in functions or tasks, processes, communication techniques, etc. Work with your team on what should be retained as a best practice and incorporate into your operations.

    - If outcomes were less than optimal, also explore the root cause. Work with your team to identify options to reverse the trend.
- Assess if changes are needed in your team's skill sets through training or changing the occupational series to better meet the workload demands.
- Assess the changes in workload. If the change is significant and determined to be a permanent change, contact your servicing manpower management office to assist with an evaluation.
- Evaluate technology that was used in the virtual environment to assess what worked and what did not work. If additional tools are helpful, coordinate with your information technology liaison to evaluate options.

For assistance with your assessment, contact the VA Manpower Management Service at vacomanpower@va.gov.

For information on the nature of work and considerations visit the Manpower Management Service SharePoint site.

8. LABOR-MANAGEMENT RELATIONS AND BARGAINING REQUIREMENTS

When considering changes to the workplace, such as changes to the physical office space or changes to a hybrid or remote work model, supervisors and managers must keep in mind whether there is a duty to bargain. As a supervisor or manager of bargaining unit employees (BUEs), you have a legal duty to bargain in good faith with your employees' representative. This duty encompasses many obligations, including a duty not to make certain changes without bargaining with the union and not to bypass the union and deal directly with employees it represents.

Know that some changes trigger procedures and appropriate arrangements bargaining - meaning that the agency is entitled to the make the change, but the union can negotiate over things like training regarding the change or when the change occurs. It is also important to understand when a discussion between a supervisor and employee or group of employees is considered a formal discussion and the union should be made aware and invited to attend. Understand that the union's right to attend a formal meeting is not dependent upon an employee wanting the union to attend, rather, it's the union's absolute right to be notified of the meeting and attend if they so desire.

This play is intended to provide examples of when changes would trigger a requirement to notify the union and potentially bargain prior to its implementation.

Key Questions:

- Do you supervise any BUEs?
  - Do you know how to determine if any of your employees are BUEs?
  - Are you aware of which union(s) represents your employees?
  - Have you read (and are you familiar with) the applicable master agreement(s), Local Supplemental Agreements, and memorandums of understanding?
- When must a supervisor/manager engage with the union on a change in the workplace?
  - What type of change would trigger a requirement to bargain prior to implementation?
- What is a formal discussion and what are the requirements?
  - A formal discussion is a discussion management has with BUEs when the topic covers grievances, personnel policies, practices, or other general conditions of employment. In formal discussions, management must invite the union and give them a chance to attend.
- When considering the type of work model (on-site, hybrid, or remote) to implement, do you know when you would be required to notify the union?
  - Would a voluntary change in work location (versus a management reassignment) require union notification or bargaining?
  - Would there be any impact to locality pay for employees?
- Are you considering any changes to the physical work environment (e.g., relocating the office? Consolidating desk space [desk sharing]?)
- Do you know who to call if you are considering a change to working conditions?

    - Consult with your local Human Resources Office, specifically your Labor Relations (LR) Specialist.
- Prior to implementing any changes to the work environment, have you received approval from all appropriate supervisory levels?

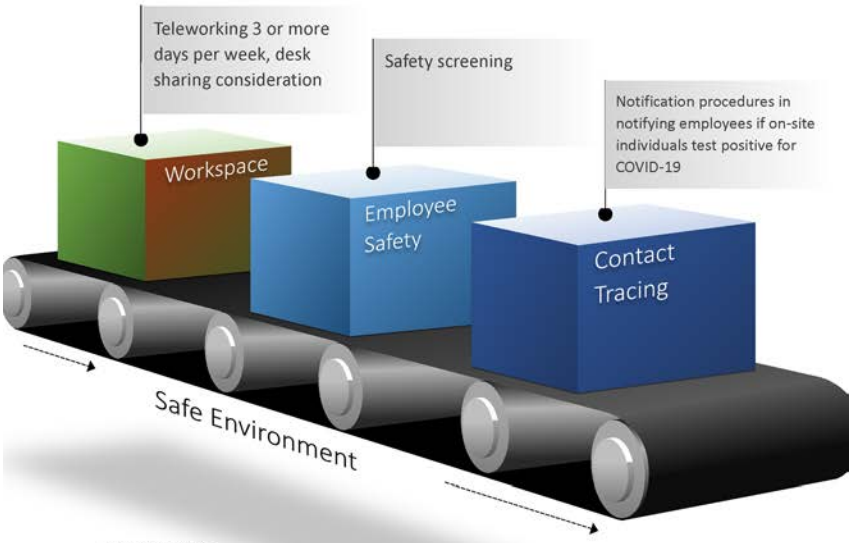
Checklist:

- When appropriate, speak with your supervisory chain of command prior to moving forward with any changes.
    - Before looking for employee buy-in, you want to ensure you have support from your chain of command.
- Review the applicable master agreement(s), Local Supplemental Agreements, and memorandums of understanding
- Consult with your local LR Specialist to determine if:
    - The change requires any advanced notice and how much advanced notice is required.
    - There is a duty to bargain before changes are implemented.
- After discussing with your LR Specialist, draft any applicable notices to the union and/or employees
    - Human Resources, specifically your LR Specialist, should be involved in any notification process to ensure all required information is included.
- Resources
    - Collective Bargaining Agreements
    - Office of Labor-Management Relations FAQ
    - Federal Labor Relations Authority

9. STRIVE FOR A SAFE ENVIRONMENT FOR YOUR TEAM

Many employees have concerns with returning to an on-site workplace as it relates to the safety and cleanliness of the work area. When considering returning employees to the physical worksite, consideration must be afforded for how and when cleaning will be performed, as well as any screening and reporting requirements.

This play identifies the procedures that will need to be followed to create a safe and clean work environment. You will want to consider what procedures have been established and will need to be followed if an on-site employee tests positive for COVID-19.



Key Questions:

- If employees telework three or more days per week and share a desk space with another employee, who will be responsible for cleaning the desk area and equipment (e.g., phone)?
- Will employees be required to complete a safety screening (e.g. temperature checks) before entering the building?

- What will be the procedure for notifying employees if an on-site individual tests positive for COVID-19?
    - What are the contact tracing procedures?

Checklist:

- Find out who your building management representative is that maintains your building or the VA representative that provides the building management information for your location.
    - What safety guidance has been put in place?
- What are the screening procedures before an employee can enter the building?
    - Have these been clearly communicated to all employees?
    - Are masks available for employees and visitors who do not have one?
    - Are there specific masking requirements that must be followed?
- Who should be notified if an employee tests positive for COVID-19?
    - Who needs to be notified of positive results?
    - What is the process for notifying the employee's coworkers?
    - Determine or define a contact tracing process for on-site employees who test positive for COVID-19
    - Consult with HR, Occupational Health, Safety, and/or other applicable departments or individuals to determine the procedures for removing employees from the worksite who are exposed or test positive for COVID-19
- Determine who is responsible for cleaning shared spaces and high-touch areas.
    - Are cleaning supplies available for employees who wish to use them?
- Are there other space/distancing requirements that must be followed?
- Communicate standards to your team and reinforce them regularly.

10. ADAPT PHYSICAL WORKSPACES FOR YOUR FUTURE WORKFORCE

Prior to COVID-19, VA physical space configurations reflected the majority of employees working on-site every day. Post COVID-19, managers and executives are increasingly evaluating whether and how prior space configurations should be revised to reflect a mix of on-site and off-site work. These changes are mission dependent and will require each administration to determine what makes sense for the type of work they perform.

This play helps you adapt physical workspace to the demands of a remote or hybrid workforce.

Key Questions:

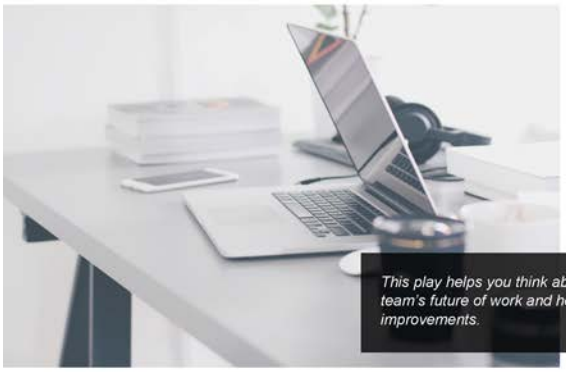
- What space constraints may be in place?
- Does your team require on-site presence for individual work, collaborative work, or both?
    - For what types of work do you need your team to be co-located?
- Can the on-site job functions within your team be performed using your physical workspace if employees rotate on-site presence?
- What is the right seating ratio and space configuration for your organization post-pandemic?
    - Example 1: Current in most cases space is one space per person plus extra seats for growth.
    - Example 2: Ratio 2 seats for every 3 people, this results in a 33% reduction space.
    - Example 3: Ratio 1 seat for every 2 people, this results in a 50% reduction of space.
- Are there enough conference rooms and space for meeting? How about for limited, physically shared space if social distancing is still a requirement?
- Are there collective bargaining obligations to consider?
- Are there leased-space cost implications to consider?

Checklist:

- Rethink your posture regarding telework/remote work. We can dramatically avoid facility costs by reducing unused workstations, while improving your space effectiveness. See GSA's Space Assignment for more details.
- Based on the work and schedule model you developed in play 5, determine whether you need more, less or different space from before.
- If your team needs more or less space, contact facilities management to communicate this need and assess the impact on budget.
- If your team needs different space, contact facilities management to discuss how they might help you design a reconfigured space to adapt to your team's future needs. If you are in a GSA-leased building, consider whether an expansion or reduction in square footage may impact any current lease contracts.
- If your team expressed concerns about the physical workspace, after determining what changes are required to the workspace, circle back to the team to tell them 1) you heard their concerns, and 2) how their concerns are being addressed.
- References:
    - VACO Space Reduction Initiative
    - VHA Space Planning Criteria
    - GAO Space Utilization Report (Mar. 2018)
    - GSA Assignment and Utilization of Space
    - GSA Workplace Strategy
    - GSA Workplace 2030

11. ADAPT TECHNOLOGY TO THE NEEDS OF YOUR FUTURE WORKSPACE

When the pandemic hit, VA adjusted to the rapid increase in remote needs of their workforce by enhancing and increasing IT services. The web bandwidth and virtualized technology such as video meeting software like Microsoft Teams went from being an occasional need to a new normal. Finding out about the new technology available will improve the way we work. As you help your team chart what productivity looks like in the future of work, envision how virtual services can enable your team to meet their mission more effectively.



This play helps you think about the role IT plays in achieving your team's future of work and helps target changes and improvements.

Key Questions:

- Did IT adapt sufficiently to your team's needs between the start of the pandemic and now?
- What challenges remain for your team in the following technology areas:
  - Email
  - Video and audio conferencing
  - Knowledge management (e.g., document sharing and access)
  - Project management (e.g., tracking and managing work items, project plans, timelines, milestones)
  - Chat
  - PIV or USAccess requirements
  - Other domain-specific software tools required for your team to achieve their mission

- Are there lingering challenges that your team experiences when working virtually?
- Has your team adjusted how it interacts with each other? Is it better, worse, or different?
    - What can be done to make remote interactions better?

Checklist:

- If your team requires changes to its technology infrastructure, identify those needs and work with your IT services department to chart a path for executing those changes.
- If your team is struggling to use new virtualized tools, look for training or online resources to help them adopt best practices.
- If your team is not communicating well in the virtual environment, consider adoption of agile practices such as daily stand-ups, weekly planning sessions and retrospectives to shorten feedback loops and keep the team on-track. If a coach is available, enlist their assistance to make the best of these practices.
- If your team is falling behind and having trouble staying organized, various scheduling applications are now available in the VA network through Microsoft Planner.
- Resources:
    - Find out more about the VA technology available at: COVID-19 Response: Collaboration Tools Approved for Telehealth and Administrative Meetings (Updated 5/19/2021) | Office of Information and Technology (va.gov)

12. KNOWING VA's GUIDANCE ON ALTERNATIVE WORK SCHEDULE (TELEWORK) ARRANGEMENTS

VA maximized telework during the pandemic, in compliance with OMB guidance. In order to maximize telework, some duties may have been realigned if they were considered non-mission-critical activities. For employees previously in non-telework eligible positions, this may have meant that they were able to telework on a limited basis. However, for some employees this meant having no presence at the official duty station.

As we move out of the pandemic, administrations and staff offices will be responsible for identifying what makes sense to support their mission (e.g., a hybrid workforce) and in that determination is a discussion as to whether there are non-mission-critical activities that would warrant the employee returning to the official duty station. This determination is critical in developing a work model that balances the mission of the VA along with an employee's needs, such as whether telework can continue to be supported and if so, in what capacity.

This play helps you answer important questions about how to capitalize on your team's success, to afford your team the maximum allowable flexibility to continue succeeding using alternative work locations, and whether to craft a hybrid approach to help your team achieve their mission outcomes as successfully as possible.

12.1 Telework Overview

Telework is a flexible work arrangement under which an employee performs the duties and responsibilities of their position from an approved worksite other than the location from which the employee would otherwise work. Telework may be authorized on an ad hoc (situational basis) or on a regular, recurring basis with designated days the employee reports to the regular worksite and other days that the employee is expected to perform work at the alternative worksite.

There are several types of telework arrangements to consider, most of which would fall within a hybrid model. A hybrid model means while an employee generally reports to the official duty station, they may telework a specific number of days in a week or biweekly pay period. The table below shows the available telework options.

A - AD-HOC
S – REGULARLY TELEWORKS ONCE PER MONTH
R – REGULARLY TELEWORKS 1 OR 2 DAYS A PAY PERIOD
P - REGULARLY TELEWORKS 3 OR MORE DAYS A PAY PERIOD
E – REGULARLY TELEWORKS 3 OR MORE PER WORKWEEK
W – REMOTE WORK *(Employee works 100% of the time in non-VA-owned or leased space within the local commuting area of parent station)*
M – REMOTE WORK *(Employee works 100% of the time in non-VA-owned or leased space outside the local commuting area of parent station)*
V – VIRTUAL *(Employee works outside of original hiring duty station at VA-owned or leased space)*

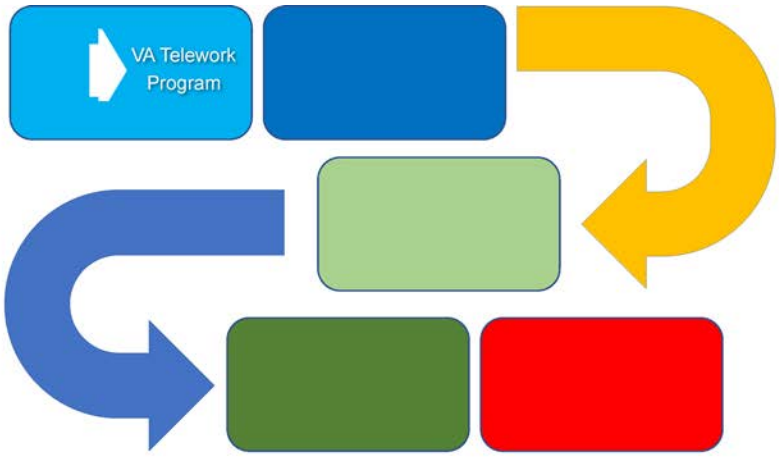
Supervisors and managers should review employee position descriptions (PD) and/or functional statements (FS) to determine if duties can be completed from an alternative worksite (e.g., telework). Consider if job restructuring would allow employees to telework on an ad hoc or increased recurring basis.

Key Questions:

- What is VA's telework policy?
  - Does your administration or staff office have telework guidance that must be accounted for, in addition to VA's agency policy?
  - If you have BUEs, have you reviewed the collective bargaining agreement(s) for telework-related requirements?
  - Are modifications to telework policies warranted?
- What approach should managers/supervisors take in determining whether an employee's position is suitable for telework?
- Have all telework requirements been met? Has training been completed?
- What workplace flexibilities are available?
- Do you have clear guidelines and expectations in place for workers, whether they work on-site or remote and have they been communicated? Have you discussed with your employees what will happen if this arrangement does not work out?
  - Has the employee demonstrated the ability to work independently with little supervisory oversight in accomplishing their day-to-day tasks?

12.2 Remote Work

Remote work is defined as an arrangement in which an employee's official duty station is an approved alternative worksite. The approved alternate worksite may be inside or outside the local commuting area of the regular worksite and is typically, although not always, the employee's residence. Remote work is work performed on a full-time basis anywhere other than a VA facility or using VA-leased space. Where working remotely has been successful, some employees may be questioning whether there is a need to return to a physical worksite. Supervisors will need to determine what makes sense to support the mission.



Key Questions:

- For job responsibilities that were performed on-site and transitioned to remote, was the work done better, not as well, or the same when done remotely?
  - If a job function was done as well or better, did your team express a desire to continue performing that job remotely?
  - If a job function was not done as well remotely as it was on-site, is that job responsibility a candidate for remote work, or were there other challenges that contributed to decrease in quality?
- Does your team require additional training, IT resources, or something else to improve their ability to succeed remotely? If they need additional resources, do you know how to obtain those resources?
  - What technology is needed to ensure the remote worker can fully participate in meetings and other office activities?
- What were the biggest successes your team had during the last year as it pertains to remote work?
  - Which job responsibilities were less successful, more successful, or as successful when done remotely versus done on-site before the pandemic?

- What were the biggest challenges faced in people learning how to work remotely?
- Have you established a schedule of regular meetings or check-ins?
- Are you applying remote work standards across your work unit or organization in ways that are consistent and based on clear standards and guidelines?
    - If an employee requests to move to a different part of the country (e.g., from New York to Texas), will their pay be impacted?
    - Will there be an impact to the organization's travel costs or budget? Note that local travel is based on the remote duty location; per diem and other travel expenses would only apply if the employee traveled outside of their new commuting area (ex: to the main office location).
    - Does it pose challenges to have personnel located 1-3 hours outside the time zone of the on-site location? How about 4-8 hours? How about more than 8 hours?

Checklist for Telework and Remote Work:

- Familiarize yourself with VA Telework Program
- Be aware of OPM's telework policy
- Supervisors should take a positive analytical approach by focusing their attention on the nature of the work and job characteristics in determining whether a position is suitable for telework.
- Supervisors should consult with their LR Specialist and relevant collective bargaining agreement(s).
- Supervisors should work with their servicing Human Resources Office to review and ensure the accuracy of their PD/ FS. The cover sheet (OF-8 or other approved form) should include the employing office location and the duty location, or state virtual as applicable. For positions descriptions used in multiple locations, Location Varies may be used.
- Find misalignments by examining whether your team structure and position descriptions/FS align to the job functions and remote work models possible for your organization.
    - *Example: If at least half of the duties within a position description must be done on-site but the other half can be done remotely, then if there are no telework agreements in place for personnel under that position description, a misalignment exists that requires addressing.*
- Employees and supervisors should have an initial discussion about the desire for telework/remote work.
- Determine which combination of remote work models are possible, given your team's mission and job functions.
    - Within those possible models, determine what portion of your team's responsibilities can be accomplished in each model.
    - Determine whether additional or modified telework agreements (VA Form 0740) are needed for your team.

- Employees and supervisors should conduct a review of the agreement annually or upon any changes to the telework arrangement.
- Staying connected with coworkers is very important. Determine the best way(s) to maintain communication throughout the team.
  - Regularly scheduled days at the official worksite each week may help maintain communication between teleworkers and coworkers. Teleworkers should encourage co-worker communication on telework days.
- Consider whether you are treating your teleworkers and non-teleworkers the same for purposes of periodic appraisals of job performance of employees; training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees; work requirements; or other acts involving managerial discretion.
- Work schedule flexibilities include alternative work schedules (e.g., flexible work schedule, compressed work schedule), telework, job sharing, and part-time employment. Use of these flexibilities can lead to improved productivity and increased employee engagement and satisfaction by helping employees to balance their home and work lives.
- Managers will need to contact their servicing HR Office:
  - To provide a copy of the employee's telework agreement (VA Form 0740) to have the employee's telework status updated in the HR Smart system.
  - To officially update the employee's duty station to the location of the alternative worksite if the employee is not expected to report at least twice each pay period to the official worksite.
- Know that an employee's pay *may* change as the result of an approved telework agreement. Pay is set based on locality rates which are determined by an employee's official duty station. The official duty station for an employee covered by a telework agreement is the location of the regular worksite for the position (i.e., the place where the employee would normally work), as long as the employee is regularly scheduled to report physically at least twice each pay period. See Locality Pay Area Definitions for a list of the states and counties that fall under a specific locality.
- Supervisors should check applicable travel policies for employees engaged in remote work
  - Supervisors will need to work with their local Payroll/Travel office to determine when an employee would be eligible for travel reimbursement or paid travel. Eligibility for travel pay is determined by the official duty station listed on the employee's SF-50.
- It is recommended the employee contact their Benefits specialist to discuss any impact on health insurance coverage, tax withholding, address information, etc.

12.3 Virtual Work

Virtual work is *not* a form of telework, although it is an alternative workplace arrangement. It is defined as an arrangement in which the employee works from a VA

facility or VA-leased space that is not the employee's official duty station. An agreement must be reached with the "hosting" facility or location prior to an employee working from there.

13. REASONABLE ACCOMMODATION AND PERSONAL ASSISTANCE SERVICES

As you consider the future of work, take time to consider that employees may have reservations about returning to the worksite. There can be a multitude of reasons why an employee is hesitant to return, including a disability that may require a work-related modification to be in place before an employee can return. Employees should be made aware of the reasonable accommodation (RA) and Personal Assistance Services (PAS) process if they indicate a medical condition may impact their ability to return to the worksite.

An RA is designed to assist the employee with performing the employee's essential job duties by providing the employee accommodations that will assists the employee in overcoming the functional limitations created by their disability so that the employee can perform the employee's essential job functions at the full successful level or better. A PAS is for the purpose of assisting the employee with handling the personal needs created by the employee's disability.

When the COVID-19 pandemic first began, employees may have requested to telework as an accommodation. However, as workplace safeguards are established, the reason(s) for which an employee may have been teleworking originally might now be mitigated through these safety protocols. It is important to review employee RA/PAS pandemic related requests to include telework, to determine if they are still required, and/or if a different accommodation may be equally as effective. This should be completed in conjunction with the RA Coordinator (RAC) for your facility or location.

This play helps supervisors walk through questions to consider when an employee explicitly or indirectly indicates they have a medical condition and how this may be a RA request.

Key Questions:

- Do you know who to contact if an employee directly or indirectly indicates they have a medical condition that may prevent them from returning to the worksite?
- For employees who requested to telework as an accommodation during the Pandemic, is this accommodation still needed?
    - If telework was provided during the pandemic based solely on the OPM/OMB workplace flexibilities, this would not be considered an RA/PAS.
    - Employees with disabilities affected by the pandemic may still need a RA.
    - Is telework still an effective accommodation for the employee with a disability?
- As employees return to the worksite, would an employee's RA/PAS request cause an undue hardship?
    - Is there another accommodation that would be equally as effective to meet the employee's restrictions/limitations?
    - NOTE: An **"undue hardship"** is defined as a significant difficulty or expense incurred by the employer (only the Secretary of the VA can determine if the expense poses an undue hardship).

Checklist:

- Identify the RAC for your facility or location. Often, this is someone within your servicing HR office.
    - Determine if RA/PAS requests established due to the pandemic should be re-evaluated.
    - Only the RAC may review an employee's medical documentation, and all aspects of the RA/PAS process to include the RA request are covered under Health Insurance Portability and Accountability Act (HIPAA).
- Work with the RAC:
    - To determine if employee's RA/PAS request is still needed or if it was only for the duration of the COVID-19 pandemic?
    - Evaluate if current accommodations are effective. If not, is there a different accommodation that would be effective?
    - If an employee with a disability had job duties that were modified due to the pandemic, begin process of evaluating duties being performed versus duties that are essential to the employee's positions. Follow-up discussions between RAC, employee, and supervisor may be necessary to determine if current accommodation is still effective.
    - NOTE: Excusing the employee from having to perform certain essential job duties should have only been a temporary measure due to the current pandemic
- When an employee requests an RA/PAS that will require a workplace modification (e.g., equipment), ensure equipment will be available prior to the employee returning to the worksite.
- Resources:
    - RA Website
    - RA Handbook
    - Reasonable Accommodations & PAS SharePoint (you must request access to view the site)

14. UNDERSTANDING TRAVEL RESTRICTIONS AND GUIDANCE

As you consider the future of work, take time to consider how travel restrictions may impact employees. As you look at ways to further develop employees, you may consider internal and external training opportunities. Travel has been expanded for employees who are fully vaccinated but is still limited to mission-critical business for employees not fully vaccinated. However, this does not preclude employees from completing their job duties when they are required to travel within the community (e.g., social worker who works with the homeless Veteran population).

This play helps you understand when employees may travel for official business, what are the travel restrictions, and what is the procedure for requesting travel.

Key Questions:

- What are the travel differences for fully and not fully vaccinated employees?
  - Can a supervisor or manager ask an employee if they have been fully vaccinated?
  - What is considered mission-critical travel?
- Can business be completed other than through travel?
  - Can business be conducted through Zoom or another video conferencing platform?
- What are the procedures to follow when requesting to go on travel?
  - Employees should speak with their supervisor to determine the appropriate procedure.
- What transportation will be used for official travel?
  - It is preferable for employees to use private transportation (e.g., government car) versus use of public or other communal transportation
- What restrictions must an employee follow while on travel?

Checklist:

- Review travel requirements for employees.
- Check CDC's website to determine when updates to travel guidance are made.
  - Ensure employee is aware of masking requirements.
  - Ensure employee is aware of precautions to take when traveling.
  - Review guidance for employees who are fully vaccinated.
- If an employee needs to obtain a COVID-19 test, ensure this is completed within the required time frames
  - For international travel, employees must get tested with a viral test no more than 3 days before their flight to the US departs and show the negative result to the airline before boarding their flight.

Questions for the Record from Senator Kyrsten Sinema

Question 1. **This year, the Tucson VA Medical Center experienced two security incidents involving gun fire; these required the campus to lock down. Particularly in light of these incidents, the Tucson VA needs to enhance its physical security, a proposed $8 million non-recurring maintenance project. I want to make sure that this proposal is approved as quickly as possible so that the Tucson Medical Center is fully prepared should they need to lock down again. Does the VA have a process by which more urgent requests, like this one which focuses on campus safety and security, can be expedited?**

VA Response: VA has an established Out-of-Cycle (OOC) process to address any urgent or emergent needs. Projects that endanger the immediate safety of Veterans and/or VA staff, such as the events at the Tucson Medical Center, or are needed to address damage caused by nature or other unforeseen events, are not subject to OOC approval requirements. These projects may proceed as soon as funding is identified to ensure quick correction of identified issues while concurrently requesting approval.

Question 2. **In Arizona, the Phoenix VA has a number of approved and proposed minor projects and one proposed major project to improve and expand its infrastructure as the Veteran population it serves continues to grow. It is also very land-locked, making expansion beyond its current campus very challenging. Two years ago, my staff talked to the Phoenix VA about a building they had identified near their campus that was available, but they were unable to acquire it because the approval process for major construction is so lengthy. The VA needs to be more agile and innovative in how it manages its infrastructure, particularly when it comes to facilities like Phoenix. What can the VA do to address these challenges and what steps should Congress make to facilitate these changes?**

VA Response: Currently, VA is unable to obtain land or buildings for medical facilities through the major construction program without project-level Congressional authorization, per 38 U.S.C. § 8104.

Question 3. **A recent VA OIG report found that the VA did not have reliable cost estimates for upgrades to its physical infrastructure to support its very costly and extremely important electronic health record modernization effort. In your testimony, you stated you believed those needs would be covered under the SCIP process. But as was stated during the hearing, there is already an estimated $60 billion backlog of critical infrastructure upgrades needed at facilities across the country. Why would these needed upgrades go through the SCIP process rather than be included in the proposed plan and budget for the EHRM project to ensure that these upgrades are completed in a timely way and are not taking away from other critical needs at facilities across the country?**

VA Response: In VA's Response to the recent VA OIG report, cost estimates for upgrades to physical infrastructure in support of EHRM are under review. The process

used to establish the physical infrastructure cost estimates is being revised to follow the recommended GAO 12-step Life Cycle Cost Estimating process. Including EHRM physical infrastructure requirements in the established SCIP process ensures EHRM projects are documented within an established capital process and provides for maximum impact and effectiveness of limited program funding. This ensures appropriate prioritization of EHRM projects within the Medical Facilities appropriation. As a strategic priority, EHRM facility infrastructure projects are identified as an urgent requirement and are approved through the SCIP Out-of-Cycle process. VA recently completed a strategic review of the EHRM program. As VA moves forward with the results of the strategic review, any potential adjustments to funding needs will be addressed and prioritized as a normal part of the SCIP process.

Question 4. **The VAOIG continues to identify engineers as one of the positions at VHA experiencing a critical staffing shortage. What is the VA's plan to address this shortage specifically, and broadly to fill the critical positions across the enterprise that support physical infrastructure maintenance and updates? Are there steps needed from Congress to help address this shortage?**

VA Response: VHA and the Healthcare Environment and Facilities Program Office (HEFP) are working collaboratively to address identified difficulties in recruiting and retaining Engineers. Significant actions taken to date include the development of Title 5 Special Salary Rates (SSR) for GS-801 General Engineers; the development of a focused national recruitment marketing strategy by the VHA Workforce Recruitment and Retention Service; and the approval to develop the Healthcare Engineer occupation under the Hybrid Title 38 authority.

VHA has expanded coverage of Title 5 SSRs for GS-801 General Engineers to over 90% of duty stations.

Engineer positions converted to Hybrid Title 38 will be eligible for non-competitive hiring authority and have increased compensation flexibility with Medical Center Director authority to adjust to local recruitment and retention needs. The Hybrid Title 38 occupational qualification standard is near 90% complete as well – and in the review and concurrence process toward implementation. Once implemented, those not performing the Healthcare Engineer duties at medical facilities, and thus not converted, will remain under Title 5 and subject to the established Title 5 SSRs, along with current OPM approval for Direct Hire Authority as a Hard-to-Recruit occupation.

CFM and VHA Workforce Management and Consulting Office continue discussions to assess and share VHA flexibilities being utilized and pursued, to address Engineer recruitment and retention strategies.

Question 5. **In Arizona, the Phoenix VAMC has a number of approved and proposed minor projects and one proposed major project to improve and expand its infrastructure as the veteran population it serves continues to grow. It is also**

very land-locked, making expansion beyond its current campus very challenging. Two years ago, my staff talked to the Phoenix VAMC about a building they had identified near their campus that was available, but they were unable to acquire it because the approval process for major construction is so lengthy. The VA needs to be more agile and innovative in how it manages its infrastructure, particularly when it comes to facilities like Phoenix. What recommendations do you have for how the VA should address some of the challenges for medical centers like Phoenix that are land-locked and are more challenged in expanding their physical infrastructure, but need to expand their facilities as their veteran population continues to grow?

VA Response: Per our previous response, VA is currently unable to obtain land or buildings for medical facilities through the major construction program without project-level Congressional authorization, per 38 U.S.C. § 8104.

Question 6. **A recent VA OIG report found that the VA did not have reliable cost estimates for upgrades to its physical infrastructure to support its very costly and extremely important electronic health record modernization (EHRM) effort. The VA testified that they believed these needs would be covered under the SCIP process. But as was stated during the hearing, there is already an estimated $60 billion backlog of critical infrastructure upgrades needed at facilities across the country. Do you feel the costs to support the physical infrastructure upgrades needed to ensure the EHRM project is deployed successfully should be routed through the SCIP process, or would it be more appropriate to include them in the EHRM project management and budget? Why?**

VA Response: In VA's response to the recent VA OIG report, cost estimates for upgrades to physical infrastructure in support of EHRM are under review. The process used to establish the physical infrastructure cost estimates is being revised to follow the recommended GAO 12-step Life Cycle Cost Estimating process. Including EHRM physical infrastructure requirements in the established SCIP process ensures EHRM projects are documented within an established capital process and provides for maximum impact and effectiveness of limited program funding. This ensures appropriate prioritization of EHRM projects within the medical facilities appropriation. As a strategic priority, EHRM facility infrastructure projects are identified as an urgent requirement and are approved through the SCIP Out-of-Cycle process. VA recently completed a strategic review of the EHRM program. As VA moves forward with the results of the strategic review, any potential adjustments to funding needs will be addressed and prioritized as a normal part of the SCIP process.

Question 7. **In your testimony, you made a number of recommendations on how Congress can act to improve how the VA plans and funds infrastructure improvement. One recommendation you posed that I have also heard from the Arizona VA Medical Center leadership is the need to increase the limit for minor**

construction and non-recurring maintenance projects. Have the authors of the Independent Budget discussed whether this should be an increase in the overall number or should we be considering a formula that would allow for regular increases? Do you have a recommendation on what either that number or formula should be and why?

VA Response: VA requested, and received, an increase in the statutory Minor construction threshold from $10 million to $20 million with our FY 2018 budget request. Prior to this, the last increase was in FY 2007, when the threshold increased from $7 million to $10 million. The past increases have not been formula-based; however, VA is available to work with Congress on options for potential threshold increases.

Department of Veterans Affairs
September 2021

Responses from Mr. Patrick Murray
Veterans of Foreign Wars

Question 1. **In Arizona, the Phoenix VAMC has a number of approved and proposed minor projects and one proposed major project to improve and expand its infrastructure as the veteran population it serves continues to grow. It is also very land-locked, making expansion beyond its current campus very challenging. Two years ago, my staff talked to the Phoenix VAMC about a building they had identified near their campus that was available, but they were unable to acquire it because the approval process for major construction is so lengthy. The VA needs to be more agile and innovative in how it manages its infrastructure, particularly when it comes to facilities like Phoenix. What recommendations do you have for how the VA should address some of the challenges for medical centers like Phoenix that are land-locked and are more challenged in expanding their physical infrastructure, but need to expand their facilities as their veteran population continues to grow?**

VFW Response:
Construction inside metropolitan areas faces different challenges than construction in spread out rural areas. In places that have space restrictions the typical option is to limit the footprint of buildings and build vertically. Without the space required for a sprawling campus, a typical option is to "build up". Without specific knowledge of the Phoenix campus, and all available options for that campus, the VFW does not have specific recommendations for the Phoenix VAMC expansion.

The VFW is concerned about the timeliness of building and acquiring VA medical facilities. The current Strategic Capital Investment Planning (SCIP) process does not provide a list of works in any prioritized order. This list without any clear cut priorities limits VA's ability to properly plan future work. Sites like Phoenix expansions are left waiting for authorization to proceed for

years, and may miss windows of opportunity because the SCIP plan does not allow for proper future planning. The VFW recommends reorganizing the SCIP list to include priorities and projected timelines for infrastructure projects, in order to allow for future planning.

Question 2. **A recent VA OIG report found that the VA did not have reliable cost estimates for upgrades to its physical infrastructure to support its very costly and extremely important electronic health record modernization (EHRM) effort. The VA testified that they believed these needs would be covered under the SCIP process. But as was stated during the hearing, there is already an estimated $60 billion backlog of critical infrastructure upgrades needed at facilities across the country. Do you feel the costs to support the physical infrastructure upgrades needed to ensure the EHRM project is deployed successfully should be routed through the SCIP process, or would it be more appropriate to include them in the EHRM project management and budget? Why?**

VFW Response:
In recent reports by the Office of Inspector General (OIG), significant infrastructure costs for the Electronic Health Record Modernization program were unreported, underreported, or unknown. The findings from the OIG indicate possibly as much as 15% of total costs were not identified due to inadequate physical infrastructure conditions, such as heating, ventilation and cooling, electrical work, and cabling. This misidentification of infrastructure needs could jeopardize the overall success of the modernization program.

Lack of infrastructure resources is not a new challenge for VA. The VFW, as part of the Independent Budget Veterans Service Organizations, has repeatedly called upon past and present Congresses and Administrations to properly fund the Department's infrastructure budget in order to reduce the backlog and eliminate the ever-present roadblocks to progress because of inadequate facilities.

The VFW does not believe these upgrades should be reflected in the traditional SCIP list, as those projects do not have a priority or timeline assigned to said projects. The infrastructure upgrades for the EHRM are critical to the success of this modernization project and should be separated from the rest of VA's infrastructure needs. Placing these needed upgrades in with the rest of the infrastructure projects could lead to these specific projects getting lost in the overall SCIP list and not completed when required.

Question 3. **In your testimony, you made a number of recommendations on how Congress can act to improve how the VA plans and funds infrastructure improvement. One recommendation you posed that I have also heard from the Arizona VA Medical Center leadership is the need to increase the limit for minor construction and non-recurring maintenance projects. Have the authors of the Independent Budget discussed whether this**

should be an increase in the overall number or should we be considering a formula that would allow for regular increases? Do you have a recommendation on what either that number or formula should be and why?

VFW Response:
We do not have a specific formula to allow for regular increases. However, we believe in prioritizing non-recurring maintenance and minor construction projects because those have immediate benefits for employees and patients. Additionally, many non-recurring maintenance and minor construction projects are repairs and upgrades, that typically get worse over time the longer VA waits. Not only will prioritizing and increasing the budget request amount for non-recurring maintenance and minor construction result in faster impact on patient care, it could also be a cost saver if rectified earlier before the issues reach the point of failure.