**STATEMENT OF
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DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION
U.S. HOUSE OF REPRESENTATIVES**

REVIEW OF THE FISCAL YEAR 2022 VA INFORMATION TECHNOLOGY BUDGET

JULY 1, 2021

Chairman Mrvan, Ranking Member Rosendale and distinguished Members of the Committee. Thank you for the opportunity to testify today in support of the President's fiscal year (FY) 2022 Information Technology (IT) request for VA, and for your longstanding support of Veterans and their families. I am accompanied by Mr. Michael Parrish, Principal Executive Director, Office of Acquisition, Logistics and Construction (OALC) and Chief Acquisition Officer, OALC; Mr. Dominic Cussatt, Acting Assistant Secretary for the Office of Information and Technology and Chief Information Officer, Office of Information and Technology (OIT); and Mr. Larry Davis, Executive Director for Information and Technology Budget and Finance, OIT.

FY 2022 Budget and 2023 Advance Appropriations

The President's FY 2022 Budget Request includes $269.9 billion (with medical collections), a 10% increase above 2021. This includes a discretionary budget request of $117.2 billion (with medical collections). The request includes $101.5 billion (with collections) for VA medical care, $8.7 billion or 9.4% above the 2021 enacted level. The 2022 mandatory funding request totals $152.7 billion, an increase of $14.9 billion or 10.8% above 2021. This funding is in addition to the substantial resources provided in the American Rescue Plan Act of 2021.

The 2023 Medical Care Advance Appropriations Request includes a discretionary funding request of $115.5 billion (with medical care collections). The 2023

mandatory Advance Appropriations request is $156.6 billion for Veterans benefits programs (e.g., Compensation and Pensions, Readjustment Benefits and Veterans Insurance and Indemnities).

FY 2022 IT Budget Request

VA is undergoing one of the most comprehensive IT infrastructure modernizations in the Federal Government, which will support seamless transition of health care information throughout an individual's journey from military service to Veteran status. The FY 2022 Budget Request includes $4.8 billion in appropriations, supplemented by an additional $670 million from the Recurring Expenses Transformational Fund, for OIT to pilot application transformation efforts, support cloud modernization, deliver efficient IT services and enhance customer service experience.

Our three main transformative projects are the implementation of the Electronic Health Record Modernization (EHRM); the replacement of VA's multiple, aging systems to manage its inventory and assets with an enterprise-wide inventory management system; and the adoption of a new financial and acquisition management system—our Financial Management Business Transformation (FMBT).

Electronic Health Record Modernization

In October 2020, VA deployed a new EHRM system at the Mann-Grandstaff VA Medical Center in Spokane, Washington. This effort is one of the most complex and transformational enterprise-wide endeavors in the Department's history. In addition to the budget allocation for the Office of Electronic Health Record Modernization, the central OIT appropriation includes funding that complements EHRM in preparing a site for implementation readiness. The planned OIT allocation from IRP funding to prepare sites in FY 2022 is estimated to be $45.5 million. This estimate is based on the updated and current EHRM deployment schedule and availability of FY 2022 IRP funds. In FY 2020, OIT contributed $28.5 million toward EHRM site readiness, and OIT allocated

$37.3 million in FY 2021. The allocations for future fiscal years have not yet been determined and are based on the number of sites in the EHRM deployment schedule and the availability of IRP funds allocated for that fiscal year.

On March 19, Secretary McDonough directed a 12-week strategic review of the EHRM program, which consisted of a full assessment of ongoing activities to ensure the success of future Electronic Health Record deployments. Based on the challenges identified at the first "Go-Live" site in Mann-Grandstaff, the strategic review was focused on ensuring patient safety, identifying areas for additional productivity optimization, change management and driving enhanced rigor into VA's management of cost, schedule and performance processes focusing on transparency and enterprise-wide operations. Additionally, we are conducting a human-centered design initiative to optimize the patient portal experience, based on Veteran satisfaction ratings. This strategic review did not pause OIT's efforts to upgrade end user devices, networking, bandwidth, security, and telephony at sites scheduled for EHRM deployment.

Supply Chain Modernization

VA's effort related to supply chain management will address people, training, processes, data, and automated systems. VA's response to COVID-19 highlighted the shortcomings of the software and business practices supporting VA procurement, logistics and infrastructure operations. These shortcomings include a 50-year-old inventory system, a separate procurement system and multiple stand-alone systems to manage property accountability, distribution, and transportation. VA also uses multiple, stand-alone systems for health care technology and facility management, which limit enterprise visibility of assets and their respective readiness conditions. VA is requesting $107M ($76M in Development, $31M in O&M) in FY 2022 to continue its efforts in replacing these systems.

This funding will help VA replace these legacy systems, some of which were designed and deployed in the 1970s. These legacy systems are stand-alone systems,

meaning VA lacks a single enterprise perspective of its health care logistics operations including acquisition, medical supply and equipment support, medical maintenance, property accountability, facility maintenance and construction. VA's supply chain modernization will ensure enterprise visibility and decision-support capabilities that integrate with the Cerner solution to deliver the right products, to the right places, at the right time, ensuring world-class Veteran health care while providing the best value to the Government and taxpayers.

Financial Management Business Transformation (FBMT)

In support of VA fiscal stewardship, the FMBT program is increasing the transparency, accuracy, timeliness, and reliability of financial and acquisition activities across the Department. The FY 2022 Budget includes approximately $123 million for FMBT, a program that is improving fiscal accountability to taxpayers and enhancing mission outcomes for those who serve Veterans. Our recent roll out of the new Integrated Financial and Acquisition Management System at the National Cemetery Administration (NCA) and Veterans Benefits Administration (VBA) has exposed the incredible complexities inherent in a financial and acquisition system development of this magnitude. We are learning from these early deployments and adjusting our strategy accordingly. The implementation at NCA and VBA bring VA one step closer to providing a modern, standardized, and secure integrated solution that enables VA to meet its objectives and fully comply with financial management and acquisition legislation and directives. The next phase of deployment is Enterprise Acquisition for NCA, which is scheduled for April 2022. System deployments will then continue across the remaining Administrations and Staff Offices until enterprise-wide implementation is complete.

Infrastructure Readiness Program (IRP)

OIT must ensure that the Department has technology assets based on the requirements from VA's recent technology modernization in order to care for Veterans and successfully execute major transformation efforts. The IRP guides the ongoing refresh and replacement of the IT infrastructure that sustains all VA IT operations. IRP identifies the current state of the IT infrastructure and provides analysis for the strategy to refresh and modernize IT infrastructure assets based on equipment age, expiration of warranty, support limitations, lifecycle estimates, business requirements, technology roadmap, risks, financial planning and policy changes. OIT will use approximately $478 million from the Transformational Fund to fund a variety of infrastructure priorities. Business and mission impacts of infrastructure technical debt[1] include increased risk of catastrophic failure of critical systems; new software application performance inhibited by inherent limitations of existing operating systems; security requirements that cannot be enforced due to software or hardware no longer supported by the manufacturer; increasing operational maintenance costs; and legacy technology that is unable to respond to new business requirements.

Management of such a diversified program like IRP requires executive oversight, program administration, strategy development, disciplined delivery modes and governance. As such, OIT has established the IRP Executive Working Group, responsible for providing a cadre of OIT Executive Leaders who will ensure timely resource allocation, program delivery, financial guidance, and strategic leadership towards the program's primary directive. The IRP Executive Working Group has established an operational IRP program office dedicated to the tactical management, reporting and assimilation of artifacts, tasks, performance metrics and communications related to the individual projects initiated by the program. Quality, performance, security,

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[1] The term "technical debt" is normally associated with software development and is generally understood to relate to making short-term decisions and tradeoffs that can cause significant rework to address in the long term. For IRP purposes, "technical debt" refers to the cost needed to bring legacy infrastructure components to a state of full efficacy. Inadequately resourced technical debt accumulates year over year and reduces the available technology resources for other VA business priorities.

service level management and risk management have also been incorporated into this program and administered by the program office.

From emerging legislative requirements to maintaining and enhancing existing IT infrastructure, a major success factor will be a properly-funded IRP to continue reduction of accumulated technical debt that occurred due to lack of funding necessary to stay on top of accruing technical debt.

We would like to thank Congress for the supplemental funding provided in legislation such as the Coronavirus, Aid, Relief and Economic Security (CARES) Act for enabling OIT to respond to the pandemic and enable VA to continue to serve our Nation's Veterans.

Cybersecurity

The cyber threat environment is becoming more complex daily. OIT works to ensure that Veterans' data, Personally Identifiable Information (PII) and Protected Health Information (PHI) are secure. A substantial amount of time and resources, including full-time equivalent (FTE) staff, contractors and external vendor support and services were diverted to remediate the SolarWinds vulnerability and harden VA's cybersecurity infrastructure. In these instances, funds must be reprogrammed from other efforts in order to remediate newly-exposed vulnerabilities.

VA's Information Security budget request for FY 2022 is $360.7 million dollars, a $19 million dollar increase from the FY 2021 enacted level. VA appreciates Congress' support with supplemental funding throughout the COVID-19 pandemic. This funding was especially crucial in assisting VA maintain a secure cyber posture as the Department increased its reliance on telehealth and telehearing appointments as well as virtual work environments for its employees.

Staffing

Beyond funding, there is a need to keep pace with the Department's hiring and staff growth. The three major transformation programs are driving increased staffing needs.

During the COVID-19 pandemic, VA OIT rapidly scaled bandwidth and capacity to enable the Department's remote workforce. In addition to expanding bandwidth, VA OIT migrated teleconferencing capabilities and telehealth/tele-hearing systems to the cloud, increasing bandwidth and call quality and performance. Funding from the CARES Act to sustain this work expires in September 2021, and OIT is working to convert as many of the temporary COVID-19 new hires as it can into FTE positions before the funding for the temporary positions expires.

The additional IT staff requested in the FY 2022 budget will enable our OIT organizations to rapidly respond to emergencies, maintain our security posture and resolve incidents expeditiously, enabling service providers to maintain the capabilities required to serve Veterans.

Enterprise-wide Investment Management

OIT is implementing Capital Planning and Investment Control (CPIC) practices, as required by Office of Management and Budget (OMB) Circular A-130 to ensure more direct alignment of IT investments to the Presidents Management Agenda, agency strategy, goals and OMB guidance. OIT's CPIC practices are integrated with the Planning, Programming, Budgeting and Execution process and have created additional governance practices through the recent creation of a VA IT Investment Board. Through the ITIB, investments are selected, prioritized, and monitored to ensure they deliver expected business outcomes. Coupled with the transition to portfolio-style investment management, this effort will increase transparency and ability to trace how OIT is

allocating its financial resources. This implementation is being conducted in conjunction with OIT's business partners across the Department.

During the pandemic OIT delivered record bandwidth and capacity to support telework for the entire VA workforce, a 2000% increase in telehealth appointments to support Veterans, teleconferencing to support the VA enterprise, telehearings to enable appeal hearings to be held remotely, and activations for the entire VA workforce. OIT also collaborated with its business partners to deliver new tools to enhance Veterans' experiences at VA. One example of this is the VEText solution. We have leveraged VEText to facilitate vaccination scheduling. VEText allows facilities to trigger a set number of text messages per day to a predefined list of patients inviting them to call and schedule an appointment, invite Veterans to "mass vaccine" clinics that do not require appointments, enable facilities to better match outreach with inbound call capacity and available slots and allows for remote check-ins for medical appointments. VEText is also available in Spanish.

Mr. Chairman and Ranking Member Rosendale, I look forward to working with you and this Subcommittee. Thank you for the opportunity to appear before you today to discuss my priorities for the Department and how the President's FY 2022 IT Budget will serve our Nation's Veterans.