

**STATEMENT OF  
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BEFORE THE  
SENATE COMMITTEE ON VETERANS AFFAIRS**

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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 MISSION) 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.