

STATEMENT OF  
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NATIONAL LEGISLATIVE SERVICE  
VETERANS OF FOREIGN WARS OF THE UNITED STATES  
  
BEFORE THE  
  
VETERANS' AFFAIRS COMMITTEE  
UNITED STATES SENATE  
  
WITH RESPECT TO  
  
**The Department of Veterans Affairs Fiscal Year 2016 Budget**

WASHINGTON, D.C.

February 26, 2015

Chairman Isakson, Ranking Member Blumenthal and members of the Committee, on behalf of the nearly 1.9 million members of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, thank you for the opportunity to testify before you today regarding the Department of Veterans Affairs (VA) Fiscal Year (FY) 2016 budget recommendations. The VFW works alongside the other members of the Independent Budget (IB) – AMVETS, Disabled American Veterans and Paralyzed Veterans of America – to produce a set of policy and budget recommendations that reflect what we believe would meet the needs of America's veterans. The VFW is responsible for the construction portion of the IB, so I will limit my remarks to that portion of the budget.

Gaps in access, utilization and safety in VA's health care system's infrastructure exacerbated the conditions that lead to VA's unauthorized wait lists, causing veterans to wait too long to receive the care they need and deserve. VA currently sits at 119 percent capacity and admits to needing \$14 billion just to close current safety gaps.<sup>1</sup> Every effort must be made to ensure these facilities remain safe and sufficient environments to deliver care. A VA budget that does not adequately fund facility maintenance and construction projects will continue to reduce the timeliness and quality of care for veterans.

The vastness of VA's capital infrastructure is rarely fully visualized or understood. VA currently manages and maintains more than 6,000 buildings and almost 34,000 acres of land with a plant replacement value (PRV) of approximately \$90 billion. Although VA has decreased the number

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<sup>1</sup> Department of Veterans Affairs, FY 2015 Budget Submission Construction and 10 year Capital Plan, Vol. 4 of 4, February 2014, p. 10.3-12, 9.3-11.

of critical infrastructure gaps, there remain more than 4,000 gaps that will cost between \$56 and \$68 billion to close, including \$10 billion in activation costs.<sup>2</sup>

Quality, accessible health care continues to be the focus of the Independent Budget Veterans Service Organizations (IBVSOs), and to achieve and sustain that goal, large capital investments must be made. Presenting a well-articulated, completely transparent capital-asset plan, which VA has attempted to do, is important, but not adequately funding that plan will prevent VA from closing current access, utilization and safety gaps and only cause those gaps to grow.

In August of last year, Congress provided VA \$5 billion to begin closing access gaps, by including funding for non-recurring maintenance (NRM) and minor construction projects when it passed the Veterans Access, Choice, and Accountability Act of 2014 (VACAA). VA has identified approximately 400 minor and NRM projects that this funding will complete, ensuring facilities are maintained and existing facilities last for their projected life-cycle. However, this one-time infusion of funds cannot be seen as a replacement for annual appropriations, but rather an investment to reduce the backlog of safety and access gaps.

VA and Congress must develop a long-term funding strategy that addresses the four major components of capital infrastructure: non-recurring maintenance, major construction, minor construction, and leasing.

### **Non-Recurring Maintenance Accounts**

Even though non-recurring maintenance is funded through VA's Medical Facilities account and not through the construction account, it is critical to VA's capital infrastructure. NRM embodies the many small projects that together provide for the long-term sustainability and usability of VA facilities. NRM projects are one-time repairs, such as modernizing mechanical or electrical systems, replacing windows and equipment, and preserving roofs and floors, among other routine maintenance needs. Non-recurring maintenance is a necessary component of the care and stewardship of a facility. When managed responsibly, these relatively small, periodic investments ensure that the more substantial investments of major and minor construction provide real value to taxpayers and to veterans as well.

To maintain existing infrastructure, annual investments in non-recurring maintenance must occur to ensure the building will last for its projected life-cycle. Over the past several years, VA has requested just more than \$700 million for NRM, barely half of what is needed to maintain facilities for their full life-cycle.

The IBVSOs estimate VA needs to invest \$1.35 billion annually in NRM as a baseline to ensure facilities are maintained in safe and efficient manner. VA will need to invest additional funding to begin reducing the backlog of nearly 3,000 NRM projects.

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<sup>2</sup> Department of Veterans Affairs, FY 2015 Budget Submission Construction and 10 year Capital Plan, Vol. 4 of 4, February 2014, p. 1-4, 9.2-7.

## **Major Construction Accounts**

There are currently 45 major construction projects that are partially funded dating back to FY 2009. VA has also identified 114 major construction projects they determine will need to be completed within the next 10 years to close gaps in veterans' access to care. While the IBVSOs are concerned with these future projects, the most pressing issue is finishing what has already been started.

Included in the 45 partially funded projects are nine major construction seismic deficiencies. There are also four other seismic projects that have not been funded at all. It will require \$4.7 billion to close these safety gaps. VA must make correcting these deficiencies a priority and provide a plan to achieve these goals.

The IBVSOs recommend that Congress appropriate \$1.9 billion in FY 2016 to set VA on a course to close all currently partially funded projects and begin funding the remaining seismic deficiencies within the next five years.

## **Minor Construction Accounts**

VA has come close to keeping up with its minor construction needs over the past few years. It is estimated that to close all minor construction gaps that have been identified, VA will need to invest between \$7 billion and \$9 billion. Along with the funds that have been authorized for VA's minor construction projects over the next two years through VACAA, the IBVSOs recommend an additional \$575 million for FY 2016 to ensure VA stays on track to close all its current and future minor construction gaps.

## **Capital Leasing Accounts**

VA's capital leasing program allows VA to improve veterans' access to health care by entering into multiyear leases that provide the Department flexibility to increase and decrease the size and scope of care that is delivered in more than 800 communities. Thanks to the passage of VACAA, 27 major medical leases have been authorized. While funding these leases is a step in the right direction, it will be nearly two more years before these medical facilities see patients, because of delays in funding and the current contract authorization process.

Congress and VA must fund a long-term solution to authorize leases so they can be funded quickly and contracts can be filled without delay, so veterans do not wait years for these facilities to be completed.

In conclusion, the Department of Veterans Affairs has improved its capital infrastructure gap analysis through its Strategic Capital Investment Planning (SCIP) process, but they have continually fallen short of requesting the funds necessary to close these gaps and Congress continues to appropriate the amount VA requests. VA must present a long-term management plan that will connect the SCIP gap analysis with appropriate funding requests that will design, build and activate each project on time and on budget so access, utilization and safety gaps are closed quickly and veterans can receive timely, quality access to health care.

Mr. Chairman, this concludes my testimony, and I am prepared to answer any questions you or the committee members may have.