

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

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Good morning, Chairman Takano, Ranking Member Bost, and members of the committee, thank you for the opportunity to testify on the state of VA's infrastructure and the American Jobs Plan (AJP), as well as our human capital and systems of support. I am Brett Simms, Executive Director, Office of Asset Enterprise Management. Accompanying me today are Jessica Bonjorni, Chief of VHA Human Capital Management and Acting Principal Deputy Assistant Secretary for the VA Office of Information and Technology, Paul Brubaker.

For more than a century, VA has delivered on a mission unique in the Nation and around the globe. VA is the fulfillment of the Nation's promise to deliver health care and benefits after service for more than 9 million Veterans, their families, and caregivers, to enable pursuit of the American dream through education and homeownership, to drive the leading edge of health research, to educate future generations of healthcare providers, and to enable the Federal government to extend relief to Veteran and civilian Americans in times of natural disaster and pandemic. As the U.S. Veteran population shifts in age, geography, and expectations of the system they depend on, and as healthcare technology and innovation accelerate, VA's infrastructure is struggling to keep pace.

VA is responsible for an immense real estate portfolio, maintaining almost 40,000 acres, with more than 157 million square feet across nearly 6,300 VA-owned buildings. The average age of these buildings is nearing 60 years old, with 1,800 historic or eligible for historic status actively being used and more than 300 others still managed by VA. VA healthcare facilities are more than 50 years old on average. By comparison, the median age of U.S. private sector hospitals is roughly 11 years. Due to the increasing age of our facilities, VA's facility correction costs have doubled from \$11.6 billion in 2010 to \$22.3 billion in 2020 and VA continues to grow to meet increased service demand. In the last five years, VA has worked to right size the capital asset portfolio, increasing the owned portfolio by nearly 1.7 million square feet to address space and capacity gaps identified through our Strategic Capital Investment Planning process.

VA has also increased reliance on leasing, growing from less than 750 leases prior to 2010 to nearly 2,000 in 2020 (166% increase) with leased square footage increasing from approximately 17.6 million square feet to 27.2 million square feet (54% increase). Leasing provides VA flexibility in occupying spaces closest to where Veterans are to provide enhanced access to care for veterans and allows VA to quickly adapt to

changing technology. Where Veteran service needs or demographics change, the ability to expand, contract, refresh, or end a lease is more easily accomplished compared to owned infrastructure. As part of our continued efforts to address infrastructure needs, we are currently waiting on authorization for 13 major leases and four major construction projects, as requested in the FY 2021 Budget, in order to expand health care access. We look forward to working with Congress on addressing this important issue.

Case for Investment

The President has called for \$18 billion in the American Jobs Plan (AJP) to modernize VA health care facilities. These proposed investments will pay long-term dividends by offsetting growing costs of older facilities while meeting the health care needs of Veterans now and into the future.

VA is unique among Federal agencies in that we have facilities in virtually every state, community, and Congressional district. Investment in VA infrastructure means local jobs across the country, improved care environments for Veterans, and the beginning of transformation to a modern healthcare system. However, VA's aging infrastructure is a looming barrier to the excellence in care and service delivery Veterans have earned. Healthcare innovation is occurring at an exponential pace, and the comparative youth of private sector facilities is informed by these trends. The architects who designed and constructed facilities many decades ago could not have anticipated the requirements of today's medical technology, including the key enabling role that infrastructure—to include technological infrastructure—now plays in delivering safe and high-quality healthcare. As VA progresses on building the high-performing, integrated healthcare delivery network of the future, we recognize the critical role that facilities play in delivering health care to Veterans and how we must continue to focus our efforts on the best practices in capital portfolio management that enable better facility outcomes for those we serve.

Case for how American Jobs Plan will help VA Health Care

The American Jobs Plan that President Biden has called for requests \$3 billion to address immediate infrastructure needs within VA health care facilities, such as upgrades to support the growing number of women Veterans, improvements to utility and building systems for more energy efficient operations, and enhancements to facility access to accommodate aging veterans. These investments will span programs, including major construction, minor construction, and non-recurring maintenance. This funding will also accelerate ongoing major construction project work to provide access to high quality health care more quickly. Some of this effort will focus on core infrastructure, such as utility system improvements and facility access. This includes key facility upgrades to respond to aging Veteran demographics as there are now 1.7 million Veterans who are 70 years or older, and this number is expected to grow to 2.8 million by 2030.

President Biden has also requested \$15 billion to fully modernize or replace outdated medical centers with state-of-the-art facilities to provide our Veterans the care they deserve. This need reflects aging facilities, incorporates a person-centered approach, adopt modern trends in U.S. healthcare, and align with the Asset and Infrastructure Review (AIR) Commission, scheduled to complete recommendations in 2023

To determine the most appropriate investments for the recapitalization effort, VA will leverage a data driven process to identify potential sites. The data leveraged will include physical attributes, such as age and condition of the facilities, as well as capacity attributes related to the functional fit of our facilities to meet healthcare demands. Each of those elements will be associated with weights that will determine scores for each medical center. Once the top tier of priority sites are identified for consideration, factors such as facility size, complexity, on-going investments, service composition, and opportunities to leverage different models of care will be assessed, along with funding availability, to make determinations on the appropriate investments.

VA is acutely cognizant that the AJP and AIR Commission are parallel activities. While they are not directly dependent on one another, VA views both as driving toward the same outcome to ensure facilities get the necessary investment to support care and service delivery into the future. The VA MISSION Act (PL 115-182) requires VA to continue construction, leasing, budgeting, and long-range capital planning activities while the market assessment and AIR Commission activities are occurring. The AJP supports this requirement with additional resources and allows coordination with the AIR Commission work before investment of those resources.

Work on the market assessments has been on-going for nearly two years, allowing VA to gain significant insights into trends in the VA healthcare delivery system. Enhancing Veteran access and outcomes will be the foremost consideration in all cases, including where VA has significant shifts in demand, service composition, or other factors. In some cases, moving from an older facility in poor condition to a more modern infrastructure may be the best investment.

VA recognizes that the amount of funding requested in AJP is significantly larger than our typical appropriations, even when factoring in Congressional “plus-ups” that have occurred. Because of this, the approach to execution must adapt, becoming a whole of government and industry approach, rather than VA attempting to execute as it has in the past. VA will leverage our federal partners to expand capacity and continue to engage with industry to adopt the most effective and innovative delivery methods and contract vehicles to rapidly scale and speed up. In addition, VA is also changing the way we execute our construction programs by streamlining facility designs and lowering risk to project delivery. By leveraging standardized facility designs and building more flexible space, VA will better manage cost and schedule for these projects. If authorized, the AJP program will also be centrally managed, adding additional controls and accountability to streamline execution.

VA's large Federal footprint positions it to have a consequential role in furthering Federal climate and sustainability efforts through the investment funded through the AJP. The AJP and VA's pursuit of a recapitalization initiative to modernize and improve its facility portfolio will include opportunities to build sustainable and energy efficient medical facilities in support of the Administration's goal of a carbon pollution free electrical grid by 2035.

VA has already reduced its energy and water intensity use despite significant increases of patient care activity by over 40% since 2008. VA's ongoing commitment to clean energy has resulted in investments in solar photovoltaic projects at our facilities across the country and the use of energy performance contracting activity supporting over \$1 billion of critical energy and water infrastructure improvements, expecting to generate \$1.6 billion of avoided energy and water costs over the life of those contracts.

VA recently re-established a Climate Change Task Force with the goal of re-invigorating climate change discussions across the department, in support of Executive Order (EO) 14008. This group's efforts will drive the initial Climate Action Plan creation and will serve as a baseline to identify risks and opportunities to improve the resiliency of VA facilities and operations by further incorporating climate priorities into VA's infrastructure planning and healthcare operations.

The AJP offers VA an unparalleled infrastructure investment opportunity and the age and condition of our facilities demand that we do better by our Nation's Veterans. The investment the AJP provides will positively impact the economies of almost every state, community, and Congressional district; and the Nation will have a modern health care system prepared to deliver in times of crisis.

Investment in Human Capital

As the largest integrated healthcare system in the United States, the Veterans Health Administration (VHA) recognizes that investing in its workforce is key to delivering the best possible clinical care to Veterans. With more than 369,000 employees onboard, including over 27,000 physicians and more than 94,000 registered nurses and licensed practical nurses, VHA is continuously recruiting new staff while investing in the development and retention of the current workforce.

Turnover in VHA is 8.9% overall, which compares favorably with private sector health care industry rates of 20 to 30%, as reported by the Bureau of Labor Statistics JOLT Survey. As a very large organization, VA expects to have an approximate 10% vacancy rate at any given time due to the normal churn of positions resulting from retirements, resignations, and other losses. Currently, VHA has an overall vacancy rate of approximately 12.8%, while physicians and registered nurses both have a vacancy rate of 11.0%.

In addition to filling critical clinical vacancies due to turnover of staff, VHA has grown its workforce by approximately 4% each year for the past five years to meet the health care needs of Veterans, including a five-year growth rate of 11% for physicians and 20% for registered nurses. VHA's staffing challenges mirror those of the private

sector—there is a shortage of health care professionals in the United States, especially in rural areas and for scarce physician specialties (i.e. Psychiatry, Internal/Family Medicine, Gastroenterology, Geriatric/Palliative Care Medicine, Critical Care Nursing: OR, ER, and ICU). To remain competitive in the healthcare labor market, VHA offers competitive total rewards packages that may include incentives, loan repayment, and various paid leave benefits.

VA invests in employees through numerous development opportunities. In addition to the education and scholarship programs, VA also invests in formal internal training such as the Veterans Affairs Acquisition Academy (VAAA) and external training opportunities for project management with approved training centers. Internal development programs include the Virtual Aspiring Supervisors Program, Technical Career Field Program, Health Care Leadership Development Program, and Leadership VA. These are all competitive development programs designed to build the next generation of leaders of VA. In FY 2021, VHA launched LEAD-X, a self-paced virtual leadership course aligned with VA's Leadership Development Framework, which allows any employee to pursue a curated self-paced learning program to build their leadership competencies.

Future Workforce Investment

VHA invests in developing talent early in the recruitment pipeline through scholarship programs such as the VA Learning Opportunities Residency (VALOR), Health Professions Scholarship Program (HPSP), and Specialty Education Loan Repayment Program (SELRP). These scholarship programs focus on development of future clinical staff in key specialties in exchange for a service commitment to work at VA, building over 7,000 new clinical staff since 2007. With new authorities granted in the MISSION Act, in 2020 VHA began awarding scholarships to medical students and is currently accepting applications for the inaugural year of SELRP for physicians pursuing residency training in Psychiatry, Family Practice, Internal Medicine, Emergency Medicine, Gastroenterology, Urology, and Geriatric Medicine VHA continues to market to the Teague Cranston Universities and Historically Black Colleges and Universities, thereby improving diversity of our clinical talent pipeline.

VA conducts the largest health professions education platform in the United States. VA is authorized by Title 38 Section 7302 to provide clinical education and training programs for developing health professionals for VA and the nation. During the 2019-2020 Academic Year (AY), VA's Office of Academic Affiliations maintained affiliations with 149 Liaison Committee on Medical Education (LCME)-accredited allopathic schools (MD) and 37 Commission on Osteopathic College Accreditation (COCA)-accredited osteopathic medical schools (DO). VA trained 47,498 Graduate Medical Education (GME) trainees in AY 2019-2020.

The Veterans Access, Choice, and Accountability Act of 2014, Public Law (PL) 113-146 (the Choice Act) allowed VA to provide for up to 1,500 additional GME positions. This required VA to establish new medical residency programs and ensure

that established medical residency programs have enough residency positions at priority VAMCs with a shortage of physicians, without medical residency programs, in communities designated as a health professional shortage area or with a high concentration of Veterans. Priority was placed on medical occupations that experience the largest staffing shortages throughout the VA and in primary care, mental health, and any other specialty that the Secretary of the VA determines appropriate. Through AY 2019-2020, VACAA-authorized positions were awarded to high priority VAMCs in primary care (40%), mental health (25%), and other critical needs specialties (35%). These strategic investments in the future clinical workforce will help VHA maintain a dedicated talent pipeline in future years.

Recruitment & Retention Investment

VHA has a robust and multi-pronged approach to recruitment. In addition to making career opportunities available to the public through the VA career website, [VACareers.va.gov](https://vacareers.va.gov), national recruiters support large scale recruitment efforts and targeted clinical specialty recruiting through long-term applicant sourcing and award-winning recruitment marketing campaigns. Local facilities have in-house recruiters, who reach out to and coordinate with applicants on a local level including outreach to nearby training programs and hosting open houses and recruitment fairs to facilitate hiring. Facilities also produce job and station-specific advertisements in local, state, and national publications, journals, newspapers, radio advertisements, hold local career/job fairs, and attend local and regional job fairs.

VA uses a variety of financial incentives to attract critical clinical health care providers including recruitment, relocation, and retention (3R) incentive, Special Salary Rates, Appraised Value Offer, the Education Debt Reduction Program (EDRP), the Student Loan Repayment Program (SLRP), and the Employee Incentive Scholarship Program (EISP). For example, VHA uses EDRP to recruit and retain health care providers in specific, difficult to fill clinical positions for up to five years by providing student loan payment reimbursements of up to \$40,000 annually, for a total reimbursement of up to \$200,000 for qualifying student loans. In FY 2020, \$70 million in EDRP loan reimbursements helped secure nearly 2,000 additional employees for VHA serving in patient care positions, bringing the active participant total to over 5,500.

Information Technology Workforce Investment

VA's Office of Information & Technology (OIT) workforce needs mainly center around highly qualified cybersecurity professionals which are difficult to recruit and retain. There continues to be a nationwide shortage of highly qualified cybersecurity experts which is supported by the US Bureau of Labor Statistics projected growth of 32 percent from 2018 to 2028. To address this challenge, VA OIT uses various workplace flexibilities such as alternative work schedules, telework, creditable leave, and recruitment and retention incentives.

Additional non-financial incentives include: Technical Career Field and Pathways programs, access to new technologies, work on national defense problems, leadership mentoring on key projects, and collaboration with the very best in academia and industry to attract and retain IT talent. Talent Acquisition Consultants are actively identifying and proactively recruiting candidates outside of traditional federal recruiting channels which allows the identification of potential applicants who possess specific skill sets to meet the needs of OIT.

The Business Case for Employee Engagement

In VA's 2018-2024 Strategic Plan, Management Objective 4.2, the Department recognizes "that the ability to deliver world-class customer experience is strongly dependent on high levels of employee engagement" by empowering and enabling a diverse workforce. OPM defines employee engagement as: "The employee's sense of purpose that is evident in their display of dedication, persistence, and effort in their work or overall attachment to their organization and its mission." Studies show that employee engagement is a core driver of performance as well as lower rates of turnover, complaints, accidents, and absenteeism. Engaged employees are as follows: (1) twice as likely to stay in their current jobs; (2) two-and-a half times more likely to feel they can make a difference; and (3) three times as likely to report being satisfied in their jobs.

Our performance of VA's mission is amplified by our commitment to inclusion, diversity, equity and access – traits and characteristics that make people unique as well as behaviors and social norms that ensure people feel valued, welcome and comfortable. Our core I-CARE values – Integrity, Commitment, Advocacy, Respect and Excellence – define our culture and reinforce our devotion to those we serve. Our core values provide a baseline for the standards of behavior expected of all VA employees. To enable VA to sustain respect and collaboration amongst our multicultural workforce to serve a multicultural Veteran community and Nation, VA will collaborate across the Federal government, the Administration, and with members of Congress to: (1) conquer our natural biases by advancing cultural competence and humility; (2) embrace the business case for diversity, inclusion, and civil treatment of others; (3) foster employee engagement; and (4) inspire conscious inclusion, diversity, equity and access in everything we do. Through these strategies, we can be an organization committed to equity, humanity and justice for our employees and those we serve.

Systems of Support

OIT is ensuring that IT investments, including OIT's personnel, policies, and support processes, are delivering measurable improvements in mission and operational performance creating better life outcomes for our nation's Veterans. A major focus area is creating a modern and seamless service experience between the Department and those we serve. OIT leverages the necessary tools, technologies, and skill sets to meet our Veteran's 21st century digital service expectations. Achieving this goal requires modernizing the touchpoints, workflows, tools, and infrastructure that converge to deliver the services that our Veterans have earned through their service and

sacrifice. Veterans deserve a customer experience similar to services they encounter in the private sector. OIT is developing best practices and processes that are necessary to create a best-in-class digital experience for those who served. One that will not only meet expectations in the near-term, but adapt to the changing Veterans needs as we work with our stakeholders and business partners to continue building a 21st century VA.

As VA builds its physical infrastructure to meet Veteran service demands of the future, OIT is prepared to integrate the virtual environment to ensure that the necessary tools and automation are there at the point of care wherever they reside. We are focusing our IT investment strategy on jointness, closely coupled with our business partners across VA to ensure that we fully understand, prepare for, and adapt to any changes in the Department's physical infrastructure.

Conclusion

VA is appreciative of Congress and the committee's investment and oversight of VA's physical infrastructure program, human capital and systems of support. We look forward to working with you to find innovative ways to improve our programs and discuss how the President's America Jobs Plan will modernize VA's infrastructure to meet current health care needs. My colleagues and I look forward to your questions.