



**STATEMENT OF
ROSCOE G. BUTLER, DEPUTY DIRECTOR FOR HEALTH CARE
VETERANS AFFAIRS AND REHABILITATION DIVISION
THE AMERICAN LEGION**

BEFORE THE

**COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

"CARE WHERE IT COUNTS: ASSESSING VA'S CAPITAL ASSET NEEDS"

JULY 12, 2017

**STATEMENT OF
ROSCOE G. BUTLER, DEPUTY DIRECTOR FOR HEALTH CARE
VETERANS AFFAIRS AND REHABILITATION DIVISION
THE AMERICAN LEGION
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
"CARE WHERE IT COUNTS: ASSESSING VA'S CAPITAL ASSET NEEDS"**

July 12, 2017

Chairman Roe, Ranking Member Walz, and distinguished members of the committee, On behalf of our National Commander, Charles E. Schmidt, and the over 2 million members of The American Legion, we thank you for this opportunity to testify regarding The American Legion's views on "Care Where It Counts: Assessing VA's Capital Asset Needs".

Each year since 2003, The American Legion System Worth Saving (SWS) program has conducted site visits to VA Health Care facilities across the country and one thing we find in common is that VA has an enormous amount of aging buildings that are either underutilized or vacant. VA has a large inventory of buildings that are over a half-century old resulting in significant costs for upgrades and needed replacement of many parts of the facilities aging infrastructure.

In 1866, the United States Congress established the National Home for Disabled Volunteer Soldiers (NHDVS), the precursor of the VA, to provide medical and other facilities for veterans of the American Civil War. Three centers were established in the following years: the Eastern branch in Togus, Maine, the Central Branch in Dayton, and the Northwestern Branch in Milwaukee, Wisconsin. The Dayton facility was the administrative center of the home and its principal commissary. Today these facilities still deliver health care to our nation's veterans, and all have been designated by the National Historical Society as a historical site.

Medical Centers like the Phoenix VA, which first opened its doors in 1951 was built on 27 acres of the Indian School Reservation. After the medical center had been built, the community was built around the medical center leaving the medical center landlocked resulting in VA's inability to expand their footprint which is the case with a lot of VA properties.

Today, the Veterans Health Administration (VHA) is the largest integrated health care system in the United States, providing care at 1,233 health care facilities, including 168 VA Medical Centers and 1,065 outpatient sites of care of varying complexity (VHA outpatient clinics), serving more than 8.9 million veterans. In spite of the exceptional health care VA provides, its aging infrastructure with a number of buildings being underutilized or vacant, creates problems for VA to maximize the use of its capital assets.

In a 2015 House Veterans Affairs Committee (HVAC) budget hearing, Secretary McDonald said that the VA had 336 buildings across the country that are less than half-occupied, and many are not being utilized to their full potential. Additionally, it apparently costs more than 24 million dollars a year to maintain these buildings. Secretary McDonald stated "VA cannot be a sound steward of the taxpayers' resources with the asset portfolio that we're currently carrying," McDonald told lawmakers. "No business would carry such a portfolio. Veterans deserve much better. It's time to close the VA's old substandard and underutilized infrastructure."¹

According to information provided by VA in FY2016, VA had 403 vacant buildings at an annual operating cost of \$6,674,227 and 784 underutilized buildings at an annual operation cost of \$20,266,271. VA defines an underutilized building as an individual building that is occupied and in use, but the function(s) housed there do not require the full amount of space in the building to operate.

If there was unlimited funding, the easy answer would be to dispose of all of VA's vacant buildings and build new modern facilities but the reality is funding is not unlimited. Based on a June 22, 2017 VA news release, Dr. Shulkin announced plans to dispose of all of its vacant buildings over the next 24 months.² According to Dr. Shulkin, if it cannot sell, re-use or otherwise dispose of the property, the plan is to knock them down and clear the site for something else. The American Legion has reviewed the Government Accountability Office (GAO) April 2017 report entitled, *VA Should Improve Its Efforts to Align Facilities with Veterans' Needs*.³

The American Legion agrees that over time there has been many changes which have impacted VA's ability to align its medical facilities and services in order to meet the needs of our nation veterans. According to GAO geographic shifts in the veteran population, changes in health care delivery, and an aging infrastructure affects the Department of Veterans Affairs' (VA) efforts to align its services and real property portfolio to meet the needs of veterans.

Since VA began treating veterans, eligibility has expanded from treating service-connected veterans to providing care to all veterans who are eligible to enroll in the VA Health Care System. As a result, the need for increased space in the VA healthcare systems across the country has not been able to keep up with the shifting veteran population.

When The American Legion System Worth Saving team is out conducting System Worth Saving Site visits, VA employees often express concerns about the lack of space, the amount of time it takes to acquire lease space, and the time it takes to build a new facility or community-based outpatient clinic. VA employees express concerns about VA's Strategic Capital Investment Planning (SCIP) process. According to GAO, VA is aware of many of the limitations of the SCIP process—as the Independent Assessment found many of the same limitations and made recommendations to address them, but VA has taken little action. Specifically, in 2015, the Independent Assessment found that SCIP's scoring and approval processes and time frames undermined VA's capital planning and prioritization process.

¹ Military Times (February 2017): [VA looking at its own version of BRAC](#)

² VA news Release: [VA announces plan to dispose of or reuse all its vacant buildings in 24 months](#)

³ GAO Report No. 17-349 (April 2017): [VA Should Improve Its Efforts to Align Facilities With Veterans Needs](#)

In 2016, The American Legion renewed Resolution No. 136, *Strategic Capital Investment Planning Program*, which urges Congress to provide increased appropriations annually to address Department of Veterans Affairs construction deficiencies and gaps identified by VA's Strategic Capital Investment Planning program; VA includes activation costs in their future SCIP cost projections and allocations, so VA's budget will not have to offset this lack of national funding, and VA continues to be transparent about SCIP's progress by publicly posting information about projects and costs on an annual basis.⁴

Based on The American Legion's review, addressing VA's capital asset needs is not a new phenomenon. There have been numerous government reports over the last 26 years addressing this topic to include the following GAO reports:

- 1991- GAO/T-HEHS-00-91, *VA Is Struggling to Respond to Asset Realignment Challenges*⁵
- 2000 - GAO/T-HEHS-00-88 - *VA Health Care: VA is Struggling to Address Asset Realignment Challenges*⁶
- 2003 - GAO-03-1103R - *VA Health Care: Framework for Analyzing Capital Asset Realignment for Enhanced Services Decisions*⁷
- 2005- GAO-05-429, *Key Challenges to Aligning Capital Assets and Enhancing Veterans' Care*⁸
- 2007 – GAO-07-048, *Overview of VA's Capital Asset Management*
- 2009 - GAO-09-686T, *Overview of VA's Capital Asset Management*⁹
- 2017 – GAO-17-349, *VA Should Improve Its Efforts to Align Facilities with Veterans' Needs*¹⁰

In 2004, the Veterans Affairs Capital Asset Realignment for Enhanced Services Commission (CARES) delivered their report to Congress¹¹. All of these reports included recommendations for improvements. Since the 1999 report was issued, GAO continues to report on deficiencies in the Department of Veterans Affairs Capital Alignment and Asset Needs.

The American Legion is concerned that VA has not routinely engaged Veteran Service Organizations (VSOs) in discussions about their plans to address VA's capital asset needs. VA must do a better job in engaging VSOs in these discussions. Twenty-six years later, and we are still trying to find solutions to VA's Capital Asset Needs. For God and Country, The American Legion hopes it doesn't take another twenty-six years to find solutions to VA's Capital Asset Needs.

⁴ The American Legion Resolution No. 136 (Aug. 2016): [Strategic Capital Investment Planning Program](#)

⁵ GAO Report No. T-HEHS-00-91 (April 2000): [VA Is Struggling to Respond to Asset Realignment Challenges](#)

⁶ GAO Report No. T-HEHS-00-88 (April 2000): [VA Is Struggling to Address Asset Realignment Challenges](#)

⁷ GAO Report (August 2003): [VA Health Care: Framework for Analyzing Capital Asset Realignment for Enhanced Services Decisions](#)

⁸ GAO Report No. 05-429: (August 2005): [Key Challenges to Aligning Capital Assets and Enhancing Veterans' Care](#)

⁹ GAO Report No. -09-686T (June 2009) [Overview of VA's Capital Asset Management](#)

¹⁰ GAO report No. 17-349 (April 2017): [VA Should Improve Its Efforts to Align Facilities with Veterans' Needs](#)

¹¹ http://www.goldenwest.net/~veteranstown/doc/CARES_Final_Report.pdf

Conclusion

As always, The American Legion thanks this Committee for the opportunity to explain the position of the over 2 million veteran members of this organization. For additional information regarding this testimony, please contact Mr. Matthew Shuman, Director at The American Legion's Legislative Division at (202) 861-2700 or mshuman@legion.org.