



ISSUE BRIEF: CRITICAL INFRASTRUCTURE

The Situation

- VA manages and maintains almost 34,000 acres of land and more than 6,000 buildings valued at \$45 billion or more. VA attempts to maintain these structures in a workable state, but the average age of a VA building in use today is more than 60 years, and some are more than 100 years old.
- Although VA has addressed a number of critical infrastructure needs in these facilities, according to VA's own projections, thousands of gaps linger and will cost from \$53 to \$65 billion to rebuild, modernize or repair, including \$9 to 11 billion needed for activation costs associated with new facilities.
- VA research laboratory infrastructure provides an important link to hundreds of medical schools and other academic affiliates. An independent report released in 2012 found unmet needs of nearly \$800 million to bring VA research facilities up to date and make them safer, including recommendations for complete replacement of many facilities determined too expensive to repair.
- The Administration requested \$1.8 billion for both major and minor construction combined in fiscal year (FY) 2019—far below the amount actually needed, and far less than the \$2.5 billion recommended by DAV and its *Independent Budget* partners.
- In addition to owning real property, VA leases medical facilities in hundreds of communities across the nation allowing VA to meet access and capacity goals in locales across the country, including rural settings. However, approval of many leases has been delayed due to budget scoring rules that require the entire cost of the lease to be paid in the first year.

The Challenge

- To modernize the veterans' health care system VA will need to invest tens of billions of dollars over the next decade and more, in major and minor construction, and for capital leases, as well as \$22 billion or more for nonrecurring maintenance deficiencies.
- If VA continues to propose budgets for major and minor construction through its "Strategic Capital Investment Plan"—at recent years' requested levels, it will take VA 25 years or more to achieve its stated goals. Consequently, it is not currently positioned to address urgent capital infrastructure needs.
- A policy shift by the Congressional Budget Office (CBO) in 2012 has effectively halted Congressional authorization of medical facility leases. Also, as old leases expire and need reauthorization in future years, this CBO decision jeopardizes existing VA-leased health, research, and other facilities.

The Solution

- VA must develop and Congress must approve a long-term strategy for its capital infrastructure needs, including its research laboratories, and provide sufficient funding support to implement this strategy.
- Congress and VA must also establish a long-term solution to authorize leases so they can be funded quickly and completed without delay.
- As a partner in the *Independent Budget*, for FY 2019, DAV recommends \$2.5 billion be appropriated in total for VA's two key capital infrastructure accounts; VA Major Medical Facility and Minor Construction. For VA research facilities, DAV urges Congress to include an additional \$50 million for major construction, and \$175 million in minor construction for maintenance and repair projects.