Draft legislation, the Asset and Infrastructure Review Act of 2017, and H.R. 2773, to authorize the Secretary of Veterans Affairs to sell Pershing Hall

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Statement of

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With Respect To

"Draft legislation, the Asset and Infrastructure Review Act of 2017, and H.R. 2773, to authorize the Secretary of Veterans Affairs to sell Pershing Hall"

WASHINGTON, D.C.

Chairman Roe, Ranking Member Walz and members of the House Committee on Veterans' Affairs, on behalf of the women and men of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, I thank you for the opportunity to testify on legislation pending before this Committee.

H.R. 2773, to authorize the Secretary of Veterans Affairs to sell Pershing Hall

Pershing Hall has been owned by the Department of Veterans Affairs (VA) since 1991 and is leased as a hotel in Paris, France, until 2097. The VFW agrees that VA should not be in the hotel business, but disposal of the hotel should be more than simply an effort to no longer own the building. The VFW is glad to see that this legislation contains requirements to preserve the history of Pershing Hall and the memory of the brave American service members who fought in World War I.

The VFW would, however, recommend this Committee consider amending this draft legislation to include language that would call for a prospectus that will outline the costs, if any, of breaching the lease agreement and the loss of annual revenue that the current lease provides. With this financial data, VA and this Committee can more clearly see the financial positives and negatives of selling the property.

The VFW also believes that other options must be explored before selling Pershing Hall to a private entity. Since it has been turned into a hotel, the VFW urges this Committee to explore the possibility of transferring the building to the United States Army's Morale, Welfare and Recreation Programs Armed Forces Recreation Centers. The Army's Armed Forces Recreation Centers operate lodging facilities throughout the world, including Korea and Germany.

Draft Legislation, Asset and Infrastructure Review Act of 2017

This legislation would establish a commission to review and amend as needed a VA-generated plan to close, modernize, or realign Veterans Health Administration (VHA) facilities throughout the country. This legislation is based on the Department of Defense's (DOD) Base Realignment and Closure (BRAC) and the Commission on Care's recommendation to "develop and implement a robust strategy for meeting and managing VHA's facility and capital-asset needs." The VFW agrees with the intent of this legislation and has recommendations to improve it.

For more than 100 years, the government's solution to provide health care for our military veterans has been to build, manage and maintain a network of hospitals across the nation. This model allows VA to deliver care at 1,753 facilities, but has left it with more than 5,600 buildings and 34,000 acres, many of which are past their building lifecycle. Many of these facilities need to be replaced, some need to be disposed of, others need to be expanded, and

all of them need to be maintained.

The process to manage this network of facilities is the Strategic Capital Infrastructure Plan (SCIP). SCIP identifies VA's current and projected gaps in access, utilization, condition and safety. It then lists them in order based on the gap's priority. In VA's FY 2018 Budget Submission, the 10-year full implementation plan to close these gaps is estimated to cost $55-$67 billion. The VFW does not foresee a future where VA receives such sums to address all of its capital infrastructure access and safety gaps through its current SCIP process. We agree that VA has an insurmountable capital infrastructure problem, and a dramatic realignment of its assets may help in addressing safety and access gaps to ensure veterans have timely access to the high quality, veteran-centric, and comprehensive health care they have earned and deserve.

The VFW has historically opposed a BRAC-style process for VA medical facilities because the population VA serves is very different from those stationed at and served by military installations. When I was in uniform, the Marine Corps could send me where they wanted, when they wanted, and I had little to no say about it. That is because the nature of our military's obligations and needs change and DOD must realign its assets, including personnel, to defend our nation in an ever-changing security landscape. VA, however, must adapt to the changes in the veterans population and cannot simply require veterans to move from one location to another. Rather, it must continuously adjust capital assets to the changing veteran population. This requires VA to modify, close, or build facilities to adjust to shifts in demand on its health care system.

The SCIP process already addresses the issue of unused or underutilized property, but the process for approving, funding and implementing the plan is what has led to a $67 billion construction backlog. That is why the VFW urges this Committee to require VA to identify barriers in the SCIP process which have led to the backlog and steps needed to ensure a backlog of access and safety infrastructure gaps does not occur after a BRAC-style process is completed. If such barriers and issues are not addressed, the proposed recommendations may not be implemented. For example, a slow and cumbersome construction process impacts VA's ability to complete major construction projects on time and on budget. Another example the VFW has urged this Committee to correct is the congressional authorization process for major medical facility leases. It takes too long for Congress to approve VA leases and veterans are directly impacted by VA's delay in executing such leases. If these issues are not corrected, we will find ourselves in the same or worse situation in the future.

The Commission on Care recommended a workaround to the lease issues that the VFW urges this Committee to consider. It recommended that Congress waive budgetary rules requiring offsets for a period of time and expanding the enhanced-use lease authority to allow VA to enter into needed leases, without accounting for the cost of the entire lease in the first year. However, suspending this offset requirement for a few years will leave VA in the same position it finds itself today if Congress does not find a long-term solution to VA's leasing authority. VA also needs broader authority to enter into enhanced-use leases agreements. Public Law 112-154 reduced VA's authority to allow for only adaptive housing. Returning it to its prior authority will allow VA to lease more of its unused or underutilized property, while still contributing to VA's mission. The VFW is pleased this legislation authorizes VA to use its enhanced-use leases to implement recommendations, but it does not amend VA's overall authority.

The lack of input and buy-in from affected veterans has been the principal reason previous plans to close or realign VA facilities have failed. The VFW is pleased to see this legislation would require the proposed commission to conduct public hearings and seek input from veterans who would be impacted by any commission-made changes to VA's plan. However, this legislation does not require VA to conduct open hearings at medical facilities it plans to realign or close. VA's plan must include local veteran input as well. Including impacted veterans in the process from the beginning ensures more buy-in, if VA takes their concerns and recommendations into account.

This includes the input from veterans who are eligible or enrolled in VA, but do not use VA health care. In the VFW's latest health care survey, we asked veterans who do not use VA to tell us why. Veterans reported having employer-sponsored insurance, not wanting to take appointment slots from veterans who need them more, or problems with access which force them to choose other forms of health care coverage. VA has testified a number of times that it experiences an increase in demand when access to care is improved. If the asset review is successful, VA will improve access to care for veterans in every community. That is why VA must account for the increase in reliance from veterans who have other forms of health coverage, but would begin to use VA because of the increase in access or life changes such as retirement or employment changes that leave veterans without other forms of health care coverage.

Furthermore, past realignment strategies or plans to close VA medical facilities have not failed because of lack of authority. Veterans in such communities object to closures because the proposed plans create gaps in access to care or do not meet their needs. In order to avoid repeating such mistakes, the VFW urges this Committee to require VA to implement the proposed solutions before eliminating facilities or space. Doing so would ensure

veterans do not experience a gap in access or continuation of care. Simply purchasing more care from community care providers is not an acceptable option. For example, VA and Congress cannot expect veterans to wait 10 years for a new facility to be built and think VA is able to close the old facility immediately.

Veterans tell the VFW that they want VA to hire more doctors and build more capacity instead of simply turning to community care to fill the gaps. Through the Veterans Choice Program, we now know that the community is a great force multiplier for VA, but it is not a panacea of access or quality. The VFW is concerned that this legislation requires VA to identify opportunities to fill access gaps by purchasing care through community care providers, but does not require VA to include recommendations to hire more providers, build new facilities, or lease space to correct deficiencies or fill access gaps. Revenue generated from leasing or selling facilities must be reinvested back into expanding access to VA care for veterans.

While the VFW believes that realignment of VA medical facilities must be a naturally occurring process based on the needs of each local community, we understand that past grassroots efforts have failed and that a one-time BRAC-style approach may lead to a better outcome if done correctly. That is why VFW thanks this Committee for including congressionally chartered and membership-based veterans service organizations in the proposed Asset and Infrastructure Review Commission. It is vital that a commission be representative of the veterans' community and those who use the VA health care system the commission is charged with improving. The VFW's health care surveys indicate veterans who use VA health care want VA to hire more doctors and improve access, while those who do not use it are more likely to want to dismantle the system or turn to the private sector rather than fixing issues. It is important that any commission charged with recommending vast changes to a system millions of veterans rely on for their health care has the best interest of veterans in mind –– not political or financial motivations.

The VFW is also pleased to see this legislation requires at least one commissioner to have experience with capital asset management for the federal government. Yet, it does not specify whether the commissioner must have experience with VA's capital infrastructure. It is vital that at least one commissioner, and preferably more than one, have experience with the challenges VA faces in addressing its capital infrastructure needs. The VFW has seen previous congressionally established commissions lack the subject matter expertise to properly identify issues that have a direct impact on commission recommendations. If issues with VA's SCIP process are not identified and addressed, recommendations regarding the closure, modernization and realignment of VHA facilities will not be carried out appropriately.

Another lesson learned from previous commissions is that making far-reaching changes envisioned by this legislation takes time. The VFW agrees with comments by the Government Accountability Office, Congressional Research Service and VA at the recent roundtable on this legislation that the current deadlines set in this legislation do not provide sufficient time for VA to develop a well-thought-out plan, the commission to evaluate such plan, nor for VA to implement the final recommendations. The VFW urges this Committee to expand the timelines in the legislation to ensure the process is deliberate and implemented correctly.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, the VFW has not received any federal grants in Fiscal Year 2017, nor has it received any federal grants in the two previous Fiscal Years.

The VFW has not received payments or contracts from any foreign governments in the current year or preceding two calendar years.