

VA OFFICE OF INFORMATION  
AND TECHNOLOGY ORGANIZATIONAL  
STRUCTURE AND PRIORITIES

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON TECHNOLOGY  
MODERNIZATION  
OF THE  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
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## **VA OFFICE OF INFORMATION AND TECHNOLOGY ORGANIZATIONAL STRUCTURE AND PRIORITIES**

**MONDAY, JULY 14, 2025**

SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION,  
COMMITTEE ON VETERANS' AFFAIRS,  
U.S. HOUSE OF REPRESENTATIVES,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 3 p.m., in room 360, Cannon House Office Building, Hon. Tom Barrett (chairman of the subcommittee) presiding.

Present: Representatives Barrett, Budzinski, and Cherfilus-McCormick.

### **OPENING STATEMENT OF TOM BARRETT, CHAIRMAN**

Mr. BARRETT. Good afternoon, the subcommittee will come to order.

I want to thank by or start by thanking our witnesses for being here today and for the testimony that you are going to provide and the insight you are going to give to our committee. I appreciate that.

I want to kind of set the stage for why we are here today and why the committee is interested in this topic. Nothing in the U.S. Department of Veterans Affairs (VA) functions without technology.

I think we all understand that and it is a huge part of what makes the VA work and in certain instances make the VA not work as well as it could. It is also the really predominant focus of course of the jurisdiction of this subcommittee as well.

It is a simple statement, but it gets to the heart of what Office of Information and Technology (OIT)—why OIT's mission is so important. The VA needs reliable modern technology in order to provide the quality benefits and services that you our veterans deserve and have earned through their service.

Since its creation in 2016, OIT has been constantly fighting a two-front battle. The first of which is to maintain and secure the existing technology systems that we have to shore those up from vulnerability and make sure that they function properly and in a way that we have expected. The second is to replace or modernize what is broken and outdated.

It reminds me a little bit of our physical infrastructure throughout the country where we have roads and bridges that are being maintained over time, but also those that reach the point of needing replacement and having to do both at once is a difficult and

challenging process. You have my respect for the difficulty and challenges that that presents.

While it is easy to ask for more money, history has shown that funding alone does not necessarily result in the outcomes that we would like and many of OIT's persistent issues raises important questions in this way. Is OIT getting the best possible result for their technology investments?

Is OIT prioritizing cost effectiveness and veteran outcomes in their decision-making? Does OIT operate a certain way because it is the best way or is it because it is the only way we have ever done it. Sometimes we get into a decision matrix where we have done things a certain way over time and that becomes the bit of a de facto experience.

I have run into that here in Congress and, you know, we are elected to do a certain job and oftentimes are faced with well, we have always done it this way so that is the way we are going to continue to do it.

I was pleased to see that President Trump's VA budget request for Fiscal Year 2026 laid out a brand of smarter, not bigger and a strategy for OIT that takes direct aim at many of OIT's problems.

According to the strategy, OIT will take advantage of past investments in automation and digital services to streamline and become a more cost effective organization. They plan to change workflows and align similar functions across services to become more efficient.

OIT will be making substantial investment in cybersecurity monitoring and infrastructure readiness to ensure that their hardware and software can meet the demands after VA's growing operations.

I look forward to hearing about these plans and more from our VA's witnesses today. As technology changes and new problems, arise OIT needs to be flexible and adaptable in order to deliver the best outcome for our veterans. OIT's priorities should determine how the organization is structured, not the other way around.

However, we cannot talk about smarter Information Technology (IT) strategy without talking about the money that VA has spent on IT projects that have not delivered as were expected.

For years this committee has highlighted the wasteful spending, the over budget projects, poor outcomes that seem to come with all IT projects in VA, but really throughout government as I have seen. OIT needs to be involved in the conversation from the very beginning before VA buys new IT systems, starts projects or makes major investments.

As I said before, nothing in VA functions without technology so there must be real ownership and emphasis from the VA's central office to involve the experts at OIT in technology decisions. Doing so might help avoid costly disasters down the road.

Earlier this year we held an Oversight hearing on VA's software licensing management where we dug into the reasons why VA struggles to track whether the software licenses that are purchased are actually being used. The VA still does not know exactly how much money they are wasting on unused or duplicative software licenses.

This committee has heard examples of software the VA purchased, tested and then put on a shelf and never used after that. It is taxpayer money that is not being used to fix or modernize

VA's IT systems because it was spent on IT that nobody will ever use.

It is also not going to the benefit of a veteran or rapidly responding to an appeal or developing a claim in a more thoughtful or meaningful or efficient process.

Major IT projects that support healthcare systems, education benefits and financial management are way over budget and have consistently fallen below expectations. This is just a few examples and there are many more that we could point to.

People of Michigan's Seventh congressional District sent me to Congress to make VA smarter and work better for our Nation's veterans and I want to do my part to make sure that he follow on that commitment.

As the chairman of this subcommittee, my job is to make sure that the billions of dollars that VA spends on IT is accounted for and produces real results. The strategy that OIT is taking seems to focus on being more careful with big projects, making sure they deliver results and spend money wisely and are involved in IT decisions from the start. I look forward to discussing this strategy and more with our witnesses here today.

Last, I am looking forward to working with the President nominee for the VA Chief Information Officer (CIO) Mr. Ryan Cote after he is confirmed by my Senate colleagues. We urge them to move quickly and swiftly in that direction. OIT has an important mission in the work that OIT is doing today, as well as the work Mr. Cote will do has a direct and meaningful impact on veterans' lives.

With that, I want to yield to Ranking Member Budzinski for her opening statement, and again, thank you all for being here.

#### **OPENING STATEMENT OF NIKKI BUDZINSKI, RANKING MEMBER**

Ms. BUDZINSKI. Thank you very much, Mr. Chairman for holding today's hearing. I am glad VA's acting CIO is here to present to discuss the Office of Information and Technology's organizational structure and priorities. Everything VA does to provide veterans with world class healthcare and benefits they have earned happens on computers. Information technology is foundational to the Department. I will say that again. I really truly believe that that is foundational to the services we provide to our veterans.

I am extremely concerned that this foundation is at risk. OIT's Fiscal Year 2025 budget request was already what many deemed a quote, unquote maintenance budget, mostly due to Republican's spending caps. This meant that many in the Department's modernization efforts had to be throttled and VA's already aging IT infrastructure continues to crumble.

To make matters worse, the VA administration and Secretary Collins just informed Congress that they tried to illegally transfer \$182 million from OIT to Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) to compensate for even more community care expansion and mandatory overtime for claims examiners.

As if that was not bad enough, the Fiscal Year 2026 budget request cuts OIT's budget by half a billion dollars. In each of our hearings over the past 6 months, I have repeatedly highlighted the

importance of OIT and the critical employees in this office. The budget and the planned reorganization of OIT makes it clear that Secretary Collins and the Trump administration do not share those same feelings. I expect to hear from my colleagues that they think Congress has long since over budgeted and over resourced this office, without fixing any issues.

I also expect to hear about how the Democrats are simply fine with quote, unquote the status quo. I could not disagree with that more. While there are many struggles in VA's technology modernization efforts, they are not going to be fixed by syphoning money and resources out of the office to fund VBA overtime pay or community care. This year's budget request indicates one thing and it is not a decrease of bureaucracy. For years we have seen a continuous dismantlement of capacity by expanding its portfolio of what it must take on without making equitable investments in resources and staff. More work with less resources is never a recipe for success.

Further, I have strong issues with the written testimony VA submitted for this hearing. It is almost as if VA is bragging about the loss of trusted, hardworking and knowledgeable Federal employees, many of whom are veterans themselves to the voluntary retirement program or VERA. Of those who have participated in the Deferred Resignation Program (DRP) and VERA programs, VA notes 78 percent of these were retirement eligible, which reads to me that VA lost a significant amount of institutional knowledge and technical expertise.

That is extremely troublesome, especially as the remaining VA's are poised to take on more and more work to compensate for contract cuts, staffing cuts and accelerated deployments.

The fatigue that is likely to cause creates major risk for system stability and cybersecurity. I am also concerned about the office's reliance on quote, unquote natural attrition to reach whatever staffing goals that they have set for themselves or have been set for them. With national attrition you can control the size of the team, but it is much harder to control the composition. VA has already lost critical technology expertise and if the Department does not get this under control, it is going to lose even more.

Ultimately, I am concerned that if VA's IT foundation is allowed to continue crumbling, the Department will not be there for generations of veterans. We cannot allow this to happen.

I look forward to hearing from both the VA and U.S. Government Accountability Office (GAO) witnesses today on this reorganization and the potential intended and unintended impacts. I will close by saying that I hope VA gets a Senate confirmed CIO soon.

I hope that whoever the administration chooses, they are competent and qualified to lead one of the largest information and technology programs in the country, if not the world. VA employees and veterans deserve nothing less.

Thank you, Mr. Chairman. I yield back.

Mr. BARRETT. Thank you, Ranking Member Budzinski.

I am now going to introduce our witnesses from VA's Office of Information Technology, Mr. Eddie Pool, acting assistant secretary for information technology and chief information officer. A very long title, sir. Thank you for being here.

Accompanying Mr. Pool is Mr. Jack Galvin, the acting principal deputy assistant secretary and deputy chief information officer. Also lot to fit on a business card.

Mr. Tim Puetz, deputy information officer for IT budget and finance and Chief Financial Officer.

Ms. Devon Beard, acting deputy chief information officer for people science and chief people officer. I think we used to call that Human Resources (HR). Is that correct? Okay, thank you.

Finally, we have Ms. Carol Harris, the director of information technology and cybersecurity at the and Government Accountability Office. I was telling my staff, Carol, that I think we are just going to have to get you an office in the Cannon building at this point since you are here as frequently as you are and we appreciate your willingness to come participate and give us your insight.

Thank you all.

I ask the witnesses to please stand and raise your right-hand.

[Witnesses sworn.]

Mr. BARRETT. Thank you and let the reflect that all witnesses have answered in the affirmative.

Mr. Pool, you are now recognized for 5 minutes to deliver your opening statement on behalf of VA.

#### **STATEMENT OF EDDIE POOL**

Mr. POOL. Thank you, Chairman. Chairman Barrett, Ranking Member Budzinski, and distinguished members of the subcommittee. Thank you for the opportunity to testify on behalf of the Department of Veterans Affairs, Office of Information and Technology. I am Eddie Pool performing the delegatable duties of the assistant secretary for OIT and VA's chief information officer.

I am honored to appear before you to provide an update on the status of OI and T and the critical work we are doing to deliver secure, modern and veteran-centered IT solutions. I am accompanied by my OI and T colleagues, Dr. Timothy Puetz chief financial officer and deputy CIO for IT, budget and finance. Mr. Jack Galvin, deputy CIO for end user services and acting principal deputy assistant secretary for OI and T. Ms. Devon Beard, acting deputy CIO and chief people officer for the office of people science.

Today I will focus on three strategic imperatives, budget optimization, workforce reshaping and cybersecurity dominance.

First the budget, we are executing a bold, mission-first approach so every dollar delivers maximum value to our Nation's veterans. Over the past few months we have conducted an exhaustive review of our budgets, resulting in the immediate reinvestment of \$89 million into infrastructure readiness programs with an additional 100 million poised for strategic reinvestment.

We have intensified contract oversight and enforced accountability with acquisition partners without degrading service delivery. In many instances we have enhanced delivery of those services. We are consolidating VA's digital experience into a single modern platform with the goal of securely and seamlessly delivering the benefits and services to our Nation's veterans.

This platform now supports over 16 million monthly unique users, along with over 3 million veterans who have downloaded the

VA mobile app. Our overarching goal is to bring VA to the veteran through this platform.

Additionally, we are launching an initiative to consolidate VA context and it is to deliver an improved experience for veterans, whether it be just by phone, chat, text or other methods.

To further optimize, we are requesting changes to appropriation language to eliminate rigid statutory subaccounts and authorize a 3-year availability for IT funds. This will empower VA to plan and execute with greater agility, a line of investments with outcomes, minimize procurement risk and operational delays.

Second, the workforce. We are reshaping OI and T's workforce to achieve veteran-facing outcomes with speed and precision. Through participation in U.S. Office Personnel Management (OPM) and the VA deferred retirement programs and voluntary early retirement authorities, 78 percent of voluntary departures resulted in retirements.

In our reshaping efforts we are simplifying our organizational structure and reallocating and aligning positions to critical IT functions. This reorganization reallocation of positions is designed to cut bureaucratic overhead, accelerate decision-making and focus every OI and T position on delivering secure, reliable and modern IT solutions to improve veterans' lives.

Finally, cybersecurity. Cybersecurity threats are not static and neither is our posture. We are pivoting from compliance based checked boxes to dynamic threat informed defenses with proactive risk mitigation to stay ahead of evolving threats. This shift demands that Federal Information Security Modernization Act (FISMA) and Federal Information Systems Control Audit Manual (FISCAM) audits accurately reflect the complexity and operational reality of VA's massive digital infrastructure.

We are implementing Zero Trust architecture (ZTA), enterprise wide, instilling a security-first mindset that includes rigorous identity verification, continuous monitoring and strict access controls. Our success requires continued reinvestment in modern cybersecurity tools, skilled personnel and rigorous standardized processes. The sensitive information we steward demands nothing less than unwavering vigilance and world class cyber defenses.

In conclusion, the changes we are implementing are focused on a single mission, delivering unparalleled, life-changing outcomes to America's veterans. We are not simply modernizing IT systems, we are building a future-ready VA, where platforms are secure, teams are agile and every taxpayer dollar generates maximum impact for the veterans we serve.

With that, I welcome your questions.

[THE PREPARED STATEMENT OF EDDIE POOL APPEARS IN THE APPENDIX]

Mr. BARRETT. Thank you, Mr. Pool. Your written statement will be entered into the hearing record.

I assume the rest of your panel from VA is accounted for in your remarks as well. Thank you.

I will now go to Ms. Harris, you are recognized for 5 minutes to deliver your opening statement on behalf of GAO.



### STATEMENT OF CAROL HARRIS

Ms. HARRIS. Thank you, Chairman Barrett and Ranking Member Budzinski. I appreciate the opportunity to talk about VA as you examine the Department's planned efforts to reform within its Office of Information Technology. VA operates and maintains an IT infrastructure that is intended to provide the backbone necessary to meet the day-to-day operational needs of its medical centers, veteran-facing systems, benefits delivery system, memorial services and all other systems supporting the Department's mission. It is also responsible for protecting veteran data against cybersecurity threats.

We have reported on VA's challenges with managing a myriad of major IT acquisitions and operations such as software licensing and cloud procurement over the years. VA's track record of delivering failed or troubled IT systems is in large part why we designated VA healthcare as a high risk area for the Federal Government in 2015. We also added VA acquisition management to our high-risk list in 2019 due challenges with managing its acquisition workforce and inadequate strategies and policies among other things. Both areas remain high risk today.

As requested, I will highlight some key reform efforts of VA's IT Fiscal Year 2026 IT budget request and then our work on leading practices and selected questions for assessing agency reform.

The VA has requested \$7.3 billion to fund its IT systems in Fiscal Year 2026, an \$300 million overall decrease from the prior year. It has also requested funding to support roughly 7,000 full-time equivalent (FTE) employees, which is an overall decrease of about 11.7 percent from the 2025 enacted levels.

Additionally, the budget request proposed amounts also reflects reduced spending on duplicative legacy systems and pauses a procurement of new systems until VA can conduct a full review of them resulting in about a \$500 million reduction.

Further, the VA's request states that a reduction of 931 full-time equivalents is consistent with maturing technology delivery models and a shift toward automation and digital services.

We have found that effective reform efforts require a combination of people, processes, technologies and other critical success factors to achieve results. Our prior work describes 12 leading practices that Federal agencies can use in agency reform efforts, including efforts to streamline and improve the efficiency and effectiveness of operations.

These 12 practices fall into four broad categories such as the process for developing reforms and strategically managing the Federal workforce. Our prior work also identifies key questions that can be used to assess the development and implementation of agency reforms. For example, what data and evidence has the agency used to develop and justify its proposed reforms? How has the agency ensured their continued delivery of services during reform implementation.

To what extent has the agency conducted strategic workforce planning to determine whether it will have the needed resources and capacity, including the skills and competencies in place for the proposed reforms. Consideration of these leading practice and rel-

evant questions can benefit VA's development and implementation of its reform efforts.

My hope is that VA will be able to satisfactorily answer these key questions for you today. If not, be able to pivot, to do the work necessary and adjust plans accordingly, to be able to give you satisfactory responses in the near future. Because if these leading practices and relevant questions are effectively implemented, such efforts can result in success in overcoming VA's long history of ineffectively managing IT resources.

On a final note, we have 26 open recommendations that relate to the VA's IT operations and cybersecurity posture. They are foundational in nature so I strongly urge the Department to get those fully addressed quickly. Doing so will put them in a stronger position to succeed in many of their plans for form initiative.

That concludes my statement and I look forward to addressing your questions.

[THE PREPARED STATEMENT OF CAROL HARRIS APPEARS IN THE APPENDIX]

Mr. BARRETT. Thank you for your testimony, Ms. Harris. The written statement you provided will be entered into the hearing record.

From here we will proceed with questioning. I will recognize myself for 5 minutes. Thank you all for participating in today's hearing.

Mr. Pool I wanted to begin with your statements and have some questions for you. The Fiscal Year 2026 budget document that OIT has laid out a smarter, not bigger IT strategy. Can you give me some examples of how OIT is not being as smart as they could be currently.

Mr. POOL. Thank you, Mr. Chairman for the question. To your comments that you made in your opening remarks, I believe it was the stuff that is never used. That is stuff we are no longer doing. Our budget for 2026 and beyond will be spent on things that again drive maximum value to the veteran community. Things that do not have a use or do not provide value or maximum value, those will be repurposed and reinvested where again we are getting the biggest bang for our buck for the veterans of this country, as they deserve.

Mr. BARRETT. Thank you. I appreciate that.

From there, can you tell me how you are reorganizing your workforce to deliver services more efficiently, through the process improvement that you kind of touched on in your opening remarks.

Mr. POOL. Sure, thank you, Mr. Chairman, again. OI and T's reorganization we are focusing again not just our investment capital, but our human capital as well, making sure that our organization is aligned to effectively deliver the most significant outcomes that we can for the Department. Where we have things that again are not driving significant value, we are looking, analyzing and realigning those functions to again bring that—bring those outcomes that we are after.

Essentially, we are simply making sure that every decision that we make, every dollar we spend, every realignment, repurpose—everything that we do, again our north star is that we are driving

absolute maximum value for the Department and in turn the greatest impact we can make on the veteran community.

Mr. BARRETT. Thank you. Would you agree with me that essentially IT and this technological improvement is done to alleviate the need for more manual, human-driven processes that we can rely more on automated features or more technology-driven process improvement, thereby requiring us to have fewer manual processes in there. As a result, fewer people involved in that chain of activity going on.

Mr. POOL. Thank you, Mr. Chairman. Yes, absolutely. It is about automating what we can automate. Working smarter, not harder, absolutely.

Mr. BARRETT. Yes, I do not think we—it is not the position of me or certainly of others I assume on this committee to completely automate anything to the point that we do not have human interaction in the process to bring about the best outcome necessary. I think since the dawn of technology we have used it to do things to alleviate the necessitation of manual, you know, processes in labor along the way.

The discussion around reduction in some of the IT staff around 12 percent I think Ms. Harris pointed out a little bit more at 11. something, close to 12 percent. Can you give us some insight into what that would involve and who exactly would be impacted by that?

Mr. POOL. I thank you, Mr. Chairman, for the question. Yes, in terms of the overall staffing numbers today, we are at approximately 8,205 FTEs. As part of our organizational reshaping, a lot of those billets are being looked at and analyzed. Like I said, the goal is not to reduce necessarily the numbers, but it is to make sure that we are optimizing how we allocate those resources.

I will turn it over to Ms. Devon Beard who can speak a little bit more about the breakdown of the numbers for you. Thank you.

Ms. BEARD. Yes, we are currently about a decrease of 100 employees from the start of January. We did participate in the OPM, VA and VERA program within the VA. Those were sprinkled across our organization but we were able to sustain those without any impact to our veterans due to succession planning, cross training, upscaling, reassignments. The tools that are in our toolkit to make sure that we every day have the resources that we need to meet our veterans.

Mr. BARRETT. Thank you. Can you briefly I have only go about 15 seconds left can you condition firm that no position with actual IT application, like interfacing, coding, things of that sort are being eliminated throughout any of this process.

Ms. BEARD. Once again, we are going through the workforce reshaping activities. Those are all being focused on are they delivering the largest value. As long as they align with our guiding light, then absolutely we are retaining those so we can meet our mission.

Mr. BARRETT. Okay. I was told in some briefing ahead of this that it was mostly in support, not to wreck IT interfacing positions, but more in the supportive roles of that. Can you confirm that?

Ms. BEARD. Yes, I can confirm a lot of back office or administrative type support functions are absolutely being evaluated. As you

mentioned in your opening do the processes that we have today need to remain in the way that they are? Are there redundancies that have built up over time that we need to reevaluate and make sure that we can accomplish what is still needed but do it in a most effective manner.

Mr. BARRETT. Thank you.

Ranking Member Budzinski, for 5 minutes.

Ms. BUDZINSKI. Thank you, Chairman. I will actually try to pick up where you left off here. My question was going to be for Mr. Pool, but I will open it up to Ms. Beard as well if you have answers to this.

Were you just saying that there were 100 people that have taken either the DRP or the VERA, they have accepted—you have accepted their resignations, 100 people within OIT? Is that what you had said.

Mr. POOL. Let me hand it over to Ms. Beard, ranking member. It is actually not 100, it is actually somewhat north of that. Ms. Beard.

Ms. BUDZINSKI. Okay.

Ms. BEARD. Our total participation in the program is 1,172 as of today.

Ms. BUDZINSKI. Okay, that took advantage of one of those too. Okay.

Ms. BEARD. Yes.

Ms. BUDZINSKI. Then when you were talking about it and I appreciate what were you saying that these are folks that were providing support. I guess my concern is that support does that support the overall mission of OIT so at what level or what point does that type of a level of vacancies then erode the overall mission of OIT—

I guess I will direct this to you, Mr. Pool—if you could kind of further elaborate on when you were accepting these early retirements or resignations, how did you kind of consider that when they came to you? Does it in any way erode what you are trying to accomplish within OIT.

Mr. POOL. Yes, thank you, Ranking Member Budzinski.

Yes, to answer your question this is largely an opportunity where we have looked at where duplicated functions exist but then IT and where these administrative functions are being performed elsewhere.

I will use HR as an example where in OI and T we built our own HR function within the IT department. This is a shared service that we can get from the Department level HR area so that in itself is a pretty significant opportunity where we are able to basically reinvest back into the mission focused functions of IT. To be as, again, as mission facing, mission purposed as we possibly can.

Ms. BUDZINSKI. I guess would it be possible to provide to this subcommittee kind of a list of you know who participated in this reorganization and where these resignations or early retirements have come, just so we can kind of better understand.

I appreciate the example you gave with HR but obviously if it is well north of 1,000 people, just concerned about where all those are coming from.

Mr. POOL. Yes, Congresswoman. We can absolutely do that.

Ms. BUDZINSKI. Okay, thank you.

Could I just ask, Ms. Harris, could you kind of elaborate a little bit on, you know, what you have been able to observe as far as OIT's workforce planning and how they looked at this? I know they have done a significant amount of restructuring.

Ms. HARRIS. Yes so back in January 2025 we actually issued a report evaluating VA's cyber workforce in particular. I think those trends can probably be applied across OIT. What we found was OIT's strategic workforce plan was incomplete. They do not have an inventory of their current workforce skills and competencies so in terms of if, you know, with the restructuring not even having a baseline of what it is that they have, it is going to be difficult to tell, okay, from there what is it that you are going to project to and what you are going to need in the future.

They also did not comprehensively identify their current and future human capital needs and skills and competencies. Those are essential things that you are going to need with any reform effort. Whatever your goals are and objectives are for a reform effort, you are going to need to make sure that the workforce matches that need.

Being able to have those processes in place and have a complete picture of what you currently have and what you need to have in the future to match your reform effort, that is essential. Right now VA does not have that capability. We have open recommendations related to that.

Ms. BUDZINSKI. Okay. Could I just, Mr. Pool, ask you to kind of respond to that? I would be curious kind of how you might have looked through your processes in these different early retirements, what processes were in place?

Talk a little bit more about that and kind of trying to meet it metric I think the GAO is pointing out being important to the overall—again, the mission of OIT.

Mr. POOL. Yes, thank you for the question again, Congresswoman.

We looked at every single one of the individuals that took advantage of these opportunities and assessed that from a leadership perspective to ensure that this would not create any operational gaps or introduce unnecessary risk to the Department. Going through that process we made certain that in order to honor the request, the voluntary requests that were being submitted and again we had mitigation strategies in place to ensure continuity of operations.

As I mentioned previously, it gave us the opportunity to actually bring efficiencies in some areas and optimize some of those processes and workflows to really again provide a better outcome for the Department. It was very, very rationalized and very, very closely analyzed as we went about that process.

Ms. BUDZINSKI. I think I am out of time, but I will yield back for now.

Mr. BARRETT. Thank you. Ms. Cherfilus-McCormick for 5 minutes.

Ms. CHERFILUS-McCORMICK. Thank you, Chair Barrett and thank you Ranking Member Budzinski for convening today's hearing.

As a former healthcare executive and former ranking member of this subcommittee, I understand that information technology is vital in delivering world class healthcare in fulfilling our sacred promise to our veterans. I also know that significant organizational change can be disruptive, but often necessary.

The way Department of Government Efficiency (DOGE) and Mr. Vogt have approached these changes at OIT seemed intentionally cruel. I have heard you trying to right this ship and recognize the valuable contributions of the employees while implementing the change. Mr. Pool, what other steps are you taking to repair employee morale?

Mr. POOL. Thank you for the question, Congresswoman. It is a good opportunity to talk about the bigger picture at VA. Obviously change is very challenging. In this particular instance change is very necessary. It is an opportunity under this administration to really improve the things that VA on a scale have really not seen before.

As we go about that, we are doing very frequent communications. We have a lot of activities underway. We have surveying and taking a pulse of the organization. Again, just to check in a make sure, you know, the workforce is getting the information that they need.

Particularly through the DRP programs we made certain that we had lots of frequent communications, lots of options, lots of questions and answers with the workforce so that the employees could make the best decision for themselves and their families, given the opportunity that has presented.

Ms. CHERFILUS-McCORMICK. What are you doing to bolster retention efforts?

Mr. POOL. To bolster retention efforts we are again making our mission focus back on the veteran. We are focusing exclusively on trying to optimize everything that we do to drive maximum value.

I think that in itself has been a uniter with the staff and a good focus on the organization to really again focus on our core mission, what can we do to improve services to veterans across the board through technology.

Ms. CHERFILUS-McCORMICK. Do you have any mechanisms in place that can actually truly track feedback to make sure that you are getting the desired effect?

Mr. POOL. Yes, Congresswoman, we absolutely actually do. In fact, I will yield to Ms. Beard who will talk a little bit more about those mechanisms.

Ms. BEARD. Yes, thank you for the questions. During a time of change it is so important to have strong communications with the staff that make sure that we are providing back the visibility and understanding and why we are doing what we are doing. Since January especially we have been doing a lot of town halls and other communications.

We have an over 80 percent satisfaction rate with over 78 percent attendance, so good saturation along with strong satisfaction. On the development side, we also have released a career developmental portal for all categories along the National Institute of Standards and Technology (NIST) cybersecurity codes for employees that focuses on not only assessing their current skills and upscaling into the areas they want to do.

Our focus around retention is not only to take care of them now, but also take care of what the VA's going to need and what they need to continue their growth here with OI and T.

Ms. CHERFILUS-McCORMICK. Thank you. My next question has to do the Chief Information Security Officer (CISO), because there has been significant changes within the organization. How much involvement has the CISO had?

Mr. POOL. Thank you, Congresswoman. She has been involved as has her executive team. I believe that organization has four executives in the Department. What we have done is primarily focused on the operational aspects and then again with the CISO herself, that is going to be more focused on the policy side of things.

Operationally, we are looking at those immediate concerns, but as we evolve and grow throughout this reshaping effort, this will be probably much more involvement on the policy side.

Ms. CHERFILUS-McCORMICK. How much control and execution control does she have?

Mr. POOL. Congressman, I am not sure I understand the question.

Ms. CHERFILUS-McCORMICK. Well, how much control, operational control over the execution does the CISO have, since that person is going to be held accountable. How much control will they have?

Mr. POOL. Congresswoman, I would say quite a bit of control, I mean this is an environment where we welcome feedback from all areas of the organization. Where that is available to collect and inform our strategy we certainly maximize the opportunity to collect that so—

Ms. CHERFILUS-McCORMICK. Why is the CISO not here today?

Mr. POOL. Congresswoman, I cannot really speak to that. I know that operationally most of the components for our reshaping are being aligned more toward the technical operations side of the organization like moving security functions where the next to the operations they support and. Most of that is under Mr. Jack Galvin to my left.

I thought given the organizational direction we were going I thought given the organizational direction we go in it would probably be better to have Mr. Galvin here to speak to some of those issues.

Ms. CHERFILUS-McCORMICK. I only have a second left, I just want to say that I do have some deep concerns that we will be holding this person accountable and they are not here to actually talk about the level of control they and what they have been—how they have been participating.

Thank you. I yield back.

Mr. BARRETT. Thank you.

I recognize myself for 5 minutes again. Mr. Galvin, I want to make sure we get your parking validated for your participation today so I have got to ask you a question. OIT has gone through reorganizations in the past, can you tell me what is different about this current reorganization and what lessons learned we have had that we can apply to this process that we are in now.

Mr. GALVIN. Sure, thanks for that question, chair. You know, I think the big game changer for this one is the singular focus that the administration has put on standardization and priority on vet-

eran outcomes. You know, when you had your hearing on the software asset management for instance, you know. We are having conversations now that it is on the how not the why.

We are all in sync with what our priorities are. Saving duplication, enabling functions for software for instance that do not duplicate but solve the requirement at hand. I think that is the big game changer I think or change in this organizational change and, you know, in the past. Been through many of them, each one is built upon each other, you know.

I would like to say that principles have staying powers, there are priorities that change, but principles of operation, especially in IT, have staying power. We still have the principle of cybersecurity, the protection of veteran data, the—you know, performance, service performance, ensuring we are accountable for system reliability and accountability. I think to speak to some of the other conversation is there is an excitement building now to deliver, you know, real outcomes, you know, Electronic Health Record Modernization (EHRM) acceleration.

I mean, we are champing at the bit to show that, you know, in your area in Michigan we are ready to go. Our four sites in Michigan are already prepared in terms of their heavy lift IT infrastructure. We have a complete dashboard that shows every site in across the VA in terms of their readiness status.

In fact, all 13 sites in the next year in Fiscal Year 2026 are ready in those four key areas of devices, network infrastructure, wireless, all of that is done already. In fact, next year we will be working on Fiscal Year 2027, thanks to Dr. Puetz here in keeping a steady flow of the infrastructure readiness program and the funding that we have for technical debt.

Mr. BARRETT. Thank you, I appreciate that. I understood some of what you said so that was helpful.

The—to me it feels like in the past some of what we were doing with technology was like layering on, stacking up instead of replacing the systems with one another, we were kind of adding to and layering up and up and up and next thing you know we have got so many systems, it is not as many unique users using each one of them, but nobody wants to give up the legacy model of whatever they had that they were used to using instead of kind of learning along the way and upgrading into what they were, you know, more familiar with.

I remember when, what was it, one of the legacy windows versions finally stopped being supported and people were struggling to, you know, move up to whatever the next of newer generation of that was.

Sometimes that is necessary and I feel like with technology we cannot move at the pace of the slowest participant. We have to move at the pace that is necessary to move the organization along. I think that having that in mind is important.

I have heard the Secretary speak a number of times at some of his observations and how when he walked in the door on his first day he could not even know how many people were in the department and where they were all assigned because he had different payroll systems and different human resources management systems and all these other things that are not—again, delivering care



and benefits to veterans, they are simply the—running the system itself.

They are kind of a drag, if you will, on the efficiency of the overall system if we have duplicative processes and more than one system in place doing the same thing or this, you know, part of the department over here is using this thing, but this department is using that. They do the same or they have the same purpose, but they are now duplicative in nature and then you have got to have IT resources designed to cover both of those, when instead you could have one that covers the total systems.

I think that there is a lot there that can be done better. I think, I hope that we all recognize that, especially when it relates to IT.

Dr. Puetz, can you tell us from your perspective how important is it from a resource allocation perspective to have an efficiently organized workforce, specifically around these IT projects so that people kind of know their mission and they have the sight focus that they need?

Dr. PUETZ. Thank you for the question, chairman. When we talk about resources, people and money, it is only as effective as we put against the actions that drive outcomes.

It is very important to answer your question that we have that aligned. Like we talked about in the beginning, it is not about bigger budgets, it is about smarter budgets.

That is where that alignment occurs. Do you have the traceability from the dollars that were requested through the activities that they were invested in to ultimately what is produced for the veteran at the end of the day.

It is about setting controls, working with Inspector General (IG) to have controlled environment, to make sure that the plan is impacted as placed by the Department.

Mr. BARRETT. Thank you. I appreciate that. I am out of time on this round of questions. I will yield to Ranking Member Budzinski for 5 minutes.

Ms. BUDZINSKI. I would just like to say, you know, I hear you when you say this about smarter, not bigger. Part of today is not—anybody is talking about bigger, we are talking about bigger cuts, cuts that are actually happening and what that is going to mean for what the mission is for OIT, that is more of—that is my concern.

I do want to go back to this question about staffing and the lower levels of staffing through the DRP, the VERA and then natural attrition.

Mr. Pool, if I could ask you IT staffing looks now lower than what is budgeted for Fiscal Year 2026. Will OIT now need to rehire staff after essentially paying employees to leave?

Mr. POOL. Thank you, Congresswoman, for the question. Yes, we will likely need to continue to hire folks, just as we will in perpetuity. It is a cyclical thing you have got people coming in and going out and different life cycles of the employment process. Many of the folks that left were again retirement eligible.

As I mentioned before, 78 percent of those resulted in retirements. We will continue to recruit. We will bring in new folks to the workforce. As we do that, we will be focusing exclusively on mission.

Whereas we might have hired across the board previously we are going to be looking at prioritizing for the most again value added opportunities and how we are driving the mission forward for the Department as we—

Ms. BUDZINSKI. I cannot imagine you could hire new folks. I mean for those that have left can you imagine having to rehire any of them because the vacancy itself is too critical, they left, we have to bring them back. Can you see that happening?

Mr. POOL. Congresswoman no, I would not see that happening. Again, as we went through this process, we put a lot of rigor behind how we approved folks that wanted to take advantage of these opportunities and making sure that we did not create any operational gaps.

It would be highly unlikely that we would be hiring folks back. As a contingency, many of them are again available to the end of year, but I do not anticipate that being a contingency, we would have to exercise it.

Ms. BUDZINSKI. I should say, like, some of my concern is coming from the fact that over the last 8 years it seems like OIT staff—the OIT department has been saying we are way understaffed and now we have seen a major attrition of employees over just this last 6 months.

I guess that is part of where my concern is, but the question I would also have is how are you then prioritizing? When you are talking about mission and we want everything to be mission driven of course, but within that mission you are going to have to make probably with less staff some really hard decisions on what is prioritized and what it not. Can you walk me through what that looks like.

Mr. POOL. Yes, certainly. You know, it goes back to the opportunity here with standardization. You know, previously in the construct that you referred to, OI and T would be in position to support maybe five, six, seven, 10 or more similar type workflows capabilities or systems across the Department for one set of capability.

As the departments standardize down to a real enterprise process on how we do business that allows OI and T to in the come in and really automate an enterprise solution around those functions. That in itself will be a tremendous efficiency driver for how we staff the organization.

Then second, as I mentioned previously as well we have a number of administrative functions that we have grown into the organization. We have a lot of things that do not—are not pure IT focus mission that are consuming resources within the Department.

We are no different than the rest of the organization. We are going to get back to our core mission which is delivering IT and where we can get services and functions from other places in the Department that are not IT related, we will be pursuing that.

Ms. BUDZINSKI. Can you give me an example of what that would be?

Mr. POOL. Sure, I will go back to the exam of HR, you know, we in IT over the previous administration decided to build our own HR function within the Office of Information Technology. That consumes 300 plus resources to do that.

At the Department level, we do have an HR department. We have several HR options within the organization. Again it does not make a lot of sense financially or otherwise to build that function in house when we can leverage the Department level resources for that.

Ms. BUDZINSKI. I appreciate what you are saying about standardization because this comes up a lot. When we have been talking about the EHRM, moving that forward standardization seems to be really important.

I would just kind of point out my bigger concern here is without enough people power to help the VA actually in OIT standardized that could set yourself up for failure if you do not have the people to do the standardization because the VA is such a unique place and has a lot of challenges as it relates to standardization so maybe easier said than done.

I will I yield back.

Mr. BARRETT. Thank you. I will now recognize myself for 5 minutes again.

Mr. Pool, I wanted to circle back just for a moment on something the ranking member just asked you. You said there were 300—under the previous administration there were 300 people in the HR part of the OIT, is that correct, doing HR functions?

Mr. POOL. Yes, Mr. Chairman, that was an estimate around 300. I believe Ms. Beard has the exact number if you want or we can take that for the record but roughly 300 resources.

Mr. BARRETT. 300 out of 8,200, were doing HR functions that could have been or would have otherwise been done by the department as a whole and absorbed into the workflow of the Department into the I am sure robust HR portfolio of managing 400 and some out thousand people within the Department. Would you say that is fairly accurate?

Mr. POOL. Absolutely, Mr. Chairman. I mean, again, that does put it in great perspective, you know. We have 8,200 folks roughly in OI and T, do we need a 300 person plus organization to do our own?

We are driving the business to standardize on common technologies.

Mr. BARRETT. Right.

Mr. POOL. We will do the same.

Mr. BARRETT. Ms. Beard, do you have anything further on that?

Ms. BEARD. Yes, I do have the number, it is 242. We do have some additional upcoming attritions through the programs that are impacting that, but to reinforce the focus about how we can once again make sure we still get the services we need for OI and T to meet our veterans needs, but also make sure that we have the capabilities to achieve that through with the HR functions.

Mr. BARRETT. Sure. Is that roughly 300 or 242 or the number you gave me, is that included in the roughly 1,100 that you talked about in, like, deferred retirements, things, that sort?

Mr. POOL. Yes, Mr. Chairman. It is spread across the board. Again, we did not exempt any positions as part of that from OI and T perspective for the DRP programs or VERA. That 1,100 consists of multiple different domains in areas within the organization.

Mr. BARRETT. Sure, but hey also those 300 people are not minimizing or suggesting they do not have a legitimate, you know, work ethic or anything, but if that job can be done on an aggregated level, there is not a reduction and benefit for a veteran or delayed in a claim or anything of that sort that would result from that job being done by a higher level department asset.

Mr. POOL. Yes, Mr. Chairman, that is correct. Again, it is—

Mr. BARRETT. Those Chinese cyber attacks are affected by that? No, you know, no update to the mobile app that I use or veterans like me use throughout the management of our claim or interfacing with the VA so—okay.

Mr. POOL. All right.

Mr. BARRETT. Thank you. Mr. Pool, VA's budget documents describe a buy before build strategy. I think that is a good insight into some of the motivation for how we make this better, you know, we have to design it from the ground up or can we take something that is preexisting and kind of, you know, modify it for our use within the Department. Can you kind of give me some insight into how that works and what the motivation behind it was.

Mr. POOL. Yes, Mr. Chairman. Again, thank you for the question, it is a really good one in terms of how we are approaching optimizing the organization. The buy versus build is really driven by the need to look at enterprise standard tools out there today that can deliver functionality for the Department. Previously we have invested in building and building and building.

We have a very large portfolio of products that are custom, they are built and maintained and we are perpetually stuck and a lot of those given to the legacy portfolio. When you go out and buy capability from industry, you can generally get the enterprise platform that you can consolidate a standard workflow and process for the Department on and maintain and keep that system modernized. Again, it is a much better model.

With that comes increased cybersecurity, a lot of other—efficiencies in terms of just how we maintain those products.

Mr. BARRETT. Sure. I appreciate that. I had worked previously in our State treasurer's office a number of years ago and we were using legacy systems that were built from the ground up and we were having a hard time finding servers that would actually run them any longer. These things were 30 years old at the time.

That was just one hardship that we were encountering, whereas if you have a processor or you have a product that is purchased off the market, it has the robust backbone necessary to kind of keep it functional and running just as one example and this necessitates less maintenance over time and people doing that to be sure.

I am almost out of time so I am going to yield to the ranking member for 5 minutes for her questions.

Ms. BUDZINSKI. Thank you, Mr. Chairman.

Mr. Pool, can you tell me why are millions of dollars being transferred out of OIT to plus up other parts of the Department when there are nearly 20 unaddressed, unfunded priorities on the 1:N list?

Mr. POOL. Thank you, Congresswoman. You know, I cannot really speak much about what is driving transfers. I can speak about

what we are investing in OI and T in. I will turn it over to Dr. Puetz, maybe he can provide some more insight for you on that.

Dr. PUETZ. There are two specific things that we need to address your question, the first is that there is OIT, but we are driving the larger department and for the needs for veterans across the entire Department. At the end of day we may have a 1:N list, but VA also has a 1:N list. Sometimes the other administrations and staff offices may have a priority over IT and that is a decision that sits with the Secretary.

The second aspect of that is you asked about the 1:N list that exists within OIT. It is important to remember that when we submit that 1:N list it is part of our congressional justification, that is a point in time. Since that time when that is submitted, we almost immediately start funding into and against that list.

That list that you have seen, we have been able to start to drive down our 1:N list. We look at lists monthly with our end of month close and where we are able to identify savings, we are able to reinvest in real-time. We do not wait for the end of the year to come in and then pay our 1:N list, it is happening in real-time.

Again, with budgets it is point in time. Good organizations are not just planning for the future, they are moving in real-time to create it.

Ms. BUDZINSKI. A follow-up question to that because I did take time to look at the 1:N and, like, the top 5 issues one was cybersecurity and incident report, the second was data privacy and security, the third was governance risk and compliance, you go to fifth it is threat and vulnerability management. These are all at the very top of the 1:N list. Those sound very serious to me. What you are saying is that those have been resolved.

Dr. PUETZ. In the opening testimony from Mr. Pool you have seen that when we were here last year about that time he said that we are carrying some risk within our cybersecurity and Incident Response Plan (IRP) and that we will fund against that to really buy down that risk.

Ms. BUDZINSKI. That is exactly my question, though.

Dr. PUETZ. That is exactly—

Ms. BUDZINSKI. Excuse me, excuse me. That is my question, though, as you have transferred money away. My understanding though is that if those millions of dollars, you know, the Fiscal Year 2026 budget request, \$434.2 million decrease from Fiscal Year 2025, that difference alone from what we understand would basically solved 70 percent of what is on that 1:N list.

Dr. PUETZ. Yes, ma'am, that is correct. I can also say that we have invested over 100 million in our IRP and I just signed off documentation to put a major investment within our ZTA just in the last few days. The funding is being redirected to these key priorities and we are spending down against that risk.

Ms. BUDZINSKI. Okay. Mr. Pool, your testimony highlights a reinvestment of nearly \$200 million from contract cancellations. Can you provide the committee a full list of contacts canceled within OIT and where this money is being reinvested?

Mr. POOL. Thank you, Congressman. Yes, we can take that back for the record and provide a list as requested.

I would like to just add on the last question, just for clarity, our 1:N list are a capturing of requirements whether they be valid requirements or things that they would like to do. These are outside of our base budget normally.

These are things that we know are unfunded largely, that we will be able to fund as funding becomes available, you know, for various reasons. This is how we prioritize those lists.

The ones that you mentioned on top, those are largely ones that you can normally assume will be funded. It is when you get further down the list, just the racking and stacking to make sure that we capture those requirements and then we can invest in those as we are able to do throughout the fiscal year.

Ms. BUDZINSKI. Just to clarify, so you are saying that with the 434 million that is being cut from OIT's budget in Fiscal Year 2026, you are still going to be able to resolve all of that on the 1:N list?

Mr. POOL. Congresswoman, like I mentioned previously with the standardization approach to how we are approaching things, again, the reference to where we may have 20, 30 different similar capabilities in the environment today, consolidating down to one enterprise platform, you know, again, the opportunity from a fiscal perspective is pretty substantial. Yes, I do believe with the funding that we have, we will be able to meet the majority of our needs.

Ms. BUDZINSKI. Okay. I have a question about DOGE. Was DOGE or any of its representatives involved in the contracts that were canceled?

Mr. POOL. We do not have DOGE employees at VA. I do understand that there is, being sensitive to ongoing litigation, that I am aware, is underway. We will have to refer you to our Office of General Counsel for our follow up on that.

Ms. BUDZINSKI. Okay. I am over time. Sorry about that.

Mr. BARRETT. That is okay. We are going to move to closing statements. I want to recognize you for your closing statement.

Ms. BUDZINSKI. Thank you, Mr. Chairman. Thank you again to the witnesses for being here. I hope that both VA and OIT leadership have heard the concerns that I have raised today. I am not one for maintaining the status quo, nor throwing money at issues needlessly. I am not one for maintaining the status quo.

Again, I do believe in mission-driven work. I appreciated those comments. Improvements to VA's organizational structure, processes, and strategies and operational workload can and should occur.

However, as the ranking member of the Subcommittee on Jurisdiction of this jurisdiction, I believe that this change must happen methodically and must be driven by data. VA's IT foundation will not continue to support the Department's mission otherwise.

Unfortunately, I have not had heard today anything that really reassures me here. VA's answers have not indicated that the reorganization staffing or budgetary decisions will reach using data or evidence-based strategic thinking.

I am concerned that this was rushed to be finalized before a new permanent CIO could be confirmed. I would hope that the Department would delay implementing such drastic changes until a CIO can be appropriately named, vetted, and confirmed.

Mr. Pool, I hope that we, and your team, can continue our dialog here and ensure that OIT can find the right balance in terms of structure and staffing. The work for your employees perform undergirds much of the work VA performs, and I want that talent to be recognized, appreciated, and cultivated. I hope you and whoever is confirmed as the next CIO share that same desire. Thank you, and I yield back.

Mr. BARRETT. Thank you, Ranking Member Budzinski, and thank you our panelists for being here today. I appreciate your insight and testimony to helping us drive, you know, good decision-making within this committee. Thank you.

OIT, it stands hopefully without saying, but it has an important mission and many competing priorities. We even saw some of that on display here today. When everything becomes a priority, nothing then reaches the top of the list, right? We have to do a job of determining within those priorities what stands out as our most necessary attention.

I am glad to see that under Secretary Collins leadership, OIT is reevaluating where they are investing, how they are utilizing their workforce, what they can do to be a more efficient organization. No organization, not even the Federal Government has unlimited resources.

During this hearing, we have discussed several important steps that OIT is taking as part of its smarter, not bigger strategy to become a more effective and efficient organization.

Starting fewer large development projects that come with the risk of ballooning budgets and poor outcomes, reevaluating the current organizational structure in order to make OIT a smarter and more resourceful organization, investing in IT infrastructure, cybersecurity monitoring, and reducing technical debt to make the VA more resilient.

Some of things, Mr. Pool, that you pointed out about enterprise-wide, large-scale systems that can be delivered more efficiently with greater cybersecurity are important to see and review.

I look forward to working with the OIT witnesses here today and once Mr. Cote is confirmed to accomplish these goals and more.

As the chairman of this subcommittee, I will continue to ensure that OIT has the right priorities, the appropriate responsibilities, and is organized in a way that best supports the VA's mission.

I ask unanimous consent that all members have five legislative days to revise and extend their remarks and include extraneous material. Without objection, that's so ordered. This hearing is adjourned.

[Whereupon, at 4:06 p.m., the subcommittee was adjourned.]





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# **A P P E N D I X**

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## PREPARED STATEMENTS OF WITNESSES

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### Prepared Statement of Eddie Pool

#### Introduction

Chairman Barrett, Ranking Member Budzinski, and distinguished Members of the Subcommittee, thank you for the opportunity to testify on behalf of the Department of Veterans Affairs (VA) Office of Information and Technology (OIT). I am Eddie Pool, performing the delegable duties of the Assistant Secretary for Information and Technology and Chief Information Officer (CIO). I am honored to appear before you today to provide an update on the status of OIT and the critical work we are doing to deliver secure, modern, and Veteran-centered information technology (IT) solutions. I am accompanied by my OIT colleagues, Dr. Timothy Puetz, Chief Financial Officer and Deputy CIO for IT Budget and Finance; Mr. Jack Galvin, Deputy CIO for End User Services; and Ms. Devon Beard, Acting Deputy CIO and Chief People Officer for the Office of People Science.

Let me center my remarks on three core priorities: budget modernization, workforce reshaping, and cybersecurity posture.

#### Budget

We are driving a bold and forward-thinking approach to budget modernization, one that matches the pace of today's technological landscape. Over the past few months, OIT has undertaken a comprehensive and rigorous review of our contracts and budget to ensure that every dollar spent delivers real value to Veterans and their families. During this process, we were able to reinvest \$89 million into the infrastructure readiness program. Furthermore, we are positioned to reinvest an additional \$100 million. The Improvement and Remediation Program (IRP) serves as the investment fund dedicated to ensuring all IT infrastructure such as endpoints, network, and datacenters is both "Fit for Purpose" through modernization efforts, and "Fit for Use" via technology refresh initiatives. In recent years, the Office of Information and Technology (OIT) has effectively leveraged the IRP to address technical debt stemming from aging systems or solutions that no longer meet current requirements.

Any contract terminations or modifications occurred after OIT assessed internal capabilities and confirmed that critical work could continue without disruption. This intentional, mission-first strategy has strengthened continuity, reduced complexity, and delivered smarter, more reliable IT capabilities. By intensifying our contract oversight and forging stronger coordination with our acquisition partners, we are decisively managing contract changes without compromising service delivery. This proactive approach not only boosts efficiency but also enables us to strategically redirect resources to mission-critical areas and emerging priorities, ensuring we remain agile and focused on delivering positive outcomes for Veterans.

OIT is vigorously working to eliminate unnecessary expenses while maintaining operational readiness. These initiatives underscore our dedication to being responsible stewards of taxpayer dollars while effectively fulfilling our mission. Where necessary, we actively reassess the use of Government-furnished equipment, cut down on unused cellular lines, and enforce stricter eligibility criteria to guarantee that resources are allocated solely to essential personnel.

We are also requesting changes to the appropriations language to allow VA to eliminate rigid statutory subaccounts and authorize a 3-year period of availability for IT funds. Granting a 3-year funding cycle will allow us to plan and execute across longer horizons, respond more effectively to real-time needs, and align investments with outcomes. These adjustments promote disciplined, results-driven investment while minimizing procurement risk and operational delays. Furthermore, we have implemented rigorous internal controls including quarterly reporting and CIO risk ratings to ensure accountability remains central.

#### Workforce

OIT is committed to deploying staff resources in the most effective and efficient way to better serve our Veteran community. OIT is actively engaged in workforce reshaping to ensure we assign resources to critical positions to meet the Department's mission.

We are decisively aligning every staff resource to achieve Veteran-facing outcomes. Recently, we participated in the Office of Personnel Management and VA Deferred Resignation Program/Voluntary Early Retirement Authority. Among those who voluntarily participated, 78 percent opted for retirement, with over 53 percent being Veterans who entered early retirement. This grants a unique ability to reallocate human capital to meet emerging mission needs, particularly in areas like cybersecurity and AI, thereby delivering better outcomes for Veterans. We are taking bold steps to reshape our workforce structure from nine service lines to three: Technical Operations, Product Delivery, and the Office of the Chief of Staff. This strategic realignment is designed to eliminate unnecessary bureaucracy, accelerate decision-making, and sharpen our focus on delivering innovative, impactful IT services that directly support Veterans.

To build a robust workforce, OIT is prioritizing and reallocating staff to bolster essential functions. We are aligning our onboarding efforts with mission delivery to ensure we possess the technical capacity required to meet the Department's future needs. Our approach effectively balances immediate operational demands with long-term workforce planning, ensuring both continuity and readiness in all our endeavors.

### **Cybersecurity**

Cybersecurity is a complex and constantly evolving threat. We are shifting our strategy toward dynamic, threat-informed defenses prioritizing proactive risk mitigation over reactive compliance. This is not just about meeting checkboxes anymore; it is about anticipating threats and acting before they happen. Federal Information Security Management Act/Federal Information System Controls Audit Manual audits must reflect the complexity of VA's digital infrastructure and the sophistication of adversaries we face. Our shift embraces dynamic, threat-informed defenses and promotes proactive mitigation over retrospective correction.

OIT is promoting Zero Trust by fostering a security-first mindset across the Department and by prioritizing the protection of critical information and resources. Zero Trust is a security model and framework that operates on the principle that no user, device, or application should be trusted by default, regardless of whether they are inside or outside an organization's network. Instead, every access request must be continuously authenticated, authorized, and validated before granting access to resources.

This approach involves rigorous identity verification, continuous monitoring, and strict access controls to ensure only authorized users interact with sensitive systems, such as those managing electronic health records that contain personally identifiable information and personal health information. This robust Zero Trust implementation delivers a seamless, secure experience for Veterans in an increasingly interconnected and threat-contested digital environment, while protecting patient safety, ensuring regulatory compliance, and maintaining the public's trust in VA.

It is essential that the Department continues investing in modern cybersecurity tools, skilled personnel, and robust processes. VA's systems hold the personal information and health records of millions of Veterans, and we must protect these systems with the utmost seriousness and commitment they deserve.

### **Conclusion**

In conclusion, every change we are implementing, whether it is enhancing accountability, transforming the workforce, or advancing cybersecurity, is firmly rooted in a singular mission: to deliver unparalleled service to our Veterans. We are not merely modernizing systems; we are constructing a future-ready VA where platforms are secure, teams are empowered, and every dollar generates a significant impact.

I am eager to address your questions and collaborate with you to develop an IT enterprise that truly honors those who have served. Thank you.

**Prepared Statement of Carol Harris**

United States Government Accountability Office



Testimony

Before the Subcommittee on Technology  
Modernization, Committee on Veterans'  
Affairs, House of Representatives

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## VETERANS AFFAIRS

### Leading Practices Can Help Achieve IT Reform Goals





Statement of Carol Harris, Director, Information  
Technology and Cybersecurity

A testimony before the Subcommittee on Technology Modernization, Committee on Veterans' Affairs, House of Representatives  
 For more information, contact: Carol Harris at [HarrisCC@gao.gov](mailto:HarrisCC@gao.gov)

### What GAO Found

VA's fiscal year 2026 budget reflects a range of planned reforms: investing over \$3.5 billion to hasten implementation of electronic health record modernization, reducing IT expenditures by about \$500 million to retire outdated legacy systems and reassess IT initiatives, and streamlining administrative practices leading to about \$40 million in savings. GAO has identified leading practices and selected questions that can assist in achieving IT reform goals.

Figure: Leading Practices and Selected Key Questions for Agency Reform Efforts

Categories for Leading Practices	Selected Key Questions
 <b>Goals and Outcomes</b> What was the agency trying to achieve with its proposed reforms, and who should achieve them.	<ul style="list-style-type: none"> <li>To what extent has the agency established clear outcome-oriented goals and performance measures for the proposed reforms?</li> <li>To what extent has the agency identified any risks of using contractors to perform activities, and if so, has it developed appropriate risk mitigating strategies?</li> </ul>
 <b>Process for Developing Reforms</b> What was the process used to develop the proposed reforms, and what factors were considered.	<ul style="list-style-type: none"> <li>How and to what extent has the agency consulted with the Congress and other key stakeholders, such as planned users, to develop its proposed reforms?</li> <li>What data and evidence has the agency used to develop and justify its proposed reforms?</li> </ul>
 <b>Implementing the Reforms</b> What practices did the agency put in place to support the successful implementation of proposed reforms.	<ul style="list-style-type: none"> <li>Is there a dedicated implementation team that has the capacity, including staffing, resource, and change management expertise, to manage the reform process?</li> <li>How has the agency ensured their continued delivery of services during reform implementation?</li> </ul>
 <b>Strategically Managing the Federal Workforce</b> What practices did the agency use to support the development and implementation of its proposed reforms regarding its workforce and performance management strategies.	<ul style="list-style-type: none"> <li>How does the agency plan to sustain and strengthen employee (user) engagement during and after the proposed reforms?</li> <li>To what extent has the agency conducted strategic workforce planning to determine whether it will have the needed resources and capacity, including the skills and competencies, in place for the proposed reforms or reorganization?</li> </ul>

Sources: GAO; lovemask/stock.adobe.com (icons). | GAO-25-108627

### Why GAO Did This Study

VA depends on critical IT systems to manage benefits and provide care to millions of veterans and their families. The department's investment in IT is substantial—VA plans to spend about \$7.3 billion in fiscal year 2026.

VA operates a centralized organization, the Office of Information Technology, to plan and execute most IT management functions. This office is responsible for providing direction and guidance on IT acquisition and management.

However, VA has a long history of failed IT modernization efforts. For example, after three failed attempts between 2001 and 2018, VA began implementing its fourth effort in 2020 to modernize its legacy health information system. However, in 2023 it halted further system deployments due to widespread concerns. In December 2024, VA announced plans for additional deployments restarting in 2026. VA has experienced similar weaknesses in acquiring major IT systems, managing its IT workforce, tracking software licenses, and standardizing cloud computing procurement.

GAO's statement (1) identifies key reform elements of VA's fiscal year 2026 IT budget request, and (2) describes leading practices and selected questions for assessing agency reforms.

### What GAO Recommends

The prior GAO IT reports described in this statement include 26 recommendations to VA that are not yet implemented.

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Chairman Barrett, Ranking Member Budzinski, and Members of the Subcommittee:

Thank you for the opportunity to discuss the Department of Veterans Affairs (VA) as you examine how the department is positioned to deliver IT services essential to supporting its mission to care for our nation's veterans. As you know, VA depends on critical underlying IT systems to manage benefits and to provide care to millions of veterans and their families. The department operates and maintains an IT infrastructure that is intended to provide the backbone necessary to meet the day-to-day operational needs of its medical centers, veteran-facing systems, benefits delivery systems, memorial services, and all other systems supporting the department's mission. It is also responsible for protecting veteran data against cybersecurity threats.

We and VA's Office of Inspector General (OIG) have reported on VA's challenges with managing its major IT acquisitions, including its financial management systems and electronic health record modernization initiatives, which have experienced schedule delays.<sup>1</sup> In 2015, we added Managing Risks and Improving VA Health Care to our High-Risk List because of system-wide challenges, including major modernization

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<sup>1</sup>For examples of GAO's past reports in this area, see: GAO, *Electronic Health Records: VA Making Incremental Improvements in New System but Needs Updated Cost Estimate and Schedule*, [GAO-25-106874](#) (Washington, D.C.: Mar. 12, 2025); *Financial Management Systems: VA Should Improve Its Risk Response Plans*, [GAO-24-106858](#) (Washington, D.C.: July 23, 2024); *Electronic Health Records: VA Needs to Address Management Challenges with New System*, [GAO-23-106731](#) (Washington, D.C.: May 18, 2023); *VA Financial Management System: Additional Actions Needed to Help Ensure Success of Future Deployments*, [GAO-22-105059](#) (Washington, D.C.: Mar. 24, 2022); and *Electronic Health Records: VA Needs to Address Data Management Challenges for New System*, [GAO-22-103718](#) (Washington, D.C.: Feb. 1, 2022). For examples of the VA Office of Inspector General's past reports in this area, see: Department of Veterans Affairs, Office of Inspector General, *VA Needs to Strengthen Controls to Address Electronic Health Record System Major Performance Incidents*, Report #22-03591-231 (Sept. 23, 2024); *Lessons Learned for Improving the Integrated Financial and Acquisition Management System's Acquisition Module Deployment*, Report #23-00151-117 (July 10, 2024); and *Improvements Needed in Integrated Financial and Acquisition Management System Deployment to Help Ensure Program Objectives Can Be Met*, Report #21-01997-09 (Mar. 28, 2023).

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initiatives.<sup>2</sup> We also added VA Acquisition Management to our High-Risk List in 2019 due to, among other things, challenges with managing its acquisition workforce and inadequate strategies and policies. Both remain high-risk areas.<sup>3</sup>

For this testimony statement, I will describe (1) key reform elements of VA's fiscal year 2026 IT budget request, and (2) leading practices and selected questions for assessing agency reforms.

In developing this testimony, we summarized examples of previously reported GAO work on VA's management of IT resources. We also examined VA's FY2026 budget request to describe proposed actions related to IT resources and initiatives. We identified a collective set of practices and key questions relevant to agencies' reform.<sup>4</sup> We focused on questions for each category of leading practices that had the most relevance to the management of IT resources. The reports cited throughout this statement include detailed information on their scopes and methodologies.

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 our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>2</sup>VA's IT issues were highlighted in our 2015 high-risk report and subsequent high-risk reports. See GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015); *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017); *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019); *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021); and *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

<sup>3</sup>GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Feb. 25, 2025).

<sup>4</sup>For more information, see GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: Jun. 13, 2018). We use the term "reform" to broadly include any organizational changes and efforts to streamline and improve the efficiency and effectiveness of government operations and workforce.



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## Background

Effectively managing IT needs depends on federal departments and agencies, including VA, having key functions in place. Toward this end, we have previously identified key IT-related functions that serve as a sound foundation for IT management including, for example: leadership, strategic planning, systems development and acquisition, systems operations and maintenance, and cybersecurity.<sup>5</sup>

Over the last three decades, Congress has enacted several laws to help federal agencies improve the management of IT investments and to assign responsibilities to agency leadership.

- The Clinger-Cohen Act of 1996 requires agency heads to appoint chief information officers (CIO) and specifies many of their responsibilities with regard to IT management.<sup>6</sup> Among other things, CIOs are responsible for implementing and enforcing applicable government-wide and agency IT management principles, standards, and guidelines and assuming responsibility and accountability for IT investments. In addition, CIOs of covered agencies such as VA are also responsible for monitoring the performance of IT programs and advising the agency head whether to continue, modify, or terminate such programs.<sup>7</sup>
- In December 2014, Congress enacted IT acquisition reform legislation, commonly referred to as the Federal Information Technology Acquisition Reform Act or FITARA.<sup>8</sup> FITARA was intended to enable Congress to monitor covered agencies' increased efficiency and effectiveness of IT investments, as well as holding agencies accountable for reducing duplication and achieving cost savings. FITARA, among other things, required VA and other covered executive branch agencies to improve their IT acquisitions by

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<sup>5</sup>GAO, *High-Risk Series: Critical Actions Needed to Urgently Address IT Acquisition and Management Challenges*, [GAO-25-107852](#) (Washington, D.C.: Jan. 23, 2025).

<sup>6</sup>The requirement for agencies to designate a CIO is codified at 44 U.S.C. § 3506(a)(2)(A). See also 40 U.S.C. § 11315, Agency Chief Information Officer.

<sup>7</sup>40 U.S.C. § 11315(c).

<sup>8</sup>Federal Information Technology Acquisition Reform provisions of the Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, div. A, title VIII, subtitle D, 128 Stat. 3292, 3438-50 (Dec. 19, 2014).

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requiring CIO involvement in these acquisition processes.<sup>9</sup> One way that the law enhances the authority of covered agency CIOs is by requiring them to review and approve contracts for IT.

In addition to IT laws, federal guidance acknowledges that a resilient, skilled, and dedicated cybersecurity workforce is essential to protecting federal IT systems as well as enabling the government's day-to-day functions. Building and maintaining the cybersecurity workforce is one of the federal government's most important challenges as well as a national security priority.<sup>10</sup>

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**VA's Office of Information Technology Performs Key IT Functions**

Since 2007, VA has been operating a centralized organization, the Office of Information and Technology (OIT), in which most key IT management functions are performed. This office is led by the Assistant Secretary for Information and Technology, also known as VA's CIO. OIT is responsible for providing strategy and technical direction, guidance, and policy related to how IT resources will be acquired and managed for the department.

OIT is also responsible for working with its business partners—such as the Veterans Health Administration—to identify and prioritize business needs and requirements for IT systems. Further, OIT has responsibility for managing the majority of VA's IT-related functions.

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**VA Has Historically Faced Challenges in Managing its IT Resources**

VA has experienced longstanding challenges in managing its IT projects and programs, raising questions about the efficiency and effectiveness of its operations and its ability to deliver intended outcomes needed to help advance the department's mission.

We have issued a number of reports that discuss challenges VA has faced over many years in its efforts to modernize its IT systems and

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<sup>9</sup>The provisions apply to VA and the other agencies covered by the Chief Financial Officers Act of 1990, 31 U.S.C. § 901(b). However, FITARA has generally limited application to the Department of Defense. The 24 Chief Financial Officers Act of 1990 agencies are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Justice, Labor, State, the Interior, the Treasury, Transportation, and Veterans Affairs; the Environmental Protection Agency; the General Services Administration; the National Aeronautics and Space Administration; the National Science Foundation; the Nuclear Regulatory Commission; the Office of Personnel Management; the Small Business Administration; the Social Security Administration; and the U.S. Agency for International Development.

<sup>10</sup>See, for example, Office of Management and Budget, Memorandum M-16-15: *Federal Cybersecurity Workforce Strategy* (July 12, 2016) and U.S. Office of Personnel Management, *Workforce Planning Guide* (Washington, D.C.: November 2022).

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improve its management of IT resources. These include challenges, for example, with modernizing its health information system, tracking software licenses, and managing its cybersecurity workforce. For instance:

- After three unsuccessful attempts between 2001 and 2018, VA began implementing its fourth effort to replace its legacy electronic health record (EHR) system in 2020. In April 2023, after deploying the new system to five of its medical centers, VA paused deployments due to user concerns. In December 2024, VA announced plans for additional deployments restarting in 2026. In March 2025, we reported that VA is making incremental improvements to the new EHR system but much more remains to be done as VA moves to implement planned deployments.<sup>11</sup>

Among its improvements at five initial sites, the department has delivered patient safety and pharmacy enhancements, addressed system trouble ticket resolution, and increased system performance. However, the department continued to address about 1,800 unresolved configuration change requests and initiated additional complex projects to address challenges identified via user feedback. The many changes undertaken to make improvements impact cost estimates and the program schedule. Regarding costs, in 2022 the Institute for Defense Analyses estimated that EHR modernization life cycle costs would total \$49.8 billion—\$32.7 billion for 13 years of implementation and \$17.1 billion for 15 years of sustainment. Updating that estimate to reflect events over the last 2 years, such as the pause, is imperative to understanding the full magnitude of VA's investment. Similarly, it is critically important that VA update its schedule to inform decision-making. We made three related recommendations and VA concurred, but we noted that the department's planned actions on updating the cost and schedule did not encompass the modernization's life cycle.

In addition, we continue to monitor 10 recommendations we made to VA in May 2023 to address issues on change management, user satisfaction, resolution of system trouble tickets, and independent

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<sup>11</sup>GAO, *Electronic Health Records: VA Making Incremental Improvements in New System but Needs Updated Cost Estimate and Schedule*, [GAO-25-106874](#) (Washington, D.C.: Mar. 12, 2025).

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operational assessment deficiencies.<sup>12</sup> VA concurred with the 10 recommendations but has yet to implement them.

As of July 2025, all 13 recommendations remain open. We continue to monitor these open recommendations to ensure the department is well positioned for future deployments.

- VA's core financial system is approximately 30 years old and is not integrated with other relevant IT systems, which results in inefficient operations and requires complex manual workarounds. Further, it does not provide real-time integration between financial and acquisition information across VA.

We and the VA OIG have reported on VA's efforts to replace its legacy system.<sup>13</sup> Two previous attempts to replace this legacy system—the Core Financial and Logistics System (CoreFLS) and the Financial and Logistics Integrated Technology Enterprise (FLITE)—failed after years of development and hundreds of millions of dollars in cost. The current approach is implementing the Integrated Financial and Acquisition Management System (iFAMS), which will replace aging systems with one integrated system, as part of the Financial Management Business Transformation (FMBT). These three efforts reflect varying approaches that the department has taken to achieve modernized financial management and acquisition systems. They also reflect the department's weaknesses that were identified in project management and cost and schedule estimating.

We previously made two recommendations in our March 2021 report to VA.<sup>14</sup> Specifically, we recommended that VA ensure that the FMBT program's cost estimate and schedule were consistent with IT management best practices. VA concurred with the recommendations, but the department has yet to implement them.

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<sup>12</sup>GAO, *Electronic Health Records: VA Needs to Address Management Challenges with New System*, [GAO-23-106731](#) (Washington, D.C.: May 18, 2023).

<sup>13</sup>VA OIG, *Issues at VA Medical Center Bay Pines, Florida and Procurement and Deployment of the Core Financial and Logistics System (CoreFLS)*, 04-01371-177 (Washington, D.C.: Aug. 11, 2004); GAO-10-40 and VA OIG, *Audit of the FLITE Strategic Asset Management Pilot Project*, 09-03861-238 (Washington, D.C.: Sept. 14, 2010); and GAO, *Financial Management Systems: VA Should Improve Its Risk Response Plans*, [GAO-24-106858](#) (Washington, D.C.: July 23, 2024) and VA Financial Management System: *Additional Actions Needed to Help Ensure Success of Future Deployments*, [GAO-22-105059](#) (Washington, D.C.: Mar. 24, 2022).

<sup>14</sup>GAO, *Veterans Affairs: Ongoing Financial Management System Modernization Program Would Benefit from Improved Cost and Schedule Estimating*, [GAO-21-227](#) (Washington, D.C.: Mar. 24, 2021).

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- VA spends billions of dollars annually for IT and cyber-related investments, including commercial software licenses.<sup>15</sup> In a January 2024 government-wide report, GAO noted that while VA identified its five most widely used software vendors with the highest quantity of licenses installed, VA faced challenges in determining whether it was purchasing too many or too few of these software licenses. Specifically, VA was not tracking the appropriate number of licenses for each item of software currently in use. Additionally, the department did not compare inventories of software licenses that were currently in use to purchase records on a regular basis.  
  
Until VA adequately assesses the appropriate number of licenses, it cannot determine whether it is purchasing too many licenses or too few. GAO recommended that VA track licenses in use within its inventories and compare them with purchase records. VA concurred with this and one other recommendation and is taking preliminary actions to track software license usage. Implementation of these recommendations would allow VA to identify opportunities to reduce costs on duplicate or unnecessary licenses. As of July 2025, both recommendations remain open.
  - We have also issued reports about governmentwide actions related to the federal cybersecurity workforce. With regard to VA, in January 2025 we reported that VA fully implemented practices related to setting the strategic direction for the cybersecurity workforce.<sup>16</sup> However, additional work remained to complete practices related to conducting cybersecurity workforce analyses, developing a workforce action plan, implementing and monitoring the plan, and evaluating the results of actions taken. We made five recommendations to VA on this topic, all of which remain open as of July 2025.
  - In our September 2024 government-wide review on cloud computing procurement, we found that VA fully addressed two of the five cloud computing procurement requirements established by the Office of

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<sup>15</sup>GAO, *Veterans Affairs: Actions Needed to Address Software License Challenges*, [GAO-25-108475](#) (Washington, D.C.: May 19, 2025); *Federal Software Licenses: Agencies Need to Take Action to Achieve Additional Savings*, [GAO-24-105/17](#) (Washington, D.C.: Jan. 29, 2024).

<sup>16</sup>See, for example, GAO, *Cybersecurity Workforce: Departments Need to Fully Implement Key Practices*, [GAO-25-106795](#) (Washington, D.C.: Jan. 16, 2025); *Cybersecurity Workforce: Agencies Need to Accurately Categorize Positions to Effectively Identify Critical Staffing Needs*, [GAO-19-144](#) (Washington, D.C.: Mar. 12, 2019); and *Cybersecurity Workforce: National Initiative Needs to Better Assess Its Performance*, [GAO-23-105945](#) (Washington, D.C.: Jul. 27, 2023).

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Management and Budget (OMB).<sup>17</sup> VA addressed the requirements related to ensuring the agency's chief information officer oversaw modernization, as well as iteratively improving agency policies and guidance. VA's guidance also partially addressed OMB's requirement for having cloud service level agreements in place. However, VA did not have guidance in place that addressed the requirements for standardizing cloud contract service level agreements and ensuring continuous visibility in high value asset contracts. Accordingly, we made four recommendations to VA to address the three requirements, and VA concurred with our recommendations. The four recommendations remain open.

We will continue to monitor the progress made by VA in implementing the recommendations.

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### VA Requested \$7.3 Billion for IT in Fiscal Year 2026

VA has requested \$7.3 billion to fund its IT systems in fiscal year (FY) 2026, a \$298 million (about 4 percent) overall decrease from its enacted budget in FY 2025.<sup>18</sup> In addition, VA has requested funding to support 6,992 full-time equivalent employees in FY 2026, which is an overall decrease of about 11.7 percent from the 2025 enacted levels. Further, the request proposes legislative changes to VA's budget authority by removing subaccounts for development, operations and maintenance, and pay. VA also requested an IT appropriation with a period of availability of three years, rather than the one-year funds it currently receives.

VA's budget request also reflects a range of planned reforms. For example, VA is requesting a total of \$3.5 billion for the EHR modernization program. This is an increase of nearly \$2.2 billion over the FY 2025 request. VA plans to use these funds to accelerate the deployment of the EHR to additional locations.

In addition, VA's budget request's proposed amounts also reflect reduced spending on duplicative legacy systems and pauses in procurement of

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<sup>17</sup>GAO, *Cloud Computing: Agencies Need to Address Key OMB Procurement Requirements*, [GAO-24-106137](#) (Washington, D.C.: Sept. 10, 2024). Purchasing IT services through a cloud service provider enables agencies to avoid paying directly for all the computing resources that would typically be needed to provide such services. As such, cloud computing offers federal agencies a means to buy services more quickly and possibly at a lower cost than building, operating, and maintaining these computing resources themselves.

<sup>18</sup>The IT Systems total request for FY 2026 includes discretionary funding from the IT Systems appropriation and mandatory funding from the Toxic Exposures Fund.

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new systems until VA can conduct a full review of them, resulting in about a \$500 million reduction. VA also seeks to streamline administrative practices for about \$40 million in savings. Further, VA's request states that a reduction of 931 full-time equivalents is consistent with maturing technology delivery models and a shift toward automation and digital services.

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### GAO Has Identified Leading Practices to Assess Agency Reform Efforts

We have found that effective reform efforts require a combination of people, processes, technologies, and other critical success factors to achieve results. Our prior work describes 12 leading practices that federal agencies can use in agency reform efforts, including efforts to streamline and improve the efficiency and effectiveness of operations.<sup>19</sup>

The 12 leading practices fall under four broad categories, including: (1) goals and outcomes, (2) process for developing reforms, (3) implementing the reforms, and (4) strategically managing the federal workforce. Our prior work additionally identifies key questions that can be used to assess the development and implementation of agency reforms. See figure 1 for a list of the leading practices and examples of key questions.<sup>20</sup>





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<sup>19</sup>GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: Jun. 13, 2018).

<sup>20</sup>For each of these categories, we identify subcategories for which we include specific questions that agencies, Congress, and OMB should ask about planned reform efforts. For the purpose of this testimony, we have selected for inclusion questions that may be relevant to VA's IT reorganization for each subcategory. A full list of questions can be found in [GAO-18-427](#).



Figure 1: Leading Practices and Selected Key Questions for Assessing Agency Reform Efforts

Categories for Leading Practices	Subcategories	Selected Key Questions
 <p><b>Goals and Outcomes</b></p> <p>What was the agency trying to achieve with its proposed reforms, and who should achieve them.</p>	<ul style="list-style-type: none"> <li>Determining the Appropriate Role of the Federal Government</li> <li>Establishing Goals and Outcomes</li> </ul>	<ul style="list-style-type: none"> <li>To what extent has the agency established clear outcome-oriented goals and performance measures for the proposed reforms?</li> <li>To what extent has the agency identified any risks of using contractors to perform activities, and if so, has it developed appropriate risk mitigating strategies?</li> </ul>
 <p><b>Process for Developing Reforms</b></p> <p>What was the process used to develop the proposed reforms, and what factors were considered.</p>	<ul style="list-style-type: none"> <li>Involving Employees and Key Stakeholders</li> <li>Using Data and Evidence</li> <li>Addressing Fragmentation, Overlap, and Duplication</li> <li>Addressing High Risk Areas and Longstanding Management Challenges</li> </ul>	<ul style="list-style-type: none"> <li>How and to what extent has the agency consulted with the Congress and other key stakeholders, such as planned users, to develop its proposed reforms?</li> <li>What data and evidence has the agency used to develop and justify its proposed reforms?</li> </ul>
 <p><b>Implementing the Reforms</b></p> <p>What practices did the agency put in place to support the successful implementation of proposed reforms.</p>	<ul style="list-style-type: none"> <li>Leadership Focus and Attention</li> <li>Managing and Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Is there a dedicated implementation team that has the capacity, including staffing, resources, and change management expertise, to manage the reform process?</li> <li>How has the agency ensured their continued delivery of services during reform implementation?</li> </ul>
 <p><b>Strategically Managing the Federal Workforce</b></p> <p>What practices did the agency use to support the development and implementation of its proposed reforms regarding its workforce and performance management strategies.</p>	<ul style="list-style-type: none"> <li>Employee Engagement</li> <li>Strategic Workforce Planning</li> <li>Workforce Reduction Strategies</li> <li>Employee Performance Management</li> </ul>	<ul style="list-style-type: none"> <li>How does the agency plan to sustain and strengthen employee (user) engagement during and after the proposed reforms?</li> <li>To what extent has the agency conducted strategic workforce planning to determine whether it will have the needed resources and capacity, including the skills and competencies, in place for the proposed reforms or reorganization?</li> </ul>

Sources: GAO; lovemask/stock.adobe.com (icons). | GAO-25-108627

## Goals and Outcomes

Efforts to reform government are immensely complex activities that require agreement on both the goals to be achieved and the means for achieving them. Establishing a mission-driven strategy and identifying specific desired outcomes to guide that strategy are critical to achieving intended results. This includes:

**Determining the appropriate role of the federal government.** It is important for agencies to reexamine the role of the federal government in carrying out specific activities by reviewing their continued relevance and



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	<p>determining whether the federal government is best suited to provide that service.</p> <ul style="list-style-type: none"> <li>• To what extent have the proposed reforms included consideration for other levels of government or sectors' ability or likelihood to invest their own resources to address the underlying challenges?</li> <li>• To what extent has the agency identified any risks of using contractors to perform activities, and if so, has it developed appropriate risk mitigating strategies?</li> </ul> <p><b>Establishing goals and outcomes.</b> Agreement on specific goals can help decision makers determine what problems genuinely need to be fixed, how to balance differing objectives, and what steps need to be taken to create long-term gains.</p> <ul style="list-style-type: none"> <li>• To what extent has the agency established clear outcome-oriented goals and performance measures for the proposed reforms?</li> <li>• To what extent has the agency shown that the proposed reforms align with the agency's mission and strategic plan?</li> <li>• To what extent has the agency included both short-term and long-term efficiency initiatives in the proposed reforms?</li> </ul>
Process for Developing Reforms	<p>Successful reforms require an integrated approach that involves employees and key stakeholders (such as system users) and is built on the use of data and evidence. Reforms should also address agency management challenges, such as those we have identified as fragmented, duplicative, or overlapping or high-risk. These include:</p> <p><b>Involving employees and key stakeholders.</b> It is important for agencies to directly and continuously involve their employees, the Congress, and other key stakeholders in the development of any major reforms. Involving employees, customers, system users, and other stakeholders helps facilitate the development of reform goals and objectives. Incorporating insights from a frontline perspective also facilitates buy-in (or success) and increases customer acceptance of any changes.</p> <ul style="list-style-type: none"> <li>• How and to what extent has the agency consulted with the Congress, system users, and other key stakeholders, to develop its proposed reforms?</li> <li>• How and to what extent has the agency engaged employees and employee unions in developing the reforms (e.g., through surveys, focus groups) to gain their ownership for the proposed changes?</li> </ul>

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- How and to what extent has the agency involved other stakeholders, as well as its customers and other agencies serving similar customers or supporting similar goals, in the development of the proposed reforms to ensure the reflection of their views?

**Using data and evidence.** Agencies are better equipped to address management and performance challenges when managers effectively use data and evidence, such as from program evaluations and performance data that provide information on how well a program or agency is achieving its goals.

- What data and evidence has the agency used to develop and justify its proposed reforms?
- How has the agency determined that the evidence contained sufficiently reliable data to support a business case or cost-benefit analysis of the reforms?

**Addressing fragmentation, overlap, and duplication.** Agencies may be able to achieve greater efficiency or effectiveness by reducing or better managing programmatic fragmentation, overlap, and duplication.<sup>21</sup>

- To what extent have the agency reform proposals helped to reduce or better managed the identified areas of fragmentation, overlap, or duplication?
- To what extent has the agency identified cost savings or efficiencies that could result from reducing or better managing areas of fragmentation, overlap, and duplication?

**Addressing high-risk areas and longstanding management challenges.** Reforms improving the effectiveness and responsiveness of the federal government often require addressing longstanding weaknesses in how some federal programs and agencies operate.

- What management challenges and weaknesses are the reform efforts designed to address?
- How has the agency identified and addressed critical management challenges in areas such as information technology, cybersecurity, acquisition management, and financial management that can assist in the reform process?

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<sup>21</sup>For more information, see our most recent annual report: GAO, *2025 Annual Report: Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve an Additional One Hundred Billion Dollars or More in Future Financial Benefits*, [GAO-25-107904](#) (Washington, D.C.: May 13, 2025)

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- How have findings and open recommendations from GAO and the agency Inspector General been addressed in the proposed reforms?

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#### Implementing the Reforms

Our prior work on organizational transformations shows that incorporating change management practices improves the likelihood of successful reforms.<sup>22</sup> It is also important to recognize agency cultural factors that can either help or inhibit reform efforts and how change management strategies may address these potential issues. This includes:

**Leadership focus and attention.** Organizational transformations should be led by a dedicated team of high-performing leaders within the agency.

- Has the agency designated a leader or leaders to be responsible for the implementation of proposed reforms?
- How will the agency hold the leader or leaders accountable for successful implementation of the reforms?
- Has the agency established a dedicated implementation team that has the capacity, including staffing, resources, and change management expertise, to manage the reform process?

**Managing and monitoring.** Implementing major transformation can span several years and must be carefully and closely monitored.

- How has the agency ensured their continued delivery of services during reform implementation?
- What implementation goals and a timeline have been set to build momentum and show progress for the reforms?
- Has the agency put processes in place to collect the needed data and evidence that will effectively measure the reforms' outcome-oriented goals?

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#### Strategically Managing the Federal Workforce

At the heart of any serious change management initiative are the people—because people define the organization's culture, drive its performance, and embody its knowledge base. Failure to adequately address a wide variety of people or cultural issues can lead to unsuccessful change. Areas to consider are:

**Employee engagement.** Increased levels of engagement can lead to better organizational performance, and agencies can sustain or increase

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<sup>22</sup>GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: Jul. 2, 2003)

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their levels of employee engagement and morale even as employees weather difficult external circumstances.<sup>23</sup>

- How does the agency plan to sustain and strengthen employee (user) engagement during and after the reforms?

**Strategic workforce planning.** Strategic planning should precede any staff realignments or downsizing, so that changed staff levels do not inadvertently produce skills gaps or other adverse effects that could result in increased use of overtime and contracting.

- To what extent has the agency conducted strategic workforce planning to determine whether it will have the needed resources and capacity in place for the proposed reforms or reorganization?
- To what extent does the agency track the number and cost of contractors supporting its agency mission and the functions those contractors are performing?
- How has the agency ensured that actions planned to maintain productivity and service levels do not cost more than the savings generated by reducing the workforce?
- What succession planning has the agency developed and implemented for leadership and other key positions in areas critical to reforms and mission accomplishment?
- To what extent have the reforms included important practices for effective recruitment and hiring such as customized strategies to recruit highly specialized and hard-to-fill positions?

**Workforce reduction strategies.** It is critical for an agency to carefully consider how to strategically downsize the workforce and maintain staff resources to carry out its mission through considering staffing plans and personnel costs, organizational design, and the appropriateness of backfilling positions as they become vacant.

- To what extent has the agency considered skills gaps, mission shortfalls, increased contracting and spending, and challenges in aligning workforce with agency needs?

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<sup>23</sup>In a previous review of trends in federal employee engagement, we identified six key drivers of engagement based on our analysis of selected questions in the Federal Employee Viewpoint Survey. Drivers include, for example, constructive performance conversations and work-life balance. See GAO, *Federal Workforce: Additional Analysis and Sharing of Promising Practices Could Improve Employee Engagement and Performance*, GAO-15-585 (Washington, D.C.: Jul. 14, 2015) for more details.

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- To what extent has the agency linked proposed "early outs" and "buyouts" to specific organizational objectives?

**Employee performance management.** Effective performance management systems provide supervisors and employees with the tools they need to improve performance.

- To what extent has the agency aligned its employee performance management system with its planned reform goals?
- How has the agency included accountability for proposed change implementation in the performance expectations and assessments of leadership and staff at all levels?
- As part of the proposed reform development process, to what extent has the agency assessed its performance management to ensure it creates incentives for and rewards top performers, while ensuring it deals with poor performers?

In summary, consideration of leading practices and relevant questions can benefit VA's development and implementation of its reform efforts. Further, if effectively implemented, such efforts can result in success in overcoming VA's long history of ineffectively managing IT resources.

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Chairman Barrett, Ranking Member Budzinski, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

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## GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Carol C. Harris at [harriscc@gao.gov](mailto:harriscc@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

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