

MILITARY CONSTRUCTION, VETERANS AFFAIRS,  
AND RELATED AGENCIES APPROPRIATIONS  
FOR 2019

HEARINGS  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FIFTEENTH CONGRESS  
SECOND SESSION

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,  
AND RELATED AGENCIES

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# **MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2019**

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THURSDAY, MARCH 15, 2018.

## **U.S. DEPARTMENT OF VETERANS AFFAIRS**

### **WITNESS**

**HON. DAVID J. SHULKIN, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS**

### **OPENING STATEMENT OF CHAIRMAN DENT**

Mr. DENT. I am pleased to gavel the subcommittee to order for our first hearing on the fiscal year 2019 budget, and before the 2018 budget is even finished, so we are here to talk about 2019. So welcome, Secretary Shulkin.

We weren't sure if we were going to be able to pull this hearing off because of the plans to bring the omnibus to the floor this week, but we managed it, thanks to the leadership of Chairman Frelinghuysen, so we are grateful for this opportunity.

And so we are delighted, once again, to welcome back Dr. David Shulkin, the Secretary of the Department of Veterans Affairs, and discuss his agency's 2019 budget and the issues that need to be addressed over the coming year.

As we all know, there is a lot going on at the VA these days, and that may be an understatement. And there are many challenges that need to be addressed. Those challenges require focused leadership, and we look forward to hearing from you and how you intend to address them.

As always, we certainly appreciate your hard work, your dedication to our veterans, and the positive changes that you have been able to make for veterans' lives.

Now we are operating under several constraints today. As you know, we are knee deep in negotiations on the omnibus bill to get 2018 funding resolved, so we haven't had much of a chance to delve into the 2019 budget request.

Additionally, your budget had late-breaking changes after it was printed, reflecting suggestions for more funding because of the budget caps agreement. As a result, your budget documents haven't been updated at this time, complicating our ability to assess your funding needs.

Our second constraint is that, like us, our fellow subcommittees are trying to jump-start their 2019 hearings, so there are five hearings with cabinet secretaries this morning. I am afraid you are

going to see more than the usual bouncing around in and out of hearings as they try to also participate in those important hearings and briefings this morning.

In any event, let's get started. And before you give your opening statement, Mr. Secretary, I would like to ask our ranking member, the distinguished gentlelady from Florida, Debbie Wasserman Schultz, for her opening statement.

#### OPENING STATEMENT RANKING MEMBER WASSERMAN SCHULTZ

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman.

And thank you for joining us, Mr. Secretary. And to your colleagues as well, we appreciate you being here with us.

Mr. Chairman, the VA continues to receive tremendous and much-needed increases in its budget. For example, the VA medical care accounts have grown from \$36.7 billion in fiscal year 2003 to \$64.6 billion in fiscal year 2017. And the overall discretionary accounts have increased from \$43.6 billion to a more robust \$74.4 billion in the current budget.

Fiscal year 2019 is no different. The President's budget requests \$85.3 billion in VA discretionary funding, a \$10.9 billion, or 15 percent increase, over the 2017-enacted level.

Other than defense, I am pretty sure that there is no other Federal agency that has fared better than the VA while we functioned under the budget caps. And that is good news. Certainly not complaining. We want to see a great number for VA medical care in fiscal year 2019.

But I am concerned that the budget is seeking to merge a congressionally mandated account, as I have mentioned to you, that was meant to provide greater accountability and transparency of how much care was being sent outside of the VA.

Merging these accounts is going to hinder our oversight of non-VA care. And it looks like, honestly, a backdoor privatization effort, especially when you factor in that between fiscal year 2017 and fiscal year 2019 requests, community care spending will have increased by 49 percent, and that is without taking into account the \$4.2 billion in emergency funding that Congress provided.

This is compared to the 9 percent spending increase in VA-provided care during this same period. What has been emphasized, I am sure, to many of us from our veterans all over the country, is that the best care they get is from the VA. It might be hard to get it. They might have to wait a while, but they get excellent care at the VA. And so moving in the direction of privatization is not something that veterans across this country support, nor would it be in their best interest.

So I am glad to see an increased number for the VA in fiscal year 2019, but I am concerned that the 2019 budget folds that community care account back into the medical services account. And I want to hear—I am interested to hear the rationale behind this move, because it is my understanding that the law dictates that there be a separate account.

The fiscal year 2019 budget request uses the additional funds provided by the budget agreement to provide \$1.9 billion in discretionary funding for the Veterans Choice Fund.

Now, my understanding on that is that the budget agreement didn't include specifics, but the spirit of the deal, the very clear understanding that we had is that these funds were to be used for infrastructure needs. I am confident that you will find across the Congress that Members would attest to their VA infrastructure needs in their own districts. It is critical that our understanding from the budget agreement be upheld.

Turning to the electronic healthcare record modernization, the fiscal year 2019 budget requests \$1.2 billion to continue the massive implementation, preparation, development, interface, management, rollout, and maintenance of a veterans electronic healthcare records system, which is excruciatingly long overdue.

But despite having assurance during our closed hearing to discuss this issue, we need to be very careful to establish accountability, which is something I know you share, accountability measures through the whole implementation process that could fundamentally change the Nation's use of electronic records.

I mean, we are talking about a \$16 billion project that will take a very long time, probably longer than many of us will be here to see it completed. And I can understand this degree of complexity will have its growing pains, but it is crucial that we understand how its procurement will work.

I believe that the goal of everyone on this subcommittee is to make sure the VA provides the best care to our veterans at the best possible cost. And with that in mind, Mr. Chairman, it is imperative that we discuss some critical issues, including the Choice Program, and the state of the VA's electronic health records.

From our discussions, Mr. Secretary, I believe that you earnestly want to reform and improve the VA. But I believe we must ensure that you have adequate resources to do that—you can't squeeze blood from a turnip—and that proper oversight is in place to guard against abuses and mismanagement, which can and do occur in projects of this magnitude.

We have a lot to discuss today. Mr. Chairman, thank you for the opportunity to share my concerns and my observations. But before I yield back, as we begin your final appropriations season, as a Member of Congress, I really think it is important that we acknowledge the remarkable contributions that you have made.

You are a classmate of mine. We were both elected together in 2004. You have been a voice of reason. You have been a trusted colleague. You have the respect of many, far beyond the boundaries of your district.

Really, in short, they just don't make them like Charlie Dent that much anymore, and you are going to be missed. And I am sure we are going to have an opportunity to celebrate you as you close out your service, but as we begin your final appropriation seasons, I wanted to start the celebration.

So thank you, Mr. Chairman, and I yield back.

Mr. DENT. Thank you for the very generous remarks of my friend, Debbie Wasserman Schultz. And I also want to say what a pleasure it has been to work with you and every member of this subcommittee, you as ranking member, and, of course, Mr. Bishop, who has also been a great partner too when he was ranking member. It has just been a thrill.

And I appreciate the spirit and the bipartisan cooperation you have always demonstrated here. When there are differences, we always figured out ways to work through them, and I want to thank you all for that. It is very kind.

So with that, Mr. Secretary, I would just like you to please identify the people at the table with you and then proceed with your oral remarks. Your written statement will be entered into the record, of course. We would appreciate if you could keep your remarks to about 5 minutes so members will have more time to ask questions.

So with that, Mr. Secretary.

#### OPENING STATEMENT OF SECRETARY SHULKIN

Secretary SHULKIN. Great. Thank you. I appreciate both your comments in terms of the complexity of this budget and how fast it has been moving, so I am going to need a lot of help during this hearing to give accurate answers to all your questions. So I brought with me a lot of people.

This is John Rychalski, who is sitting to my right, who is the Assistant Secretary for Management and our chief financial officer, who has been on board about 6 weeks?

Mr. RYCHALSKI. Correct.

Secretary SHULKIN. Okay. And we have an empty chair that hopefully people will join when we need their help. We have Mark Yow, who is our chief financial officer of the Veterans Health Administration; we have Jamie Manker, who is the Acting Principal Deputy Under Secretary for the Veterans Benefits Administration; Richard Chandler, who is the Deputy Assistant Secretary for Resource Management for OIT; and then, finally, Matt Sullivan, who is the Deputy Under Secretary for Finance for the National Cemetery Administration.

Mr. Chairman, I can't imagine a nicer introduction of you than the ranking member gave. We believe that we have the best committees in all of Congress who work on veterans affairs issues because we work together in a bipartisan way, put differences aside to do the right thing for veterans. And we all want to thank you for your tremendous leadership, and thank the committee for their continued focus on what is important.

I think that—I just wanted to take a moment to say that with all of the distractions that are happening in Washington and all the distractions in VA, the events of the last week that have happened should remind us all about why it is so important that we are doing what we are doing today and getting this budget right and getting VA on track.

This past week, we had a very troubled veteran who took the lives of three heroic women, all dedicated to helping veterans who were troubled: Dr. Jennifer Gonzales, who was our employee, a tremendous woman who had trained in the VA, just amazingly dedicated, lost her life; Christine Loeber, who was the Pathway Home director at the state home, who had worked for VA, also tragically lost her life; and then Jennifer Golick, the clinical director of the Pathway Home.

And Dr. Gonzales' memorial service is going to be on March 19. We are all saddened by this and just have to recommit ourselves

to understanding how important this work is that we are doing here today.

President Trump's 2019 budget and the 2020 advanced appropriations is a very strong budget, and it reflects the President's commitment to veterans and their families. I do believe it provides the resources necessary so that we can continue the modernization work that we are doing at VA.

It focuses on increasing the foundational services, better access to care, effective management practices, and modernizing our infrastructure and legacy systems, as the ranking member has pointed out, is so important. In my written statement, I have given a detailed plan about how we are going to use these funds to target innovation and improvement.

The 2019 budget that the President proposed is \$198.6 billion for the Department, \$88.9 billion in discretionary, and \$109.7 billion in mandatory. The discretionary budget reflects an increase of \$6.8 billion, or an 8.3 percent increase over the 2018 request. And it also reflects an additional \$2.4 billion in discretionary funding that is now available because of the work that you did to raise the caps.

We want to thank Congress for this additional funding that is made available through—in 2019 through the budget caps deal. The additional resources are going to help us address, as the ranking member said, our outstanding infrastructure needs, but also, helping us in funding veterans healthcare, including care from the community under the new legislative proposals that we are working on for reforming the Choice Program.

Our capital request of \$3.4 billion is a 20 percent increase over 2018 to help us fix those highest priority infrastructure needs. By requesting all of the necessary resources for our community care program and our discretionary budget, we think we can help prevent the funding crises and lapses in veterans care because we funded it from the wrong checking account. Simplifying all of this into a single program, we think, is going to help us run it better and make it work better for veterans.

Although we are talking about the 2019 budget today, I would ask for your support in securing a full appropriation for VA in 2018. I know, Mr. Chairman, you have talked about that.

As you know, VA relies on a second bite to tailor our total requirements. The budget also seizes an opportunity to expand access to benefits and services, and focuses on the five priorities I have laid out for the Department: greater choice, modernizing our systems, focusing our resources on what is most important to veterans, improving the timeliness in our services, and preventing veteran suicides.

Suicide prevention is my top priority, and this budget includes \$8.6 billion for mental health, an increase of \$468 million or 5.8 percent increase above the 2018 estimate. It is going to enable us to see about 162,000 more outpatient visits in mental health and that directs \$190 million for suicide prevention outreach.

It provides emergency mental health services for those that were discharged with an other than honorable condition, and it, finally, helps support the President's executive order that he signed on July 9 that allows every transitioning military member to have

mental health services during that first critical year after they leave service.

Additionally, we are targeting women's health, one of our fastest growing populations in VA, by adding \$29 million more in fiscal year 2019, an increase of 6 percent over 2018. The budget provides \$1.1 billion in major construction funding, as well as \$707 million in minor construction.

I am proud that our 2019 request for infrastructure is the largest in the last 5 years, and it is going to allow us to address many of VA's modernization, renovation, and aging infrastructure concerns.

In information technology, we have asked for an increase—the President has asked for an increase of \$129 million above the budget to improve the veteran experience.

Another major project made possible by this budget is a new financial management system. As you know, our last—our current financial management system is programmed in Cobalt. We can't find people who even know how to program Cobalt, so we are transitioning this to a modern management system.

The budget also supports implementation of an electronic health record that has already been mentioned so that we can interoperably manage records between the Department of Defense and the community. We have asked for \$1.2 billion to advance the implementation of a single accurate lifetime electronic health record.

The 2019 budget also makes important investments in benefits. We have asked to hire an additional 605 personnel for the appeals modernization office—that is a 40 percent increase—to implement the reforms that we have made in appeals modernization, and also hire an additional 225 fiduciary field examiners, which will protect our most vulnerable population.

The budget reflects an effort to reform business practices intended for us to be able to continue the transformation of VA. But our responsibility doesn't end with just asking for more resources. Along with requesting more resources comes an obligation to promote financial fiscal responsibility.

It is my belief that by focusing on the well-being and the enhanced functioning of veterans, conducting administrative reviews to disability payment rates and focusing on fraud, waste, and abuse prevention initiatives for benefits, we are going to make benefits more equitable for all veterans and wisely use taxpayer resources.

Advances in treatment and medical technologies have significantly reduced the impact of certain disabilities in the lives of veterans. And our goal is to get veterans better, decrease their need for compensation, and to do that, we have to modernize our rating system.

Caring for veterans is personal. The quality of the healthcare and services is the highest priority that I have. More importantly, veterans and their families deserve better access, choice, and control over their healthcare.

We know that the work that we are doing to improve the Choice Program can help clarify and simplify eligibility requirements and streamline the administrative processes, build a high-performing network, and implement new care coordination for veterans.

Simply put, improving the Choice Program will have a full spectrum of care for veterans that capitalizes on our foundational services and delivers on the promise for world care services.

Finally, Mr. Chairman, as Secretary of VA, my job is to build a modern, adaptable, and sustainable VA for a changing world. My job is also to ensure the VA's care, benefits, and systems, and policies are stronger in the future.

The President's budget supports our mission at VA, and in the coming years, these priorities will help us maintain our commitment to our Nation's veterans. I look forward to working with all of you on the committee, and for doing what is right for veterans, and I look forward to any questions.

[The information follows:]

**STATEMENT OF THE HONORABLE DAVID J. SHULKIN, M.D.  
SECRETARY OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE  
HOUSE APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, AND RELATED AGENCIES**

**BUDGET REQUEST FOR FISCAL YEAR 2019**

**March 15, 2018**

Good morning Chairman Frelinghuysen, Chairman Dent, Ranking Member Lowey, Ranking Member Wasserman Schultz, and distinguished members of the Subcommittee. Thank you for the opportunity to testify today in support of the President's Fiscal Year (FY) 2019 Budget, including the FY 2020 Advance Appropriation (AA) request. I am accompanied today by Jon Rychalski, Assistant Secretary for Management and Chief Financial Officer; Mark Yow, Chief Financial Officer for the Veterans Health Administration (VHA); James Manker, Acting Principal Deputy Under Secretary for Benefits; Matthew Sullivan, Deputy Under Secretary for Finance and Planning for the National Cemetery Administration (NCA), and Richard Chandler, Deputy Assistant Secretary for Resource Management, Office of Information and Technology. I also want to thank Congress for making 2017 a legislative success for Veterans. With the unwavering support and leadership of our VA committees, Congress supported and passed groundbreaking legislation on Department of Veterans Affairs (VA) accountability, appeals reform, the Forever GI Bill, Veterans Choice improvements, personnel improvements, and extended Choice funding twice. We have important work left to do, but I am confident we are moving in the right direction. The 2019 budget request fulfills the President's strong commitment to all of our Nation's Veterans by providing the resources necessary to improve the care and support our Veterans have earned through sacrifice and service to our country.

**Fiscal Year (FY) 2019 Budget Request**

The President's FY 2019 Budget requests \$198.6 billion for VA — \$88.9 billion in discretionary funding (including medical care collections), of which \$76.5 billion is requested as the FY 2019 AA for Medical Care including collections. The \$76.5 billion is comprised of \$74.1 billion previously requested (including collections), and an annual appropriation adjustment of \$500 million for Medical Services for community care and \$1.9 billion for the Veterans Choice Fund. In total, the discretionary request is an increase of \$6.8 billion, or 8.3 percent, over the President's FY 2018 Budget request. It will sustain the progress we have made and provide additional resources to improve patient access and timeliness of medical care services for the approximately 9 million enrolled Veterans eligible for VA health care, while improving benefits delivery for our Veterans and their beneficiaries. The President's FY 2019 budget also requests \$109.7 billion in mandatory funding, of which \$107.7 billion was previously requested, for programs such as disability compensation and pensions.

For the FY 2020 AA, the budget requests \$79.1 billion in discretionary funding including collections for Medical Care and \$121.3 billion in mandatory advance appropriations for Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities benefits programs in the Veterans Benefits Administration (VBA).

This is a strong budget request that fulfills the President's commitment to Veterans by ensuring the Nation's Veterans receive high-quality health care and timely access to benefits and services while concurrently improving efficiency and fiscal responsibility. I urge Congress to support and fully fund our FY 2019 and FY 2020 AA budget requests – these resources are critical to enabling the Department to meet the increasing needs of our Veterans and successfully execute my top five priorities: 1) Focus Resources; 2) Modernize VA Systems and Services; 3) Improve Timeliness; 4) Suicide Prevention; and 5) Provide Greater Choice.

I want to emphasize that the FY 2019 Budget is not a "business as usual" VA Budget. We have critically assessed and prioritized our needs and aggressively pursued internal offsets, modernization reforms, and other efficiencies to provide Veterans the quality care they have earned while serving as a responsible fiscal steward. I greatly appreciate Congress' ongoing support for VA, as demonstrated by consistent support for our legislative priorities and consistently generous enacted appropriations. On behalf of the entire VA and the many Veterans we serve, I thank you for your unflagging commitment to our mission. I take very seriously my obligation to you, the American taxpayer and the Veterans who served our country so well. That commitment is represented in this budget request in which I have worked to bend the cost curve through targeted spending and significant reforms in an attempt to ensure that the VA remains sustainable for years to come.

#### ***Priority 1: Focus Resources***

The FY 2019 Budget includes \$ 76.5 billion for Medical Care, including collections, \$4.2 billion above the FY 2018 Budget and \$79.1 billion for the FY 2020 AA. I am committed to ensuring Veterans get high quality, timely and convenient access to care *that is affordable* for future generations. As a result, I am implementing reforms that will prioritize our foundational services while redirecting to the private sector those services that they can do more effectively and efficiently. These foundational services are those that are most related to service-connected disabilities and unique to the skills and mission of VHA.

Foundational Services include these mission-driven services, such as:

- Primary Care, including Women's Health;
- Urgent Care;
- Mental Health Care;
- Geriatrics and Extended Care;
- Rehabilitation (e.g., Spinal cord, brain injury/polytrauma, prosthesis/orthoses, blind rehab);
- Post Deployment Health Care; and

- War-Related Illness and Injury Study Centers functions.

VA facility and Veterans Integrated Service Network (VISN) leaders are being asked to assess additional, community options for other health services that are important to Veterans, yet may be as effectively or more conveniently delivered by community providers. Local VA leaders have been advised to consider accessibility of VA facilities and convenience factors (like weekend hours), as they develop recommendations for access to community providers for Veterans in their service areas. Let me be clear, however, that this is not the onset of privatizing VA.

While the focus on foundational services will be a significant change to the way VA provides health care, VA will continue to ensure that the full array of statutory VA health care services are made available to all enrolled Veterans. VA will also continue to offer services that are essential components of Veteran care and assistance, such as assistance for homeless Veterans, Veterans Resource Centers, the Veterans Crisis Line/Suicide Prevention, Mental Health Intensive Case Management, treatment for Military Sexual Trauma, and substance abuse programs.

Investing in foundational services within the Department is not limited to health care. For over a decade, NCA has achieved the highest customer satisfaction rating of any organization—public or private—in the country. They achieved this designation through the American Customer Satisfaction Index six consecutive times. The President's FY 2019 Budget enables the continuation of this unprecedented success with a request for \$315.8 million for NCA in FY 2019, an increase of \$9.6 million (3 percent) over the FY 2018 request. This request will support the 1,941 Full-Time Equivalent (FTE) employees needed to meet NCA's increasing workload and expansion of services. In FY 2019, NCA will inter over 134,000 Veterans and eligible family members and care for over 3.8 million gravesites. NCA will continue to memorialize Veterans by providing 364,850 headstones and markers, distributing 677,500 Presidential Memorial Certificates, and expanding the Veterans Legacy program to communities across the country. VA is committed to investing in NCA infrastructure, particularly to keep existing national cemeteries open and to construct new cemeteries consistent with burial policies approved by Congress. In addition to NCA's funding, the FY 2019 request includes \$117.2 million in major construction funds for three gravesite expansion projects. Upon completion of these expansion projects, and the opening of new cemeteries, nearly 95 percent of the total Veteran—about 20 million Veterans—will have access to a burial option in a national or grant-funded state Veterans' cemetery within 75 miles of their home.

In order to provide Veterans and taxpayers the greatest value for each dollar, the Budget also proposes certain changes to the way in which we spend those resources. For example, our FY 2019 request proposes to merge the Medical Community Care appropriation with the Medical Services appropriation, as was the practice prior to FY 2017. The separate appropriation for Community Care has restricted our Medical Center Directors as they manage their budgets and make decisions about whether the care can be provided in their facility or must be purchased from community providers. This is a dynamic situation, as our staff must adjust to hiring and departures,

emergencies such as the recent hurricanes, and other unanticipated changes in the health care environment throughout the year. This change will maximize our ability to focus even more resources on the services Veterans most need.

To further ensure that our entire budget request is focused serving Veterans, VA has implemented an initiative to detect and prevent fraud, waste, and abuse (STOP FWA). In support of this initiative, VA (1) established the VA Prevention of Fraud, Waste, and Abuse Advisory Committee, which will provide VA insight into best practices utilized in the private and public sector; (2) is partnering with Centers for Medicare & Medicaid Services (CMS) to replicate their investigation process and utilize their data to identify medical providers with performance issues; and (3) is working with the Department of the Treasury to perform a deep dive to move VA's Community Care Program closer to the industry best practices.

In 2019, VA will take steps to achieve mandatory savings of approximately \$30 billion over the next 10 years, beginning in FY 2021. Due to advancements in treatment and medical technologies, there has been a decrease in the impacts of certain disabilities on the lives of many Veterans.

### ***Priority 2: Modernizing VA Systems and Services***

Focusing resources will only take us so far – we need to modernize our VA systems and services, so the Department can continue to provide high quality, efficient care and services, and keep up with the latest technology and standards of care. Key modernization reform proposals included in the FY 2019 Budget Request are Electronic Health Record Modernization (EHRM), Financial Management Business Transformation, modernizing our legacy systems, and infrastructure improvements.

#### **Electronic Health Record Modernization**

The Budget invests \$1.2 billion in EHRM. The health and safety of our Veterans is one of our highest national priorities. On June 5, 2017, I announced my decision to adopt the same electronic health record (EHR) system as the Department of Defense (DoD). This transformation is about improving VA services and significantly enhancing the coordination of care for Veterans who receive medical care not only from VA, but DoD and our community partners. We have a tremendous opportunity for the future with EHRM to build transparency with Veterans and their care providers, expand the use of data, and increase our ability to communicate and collaborate with DoD and community care providers. In addition to improving patient care, a single, seamless EHR system will result in a more efficient use of VA resources, particularly as it relates to health care providers. Given the magnitude of this transformation and the significant long-term costs and complex contracting needs, we are requesting a single separate account for this effort.

This new EHR system will enable VA to keep pace with the improvements in health information technology and cyber security which the current system, VistA, is unable to do. Moreover, the acquisition of the same solution as DoD, along with the

added support of joint interagency governance and support from national EHR leadership including VA partners in industry, government, academic affiliates, and integrated health care organizations, will enable VA to meaningfully advance the goal of providing a single longitudinal patient record that will capture all of a Servicemember's active duty and Veteran health care experiences. It will enable seamless care between the Departments without the current manual and electronic exchange and reconciliation of data between two separate systems. To that end, I have insisted on high levels of interoperability and data accessibility with our commercial health partners in addition to the interoperability with DoD. Collectively, this will result in better service to our Veterans because transitioning Servicemembers will have their medical records at VA. VA is committed to providing the best possible care to Veterans, while also remaining committed to supporting Veterans' choices to seek care from private providers via our continued investment in the Community Care program.

#### Legacy Systems Modernization

The FY 2019 Budget continues VA's investment in technology to improve the lives of Veterans. The planned Information Technology (IT) investments prioritize the development of replacements for specific mission critical legacy systems, as well as operations and maintenance of all VA IT infrastructure essential to deliver medical care and benefits to Veterans. The request includes \$381 million for development to replace specific mission critical legacy systems, such as the Benefits Delivery Network and the Burial Operations Support System. Investments in IT will also support efforts and initiatives that are directly Veteran-facing, such as mental health applications to support suicide prevention, modifications of multiple programs to accommodate special requirements of the community care program, Veteran self-service applications (Navigator concept), education claims processing integration consolidation, and benefit claim appeals modernization. The Budget also invests \$398 million for information security to protect Veterans' information.

The FY 2019 Budget request would increase the Department's ability to apply agile program management to the dynamics of modern IT development requirements. To do this, the Department proposes increasing the transfer threshold from \$1 million to \$3 million between development project lines, which equates to less than 1 percent of the Development account. Through the Certification process, Congress will maintain visibility of proposed changes.

#### Financial Management Business Transformation

Another critical system that will touch the delivery of all health and benefits is our new financial management system, which is under development. The FY 2019 budget requests \$72.8 million in IT funds and \$48.8 million in fair share reimbursable funding from the Administrations for business process re-engineering to support Financial Management Business Transformation across the Department. These resources support the continued modernization of our financial management system by transforming the Department from numerous stovepipe legacy systems to a proven, flexible, shared service business transaction environment. Even though the U.S.

Department of Agriculture (USDA) is not moving forward as VA's Federal Shared Service Provider, VA continues to work with USDA to ensure a smooth transition. VA's Office of Finance continues to manage the program and the implementation is on schedule and within budget.

#### Infrastructure Improvements and Streamlining

In FY 2019, VA will focus on improving its infrastructure while we transform our health care system to an integrated network to serve Veterans. This budget requests \$1.1 billion in Major Construction funding, as well as \$706.9 million in Minor Construction for priority infrastructure projects. This funding supports projects including the St. Louis, Missouri, Jefferson Barracks Medical Facility Improvements and Cemetery Expansion project; the Canandaigua, New York, Construction and Renovation project; the Dallas, Texas, Spinal Cord Injury project; and national cemetery expansions in Rittman, Ohio; Mims, Florida; and Holly, Michigan. VA is also requesting \$964 million to fund more than 2,100 medical leases in FY 2019 and \$672.1 million for activation of new medical facilities.

VA appreciates the support of Congress and is grateful for the passage of the VA Choice and Quality Employment Act of 2017 (Public Law (P.L.), 115-46), which included authorization for 28 major medical leases, some of which had been pending authorization for approximately 3 years. The leases will establish new points of care, expand sites of care, replace expiring leases, and expand VA's research capabilities. In FY 2019, VA is seeking Congressional authorization of four new outpatient clinic leases to expand services currently offered at existing clinics. The requested leases would be located in the vicinities of Lawrence, Indiana; Plano, Texas; Baton Rouge, Louisiana; and Beaumont, Texas.

The FY 2019 Budget includes a new initiative to address VA's highest priority facilities in need of seismic repairs and upgrades. VA's major construction request includes \$400 million that will be dedicated to correct critical seismic issues that currently threaten the safety of Veterans and VA staff at VA facilities. The seismic program would fund newly identified unfunded, existing, and partially-funded seismic projects within VA's major, minor, and non-recurring maintenance programs.

VA's FY 2019 Budget includes proposed legislative requests, consistent with the Veteran Coordinated Access & Rewarding Experiences Act draft bill that VA submitted last fall, which, if enacted, would increase the Department's flexibility to meet its capital needs. These proposals include: 1) increasing from \$10 million to \$20 million the dollar threshold for minor construction projects; 2) modifying title 38 to eliminate statutory impediments to joint facility projects with DoD and other Federal agencies; and 3) expanding VA's enhanced use lease authority to give VA more opportunities to engage the private sector and local governments to repurpose underutilized VA property.

To maximize resources for Veterans, VA repurposed or disposed of 131 of 430 vacant or mostly vacant buildings since June 2017. VA is on track to meet the goal that

I set in June 2017 for VA to initiate disposal or reuse actions for all 430 buildings by June 2019.

The Department is also a participant in the White House Infrastructure Initiative, which is exploring additional ways to modernize VA's real property assets, and support our continued delivery of quality care and services to our Nation's Veterans. The proposed Infrastructure Initiative includes flexibilities for VA to leverage existing assets to continue its efforts to reduce the number of vacant buildings in its inventory; tools to leverage VA assets for the construction of needed new facilities to serve Veterans; and an increase to VA's existing medical facility leasing threshold, which would streamline our leasing process so VA can more quickly and efficiently deliver facilities to provide care and services to Veterans.

#### Accountability and Effective Management Practices

Another critical system VA is significantly improving relates to employee accountability. The vast majority of employees are dedicated to providing Veterans the care they have earned and deserve. It is unfortunate that some employees have tarnished the reputation of VA while so many have dedicated their lives to serving our Nation's Veterans. We will not tolerate employees who deviate from VA's I-CARE (Integrity, Commitment, Advocacy, Respect, and Excellence) values and underlying responsibility to provide the best level of care and services to them. Last May, VA established the Office of Accountability and Whistleblower Protection. Between June 1, 2017, and December 31, 2017, VA removed more than 900 staff (not including probationary terminations) and placed more than 250 staff on suspensions of 14 days or greater. We thank Congress for passing the Department of Veterans Affairs Accountability and Whistleblower Protection Act of 2017 (P.L. 115-41), so that new accountability rules for VA are now the law of the land.

We are also focused on improving our unduly burdensome internal hiring practices. In the face of a national shortage of health care providers, VHA faces competition with the commercial sector for scarce resources. Over the past year, we reduced the time it took to hire Medical Center Directors by 40 percent and obtained approval from the Office of Personnel Management for critical position pay authority for many of our senior health care leaders. But there is much work left to do. I will need Congress' help with legislation to reform recruitment and compensation practices allowing VA to stay competitive with the private sector and other employers.

### ***Priority 3: Improve Timeliness***

#### **Access to Care and Wait Times**

VA is committed to delivering timely and high quality health care to our Nation's Veterans. Veterans now have access to same-day services for primary care and mental health care at the more than 1,000 all VA clinics across our system. I am also committed to ensuring that any Veteran who requires urgent care will receive timely care.

In 2017, 81.5 percent of nearly 6 million outpatient appointments for new patients were completed within 30 days of the day the Veteran first requested the appointment ("create date"), whereas 97.3 percent of nearly 50.2 million established appointments were completed within 30 days of the date requested by the patient ("patient-indicated date"). VHA has reduced the Electronic Wait List from 56,271 entries to 20,829 entries, a 63.0 percent reduction between June 2014 and December 2017. The Electronic Wait List reflects the total number of all patients for whom appointments cannot be scheduled in 90 days or less. During FY 2018 and FY 2019, VA will continue to focus its efforts to reduce wait times for new patient appointments, with a particular emphasis on primary care, mental health, and medical and surgical specialties.

In FY 2019, VA will expand Veteran access to medical care by increasing medical and clinical staff, improving its facilities, and expanding care provided in the community. The FY 2019 Budget requests a total of \$76.5 billion in funding for Veterans' medical care in discretionary budget authority, including collections. The FY 2019 request will support nearly 315,688 medical care FTE, an increase of over 5,792 above the 2018 level.

VA is implementing a VISN-level Gap Coverage plan that will enable facilities to request gap coverage providers in areas that are struggling with staffing shortages. It is a seamless electronic request that allows VISNs to focus resources where they are most needed according to supply and demand. Telehealth will be the principal form of coverage in this initiative, which is budget neutral.

NCA has begun phase one expansion of the weekend burial pilot program, which provides Veterans and family members with increased access to burials at select national cemeteries. During phase one, NCA will offer cremation-only weekend burials at six cemeteries. The FY 2019 Budget will support phase two of the pilot by expanding the weekend program to an additional five cemeteries.

#### **Accelerating Processing of Disability Claims**

Since 2013, VA has made remarkable progress toward reducing the backlog of disability compensation claims pending over 125 days. VBA's FY 2019 budget request of \$2.9 billion would allow VBA to maintain the improvements made in claims processing over the past several years. This budget prioritizes more timely review of 1.3 million rating claims and 187,000 higher level reviews to decrease the amount of

time Veterans wait for a resolution. It also prioritizes fiduciary care for vulnerable beneficiaries to ensure protection for VA's most vulnerable veterans who are unable to manage their VA benefits. This budget supports the disability compensation benefits program for 4.5 million Veterans and 600,000 survivors.

To continue improving disability compensation claims processing, VBA has implemented an initiative called Decision Ready Claims (DRC). The DRC initiative offers Veterans, Servicemembers, and survivors faster supplemental claims decisions through a partnership with Veterans Service Organizations (VSO) and other accredited representatives to assist applicants with ensuring all supporting evidence is included with the claim at the time of submission, enabling the claim to be decided within 30 days of submission to VA. In FY 2019, VBA plans to complete 25 percent, or nearly 300,000 disability compensation claims, under the more timely DRC initiative.

### Decisions on Appeals

In August 2017, the President signed into law the Veterans Appeals Improvement and Modernization Act of 2017 (P.L. 115-55), which represents the most significant statutory change to affect VA claims and appeals in decades and provides much-needed reform. VA is in the process of implementing the new claims and appeals system by promulgating regulations, establishing procedures, hiring and training personnel, and developing IT systems. By February 2019, all requests for review of VA decisions will be processed under the new law, which will provide a more efficient claims and appeals process for Veterans, with opportunities for early resolution of disagreements with VA decisions.

The FY 2019 request of \$174.8 million for the Board of Veterans' Appeals (the Board) is \$19.2 million above the FY 2018 Budget and will sustain the 1,025 FTE who will adjudicate and process legacy appeals while implementing the Appeals Improvement and Modernization Act. The Board is currently on pace to produce over 81,000 decisions, a historic level of production.

In addition, VBA is also undertaking a similar, multi-pronged approach to modernize its appeals process through legislative reform, increased resources, technology, process improvements, and increased efficiencies. The requested \$74 million for appeals processing increases VBA's appeals FTEs by 605, more than 40 percent above 2018.

This increase comes after VBA realigned its administrative appeals program under the Appeals Management Office (AMO) in January 2017, as part of an effort to streamline and improve performance in legacy appeals processing. The improved focus and accountability resulting from this realignment helped increase VBA appeals production by 24 percent, decrease its appeals inventory by 10 percent, and increase its appeals resolutions by 10 percent, resolving over 124,000 appeals during FY 2017.

In FY 2019, the Appeals Modernization project will achieve the benefit of using Caseflow Certification, which is a commercially developed system that will help reduce

errors and delays caused by disjointed manual processing, and improve the Veteran experience by enabling transparency of appeals processing and ultimately facilitating the delivery of more timely appeals decisions.

#### ***Priority 4: Suicide Prevention***

Suicide prevention is VA's highest clinical priority, and Veteran suicide is a national health crisis. On average, 20 Veterans die by suicide every day —this is unacceptable. The integration of Mental Health program offices and their alignment with the suicide prevention team and the Veterans Crisis Line is being implemented to further enhance VA's ability to effectively meet the needs of the most vulnerable Veterans. The FY 2019 Budget Request increases resources to standardize suicide screening and risk assessments and expands options for safe and effective treatment for Veterans struggling with post-traumatic stress disorder and suicide.

The FY 2019 Budget requests \$8.6 billion for Veterans' mental health services, an increase of 5.8 percent above the 2018 current estimate. It also includes \$190 million for suicide prevention outreach. VA recognizes that Veterans are at an increased risk for suicide, and we have implemented a national suicide prevention strategy to address this crisis. VA is bringing the best minds in the public and private sectors together to determine the next steps in implementing the Ending Veteran Suicide Initiative. VA's suicide prevention program is based on a public health approach that is ongoing, utilizing universal, selective, indicated strategies while recognizing that suicide prevention requires ready access to high-quality mental health services, supplemented by programs that address the risk for suicide directly, starting far earlier in the trajectory that leads to a Veteran taking his or her own life. VA cannot do this alone; 70 percent of Veterans who die by suicide are not actively engaged in VA health care. Veteran suicide is a national issue and can only be ended through a nationwide community-level approach that begins to solve the upstream risks Veterans face, such as loss of belonging, meaningful employment, and engagement with family, friends, and community.

#### **Executive Order to Improve Mental Health Resources**

On January 9, 2018, President Trump signed an Executive Order (13822) titled, "Supporting Our Veterans During Their Transition From Uniformed Service to Civilian Life." This Executive Order directs DoD, VA, and the Department of Homeland Security to develop a Joint Action Plan that describes concrete actions to provide access to mental health treatment and suicide prevention resources for transitioning uniformed Servicemembers in the year following their discharge, separation, or retirement.

VA encourages all transitioning Servicemembers and Veterans to contact their local VA medical facility or Vet Center to learn about what VHA mental health care services may be available.

### REACH VET Initiative

As part of VA's commitment to put forth resources, services, and technology to reduce Veteran suicide, VA initiated the Recovery Engagement and Coordination for Health Veterans Enhanced Treatment (REACH VET) program. This program finishes its first year of full implementation in February 2018 and has identified more than 30,000 at risk Veterans to date. REACH VET uses a new predictive model to analyze existing data from Veterans' health records to identify those who are at a statistically elevated risk for suicide, hospitalization, illnesses, and other adverse outcomes, so that VHA providers can review and enhance care and talk to these Veterans about their needs. REACH VET was expanded to provide risk information about suicide and opioids, as well as clinical decision support to Veterans Crisis Line responders and is being further expanded to provide this important risk information to frontline VHA providers. REACH VET is limited to Veterans engaged in our health care system and is risk-focused, so while it is critically important to those Veterans it touches, it is not enough to bring down Veteran suicide rates. We will continue to take bold action aimed at ending all Veteran suicide, not just for those engaged with our system.

### Other than Honorable Initiative

We know that 14 of the 20 Veterans who, on average, died by suicide each day in 2014 did not, for various reasons, receive care within VA in 2013 or 2014. Our goal is to more effectively promote and provide care and assistance to such individuals to the maximum extent authorized by law. To that end, beginning on July 5, 2017, VA promoted access to care for emergent mental health care to the more than 500,000 former Servicemembers who separated from active duty with other than honorable (OTH) administrative discharges. This initiative specifically focuses on providing access to former Servicemembers with OTH administrative discharges who are in mental health distress and may be at risk for suicide or other adverse behaviors. As part of this initiative, former Servicemembers with OTH administrative discharges who present to VA seeking emergency mental health care for a condition related to military service would be eligible for evaluation and treatment for their mental health condition. Such individuals may access the VA system for emergency mental health services by visiting a VA emergency room, outpatient clinic, Vet Center, or by calling the Veterans Crisis Line. Services may include assessment, medication management/pharmacotherapy, lab work, case management, psycho-education, and psychotherapy. As of December 30, 2017, VHA had received 3,241 requests for health care services under this program. In addition, in FY 2017, Readjustment Counseling Services through Vet Centers provided services to 1,130 Veterans with "Other than Honorable" administrative discharges and provided 9,889 readjustment counseling visits.

### ***Priority 5: Greater Choice for Veterans***

Veterans deserve greater access, choice, and control over their health care. VA is committed to ensuring Veterans can make decisions that work best for themselves and their families. Our current system of providing care for Veterans outside of VA requires that Veterans and community providers navigate a complex and confusing

bureaucracy. VA is committed to building an improved, integrated network for Veterans, community providers, and VA employees; we call these reforms Veteran Coordinated Access & Rewarding Experiences, or Veteran CARE.

Veteran CARE would clarify and simplify eligibility requirements, build a high performing network, streamline clinical and administrative processes, and implement new care coordination support for Veterans. Veteran CARE would improve Veterans' experience and access to health care, building on the best features of existing community care programs. This new program would complement and support VA's internal capacity for the direct delivery of care with an emphasis on foundations services. The CARE reforms would provide VA with new tools to compete with the private sector on quality and accessibility.

Demand for community care remains high. The Veterans Choice Program comprised approximately 62 percent of all VA community care completed appointments in FY 2017. We thank Congress for the combined \$4.2 billion provided in Calendar Year 2017 to continue the Choice Program while discussions continue regarding the future of VA community care. Based on historical trends, current Choice funding may last until the end of May 2018, depending on program utilization. VA has partnered with Veterans, community providers, VSOs, and other stakeholders to understand their needs and incorporate crucial input into the concept for a consolidated VA community care program. Currently, VA is working with Congress to develop a community care program that addresses the challenges we face in achieving our common goal of providing the best health care and benefits we can for our Veterans. The time to act is now, and we need your help.

In FY 2019, the Budget reflects \$14.2 billion in total obligations to support community care for Veterans. This includes an additional \$2.4 billion in discretionary funding that is now available as a result of the recently enacted legislation to raise discretionary spending caps. Of this amount, \$1.9 billion replaces the mandatory funding that was originally requested in FY 2018 to be carried over into FY 2019. This funding will be used to continue the Choice Program for a portion of FY 2019 until VA is able to fully implement the Veteran CARE program. The remaining \$500 million will support VA's traditional community care program in FY 2019. The Administration would also support using discretionary funding provided in FY 2018 in the cap deal to ensure that the Choice Program can continue to operate for the remainder of FY 2018.

Finally, the Budget transitions VA to recording community care obligations on the date of payment, rather than the date of authorization. This change in the timing of obligations results in a one-time adjustment of \$1.8 billion, which would support a total 2019 program level of \$14.2 billion for community care needs.

#### Forever GI Bill

In addition to expanding choice in health care, the Harry W. Colmery Veterans Educational Assistance Act of 2017 or the Forever GI Bill contains 34 new provisions, the vast majority of which will enhance or expand education benefits for Veterans,

Servicemembers, Families and Survivors. Most notably, this new law removes the 15-year time limitation for Veterans who transitioned out of the military after January 1, 2013, to use their Post-9/11 GI Bill benefits. This law also restores benefits to Veterans who were impacted by school closures since 2015, expands benefits for certain Reservists, surviving dependents, Purple Heart recipients, and provides many other improvements. Thirteen of the 34 provisions were effective on the date of enactment, while the remaining provisions have future effective dates ranging from January 1, 2018, to August 1, 2022.

### **Closing**

Thank you for the opportunity to appear before you today to address our FY 2019 budget and FY 2020 AA budget requests. These resources will honor the President's commitment to Veterans by continuing to enable the high quality care and benefits our Veterans have earned. They will support my efforts to achieve my top priorities while ensuring that VA is a source of pride for Veterans, beneficiaries, employees, and taxpayers. I ask for your steadfast support in funding our full FY 2019 and FY 2020 AA budget requests and continued partnership in making bold changes to improve our ability to serve Veterans. I look forward to your questions.



## **Department of Veterans Affairs**

### **Senior Executive Biography**

**David J. Shulkin, M.D.**  
**Secretary of Veterans Affairs**



The Honorable David J. Shulkin was nominated by President Trump to serve as the ninth Secretary of Veterans Affairs (VA) and was confirmed by the United States Senate on February 13, 2017.

Prior to his confirmation as Secretary, Dr. Shulkin served as VA's Under Secretary for Health for 18 months, leading the Nation's largest integrated health care system, with over 1,700 sites of care serving nearly nine million Veterans.

Before he began his service with VA, Dr. Shulkin held numerous chief executive roles at Morristown Medical Center, and the Atlantic Health System Accountable Care Organization. He also served as President and CEO of Beth Israel Medical Center in New York City.

Dr. Shulkin has held numerous physician leadership roles including Chief Medical Officer of the University of Pennsylvania Health System, Temple University Hospital, and the Medical College of Pennsylvania Hospital. He has also held academic positions including Chairman of Medicine and Vice Dean at Drexel University School of Medicine. As an entrepreneur, Dr. Shulkin founded and served as Chairman and CEO of DoctorQuality, one of the first consumer-oriented sources of information on quality and safety in healthcare.

A board-certified internist, Dr. Shulkin is also a fellow of the American College of Physicians. He received his medical degree from the Medical College of Pennsylvania, and he completed his internship at Yale University School of Medicine and a residency and fellowship in General Medicine at the University of Pittsburgh Presbyterian Medical Center. He also received advanced training in outcomes research and economics as a Robert Wood Johnson Foundation Clinical Scholar at the University of Pennsylvania.

Dr. Shulkin has been named as one of the "50 Most Influential Physician Executives in the Country" by Modern Healthcare. He has also previously been named among the "One Hundred Most Influential People in American Healthcare." He has been married to his wife, Dr. Merle Bari, for more than 30 years. They are the parents of two grown children.

**Updated October 2017**

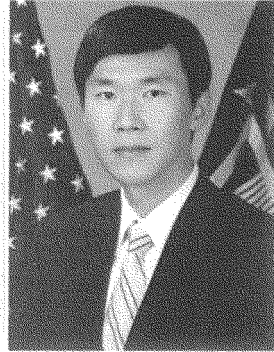


U.S. Department of Veterans Affairs  
National Cemetery Administration

**MATTHEW T. SULLIVAN  
DEPUTY UNDER SECRETARY FOR  
FINANCE AND PLANNING AND  
CHIEF FINANCIAL OFFICER  
WASHINGTON, DC**

Matthew T. Sullivan was named the Deputy Under Secretary for Finance and Planning and Chief Financial Officer for the National Cemetery Administration, effective Feb. 8, 2015.

Mr. Sullivan previously served as the Director, Office of Enterprise Risk Management (OERM) in the Department of Veteran Affairs (VA) Office of Management from October 2012.



As the Director of OERM, he provided leadership in maintaining a Department-wide risk-aware culture and management infrastructure that enables early warning and robust management of top risks that threaten agency priorities and goals.

Mr. Sullivan also served as the Director of the VA Integrated Operating Model from March 2010. He was responsible for improving integration and management within the Department's key corporate management functions, including: acquisition, construction and facilities management, human resources, information technology, and financial management.

He joined VA in 2005 as a Management Analyst with the Veterans Health Administration. There he served as a liaison with the Government Accountability Office and VA Office of the Inspector General reviewing and auditing programs, policies, and activities.

He earned a Masters in Public Administration from George Mason University in 2008 and was inducted into Pi Alpha Alpha, the global honor society in the field of Public Administration. He is a U. S. Army Veteran and earned a Bachelor of Science from the U.S. Military Academy at West Point.

Mr. Sullivan is a Certified Government Financial Manager by the Association of Government Accountants and a Certified Project Management Professional by the Project Management Institute. He is also a graduate of the Leadership for a Democratic Society at the Federal Executive Institute in Charlottesville, Virginia.



## **Department of Veterans Affairs**

### **Senior Executive Biography**

#### **Mark W. Yow**

**Chief Financial Officer  
Veterans Health Administration**



Mark W. Yow was appointed to his current position as Chief Financial Officer, Veterans Health Administration, on October 30, 2015.

In this position, Mr. Yow is responsible for the formulation and submission of the VHA portion of the annual President's Budget submission, allocation of funds to VHA Networks, Stations and Program Offices, budget execution analysis, and health care workload and cost analysis. He is also responsible for VHA financial management and accounting operations, as well as the Department wide Managerial Cost Accounting System, the Decision Support System.

Mr. Yow previously served as the Associate Chief Financial Officer for Resource Management in the Veterans Health Administration. Prior to joining the VA, Mr. Yow was the Deputy Director of the Program, Budget and Execution Division of the TRICARE Management Activity in the Department of Defense. Mr. Yow is a retired Army officer and has also worked as a Certified Public Accountant for a public accounting firm.

#### **CAREER CHRONOLOGY:**

|                |                                                                                                                                      |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 2015 – Present | Chief Financial Officer, Veterans Health Administration                                                                              |
| 2008 – 2015    | Associate Chief Financial Officer for Resource Management, Veterans Health Administration                                            |
| 2003-2008      | Deputy Director, Program, Budget and Execution Division, TRICARE Management Activity, Department of Defense                          |
| 2001-2003      | Deputy for Financial Analysis, Management Control and Financial Studies Division, TRICARE Management Activity, Department of Defense |
| 2000-2001      | Senior Manager, Tichenor and Associates, Certified Public Accountants                                                                |

#### **MAJOR MILITARY ASSIGNMENTS/AWARDS/DECORATIONS:**

Mr. Yow's military assignments included Director of Financial Policy for the Army Surgeon General; Assistant Chief of Staff for Resource Management, Walter Reed Army Medical Center and North Atlantic Regional Medical Command; Medical Analyst, Army Program Analysis and Evaluation Directorate; and Comptroller, 130<sup>th</sup> Station Hospital and Heidelberg Army Medical Activity. Mr. Yow's military awards include the Legion of Merit (two awards), the Meritorious Service Medal (six awards), the Army Commendation Medal (two awards), the Army Achievement Medal, the National Defense Service Medal, and the Korean Service Medal.

#### **EDUCATION:**

Master of Business Administration, University of North Carolina at Chapel Hill  
Bachelor of Arts, Davidson College



## **Department of Veterans Affairs**

### **Senior Executive Biography**

#### **Richard C. Chandler**

**Chief Financial Officer for Information & Technology Resources Management  
Office of Information & Technology**

Mr. Chandler directs all budget, financial, multi-year planning, IT space and facilities management, talent management, and IT strategic planning and analysis activities for the Office of Information & Technology (OIT). He has primary responsibility for linking the budgeting process with IT programs and orchestration, formulation, and advocacy of approximately \$4 billion annually and \$20 billion in multi-year budget requests.



Mr. Chandler oversees OIT's real property, facility management, and construction programs encompassing 1.2 million square feet of VA owned or leased space for over 9,000 OIT employees and contractors. He directs broad OIT transformation efforts driving organizational performance through transition acceleration, change management, and employee engagement action planning. Working with stakeholders, he administers a myriad of human capital functions to turn OIT talent into performance ensuring the right people are in the right place at the right time. This includes providing human capital liaison, organizational development, and training programs and services to more than 8,000 IT/TELCOM Specialists. Mr. Chandler provides leadership and guidance to OIT on strategic planning, performance management, data analytics, and organizational governance promoting accountability and effective and efficient use of IT resources.

Prior to his appointment, Mr. Chandler was the Director of IT Policy and Planning Staff for the Department of Justice (DoJ). At DoJ, Mr. Chandler was responsible for overseeing all IT budget and finance, workforce development, vendor and investment management, program oversight, and compliance matters.

Mr. Chandler is a Veteran of the United States Army Reserve where he served in the 443rd Civil Affairs Battalion from 1990- 1998.

#### **CAREER CHRONOLOGY:**

|                |                                                                                             |
|----------------|---------------------------------------------------------------------------------------------|
| 2015 – Present | Chief Financial Officer (CFO) for IT Resources Management                                   |
| 2012 – 2015    | Director, Policy & Planning Staff – Department of Justice – Office of the CIO               |
| 2009 – 2012    | Chief Information Officer, Executive Office for Immigration Review                          |
| 2005 – 2009    | Supervisory Management & Program Analyst (Unit Chief) Federal Bureau of Investigation (FBI) |

#### **EDUCATION:**

2008 – Advanced Management Program – Chief Information Officer Certificate, National Defense University – Washington, DC  
 1997 - Master of Public Administration – Northeastern University, Boston, MA  
 1994 Bachelor of Arts in Public Justice – SUNY, College at Oswego, Oswego, NY



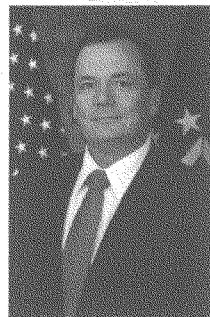
## **Department of Veterans Affairs**

### **Senior Executive Biography**

#### **James Manker, Jr., MS, MBA**

##### **Acting Principal Deputy Under Secretary Veterans Benefits Administration**

James E. Manker, Jr. (Jamie) was selected to serve as Acting Principal Deputy Under Secretary for Benefits in the Department of Veterans Affairs on July 10, 2016. In this position, he serves as second in command in the Veterans Benefits Administration (VBA), which administers benefits programs for Veterans, including education, home loan guaranty, compensation, pension, vocational rehabilitation and employment, and life insurance through a nationwide network of 56 regional offices, special processing centers, and VBA Headquarters. These benefits programs pay out nearly \$96 billion to Veterans and their beneficiaries annually.



Prior to that assignment, Mr. Manker served as the VBA Chief Financial Officer (CFO). As the CFO, he was the principal financial advisor to the Under Secretary for Benefits and oversaw VBA's budget formulation, justification, and execution process; the resources allocation policy development and operational process; and the financial management systems and accounting functions. Mr. Manker oversaw the payment of over \$96 billion in benefits payments to Veterans and their beneficiaries annually. Before becoming CFO, Mr. Manker served as the Deputy Chief Financial Officer.

#### **CAREER CHRONOLOGY:**

|                |                                                                 |
|----------------|-----------------------------------------------------------------|
| 2016 – Present | Acting Principal Deputy Under Secretary for Benefits            |
| 2010 – 2016    | Veterans Benefits Administration Chief Financial Officer (CFO)  |
| 2009 – 2010    | Veterans Benefits Administration Deputy Chief Financial Officer |

#### **MAJOR MILITARY ASSIGNMENTS/AWARDS/DECORATIONS:**

Mr. Manker retired from the Air Force as a Colonel after having served 25 years as an Air Force Financial Manager. During his career, Mr. Manker held a variety of financial management, budget and cost analysis positions and commanded two comptroller squadrons. In addition, Mr. Manker deployed to Riyadh, Saudi Arabia during Operation Desert Storm and Camp Doha, Kuwait during Operation Enduring Freedom, both times serving as the Air Force Host Nation Support Liaison. In this capacity, he negotiated with the Saudi and Kuwaiti governments to secure food, housing, and transportation for deployed soldiers, sailors, airmen and marines. He also served as a research fellow with the RAND Corporation, assisting in the development of the Air Force's strategic vision for the 21st Century. Mr. Manker's career culminated with an assignment as the Chief of the Aircraft and Technology Division for the Office of the Assistant Secretary of the Air Force for Financial Management and Comptroller. His military awards and decorations include the Legion of Merit, the Defense Meritorious Service Medal, the Air Force Meritorious Service Medal with five Oak Leaf Clusters, the Joint Service Commendation Medal and the Air Force Commendation Medal.

#### **EDUCATION:**

MS in Strategic Studies, United States Air War College at Maxwell Air Force Base, AL  
 MBA, University of West Florida  
 Officers Training School  
 BS with Honors, Auburn University Montgomery, AL



## **Department of Veterans Affairs**

### **Senior Executive Biography**

#### **Jon Rychalski**

##### **Chief Financial Officer**

Mr. Jon Rychalski is the Chief Financial Officer of the Department of Veterans Affairs. In this role, he is responsible for directing the Department's budgetary, financial, capital asset management, and business oversight functions as well as corporate analysis and evaluation.



Prior this appointment, Mr. Rychalski was the acting Principal Deputy Assistant Secretary of Defense for Health Affairs and the Deputy Assistant Secretary of Defense for Health Budgets and Financial Policy.

Health Affairs is responsible for providing a cost effective, quality health benefit to 9.6 million active duty uniformed Service Members, retirees, survivors and their families in the Military Health System (MHS). The MHS is a \$50 billion program that consists of a worldwide network of 59 military hospitals, 360 health clinics, private-sector health business partners, and the Uniformed Services University.

In 1989, Mr. Rychalski entered federal service with a commission through Air Force Officer Training School. After three years as a line officer, he was commissioned in the Air Force Medical Service Corps (MSC). While an MSC Officer, Mr. Rychalski served in a variety of capacities including Patient Administration Officer, Medical Readiness Officer, TRICARE Flight Chief, and Resource Management Officer. He also participated in an Education with Industry assignment at Long Beach Memorial Medical Center in Long Beach, CA and completed a tour at the Air Force Surgeon General's office as a staff officer. He left active duty in 2001.

In addition to federal service, Mr. Rychalski worked in the civilian health care consulting industry for nearly eight years. In this capacity, he served a diverse clientele ranging from Military Health System organizations to commercial health care clients to the Department of Health and Human Services. As a consultant, he was responsible for successfully leading numerous projects that were financially, operationally, or strategically focused.

Mr. Rychalski holds a Master of Science in Management degree from the State University of New York Institute of Technology; a Bachelor of Science in Accounting degree from National College; and a Bachelor of Arts in Business Administration from Carroll College.

Mr. DENT. Thank you, Mr. Secretary.

I thought I would start the hearing off just by saying I very much enjoyed working with you when you were in the previous administration, and now in this administration. Your expertise and your experience in healthcare systems management is extraordinary, and I am glad you are in the job that you are in.

Secretary SHULKIN. Thank you.

#### INTERNAL DYNAMICS

Mr. DENT. But I do feel I have to acknowledge the proverbial elephant in the room, as the public and Congress have been inundated recently with reports, press reports regarding palace intrigue at the VA and the White House. Some reports even mentioned that you stationed an armed guard outside your office.

If these reports are true, have the issues been resolved, and if not, why not? And the other question, which is more important, is this internecine squabbling affecting your ability to manage the VA and jeopardize your mission to support veterans?

Secretary SHULKIN. Yeah. Let me just say that I have publicly acknowledged that the distraction that has happened, that you have talked about, is something that I deeply regret. I have come here for one reason, and that is to improve the lives of veterans, and that is what I am focused solely on doing.

There are a lot of people that, frankly, are more interested in politics than I am. I am interested in getting this job done. In terms of—and I have made it clear to everybody in my Department that I have no tolerance for anything other than the business that we have to do for VA.

I believe that we are getting back on track with that, and I am going to do everything I can to keep our focus on the work that we have to do, because there is a lot of work to do, as you have mentioned, that impacts people's lives.

In terms of the issues about, you know, how I am running things and my security, I will tell you, every cabinet member has a security detail that is armed. I am no different. I have done nothing different in my security protocol. There is no change from what it ever has been.

But I don't like discussing my security protocol, and I am not going to give these details. But there is nothing different than what we have been doing. My security detail assesses the risk and makes the decisions on how to best protect the cabinet member.

#### FUNDING THE CHOICE PROGRAM

Mr. DENT. Well, I appreciate that answer, Mr. Secretary, because my interactions with you have always been very substantive and professional and on these very weighty issues, so I appreciate that.

I would like to now focus on the Choice funding shortfall. After the original mandatory funding of \$10 billion for the Choice Program provided by the authorizers was exhausted, the program's funding has lurched from one shutdown risk to the next, with Congress approving two doses of mandatory funding totaling \$4 billion.

There is still no authorizing bill to consolidate choice with the other non-VA care programs. And once that is enacted, it will take a year to do the implementing regulations. So are you looking at

another 12 months of Choice with no additional mandatory funding?

I know your budget suggestions released after the budget caps deal include \$700 million in fiscal year 2018, and \$1.9 billion in 2019 for Choice, but I am not sure there is an appetite to provide discretionary money for a program that remains a mandatory one for another year.

So what is your most recent estimate of when the existing Choice funds run dry? And are you talking with the authorizing committees about providing enough mandatory funding to keep the Choice Program going while the new consolidated non-VA care program is implemented?

Secretary SHULKIN. Yeah. As of March 6, we had a balance in our current Choice budget of \$1.1 billion. When you take out the reserve that we have to keep, because we have to keep a certain amount of money for obligations that are incurred, we have, on our current run rate, enough money to get us probably through the end of May, maybe into the very first or second week of June, so that we will not have enough money in 2018 to be able to make it all the way through the end of the fiscal year. And we would have to start taking management decisions to be able to reduce our spending in the Choice Program and use other sources of community funds.

So we are going to be working with the authorizers to make sure that they understand that we do have a 2018 shortfall, and that we have to be able to get through the end of the fiscal year.

Mr. DENT. Thank you.

#### ELECTRONIC HEALTH RECORD

I thought I would quickly ask, before I recognize the ranking member, just a quick discussion about the electronic health record. And during the past week, there have been press reports alleging that DOD's rollout of their electronic health record system in the Pacific Northwest was plagued with all sorts of problems and difficulties.

And DOD and its IT contractors responded by noting that the rollout to four medical centers was designed to identify and fix any issues prior to full implementation. They also note that issues are being—are to be expected in any large-scale IT project, and that DOD's implementation is going more smoothly than the comparable commercial conversions.

Since VA is planning to use the same system and contractor as DOD for electronic health record, how concerned are you about the glitches uncovered with DOD's rollout?

Secretary SHULKIN. Well, first of all, let me just say that I am confident that we made the right decision here, that Congress has been asking us, for now 18 years, to find a way to get our systems to work together with the Department of Defense. And so that will certainly be achieved with this.

What I have done is I have asked for a pause until I can make sure that we have the interoperability with community providers. Since 36 percent of veterans now receive care in the community, I think that is essential to do.

I do believe that working with the Department of Defense as closely as we are, very close working relationship, we are using their lessons to make sure that our contract reflects the issues that we have learned, but also that we are going to have a smoother implementation.

Just this past week, I spent time with Admiral Bono, who heads the Defense Health Agency, and we talked about these specific concerns. And I am confident that, given what she has learned from this and shared with us, that we are going to have a much smoother implementation.

Mr. DENT. And can I just quickly say, it sounded like many of the problems were related to resistance from users. And given the enormous ability of the VA doctors, the VistA system, don't you expect more serious user resistance at the VA?

Secretary SHULKIN. Well, I think—you know, I have done two previous electronic health record implementations, never on this scale, of course. Nobody has done anything on this scale. But if you don't have involvement from your clinicians, you might as well not start in the beginning. So that is the absolute key.

And so having this being driven through our clinical leadership and our clinicians is going to be the factor that is going to be successful. We are doing these one VistA instance at a time, and involving our clinicians is going to be critical.

Fortunately, we have clinicians that use electronic medical records, have been doing it for a long time. And being able to make an effective transition, I believe, is going to be something that not only is possible, but that our doctors and our nurses and clinicians will be able to be in the leadership position to tell us how to do that well.

Mr. DENT. Thank you, Secretary.

I would like to recognize the ranking member, Debbie Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman.

First, I would like to associate myself with your remarks about the distractions, but also with yours about the importance and our singular focus needing to be about making sure that we can care for our veterans. So let's all make sure that we are growing in the same direction—

Secretary SHULKIN. Yes.

Ms. WASSERMAN SCHULTZ [continuing]. And focused on who you exist to serve.

We discussed in my office, I mentioned in my opening remarks, my concern about rolling back medical services into community care when the statute is in direct conflict with that proposal.

You know, the Veterans Affairs Department has given veterans some discretion to pursue care in the community, but I am deeply concerned that this is a, you know, snowball rolling faster and faster down the hill, and appears to be moving in the direction of privatization.

The first part of my question is, has this administration, or is anyone pushing you towards privatization of VA care?

# PRIVATIZATION OF VA CARE

Secretary SHULKIN. I have been clear that I think this would be the wrong decision for our country's veterans to privatize VA. I have also been clear that I think that VA can't do this alone, that that is what we learned out of the access crisis in 2014.

So we have to have a rational system that allows veterans to be able to understand what the choices are that they have and be able to get the best care that they can from the VA.

And I completely agree with you that the men and women in the VA that serve are doing an extraordinary job every day. We have problems that I acknowledge and that we have to fix, but we are doing important work on behalf of veterans.

And so the right choice here is a system that allows for a strong internal VA that is working properly, as well as taking advantage of working with the private sector when veterans can benefit from those services as well.

## INTEGRATE COMMUNITY CARE INTO A SINGLE ACCOUNT

Now, I also believe that running separate systems administratively, keeping money in different checking accounts, is a very, very tough way and inefficient way to run a system. And I do believe appropriate oversight, asking the questions that you ask, making sure that this is not a back door to privatization, is an appropriate role of Congress. And we are going to try to be as transparent about our plans and our use of funds as possible. But I do think it is the right decision to integrate community care funds into a single pot.

Ms. WASSERMAN SCHULTZ. And I can understand what you are saying, and I hope you can appreciate that it is important that we are able to see—

Secretary SHULKIN. Yes.

Ms. WASSERMAN SCHULTZ [continuing]. Even if it becomes one account, how much is going into non-VA care. Because then, if we are masking that, then you are essentially hiding the move towards potentially privatization.

## COMMUNITY CARE VERSUS VA-PROVIDED CARE

And just to make a finer point on it, community care—between fiscal year 2017 and fiscal year 2019, community care spending will have increased by 49 percent. That is without the \$4.2 billion in emergency funding.

In the same period, we have only had a 9 percent spending increase in VA-provided care. That is, I assume, not because the VA doesn't have the capacity to absorb a greater increase and be able to provide more services. I know in my own VA medical center, I have talked to them. I know what their resource needs are and what they are not getting.

So can you explain the difference between this uneven growth?

Secretary SHULKIN. Our singular purpose, since I came to VA in 2015, is to make sure that veterans that have healthcare needs are getting access. And, frankly, rather than make veterans wait until we built programs inside, or hired enough people, we have only focused on getting them the care.

And that has been easier to get care out in the community in many settings. And I think that this is where you have seen a rapid growth, because we are focused on meeting the needs of the veterans. I will not have veterans who have urgent needs waiting until we get enough access in the system.

Having said that, this flexibility will allow our medical centers to make good decisions about what is best for veterans, whether they can use this money to better support programs in the VA, or whether it is a better decision to continue to buy care out in the community.

And that is what you want an accountable management team to do, which is to focus on their customers, in this case, veterans, and figure out in their market how do you best supply the services?

Ms. WASSERMAN SCHULTZ. You do. But when you have 49 percent to 9 percent difference in increase in growth, you are clearly favoring their ability—which side of the ledger is their ability to make that choice?

And so the more and more resources that go into private community care and the less of an increase that we are focused on in VA care, the longer it takes us—I mean, government wheels turn more slowly anyway—then the longer it takes us to ramp up to be able to make sure that people could choose the option of getting care at the VA rather than the private sector.

And, frankly, every—almost every veteran I have ever spoken to—and I don't know if my colleagues have had the same experience—if you ask them, their preference is to go to the VA.

I yield back.

Mr. DENT. I thank the ranking member.

At this time, I would like to recognize the gentleman from California for 5 minutes, Mr. Valadao.

Mr. VALADAO. Thank you, Chairman.

Thank you, Secretary, for being here. Appreciate your time.

#### OIG REPORT ON VETERAN WAIT TIME

Last week, the VA Office of Inspector General released an audit of veteran wait time data. As you are well aware, the audit revealed that the VA incorrectly reported wait times experience by veterans seeking first-time care from VA doctors.

The report estimated that new patients waited on average about 18 days for an appointment. Additionally, 36 percent of veterans had to wait longer than a month for an appointment, despite the VA scheduling system saying only 10 percent had waited that long.

Due to this inaccuracy, nearly 13,800 qualifying veterans were wrongly made ineligible for Veterans Choice Program. Have those responsible for misreporting wait times been properly dealt with, and what do you plan to do to fix this serious ongoing issue?

Secretary SHULKIN. Yeah. The IG report, I think, was well done and gave us a lot to be able to start going through. There have been some immediate changes that have been made.

Many of the inaccuracies that were in that report were because people were inputting specific dates, our schedulers were. That is now automatically taken from the system so that there is not the ability for individual variation. It is what is put into the system.

I changed the way that we record wait times to when the veteran first calls and requests an appointment. It used to be there was this judgment in there about when did the patient want the appointment, and that is where I think that you had the ability to see data problems. Now it is the day that they call and ask for the appointment is the way that we start recording things.

We have also increased now the number of audits that are going on throughout the system to be able to make sure that these types of data are understandable and accurate.

In terms of accountability decisions, VHA, the Health Administration is going through the IG report and seeing what, if any, appropriate actions have to be taken there. But, you know, I have the data on the wait times today, and, you know, overall, for mental health and VISN 15, it is 11.6 days. But for primary care, it is 18 days still, and that is something that we are working very hard to get lower than it is, because that is still too long to have to wait.

Mr. VALADAO. Well, and that is an issue I have even heard in my own district. My constituents who have approached me throughout the district have always said the same thing. We love the care that we get once we are in the door; the struggle is getting in the door. And so I appreciate the changes are being made.

Secretary SHULKIN. Yes.

#### BLUE WATER NAVY VETERANS

Mr. VALADAO. One more question, Mr. Secretary, as we discussed in previous hearings, since 2002, the VA has continued to deny claims from Blue Water Navy veterans, despite studies showing higher rates of cancer and non-Hodgkin's lymphoma among shipboard veterans than those who fought on the ground in the country.

I brought this up in a prior meeting and hearings with you, and you replied that you are requesting additional recommendations from the VA on this issue. Additionally, I wrote a letter to you in August to address this issue.

In September of 2017, you responded to my letter, and said that you were going to be receiving additional subject matter expert recommendations on the matter, and would update me and my fellow signers and the letter in my coming months.

So my question is, is nearly 6 months later, have you come to a decision on the Blue Water Navy veterans? If not, what is the status update, and when exactly can we expect a response as to whether your Department plans to afford these brave Americans the benefits they have fought for and deserve?

Secretary SHULKIN. Yeah. Well, first of all, I thank you and others in Congress that continue to not let this issue go unanswered. I am aligned with you that these veterans have waited too long, and that this is a responsibility that this country has, and as our veterans get older, it is unfair.

I do want to make clear that any veteran who has a disability claim, such as some of the cancers that you talked about, is absolutely able to file that claim, and an individual decision will be made about whether there is evidence to suggest that that disability is related to their service. And we are dealing with these claims every single day.

Mr. VALADAO. But——

Secretary SHULKIN. What we are talking about is a presumption. What we are talking about is a class of veterans who served that wouldn't have to go through that type of disability process. And so, I believe that it is imperative upon us to resolve this issue.

I also believe that there will not be strong scientific data to help resolve this. This is going to be an obligation that we feel as a country that these veterans shouldn't be waiting any longer.

And I am on the side of trying to find a way to resolve this for the Blue Water Navy veterans, and we are working hard to look at offsets and other ways to be able to do that, and it is a high priority for us.

Mr. VALADAO. And I appreciate that. But with these types of cancers, time is of the essence.

Secretary SHULKIN. Absolutely.

Mr. VALADAO. And so having that extra step that they have to take to be able to get treatment is a huge issue in their, hopefully, healing process.

Secretary SHULKIN. I agree.

Mr. VALADAO. So thanks again for your time.

Secretary SHULKIN. Thank you.

Mr. DENT. At this time, I would like to recognize the gentleman from Georgia, Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman.

Mr. Secretary, thank you for appearing today and your continued partnership with members of this committee on ensuring that we support our Nation's veterans. I want to also thank you for your leadership of the Department, both as the Medical Director and as Secretary. I, along with the VSOs and veterans all across the country, appreciate your hard work and your commitment to veterans.

#### PROSTHETICS TECHNOLOGY

I am going to ask you two questions very quickly to try to try to respect your time. The first has to do with prosthetics. Dr. Shulkin, the fiscal year 2019 budget includes \$727 million for research, which is a plus \$87 million above the 2018 budget, coupled with an additional \$1.1 billion in other Federal and private grants and other support total funding in support of veteran research is \$1.9 billion.

My understanding that the technology surrounding the prosthetic process for our servicemen and women has grown exponentially over the past few years, and that the VA's prosthetic program may be somewhat outdated.

What steps is the administration taking to ensure that veterans have access to the latest prosthetics technology that is available on the market, and that the VA stays competitive with the private sector in this regard?

#### MODERNIZATION AND TELEHEALTH

And my second question has to do with modernization and telehealth. I represent a predominantly rural district, and I am concerned with my veteran constituents receiving the highest quality of care from the VA.

The VA is modernizing a program “Anywhere and Everywhere” VA telehealth program. What cost is associated with expanding this program, and is it included in your fiscal year 2019 request? And will the VA be providing the equipment required for telehealth and medical appointments?

I know 45 percent of the telehealth services are for rural veterans. Tell me what steps are being taken to grow that percentage in rural areas with their limited access to broadband?

And tell me whether or not you are coordinating your efforts with the Department of Agriculture that has primary responsibility for rural communities, and in particular, broadband access, and whether or not you are participating in the Rural America Task Force that is made up of cabinet secretaries and is convened by Secretary Perdue over at USDA.

Secretary SHULKIN. Yeah. Okay. So thank you for both those questions.

It is essential that VA maintain the most contemporary approach to prosthetics and orthotics. This needs to be a foundational service for us. And I do believe that our research funds, as you suggest, need to be moving us towards those contemporary technologies.

I was, this past week, at the Las Vegas VA, and I went specifically to orthotics and prosthetics after our conversation to ask about this. I met with their team. They are using the laser fittings the way that you and I talked about, and that is a best practice. And we are making sure that we are learning about what new therapies and diagnostic approaches are out there.

As I mentioned, we are working in several of our sites with 3D printing. We have recently developed a new prosthetic arm with DARPA, and so, it is exactly this type of focus that we need to be doing. And I will make sure that we are using the very best technologies. But we do work with private prosthetists who are constantly telling us about new ways to learn, and we are committed to doing that. So thank you for that.

On the telehealth services, as you know, in fiscal year 2017, we had about 727,000 veterans using telehealth. In the rural areas, it is about 300,000. Just this past quarter, we had 110,000 rural veterans in one quarter using telehealth, and so you can see it is increasing. That will be around 450,000 on this type of run rate.

It is essential, and especially with this Anywhere to Anywhere, now that we can provide services across State lines, for us to reach more rural veterans and provide that type of expertise.

In terms of the budget, we are seeing an increase, particularly for rural health in telehealth. It is a 12 percent growth in our budget for rural telehealth activity in 2019.

#### RURAL AMERICA AND BROADBAND ACCESS

Mr. BISHOP. Are you working with the Task Force for Rural America with regard to veterans health, particularly with the broadband access?

Secretary SHULKIN. Yeah. Yeah. Yeah. I have attended a number of the meetings with the telecommunications leaders in the rural areas through the White House conveners. This is a really important problem to solve, and I think you have identified the reason

why: Without the broadband technology, it is hard for us to get into veterans homes and even into some of our own facilities.

But we need to do everything we can to partner with those companies to be able to find solutions, and so, yes, we will continue to work with our rural counterparts throughout the administration.

Mr. BISHOP. Thank you, Mr. Chairman.

Mr. DENT. Thank you, Mr. Bishop.

At this time, I would like to recognize the gentleman from West Virginia for 5 minutes, Mr. Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here and thank you for the opportunity to meet last week.

#### A NATIONAL OPIOID CRISIS

A couple of quick things: Number one, we have an opioid crisis nationally. We certainly have it in my State of West Virginia, and tragically, many veterans are impacted by the disease of addiction.

With regard to the VA, the VA was siloed in sharing prescription data with State PDMPs. What I am interested in is, have we broken down those barriers? And two things: One, do all prescribers, dispensers at the VA have full, unfettered access to the State PDMP programs; and number two, is all prescribing data relating to prescribing behaviors, dispensing of VA folks put into the State PDMPs two-way communication?

Secretary SHULKIN. Yeah. Yeah. First of all, you know that VA has focused on the opioid safety initiative since 2012. We have seen a 41 percent reduction to opioid use. What I am most proud of is it is a 90-percent reduction on initial starts now, so we are looking in finding alternatives besides having to reach first for opioids.

In terms of the State prescription data monitoring program, it is a requirement for us across the country that all VA prescribers participate in the State monitoring program for the reasons why they exist, so that is a requirement.

And as far as I am aware—but I am going to come back and confirm this, because I think your question is one that, for some reason, I wish I had asked and I didn't, to make sure that it is this bidirectional, and that is so important, because if we are not getting that into the State databases, then how do outside prescribers know? So I believe that is the case, but I am going to confirm that and get back to you.

[The information follows:]

VA provides information to all compliant state PDMPs, 48 states, Puerto Rico and the District of Columbia. Missouri does not yet have a PDMP. Nebraska has updated their system to achieve the federal requirement for use of FIPS 140-2 cryptographic encryption and VA is in the process of establishing connectivity with their database. This process has historically taken one to two months to completely set up the data sharing transmissions. All state PDMPs can be queried by VA providers, as allowed under state laws.

Section 134 of the MISSION Act creates a new § 1730B regarding access to State prescription drug monitoring programs. It requires VA licensed health care providers or their delegates to query the national network of State-based prescription drug monitoring programs; it also provides that any VA licensed health care provider or delegate is considered an authorized recipient or user, and that no State law, rule, or regulation restricting access would apply to such providers or delegates. States may not deny or revoke the license of a VA licensed health care provider or delegate who otherwise meets the requirements for holding a license, registration, or certification, solely based on the provider or delegate's querying, or attempting to query, such a database.

There is no question that this new authority will improve the participation of VHA providers in state PDMPs in a number of ways. It is also important to be clear about the greater context of the PDMP system and the ways that other factors and jurisdictions (State requirements and regulations) will continue to impact the use of this tool.

The new law expands our ability to get access to state PDMPs in states where we have had licensing restrictions or limitations on delegates. While it greatly facilitates PDMP use by giving VA providers the authority to check all PDMPs, even in states where they are not licensed, there remains the requirement to register with the State PDMP by each provider.

It greatly facilitates the PDMP process by giving surrogates the right to check for a provider (either other staff or via an electronic process). Having the ability to universally use delegates, making it possible for pharmacists and nurses to check the PDMP without it always having to be the provider, rather than having this involving a state by state decision is a significant step forward. This will require a plan for implementation in each state. VA is working with OI&T to develop an electronic checking capability, and has requested funds for this.

It is important to remember that while the law states "the national network of State-based prescription drug monitoring programs", there is in fact no national network but rather an amalgam of individual state PDMPs with various approaches to interoperability.

Given the importance that providers protect their state license, our National VA PDMP policy is to follow respective state law. So if a state mandates more frequent PDMP checks or has specific or unique guidelines for their PDMP process, those requirements must be followed.

## ACCOUNTABILITY WITHIN VA

Mr. JENKINS. The second—and the gentleman, I think, from California raised the IG report, and I would like to talk about the issues. This Congress, over the last couple of years, has taken great strides, at the administration and the Secretary's request, to give broader authority to hold people within the VA accountable.

Our goal is clear: We want the very best care possible for our veterans. And if there are people who aren't committed to providing that care at the level we expect the veterans deserve, we want to hold them accountable.

And as I raised with you previously, and I heard your comments just a moment ago talking about appropriate actions and change, and I know you weren't referring specifically—I hope not—to the situation in West Virginia. But I simply want to say, it is not appropriate action, and it is not the change we are talking about where a VA employee in Oregon accused of gaming quality-of-care statistics to refusing to treat certain veterans was proposed to be transferred to my State of West Virginia. And simply because of probably outcry from me and others, the decision was not to do that transfer.

## POOR PERFORMING EMPLOYEES

Can you reassure us that the way in which you are dealing with and handling those employees of the VA that are not committed to the mission of the best possible care aren't being swept under the rug, shifted to another State? I don't want Oregon's hand-me-downs.

Secretary SHULKIN. Well, first of all, Congressman, we appreciated the feedback, and as you know, we took that into account, right. But this was a decision made by the Health Administration, and the decision was made to demote the individual to a lower level of responsibility so that they could get the appropriate supervision and mentorship potentially to be able to contribute back at a higher level.

This was not just a simple lateral transfer. But because of the feedback, as you know, that didn't happen, and I think that is the way it should work. We have to come up with mutual decisions about what is best.

But there was not a decision made by the Health Administration that this person should be terminated. The decision was made that they were probably operating above their appropriate level of responsibility, and so a demotion was made.

Mr. JENKINS. Well, maybe demotion is appropriate. I don't know the facts.

Secretary SHULKIN. Yeah.

Mr. JENKINS. It is the demotion and the transfer to send a problem from Oregon to the veterans in West Virginia.

Secretary SHULKIN. Yeah.

Mr. JENKINS. That is unacceptable to me.

Secretary SHULKIN. I appreciate that, yeah.

Mr. JENKINS. There needs to be transparency. And while you acknowledge it was a factor, it did not become a factor until there was awareness. And I think those in Oregon probably let the folks

in West Virginia know, you got a problem on your way. We need better transparency and not kind of that—

Secretary SHULKIN. I understand.

Mr. JENKINS [continuing]. Mode of communication.

Finally, with regard to the infrastructure, I have visited all of our medical centers—I am out of time, I understand. I will save it for the next round.

Secretary SHULKIN. Okay. Thanks.

Mr. DENT. At this time, I would like to recognize the gentleman from Virginia, Mr. Taylor, for 5 minutes.

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here today. We appreciate it.

#### INFRASTRUCTURE

One quick thing. As you know, my district has the fastest-growing veteran population, OIF, OEF, women veterans, and obviously our care. And according to the VA, 40 percent more folks in the next decade will fall into the system, and 60 percent more care will be needed.

And on that infrastructure note, you know, our outpatient center on the south side in our area is one of 28 major VA medical facilities that were approved by Congress last year.

Secretary SHULKIN. Yes.

Mr. TAYLOR. My question is, how can we expedite these needs to get them built? Because it is going to be, I think, another 2 years before there is any ground break or anything like that. And are we using the correct contract vehicles to be able to make that happen?

Secretary SHULKIN. It takes way too long to get this stuff done. We are following the Federal contracting rules and regulations, and we are trying to do this as quickly as we can to get through the process.

I do believe that the answer that probably you and I are both looking for to get this done faster is going to be new models to work with the private sector, and allowing public/private partnerships to help us achieve this.

We have asked for legislative authority to use greater enhanced-use leases. You have given us authority to do that with the homeless population. That is where we are limited to being able to do this.

If we had greater authority to be able to build your facilities with enhanced-use leases, the private sector could do it and we would lease it back. And I think that is an approach that we should look hard at doing, because with Federal contracting rules, it does take years.

Mr. TAYLOR. Any note on OTAs or SBIRs or the usage of those to expedite contracting?

Secretary SHULKIN. It is something that I just don't know enough about to answer. I would be glad to get back to you. I don't know if any of my colleagues know enough about that. So we will be glad to have a discussion with you about that. Any ideas—I mean, we need to get this done faster. The money has been authorized. Veterans are waiting. It drives me crazy to see years go by and not do this.

[The information follows:]

Non-Traditional Contracting (NTC) such as Other Transaction Authority (OTA) and Small Business Innovation Research (SBIR) Phase III programs are streamlined procedures that federal agencies use to support scientific excellence and technological innovation through the investment of federal research funds. The VA routinely evaluates and revises its leasing process to ensure it is grounded in private-sector real estate best practices for health care delivery and responsive to the emerging demands of the Veteran population. We work closely with the General Services Administration (GSA) to ensure our lease acquisition strategy aligns with the latest government-wide guidance, tools, and procedures. Additionally, VA has developed a partnership with the General Services Administration (GSA) to procure seven of the recently authorized leases leveraging GSA's expertise in lease procurement. Hampton Roads is one of the seven projects GSA will procure. GSA will follow competitive lease procurement procedures in its regulations. The NTCs referenced do not apply to the proposed leasing action for the South Hampton Roads Out-patient Clinic in Hampton, Virginia.

Mr. TAYLOR. Thank you, Mr. Secretary. We will get with you on that after that.

Secretary SHULKIN. Okay. Thank you.

#### PRIVATE CARE VERSUS VA-PROVIDED CARE

Mr. TAYLOR. Another note, I think it is important for me to say, as a post-9/11 service-disabled veteran myself, there is a generational divide in terms of the desire to use the VA or desire to use care. And my generation tends to, in general, want to have private care, because it is easier access. The older generations tend to like the VA better. So there is definitely a generational divide.

I will say, you know, we had the IG in my office who talked about our own facilities, and they talked about the care being great, but, of course, the perception still amongst veterans of wait times, of not being called back, is still very poor. In my area, it is a one star, out of your rating. And that is a big—that is obviously a big problem.

My question is, as the ranking member pointed out, where 9 percent has increased in the VA care, but 36 percent in private, what are the numbers—because I didn't see that—but for the folks, the veterans who were using the private care?

And let me also say on the record that I agree with you and the ranking member that it is the government's responsibility and our duty to take care of our veterans and to oversee that, to not just be privatized.

At the same time, as one who is of that generation, I think it is—to get better, faster access, and not have to wait, which is what you said, we should be able to use those facilities, but—private care, excuse me.

What are the numbers and what are the veterans saying in terms of wait times, in terms of being called back that are using private services, because I haven't seen that?

Secretary SHULKIN. Right. So, look, when you are talking about 9 million veterans who use the VA system, this is never going to be an "everybody feels this way or everybody feels that way."

Mr. TAYLOR. Of course. Not a monolith.

Secretary SHULKIN. Right. Exactly. That is why we are working towards giving people more choice in how they want their care.

Many in your generation, many in my generation increasingly want their care on their mobile phones and convenient access when

you need it. That is where we really need to be moving, no doubt about it.

But the difference between community care and VA care in terms of access is geographically variable. But in general, as I am going to talk about across the country—and I have a publication I am submitting on this—VA access, compared to the private sector is 11.3 days less across the country. Now, depending upon what region you are in, that can vary.

The satisfaction of veterans with access to care is actually improving from where it was in 2014. We are getting better, but there are parts of the country—and I think you come from one—where we need the private sector in order to meet the needs.

And so that is what we are doing. That is why you are seeing us prioritizing access, community care growing. We are trying to build capability, hire more people within the VA to address access. That will hopefully give veterans more choice about where they want to get their care, in the VA or outside the VA.

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. DENT. I would now like to recognize the gentlelady from California, Ms. Lee, for 5 minutes.

Ms. LEE. Thank you very much.

Thank you, Mr. Secretary, for being here.

Secretary SHULKIN. Sure.

Ms. LEE. Once again, as the daughter of a World War II and Korean War veteran, I am really pleased to know that we have a Secretary dedicated to ensuring that veterans receive quality healthcare. I know the VA intimately as a result of my dad, so thank you very much.

#### ALAMEDA POINT

I have a couple of things I want to mention to you. First of all, I have a letter that I am going to give to you regarding Alameda Point. We are now—this is the new outpatient clinic in my district. Now it appears it will be 2 years now off track in terms of timing.

So I would like, and I am asking you in this letter, to give me monthly updates on the status of this, because I am quite concerned about what is taking place.

Secretary SHULKIN. Okay.

Ms. LEE. So that is for the record, and I will give that to you. [The information follows:]

VA will continue to work with Congresswoman Lee's office to provide regular updates on the Alameda Point construction.

Secretary SHULKIN. Thank you.

#### MEDICAL MARIJUANA

Ms. LEE. And then, secondly, okay, now, coming from California, of course, you know we have a variety of dispensaries which make marijuana available to patients and veterans who use it for PTSD or chronic pain and it works.

Okay. Now, you have said that the VA can't recommend medical cannabis in accordance with State laws until the Federal law changes. But marijuana schedule 1 status does block formal pre-

scriptions. It does not block the ability of doctors to fill out questionnaire forms in those States.

So what is the problem? What is the Federal statute that blocks the VA from doing this and not letting physicians simply recommend cannabis to veterans who need it and has proven that it works?

Secretary SHULKIN. Congresswoman, so would filling out a questionnaire, isn't that the step towards prescribing? Somebody has to write the prescription.

Ms. LEE. It is not a formal prescription, no. It is just a recommendation form. That is all the State requires, not a prescription.

Secretary SHULKIN. So who writes the prescription for the medical marijuana?

Ms. LEE. The physician would write—would just recommend cannabis.

Secretary SHULKIN. My understanding is, VA Federal law would not allow the physician to write the prescription, but—so I have to understand what the questionnaire would be in order to make a recommendation, but not write a prescription.

Ms. LEE. Okay. Well, could we show you that questionnaire, Mr. Secretary?

Secretary SHULKIN. Absolutely.

Ms. LEE. Because veterans need this, it works, and it is a shame and disgrace that the VA is preventing this type of treatment that works. So—and we know the Federal statutes and what all, but this is a merely questionnaire. So I would like for you to review that.

Secretary SHULKIN. I would be glad to review that, yes.

#### THE PATHWAY HOME MODEL

Ms. LEE. Okay. Yountville, California, the tragedy that occurred in Yountville, it just shows one, of course, the access to guns; but secondly, veterans who need more mental healthcare.

And the pathway model, where it leverages benefits from the private sector as well as the public sector and the VA, is really a nationwide model. And so, I hope you look at what took place there, and look at how we can expand the model, first of all, but also how we can prevent these tragedies from happening.

Secretary SHULKIN. Yeah.

Ms. LEE. I don't know. Are you conducting an investigation now?

Secretary SHULKIN. We are. As you know, this is a State home, so that we weren't providing the security. That is up to the State to be able to do that, but we are looking at every aspect of this.

Before you came in, I mentioned that three heroic women lost their lives, as I know you know, but one of them was a VA employee. We are absolutely torn up that this happens to people serving veterans. We are looking at every aspect of this to see what we can do.

We don't want our employees ever to have to go through this, but also the fear that when they are serving veterans that they have to worry about this. So we are working very hard to look at what we can do in order to protect our staff and to protect our veterans, quite frankly.

The Pathway Home model is a remarkable model. They were dealing with the toughest of the tough, you know, in terms of people who failed other treatments. We are not going to give up on this. That would be a failure of our acceptance of this mission, so we are going to continue to do that.

And we are working closely with our California counterparts. We—you know, I spoke to Governor Brown, and we have worked with the State Department head of Veterans Affairs there, and we will continue to work to make sure that we are going to see this model continue.

Ms. LEE. Thank you very much.

#### MILITARY PARADE

Mr. Secretary, let me ask you one more question about this military parade that the President is proposing. Now, will any part of the VA budget be directed toward this parade? Mr. Mulvaney said \$10 million to \$30 million. Right now, 1.5 million veterans live in households that receive SNAP benefits. We have an increase in homelessness among veterans. Are you all going to pay for part of this parade, rather than put the money into veterans healthcare and mental health and housing and where it should go?

Secretary SHULKIN. As you know, Veterans Day is a very important day to us. We put our resources and our efforts into the recognition at Arlington National Cemetery that day. We have no plans to change that. We have not had any discussions with the White House about participating in the parade.

Ms. LEE. Thank you very much.

Mr. DENT. At this time, I would like to recognize the retiring gentleman from Florida, our good friend, Mr. Rooney, for 10 minutes.

Mr. ROONEY. I forgot. Thank you to the retiring chairman.

Dr. Shulkin, welcome. Thank you.

I don't know if you are aware or not, but over the last several years, Congressman Tim Ryan and myself have both served as co-chairs of the Military Mental Health Caucus. It has had a few variations of different names.

But essentially, you know, we have tried to hold hearings and have meetings to discuss things that would help returning warfighters and veterans deal with any mental health issues or stigmas that have arrived since, quite frankly, the last war on terror, and to try to do something to address the suicide issue that has obviously been a big problem.

I wanted to say that we appreciate everything that you have tried to do and your willingness to send someone to participate in a lot of those briefings that we have had for our members and for our staff. And I recently read a report about the VA that raised some concerns about our ability to meet the mental health needs of those post-9/11 veterans.

Of the post-9/11 veterans who haven't gone to the VA for help, many reported that they don't know how to apply for benefits. They don't know if they are eligible, or they are not aware that the VA offers mental healthcare benefits altogether.

## TRANSITION ASSISTANCE PROGRAMS

How are you working with the Department of Defense to improve transition assistance programs and reduce this lack of knowledge amongst veterans? How are you working to target veterans who have left the military before these type of transition programs were actually in place?

And then, I am going to ask this other question—I will just ask all my questions and then let you answer, if you don't mind.

The report also suggests that transportation issues pose challenges for many of these post-9/11 veterans, and I know this is especially true in rural districts like mine. But I also think that it might be true in anybody's district. You know, if you just don't want to go talk to somebody face to face, maybe that is part of an issue.

Maybe it would just be easier to be able to discuss these things over a telephone or something like that. But when asked, 45 percent of veterans answered that they would be in favor of using the internet or telephone to receive mental healthcare.

## TELEHEALTH PROGRAM

You recently announced the launch of a new pilot telehealth program for rural veterans with PTSD that will provide veterans with remote access to psychotherapy and related services. Can you provide an overall—an overview of how this program works and any plans you have to expand that program to include other areas?

Secretary SHULKIN. Yeah. Yeah. Well, first of all, thank you for your leadership in this area. As you know, this is critical to us and our top priority to reduce veterans' suicide. And you are correct that of the 20 veterans a day who take their life through suicide, 14 are not getting care in the VA. They are out in the community.

And so we have focused extensive efforts on working with community organizations, churches, synagogues, mosques, as well as not-for-profit organizations, and veteran service organizations to get the message out that people need to get resources, whether in the VA or outside the VA.

Our veterans crisis line, we have expanded to now a third center, and we are responding to well over 1,000 calls a day. But you can also text into that as well, so we are using alternative means to be able to do that.

Telemental health is a huge area, an opportunity—we use it extensively, close to 400,000 episodes of care delivered through telemental health. And we think it is important to expand that. We now have 11 telemental health hubs where we can hire professionals in usually metropolitan areas that can now serve in more rural areas where the shortages are more significant.

Mr. ROONEY. With regard to my first question—and I appreciate that. I don't think it just has to be rural. I was just driving around Washington, D.C., and it is maddening just to try to get anywhere here, too. So like a lot of, I think, I am sure it is just sort of the feeling of easy access, especially at critical times when people might need it right now—access to somebody that can talk to them—rather than trying to figure out how they are going to navigate, you know, whether it is a rural district or a city.

With regard to my first question, when I PCSed in 2004, there was no transitional advice or whatever for myself and, I assume, for the other people that were PCSing that day or around that time. And since I have been out—and some might say I probably could use some help as well—but I have gotten nothing from the VA or anything to show, “Hey, by the way, if you PCS from the Army or the Navy or any of the branches before we started doing some kind of an awareness separation briefing and you feel like you might need some of this kind of help, this is some of the things that you should do.” I have never gotten that kind of phone call or letter or anything like that.

So what do you do for people that may have PCSed before those types of efforts were put in place?

Secretary SHULKIN. Well, first of all, we have worked hard on our TAP program, our Transition Assistance Program, to make sure that, before everybody gets out, that they undergo a seminar on understanding how to use their benefits. But, too often, and I think this is what you were referring to, when I talk to veterans that find themselves transitioned out of the military, they now find themselves somewhat either depressed or in an emotional issue, the last thing that they want to do is start figuring out how you start applying for benefits.

So the President’s executive order that he signed on January 9 of this year asks for essentially what I call auto enrollment. Now, my staff doesn’t like when I say that because it is complex. But I believe before everybody leaves, that paperwork should be done and they should be automatically eligible to have access to mental health services.

And that is what we have presented now to the President on March 9, a report that suggests how we are doing that with the Department of Defense. We are implementing that as we speak so that that is essentially automatic that every servicemember will have that mental health benefit when they transition out.

Mr. ROONEY. Thank you, Dr. Shulkin.

I yield back.

Mr. DENT. The gentleman from Ohio, Mr. Ryan, is recognized for 5 minutes.

Mr. RYAN. Thank you, Mr. Chairman.

Just to continue along the line of Mr. Rooney, so I think that is a great way to approach the Transitional Assistance Program, is to get people in. To me, it doesn’t sound complex at all; it sounds very straightforward. And I think that is the way we need to go. We appreciate your leadership on this.

In my estimation, we have a couple major issues, some of which have been brought up here, on the issues of opiates and on the issues of post-traumatic stress. We still have 20, 21, 22 suicides a day. We have, clearly, some budget issues that we need to deal with in the long term, and we have to figure out how we can provide care to these veterans who are coming back or have been back for 30 or 40 years. We talked about this a little bit at our breakfast last week.

## COMPLEMENTARY CARE

I have seen, personally, over the last 15 years of my career here, complementary programs that are having unbelievable effects and improving the health and well-being of veterans who have been suffering for a long, long time. I have sat at the Washington, D.C., VA in a mindfulness-based stress reduction session for 30 minutes of mindfulness-based meditation techniques. And then, afterwards, had conversations with Vietnam veterans who were in tears talking about how they wish they would have found this 40 years ago because they have been on so many medications, they have been divorced two or three times, they have lost touch with their kids, just emotionally disconnected because of what they did.

And it is the David Lynch Foundation, what they are doing with transcendental meditation. It is acupuncture. It is yoga. We have had sessions here on Capitol Hill with the veteran yoga teacher, double amputee, who is now going out and helping to heal these vets. I was just in a session last week with a group called Project Welcome Home Troops. They had a Vietnam vet who was on 20 prescription drugs—20—which is not common, but it is not unusual, either, for people to be on 10, 12, 13 drugs. After one session, 5 days of this complementary approach, this guy is off all his meds. And I am just saying: We have got to wake up. There are things out there, that we don't need to come up with any grand new solutions.

And so I just want to plant the seed with you to say, as you are doing the TAP program, that I think it would be in the interest of the taxpayer, the veteran, and all of their family members to start figuring out how to have these as options. So get the people through the TAP program aware of what is going on. Let's start studying these.

I don't know why this stuff works. I have no clue. It has something to do with your nervous system and your biochemistry and the mind-body connection that we are learning more and more about. But when we have vets that are going from 20 prescription drugs and we do the math on that for the next 30 years—we do, on the Appropriations Committee and the Budget Committee—and then we do the math of that person maybe getting a treatment for 500 bucks for 5 or 6 days and it transforms their lives, that is something that we need to look into. And I don't care what it is. I don't care how it works.

But what I would just recommend is that—and I know Tracy Gaudet is doing an amazing job with the patient-centered care—is that when these young men and women come back, that they are at least made aware of these programs and where they may be in their community and that if we can begin to set up some pilot programs where, whether through the Choice Program or something else, we give them 500 bucks. Because I would much rather—and the people I represent and the veterans and everyone else—let's give them the 500 bucks to go try this thing out and see if it works, instead of immediately start doling out prescriptions.

I would love to work with you on that. I think it is critically important. Time is of the essence. There is a real sense of urgency here.

Secretary SHULKIN. Congressman Ryan, I am all in. I think you are absolutely correct. It is why we have had a 90-percent reduction on new starts in opioids because we are using a different approach.

Ninety-three percent of our VA medical centers offer complimentary care. The Choice Program does pay for complimentary care. We had 47,000 authorizations this past year for acupuncture and 70,000 authorizations for chiropractic care. We need to be doing more of this in alternatives. We have also talked about pet therapy as another strategy that we have seen having an almost similar effect. So we have to continue to reach forward on this. Tracy Gaudet, with the Whole Health Program, is rolling this out across the country.

Mr. RYAN. And there is science behind a lot of this now. The literature on this stuff has grown exponentially in the last 10 or 15 years. I appreciate that.

I yield back.

Mr. DENT. At this time, I would like to recognize the vice chairman of the subcommittee, Mr. Fortenberry from Nebraska.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Mr. Secretary, it is nice to see you. Thanks so much for joining us today. We appreciate it.

Look, we have had some great news in Nebraska and some harder news. I think you are well aware of it, but I think it would be important to discuss publicly.

#### PUBLIC-PRIVATE PARTNERSHIPS

The slogan "private, public, public-private partnerships" has been used exhaustively, and, yet, at the same time, actually making this a reality can sometimes be harder, but we are doing it back home.

In Omaha, we are getting ready to break ground, based upon the new piece of legislation that was passed just fairly recently on a new ambulatory care center. Taking the money, which was set aside for years and years and years, struggling to become big enough to actually rehabilitate or rebuild a new hospital just was never going to happen, given all of the difficulties here. So the community has stepped forward and, in partnership with those public dollars and your leadership, are now putting up \$30 million to build out this care center. It is a huge first step, I think, in terms of a new way of thinking for the VA.

Secretary SHULKIN. Absolutely.

Mr. FORTENBERRY. And we are very proud of that.

Back to modeling and using this as a scalable template for the rest of the country, I would like to hear your perspective on that.

But, secondly, the harder news is the Lincoln VA clinic, where we have a historic structure, beautifully, wonderfully integrated into a campus that is in the center of our city. A redevelopment agreement reached with the city, all things ready to go, and then the process collapses.

Now, you have been very generous in trying to shepherd and watch this. But I think it would be helpful, as well, if you could give commentary on the new timeline by which we are going to receive realbids for the buildout of the new clinic there, particularly

given that it was just some type of internal technical bureaucratic snafu that has delayed us.

And then the opportunity cost of delays are huge, another year or two gone by, in which we are not providing the best type of progressive leading-edge care.

Secretary SHULKIN. Well, first of all, I guess it is better to focus on the good news.

The private-public partnership in Omaha, we hope to have a groundbreaking ceremony in May. And, frankly, thank you for your leadership in this, because I know that you were instrumental in helping us with this.

That model, which Congress has authorized us to do five times across the country—Omaha will be the first called the CHIP IN Act—is a model that we hope to replicate. And we are out actively now in communities looking for the other four partners. This is a major priority for us to replicate what you are doing in Omaha.

Mr. FORTENBERRY. Is this a vision that you anticipate catching on throughout the country?

Secretary SHULKIN. We have interests from at least 18 communities. The great thing about the American public is that we ask for their help when it comes to helping veterans and they step up.

Mr. FORTENBERRY. Exactly.

Secretary SHULKIN. So thanks, again, to Omaha for leading this, but we believe that we are going to have all five soon, and then we are going to look at this as a model to come back to you with.

In terms of Lincoln, this is a contractor that was awarded that, unfortunately, was not able to be able to complete the work. That starts us back in the process. I think, as Congressman Taylor said, we know this stuff takes too long. This was a re-award in 2019, with construction starting in 2020, and it is not the fault of the veterans that this contractor and the contracting process didn't work for them.

So I have asked our team to go back. I have told them that that is unacceptable. They are looking at being able to carve about 8 months off that process. But we are still probably 18 months away from being able to do the work that needs to be done.

That is why I think these public-private partnerships are a better way to go than VA being directly involved in this contract in the construction process.

Mr. FORTENBERRY. Well, we are where we are in Lincoln, but anything that—and I know you are doing this, and you have communicated that to me—you can do to expedite this is really necessary. Meanwhile, people at home, putting plans on hold, veterans eager for this new unfolding dynamic, have to be told that there were some internal mistakes. So anything that you can do to expedite this would be helpful. Again, not having this in place is a huge opportunity cost, a loss for us. But I know you are on it. I just thought it was important to have the conversation publicly.

Secretary SHULKIN. Thank you.

Mr. FORTENBERRY. I yield back, Mr. Chairman.

Mr. DENT. Before we go on to the second round of questioning, I would like to recognize the distinguished ranking member of the full committee, Mrs. Lowey, for 5 minutes.

Mrs. LOWEY. Thank you, Mr. Chairman. It has been a busy morning, but I am delighted to be here, and I know you are proceeding.

A pleasure to see you, Mr. Secretary.

Secretary SHULKIN. Nice to see you.

Mrs. LOWEY. And I do want to apologize to you, as well. We have multiple hearings this morning, and I didn't bring my roller skates, so I am moving along.

I know that important questions on investments and oversight on veterans health and benefits have been discussed. I would like to raise a few specific items.

#### INPATIENT SUBSTANCE ABUSE TREATMENT WAIT TIMES

Number one, the waiting time for substance abuse treatment, I don't think that has been discussed as yet.

Last year, I heard from a local veterans healthcare provider that veterans facing substance abuse who have the courage to seek treatment can face an average wait time of 10 days before a spot in treatment becomes available. Nationally, the average wait time is even worse at 21 days. Delays, as you know, can prevent a veteran who may be ready to confront addiction from actually seeking treatment, and that doesn't honor our end of the bargain to provide care for our veterans.

This is really shocking to me. What is the cause for these delays? Is it the availability of funding, staffing, or other structural issues? And, more importantly, what is the VA doing to make inpatient treatment for substance abuse available as soon as possible?

Secretary SHULKIN. This is critical to the debate that is going on right now about opioids and suicide and the homelessness problem. I mean, these all intersect.

Too often—and even our veterans justice issue, that our jails are still places where we are putting people with substance abuse disorders. The VA has a responsibility to increase its capacity for substance abuse, particularly as we are learning more about medication-assisted treatments and other effective treatments.

As you know, the substance abuse programs are filled with people who have recycled with recidivism. So the more that we can find more evidence-based treatments that help people essentially get back on track, find jobs, and get back to their life the way that they should be living, it is important.

So we do recognize our responsibility to increase capacity. We are looking to hire additional mental health and substance abuse experts. There are shortages of them.

As you recognized—and I appreciate you doing it—the private sector is struggling with this as well. And while there are longer waits, my concern in the private sector is: If you don't have the right type of insurance or enough cash, you don't have access to programs at all. So the VA has much easier equity and access to these programs, but we need to expand them faster.

Mrs. LOWEY. Thank you. And I hope we can work together so that you get the resources you need to do just that.

Secretary SHULKIN. Thank you.

## NATIONAL CENTER FOR PTSD

Mrs. LOWEY. The National Center for Post-Traumatic Stress Disorder conducts important research to access and treat PTSD. With approximately 11 to 20 of every 100 veterans returning from Operation Iraqi Freedom and Enduring Freedom with PTSD, the Center's work is not only critical, but, as you know, it increases the likelihood of discovering effective treatments and even potential cures.

If you can, share with us the research informing the VA about the assessment and treatments of PTSD, and how will the VA continue to support the Center in its essential work?

Secretary SHULKIN. When I looked into this, the law that requested that VA do a study on the evidence-based treatments coming out of the National Center was actually never enacted. So that is something that we would like to make sure—because we have been asked about when is this study going to be done, and I don't believe that law has yet been enacted. But our National Center is moving ahead and doing the study anyway. But I don't have a specific date when that is going to be done. You know, these studies often take a while to do well, so I will get back to you when that study will be done. But I think there was an expectation that we had already begun that. That is going to begin this spring. And then we need to get the timeline for you.

But this is a critical area for our National Center to be looking at, and that is why we are moving ahead with this now.

Mrs. LOWEY. Thank you.

## HEALTH NEEDS OF FEMALE VETERANS

And, lastly, concerning female veterans' care, I am very concerned that the VA is not adequately addressing the health needs of female veterans, including obstetrics, gynecological care, treatment for gender-specific conditions and diseases.

According to VA's recent report, suicide rates among female veterans increased more than 60 percent from 2001 to 2014 compared to 29 percent among their male counterparts. The VA also found the risk of suicide among female veterans was 250 percent higher in comparison to U.S. civilian adult women.

Frankly, these statistics were shocking to me. If you have any explanation about the disproportionate rate of suicides impacting veterans, I would appreciate it.

And, secondly, how will the VA ensure that female veterans' physical and mental health needs are met?

Secretary SHULKIN. In the President's budget, we have requested a 6-percent increase in women veterans dollars available to be able to support this.

Mrs. LOWEY. Is that sufficient?

Secretary SHULKIN. I think on top of what we have been adding each year, this is what our field has asked for. We have just trained an additional 332 women health providers in our certification course, so we are very aggressively expanding our women's clinics, our women's services, and the dollars I think are appropriate to flow with that.

The issue of women's suicide, these are really disturbing statistics, as you have said. There is no doubt that the overall incidence among women veterans is higher than the general population.

But what we do know is this, is that, in the last 15 years, we have been studying this comprehensive database of suicides. If you were a women veteran who got care in the VA over the last 15 years, your rate of suicide actually decreased by 2.6 percent, a decrease. If you were a woman veteran not seeking care in the VA during those 15 years, it went up 81.6 percent.

So I always say to people: If you had a drug where one worked by decreasing and the other didn't, everybody would be using the drug that worked and not the other one.

So we have to connect women. And this is why your question is so important. We have to have access to services. We have to have women feel comfortable in the environment that they seek care in a sensitive way. And our culture has not always been that in the VA, so we have to continue to change that. But we can absolutely save lives by getting women connected with care.

The reasons why women's suicide among veterans is high is something that we don't totally understand. I think that we need to do more research into that. But, right now, we are focused on getting women the help that they need.

Mrs. LOWEY. Thank you, Mr. Chairman. I appreciate you giving me the time.

I do hope we can follow up on this because, as we know—you call it the President's budget, and I call it Mr. Mulvaney's budget. This is a really important committee and members that do work in a bipartisan way. I was just shocked by these statistics, and I hope we can address it as best as we can with your recommendations.

Thank you, Mr. Chairman.

Mr. DENT. Thank you, Mrs. Lowey, for that line of questioning.

At this time, we are going to move into a second round of questions for those who are here. So, with that, I will recognize myself for 5 minutes.

On the same day last week as the release of the unfavorable IG report about the D.C. VA hospital, you announced sweeping plans to reorganize VHA from top to bottom with a plan for Central Office reorganization due by May 1st and a nationwide reorganization plan for your regional hospitals due by July 1st.

#### DC VA HOSPITAL AND RESTRUCTURING VHA

Could you quickly just touch on the situation up at the D.C. VA hospital and then, just as importantly, what led you to set in motion such significant changes, and have your market assessments of different healthcare markets revealed systemic problems, and are you considering delayering the VHA and getting rid of the VISN level?

Secretary SHULKIN. First of all, very briefly, just to update you on the Washington, D.C., situation, back in April of 2017, the inspector general called me in an unusual step and said: I want to tell you about what we are finding during this review.

The results were so concerning to me, that day, I removed the medical center director. We ended up having to remove him twice

because the court made us bring him back. But we have new leadership in place, Mr. Larry Connell.

Since April of 2017, I think this is a very much better environment for our veterans. We have had an increase in veteran satisfaction to recommend that hospital by 26 percent just since April of 2017, which is a big, big number move.

In terms of consults, we had 11,000 consults for prosthetics greater than 30 days. Today, that number would be zero. So we are seeing dramatic improvements in the care there.

But what we learned from it was, it was a failure at every level of our organization. It should have never gotten to that point.

And so when things are failing at the facility level, the VISN should know about it. When things are not getting addressed at the VISN, the Central Office needs to know about it.

I will tell you that I was not aware of those types of problems. So what I did in this restructuring move was, we took three VISNs that I think that there was consistent evidence that there was not the proper flow of information, we no longer have VISN directors there, and we are trying a model where there is direct accountability to the VACO Office. That is layering.

And what I want is a plan submitted to me by July 1st for the entire country about how we look at what the role of the VISN should be, if there should be a VISN, and how do we get more direct accountability over performance.

I have asked for a quicker plan for the Central Office by May 1st—I met with the team this morning to go over what that plan needs to look like—where we would delayer at the Central Office as well, because too much information is being passed up one level. And nothing is being done about it. We need to be fixing these problems, and the Washington, D.C., should be a wake-up call that these problems, like a 59-percent vacancy rate in supply chain people in a hospital, just should never exist. You can't run a hospital with a 59-percent vacancy rate.

So I believe that we are now taking the appropriate actions in place to restructure this across the country.

Mr. DENT. Thank you, Mr. Secretary.

#### ELECTRONIC HEALTH RECORD

I want to get to the health record interoperability.

VA's electronic health record is not only intended to be interoperable with DOD but also with the private sector. We understand that a big challenge to interoperability with the private sector is private health networks tend to hoard data for a competitive advantage and that incentives would be required to change their behavior.

What incentives can you bring to the table to modify private health network behavior in this regard?

Secretary SHULKIN. Well, first of all, we have said to the Cerner Corporation that we are not going to sign a contract that is going to allow proprietary protection and information blocking to continue. We will not allow that for veterans.

The Cerner Corporation has been extraordinary in working with us to respond to that. So I believe we will soon be in a contract that will be groundbreaking for new rules in interoperability.

This is going to mean that Cerner Corporation is not going to hold intellectual proprietary rights to open APIs. Open APIs are the key to having free flow of information, as well as adhering to industry standards—these are called FHIR standards—that, again, we are going to build into this contract. When you have open APIs without intellectual property protection, you allow people to be able to develop them on behalf of veterans, and you use industry standards. You are now breaking open interoperability in a way that has not been done before, and we are going to do that.

We have gotten 11 major hospital systems to sign on to a pledge that they will adhere to open APIs and industry standards. And more and more health systems who want to work with veterans—and I know all across the country there is a commitment to this—are going to be working with us on this pledge. We are going to change care not only for veterans, but across the country for all Americans by working with industry, by working with leading health systems to get this done. And we are working with CMS, of course, and the Office of the National Coordinator and the Federal Government to get this done.

Mr. DENT. Thank you, Mr. Secretary.

At this time, I would like to recognize the ranking member of the subcommittee, Ms. Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman.

Just piggybacking on the chairman's question on the EHR process, what is a little troubling to me—I mean, I know you find it exciting that they are going to release their proprietary hold on their product—but the risk there is that you would have it lead to increased customization. And so, I mean, it is an internecine very vast network. You have already had some trouble with getting buy-in, and you have physicians and hospitals who like your own proprietary system that you invented—there is a great deal of pride there—but it is a DOS-based system, and it is the 21st century.

So what oversight mechanisms are you putting in place to ensure that the VA has sufficient understanding of existing business processes so that you avoid—while you are going to have a bunch of open APIs—that you avoid costly customization that means that, essentially, you don't have an interoperable system that is seamless with DOD or across your whole system?

Secretary SHULKIN. I think what you are bringing up, appropriately, is this is a very, very risky, complex implementation. And you are absolutely correct that a lot of things could go wrong. But this is not so much about the technology as about how we manage change and management across the system. We are going to go from 130 instances to a single virtual instance in the VA. That is going to require the type of standardization that you are talking about, and that is really very complex.

In order to do that, we are standing up a project management office. The project management office's job will be the oversight of that exact process of the change management process. And that needs to be clinician led and driven in the way that you are exactly right about where this could go wrong if we don't include our clinicians in this process.

The open API process, I believe, in conjunction with these FHIR standards, will eliminate some of the risk of everybody doing their

own thing. If you do it with open standards—and we are going to publish our model instance so that the whole world can see what we are developing and what the data points are—that is going to allow us, I think, to avoid some of this proprietary customization that is going on in the market right now.

Ms. WASSERMAN SCHULTZ. I know we had spoken—I am not sure during which meeting or conversation we spoke about this—but that there has been an ongoing concern over whether interoperability would extend to the private sector. And MITRE's review, I know at least took a look at that, have those concerns about interoperability with the private sector, and will the private sector be able to share with the VA. Have those been alleviated with that part of their review? And overall, with your pause, are you following the recommendations of MITRE? I am not sure I am pronouncing the acronym right.

Secretary SHULKIN. No, you are.

That was the total purpose of the pause in the review that we brought in MITRE for, who brought in experts around the country.

They generated 51 recommendations. We are now building in all 51 recommendations.

And, in addition to that, we have sought additional expertise, even beyond MITRE, because we know we have one shot at this. And, as you said, this is an expensive investment, and it is a long investment. And if we don't get it right in the beginning, I don't think that we are going to have a chance to go back and do it over.

So we are taking extraordinary lengths to get the expertise around the country to give us their input. But we absolutely did build in the MITRE recommendations, and we are still looking to do a few more reviews before we say that we are ready to move forward. And, hopefully, that will be soon.

#### INFRASTRUCTURE

Ms. WASSERMAN SCHULTZ. Okay. Just like one and a half more questions, Mr. Chairman, and then I am done.

I mentioned in my opening remarks and to you, in our closed door meetings, about the concern and the difference between what our budget agreement was, which was to spend the increase in the budget for the VA on infrastructure investment. And as our ranking member said, the Mulvaney budget has abandoned that principle and put it into VA Choice and community care. That is on top of the \$4.2 billion in the emergency supplemental.

Can you explain why the additional funds were not used for infrastructure, and are we on the same page now that that is where the funds should go?

Secretary SHULKIN. I can't explain where the disconnect was. I think the chairman said it well, which is that there maybe was some informal communications that your intent may not have been understood the way that they are. We understand that this is your decision.

We will be looking in 2018 for a \$2 billion investment in our recurring maintenance, which I think is desperately needed and we greatly appreciate that.

In 2019, the money was suggested to be moved into our Choice and community care funding, which is also needed, on top of the

President's budget that requested an unprecedented increase in infrastructure and major or minor construction.

So we think that the budget balance is appropriate, at this point, to make sure that we are addressing veterans' needs, as well as the investment in the infrastructure.

And, Jon, I don't know if there is anything that you want to add to that.

Mr. RYCHALSKI. I would just say that, when we looked at the requirement, as Dr. Shulkin expressed, we suggested maybe \$2 billion in 2018. We also have in the omnibus, I think, the potential—depending on how that turns out—of \$2.1 billion between non-recurring maintenance and minor construction. And then our request in 2019 is pretty substantial.

So we felt that, between those three, that would probably adequately address us now for infrastructure needs. And, frankly, we do have a need in Choice. So it just seemed like a balanced approach where we would have enough for infrastructure and still meet the needs for care.

#### PRIVATIZATION OF VA CARE

Ms. WASSERMAN SCHULTZ. Okay. And my leftover half a question here is, piggybacking on our ranking member's and your response on the lopsided difference between the increase in the size of the female suicide rate in private care versus VA care. I mean, I think that underscores the point about not going pell-mell in the direction of privatization and investing more than a 9-percent increase in your needs on that side in the VA side of the House, but what you didn't really answer in the last round for me was: Has this administration, or anyone, pushed you to move the VA in the direction of privatization?

Secretary SHULKIN. First of all, I think your observations are absolutely correct. It is the reason why I am not in favor of privatization, because you can't take 9.1 million veterans getting care in the VA system, 60 percent that carry a mental health diagnosis—

Ms. WASSERMAN SCHULTZ. Who wait longer now than they do at the VA.

Secretary SHULKIN. Right, exactly.

And just release them into the general public and think that we are going to honor our commitment to our veterans. It just simply couldn't work by turning on a switch and privatizing it.

The President is very, very committed to improving services for veterans. There is no pressure to privatize. There is pressure to fix the system.

And the way and that we are going to fix the system is by investing in VA where it needs to be improved, the way that you are pushing us to, as well as by working with the private sector, where they can do it better or they have better access than we have.

And so that is really the only pressure to get this system working better and not to have the continued problems that we have been seeing for decades in the VA.

Ms. WASSERMAN SCHULTZ. Okay. Well, I look forward to continuing to work with you toward those goals. Thank you so much. Thank you for your service.

Mr. DENT. At this time, I would like to recognize the gentleman from Virginia, Mr. Taylor, for 5 minutes.

Mr. TAYLOR. Thank you, Mr. Chairman.

#### VACANT AND UNDER-UTILIZED BUILDINGS

One quick thing before I get to suicide. On the request for \$2 billion in fiscal year 2019 and then a substantial request in 2019 for infrastructure, understanding that there are infrastructure needs—just real quick—I know, earlier on in the year, we had a hearing and we talked about the not utilized or underutilized office space—700 or something buildings. Where are we at in terms of progress for that, because that sounds like it could be a significant savings?

Secretary SHULKIN. We have, to date, disposed of—when I say “to date,” since February of 2017—disposed of 131 of those facilities. Eighty-three percent of the remaining facilities have historic preservation status, which just makes it a longer process. But we maintain the commitment to get out of all 435 of the vacant buildings; the rest that are underutilized, another 700 or so, we are working to make sure that we adhere to not investing resources in places where veterans aren’t getting advantage of it. And so we are continuing to work on that list. We knew this would be challenging, but we are making progress.

Mr. TAYLOR. Thank you. Following up on something that Congressman Rooney talked about, and then also Congressman Ryan. I believe some veterans have been overprescribed drugs or just money thrown at the problem. And, quite frankly, even on the veteran side, there have been folks that have taken advantage and claim PTSD or TBI or something like that to get benefits and then not seek treatment. So I think, veterans, we have to look ourselves in the mirror, too, and be responsible, because if someone does that, you are just taking away from someone else.

#### COMMUNITY OUTREACH PROGRAM

On that note, the \$190 million spent on outreach with VSOs and telehealth and hotlines and such, the Congressman brought up a great point in terms of veterans who are out there, and we know from suicides, a lot of them are over the age of 50. How or are we also sending out letters to the folks that are in the database that are known veterans to say, “Hey, listen”—not just looking for them with the VSOs or faith-based organizations, but directly to the veterans, “Hey, if you are having these problems, come see us”.

Are we doing that, and if not, are we going to?

Secretary SHULKIN. We are trying a number of things. That is why this is our top priority. And we are going to continue to try new approaches here.

We do have a community outreach program, a public service message. Tom Hanks is our national spokesperson, #BeThere or [www.BeThereforVeterans.com](http://www.BeThereforVeterans.com). And we will continue to try to get the message out there.

But, in addition, we are using big data analytics, predictive analytics.

## PREDICTIVE ANALYTICS

Mr. TAYLOR. If I may, I am sorry. I love Tom Hanks, but directly to the veterans. To his point, he hasn't gotten anything, and I haven't gotten anything saying that. But is there something that is going directly to veterans, not just looking for them?

Secretary SHULKIN. What we are using in predictive analytics is identifying those that are at the highest risk. And we are doing direct outreach calls to them, asking them to come in. Every medical center is involved in this now. Those that we know can use the benefit the most and proactively reaching out. We are adding suicide prevention coordinators at each of our medical centers. These are people whose job it is to outreach specifically the veterans.

If you have additional ways that you think we should be reaching out, we are open to new ideas.

Mr. TAYLOR. Okay. I appreciate that.

And another thing you mentioned is prevention, which I think is extremely important, too. There is a verifiable gap. And you have heard me say this before, certainly especially in Special Forces, where they do a great job in Active Duty, and these are the populations that are going back and forth in combat over and over again; they do a great job on Active Duties to prevent suicides. But then they get out, and we are certainly part of that group, that 14 that will never seek care from the VA or a hotline or anything like that. But there is definitely a gap there.

## DOD AND VA SUICIDE PREVENTION COORDINATION

Has the VA coordinated with DOD in terms of prevention, like pilot programs, you know, speaking about the best practices in these units that know they have issues and they have problems and do a good job of preventing suicides on Active Duty, has the VA coordinated with them to figure out what the best practices are—perhaps baselines with units that are more susceptible to TBI and blast and CTE and stuff like that—to figure out, “Okay, you have a baseline, this is where you are,” which is something that we are implementing in Naval Special Warfare, but it sounds like something that could be a partnership with the VA and DOD to prevent it, therefore, saving lives, saving families, and then costs as well?

Secretary SHULKIN. I think you are right. And, first of all, I should say Secretary Mattis has been extraordinary to work with. Many of the barriers that existed in the past between DOD and VA have just gone away, and we are working much closer together.

I did what I thought the very best thing to do, to get that closer working relationship, is that we took the head of suicide prevention from the DOD and moved her over to VA on detail. So we have now singular leadership who understands exactly what you are saying about DOD and VA who are directing our efforts. And she is Dr. Franklin. She is bringing us really much closer together on these efforts. I have met with Admiral Lane. I have met with the heads of the Services to talk about what we know that we can work better together on, and this is a priority.

Mr. TAYLOR. Is there anything we can do as Members of Congress to help that effort?

Secretary SHULKIN. I have to tell you, I don't see anything standing in the way right now. We are all focused on this issue. It seems like we are making more progress now than we have in years.

Mr. TAYLOR. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. DENT. I recognize the gentleman from Georgia for 5 minutes, Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman.

I would like to return for a moment to the issue of construction. I think it was touched upon earlier.

One of the priorities that you have laid out is to focus resources more effectively, and you allocate nearly \$2 billion for major and minor construction.

Can you discuss with me what the VA is doing to ensure that construction is done in the most efficient and cost-effective manner?

#### CONSTRUCTION

And I ask this because I have long awaited for construction on the Columbus, Georgia, community-based health clinic to begin. And I am also awaiting word from the VA on the recipient of the award for the contract.

And, moreover, there have been issues that have been brought to my attention that have arisen with VA's construction process.

One specific project is the emergency room expansion at the VA North Health Care center in Dallas, Texas. I am told that this particular project experienced numerous concerns, such as extraordinarily slow implementation of contracts, which resulted in extension of an 18-month project by 16 months; improper direction from the contracting officer, suggesting that the contractor should submit the application for payment, although the VA hadn't obtained funding for a change order on the work; and various other contractor problems.

What is the VA doing to really manage this construction process and to make sure that the contractors are performing, or are allowed to perform, and that the contracting officers really are adequately and efficiently managing the contracts?

Secretary SHULKIN. I think the facts of the past and the history suggest that we should have a lot of reason to be concerned about our ability to construct on time and on budget, so this is clearly a work in progress. As you know, we have been asked to bring in the Army Corps of Engineers on our major construction projects for greater oversight.

In terms of the way that we operate internally, we are now in the process of a reorganization of our construction and facilities program. That is going to be reporting directly up to our Deputy Secretary to provide greater Department oversight and visibility into these processes.

We do know that there is significant risk in dollars in not doing this right.

The specifics on the Dallas facility, I am going to have to get back to you with further information on that. But we know there are enough examples like that that suggest that we have to be organized differently in order to be better stewards of taxpayer re-

sources, quite frankly. This is something that the Deputy Secretary is taking on directly.

[The information follows:]

Construction on the Dallas VAMC emergency room expansion project was completed on July 6, 2018. Ribbon cutting occurred on August 9th.

Mr. BISHOP. I appreciate that. And let me go to the question of medical research.

As one of four statutory missions, the Department is required to conduct education and training programs for students in health professions to enhance the quality of care that is provided to veteran patients within the VHA healthcare system. As you know, one of my major concerns over the years has been the VA's relationship with Historically Black Colleges and University Medical Schools.

#### VA PARTNERSHIPS WITH HISTORICALLY BLACK COLLEGES

Can you elaborate on VA's partnerships with Historically Black Colleges and Universities and what the VA can do to increase targeted training and education programs at the Historically Black Colleges and Universities, and other minority-serving institutions, and what plans the Department has to expand relationships with these institutions?

Secretary SHULKIN. We have reached out to these leading organizations around the country, and we want to do more. We think that VA offers tremendous training opportunities, and, frankly, it is in our interest to train these students so that they will look at VA as a potential future career.

Just this week, I received a letter from the dean of Meharry Medical College and Morehouse Medical College reinstating their commitment to work with us on this and asking that my office be directly involved in making sure that we continue the progress.

Our previous chief of staff had the lead in this, and since she has left the organization, we want to make sure that there is not a gap or a drop in that commitment, which we are extremely committed to, and they are committed to. So we are going to continue to work very closely with them to get more educational opportunities for their students into our organizations.

Mr. BISHOP. Thank you, Mr. Chairman.

And thank you, Mr. Secretary.

Mr. DENT. Thank you, Mr. Secretary.

Ranking Member, do you have any additional questions at this time?

Then, Mr. Secretary, I would like to thank you for your presentation. It is great to be with you again. Thank you for all the great work you are doing at the VA. It is a pleasure working with you.

The next hearing is going to be on April 10.

With that, this meeting is adjourned.

[Questions for the Record submitted by Congressman Dent for the Honorable David J. Shulkin follows:]

**Question:** What are the projected costs for the RAMP program in FY18 and FY19?

**VA Response:** Veterans Benefits Administration's (VBA) projected cost is \$47.3M in fiscal year (FY) 2018 and \$29.1M in FY 2019 for the RAMP program which includes FTE, mail, travel, outreach and printing costs associated with marketing materials.

**Question:** What is budgeted for scanning in FY17, FY18 and FY19?

**VA Response:** VBA obligated \$224.6M in FY17, estimates \$142.8M in FY18, and \$129.5M in FY19 for scanning and centralized mail efforts.

**Question:** What is VA spending on Clay Hunt Suicide Prevention activities in FY17, FY18 and FY19?

**VA Response:** The Clay Hunt Suicide Prevention for American Veterans Act (Public Law 114-2) was signed into law on February 12, 2015. The cost estimates provided include direct costs and do not account for staff costs resulting from implementation.

FY 2017: \$1,497,946

FY 2018: \$1,690,113

FY 2019: \$1,808,587

**Question:** In FY18 and FY19, what share of Office of Rural Health funding is expected to be committed to continuation of prior year programs?

**VA Response:** In FY 2018, 95 percent of Office of Rural Health funding is committed to continuation of prior year rural access programs, the remainder to new programs. In FY 2019, 99 percent is expected to be committed to sustaining existing programs.

**Question:** How many HUD-VASH vouchers are assumed in the FY19 VA budget? What is the estimated VA cost per voucher of associated services?

**VA Response:** HUD awarded 5,211 additional Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) vouchers in April 2018 from FY 2017 HUD appropriations provided for this purpose. VA is working with HUD to allocate another \$540 million in HUD funding for new HUD-VASH vouchers, estimated to be 5,000 new vouchers, by September 30, 2018 from FY 2018 HUD funds appropriated for HUD-VASH. This would increase the total number of HUD-VASH vouchers awarded since 2008 to approximately 98,000.

VA currently funds over 3,900 full-time equivalents (FTE), not including contracted staff, to support Veterans in the HUD-VASH program. Veterans served by HUD-VASH utilize many Veterans Health Administration (VHA) services, including primary care, mental

health, and specialty care services that are not factored into direct HUD-VASH staff costs. The average compensation for a Master-level prepared Social Worker (MSW), with benefits, for HUD-VASH is \$98,286. The majority of HUD-VASH staff members are MSW.

**Question:** How much funding in the FY19 research request is identified for the Million Veterans genetics program? How close is VA to reaching its enrollment goal for the project?

**VA Response:** While the budget for the Million Veterans Program (MVP) is not specifically segregated in the Office of Research and Development budget submission, with the FY 2019 request, approximately \$82M is expected to be obligated for MVP. This includes support for the infrastructure, recruitment/ enrollment, core staffing for supporting science, and contracts for genotyping and whole genome sequencing. In addition, \$20M is requested for supporting the expansion of MVP-CHAMPION projects at the Department of Energy (DOE) through 2023 (VA requested funding for the VA/DOE collaboration with a Period of Availability through 2023).

As of March 29, 2018, 654,987 Veterans have enrolled in MVP. The program expects to reach its target of one million Veterans by 2021.

**Question:** What is the explanation for the request of an additional \$1.4 billion for FY18 in Compensation and Pensions?

**VA Response:** VA is requesting a second bite of \$1.4B in addition to the advance appropriation requested for Compensation and Pensions (C&P) for FY 2019. Each year, the C&P budget estimates are updated to reflect actual data from the previous fiscal year, current economic assumptions provided by the Office of Management and Budget (OMB), and any recently enacted legislation, published regulations, or VA initiatives that impact C&P benefits. The combined impact of these budget updates resulted in a \$1.3B increase in estimated obligations for FY 2019, primarily for Veterans compensation. Additionally, these budget updates increased FY 2018 obligations, which in turn decreased the estimated carryover balance from FY 2018 into FY 2019 by \$137.4M. The combination of decreased carryover into FY 2019 (\$137.4M) and increased obligations (\$1.3B) results in a second bite request of \$1.4B for FY 2019.

**Question:** What is the total annual spending projection (budget authority and reimbursements) for the new Financial Management System since inception and until completion?

**VA Response:** VA is developing an updated lifecycle cost estimate (LCCE) reflecting the way forward without the United States Department of Agriculture (USDA) as VA's Federal Shared Service Provider (FSSP) as well as the change of program leadership, moving the Financial Management Business Transformation (FMBT) program management office and Office of Information and Technology to VA's Financial Services Center (FSC). Both USDA's withdrawal from the effort and leadership transfer has

resulted in significant changes. VA is in the process of evaluating those changes and making determinations on the way forward. These decisions will have an impact on the FMBT LCCE and must be finalized before accurate estimates can be determined. VA will provide an updated cost estimate which incorporates changes necessitated by leadership transfer and the withdrawal of USDA. A final draft of the LCCE will be ready by 30 Sept 2018 with updates to come as support contracts are awarded and the 90 day program assessment concludes.

| FMBT (\$M)                         | FY 16 Actuals | FY 17 Actuals | FY 18 Estimate | FY 19 PB | Total   |
|------------------------------------|---------------|---------------|----------------|----------|---------|
| General Administration             | \$4.8         | \$9.0         | \$11.1         | \$10.9   | \$35.8  |
| Office of Information & Technology | \$-           | \$44.3        | \$72.3         | \$72.8*  | \$189.4 |
| Fair Share Reimbursable Agreements | \$10.0        | \$30.8        | \$50.1         | \$48.8   | \$139.7 |
| Total Funding                      | \$14.8        | \$84.1        | \$133.5        | \$132.5  | \$364.9 |

**Question:** What is the explanation for the increase in mandatory advances from FY19 to FY20? An increase of \$13.6 billion is far larger than the usual increase.

**VA Response:** The \$13.6B represents the difference between the \$107.7B VBA requested for 2019 in the 2018 Budget and the \$121.3B VBA requested for 2020 in the 2019 Budget. However, the 2019 Budget also includes VBA's updated request of \$109.2B for 2019, as shown in the chart below.

| Mandatory Appropriation Requests (\$million) |                  |                  |                  |
|----------------------------------------------|------------------|------------------|------------------|
| President's Budget Cycle:                    | <u>2018</u>      | <u>2019</u>      | <u>2019</u>      |
| Funding for:                                 | 2019             | 2019             | 2020             |
| Compensation and Pension                     | \$95,768         | \$97,179         | \$107,120        |
| Readjustment Benefits                        | \$11,832         | \$11,832         | \$14,065         |
| Housing                                      | \$0              | \$110            | \$0              |
| Insurance                                    | \$109            | \$106            | \$111            |
| <b>Total VBA Mandatory</b>                   | <b>\$107,709</b> | <b>\$109,228</b> | <b>\$121,296</b> |

The revised request for 2019 in the 2019 Budget is based on actual data from 2017, current economic assumptions provided by OMB, and any recently enacted legislation, published regulations, or VA initiatives that impact benefits. The 2019 Budget shows an increase of \$12.1B in total mandatory appropriation requests from 2019 to 2020 due to the following:

- **Compensation and Pension:** Although the 2020 appropriation request is \$9.9B greater than the current 2019 appropriation request, obligations are expected to increase by only \$7.8B, which is consistent with historical increases of 7-8 percent annually. VBA expects an unobligated balance of \$2.1B to carry over into 2019, which reduced the appropriation request for 2019. VBA does not expect to carry over any funding into 2020, so the appropriation request is equal to estimated obligations for the year.
- **Readjustment Benefits:** While the 2020 appropriation request is \$2.2B greater than the 2019 request, obligations are expected to increase by only \$606.1M. This is primarily due to an unobligated balance VBA expects to carry over into 2019 (\$5.2B) and 2020 (\$1.8B), which lowered the appropriation request for each year. A more detailed display of obligations, carryover, offsetting collections from DoD, and appropriation requests is available on page VBA-78 of Volume III in VA's 2019 Budget.
- **Housing:** Current law does not allow advance appropriations requests for VA's housing programs. The 2020 appropriation requests for housing will be included in the 2020 Budget.
- **Insurance:** The increased appropriation request from 2019 to 2020 is due to an increase in death claims and a resulting shortfall between obligations and collections in VII and Service Disabled Veterans Insurance (SDVI) funds. The revised 2019 appropriation request of \$106M reflects small downward claims adjustments over the two budget cycles. For VII, premiums will remain about the same, but the number of death claims will increase as policies with a higher face amount of insurance will mature through deaths. For SDVI, death claims will increase due to an increasing age of the general policyholders population leading to a higher than anticipated death experience. The offsetting SDVI premiums will grow only slightly.

**Question:** Members have heard much frustration among community providers about long delays in VA reimbursing them for providing non-VA care, to the point that some physicians are pulling out of the Choice program. In January, you announced a plan with the ambitious goal of increasing the number of claims paid in January by 300 percent and in April by 600 percent. The announcement didn't provide much detail about how you were going to accomplish that ambitious goal.

- Did you meet your January goal?
- What changes are you making to the payment process to make these improvements possible?

**VA Response:** VA is increasing the number of claims processed within 30 days of submission through use of additional contractor support. By February 9, 2018, the number of claims sent to the vendor supporting claims processing increased by 340 percent from the December starting point. Seventy (70) percent of those claims were fully processed, and the rest of those claims were being worked on by the vendor.

Since our January press release, VA has focused on the top 20 providers nationally with the highest dollar value of unpaid claims and created rapid response teams that are currently working with those providers to resolve those claims. Through these efforts, the number of claims processed since December has increased substantially, and we are well on our way to our goal of eliminating our claims backlog by September 2018. In addition to the claims processing support, VA is also implementing technology improvements to convert claims submitted via paper to electronic format. Several sites are now using this capability and will be implementing nationwide later this year.

VA is aware that smaller providers may not meet the “top 20” focus mentioned above but play key roles in more rural communities in providing continuity of care for our Veterans. In addition to the top 20 providers identified by VA, VA is working with facilities to identify smaller providers who are important providers of Veteran care and will also be working with them. Lastly, VA realizes that provider education about claims processing is important in assisting providers in submitting their bills accurately. VA has been providing education to the providers with the highest dollar value of unpaid claims as part of the outreach. We have seen the value of this outreach and will begin offering monthly training calls in April for the entire provider community. This will allow any provider to join in and learn about VA processes.

**Question:** Multiple clinical studies have demonstrated the medical and health-economic benefits of high dose influenza vaccine, including a specific retrospective analysis conducted in collaboration with the VA. How does the VA plan to evaluate the extensive body of evidence supporting the superior efficacy and health outcomes of high dose influenza vaccine in persons 65 years and older to ensure it is incorporated into its procurement decisions?

**VA Response:** Every year, in preparation for the National Contract Solicitation for Influenza Vaccine, VA evaluates available clinical evidence regarding the safety, efficacy, and effectiveness of influenza vaccines, including high-dose influenza vaccine, as it becomes available in the published literature. The evidence is assessed based on the rigor of the scientific methods and the statistical and clinical significance of the results. In particular, VA considers the evidence presented to the Advisory Committee on Immunization Practices (ACIP), which advises the Centers for Disease Control and Prevention, including influenza vaccine research studies and seasonal influenza surveillance and efficacy data. Based on the ACIP recommendations, VA develops a procurement request for influenza vaccine to cover the bulk of the needs of the patient and health care provider population vaccinated by VA.

[Questions for the Record submitted by Congressman Valadao for The Honorable David J. Shulkin follows:]

**Question:** Last week, the VA Office of Inspector General released an audit of veteran wait time data. As you should be well aware, the audit revealed that the VA incorrectly reported wait times experienced by veterans seeking first-time care from VA doctors. The report estimated that new patients waited on average about 18 days for an appointment. Additionally, 36% of veterans had to wait longer than a month for an appointment, despite the VA scheduling system saying only 10% had waited that long. Due to this inaccuracy, nearly 13,800 qualifying veterans were wrongly made ineligible for the Veterans Choice Program. Have those responsible for misreporting wait times been properly dealt with and what do you plan to do to fix this serious ongoing issue?

**VA Response:** In the words of the Office of Inspector General (OIG), the identified inaccuracies in wait times occurred because of "inconsistent understanding among staff about using the clinician's clinically indicated date when scheduling new appointments." VA has been aware of this issue and has been focusing on resolving this situation. To improve knowledge about accurate scheduling processes, in 2017, VA required all staff that schedule appointments, including Veterans Integrated Service Network (VISN) 15 staff, to complete face-to-face scheduler training that included hands on scheduling exercises with supervisory feedback and the requirement to pass a final examination. Also in 2017, VA implemented an enhanced scheduler audit system ensuring 100 percent of scheduling staff undergo auditing of a sampling of the appointments they schedule. Such audits enable direct feedback to individual schedulers and also aggregated audit results provide target areas for future educational focus.

Over approximately the six months prior to the publishing of the OIG report, VA has been implementing two scheduling system software fixes to assist with reducing scheduling errors: one fix ensures that the provider recommended date (Patient Indicated Date) for appointment referrals to a specialist (consults) automatically gets transferred into the scheduling system. The second fix automatically transfers the provider recommended date for follow-up appointment into the scheduling system. Both of these software fixes prohibit schedulers from altering the automatically transferred date when making an appointment and thereby prevent these frequent prior causes of scheduling errors identified by OIG.

Finally, in April 2017, VA began to publicly report new patient appointment wait times from the date an appointment is requested at [www.accesstocare.va.gov](http://www.accesstocare.va.gov). The "date an appointment is requested" method also includes data that cannot be altered by schedulers and has been shown by a commissioned research study to accurately reflect wait time patient satisfaction and thereby Veteran experience with wait times. VA believes these system changes will improve the accuracy of wait time reporting including identification of patients eligible for the Veterans Choice Program.

**Question:** Mr. Secretary, as we have discussed in previous hearings, since 2002 the VA has continued to deny claims from Blue Water Navy veterans, despite studies

showing higher rates of cancer and non-Hodgkin's Lymphoma among shipboard veterans than those who fought on the ground in country. I have brought this up in prior hearings with you and you replied that you were requesting additional recommendations from the VA on this issue. Additionally, I wrote a letter to you in August to address this issue. In September of 2017 you responded to my letter and said that you were going to be "receiving additional subject matter expert recommendations on the matter" and would update me and my fellow signers of the letter "in the coming months". So my question is, nearly six months later, have you come to a decision on the Blue Water Navy veterans? If not, what is your status update and when exactly can we expect a response as to whether your department plans to afford these brave Americans the benefits they have fought for and deserve.

**VA Response:** VA continues to study the issue of whether to extend the presumption of exposure to an herbicide agent for Blue Water Navy (BWN) Veterans but currently there is a lack of scientific evidence to support this decision. VA has launched a nationwide study, the Vietnam Era Health Retrospective Observational Study (VE-HEROeS), which is designed to assess the current health and well-being of Vietnam Veterans, including 1,000 BWN Veterans who are part of the study. VA researchers are currently analyzing data from the VE-HEROeS effort. After the analysis is completed, the results will be delivered to the Agent Orange Task Force and then to the Secretary for consideration. Timeline for initial results is expected to be in 2019, with publication of results within 1-2 years. In addition, VA expects to receive the biennial Agent Orange report from the National Academy of Medicine in fall/winter of 2018.

[Questions for the Record submitted by Congresswoman Wasserman Schultz for The Honorable David J. Shulkin follows:]

Choice Program vs. Community Care

**Question:** The FY 2019 budget request folded the Community Care account back into the Medical Services account. Why is VA rolling that function back into medical services and second, doesn't statute direct that there be a separate account for Community Care?

**VA Response:** The FY 2019 VA President's Budget proposes to merge the Medical Community Care and the Medical Services appropriations, as was the case prior to FY 2017. The separate appropriation for Medical Community Care required by section 4003 of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (Public Law 114-41) requires each budget of the President for FY 2017 and each fiscal year thereafter to include an appropriations account for non-Department provider programs. In effect, this provision has restricted VA medical center (VAMC) Directors as they manage their budgets and make decisions about whether the care Veterans require can best be provided within their facilities or must be purchased from community providers or Federal partners.

This requirement would be superseded if Congress enacted the President's Budget request to re-combine the VA Medical Services and Medical Community Care appropriations.

This is intended to address the dynamic nature of health care management, as the loss of a key clinical staff position, such as a general surgeon, requires that the care that provider furnished instead be provided temporarily by a community provider until VA can hire a replacement, which can be a lengthy process. This can also occur when VA facilities must be temporarily closed because of damage, such as from the recent hurricanes, or even more localized disruptions to care. This change would enable VA field staff to respond rapidly and effectively to unanticipated changes in the health care environment throughout the year and will maximize VA's ability to focus our resources on the services Veterans most need.

Conversely, if a position has been vacant for a period of time but analysis shows that it would be more effective for Veterans to provide the care in-house, the care should be realigned from the community back to the VAMC. This process was previously referred to as "fee recapture" and served as an incentive for VAMC Directors to identify areas where additional investment in VA's in-house capacity to provide health care for Veterans could be enhanced to provide expanded services at lower cost than those services could be purchased from community health care providers. This incentive was effectively eliminated by the mandate for a separate Community Care appropriation because of the administrative processing time required to transfer funds between appropriations. In short, rather than creating a potential incentive to determine where

care is delivered based on funds available in the two separate appropriations, this proposal allows each VAMC Director to determine where they can effectively enhance the capability of their facilities with the confidence that funds will be available to accomplish that goal.

The accounting structure to capture and identify care purchased from the community will remain in place to enable VA to identify and report separately on the costs of VA-provided care and for care from community providers and Federal partners. For example, in the following tables, which were included in the revised FY 2019 Congressional Justification volume, display the detail available under the new proposal, which mirrors the detail currently reported for the separate Community Care appropriation (Volume II, VHA 216-217).

Care in the Community Obligations by Program  
Includes Veterans Choice Program  
(dollars in thousands)

| Description                                            | 2017 Actuals                        |                                     |              | 2018 Budget Estimate              |                                     |              | 2018 Current Estimate               |                                     |              |
|--------------------------------------------------------|-------------------------------------|-------------------------------------|--------------|-----------------------------------|-------------------------------------|--------------|-------------------------------------|-------------------------------------|--------------|
|                                                        | Veterans /<br>Choice<br>Fund (0172) | Medical<br>Community<br>Care (0140) | Subtotal     | Veterans<br>Choice<br>Fund (0172) | Medical<br>Community<br>Care (0140) | Subtotal     | Veterans /<br>Choice<br>Fund (0172) | Medical<br>Community<br>Care (0140) | Subtotal     |
| <b>Health Care Services:</b>                           |                                     |                                     |              |                                   |                                     |              |                                     |                                     |              |
| Ambulatory Care.....                                   | \$3,068,201                         | \$1,589,371                         | \$4,657,572  | \$1,203,111                       | \$2,342,023                         | \$3,545,134  | \$2,179,984                         | \$2,530,720                         | \$4,710,704  |
| Dental Care.....                                       | \$103,406                           | \$133,401                           | \$236,807    | \$45,100                          | \$101,300                           | \$146,400    | \$72,900                            | \$157,229                           | \$230,129    |
| Inpatient Care.....                                    | \$971,966                           | \$2,043,692                         | \$3,015,658  | \$1,551,789                       | \$1,551,789                         | \$3,103,578  | \$685,994                           | \$2,209,990                         | \$2,895,984  |
| Mental Health Care.....                                | \$34,179                            | \$176,436                           | \$210,615    | \$0                               | \$315,099                           | \$315,099    | \$24,100                            | \$204,700                           | \$228,800    |
| Prosthetics.....                                       | \$14,052                            | \$0                                 | \$14,052     | \$5,200                           | \$0                                 | \$5,200      | \$22,203                            | \$0                                 | \$22,203     |
| Rehabilitation Care.....                               | \$0                                 | \$0                                 | \$0          | \$0                               | \$0                                 | \$0          | \$0                                 | \$0                                 | \$0          |
| Health Care Services [Total] 1/.....                   | \$4,191,804                         | \$3,942,900                         | \$8,134,704  | \$2,805,200                       | \$4,310,211                         | \$7,115,411  | \$2,985,181                         | \$5,102,639                         | \$8,087,820  |
| <b>Long-Term Services and Supports Community Care:</b> |                                     |                                     |              |                                   |                                     |              |                                     |                                     |              |
| Community Nursing Home.....                            | \$0                                 | \$869,690                           | \$869,690    | \$0                               | \$1,032,400                         | \$1,032,400  | \$0                                 | \$892,889                           | \$892,889    |
| Community Non-Institutional Care.....                  | \$592,765                           | \$655,154                           | \$1,247,923  | \$694,800                         | \$805,000                           | \$1,499,800  | \$680,672                           | \$687,128                           | \$1,367,800  |
| State Nursing Home.....                                | \$0                                 | \$1,232,809                         | \$1,232,809  | \$0                               | \$1,290,362                         | \$1,290,362  | \$0                                 | \$1,225,026                         | \$1,225,026  |
| State Home Domiciliary.....                            | \$0                                 | \$58,086                            | \$58,086     | \$0                               | \$54,400                            | \$54,400     | \$0                                 | \$54,400                            | \$54,400     |
| State Home Adult Day Care.....                         | \$0                                 | \$944                               | \$944        | \$0                               | \$1,195                             | \$1,195      | \$0                                 | \$1,195                             | \$1,195      |
| Community Long-Term Services and Supports [Total]..... | \$592,765                           | \$2,836,777                         | \$3,429,542  | \$694,800                         | \$3,183,357                         | \$3,878,157  | \$680,672                           | \$2,860,638                         | \$3,541,310  |
| <b>Other Health Care Programs Community Care:</b>      |                                     |                                     |              |                                   |                                     |              |                                     |                                     |              |
| CHAMPVA, Spina Bilda, FMP, & CWV.....                  | \$0                                 | \$1,287,571                         | \$1,287,571  | \$0                               | \$1,639,249                         | \$1,639,249  | \$0                                 | \$1,397,281                         | \$1,397,281  |
| Caregivers (non-CHAMPVA).....                          | \$0                                 | \$1,171                             | \$1,171      | \$0                               | \$3,373                             | \$3,373      | \$0                                 | \$1,208                             | \$1,208      |
| Camp Lejeune Family.....                               | \$0                                 | \$1,368                             | \$1,368      | \$0                               | \$6,664                             | \$6,664      | \$0                                 | \$1,398                             | \$1,398      |
| Other Health Care Programs community care [Total]..... | \$0                                 | \$1,290,110                         | \$1,290,110  | \$0                               | \$1,649,286                         | \$1,649,286  | \$0                                 | \$1,399,887                         | \$1,399,887  |
| SubTotal Obligations.....                              | \$4,784,569                         | \$8,069,787                         | \$12,854,356 | \$3,500,000                       | \$9,142,854                         | \$12,642,854 | \$3,665,853                         | \$9,363,164                         | \$13,029,017 |
| VA Prior-Year Recoveries.....                          | \$699,650                           | \$0                                 | \$699,650    | \$0                               | \$0                                 | \$0          | \$0                                 | \$0                                 | \$0          |
| Total Obligations.....                                 | \$5,484,219                         | \$8,069,787                         | \$13,554,006 | \$3,500,000                       | \$9,142,854                         | \$12,642,854 | \$3,665,853                         | \$9,363,164                         | \$13,029,017 |

1/ Includes cost of proposed CARE Act  
2/ Excludes OI&T components

**Care in the Community Obligations by Program**  
**Includes Veterans Choice Program**  
(dollars in thousands)

| Description                                                    | 2019 Advance Appropriation        |                                     |                     | 2019 Revised Request              |                                     |                     | 2020 Advance Appropriation        |                                     |                     |
|----------------------------------------------------------------|-----------------------------------|-------------------------------------|---------------------|-----------------------------------|-------------------------------------|---------------------|-----------------------------------|-------------------------------------|---------------------|
|                                                                | Veterans<br>Choice<br>Fund (0172) | Medical<br>Community<br>Care (0140) | Subtotal            | Veterans<br>Choice<br>Fund (0172) | Medical<br>Community<br>Care (0160) | Subtotal            | Veterans<br>Choice<br>Fund (0172) | Medical<br>Community<br>Care (0160) | Subtotal            |
| <b>Health Care Services:</b>                                   |                                   |                                     |                     |                                   |                                     |                     |                                   |                                     |                     |
| Ambulatory Care.....                                           | \$1,187,907                       | \$2,344,979                         | \$3,532,886         | \$1,152,215                       | \$1,483,460                         | \$4,635,675         | \$0                               | \$5,857,622                         | \$5,857,622         |
| Dental Care.....                                               | \$60,304                          | \$101,300                           | \$161,604           | \$37,800                          | \$167,386                           | \$205,186           | \$0                               | \$177,730                           | \$177,730           |
| Impatient Care.....                                            | \$1,551,789                       | \$1,361,860                         | \$2,913,649         | \$344,947                         | \$1,816,429                         | \$2,161,376         | \$0                               | \$2,889,287                         | \$2,889,287         |
| Mental Health Care.....                                        | \$0                               | \$320,145                           | \$320,145           | \$12,500                          | \$199,400                           | \$211,900           | \$0                               | \$299,900                           | \$299,900           |
| Prosthetics.....                                               | \$5,200                           | \$0                                 | \$5,200             | \$11,152                          | \$0                                 | \$11,152            | \$0                               | \$0                                 | \$0                 |
| Rehabilitation Care.....                                       | \$0                               | \$0                                 | \$0                 | \$0                               | \$0                                 | \$0                 | \$0                               | \$0                                 | \$0                 |
| <b>Health Care Services [Total]</b> .....                      | <b>\$2,805,200</b>                | <b>\$4,128,284</b>                  | <b>\$6,933,484</b>  | <b>\$1,558,614</b>                | <b>\$5,666,675</b>                  | <b>\$7,225,289</b>  | <b>\$0</b>                        | <b>\$9,224,539</b>                  | <b>\$9,224,539</b>  |
| <b>Long-Term Services and Supports Community Care:</b>         |                                   |                                     |                     |                                   |                                     |                     |                                   |                                     |                     |
| Community Nursing Home.....                                    | \$0                               | \$1,104,700                         | \$1,104,700         | \$0                               | \$963,651                           | \$963,651           | \$0                               | \$1,033,734                         | \$1,033,734         |
| Community Non-Institutional Care.....                          | \$694,800                         | \$928,600                           | \$1,623,400         | \$341,386                         | \$1,110,099                         | \$1,451,485         | \$0                               | \$1,529,900                         | \$1,529,900         |
| State Nursing Home.....                                        | \$0                               | \$1,367,993                         | \$1,367,993         | \$0                               | \$1,245,709                         | \$1,245,709         | \$0                               | \$1,274,975                         | \$1,274,975         |
| State Home Domiciliary.....                                    | \$0                               | \$54,206                            | \$54,206            | \$0                               | \$61,764                            | \$61,764            | \$0                               | \$61,196                            | \$61,196            |
| State Home Adult Day Care.....                                 | \$0                               | \$1,317                             | \$1,317             | \$0                               | \$1,322                             | \$1,322             | \$0                               | \$1,417                             | \$1,417             |
| <b>Community Long-Term Services and Supports [Total]</b> ..... | <b>\$694,800</b>                  | <b>\$3,456,816</b>                  | <b>\$4,151,616</b>  | <b>\$341,386</b>                  | <b>\$3,382,545</b>                  | <b>\$3,723,931</b>  | <b>\$0</b>                        | <b>\$3,901,222</b>                  | <b>\$3,901,222</b>  |
| <b>Other Health Care Programs Community Care:</b>              |                                   |                                     |                     |                                   |                                     |                     |                                   |                                     |                     |
| CHAMPVA, Spina Bilda, FMP, & CWVY.....                         | \$0                               | \$1,774,076                         | \$1,774,076         | \$0                               | \$1,463,185                         | \$1,463,185         | \$0                               | \$1,529,841                         | \$1,529,841         |
| Caregivers (non-CHAMPVA).....                                  | \$0                               | \$3,439                             | \$3,439             | \$0                               | \$1,620                             | \$1,620             | \$0                               | \$1,624                             | \$1,624             |
| Camp Lejeune Family.....                                       | \$0                               | \$7,630                             | \$7,630             | \$0                               | \$1,429                             | \$1,429             | \$0                               | \$1,460                             | \$1,460             |
| <b>Other Health Care Programs community care [Total]</b> ..... | <b>\$0</b>                        | <b>\$1,785,145</b>                  | <b>\$1,785,145</b>  | <b>\$0</b>                        | <b>\$1,466,234</b>                  | <b>\$1,466,234</b>  | <b>\$0</b>                        | <b>\$1,532,925</b>                  | <b>\$1,532,925</b>  |
| <b>Total Obligations 1/2/.....</b>                             | <b>\$3,500,000</b>                | <b>\$9,370,245</b>                  | <b>\$12,870,245</b> | <b>\$1,900,000</b>                | <b>\$10,515,454</b>                 | <b>\$12,415,454</b> | <b>\$0</b>                        | <b>\$14,658,686</b>                 | <b>\$14,658,686</b> |

1/ Includes cost of proposed CARE Act

2/ The Budget includes \$12.4 billion in total obligations for Choice/Community Care in FY 2019. Programmatic resources total \$14.2 billion, 9.1 percent above 2018 after adjusting for the impact of the change in timing of obligations

In addition, VA is requesting modification of the current process required to manage funds for purchasing Community Care. Under section 106 of the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113-146), all Community Care funds are centrally managed by the Deputy Under Secretary for Health for Community Care (DUSHCC, formerly the Chief Business Officer).

Concurrent with the VA proposal to merge the Medical Community Care and Medical Services appropriations, this proposal would allow each VAMC to receive all funding for its enrolled Veterans and manage those funds locally, thus providing the flexibility each VAMC needs to effectively deliver health care in a dynamic environment.

This proposal would allow VA to establish a community care funding model that mirrors the successful model currently used for VA's Consolidated Mail Outpatient Pharmacies (CMOP). Under this model, each VAMC and the DUSHCC would determine an estimated amount of funding for community care at the beginning of the fiscal year, and the VAMC would preposition those funds with the DUSHCC to manage the purchase of and payment for care purchased by VA from community providers. During the course of the year, each VAMC and the DUSHCC would monitor the initial funding amount and make appropriate adjustments based on changes in actual demand as the fiscal year progresses.

Oversight of VA Medical Care budget execution would occur at all leadership levels, culminating at the Monthly Management Review chaired by the Deputy Secretary. VA would also be able to provide periodic execution reports, similar to the reports currently

provided for Choice funding, to Congress if desired, to monitor the relative funding of care provided in VAMCs and purchased from community providers.

This model would enhance each VAMC's ability to rapidly respond to changes in clinical staffing and readily realign funds to or from the DUSHCC to reflect changes in the VAMC's ability to efficiently provide the care in VA facilities as opposed to purchasing that care from the community. As with the request to combine the Medical Community Care and Medical Services appropriations, rather than creating a potential incentive to determine where care is delivered based on funds available in the two separate appropriations, this proposal allows VAMC Directors to enhance the capability and efficiency of their facilities with the confidence that funds will be readily available.

**Question:** Over the past few years Congress has given Veterans the freedom to pursue care in Community, but I am concerned that this has started us down the road of privatized care which I strongly oppose. Has this Administration been pushing you to move VA in that direction?

**VA Response:** No. VA cannot provide health care alone – as we learned from the access crisis of 2014. We have to have a rational system that allows Veterans to understand what choices they have and to get the best care from VA. VA is doing important work on behalf of Veterans. The right choice is a system that allows for a strong internal VA that is working properly, as well as taking advantage of working with the private sector when Veterans can benefit from that system as well.

**Question 3:** The Budget Deal passed with the agreement that four billion dollars would be invested in VA infrastructure of FY18 and FY19. However, the FY 2019 budget requests \$1.9 billion in discretionary funding for the Veterans Choice Fund and additional funds for Community Care. Which again looks like a push to privatization. Can you explain why the additional funds were not used for infrastructure?

**VA Response:** Recognizing the substantial needs of VA's aging infrastructure, our FY 2019 request of \$3.3B (including major and minor construction and non-recurring maintenance) is the largest request in the last 5 years. Delivery of Veteran health care services has many competing priorities, and we believe that we are striking a reasonable balance between funding the critically-important Veterans Choice/Community Care Program and medical facility infrastructure needs.

Electronic Health Records (EHR)

**Question:** VA took a "strategic pause" in negotiations between EHR giant Cerner and VA on December 13, 2017, while MITRE performed an independent assessment of the national interoperability language laid out in the proposal request awarded to Cerner. MITRE submitted its final report in January. Can you provide the Committee with some background on this report, for example, how many recommendations did MITRE make and how many were accepted by Cerner and VA?

- a. Have your concerns about interoperability been addressed and will VA be able to share records with the private sector and will the private sector be able to share with VA?

**VA Response:** Upon receipt of the MITRE report on January 31, 2018, each of the comments was fully adjudicated/reconciled with the MITRE team by our VA technical/functional requirement owners. VA then re-entered into direct negotiations with Cerner Corporation to solidify the requisite modifications to the EHR Request for Proposal (RFP). Though important interoperability updates/changes were introduced, the proposed modifications spawned no proposal/contract price increase by Cerner Corporation and were incorporated appropriately into the RFP.

As final measure, the RFP was reviewed utilizing a myriad of industry subject matter experts, executives, Chief Information Officers, and clinicians to conduct a final review of the RFP language. The comments submitted were primarily high-level lessons learned from their own past experiences. VA was effectively able to re-validate the RFP language based on these inputs from the industry executives. No substantive changes were introduced by this additional review, but the review was valuable in reconfirming a number of programmatic risk areas and the critical importance of the Program Management Office (PMO) in overseeing this complex EHR modernization effort.

Two post-award contract elements, confirmed by this external review include the following:

- (1) our creation of a senior advisory council comprised of industry experts to continue to advise the VA Team on EHR modernization/implementation/deployment strategies as well as on clinical/technical innovation, technological and standardization;
- (2) our development and use of an interoperability sandbox/test bed during Initial Operating Capability efforts to test clinical scenarios, domain structures, and various evolving interoperability strategies.

The Cerner contract incorporates significant interoperability requirements, including: maintenance of Office of the National Coordinator (ONC) certification for health IT products, standards-based, open APIs (Application Program Interface) built off of the FHIR (Fast Healthcare Interoperability Resources) specifications, Web Access to DICOM (Digital Image and Communication in Medicine) Persistent Objects (known as WADO), Integrating the Healthcare Enterprise (IHE) standards for document-based

exchange, and other Government designated standards. The movement towards modern, standards-based, open APIs will promote innovating third party development of tools that will enable clinicians and veterans to use data in more useful ways. Further, when VA updates a standard in the contract or ONC updates its Health IT Certification program, Cerner must update such standards in its product and make the functionality available in production within 18 months.

**Question:** DoD has taken an eight-week pause. Does VA know the reason for DoDs pause?

**VA Response:** The challenges the Department of Defense (DoD) is experiencing have been shared with VA for future mitigation throughout the contract planning process. Knowing the potential challenges with large-scale information technology (IT) projects, both VA and DoD's approach involves deploying the solution at Initial Operating Capability (IOC) sites to identify problems and correct them before deploying to additional sites. IOC will be used to further hone governance, configuration management, and solidify processes in support of adherence to VA Central Office directives and other enterprise initiatives associated with the Electronic Health Record Modernization (EHRM).

By learning from DoD, VA will be able to proactively address these challenges to further reduce potential risks at VA's IOC sites. VA and DoD are working closely together to ensure lessons learned at DoD sites will enhance future deployments at DoD as well as VA. In addition, VA has proactively engaged stakeholders to identify requirements critical for the success of Cerner implementation. As challenges arise throughout the deployment, VA and DoD will work closely and urgently to mitigate the impact to Veterans health care. VA strongly believes that implementing a single electronic health record will improve seamless care for our Nation's Servicemembers and Veterans.

**Question:** I would believe that DoD has gained valuable experience implementing Cerner technology during its recent deployment of MHS Genesis. How is VA going to approach to transfer DoD's best practices and lessons learned?

- What governance process is the VA prepared to execute to ensure that we capitalize on DoD's lessons learned and best practices?

**VA Response:** By understanding lessons learned from DoD, VA will be able to proactively address these challenges to further reduce potential risks at VA's IOC sites. VA and DoD are working closely together to ensure lessons learned at DoD sites will enhance future deployments at DoD as well as VA. In addition, VA has proactively engaged stakeholders to identify requirements critical for the success of Electronic Health Record Modernization (EHRM) implementation. As challenges arise throughout the deployment, VA and DoD will work closely and urgently to mitigate the impact to Veterans' health care. VA strongly believes that implementing a single EHR will improve seamless care for our Nation's Servicemembers and Veterans.

VA is devoted to ensuring proper governance for the EHRM program. EHRM Governance includes five governance boards consisting of senior executive stakeholders from across VA. The governance boards include a Steering Committee, Governance Integration Board, Functional Governance Board, Technical Governance Board, Legacy-EHRM Pivot Working Group, and EHR Councils. These governance boards will work together to provide strategic leadership, advance VA's interoperability goals, and successfully implement the new EHR.

**Question:** What oversight mechanisms will VA put in place to ensure that the VA has sufficient understanding of existing business processes and avoid costly customization to the Commercial off the Shelf (COTS) product?

**VA Response:** The PMO employs highly trained Government and Contractor personnel to provide expert oversight in a myriad of professional disciplines including the following: clinical, technical, engineering, information assurance (IA), security, testing, acquisition, contracting, data migration, communication, independent validation and verification (IV&V), training, change management, governance, and many more. Together, these technical disciplines will manage the contract's adherence to cost, schedule, and performance objectives, and the corresponding management of associated project risks.

The implementation of the new EHR is based on commercial best practices while allowing some configuration to meet VA's needs. The Department intends to select and use Cerner best practices wherever possible and standardize to the extent possible across all implementation sites.

The Cerner methodology is iterative in its approach. Decisions are built upon each other across eight workshops that incorporate participants from the national, VISN, and local levels. System design and configuration will be done primarily at the national/VISN level. The iterative approach allows for the enterprise foundation and design to be locally validated prior to the next national/VISN workshop, as opposed to designed nationally upfront, and then subsequently pushed to local sites. Involvement early and often with local sites will increase buy in and ensure the EHR is reflective of practice at the local level, while encouraging standardization that will support wide spread innovation. The focus in the local workshops will be on validation and training, not customization.

**Question:** The EHR modernization is a huge investment, is there a backup plan or an exit strategy should VA run into problems with this system?

- Is there any chance that this choice to go with Cerner will change?

**VA Response:** VA is fully committed to the successful implementation of the new EHRM, ensuring interoperability at VA and with DoD and community providers. As

evidenced by the extensive preparation and governance in place, VA is confident in the plans to adopt the Cerner Millennium solution.

### Female Veterans

**Question:** We have acknowledged time and again, the ability for our veterans to receive various medical services at a VA center greatly increases the likelihood, our veterans are receiving the care they need. With that in mind and with the growing population of women veterans, does VA meet the standards established in 2010 by the Advisory Committee on Women Veterans for healthcare services for female veterans?

**VA Response:** VA provides full services to women Veterans, including comprehensive primary care, gynecology care, maternity care, specialty care, and mental health services. VA has enhanced provision of care to women Veterans by focusing on the goal of developing Designated Women's Health Primary Care Providers (WH-PCP) at every site where women access VA. By end of fiscal year (FY) 2017, VA reached the milestone of training more than 5,000 Veterans Health Administration (VHA) providers and nurses in the women's health mini-residency. In addition, to increase the number of WH-PCP and nurses serving rural women Veterans, VA has developed a mobile women's health training for rural VA sites. VA has at least one WH-PCP at all of VA's health care systems. In addition, 90 percent of community based outpatient clinics (CBOCs) had a WH-PCP in place. VA is in the process of training additional providers to ensure that every woman Veteran has the opportunity to receive her primary care from a WH-PCP.

VA is proud of high quality health care for women Veterans. VA is on the forefront of information technology for women's health and is redesigning its EHR to track breast and reproductive health care. Quality measures show that women Veterans are more likely to receive breast cancer and cervical cancer screening than women in private sector health care. VA also tracks quality by gender and, unlike other health care systems, has been able to reduce and eliminate gender disparities in important aspects of health screening, prevention, and chronic disease management.

In 2014, VA established a hotline specific for women Veterans. The Women Veteran Call Center (WVCC) makes outgoing calls to women Veterans to provide information about VA services and resources and responds to incoming calls from women Veterans their families and caregivers. The call center implemented a chat feature in May 2016 to increase access for women Veterans and has responded to 1,412 chats. As of March 28, 2018, the WVCC has received 71,408 calls and has made 1,098,499 calls with 564,812 of these calls being successful (spoke with Veteran or left a voice message).

**Question:** During visits to VA Medical Centers in DC and Miami, I had the chance to tour the women's clinic. Both were exceptional facilities, and I wanted to know, what is the VA doing to set up separate spaces, within the larger medical building, where women veterans have their women-oriented appointments?

- Has a plan to include these type of spaces in all VA Medical Facilities been implemented?

**VA Response:** For each site of care, the local community of Veterans must have input into how care will be delivered. VA has found that for some women Veterans, separate clinic space is very important, however, for other women such clinics are seen as not ideal because they are being isolated from other Veterans. In accordance with VHA Directive 1330.01, *Health Care Services for Women Veterans* (published 2017), a VHA facility may choose one or more of the following Comprehensive Primary Care Clinic Models to best meet the needs of women Veterans and to achieve the standards for Comprehensive Primary Care for Women Veterans:

**a. Model 1. General Primary Care Clinics.** Comprehensive primary care for women Veterans is delivered by a designated Women's Health Primary Care Provider (WH PCP) who is interested and proficient in women's health. Women Veterans are incorporated into the WH PCP panel and seen within a general gender-neutral Primary Care clinic. Mental health services for women should be co-located in the general gender-neutral Primary Care Clinic in accordance with the Primary Care-Mental Health Integration. Efficient referral to specialty gynecology service must be available either on-site or through fee-basis, contractual or sharing agreements, or referral to other VA facilities within a reasonable traveling distance (less than 50 miles).

**b. Model 2. Separate but Shared Space.** Comprehensive primary care services for women Veterans are offered by designated WH PCP(s) in a separate but shared space that may be located within or adjacent to Primary Care clinic areas. Gynecological care and mental health services should be co-located in this space and readily available.

**c. Model 3. Women's Health Center (WHC).** VHA facilities with larger populations of women Veterans are encouraged to create Women's Health Centers (WHC) that provide the highest level of coordinated, high quality comprehensive care to women Veterans.

(1) WHC offers comprehensive primary care services by a designated WH PCP(s) in an exclusive separate space. Whenever possible, a WHC needs to have a separate entrance into the clinical area and a separate waiting room with attention to privacy, sensitivity, and physical comfort.

(2) Specialty gynecological care, mental health, and social work services must be co-located in this space.

(3) Other sub-specialty services such as breast care, endocrinology, rheumatology, neurology, cardiology, nutrition, etc., may also be provided in the same physical location.

(4) Women Veterans receiving comprehensive primary care through general primary care clinics in sites with WHC need to be referred to the WHC for gynecological care, mental health treatment, and other sub-specialty care.

To summarize, Model 3 clinics are Comprehensive Women's Centers that have dedicated separate space. Model 2 clinics are women's clinics that also have a separate space, but the space may be shared with other services when the women's clinic is not in session. All Model 2 and Model 3 clinics are defined as "women's clinics". Model 1 clinics provide women's health primary care in integrated settings. All three models should have Designated WH-PCPs and can be available at either medical centers or CBOCs.

According to the fiscal year 2017 Women's Assessment Tool for Comprehensive Health (WATCH) survey, VHA reported the following number of Women's Clinics:

Total Model 1 = 992 clinics

Total Model 2 = 67 clinics

Total Model 3 = 80 clinics

In addition to the many projects planned in support of improvements to VA outpatient facilities, the FY 2019 Strategic Capital Investment Plan (SCIP) includes 12 Minor Construction projects, with a total investment need in excess of \$138 Million, specific to improving or expanding facilities in support of women's health needs. The VA FY 2019 Budget Request includes funding requirements for the design phase of 6 of these Minor Construction projects. In addition, VA is working to improve standards and maintain its facilities to provide gender-specific healthcare delivery in a sensitive and safe environment. The VA FY 2019 Budget Request includes 8 Non-Recurring Maintenance (NRM) projects providing \$21 Million in support of the women's health program, and there are 85 NRM projects providing \$340 Million in support of patient environment/privacy.

#### General Budget Questions

**Question:** Mr. Secretary, the VA continues to receive tremendous increases in its budget. For example, the VA medical care accounts have grown from \$36.7 to 64.6 billion dollars, and the overall discretionary accounts have increased from 43.6 billion dollars to 74.4 billion dollars. At what point do we ask if this continued growth is unsustainable?

- Does this budget provide you all the resources you will need to provide high-quality care for our Veterans, if not where do you need more resources?

**VA Response:** The FY 2019 President's Budget for the Department is a strong demonstration of the President's commitment to ensuring Veterans and their families have the care and benefits they have earned and deserve. This budget will allow us to

continue the progress we are making to reorient the Department around Veterans' needs and focus on services from the Veteran's perspective. Our discretionary budget request would fully fund all community care entirely with discretionary resources, including the care provided under the Veterans Choice Program for the first time since that program's inception.

The FY 2019 VA budget would initiate several reforms that would implement efficiencies and savings to curb our recent growth and prioritize our foundational services while redirecting to the private sector those services that they can do more effectively and efficiently.

**Question:** Mr. Secretary, as you know you have a substantial backlog in infrastructure how much does this budget provide for non-recurring maintenance and is that enough?

**VA Response:** While there is a backlog to correct VA's aging infrastructure, the FY 2019 request of \$3.3 billion for capital (including major and minor construction and non-recurring maintenance) is the largest in at least the last five years. This request would provide \$1.4 billion in non-recurring maintenance for ongoing and new projects.

#### Veterans Blood Program

**Question:** The Navy Blood Program Office has deployed Pathogen Reduction Technology for Platelet Components to improve blood safety and prevent transfusion transmission infection and the Armed Services Blood Program Office has issued guidance on PRT. It is expected by servicemembers and veterans alike that when transitioning from one medical system to the other, there would be parity in the standard of care, especially as the VA population is more medically fragile than their active duty counterparts. Why has the VA not sought to adopt the Armed Services Blood Program office guidance or implement similar requirements for their transfusion sources? Moreover, what kind of outreach (if any) has the VA done to coordinate with the ASBPO?

**VA Response:** Pathogen reduction is being implemented throughout the United States (U.S.) to mitigate transfusion-transmitted infectious risks. Multiple U.S. blood centers, including the Armed Services Blood Program, are either already distributing or are preparing to distribute pathogen reduced platelets to hospitals. VA does not have "blood collection and processing centers" as it is not a feasible operation for VA. Instead, VA has Transfusion Services at VA medical centers (VAMC) to provide safe blood components for transfusion in a professional, timely, and cost effective manner to all of our Veterans.

Some VA facilities are already receiving pathogen reduced products from blood centers and/or the Armed Services Blood Program. As the prevalence of pathogen reduced blood products increases, so will their use throughout health care system. It should be noted that the physical employment of Pathogen Reduction Technology is applied at the

donor collection center (manufacturing) and not at the transfusion services (actual administration/transfusion).

VA has on going collaboration with Armed Services Blood Program through Memorandum of Agreement between Army Blood Program and Navy Blood Program for the distribution of surplus products from their respective programs to VAMC Transfusion Services. These agreements provide mutual benefits to both VA and the Department of Defense (DoD) in making conscious and proactive efforts to share and preserve lifesaving resources.

**Question:** There are 153 VA medical centers in the US. Only four have partially adopted Pathogen Reduction Technology for Platelet Components. What are the barriers the VA is facing in adopting pathogen reduction technology for platelet and plasma components?

**VA Response:** See answer in Question 13. Pathogen Reduction Technology is applied at the donor center where they collect the blood product and not at VA Transfusion Services.

**Question:** The Armed Forces have an integrated blood program under the Armed Services Blood Program Office. Why doesn't the VA have an integrated program to institute best practices and emerging technology to ensure the highest safety of blood products?

**VA Response:** The Pathology and Laboratory Medicine Services (P&LMS) National Program Office has, as one of its primary responsibilities, the establishment of VA national policies applicable to VA clinical laboratories, including Transfusion Services. In addition, the national program office provides P&LMS guidance to the senior leadership in VA and the VA laboratory community to help ensure that timely, cost effective, and high quality anatomic and clinical pathology services are provided for both VA patients and caregivers. Through its National Enforcement Office, P&LMS has a legislated responsibility to oversee the quality of services provided by VA Clinical Laboratories, as well as laboratory compliance with regulatory, accreditation, and policy guidelines.

The P&LMS National Program Office accomplishes its mission by the efficient utilization of organizational resources and in collaboration with the Centers for Medicare and Medicaid Services, DoD, the U.S. Food and Drug Administration (FDA), the various accrediting organizations, and other Federal and civilian external agencies. The P&LMS Program Office is committed to providing support for and promoting the delivery of quality laboratory and transfusion services to eligible Veterans.

VA Transfusion Services are registered and inspected by FDA, accredited by College of American Pathology (CAP), and meet the requirements of the American Association of Blood Banks (AABB) Standards. VA developed its own Blood Establishment Software (VBECS) that is FDA 510k cleared to ensure the highest safety of blood products to our

Veterans. In addition, VA P&LMS has a representative on the Advisory Committee on Blood and Tissue Safety and Availability (ACBTSA). The ACBTSA is a 31-member Federal Advisory Committee that provides advice to the Secretary of Health and Human Services through the Assistant Secretary for Health on a range of policy issues related to blood, blood products, and tissues. The VA P&LMS Program Office participates in professional accreditation (CAP, AABB) activities for DoD Blood Centers and DoD Transfusion Services, as well as accreditation activities of Armed Services Blood Bank Fellowship at Walter Reed where military training for Specialists in Blood Banking occurs. Overall, VA P&LMS is aggressively engaged and works collaboratively with others to identify and promote best practices and emerging technology to ensure the highest safety of blood products and the best care to our Veterans.

[Questions for the Record submitted by Congresswoman Lowey for The Honorable David J. Shulkin follows:]

**Question:** The VA OIG report dated July 31, 2017 included four recommendations for the VA to address the opioid epidemic. Has the VA fully addressed these items, and if not, what is the timetable for completion?

**VA Response:** Recommendations 1-3 are closed as of December 28, 2017. Closure of recommendation 4 hinges on the finalization of the Patient Safety Guidebook becoming an appendix to the National Center for Patient Safety's handbook and has a target completion date of July 31, 2018.

Since 2013, when the Department of Veterans Affairs (VA) established its Opioid Safety Initiative (OSI), VA has made significant progress in reducing opioid prescribing and thereby reducing risks for Veterans. VA is making headway treating opioid addiction by providing programs nationwide to support Veterans. VA offers medication reduction therapy, alternatives to medication, including Complementary Integrative Health (CIH) approaches, mental health support, and education.

VA has seen a significant change in opioid use amount its patients. Results of key clinical metrics measured by the OSI from Quarter 4, Fiscal Year 2012 (beginning in July 2012) to Quarter 2, Fiscal Year 2018 (ending in March 2018) there are:

- :
  - 280,477 fewer patients receive opioids (41 percent reduction).
  - 85,695 fewer patients receive opioids and benzodiazepines together (70-percent reduction).
  - 203,937 fewer patients are on long-term opioid therapy (47-percent reduction) with a 90 percent reduction in new starts.
  - 35,531 fewer patients receive greater than or equal to 100 Morphine Equivalent Daily Dose (60-percent reduction).
- VA has provided clinicians and the public access to our STOP PAIN Toolkit. STOP PAIN involves the following:
  - S. Stepped Care Model
  - T. Treatment alternatives/complimentary care
  - O. Ongoing monitoring of usage and education of providers
  - P. Practice Guidelines
  - P. Prescription monitoring
  - A. Academic Detailing
  - I. Informed consent for patients
  - N. Naloxone distribution

[Questions for the Record submitted by Congressman Bishop for The Honorable David J. Shulkin follows:]

**Question:** This budget request funds \$172 million for the Office of the Inspector General, which would be an increase from the FY2019 budget of + \$12 million. However, there is a loss of 28 Full-Time Equivalents from the previous year. Can you please elaborate on how this increase in funding will be utilized to help ensure better oversight within the VA? Additionally, can you explain why it is justified, given recent Inspector General Reports, to eliminate 28 Full-Time Equivalents?

**VA Response:** OIG response will be sent directly to Member and HAC offices

**Question:** Recently, the VA's Office of the Inspector General published a report on the Washington D.C. Veterans Affairs Medical Center which found that critical deficiencies were pervasive and persistent—often spanning many years—but were not successfully remediated by leaders at multiple levels within VA. Some Details in this report showed that patients were placed under anesthesia for an operation before realizing they did not have the equipment to perform the surgery. Additionally, this report identified financial and supply mismanagement, among other concerns. What steps is the VA taking to ensure our veterans are receiving the top quality care they deserve, not only here locally in D.C but around the country as well?

**VA Response:** The Office of Inspector General (OIG) report, *Critical Deficiencies at the Washington DC VA Medical Center (DCVAMC)*, Report #17-02644-130 (March 7, 2018) (the "DCVAMC OIG Report") identified systemic and oversight failures at all three levels of our VHA organization, i.e., at the facility, VISN, and VHA Central Office (VHACO) National Program Office levels. While there have been a number of strong improvements made in the performance at that facility, there is more work to be done. The VHA Executive in Charge is strengthening key governance processes and will personally be leading a newly formed Management Council. This Management Council is predicated on clearly articulated roles and responsibilities for each level of the organization and will:

- provide oversight of complex multidimensional concerns;
- ensure timely, consistent implementation of policies and processes;
- deploy well-designed communication methods for critical practice changes; and
- leverage the lessons learned from the DCVAMC to develop early warning systems, with the goal of reducing the likelihood of recurrence.

The Management Council will monitor the progress against the 40 recommendations identified by the OIG and ensure that VA is on track across the enterprise. The Secretary also announced a multi-point plan to address key findings beyond the DCVAMC OIG report, to impact each of our facilities, VISNs, and VHACO. It calls for

independent audits to be conducted at health care facilities to enhance our assessment of organizational performance.

The Secretary's VHACO restructuring plan, mentioned during his March 7 press conference at the DCVAMC, will significantly decrease the number of individual program offices and policies while ensuring Central Office leadership has clear visibility and oversight over these programs and their outcomes. Further, the National Leadership Council will re-examine our current governance model and identify opportunities to ensure we are using the best, most effective models available to provide oversight to VHA. We will be partnering with academic medical center partners to support our pursuit of best practices and a member of one of the VISN leadership teams, Dr. Bryan Gamble, Brigadier General (ret.), who has extensive experience in leading complex health care organizations, will work with our medical centers and VISNs to ensure that our Veterans are achieving the outcomes so richly deserved.

**Question:** The FY 2019 Budget requests \$510 million, +\$7 million above the FY 2018 estimate to support over 27,000 Caregivers. Currently, this is only available for Post-9/11 Veterans. As our Veterans continue to age and require additional care, would you support legislation for expanding this for veterans outside of the Post-9-11 era?

**VA Response:** VA believes an expansion of benefits that are currently limited by era of service would result in equitable access to the Program of Comprehensive Assistance for Family Caregivers for long-deserving caregivers of those who have sacrificed greatly for our Nation. While VA supports section 161 of the VA MISSION Act, if enacted, VA believes future appropriations must reflect the cost of this expansion to prevent a negative impact on other VA programs, including health care services provided to Veterans.

**Question:** *There are a significant number of critical leadership vacancies within the VA, like the absence of an Undersecretary for Health or Benefits, to name one. Those key leadership vacancies are coupled with numerous other vacancies within the Department, which include primary care providers, which remain a top concern for many Veterans. Can you explain why there is such a difficulty in filling some of these key positions? Additionally, could these vacancies attribute to the leadership turmoil that is being reported inside the VA?*

**VA Response:** *The Department of Veterans Affairs (VA) has 12 politically appointed Senate confirmed positions of which 75 percent are filled. Of the three not filled, as of August 1, 2018, one just became vacant (Deputy Secretary, Veterans Affairs) on June 15, 2018. For the other two positions (Under Secretary for Health and Chief Information Officer (CIO)), VA is actively vetting candidates to ensure the nominee is of the highest quality and committed to serving our Nations Veterans. These professions (Healthcare and information technology (IT)) are highly competitive and VA is up against some of the best private hospitals and tech firms to attract talent. The VA looks forward to working with Congress and the Administration on any forthcoming nominations for these positions.*

In the interim, VA has well-qualified executives leading VHA and the Office of Information and Technology. They continue to support VA's highest priorities and lead change to drive positive performance outcomes.

Status of the vacant positions are:

**Deputy Secretary:** VA is currently working closely with the Administration to identify a suitable nominee.

**Assistant Secretary for Information and Technology and Chief Information Officer (CIO):** Mr. Camilo Sandoval has been designated Executive-in-Charge for the Office of Information and Technology effective April 18, 2018. Recruitment efforts for a permanent Assistant Secretary are ongoing.

**Under Secretary for Health:** Dr. Richard Stone, Principal Deputy Under Secretary for Health, has been designated Executive-in-Charge of the Veterans Health Administration effective July 19, 2018. VA is currently working closely with the Administration to identify a suitable nominee.

VA looks forward to working with Congress on the forthcoming nominations for these mission-essential positions.

**Question:** Secretary Shulkin, since the signing of the VA Accountability and Whistleblower Protection Act, last June firings at the VA have risen 60 percent during the second half of 2017, after the law took effect, compared to the first half of 2017. Since June, the VA has removed 1,704 of its 370,000 employees. You were quoted as saying that you "do not see this as a tool that's going to lead to mass firings. That it would be a tool that's going to be used on a small number of people, who clearly have deviated from accepted practices and norms." Since it took effect, the VA has fired four senior leaders. The other 1,700 terminated people were low-level staffers with titles such as housekeeper (133 lost their jobs), nursing assistant (101 lost their jobs) and food worker (59 terminated), according to a data post by the VA. It's not just junior VA staffers who are losing their jobs. Whistleblowers and people who filed discrimination complaints are among those being fired. This is a law intended to protect whistleblowers may be doing the opposite. What are you doing to ensure this law is used for its intended purpose and that policy driving leadership within the VA is being held accountable?

**VA Response:** The Office of Accountability and Whistleblower Protection (OAWP) is very focused on the performance of all VA staff, including senior executives and senior leaders. OAWP is working closely with the Offices of General Counsel (OGC) and Human Resources and Administration (HR&A) to ensure policies and practices comply with the law, and as VA's corporate experience grows, we are providing revised guidance to assist in effective implementation.

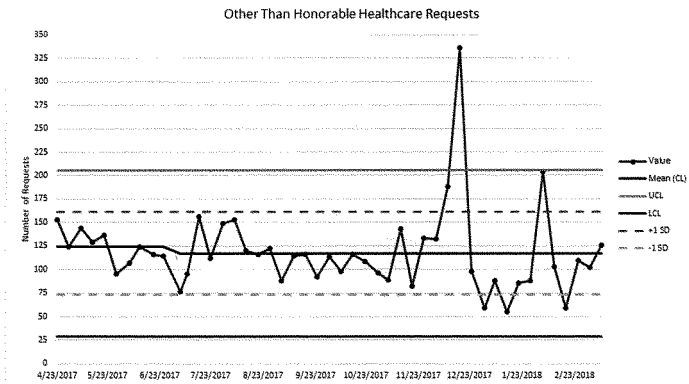
OAWP provides a robust triage of disclosures to ensure allegations of wrongdoing involving senior leaders are assessed and addressed as quickly as possible. Any

resulting investigations follow the facts wherever they lead, and provide the basis for recommendations regarding appropriate accountability actions.

**Question:** I would like to applaud the efforts of the VA expanding mental health care to more than 500,000 Service Members who were separated through other than honorable circumstances. As of December, the VA received approximately a little over 3,000 requests for health care under this program. This program has since been expanded to provide one year of mental health care to Service members after separation from service.

Since the expansion of care last summer, how would you report on the effectiveness of this program in expanding mental health for our veterans and what more can be done in order to assist this specific population of veterans in receiving the mental health care that they may need? Additionally, since January, what is the VA doing to provide this mental health care to our separated service members for that additional period?

**VA Response:** Overall, the number of former Servicemembers seeking mental health care has remained generally stable since July 5, 2017, when the other than Honorable (OTH) Mental Health initiative began. VA has focused on educating Servicemembers at the time of their discharge, as many may believe they are not eligible for VA care if they receive discharge under conditions that are not honorable. We note that section 258 of Division J (the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2018) of the Consolidated Appropriations Act, 2018 (Public Law 115-141) requires VA to provide information on mental and behavioral health care services to individuals eligible under that authority within 180 days of enactment or 180 days of discharge. It further requires coordination with the Secretary of Defense to ensure Servicemembers and those separating are provided appropriate information about programs, requirements, and procedures. VA is working to implement this new authority. Although the January Executive Order did not alter VA's legal authorities to furnish care, there has been a renewed emphasis at all VA medical centers on meeting the mental health needs of all presenting Servicemembers, particularly in the first year after separation or discharge, by fully utilizing VA's existing statutory authorities. VA encourages all former Servicemembers seeking mental health care to enroll in VA health care, and VHA Member Services continues to reach out to transitioning Servicemembers to facilitate applications for enrollment. In addition, VA has certain statutory authorities that allow it to furnish mental health care to individuals who otherwise are ineligible for enrollment in VA health care. Facilities have been encouraged to apply these authorities to the maximum extent to provide needed mental health care to former Servicemembers. Additional actions are being taken within VA and jointly with DoD to ensure every transitioning Servicemember has access to needed mental health care during that critical first year following separation or discharge, including connecting former Servicemembers with resources in the community as appropriate when VA does not have authority to provide the care.



**Question:** Post-Traumatic Stress Disorder (PTSD) and Traumatic Brain Injuries (TBIs) continue to affect our service members at increasing rates. Researchers from the VA linked PTSD and TBI as a risk factor for suicide. Additional studies indicate that approximately 20 veterans, on average, die by suicide each day and 14 of those did not receive mental health care, for any reason. Mr. Secretary, suicide continues to plague our veterans at alarming rates. There is a 5.8% increase in the budget for mental health with \$190 million being allocated for suicide prevention and outreach. What more can be done to address these concerns and better assist many of our Veterans who struggle with Mental Health? In addition, what is the VA's plan of action in this regard?

**VA Response:** Suicide is a national public health issue. Veterans constitute 8.5 percent of the adult population in the United States but account for 18 percent of all deaths by suicide among that group. Both male and female Veterans have a higher rate of suicide (Male: 35.6 deaths / 100,000 people; Female: 19 deaths / 100,000 people) compared to the adult civilian rate of suicide (Male: 25 deaths / 100,000 people; Female: 7.2 deaths / 100,000 people). Of the 20 Veterans who die by suicide each day, only 6 Veterans were enrolled in VA's health care system. Thus, as noted, VA is working to reach all transitioning Servicemembers at the time of separation and to expand partnerships and engage communities through efforts like the Mayor's Challenge, which is described in more detail below. Ending Veteran suicide is a long-term commitment, not just on the part of VA, but on the part of the entire Nation.

As a part of a public health model to prevent Veteran suicide, we are collaborating with partners on five key strategies:

- Strategy 1: Improve transition from active duty to Veteran status
- Strategy 2: Know all Veterans
- Strategy 3: Partner across communities

- Strategy 4: Increase safety with lethal means
- Strategy 5: Improve access to all services that can reduce suicide

One example of VA's public health approach is the recent deployment of the Mayor's Challenge Program, in partnership with the Substance Abuse and Mental Health Services Administration (SAMHSA), in 7 initial cities. These cities are developing plans to prevent Veteran suicide targeted towards the specific needs of their Veteran community. Each participating city will implement a targeted public health approach and evaluate their initiative to determine its impact and outcome.

VA is also maximizing the use of predictive modeling in order to enhance care to Veteran patients at high risk for suicide. VA has already deployed a clinical program guided by predictive analytics, the Recovery Engagement and Coordination for Health – Veterans Enhanced Treatment (REACH-VET) program, to 100 percent of VAMCs. This effort will be augmented through progressive updates in the predictive analytics algorithm and deployment of additional predictive models into other key clinical areas, such as opioid safety. In order to determine REACH VET's impact, VA reviews the percentage of Veterans identified through predictive analytics that are receiving recommended interventions. Through programs like the Mayor's Challenge and REACH VET, VA is leading innovative approaches to preventing Veteran suicide.

**Question:** The Opioid crisis is a major problem within this country. This Budget request allocates \$382 million, +\$15 million above the FY 2018 estimate to reduce over-reliance on opioids for pain management and to promote the safe and effective use of opioid therapy when clinically indicated. According to a VA study, Veterans are nearly twice as likely to die from an accidental opioid overdose. Georgia ranks in the top eleven states with the most prescription opioid overdoses. Could you please expand upon the VA's plan to help reduce these risks to our Veterans with the Opioid Crisis? In addition, are you in coordination with any other agency, such as Health And Human Services or the Food and Drug Administration?

**VA Response:** Since 2013, when VA established its Opioid Safety Initiative (OSI), VA has made significant progress in reducing opioid prescribing and, thereby, reducing risks for Veterans. VA is making headway treating opioid addiction by providing programs nationwide to support Veterans. VA offers medication reduction therapy; alternatives to medication, including complementary integrative health (CIH) approaches; mental health support; and education.

Since its launch, OSI has demonstrated success in lowering dependency on this class of drugs. OSI incorporates a team approach with the goal of reducing opioid use by alleviating a Veteran's pain using alternatives to medication and non-opioid medications. VA has seen a significant change in opioid use among its patients. Results of key clinical metrics measured by the OSI from Quarter 4, Fiscal Year 2012 (beginning in July 2012) to Quarter 2, Fiscal Year 2018 (ending in March 2018) there are:

- 296,319 fewer patients receive opioids (44 percent reduction). 90 percent of our reduction can be attributed to fewer new patients on long-term opioid therapy.
- 88,462 fewer patients receive opioids and benzodiazepines together (72 percent reduction).
- 214,788 fewer patients are on long-term opioid therapy (49 percent reduction).
- 37,502 fewer patients receive greater than or equal to 100 Morphine Equivalent Daily Dose (63 percent reduction).

OSI emphasizes patient education, close patient monitoring with frequent feedback, and methods of pain management such as physical therapy and CIH practices like acupuncture and yoga. In addition, VA developed an "Opioid Taper Decision Tool" to provide guidance on implementing opioid dosage reduction, if clinically indicated, in a careful and cautious approach that takes the Veteran's individual situation into account.

VA is publicly posting information on opioids dispensed from VA pharmacies and VA's strategies to prescribe these pain medications appropriately and safely (see: <https://www.data.va.gov/story/department-veterans-affairs-opioid-prescribing-data>). VA offers an educational Website for Veteran and public use and free medication take-back services to Veterans through mail-back envelopes and on-site receptacles in accordance with Drug Enforcement Administration (DEA) regulations. As of March 31, 2018, Veterans have returned over 74 tons (149,118 pounds) of unwanted or unneeded medication using these services. Also as of March 31, 2018, VA's Opioid Overdose Education and Naloxone Distribution (OEND) program, over 146,000 naloxone prescriptions have been dispensed to Veterans. In addition:

- VA is providing data to and querying state Prescription Drug Monitoring Program (PDMP) databases to increase safety when prescribing opioids
- VA has implemented nationwide, interdisciplinary, high-risk case reviews through the use of VA tools like the Stratification Tool for Opioid Risk Monitoring (STORM), OSI and Opioid Therapy Risk Report (OTRR) dashboards, and Pain Management/OSI teams.
- VA has responded to growing demands for opioid use disorder treatment by increasing access to Medication-Assisted Treatment (MAT). MAT includes counseling or psychotherapy, close patient monitoring, and the use of medications such as buprenorphine/naloxone, methadone (administered through an Opioid Treatment Program), or extended-release injectable naltrexone.

VA staff members actively participate in the President's Opioid Cabinet, which meets weekly and gives agencies a forum to discuss opioid topics and coordinate efforts. In

addition, VA has appointed a representative to the Department of Health and Human Services' (HHS) Pain Management Best Practices Inter-Agency Task Force, as mandated by section 101 of the Comprehensive Addiction and Recovery Act (CARA) of 2016 (Public Law 114-198). It is anticipated the Task Force will have its first meeting in late spring.

VA also works with HHS and the Department of Defense (DoD) as part of the Interagency Task Force on Military and Veterans Mental Health (ITF) to improve mental health and substance use disorder treatment services for Veterans, Servicemembers, and their families. Since 2015, VA has partnered with DoD to provide DATA-2000 waiver training on buprenorphine treatment for qualified providers in VA, DoD, HHS, and the community, and to inform VA providers of additional no-cost waiver trainings, as well as ongoing mentoring and support through the Provider Clinical Support System for Medication Assisted Treatment (PCSS-MAT). VA also collaborates with the Office of National Drug Control Policy (ONDCP) through participation in the National Drug Control Strategy and in the National Heroin Coordinators Group to share information on drug use trends and best practices in prevention and treatment of substance use disorders. Additional collaborations and partnerships include work with:

- HHS and SAMSHA on the implementation of the National Pain Strategy and National Strategy for Suicide Prevention.
- DoD to develop evidence-based clinical practice guidelines for the management of substance use disorders and for management of opioid therapy for chronic pain. These guidelines are available to the public at the following URL:  
<https://www.healthquality.va.gov/>
  - VA/DoD guidelines for Opioid Management Practice are similar to the Centers for Disease Control Guidelines but tailored to Veterans' needs.
- Collaboration with DoD through the Joint Executive Committee to improve pain management practices for Servicemembers and Veterans and to improve substance use disorder treatment.
- Partnership on the Federal Interagency Workgroup (FIW) for Opioid Adverse Drug Events (ADE). VA and other Federal partners collaborate to implement the National Action Plan for Adverse Drug Event Prevention (ADE Action Plan) and to coordinate and share information across Federal partners. This includes opioid surveillance, prevention, and training providers.

**Question:** The most recent Point-in-Time (PIT) Count was conducted in January 2017. The results were that just over 40,000 Veterans were experiencing homelessness, with only over 15,000 of these Veterans being unsheltered or living on the street. Between 2016 and 2017, there was a 1.5 percent increase in the estimated number of homeless Veterans nationwide; however, the majority of the country continued to make progress reducing Veteran homelessness in 2017. And still, the estimated number of Veterans

experiencing homelessness in the United States has declined by nearly 50 percent since 2010. The FY 2019 Budget invests \$1.8 billion, +\$26 million above the 2018 Budget to assist homeless Veterans and prevent at-risk Veterans from becoming homeless. The latest Point in Time count was conducted in January of this year, do you the results and are rural areas included in the findings? Additionally, would you expound on this year's budget request and how it will work to help combat veterans homelessness?

**VA Response:** We do not yet know the results of the 2018 PIT Count but we can confirm that rural areas will be included in the findings when they are released by HUD later this year.

Regarding this year's budget request and how it will help combat Veteran homelessness, the budget provides for a comprehensive set of programs and services designed to prevent and end Veteran homelessness. In FY 2018 there is \$543M devoted to Permanent Housing through the Housing and Urban Development - Veterans Affairs Supportive Housing (HUD-VASH) Program. The FY 2018 budget includes additional funding to support the addition of approximately 5,500 new HUD-VASH vouchers bringing the total vouchers being supported to approximately 98,000. In FY 2018 there is \$418M targeted for Transitional Housing, \$257M in the Homeless Providers Grant and Per Diem Program (GPD), and \$161M in the Health Care for Homeless Veterans (HCHV) programs. On November 2, 2017, VA published two Notices of Funding Availability (NOFA), the first for Transition in Place model of transitional housing and a second NOFA under the Per Diem Only award that will feature Bridge, Hospital to Housing, Low Demand, Clinical Treatment and Service Intensive transitional housing. GPD will begin the distribution of this funding on October 1, 2018, and it is anticipated this will create approximately 2,000 transitional housing beds. In FY 2018, HCHV will provide outreach services to over 138,000 Veterans, case management services to over 10,000 Veterans and serve over 80,000 Veterans through Stand Down events.

In FY 2018 there is \$378M devoted to Preventive Services via our Supportive Services for Veteran Families (SSVF) and The Veterans Justice Outreach (VJO) programs. SSVF will distribute approximately \$343 million in grants designed to rapidly re-house homeless Veteran families and prevent homelessness for those at imminent risk due to a housing crisis. These grants will go to 288 non-profit organizations in all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands by keeping a focus on high need communities. VA has funded 53 additional VJO Specialist positions for FY 2018, bringing the national total to 314 FTE. These outreach staff will enhance VA's ability to work effectively with criminal justice entities, including Veterans Treatment Courts, toward the shared goal of facilitating justice-involved Veterans' access to needed VA clinical services. In FY 18 \$75M has been devoted to employment and job training. In FY 2017 approximately 7,000 Veterans exited homeless residential programs with employment with the assistance of The Homeless Veterans Community Employment Services (HVCES). This represents a consistent upward trend in these

employment rates over the past four (4) years and it is anticipated that the positive trend will continue.

**Question:** There is a growing population of women enrolling in VA care. Just last summer, the VA's Inspector General recommended in a report, that the Office of Women's Health Services review and strengthen the requirements for all facilities and providers when appropriate. Additionally, a study by GAO a little over a year ago stated that although some progress has been made since 2010, VA facilities are having problems complying with VHA's environment of care requirements, which are intended to protect the privacy, safety, and dignity of women veterans when they receive care. This budget requests a \$511 million in increased gender-specific women Veteran's health care. That is an increase of nearly \$30 million from the FY2018 budget. How is the VA dealing with the ever-increasing number of women that are falling under your purview and what steps is the VA taking to address our needs for our Veteran female population?

**VA Response:** VA is improving access, services, resources, facilities, and workforce capacity to make health care more accessible, more sensitive to gender-specific needs, and of the highest quality for the women Veterans of today and tomorrow. VA specifically wants to ensure that every eligible woman Veteran receives high-quality comprehensive care that includes reproductive health care (such as maternity and gynecology care) and treatment for all gender-specific conditions and disorders, as well as mental health care, basic preventive care, acute care, and chronic disease management.

Security and privacy for women Veterans is a high priority for VA. In order to review facilities in terms of accommodations for women Veterans, including required privacy and security, VHA has adopted Environment of Care (EOC) clinical standards created and set by the Joint Commission. Moreover, facilities' use of the EOC assessment and compliance tool allows for management planning for correction of deficiencies. These clinical standards are now incorporated into a tablet-based EOC survey that is conducted regularly at every facility. The facility Women Veteran Program Manager is a member of the EOC team. All deficiencies detected must have a remediation plan attached, and the correction of these is tracked electronically.

VA is training providers and other clinical staff, enhancing facilities to meet the needs of women Veterans, and reaching out to inform women Veterans about VA services. By the end of fiscal year (FY) 2017, VA reached the milestone of training more than 5,000 VHA providers and nurses in the women's health mini-residency. VA has at least one WH-PCP at all of VA's health care systems. In addition, 90 percent of community-based outpatient clinics had a WH-PCP in place. VA continues to train additional providers to ensure that every woman Veteran has the opportunity to receive her primary care from a WH-PCP. VA has implemented women's health care delivery models of care that ensure women receive equitable, timely, high-quality primary health care from a single primary care provider and team, thereby decreasing fragmentation and improving quality of care for women Veterans.

VA is proud of high quality health care for women Veterans. VA is on the forefront of information technology for women's health and is redesigning its electronic medical record to track breast and reproductive health care. Quality measures show that women Veterans are more likely to receive breast cancer and cervical cancer screening than women in private sector health care. VA also tracks quality by gender and, unlike other health care systems, has been able to reduce and eliminate gender disparities in important aspects of health screening, prevention, and chronic disease management.

In 2014, VA established a hotline specific for women Veterans. The Women Veteran Call Center (WVCC) makes outgoing calls to women Veterans to provide information about VA services and resources and responds to incoming calls from women Veterans their families and caregivers. The call center implemented a chat feature in May 2016 to increase access for women Veterans and has responded to 1,412 chats. As of March 28, 2018, the WVCC has received 71,408 calls and has made 1,098,499 calls with 564,812 of these calls being successful (spoke with Veteran or left a voice message).

**Question:** Secretary Shulkin, I am particularly concerned regarding how the choice program is working in our smaller communities in rural areas like my district, which does not have immediate access to VA facilities, or healthcare resources? The VA health system consists of roughly 170 medical centers, 1,200 community-based outpatient clinics, and a total of nearly 1,700 points of care to provide timely and high-quality health care to our Veterans. What steps is the VA taking to clearly outline the qualifications for the adjudication of whether or not a Veteran receives care at a VA facility or in the community? How are you communicating with veterans regarding the program, particularly for rural veterans?

**VA Response:** VA currently administers multiple community care programs. Each program entails a separate set of criteria for eligibility for care. VA's proposed consolidated community care program, Veteran Coordinated Access & Rewarding Experiences (CARE) would replace these multiple programs with a single, easy-to-use program. New eligibility criteria will replace all existing eligibility criteria from current programs.

VA works closely with HHS' Health Resources and Services Administration (HRSA) and their Federally Qualified Health Center (FQHC) program. FQHCs reach the Veteran population through community-based organizations that serve as a critical component of the VA health care safety net, especially in rural and highly rural areas. FQHCs can provide care for Veterans who need local primary care, mental health, and some specialty care and can serve as valuable partners as part of the VHA Community Care Network. VA has conducted specific outreach activities such as presentations to the Florida Association of Community Health Centers (FACHC) Webinar in November 2017 and the National Association of Community Health Centers (NACHC) in March 2018. In addition, the Office of Community Care distributes program communications to Veterans (including those in rural locations) through our website, which can be navigated at the following address: <https://www.va.gov/communitycare/>.

**Question:** Dr. Shulkin, a recent audit by the Government Accountability Office identified \$1.1 billion in wasted spending on two VA projects from 2011 to 2016, the Integrated Electronic Health Record and Veterans Health Information System and Technology Architecture. The audit and spending trail on failed IT projects is important as VA embarks on its fourth attempt to modernize its health IT and records systems—this one an expected \$10 billion sole-source contract to Cerner Corp. Cerner ranked as the 13th highest-paid contractor in VA's failed iEHR and VistA programs, according to GAO, receiving \$13.4 million from the agency. However, as GAO's audit warns, this is VA's fourth attempt at modernizing its health records system. In the previous three instances, the agency's planning, management and execution led to billions of dollars wasted. Can you please elaborate on the recent reports that there are delays once again with the contract for the Electronic Health Records and what your plan is to get it back on track? How are you assuring our subcommittee that we are not going down another rabbit-hole, of wasted federal resources on Electronic Health Records?

**VA Response:** VA is invested in providing the appropriate oversight over the Electronic Health Record Modernization (EHRM) Program to ensure taxpayers' dollars are used efficiently and appropriately through EHRM's Program Executive Office (PEO). VA is diligently reviewing the contract so that the new EHRM program is able to provide Veterans with a seamless health care experience. Therefore, VA worked with the MITRE Corporation to conduct an independent assessment to identify potential gaps in interoperability with community providers. To further ensure a seamless health care experience, VA incorporated feedback from private sector leaders (e.g., Johns Hopkins, Mayo Clinic, Intermountain, Cleveland Clinic, among others), who have experience implementing new EHR systems. During this review, we were able to identify and address any gaps in the request for proposal and capture lessons-learned from the private sector to ensure VA is able to adopt the best solution possible for our Veterans. Acting Secretary Wilkie officially signed the Cerner contract on May 17, 2018.

[Questions for the Record submitted by Congresswoman Lee for The Honorable David J. Shulkin follows:]

**Question:** For FY2019, the Department's budget requests \$8.6 billion for mental health services to serve the increasingly diverse

Please detail any trainings or courses available to VHA health care providers to help them develop culturally competency to service veterans of color?

**VA Response:** According to the VA Talent Management System (TMS), VHA Employee Education System is identified as the responsible organization in the development of one live virtual classroom (VA 34981-2018 *Homeless: LGBT Cultural Competence and Veteran Homelessness*) and serves as the VA TMS Administrator for one commercially available training (NFAD 13472-Caregiver Training: Cultural Competence (Caregiver Training Series). These are VHA wide training opportunities.

When applying specific search terms criteria "cultural competency" and "color" in VA TMS, only one course is identified: *Veterans of color – VA4308840 PRE-Cultural Competency: Native Americans*. This was a facility developed classroom course at the Prescott VAMC for healthcare professionals. There are 39 facility developed courses in addition to the Prescott VAMC course about developing cultural competency.

**Question:** *In December 2017, the VHA issued directive 1315, which included policy stating that in order "to comply with Federal Laws such as the Controlled Substances Act (Title 21 USC 801 et. al), VHA providers are prohibited from completing forms or registering Veterans for participation in a State-approved marijuana program..."*

*Can you tell us specifically which sections of the CSA would be violated if a doctor were to provide such recommendations?*

**VA Response:** The Drug Enforcement Administration (DEA) is responsible for enforcement of the provisions of the Controlled Substances Act (CSA) that pertain to the manufacture, distribution, and dispensing of controlled substances. We recommend that questions regarding CSA be directed to DEA.

In 2008, VA reached out to DEA to ask whether completion by VA providers of forms that help patients procure marijuana under state-approved marijuana programs is a violation of CSA. In DEA's 2009 written response, attached, they explained that knowing and intentional manufacture, distribution, or dispensing (or possession with the intent to do any of these things) of marijuana is a violation of 21 U.S.C. 841(a)(1). They further explained that anyone who aids, abets, counsels, commands, induces or procures the commission of the violation of CSA is in violation of federal law, citing 18 U.S.C. 2(a), as is any person who attempts or conspires to commit a CSA offense, citing 21 U.S.C. 846. DEA advised that "a physician who acts with the 'specific intent to provide the means' by which his/her patient may obtain marijuana does so in violation of

21 U.S.C. 841(a)(1), and is subject to the enforcement provisions of the CSA.” Decisions whether to pursue prosecution are within the discretion of the U.S. Attorney’s Office with jurisdiction over the conduct.

Further information on this can be found in page 2 and 3 of the attached DEA guidance.



DEA guidance Letter  
to WII G.m 10-19-06

**Question:** As you know, the Small Business Administration (SBA) annually negotiates prime and subcontracting goals with each federal agency. Each Fiscal Year, each agency receives a score card with grades based on the agreed upon goals.

As you may already know, in FY2017, VA had \$26.1 billion eligible for small business contracts:

Of this amount, the VA had a goal of awarding 28.5% of all contracts to small businesses; it exceeded this and awarded 29.38% of contracts, or \$7.7 billion to small businesses. However, VA continues to miss its goal of awarding:

- 5% of contracts to woman-owned businesses and
- 3% of contracts to small businesses in HUB zones

Additionally, the amount of contracts awarded to service-disabled veterans has dramatically decreased.

What is your plan to ensure that the VA continues to engage with and work with small business contractors to meet its SBA goals?

**VA Response:** Although VA did not meet its contracting goals in FY 2017 for HUBZone and Women-Owned Small Businesses (WOSBs), we did meet goals for all small business, Service-Disabled Veteran-Owned Small Businesses (SDVOSBs), Veteran-Owned Small Businesses (VOSBs), and Small Disadvantaged Businesses (SDBs).

Data from the Federal Procurement Data System (FPDS) indicate that VA’s contracting with SDVOSBs and VOSBs achieved a record high in FY 2017, after achieving a previous record high in FY 2016. In FY 2017, VA’s contracts to these types of businesses totaled over \$5 billion for the first time, after achieving over \$4 billion for the first time in FY 2016. These data indicate that the amount of VA’s contract dollars for these firms has increased rather than decrease.

The FPDS also showed that VA continued to lead the Federal government in SDVOSB procurements, exceeding all combined civilian agencies in this category as a result of the required preference for SDVOSBs and VOSBs mandated by 38 U.S.C. § 8127. In

addition to providing authority for sole-source and set-aside procedures for SDVOSBs and VOSBs, this statute mandates a hierarchy among small business programs for VA. Under section 8127(i), VA prioritizes awards to SDVOSBs followed by VOSBs. Only after considering SDVOSBs and VOSBs may a VA contracting officer consider HUBZone awards and awards under section 8(a) of the Small Business Act, which have equal status as the third priority under this legislation. Finally, a VA contracting officer may then consider other small business preferences, including the general small business set-aside.

While this statutory hierarchy is consistent with VA's Veteran-centric mission, it also has an unavoidable consequence, of limiting VA's use of the set-aside and sole-source authorities available to other Federal agencies in other programs. Only if market research indicates insufficient SDVOSB or VOSB sources may a contracting officer pursue set-aside to a lower priority socio-economic group. Since there are nearly 14,000 verified firms in the VA Veterans First Contracting Program, there are few instances where procurements that lend themselves to small business performance do not have capable SDVOSBs or VOSBs from which to choose. As a result, VA mainly receives credit toward the HUBZone and WOSB goals by awarding contracts to SDVOSBs and VOSBs that have dual eligibility: i.e., those eligible for these other programs in addition to being a verified SDVOSB or VOSB.

In order to adhere to the requirements of section 8127, VA seeks to increase the number of VOSB firms with dual eligibility in the HUBZone or WOSB programs that participate in the VA Veterans First program. Since contracting officers cannot require participation in multiple socioeconomic categories, VA is conducting more aggressive outreach to dually eligible firms by hosting outreach events specifically targeting women-owned VOSBs as well as those located in HUBZones to encourage them to apply for verification of their VOSB status. VA is also reaching out to Veterans at WOSB and HUBZone events to encourage them to compete for VA contracts.

In FY 2017, VA's Office of Small and Disadvantaged Business Utilization (OSDBU) participated in outreach efforts focused on WOSB and HUBZone participants. At the National Veterans Small Business Engagement (NVSBE), OSDBU conducted activities focused on VOSBs that were also WOSB or HUBZone firms. Moreover, in the invitation to the NVSBE, VA made a special effort to invite VOSBs that had dual certification.

THURSDAY, APRIL 12, 2018.

**FISCAL YEAR 2019 BUDGET OVERSIGHT HEARING ON  
ENERGY, INSTALLATIONS, AND ENVIRONMENT**

**WITNESSES**

**HON. LUCIAN NIEMEYER, ASSISTANT SECRETARY OF DEFENSE OF ENERGY, INSTALLATIONS, AND ENVIRONMENT, DEPARTMENT OF DEFENSE**

**LIEUTENANT GENERAL GWEN BINGHAM, ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT, U.S. ARMY**

**VICE ADMIRAL DIXON R. SMITH, DEPUTY CHIEF OF NAVAL OPERATIONS, FLEET READINESS AND LOGISTICS, U.S. NAVY**

**MAJOR GENERAL VINCENT A. COGLIANESE, COMMANDER, MARINE CORPS INSTALLATIONS COMMAND AND ASSISTANT DEPUTY COMMANDANT, INSTALLATION AND LOGISTICS, U.S. MARINE CORPS**

**MAJOR GENERAL TIMOTHY S. GREEN, AIR FORCE DIRECTOR OF CIVIL ENGINEERS, DEPUTY CHIEF OF STAFF FOR LOGISTICS, ENGINEERING AND FORCE PROTECTION, U.S. AIR FORCE**

**OPENING STATEMENT OF CHAIRMAN DENT**

Mr. DENT. Good morning. Good morning, everybody, and I would like to welcome everybody to this morning's hearing, and oversight Hearing on Energy, Installations and the Environment for Fiscal Year 2019.

It is great to see that the fiscal year 2019 budget request of \$11.3 billion for military construction and family housing, including Overseas Contingency Operations (OCO), is an increase of \$1 billion, or 9.6 percent above fiscal year 2018 budget requests and about \$412 million above the fiscal year 2018 enacted level.

So hopefully this increase will address some of the most urgent construction needs within the services. The bipartisan budget agreement modified discretionary spending caps imposed by the BCA for fiscal years 2018 and 2019, which I am sure was a great relief to all in this room.

The committee is still concerned how force structure changes will affect the military construction budget in fiscal year 2019 and beyond.

Another high-profile issue is the European Deterrence Reassurance Initiative, which our allies are very interested in and for which the fiscal year 2019 budget request includes \$921.4 million for 11 countries.

Last, we have all a keen interest in managing our facilities better in terms requirements versus capacity, both overseas and in the United States. The panel before us today has a lot of answers to these questions, I am sure.

But before I introduce our witnesses, I would like to turn to the ranking member, my friend and colleague from Florida, Ms. Debbie

Wasserman Schultz, for any opening remarks that she might like to make at this time.

OPENING STATEMENT OF RANKING MEMBER WASSERMAN SCHULTZ

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. I am pleased that we are going to be able to talk about the President's 2019 military construction budget request today. And while we normally have the civilian leadership here, we are really thrilled to have the distinguished servicemembers who are able to join us, so you can help explain military construction priorities and services.

As you all know, we are once again functioning under another 2-year budget compromise passed by Congress earlier this year. The budget compromise raised the fiscal year 2018 defense spending level from \$549 billion dollars to \$629 billion, which is an \$80 billion increase. For the second year of the deal, it provides an \$85 billion increase.

It was my hope these additional funds, however, would be better distributed among the Defense Department's needs, notably to ease the crowding barracks and address the mold and rust and other challenging conditions that we sometimes see. However, it appears that the focus remains on weapons systems and readiness.

I am concerned about the Department's investment priorities for infrastructure. From 1990 to 2017, the percentage of MILCON family housing and the Department's obligational authority only increased from 1.2 percent to 4.5 percent. I am troubled that the Department is neglecting this need.

If you remove specific initiatives like Overseas Contingency Operations (OCO) construction, base realignment, closure rounds and grow the force initiatives, the MILCON percentage of total Defense Department funding is likely much lower.

While I believe that each of you has done a great job prioritizing your service's needs with the resources you have and doing what is best for the warfighter with the funds you request, this lack of investment compounds over time, as I have said to some of you when we met in my office. And it has real, often negative consequences for those who serve.

For example, at Alaska's Joint Base Elmendorf-Richardson, the Air Force was concerned that they would have to park their \$100 million F-35 outside because the hangar was simply not sufficient. I have been to other bases where outside parking of very expensive aerial equipment is a problem, so it is not just Alaska that is the problem.

In Hawaii, at Joint Base Pearl Harbor-Hickam, the National Guard parks the F-22, a fifth-generation fighter that costs \$339 million per airframe, inside a clamshell hangar made of semi-permanent tensile fabric and aluminum. Given that I live in hurricane alley, I can assure you this is simply not optimal.

In addition to the lack of investment in our facilities that we need to house our weapons systems, I believe we are failing to invest in our most important asset; the soldier, the Marine, or the airman or sailor who protects our nation.

Servicemembers and their family are regularly voicing frustrations over poor barracks conditions. I have had those frustrations expressed to me directly, the very places that we often ask our

warfighters to return home to after tours. These brave men and women deserve decent shelter, and I fear that we are not always providing that.

I am especially concerned that quality of life projects continue to be set aside as you all are forced to focus on other needs of the department. The Department of Defense leadership needs to do a better job of investing in critical infrastructures, and request a realistic number for military construction to ensure we have 21st century facilities to go with our 21st century weapons systems.

What happens is that MILCON gets the leftovers. I mean, that is basically what happens. All the other budget priorities are taken care of and then whatever is left over is parked in MILCON. I would bet if we had more extensive conversations privately, each of you would agree.

Mr. Chairman, in addition to making sure that we have modern infrastructure, we need to make sure that the Department is able to get rid of the infrastructure that it no longer needs.

The recent National Defense Strategy stated that the department, quote, "Will also work to reduce excess property and infrastructure, providing Congress with options for a base realignment and closure." I was surprised to see that after 6 straight years of requesting a BRAC ground coupled with a National Defense Strategy, the Administration chose not to do so for fiscal year 2019.

While I understand that a BRAC would be difficult for members, we cannot keep maintaining infrastructure that we no longer need. I am curious as to why we are taking a tool for saving money off the table.

In addition to excess infrastructure, I have questions on why the Department plans to build another prison at Guantanamo Bay, a facility we should be closing. A \$69 million facility—a \$69 million facility—is a complete waste of valuable resources.

And building a brand new facility for less than 50 people is a serious misallocation of resources, especially when you factor in that we will have to pay the sustainment costs for the next 5 years while the prison is being built.

There are far higher MILCON priorities for which we could use that funding, some which I just described. As you can see, Mr. Chairman, we have some difficult issues to cover today, and I thank you for the opportunity to share my concerns.

And if I could, Mr. Chairman, though, before we begin, I want to take a brief moment to acknowledge someone very special to me, who has been a part of my team on and off for a very long while.

My Deputy Chief of Staff, Rosalyn Kumar will serve her last week with the United States House of Representatives next week, and this is her last hearing with us. I just wanted to thank her for her service, and not only to our country, but to me and the constituents of Florida's 23rd Congressional District. [Applause.]

Ms. WASSERMAN SCHULTZ. With that indulgence, I yield back the balance of my time.

Mr. DENT. Thank you for those comments, Representative Wasserman Schultz. And Rosalyn, thank you for your service. It is much appreciated and we wish you all the best in your next chapter in life, whatever that may be.

And but thank you for your dedicated service to the Congress when you entered this institution. It is deeply appreciated. We can't say thank you enough to a lot of the staff around here who really do a lot to help make us look very good on a regular basis.

So with that, I would like to now introduce our very distinguished panel of guests, starting first with Mr. Lucian Niemeyer, Chadds Ford, Pennsylvania's finest.

Mr. NIEMEYER. Amen.

Mr. DENT. Amen, yes, okay. Assistant Secretary of Defense for Energy Installations and Environment, Office of the Secretary of Defense.

He is accompanied by Lieutenant General Gwen Bingham, Assistant Chief of Staff for Installations Management, U.S. Army. Thank you for being here.

Vice Admiral Dixon Smith, Deputy Chief of Naval Operations, Fleet Readiness and Logistics, Navy.

Major General Vincent Coglianese, almost Lansdale, Pennsylvania's finest, by the way, Commander, Marine Corps Installations Command and Assistant Deputy Commandant for Installations and Logistics FACILITIES.

And Major-General Timothy Green, Director of Civil Engineers and Deputy Chief of Staff for Logistics, Engineering, Force Protection, Air Force. I am glad that civil engineers get a shout out in your title.

And thank you for taking time to be here and for sharing your perspectives and expertise. And without objection, all written statements will be entered in the official record. Due to the number of witnesses, Mr. Niemeyer, please summarize your statement in about 5 minutes, if you would, so that we can maximize a time for dialogue between the panel and the subcommittee members.

With that, you are recognized, Mr. Niemeyer.

#### STATEMENT OF MR. NIEMEYER

Mr. NIEMEYER. Chairman Dent, Ranking Member Wasserman Schultz, I really appreciate the opportunity here to discuss with you the President's fiscal year 2019 installations and environment programs.

We look forward to working with this committee to support the priorities of the department and the quality of life for the military members and the family members who are called to sacrifice so much on behalf of our country.

I have submitted my written statement for the record, and I am honored to speak on behalf of my colleagues representing the services here this morning.

I wish we had prizes for how long our titles are. It seems that we get the longest in the Department of Defense, but I am definitely honored to speak on their behalf, and I am sure you will be able to talk to them more during the question period.

Chairman Dent, I also realize this may be my one and only time testifying before you. I want to personally thank you on behalf of the women and men in the military for your service to our country and Congress. And I really appreciate the opportunity.

We are grateful to Congress and the American people for the recently enacted Bipartisan Budget Act of 2018, which provided the resources to begin the recovery from the impacts of sequestration.

We have a responsibility now to honor that trust of the American people, by spending each defense dollar wisely to address the most urgent priorities, to build a more lethal, resilient and rapidly innovating joint force.

Earlier this year the President released a national security strategy, which guided the development of a national defense strategy to clearly articulate the threats and the challenges our nation faces around the world.

Our mission is clear. We must be prepared to defend the homeland, remain the preeminent military power in the world, and advance international order that promotes security and prosperity.

The strategy confronts the stark reality that the homeland is no longer a sanctuary. America is a target, whether from terrorists seeking to hurt our citizens, malicious cyber activity against personal, commercial or government infrastructure, or political and information subversion.

Attacks against our critical defense, government and economic infrastructure must be anticipated, and more importantly, must be deterred. The strategy laid out by the Secretary of Defense also requires each of us in the department to help drive budget discipline and affordability in order to direct resources to the highest warfighter requirements.

In our responsibilities for those who are at the table, we strive for the effective use of installations and ranges. Our 2019 budget priorities enable the department to establish a foundation for rebuilding the U.S. military into a more capable, lethal and ready joint force. Each military services has distinct readiness recovery plans, and the increases are targeted to advance these plans.

I know I speak for my colleagues to emphasize that readiness, modernization and reform are our top three priorities for each service. The Department of Defense supports these efforts.

Continued congressional support for installations ensures that we sustain a total force that is lethal, efficient and trained to counter all threats across 21st century multi-domain battle space.

In supporting these priorities, DOD representatives before you today provide warfighter capabilities through over 585,000 installations facilities and over more than 500 bases.

With replacement costs exceeding \$1 trillion, and that doesn't include the 27 million acres that we train on, we also construct facilities to provide our combatant commanders overseas, in partnership with our allies, the base capability and adaptability needed for worldwide flexibility.

The continued support of Congress, and in particularly the hard work of this subcommittee, enables us to enhance agility, resiliency and the readiness and lethality of our forces around the world.

With a clear understanding of the roles of this team at this table supporting that strategy, we have set forth the following objectives to confront the challenges posed by years of underfunded facility accounts and as well as infrastructure accounts.

Number one, we are using every program and funding source available to us to eliminate waste in Department of Defense (DOD) installations in infrastructure.

Number two, we continue to advocate for adequate funding for the installation and infrastructure accounts to meet mission requirements and to address risks to safety and readiness.

Number three, we are working to protect installations and ranges from incompatible development and to enhance the combat credibility of our nation's test and training ranges. And that is an important point. How do we actually start simulating more of what we may face around the world, and the abilities to resource that to be able to provide our warfighters an adequate training and test environment?

We are implementing programs to enhance the inner security of our forces and assets. This is one of our highest priorities here, and we ask for the support of the committee. What more can we do to make ourselves more resilient, more secure from those who want to attack our electrical grid, or attack or exploit our facility related control systems where we really need this continuous support of this committee in those particular priorities.

We are exploring new opportunities, number five, for third-party partnerships engaging with industries to determine the best practices for our current challenges.

Number six, we are working with the military engineering contracting community to develop smarter contracts and to execute our contracts more smartly.

We continue to provide for the safety and welfare of our people and our resources through unparalleled environmental stewardship and occupational safety programs.

And last, but definitely not least, we are enhancing our collaboration with the hundreds of defense communities that you represent and we represent around the nation, supporting our bases and providing for the quality of life for our troops and their families.

These guiding principles will allow us to apply the resources requested in fiscal year 2019 budget to achieve real results. We have requested \$10.5 billion for military construction and family housing appropriations, an increase of about \$700 million from the fiscal year 2018 base budget.

While this request before you makes significant progress in re-capitalizing facilities in poor and failing condition, this year's funding will not fully restore the damage caused by years of sequestration.

Many of our facilities have degraded significantly from reduced investments in all accounts. As the ranking member pointed out, the department currently has an unfunded backlog exceeding \$116 billion. A lot of our facilities are in either failed or poor condition.

This will ultimately result in DOD facing larger bills in the future to go ahead and restore or replace facilities that deteriorate prematurely. The stark reality is that it may be too costly to buy or sell us out of this backlog.

The Department must ensure that its infrastructure is ideally sized to increase the lethality of U.S. forces while minimizing the costs of maintaining unneeded capacity, which otherwise diverts resources from critical readiness and modernization requirements.

As noted in the National Defense Strategy, we continue to work to reduce excess capacity in infrastructure. And we will work with Congress on options for base realignments and closures.

We realize that we have asked for 6 years, and for 6 years, Congress has said no. We can't keep doing that. We have to work with you on a common way forward that will allow us to make prudent reductions in our infrastructure.

We must ensure that our basic infrastructure is ideally sized to increase the lethality of our forces while minimizing the costs of maintaining unneeded capacity.

These efforts will be enhanced by a careful evaluation we are currently conducting of how and where we base new forces, new technologies, new capabilities in support of the national defense strategy. Where and how we base new hypersonic systems, autonomous vehicles, cyber forces that will have an impact on their lethality.

We need to assess the ideal methods for the training and deployment of the directed energy programs, electronic warfare, and artificial intelligence programs. All of these concepts, which are called for and this country desperately needs, needs to have a basic infrastructure that will allow us to be able to train them effectively.

In lieu of another BRAC request in 2019 to authorize initial BRAC round, we are reviewing our facilities to include facility usage optimization. Are we actually ideally sized and are we putting the right number of people in our buildings to ensure we have a better accounting of excess infrastructure.

Our efforts will allow us to work with Congress further on fair, objective and transparent options for future base realignments and closures.

Absent a new request and a new BRAC round, DOD has also largely been focused on routine demolition and renovation of buildings is part of our MILCON program. The Department is dedicated additional resources in fiscal year 2019 to demolish more unneeded facilities, including \$442 million specifically for demolition and another \$65 million as part of our MILCON program. This is one step we can take now to go ahead and meet that goal.

In order to deliver maximum results for our MILCON program, we are targeting funding into key areas and I will go through that. As actually I have submitted those for the record, and I will go ahead and point those out, but they are stated for the record.

One program that is absolutely essential to us, Mr. Chairman, is the ERCIP program. That is the Energy Resiliency Conservation Improvement Program (ERCIP). We are using that \$150 million, and we hope at some point we will be able to raise that, to allow us to address those critical resiliency projects that are absolutely important for us for energy security.

For many years we have been doing energy projects that don't necessarily feed those critical missions. We are trying to get that changed right now, put investments so all those projects we worked on the last few years, we can now power our critical facilities.

The Department is also committed to protecting the quality of life for military personnel and their families by ensuring access to suitable, affordable housing and unaccompanied barracks. The environment and quality of life which our forces and families experi-

ence, has an impact on their ability to do their job and the ability of our departments to recruit and retain.

We do have a significant unaccompanied barracks recapitalization program, well over \$1 billion. And we look forward to help us renovate or upgrade over almost 2,000 new beds. And we are very proud of the fact that we continue to invest in those types of quality of life projects.

We do have challenges we are facing. We have an unstable bid climate, particularly as a result of the storms that have affected the southern part of the United States and Puerto Rico.

That is driving uncertainty in our military construction programs, for which we are asking for to have the flexibility to be able to continue to apply bid savings for those projects that we desperately need that are high priorities that we need to continue, even though we might have a higher bid than usual due to what is happening with our labor markets. But ask for your support in helping us maintain those unobligated balances.

We also have challenges with project delivery. This committee and the Appropriations Committees last year had some serious discussions and we have taken on some serious efforts with the Army Corps of Engineers and Naval Facilities Command on trying to get better project delivery.

Too many of our projects are coming in behind schedule or over budget. We are working very diligently with our construction manager partners to try to rein that in.

Restoring the military readiness requires us that we maintain access to training lands and for the protection of the health of our force.

The Department's environmental budget accomplishes these objectives through activities ranging from managing critical habitats to avoiding training restrictions to addressing drinking water health advisories are making the best use of limited clean-up dollars.

Our warfighters also need unencumbered access to land, water and air space to—

Mr. DENT. Mr. Secretary? Mr. Secretary, may I ask that you wrap up your remarks quickly because I would like to let the other panelists make some brief remarks. I want to keep as many members as I can here for questioning.

Mr. NIEMEYER. Sure thing. I will go ahead and just point out the fact that we are also working on land management issues. And I will go ahead and just finalize comments to the extent of saying thank you, Mr. Chairman. Thank you, ranking member and thank you for the members of the panel for your support for our priorities and continued support for the men and women of the military. Thank you.

[The information follows:]

**HOLD UNTIL RELEASED**  
**BY THE COMMITTEE**

**Statement of**  
**Honorable Lucian Niemeyer**  
**Assistant Secretary Of Defense**  
**(Energy, Installations and Environment)**

**Before the House Committee on Appropriations**  
**Subcommittee on Military Construction, Veterans Affairs and Related Agencies**  
**Fiscal Year 2019 Department of Defense Budget Request for**  
**Energy, Installations and Environment**

**April 12, 2018**

## **Introduction**

Chairman Dent, Ranking Member Wasserman Schultz, and distinguished members of the Subcommittee: Thank you for the opportunity to present the President's Fiscal Year (FY) 2019 budget request for the Department of Defense programs supporting energy, installations, and the environment. This is my first time appearing before you and I look forward to working with the committee to support the priorities of the Department and the quality of life for our military members and family members who are called to sacrifice so much for public service.

First, thank you for your continued support for our mission. We are grateful to Congress and the American people for the recently-enacted Bipartisan Budget Act of 2018, which lifts the caps so our military can be resourced at a funding level that begins to reverse the effects of sequestration. The Administration sent Congress a proposed Fiscal Year (FY) 2019 budget request of \$716 billion for national security, \$686 billion of which is for the Department of Defense. We have a responsibility now to honor the trust of the American people by spending each defense dollar wisely to address our most urgent priorities to build a more lethal, resilient, and rapidly innovating Joint Force.

In order to do so, we need a timely appropriation in Fiscal Year 2019 to be fully effective. While the process of Continuing Resolutions instead of spending bills provides Congress with additional negotiating time, the price is paid in stress on the Department through a shortened period to execute contracts for combat capabilities and readiness requirements. Budgetary disruption and instability negatively impact the Department's ability to work efficiently and modernize rapidly.

Earlier this year, the President released a National Security Strategy which guided the development of a National Defense Strategy to clearly articulate the threats and challenges our Nation faces around the world. The objectives of the Department are *"to be prepared to defend the homeland, remain the preeminent military power in the world, ensure the balances of power remain in our favor, and advance an international order that is most conducive to our security and prosperity."* Our FY 2019 budget priorities enable the Department to establish a foundation for rebuilding the U.S. military into a more capable, lethal, and ready Joint Force. Each military service has a distinctive readiness recovery plan and the increases are targeted to advance these plans to improve readiness and increase lethality.

The National Defense Strategy acknowledges that great-power competition has reemerged as the central challenge to U.S. security and prosperity, demanding prioritization and hard strategic choices. *"The future Joint Force will have a modern, flexible, and tailored nuclear deterrent; decisive, globally-capable conventional forces; and competency in irregular warfare. The future force will be lethal and resilient in contested environments, disruptive to adversaries, and competent across the conflict spectrum."*

The strategy confronts the stark reality that the homeland is no longer a sanctuary. America is a target, whether from terrorists seeking to attack our citizens; malicious cyber activity against personal, commercial, or government infrastructure; or political and information subversion. New threats to commercial and military uses of space are emerging, while increasing digital

connectivity of all aspects of life, business, government, and military creates significant vulnerabilities. During conflict, attacks against our critical defense, government, and economic infrastructure must be anticipated and deterred.

The strategy stresses forward force maneuver, resilient posture, and agile logistics. Investments over the next few years will prioritize ground, air, sea, and space forces that can deploy, survive, operate, maneuver, and regenerate in all domains while under attack. Our investments must facilitate the transition from large, centralized, unhardened infrastructure to smaller, dispersed, resilient, adaptive basing that includes active and passive defenses.

Finally, the strategy requires each of us in the Department to drive budget discipline and affordability. Better management begins with effective financial stewardship. As noted in the National Defense Strategy, *"The Department will continue its plan to achieve full auditability of all its operations, improving its financial processes, systems, and tools to understand, manage, and improve cost. We will continue to leverage the scale of our operations to drive greater efficiency in procurement of materiel and services while pursuing opportunities to consolidate and streamline contracts in areas such as logistics, information technology, and support services. We will also continue efforts to reduce management overhead and the size of headquarters staff. We will reduce or eliminate duplicative organizations and systems for managing human resources, finance, health services, travel, and supplies. The Department will also work to reduce excess property and infrastructure, providing Congress with options for a Base Realignment and Closure."*

Each mission within our energy, installations, and environmental portfolio is directly engaged in the successful execution of this strategy. The DOD representatives before you today provide warfighter capabilities through over 585,000 facilities on more than 500 bases, posts, camps, stations, yards, and centers around the world, with a replacement cost exceeding \$1 trillion, not including the cost of the 27 million acres of land that our installations occupy. We execute the construction of facilities to provide our Combatant Commanders in partnership with our Allies with basing adaptability and deployment flexibility.

Our warfighters need reliable energy to carry out their missions, whether they are out in the field or on base. We spend over \$12 billion annually on fuel and energy, not including investments to enhance the energy security of our critical facilities and assets in the Department. We are also working with other agencies in the Administration to support the President's goal to accelerate development of all energy sources in ways that are compatible with the preservation of military capabilities.

Our warfighters need access to unencumbered land, water, and airspace to hone their readiness and lethality without compromising health and safety—we invest heavily in programs and achievements to secure access to ranges that support mission-essential activities. We are also heavily engaged with other Federal agencies to provide our warfighters with larger, and more realistic ranges with less maneuver restrictions to better simulate battlefields and threats around the world.

The continued support of Congress, and in particular, this subcommittee, allow us to use the resources provided to enhance the agility, resilience, readiness, and lethality of our forces around the world.

With a clear understanding of the Secretary's intent, we have set forth the following objectives to guide our efforts to carry out the strategy and to confront our challenges posed by years of underfunded facility and infrastructure accounts.

1. We are using every program and funding source available to us to eliminate waste in DOD installations and infrastructure and maintain what we need;
2. We continue to advocate for adequate funding for installation and infrastructure accounts to meet mission requirements and to address risks to safety and readiness;
3. We are working with other Federal agencies, States, and communities to protect installations and ranges from incompatible development and to enhance the combat credibility of our Nation's test and training ranges;
4. We are implementing programs to ensure combat capability, missions, and resiliency by enhancing the energy security of our forces and assets;
5. We are exploring new opportunities for third party partnerships and engaging with industry to determine best practices and innovative solutions for our current challenges;
6. We are working with the military engineering and contracting community to develop smarter contracts, and manage contracts smartly;
7. We continue to provide for the safety and welfare of our people and resources through unparalleled environmental stewardship and occupational safety programs;
8. And last, but definitely not least, we are enhancing our collaboration with the hundreds of dedicated defense communities around the Nation supporting our bases and providing for the quality of life for our troops and their families.

We have a number of high priority issues to review today, including the ongoing improvement and recapitalization of DOD facilities, access to training lands, protecting the health of our force, and ensuring energy resiliency for both our expeditionary forces and installations.

#### **Fiscal Year 2019 Budget Request – Military Construction and Family Housing**

The President's FY 2019 budget requests \$10.5 billion for the Military Construction (MILCON) and Family Housing Appropriation – an increase of approximately \$700 million from the FY 2018 base budget request, inclusive of FY 2018 budget amendments to support the Missile Defense Agency and hurricane recovery requests. This increase supports the Secretary of Defense's guidance. In addition to construction required to bed down new or changing missions,

this funding will also be used to restore and modernize enduring facilities, acquire new facilities where needed, and eliminate those that are excess or obsolete.

While the FY 2019 request makes significant progress in recapitalizing facilities in poor and failing condition, the funding will not in one fiscal year fully reverse the impacts of six years of sequestration. Many of our facilities have degraded significantly from reduced investments in Military Construction, Facilities Sustainment and Restoration and Modernization. The Department currently has an unfunded backlog of deferred maintenance and repair (M&R) work exceeding \$116 billion, and many of our facilities will require significant investment in the future. The stark reality is that it may be too costly to buy ourselves out of this backlog. The Department must ensure that its infrastructure is ideally sized to increase the lethality of U.S. forces while minimizing the cost of maintaining unneeded capacity, which otherwise diverts resources from critical readiness and modernization requirements.

We are requesting \$8.9 billion for military construction (excluding Overseas Contingency Operations funding) across the Services and defense agencies, which is the substantially higher than our previous budget submission. This represents a five percent increase from our FY 2018 request, inclusive of budget amendment requests for a Missile Defense missile field expansion at Fort Greely, AK, and repairs related to the 2017 hurricane season. This request addresses requirements for construction at enduring installations stateside and overseas, and for specific programs such as the NATO Security Investment Program and the Energy Resilience and Conservation Investment Program. In addition, we are targeting MILCON funds in key areas to support the national defense strategy.

1. *Delivery of power projection platforms*: In support of the Secretary of Defense's guidance that increased DOD funding will improve readiness and increase warfighter lethality, the DOD Components applied more than 66 percent of the MILCON budget request to construct operational/training facilities (\$3.5 billion) and maintenance/production facilities (\$1.4 billion).
2. *Combatant Command Priorities*: In support of the Secretary's priority to enhance our relationship with our Allies while providing adaptive basing opportunities for our warfighters, more than \$1.1 billion is included in the President's Budget request (\$291.1 million in the base and \$828.4 million in the Overseas Contingency Operations (OCO) request) to support Combatant Command priorities. Within the OCO request, \$700 million is for MILCON projects supporting the European Deterrence Initiative to improve infrastructure and facilities throughout the European theater to provide our allies, partners, and potential adversaries a clear indication of the United States' long-term commitment to Europe. The improvements support military readiness in the region and improve theater Joint Reception, Staging, Onward Movement, and Integration capabilities.
3. *Homeland Defense*: The FY 2019 budget request includes \$182 million to support missile defense of the homeland, including \$174 million for the second phase of the Long Range Discriminating Radar System Complex at Clear AFS, Alaska, and \$8 million for the expansion of Missile Field #1 to support two additional ground based interceptors at Fort

Greely, Alaska. We also have dedicated the bulk of our \$150 million Energy Resiliency and Conservation Improvement program (ERCIP) for FY 2019 to projects that will enhance the reliable delivery of power to mission facilities. We believe this program is a critical tool to quickly respond to emerging energy security requirements and request the continued support by the committees for full funding of this account.

The Department is committed to protecting the quality of life for military personnel and their families by ensuring access to suitable, affordable Family and Unaccompanied Housing. The environment in which our forces and their families live has an impact on their ability to do their job, and on the Department's ability to recruit and retain. Quality of life – to include the physical condition of the facilities in which our service members and their families live and work and a safe, healthy environment around and within those facilities – is also critical to support personnel readiness for new and current missions and strategic initiatives worldwide.

While the Department has privatized 99 percent (more than 200,000 units) of our family housing in the United States, our FY 2019 Family Housing budget request includes \$514 million to fund family housing construction at locations where privatization is not feasible or not authorized overseas. In addition, our FY 2019 budget request includes \$1.1 billion for operation and maintenance of government-owned and leased family housing worldwide, to include providing housing referral services to assist military members with their housing needs. This O&M budget request supports more than 34,000 government-owned family housing units, most of which are on enduring bases in overseas locations, as well as more than 7,500 government-leased family housing units where government-owned or privatized housing is unavailable. The requested funding will ensure that U.S. military personnel and their families continue to have suitable housing choices.

The Department also continues to modernize Unaccompanied Personnel Housing to improve privacy and provide greater amenities. The FY 2019 President's Budget request includes \$245.8 million for 8 construction and renovation projects, providing more than 1,690 new or replacement bed spaces that will improve living conditions for trainees and unaccompanied personnel.

Our request also includes \$1.7 million to support administration of the Military Housing Privatization Initiative (MHPI) program as prescribed by the Federal Credit Reform Act of 1990. This includes monitoring MHPI programmatic goals and performance, and risk associated with Federal credit assistance provided for MHPI projects (e.g., government direct loans and limited loan guarantees). The Department continues to work with our MHPI project owners to help ensure the long-term viability of individual projects and the program as a whole. We are continually assessing the impact that changes to the Basic Allowance for Housing may have on project revenue, which covers project operating and maintenance expenses, funds debt payments, and finances the future housing revitalization and recapitalization necessary to provide continued high quality housing for military families and to ensure these projects remain viable throughout their 40-50 year lifespans.

## Special Considerations

### Cost of labor in a post-storm bid climate and impact on 2018 and 2019 execution

The 2017 Atlantic hurricane season was one of the most destructive hurricane seasons on record, with over \$1 billion in damage in to DOD facilities. The private sector rebuilding will take years and many billions of dollars while consuming a large portion of the U.S. construction market. As such, the Department's FY 2019 MILCON budget request takes into account the impact on construction costs of a high demand for specialty craftsmen and material prices over the near-term. While the ongoing recovery from last summer's hurricane damage has tightened construction markets and driven up construction prices in the most impacted areas, the Department judges the impacts will last through October 2018, barring a repeat of last summer. As such, we plan on using prior-year bid savings from other MILCON projects to absorb potential bid spikes in FY 2018 in order to avoid delays in the award of critical warfighting requirements. We would appreciate a discussion with the committees prior to a decision to rescind funds from prior-year MILCON accounts which could threaten our ability to award FY2018 priority projects. We do not anticipate needing to adjust FY 2019 MILCON project cost estimates in the affected areas to reflect spikes in construction prices.

### Actions planned to mitigate contract cost increases and time delays

We have undertaken a proactive assessment of recent challenges in MILCON project delivery and program management to improve our performance delivering MILCON projects on schedule and within budget. The Department is implementing reforms in a number of key areas, to include: improving identification of project requirements; enhancing collaboration between resource sponsors, end users, and construction agents to ensure projects meet mission requirements within budget constraints; selecting the best engineering and acquisition strategy to cost-effectively meet mission requirements; identifying risk mitigation measures before cost or schedule changes adversely impact the mission; and increasing awareness and accountability at all levels of management and performance as problems arise. The Department is also consulting with our industry partners to identify commercial best practices to lower costs, save time, measure performance differently, and improve project quality in support of the warfighter.

### Further challenges to incremental funding of military construction projects

The Administration and Congress have competing interests on an incremental funding policy for large MILCON projects. Congressional decisions to reallocate incremental appropriations for a MILCON project results in the need for DOD to defer priorities late in the budgeting cycle in subsequent years in order to include remaining increments in the budget request. Further Congressional incrementation may result in delays to project delivery of critical warfighter requirements.

## Facilities Sustainment and Recapitalization

In addition to MILCON, the Department invests significant funds to maintain and repair our existing facilities. Sustainment funding represents the Department's single most important investment in preserving the condition of its facilities. It includes regularly scheduled maintenance and repair or replacement of facility components—the periodic, predictable investments that should be made across the service life of a facility to slow its deterioration, save

resources over the long term, maintain safety, optimize facility performance across its lifecycle, and help improve the productivity and quality of life of our personnel.

These activities have endured funding constraints under the Budget Control Act, forcing Defense Components to accept significant risk in facilities sustainment and recapitalization. Recognizing this, the Military Departments increased Facility Sustainment commitments in the FY 2019 budget request of \$9.1 billion, a 6.3 percent funding increase compared to the Department's FY 2018 budget request.

In addition, Restoration and Modernization funding is used to perform total facility renovations and critical repairs to ensure the facility can support assigned missions. Our FY 2019 budget request includes \$2.8 billion of O&M funding for recapitalization. The combined facility sustainment and recapitalization funding of \$11.9 billion, a slight decrease the FY 2018 request, still reflects an acceptance of significant risk in DOD facilities.

As a result of limited investments in previous budgets for facilities sustainment and recapitalization, 23 percent of the Department's facility inventory is in "poor" condition [Facility Condition Index (FCI) between 60 and 79 percent] and another 9 percent is in "failing" condition (FCI below 60 percent) based on recent facility condition assessment data. This will ultimately result in DOD facing larger bills in the out-years to restore or replace facilities that deteriorate prematurely.

Previous budgets also have limited investment for targeted demolition to eliminate obsolete, inefficient, and underutilized support infrastructure. Without a new Base Realignment and Closure round, DOD has largely been forced to rely on routine demolition or renovation of buildings as part of MILCON projects in order to right size its facility inventory. The Department dedicated some of its additional FY 2019 resources to demolish more unneeded facilities. The FY 2019 budget request includes \$442 million of O&M funding specifically for demolition or conversion of existing facilities and \$65.4 million for MILCON funding to support demolition of assets in conjunction with new construction. In total, almost 30 million square feet of building space will be removed or replaced.

### **Environmental and Safety Programs**

Restoring military readiness requires that we maintain access to training lands and protect the health of our force. The Department's environmental budget accomplishes these objectives through activities ranging from managing critical habitat and avoiding training restrictions to addressing drinking water health advisories and making the best use of limited cleanup dollars. At the same time, we manage a \$27 billion (and growing) environmental liability, the second largest DOD liability, while sustaining our reputation as the Nation's premier steward of natural resources and cultural assets. The President's FY 2019 Budget requests \$3.4 billion for environmental programs, which is comparable to the FY 2018 request, to continue our efforts in these areas.

We are requesting \$1.3 billion to continue cleanup efforts at the remaining Installation Restoration Program (IRP – focused on cleanup of hazardous substances, pollutants, and

contaminants) and Military Munitions Response Program (MMRP – focused on the removal of unexploded ordnance and discarded munitions) sites. This includes \$1.1 billion for “Environmental Restoration,” which encompasses active installations and Formerly Used Defense Sites (FUDS – sites that DoD transferred to other Federal agencies, States, local governments, or private landowners before October 17, 1986). The remaining \$245 million is for “BRAC Environmental.”

Our focus remains on continuous improvement in the restoration program: minimizing overhead, adopting new technologies to reduce cost and accelerate cleanup, and refining and standardizing our cost estimating. We have improved our relationships with State regulators through increased dialogue, which reduces the number of formal disputes over cleanup levels and allows us to implement cleanup activities in a timelier manner. All of these initiatives help ensure that we make the best use of our available resources to complete cleanup.

**Table 5: Progress Towards Cleanup Goals**

| Goal: Achieve Response Complete at 90% and 95% of Active and BRAC IRP and MMRP sites, and FUDS IRP sites, by FY 2018 and FY 2021, respectively |                                 |                                        |                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------|----------------------------------------|
|                                                                                                                                                | Status as of the end of FY 2016 | Projected status at the end of FY 2018 | Projected status at the end of FY 2021 |
| Army                                                                                                                                           | 91%                             | 92%                                    | 96%                                    |
| Navy                                                                                                                                           | 82%                             | 83%                                    | 89%                                    |
| Air Force                                                                                                                                      | 83%                             | 85%                                    | 91%                                    |
| DLA                                                                                                                                            | 86%                             | 88%                                    | 96%                                    |
| FUDS                                                                                                                                           | 84%                             | 86%                                    | 93%                                    |
| <b>Total</b>                                                                                                                                   | <b>86%</b>                      | <b>88%</b>                             | <b>93%</b>                             |

By the end of 2017, the Department, in cooperation with State agencies and the Environmental Protection Agency, completed cleanup activities at 86 percent of Active and BRAC IRP and MMRP sites, and FUDS IRP sites, and is now monitoring the results. During FY 2017 alone, the Department completed cleanup at over 500 sites. Of the roughly 39,800 restoration sites, almost 33,200 are now in monitoring status or have completed cleanup.

In addition, DOD has made significant progress in the cleanup of our FUDS sites, completing 84 percent of the IRP sites. Despite this progress, 1,700 of the over 5,100 FUDS sites still need to be addressed, many of which are MMRP sites. The Department is evaluating opportunities, such as partnering with landowners at our FUDS sites, to expedite cleanup and make these lands available for development sooner.

While DOD is committed to cleaning up all the remaining sites in a timely manner, many of these sites present complex challenges. New and changing standards require DOD to reprioritize or reopen previous remediation decisions which delays progress. Additionally, some sites have no feasible solution to clean up the contamination, and as a result, the Department is making significant investments in environmental technology to identify new potential remediation methods.

### Environmental Technology

A key part of DOD's approach to meeting its environmental obligations and improving its performance is the pursuit of advances in science and technology. The Department has a long record of success developing innovative environmental technologies and quickly transferring them from the laboratory to actual use on remediation sites, installations, ranges, depots, and other industrial facilities. These same technologies are also now widely used at non-Defense sites helping the nation as a whole.

While the FY 2019 budget request for Environmental Technology overall is \$172 million, our core efforts are conducted and coordinated through two key programs – the Strategic Environmental Research and Development Program (SERDP – focused on basic and applied research) and the Environmental Security Technology Certification Program (ESTCP – focused on validating more mature technologies to transition them to widespread use). The FY 2019 budget request includes \$77 million for SERDP and \$24 million for ESTCP for environmental technology demonstrations, with an additional \$16 million requested specifically for energy technology demonstrations.

These programs have already achieved demonstrable results and have the potential to increase training land availability by developing more effective management strategies for installation managers, to reduce costs by developing new ways of treating groundwater contamination, and to reduce the life-cycle costs of multiple weapons systems. In the area of Environmental Restoration, we are launching an aggressive initiative to develop more cost-effective treatment options for other newly-identified contaminants in addition to addressing Perfluorooctane Sulfonate (PFOS) and Perfluorooctanoic Acid (PFOA). In the critical area of installation energy, we are focused on proving technology and solutions that cost-effectively improve the energy security of our installations and that protect our energy assets and facilities from cyber attacks.

### Environmental Conservation and Compatible Development

The Department continues to preserve access to the land, water, and airspace needed to support our mission. As training, testing, and operational activities expand and new weapons systems are introduced, access and use of ranges becomes even more important. The FY 2018 budget request for Conservation is \$419 million. The Department will invest these funds to maximize our flexibility to use lands for military purposes, as well as addressing incompatible land uses beyond our fence lines.

The Department's lands and waters are vital to readiness, but also support a diverse array of fish and wildlife species, including over 400 that are federally protected under the Endangered Species Act (ESA). Managing for healthy and resilient natural landscapes provides the conditions necessary for mission-essential activities, such as reducing fire risks, avoiding wildlife conflicts, and improving range and training area conditions.

Species endangerment and habitat degradation can and does have negative impacts on the mission through regulatory protections. In recent years, there has also been a marked increase in the number species being petitioned and evaluated for listing under the ESA. We have initiated a TIGER TEAM with the Department of the Interior to develop proactive, collaborative conservation initiatives to help prevent additional species of concern to the Department from

being listed under the ESA, and implementing conservation actions to facilitate species recovery and de-listing. As a result of our management, research, and coordination efforts, the Department has regained access to important training lands. For example, our continued cooperation with the U.S. Fish and Wildlife Service (USFWS) and other partners for the conservation of the black-capped vireo at Fort Hood has significantly reduced training restrictions on 73,000 acres, and the species is currently being evaluated for de-listing. Similarly, working with partners in the USFWS and Bureau of Land Management (BLM) in California, the US Marine Corps translocated over 1,000 endangered desert tortoises from newly withdrawn lands at Marine Corps Air Ground Combat Center (MCAGCC), Twentynine Palms. This translocation opened over 160,000 acres for training, filling a critical need to support large-scale Marine Expeditionary Battalion (MEB) exercises. Ongoing management and monitoring efforts will help sustain military readiness.

We have also realized great success and mission benefits from the unique regulatory provisions within the ESA that exclude military lands from critical habitat designations. Building on this success, we will continue to work with our partners at the USFWS and National Marine Fisheries Service, as well as other Federal, State, and non-governmental partners, to develop new and innovative regulatory approaches that streamline processes and provide greater mission flexibility. We will also be working to develop more landscape-scale initiatives to better capitalize on both our on-installation conservation programs and our off-installation conservation partnerships through the Readiness and Environmental Protection Integration (REPI) Program.

*Readiness and Environmental Protection Integration Program*

REPI investments protect training, testing, and operational assets of the Department. As training, testing, and operational activities increase and new weapons systems are introduced, the ability to work with Federal, State, local and private partners to promote compatible development, relieve regulatory restrictions, and leverage resources that sustain critical military capabilities, becomes even more important. Investing in and taking advantage of current opportunities for innovative collaboration is paramount to securing the operational viability of local installations and ranges. REPI is able to directly leverage the Department's investments at approximately one-to-one with those of our partners, effectively ensuring compatible land uses around our installations for half the price. Through REPI's partnering efforts, we can continue to support the warfighter, provide value to the taxpayer, and enhance military readiness and capabilities.

To enable DOD to sustain its national defense mission and to ensure military installations do not become refuges of last resort for threatened, endangered, or at-risk species, the Department has developed an approach that supports land protection beyond installation boundaries. Under this approach, DOD engages with other governmental and non-governmental partners who work with private landowners, to develop initiatives and agreements for protecting properties for the purposes of avoiding or mitigating regulatory restrictions on training, testing, and operations on DOD lands. These efforts ease the on-installation species management burden and reduce the possibility of restricted activities, ultimately providing more flexibility for commanders to execute their missions.

A recent, innovative example of this approach is the Department's Gopher Tortoise Conservation Crediting Strategy, which the Department, the United States Fish and Wildlife Service, and three State agencies finalized in March of 2017. This Strategy seeks to address the conservation of the gopher tortoise, a candidate species for protection under the Endangered Species Act (ESA), thereby providing the regulatory predictability that commanders require to effectively operate at installations and ranges throughout the southeast. Through the 2018 REPI Challenge, a competitive funding process that seeks to cultivate innovative approaches to sustaining military capabilities, the Department seeks to fund similar species crediting strategies that will help reduce existing or future regulatory restrictions to testing, training, and operational activities.

Within the \$424 million for Conservation, \$75 million is directed to the REPI Program. The REPI Program is a cost-effective tool to protect the nation's existing training, testing, and operational capabilities at a time of decreasing resources. In the last 15 years, REPI partnerships have protected more than 510,000 acres of land around 93 installations in 31 States. In addition to the tangible benefits of preserving DOD's existing training, testing, and operational assets, these efforts have resulted in significant contributions to the economic health and recreational opportunities for local communities.

In addition, DOD, along with the Departments of the Interior and Agriculture, continues to advance the Sentinel Landscapes Partnership to protect large landscapes where conservation, working lands, and national defense interests converge – places defined as Sentinel Landscapes. Established in 2013, the Sentinel Landscapes Partnership further strengthens interagency coordination and provides taxpayers with the greatest leverage of their funds by aligning Federal programs to advance the mutually-beneficial goals of each agency.

Since the initiation of the Partnership, agencies from the three Departments have designated seven locations as Sentinel Landscapes. Some of the military's most important installations anchor these Landscapes: Joint Base Lewis-McChord in Washington; Fort Huachuca in Arizona; Naval Air Station (NAS) Patuxent River and the Atlantic Test Ranges in Maryland (Middle Chesapeake Sentinel Landscape); Avon Park Air Force Range in Florida; Camp Ripley in Minnesota; and two consortia of installations in Eastern North Carolina and Georgia. Partnerships at each of these locations are collaborating to preserve, enhance, and protect habitat and vital working lands near military installations in order to reduce, prevent, or eliminate military test, training, and operational restrictions due to incompatible development. At Joint Base Lewis-McChord, Fort Huachuca, and Middle Chesapeake Sentinel Landscapes combined, partners have invested more than \$86 million between Fiscal Years 2013 and 2016 to advance each location's specific military mission and resource conservation goals. Over \$17 million of the total investment during this period has come from State and local governments, whose support for the mission of the Partnership has helped to ensure its success.

In addition to investments made in these areas, partners at each of the Sentinel Landscapes are working collaboratively on innovative approaches to better leverage existing efforts to preserve working lands and promote compatible development. In the Middle Chesapeake and Avon Park Air Force Range Sentinel Landscapes, partners are working to improve efforts to match REPI funds with funding from the other Departments by aligning or merging agency requirements for the acquisition and monitoring of easements and land interests. This unprecedented level of

interagency cooperation will enable the most efficient use of taxpayer funding to protect military capabilities and sustain readiness.

### **Department of Defense Energy Programs**

Unlike the Department's MILCON and Environmental Remediation programs, where the budget request includes specific line items, our energy programs are subsumed across other accounts, yet are critical to our support for military readiness, resiliency, and agility.

### **Operational Energy - *"Unleash us from the tether of fuel"***

Operational energy is the energy required for training, moving, and sustaining military forces and weapons platforms for military operations. While energy is an essential component of our warfighting capability, longer operating distances, remote and austere geography, and anti-access/area denial threats are challenging the Department's ability to assure the delivery of fuel. As the ability to deliver energy is placed at risk, so too is the Department's ability to deploy and sustain forces around the globe.

Based on his experience in Iraq, then Lt Gen James Mattis, Director of Marine Corps Combat Development Command, directed researchers in 2005 to identify technological and operational improvements that would "unleash us from the tether of fuel." The operational energy investments in the FY 2019 budget request are focused on reducing that "tether" and increasing the capability of our forces on land, air, and sea.

The FY 2019 President's Budget supports a broad set of investments to ensure lethality in contested environments through resilient and agile logistics. The Department is investing over \$2.8 billion to upgrade and procure new equipment, improve propulsion, adapt plans, concepts, and wargames to account for increasing risks to logistics and sustainment, and enhance how the Department considers energy in developing new capabilities. As the Department responds to changing threats in Europe, the Indo-Pacific, and the Middle East, these initiatives are increasing capability and decreasing risks for warfighters deployed around the globe.

Significant initiatives include:

- **Operational Energy Capability Improvement Fund (OECIF)**: The Department is requesting \$40.6 million in RDT&E funding to support operational energy research programs that improve military effectiveness. Ongoing initiatives include efforts to improve the fuel economy of our tactical vehicle fleets, increase the energy performance of unmanned systems, enhance power and thermal management for high pulse power weapons, and wirelessly transmitting energy in the far field. Our new starts this year include assessments of operational energy science and technology gaps in meeting warfighter requirements over the near-, mid-, and far-term.
- **Operational Risk in Wargames**: To better plan for the impact of operational energy in contingencies, we are actively engaged in supporting war gaming and exercises conducted by the Department. Recently, my office participated the Air Force's Global Engagement wargame, the Army's Deep Futures 17 wargame, as well as the U.S. Pacific Command

Logistics Wargame. Operational Energy staff continuously participate in the planning and execution of the games, as well as the assessment of game results. With the integration of realistic constraints to logistics capacity and threats to our fuel storage and distribution, our efforts will improve Department decision-making in operation plans, concept and capability development, and program investments.

- **Direct Support to the Warfighter:** In coordination with the Combatant Commands and the Military Services, my office works closely with the warfighter to enhance lethality and readiness. We invested \$4 million in 2017 to adapt Service training and education programs in each of the Services to increase operational reach and readiness. We have developed a repository to capture operational energy lessons learned and are using the information we have gleaned to influence warfighters on the effects of their energy decisions on risk, reach, and the readiness of the force. Finally, my team works with AFRICOM, EUCOM, and CENTCOM to decrease risk to operations by leading power assessments resulting in improved power reliability and reduced fuel consumption, which has direct effects on the reduction of vulnerable logistics convoys while providing more operational capability to commanders on the ground.

### **Installation Energy**

Installation energy is the energy used to power our 500 plus permanent installations here in the U.S and overseas, including the fuel used in our 160,000 non-tactical fleet vehicles. Our installation energy bill remains our single largest base operating cost. In FY 2017, we spent \$3.5 billion to heat, cool, and provide electricity to our facilities. To reduce this cost, the Department is pursuing energy efficiencies through building improvements, new construction, and third party financed investments.

The Department of Defense has identified a top priority to ensure that our military capabilities and our ability to protect our Nation's interests are assured through the delivery of reliable and resilient power. Given recent federal reports on the vulnerability of our national commercial electrical grid to emerging threats, we have reviewed the scope of our efforts to concentrate resources on projects which will enhance the resilience of our defense critical and task critical assets. These efforts will include the continued development of distributed energy sources which can be used to power critical missions regardless of the condition of the commercial grid.

The Department's FY 2019 budget request includes approximately \$726 million for investments in energy resilience and energy conservation, most of which are directed to existing buildings. This includes \$576 million in the Military Components' Operations and Maintenance accounts for sustainment and recapitalization projects, which generally involve retrofits to install improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems, and new roofs. The remainder (\$150 million) is for the Energy Resilience and Conservation Investment Program (ERCIP), a MILCON account which funds projects that improve energy resilience and security, save energy and water, reduce DOD's energy costs, and most importantly, contribute to mission assurance.

### Energy Resilience and Conservation Investment Program

Secure access to energy resources on our installations is critical to the execution of the DOD mission. The interdependent and vulnerable nature of existing electric power grids supporting our installations places risk on our mission capabilities and installation security as well as our power projection ability and support to global operations.

ERCIP is one of the Department's key tools to enable more robust energy security. DOD is requesting \$150 million for this program for FY 2019, including \$113 million for energy resilience projects and \$37 million for energy conservation projects. These projects include two microgrid projects, one at Schriever AFB, CO and one at Camp Williams, UT. In addition, the portfolio includes a project at Fort Sill, OK, to construct a new underground electric service connection between an existing substation and a newly constructed substation. This project will support critical missions of our Field and Air Defense Artillery Brigades by eliminating the single point of failure at Fort Sill and providing complete redundancy to critical missions in the event of a power disruption caused by a natural disaster, physical attack, or other event.

These resilience projects have a combined Savings to Investment Ratio (SIR) of 2.26. In other words, every dollar we invest in ERCIP, generates more than two dollars in savings, demonstrating that, in most cases, energy resilience does not have to come at a premium price.

### Energy Resilience Planning and Facilities Energy Management

In addition to investing in energy resilience projects, the Department is committed to real-world scenario-based planning, including using the results of the North American Reliability Corporation (NERC)-sponsored GridEx and our installation reliability exercises to drive more sophisticated internal testing and investment for resilient infrastructure. This improves our installations' security posture, increases our planning effectiveness, and ensures our ability to continue critical missions in the face of grid power disruptions that could occur due to weather events and/or direct physical or cyber attack. We are also working with the Departments of Energy and Homeland Security to pinpoint the energy needs of critical defense assets and national infrastructure in order to maximize the use of reliable electricity delivered through our national power administrations.

Leveraging strong energy sector relationships of the Critical Infrastructure Partnership Advisory Council, DOD is engaging with industry and Federal interagency stakeholders to identify opportunities to enhance the Department's mission assurance through outside-the-fence solutions. Inside the installation fence, DOD is actively improving data sharing between mission operators and installation owners to use all available technologies that produce energy resilience solutions prioritized by mission, informed by metrics, and validated by results. Furthermore, the Department is working with the Department of Energy to support the early-stage research and development of advanced reactor technologies, including small modular reactors and very small modular reactors. DOD envisions potential future use for very small reactors at remote operating bases and independent strategic sites where an assured source of power aside from the commercial power grid is critical for the delivery of national security missions and capabilities.

Energy resilience includes cybersecurity of Facility-Related Control Systems (FRCS). FRCS supporting Defense Critical Infrastructure (DCI) are essential to perform warfighting

capabilities, execute critical missions, and project power; therefore they are actively threatened by adversaries and are highly vulnerable to cyber security attacks and failures. Malware such as Stuxnet, BlackEnergy, and Crashoverride specifically targeted FRCS and the Ukraine electric grid attack demonstrated the capability to cut power to mission-critical facilities. Risk to missions increase as more devices are connected to networks without appropriate security protections, and poor cyber hygiene persists by system operators without cybersecurity skills. To build a FRCS defense posture, the Department recently began developing FRCS cybersecurity plans to account for the capabilities and resources required to implement cyber security controls on its highest prioritized assets and systems. We will continue to work with the Department's Chief Information Officer and Principal Cyber Advisor toward solutions and resources ensuring FRCS are defensible, survivable, and resilient to operate and sustain critical functions in a cyber-contested environment.

The Military Departments are continuing to implement updated energy resilience policies, which requires plans for energy disruptions and the capability to ensure available, reliable, high-quality, and cyber secure power to continuously accomplish our missions from our installations and facilities. This includes prioritizing installation missions, conducting assessments, and planning and programming energy projects that reduce mission risk by improving energy resilience and security. My office also issued an Energy Resilience: Operations, Maintenance and Testing Strategy and Implementation Guide last year to provide installation commanders, mission operators, and energy managers procedures to ensure that energy generation systems, infrastructure, equipment, and fuel are available and reliable to support critical mission operations on military installations. We will be releasing further guidance this year that enables the Department to identify and align critical mission operations with critical energy requirements and effectively plan outage scenarios, which directly translates energy resilience metrics into tangible improvements in power and fuel resiliency for mission assurance.

The Department's energy efficiency efforts not only contribute to energy resilience by reducing critical loads, but also by lowering our base operating costs, which frees up funds for the warfighter. Since FY 2005, the Department has continued to reduce facility energy usage, freeing up approximately \$5.4 billion for higher priorities. To further improve facilities energy management, my office issued a policy to require the Military Departments to develop Installation Energy Plans (IEP) by the end of FY 2019. These plans directly enable installations to plan and carry out investments to enhance mission assurance for critical facilities.

#### *Smart Financing to Promote Energy Resilience*

The Department has broad alternative financing authorities that can be leveraged to implement installation energy initiatives that assist in improving energy resilience and mission assurance at our installations at lower cost to the taxpayer. These authorities allow us to use performance-based contracts, power purchase agreements, enhanced use leases, and utilities privatization, among others. Using Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs), private energy firms or utility companies make energy upgrades at our installations and are paid back over time using utility bill savings. Since December 2011, the Department has awarded \$2.6 billion in performance-based contracts, which are expected to save DOD over \$4 billion across the contract terms, which are then used to pay for energy improvement.

Another way the Department leverages its financing authorities is non-Federal financing for large-scale distributed energy projects. This minimizes DOD's capital investment by leveraging smarter contracts that incentivize industry to fund resilient infrastructure improvements. When the business case supports it, the Department is pursuing distributed energy projects with micro-grid-ready applications that enable the provision of continuous power in the event of a disruption. For example, the Army leased land to Hawaiian Electric Company to construct, own and operate an on-site 50 megawatt (MW) multi-fuel/biofuel generation plant at Schofield Barracks, Hawaii. The on-site generation system will enhance the resilience of the Oahu electrical grid and can provide Schofield Barracks, Field Station Kunia, and Wheeler Army Air Field with one hundred percent of their electrical power needs in the event of a power grid disruption. Additionally, at the Pacific Missile Range Facility in Kauai, the Navy signed an enhanced-use lease with a developer to construct an on-site solar plus battery energy storage system that includes infrastructure and contractual rights that allow the Navy to greatly improve power quality and reduce costs during normal operations. During a power disruption, this project will operate as a micro-grid to provide a reliable and continuous source of backup power, directly reducing risk to our mission.

To maximize opportunities for these types of smart contracts, the Department is standardizing project information and streamlining processes to spur investment by the financial services industry. DOD is initiating a study to accelerate adoption of energy resilience projects through a shared risk rating, which incentivizes third parties to seek opportunities that support DOD mission, retains the Department's control over its assets and operations, and improves facility contract execution. This will enable low-cost, high-value contracts that make prudent use of resources and ensure our military's capability, lethality, and readiness.

### **High Interest Programs Supporting the National Defense Strategy**

#### **Base Realignment and Closure (BRAC)**

As stated in the National Defense Strategy, the Department is working to reduce excess property and infrastructure. To achieve greater performance and affordability, we must ensure that our basing infrastructure is ideally sized to increase the lethality of our forces while minimizing the cost of maintaining unneeded capacity, which diverts resources from critical readiness and modernization requirements. These efforts will be enhanced by a comprehensive enterprise review of how and where we base new forces and capabilities in support of the National Defense Strategy. Emerging technologies such as hypersonic systems, autonomous vehicles, and cyber forces may require new basing concepts. Bases may also need to be assessed in order to optimize the training and deployment of directed energy programs, electronic warfare, and artificial intelligence systems. In lieu of another request for legislation in FY 2019 to authorize an additional Base Realignment and Closure (BRAC) round, we will review our facilities, to include facility usage optimization review to ensure we have a better accounting of excess infrastructure. We also have proposed for FY 2019 increased efforts to demolish unneeded or obsolete facilities over the course of this year. Our collective efforts will allow us to provide Congress with fair, objective, and transparent options for future base realignments and closures, which maximize Department resources while also addressing any outstanding Congressional

concerns.

### **Business Operations Reforms**

In the weeks and months ahead we will relentlessly pursue a host of initiatives that directly contribute to the SecDef's priorities of building a more lethal force, strengthening alliances and attracting new partners, as well as reforming the Department for greater performance and affordability. In particular, the Deputy Secretary of Defense established the Reform Management Group to lead the Department's business operations reform effort. This group, which is led by the Chief Management Officer in close coordination with the Director of Cost Assessment and Program Evaluation, consists of nine cross-functional teams, including information technology, human resources, community services, contracts, real property, testing and evaluation, medical services, logistics and supply, and financial management. They are led by subject matter experts within their respective fields and call upon their experience and relationships within their communities to generate ideas for both immediate and longer term business process improvements.

My Principal Deputy leads the real property management reform team, which is identifying "best business practices" throughout the Department and across the entire Federal Government that can be applied toward increasing resource effectiveness and reducing operating costs on an enterprise-wide basis. Additionally, we are working with local municipalities outside the gates of our military installations to gain insights on the "Smart Cities" movement sweeping the nation that will enable us to expand the use of public-private and public-public partnerships. Further, we are engaging the private sector to identify and, where feasible, adopt "corporate best practices" to enhance the mission assurance of our installations made all the more resilient through the application of innovative solutions provided by emerging technologies and bolstered by the Internet of Things (IoT).

Though the individual teams are responsible for creating opportunities to increase effectiveness, efficiency, and performance throughout the Department of Defense, leadership is responsible for overseeing the execution of these reforms. As we move forward, the Department will be grading the reform efforts based on evolving performance and productivity measures, benchmarked from private sector best practices, with an enduring focus on increased lethality and improved readiness.

### **Protecting and Enhancing our Training and Test Range Infrastructure**

In addition to test and training lands owned by the Department of Defense, we have a close, cooperative relationship with the Department of the Interior to manage public lands and off shore areas for use by DOD. This relationship is crucial to our ability to protect and enhance our test and training capabilities across the country. From time to time, we also have a recurring requirement to renew public land withdrawals in order to continue military operations. This withdrawal renewal process can take up to seven years, significant resources, and extensive man-hours to undertake an exhaustive environmental review and other studies for a land use which has been in place for decades and is still determined to be of critical use by DOD. We also have been identifying locations where the Department would like to expand ranges, which will

significantly improve the combat credibility of our test and training ranges by offering opportunities for more realistic maneuver, attack, and opposing force capabilities. Offering our combatant forces a combined-arms environment more closely resembling what may be encountered in a contingency against a peer competitor is a vital element to increasing the lethality and readiness of our forces. As such, we are actively engaged with the Department of the Interior on improvements to streamline the review process, thereby reducing the time and resources required for execution.

#### **Addressing Perfluorooctane Sulfonate (PFOS) and Perfluorooctanoic Acid (PFOA)**

The investigation and cleanup of PFOS and PFOA in drinking water where previous Department of Defense activities are determined to be the source of the contamination continues to be a top priority for my office. PFOS and PFOA are part of a class of man-made chemicals used in many industrial and consumer products to make products resist heat, stains, water, and grease. In the 1970s, DOD began using aqueous film forming foam (AFFF), which quickly extinguishes petroleum-based fires, but contains PFOS, and in some cases PFOA. On May 19, 2016, the U.S. Environmental Protection Agency (EPA) issued Lifetime Health Advisories (LHAs) recommending the individual or combined levels of PFOS and PFOA in drinking water be below 70 parts per trillion.

In response, the Department began testing DOD drinking water systems to identify drinking water that exceeded EPA's LHA. DOD has tested all 524 DoD-owned drinking water systems worldwide. As of August 31, 2017, twenty-four DOD drinking water systems tested above the LHA and DOD has followed the EPA advisory recommendations, to include providing consumers bottled water or additional treatment of water. Where DOD purchases drinking water, we identified 12 drinking water systems where the results are above the EPA LHA level. These installations are working with the drinking water supplier to taking appropriate actions (such as providing bottled water) to ensure all personnel receive safe drinking water.

Although the EPA LHA level is only guidance under the Safe Drinking Water Act (SDWA) and is not an enforceable drinking water standard, DOD considers the EPA's LHA toxicity information when assessing risk to human health under its cleanup program. DOD followed a comprehensive approach to identify installations where we have stored or used AFFF containing PFOS or PFOA and suspect there was a release that may impact drinking water.

As of August 2017, DOD has identified 401 active and BRAC installations where there are one or more areas with a known or suspected release of PFOS or PFOA groundwater that may impact drinking water off an installation. The Military Departments are following the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) process. The DoD Components then determine whether there is exposure through drinking water and, if there is exposure, the Departments' priority is to cut off the drinking water exposure. As of August 2017, the Military Departments have sampled over 2,600 groundwater wells for PFOS/PFOA (on 90 installations) with 1,621 sampling results exceeding the EPA LHA. The Military Departments will prioritize sites for further action using a risk-based approach. The Department's fundamental premise in site prioritization is "worse first," meaning the DoD Components will address sites that pose a greater potential risk to human health and the

environment first. These known or suspected PFOS and/or PFOA release areas are in various stages of assessment, investigation, and cleanup. Throughout the CERCLA process, the Department will work in concert with regulatory agencies and communities, and will share information in an open and transparent manner. Now that we have an initial inventory, it may take a few years to determine the potential cleanup costs as we collect information on the nature and extent of the releases. As DOD moves through the CERCLA process, it will be necessary to understand the regulatory cleanup standards for PFOS and PFOA.

We are also taking steps to remove and replace AFFF containing PFOS from our supply system. In January 2016, the Department issued a policy requiring Service-specific risk management procedures to prevent uncontrolled land-based AFFF releases during maintenance, testing, and training activities. The policy also requires the removal and proper disposal of AFFF containing PFOS from the local supplies for non-shipboard use where practical. Each of the Military Departments is taking actions to remove AFFF containing PFOS from the supply system.

In addition, SERDP is addressing environmental issues associated with PFOS and PFOA and the use of AFFF. SERDP researchers are developing technologies to quantify and remediate these substances in both soil and groundwater. SERDP is also researching fluorine-free substitutes for AFFF which meet the military's stringent performance requirements. In FY 2019, ESTCP will initiate demonstrations of existing replacement AFFF formulations at DOD facilities to determine if their performance can meet DOD's needs.

Finally, we are working with EPA and States to address the many challenges that have been identified since the EPA issued the LHA. Likewise, we are working with the Agency for Toxic Substances and Disease Registry (ATSDR) to support the effort to conduct the exposure assessment and health study required by the FY 2018 NDAA. Addressing PFOS and PFOA is a priority for the Department, and we are committed to finding an alternative that meets critical mission requirements while protecting human health.

### **Focus on the Indo-Pacific Region**

#### *Guam and the Commonwealth of the Northern Mariana Islands (CNMI)*

Our posture in the Pacific must be capable of persistent engagement with all countries in the Indo-Pacific. The National Defense Strategy recognizes that China is leveraging military modernization, influence operations, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage. As the most forward U.S. territories in the Pacific region, Guam and the Commonwealth of the Northern Mariana Islands (CNMI) are critical to countering China's influence. To that end, the Department's has three ongoing initiatives in Guam/CNMI: the Marine Corps relocation from Okinawa to Guam; a CNMI Joint Military Training (CJMT) proposal to develop ranges and training areas on Tinian and Pagan Islands; and the establishment of a Divert and Exercise Airfield on the north side of Tinian International Airport.

The relocation of Marines from Okinawa to Guam, which is estimated to cost \$8.7 billion and involves 5,000 Marines organized as a Marine Air-Ground Task Force (MAGTF), supports the Department's restructured posture in the Indo-Pacific region and our alliance with Japan. It will

better align our forward-deployed forces to enable us to respond quickly and effectively to any contingency threatening regional security, to ensure rapid delivery of humanitarian assistance in response to natural disasters, and to provide a foundation of stability for the continued free movement of trade, investment, and commerce. It will also ensure that we fulfill our commitments to the Government of Japan and the Japanese people to reduce the number of Marines on Okinawa.

The relocation is expected to achieve initial support capability (ISC) in 2024, contingent on affordability and environmental analyses. The FY 2019 budget request includes \$266 million in MILCON and Planning & Design funding, including \$143 million for a multi-purpose machine gun range on Guam. Last year, the Department awarded approximately \$750 million in construction projects, including the foundational \$309 million utilities and site improvement project for the future Marine Corps Base Guam. Approximately \$500 million of these contracts come from Japanese-provided funding. Overall, the Government of Japan has committed \$3.1 billion to fund this relocation and has already transferred \$1.5 billion of its commitment to the U.S. Treasury.

In addition to ranges constructed on Guam for the Marine relocation, the Department is proposing a \$910 million initiative to develop ranges and training areas in the CNMI to increase joint military training capabilities in the Indo-Pacific region. The Marine Corps is leading this initiative on behalf of the U.S. Pacific Command. While the Marines relocating to Guam will use the proposed CNMI ranges and training areas, these two initiatives have independent utility and are being studied under separate environmental analyses.

The Air Force is continuing efforts to establish a divert capability for up to 12 tankers on the north side of Tinian International Airport, at an estimated cost of \$375 million. It will also be used for humanitarian assistance staging, exercises and other aircraft support activities, significantly improving the Air Force's ability to conduct strategic airlift operations and provide humanitarian assistance and disaster relief. For FY 2019, the budget request includes \$51 million to construct a cargo pad and maintenance facility. The CNMI's Commonwealth Ports Authority approved the Air Force's Airport Layout Plan in January and forwarded it to the Federal Aviation Administration for final review and approval, allowing us to kick off land lease negotiations. Those efforts are on-going and we anticipate completion sometime later this year.

*Public Infrastructure in the Commonwealth of Northern Mariana Islands (CNMI)*

U.S. military initiatives are competing with Chinese promises of significant investments in new casinos and hotel construction. As such, public infrastructure assistance is a key component of our strategy to foster commitment and cooperation between the Department and the CNMI.

The Mariana Islands play a critical role in providing a platform for maintaining a significant forward presence in the Indo-Pacific region. However, many parts of the CNMI's infrastructure are more than 30 years old, and some portions date back to the end of World War II. The tropical climate and typhoons, combined with system age and limited maintenance, have degraded the infrastructure even further. To address the mutual requirement for adequate transportation infrastructure, DOD has proposed to partner with the local government and the local community in the immediate term to carry out civilian infrastructure assistance projects as

training activities for military engineering units – a win-win for DOD and the community. For FY 2019, the Department is requesting \$10.5 million in investments via the Office of Economic Adjustment to improve public infrastructure on Tinian. Providing tangible improvements to the local community not only supports our military activities on the island, it demonstrates that DOD is committed to the CNMI's long-term economic growth, advancing Secretary Mattis' goal of strengthening partnerships.

*Workforce Issues in Guam and Commonwealth of Northern Mariana Islands (CNMI)*

Stable economies in Guam and CNMI, underpinned by a sustained labor pool, are critical to the Department's ability to implement the National Defense Strategy and achieve national security objectives in the Indo-Pacific region. However, both Guam and the CNMI are having a difficult time sustaining their workforce due to geographic isolation and a small population base. The initial cost just to get to Guam and or the CNMI is generally prohibitive for the type of laborer needed, and people from the U.S. mainland are historically hesitant to move so far from family and stateside conveniences. These issues will only get worse when Guam's/CNMI's exemption from the otherwise applicable nationwide cap for H-2B nonimmigrant workers and the CNMI-only transitional worker (CW-1) program expires on December 31, 2019. Without long-term access to a foreign labor pool, the economies of these isolated U.S. territories will suffer and the cost of ongoing defense projects could skyrocket beyond their current estimates.

Although Section 1049 of the Fiscal Year 2018 National Defense Authorization Act provided some short-term relief, the Department believes a long-term solution recognizing Guam and the CNMI's unique challenges is necessary.

**Office of Economic Adjustment**

The request of \$70 million for the Defense Office of Economic Adjustment directly funds programs to support and preserve our installations and ranges, including collaborative studies with local communities to ensure compatible civilian development. We also use these funds to study and strengthen the resiliency of supply chains to remain responsive to the needs of our industrial base through fluctuations in procurement activity. The Office is an essential interface to promote constructive and mutually beneficial alliances and partnerships with local communities, States, and territories that provide critical support to our warfighters. These partnerships have fostered an unprecedented level of support and preservation of military installations by States and communities who protect our bases as regional economic engines. The Office also provides funds to ensure that adequate planning and implementation occurs in the expansion of public services and investments to support our existing and growing missions. Maintaining support for this Office is crucial to the continued ability of our installations to safely and securely operate while responding to fluctuations in military activities, and keeping faith with our service members and families by addressing quality of life issues in local defense communities.

**Military Aviation and Installation Assurance Siting Clearinghouse**

The Military Aviation and Installation Assurance Siting Clearinghouse is the primary office within the Department of Defense charged with the mission to support the expansion of

commercial energy development and power transmission in the United States in areas and using methods that are compatible with preservation and safe operation of military activities and capabilities. The Department appreciates the statutory changes made by Congress to Title 49 of the United States Code. The revised authority increases the public visibility of DoD impacts from specific projects, increases State engagement in the impact review process, improves DoD's ability to protect its missions from incompatible energy development, and strengthens installation commanders' ability to highlight potential impacts.

As a result of Congressional direction and our own efforts, we are effectively evaluating the mission impact of commercial energy projects to identify and implement affordable and feasible mitigation solutions where DOD missions might be adversely impacted. In 2017 the Department reviewed over 4,200 applications for energy projects that were forwarded by the FAA, which nearly matched the high number from 2016. Due to the extensive collaboration between our office, local communities, States, and energy developers, no commercial energy project reviewed in 2017 rose to the level of an unacceptable risk to the national security of the United States.

### **Conclusion**

Thank you for the opportunity to present the President's FY 2019 budget request for DOD programs supporting installations, energy, and the environment. We appreciate Congress' continued support for our enterprise and look forward to working with you as you consider the budget request.

**RECORD VERSION**

**STATEMENT BY**

**LTG GWEN BINGHAM  
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT  
UNITED STATES ARMY**

**BEFORE THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**SUBCOMMITTEE ON  
MILITARY CONSTRUCTION, VETERANS AFFAIRS  
& RELATED AGENCIES**

**SECOND SESSION, 115<sup>TH</sup> CONGRESS**

**FY19 BUDGET OVERSIGHT HEARING ON ENERGY, INSTALLATIONS, AND  
ENVIRONMENT**

**APRIL 12, 2018**

**NOT FOR PUBLICATION UNTIL RELEASED BY THE  
COMMITTEE ON APPROPRIATIONS**

### **Introduction**

Chairman Dent, Ranking Member Wasserman Schultz, and Members of the Subcommittee: Thank you for your strong support of our Soldiers, Civilians and their Families who serve on Army installations and specifically, for funding increases for installations and Military Construction in FY 2018. We welcome this support as it will provide greater flexibility to address mission critical infrastructure requirements that affect warfighting readiness.

Predictable, adequate, sustained and timely funding for installations enables all aspects of warfighting readiness — our top priority. Installations support the National Defense Strategy by generating and projecting ready forces from locations around the globe. Army installations, National Guard Readiness Centers and Army Reserve Centers must be ready and resilient to enable the Army to train, fight and win our nation's wars. We will focus our efforts and resources on the priorities of Readiness, Modernization and Reform, and an enduring commitment to care for our Soldiers, Civilians and their Families.

The Army makes deliberate choices to ensure our Soldiers have what they need to prevail against our adversaries ... they deserve nothing less. While the Army inventory of facilities that are in poor or failing condition grew from 22 to 25 percent this past year, we have made significant improvements in our barracks and housing investments. Specifically, we have improved the quality of our training and permanent party barracks by 14 percent and 5 percent respectively since 2014. Further, we are on glide path to improve 90 percent of our overall Army-owned housing inventory to good or adequate quality by the end of FY 2020. The Army is increasing its facility sustainment levels and focusing its infrastructure investment on readiness priorities that enhance lethality and Soldier and Mission Readiness.

We are encouraged and grateful that the President's FY 2019 budget request will begin to arrest facility degradation and buy down the maintenance backlog (\$11.2 billion).

Working with all Army Commands, we have made great strides over the past year to identify those facilities that most directly contribute to the Army's operational missions. We will focus allocation of the funds provided to us, now and in the future, on facilities that support power projection, mobilization, and warfighter mission needs such as airfields, ranges, maintenance facilities and barracks.

### **Mission Readiness Investments**

The Army's request for MILCON provides secure and sustainable facilities to meet the Army's emergent needs in three critical subsets of overall installation readiness: critical facilities deficits; recapitalization and modernization; and footprint consolidation. For FY 2019, the Army requests just over \$2.02 billion for Military Construction, an increase of 13 percent (\$234 million) from our FY 2018 request. The budget allocates \$1,011 million for the Regular Army (RA); \$180 million for the Army National Guard (ARNG); \$64 million for Army Reserve (USAR); \$330 million for Army Family Housing Construction (AFHC); \$376 million for Army Family Housing Operations (AFHO); and \$62 million for the Army portion of the Base Closure Account (BCA).

The \$1.1 billion MILCON request for the RA will allow the Army to move forward with projects such as the Fort Gordon, Georgia, Cyber Instructional Facility for \$99 million; Fort Campbell, Kentucky, Vehicle Maintenance Shop for \$32 million; and the Picatinny Arsenal, New Jersey, Munitions Disassembly Complex for \$41 million.

The ARNG's FY 2019 MILCON request of \$180 million includes: \$106 million to build Readiness Centers in Montana, Nevada, New Hampshire, North Dakota and South Dakota; \$12.4 million to construct two range projects; \$27 million to construct an administrative and warehouse facility; \$18.1 million for Unspecified Minor Military Construction (UMMC); and \$16.6 million for planning and design. Our ARNG budget request is focused on recapitalizing readiness centers — the heart and soul of the National Guard — as well as ranges to allow the Guard to be ready to perform state and

federal missions. Many of these projects will consolidate units and functions into a single facility allowing the Guard to close multiple older facilities.

The FY 2019 budget request for the USAR totals \$64.9 million with two critical projects replacing our most dilapidated and failing facilities. The two projects are: \$34 million to replace an Equipment Concentration Site in Barstow, California; and \$23 million to replace World War II era Transient Training Barracks at Fort McCoy, Wisconsin. An additional \$7.9 million will support planning and design of future year projects, and address critical needs through the UMMC account.

Sustainment, Restoration, and Modernization (SRM) accounts fund investments to maintain and improve the condition of our facilities. Periodic restoration and modernization of facility components are necessary to ensure the reliable functionality of our facilities in support of mission readiness. Efforts are focused on preventing the degradation of facilities and precluding small maintenance issues from turning into large and expensive problems.

We appreciate the additional funding Congress provided the Army in FY 2017 and FY 2018 to meet the most pressing SRM needs on our installations. The FY 2019 \$4.7 billion budget request gets us closer to meeting our full SRM requirements. The \$1.6 billion request for restoration and modernization funding, an increase of \$735 million over FY 2017 execution, will enable the Army to address up to eight percent of our critical maintenance backlog requirements.

In lieu of another request for legislation in FY 2019 authorizing an additional Base Realignment and Closure (BRAC) round, we will review our facilities, to include facility usage optimization, ensuring we have a better accounting of excess infrastructure. Commanders are accountable for making all reasonable efforts to consolidate units into our best facilities; maximize space utilization; and dispose of excess assets.

### **Soldier and Family Readiness**

The Army Family Housing Construction budget allows us to provide homes and related housing services to Soldiers and their Families living on our installations around the world. For FY 2019, the Army requests \$330.6 million for Family housing construction. This will fund \$85 million for new housing at Camp Humphreys, South Korea and \$68 million for replacement housing at Camp Walker, South Korea, which meet the U.S. Forces Korea Commander's requirements for on-post housing. The request also replaces poor and failing housing units in Baumholder, Germany, and Fort Buchanan, Puerto Rico, for \$32 million and \$26 million, respectively. The Army's request provides \$95.1 million for new housing construction at Vicenza, Italy, and \$6.2 million at Fort McCoy.

An additional \$376 million is requested to sustain all Family housing operations; cover utility costs; ensure proper maintenance and repair of government Family housing units; lease properties where required; and provide privatization oversight. Soldier and Family Housing and Quality of Life programs are an investment in the Army's most valuable asset — our people.

We are also investing in our deployed Soldier's quality of life by constructing a \$21 million barracks at Soto Cano Air Base, Honduras.

### **Ensuring Energy Security and Resilience**

Assured access to energy and water underpins readiness-related functions that occur on Army installations. Installations and the missions they support are at risk to disruptions to energy and water services posed by acts of nature or acts of man.

The Acting Secretary of the Army directed new installation energy and water security requirements in February 2017. This Directive sets a requirement to secure critical missions by being capable of providing necessary energy and water for a

minimum of 14-days and sustaining critical missions through secure access to energy and water; reliable infrastructure condition; and effective system operations to include exercising emergency operations plans with scenarios that address grid outages. Measuring our installation resilience with energy and water security metrics is vitally important as we inculcate energy and water security into the total Army readiness posture and make strategic investment decisions to reduce the greatest vulnerabilities first.

Our installation energy budget request is focused on enhancing mission effectiveness and is supported by strong business case analyses. The Army continues to leverage private sector expertise and investment to improve system reliability; reduce consumption; and improve energy and water resilience. The Army leads the Federal Government in the use of Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs).

The Army manages more than 13.8 million acres of land, on which we interact with endangered species, preserve historic sites and restore critical or contaminated lands. Performing these functions well permits continued Army operations and protects our Soldiers, Families and communities. Our FY 2019 environmental program budget request of \$914 million will keep the Army on track to meet our cleanup goals and maintain full access to important training and testing lands, which are integral components of Army readiness.

The Army's energy security and sustainability program has proven results — reducing our reliance on external utility systems; improving energy and water efficiency; enabling operational freedom of action; and contributing to mission readiness. We urge Congress to continue to support the Army's energy security and resilience initiatives.

**Conclusion**

We appreciate your support for the Army's FY 2019 MILCON budget and thank you for your continued advocacy. This budget represents significant and positive steps toward increasing installation readiness.

Army installations generate and project Army Readiness. We need ready and resilient installations to ensure our Soldiers are properly trained and can be deployed anywhere in the world in order to fight and win our nation's wars.

The Army is methodically increasing its facility sustainment levels and focusing its infrastructure investment on readiness priorities to support power projection, mobilization and the warfighter. Predictable, adequate, sustained and timely funding allows the Army to maintain its critical infrastructure and to support Soldiers, Civilians and Families.

Readiness is the foundation that keeps our nation free. Our people are the blueprint of this foundation. They deserve the best facilities, programs and services we can afford.

Thank you for the opportunity to present this testimony and for your continued support of our Soldiers, Civilians and Families.

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SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, and RELATED AGENCIES,  
COMMITTEE ON APPROPRIATIONS

**STATEMENT OF  
VICE ADMIRAL DIXON R. SMITH  
DEPUTY CHIEF OF NAVAL OPERATIONS FOR  
FLEET READINESS AND LOGISTICS  
U.S. NAVY**

**BEFORE THE**

**HOUSE SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS AND RELATED AGENCIES,**

**OF THE**

**COMMITTEE ON APPROPRIATIONS**

**APRIL 12, 2018**

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SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, and RELATED AGENCIES,  
COMMITTEE ON APPROPRIATIONS

Chairman Dent, Ranking Member Wasserman Schultz, and distinguished members of the Committee, it is an honor to appear before you representing the thousands of Navy Sailors and civilians at our seventy-one installations worldwide. Thank you for the opportunity to testify about the Navy's Fiscal Year (FY) 2019 budget request for our shore readiness and infrastructure programs.

The President's National Security Strategy, clearly sets forth our priorities directing our Navy to protect the American homeland, promote American economic prosperity, and advance American influence throughout the world. Further, the National Defense Strategy (NDS) articulates our plan to compete, deter and win in the new competitive security environment of our time. The Navy is supporting the NDS with the "Navy the Nation Needs," which further details the Navy's role as part of the broader military joint force.

Our shore infrastructure is an integral component to achieving the Navy the Nation Needs. It is an enabler to helping us achieve (1) a bigger, (2) better, (3) networked, (4) agile, (5) talented, and particularly (6) ready fleet. To enable that ready fleet, the Navy has a nearly \$1 billion increase in infrastructure to fund 33 Navy military construction projects – the largest such request in over a decade, and more than double the FY 2018 budget request. The shore enables military readiness, combat power projection, and the security of personnel, family members and equipment. Importantly, the shore is foundational to the fight, as many of the Navy's platforms plan, train, launch and reconstitute from our installations, and some perform their entire mission from our bases. Increases in the Navy's FY 2019 budget request begins to improve the infrastructure necessary to support a more lethal and resilient Fleet.

We thank the Congress for enacting the FY 2018 Appropriations Act and for the additional funding for facilities sustainment, restoration, and modernization (FSRM) to address pressing shortfalls, additional BRAC funds to address Hunter's Point and perfluorinated chemicals, and other additional funding that supports key areas of shore readiness. We also thank the Congress for passage of the FY 2018 Hurricane Amendment earlier this year that provided critical funding for Navy installations in Florida, Georgia, Texas, and Puerto Rico to enable repair and replacement of facilities damaged or destroyed by hurricanes.

### **Military Construction**

For 2019, the Navy made a deliberate investment in military construction (MILCON) to increase lethality, capacity and capability. The FY 2019 MILCON budget request includes 33 projects, planning and design (P&D), and unspecified military construction at a value of nearly \$2 billion.

Nearly half of the MILCON program (\$824M) is in direct support to the National Defense Strategy's highest priorities of increasing lethality with new platforms and strengthening alliances through the European Deterrence Initiative. This program also invests in restoring warfighting readiness and further advancing the restoration of our Naval Shipyards and support the Navy Reserves.

#### **Increasing Lethality / New Platform (\$609M, 14 projects)**

- Missile Assembly Building and High Explosive Magazine – San Nicholas Island (\$31M)
- Directed Energy Systems Integration Lab – Naval Base (NB) Ventura County (\$22M)
- F-35 Maintenance Hangar – Naval Air Station (NAS) Lemoore (\$113M)
- CMV-22B Airfield Improvements – NB Coronado (\$78M)
- Full Motion Trainer Facility – Marine Corps Base (MCB) Camp Pendleton (\$11M)
- Electrical Upgrades – MCB Camp Pendleton (\$4M)
- Littoral Combat Ship (LCS) Support Facility – Naval Station (NS) Mayport (\$82M)
- LCS Operational Training Facility Addition – NS Mayport (\$29M)
- Submarine Propulsor Manufacturing Support Facility – Philadelphia Navy Yard Annex (\$71M)
- D5 Missile Motor Receipt/Storage Facility – Utah Test and Training Range (\$106M)
- Fleet Support Facility – NAS Whidbey Island (\$19M)
- Next Generation Jammer Facility – NAS Whidbey Island (\$8M)
- Fleet Maintenance Facility & Tactical Ops Center – Naval Support Activity (NSA), Bahrain (\$26M)
- Tactical Operations Center – Commander Fleet Activities Okinawa, Japan (\$9M)

#### **Strengthen Alliances / European Deterrence Initiative (EDI) (\$215M, 5 projects)**

- Marathi Logistics Support Center – NSA Souda Bay, Greece (\$6M)
- Joint Mobility Processing Center – NSA Souda Bay, Greece (\$42M)
- P-8A Taxiway and Apron Upgrades – NAS Sigonella, Italy (\$66M)
- Port Operation Facilities – NS Rota, SP (\$22M)
- P-8 Base Improvement – Lossiemouth, UK (\$79M)

Restore Warfighting Readiness (\$709M, 9 projects)

- Causeway, Boat Channel & Turning Basin – Naval Weapons Station Seal Beach (\$118M)
- Harbor Drive Switching Station – NB San Diego (\$48M)
- Pier 8 Replacement – NB San Diego (\$108M)
- Master Time Clocks & Operations Facility – NSA Washington, DC (\$116M)
- Water Transmission Line – Joint Base Pearl Harbor-Hickam (\$78M)
- Transit Protection System Pier and Maintenance Facility – NB Kitsap (\$89M)
- Unaccompanied Enlisted Housing – NB Guam (\$36M)
- Solid Waste Management Facility – NS Guantanamo Bay, Cuba (\$85M)
- AUTECH Austere Quarters – Andros Island, Bahamas (\$31M)

Shipyard Investment (\$221M, 4 projects)

- Dry Dock Waterfront Facility – JB Pearl Harbor-Hickam (\$45M)
- Dry Dock #1 Superflood Basin – Portsmouth Naval Shipyard (NSY) (\$110M)
- Extend Portal Crane – Portsmouth NSY (\$40M)
- Ships Maintenance Facility – NS Norfolk (\$26M)

Supporting the Navy Reserves (\$14M, 1 project)

- Reserve Training Center – Fort Benning (\$14M)

**Facilities Sustainment, Restoration, and Modernization (FSRM)**

The FY 2019 budget requests \$2.1 billion to sustain infrastructure, and improves our facility sustainment from 78% of the Department of Defense (DOD) model in FY 2018 to 80% in FY 2019. This is the third straight year the Navy has increased this funding level in its budget

request, demonstrating our commitment to a more balanced investment to support Navy wholeness.

That said, persistent reduced-resourcing of our shore infrastructure has taken its toll, resulting in a significant facilities maintenance backlog. The Navy has strived to mitigate this backlog by implementing a facility investment strategy that ensures our most critical facilities and components are maintained and secure. While this has allowed us to triage our facility requirements, it has accelerated degradation of the majority of our facilities across the Navy. Deferring maintenance on important, but not mission-critical facilities, impacts Sailors' ability to train, their quality of life, and often requires operational workarounds, such as waivers, temporary facilities, or inefficient processes. While the Navy will begin to reduce the facilities maintenance backlog with the FY 2019 budget request, maintaining the path to full readiness recovery will take a long-term commitment of resources, predictable funding and time.

### **Family Housing**

The Secretary of the Navy has stated that we must make strategic investments in recruiting and retaining our Sailors, and our FY 2019 budget request supports this by providing Sailors and their families the opportunity for suitable, safe, and affordable housing. The Navy continues to rely on the private sector to house Sailors and their families, and when options are not available or are insufficient, Navy provides government-owned, leased, and privatized housing.

The FY 2019 Family Housing budget request provides \$279.7 million for the operation and maintenance of almost 7,100 government-owned homes, leases for approximately 1,700 units, replacement and renovation of approximately 490 units, and oversight of nearly 40,000 privatized housing units. In addition, the Family Housing construction request of \$87 million will assist in the elimination of inadequate units at Naval Support Activity Andersen, Guam by replacing 96 homes.

### **Base Operating Support**

Our FY 2019 budget request invests \$4.5 billion in base operating support, remaining flat since the enactment of the Budget Control Act in 2013. This funding level provides minimally compliant outputs and service levels at our installations, and we prioritize resources to minimize

impact to mission, force protection, and quality of life at the expense of other base operating support functions. This long-term pressurization of base operating support has translated into higher assumed risk. As this risk becomes normalized over time, it continues to compound and accumulate. The Navy remains committed to deliberately and effectively managing these accumulated risks within available resourcing.

#### **Base Realignment and Closure (BRAC)**

The Navy's FY 2019 budget request includes \$152 million for installations closed in previous BRAC rounds; \$142 million of this is for environmental cleanup. The Navy has completed disposal of 94% of property (178,531 acres) with the remaining 6% representing 11,254 acres at 16 installations. Over 50% of the remaining property is at two BRAC 2005 installations (NAS Joint Reserve Base Willow Grove, PA, and NWS Concord, CA). The majority of the remaining property transfers are planned to occur by 2026. There are 28 installations with no property remaining for transfer, but still require environmental cleanup or monitoring.

#### **Conclusion**

As CNO has articulated, a fundamental principle of our budget request is that naval power is about maintaining balance across all six dimensions of naval power. The readiness of the shore is integral to achieving the Navy the Nation Needs. Further, we seek to optimize the balance among all six of our pillars – to ensure support to the fleet and the warfighter to maneuver, respond and win in a short or prolonged fight. Our shore investments strategy enables and underpins these investments to increase naval power in a balanced approach to meet our national strategic objectives. Thank you for your steadfast support of Navy's shore readiness and infrastructure programs and your unwavering commitment to our Sailors, Navy civilians and their families.

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VETERANS AFFAIRS, and RELATED AGENCIES,  
COMMITTEE ON APPROPRIATIONS

**STATEMENT OF  
MAJOR GENERAL VINCENT A. COGLIANESE  
COMMANDER, MARINE CORPS INSTALLATIONS COMMAND  
AND  
ASSISTANT DEPUTY COMMANDANT, FACILITIES, INSTALLATIONS AND  
LOGISTICS DEPARTMENT**

**BEFORE THE  
HOUSE SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, AND RELATED AGENCIES**

**OF THE  
COMMITTEE ON APPROPRIATIONS**

**APRIL 12, 2018**

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VETERANS AFFAIRS, and RELATED AGENCIES,  
COMMITTEE ON APPROPRIATIONS

*Preface*

Chairman Dent, Ranking Member Wasserman Schultz, and distinguished Members of the Committee, I appreciate the opportunity to discuss the Marine Corps installations infrastructure programs which are critical to our ability to train forces and be ready. Thanks to the strong support we have received from the Congress, the Marine Corps has been able to make significant improvements in the quality and condition of our installation infrastructure.

Marine Corps installations represent an irreplaceable national asset. They are fundamental to combat readiness, particularly generation of combat power. Additionally, they are home to our Marines, Sailors and their families, and will continue to be integral to their quality of life through the provision of a range of housing, community support infrastructure.

As Commander, and the single authority on all Marine Corps Installation matters, the protection of our installations is my number one priority. There are myriad challenges in the current operating environment, and all the signs indicate those challenges will compound and grow. The most recent National Defense Strategy asserts the homeland is no longer a sanctuary, and recent asymmetric attacks on military installations across the country highlight the insider threat. The fact is, our installations are vulnerable targets for a growing host of sophisticated threats intent on disrupting and degrading our ability to generate combat power. Ensuring the protection of life and property serves to ensure our ability to execute those essential operations that enable the training and deployment of our combat forces. Maintaining the maneuver space to adapt and evolve our protection measures must occupy a central place in our conversations of modernization and readiness. It is imperative we have the ability and authority to execute investments that afford protection against both inside and outside threats.

The operation and maintenance of these installations as well as their future development and use require long-term planning, careful investment, and timely program execution. Implementation of the Commandant's Infrastructure Reset Strategy will ensure our installations are capable of supporting Marine Corps operations well into the future.

The Marine Corps has installations and support infrastructure worldwide valued at more than \$66 billion that are used to train, house, and provide quality of life for Marines and their families. This infrastructure must be properly maintained to prevent degradation of our capability to support these mission-essential tasks. Adequately protecting our installations, supporting new warfighting and training capabilities, and sustaining infrastructure are top installations management priorities for the Marine Corps.

### ***Impact of Budget Uncertainty***

With Congress' strong support, the Marine Corps has made significant progress over the last nine years in replacing old and unsatisfactory infrastructure. We appreciate actions taken by Congress to enact the Bipartisan Budget Act of 2018 that provides relief from the Budget Control Act defense spending caps in both Fiscal Years 2018 and 2019. However, budget uncertainty beyond Fiscal Year 2019 will erode our readiness and will continue to have negative impacts on our ability to make long-term decisions necessary for a healthy infrastructure portfolio. Long-term reduced funding of installations requirements will result in gradual degradation of our infrastructure and create a bow wave of increased future costs to return these assets to adequate condition. Your Marine Corps requires continued support from Congress with predictable budgets over a sustained period are needed in order to maintain and improve infrastructure readiness.

To maintain near-term operational readiness, the Marine Corps has been forced to accept risk in its infrastructure portfolio. Taking risk in the facilities sustainment, restoration and modernization, and military construction programs has resulted in the degradation of our infrastructure, which in turn increases lifecycle costs. Improving the current state of our installations is the single most important investment to support training, operations, and quality of life.

The Marine Corps has prioritized military construction projects that support new weapons platforms (primarily the F-35) and other projects associated with life, health, and safety concerns. Congress has been very supportive of prior MILCON budget requests. Thanks to the

Congress, the Marine Corps has received funding for many projects that positively impact readiness and training.

As part of ongoing business reform initiatives, the Marine Corps' Infrastructure Reset Strategy seeks to improve infrastructure lifecycle management and ensure infrastructure investments are aligned with Marine Corps installations that are capable, adaptive, and economically sustainable platforms from which to generate readiness and project combat power in a fiscally constrained environment. Implementation of this strategy consolidates and appropriately resets the infrastructure footprint within existing installations to improve operational readiness and generate resources for reinvestment. Successful execution of this strategy will depend on future budget stability.

We must prioritize Infrastructure Reset – we must improve infrastructure lifecycle management and ensure infrastructure investments are aligned with Marine Corps capability-based requirements to support the warfighting mission and contribute directly to current and future Force readiness. PB19 funds the Infrastructure Reset Strategy with realized long-term cost savings through a reduction of 1,056 failing structures (14 million square feet) during the Future Years Defense Program (FYDP) and yield savings in Facilities Sustainment, Restoration and Modernization (FSRM) accounts. Our installations provide three critical force enabling functions. First, they are deployment platforms from which our expeditionary forces fight and win our Nation's battles; second, they are where our Marine Air Ground Task Forces (MAGTFs) train and hone their combat readiness; and third, they house our Marines and families.

### ***Military Construction***

The Marine Corps' Fiscal Year 2019 Military Construction (MILCON) program includes 16 projects valued at approximately \$906 million which is an 18% increase over the Fiscal Year 2018 budget submission of \$765 million.

Marine Corps MILCON requirements are driven by operating force and other mission requirements such as: (1) introducing new platforms or weapons; (2) relocating forces to better position assets to meet the national military strategy; (3) meeting force protection or safety

standards; (4) enhancing or replacing infrastructure that is in poor or failing condition; (5) meeting new and improved training standards for the 21<sup>st</sup> century Marine Corps; (6) modernizing critical infrastructure; (7) improving utilities reliability and resilience to support readiness; (8) meeting environmental regulations and laws and energy reduction mandates; (9) improving training areas to include aerial/ground ranges; and (10) acquiring land needed to support training.

The primary focus areas of the Fiscal Year 2019 Marine Corps MILCON budget request include: (1) supporting the bed down of new capabilities and platforms; (2) providing infrastructure to support force relocations; (3) recapitalization and replacement of inadequate facilities; and (4) meeting safety and environmental mandates. Our Fiscal Year 2019 budget accomplishes the following:

- Supports new platforms such as Joint Strike Fighter (F-35) and Amphibious Combat Vehicle (ACV) with new aircraft and vehicle maintenance facilities.
- Provides aviation maintenance facilities to continue support for the relocation of aviation squadrons to Marine Corps Base, Hawaii.
- Provides ordnance, training, and quality of life infrastructure to support the relocation of Marines from Japan to Guam.
- Improves security, safety, and environmental compliance posture at various bases.
- Replaces and modernizes numerous inadequate and obsolete facilities and infrastructure in order to improve operations, quality of life, and training.
- Supports our Reserve component with operational and training facilities at Seal Beach, California.

***Infrastructure Sustainment, Restoration, and Demolition***

The President's Budget for Fiscal Year 2019 funds 80% of the OSD facilities sustainment model requirement for the Marine Corps. When restoring and modernizing our infrastructure, we prioritize life, health, and safety issues and efficiency improvements to existing infrastructure and focus on repairing only the most critical components of our mission critical facilities. By deferring less critical repairs, especially for non-mission critical infrastructure, we are allowing certain facilities to degrade and causing our overall facilities maintenance backlog to increase. We acknowledge this backlog must eventually be addressed.

The first step in addressing this backlog is reflected in the Marine Corps request of \$77 million in Fiscal Year 2019 for the demolition of 1.8 million square feet of failing and obsolete facilities to enable implementation of the Commandant's Infrastructure Reset Strategy.

### ***Family Housing***

Our world-wide family housing inventory is 96% privatized, which has improved the homes in which our families live and support infrastructure such as community centers, playgrounds, and "green spaces" that help create neighborhoods and a sense of community for our Marines and their families. Combined with traditional military construction, privatized housing will continue to build and improve the homes necessary to supplement local community housing.

The Marine Corps is not requesting any new family housing construction in Fiscal Year 2019 through either traditional MILCON or through the use of privatization authorities. However, we are requesting \$16.6 million in the family housing, construction improvements account for the sustainment and restoration of 44 junior enlisted family housing townhouse units at MCAS Iwakuni, Japan in order to continue with the renovation of Iwakuni housing neighborhoods. This will provide much needed improvements to quality of life for our Marines and their families stationed overseas.

### ***Conclusion***

In past years, we took risk in our installation portfolio to support near-term operational readiness. Continued reduced funding of our long-term infrastructure needs will create increasingly disproportionate long-term costs, inconsistent with disciplined fiscal principles and business reforms prioritized by the Secretary of Defense. As outlined in the National Defense Strategy, our installations must prove resilient in the face of the threats we face. We must modernize our installations to protect our blunt and surge layer forces and reassure our partners and allies. Our operational capabilities are adapting to meet these changes, and we need to invest in a next generation installation infrastructure to match the growing MAGTF capability. Your

support is crucial as we begin to develop installation infrastructure to support our Next Generation MAGTF. The Fiscal Year 2019 budget request supports this premise.

Thank you for the opportunity to testify before you today. I look forward to working with you to sustain the warfighting capability, the readiness of our power projection platforms and quality of life of the Marine Corps.

## United States Air Force

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### Presentation

Before the House Appropriations  
Committee, Subcommittee on Military  
Construction, Veterans Affairs, & Related  
Agencies.

### ***Fiscal Year 2019 Budget Oversight Hearing on Energy, Installations, & Environment***

### Witness Statement of

Major General Timothy S. Green  
Air Force Director of Civil Engineers;  
Deputy Chief of Staff for Logistics,  
Engineering, & Force Protection

April 12, 2018



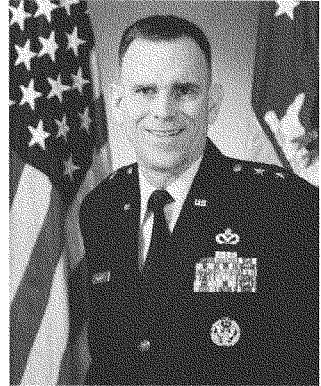
# BIOGRAPHY



**UNITED STATES AIR FORCE**

## MAJOR GENERAL TIMOTHY S. GREEN

Maj. Gen. Timothy S. Green is the Air Force Director of Civil Engineers, Deputy Chief of Staff for Logistics, Engineering and Force Protection, Headquarters U.S. Air Force, Washington, D.C. He is responsible for installation support functions at a total of 182 Air Force bases worldwide with an annual budget over \$11 billion. He is also responsible for organizing, training and equipping the 51,000-person engineering force along with providing policy and oversight for the planning, development, construction, maintenance, utilities and environmental quality of Air Force bases worldwide valued at more than \$297 billion. This responsibility includes housing, fire emergency services, explosive ordnance disposal and emergency management services.



General Green entered the Air Force in 1987 as a graduate of the ROTC program at Texas A&M University. He has commanded a civil engineer squadron and mission support group and served as Special Assistant to two commanders of U.S. European Command/Supreme Allied Commander of Europe. Prior to assuming his current position, General Green served as the Director of Installations and Mission Support for Air Mobility Command and then at Air Combat Command.

The general served as Director of Installations for Air Force Forces in Southwest Asia during the 2007-2008 surge of U.S. forces into Iraq for Operation Iraqi Freedom, supporting more than \$1.2 billion in military construction and engineer operations at 15 installations in 10 countries throughout the U.S. Central Command area of responsibility. General Green is a registered Professional Engineer in the state of Texas.

### EDUCATION

1986 Bachelor of Science degree in civil engineering, Texas A&M University  
 1992 Master of Science degree in civil engineering, Texas A&M University  
 1992 Distinguished graduate, Squadron Officer School, Maxwell AFB, Ala.  
 1997 Air Command and Staff College, by seminar  
 1999 Air Command and Staff College, Maxwell AFB, Ala.  
 2000 Air War College, by seminar  
 2005 National War College, Fort Lesley J. McNair, Washington, D.C.

**ASSIGNMENTS**

1. October 1987 - July 1990, Environmental Coordinator and Design Engineer, 47th Civil Engineer Squadron, Laughlin AFB, Texas
2. August 1990 - January 1992, Student, Texas A&M University, College Station, Texas
3. January 1992 - September 1994, Technical Assistant, Pollution Prevention Directorate, and Staff Officer, Pollution Prevention Division, Air Force Center for Environmental Excellence, Brooks AFB, Texas
4. October 1994 - September 1996, Chief of Engineering Contracts, Chief of Construction Management, 36th Civil Engineer Squadron, Andersen AFB, Guam
5. Oct 1996 - July 1998, Operations Flight Commander, 43rd Civil Engineer Squadron, Pope AFB, N.C.
6. August 1998 - June 1999, Student, Air Command and Staff College, Maxwell AFB, Ala.
7. July 1999 - June 2002, Assistant Executive Officer, Office of the Chief of Staff and Military Construction Program Manager, Engineering Division, Office of the Civil Engineer, Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
8. July 2002 - July 2004, Commander, 31st Civil Engineer Squadron, Aviano Air Base, Italy
9. August 2004 - June 2005, Student, National War College, Fort Lesley J. McNair, Washington, D.C.
10. July 2005 - June 2007, Commander, 99th Mission Support Group, Nellis AFB, Nev.
11. June 2007 - June 2008, Director, Installations (A7), Air Force Forces, Combined Air and Space Operations Center, Southwest Asia
12. July 2008 - May 2009, Chief, Programs Division, Office of the Civil Engineer, Deputy Chief of Staff for Installations and Mission Support, Headquarters U.S. Air Force, Washington, D.C.
13. May 2009 - July 2011, Special Assistant to the Commander, U.S. European Command, and Supreme Allied Commander Europe, Supreme Headquarters Allied Powers Europe, Mons, Belgium
14. July 2011 - June 2013, Director of Installations and Mission Support, Headquarters Air Mobility Command, Scott AFB, Ill.
15. June 2013 - March 2014, Director of Installations and Mission Support, Headquarters Air Combat Command, Joint Base Langley-Eustis, Va.
16. March 2014 - present, Air Force Director of Civil Engineers, Deputy Chief of Staff, Logistics, Engineering and Force Protection, Headquarters U.S. Air Force, Washington D.C.

**SUMMARY OF JOINT ASSIGNMENTS**

1. May 2009 - July 2011, Special Assistant to Commander U.S. European Command and Supreme Allied Commander Europe; Supreme Headquarters Allied Powers Europe, Belgium, as a colonel and brigadier general

**MAJOR AWARDS AND DECORATIONS**

Defense Superior Service Medal  
 Legion of Merit  
 Bronze Star Medal  
 Air Force Meritorious Service Medal with silver oak leaf cluster  
 Air Force Commendation Medal  
 Joint Meritorious Unit Award  
 Air Force Outstanding Unit Award with three oak leaf clusters  
 Air Force Organizational Excellence Award with oak leaf cluster  
 National Defense Service Medal with bronze star  
 Global War on Terrorism Expeditionary Medal  
 Global War on Terrorism Service Medal  
 Nuclear Deterrence Operations Service Medal

**EFFECTIVE DATES OF PROMOTION**

Second Lieutenant May 10, 1987

First Lieutenant May 10, 1989

Captain May 10, 1991

Major September 1, 1997

Lieutenant Colonel May 1, 2000

Colonel Aug. 1, 2004

Brigadier General April 1, 2011

Major General June 5, 2015

(Current as of October 2016)

**Introduction**

The United States now faces a more competitive and dangerous international security environment than we have seen in generations. Great power competition has reemerged as the central challenge to U.S. prosperity and security. As our Fiscal Year 2019 Posture Statement states, “with global trends and intensifying pressure from major challengers, our relative advantage in air and space is eroding in a number of critical areas.” The Air Force requires the right size and mix of capabilities to compete, deter, and win in this environment, which includes the necessary infrastructure and facilities support.

As we prepared this budget request, the Air Force deliberately evaluated both today’s needs and the capabilities demanded by anticipated future threats. The result is a budget aligned with the National Security Strategy and the National Defense Strategy to restore readiness, drive modernization, and prepare the Air Force to win any fight at any time. Our advantage in air and space is eroding in a number of critical areas. This budget request provides for a lethal and ready force to compete and win as we return to an era of Great Power Competition. Air and space power is indispensable to every joint force operation. The Air Force’s first responsibility is to integrate air and space capabilities across the domains—delivering unmatched global advantage as an equal member of the joint team. Ready and resilient installations remain vital to the Air Force’s ability to generate air, space, and cyber effects from a network of globally positioned bases. As such, the Air Force manages a difficult balance between installation readiness, capability, and capacity with the need to maintain and field a credible and affordable force today and into the future. We continue to tip the investment scales toward operational capability and readiness while taking risk in installations.

**Installations**

Air Force installations serve as the backbone for Air Force enduring core missions delivering air, space, and cyberspace capabilities—underpinning success and serving as critical enablers of Air Force readiness. These force projection platforms send a strategic message to allies and adversaries alike; they foster partnership-building by stationing Airmen side-by-side with our coalition partners and enable worldwide accessibility to assist international partners or to repel aggression, if necessary. Unfortunately, years of continuous combat, a constrained and

uncertain fiscal environment, coupled with an increasingly complex security environment, have taken their toll on Air Force infrastructure and facilities.

The total Air Force Fiscal Year 2019 facilities budget request is \$8.75 billion including military construction (MILCON), facility sustainment, restoration, modernization (FSRM), Housing, and legacy BRAC cleanup and Environmental Programs. The Fiscal Year 2019 President's Budget request builds on the progress made in 2018 to restore the readiness of the force and, in alignment with the National Defense Strategy, prioritizes long-term competition with China and Russia, continues to resource readiness, people, nuclear deterrence and modernization while increasing our investments in space, multi-domain command and control, air superiority, light attack and science and technology. As a result, the Air Force facilities budget must continue to support many critical requirements, while maintaining or modernizing current requirements.

In order to stretch our facility and infrastructure funding, the Air Force has employed an asset management framework to shape our MILCON and FSRM investment strategies. This framework leverages actual asset condition data, collected by engineers and craftsman in the field and processed through lifecycle analysis software to identify the right scope and time and level of investment to sustain our assets at the lowest possible lifecycle cost. Working with mission owners, we also evaluate the *direct impact* of every facility on operational employment of Air Force air, space, and cyber capabilities. For example, the Tanker Airlift Control Center at Scott Air Force Base has a greater *direct* mission impact than other mission support facilities such as the base library or comptroller's office. This data driven approach, backed by innovative analytics, and technical experts ensure we invest in the right mission critical facilities, at the right time, at the right scope.

The Air Force's Fiscal Year 2019 request includes \$1.78 billion in military construction requirements, a 9.5 percent decrease from the Fiscal Year 2018 budget request. While the Air Force was able to address some of our most critical infrastructure recapitalization needs in Fiscal Year 2017 and 2018, the Fiscal Year 2019 budget prioritizes weapons system beddowns and combatant command support. These projects, which include critical fifth generation fighter capability in Europe and the Pacific, directly enhance lethality and enable joint readiness to maintain the global posture demanded by today's complex security environment.

To assure continued focus on taking care of our Airmen and their families, the Fiscal Year 2019 President's Budget also requests \$395 million for Military Family Housing operations and maintenance and construction.

### **Military Construction**

The requested Fiscal Year 2019 MILCON program prioritizes efforts in four primary categories: Combatant Commander support, facilities and supporting infrastructure necessary to beddown new weapons systems, investing in cost-effective modernization of research, development, test and evaluation facilities and, with a significantly smaller investment, in recapitalizing our existing mission critical facilities.

#### *Combatant Command Support*

This year's President's Budget request includes \$219 million for Combatant Commander requirements. Of this request, \$70 million is for U.S. Central Command (USCENTCOM), \$69 million for U.S. Pacific Command (USPACOM), \$76 million for U.S. Strategic Command (USSTRATCOM), and \$15 million for U.S. Northern Command (USNORTHCOM). These investments represent the Air Force's most direct support to Combatant Commander Requirements while preparing for future investments across the Future Year Defense Plan (FYDP) ensuring the United States is positioned to project power and support efforts to protect American interests across the globe, including the Air Force's continued priority on Asia Pacific and the European theater.

#### *New Mission Infrastructure*

The Fiscal Year 2019 President's Budget request includes \$887 million of infrastructure investments to support Air Force modernization programs including bedding down the F-35A, KC-46A, and Presidential Aircraft Recapitalization weapons systems. The Air Force's ability to fully operationalize these new aircraft depends not only on acquisition of the aircraft themselves, but also on the construction of the aircraft's accompanying hangars, maintenance facilities, training facilities, airfields and fuel infrastructure.

This budget includes \$178 million for the beddown of the KC-46A, consisting of \$166 million at Altus AFB, Oklahoma, the Formal Training Unit (FTU), and \$12 million at Travis AFB, California, for two depot maintenance hangers.

The Air Force also continues to invest heavily in the beddown of the F-35A, ensuring we are adequately postured to compete and win in today's strategic environment. The Fiscal Year 2019 request includes \$315 million for F-35A facilities at four locations consisting of \$40 million at Luke AFB, Arizona, \$62.9 million at Eglin AFB, Florida, \$63.8 million at Eielson AFB, Alaska; and \$148.3 million at Royal Air Force (RAF) Lakenheath, United Kingdom.

In preparation for the Presidential Aircraft Recapitalization acquisition, the Air Force's 2019 budget requests \$191 million for the necessary hangar and maintenance space as well as functions displaced by the new construction at Joint Base Andrews, Maryland.

#### *Research, Development, Test & Evaluation Infrastructure*

Our ability to innovate and maintain a technological edge on our adversaries depends on necessary Research, Development, Test and Evaluation infrastructure. In the Fiscal Year 2019 President's Budget, the Air Force dedicates \$225 million to construct new, state-of-the art laboratory space at the Massachusetts Institute of Technology's Lincoln Laboratory – a Federally Funded research and development center that is focused on solving problems with direct national security implications. Additionally, the Air Force has begun to leverage new authorities to meet our current and future research, development, and test range needs. For example, our budget requests authorization of a Cyber Test facility at Eglin Air Force Base, Florida, and two other projects to establish a Joint Simulation Environment capability, one at Edward Air Force Base and one at Nellis Air Force Base.

#### *Existing Mission Infrastructure Recapitalization*

This year's President's Budget request also includes \$101 million directed to the Air National Guard and the Air Force Reserve's most critical recapitalization projects. Outside of lab infrastructure, the Active Duty includes a request for \$25 million in additional funds to award a Basic Military Training (BMT) dormitory project, essential to the Air Force's sustained efforts to replace outdated and inefficient Vietnam War-era buildings and continue to producing the high caliber Airmen necessary to operate in the highly-contested warfighting environment.

In total, our Fiscal Year 2019 request represents a strategic balance for capability and capacity, ensuring we are best postured to field a ready force today while concurrently modernizing for the challenges of tomorrow.

**European Deterrence Initiative (EDI)**

The Air Force remains committed to the Department's efforts begun in 2015 to reassure North Atlantic Treaty Organization Allies and European partners of the United States' commitment to their security and territorial integrity. Our Fiscal Year 2019 European Deterrence Initiative (EDI) MILCON program shifts our focus from reassurance to deterrence and includes five projects spread across four countries to enhance bilateral and multilateral military exercises and training on land, in the air, and at sea while sustaining a military posture reflecting the acknowledgement of long-term competition with Russia. Thus, our Fiscal Year 2019 EDI MILCON program enables the Air Force to set theater conditions that provide greater capability for the United States and allies to rapidly respond to all threats. The \$346 million, including \$48 million for Planning and Design, requested in MILCON Overseas Contingency Operations investment is focused on continuing the USEUCOM Commander's efforts to enhance prepositioning options for airfields, and weapons and equipment storage areas in Germany, Norway, the United Kingdom, and Slovakia.

The Fiscal Year 2019 overseas contingency operations funding request is limited to projects directly supporting the European Deterrence Initiative. Projects supporting operations in the Central Command theater are included in our base budget request.

**Facility Sustainment, Restoration, and Modernization**

In Fiscal Year 2019, the Air Force requests \$3.4 billion for Facilities Sustainment, Restoration, and Modernization, approximately 11 percent more than last year's request. This request funds Facility Sustainment at 80 percent of the Department of Defense sustainment model, approximately 7 percent over the previous year, while Restoration and Modernization is approximately 61 percent lower than Fiscal Year 2018 levels. The Air Force recognizes a deferred maintenance backlog of \$33 billion. The Air Force is leveraging FSRM to protect

readiness and maintain credible capabilities in other core missions and increasing FSRM from FY19 levels across the remainder of the FYDP.

### **Housing**

It is imperative we get housing right. Occasionally lost in our necessary focus on readiness and lethality is the potential negative effects on recruiting and retention of Airmen and their families should we allow degradation in the Quality of Life facilities that support our Airmen and families.

The Air Force recruits Airmen that provide combat capabilities across multiple domains but we retain the families. Regardless of the location, the mission, or the weapon system, our Airmen provide the innovation, knowledge, skill, and determination to fly, fight, and win. The Air Force strives to provide quality housing on our installations to fill the shortfall of available housing in the local communities. Adequate housing is often very limited based on where our installations are located. As communities have grown up around our bases over the past decades, the number of on-base houses the Air Force is required to maintain has declined. The remaining homes in the Air Force inventory represent the Air Force's commitment to provide Airmen and their families with safe and well-maintained housing communities. For example, many of our Airmen's first homes are at remote and isolated bases.

The Air Force privatized family housing at each of its stateside installations, including Alaska and Hawaii; as such, there are 32 projects at 63 bases, with an end-state of 53,239 homes and we remain focused on long-term oversight and accountability of the sustainment, operation, and management of this portfolio.

Concurrently, the Air Force continues to manage approximately 15,000 government-owned family housing units at overseas installations. Our Fiscal Year 2019 Family Housing Operations and Maintenance funds request of \$317 million provides a program that supports daily operations, maintenance, and leasing requirements. It allows us to sustain adequate units, improve inadequate units, and correct life, health, and safety issues. Our \$78 million request for Family Housing Construction funds improves 130 single family and duplex units on Kadena Air Base in Okinawa, Japan and repairs neighborhood parking deficiencies at Royal Air Force Lakenheath, United Kingdom. It also support development of housing community profile planning documents along with planning and design associated with new construction and

construction improvement projects. Combined, these investments support the needs of Airmen and their families, as well as our sister service members and their families.

Similarly, our strategic investment strategy for dormitories will enable the Air Force to focus on sustainment of our existing inventory to meet the DoD goal of 90 percent adequate dormitory rooms for permanent party unaccompanied Airmen, while continuing to support Airmen in formal training facilities. Thus, the Fiscal Year 2019 President's Budget request includes dormitories to support F-35 beddown. With Congressional support for our Fiscal Year 2019 request, we will continue to ensure strategic investment in these quality of life areas to provide modern housing and dormitory communities, while being good stewards of taxpayer funds.

## **Conclusion**

Air Force infrastructure and facilities are key enablers of lethality and readiness across every core mission area in support of the joint team. The Fiscal Year 2019 President's Budget request reflects the hard strategic choices critical to achieving readiness and lethality in today's complex security environment. Our Fiscal Year 2019 President's Budget request includes MILCON to support Combatant Commander urgent priority needs, new weapon system beddown, investment in research, development, test and evaluation infrastructure, and recapitalization of existing mission critical facilities. We will fully leverage every dollar available for facility investment amid the many competing and higher budget priorities.

The Air Force remains committed to our Service members and their families. Privatized housing at our stateside installations and continued investment in government housing at overseas locations provides our families with modern homes and improves their quality of life now and into the future. We also maintain our responsibility to provide dormitory campuses that support the needs of our unaccompanied Service members.

Additionally, I applaud the committee for their work on achieving the two-year bipartisan budget agreement; however, we need your continued support for predictable, stable, and flexible budgets to enable the Air Force to effectively plan for resources that will enhance our readiness and lethality. For our part, we continue to carefully scrutinize every dollar we spend. Our commitment to efficiencies, a properly sized force structure, and right-sized installations will

enable us to ensure maximum returns on the Nation's investment in her Airmen, who provide our trademark, highly valued airpower capabilities for the joint team.

Mr. DENT. Thank you. And I would like to see if any of the other panelists would like to make any opening remarks for the record?

#### DOD JURISDICTION FOR A BORDER WALL

If not, then I will go right to the questions. We will start right in. And first, Mr. Niemeyer, I would like to talk about the so-called border wall. Ultimately, the border wall would be a function of the Department of Homeland Security. It would be under their bill if it were to ever be funded.

What part of the wall would be at the cost to DOD and specifically for military construction? And what authorities currently exist to enable MILCON dollars to be used to pay for the so-called wall? Are there any new authorities that would be required?

Mr. NIEMEYER. So we are in the preliminary stages of responding to the President's desire to want to do more on the border. As you know, we have already deployed forces there, consistent with what has been done in the past.

And as far as additional investments for the wall itself, we are exploring options about what potentially could be done. We are very much in the preliminary stages of that. There are authorities that do exist in law, but we understand that Congress provided those authorities for very specific instances.

And we are looking to see to what extent that they could be used, to what extent they are appropriated more importantly. Our continued desire to want to work with the committees to making sure that we are working with you on the use of those authorities.

#### COST OF DOD PORTION OF A BORDER WALL

Mr. DENT. And what do you think the cost to DOD would be in terms of MILCON? You haven't been able to determine that?

Mr. NIEMEYER. First of all, we have determined that we would be looking at a relatively small portion of the overall 1,900-mile construction. So we are really looking at the portion that runs adjacent or along the Barry Goldwater Military Range. So we are talking total of about 37 miles.

We don't have a firm estimate because there is a range of options about what we would be asked to do there. So we are still exploring that, to what degree we can do that and what ultimately it would cost. I don't have any firm estimates for you at this time.

Mr. DENT. Okay. Is it correct too that DOD can only build on DOD property?

Mr. NIEMEYER. That is the current understanding, sir.

Mr. DENT. Okay. And you said the approximate number of miles is about 37 on the Goldwater Range? That is about the extent of it then?

Mr. NIEMEYER. That is what we are looking at right now and part of that already has a barrier, so—

Mr. DENT. So the whole 2,000-mile border under MILCON, maximum you would estimate would be 37 miles?

Mr. NIEMEYER. We have not been asked to take a look at the entire portion for use of DOD dollars.

Mr. DENT. Okay, and all right. Thanks for that answer. I appreciate that.

## RHINE ORDNANCE BARRACKS ENERGY STUDY

I would like to also now move to another issue for you, Mr. Niemeyer. In fiscal year 2018 a House report for the committee we directed the Defense Health Agency to report to Congress on specific changes in Germany Energy Law that delayed the Rhine Ordnance Barracks Medical Center's replacement lifecycle cost analysis. That is a mouthful, and what effect the changes have on current facilities and construction in the region.

Could you provide us an update on the energy study and what effects, if any, the changes would have the replacement project?

Mr. NIEMEYER. So I can give you some overall response to that legislation. I think the Army can give you some specifics about what we are looking at for that particular area. We definitely understand the intent of Congress.

There is a concern that using sources that would be dependent on Russia is probably not in our best interests right now because it is subject to potentially as being disrupted. So we are looking at a dedicated preferred domestic source of fuel that will allow us to have the flexibility and the freedom without necessarily relying on foreign energy sources.

And, you know, I am not sure—General Bingham if you have anything to add to that?

General BINGHAM. Good morning, Mr. Chairman. I really can't talk to the specifics of the source for that particular hospital, but I can tell you that decision-making process is in progress. And we will look at the reliability of those energy sources.

What I can tell you as it relates to in the broader scheme of energy security and resilience, last year our Acting Secretary signed out a directive whereby all our installations would get after being able to provide for energy and water security for a period of 14 days. We are taking our threats very seriously to that end and going about it that way.

Mr. DENT. Thank you for that answer.

## BIPARTISAN BUDGET AGREEMENT INCREASE FUNDING FOR DOD

And now my final question before I yield to the ranking member. As a result of the budget deal for fiscal years 2018 and 2019, there is an increase in Department of Defense funding, as you all know. I supported that budget agreement and want the department to spend the money wisely.

I do not support any intention or idea to alter this agreement at this time. Could you provide some insight to the committee on how the department plans on spending the increase in military construction dollars?

Mr. NIEMEYER. For?

Mr. DENT. For 2019.

Mr. NIEMEYER. For 2019?

Mr. DENT. Yes.

Mr. NIEMEYER. Mainly looking at our National Defense Strategy and seeing where we have additional requirements that could be funded. It runs the gamut from operational facilities. We are looking at some additional projects overseas for 2019 that we added to

our budget. But as far as significant cuts it is about a \$700 million total that we were able to add to our overall requests.

Mr. DENT. Thank you.

And at this time I recognize the ranking member for her questions.

#### HIGH VALUE DETENTION FACILITY AT GTMO

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman.

Mr. Secretary, I mentioned in my opening remarks my concern about the Administration's proposed fiscal year 2019 \$69 million expenditure for a high value detention facility at GTMO. That facility would be built for 41 people at best. Due to potential transfers that have been reported in the press, that number could drop.

But even with the 41 detainees, it would cost \$1.7 million per detainee for this facility. It is a facility that wouldn't even be finished until 2022.

Given that in my opening remarks and in our conversation in my office, we have both acknowledged that there are very high priorities, many of which the chairman and I have seen; whether it is in Puerto Rico, in Florida, across the country, across the world in MILCON, that I would say are a much higher priority in terms of their deterioration than the plight of providing a better facility for a maximum of 41 detainees in GTMO, a facility that should be closed.

Can you explain why we need a facility for 41 people to spend \$1.7 million—

Mr. NIEMEYER. Yes, ma'am.

Ms. WASSERMAN SCHULTZ [continuing]. Per detainee rather than making sure that we can take care of our service personnel who certainly could benefit much more from those funds?

Mr. NIEMEYER. Yes, ma'am. I mean, this is a tough situation. Our policy in Guantanamo Bay has been contentious for many years. I know there are still bad guys out there that want to kill people that have been determined by this administration we need to go ahead and detain, continue to detain at Guantanamo Bay.

That particular facility is a replacement facility and so we have realized we have some pretty poor and continuing to deteriorate existing facilities.

And for years while we were looking at the policy to close GTMO we didn't really reinvest that facility so it is in pretty bad shape right now. And we do have a responsibility if we are going to maintain a function down there that we do need to offer adequate facilities for the care of the detainees we do have. The cost is very expensive.

Ms. WASSERMAN SCHULTZ. Secretary, forgive me, but why would it be a higher priority to provide more comfortable facilities for these 41 people and not build more barracks so that we have more comfortable facilities for our soldiers, airmen, seamen and Marines?

Mr. NIEMEYER. Yes. I am not sure we are actually creating a better quality of life for them. I think there is a realization—

Ms. WASSERMAN SCHULTZ. If you are building them a brand new facility, that is a better quality of life than a deteriorating facility.

Mr. NIEMEYER. We have had 8 years where we have had no investments in there because we felt that we had a policy that we were trying to close our detention operations there.

Ms. WASSERMAN SCHULTZ. Right.

Mr. NIEMEYER. So there has been no investment. So what we are really trying to is, okay, now we have made the decision, okay. Guess what—

Ms. WASSERMAN SCHULTZ. What I am asking you is why is it a higher priority to build a facility that would provide, you know, better conditions for 41 so-called bad dudes, as the president refers to them, than for the good dudes that are serving our country and trying to keep us safe?

Mr. NIEMEYER. I think we have a responsibility to anybody that is under our care whether it be bad or good—

Ms. WASSERMAN SCHULTZ. Why do we have a higher responsibility to the bad dudes at GTMO than we do to our military service members who are protecting our country?

Mr. NIEMEYER. We balance the full range of our missions in the Department of Defense to include maintaining detention operations. And so we have priorities for our women and men in the military, but we also have a responsibility that if we are going to maintain our operation there that at least we address the life, safety, health concerns that might be getting worse for that particular facility.

Ms. WASSERMAN SCHULTZ. The President made a campaign pledge that is not really an answer. And if your answer is that we should put the needs and well-being of 41 detainees at GTMO higher than the people who serve our country, than that is really demonstrative of this Administration's backwards priorities.

But the President has also made a campaign pledge to load up GTMO with some bad dudes. Are there plans to ramp up operations at GTMO?

Mr. NIEMEYER. That I don't know. I mean it is really difficult to anticipate who you might be catching in the future, and it is beyond my understanding. I just know that we were given a military construction requirement to replace the deteriorating—

Ms. WASSERMAN SCHULTZ. It is not difficult. I mean, while we are searching—are we planning on, as we search and hunt down bad dudes, are we planning to use GTMO and ramp up operations there to add to the detainees that are there now?

Mr. NIEMEYER. I am not at a point right now where I can answer that. I just know we have a military construction request—

Ms. WASSERMAN SCHULTZ. Why?

Mr. NIEMEYER. Because it is tough to anticipate what we think we may need in the future.

Ms. WASSERMAN SCHULTZ. Well, you are building a brand new facility for 41 people at best. To me, that signals—which won't even be ready until 2022—that you are ramping up operations there. Unless, you are just being colossally fiscally irresponsible and think it is okay to spend \$1.7 million per detainee.

Mr. NIEMEYER. From our perspective it signals that we realize that we are going to have a long-term operation there and that we need to then make sure—

Ms. WASSERMAN SCHULTZ. So your answer is yes.

Mr. NIEMEYER [continuing]. That they are adequately housing—I am sorry?

Ms. WASSERMAN SCHULTZ. Your answer is yes then?

Mr. NIEMEYER. About what?

Ms. WASSERMAN SCHULTZ. About ramping up operations.

Mr. NIEMEYER. I just—no, I don't know if we are going to ramp up operations. I don't know who we might end up having in the future?

Ms. WASSERMAN SCHULTZ. What does long-term mean?

Mr. NIEMEYER. Long-term is as long as those folks we can either adjudicate their process or in some case now they have been convicted and for the long term it is a——

Ms. WASSERMAN SCHULTZ. Some of them haven't even been——

Mr. NIEMEYER [continuing]. Detention facility. That is correct. We are in the process of working that.

Ms. WASSERMAN SCHULTZ. How will this facility be used after the Joint Task Force (JTF) mission ends?

Mr. NIEMEYER. I don't know what the follow-on mission would be. It is tough for me to make that call right now. We do know that we have taken a prudent step. I mean, with the area cost factor in GTMO being so high, it is an expensive facility.

The reason why it is going to take until 2022 is if we want to accelerate it it would cost us more. So we have made some prudent decisions on trying to minimize the cost to the taxpayer while addressing the life, safety, health concerns.

#### SUSTAINMENT COSTS OF CURRENT FACILITY

Ms. WASSERMAN SCHULTZ. Lastly, since you touched on that, before I yield back, Mr. Chairman, thank you for your indulgence. Obviously, you are going to have to use operation and maintenance money to sustain the facility. What are the current sustainment costs and how much has been invested in the facility since it started to fail?

Mr. NIEMEYER. The existing facilities? I would have to get that for the record. I don't have that with me.

Ms. WASSERMAN SCHULTZ. Okay. If you could do that?

Thank you, Mr. Chairman. I yield back.

Mr. NIEMEYER. Yes, ma'am.

Mr. DENT. I would like to recognize the gentleman from West Virginia for 5 minutes. Mr. Jenkins.

#### NATIONAL GUARD TRAINING LANDS

Mr. JENKINS. Thank you, Mr. Chairman.

Welcome. It is an honor to have you all here and thank you for all you do for our men and women in uniform. Thank you for your service. I am from, as the chairman said, West Virginia and candidly, we have been ravaged over the last 8 years, the war on coal. We have got a lot of hardworking coalminers put out of work.

These are people who have gone into the bowels of the earth, done tough jobs, worked with their hands, are problem solvers. But we have also got a lot of land in West Virginia. In fact, there is a piece of property originally called Hobet Mine—it is Rock Creek now—12,000 acres, less than a drive's day from over one half of the nation's population.

And I was struck by your use of the word simulating and in your also written comments about readiness and prepare for the battles that we fight around the world. We have got steep hills. We have got flat land. We have got almost, like, desert terrain.

So my question is our National Guard in West Virginia, which we are so proud of, is already using—they are saving money on transportation, on other training cost factors.

Where is this 12,000 acres on your-all's radar screen as a possibility for investment in DOD to simulate, to train, to repair equipment? It is geographically pretty darn good, and it is a pretty special area that could be put to good use.

Mr. NIEMEYER. So Congressman, the military services take the lead and they are in the process right now of looking at what they need for additional training lands in a whole different variation of topographies around the country. The Navy is working on a significant land expansion for Naval Air Station (NAS) Fallon to what degree we could use the terrain that is unique.

I have actually been out that area. It is something that I would wanna work with the National Guard on, work with the Department of the Army and see, okay, how does that fit into an overall training regimen, particularly when General Milley is looking for variations, new ways to train his forces. So that is something we will take a look at.

I don't have specifics on it right now. I am not sure if the Army does, but go ahead.

General BINGHAM. Thank you, Congressman Jenkins. I appreciate your question because I often find myself, as a former senior commander, saying that there is absolutely nothing we do inside our gates without the full support and partnership of our community leader and state leaders outside our gates.

And so what we could do is link your team up with our Army G-3 to assess what you are proposing and get back to you on that.

Mr. JENKINS. Well, we would welcome that. And you have got a very ready and willing partner inside the gate and outside the gate. As an outside-the-gate guy, who is proud father of a son who is inside the gate, you really would have incredible support from community, from state and local government and certainly the federal representatives.

And my sense is you might find outside the gate in some states not as welcoming as you would be. We are a proud military state, probably from a per capita standpoint, one of the highest military service member state in the country.

#### READINESS CENTERS

The other area of quick attention—and thank you for your commitment to work with our office and others to see if we can't put this land to good use—and that is our readiness centers in West Virginia. We have 31 readiness centers.

I certainly, obviously, don't expect to hear at this point the commitment or the deep familiarity with those particular facilities, but we really would like to work with you about our readiness centers in West Virginia.

We have got 5,000 National Guardsmen and women and 31 readiness centers, so there is a real facility needs in our state. And we

look forward to looking with you and your budget line items. Any comments about readiness centers and the investment to making sure that those are up to the standards that we would expect?

General BINGHAM. Thank you again, Congressman. Actually, the National Guard has a transformation plan that really is the blueprint, if you will, for what we look at as we look to investment. And so our investments in those readiness centers is informed by that plan. We know that the guard has well over 1,000 readiness centers.

And when we look at sustainment dollars, restoration modernization dollars and MILCON dollars, we certainly wanna get after those that bring about readiness for your guardsmen. Currently, our guard requests in fiscal year 2019, there are five projects that total \$106 million

Mr. JENKINS. Thank you.

General BINGHAM. Thank you for your question.

Mr. JENKINS. Thank you so much. Look forward to working with you about Rock Creek, Hobet, our readiness centers, and thank you again for your service.

I yield back.

Mr. DENT. Thank you, Mr. Jenkins.

At this time, I would like to recognize the gentle lady from California, Ms. Lee, for 5 minutes.

#### ENVIRONMENTAL REMEDIATION AT CONVEYED LAND

Ms. LEE. Thank you very much.

Welcome. Thank you for your service. And just if you don't know, I am the daughter of a veteran, 25 years a military brat, stationed at Fort Bliss, Texas, born in El Paso.

And so quality of life issues for our troops and our veterans are extremely important to me. I know personally the sacrifices that are made by our servicemen and woman, and want to make sure everything that we do ensures their safety, but also that they are able to live healthy lives and continue forward with their service.

Wanted to ask you a couple of questions with regard to specifically my district in the East Bay, including Alameda Point. I think, Vice Admiral Smith, maybe you could answer this question for me. The City of Alameda took title to about 1,400 acres of land from the Navy in I believe it was 2013 and the V.A. took about 624 acres.

It has cost about \$560 million now as it relates to environmental cleanup. Still not completed, but I think the repurposing of Alameda Point with this V.A. clinic, it is a good example of what can be done. The environmental remediation efforts are still continuing.

And I wondered when you think that may be completed and what the next steps would be in terms of long-term environmental sustainability and the overall stewardship efforts of that?

Admiral SMITH. Yes, ma'am. Thank you for the question. And you articulated with the numbers, we have transferred the majority of it. We are down to about 19—new environmental issue we have got.

And as a result of that, we are now working with V.A. regulatory folks to figure out what is the right way ahead on that. Based upon

that, now we are looking at finishing transferring probably around 2022, ma'am, right now.

Ms. LEE. 2022?

Admiral SMITH. Yes, ma'am.

Ms. LEE. Why is it taking so long?

Admiral SMITH. Well, because, you know, we want to make sure that we are turning over land that has been properly decontaminated and we don't run into the problem that we did with the land we have already transferred there that we now have that problem with.

Ms. LEE. Yes.

Admiral SMITH. And so we have gotta do it right. We are not sure how to remediate it yet, so we have gotta work through with the regulatory agencies to make sure we do it the right way. And as you know, with PFOS-PFOA, we as a country have not figured out the right way to deal with that yet, so we are working through it.

[The information follows:]

The remaining environmental remediation and discovery of radium at NAS Alameda is not anticipated to impact or delay the housing projects or VA's outpatient clinic.

Ms. LEE. Okay. And let me just ask you—I want to clarify for myself. This is not going to impact the construction and the work with regard to the V.A. clinic in terms of your timeframe of the environmental cleanup.

Admiral SMITH. I am going to have to take that for the record. I don't have that specific detail.

Ms. LEE. I don't know if it is that same area or not. I will double-check.

Admiral SMITH. Yes, yes. So I owe that to you.

#### OAKLAND ARMY BASE REMEDIATION

Ms. LEE. Okay. With regard to the Oakland Army Base, I guess—Lieutenant General Bingham, good to see you.

General BINGHAM. Good to see you, too——

Ms. LEE. Yes.

General BINGHAM [continuing]. Congresswoman.

Ms. LEE. Lieutenant General.

General BINGHAM. Thank you.

Ms. LEE. That is awesome. [Laughter.]

General BINGHAM. Very humbling.

Ms. LEE. That is awesome.

General BINGHAM. Very humbling.

Mr. NIEMEYER. Hopefully general someday, huh? [Laughter.]

Ms. LEE. Wow. The Oakland Army Base remediation, what are any of the current issues that you see? I know there have been some difficulties in terms of this remediation effort. Not sure exactly what they are, but we are trying to get this done as quickly as possible.

And again, we have got a lot of work to do on that Army base and I wanna see if there are any outstanding issues that I need to know about that or that our people in the city need to know about.

General BINGHAM. Thank you, Congresswoman Lee. We are working through two remediation projects there in Oakland Army Base at this time. We are pretty much going through the schedule, I should say, as it relates to the cleanup effort. I don't see any problems at this time, certainly none to involve you. And I think those efforts are ongoing.

But if there should be a problem with that, we will come back to your office and let you know. But at this time, we don't foresee any problems. Although, we have those two remediation efforts ongoing.

Ms. LEE. Do you have any idea of when they will be complete?

General BINGHAM. I don't know. I can come back to your staff with an estimate—

Ms. LEE. I would like to get a sense of completion date.

General BINGHAM. I will be happy to come back to you with that. [The information follows:]

The Army is currently working on two remediation projects at Oakland Army Base. They are designated as Parcel 1 and Operable Unit 2.

Army is negotiating with the California Department of Toxic Substances Control on final terms for the Parcel 1 site revised Record of Decision (ROD), which will include the schedule for clean-up and property transfer. The revised schedule will be provided to your office and stakeholders upon resolution of outstanding issues and signature of the ROD. Fieldwork will be complete approximately 4 months after ROD signature.

Regarding Operable Unit 2, the Army is preparing a draft Wetland Focused Feasibility Study that will inform the appropriate cleanup remedy for the site. Required fieldwork to complete the study is delayed, pending physical access to the wetland area through railroad property owned by the Port of Oakland.

Actions at Operable Unit 2 do not affect the Parcel 1 property transfer.

The Army will continue to provide periodic updates on remediation progress at Oakland Army Base to you.

Ms. LEE. Okay. Thank you.

General BINGHAM. Thank you.

#### FORT BLISS HOSPITAL CONSTRUCTION DELAYS

Ms. LEE. And then Assistant Secretary Niemeier?

Mr. NIEMEYER. Yes, ma'am.

Ms. LEE. Yes. Good to meet you. Fort Bliss, Texas—and I am working with Congressman O'Rourke who represents El Paso and Fort Bliss on these issues. And again, as I said, I was born in El Paso, and I have a very keen interest in what is taking place at Fort Bliss.

And Congressman O'Rourke and myself, we are aware of the significant delays as it relates to the contractor who is building—the construction delays for the new Beaumont Hospital. And I am wondering just in general, seeing what has taken place in terms of the history of this construction of Beaumont, how are you looking at cost overruns now and how do we manage this moving forward?

Because it is severely over budget, this one project, I know, 'cause I have looked at it with Congressman O'Rourke. And how do we correct for that in the future?

Mr. NIEMEYER. Ma'am, that is an outstanding question and we have been spending a lot of time on that in the last 8 months as I took this position. I have been meeting with General Semonite personally on that.

This is a project that not only is behind schedule, it is significantly over cost. It really is a posterchild for us on what we need to do better in the future.

There were some management changes on the part of the both the Corps of Engineers and the contractor. So really what we had was some bad relationships going. There is no way a personal relationship should interfere a project like that, so we have made some changes. More importantly, looking forward, we are using that as an example where we can get better across the board across the Department of Defense.

And at the same time, we are also trying to work very, you know, diligently, meeting once every 2 weeks right now at the senior leadership levels to make sure that project gets back on track, we deliver that critical capability to women and men at Fort Bliss. It has been a tragic series of errors that has led to that almost a year and a half delay.

Ms. LEE. Mr. Chairman, let me just ask you, though, are there ever any penalties associated with these huge cost overruns with contractors that mess up big time like they have at Fort Bliss? Or do we just say moving forward now, that was then and this is now, and we are gonna make sure it is done correctly in the future”?

Mr. NIEMEYER. So Congress asked us to actually get the Inspector General involved, so we have a DOD I.G. investigation going on on that particular project to determine if there is any culpability or any concerns that we need to take a look at. There are damages that are applied when the contract is running late, normally they are called liquidated damages onto the contractor.

It may not be enough to change behavior right now, and I am not sure the construction contractor is solely the problem. I think we had a problem with the design and some other issues, too, with the program management.

Ms. LEE. Yes. Okay.

Mr. NIEMEYER. So the goal for us, ma’am, is to get to the bottom of this, to making sure we understand clearly what went wrong, when. If we need to hold people accountable, we will. But more importantly is to use this as—first of all, get this project back on track, but not to make these mistakes again in the future.

Ms. LEE. Okay, thank you very much. Could you just keep Congressman O’Rourke and myself—

Mr. NIEMEYER. Absolutely, ma’am.

Ms. LEE [continuing]. Informed of this?

Mr. NIEMEYER. Yes, ma’am.

Ms. LEE. Thank you, Mr. Chairman.

Mr. DENT. Let us move to Mr. Taylor from Virginia.

#### CONTRACTING MECHANISM

Mr. TAYLOR. Thank you, Mr. Chairman.

And appreciate you guys being here, appreciate your service, and please give our best to the men and women who serve under you as well and we appreciate them.

A couple things—let us see—bids. You know, you talked about bid costs and, obviously, there is a plus-up and we have a timing issue, of course. Are you guys using things like Other Transaction Authorities (OTAs) and Small Business Innovation Research

(SBIR) for contract vehicles to make sure that we are being able to spend the money and do it efficiently and effectively?

Mr. NIEMEYER. So we have been given a lot of money in a short amount of time, particularly in the O&M accounts. And I think that is something that all the Services and the Execution Agencies have taken seriously. We have about 5 months to address some of the readiness needs in our country.

We are pursuing any possible opportunity to include expedited contracting while still being able to provide a good product that addresses our warfighter needs. It is going to be a challenge, but the services are dedicated to coming up with the best projects and the best way to spend the money between now and October 31st, particularly in O&M.

Mr. TAYLOR. Are they using those——

Mr. NIEMEYER. Or October 1st.

Mr. TAYLOR [continuing]. Those contract vehicles, like OTAs and SPIRs?

Mr. NIEMEYER. That and others. I mean, we have a whole range of abilities to be able to put money towards good projects.

#### BASE CLOSURE AND REALIGNMENT

Mr. TAYLOR. Appreciate it. You spoke about 6 years asking for a BRAC and Congress saying no. I agree. I just want to be on the record that I agree with that statement. I think that we need to make some courageous decisions up here, otherwise, we are contributing to the problem, if you will.

#### RESILIENCY AND SEA LEVEL RISE

Virginia Beach and the State of Virginia have been very good about spending monies, if you will, dealing with encroachment on things like Oceana and trying to work with resiliency.

And on the subject of resiliency, of course, we have sea level rise in Virginia that does affect our bases. Have there been studies, actions, requests for money to ensure resiliency around those bases?

Mr. NIEMEYER. Yes, that is the key step here is right now is we are taking a look at what needs to be done, what has been done. We have always responded to flood conditions as part of what we have done as military engineers, why we look at preserving our military capabilities across the country. And we will continue to do that.

In the Hampton Roads area in Virginia Beach, wherever we can make good decisions about how high we raise a dry dock or how high we raise a dam, those are all engineering decisions that we make every day. And we will continue to make those as we see, you know, conditions change around the country.

Mr. TAYLOR. If I may, and specifically in the Hampton Roads area with sea level rise, not being reactionary, but are we also looking at potentially investing in the future and understanding where we are gonna be years out?

Mr. NIEMEYER. Right, so we are looking at adjustments to what our engineering forecasts are and to what degree we can start planning now, and just making prudent engineering decisions across the board and be able to make our facilities resilient to whatever may happen. You know, could be a lot of things that ultimately

could affect environmental conditions and affect our facilities. The goal is resiliency across the board.

Do you want to add?

General GREEN. Yes, sir. I would like to add, for Langley Air Force Base, which is in that same region, we have already raised the elevations of our new construction. We have already moved mechanical rooms and things like that from basements up to higher elevations.

So part of it is just, as you said, prudent planning, and I think that is being done both on the Navy side but certainly on the Air Force side. We are already altering how we do the engineering work to protect our facilities and our missions.

#### EXCESS CAPACITY AT MILITARY INSTALLATIONS

Mr. TAYLOR. Appreciate that. You know, we were talking about realignment and talking about getting monies for demo, and General, we spoke about it as well. And I have had meetings with senior military leaders, installation commanders, talking about excess infrastructure and the cost. And like I just said, I am on the record about that Congress has to also make some tough decisions on that note.

But can I just get a quick briefing from each of the services. We talked to the services in OSD and requested, you know, where they are. Can you just speak your current posture as it pertains to excess infrastructure and any plans for targeted demolition going forward?

General BINGHAM. Thank you, Congressman, I appreciate the question. Actually, we have looked at our excess infrastructure. We know we have about 170 million square feet of excess capacity. It is not all contiguous space.

So what we did in the Army, we took on an initiative we call the reduce the footprint, which we were able to consolidate our soldiers into our best facilities first, use conversion authority and then demo those facilities that were in poor and failing condition that we know we wouldn't use again.

We have really taken on our demolition budget since 2016. We have increased it significantly. And I can tell you in 2018, we have about \$100 million that is going toward demolition. In fiscal year 2019, we more than doubled that, well over \$200 million. So we are taking it seriously and we are trying to rid ourselves of that excess because we know it is costing dollars.

Mr. TAYLOR. Thank you.

Admiral SMITH. Now, Congressman, so for the Navy we estimate we have between 7 percent and 9 percent excess infrastructure right now. This year, with the increased budget proposal, for the first time in several years, we are putting a significant amount of money to demolition in the order of \$122 million.

We have currently got an integrated priority list of about \$311 million, so about a little of a third we are going after in 2019. That compares to zero dollars to demolition last year, \$8 million the year before. So much like the Army and I am sure all the services, we are going after it this year as proposed budgets gives us that opportunity to do it.

Mr. TAYLOR. Thank you.

General COGLIANESE. Congressman, thanks for the question. We talked a little bit about this yesterday. In the infrastructure reset program that was signed by the commandant, it is really a Comprehensive program and demolition is a big part of it.

We are looking to reduce footprint over the FYDP by 11 million square feet. We are investing in PB 2019 is 1.8 million square feet, about \$77 million.

And what does that give us? In the strategy itself, we want to reduce and optimize the infrastructure footprint, make facilities investments at the lowest lifecycle cost and leverage the best practices and process and align the installation management enterprise we govern. So we signed—recently the Assistant Commandant of the Marine Corps signed a governance.

And the 1.8 million square feet, what does that equate to? It is really a great return on investment because it is about \$19.4 million of cost avoidance or ability to invest in another program, you know? And so I said \$77 million for PB 2019 pretty much with a goal across the FYDP to reduce 11 million square feet just for this FYDP.

So we are going after it. The low-hanging fruit is easy right now. I mean, the demolition to go after it and as we get rid of that excess and we kind of consolidate our forces and better use of space management of our facilities it will be harder to get after that next round, but thank you for the question. I think it is a really important part of our strategy.

General GREEN. Thank you, sir. So like the others we are working on space management and how we utilize that. We don't have so many units that have stood down and so we don't have vacant buildings per se so it is about how we use the space within that.

And then as you hear the Air Force talk about excess capacity much of that is also associated with ramp space, where we have the ability to park aircraft. And so as long as we have got missions there it is about how we need to better leverage our facility space and consolidations, and you have given us some new authorities from Congress to do that better in the future.

And then we spend roughly—we have budgeted roughly about \$25 million a year, give or take, but we are usually over-executing that amount to do consolidation and demolition.

Mr. TAYLOR. Thank you, General. Thank you.

Thank you, Mr. Chairman.

Mr. DENT. Mr. Valadao.

#### NAVAL AIR STATION LEMOORE MILITARY CONSTRUCTION

Mr. VALADAO. Thank you, Mr. Chairman.

Thank you, guests, for your time today and for your service to our nation. My questions are mostly aimed at Vice Admiral Smith, but if the Assistant Secretary wants to touch in, please do.

The Navy's installation master plan for 2030 for Naval Air Station Lemoore highlights that a large portion of then—Lemoore facilities and infrastructure are original to the base, which was commissioned in 1961.

The master plan lists a series of prioritized military construction projects needed to support the Navy's vision for NAS Lemoore as the premier strike fighter master jet base. However, the master

plan separates master plan priority projects and those needed to support the arrival of the F-35C.

Given the high importance of both new mission military construction and the maintenance of existing facilities, how does the Navy plan to prioritize investments, support current missions and plan growth in personnel and families? And I would like something touched upon especially with the hospital, clinic and how our sailors have access to and their families health care there on the base?

Admiral SMITH. Yes, sir, Congressman, thank you. And thank you for that. So as you are aware, between fiscal year 2015 to 2023 we are putting in over half a billion dollars into Lemoore. The preponderance of that is for F-35. With respect to other parts, especially on the other side of the base on the quality of life side, we have put a lot into the quality of life part of that. And whether it be renovating the gym, putting in treks, the things that you have seen.

So it is a balanced approach. Yes, the preponderance is to support F-35 and the requirements that that aircraft has.

With respect to the clinic, the branch medical clinic there, so after our discussion yesterday I went and pulled some more data on that. So OB deliveries are done at a local clinic by Navy physicians. Based upon some of the concerns that were raised that you articulated yesterday, the acute care clinic hours have expanded so they now run from 7:00 in the morning until 11:00 at night.

For inpatient they are using Hanford Hospital. So I spoke to the surgeon general's office yesterday to relay the concerns that you are hearing from our sailors that are out there to make sure he understands that. And we are aware of that to continue to work for and address those concerns as best we can, sir.

#### HOSPITALS INSTEAD OF CLINICS ON INSTALLATIONS

Mr. VALADAO. Okay. Well, and the clinic used to be a hospital there on the base—

Admiral SMITH. Yes.

Mr. VALADAO [continuing]. Was something that I have heard from a lot of sailors. Every time I go out anywhere around the world and visit with our sailors or even there on the base that is the first thing they mention is they always appreciated having that hospital knowing that their family had somewhere close to home in case of an emergency for their loved ones.

#### DROUGHT CONDITIONS

The other question has a little bit to do with the drought. California has been experiencing historic drought conditions. I mean, it got a little bit better last year, but this past year we are kind of on path again.

And as you know, such conditions change the operating environment at Naval Air Station Lemoore. During dry periods, dust, ground debris and increased bird strikes exacerbate operational safety challenges for flight operations.

Additionally, drought conditions increase public health concerns for military personnel and dependents, specifically at NAS Lemoore where valley fever poses a threat. What is the current status of drought preparedness and resilience at NAS Lemoore? And are

there any additional actions that can be taken to improve operations out there?

Admiral SMITH. Yes, sir. So as you know, there are 12,000 acres out there that is ag land and to be able to farm that land water is essential. And so Lemoore is working closely with the water district out there, as you are well-aware.

This also kind of ties into what we are doing to the question we discussed yesterday with respect to the solar PV that is going out there. So that is solar PV. We are providing 930 acres for that. That will not provide any power to Lemoore. That will go into the local grid.

Mr. VALADAO. Yes.

Admiral SMITH. The delay right now is because they are trying to find a utility provider who will actually connect to the grid. So the in-kind we will get back from that is a 4.5 megawatt generator to power the critical facilities in case of a loss.

So it is a win-win for us because it does give us additional redundancy and capability from an energy needs perspective, but it also takes of that 12,000 acres it is taking almost 1,000 out of the agricultural requirement with the drainage settlement agreement and then the company that runs the PV farm is responsible for maintaining BASH requirements there.

Mr. VALADAO. All right. Well, thank you.

And Mr. Chairman, I yield back.

Mr. DENT. Mr. Fortenberry:

#### ENERGY RESILIENCE

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Thank you all for appearing before us today. I want to ask you about three areas of policy concern, two of which, or all three actually, were in the initial statement: The conservation initiatives, the issue of energy resilience, as well as what you all keep referring to as BRAC. And so we are going to have a little challenging conversation on that.

First, regarding conservation, I was pleasantly surprised to see a lengthy section in your written testimony about the DOD's initiatives in this regard. I have recently introduced a bill. It is called Recovering America's Wildlife Act.

And interesting you point out that there is a surge of potential endangered species being listed coming. And that the DOD is orienting itself to participate in preventative measures in that regard.

This is exactly what the Recovering America's Wildlife Act does. Bipartisan initiative taking some monies that come from our mineral revenues, off of federal lands and plowing it back into state wildlife management plans, which is a federal mandate. In Nebraska we work voluntarily giving landowners choice in this regard.

But the DOD as a part of your policy planning culture should really take a look at this because it could help us create the continuity of habitat with existing public lands, as you are already doing, that addressed environmental species problems. Because once that starts you are in the midst of litigation, the regulation moves to litigation it is a horrible mess.

So not many people win, not many communities win. Species don't necessarily win because it takes so long.

So this is an innovative approach to, again, trying to provide the continuity of habitat by funding existing state initiatives with federal mineral resource revenues, and so it is actually being a good steward of the revenues that we have or the resources that we have, revenue extraction back into resource recovery.

So Recovering America's Wildlife Act I would like you, again, to be aware of this and to potentially incorporate it into your policy planning culture, because it could greatly, I think, assist you in the larger goal. Our problem is we address this in small verticals rather than in a continuity.

And given the large footprint of the DOD particularly with land holdings, this could be extremely helpful.

So I am very pleased that you raised this in the testimony. So can I have some mild commitment that you will integrate this into your policy planning?

Mr. NIEMEYER. Congressman, we will definitely take a look at it. And as I said in my written statement, we are working really diligently with Department of Interior (DOI) across the board to—

Mr. FORTENBERRY. I saw that, yes.

Mr. NIEMEYER [continuing]. To see what we can do to get in front and proactively manage. We are not in any way trying to dismiss the Endangered Species Act. We think it is absolutely critical—

Mr. FORTENBERRY. Well, this is an attempt to move from, again, regulation and litigation—

Mr. NIEMEYER. Right, right.

Mr. FORTENBERRY [continuing]. To collaboration—

Mr. NIEMEYER. Yes, that is—

Mr. FORTENBERRY [continuing]. Which ends up saving all of us a huge amount of money in the long run and actually achieves the mission of the Endangered Species Act. So it is a novel approach.

Mr. NIEMEYER. Well, we are working very consistently with what you are proposing there.

Mr. FORTENBERRY. Well, we are also working with the Department of Interior in this regard, so we may be back in touch. OK?

Mr. NIEMEYER. Yes.

Mr. FORTENBERRY. Energy resilience you have a 25 percent goal of use of renewable resources by 2025. How are we coming?

Mr. NIEMEYER. Coming along.

Mr. FORTENBERRY. What is the best case story out there, the best return on investment? Do you have some case studies that are showing that could be scalable templates that could be implemented?

Mr. NIEMEYER. We are continuing to look at all sources of energy. Renewable is one source, but we are looking across the board. We definitely have a desire to want to take our goals with—

Mr. FORTENBERRY. Yes, but that is your mandate, 25 percent renewable by 2025.

Mr. NIEMEYER. Right. We are working towards that goal, but honestly we are as concerned with providing security, energy security to our most critical facilities. To what degree that goal is compatible with our overwhelming compelling urgency to making sure our critical facilities can be powered—

Mr. FORTENBERRY. Okay, do you have case studies or actually implemented processes that could be scalable across the system that meet your goal for security and energy resilience but actually is consistent with the broader mandate here?

Mr. NIEMEYER. We are working across a whole range of efforts.

Mr. FORTENBERRY. But specifics? I need examples.

Mr. NIEMEYER. Certainly, if I can ask the services——

Mr. FORTENBERRY. Examples?

Mr. NIEMEYER [continuing]. To provide specifics?

Mr. FORTENBERRY. Okay.

General COGLIANESE. Yes, sir, thanks for the question again and the support. So each installation is different because of the environments, and I will give you a good example of energy security. And we are——

Mr. FORTENBERRY. I have two military installations, Strategic Command and Offutt Air Force Base, do I get it.

General COGLIANESE. Yes, sir.

Mr. FORTENBERRY. I mean, so but just back to specifics——

General COGLIANESE. Sure.

Mr. FORTENBERRY [continuing]. That are might possibly scalable. I am sorry. I am just running out of time. I need to hurry along.

General COGLIANESE. Yes, sir. So an example is Miramar where we are taking methane off a——

Mr. FORTENBERRY. Right.

General COGLIANESE [continuing]. A wasteland——

Mr. FORTENBERRY. Good.

General COGLIANESE. It is how we are getting methane. We will be putting a microgrid in there and we will be able to——our goal is to operate off the grid.

Mr. FORTENBERRY. Okay, let me ask you this. That is great. That is very helpful. What is the process internally by which you are sharing best practices? Is there some continuity of initiatives going on or is it up to each base to sort of create its own culture in this regard?

Mr. NIEMEYER. At the Office of Secretary of Defense (OSD) level we are working very closely with the services. It is every project that comes in we are taking a look at where can we use that? Those lessons are in another——

Mr. FORTENBERRY. Okay, I may come back to this in the next round because I am running out of time, but thank you. Thank you. So we——hold the thought so let us unpack it a little bit further.

General COGLIANESE. Yes, sir.

#### BRAC NAMING

Mr. FORTENBERRY. One more comment, Mr. Chairman, if you will indulge me? Look, we keep doing this—we keep using the—it is now a word, BRAC. Does anybody remember what it means?

Yes, but it has become its own word like Xerox means copy. So we need to move past this, okay? That was somebody else's idea 25 years ago. Not the intention necessarily, but the way in which we speak about this because we are not implementing it in this way.

So I am proposing this to you all as I have proposed before previous panels for years that we move away from the term because

the term causes such indigestion. Okay? This is a new term: MISC. It stands for miscellaneous military installation savings commission. It is a much less threatening kind of prospect and it is consistent with what you all are already doing.

And if I could, maybe in the next round, and perhaps you said this earlier, I apologize because I wasn't here, but I would like to know the excess inventory across all branches. So if we could just have that in the forefront of our mind again.

But when you start saying this closes, this closes, which is, frankly, not real in the environment we are up here, rather than well, look, we have got this outbuilding here that could be sold to Lincoln Parks and Recreation and then carved out. That is a higher and better use for the community.

That is consistent with this and it is a lot less frightening and it is more politically viable than the large-scale base realignment closure commission, which again, that is just not reality.

Thank you, Mr. Chairman.

Mr. DENT. Thank you, Mr. Fortenberry.

I have an acronym I am gonna share with you a little later. [Laughter.]

Thank you.

Mr. FORTENBERRY. Stop. [Laughter.]

Mr. DENT. I would like to recognize the ranking member, Ms. Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you—

Mr. DENT. We are starting the second round of questioning.

#### DETAINEES

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman.

Just to put a bow on the end of my last series of questions, I had a chance to look up what the average cost according to the Federal Register is of incarcerating federal inmates. Fiscal year 2015 is the most recent year we have numbers for. \$31,977.65 as opposed to a \$1.7 million cost per detainee at GTMO—a colossal waste of money and an example of backward priorities.

#### BORDER WALL

Mr. Secretary, I have questions for you about the border wall. How would moving money from other priority projects, which we have already appropriated for in the omnibus bill, using existing DOD authorities to build part of the border wall, not circumvent Congress' appropriations authority, which was decided in the omnibus appropriations bill?

Mr. NIEMEYER. We don't have a lot of ability to do that. We can use bid savings, for instance, collectively. All the projects we executed we have excess money we could then, you know, identify that as a source.

We do have a very limited ability with consultation with Congress. It would require us to come over and talk to you. And if we feel we have a compelling need that we can find lower priority projects and to further execution—cancel them to further execution take those dollars and apply it to what we would have to convince you is a more compelling requirement and then have the ability to backfill those projects in the future.

Ms. WASSERMAN SCHULTZ. What type of projects would the Department not be able to execute if you choose to use that authority to execute a border wall?

Mr. NIEMEYER. Oh, I can't say we would not execute it. It would maybe be defer. It would be project that we feel we don't have a compelling need to carry out in that year.

Ms. WASSERMAN SCHULTZ. What type? What type?

Mr. NIEMEYER. Oh, gosh, I am——

Ms. WASSERMAN SCHULTZ. We need more specifics.

Mr. NIEMEYER. Oh, I couldn't tell you right now what specific project or what types of projects.

Ms. WASSERMAN SCHULTZ. Respectfully, if you already have been asked, as I know you have been, to draft potential options for how to move money to build whatever portion of the border wall you can, you do have an idea specifically of what kind of projects would not be able to be executed, would be delayed——

Mr. NIEMEYER. Yes, ma'am.

Ms. WASSERMAN SCHULTZ [continuing]. In order to——yes.

Mr. NIEMEYER. We have not been asked to get into that level of detail. All we are looking at is exploring what is even the range of congressional law or congressional authorizations, what is that range? And we haven't gotten to——

Ms. WASSERMAN SCHULTZ. Again, respectfully——

Mr. NIEMEYER [continuing]. Build the list.

Ms. WASSERMAN SCHULTZ [continuing]. If you know that 37 miles of the wall in Arizona would be built then you know what projects you would be moving the money from to be able to build that 37 miles of wall. If you know where you would be able to build it, then you know from where you would take it to build it.

Mr. NIEMEYER. We have not built a list of projects from prior years that we would defer, not cancel, and then more importantly the first thing I would want to do is look at prior year unobligated balances and apply that first. We don't have to change any priority. We don't have to effect any other MILCON project.

Ms. WASSERMAN SCHULTZ. So what plans are you drafting then?

Mr. NIEMEYER. It is more just exploring options. It is really is looking at the range of what authorities exist.

Ms. WASSERMAN SCHULTZ. So, you are exploring options without any detail at all?

Mr. NIEMEYER. At this point we have not been asked for more detail.

Ms. WASSERMAN SCHULTZ. Okay, you understand that that doesn't make any sense, right? You have to know where you are taking the money from in order to know how much you are going to have, in order to build what it is you are planning.

Mr. NIEMEYER. So we laid out for the president a range of options of which he has chosen to deploy forces to the border consistent with previous administrations.

The other options really haven't gone beyond just hey, they are out there. We have not actually been asked to take any action doing the planning.

Ms. WASSERMAN SCHULTZ. Okay. The chairman and I just had an opportunity to go down to Puerto Rico to look at the impact that

Hurricane Maria and Irma have had on the military facilities there. They are in pretty bad shape.

Mr. NIEMEYER. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. It is really not good. One of the biggest issues that you have is energy resilience. They were without power for days.

Mr. NIEMEYER. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. You really haven't mentioned Puerto Rico at all. What is it that you are doing to make sure that this key component of our defense infrastructure, which is energy resiliency is a high priority?

Mr. NIEMEYER. And as you know, PREPA, I mean there was a lot of concerns about the entire island and they are in the process right now of reassessing the entire utility infrastructure. And the Corps of Engineers has got a big part of that long-term planning and ultimately having crucial resiliency for the entire island.

Fort Buchanan had some redundant power sources. Those did survive, but it is still long term it may not be the answer. So that is part of what we are looking across the board. Where can we enhance our energy security and resilience, as opposed to other priorities?

Ms. WASSERMAN SCHULTZ. There were numerous stories that we have heard about how services are still using World War II era facilities. We saw some of those facilities. They were in bad shape to begin with and we gave them the authority in a supplemental to build beyond just the existing standard.

How many World War II era facilities are there across the entire DOD enterprise?

Mr. NIEMEYER. Yes, I don't know that off the top of my head how many older facilities we had. You know a lot them are historical so they are still being well-used.

And so I would have to go back and pull, you know, exactly the data pre-World War II, which I assume we would know that are obsolete or no longer needed is what you are looking for, right? I can take that for the record.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. I yield back.

Mr. DENT. Thank you.

Mr. Niemeyer, I was going to ask quickly about—it is a mouthful—addressing PFOS and PFOA. I won't read the acronym. And by the way, on the acronym came up with one, didn't I?

Mr. FORTENBERRY. It is quite good actually.

Mr. DENT. FORT, funding our readiness together okay—

[Laughter.]

As opposed to this. Mr.—[Laughter.]

Fortenberry, so okay, but—

Mr. FORTENBERRY. It is brilliant, Mr. Chair. [Laughter.]

Ms. WASSERMAN SCHULTZ. You guys have another side option if you quit your day job.

Mr. DENT. That took me 15 seconds—

Ms. WASSERMAN SCHULTZ. Coming up with acronyms. [Laughter.]

Mr. DENT. But addressing the PFOS and PFOA, DOD has tested all 524 DOD-owned drinking systems worldwide. Can you provide

a list of the affected installations broken out by BRAC active and reserve component and what appropriations account was responsible for funding that cleanup?

Mr. NIEMEYER. Yes, ma'am. Yes, sir, I can do that.

Mr. DENT. That would be great. And then——

Mr. NIEMEYER. I can't do it right now.

Mr. DENT. Yes, I understand. [Laughter.]

So at a later date, I understand. I didn't expect you to have that at your fingertips, but that is a very important issue to some of us and some of our communities where we have had these——

Mr. NIEMEYER. It is an issue which we are spending so much time in the department on that, Mr. Chairman, with the services coming up with the right way to respond. We would love to continue to work with EPA. I think some of that requires a federal response how we are going to address that issue.

Mr. DENT. Okay. I would like to now move—this is kind of more or less to all the witnesses before us today. The fiscal year 2019 budget request proposes a decrease of funding in every reserve and guard component construction account. The guard and reserves have pressing needs for access control points and ranges, in some locations aircraft hangars.

For example, the Air Force Reserve has two hangars and one main gate on the Air Force unfunded priority lists and Air Force Reserve has one hangar and two small arms ranges also on the unfunded priority list. Of note the Army and active reserve components have not submitted any unfunded priority lists at this moment.

How can it be expected the guard and reserve to be properly trained if you are providing them inadequate resources for their facility? Maybe I would start with the Air Force and we will go back to the Army. We will do it that way.

General GREEN. So thank you, Mr. Chairman. Thank you, Mr. Chairman. the resources provided for the guard and reserve mirror those provided to the active component. And so in this case when we talk about a reduction in funds this year it mirrors the reduction in funds that the active Air Force has.

So it has really been about prioritizing amongst all of our ranges of missions in accordance with the national defense strategy. So as we focused on readiness and lethality and modernization this year, we made choices that resulted in reduced accounts across the active guard and reserve components for facilities and infrastructure.

Mr. DENT. Could you also answer this, too? Are of the projects on the unfunded priority list for the Air Guard and Reserve requested in the future defense program or are they truly unfunded requirements?

General GREEN. Typically we have brought forward items that were already in the future years' defense program, and I would have to go back and look at each individual project, but that is how we have done that on both the active guard and reserve in the past is if we can accelerate a program or a project as appropriate that is what we choose to ask for your support in doing.

Mr. DENT. And I would like—General Bingham, would you like to add anything? Thank you.

General BINGHAM. Thank you, Chairman Dent. As you mentioned, we did not submit MILCON on the CSA's UFR list was not on it. I will tell you though that as a total Army the projects that we have in fiscal year 2019 are well-represented across both the guard, reserves as well as the active component.

And so what we do we prioritize those facilities as it relates to operational requirements, whether they be motor pools, airfields, railheads or the readiness centers in the case of the guard and reserves to make sure that we across the force have what we need.

Mr. DENT. Anybody else, either the admiral or general? Either of you want to add anything on this issue?

Admiral SMITH. So I don't have any—I mean, we are working on our Navy Operational Support Center (NOSCs) and we have got consolidation projects we are trying to bring in the fence line. There are no specific MILCONs this year for the NOSCs.

Mr. DENT. Okay.

General.

General COGLIANESE. Chairman, I know just on sustainment we have increased from 2018 to 2019 on FSRM for MARFORRES and also construction. So it is pretty steady for us and no decrease as far as I have in front of me. I can get back to you the exact numbers though, sir.

Mr. DENT. Okay. Thank you, General.

At this time I would like to recognize the gentlelady from California, Miss Lee.

Ms. LEE. Thanks very much. Let me ask Secretary Niemeyer about the issue as it relates to waste, fraud and abuse in general. Now, for years I have been working with Congressman Burgess and other Republicans. We have been doing this in a bipartisan way to try to get an audit of the Pentagon.

Three years delayed now, who knows when it is gonna be complete. Several years ago it was reported in the Washington Post that maybe \$125 billion in waste, fraud and abuse. That report was somehow squashed.

Listening today to the comments with regard to the border wall, the possible \$69 million for maybe 41 or less inmates at Guantánamo, and this upcoming military parade. I mean, this is one of the reasons—I don't vote for the defense budget. I vote for our budget generally here because this is more about our troops and quality of life.

But how do you see this whole issue of waste, fraud and abuse within your jurisdiction and what can we do to make sure that we move the Pentagon along if that is something that you can do? Because this is getting to be outrageous because it is taking away from quality of life priorities for our troops.

Mr. NIEMEYER. So each of the services and and the military departments—I mean, military departments and defense agencies are dedicated and working on it right now. We have a process where we are doing internal audits. It is called FIRE is the acronym.

We are spending a lot of time and resources on trying to get to an auditable financial statement for each of the servicers that we can present to Congress. It is an effort which has been delayed. It has been going on for a while.

Our goal here is to be as transparent, as accountable for every dollar we spend. I know that is our priority right now. Secretary Mattis has made it very clear to us.

So we are committed to trying to get to auditable financial statements for each defense agency. You saw DLA have theirs released a few months ago. Other agencies will follow. Services aren't that far behind. Actually Marine Corps is doing some good work.

And so I think we are getting there. It is definitely taking longer than the American people deserve or expect. But we are making some good progress, particularly in the last 2 years on trying to get to those financial statements.

Ms. LEE. Do you have any role in this upcoming, quote, military parade that this president is presenting to the public for whatever reasons he is doing this?

Mr. NIEMEYER. No, ma'am, I do not.

Ms. LEE. You don't have any—you don't have any fiscal responsibility—

Mr. NIEMEYER. No, ma'am.

Ms. LEE [continuing]. For this parade?

Mr. NIEMEYER. No.

Ms. LEE. Okay. Let me ask you with regard to your contracting as it relates to minority, women-owned, veteran-owned businesses. I am a former small business owner, 11 years 8-A (it's a specific class) contractor. And it was really hard to break into DOD. I wanted to find out right now how your agency is doing as it relates to contracting and subcontracting with minority and women-owned and veteran-owned businesses?

Mr. NIEMEYER. So my office works within the secretary of acquisition sustainment and that is a top priority of Ms. Lord is to take a look at what can we do to break down the barriers to have innovative young businesses, small businesses come up with an adaptive acquisition framework where we can open the doors to some of these smaller businesses with their innovative ideas and come in and do business with the department of Defense?

It is difficult not just for small businesses but for all businesses to have to enter into the bureaucracy of the federal acquisition regulations and other forms and all kinds of things we impose upon our contractors.

We are diligently working not just for the bigs and the mids, but also those small businesses to what degree we can incentivize them to want to continue to do business with the department.

Ms. LEE. Okay. Not just small businesses, mind you.

Mr. NIEMEYER. No. Yes.

Ms. LEE. Do you know the distinction?

Mr. NIEMEYER. Oh, yes, ma'am, I do.

Ms. LEE [continuing]. Between minority-owned business—

Mr. NIEMEYER. Yes, ma'am.

Ms. LEE [continuing]. Women-owned businesses, veteran-owned businesses and small businesses because if you have the reporting data—if you have the data it will show, as many agencies show that the small businesses contracting and subcontracting may be a bit better than the contracting with minority-owned businesses, specifically African American-owned businesses and women-owned businesses and veteran-owned businesses.

Mr. NIEMEYER. So we track by categories making sure we meet our quotas across the board for the full range acquisition programs within DOD.

Ms. LEE. Could you submit to us the report?

Mr. NIEMEYER. Yes, ma'am.

Ms. LEE. And I would like to see, if you can, disaggregate the data based on gender and ethnicity.

Mr. NIEMEYER. Yes, ma'am.

Ms. LEE. Okay. Thank you very much.

Thank you, Mr. Chairman.

Mr. DENT. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

General, I interrupted you, so if you would like to continue your train of thought about best practices in terms of implementation of stable energy projects?

And then if someone would comment further as to how this is discussed internally in terms of sharing templates or ideas, just tell me the process. That would be helpful.

General COGLIANESE. So with the goal, and we have always had the goal. I mean, our installations are combat power, to project combat power in time of peace and support a national defense period. And that is what we are out there for.

So over the years we have done some, I think, some really good projects to force the ability to operate off the grid, whether it is pulling methane off the San Diego, whether it is co-generation plants at twentynine Palms, which we would be able to operate off the grid, whether it is Albany, Georgia, a depot, which we are basically net zero down there.

But it is about operating combat power and each installation depending, as you know, sir, whether you are in a warm hemisphere area or a desert or a mountainous area, what renewables, what type of energy resiliency, it applies more geographically than it.

We share that within the Department of Navy and then with OSD. So I think the information is out there. Now we just have to make the right investments, I think, to ensure not just the renewable energy but that microgrid ability or wheel energy around that base in order to generate combat power.

Mr. FORTENBERRY. Look, your comments are fair, that your mission is to keep us safe and you have to do that through the means that are available to you. However, because again, the footprint is so large and the investment is so big, sometimes what by thinking constructively and creatively you actually can, for the long term, enhance the ability to deliver a mission under adverse circumstances while also furthering a larger societal goal.

And you have talked about it here in terms of environmental protection, but also in terms of establishing the next phases and generations of what we need to move to anyway in terms of bridging to a more sustainable future.

So it is not putting that fundamental mission on the DOD but to the degree you can partner with it and leverage it for your own sake, but also furthering this broad societal public good is necessary. That is why I am trying to understand best practices that are out there and then the internal dynamics in which those are shared.

From my perspective, looking from the outside in, dealing primarily with, not in this capacity but in who I represent back home, we have just kicked off the initiative to try to create a working group around deeper exploration of how is geothermal possible, is wind where we are possible.

Solar has potential, but there are some complexities where I live. So can anyone address this? Yes, General?

General BINGHAM. Thank you, Vice Chairman Fortenberry, and I would like to comment on when I talked about partnerships and working outside the gates, if you will. When you talk about it, think about energy security and resilience in the state of Hawaii right now, the Army has taken on a partnership with Hawaii Electric Company for a 50-megawatt biofuel plant.

And the intent of that is in the case of a natural disaster or power interruption we are able to sustain the whole of Schofield Barracks, Wheeler Airfield, Kunia Field and one of the local hospitals for a period of 30 days. It is above the tsunami zone and we think that is a model, a partnership—

Mr. FORTENBERRY. Okay, all right, well, you now live in a state where there is public power, so sometimes it is a little easier for us to actually urge a municipal entity to partner constructively with another municipal entity and that is what we are trying to do.

But there are all types of distributed generation options that are out there, and again, they might be able to incorporate depending on circumstances, sustainable energy models.

Mr. NIEMEYER. I will also say that the Army and the Air Force actually collaborated their efforts. They took their energy offices and combined them into one. So they are taking the lessons learned every day and they are applying them.

And now we are looking at, okay, now let us bundle them at more than one installation. Let us look at our range of missions as to what we can do working with a local utility company on addressing the utility needs without just having to be in these stovepipes.

So there is a lot of that collaboration going on right now within DOD.

Mr. FORTENBERRY. Okay, good.

Yes, sir?

Admiral SMITH. Sir, I was really going to echo the same thing. So the Navy has got an office that focuses on this. They also work collaboratively and share the—

Mr. FORTENBERRY. Called the Energy Office?

Admiral SMITH. Yes sir. REPO, Renewable Energy Office that is now actually Resiliency Office, that resides in Naval Facilities Command and we have done a lot of work over the past couple years putting in projects. We have got a lot of projects going right now. And I can easily get you a list of what has been done and what is happening with specifics.

Mr. FORTENBERRY. Well, that is okay. That is just more work for you guys, because I would just ask you to keep doing this because it is important for this broader reasons that we just discussed here.

But again, I don't know if it is a mandate or a strong suggestion, somewhere embedded in law, but by 2025, 25 percent now. I hear what you are saying about geographic diversity and it has got to

be consistent with the fundamental mission. I get that, but I think it can be.

So we are pushing on this back home as well just to let you all know, so I may have officials at the installations that I work directly would come directly. Would that be all right, Mr. Secretary?

Mr. NIEMEYER. Absolutely.

Mr. FORTENBERRY. Secondly, back to the Military Installation Savings Commission, what is just a quick summary of your excess inventory across the branches?

General GREEN. So we will go from my end. The last reported savings that we had was roughly 30 percent or excess. The majority of that, as I alluded to earlier, is really built upon ramps. And so we are right now working toward getting our arms better around facilities. So people normally associate facilities and excess facilities, and I don't have a good figure to give you.

Mr. FORTENBERRY. What do you mean on ramps? Runway?

General GREEN. So bases, so when we talk about ramps is where we park out aircraft and so if you have reduced the number of aircraft in a wing over time or reduced the number of squadrons, then we have excess parking spaces.

Mr. FORTENBERRY. So that is a little bit harder to deal with. I think the sort of things that we are talking about what we spun off or sold—

General GREEN. Yes sir.

Mr. FORTENBERRY [continuing]. Or integrated in the community in a constructive manner so you are not disrupting community lives.

General GREEN. Yes sir, so what you are looking for I don't have at hand right now to tell you. We will come back and get you the best answer we can.

Mr. FORTENBERRY. So that 30 percent figure includes these—

General GREEN [continuing]. Excess ramps, yes sir.

Mr. FORTENBERRY. Well, these large infrastructure that in all likelihood doesn't have a repurposed use for some type of community need.

General GREEN. Yes, sir, that is correct.

General COGLIANESE. Sir so, we know right now what we have is—just in Q3 and Q4, 17 percent or is in the facility or Q3 to Q4 conditions. The Q4 we would say we need to demo now.

So there are about 733 buildings that we know we can get rid of now. But part of the infrastructure reset is recapitalization is as important or more important sometimes than MILCON, taking that money from the MILCON, as opposed to new platform from the MILCON.

So as we are doing our basic facility requirements, so what is the infantry battalion rate space-wise? And that is where we are coming up. This is where you rate and this is what you should have.

And if you are a typical Marine and if you get a facility you will expand that facility. You will use it for martial arts. You will use it for storage of equipment and things like that. So we are coming up with standards.

We actually have them now, and we are consolidating Marines, moving Marines from barracks into, you know, consolidating.

Maybe they were spread out in two barracks and put them in one to get the occupancy rate.

And as we do then then we can recapitalize that building for another purpose or if it is not in good condition to demo it. So right now we know low-hanging fruit, there are, like, 733 Q4 buildings.

Mr. FORTENBERRY. So I think this question of excess inventory perhaps is too broad. There are a lot of subsets of this. As you are talking about that kind of infrastructure really transitioning into something else, minimal likelihood, so it has lessening and lessening value.

You are talking about a consolidation of assets that you already have versus in my mind I am thinking of, again, going back to BRAC where you are actually spinning off or closing certain things.

But rather than looking at it through that lens, how do you actually integrate those into some other community use. So I think that we need some subsets of what excess inventory means. I think that is—

Mr. NIEMEYER. And Congressman, also it is not just the savings. It is military value. The biggest part of the BRAC process—

Mr. FORTENBERRY. Well, that is savings—

Mr. NIEMEYER. But what I am getting at is—

Mr. FORTENBERRY [continuing]. In that sense.

Mr. NIEMEYER [continuing]. We have to assess what future value would those facilities be to future missions? So we are having to do that level of complexity, too.

Mr. FORTENBERRY. Okay, but one more moment, Mr. Chairman, if you would? But the general suggests, I guess we have heard for many years, particularly from the Air Force, is you have got 30 percent excess inventory.

Well, what that implies is that you have got wasted space sitting out there. We are just paying electrical utility bills or it is not meeting its highest and best use in terms of community repurposing.

But it is not exactly right. That is what I am trying to get to. What is the percent of assets that could be sold off, reintegrated into or repurposed into another community use or repurposed as you are suggesting into a higher value for the military itself.

Mr. NIEMEYER. So we have been working on that. Congress has given us authorities over 15 years to take an unutilized or sub-optimized piece of property or a building and go ahead and spin it off. Go ahead and lease it, give to somebody else, get it off our inventory.

We have been working at that. We have been working at demolition. So we have been exploring those other ways to reduce that number of excess facilities. We are getting to the point where all the low-hanging fruit is done. Now, we have got to get to a bigger process here that allows us to think like holistically at the enterprise.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Mr. DENT. Sounds like you are advocating for a BRAC in this—or a FORT, a MISC? Okay, so with that—

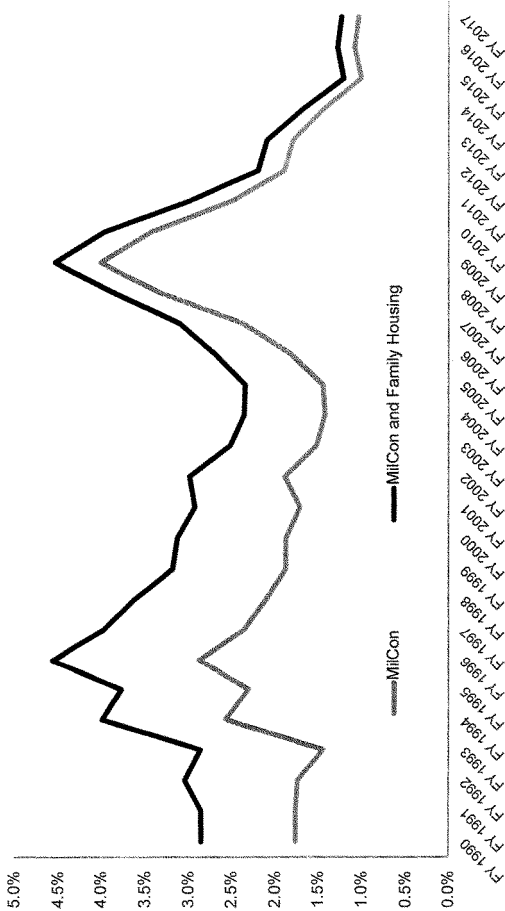
Mr. FORTENBERRY. A MISC.

Mr. DENT. So I would like to, at this time, recognize the ranking member for any closing comments she might have.

Ms. WASSERMAN SCHULTZ. No closing comments, just a motion to include this graph, which indicates MILCONs as a percent of total DOD appropriation for the record.

[The information follows:]

# MilCon as a Percent of Total DoD Appropriation



- Since 1990, the percent of MilCon/Family Housing to the Department's total budget authority ranged from 1.2% to 4.5%.
- Specific initiatives, like OCO, BRAC, Grow the Force, and global defense posture, account for the fluctuations

Hearing Number: HVAC-01-2018

Hearing Date: April 12, 2018

Committee: House Appropriations Committee

Sub-committee: Military Construction, Veterans Affairs, and Related Agencies

**QFR Title:** Gas Line Proposals

**Requestors:** Rep David G. Valadao

**Witness:** Coglianese, Vincent A.

**QFR ID:** HVAC-01-001 QFR

**Question Number:** 1

**Question:** In response to San Bruno pipeline rupture in 2010, California enacted a new law directing utilities to submit pipeline safety plans to either test or replace their natural gas pipelines. As such, there's a pipeline proposal before the California Public Utilities Commission (CPUC) to replace a 70 year old natural gas pipeline in southern California with a modern, state-of -the-art, natural gas pipeline. The line will help ensure gas reliability to southern California, which is home to the largest concentration of military installations in the country. The CPUC has suggested bringing in natural gas from Mexico as an alternative to this proposed new project. Are you concerned about our military installations relying on Mexico for their gas supply? Doesn't this raise energy security concerns?

**Answer:** Energy security is an important priority for the Marine Corps. To this end, we're reducing our energy consumption and partnering with industry to make our installations both energy efficient and energy independent. At the same time, we're looking for and developing opportunities to increase energy security and ensure energy resiliency for our installations in order to drive down our need for off-base sources of energy. For natural gas powered electricity generating plants supplying power in Southern California, we look to the California Public Utilities Commission and the California Energy Commission as the subject matter experts regarding the security, resilience, and reliability of that energy supply. With regards to the Marine Corps' on-base consumption of natural gas, we rely on local utilities like SDG&E to make security and market assessments as the Marine Corps' primary source for natural gas in the Southern California region. Supporting references to position: California Energy Commission Mission Statement: "As the state's primary energy policy and planning agency, the California Energy Commission is committed to reducing energy costs and environmental impacts of energy use - such as greenhouse gas emissions - while ensuring a safe, resilient, and reliable supply of energy." CPUC Mission Statement: "The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services."

**QFR Title:** Gas Line Proposals

**Requestors:** Rep David G. Valadao

**Witness:** Niemeyer, Lucian

**QFR ID:** HVAC-01-001 QFR

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**Question:** In response to San Bruno pipeline rupture in 2010, California enacted a new law directing utilities to submit pipeline safety plans to either test or replace their natural gas pipelines. As such, there's a pipeline proposal before the California Public Utilities Commission (CPUC) to replace a 70 year old natural gas pipeline in southern California with a modern, state-of -the-art, natural gas pipeline. The line will help ensure gas reliability to southern California, which is home to the largest concentration of military installations in the country. The CPUC has suggested bringing in natural gas from Mexico as an alternative to this proposed new project. Are you concerned about our military installations relying on Mexico for their gas supply? Doesn't this raise energy security concerns?

**Answer:** Mexico is a trusted trade partner under the Trade Agreements Act and North American Free Trade Agreement, and while DoD generally favors domestic sources because the infrastructure is entirely within the jurisdiction and protection of the United States, DoD does not have energy security concerns with use of Mexican natural gas. While DoD installations rely on local utilities for primary electricity and natural gas supply, the Department focuses heavily on continuity of critical mission regardless of the state of external supply. These local utilities have independent authorization and regulations surrounding their wholesale purchase of electricity and natural gas, and risk always exists for energy delivery to installations. In regard to energy security as a whole, any actions that increase the complexity or risk of the supply chain could have a negative impact on energy security for our military installations, irrespective of international boundaries. Factors to consider in the risk of a fuel supply chain include quality, sufficiency of supply and other usage nodes between extraction and point of use. However, the Department's focus on energy resilient solutions inside the fence line ensures that critical missions have secure and reliable power during disruption of the primary power.

**QFR Title:** Alameda Point

**Requestors:** Rep Barbara Lee

**Witness:** Smith, Dixon R

**QFR ID:** HVAC-01-002 QFR

**Question Number:** 2

**Question:** I understand the Navy has recently discovered Radium-226 at Alameda Point where a former naval air station was based. a. Can you please discuss the Navy's next steps as it relates to its environmental remediation in Alameda Point? Please provide a detailed work plan and when the work is expected to be completed. b. Will this impact the timelines for the housing projects and VA outpatient clinic set to be built at this site?

**Answer:** a. Environmental remediation at the former Naval Air Station Alameda, CA continues to make progress. To date, the Navy has transferred more than 2,550 acres and the remaining 256 acres will be transferred between now and 2022. There are three remaining environmental sites (Site 01, Site OU2C Industrial Waste Line, and Site 32) at Alameda and the Navy is working closely with regulatory agencies and the local community to ensure the safe and proper transfer of the remediated sites upon completion of the cleanup. The additional discovery of radium does not impact the remediation timeline. Beyond the transfers, the Navy will continue long-term monitoring of these sites. Work plans follow: • Site 01 - Excavation/consolidation of waste, installation of a waste isolation bulkhead, and a 3-foot soil cover have been completed and vegetation planted across the site. A draft Remedial Action Completion Report will be submitted to the regulatory agencies in 2018. Site 01 is scheduled for transfer to the City of Alameda in 2022. • Site OU2C/Industrial Waste Line - Portions of a former underground waste line will be removed. Remedial design is underway with fieldwork to start in 2019. Groundwater remediation is underway at OU2C with an Interim-Remedial Action Completion Report planned for 2021. Site OU2C is scheduled for transfer to the City of Alameda in 2022. • Site 32 - A Proposed Plan for the future remedy of this site was issued in April 2018. The Record of Decision is scheduled for late 2018 with construction of a 3-foot thick soil cover and compensatory wetlands mitigation planned for mid-2018 through early 2020. A Remedial Action Completion Report is scheduled to be submitted to the regulatory agencies in fall 2020. Site 32 is scheduled for transfer to the City of Alameda in 2022. b. The remaining environmental remediation and discovery of radium at NAS Alameda is not anticipated to impact or delay the housing projects or VA's outpatient clinic.

**QFR Title:** Oakland Army Base Remediation Project

**Requestors:** Rep Barbara Lee

**Witness:** Bingham, Gwen

**QFR ID:** HVAC-01-003 QFR

**Question Number:** 3

**Question:** Please provide an update on the Oakland Army Base Remediation Project. We understand that there might have been a delay recently due to local "informal dispute." a. Can you please discuss the Army's next steps as it relates to its recent issue? b. Please provide a detailed work plan and when the work is expected to be completed.

**Answer:** The Army withdrew the Record of Decision (ROD) submission on 8 December 2017, terminating the dispute. The Army is having discussions with California Department of Toxic Substances Control (DTSC) to identify their concerns and will revise the ROD to address these concerns. The schedule will be updated when the ROD is final. The East Bay Regional Park District already has a Lease in Furtherance of Conveyance from the Army that expires 14 June 2023. East Bay Regional Park officials are aware of the current schedule shown below. Current Schedule: 06/27/18: Army/DTSC ROD concurrence/signatures 07/11/18: Draft Remedial Design/ Remedial Action (RD/RA) document to DTSC 09/27/18: Army/DTSC RD/RA concurrence 09/27/18: Begin Parcel 1 Remedial Actions 01/04/19: Remedial action complete/demobilize from Parcel 1 05/30/19: Finding of Suitability to Transfer (FOST) complete 05/31/19: Army letter assigning property to National Park Service for conveyance to East Bay Regional Park.

**QFR Title:** Overrun Costs

**Requestors:** Rep Barbara Lee

**Witness:** Niemeyer, Lucian

**QFR ID:** HVAC-01-004 QFR

**Question Number:** 4

**Question:** Does the Department of Defense currently track contractors who frequently overrun costs on projects? Does DoD have a mechanism to systematically prevent these contractors from receiving future awards?

**Answer:** The Department's Construction Agents (Naval Facilities Engineering Command and U.S. Army Corps of Engineers) assess contractor requests for compensation for additional costs they may incur. If the requests are determined to have merit, they may be compensated. For those requests without merit, there is no compensation. The Federal Acquisition Regulation (FAR) Part 42 identifies requirements for documenting contractor performance evaluations for systems, non-systems, architect-engineer, and construction acquisitions. DoD captures contractor performance in the Contractor Performance Assessment Reporting System (CPARS). If a contractor is determined to have practice of providing unreasonable cost estimates outside the norms of the industry, or is unreasonable in resolution, that will be reflected in the CPARS rating, and the rating may be a factor of consideration in future contract awards. However, the standard to actually debar a contractor from future awards requires egregious and fraudulent behavior, which DoD rarely experience.

**QFR Title:** Minority and Women-Owned Businesses

**Requestors:** Rep Barbara Lee

**Witness:** Niemeyer, Lucian

**QFR ID:** HVAC-01-005 QFR

**Question Number:** 5

**Question:** Please provide a breakdown of how much contracting (prime and sub) dollars went to minority and women-owned businesses by race and gender in FY16, FY17 and FY18. Please also provide a breakdown for the following categories: small business; small disadvantaged business; service-disabled veteran owned; and HUB Zone.

**Answer:** The Department will provide an updated status on minority and women-owned business to the Committee no later than 1 June 2018.

**IFR Title:** Environmental Remediation at NAS Alameda, CA

**Requestors:**

**Witness:** Smith, Dixon R

**IFR ID:** HVAC-01-001 IFR

**Insert #:** 1

**Insert:** Is the remaining environmental remediation at NAS Alameda, CA going to impact the construction of the Department of Veterans Affairs (VA) clinic in terms of your timeframe of the environmental cleanup?

**Answer:** The remaining environmental remediation and discovery of radium at NAS Alameda is not anticipated to impact or delay the housing projects or VA's outpatient clinic.

Mr. DENT. Without objection. I have other questions that I will ask, but not today. I will submit them to you and then you can then send them back to us with responses on the official record.

So with that, thank you all for being here and this committee meeting is adjourned.

[Questions for the Record submitted by Congressman Valadao for Major General Vincent A. Coglianesse follows:]

**Question:** In response to San Bruno pipeline rupture in 2010, California enacted a new law directing utilities to submit pipeline safety plans to either test or replace their natural gas pipelines. As such, there's a pipeline proposal before the California Public Utilities Commission (CPUC) to replace a 70 year old natural gas pipeline in southern California with a modern, state-of-the-art, natural gas pipeline. The line will help ensure gas reliability to southern California, which is home to the largest concentration of military installations in the country. The CPUC has suggested bringing in natural gas from Mexico as an alternative to this proposed new project. Are you concerned about our military installations relying on Mexico for their gas supply? Doesn't this raise energy security concerns?

**Answer:** Energy security is an important priority for the Marine Corps. To this end, we're reducing our energy consumption and partnering with industry to make our installations both energy efficient and energy independent. At the same time, we're looking for and developing opportunities to increase energy security and ensure energy resiliency for our installations in order to drive down our need for off-base sources of energy. For natural gas powered electricity generating plants supplying power in Southern California, we look to the California Public Utilities Commission and the California Energy Commission as the subject matter experts regarding the security, resilience, and reliability of that energy supply. With regards to the Marine Corps' on-base consumption of natural gas, we rely on local utilities like SDG&E to make security and market assessments as the Marine Corps' primary source for natural gas in the Southern California region. Supporting references to position: California Energy Commission Mission Statement: "As the state's primary energy policy and planning agency, the California Energy Commission is committed to reducing energy costs and environmental impacts of energy use - such as greenhouse gas emissions - while ensuring a safe, resilient, and reliable supply of energy." CPUC Mission Statement: "The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services."

[Questions for the Record submitted by Congressman Valadao for The Honorable Lucian Niemeyer follows:]

**Question:** In response to San Bruno pipeline rupture in 2010, California enacted a new law directing utilities to submit pipeline safety plans to either test or replace their natural gas pipelines. As such, there's a pipeline proposal before the California Public Utilities Commission (CPUC) to replace a 70 year old natural gas pipeline in southern California with a modern, state-of-the-art, natural gas pipeline. The line will help ensure gas reliability to southern California, which is home to the largest concentration of military installations in the country. The CPUC has suggested bringing in natural gas from Mexico as an alternative to this proposed new project. Are you concerned about our military installations relying on Mexico for their gas supply? Doesn't this raise energy security concerns?

**Answer:** Mexico is a trusted trade partner under the Trade Agreements Act and North American Free Trade Agreement, and while DoD generally favors domestic sources because the infrastructure is entirely within the jurisdiction and protection of the United States, DoD does not have energy security concerns with use of Mexican natural gas. While DoD installations rely on local utilities for primary electricity and natural gas supply, the Department focuses heavily on continuity of critical mission regardless of the state of external supply. These local utilities have independent authorization and regulations surrounding their wholesale purchase of electricity and natural gas, and risk always exists for energy delivery to installations. In regard to energy security as a whole, any actions that increase the complexity or risk of the supply chain could have a negative impact on energy security for our military installations, irrespective of international boundaries. Factors to consider in the risk of a fuel supply chain include quality, sufficiency of supply and other usage nodes between extraction and point of use. However, the Department's focus on energy resilient solutions inside the fence line ensures that critical missions have secure and reliable power during disruption of the primary power.

[Questions for the Record submitted by Congresswoman Lee for Vice Admiral Dixon R. Smith follows:]

**Question:** I understand the Navy has recently discovered Radium-226 at Alameda Point where a former naval air station was based. a. Can you please discuss the Navy's next steps as it relates to its environmental remediation in Alameda Point? Please provide a detailed work plan and when the work is expected to be completed. b. Will this impact the timelines for the housing projects and VA outpatient clinic set to be built at this site?

**Answer:** a. Environmental remediation at the former Naval Air Station Alameda, CA continues to make progress. To date, the Navy has transferred more than 2,550 acres and the remaining 256 acres will be transferred between now and 2022. There are three remaining environmental sites (Site 01, Site OU2C Industrial Waste Line, and Site 32) at Alameda and the Navy is working closely with regulatory agencies and the local community to ensure the safe and proper transfer of the remediated sites upon completion of the cleanup. The additional discovery of radium does not impact the remediation timeline. Beyond the transfers, the Navy will continue long-term monitoring of these sites. Work plans follow: • Site 01 - Excavation/consolidation of waste, installation of a waste isolation bulkhead, and a 3-foot soil cover have been completed and vegetation planted across the site. A draft Remedial Action Completion Report will be submitted to the regulatory agencies in 2018. Site 01 is scheduled for transfer to the City of Alameda in 2022. • Site OU2C/Industrial Waste Line - Portions of a former underground waste line will be removed. Remedial design is underway with fieldwork to start in 2019. Groundwater remediation is underway at OU2C with an Interim-Remedial Action Completion Report planned for 2021. Site OU2C is scheduled for transfer to the City of Alameda in 2022. • Site 32 - A Proposed Plan for the future remedy of this site was issued in April 2018. The Record of Decision is scheduled for late 2018 with construction of a 3-foot thick soil cover and compensatory wetlands mitigation planned for mid-2018 through early 2020. A Remedial Action Completion Report is scheduled to be submitted to the regulatory agencies in fall 2020. Site 32 is scheduled for transfer to the City of Alameda in 2022. b. The remaining environmental remediation and discovery of radium at NAS Alameda is not anticipated to impact or delay the housing projects or VA's outpatient clinic.

[Questions for the Record submitted by Congresswoman Lee for Lieutenant General Gwen Bingham follows:]

**Question:** Please provide an update on the Oakland Army Base Remediation Project. We understand that there might have been a delay recently due to local “informal dispute.” a. Can you please discuss the Army’s next steps as it relates to its recent issue? b. Please provide a detailed work plan and when the work is expected to be completed.

**Answer:** The Army withdrew the Record of Decision (ROD) submission on 8 December 2017, terminating the dispute. The Army is having discussions with California Department of Toxic Substances Control (DTSC) to identify their concerns and will revise the ROD to address these concerns. The schedule will be updated when the ROD is final. The East Bay Regional Park District already has a Lease in Furtherance of Conveyance from the Army that expires 14 June 2023. East Bay Regional Park officials are aware of the current schedule shown below.  
Current Schedule: 06/27/18: Army/DTSC ROD concurrence/signatures 07/11/18: Draft Remedial Design/ Remedial Action (RD/RA) document to DTSC 09/27/18: Army/DTSC RD/RA concurrence 09/27/18: Begin Parcel 1 Remedial Actions 01/04/19: Remedial action complete/demobilize from Parcel 1 05/30/19: Finding of Suitability to Transfer (FOST) complete 05/31/19: Army letter assigning property to National Park Service for conveyance to East Bay Regional Park.

[Questions for the Record submitted by Congresswoman Lee for The Honorable Lucian Niemeyer follows:]

**Question:** Does the Department of Defense currently track contractors who frequently overrun costs on projects? Does DoD have a mechanism to systematically prevent these contractors from receiving future awards?

**Answer:** The Department's Construction Agents (Naval Facilities Engineering Command and U.S. Army Corps of Engineers) assess contractor requests for compensation for additional costs they may incur. If the requests are determined to have merit, they may be compensated. For those requests without merit, there is no compensation. The Federal Acquisition Regulation (FAR) Part 42 identifies requirements for documenting contractor performance evaluations for systems, non-systems, architect-engineer, and construction acquisitions. DoD captures contractor performance in the Contractor Performance Assessment Reporting System (CPARS). If a contractor is determined to have practice of providing unreasonable cost estimates outside the norms of the industry, or is unreasonable in resolution, that will be reflected in the CPARS rating, and the rating may be a factor of consideration in future contract awards. However, the standard to actually debar a contractor from future awards requires egregious and fraudulent behavior, which DoD rarely experience.

**Question:** Please provide a breakdown of how much contracting (prime and sub) dollars went to minority and women-owned businesses by race and gender in FY16, FY17 and FY18. Please also provide a breakdown for the following categories: small business; small disadvantaged business; service-disabled veteran owned; and HUB Zone.

**Answer:** The Department will provide an updated status on minority and women-owned business to the Committee no later than 1 June 2018.

TUESDAY, APRIL 17, 2018.

## MEMBERS' DAY

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### WITNESS

**HON. TIM WALZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA**

#### OPENING STATEMENT OF CHAIRMAN DENT

Mr. DENT. Good afternoon and I want to welcome everyone to today's Member Day hearing for MilCon, VA and Related Agencies. Chairman Frelinghuysen asked all subcommittees to hold these hearings to ensure that all members have an opportunity to provide input in the appropriations for fiscal year 2019. We are pleased that we have six members here to discuss a variety of military construction and veterans programs.

I would like to recognize my friend and Ranking Member Ms. Wasserman Schultz for any remarks she would like to make before we get into the hearing testimony.

#### OPENING STATEMENT OF RANKING MEMBER WASSERMAN SCHULTZ

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. Looking forward to hearing from our colleagues today, each of whom I am sure will provide us an important perspective, that is why being a representative body like the House of Representatives gives us a chance to really on a Member Day like this to look through their lens.

But most importantly, I think it is especially appropriate to acknowledge your announcement, your service today. You announced that you will be resigning from the House of Representatives in several weeks, and being a classmate of yours, having been elected together in the class of 2004, serving together side by side on this committee, having an opportunity to be your ranking member and to work with you, you have always been not only incredibly fair but have provided a perspective that was sorely missed and too infrequent, promoting bipartisanship, being rational, reasonable and straightforward and having the kind of integrity that your constituents deserve and that Americans deserve.

And most importantly, it has been incredible to get to know you and to call you a friend and I look forward to your last few weeks. But we know you will be gone, but never forgotten and will continue to serve this country in other ways.

Mr. DENT. Well, thank you, Congresswoman Wasserman Schultz, for those very kind words. It has been a pleasure serving with you and I remember we came into Congress together in 2004, elected

in 2004, we were there with our young families and they are a little less young now and so are we but it has just been a pleasure serving with you and, frankly, everybody on this subcommittee and the full House.

I've got to tell you, everybody is a friend here and I just want to thank you for the kind and generous words. And I know that all of you will carry on the great traditions of this institution and this subcommittee which has had a great tradition of bipartisan cooperation. So, it is with mixed emotions that I am leaving. But nonetheless I thought it was just the right time and I will have more to say about it in the not too distant future, but thank you again and I appreciate it.

And so, without objection, I would just like to mention that your written statements will be entered into the record and please feel free to summarize your remarks for five minutes and I will go through the announced order.

We will first recognize our good friend from Minnesota Tim Walz with whom I went on one of my first CODELs to Iraq and Afghanistan many years ago.

#### STATEMENT OF CONGRESSMAN WALZ

Mr. WALZ. Well, thank you, Mr. Chairman. And I know you are not dead so it is not a eulogy, but I would be remiss if I didn't say it because it is well-earned. Your reputation as a man of his word, integrity, a legislator of thoughtfulness and I think a friend to so many of us and I would be remiss if it is a little selfish, we hate to see you go.

This place needs you. It needs the type of person that you are and I think many of us feel that way. And I think it shows that the people up here with the ranking member, Ms. Wasserman Schultz, also a dear friend, appreciate what you have done and of course, the vice chairman, Mr. Fortenberry.

As a subcommittee and what you have done on here, you have served veterans well. You have always been there in a bipartisan way as champions to make sure we got this right. And over the years that you served as chairman, Mr. Dent, the appropriations have continued to increase for our warriors at a time of war and that has not gone unnoticed.

So, I for one am grateful for your work. This institution will miss you. I think the American people oftentimes, they have good right to be a little bit cynical; they should know that happens here and especially with people like you in this committee is really why we came. So, thank you. Thanks for the opportunity to be here today.

Mr. DENT. Thank you. I should mention, too, that Jeff Fortenberry is also our classmate. We all came in together.

Mr. WALZ. Yes.

Mr. FORTENBERRY. With small kids.

Mr. DENT. With small kids except he had five, and all girls.

Mr. WALZ. Well, thank you, all, for having us here today. Before I get started, I would just like to ask if I could have a couple of things entered into the record. One is a letter from Representatives Brownley and Larson.

They request VA in vitro funding and adoption assistance be made a permanent program or extended at least through 2020. I

support making this program permanent so our disabled warriors have the opportunity to have families also. And then I request that a table of selected VHA accounts be entered into the record as part of my testimony.

[The information follows:]

**Congress of the United States**  
**Washington, DC 20515**

March 14, 2018

The Honorable Charlie Dent  
Chairman  
Subcommittee on Military  
Construction and Veterans Affairs  
Committee on Appropriations  
HVC-227, The Capitol  
Washington, DC 20515

The Honorable Debbie Wasserman Schultz  
Ranking Member  
Subcommittee on Military  
Construction and Veterans Affairs  
Committee on Appropriations  
1016 Longworth HOB  
Washington, DC 20515

Dear Chairman Dent and Ranking Member Wasserman Schultz:

In the Fiscal Year (FY) 2017 Military Construction, Veterans Affairs and Related Agencies Appropriations Bill, Congress took important steps to improve the scope of health care available to severely injured or ill veterans. During mark-up, the Senate Appropriations Committee overwhelmingly approved an amendment offered by Senator Murray to allow VA to use existing funds to cover adoption assistance and fertility counseling and treatment, including in vitro fertilization (IVF). Your engagement on this issue throughout the FY 2017 and FY 2018 process helped ensure IVF would be available for wounded veterans facing infertility.

As you prepare this year's bill, we urge you to build on this bipartisan success. While we continue to believe that the policy should be made permanent law, at a minimum, we respectfully request that the Committee extend the current policy through 2020. In addition, we request that the Committee increase funding in order to provide this coverage. The Independent Budget Veterans Service Organizations have requested approximately \$20 million to cover the cost of reproductive services in FY 2019.

America's women and men in uniform sacrifice greatly. If injured in the line of duty, they should not have to sacrifice their dreams of having a family. We are looking forward to working with you to improve the care available to our nation's veterans by extending the authority to provide adoption assistance, fertility counseling, and fertility treatment, including the provision of IVF.

Thank you for your consideration of this request.

Sincerely,



Rep. Rick Larsen  
Member of Congress



Rep. Julia Brownley  
Member of Congress

| SELECTED VHA ACCOUNTS (\$ in Billions) |                        |                                                 |                                      |                      |        |                          |                       |                                      |                    |                    |
|----------------------------------------|------------------------|-------------------------------------------------|--------------------------------------|----------------------|--------|--------------------------|-----------------------|--------------------------------------|--------------------|--------------------|
| FY                                     | Enrolled Veterans      | Medical Services (not including collections)    | Traditional Community Care           |                      | Choice | Emergency Choice Refills | Total Community Care  | Percentage Growth (over previous FY) | Medical Facilities | Major Construction |
|                                        |                        |                                                 | Community Care (anything not Choice) |                      |        |                          |                       |                                      |                    |                    |
| 19                                     | 9,321,514 <sup>1</sup> | \$58.05 <sup>2</sup><br>(\$49.61) <sup>3</sup>  | \$12.42 <sup>4</sup>                 |                      |        | \$4.0 <sup>5</sup>       | \$16.42 <sup>6</sup>  | ?                                    | \$5.91             | \$1.0              |
| 18 <sup>7</sup>                        | 9,245,546 <sup>8</sup> | \$46.86                                         | \$9.47 <sup>9</sup>                  | \$2.26 <sup>10</sup> |        | \$1.3 <sup>11</sup>      | \$13.03 <sup>12</sup> | ?                                    | \$6.22             | \$512              |
| 17                                     | 9,122,959              | \$52.81 <sup>13</sup><br>(\$45.5) <sup>14</sup> | \$8.07                               | \$4.78               |        | \$4.2 <sup>15</sup>      | \$17.05 <sup>16</sup> | 51.82                                | \$5.3              | \$528              |
| 16                                     | 9,046,663              | \$47.6<br>(\$38.51)                             | \$9.09                               | \$2.14               |        | \$0                      | \$11.23               | 9.66                                 | \$4.9              | \$1.143            |
| 15                                     | 9,236,287              | \$45.2<br>(\$38.46)                             | \$6.74                               | \$3.5                |        | \$0                      | \$10.24               | 46.07                                | \$4.7              | \$562              |
| 14                                     | 9,078,615              | \$43.4<br>(\$36.39)                             | \$7.01 <sup>17</sup>                 | \$0                  |        | \$0                      | \$7.01                | 45.73                                | \$4.9              | \$342              |
| 13                                     | 8,926,546              | \$43.55<br>(\$38.74)                            | \$4.81                               | \$0                  |        | \$0                      | \$4.81                | 6.41                                 | \$5.4              | \$532              |
| 12                                     | 8,762,548              | \$39.6<br>(\$35.08)                             | \$4.52                               | \$0                  |        | \$0                      | \$4.52                | -1.52                                | \$5.4              | \$589              |
| 11                                     | 8,574,198              | \$37.1<br>(\$32.51)                             | \$4.59                               | \$0                  |        | \$0                      | \$4.59                | 3.61                                 | \$5.7              | \$1.15             |
| 10                                     | 8,343,117              | \$34.7<br>(\$30.27)                             | \$4.43                               | \$0                  |        | \$0                      | \$4.43                | 15.96                                | \$4.8              | \$1.19             |
| 09                                     | 8,048,560              | \$30.96<br>(\$27.14)                            | \$3.82                               | \$0                  |        | \$0                      | \$3.82                | 26.07                                | \$5.0              | \$923              |
| 08                                     | 7,834,763              | \$29.1<br>(\$25.98)                             | \$3.03                               | \$0                  |        | \$0                      | \$3.03                | ---                                  | \$4.1              | \$1,069            |

Notes:

1-Estimated number.

2-This figure represents \$49.161 billion for Medical Services, \$8.384 billion for Medical Community Care (The Administration's FY 19 budget request proposes to consolidate ALL community care funding into the Medical Services account.) and \$500 million for the "second-bite of the apple" for traditional community care.

3- Figures in red parenthesis represents the amount of money being spend on care within the four walls of V.A.

- 4-This figure represents \$10.5 billion in discretionary funding from the Medical Services account and \$1.9 billion from Section 802 (VCP) account. It does not include the \$1.8 billion VA assumes it will get if it changes the timing of obligation.
- 5- The \$4.0 billion figure is an estimate from VA and represents the gap in the yearlong implementation phase for Choice 2.0. Money for this gap period has yet to be officially requested.
- 6-This figure is only an estimate given FY 19 has yet to commence.
- 7- FY 18 is the first year the new "Medical Community Care Account" was used. The account was established by The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, PL 114-41, to provide Congress better oversight regarding the amount of care being sent outside the four walls of VA. Also, the figures in this row for Medical Services, Medical Facilities and Major Construction are based on P.L. 115-141 and P.L. 115-123 given figures in FY 19 budget submission for FY 18 are incorrect per VA.
- 8-Estimated number.
- 9-\$9,465,591,727 is from the bi weekly VA Choice Reports "TRADITIONAL MEDICAL COMMUNITY CARE" as of March 31, 2018.
- 10- The total obligated during the first 2 quarters of FY 2018 (10/1/17 - 3/31/18) was \$2,255,987,334.52.
- 11- VA has indicated to Committee staff that it needs
- 12- This figure does not reflect the entire fiscal year. It is only current as of 3/31/2018.
- 13-This figure includes the \$1.078 for the "second-bite of the apple" and the \$50 million for CARA.
- 14-Before the implementation of the Medical Community Care account, funds for purchased care would have been derived from the Medical Services account. The figure in red illustrates the amount spent on care inside VA. The figure of \$45.5 billion was reached by taking \$51.67 billion in Medical Services adding \$1.078 billion for the "second-bite of the apple" and adding another \$50 million for CARA and subtracting \$7.25 billion in recessions.
- 15-VA was provided emergency funding in two separate bills- VA Choice and Quality Employment Act of 2017 (P.L. 115-46) and Division D of P.L. 115-96.
- 16-This total gives us a good baseline for the amount of money needed to fund Community Care on an annual basis moving forward. A number of legislative changes and contract changes to the VCP allowed the program to better function which in turn allowed veterans to access care in the community more easily. This statement should be caveated with it could change substantially if the new eligibility criteria under Choice 2.0 expands "choice".
- 17- In FY 2014 and earlier, "Community Care" was defined differently (community nursing homes; compensation and pension exams, dental care, home health services, non-service-connected emergency room care, pharmacy, unauthorized care, and pre-authorized inpatient and outpatient care) —it did not include as many categories of care. In FY 2015, Community Care was broadened to include: Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA), Spina Bifida Health Care Program, Children of Women Vietnam Veterans Health Care Program, Foreign Medical Program, Caregiver Support Program, Non-VA Medical Care (NVC), Patient-Centered Community Care (PC3), State Veterans Home (SVH) Per Diem Program, Project Access Received Closer to Home (ARCH), Indian Health Services (IHS)/Tribal Health Program (THP), Camp Lejeune.

Thank you. And, again, I want to thank this committee and thank the Congress for the appropriations that we have received. This is our sacred responsibility to care for our warriors. We also have a sacred responsibility to look after taxpayer dollars. How that money is spent is critically important, because if it is not targeted at the care of our veterans, it is money wasted and opportunity wasted.

And time and again we hear the concerns over privatization of the VA. This budget lends credibility to those concerns and I want to just lay out a few reasons why I think we all need to be concerned.

Between fiscal year 2017 and the appropriate levels for 2018, community care will have increased 49 percent. That is not taking into consideration the \$4.2 billion in additional emergency spending that we are continuously asked every few months to inject into the system. That is a nine percent increase in care in hospitals and in the clinics.

In February when we passed the Bipartisan Budget Act, we included another \$4 billion over time for building and improving VA hospitals. That was done with the VSOs, the American Legion, the Disabled American Veterans, everyone, understanding that that money was going to be put into catching up on the backlog of work we need to do on our VA hospitals.

But instead of prioritizing that, the budget proposed spending half that money on care in the community. That is after we authorized the \$4.2 billion. A huge increase in community care is not enough. This year's budget requests mergers of the medical community care accounts that were congressionally mandated to be kept separate with the medical services account.

Let me just make clear what is happening here. We made sure that VA kept this community care money separate when we did the bill in 2015 so that we would know what we are spending. There is no way right now to track what we are getting for our money in care in the community.

And to be very clear, I am a veteran myself, I believe it makes sense if somebody needs a blood test in Sleepy Eye Minnesota, don't drive 200 miles to Minneapolis VA to get it; we can do it locally. Those things have always happened in the VA.

But what has happened now is a massive shift to the outside with no accountability of it and no spending on the internal capacity. So, we end up in a death spiral. Well, yes, there are less physicians at the VA hospitals so we force more people to the outside.

And so, we said let us at least have transparency in our system to make sure these accounts are kept separate. They are now asking us to bleed them together. As an oversight body, we should all be very concerned with this, and making no mistake about it, you will not be able to track where money is spent. You will not be able to know what is happening in the outside.

So, instead of addressing the infrastructure, the money will be spent purchasing community care. To put it into perspective, we have spent \$38.5 billion since the Phoenix VA crisis. During that time, we had 31,000 vacancies of providers that have not been filled, 4,000 to support physicians in the VA.

That \$38.5 billion would have paid for everything to fill every single one of those. I am not saying that is what we could have done. I am making the case that this has always been a balance. And when it comes to the veterans service organizations, 90 percent of VFW members who were polled said they wanted their care in the VA. They want that to be the main care.

So, what I would like to say and we see this and so we know, we are getting information and the GAO will put out a report soon anecdotally that we are hearing, you go to care in the community, you are put outside the VA, the average wait time in some places is now longer than it would have been if the individual just stayed in VA, it is up to 90 days in some cases.

So, what I am asking all of you is this philosophical debate about privatization while valid, does get to the heart of this. Our job is to provide quality care that was promised and must be delivered to our veterans. We have a VA system that in many cases does that well. In other cases, there are gaps in the system and we use community-based purchasing power to do that.

All we are asking for is to make sure in this budget that it stays transparent and separate and that we have accountability in this budget about what are we getting on the outside for that. So, I would ask us to keep close eye over that, make sure that this budget has the capacity to analyze what we are getting for it, make sure we are taking into account that every time we transfer money out of capacity into care, we are forcing more veterans outside the system with no coordinated care and no measures of success against what the veterans want.

I understand the challenge for elected members of this body. If you ask the general public what we should do, they think they are helping by saying give them a card and let them go wherever they want to. Nobody in the veterans community is saying that. Nobody wants it. There is no evidence to prove it works. In fact, the evidence proves it works worse than that.

And I think, again, coming back to you, we are not asking you for more money. We are asking you to make sure that money is targeted, that it is specific and there is data to support where it is going and that we keep this budget separate for community care from the care that is happening inside the VA, because I think when you look at this right now, it is pretty hard to argue.

And I would say this, that unsolicited, several weeks ago, the VA put out a memorandum to everyone and said why privatization isn't happening. That is the equivalent of asking all of you not to think about a draft. Of course, you are thinking of the draft, so why did they bring it up? No one asked them about it. They spontaneously said it because it was on the verge or the eve of this budget coming out.

So, I want to be very clear that thanks to you and to this committee, fair and appropriate appropriations that let us try and tackle the things that we are obligated to do have been unprecedented, and for that I am grateful, that care at the VA continues to, I believe, improve, but it is a zero sum proposition, every time it falls short, we need to be there.

And there is a role as there always has been for care in the community, but allowing this budget to be all put together with no ac-

countability I think would be a dereliction of our first, responsibility to veterans and secondly, to the taxpayers. I don't think you will get your money's worth.

So, thank you for the time.

[The information follows:]

**Committee on Veterans' Affairs**

**Ranking Member Tim Walz**

**Testimony before the Subcommittee on Military Construction and Veterans'  
Affairs on the Department of Veterans' Affairs FY19 Budget Request**

**Tuesday, April 16, 2018**

**2358-A Rayburn House Office Building**

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**TESTIMONY**

- Good Afternoon and thank you Chairman Dent and Ranking Member Wasserman-Schultz for the opportunity to testify on VA's Fiscal Year 2019 budget request.
- Time and again members of the House Veterans' Affairs Committee and key stakeholders have raised concerns over privatization at VA. VA's FY 19 budget request lends credibility to those concerns.
- Between FY17 appropriated levels and this FY 19 request, community care spending will have

increased by 49 percent and that is without taking into account the \$4.2 billion in additional emergency funding Congress provided last year.

- Compare this to the 9 percent requested increase for care provided in VA hospitals and clinics during this same period.
- In February, we passed the Bipartisan Budget Act, which included a deal to raise VA's budget caps by \$4 billion over FY 2018 and FY 2019 for rebuilding and improving VA's hospitals and clinics.
- This \$4 billion was to address VA's significant infrastructure needs, and provide additional resources to the VA system.

- Instead of prioritizing construction of hospitals and clinics or non-recurring maintenance, the budget proposes spending almost half of this increase on community care instead of on VA infrastructure.
- This is after we authorized an additional \$4.2 billion in emergency supplemental funding for the Veterans Choice Program last year and are now being asked by VA to authorize an additional \$1.3 billion to get through the end of this fiscal year, and another \$4 billion for FY19.
- If the huge increase in community care spending is not enough, this year's budget request merges the Medical Community Care Account— a

congressionally mandated account meant to provide greater accountability and transparency—with the Medical Services Account so that Congress cannot track how VA is delivering care to our nation’s veterans.

- To the average layperson, or even the press—the \$13 billion requested in FY 19 to spend on community care is not apparent. This violates the law we passed only 2 years ago creating this separate account for community care so we could track spending.
- As an oversight body, we should all be concerned with this proposal and VA’s disregard of the law by failing to specify the amount it requests to

spend on community care and how much it requests for VA-provided medical services.

- Make no mistake: merging these two accounts will lead to privatization. The only reason we know that on average over \$4 billion in additional emergency supplemental funding is spent each year on the Veterans Choice Program is because of the separate Veterans Choice Fund. Once the Medical Community Care, Veterans Choice Fund, and Medical Services accounts are merged, that \$4 billion per year will come out of VA's medical services budget.
- Instead of addressing VA's infrastructure and resource needs, that money will be spent on purchasing community care just like the

Administration's plan to spend half of its cap increase on non-VA provided care.

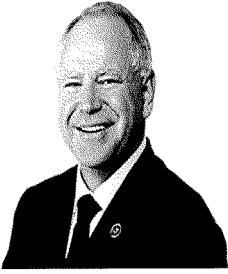
- To put this in perspective, over \$38.5 billion has been spent on community care since the Phoenix wait-time scandal. Thirty-eight new VA hospitals could have been built with this amount of money which would have served as a real boost to VA's aging infrastructure. The 31 thousand provider vacancies could have been filled along with the 4 thousand vacancies for logistics, human resources, and contracting staff.
- The DC VAMC—in our backyard—continued to delay treatment of veterans even last month because they did not have the medical supplies, logistics, and human resources staff to support

the providers working tirelessly to deliver quality care to our veterans. All the while, VA officials continued to mislead Congress about procedures delayed due to lack of supplies.

- We cannot continue to allow VA hospitals and clinics to be starved for resources while more and more care is funneled into the community. I think we all agree that community care is necessary to fill gaps and provide convenient care especially for veterans in rural and remote areas—but this is not the solution for fixing VA.
- For this reason we must continue to keep close watch over the manner in which VA spends its precious resources. We would be abdicating our

oversight responsibilities if we were to permit these accounts to be merged.

- This budget does not help fix VA. It seeks to dismantle it. We need separate accounts to adequately track funds spent on VA-provided services and care purchased in the community.
- Thank you and I yield back.



U.S.  CONGRESSMAN

TIM WALZ

*Representing the 1st District of* MINNESOTA

## Honorable Tim Walz

Representing the 1st District of MINNESOTA

Congressman Tim Walz is currently serving his sixth term representing Minnesota's First Congressional District. The First Congressional District spans the southern part of Minnesota – from the South Dakota border in the west to the Wisconsin border in the east.

Walz proudly serves the people of southern Minnesota on two committees in the United States House of Representatives. He is the Ranking Member on Veterans' Affairs and serves on the Agriculture Committee. He also is one of nine House Members to serve on the Congressional-Executive Commission on China. Walz has leadership posts with the National Guard and Reserve Caucus and the Congressional Veterans Jobs Caucus.

Tim Walz was born in West Point, Nebraska and is the son of a public school administrator and community activist. As a child, Tim's parents instilled in him the values of hard work and community service.

Walz enlisted in the Army National Guard at the young age of 17, and retired 24 years later as Command Sergeant Major. Before retiring, Walz served overseas with his battalion in support of Operation Enduring Freedom. Walz is the highest ranking enlisted soldier ever to serve in Congress.

In 1989, Walz earned a B.S. in social science education from Chadron State College in Nebraska. Walz spent 1989-1990 teaching high school in China as a part of the first government sanctioned groups of American educators to teach in China through a program at Harvard University.

When he returned from China, Walz began teaching high school in Nebraska. While in Nebraska, Walz met his wife Gwen Whipple. Married in 1994, Tim and Gwen Walz moved back to Gwen's native southern Minnesota where both began teaching and coaching at Mankato West High School.

Since coming to Congress, Walz has made improving the care of our nation's veterans a top priority. The Rochester Post Bulletin has described him as having "relentless energy" and touted his strong work ethic, stating that "he brings a soldier's work ethic to the House."

Rep. Walz has been recognized for his work in Congress with awards from AMVETS, the National Association of County Veterans Service Officers, the American Cancer Society, the National Association of Development Organizations, the National Farmers Union and the Matthew Shepard Foundation.

Tim and Gwen live in Mankato with their two young children, Hope and Gus.

## CARE IN THE COMMUNITY

Mr. DENT. Thank you, Representative Walz. I want to thank you, too, for your leadership on the authorizing committee. You are the ranking member and you are obviously a servicemember yourself and very committed.

I just want to make this one quick comment. Sooner or later, there will be some authorization, I am told, consolidating the various Choice and care in the community programs. Currently, we are funding Choice through mandatory dollars and, of course, that could all change once the authorization bill is enacted, if it is enacted.

And I just wanted to point out one issue, too. Where I live, I will tell you that many of the veterans want to be served in the community where they live. Our closest hospital is 60 miles away in a town called Wilkes-Barre.

And that is the number one complaint I hear from my local veterans. They want scheduled procedures to be able to be done closer to home out of convenience for them and their family members. And in many cases they feel they will be going to superior medical institutions and hospitals if given that opportunity. So, I just want to put this on the record.

I don't have any questions but thank you for your advocacy and all that you have done for veterans all these years.

Ranking member.

Ms. WASSERMAN SCHULTZ. Thank you. Thank you, Mr. Chairman.

Congressman Walz, thank you for your service to our country and for your friendship. We have been friends for many years and as you are departing as well, it has really been a pleasure to get to know you. And I certainly hope you are successful in your endeavors.

My question for you is do you share—well, let me preface my question because, Mr. Chairman, we have not seriously debated this but we definitely have a slightly different point of view when it comes to the direction that we are going in potentially combining these accounts and veterans seeking service in the community.

There is no question that everyone, veteran or not, prefers to get the health care that they need closer to home. Our VA hospital is probably 35 to 40 miles from, say, 35 miles from most constituents in my district. It is also in the middle of a very dense urban area and hard to get to, hard to find parking. But we have solved a lot of that problem through clinics, as has the VA throughout this country.

And so, we have a fairly large clinic that was built in Sunrise, in my district, the Bill Kling clinic. Much of the care that is provided at the main hospital is able to be provided there because there is a shuttle that can take veterans from that clinic down to our hospital and overwhelmingly the care that veterans say they seek, they prefer if they can to access it at the VA and believe that that is the care they have the most confidence in.

So, with that preface, are you concerned, Representative Walz, about the combining of those accounts really being the first step,

intentionally being the first step towards privatization of healthcare services at the VA?

Mr. WALZ. I am. And I don't deny and I think there is validity in this because the issue is it is not the false choice of privatization versus VA itself; it is a hybrid model of this.

Ms. WASSERMAN SCHULTZ. Yes.

Mr. WALZ. But the understanding is if this money is cycled away, it drains off and will kill the VA as that institution. I want to be very clear about that. That means all of the research, all the specialty care and those veterans who want to get care close to home, my guess is if they are members of Paralyzed Veterans of America, the disabled veterans, depending on where their injuries are, it changes where they are at on that.

If you are a veteran that is getting a blood test in the city of Sleepy Eye, they should be able to do that. So, my concern is that if we are taking those sets of resources and transferring them somewhere else and there is, there is assumption on this and we have research to support this, if you are going to die in a hospital, you are going to die from a hospital-acquired infection.

The place where you are least likely to have that happen is not even at the Mayo Clinic; it is at the Minneapolis VA. That is where the best care in terms of that is. So, this idea that it is cheaper, it is quicker and it is better in the private sector, there is no data to support that.

But it doesn't change the chairman's point on this is if you are closer to home. So, we have always delivered up to 25 percent of our care in the private sector anyway. We have expanded the CBOCs as the gentlelady said but I think we need to get out of this trap.

There is an ideological belief and it is my belief right now that is dominating, certainly coming out of the White House that the idea is that we can go totally to the private sector care, no need for the VA. That is where the danger lies.

I think for all of us, it is striking the proper balance. And what I am asking for is in this budget is for us to at least have the transparency to know where it is going. If that money is going into the private sector, if we are getting more bang for the buck and veterans are being seen quicker and they are getting there, I am open to the possibility that would be there.

But don't forget, inside VA is all of that research, all that delivered care, all of that managed care on multiple modalities that these people are going through. If you go in to see your physician, when you go in to see a VA doctor, yes, you will see them longer and I know people complain about this where you spend too much time with the person.

My veterans say, yes, when I am in there I mentioned to them, yes, what about this thing on my hand and they found out that it was skin cancer. Had I been to another doctor, I would have had another appointment.

So, it is my belief that this is not the best way to manage the care. It is not my belief that there is not quality care to be delivered in the community. I represent the Mayo Clinic; they do a wonderful job. There is a place for that.

But at the expense of and to be very honest, why blend them together if it is not just to continue to move money out of there. Why not keep them separate so we can see it? You are appropriators, you are budget people, let us see where that money is going.

Mr. FORTENBERRY. I think it was appropriate to mention as Congresswoman Debbie Wasserman Schultz did that you are also ending your service as well.

Mr. WALZ. Well, thank you.

Mr. FORTENBERRY. So, I don't want to divert from the issue at hand because clearly you are passionate about caring for veterans and have a very detailed grasp as to what ought not be a conflict that is I think what you are communicating.

But either on a case by case or geography or level of medical infrastructure that is already in a place or not, we have to find the right balance between the movement toward a singular goal which is care for our veterans, not a debate over whether this is going to be public or this is going to be private. I think it is a fair set of comments. Thank you.

But I primarily, I want to thank you as well for your friendship and your service. I don't think Mr. Dent intended this to be a meeting in which we are all saying goodbye but, nonetheless, it is kind of going that direction. But I am really grateful for your friendship and wish you all the best in your possible future leadership roles as well.

Mr. WALZ. Well, no, thank you. It does mean a lot. I think it is an interesting intersection of folks here who I have come to admire and call friends. We have worked together on some very diverse issues, and I think maybe this all comes together on what is possible, and Mr. Fortenberry was at the heart and the nexus of a very new way of delivering veterans care in the Omaha, Lincoln area of Nebraska where we used public-private partnerships to build a facility that wouldn't have gotten done by the private sector alone, wouldn't have gotten done by the VA alone, but it is getting done now because of that leadership.

And I think if you can help us and that is all I am asking for on this, I think what will muddy the water is those two accounts coming together, not the ideological argument. And thank you for the kind words. Thank you.

Mr. DENT. Thank you, again, Congressman Walz, for your service. And, yes, you are leaving at the end of the Congress, too, and good luck to you in your race. And, again, just to say, I don't like to use the term privatization. I would like to talk about the integration, a better integration I should say of the civilian and the veterans health systems that we have.

And I often found that my local VA medical directors are quite skilled and I would like to see them take on a role not just as a provider of care but maybe a little bit more of a manager and a coordinator of care. They do understand the healthcare resources in their regions and, frankly, I don't think they are empowered enough to make some decisions.

When Secretary Shulkin served here as Secretary and Undersecretary under the Obama administration, we had the debate about should the VA deliver babies. And they came, I think, to the right conclusion that the VA probably would not be able to do a very

good job of it because they wouldn't deliver enough to be very good at it and basically that is done in the community as it should be.

And so, I think we have to have a thoughtful discussion about where the VA can best meet the needs of the veterans in that system and where maybe a community option would be better to serve the veterans.

So, thank you. We appreciate hearing from you and great to see you and see you around. Thanks.

Let us go to Congresswoman Claudia Tenney of New York, recognized for five minutes.

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TUESDAY, APRIL 17, 2018.

**WITNESS**

**HON. CLAUDIA TENNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

**STATEMENT OF CONGRESSWOMAN TENNEY**

Ms. TENNEY. Yes. Thank you, Mr. Chairman. I am sorry to hear the news; I just got to know you and now you are leaving.

So, anyway, I just want to say thank you to Chairman Dent, Ranking Member Wasserman Schultz and the members of the Appropriations Committee for providing me the opportunity to testify today in support of the request submitted to Congress by the Secretary of the Air Force for a perimeter fence around the Air Force Research Laboratory Information Directorate, otherwise known as Rome Lab and I will refer to it as Rome Lab.

Rome Lab is a premier research and development facility committed to our nation's safety and cyber security. As a leader in communications and information technologies, Rome Lab ensures that our defense capabilities remain on the cutting edge.

In a world where defense is increasingly technological in nature, Rome Lab is critical to the mission success of your warfighters. At the present time, Rome Lab lacks a perimeter fence to secure the facility and meet the existing force protection requirements as outlined by the Department of Defense.

The highly sensitive nature of Rome Lab's research and development projects place the site at heightened risk. The critical work conducted at Rome Lab necessitates appropriate security safeguards including a secure system of perimeter fencing. Without this important precaution, the facility's sensitive information is vulnerable. A security fence around Rome's perimeter will also increase the safety of the lab's more than 3,000 personnel.

Additionally, the fencing will reduce the facility's susceptibility to terrorist-type activities. Joint Staff Integrated Vulnerability Assessment or JSIVA teams identified security vulnerability risk at Rome Lab in 2008 and then again in 2014. Indeed, in the last 10 years, over 240 individuals were detained, interviewed and released by security at Rome Lab due to the lack of perimeter security.

Mr. Chairman, it is 10 years since the JSIVA identification that I mentioned, that is far too long a time to allow the site to remain unsecured. As the parent of an active duty Marine officer and Representative to over 50,000 veterans, I sincerely appreciate the im-

portant work that this subcommittee does for our military and our nation's veterans.

I urge the subcommittee to provide strong consideration on the request for perimeter fence as submitted to Congress by the secretary of the Air Force and to prioritize the safety of the men and women who sacrifice so much to defend our nation as well as the vulnerability of this very sensitive military research.

Thank you for allowing me to testify and I yield back the balance of my time or any questions you may have.

[The information follows:]

**Representative Claudia Tenney (NY-22)**

Testimony to Committee on Appropriations- Subcommittee on Military, Construction, VA and  
Related Agencies

April 17, 2018

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I first want to thank Chairman Dent, Ranking Member Wasserman Schultz and the members of the Appropriations Committee for providing me the opportunity to testify today in support of the request submitted to Congress by the Secretary of the Air Force for a perimeter fence around the Air Force Research Laboratory Information Directorate, also known as Rome Lab.

Rome Lab is a premier research and development facility, committed to our nation's safety and cyber security. As a leader in communications and information technologies, Rome Lab ensures that our defense capabilities remain on the cutting edge. In a world where defense is increasingly technological in nature, Rome Lab is critical to the mission success of our warfighters.

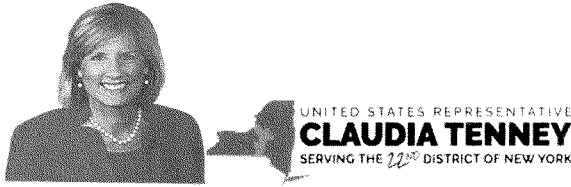
At the present time, Rome Lab lacks a perimeter fence to secure the facility and meet existing force protection requirements, as outlined by the Department of Defense. The highly sensitive nature of Rome Lab's research and development projects place the site at a heightened risk. The critical work conducted at Rome Lab necessitates appropriate security safeguards, including a secure system of perimeter fencing.

Without this important precaution, the facility's sensitive information is vulnerable. A security fence around Rome's perimeter will also increase the safety of the Lab's more than 3,000 personnel. Additionally, the fencing will reduce the facility's susceptibility to terrorist type activities.

Joint Staff Integrated Vulnerability Assessments or JSVA Teams identified security vulnerability risks at Rome Lab in 2008 and then again in 2014. Indeed, in the last 10 years, over 240 individuals were detained, interviewed and released by security at Rome Lab, due to the lack

of perimeter security. Mr. Speaker, it is ten years since the first JSVA identification that I mentioned, this is far too long a time to allow this site remain unsecured.

As the mother of an active duty marine and representative to over fifty thousand veterans, I sincerely appreciate the important work that this subcommittee does for our military and our nation's veterans. I urge the subcommittee to provide strong consideration of the request for a perimeter fence, as submitted to Congress by the Secretary of the Air Force, and to prioritize the safety of the men and women who sacrifice so much to defend our nation as well as the vulnerability of sensitive military research.



## BIOGRAPHY

Claudia Tenney was elected to serve as a member of the United States House of Representatives on November 8, 2016, after winning one of the most expensive races in the nation. As a freshman member of the 115th Congress, she was selected to serve on the House Financial Services Committee.

Previously, Claudia served as a member of the New York State Assembly. Claudia was first elected to the Assembly on November 2, 2010.

Claudia is an accomplished attorney and longtime small business owner. Claudia was the co-owner and legal counsel to Mid-York Press, Inc., a commercial printing and manufacturing firm started by her grandfather in 1946. Mid-York Press currently employs nearly 70 people in the Chenango County community of Sherburne. Claudia also maintained a private law practice in Clinton, New York.

Claudia graduated from Colgate University and the Taft College of Law at the University of Cincinnati. She is admitted to the bar in New York, Connecticut and Florida. She also is admitted to all federal courts including the United States Supreme Court. Prior to opening her private practice, Claudia was a partner in the Utica-area law firm of Groben, Gilroy, Oster and Saunders.

In 1997, Claudia established Tenney Media Group and served as its publisher and corporate counsel. Tenney Media Group, also based in Clinton, published and printed free community newspapers founded by Claudia's parents and grandparents — the Mid-York Weekly and the Pennysaver. These publications covered three Central New York counties with eight separate weekly editions and had a circulation exceeding 100,000 households. This division was sold to Gannett in 2004.

Apart from the influence of Claudia's family and her legal training, Claudia's approach to public service has been shaped by experiences beyond politics. Claudia was the only American employed by the Consulate General of Yugoslavia, which led to her strong relationship with the large Bosnian refugee population in the Utica area. She also published and produced the first Bosnian newspaper in Utica. Claudia remains an active member of her community, serving on numerous boards and volunteer organizations throughout the district.

Claudia is the daughter of the late Honorable John R. Tenney, who served as a Justice of the Supreme Court of New York in the Fifth Judicial District from 1969 through 2003, and the mother of U.S. Naval Academy graduate Trey Cleary, who serves as a 1st Lieutenant in the U.S. Marine Corps.

## ROME LAB SECURITY FENCE COST

Mr. DENT. Real quickly, this projected is on the unfunded priority list I believe. Do you know what the price tag is on this one?

Ms. TENNEY. \$14.2 million.

Mr. DENT. Okay. The only comment I am going to make, I am sympathetic to perimeter fences; we just were able to do one in my own area for the same reasons you just outlined very well. So, I am sympathetic.

These facilities obviously are in great need of greater security given the risk of terrorists and other bad actors who might try to penetrate. So, I don't have any questions. We will do our best in the unfunded priority list to try to see if we can accommodate you.

Ms. TENNEY. Thank you. I appreciate your advocacy. Thank you.

Mr. DENT. Okay. Well then, thank you so much, Congresswoman Tenney.

Ms. TENNEY. Thank you.

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TUESDAY, APRIL 17, 2018.

## WITNESS

**HON. MARK TAKANO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. DENT. Representative Takano, from California. Welcome. We look forward to receiving your testimony. You are recognized for five minutes.

## STATEMENT OF CONGRESSMAN TAKANO

Mr. TAKANO. Thank you, Chairman Dent, Ranking Member Wasserman Schultz and other members of the subcommittee. Thank you for allowing me to join you this afternoon to discuss funding priorities for the Department of Veterans Affairs.

I have been a proud member of the House Committee on Veterans Affairs since my first term in Congress and I currently serve as the committee's vice ranking member.

The main issue I would like to address this afternoon is the administration's proposal to consolidate the VA's medical services and community care accounts. I heard Congressman Walz's testimony, some of it.

Given the VA's notorious difficulty in forecasting the spend rate of the Choice program, I believe this proposal is misguided and will make it harder for members of Congress to provide critical oversight of how the VA spends its funding for medical care and in turn will undermine the care that veterans receive.

Now, as many of you will recall, the Choice program arose from the Phoenix wait time scandal. It was a rushed response to a serious emergency and its implementation reflected the prioritization of speed over effectiveness. The program was actually set to sunset in August of 2017 or when the VA had spent the \$10 billion Choice fund.

After months of being told by VA officials that the Choice fund would be depleted well short of the sunset day, the VA revised its estimate. By spring of 2017, the VA forecasted that it would actu-

ally hit the 2017 sunset date with more than \$1 billion remaining in the account.

Now, Congress then acted quickly and lifted the sunset date to allow the remaining funds to be spent on veterans' care. However, by July of that year, the VA reverted back to its previous estimates, prompting Congress to pass the VA Choice and Quality Employment Act of 2017 to provide \$2.1 billion to the program.

Well, by December, the VA notified Congress that it would again run out of funding for Choice in January 2018. So, what did Congress do? It appropriated an additional \$2.1 billion to the Choice fund.

This latest funding was expected to last through the end of this fiscal year, 2018. But now, the VA expects it will run out of funding in early June, more than three months before the end of the fiscal year.

Now, if you found that narrative difficult to follow, then you understand my point. Tracking the cost of the VA's Choice fund is difficult even when it is separate from the medical services account. Merging the two accounts would make meaningful oversight nearly impossible.

Additionally, the merger of the community care and medical services accounts runs directly counter to the Surface Transportation and Veterans Health Improvement Act of 2015 which mandated that VA provide a request for community care in the budget. And most importantly, this change would invite community care spending to encroach upon the budget that is dedicated to maintaining the VA facilities and workforce that provide high quality care to our nation's veterans.

Every year, roughly nine million veterans rely on VA services. So, I implore us to reject any proposal that jeopardizes our ability to ensure those services will remain available.

In my remaining time, I would like to highlight the need for funding to fully implement the Forever GI Bill. The landmark bill guarantees veterans a lifetime GI Bill benefit rather than benefits that expire. It simplifies and consolidates the Montgomery GI Bill and the post 9/11 GI Bill and has valuable protection so that veterans don't lose their benefits when a school closes mid semester like ITT Tech or Corinthian did.

However, for this to succeed, the VA needs full funding for implementation. And I am concerned that without proper funding for IT upgrades, the VA is ill-equipped to comply with the new provisions of the law and will fall short of keeping the promise we have made to veterans.

I ask that the Appropriations Committee provide the full \$30 million authorized in Section 115 of the law for claims processing and IT upgrades. The Forever GI Bill is an historic step forward and we owe it to our veterans not just to authorize it but to fully fund implementation so that veterans can receive its full benefit.

I thank you for your time this afternoon. I look forward to continuing to work with you to ensure that veterans receive the services and support they deserve, and I yield back.

[The information follows:]

**Testimony of the Honorable Mark Takano (CA-41)**  
Military Construction and Veterans Affairs Appropriations Subcommittee Hearing  
Tuesday, April 17, 2018, at 1:30 p.m.

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Chairman Dent, Ranking Member Wasserman Schultz, and other members of the Subcommittee, thank you for allowing me to join you this morning to discuss funding priorities for the Department of Veterans Affairs.

I have been a proud member of the House Committee on Veterans' Affairs since my first term in Congress, and I currently serve as the Committee's Vice Ranking Member.

The main issue I'd like to address this morning is the Administration's proposal to consolidate the VA's Medical Services and Community Care accounts. Given the VA's notorious difficulty in forecasting the spend rate of the Choice program, I believe this proposal is misguided and will make it harder for Members of Congress to provide critical oversight of how the VA spends its funding for medical care, and in turn undermine the care veterans receive.

As many of you will recall, the Choice Program arose from the Phoenix wait time scandal. It was a rushed response to a serious emergency, and its implementation reflected the prioritization of speed over effectiveness.

The program was set to sunset in August 2017, or when the VA had spent the \$10 billion Choice Fund. After months of being told by VA officials that the Choice Fund would be depleted well short of the sunset date, the VA revised its estimate.

In the spring of 2017, the VA forecasted that it would hit the August 2017 sunset date with more than \$1 billion remaining in the account. Congress acted quickly and lifted the sunset date to allow the remaining funds to be spent on veteran care.

However, by July of that year, the VA reverted back to its previous estimates, prompting Congress to pass the VA Choice and Quality Employment Act of 2017 to provide \$2.1 billion to the program.

By December, the VA notified Congress it would again run out of funding for Choice in January 2018, so Congress appropriated an additional \$2.1 billion to the Choice Fund. This latest funding was expected to last through end of Fiscal Year 2018, but the VA now expects it will run out of funding in early June, more than three months before the end of the fiscal year.

If you found that narrative difficult to follow, then you understand my point.

Tracking the cost of the VA's Choice Fund is difficult – even when it is separate from the Medical Services Account. Merging the two accounts would make meaningful oversight nearly impossible.

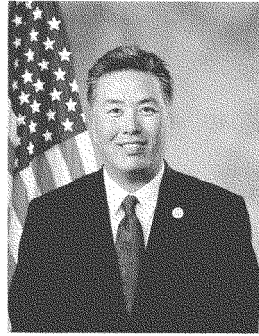
Additionally, the merger of the Community Care and Medical Services accounts runs directly counter to the Surface Transportation and Veterans Health Improvement Act of 2015, which mandated that VA provide a request for community care in the budget.

And most importantly, this change would invite community care spending to encroach upon the budget that is dedicated to maintaining the VA facilities that provide high-quality care to our nation's veterans. Every year, roughly nine million veterans rely on VA services. We must reject any proposal that jeopardizes our ability to ensure those services will remain available.

In my remaining time, I'd like to highlight the need for funding to fully implement the Forever GI Bill. The landmark law guarantees veterans a lifetime GI Bill benefit, rather than benefits that expire. It simplifies and consolidates the Montgomery GI Bill and the Post 9/11 GI Bill, and has valuable protections so veterans don't lose their benefits when a school closes mid-semester, like ITT and Corinthian did.

However, for this to succeed, the VA needs full funding for implementation. I'm concerned that without proper funding for IT upgrades, the VA is ill-equipped to comply with the new provisions of the law and will fall short of keeping the promise we've made to veterans. I ask that the Appropriations Committee provide the full \$30 million authorized in Section 115 of the law for claims processing and IT upgrades. The Forever GI Bill was an historic step forward and we owe it to our veterans not to waste such a massive, bipartisan effort.

Thank you for your time this morning. I look forward to continuing to work with you to ensure that veterans receive the services and support they deserve and I yield back.



# Biography

For more than twenty years, Mark Takano has worked to improve the lives of Riverside County residents, both as an elected official and as a teacher at Rialto High School.

Born and raised in Riverside, Mark's commitment to public service began at an early age. His family roots in Riverside go back to his grandparents who, along with his parents, were removed from their respective homes and sent to Japanese American Internment camps during World War II. After the war, these two families settled in Riverside County to rebuild their lives.

Mark attended La Sierra High School in the Alvord Unified School District, and in 1979 he graduated as the school's valedictorian. Mark attended Harvard College and received his bachelor's degree in Government in 1983. As a student, he bused tables to help make ends meet. During his senior year, he organized a transcontinental bicycle ride to benefit the international development agency Oxfam America.

Upon graduation, Mark returned home to Riverside and began teaching in the Rialto Unified School District in 1988. As a classroom teacher, Mark confronted the challenges in our public education system daily.

In 1990, Mark was elected to the Riverside Community College District's Board of Trustees. At RCC, Mark worked with Republicans and Democrats to improve higher education for young people and job training opportunities for adults seeking to learn a

new skill or start a new career. He was elected Board President in 1991 and helped the Board and the District gain stability and direction amid serious fiscal challenges.

In 2012, Mark became the first openly gay person of color to be elected to Congress.

Mark Takano represents the people of Riverside, Moreno Valley, Jurupa Valley and Perris in the United States House of Representatives. He serves as Vice Ranking Member of the House Committee on Veterans' Affairs, and as a member of the Education and Workforce Committee, and the Science, Space, and Technology Committee.

Mr. DENT. Thank you, Representative Takano, for your comments on the GI Bill, and as appropriators we do our best to try to accommodate the authorizing committee and what you have just stated on the GI Bill is extremely important. And we are deeply committed, also on the health care. I won't belabor what was spoken about earlier except to say that your concerns about transparency are well-founded. And I think we have all been a little bit frustrated about getting reliable data from the VA.

And this has been going on for some time, about the cost of care at the agency, either that they provide or they pay for. So your point is well-taken. And I thank you for your testimony.

Representative Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. I would associate myself with your remarks and underscore that I share your concerns not only about transparency, but also on what appears to be a potential march towards privatization, which I find inappropriate and would not be what is best for our veterans. And I share their concerns on moving in that direction as well.

Mr. DENT. Thank you.

Ms. WASSERMAN SCHULTZ. I yield back.

Mr. FORTENBERRY. Just to take an opportunity to also follow through on a comment that was made when Congressman Walz was here. Congressman Takano also played a very constructive role of helping navigate the bill that we were able to pass last year that created the public private partnership option that we are now implementing in Omaha.

So that, again, the first time I have to thank you publicly. I wanted to take it and really appreciated your negotiating skills, your flexibility and then joining with that team effort to get this done.

Mr. TAKANO. Thank you, Vice Chairman Fortenberry. It was when I was the vice ranking member of the Veterans Affairs Committee and worked with Congressman Ashford, worked with your junior Senator at the time and it was a coming together of knowing that we could bring the private sector into how we operate the VA.

And I am so glad that that came to pass. So I am very pleased. I just want to mention one more thing—you are from a state that is very rural. The thing I will say is that we are facing a tremendous doctor shortage in our country.

And part of the problem with the VA is the understaffing and to make sure it is fully staffed out. And I imagine also in Pennsylvania we have also serious problems with doctors. The solution is graduate medical school education.

And I really believe the VA—one of the reasons we can't do away with VA health care is actually in rural communities, it is a strategy to get doctors into those communities. And to fund the training of those doctors through the VA, so I would love to have more conversations about that in the future.

So thanks.

Mr. DENT. Thank you, Representative Takano.

TUESDAY, APRIL 17, 2018.

## WITNESS

**HON. JOHN RUTHERFORD, A REPRESENTATIVE IN CONGRESS FROM  
THE STATE OF FLORIDA**

## STATEMENT OF CONGRESSMAN RUTHERFORD

Mr. DENT. Let's go to Representative Rutherford of Florida. You are recognized for five minutes.

Mr. RUTHERFORD. Chairman Dent and Ranking Member Wasserman Schultz, thank you, and distinguished members of the Committee, thank you for this opportunity to testify on behalf of my Northeast Florida priorities for the fiscal year 2019 Military Construction and Veteran Affairs appropriations bills.

First, as a member of the House Veteran Affairs Committee, I want to thank all of your work to ensure that veterans are receiving the best care possible. And the 115th Congress has made great strides in increasing the access to quality care, improving accountability and reforming many broken systems of VA.

These reforms are a testament to our two committees effectively working together and I look forward to continuing this important progress. However, I would like to use today to focus on two projects of high importance to Naval Station Mayport, which I am proudly representing here in Congress.

The mission of Naval Station Mayport is to sustain and enhance warfighter readiness and is the third largest fleet concentration area in the United States. While serving as the home to an amphibious ready group, several destroyers, cruisers and other ships, Mayport is also the proud east coast home port for the littoral combat ship Freedom Class. The USS *Milwaukee*, the USS *Detroit* and the USS *Little Rock* have already been delivered to the Navy and homeported at Mayport.

And as Congress strongly supported the LCS program, eventually a total of up to 14 LCS will be homeported at Mayport by 2020. As the LCS continues to be delivered to the fleet, it is vital that required military construction projects are funded by this Congress.

That is why the president's fiscal year 2019 budget request includes funding for the LCS support facility and the LCS operational training facility located at Mayport. These projects are a second phase of MILCON that is essential to the training and equipping of the LCS squadrons as this class of ship begins to enter its active deployments over the next few years.

Before I discuss why these projects are so important to fund in this coming fiscal year, I want to explain what makes the LCS different than other surface combatants. The LCS training and manning plans are designed to maximize efficiency of deployed ships, transferring traditional training and administrative functions to shore facilities.

The Blue/Gold crew swapping in the shore facilities allow for training and financial efficiencies. Without these capabilities the Navy would require larger crews, diminishing the tactical advantages of the LCS in close-contested waters.

As we see the threats across the globe on the rise, having this capability will prove essential in the years to come. The two projects requested by the President in fiscal year 2019 will accommodate the LCS squadron command staff, classrooms, systems trainers, operation watch floor and other space critical for the LCS mission.

It will also provide a multistory parking garage, which has been a need at Mayport for many years, especially as it continues to expand into the coming years and will convert other portions of the base to support the LCS mission.

The Navy has clearly stated the need for these projects to be completed quickly and included them on the unfunded priorities list for 2018. The LCS concept of operations requires these facilities to be in place two years in advance of ship arrival in order to meet training and support requirements.

The first phase of these buildings was funded in 2015 and later constructed. However, due to the delay in funding for phase two, crews have been training in temporary structures at Mayport and enabled base station in San Diego, the West Coast LCS homeport.

This leads to inadequate training for the crews and is, in the Navy's own words, unsustainable. The Navy also stated that without these structures both the squadron and the ship crews cannot be adequately supported by existing shore facilities due to primarily overcrowding, which will serve severely impact ConOps in mission capability.

And as we have seen in the recent ship collisions in the Pacific fleet, funding and supporting of adequate training for our sailors is truly a matter of life and death. The Navy is in many ways leading the Services and how they look at training.

This includes the immersive virtual shipboard environment lab training systems that are used for these LCS crews. Congress has supported this game-based training strategy which has already proven to save training hours and can be done ashore instead of on the ship.

I believe that this model has the potential to reshape how training is carried out across the fleet which is why funding this facility is so important. We owe it to the LCS crews, the squadron leadership, and to all of our sailors to ensure these training and support facilities are in place before we ask them to carry out their mission.

Inadequate structures and temporary work grounds, workarounds for a growing program only weakens our security. And again, I want to thank you all for the opportunity to speak here today. And also I want to say thank you on behalf of a grateful nation for all of the hard work that you all are doing to ensure that our nation remains the strongest and safest in the world.

And I am always available for further discussion on these and other topics of interest. And I yield back.

[The information follows:]

**Congressman John Rutherford (FL-04)**  
**House Appropriations Committee – Subcommittee on Military Construction**  
**April 17, 2018**

Chairman Dent, Ranking Member Wasserman Schultz, distinguished Members of the Subcommittee, thank you for the opportunity to testify on behalf of my priorities for the Fiscal Year 2019 Military Construction and Veterans Affairs Appropriations bill.

First, as a Member of the House Veterans Affairs Committee, I would like to thank you all for your work to ensure veterans receive the best care possible. The 115<sup>th</sup> Congress has made great strides in increasing access to quality care, improving accountability, and reforming many broken systems at the VA. These reforms are a testament to our two Committees effectively working together, and I look forward to continuing this important progress.

However, I would like to use this time today to focus on two projects of high importance to Naval Station Mayport, which I am proud to represent in Congress.

The mission of Naval Station Mayport is to sustain and enhance warfighter readiness and is the third largest fleet concentration area in the United States. While serving as the home to an Amphibious Ready Group, several Destroyers, Cruisers, and other ships, Mayport is also the proud east coast homeport for the Littoral Combat Ship *Freedom* class. The USS *Milwaukee*, USS *Detroit*, and the USS *Little Rock* have already been delivered to the Navy and homeported at Mayport. As Congress has strongly supported the LCS program, eventually a total of up to 14 LCS will homeported at Mayport by 2022.

As the LCS continues to be delivered to the fleet, it is vital that required military construction projects are funded by this Congress. That is why the President's FY2019 Budget Request includes funding for the LCS Support Facility and the LCS Operational Training Facility at Mayport. These projects are the second phase of MILCON that is essential to the training and equipping of the LCS squadrons as this class of ship begins to enter its active deployments in the next few years.

Before I discuss why these projects are so important to fund in this coming fiscal year, I want to explain what makes the LCS different than other surface

combatants. The LCS training and manning plans are designed to maximize efficiency of deployed ships, transferring traditional training and administrative functions to shore facilities. The Blue-Gold crew swapping and ashore facilities allow for tactical and financial efficiencies. Without these capabilities, the Navy would require larger crews, diminishing the tactical advantages of the LCS in close, contested waters. As we see the threats across the globe on the rise, having this capability will prove essential in the years to come.

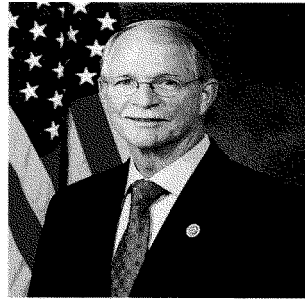
The two projects requested by the President in FY2019 will accommodate the LCS Squadron Command staff, classrooms, systems trainers, operation watch floor, and other space critical for the LCS mission. It will also provide a multi-story parking garage, which has been a need at Mayport for years, especially as it continues to expand in the coming years, and will convert other portions of the base to support the LCS mission.

The Navy has clearly stated the need for these projects to be completed quickly and included them on the Unfunded Priorities List for FY2018. The LCS Concept of Operations requires these facilities to be in place two years in advance of ship arrival in order to meet training and support requirements. The first phase of these buildings were funded in FY2015 and later constructed; however, due to the delay in funding for phase two, crews have been training in temporary structures at Mayport and out at Naval Base San Diego, the west coast LCS homeport. This leads to inadequate training for the crews and is, in the Navy's own words, "unsustainable". The Navy also stated that without these structures, "both the Squadron and the ship crews cannot be adequately supported by existing shore facilities due primarily to over-crowding which will severely impact CONOPS and mission capability."

As we have seen with the recent ship collisions in the Pacific Fleet, funding and supporting adequate training for our sailors is often a matter of life or death. The Navy is in many ways leading the services in how they look at training. This includes the immersive virtual shipboard environment lab training systems that they use for the LCS crews. Congress has supported this game-based training strategy, which is already proving to save training hours and can be done ashore instead of on the ship. I believe that this model has the potential to reshape how training is carried out across the fleet, which is why funding these facilities is so important. We owe it to the LCS crews, the Squadron leadership, and to all of our

sailors to ensure these training and support facilities are in place before we ask them to carry out their mission. Inadequate structures and temporary workarounds for a growing program only weakens our security.

Again, thank you all for this opportunity and time to speak today. I also say thank you on behalf of a grateful nation for all the hard work you do in ensuring our nation remains the strongest and safest in the world. I am always available for further discussion on these or other programs of interest. I yield back.



John Rutherford (FL-04) is serving his first term in the U.S. House of Representatives. He sits on the House Committee on Homeland Security, the House Judiciary Committee, and the House Committee on Veterans' Affairs.

John has lived in Jacksonville, Florida since 1958, and attended Florida Junior College and Florida State University where he studied Criminology. He is a graduate of the FBI National Academy, 171st Session and the National Executive Institute. He began his career in law enforcement in 1974 as a patrolman in the Jacksonville Sheriff's Office, working his way up through the JSO where he eventually served as Director.

In 2003, 2007, and 2011, John was elected Sheriff of Duval County. For three terms and twelve years, John ran a 3,200 employee office, and due to his effective leadership, homicide and overall violent crime in Jacksonville dropped to a 40-year low. Using a model of intelligence-led and community-based policing, John and his team of law enforcement professionals dramatically improved neighborhoods and prevented crime throughout the community. He also made the mental health component of the criminal justice system a priority, reducing the recidivism rates of the mentally ill and facilitating their treatment. John also served as Chair of the Legislative Committee for Florida Sheriff's Association, where he advocated before the legislature for policies that strengthened constitutional rights, supported our law enforcement, and enhanced public safety across the state.

John has been happily married to his wonderful wife Pat for forty-five years. They enjoy their two children and six grandchildren, and they are also devoted members of Assumption Catholic Church in Jacksonville.

## LCS PROGRAM

Mr. DENT. Well, thank you Representative Rutherford for your testimony and updating the subcommittee on the importance of the LCS program. It is vitally important. And I also want to certainly let you know that we will continue to work with you on the Mayport Naval Station and the unfunded priority list. I am sure there is going to be a lot of demand for it this year, but we are going to do our best to accommodate as many of the Members as we can, so with that thank you.

And I yield to the ranking member.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman, for the opportunity to greet my fellow Floridian. As you know, we were not able to get all of our MILCON needs in Florida addressed in the hurricane supplemental that recently passed and was signed by the President.

Were there any facilities at Mayport specifically damaged by the recent hurricanes that have MILCON needs and still need to be addressed that weren't included in this one?

Mr. RUTHERFORD. I don't believe there were.

Ms. WASSERMAN SCHULTZ. Okay. Thank you.

Mr. DENT. Thank you, Representative Rutherford. I appreciate your testimony and pleased to work with you over this appropriations process.

Mr. RUTHERFORD. Thank you, Mr. Chairman. And I just want to say congratulations on a great term and time in Congress and thank you for all that you have done personally for us in Florida. Thank you.

Mr. DENT. Thank you. I hope to get to spend more time in north-east Florida.

Mr. RUTHERFORD. Yes.

Mr. DENT. It's a very nice part of the world.

Mr. RUTHERFORD. Come and see.

Mr. DENT. Really, I know it is a wonderful place.

Mr. RUTHERFORD. Thank you.

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TUESDAY, APRIL 17, 2018.

## WITNESS

**HON. ANN McLANE KUSTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE**

## OPENING STATEMENT OF CONGRESSWOMAN KUSTER

Mr. DENT. Okay. Thank you.

I would like to recognize Representative Kuster of New Hampshire. And you are recognized for five minutes.

Ms. KUSTER. Thank you, Mr. Chairman, and distinguished colleagues. Thank you for the opportunity to come before you today to join my colleagues on the Veterans Affairs Committee to talk about veterans' benefits and services from my perspective as ranking member of the House Veterans Affairs Subcommittee on Oversight and Investigations. And coincidentally, the only Congressional delegate in our New Hampshire delegation to serve on either the House or Senate Committee on Veterans Affairs.

It is no secret that VA's capital assets are in serious need of repair. For Granite State veterans, this reality is so much more obvious when the Manchester, New Hampshire VAMC experienced a catastrophic water pipe breach. Emergency repairs have been ongoing since this episode, which occurred within days last spring of the Boston Globe's report on patient access to care issues at the facility.

What I wanted to bring to your attention is that my home state of New Hampshire lacks the same robust VA capital assets that other veterans across the country enjoy. We are one of the only states that does not have a full service VA hospital within our borders.

As the ranking member of the Oversight and Investigations Subcommittee, it was my displeasure to learn about the gross misuse of funds in major construction projects like Aurora, Colorado while the Granite State veterans continue to see their needed improvements deprioritized.

As proud, frugal Yankees, New Hampshire veterans understand the realities of our current budgetary environment. And from that perspective, I respectfully request that the subcommittee seriously examine leveraging innovative concepts to deliver veterans' health care, both economically and effectively.

In my letter to the subcommittee dated March 16, 2018, I requested the prioritization of ambulatory surgical centers (ASC) as a solution that provides both quality health care while being fiscally responsible.

As you know, ASCs have long been utilized by the private sector to lower cost and improve health outcomes. ASCs would help resolve many of the issues surrounding veteran health care today. And it is incumbent upon us to provide VA with the tools it needs to care for those who have borne the battle. It is imperative that the Appropriations Committee continue to robustly fund the Choice program. And here I join my colleague Mark Takano to ensure its operation while an improved community care program is implemented. I remain concerned, however, that the funding shortfalls would put patients at risk.

And one of the most important lessons from the Manchester VAMC is the need for a program that values clinical input over budgetary issues. Patients must always come first.

I request the subcommittee consider two aspects of my bill, the VA Community Care Enhancement Act, that would require VA to implement a demonstration program between Veterans Affairs Medical Centers (VAMCs) and federally qualified health centers (FQHCs).

Like Mr. Fortenberry, I have a rural district. I consider that to be a compliment, not a slight. And I respectfully request that you recognize the importance of FQHCs for the future of the VA community care. Unfortunately, VA has not directed enough of its resources to integrating FQHCs into the VA community care network, despite the fact that right now, FQHCs treat over 300,000 veterans.

My bill also provides a mechanism to potentially resolve the issue with improper payments. In some cases it appears these pay-

ments are made to incentivize participation of certain community providers.

But FQHCs provide a novel solution. FQHCs receive an enhanced Medicare rate, negotiated to better cover their actual cost, while tying the rate to periodic audits by the Human Resources and Services Administration to ensure that FQHCs are only claiming legitimate costs.

VA currently lacks the flexibility to apply these rates to FQHCs and it has proven to be a significant disincentive for their participation. I urge my colleagues on the subcommittee to work with the Veteran's Affairs Committee to develop these authorities.

If I may, I wish to take this opportunity to applaud the Subcommittee for separating funds for VA's modernization efforts for the new electronic health records, from the VA's general IT account.

This move wisely recognizes the importance of enhanced oversight over the VA's IT modernization. As the ranking member in the O & I Subcommittee, I welcome continued coordination between our subcommittees to ensure effective oversight.

However, I urge my colleagues to heed the lesson and deny VA's proposed consolidation of the medical services account and the community care account. Consolidating these accounts would only serve to make VA's expenditures on community care less accountable for Congress.

Increasing the opacity of these accounts will likely heighten the pressure to ration care and further dissuade medical centers from requesting additional funding. I remain encouraged by the work of your subcommittee. And it was my pleasure to appear before you today.

And I want to join my colleagues in thanking you, Mr. Dent, for your extraordinary service to our country. We are very grateful.

[The information follows:]

**Written Testimony for Military Construction, Veterans Affairs, and Related Agencies  
Subcommittee**

Hon. Ann McLane Kuster, New Hampshire's Second Congressional District  
For April 17, 2018

Mr. Chairman and distinguished colleagues, thank you for providing me an opportunity to speak before your Subcommittee. I come before you today to testify on the state of Veterans benefits and services from my perspective as the Ranking Member of the House Veterans' Affairs Subcommittee on Oversight and Investigations *and* as the only congressional delegate to represent the veterans of the Granite State on either the Senate or House Committees on Veterans' Affairs. I will focus on three issues of importance for the Subcommittee:

- 1) Alignment of VA capital asset priorities with medical centers of greatest need,
- 2) The future of VA's community care programs,
- 3) Continued budgetary oversight of VA programs and projects.

**VA Capital Assets**

It is no secret that VA's capital assets are in serious need of repair. For Granite State Veterans, this reality was no more obvious than when the Manchester, NH Veterans Affairs medical center (VAMC) suffered a catastrophic water pipe breach. This breach allowed water to flow down multiple floors of the facility and immediately shutdown the Manchester VAMC's already limited surgical capacity. Emergency repairs have been ongoing since this episode and, as you know, this catastrophe occurred within days of the *Boston Globe* releasing a damning report developed in conjunction with a group of whistleblowers indicating severe patient access to care issues at the facility. That exposé brought to light serious issues around the utilization of the Choice program, which serves as a reminder of the need for robust reform of the VA's community care program, complete with effective mechanisms for congressional oversight.

As the only congressional delegate representing Veterans in the only state in the lower 48 to *not* have a full-service medical center, these issues mean something much more. My home state of New Hampshire lacks the same, robust VA capital assets that other Veterans across the country enjoy. As the Ranking Member of the O&I Subcommittee, it was my displeasure to learn about the gross misuse of funds in major construction projects like in Aurora, Colorado while Granite State veterans continue to see needed improvements deprioritized in the President's Budget (PB) Strategic Capital Infrastructure Planning (SCIP) rankings; the FY 2019 PB had the first Manchester VAMC project ranked 181<sup>st</sup>. It is clear that there is a need for greater focus on the prioritization of capital asset projects across the VA.

I am no stranger to the need for budgetary restraint; as proud, "frugal Yankees," New Hampshire veterans understand the realities of our current budgetary environment. From that perspective, I respectfully request the Subcommittee to seriously examine leveraging innovative concepts to deliver Veterans' healthcare economically and effectively. In my letter to the Subcommittee dated March 16, 2018, I requested the prioritization of ambulatory surgical centers as a solution that provides both quality healthcare while being fiscally responsible. The first ASC ranked in FY19 PB's SCIP priority list was 283<sup>rd</sup>.

As you know, ASCs have long been utilized by the private-sector to lower costs and improve health outcomes by concentrating ambulatory surgical procedures within a facility specially designed for outpatient procedures. These facilities are especially attractive in rural areas because they increase efficiencies of available providers. As a result, there are more than 6,000

ASCs that have reduced costs to Medicare by more than \$2 billion a year, decreased wait-times, and improved health care outcomes across the United States. Rather than degrading Veterans' continuity of care by sending Veterans off-campus, ASCs would help resolve many of the long standing issues surrounding Veterans' healthcare today. With facilities like Manchester VAMC and Northampton, Massachusetts VAMC experiencing issues with effectively coordinating healthcare in the community, it is incumbent upon us to provide VA with the tools it needs to care for those who "borne the battle."

#### VA Community Care Programs

As we continue to deliberate on the future of VA's community care program, it is imperative that the Appropriations Committee continue to robustly fund the current iteration of the Choice Program to ensure its effective operation while a new and improved community care program is implemented. I remain concerned that the funding shortfalls put patients at risk. VA medical centers must not feel pressure to ration care to accommodate budgetary deficiencies. One of the most important lessons from the Manchester VAMC is the need for a program that values clinical input over budgetary issues; patients must come first always.

I request the Subcommittee consider two aspects of my bill, the *VA Community Care Enhancement Act*, introduced with Mr. Bilirakis of Florida. That bill would require VA to implement a demonstration program between VAMCs and Federally Qualified Health Centers (FQHCs). I respectfully request the Subcommittee recognize the importance of FQHCs for the future of VA community care, as it recognized years ago as part of its MyVA initiative. Unfortunately, VA has not directed enough of its resources to integrating FQHCs into the VA

community care network, despite FQHCs treating over 300,000 Veterans and existing precisely in parts of the nation where the lack of primary care providers acutely affect Veterans.

My bill also provides a mechanism to potentially resolve the persistent issue with improper payments. As you know, the majority of improper payments made by the VA through its contracting regime are to community care providers. In some cases, it appears these payments are made in excess of statutorily required rates because community providers will not see patients without those funds. The VA has requested Congress provide additional flexibility to pay providers rates that incentivize their continued participation with the VA. Here, too, FQHCs provide a novel solution that I believe resolves many of these issues. FQHCs received an “enhanced Medicaid” rate negotiated on a State by State basis to better cover their actual costs since FQHCs operate as “payers of last resort” and treat everyone regardless of their ability to pay. This special reimbursement rate is federally authorized under section 1902(bb) of the Social Security Act (42 U.S.C. 1396a). What makes this rate so effective is that it is tied to periodic audits by the Human Resources and Services Administration (HRSA) to ensure FQHCs are claim legitimate “costs” and are not defrauding the Federal government. VA currently lacks the flexibility to apply this rate to FQHCs and it has proven to be a significant disincentive for these facilities to participate in VA’s community care network. I urge my colleagues on the Subcommittee to consider providing additional flexibilities for the VA to pay FQHCs these unique rates and thereby improve Veterans’ access to quality healthcare.

#### Budgetary Oversight of VA Programs

I wish to take this opportunity to applaud the Subcommittee for separating funding for VA’s modernization efforts for a new Electronic Health Record (EHR) from VA’s general Information

Technology account. This move wisely recognizes the importance of enhanced oversight over VA's IT modernization efforts. History shows that the VA has proven incapable of effectively developing or implementing IT reforms, especially in replacing VA's aging VISTA system. As the Ranking Member of the Oversight and Investigations Subcommittee, I welcome continued coordination between our Subcommittees to ensure VA finalizes a contract for a commercial, off-the-shelf (COTS) EHR. The proposed reform is unprecedented in scope and will take bipartisan, cooperative oversight to ensure VA effectively implements the new system.

However, I urge my colleagues to heed these lessons and deny VA's proposed consolidation of the Medical Services account and the Community Care account. Consolidating these accounts would only serve to make VA's expenditures on community care more opaque and less accountable. The most generous reading of the Manchester VAMC issues provide an argument against consolidation of these accounts – faced with budgetary constraints, the VA made decisions that adversely affected patient care in order to save money. Increasing the opacity of these accounts will likely heighten these pressures and further dissuade medical centers from requesting additional funding that will trade-off with funding for other, VA-centric programs.

I remain encouraged by the work of this Subcommittee to ensure Veterans receive the best healthcare and services possible. It was my pleasure to testify before you today and offer my insights upon the state of the VA today. Thank you.

## Full Biography



Ann McLane Kuster was first elected to the House of Representatives to represent New Hampshire's Second Congressional District in November of 2012, and she was sworn into office on January 3, 2013. She came to Washington determined to put an end to the gridlock, and during her time in office she has established a record of working across the aisle to get things done for her constituents in the Granite State.

Prior to taking office, Annie served as a longtime community activist and adoption attorney who focused her career on increasing opportunity for Granite State families. A strong advocate for seniors, students, veterans, and women and their families, Annie has always been committed to fighting for the issues that matter most to Granite Staters, like increasing access to higher education and affordable health care, and cutting waste, fraud, and abuse in the federal government to ensure our taxpayer dollars are used wisely. Annie played a key role in creating New Hampshire's UNIQUE College Savings Program to help parents save for their children's education, as well as the Medication Bridge Program to provide medicine to low-income families.

Since taking office, Annie has prioritized efforts to facilitate the creation of good jobs and to increase economic opportunity for every New Hampshire family. Annie knows small businesses serve as the backbone of our local economy, and she's visited dozens of businesses through her Congress At Your Company series. These visits helped inform the drafting of her 2014 Middle Class Jobs and Economic Opportunity Agenda, a blueprint of legislative proposals that Annie is pushing in Congress to help New Hampshire businesses grow and create more jobs. Additionally, she hosts a series of job fairs throughout the Second District, where Granite State job seekers and employers can meet and connect.

The daughter of a WWII veteran and prisoner of war, Annie is also dedicated to ensuring our nation's veterans have the support they need to make a smooth and successful transition back to civilian life. As a member of the House Veterans' Affairs Committee, Annie has pushed a number of legislative initiatives to improve the lives of veterans across the country. In 2014, she helped lead the successful fight to pass comprehensive VA reform legislation to ensure every veteran can get timely access to the health care they need, and in 2015 she was selected to serve as Ranking Member of the House Veterans' Affairs Subcommittee on Oversight and Investigations. In this position, Annie plays a lead role in overseeing the implementation of reforms at the VA, as well as identifying additional opportunities to protect taxpayers and improve services for veterans.

As a lifelong Granite Stater, Annie recognizes the importance of family farms and healthy forests to our economy. In Congress, she also serves on the House Agriculture Committee, where she has championed Granite State priorities like conserving natural resources, cutting wasteful subsidies, supporting organic farming, and fighting childhood hunger. During her first term in office, Annie helped pass into law a bipartisan Farm Bill that included many measures she championed, including provisions to support local Granite State farms, protect wildlife habitat, promote the domestic maple syrup industry, and invest in renewable energy. The Department of Agriculture has a broad jurisdiction over many federal programs, and Annie is focused on working with the USDA to foster economic growth in New Hampshire's rural communities.

Annie is also committed to protecting the programs Granite State seniors count on, such as Medicare, Social Security, and medical research funding for diseases that affect older Americans. With her late mother, who suffered from Alzheimer's Disease, Annie coauthored a book entitled "The Last Dance: Facing Alzheimer's with Love and Laughter." Before taking office, Annie and her father toured the state speaking out about Alzheimer's Disease and the burdens it places on families and caregivers. In Congress, Annie has championed legislation both to increase funding for research on finding a cure to this deadly disease, and to provide vital support for caregivers who work full-time looking after their loved ones.

Annie graduated from Dartmouth College in 1978 as part of the College's third class that included women students, and from Georgetown University Law Center in 1984. Annie is a member of the American Academy of Adoption Attorneys, and before her election to Congress she maintained a private adoption practice in which she helped hundreds of New Hampshire families adopt children.

Annie was born and raised in Concord, New Hampshire. Annie's late mother, former State Senator Susan McLane, was a pioneer for women in New Hampshire politics. Her late father, Malcolm McLane, was Mayor of Concord, a New Hampshire Executive Councilor, and one of the state's most prominent attorneys for over 50 years.

Annie and her husband Brad, an environmental lawyer, now live nearby in Hopkinton where they raised their two sons, Zach and Travis.

Mr. DENT. Thank you, Representative Kuster. And you have got a lot in there for five minutes.

I just want to say I think the areas of concern that you have highlighted are probably shared by many members of the subcommittee. While the funding issues are something we certainly can address, it seems to me that some of the priorities fall within your own committee's jurisdiction, and so to the extent that we can where funding is the issue, we will certainly work with you and seriously consider all the issues you have raised. I don't have any questions but thank you.

Ms. KUSTER. Thank you very much. I worked very closely with my chair, General Jack Bergman. And so, we would be happy to work with you to resolve any of these issues. Thank you so much for your time. I appreciate it.

Mr. DENT. Representative Wasserman Schultz.

#### ELECTRONIC HEALTH RECORD

Ms. WASSERMAN SCHULTZ. Just a quick question. As the chairman mentioned, your committee obviously manages the authorization of a lot of the issues you mentioned. I agree with you on the electronic health records concerns. No question. In fact, we inserted in the omnibus appropriations bill language that would ensure, that I suggested, that the GAO oversee the process through the years, which will be lengthy.

Ms. KUSTER. Yes.

Ms. WASSERMAN SCHULTZ. But that helped in the past, like when we were trying to bring the Capitol Visitor Center project, which was over budget and extended far beyond its original completion time, so that helped a bit.

But does your Oversight and Investigations Subcommittee plan to look into this issue? I mean, as you know, Secretary Shulkin was fired literally today before he was supposed to sign the Cerner contract. And we have quite a bit of uncertainty as to when that contract will be signed.

Ms. KUSTER. I can't speak for the Chair in terms of what he is planning. But I do know from previous conversations that he shares the concerns. In fact, our Chair, Dr. Roe, it is very bipartisan.

Ms. WASSERMAN SCHULTZ. Yes.

Ms. KUSTER. Our concern is about both the time table for IT improvements and the deliverables if you will. If it is any indication, we had a very good roundtable discussion this morning on a slightly different topic, the VA appeals process, but it related to new IT, and when we met with them in January, we had been very frustrated. We had no time timetable, no deliverables.

Today with the GAO's help, they were much, much more attentive to the questions that we had raised and I would expect that that would become a model for the committee as with regard to the electronic health record.

Ms. WASSERMAN SCHULTZ. Good oversight process to put in place while you are in the process of going through instead of coming in at the end.

## AURORA PROJECT

Ms. KUSTER. Yes. And I will say, I mean, I have been on the committee for five years and certainly the Aurora example was eye-opening for everyone on the committee, that this much money could be spent without accountability.

And so, I think you would find the committee to be much more attentive to these details at this point.

Ms. WASSERMAN SCHULTZ. Thank you.

Ms. KUSTER. And to our oversight role. Thank you very much.

Mr. DENT. Thank you, Representative Kuster. You have raised the Aurora project that is the project of which we shall never speak again.

Ms. KUSTER. I never should have mentioned it.

Mr. DENT. We have very good friends in Ed Perlmutter and Mike Coffman and your Senators have become very close friends to the subcommittee as a result of that project. And hope we never see another one like that.

Ms. KUSTER. Well, our subcommittee was out there, summer before last and we had an excellent hearing, but I have to say I was a little bit stunned that some of the testimony was that despite opening Aurora, that they had a large increase coming out of Colorado Springs of veterans that needed care.

And it was too far to get from there to Aurora and that they needed additional facilities. And I shouldn't laugh, I am sorry.

Mr. DENT. I know.

Ms. KUSTER. I just shook my head.

Mr. DENT. If you don't laugh, you will cry.

Ms. KUSTER. Yes, exactly. Thank you. Thanks very much.

Mr. DENT. Thank you. Thank you, Representative Kuster.

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TUESDAY, APRIL 17, 2018.

## WITNESS

**HON. FRENCH HILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS**

## STATEMENT OF CONGRESSMAN HILL

Mr. DENT. At this time, I would like to recognize the gentleman from Little Rock, Arkansas, French Hill.

Mr. HILL. Thank you, Mr. Chairman. I appreciate Chairman Dent, Madam Wasserman Schultz and my friend Jeff Fortenberry for letting me testify today. I appreciate the chance to present my views.

That was fun to hear Congressman Rutherford reference the USS Little Rock arriving in North Florida. They have been stuck in the ice in Montreal since December 16, 2017 when that ship was launched and they just arrived in the last two weeks.

So it was a cold, bleary winter in Montreal in the Saint Lawrence Seaway for the USS Little Rock. I know they are reveling shore leave in Florida. I appreciate the opportunity to testify in front of you today to talk about expanded research into the U.S. Department of Veteran Affairs 40-mile rule.

The Veterans Choice Program that you heard so much about today provides veterans with the ability to receive medical care from the community outside the VA when required or necessary.

One requirement for eligibility under this program is for a veteran to live more than 40 miles as defined by driving distance from the nearest VA medical facility with a fulltime primary care physician.

This does not account for facilities within the 40-mile radius that may not provide the proper services for any given veteran. I have three wounded warriors on my staff at our district office in Little Rock. And we have 50,000 veterans in the second congressional district of Arkansas. So it is a prime focus of my office as we are home to Little Rock Air Force Base and Camp Robinson, the National Training Facility for the National Guard.

And so I hear persistent concerns from our veterans about the 40-mile rule within the Choice program. The program was designed to make it easier for our veterans to receive the care they deserve.

And I don't believe the distance a veteran lives from a facility should necessarily affect the quality care they receive. For this reason, I respectfully request that you include the following language in the fiscal year 2019 MILCON VA bill.

And I quote that language. "The U.S. Department of Veterans Affairs Secretary shall conduct a review of the Veterans Choice Program 40-mile rule and determine whether it serves the best interest of our veterans.

"The Secretary shall issue a report to Congress on such policy not later than one year after enactment of the Act". I appreciate the chance, Chairman Dent, to be before you today and also give you my very best regards and fraternal friendship as you leave your quality service in the Congress. Congress will be a less wise, less commonsense place with your departure. And thanks for the ability to testify today.

[The information follows:]

Congressman French Hill (AR-02)  
Subcommittee on Military Construction, VA and Related Agencies  
Oral Testimony  
Date: Tuesday, April 17, 2018

Chairman Dent, Ranking Member Schultz, and Members of the Subcommittee:

I appreciate the opportunity to testify in front of you today in support of expanded research into the U.S. Department of Veterans Affairs (VA) “40-mile rule”.

The Veterans Choice Program (VCP) provides veterans with the ability to receive medical care in the community, outside the VA, when required or necessary.

One requirement for eligibility under VCP is for a veteran to live more than 40 miles (driving distance) from the nearest VA medical facility with a full-time primary care physician.

This does not account for facilities within the 40-mile radius that may not provide the proper services for any given veteran.

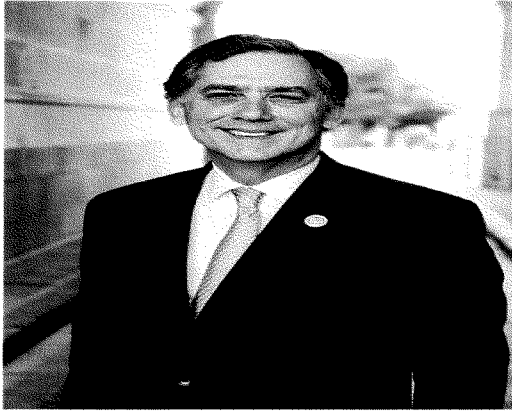
My district is home to many of our brave veterans and service members at Little Rock Air Force Base and Camp Robinson, and I have heard concerns from a number of our veterans about the 40-mile rule within the VCP.

The Choice Program was designed to make it easier for our veterans to receive the care they deserve, and I don’t believe the distance a veteran lives from a facility should affect the care they receive.

For this reason, I respectfully request that you include the following language in the FY19 MilCon-VA bill:

*The U.S. Department of Veterans Affairs (VA) Secretary shall conduct a review of the Veterans Choice Program “40-mile rule” and determine whether it serves the best interest of our veterans. The Secretary shall issue a report to Congress on such policy not later than 1 year after enactment of the act.*

Thank you, and I appreciate your consideration.



## French Hill

### *Congressman – Arkansas's Second Congressional District*

A ninth generation Arkansan, French Hill is the 22nd Member of Congress to represent central Arkansas in the U.S. House of Representatives. He was elected on November 4, 2014, began his first congressional term on January 3, 2015, and was officially sworn in on January 6, 2015.

He serves on the U.S. House Committee on Financial Services where he was appointed to the committee's leadership team as Majority Whip. Prior to his congressional service, Mr. Hill was actively engaged in the Arkansas business community for two decades as a commercial banker and investment manager. He was founder, chairman, and chief executive officer of Delta Trust & Banking Corp., which was headquartered in Little Rock and recently merged with Arkansas-based Simmons First National Corp.

Prior to his community banking work in Arkansas, Mr. Hill served as a senior official in the administration of President George H.W. Bush. From 1989 until 1991, Mr. Hill served as Deputy Assistant Secretary of the Treasury for Corporate Finance, where one of his key assignments was representing the United States as a negotiator in the historic bilateral talks with Japan known as the Structural Impediments Initiative (SII).

After the fall of the Berlin Wall, Mr. Hill led the design of U.S. technical assistance to the emerging economies of eastern and central Europe in the areas of banking and securities. In 1991, at the age of 34, President Bush appointed Mr. Hill to be Executive Secretary to the President's Economic Policy Council (EPC), where he coordinated all White House economic policy. For his leadership and service at the Treasury and the

White House, Mr. Hill was awarded the Distinguished Service Award by U.S. Secretary of the Treasury Nicholas Brady in January 1993. Prior to his Executive Branch Service, from 1982 until 1984, Mr. Hill served on the staff of then-U.S. Senator John Tower (R-TX) as well as on the staff of the U.S. Senate Committee on Banking, Housing, & Urban Affairs.

Throughout his career, Mr. Hill has been active in civic affairs. He is a past president of the Rotary Club of Little Rock and served as the 2013 chairman of the Little Rock Regional Chamber of Commerce.

He has received numerous awards and recognition for his long-time support of the Boy Scouts of America, the arts and humanities, tourism, and historic preservation in Arkansas. He is an avid outdoorsman, boy scout, and spends recreational time outside hiking, fishing, and more.

Mr. Hill is a *magna cum laude* graduate in Economics from Vanderbilt University. He is married to the former Martha McKenzie of Dallas, Texas, and they have a daughter, Sarah Elizabeth McKenzie Hill, and a son, William Payne Hill. The Hill family resides in Little Rock.

## 40 MILE RULE

Mr. DENT. Well, thank you, Congressman Hill, really I have enjoyed serving with you too. It was a pleasure to get to meet your wife too and her service to our country on the National Security Council during the Bush Administration.

So, I want to thank you for that. But now, if you are going to be stuck in Montreal, let it be during hockey season. And hope you enjoyed it up there. A couple of things just on the 40-mile rule, I know there are areas in your state where that 40-mile rule does limit access to care. I have been frustrated by that rule as well.

I know that VA is trying to make some accommodations in the application of that particular rule, but I think the better news is that the authorizers are conferencing right now on a replacement program for Choice.

And I don't think that they intend to use the mileage-based measures to determine eligibility for non-VA care. But we had three members here previously from the VA authorizing committee who might be able to give us some insights on what this new VA Choice 2.0 is going to look like. But I share your concerns on that issue.

It is something that is enormously frustrating to me that geographic criteria is quite limiting to the people in so many ways, that I don't think it should be geographically based anymore. In many cases we are denying veterans' access to some of the best health care institutions in the world based on where they live.

And I think that is unfair. So, with that I thank you and I yield to Mr. Fortenberry to see if he has any questions.

Mr. Fortenberry.

Mr. FORTENBERRY. No. I think you raised a reasonable point. It is just I don't know the criteria by which 40-miles is selected. It might be just a pure budgetary constraint, but yet an artificial one that perhaps keeps some people from the quality of care that they deserve.

You have got to have some set of criteria that make it somewhat objective and yet at the same time the rules are for the benefit of persons and when they interfere with that, then the rule itself ought to be reexamined. So, I don't know where the authorizers are either. But thanks for raising the issue.

Mr. HILL. Thanks for the opportunity.

Mr. DENT. Well, thank you, Representative Hill.

And that concludes our hearing today. I see no other Members here for this Member Hearing Day. Are there any others here who want to speak up? Say so now, or forever hold your peace.

So with that any comments from the ranking member?

If not, this hearing is adjourned.

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