



ISSUE BRIEF: VA CONSTRUCTION

The Situation

- VA manages and maintains more than 5,600 buildings and almost 34,000 acres of land, valued at \$45 billion. While VA attempts to maintain these structures in a workable state, many are more than 100 years old, and the average age of a VA building in use today is over 60 years.
- Although VA has addressed a number of critical infrastructure needs in these facilities, more than 4,000 gaps linger; to close those gaps will cost \$51-\$62 billion, with an additional \$11 billion needed for activation costs in new facilities.
- Given the need to modernize, particularly in the face of rising demands for health care by over 2 million newer veterans of Iraq and Afghanistan deployments, and over 6 million existing VA patients, VA will need to invest \$30 to \$35 billion over the next decade and more, in major and minor construction, and for capital leases. The residual \$20 billion will be needed to address nonrecurring maintenance deficiencies.
- VA research laboratory infrastructure provides an important link to connect VA to 104 medical schools, and other academic affiliates. In these facilities VA research scientists make extraordinary contributions to the advancement of health care.

The Challenge

- At VA's documented pace of budget proposals for major and minor construction, its "Strategic Capital Investment Plan"—an internally developed 10-year planning forecast, will actually need 25 years to achieve its stated goals. In effect, VA is not positioned today to address its needs for capital infrastructure going forward.
- An independent report released in 2012 found unmet needs of nearly \$800 million to bring these facilities up to date and make them safer, including complete replacement of many determined too expensive to repair. The report indicated many of the needs in VA research facilities involve life-safety risks for those who come in contact with and work in these laboratories.
- VA has proposed Congressional authorization of a number of capital leases, primarily to host VA-operated community-based outpatient clinics. The Congressional Budget Office (CBO) has concluded Congress must appropriate all lease payments over the life of the lease as a part of the authorization of the initial lease itself. In the previous CBO policy, Congress only needed to appropriate the first-year lease cost if it exceeded \$1 million, leaving subsequent lease years to the discretion of the Administration, and to be dealt with through year-by-year budget requests. While dozens of proposed and projected VA leases await authorization in the pipeline, the revised CBO policy effectively halts any further capital leases for VA facilities, denying access to care to a huge population of veterans now, and even more in the future.
- Congress provided VA slightly more than \$1.1 billion for both major and minor construction combined in Fiscal Year (FY) 2013—far below the amount actually needed, and far less than recommended by the *Independent Budget* and DAV.

The Solution

- As a partner in the *Independent Budget*, for FY 2014, DAV recommends \$2.1 billion be appropriated in these two key capital infrastructure accounts, VA Major Medical Facility and Minor Construction. For VA research facilities, DAV urges Congress to appropriate \$50 million for major construction, and \$175 million in minor construction and maintenance and repair funding.
- DAV urges Congress to address CBO's new policy that halts VA capital leases, either with legislation or by changing CBO's new rules for evaluating the cost of leased projects.