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MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2021

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH 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 2021

THURSDAY, FEBRUARY 27, 2020

OVERSIGHT OF VA's ELECTRONIC HEALTH RECORD MODERNIZATION IMPLEMENTATION

WITNESSES

MELISSA GLYNN, ASSISTANT SECRETARY FOR ENTERPRISE INTEGRATION

RICHARD STONE, EXECUTIVE IN CHARGE, VETERANS HEALTH ADMINISTRATION

JOHN H. WINDOM, EXECUTIVE DIRECTOR, OFFICE OF ELECTRONIC HEALTH RECORD MODERNIZATION

Ms. WASSERMAN SCHULTZ. On Military Construction and Veterans Affairs and Related Agencies hearing on electronic health record modernization implementation to order. Today we welcome Dr. Melissa Glynn, the assistant secretary for enterprise integration at the Department of Veterans Affairs; Dr. Richard Stone, the executive in charge for the Veterans Health Administration; and Mr. John Windom, the executive director of the Office of Electronic Health Record Modernization.

My colleagues, the focus of this hearing is to discuss VA's implementation of a modernized interoperable electronic health record system with the Department of Defense or at least ideally, that is what we are—what our focus is. The VA is requesting $2.6 billion for the Office of Electronic Health Record Modernization, which is $1.1 billion above last year's enacted level of 1.5 billion. The huge increase in cost is requested to support the full implementation of EHRM at seven facilities in VISN 20 and preparing facilities for deployment at an additional 24 sites in VISNs 22, 21, and 7.

This schedule assumes the three initial operating capability IOC sites will be deployed this year in fiscal year 2020. Up until the end of last August, we heard nothing but good news on VA's side of implementing the shared electronic health record system with the Department of Defense. We heard how VA was hosting workshops with clinicians all over the country to make sure that there is clinician buy-in and that the end product would be what clinicians want and expect to receive.

We heard how VA and Cerner were working through developing all of the capabilities and interfaces needed to deploy the system at the IOC sites in Washington state and that it would go live on time, on schedule, and on budget. And then, at the end of August 2019, and I believe I can speak for all of my colleagues on both

sides of the aisle, we were extremely disappointed and surprised to find out about a delay at the Seattle of American Lake IOC locations from news outlets instead of from the VA itself. Since then, everything waswas supposedly going well and deployment at Mann-Grandstaff was still going to go live on time in March 2020.

However, a little over 2 weeks ago, Secretary Wilkie called me to let me know that there will now also be a delay at Mann-Grandstaff because capabilities were not ready, and training was not going well. In a nutshell, this means that the entire IOC deployment will now be delayed, the whole thing. Let me be clear here. My issue is not with the fact that we have a necessary delay. It is a $16 billion project that needs to be implemented correctly and safely from the beginning, and we do not want to compromise patient safety in order to meet an arbitrary deadline.

We want to be thoughtful in execution and get it right from the beginning. But on behalf of my colleagues and, more importantly, the veterans that we each represent, we do expect and demand better communication from the VA on ongoing issues regarding EHRM implementation. And the VA, through multiple sets of leaders, does not have a good track record in that regard. Despite quarterly briefings, we are not getting accurate and timely information. And the status quo is completely unacceptable.

We are, on top of it all, in a much tighter fiscal environment for this fiscal—upcoming fiscal year, and we cannot afford a situation where we have delays that inevitably cost us more money. There also needs to be better communication between the VHA, the Veterans Health Administration, the Office of Electronic Health Record Modernization, and Cerner as well.

My understanding is that the VHA clinicians did not respond well to the iterative training and development process. Clinicians obviously want to be trained on a fully-developed system. That is perfectly reasonable. And we want to make sure that we have full clinician buy-in to ensure a successful implementation. But—and I'd like our witnesses to pay attention to what I am about to say. This is an issue that should have come up well before 1 month before the Go Live date at Mann-Grandstaff if all parties were communicating effectively with each other. This iterative training process pointed to as the problem is specified in the contract. This was a known goal. This was a known process that was in the plan for implementation and to Go Live process all the way through from the beginning.

So none of the challenges that—that have arisen should have been a surprise, least of all to Congress. It was a surprise because we would not be—the individuals at the VA have been either less than forthright or not on top of what was going on themselves, both of which are very disturbing and unacceptable. So today, I want to discuss what the IOC delay means for VA's electronic health record modernization across the board, its funding implications, future site deployments, leadership vacancies and communication with Congress.

We have a lot of ground to cover today, and I am looking forward to what will likely be a robust conversation. So at this time, I would like to yield to ranking member—excuse me—to Chair-

woman Nita Lowey, who is the chair of the full Appropriations Committee, for her opening statement.

The CHAIRWOMAN. Thank you very much, and I will try and stay very calm. Some of you—tell me first. Remind me. Dr. Glynn, how long have you been working on this project?

Ms. GLYNN. Yes, ma'am. I have been—excuse me.

Ms. WASSERMAN SCHULTZ. Madam Chair, this is for your opening statement.

The CHAIRWOMAN. Oh. Can I make it part of my opening statement? OK. I will give my opening statement, and then I will have you answer those. I'd like to know, frankly, because some of you make it part of my opening statement. As you know, you probably remember how Mr. Rogers and I have been working on in years public meetings, private meetings, and we still don't have a system. So I thank Chairwoman Wasserman Schultz, Ranking Member Carter for holding this important hearing. I welcome Dr. Glynn, Dr. Stone and Mr. Windom before the Subcommittee today.

Congress has mandated, financed some version of information exchange of patient records between the Departments of Defense and Veterans Affairs for well over two decades, yet today the VA still cannot offer this capability to the veterans it serves. The VA is now going into the fourth year of Congress's latest effort to compel this administration to achieve one seamless health record for our servicemembers and our veterans. Over the past 3 years, Congress has provided the VA with a whopping $3.5 billion for electronic health records management.

Your budget request for fiscal year 2021 is for another $2.6 billion. This comes on the heels of the latest delay in deployment of the first system at Mann-Grandstaff VA Medical Center following the confident statements during last year's hearing. This is a challenging project for sure, but the VA seems to have underestimated the—I don't know—fifth time, sixth time the difficulty. And you have repeatedly botched the project. Further, while the Joint Federal Electronic Health Management Program Office has been formally established, I remain concerned about its lack of a single responsible individual to hold accountable for the effort's success.

The men and women who have faithfully served our nation deserve no less than a seamless and problem-free system, something we have been promising for the past two decades. The transfer of health information should ease the burden of transitioning servicemembers with service-connected injuries and illnesses. It also should lay the groundwork for exchange with private-sector caregivers, an essential part of veterans' healthcare. Frankly, we should have checked whether this is my fifth year, sixth year, seventh year.

Some of you may remember Mr. Rogers' red-faced anger in private meetings, public meetings. What we really need to have is insight. The ongoing challenges and the steps have—that are being taken to mitigate future risk, it is our duty to the veterans, to the taxpayers, to realize the benefits of this transformation as soon as possible.

Now, excuse me if I get a little overworked about this issue. I am not sure now. I was going to check whether it is the fifth year, the sixth year. Mr. Rogers—it is many, many years. I don't know why

you can't get the job done, and I am hoping you can explain it to us today. Thank you, Madam Chair.

Ms. WASSERMAN SCHULTZ. You are welcome. And thank you, Madam Chair, for helping us ride herd on this and would be—your outrage is understandable, and I think it is important to note in all the years that I have known the chairwoman, there is maybe one other time that I remember her as outraged as she is and expressing it in the way she has, and that is because no one likes to preside over waste and frittering away unnecessarily of precious time that impacts the quality of life of our veterans and their service. With that, I would like to represent—I would like to recognize Judge Carter for his opening statement.

Mr. CARTER. Thank you, Madam Chairman, for recognizing me. Let me say I am very pleased Mrs. Lowey went before me because I loved your tirade, and I knew it was coming. I knew it was there.

The CHAIRWOMAN. You were there over and over again.

Mr. CARTER. Yes. So I will try to be nice. We are excited about starting the 2021 appropriations hearing season. Probably will—a lot more exciting than our witnesses are because this is a very important topic. Thank you, Chairwoman Wasserman Schultz, for starting out with the VA Electronic Health Record Modernization Initiative. We have talked about this for a long, long, long time. I am glad the VA is making progress. I continue to believe that the VA needs to get it right. The VA and all its partners on this project must continue to work hard and make good decisions. A lot of veterans, all our veterans, are counting on you.

The President's budget proposes $2.627 billion for fiscal year 2021 for these electronic records. This is an eye-popping $1.1 billion over 2020 level. This subcommittee has high expectations for this program, and you better believe in—like you can see, we are paying attention. I strongly encourage the VA to regularly communicate and consult with this subcommittee as it moves ahead. We all want this to work. We have got to talk to each other. Thank you for holding this hearing. I yield back.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter. I don't see Ranking Member Granger, and so we have Dr. Melissa Glynn, who is the assistant secretary for enterprise integration, who I will note is actually not supposed to be the lead official at the VA for this—the implementation of EHRM. That position is currently vacant. And so Dr. Glynn is subbing in, for lack of a better term.

So your full written testimony will be included in the record. Dr. Glynn is the only individual of the three people at the table who will be testifying, and then we will proceed to questions. So Dr. Glynn, your full testimony will be entered into the record, and you are recognized for five minutes for your opening statement.

STATEMENT OF MELISSA GLYNN, ASSISTANT SECRETARY, ENTERPRISE INTEGRATION, DEPARTMENT OF VETERANS AFFAIRS

Ms. GLYNN. Thank you. Good afternoon, Chairman Lowey, Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguished members of the subcommittee. Thank you for the opportunity to address you today. And we hear your concerns. I would like to be—begin by expressing our sincere appreciation for—to the

Appropriations Committee and specifically the subcommittee for your commitment and support for our effort to modernize the electronic health record system over the past several years.

Although we were revising our Go Live date for Mann-Grandstaff Medical Center, this effort is poised for success at Go Live. And the path to success considers the complexity of our system and its unique requirements to serve our veterans and the unprecedented collaboration we have achieved at the Department of Defense. Thanks to your support, we have made tremendous progress thus far working with DoD and our implementation partner, Cerner. We have completed infrastructure investments at our IOC sites and are already seeing improved performance. We are poised to launch our new VA-DoD Joint Health Information Exchange by early April at the latest. This will benefit all legacy and modernized VA and DoD healthcare sites.

We are currently testing our centralized scheduling solution in Columbus, Ohio, which will align with the Cerner platform for Go Live in April. Prior to our new Go Live date, additional capabilities will be included in the Millennium Product. Those were originally planned to be added this fall but will be advanced to be realized sooner. These include online pharmacy refills, appointment check-in kiosks, telemedicine and other capabilities intended to improve the veteran experience.

We are all doing—we are doing all of this and still operating within the 18-month IOC timeline for Mann-Grandstaff Medical Center. We expect to continue these implementation efforts through our current budget and our fiscal year 2020–21 request and do not anticipate a change in funding requirements at this time.

Please allow me to introduce my colleagues. I am joined today by Dr. Richard Stone, executive in charge of the Veterans Health Administration, and Mr. John Windom, executive director of the VA Office of Electronic Health Record Modernization. As assistant secretary for enterprise integration, I support the secretary through leading department-wide governance and support management and execution of major initiatives.

My office also leads coordination activities with the Department of Defense, which is vital to this joint endeavor. As you well know, in May 2018, we took steps to modernize our EHR and awarded a contract to Cerner Corporation to replace our legacy system with the same solution adopted by DoD. The objective is to achieve a single interoperable system with the DoD and community healthcare partners.

We selected Mann-Grandstaff Medical Center in Spokane, Washington as our initial operating capability site and established an 18-month deployment timeline. You cautioned us not to rush and deploy a product that would jeopardize our ability to deliver healthcare—the healthcare quality our veterans deserve. We have agreed with your guidance and put in place a governance framework which prioritizes patient safety, balances risk and enhances user adoption, leverages lessons learned from the DoD.

Our program governs, is inclusive. It is collaborative and encourage the secretary's commitment to engaging employees from the bottom up. As noted, based on Cerner's best practices, our initial

deployment schedule followed an iterative model and called for training users when the system build was mostly completed with VA-specific workflows.

Earlier this month, our clinicians in the field identified and communicated critical requirements and capabilities that must be available prior to user training. The secretary listened to this feedback and postponed training so that we will bring the system closer to 100 percent complete prior to commencing training. A revised Go Live date allows us to include additional capabilities intended to enhance user adoption, improve productivity and efficiency for our field staff and, as mentioned, enhance the veterans' experience.

We have provided the subcommittee with an updated project timeline to give perspective on the milestones ahead and the scope and complexity of the task underway. This timeline includes critical milestones in March, April and May, and we will continue to validate this—these achievement of these milestones through our governance framework.

We will keep you apprised of progress, what we have accomplished, what we are working towards with DoD and with Cerner. To be clear, no other healthcare organization in the world is attempting something of this scale and complexity. We share your commitment to getting this absolutely right for our veterans. Thank you for continued support of the mission. We are happy to answer your questions.

At this time, I yield to the chairwoman of the full committee for her opening questions.

The CHAIRWOMAN. Thank you very much. As you can see, this is an issue that some of us have been working on for at least the past 10 years. And if I get overly angry, maybe I should begin by asking Dr. Stone or you can all chime in. If a member of our distinguished military leaves the military and becomes a veteran, can you tell me how he can access his medical records, Dr. Stone?

Dr. STONE. The plan under this yielding——

The CHAIRWOMAN. What is happening now?

Dr. STONE. Now, we are dependent upon the Joint Legacy Viewer that will evolve into the Health Information Exchange in order to transfer records. The Health Information Exchange will not only include the DoD records but records of 225 commercial systems. That will be fielded within the next month.

The CHAIRWOMAN. Aren't you embarrassed?

Dr. STONE. Ma'am, I am not sure.

The CHAIRWOMAN. In other words——

Dr. STONE. Embarrassed about what?

The CHAIRWOMAN. So that a veteran has all these records out there, and if he needs care for a severe illness, does he still have to put all those records in a box when he goes to the doctor?

Dr. STONE. No.

The CHAIRWOMAN. Please clarify the process. And I apologize. You are all very fortunate that one of my colleagues who has been having these hearings for the last years isn't here today. But explain to me how he gets the information to the doctor.

Dr. STONE. Let me tell you how my care is because I am a veteran, and I am a combat veteran.

The CHAIRWOMAN. OK.

Dr. STONE. And so let me explain to you that when I go to the Washington, DC VA where I get my care, my provider looks at the Joint Legacy Viewer. The Joint Legacy Viewer is an interface that we have with the DoD processes, and they can bring up my records for care. That will evolve within the next month into a health information exchange that will dramatically increase that to include my commercial records and so that my commercial records will also be available.

The CHAIRWOMAN. Now, we were told, and maybe it is incorrect, that to have accurate records, the veteran has to pick up the records, take them in a box to another physician. That is not correct then?

Dr. STONE. That is incorrect.

The CHAIRWOMAN. OK. I would like to see that in writing and have a detailed record of the process because if I am getting overemotional, I apologize. But we have been having these hearings for the last 10, 15 years without any success.

Dr. STONE. Yes, ma'am.

The CHAIRWOMAN. Dr. Glynn, after 1 year and 3 months without a confirmed deputy secretary, we understand James Byrne was confirmed as the deputy secretary of VA in September, then fired a few weeks ago with only 4 months on the job; is this correct?

Ms. GLYNN. Ma'am, I would have to check the exact timing, but I believe, yes, he was in—he was fired from his position recently, yes, and was on the job for several months. But I am not exactly sure of the timeline, but we can validate that.

The CHAIRWOMAN. But what I am trying to understand, now that there is no deputy secretary, who is accountable for the EHRM?

Ms. GLYNN. Ma'am, the secretary remains accountable for the EHRM.

The CHAIRWOMAN. OK. Dr. Glynn, Secretary Wilkie decided to delay the Go Live deployment dates at Mann-Grandstaff, American Lake, and Seattle, the three sites that would demonstrate initial operating capability. The original deployment date for Mann-Grandstaff was March 28, 2020. Can you tell me how will the delay in the deployment at these three initial operating capability sites affect the rest of the deployment schedule?

Ms. GLYNN. I am going to ask Mr. Windom to—who lives and breathes the schedule in detail to review thatand——

The CHAIRWOMAN. And when do you expect to go live at these sites?

Mr. WINDOM. Ma'am, we owe your staffers on March 10 an updated schedule. I can tell you I have been reviewing various versions of that schedule and we still—we stay within the 10-month deployment period that was identified by the contract at inception and that our strategies that revolve around a block one capability, block two capability are to make us and will make us more efficient in—enterprise down the road. So we are not exceeding the 10-year threshold identified by the contract and articulated to you before, and we are very comfortable with the efficiencies that we are gaining as part of our present processes.

The CHAIRWOMAN. I am losing my time, so I would just like to close. The VA has requested $2.6 billion for the Office of Electronic

Health Record Modernization for fiscal year 2021. This is $1.1 billion increase over last year. Would you respond?

Mr. WINDOM. Yes, ma'am.

The CHAIRWOMAN. And I also would like to know the last question, in addition to the money, how can we even trust your timetable?

Mr. WINDOM. Ma'am, I will come as often as your staff wants me to come to update them on content of our schedule, including provide them project plans and project timelines. I can tell you that the increased budget request is a byproduct of deploying to more sites.

In addition, through our IOC efforts, we have identified infrastructure deficiencies that must be rectified prior to deploying a commercial—solution. As Dr. Glynn alluded to, the infrastructure updates to date at IOC have increased—have decreased log-in time from 45 minutes to 30 seconds. So your support and efforts in our infrastructure upgrades have already paid dividends, and we look forward to bringing on board the new EHR solution.

The CHAIRWOMAN. Let me close by just saying, if I may, for the chairman, how do you plan to spend the 2.6 billion this year? It is a billion dollars more than last year, and we still don't have a system.

Mr. WINDOM. Ma'am, that $2.6 billion is in 2021. And it reflects the infrastructure upgrades, nearly 800 million or $1.18 billion and $800 million increase because there are more sites that we are deploying to, which means more infrastructure upgrades that must take place. It is very much supportable by any documentation that your staffers need me to provide.

The CHAIRWOMAN. I will turn this back to my chair. And just let me say for those of us who have been fighting for these veterans, as you all have for many, many years, I apologize for the anger but I am furious. Billions and billions of dollars, my friends, and we don't have a system. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair. And as I noted, your outrage is warranted and, you know, you have expressed it before. And as we move forward, we are at the point now where we have to replace outrage with accountability, and that accountability is going to need to go in this bill. So just consider that notice. Mr. Hurd, you are recognized.

Mr. HURD. Thank you, Chairwoman.

Mr. Windom, when did you join?

Mr. WINDOM. May 2017, sir.

Mr. HURD. Dr. Glynn?

Ms. GLYNN. I have been in my position since December 2017.

Mr. HURD. Dr. Stone?

Dr. STONE. July 2018.

Mr. HURD. Got you. Now, I have been one of the many —I haven't been doing this as long as some of my colleagues that have been kind of outraged. I remember a 10 billion over—over 10 years. In 2015, I lamented the fact that our servicemembers are literally being told to print out. This was 2015. 2015, we knew that was happening. 2016, I said that the initiative risk becoming an expensive multi-year government investment that never delivers the

functionality the VA healthcare providers needed. This predates you all's arrival.

2017, I urged the VA leadership to make tough decisions to develop a successful interoperable health record. Again, for all three, you all were there. And then I think I remember last time, I tried to get this Committee to vote to not allow Mr. Windom to leave because I will say I am quite shocked that the development has come this far. I was suspicious of being able to meet the 10-month deadline. And the fact that you are now coming, yes, the Go Live is delayed 3 or 4 months.

However, the operability of that Go Live is going to be increased than what it would have been had you—had you gone live next month. And you are saying that there is more capabilities down the road. I remain, I think I said, cautiously optimistic last hearing. I remain such, and I am excited for this Go Live. Now, the chairwoman talked about the $1.2 or $1.181 billion for infrastructure readiness.

Mr. Windom, you mentioned that if you are going to increase the computing capabilities of the system that you have, the existing infrastructure of 50-year-old buildings and 50-year-old equipment cannot maintain. And this is everything from, you know, being able to cool the system, to power the system. Can we talk a little bit about what specifically this 1.1—in Texas A&M, we call it 1.9—1.2—excuse me—so what is this $1.2 billion going to use?

Mr. WINDOM. Sir, you hit the nail on the head. It literally is a full infrastructure upgrade. The tech refresh plans have not supported keeping our network update. And so switches, routers, servers, IT closets, desktop computers, you can walk the full gamut. We weren't expecting to spend a hundred million dollars at IOC sites in support of infrastructure upgrades. But through your graciousness, the graciousness of these committees and others, you have funded us to make sure we put in place an infrastructure that will optimize the use of the state-of-the-art EHR solution.

As we have indicated before, a new solution doesn't run well on an old network. In addition, we run both VISTA and the new EHR Cerner Millennium simultaneously on that network as we transition. So it is the full gamut, sir.

Mr. HURD. Sure. And you said something crazier earlier. You are actually going to the people that are going to use this system and get their feedback?

Mr. WINDOM. Sir, you know, I can't highlight enough the encouragement that you provided us to be better partners with DoD. DoD has been phenomenal in sharing their challenges. One of the greatest challenges is make sure the upgrades take place to your infrastructure, and make sure you train the people at the local facilities, get them comfortable. This is a changed management process. The technology will support what we are trying to do. But the people are the critical element. As I have said in repeated interactions is we are not outsourcing their brains. Their brains are what is most important.

Mr. HURD. Sure.

Mr. WINDOM. We are going to give them a tool that is going to make them better, but we have got to get them comfortable on that tool, and that is what this training evolution is about.

Mr. HURD. Mr. Windom, there are—there are smaller projects than what you are trying to do that doesn't seek the—the customer feedback the way you are. This is, you know, the basics of software development. The test that is—tell me a little bit more in my final 40 seconds about the tests you have already run on the system to do the true interoperability and being able to read both the Cerner and VISTA data.

Mr. WINDOM. Sir, a comment was made earlier about the iterative training. Well, the testing—we awarded a FAR Part 12 contract, a commercial services contract, to implement a commercial solution, which, therefore, means we are going to employ commercial practices in implementing that solution. This is a commercial practice and iteratively—implementing and training.

As part of our efforts, we have got various targeted IV events, integrated validation test event one and two. We committed to the Committee to come back and see them in mid-February to give them our go/no-go assessment. And to be honest, we followed our schedules, and we were prepared to come to you, which we did, when we said we were going to come so the IV2 event failed to deliver what we anticipated. Decisions were made at the Dr. Stone and my level to go see the Secretary. We did. He made the ultimate decision, which we think is the right decision.

Mr. HURD. I yield back.

Ms. WASSERMAN SCHULTZ. Thank you. I will begin my questions just with a perfect. And I appreciate the inner tube that Mr. Hurd has thrown you. But you are going to have to swim a little faster than that because, frankly, the communication is absolutely critical for us. We want to have communication. We want to have your feedback and open dialogue. And that simply did not exist in this situation.

I will get to that in a moment, in a later question. But our implementation of a project of this magnitude, this significance, this cost, and the kind of arc of the timeline that this includes, requires trust. You have, for lack of a better term, stripped the trust that existed prior to things like the committee finding out in the newspaper about it, and being told right up until a couple of weeks ago that everything was on schedule.

So that is the line of questioning that I am going to move through, and also have you help me understand how the trust going forward would be—any trust going forward in what you tell us would be warranted.

So Dr. Glynn, we received the Secretary's notification yesterday describing VA's plans to move forward on the EHRM implementation. And I understand there will be two sets of capabilities, one deployed at Mann-Grandstaff in July, and an additional set to complete all the necessary requirements for deployment at American Lake in Seattle in November.

Besides the timing of deployments, the key things that have changed are the training schedule, and users will train on their versions of the competed system before their respective go-live dates, and an additional six capabilities will be brought forward to deploy to Mann-Grandstaff when they were originally going to be part of the block 2 deployment at American Lake in Seattle.

And while that update is appreciated, the notification does not satisfy Congress's requirement for an updated deployment schedule to be transmitted to the committee for approval, which has not happened. And I know you and your colleagues are aware of the expectation, and I appreciate Mr. Windom's indication that that would be forthcoming on March 10. But for the record, I would like to state that we are expecting a full deployment schedule submitted to the committee for approval no later than March 10, 2020.

So Dr. Glynn, do I have your commitment that I can count on to provide a fully fleshed out deployment schedule in written form no later than March 10? The Secretary's notification yesterday, while helpful, does not change that our expectation is to see the go-live dates for IOC, not just the target month. And we want to see the entire schedule when the VA sends it to us by March 10.

Ms. GLYNN. Yes, ma'am. Yes.

Ms. WASSERMAN SCHULTZ. OK. What factors contributed to the decision to delay go-live at Mann-Grandstaff? And what was the primary factor?

Ms. GLYNN. I think, as communicated earlier, overall we have had a process that Mr. Windom has highlighted, and many of the I think it is almost 1200 clinicians have been part of this process, representing councils that have helped with the work flows and designing the efforts, would work mostly under Dr. Stone's organization.

Overall, we conducted IV2 integration validation test 2 in January, end of January. And as Mr. Windom highlighted, there was feedback from the clinicians on the site at Mann-Grandstaff and others that were being trained that the build of the system was mostly complete but not fully complete.

So they were expecting to see elements that they helped to design, the configuration that they expected to see there, and they were not seeing it. So they voiced their concerns. As part of our management and oversight in my organization, we were pulling those concerns forward. Had a scheduled session, as we planned, with the Secretary to review where we were and to make a decision prior to commencing training.

Commencing training reflects an investment of approximately 20,000 hours of frontline staff time. And so we considered this a major milestone prior to hitting the go for the training effort.

Ms. WASSERMAN SCHULTZ. And when does the VA expect Cerner to finish developing all the capabilities and interfaces to deploy at Mann-Grandstaff and American Lake in Seattle?

Ms. GLYNN. Our path at this point, and we will go into more detail, is within the next month. Early next month we will have the system completely built. And we continue on, and we will have those interfaces completely built within the following month.

Ms. WASSERMAN SCHULTZ. And will the delay have any effect on the Seattle and American Lake locations and the rest of the deployment schedule?

Ms. GLYNN. As Mr. Windom highlighted, no, we do not expect to have a cascading effect on that schedule.

Ms. WASSERMAN SCHULTZ. OK. Before I yield to Mr. Rutherford, I will tell you that I, when I was the chair of the Legislative Branch Subcommittee, presided over an infrastructure project, a

small one, the Capitol Visitors Center. And that was colossally over budget, colossally over time, and we had similar hearings in which we were told similar things, and had multiple hearings after delays and cost overruns. And so I just again want to underscore that you should expect that we are not going to be able to just take your word for it anymore and we are going to have to establish tighter controls over this process.

So with that, I recognize Mr. Rutherford for his questions.

Mr. RUTHERFORD. Thank you, Madam Chair. Thank you all for being here this afternoon.

Mr. Windom, if I could, I want to make sure I understand. And I think the chairwoman just confirmed it, too. You still expect to be within the 10-month window. Is that correct?

Mr. WINDOM. Sir, we have a deployment, overall deployment timeline of 9 years and 6 months. We expect to still be within the 10-year framework of the contract to deliver all medical centers and related facilities.

Mr. RUTHERFORD. Right. OK. And you mentioned the network itself. Now, this is a lot more than just creating software to integrate two systems. You are actually building the entire network.

Mr. WINDOM. Sir, we are upgrading the network. I am not doing the CIO's job, I can assure you. But we are upgrading the network in support of optimizing the EHR solution. And that is substantial. And again, I applaud the fact that the Congress has been incredibly supportive financially of that effort, and we continue to be judicious with those resources.

Mr. RUTHERFORD. Now, was that deficiency what you found out in the IV2 test, or did you already know you were going to have to——

Mr. WINDOM. Sir, per our contract, we have what is called current state reviews that prior to deploying to a site, Cerner, along with our technical and functional teams, go to the site, assess the site for technical capabilities to support the EHR, and identify those deficiencies. And then we invest.

A key element is that in order to prepare the site, we need to be at least 6 months ahead of the deployment of the EHR with our infrastructure readiness. And we have been getting there, again, with the appropriate funding levels.

Mr. RUTHERFORD. OK. And just kind of a legal question here. But most health networks do not exchange data with each other. In fact, they try to control all their data, obviously. How is VA in the electronic health records—how are you going to interface with community private systems?

Dr. STONE. Through the health information exchange. Now, the DOD system is the same system. So when you talk about interoperability, we have got the same data warehouse. It is the same data that we are sharing. Now, we have got some different processes. But it is the health information exchange.

Mr. RUTHERFORD. And then there was a report in January 2018 that the telemed records were not standardized. Has that been addressed now? That is going to be in this?

Dr. STONE. Yes. That has been addressed. Yes. And it will all be part of the Cerner system.

Mr. RUTHERFORD. OK. And Madam Chair, I am out of time. I am good. Thank you. I yield back.

Ms. WASSERMAN SCHULTZ. If you are out of questions, then you are good. OK. Thank you, Mr. Rutherford.

Mr. Bishop?

Mr. BISHOP. Thank you very much. Let me reiterate that I have been a part of this committee for a decade, and we have been working on this project for longer than that. And I have been frustrated, as the chairwoman has expressed tremendously over that period of time. But now I am trying to understand the delays that you have described.

Has DOD been a party to the problems that necessitated the delay? Or is this solely the responsibility of the VA and the VA infrastructure, getting it ready? Because as we started this process, DOD was reluctant to participate. VA was actively moving forward. But now it appears as if DOD is ready, but VA is not.

And could I just get you to describe exactly—is there a single system? Will it be a dual system? Or a tripartite system? The database, as I understand it, will be—between DOD and VA will be one and the same. Is that correct? Both agencies will be accessing the same database?

Mr. WINDOM. Yes, sir.

Mr. BISHOP. The community providers will have to go through another process to get the information from that database. Is that correct?

Mr. WINDOM. No, sir. It is when you—the data will reside in a platform, a data warehouse called Healthy Intent. And so the conditions both DOD and VA will be able to access data through Cerner Millennium, the EHR system, into Healthy Intent and extract that data.

Mr. BISHOP. How about the community providers?

Mr. WINDOM. That is why the HIEs are so important. Cerner uses an HIE called CommonWell. That CommonWell HIE will come online when Cerner Millennium comes online. In the interim, that is why this joint health information exchange is so important. We will be bringing on in excess of 200 external providers that will provide us access to that information as well.

Mr. BISHOP. What I am asking is once the system is completed, how will the community-based partners, private providers, how will they access the system in a timely manner when they are seeing a veteran, whether it is by choice or by whatever program this private provider is going to do?

Dr. STONE. They can either sign up for the health information exchange or transmit the information the way they have been now, which is usually by fax.

Mr. BISHOP. So that means that the veteran who needs to get treatment or who goes to a community provider will experience the same kinds of delays that they are experiencing now?

Dr. STONE. If they do not sign up for the health information exchange, which is one of our due-outs of our participant——

Mr. BISHOP. But isn't that a requirement? Won't that be a requirement in order for them to participate and to serve veterans?

Dr. STONE. It is not at this point. The 880,000 providers that are part of our community care network are not requires contractually

at this time to transmit data because the system does not exist yet. But it should be.

Mr. BISHOP. I am saying when the system is completed, won't that be a requirement?

Dr. STONE. It should be.

Mr. BISHOP. You will determine that, won't you?

Dr. STONE. Yes.

Mr. BISHOP. Well, I am very frustrated. I am very concerned about the interactivity. We thought that this would have been accomplished years ago. So I am losing the hair that I could pull out in frustration. So I am hoping that this deadline will be met and that we will eventually, in the not too distant future, be able to have the seamless electronic health record modernization system that we have been working on for now decades.

That is all I have.

Ms. WASSERMAN SCHULTZ. Sure. Thank you.

Mr. Case?

Mr. CASE. Thank you. I want to go back to the almost $1.2 billion increase that has been requested. So this is of course a multi-year contract, multi-year funding. You must have, at the beginning of the contract, projected out estimated financial needs for each year of that contract.

And I would assume that last year when you came to the committee and asked for the amount that you asked for, you were operating under a financial projection that was probably updated at some point or another, but called for a certain amount that you anticipated asking for this year. Right? As well? So in other words, you know how much you are going to ask for each year?

Mr. WINDOM. Yes, sir. We generated a 10-year life cycle cost estimate, and that estimate was not predicated on many of the findings that we saw in the infrastructure. And therefore, the OEHRM effort took on board pricing out a more representative funding level to correct the deficiencies that we are seeing in the enterprise.

Mr. CASE. OK. So then last year at this time what was—was the number—did the number you anticipated asking for this year already include this 1.2? Or when did you know you were coming for another 1.2 above the current year's funding?

I'm trying to track how the increase that you are asking for this year has been deviating from your actual financial projections, especially your recent financial projections. When did it happen that you decided you needed another 1.2 over and above the current year's funding?

Mr. WINDOM. Sir, it is approximately $800 million. But as part of our 2021 budget preparation process and some middle, we provided the requisite input to our financial staffs at VA. And the process basically has transmitted now what our expected levels of funding requirements exist.

So we utilized the normal budget preparation process or budget submission process. So meeting each hurdle, providing the requisite explaining and understanding of what the funding would be allocated to, was part of the process that was very detailed over at the VA over the past months.

Mr. CASE. OK. I do not think I am asking my question clearly. What I am trying to understand is last year when you came for

your funding for the current year, did you know then that you would be asking for an additional 1.2 this year?

Mr. WINDOM. No, sir. You heard me allude to the current State reviews that are being conducted?

Mr. CASE. Correct.

Mr. WINDOM. Those current State reviews are what reveal deficiencies. As a matter of fact, we have not been to every site as is. What we are actually hoping for is that we get to some sites and they are not as degraded as we had anticipated. Because again, the current State reviews often take place about 6 months prior to deployment to the respective site.

So it would be—I guess it could be done with the allocation of manpower. But we are not going to every site to look and see what the infrastructure deficiencies are. We are going to a representative site that we intend to deploy to in the immediate term.

Mr. CASE. OK. So what you are saying then is that the additional $1.2 billion over and above the current year's funding is attributable to the site reviews that have occurred over the last year?

Mr. WINDOM. Yes, sir. The site reviews and projections based on surveys of what we are identifying as deficiencies in those environments. So again, we have got to try to project for you a number that supports the upcoming waves and visions that we are going to deploy to.

Mr. CASE. OK. Well, why—I mean, my obvious question then is why did we not know earlier from some assessment of these sites—I mean, somewhere somebody, in pricing this contract, must have made some assumptions about the qualities of those sites, the capabilities of those sites. And those assumptions are just dead wrong, it appears, if what you are doing now is coming back and asking for the $1.2 billion.

So what I am trying to track back to is why did we get surprised in the last year with these site reviews? And were they anticipated, or the risks at the sites were not at that level of capability, anticipated and contractually acknowledged and risk allocated? Because one obvious question I have is, well, why are we being asked to pay for that if perhaps these were anticipated under the contract and somebody just made a bid mistake?

Mr. WINDOM. Well, let me make sure. The infrastructure is VA's bill. The electronic health record deployment implementation is a Cerner bill. So they are two separate funding——

Mr. CASE. So they are two separate?

Mr. WINDOM. Yes, sir.

Mr. CASE. So there is nothing having to do with Cerner. So this is a VA, then—there must have been some VA assessment of the quality of these sites early on, which is turning out to be sorely mistaken, which is why you are asking for another $1.2 billion.

Dr. STONE. When I came on board in the summer of 2018, it was clear that the infrastructure was not prepared to accept the Cerner product. We did a full infrastructure review based on what Cerner told us was they needed a one-gigabyte capability in transmission data.

And we took a look at our closets. Many of our closets do not have the heating and cooling necessary to maintain switches effec-

tively. The bill for that, to deliver 5E cable across our entire system, is $2.5 billion. That is outside of Mr. Windom's work.

So you will see in this budget 3 years of $685 million each year, or thereabouts, in order to deliver the infrastructure that will accept the Cerner system.

Mr. CASE. OK. I am out of time, but that is worth talking about a little further.

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

Mr. Cartwright?

Mr. CARTWRIGHT. Thank you, Madam Chair.

I want to follow up, Mr. Windom, about people, workforce. It takes people to implement these things and make them work. WE noticed that in the transcript of the September 26, 2019 House Veterans Affairs Committee hearing, you told Congresswoman Susie Lee that you had hired about a hundred positions and at that time felt you had about 150-plus more vacancies, is what she said.

She said, "OK. In June, Mr. Windom"—and this was 4½ months ago—"in June, Mr. Windom, you told the committee staff that OEHRM was only partially staffed. How many positions have you filled and how many are still open?"

And you said, "Ma'am, we filled 102 positions since we last spoke."

She said, "OK."

You said, "And we still have our primary goal of 265 to 285 as the outstanding goal. So we feel like we have about 150-plus more vacancies."

Do you remember that testimony? OK. So 4½ months later, the OEHRM budget request was announced and released to the press and to Congress on February 10. And we saw that page EHRM-488 of Volume 2 contains the following title as the lead-in to the Section on the OEHRM workforce: "Strengthen the EHRM program's foundation by funding and on-boarding government detailees and contractors, while simultaneously growing the permanent workforce to nearly 100 government full-time employees."

So you were at 102 filled positions in late September. But if I am reading this right, and I want you to correct me if I am not, Mr. Windom, 4½ months later you have gone back to almost a hundred. Is that what your budget request is saying?

Mr. WINDOM. Sir, presently we have 145 permanent government persons on board. As we initially wrapped up, we were composed of a substantial number of government detailees. Those detailees reserve the right to go back to their parent organizations, which a number of them have done. So we continue to hire to that 265 to 285 goal, and I can tell you we are not trying to hire the wrong people. We are trying to hire the right people

So we are just not an open forum to come get a job. We are scrutinizing and screening because what we are doing is incredibly hard and complex. And I feel very good about the progress that we made. And we are augmenting that workforce, sir, with the contractor workforce. And also, I would be remiss if I did not tell Dr. Stone, "Thank you for providing me—continue to provide—support in that arena when necessary."

Mr. CARTWRIGHT. I am sorry. I was just asking. So I was reading that wrong? You did not go backwards, you went forwards?

Mr. WINDOM. Yes, sir. We are forwards. We are approximately 145 to 150 right now.

Mr. CARTWRIGHT. All right. How close to full capacity do you think you are going to be before the planned IOC go-live date happens?

Mr. WINDOM. Sir, we have got—right now we have got about 45 hires in progress, and we expect to be at 215 by September. I can tell you that our government hires are not in any way, shape, or form inhibiting our ability to go live. Cerner has staffed this with the appropriate personnel to train and etc.

We are simply giving another round of training to our clinicians that they desire in support of their readiness. Again, this is about end user adoption. So I feel good about our staffing profile. I would always love to have more people, but that is not in any way, shape, or form inhibiting us from go-live.

Mr. CARTWRIGHT. Now, your fiscal year 2021 budget request in Volume 2 at EHRM-482 states: "Two of the three IOC sites will go live in 2020."

Isn't that a decrease from your original plans of having all three IOC sites—Mann-Grandstaff, American Lake, and Seattle Medical Center—go live in 2020? Isn't that a decrease?

Mr. WINDOM. Let me make sure I explain. So the answer to your question is, our strategy, when we signed a contract——

Mr. CARTWRIGHT. It is a yes or no question.

Mr. WINDOM. Well, it is not as simple as that, sir, is that our—we were asked were we leveraging the relationship with DOD and lessons learned? It was a definite lessons learned that you do not want to go live with an excess number of sites before you solidify the capability set.

So we simply refined our strategy to ensure that we staggered the deployment to support mitigating risk and going live in the most efficient fashion.

Mr. CARTWRIGHT. So it is a decrease?

Mr. WINDOM. So the answer to your question is, it is a decrease from the original projection. But it is within the window that we have always articulated.

Mr. CARTWRIGHT. And so when was the two-site decision made, the decrease from three to two?

Mr. WINDOM. Sir, I will have to get back to you on the exact date.

Mr. CARTWRIGHT. I wish you would.

Mr. WINDOM. Yes, sir.

Mr. CARTWRIGHT. I yield back, Madam Chair.

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

So just for Members' awareness, the votes have been called. There are 425 members not voting and 13:52 left on the clock. So I am going to start the second round so that at least you make sure you are here for your questions, and then we can depart and I think we will return because probably Members—I know I have other questions.

So with that, let me just—I would ask unanimous consent to enter the timeline that I have in my time here of VA's "Electronic Health Record: A History," which dates actually back to 1983. But particularly beginning from 2001 over a 16-year period until 2017,

there were at least three major changes in the "modernization project" attempts for the VA to establish an electronic health record's management system, all costs of multiple billions of dollars.

So suffice it to say that this has been a very challenging process that warrants frustration and more accountability. That having been so, without objection I will enter that timeline into the record.

Dr. Glynn, I alluded in my opening statement that I, and as you have heard my colleagues say, we are all just extremely dissatisfied with the communication and transparency that has come from your office.

Hearing about the delay at the American Lake and Seattle facilities through the news in late August was shocking when we had been hearing nothing but good news stories, as I said in my opening statement up until that point.

Hearing about the most recent delay, with the pattern becoming more and more disturbing at Mann-Grandstaff, was also surprising, given that there was no indication from your office that Mann-Grandstaff would not go live on time. Finding that out two weeks before the go-live was supposed to occur is really troubling.

So when did you learn that there were issues on the ground at Mann-Grandstaff regarding clinician training? And was this something that you expected to happen? And what was the timing between when you learned that and determined that you were not going to be able to go live and the notification to Congress?

Ms. GLYNN. Madam Chair, the—and I will have to check the precision of the chronology—but overall, we conducted the Integration Validation testing 2 over the last week of—I'm thinking of my own travel to Mann-Grandstaff—the last week of January/beginning of February was the timeline for that set of testing.

The following week there was a review conducted by the site of the users who participated in some of the training and the testing process. So that would have been the first week of February, probably I want to say about February 7 or so, but I would have to check the precision of the dates. Then, because of our process, we filtered that up very quickly.

Ms. WASSERMAN SCHULTZ. So just to interrupt you rather than you going on and on about the timeline itself, what I failed to understand is that you could have been surprised about the problems that existed, and that the communication —the disconnect between the communication to Congress about how glowingly and swimmingly things were going and the sudden communication to us that it was not so sunny and you could not move forward, what happened?

And either you were surprised yourself, and that means someone was not minding the store properly, or you were less than appropriately communicative or even truthful with Congress.

Ms. GLYNN. I think, ma'am, that we, overall, we have made a decision to change the strategy by which we are implementing. As we have gotten through this process and continue to build and to configure the system, overall, we have determined that——

Ms. WASSERMAN SCHULTZ. But were you surprised? Was this a sudden thing that snuck up on you, or was it something that you

were aware of and just failed to let us know? Or did someone continue to paint the rosy picture that simply did not exist? Dr. Stone?

Dr. STONE. Madame Chair, VHA is the end user of this product. VHA has an expectation that the product will be built so that we can execute healthcare safely. We always know that IV2 would be the point in which you would begin to hear the voice of the VHA.

Now, the iterative process of building just in time and training on products that are similar to your product doesn't work very well for the VHA. We had expressed this concern 1 year ago to the Deputy Secretary. The Deputy Secretary got lots of attention. At that time, he was acting. But he knew about this and I am sure he got lots of input, but VHA's voice was heard by him.

When we came to IV2, at the end of IV2 on the 10th of February, you are going to hear the voice of four major communities: our clinical community, our purchase care community under Dr. Matthews, our pharmacy community, and our financial community. All four of those communities said we are not ready.

Ms. WASSERMAN SCHULTZ. OK. So you appear to be pointing the finger at someone who is no longer here to be held accountable, so was the communication from the former Deputy Secretary lacking and with whom?

Dr. STONE. I would not speculate on that. I will tell you that he always made himself available to me to express my concerns. I have fielded five electronic medical record systems, two privately in small practices, three large systems in Sisters of Charity, as well as I was the lead person with Booz Allen at DoD on that project. This is my third major fielding. This is high risk stuff.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. There is extraordinary risk, and this is not a surprise to VHA.

Ms. WASSERMAN SCHULTZ. Well, unfortunately, if it was not a surprise to VHA, it became a surprise to Congress and that means that there was a woefully inadequate, almost absent line of communication to make us aware of the problems that have been encountered so that we were not surprised. So this was not a last minute awareness for you, but you made it a last minute awareness for us and that is unacceptable.

My time has expired. We are going to recess, subject to the call of the Chair, and we will return following—no, we don't have time. I am sorry. I want to get members. And we will return immediately following votes.

[Recess.]

Ms. WASSERMAN SCHULTZ. I will call the meeting back to order.

OK. So Judge Carter, I have a couple of other questions. I don't know if——

Mr. CARTER. I don't.

Ms. WASSERMAN SCHULTZ. You don't have any? OK, because since I had asked the last one, I wanted to just make sure. Thank you.

So I left off on communication and the absolute necessity to make sure that we do not have what played out recently ever happen again. We tried, trust me, and we are now going to have to try show me because that is the only—when you are presiding over a process that expends billions of dollars, ensuring that we have com-

munication, and that what was alluded to in the answer to my previous question, which was that there was an element of surprise for Congress, less so for the VA.

I am not going to get further into the finger pointing because it is not fair to do that with an individual who either can't defend themselves and isn't there anymore, but we can never have this happen again. We have had over 16 years of iterations of electronic health records that have been programmed, and this one is going to be the one that gets implemented.

So as I said, I have written and heard on multibillion dollar delayed, cost-overrun projects as the Chair of an Appropriations Subcommittee before. And since we are in that situation again, we are going to have hopefully similar success as the last time I had to do that where we finally brought it in for a landing. So I am not sure that I will be around 10 years from now when that finally happens, but we are certainly going to ensure that we are setting you up for success.

Dr. Glynn, I want to go back to I think the topic that Mr. Cartwright touched on and that is your request for $2.6 billion for the Office of Electronic Health Record Modernization for 2021, which is $1.1 billion higher than the fiscal year 2020 inactive level.

So the concern that I have, and I know we have known what the asks were going to be in the process because we have seen projections of what we can expect we are going to be requested in multiple fiscal years, but how will the delay impact the timeline of future deployments, and how does the new deployment schedule change the assumptions for the fiscal year 2021 budget request? That is my initial question.

Ms. GLYNN. Yes, Madame Chairman. Overall, we don't anticipate any changes to the budget request. As Mr. Windham has highlighted, overall, we continue to be on track. We will be providing the Committee, yourself and the Committee an update deployment schedule overall as you requested by March 10. But overall, we don't anticipate changes to the funding request at this time.

Ms. WASSERMAN SCHULTZ. OK.

Ms. GLYNN. We are proceeding with the investments and infrastructure which were highlighted as the drivers for some of that increase in the budget request.

Ms. WASSERMAN SCHULTZ. Last year, EHRM struggled to obligate funding in a timely matter. You are asking for 75 percent more funding this year. So how will you be able to obligate an additional $1.1 billion dollars when you struggled last year?

Mr. WINDOM. Ma'am, I think as an evolving office we are gaining efficiencies really every day. The funding commitment that we made to you was be judicious in the way we spent money. I can tell you, ma'am, when you are buying infrastructure and you are buying technology, you want to wait until the last moment possible because you want to take advantage of the evolution of technology and not buy something too soon, so we really did that. You gave me a commitment to give me 3-year money, and so, and I thought with that commitment was me judiciously using it, carrying over as necessary with a plan on how it was going to be expended, so that is what we have tried to do. I can tell you, we have got—

Ms. WASSERMAN SCHULTZ. Mr. Windom.

Mr. WINDOM. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. I mean, the flexibility that you asked for and that you needed also requires you to make adjustments and anticipate what your ability to expend these funds is. And so if you found yourself struggling to obligate the funds we gave you last fiscal year, then asking for 75 percent more that begs the question, do you have enough staff to handle the increased requirements of what the budget assumes in fiscal year 2021 compared to fiscal year 2020?

Mr. WINDOM. Yes, ma'am, and we are committed to meet our obligations, ma'am. We were being judicious. We will continue to be judicious. I can tell you we have streamlined processes. We will have no problem obligating the funds that have been requested now or into the future.

Ms. WASSERMAN SCHULTZ. OK. How many current FTEs do you have onboard today, and how many do you plan to hire this year to meet the needs of your office in fiscal year 2021?

Mr. WINDOM. We have got approximately 140 onboard today, and we will be at a 215 level by September 30 of this year as anticipated.

Ms. WASSERMAN SCHULTZ. Dr. Glynn, the Deputy Secretary is actually charged with responsibility for overseeing the EHRM implementation since the first year of funding that we granted in 2018. That is a huge undertaking that isn't in your job description, not in the one that you signed up for, and that huge undertaking could fundamentally change how our country deals with electronic health records not just for the VA and the OD, but you know, when the government implements something of this magnitude, often it has reverberations throughout any system that would use an electronic health record system, so one of the most important factors is that we make sure that it is successful.

So now that there is no longer a Deputy Secretary, how will the deployment be affected? Who is currently in charge of overseeing the deployment? And I know you referenced this Secretary, but he has got a pretty big job description and I certainly have a lot of respect for his capabilities, but there is a reason that we designated the Deputy Secretary to be responsible for this. And does the firing of the Deputy Secretary have any connection to the IOC deployment delay?

Ms. GLYNN. So there are multiple questions. We will take them and try to unpack them.

Ms. WASSERMAN SCHULTZ. Yeah. I figured I would ask them all.

Ms. GLYNN. So overall, we have put in place in my office, I am the first Assistant Secretary for Enterprise Integration at the VA. And that description and the job title, you know, advanced because we knew there was a need with all of the efforts that we have underway and the level of coordination across the agency, you know, and I think that was put in place before this, the determination and findings were signed off for this effort.

But certainly as the case with an effort such as this, because obviously Dr. Stone is there, but VBA is affected, other parts of the organization, the CIO and the OIT organization and many other parts of the organization are impacted by the decisions that we make as part of the implementation of Cerner.

So with that being said, we have a governance framework that is inclusive, that involves OHRM, VHA, all elements of the agency.

Ms. WASSERMAN SCHULTZ. But the buck has to stop somewhere. Who is in charge of overseeing the deployment on a day-to-day basis?

Ms. GLYNN. On a day-to-day basis, we are reporting through the Chief of Staff to the Secretary, and we have a process by which as we did with this decision engaging scheduled program reviews with the—

Ms. WASSERMAN SCHULTZ. When you say "we," does that mean there is not one person that is singularly responsible for that reporting chain?

Ms. GLYNN. I am responsible for that reporting chain in my office.

Ms. WASSERMAN SCHULTZ. So you are the person that is managing the day-to-day implementation? I am just trying to figure out who—

Ms. GLYNN. From the day-to-day implementation perspective, Mr. Windom is responsible for the day-to-day for EHRM, my office is responsible for coordinating the collective enterprise efforts in terms of reporting progress up the chain through the Chief of Staff and through the Secretary.

Ms. WASSERMAN SCHULTZ. OK. So back to Congress' intent, which was that we have a Deputy Secretary who is responsible for that to whom we can hold accountable, when can we expect a new deputy secretary to be nominated, and is anyone going to be in that acting role in the interim, or is this the framework that we can expect until that time?

Ms. GLYNN. I believe, and I will have to confirm what the timelines are, but I do believe there is intent to fill that role for the deputy, but we will confirm that.

Ms. WASSERMAN SCHULTZ. I was asking you not whether but when.

Ms. GLYNN. I do not know the timeline.

Ms. WASSERMAN SCHULTZ. OK. The Secretary is coming next week.

Ms. GLYNN. Yes.

Ms. WASSERMAN SCHULTZ. You can be sure that I will ask him.

The Federal Electronic Health Record Management Office was set up in fiscal year 2020, and I am just going to continue unless you—OK, thank you—FEHRM, the Federal Electronic Health Record Management Office was set up in fiscal year 2020 in the NDAA to act as an intermediary between the VA and DoD, and they are tasked with making decisions on behalf of the entire EHRM program, and that replaced a previous interagency program office which was set up back in 2008 for a previous failed attempt at an interoperable health record system between VA and DoD, which is why I asked for the timeline to be entered into the record.

The original IPO established in 2008 failed. How is FEHRM, the Federal Electronic Health Record Management Office, different than the IPO?

Ms. GLYNN. I can start off, but I can be joined by both of my colleagues too. We have seen much activity in the FEHRM. The FEHRM has been chartered, has been stood up. It is very active.

They are making decisions on a by-agency basis, very inclusively involving different elements of both agencies and have a biweekly standing set of sessions that help to adjudicate decisions that have impacts on both of our agencies' ability to run the Cerner platform.

Mr. WINDOM. Ma'am, I led the DHMSM office from September 2013 until January 2016, and was a byproduct of one of those failed attempts as you alluded to——

Ms. WASSERMAN SCHULTZ. Sorry. Dim sum is what I eat in a restaurant.

Mr. WINDOM. The DoD Health Modernization Office. And so I was a byproduct of one of the failed attempts that you characterized. I can tell you that the evolution of the FEHRM has made sure they understood the previous failings of previous attempts. They are working collaboratively, and more important, they are empowered by the secretaries of each agency.

And so I think you are going to see a marked change in the performance based on that commitment by both secretaries and obviously those that support those secretaries. And I can tell you, the person that is interim right now, Dr. Neil Evens, and the deputy Ms. Holly George, have been phenomenal and have moved the ball in the direction that you have tasked us to move it, so you are going to see a marked change, and it is by understanding the previous failings and also understanding what the objective is, and that objective is in our operability and moving us forward together.

Ms. WASSERMAN SCHULTZ. I am just trying to understand in this entire administration if there is anyone who has a permanent job that doesn't have acting or interim in front of their title.

Mr. WINDOM. Well, I guess I can report that though interim may be in front of theirs, an active selection process has just completed to select a replacement and those candidates are being vetted to the appropriate secretariat levels for final confirmations, so I think it is moving the way you want it, ma'am.

Ms. WASSERMAN SCHULTZ. That is comforting, except the whole point of FEHRM is to act as an intermediary between DoD and VA's decision-making processes which are very far along so that one side does not negatively affect the whole system. DoD is currently deploying their system and VA is hopefully going to deploy the system sometime this year. So what is FEHRM's role look like going forward since many of the decisions that it would be quarterbacking and helping to coordinate have already been made before it even existed?

Mr. WINDOM. The joint decisions that drive interoperability and our success in the interoperability realm are right now being made by the FEHRM and the FEHRM leadership. Areas in data management within the enclave, management of the enclave, data syndication, the things that doctors need cooperatively to work together, these things are being made.

The progress of the FEHRM over the past 9 months has been phenomenal, so it is moving in the direction and I think the FEHRM would more than welcome the opportunity to come meet with your staff to show them what they have been doing. And Bill Tinston who leads the PAO who is my counterpart is very much aligned and supportive of the FEHRM and their decision-making process.

So ma'am, I think it is moving in the direction and we may just need to update you on where we are and what functionality they have taken onboard because it is doing just what you have called for.

Ms. WASSERMAN SCHULTZ. That would be helpful. Who does the FEHRM report to on the VA side?

Mr. WINDOM. To the Deputy Secretary which in turn now would be the Secretary with regards to—in the absence of the Deputy Secretary. We have executive steering committees that need——

Ms. WASSERMAN SCHULTZ. Dr. Glynn; is that who they report to?

Mr. WINDOM. Dr. Glynn chairs or facilitates the ESCs. Did you want to talk about the ESCs, maybe where we are bringing in—

Ms. WASSERMAN SCHULTZ. So they report to a headless horseman. There is no one in that role.

Mr. WINDOM. Ma'am, I don't ever want to give you the impression that it is a headless horseman. Leadership mechanisms are there. The secretary who I meet with who has been signing those documents in the absence of a deputy secretary has been more than engaged on this. I believe the chief of staff and Dr. Glynn have been incredibly supportive and understanding in moving this thing forward. We are not going to make excuses on why we are not moving forward, because I think the leadership is there to move us forward.

Ms. WASSERMAN SCHULTZ. It is just challenging when you have the person who is supposed to be responsible for VA's side of the activity and accountability and communication isn't there, and particularly with firm already behind the 8-ball because it was created after many decisions were made how are VA's interests being looked out for in the process of the implementation of both DOD's and VA system, and where there are competing interests, because there inevitably are?

Mr. WINDOM. Ma'am, I would offer No. 1, Dr. Neil Evans is a VA employee who is well-versed, who is a practicing clinician, and I don't want to put words in Dr. Stone's mouth, but he has been phenomenal, and he understands the VA enterprise. Right now, our interest could be no better protected than Dr. Neil Evans being in that seat, and he still performs impartially, but definitely is protecting the VA interest. I don't know. Dr. Stone?

Dr. STONE. The difference between the IPO, which only had the ability to convene, and the current firm as a firm by charter has the ability to make decisions. Neil Evans has not been afraid, as has Holly, to make decisions, the most recent of which is when we made the decision to delay. There was concern about whether that delay would step on top of a major upgrade of the DOD system. They therefore convened the teams, brought some order to that, and made decisions on dates that were available and blacked out for both agencies.

Ms. WASSERMAN SCHULTZ. So, is it him that should have been responsible for communicating the delays to Congress?

Dr. STONE. I don't think so.

Ms. WASSERMAN SCHULTZ. In the absence of a deputy secretary?

Dr. STONE. No, I don't think so. I think the secretary did exactly what he should do, and that is to inform you when we by normal

course made a decision to delay, which was a good business decision.

Ms. WASSERMAN SCHULTZ. I mean in a more timely fashion. I am just, I am not arguing about the good business decision. I am arguing about the lack of timeliness. Should the acting head of firm been more responsible about communicating the delay in the absence of a deputy secretary when—?

Dr. STONE. Not in my view.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. No. I think this should have come in the way it came. Now, it should have come faster.

Ms. WASSERMAN SCHULTZ. Sooner.

Dr. STONE. That is a decision. Should we have seen this coming? I don't think we could see the status of this.

Ms. WASSERMAN SCHULTZ. I am sorry. Before we recessed, you acknowledged that you were aware of the challenges, and there was a failure to communicate. That you were not surprised. We were surprised. You were not surprised, and there was a failure to communicate. Now, you are trying to tell me that the communication was timely, and we found out when we should have found out?

Dr. STONE. So, I believe you chastised me right before recess on invoking someone who didn't have the ability to defend themselves. Therefore, I won't, and I am going to tell you that for 1 year, VHA has expressed its concern that this is incredibly complex. It is not like a commercial fielding, and this is the first time that we have been here at the table testifying before you on this subject.

Ms. WASSERMAN SCHULTZ. Right, and what we can't have in a multi-multi-billion-dollar implementation is finger-pointing from the agency who is responsible that is a multi-headed agency which is doing this in partnership with another, even more multi-headed agency.

And so, I can appreciate this is your first time testifying about this particular problem, but this has been a lengthy, ongoing problem and it has to be fixed. So, I look forward to working with the leadership of the VA, including the secretary, in ensuring that we don't have these kinds of surprises again.

My last question relates to the private sector. The MISSION Act, and I asked last year. Mr. Windom, you answered the question at the time, because my concern was there did not seem to be a lot of emphasis on ensuring that there was in—a full interoperability with the private sector, given that the mission act gives an increased number of veterans eligibility to go out into the community to receive care, and we have a lot of veterans utilizing that.

So, has the MISSION Act changed your assumptions in terms of the number of expected transmissions from community care providers into the EHRM system? Are there any potential capacity issues with the system as VA providers and community care providers are sending electronic health records back and forth?

Mr. WINDOM. Ma'am, I think we have got the person who chaired the implementation of the MISSION Act.

What I can tell you is since we have not come online yet, there is no impact whatsoever with the movement of patients. What I can also tell you is that we are working cooperatively with VHA and OEI to ensure that we fulfill the objectives of the MISSION

Act even as part of our implementation process and as it relates to the decision support tool. So, if I may pass that to Dr. Glynn and Dr. Stone.

Ms. GLYNN. Sure, and I think as Dr. Stone highlighted, one of the areas of particular concern in terms of readiness from a VHA perspective was our ability to support community care, and there is no analog in the commercial environment for Cerner to support a set of processes like community care.

In that scenario that, you know, I would say personally I feel very proud of our leads in how much they are digging in to make sure this is right. Right for the entire system as well as specifically right for Mann-Grandstaff and the planning that has to go on to support outreach into the community and veterans who see private providers in the community so that we can go live. Overall, I know we are tracking, and Dr. Stone can speak to all of the tracking that is going on in terms of the MISSION Act and the level of utilization by the system, but we are very excited, despite the discussion of delay that the health information exchange is on track to go live, and that will help facilitate interoperability with the community providers for not just that site that is using Cerner, but the entirety of our legacy systems under the VISTA environment as well.

Ms. WASSERMAN SCHULTZ. Mann-Grandstaff uses a lot of community care. You are saying that they are going to be ready to go live with the community care—interoperability when it goes live?

Ms. GLYNN. Correct.

Dr. STONE. There is nothing that compels a community provider to participate in the health and information exchange.

Ms. WASSERMAN SCHULTZ. Right, I understand.

Dr. STONE. Only to transmit in a timely manner by whatever means necessary. One of the things that you could consider is whether there should be the compelling of participation in a health information exchange.

Ms. WASSERMAN SCHULTZ. Yes, and what is your opinion about that?

Dr. STONE. They should. Absolutely.

Ms. WASSERMAN SCHULTZ. I agree with you.

Dr. STONE. And in my response——

Ms. WASSERMAN SCHULTZ. That was why I asked the question last year, because you know what? If you set up holes in the system, and things start to—balls start to get dropped, delays happen once it is completely live.

Dr. STONE. And then, we are done. We deal with the scanning issue that we have had to try and resolve.

Ms. WASSERMAN SCHULTZ. That is right. OK. Well, that is probably more an authorizing question than an appropriations question, but certainly, you know, I hope you are having those conversations, and we will have them with our colleagues as well.

I don't have any more questions, and Mr. Carter, if you don't have any, either, so that concludes this afternoon's hearing. Dr. Glynn, Dr. Stone, and Mr. Windom, I appreciate you appearing before us, as always. We look forward to continuing to talk with you. You can't overcommunicate with us, so please don't.

And I want to remind the members, the only other one here, that our next hearing is on Tuesday, March 3 on military privatized

housing, beginning at 10:30 in the morning in the CJS hearing room. That is a three-panel hearing, so we are going to be here for a little bit, so plan accordingly, and that will be an H–309 in the Capital.

With that, the subcommittee stands adjourned.

TUESDAY, MARCH 3, 2020

MILITARY PRIVATIZED HOUSING

WITNESSES

COLONEL SCOTT GERBER, PRIVATIZED MILITARY HOUSING TENANT
LINNE GHERDOVICH, PRIVATIZED MILITARY HOUSING TENANT
HEATH BURLESON, CORVIAS PARTNERSHIP ADVISOR;
JOHN EHLE, PRESIDENT, HUNT MILITARY COMMUNITIES
ELIZABETH A. FIELD, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT (GAO)
JEFF GUILD, VICE PRESIDENT, LINCOLN MILITARY HOUSING
DENIS HICKEY, CEO, LENDLEASE AMERICAS
PETE POTOCHNEY, ACTING ASSISTANT SECRETARY OF DEFENSE (SUSTAINMENT), OSD
RICK TAYLOR, PRESIDENT, FACILITY OPERATIONS, RENOVATIONS & CONSTRUCTION, BALFOUR BEATTY COMMUNITIES.

Ms. WASSERMAN SCHULTZ. The subcommittee will come to order.

I am pleased to welcome witnesses today to the Military Construction, Veterans Affairs, and Related Agencies to the subcommittee hearing on military privatized housing.

I won't repeat myself but, with the mic on, today, we welcome three panels to testify on the conditions of military privatized housing. The first panel will be two family representatives who are here to tell their personal stories. The second panel will be representatives from 5 of the 14 of the private companies: Balfour Beatty Communities, Corvias, Lendlease Americas, Hunt Military Communities, and Lincoln Military Housing. The third panel will be a representative from the Office of the Secretary of Defense, Mr. Pete Potochney, and Ms. Elizabeth Field from GAO.

The focus of this hearing is to hear from family housing tenants, DoD, and the private companies on the corrective actions being taken to improve privatized housing and the way forward to sustain the corrective actions

In August 2018, Reuters published the first in a series of articles, chronicling health and safety issues experienced by military families living in privatized military family housing. These articles prompted an ever-increasing number of military families from across the country to come forward with their experiences, many of whom I have had the chance to talk to on visits to military bases, and seen firsthand the deplorable conditions in some of the housing and how long the conditions were allowed to persist without response from the private companies.

The large geographically diverse group of families indicated that there were systemic failures in the privatized military family housing program. Families of all services, ranks, and pay grades, have reported health problems related to lead and mold exposure, rodent

infestations, rude and dismissive housing management, and ineffective oversight of the program by the services.

The following February a large geographically diverse group of families indicated that there was systemic families in the privatized military family housing program. Families of all services, ranks, and pay grades, have reported health problems related to lead and mold exposure, rodent infestations, and ineffective oversight of the program by the services. The following February, Pentagon officials directed the leaders in their respective services to take immediate action to assess the scale and scope of installation housing issues, to include outreach to military families with the author of housing inspections to help document health and safety concerns. Soon after, the military services began weekly meetings to analyze the data coming back from the field, and began to address the systemic issues that were causing the problems being encountered by families.

We had a hearing last year during our appropriations process, and, you know, heard really unfortunate circumstances that were unacceptable, and that were mind-blowing to most of the members of the committee, to all of the members of the committee, who just couldn't wrap our minds around the idea that we had so many military families who were neglected, and ignored, and blown off for so long. It is just an unacceptable situation, and it is why we are going to continue to make sure that we have oversight hearings on the conditions and ensuring that we are riding herd on the implementation of necessary and vital changes.

Many of the problems experienced by military families appear to be products of poor management by private partners and insufficient or ineffective oversight by military services which, quite frankly, they acknowledged when we had them before us in our hearings last year, the military side.

Many military families have complained about the maintenance support they have received from the partners. Family members' complaints include the following: General unresponsiveness, long response times, failure to communicate, failure to keep appointments, and failure to adequately address issues which raise health concerns.

While the services continue to maintain housing offices, they have reduced the number of personnel that work at these offices. This understaffing is often exacerbated by co-locating the few remaining service housing personnel, with the private partner management team, leading to families often feeling uncomfortable about making complaints about the private partners that are their service liaison, because they are sitting right there in the same room. I don't understand how that could be—that could be helpful or make any sense.

Another systemic issue is a lack of involvement and oversight by senior installation leadership, and the service member tenants' chain of command. Failure to understand or execute their role in ensuring that service members and their families have adequate housing has contributed to family members believing they have no place to turn for help with housing concerns. The services report that a lack of visibility on work order processing has contributed to the overall lack of oversight. In addition—that is OK.

In addition, the current system incentivizes work order completion without respect to the quality of maintenance performed, which has led to poor workmanship and unqualified personnel performing the work. An overemphasis on occupancy rate incentivizes quick turnover of homes which, in turn, can lead to a lack of preventive maintenance of homes between tenants.

And, finally, I recognize that some of our witnesses are parties in ongoing litigation. I do want to remind members to ask their questions, while keeping in mind the witnesses might have to limit their responses due this to this ongoing litigation. At the same time this is an important issue, and the committee expects that each witness will endeavor to answer members' questions so we can continue to conduct the essential oversight that is our responsibility. I don't expect today that we will tolerate a lot of answers that refer to a lawsuit and witnesses being unable to answer as a result, but we are going be sensitive to that, to those issues.

We have a lot of cover today. I am looking forward to a good conversation that will help make sure that we can learn what has been accomplished over the last year and a half and how far we have to go.

And at this time I would like to yield to my ranking member, Judge Carter, fore his opening statement.

Mr. CARTER. I thank the chairwoman for yielding.

I am going to make this short. I look forward to this hearing about changes and improvements made to military family housing over the past year. I also look forward to discussing how the additional $1.41 million this subcommittee provided in fiscal year 2020 is being used to increase the service's ability to provide oversight and management of their housing portfolios and what the plans are for the next fiscal year.

With that, I thank you and I yield back.

Ms. WASSERMAN SCHULTZ. I thank you, Judge Carter.

Not seeing Chairwoman Lowey or Ranking Member Granger, we now welcome or first panel. Our witnesses are Colonel Scott Gerber, Ms. Linne Gherdovich. The witnesses are military individuals or spouses who are current or recent residents of military family housing, and their stories are like many from around the country. They will describe the conditions they encountered, the difficulties they faced in persuading appropriate officials to address serious maintenance issues in their homes, and the problems with the remediation efforts undertaken by the contractors.

Because we have three panels today, we are limiting the length of the witness testimony, all of the witness' testimony, to 3 minutes. So without objection, we will show that done, and we will proceed with our first witness.

Colonel Gerber, you will—your full written testimony will be included in the record and you are recognized for 3 minutes to given us a summary.

STATEMENT OF COL. SCOTT GERBER

Colonel GERBER. Thank you, Chairwoman Wasserman Schultz. I had actually been told I had a 5-minute statement to make.

Ms. WASSERMAN SCHULTZ. No, we had to revise that to 3 minutes.

Colonel GERBER. OK.

Ms. WASSERMAN SCHULTZ. So if you can summarize your testimony in—your full testimony will be entered into the record.

Colonel GERBER. Well, you pay me to be flexible, so I will be.

Chairwoman Wasserman Schultz and Ranking Member Carter, thank you for inviting me to testify today. Your continued vigilance on the military housing crisis is appreciated. Sandy, my wife, and I lived in Corvias housing on Fort Meade, and we want to share our experiences. Frankly, the fact that the Gherdoviches through the same thing we went through a year later, a year after the testimony, a year after the contractors promised to fix this, is shocking.

Our message is simple: The military families need a level playing field with the contractors today. We need to do it before another child is exposed to toxic mold, pest infestations, or other hazardous conditions. Giving us a chance to fight for the ones we love requires three things: First, full implementation of the tenant bill of rights; second, expanding the role of military families and advocacy groups in the formal discussion; and, third, employing independent inspectors.

As my written testimony documents, Sandy and I lived through two mold-infested homes, where we had mold and insulation blowing on us. We couldn't get acceptable maintenance. Contractors told us the black mold in our house was OK. And as a result, everything we had was covered in mold, and my wife, a former distance runner, now has asthma.

Moreover, the situation wasn't unique. A number of families reached out to us. We saw elderly parents and kids living in mold-infested rooms. We sat with one young couple while they realized they had to throw everything they owned away because it was covered in black mold, and then begin everything again, paying out of their own pocket. We found in a home for a recovering cancer patient, we found the contractor running an industrial air cleaner before a mold test.

We hired an independent home inspector, Sandy and I hired, found water damage and toxic levels of mold in 13 of 16 homes, including six of seven homes that contractor had recently built for junior enlisted families. Sandy and I continue to hear problems from families on the insulation. As a matter of fact, this morning, someone reached out to Sandy.

So I would ask that we realize to meet Congress' goals for privatized housing, we have to establish oversight. If we don't establish oversight, money is not going to work. How do we do that? One, full bill of rights. The bill of rights that was approved is missing the three things that tenants need to have a level playing field: The ability to withhold BAH dispute resolution and a 10-year maintenance; second, Judge Carter and Congressman Bishop hit the second key in their 2019 Housing Act, which said, bring the families in. Bringing the families into the process, into the formal process, is a game-changing innovation, because in 2018 and 2019, we showed we can bring these issues to light.

Finally, the government needs to bring in external housing inspectors to give commanders an unbiased assessment, because what we saw in Fort Meade was not unbiased.

I have deployed to combat three times. I have executed over 400 combat patrols. I carry a list of 42 friends and comrades we lost in combat, six of them under my command. So when I see what I saw in Fort Meade, it is personal. We cannot send people into harm's way, wondering if the house—if their family is in danger from the house they live in. We have got to level the playing field between the families and the private contractors, and ensure this doesn't happen again.

While the contractors will highlight their investments, I think we can all agree more money is going to achieve little without accountability.

I thank you for allowing me to testify today, and I look forward to answering your questions.

[The prepared statement of Colonel Gerber follows:]

Our Experience With Privatized Housing on Ft. Meade

Testimony of Colonel Scott Gerber and Mrs. Sandy Gerber
for the House Appropriations Committee
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

Submitted March 1, 2020

Thank you for inviting us to testify. My wife Sandy and I lived in Corvias housing on Ft. Meade and wish to share our experiences with on-base housing, as well as the conclusions we drew from that experience.

Our family is one of many from across the country who came together in 2018 and 2019 to shine the light on unacceptable housing conditions on Fort Meade and elsewhere. Service members, spouses, lawyers, journalists, and residents of the local community brought a national spotlight on unacceptable housing conditions that drew the Secretary and Chief of Staff of the Army to engage the problem personally. While some conditions have improved since then, I agree with General Gustave Perna of Army Materiel Command when he said last week that "we aren't there yet," not by a longshot. To achieve permanent change, we must provide local leaders and families a level playing field.

While we see some progress, for the reasons set forth in our testimony, we strongly encourage Congress and the Services to expand the inclusion of service members, their families, and military advocacy groups in the ongoing conversations about reforming and fixing our privatized on-base housing, especially with regard to the Tenant Bill of Rights. Congress and the Services should also employ independent inspectors to verify that the private housing contractors are, in fact, fixing the existing homes.

Understanding the work that remains begins by acknowledging the role of the housing providers in creating these issues and realizing the importance of strict oversight to ensure they remedy the faults. In the military, when we see people behave in ways that fall short of expectations, we hold them and their leaders accountable.

These contractors promised to deliver clean, safe housing and to improve the quality of existing housing. They made these commitments to the Services; to our families and to us; and to you and your colleagues in Congress. But in many cases, problems have gotten worse. Privatization occurred at the time when America entered its longest-running war. The private sector companies should have provided support on the home front in exchange for a reasonable profit, enabling our commanders to focus on warfighting and readiness. Through our basic housing allowances, we paid the housing contractors hundreds of millions of dollars. But the failures of the contractors to deliver on their obligations have forced the people responsible for national defense—the Congressional defense committees and senior Department of Defense officials—to intervene. For over a year now, senior civilian and military leaders have spent countless hours attempting to correct the military housing scandal. Secretary McCarthy has placed a four-star general, General Gustave Perna, the commander of Army Material Command, in charge of fixing the disaster. The situation with on-base housing has turned out to be the opposite of Congress' goals when it authorized the privatized housing initiative.

Service members and their families have lost trust in the housing contractors. As Soldiers, trust is the coin of our realm. You literally trust your brothers and sisters—the mechanics who make equipment work, the medic who keeps you alive, and your wingman who follows you into the breach—with your life. But what Sandy and I witnessed lead us and many families like us, to conclude that faith was misplaced. The privatized housing contractors must meet their obligations to our service members, their families, and the government to regain our confidence.

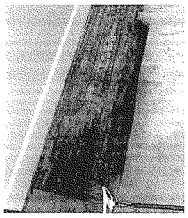
To ensure they meet their obligations and regain our trust, we need to have *all* of the provisions promised in the Tenant Bill of Rights delivered. If the private firms were serious in saying that they support the Bill of Rights, let's get it done. Congress can help that process go faster by asking the hard questions of the Services and private firms and verifying their responsiveness to ensure issues are being addressed. The U.S. Government should consider bringing in external housing inspectors who can provide a legitimate assessment of the homes on Ft. Meade and elsewhere. External inspection also ensures that service members receive safe houses, and that local families and commanders have reliable, unbiased assessments of military housing in the long-term. We must work together at leveling the playing field between providers and tenants to ensure that this never happens again. Our service members and their families deserve the peace of mind that when we call them into harm's way, their families are in safe, clean housing.

Our Experience With Housing

In the Summer of 2018, we leased 4542 English Avenue on Ft. Meade. We were not provided with habitable housing for the duration of our time living on-base. The house had numerous pre-existing mold and maintenance issues that had not been addressed. My wife and I spent hundreds of hours finding the root of issues and overseeing repairs.

Our problems began on day one and continued throughout our time on Fort Meade. On our first day in the house, we walked in the door to find the kitchen had flooded because a water line to the refrigerator broke. The water soaked through the floor and flooded parts of the garage below. A maintenance technician told us that the water line was obsolete, and that workers should have replaced it during the maintenance period between tenants.

We had to fight tooth-and-nail to try and get maintenance to correct the deficiencies. At first, even though the flood water had leaked through the floor into the garage below, the maintenance teams did not want to pull up the flooring. Then, we found water-damaged wood that was decayed under the vinyl floor that they never replaced. Finally, they wanted to re-install water damaged cabinetry.



Left: Rotted wood subflooring in 4542 English Avenue that was not replaced or repaired.
Right: Water damaged cabinets that the provider wanted to replace back in the kitchen after a flood.

The home was also infested with mold when we moved in, and the housing provider never remediated it effectively. Stachybotrys (Black mold) infested the garage before the flood. The smell was unmistakable. Subsequently, we found mold in the kitchen, basement, attic, master bathroom, guest bathroom, master bedroom, entryway, and upstairs HVAC.

The housing contractor never fully remediated the Stachybotrys in the garage. The last air quality test that they ran revealed elevated levels of Stachybotrys, but they told us that since the number had gone down, it was ok. Elevated black mold in a home is never ok.

I had to go into the attic to identify the mold and roof leaks - the roof had twelve holes in it. I did so *after* several maintenance personnel had gone into the attic and failed to identify the problem. Visible mold growth remained in the basement and attic months after identification. Finally, when a worker removed the mold-infested kitchen fan, he did not contain the area. The mold spores spread through the house, making Sandy ill to the point where she had to leave to house.

Every mold air quality test taken in the home revealed unacceptably high levels of dangerous molds. The outside "experts" that the housing company brought in failed to conduct routine exploratory steps, such as executing an air quality test on the HVAC system. No one found the large gash or the mold in the HVAC, located in the attic, until November 20, 2018. After we identified this damage, the housing provider refused to test the air in the attic. We had to hire a local home inspector to conduct the tests. He found extreme levels of dangerous mold in both the attic and the HVAC system in the attic. For five months, the upstairs HVAC blew mold spores and insulation on us as we slept.

Moreover, the mold and water damage were preexisting conditions that the housing provider should have identified because they were supposed to service the HVAC between tenants. We later learned from the prior occupant of 4542 English Avenue that when they lived in the home, several ceilings collapsed due to water leaks in the roof.

The house was uninhabitable. It took us five months of suffering to come to this conclusion. Although we were eventually moved to temporary quarters, the nightmare did not end. Those quarters also had issues, beginning with a gas leak and a leak in the kitchen sink. When my wife became ill, we also found mold in the home. Both bathrooms had a massive Aspergillus/Penicillium mold infestation. We moved out of those quarters, and into a hotel off of Fort Meade, that day.

When we moved out, the housing company's Project Manager on Fort Meade offered us $40,000, but only if we would sign a non-disclosure agreement releasing them from all liability. However, by this time Sandy and I knew there was a major problem with on-base housing, and Soldiers expect their leaders to stand up for them. For this reason, we declined this offer so that we could continue to help other families and share our story.

Our Experience Helping Other Families With Their Housing

Sadly, our experience in privatized housing was not unique. When we lived in the temporary quarters, the home was in a junior enlisted housing area. As we began to meet our neighbors, we saw the massive scope of the scandal. The junior enlisted families were living in unsafe homes with mold, mice, bed bugs, and persistent flooding, but the contractor consistently refused to address health and safety problems.

The problems our neighbors experienced alarmed us. Three of our neighbors adjacent to our temporary quarters all informed us that they had mold in their home. All three admitted they were scared that if they raised the issue, they would face retaliation. These families, and others we encountered, lived in fear for several reasons. First, most could not afford to live off post because prices on the local economy are very high, so the young families could not afford to walk away from their lease as we did. They also lived in fear that they might be unable to renew the contract for their home when it came up for renewal.

Moreover, they were afraid that the privatized housing provider would contact their chain of command. The men and women of Ft. Meade predominantly work at the National Security Agency or U.S. Cyber Command. I work with many of these people. They are our nation's silent warriors, fighting critical battles, such as U.S. Cyber Command's successful effort in 2018 to shut down Russia's Internet Research Agency that the Kremlin employs to attack our elections. To fight these battles, service members are required to hold Top Secret clearances and they know if someone made allegations about their lifestyle, finances, or temperament, they could lose their clearance and their job.

Shortly after we moved into temporary quarters, another young mother reached out to Sandy because their child was having severe rashes from bed bugs. That family had endured many health and safety problems with their housing and the provider. They shared their experience with a group of us who helped force the housing company to move the young family to a new home and reimburse them for some of their damages. However, the company demanded that they sign a non-disclosure agreement as part of that deal.

They rented the home in May of 2018 and moved in to find it was filthy. The previous tenants warned them that the house had been problematic, to include electrical problems.

After a series of problems with their water heater, they came home to find their living room flooded. The housing provider refused to replace the carpet, and the family had to pay to have it professionally cleaned. When a maintenance supervisor came to the home, the family pointed out visible mold growing in the garage; the supervisor said it was dirt. The provider never sent an environmental specialist to examine the mold.

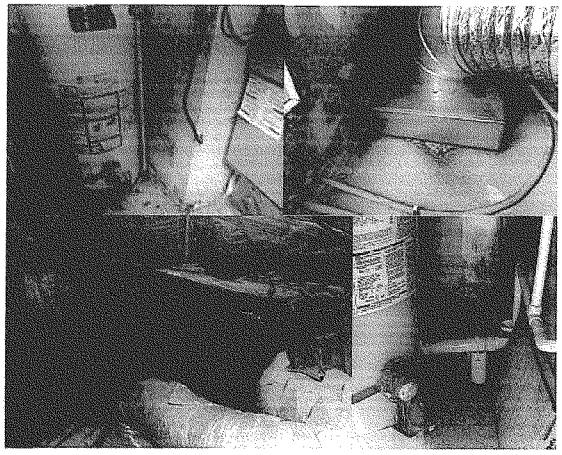
In October, the family started smelling gas in the house. They called the fire department, who confirmed the leak. Maintenance workers claimed they could not find the source. Later, a maintenance worker approached the spouse at her job and informed her that he had received a code from the furnace indicating a severe leak, but that the company had not taken it seriously. In November, they had an electrical fire from a socket arcing. Finally, the family endured an infestation of bed bugs, which attacked their infant child. The provider refused to address the problem until we had the garrison command intervene on the family's behalf. At that point, after insisting on a non-disclosure agreement, the housing company moved the family to a new home, where they are experiencing new problems. However, since they signed a non-disclosure agreement, they are afraid to seek help.

These are just a few examples. We have worked with well over a dozen families who were experiencing terrible conditions in their privatized housing, with mold infestation being the most

prevalent. One young enlisted service member had to take a second job at night after working a full military duty day to pay for a carpet cleaner and dehumidifiers as he and his family tried to battle black mold. This family kept reporting flooding issues, but the housing provider never corrected the leaks causing the flooding and refused to acknowledge, let alone remediate the mold. Eventually, rotting beams in the floor and wall were discovered—but not repaired:

Rotting wood on the floor (L) and in the wall (R)

Multiple families had observable mold growing in and around their HVAC units:



The housing provider was telling these families that there was no concern. Based on what we saw, we paid out of our own pocket for an independent mold inspector and certified master housing inspector to assess multiple houses. His findings were alarming.

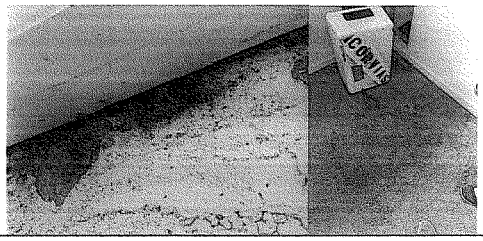
Of the sixteen homes that he tested, thirteen of those homes registered "elevated" levels of toxic mold, which is the term to describe dangerous levels of mold. One registered "slightly elevated" levels of toxic mold. One of the three "acceptable" homes had a mouse infestation. Six of seven

New Heritage Park Homes—newer homes constructed by the housing company—had "elevated" levels of mold and the seventh had "slightly elevated" levels of mold.

Our Takeaways from Our Experiences on Fort Meade

What we observed on Fort Meade through our experiences and through helping others indicates that more oversight and accountability is needed to truly address the problem. Representatives of the housing providers have admitted that they took their collective "eye off of the ball," but the larger picture overwhelmingly suggests an approach that sought to maximize profits rather than perform the necessary maintenance.

First, we observed serious mold problems in the newer homes, which was a particular concern that the Ranking Member raised in a hearing last year. In the newer junior enlisted quarters, we observed a pattern of water damage and mold in the same place, suggesting that the homes may contain design or construction flaws:



Water penetration in the same corner of New Heritage Park homes

This concern is particularly important for Ft. Meade because the housing provider is preparing to break ground on new homes.

The housing inspector we hired also identified safety and building violations that placed families in danger and would create maintenance issues in the homes. For instance, in new homes, electrical meters were placed on a wooden board placed in the siding rather than a proper mount required by code. When this issue was identified, the housing provider just swapped out the wood, failing to fix the problem.

Second, we observed repeated failures to fix identified problems properly or safely. For example, the hospitality suite to which we were relocated had a gas leak "fixed" with duct tape:

Other examples include conractors failing to contain lead paint and spreading lead dust all over our home, leaving attics and garages without insulation, and failing to identify and fix leaks causing repeated flooding.

Third, we observed a troubling culture of not addressing reported problems. After a while, people got tired of fighting and paid out of their pockets. The provider wore the residents out.

This culture was pervasive. Senior representatives from the housing provider would question whether there was really a maintenance issue. They regularly told us that the problem with the English Avenue house might be my wife's allergies. Even after we had found mold in the HVAC, the Project Manager for Ft. Meade still claimed to see no medical evidence that the home was unsafe.

There was a related troubling lack of transparency and accountability. Residents were not given information about prior maintenance issues, and were kept in the dark about the results of testing. For example, we were repeatedly told by the Project Manager that our mold test results were fine, when the actual documentation reported "elevated" levels of mold. Finally, while helping a family where the mother was recovering from cancer, we went to a home the provider wanted to move the family into, to observe the provider's air quality test. When we arrived, the housing provider was running air scrubber in the house prior to taking air samples for the test.

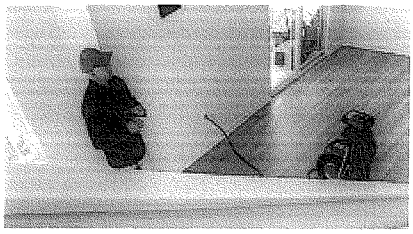
Sadly, this culture has not changed. Service members and their families on Fort Meade still tell us that they are not treated with respect by the housing provider, nor kept informed of the status of repairs or results of tests. At all levels, tenants in need of services are treated as problems, rather than as paying customers entitled to top-quality service. A maintenance worker told Sandy that the running joke among workers responding to service calls on Fort Meade was that Fort Meade was "Section 8 Behind the Gate," a tasteless reference to low-income public housing.

Our Concerns About the Response to the Crisis

Once Secretary Esper and General Milley engaged the housing provider about the maintenance problems on Ft. Meade, the housing provider's leadership agreed to hire a third-party firm to conduct "independent inspections" of homes. However, we observed many irregularities that lead us to question whether these inspections captured the full extent of the crisis.

First, to my knowledge, the full results of home inspections were never released to all of tenants. In two cases, we knew families who were removed from their homes immediately upon completion of the inspection, but no one told them why, leaving the families to wonder which health hazards they had been exposed to in the homes.

We also observed practices that raised questions about the validity of these inspections. In one case, we walked into a home where, once again, an industrial air scrubber was running in the house prior to an air quality test. The third-party inspector reached over, turned off the air scrubber, and started the air quality test.



We also observed a failure to follow up on some inspections. In three cases, the housing provider claimed to remediate homes, but families returned to find visible mold or to have mold reappear within weeks. These results convinced us that these inspections failed to identify the full scale of the problem and did not correct many deficiencies identified.

When we heard recently that these inspections revealed that over 85% of the homes on Fort Meade required mold remediation, we were not surprised. That incredibly high percentage is consistent with what we had observed with our own mold tests discussed above. But we also would not be surprised to learn that these inspections greatly *understate* the full scope of the problem given the issues we observed.

At a recent townhall, the housing company announced that it was planning to replace 1,500 HVAC units and weatherproof 1,500 homes. That is consistent with the issues we observed with frequent water intrusions and mold in and around the HVACs. We are glad to hear that things may finally be getting fixed, but we also can't help but wonder why has this taken so long.

Next Steps

The spouses and service members who have endured these terrible conditions and treatment are not victims; they are warriors we placed in an impossible position. Ensuring that this problem is fixed permanently and correctly requires returning a reasonable amount of power to the families to level the playing field with the housing providers.

In my view, the Army is heading in the right direction. Army leadership moved decisively when the scandal broke. Secretary Esper and General Milley came to Ft. Meade and toured homes, to include 4542 English Avenue. General Milley ordered the military chain of command to inspect every post home under Army control. The Secretary appointed General Perna to oversee the Army's actions to address the crisis. In a recent interview, General Perna acknowledges that much work remains to be done. He discusses monitoring the number of displaced families and working on the culture of housing. He speaks with the housing provider CEOs every month. I've served off and on with General Perna since 2005, and I trust his judgment and his leadership.

The military's behavior stands in stark contrast to the practices of the housing providers. They have claimed that those of speaking out do not account for all that has changed in the last year. They point to investment and action over the last twelve months. Yet these actions have not remedied years of neglect and only occurred because the military and Congress called the private

housing providers to task. Continued attention, and more transparency and accountability, are necessary to remedy this problem permanently.

The core of that accountability, the Tenant Bill of Rights, is missing critical elements in the document released by the Department of Defense last week. The Department noted that "[i]n some cases, more work is required before the benefits of these rights are fully available to tenants." This means that service members and their families still lack a dispute resolution process, the ability to withhold their BAH, and access to a ten-year maintenance history for a home. When testifying before Congress last fall, the Service Secretaries indicated that they were ready to release the Tenant Bill of Rights but that they wanted to wait for Congress to pass the NDAA. Based on these statements, many military families are disappointed that the key rights that level the playing field with the private companies remain unresolved. The recent statements by Chairman Inhofe and Ranking Member Reed of the Senate Armed Services Committee, and by Chairmen Smith and Garamendi and Ranking Members Thornberry and Lamborn in the House, capture many of our feelings. As the Senate leaders summarized:

> [T]he Department led our military families to believe these protections were in the Bill of Rights when they circulated a draft for comment as early as May 2019 with those items included. This goes directly against the promises made by the Department and the housing companies that they would work to regain the trust of our military families.

Furthermore, the Department noted in the Tenant Bill of Rights document that it will continue to work with "MHPI companies and, as necessary, Congress to ensure the benefits of these rights are fully available ..." That process is far more likely to be successful if the Department works with service members, their families, and military advocacy groups as regularly as they engage MHPI companies and Congress.

Judge Carter and Congressman Bishop, we especially appreciated language in the bipartisan legislation you sponsored, the Better Military Housing Act of 2019, that explicitly required the Secretary of Defense to consult with "members of the Armed Forces and their families" in developing and implementing a plan to improve privatized military housing. Despite your clear intent, we remain concerned that the voices of service members and their families are under-represented in the conversation about a Tenant Bill of Rights intended for their benefit. While we are confident senior Department leaders discuss housing with families during their travels, we believe bringing service members, their families, and military advocacy groups into more formal discussions seems an essential ingredient to ensuring a successful outcome.

Expanded engagement with families and advocacy groups, coupled with the full Tenant Bill of Rights ensures that our service members and their families have a level playing field, and that privatized housing improves the readiness of our military rather than degrades it. We also need to ensure that MHPI companies properly repair and maintain the American taxpayers' inventory of homes. Achieving these goals requires answering two questions:

1. Do we really understand the full scope of the problem?
2. Does the current structure ensure that this problem does not occur again?

The answer to the first question, for Ft. Meade, appears to be that we do not understand the scope of the problem. While efforts, like the Military Family Advocacy Network's surveys, have started to identify significant issues, we have reason to be skeptical of the inspections sponsored by the housing providers. We know families living in unsafe homes today, and major issues still remain, such as the Ft. Meade homes' compliance with Maryland code. Furthermore, what assurances are there that, at the end of the leases, the Government will not receive under-maintained houses in need of critical, expensive repairs?

On the second question, while I believe that the military will remain focused on housing for years to come, a system that requires this level of senior leader oversight is not tenable in the long-run. Local commanders and families need the power to hold the housing providers accountable to achieve long-run stability in the quality of our housing.

From my perspective, the best way to scope the problem and provide local leaders and families an equal footing is two-fold: fully implementing the Tenant Bill of Rights and developing a pool of local, military-sponsored housing inspectors who can evaluate military housing. As stated earlier, it is time to deliver on maintenance history, a dispute resolution process, and a method for *service members* to withhold their rent. The easiest way is to allow service members to control their rent is to stop forcing families to sign allotments to the provider that they cannot turn off.

However, independent inspectors are another critical component of leveling the playing field between tenants and the military housing companies. The history of these projects to date suggests that external verification of the work is necessary. The military could bring in local professional inspectors to verify providers' work. An external set of eyes providing the Secretary, the Chief of Staff, General Perna, the Ft. Meade garrison commander, and the families an independent assessment would also go a long way to restoring trust in the system.

Perhaps most importantly, until we understand the true status of housing, we cannot begin to ask how we will address the costs of bringing homes up to standard or taking care of medical bills for service members and their families. Some of the children exposed to the conditions on Ft. Meade will require medical care for the remainder of their lives. We owe them a clear answer.

General Perna is correct: while we have made strides, more work remains. That said, we can do this if we install a system that empowers the families and local commanders to prevent another housing crisis. The lack of transparency and continued problems still raise concerns. However, if we level the playing field, the service members, their families, and the local commanders can deliver. I have watched these young men and women low crawl through canals to guide fire onto Al Qaeda positions, drive ISIS forces from the Tigris River, and outfox the Iranian Quds Force. At home, I've watched our military spouses handle some of the most stressful and heart-breaking situations a human can face with grace, determination, and compassion. In the Army, we say our strength is our people. Empower these young men and women by giving them an equal footing with the housing providers and they will be our first—and best—line of defense in securing military housing.

Ms. WASSERMAN SCHULTZ. Thank you. Thank you, Colonel Gerber, and you can share more of your testimony with us as we proceed with questions, and you are right. You face enough enemies in combat. Your house shouldn't be among them. I appreciate your remarks.

And now I will recognize Ms. Gherdovich. Your full written testimony will be included in the record, and you are recognized for 3 minutes to summarize your remarks.

STATEMENT OF LINNE GHERDOVICH

Ms. GHERDOVICH. Thank you. Good morning. My name is Linne Gherdovich. My husband, James, is an Air Force Colonel. We are the proud parents of six children. We are the proud parents of six children ranging in age from 1 to 13. We moved to Bolling Air Force Base 6 months ago, so James could enroll in the senior executive development program at Fort McNair, which was our 14th move in 15 years. We chose to live on base because we thought it would offer an affordable, safe place for our children. We never imagined our home would compromise the health of our family.

As I tell our story, please keep in mind my children, especially my youngest son, 2-year-old Rollin. He was born with a condition that happens only once in every 400,000 births. He has cloacal exstrophy. Essentially, he was born with his organs, the bladder, intestines, and reproductive organs, outside of his body, some split in half and inside out. He has only one kidney and is diagnosed with spina bifida. His young life has been a series of surgeries and medical procedures, and he has many more to come as doctors try to give him the life all children deserve. Through it all, he is a vibrant little fighter who brings our family incredible joy.

A multi-disciplinary team of specialists, including five different surgeons, oversee his care at Johns Hopkins Hospital. In order to not have blanks, in his medical charts, I am required to be vigilant about his medical history, things that he has been exposed to, so that I am armed with the ability to answer any questions that come my way from the many different specialists and doctors we deal with.

The home we leased in September on Bolling Air Force Base smelled foul the moment we moved in. Within days, all my children developed respiratory symptoms. The younger ones, like Rollin, had hacking coughs and constant congestion. My 9-month-old baby, Ansel, endured a fever that reached 104.5 degrees.

Suspecting mold, we asked Hunt to come test our home. Despite their moisture meter, signaling high levels of moisture, they dismissed this to temperature and told us our home was safe. After learning our house had never been approved for occupancy, base command came by to inspect, but they were forced outside by what they experienced inside. The vice commander's eyes were watering. She was dizzy. She said there is something bad inside your house, and ordered a third-party inspection to come properly test for mold.

The day prior to that inspection, however, Hunt scrambled to clean our entire duct system, thick with dust, and completely replace both our furnace and HVAC system. The third party they hired reported back to them, not me. So it was almost 2 more

weeks before I learned that the bathrooms did, in fact, require extensive mold remediation.

After being told it would take a week, we were put into temporary housing, for what ended up being a little more than 2 months. Our family of eight was in a three-bedroom home. Two of our children slept on a mattress in the floor in the dining room. We asked Hunt to test for the mold type, and they refused. This was important for my son, Rollin.

Ignoring my pleas to then just preserve samples so we could test, Hunt quickly and conveniently disposed of the bulk of the materials before I could hire my own inspector to sample them.

Our inspector, however, still was able to determine that our home's extensive contamination included Stachybotrys and aspergillus penicillium. According to the World Health Organization, these molds can produce microtoxins that cause adverse health effects, ranging from acute poisoning to immune deficiency and cancer. More alarmingly, our inspector found Hunt also botched the remediation effort by ignoring and mishandling of asbestos tiles our inspector found in the bathroom.

Those containment efforts exposed our possessions, toys, photo albums, furniture, and schoolbooks I used to homeschool our children to carcinogens. When they finally did an air test, they covered our goods in plastic, rendering the test invalid. Our belongings are still in that home. Hunt has fought us the entire way on replacement costs of the last items, offering us only a fraction of the replacement value. I worry about the young airmen that can't afford to pay the $2,700 out of pocket like we did to have these tests to prove what Hunt is doing.

Thank you.

[The prepared statement of Ms. Gherdovich follows:]

Written Testimony of Linne Gherdovich
House Appropriations Committee
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Family Housing (DOD)
March 3, 2020

My name is Linne Gherdovich, and like so many thousands of military spouses across the country, I have story to tell about having been harmed by a company allowed to mismanage housing on a military base. I am also the mother of six children ranging in ages from 1 to 13. But for all the ways my family has been mistreated at Joint Base Anacostia-Bolling, I hope you will listen to my story with two things in mind – my children, and especially my youngest son. I would like for you to see him as I do.

Rollin is 2. He was born with a condition that happens only once in every 400,000 births. Sadly, many of these babies are aborted. The complex is called Cloacal exstrophy syndrome, and essentially, he was born with organs – the bladder, intestines and reproductive organs – outside of his body. He has only one kidney, and he is diagnosed with spina bifida.

Rollin's young life has been a series of surgeries and medical procedures, and he has many, many more to come as doctors try to give him the life all children deserve. All that stated, he is a vibrant little fighter who brings our family incredible joy.

A multidisciplinary team of specialists, including five different surgeons, oversee Rollin's care at Johns Hopkins Hospital. Because his condition is so rare, I need to be prepared for questions about his history. It is essential that I be ready to answer their questions as completely and thoroughly as possible. I cannot allow blanks in his medical chart.

But there are blanks today because Hunt Military Communities hid from us the fact that our house was contaminated with mold. They ignored my multiple requests to test for the level and types of mold contamination and my final plea that they at least preserve the materials so that we could have the testing done ourselves fell on deaf ears.

My husband, James, is an Air Force colonel. We moved to Anacostia-Bolling in September so he could enroll in a senior executive development program at Fort McNair. It was our 14th move in 15 years.

We chose to live on base because we thought it would offer a safe, affordable place for our children, and because we knew we would be here for only 10 months. We didn't think we would be compromising the health of our family.

The house smelled horribly the day we walked in the door. Hunt blamed the smell on cat urine and had the carpet replaced. Only later did we learn that Hunt had never bothered to have the house approved for occupancy by base command as is required.

The new carpet brought little relief. Within days, all of my children developed respiratory symptoms. The younger ones – like Rollin – had hacking coughs and constant congestion. My nine-month-old baby, Ansel, came down with a fever that reached 104.5 degrees.

Three days after our move, we learned at a town hall meeting that Anacostia-Bolling houses have problems with mold, so we asked that ours be tested. Two Hunt managers came the next day to check potential spots for mold with a moisture meter, but they told us nothing was wrong – even though we could see the meter was finding high levels of moisture.

According to Hunt, our house was all fine, move-in ready and mold free. Hunt managers assured me the home was safe our children and our household goods could be delivered the following week.

After learning our house had not been approved for occupancy, the base commander and vice commander came to inspect, but they were forced out by the symptoms they experienced inside. The vice commander and another housing official said they could not be inside our house. She had to step outside. Her eyes were watery. She said I went outside to make sure it was just your house, but now I am back in here and I am dizzy. She said there is something bad inside your house.

James bought four HEPA air filtration devices to deal with the air. We took photos of ductwork that was filthy with thick dust. In one, Rollin is standing close by.

We just knew there was something going on with the house, but we did not know exactly what. Hunt was consistently saying there were no issues, so we took them at their word. We trusted that they validated the safety of the residences before we moved in, which they had not.

The installation command team has been with us, shoulder to shoulder, and they ordered that a third party perform an inspection. But the day before that could happen, Hunt hurried to have all ductwork, the HVAC and the furnace either cleaned or replaced. The company they hired – True North Consultants – performed their inspection after the ductwork had been cleaned, but the inspector did find moisture in a downstairs bathroom. He would tell us nothing more. He said we would have to go through Hunt.

In talking with him as he finished, he told us that his wife was pregnant with their first, so I put my baby, Ansel, in his arms and said, tell me: Is our home safe to sleep in tonight? I wanted it to be human to human, to make him tell me what was in his report. He would not. He said that we had to go through Hunt.

Instead of letting us know by phone when the results were in, Hunt allowed us to linger in a mold-infested home. Thirteen days after the inspection, Hunt told us our home would need to undergo renovation because of mold in two bathrooms, one of them we used routinely to bath Rollin.

Out of concern for Rollin, we asked Hunt again - before remediation got underway – that they professionally test for the type and extent of mold. Again, they refused.

After being told the remediation would take less than a week, we were put into temporary housing. We are a family of eight. The townhome they gave us had three bedrooms. There were three beds – total. Two of our children slept on a mattress on the floor for what turned about to be two months.

But by then my greatest concern was that we be able to test materials from the two bathrooms for the types of mold and level of contamination. I made that clear numerous times with at least three Hunt officials. In addition, I begged workers on the site to save materials from the bathroom so they could be tested. I begged them, please do not make me go through the trash.

Because I feared no one was listening, I emailed Hunt Maintenance Director Michael Knight at 8:30 a.m. Oct. 10. I explained that since there aren't many children with Rollin's condition, much of his medical care is still evolving. I need to be prepared to give his complete background when asked by the many different doctors and specialists we deal with. James also sent him an email that morning. We heard nothing until that evening.

Mr. Knight told us in an email that he had been busy and was sorry not to reply sooner. Unfortunately, he said, all the materials had been destroyed. If we were willing to pay $200 ourselves, he would have materials tested from a third bathroom, but that was one where no moisture had been detected.

The testing Hunt had refused to do was now being offered to us only once the materials were disposed of, or in a location thought not be to a problem. In my opinion this was too convenient and contrived.

Further, despite the fact that the home was never approved for occupancy, Hunt tried on multiple occasions to insinuate the conditions were somehow our fault.
The day after being told materials with mold contamination had been destroyed, I sat in my car outside the house, guarding the house to make sure no more evidence of contamination materials could be destroyed while I called every inspector I could find online to ask if anyone could be sent right away.

The licensed inspector who did respond collected samples from whatever materials he could find, and those revealed that the house had extensive contamination from various types of mold – mainly stachybotrys and aspergillus penicillium.

According to the World Health Organization, those molds can produce mycotoxins that cause adverse health effects ranging from acute poisoning to longer-term harm, such as immune deficiency and cancer. That concerned me for the sake of my entire family. It worried me especially because of Rollin's compromised immune system.

Keep in mind, the inspector's samples were tests on whatever he could find remaining from the two bathrooms. They were not from the items that could give us the most complete understanding of the contamination. Those were disposed of with complete disregard for my son's condition.

Additionally, our inspector documented evidence that tiles containing asbestos were found in the bathroom and were cut by saw during the remediation, likely releasing cancerous asbestos fibers into the air. The materials in the bathroom also tested positive for asbestos. To top it off, the inspector informed us that Hunt's subcontractors had failed to establish adequate containment during the work.

Once Hunt acknowledged that asbestos fibers had been disturbed, they agreed to do air testing, but before doing that, covered our goods with plastic, rendering the tests invalid. Only when the many points of failure were brought to the attention of the Hunt maintenance director did he offer to replace the items.

With everything remaining in the home at risk of being contaminated by asbestos – toys, photo albums, furniture and schoolbooks I use to homeschool my children – we were advised by the inspector and the base environmental engineer to not take the risk.

An appraiser Hunt hired put the value of the possessions we had to leave behind at more than $60,000. Hunt first offered us $5,000 for our property. Hunt later offered to pay about $15,000. Their latest offer, which they stated was "final," was a little more than $33,000. They also refused to pay for the $2,700 we had to cover tests they would not do and refused to pay fair market our moving costs.

Our position with Hunt in the beginning, was that we're fine dealing with the inconveniences of remediation and being kicked out – we can roll with it. I'm angry that we have mold – that they moved us into a house with mold – but what I really care about is just knowing what my son was exposed to because he reacted to it. Now we will never know.

James worries also that if we have been treated this way, how are they treating the young airmen. This is a crisis for our service, he says, and by extension the fundamental security of all families on installations.

Is this really the type of sacrifice our nation expects of us?

Ms. WASSERMAN SCHULTZ. I thank you, Ms. Gherdovich.

And I am sorry for what your family has had to go through. Again, your house should not be your enemy.

And I thank both of the witnesses for your remarks. We will proceed in the standard 5-minute rounds, altering sides, recognizing members in order of seniority as they were seated at the beginning of the hearing. And each member should be mindful of your time and allow the witnesses time to answer the questions within your five-minute turn, and I am going to yield to the gentleman from Georgia, because he has to go chair his own hearing at 11:00 o'clock.

So, Mr. Bishop, you are recognized.

Mr. BISHOP. I thank you very much. I thank the chair for yielding to me and for your courtesy. I do have to go and preside at another hearing that is simultaneously scheduled.

But, Colonel Gerber and Ms. Gherdovich, thank you for your testimony. It is enlightening and insightful to hear from you, and we really regret what you have suffered from dealing from privatized housing providers. But rest assured that the committee and the Members of Congress are here to support you, and we want to ensure that your voices are heard.

Let me just ask you: What, if any, changes you feel that the housing providers have already accomplished, if any, and do you feel they are addressing the problem, or do you think they are sort of holding you off to wait to see what the committee will do, or the Department of Defense will do just to try to, I guess, keep you at bay?

And tell me if you believe that the burden is with the housing providers to make improvements, or do you believe that there needs to be more involvement from DoD and individual installation commands?

Just for background, I am the cochair of the Congressional Military Family Caucus, along with Cathy McMorris Rodgers of the State of Washington, and each year, we hold a summit to meet with stakeholders and families to hear issues that affect military families. And this year, I want to invite you to come and to share your story and your experiences in this situation with others. You both have been very firm advocates for the expansion of military family tenant rights, and I appreciate that very much.

And I would like to know if there are any additional things that you think that we can do to give tenants a voice and the ability to control the outcomes. So, please, have at it.

Colonel GERBER. Thank you, Congressman Bishop, and, again, thank you for the bill you sponsored last year that emphasized the importance of military families.

And I think the first thing we can do to improve the situation is to bring military families into the formal process, military families and advocacy groups. MFAN, Military Family Advisory Network, did great work.

I think the second thing we would ask for Congress to do is to continue the fire until this bill of rights gets done. Right now, we have got to give servicemembers control of their BAH, so that they are the ones that are in control, that they have the ability to hold

the contractor accountable when they fail to perform. They need a dispute resolution process.

And I need to speak up.

And they need an easy mechanism to stop that BAH.

Finally, the maintenance is important. We are coming up—the maintenance history is important. We are coming up on the summer PCS season. Had we known that 4542 had a history of water damage and mold, Sandy and I would not have gone into that house. And so while the company will talk about investment, my written testimony talks about what we saw what when Corvias brought in a third-party contractor and it wasn't very—it caused concerns about the quality of that inspection.

So there have been some improvements, but I think we need to be very skeptical of the work we have seen, and demand external accountability, not someone that the contractor hired.

Mr. BISHOP. I appreciate that very much, and I would like to, again, invite you to share with us at the Congressional Military Family Caucus summit, because I am certain that the issues that you faced are not unique just to you and your families. And we want to make sure that we address it once and for all and we put in place some mechanism to make sure that we can keep a lid on this.

Ms. WASSERMAN SCHULTZ. Ms. Gherdovich, if you may want to respond, you still have time.

Ms. GHERDOVICH. I would echo that. Independent inspectors would do wonders that report back to the tenants instead of the privatized companies. I spent much of my time overseeing the job, because I was—information was withheld from me. So if you had truly independent inspectors, I do believe it is improved. These companies have a quicker response time. I believe they are trying to do that. But it doesn't mean that they are actually fixing the problem properly when they do respond.

So, for instance, our home had very little visible mold, In fact, just a little bit of mildew. Yet, all of our bathrooms ended up being gutted, and the only reason we knew that was because our kids were getting sick.

So what would I believe be a—an incredible improvement and would be able to give—something that would be able to give families peace of mind would be able to do air quality testing, something that these companies absolutely refuse to do.

If I know I am moving into a home, there is no way I know that it is safe because of the history of what they have done to cover these problems up. The only thing that assures me that my children would be safe would be an air quality test that would test for those things, the environmental hazards.

Mr. BISHOP. I thank you very much.

I thank you both.

Ms. WASSERMAN SCHULTZ. I thank you, Mr. Bishop.

Judge Carter.

Mr. CARTER. I thank you.

I may be asking some questions you don't know the answer to, and I don't know the answer to them. What contractual obligation does the contractor have to you as the tenant, or to the government as the—I mean, somewhere somebody has a contract to build these

houses, and what kind of maintenance obligation do they have under contract, or do you know?

Ms. GHERDOVICH. The privatized companies, or the subcontractors they hire to fix the job?

Mr. CARTER. Both.

Colonel GERBER. So, Judge Carter, I would tell you a couple of things: One, you sign a standard contract with the housing provider, but as the tenant, you have no ability to enforce that contract, because you can't stop rent. You can't go to a judge and ask them to stop rent payment or force them to fix things. You can't break the contract and say, I am out of this and stop paying rent. Your money keeps going to them.

So while there is a contract, and in that contract, it says the house is supposed to be up to local housing codes, there is no way for the tenant to enforce that. There is also contracts with the government, but those are guarded, and placed under proprietary information. When families have FOIA'd that document, they have gotten heavily redacted documents under the claim that there is proprietary information.

So, again, these are all efforts that prevent Congress from exercising good oversight, and the families from being on a level playing field.

Mr. CARTER. So it would be your argument that the military is obligated to defend your rights?

Colonel GERBER. Judge Carter, General Perna mentioned in his interview last week, he said soldiers have got to go to the chain of command, and he is right. You know, I was a squadron commander in Fort Hood, and I failed soldiers because there was a problem there and I didn't realize it. But the chain of command has got to be the exception. These are busy people. The people at Fort Meade and NSA are doing vital work to our national interests, and so—so the families need to be able to take care of themselves, and the chain of command should be a last-ditch effort. Right now, we have got that inverted.

And the other point I would make is these young families are very hesitant to go to the chain of command, especially a young spouse. You know, I am a colonel in the Army. I was friends with Sergeant Major in the Army, Dailey. I called him up. I was, like, Sergeant Major, you have got to look at this. This is awful. A private doesn't have that kind of relationship.

Mr. CARTER. I thank you.

Ms. WASSERMAN SCHULTZ. I thank you.

I am going to ask you both, which was supposed to be my last question, but I am going to ask it first, because it is a tough question, and I think it is the overarching question that has to be answered. Do you think that privatizing military housing was a good idea? And do you think these issues would not have come up, been handled better if the housing was never privatized and instead owned and managed by the military?

Colonel GERBER. OK. So, Chairwoman, I will lead off. I think it was a good idea. There are a lot of people who say we should go back to military housing and Second Lieutenant Gerber remembers the disaster that housing was on Fort Bliss. And then in 2001, as part of the privatization, the National Military Family Association

testified in front of this committee, and they highlighted that there was, like, $16 billion in maintenance it would take the government to work—30 years to work through. So privatization brought in a huge influx of capital that is allowing the modernization of homes.

What we—we didn't quite get it right. We failed to establish correct oversight, and these companies took advantage of it. So rather than going back to a failed model, let's use the leverage we have on these companies to force them to renegotiate the contract, incorporate the tenant bill of rights, and let's get on with giving our families decent housing instead of arguing over whether I should be able to withhold my BAH.

Ms. WASSERMAN SCHULTZ. Do you agree? It is OK if you don't.

Ms. GHERDOVICH. Yes, if there is proper oversight, then I agree that the military needs to spend its time doing other things, and it is a good solution to have someone else manage it, if they can manage it properly, but in the face of all of these failures, it is hard to say that it has been a good idea.

Ms. WASSERMAN SCHULTZ. So we did fund a layer of oversight that did not exist before. So, hopefully, that will at least be beginning to help.

But now that I asked the overarching question and got that out of the way, I want to ask you some more detailed questions. Both of you mentioned working with outside inspectors. Did you encounter pushback in bringing in outside home inspectors, and what was the cost to you and your family for that inspection?

Ms. GHERDOVICH. We absolutely had to bring in an outside inspector, because from the beginning, before remediation went underway, I made it very clear that the thing that was the most important to me was to get samples for the type of mold that our kids had been exposed to. I even wrote an email the morning that the construction crew told me they were going begin cleanup to the head of Hunt maintenance, and I asked him to please just—

Ms. WASSERMAN SCHULTZ. Was there any pushback, though, in you bringing in an outside inspector, or were you just able to do that?

Ms. GHERDOVICH. He said I could do that under his authority, if they let them in the house and he there was but I—

Ms. WASSERMAN SCHULTZ. The person from the company?

Ms. GHERDOVICH. Yes, Hunt said that the private inspector. I had already gotten him inside the house and tested before he responded to me with that. But we had to pay $2,700 on the spot to get that testing, and that is testing that they still refuse to reimburse us for.

Colonel GERBER. Ma'am, our experience with private inspectors—inspections, is the reason we are convinced that that has got to be part of a three-legged oversight that includes tenant bill of rights, independent inspections, and bringing the families into formal processes. We didn't ask. We just did it. I mean, you know, I am a colonel. I can get away with that.

And so, he was the person who found the mold that was blowing on my wife and I for months. And then as we—as I said, we brought him in to look at 16 other homes for families, and he found levels of mold that were just astronomical and what that did, was it gave those families ammunition to go back to Corvias and say,

Look, this house is contaminated, and there wasn't any debate about it. So we didn't get any pushback.

I think the military leaders I dealt with appreciated that we put some science behind this, and it really convinced me that having an independent inspection regime is critical for this, and my wife refuses to tell me how much we spent on the inspections.

Ms. GHERDOVICH. It is the only recognize we are listening to us, I believe.

Colonel GERBER. It is. It is the only reason they listen.

Ms. WASSERMAN SCHULTZ. Before my time expires, how confident are you in the quality of the repair work and remediation that has been done in your homes?

Ms. GHERDOVICH. Not confident at all. I stood outside my house throughout the process to watch things happen. They did an air quality test in which they were going to tell us that our belongings were safe after they aggressively stirred up the asbestos fibers to see if they were in the air. But, before they did that, I took a picture to show that they had finally ducted the—ventilated the air to the outside instead of the inside. And we noticed in that picture later that the goods they were testing to see if they had been exposed to asbestos had all been covered with plastic prior to the testing.

It was only when I pointed this out to Hunt that they agreed that they had many points of failure and finally offered to replace our things. If I wasn't there, they would have never caught this, and called our goods safe to bring home to my kids.

Ms. WASSERMAN SCHULTZ. OK.

Colonel GERBER. Chairwoman?

Ms. WASSERMAN SCHULTZ. My time has expired, so quickly.

Colonel GERBER. I would agree, too, because our written testimony documents a number of dubious practices, both with remediation of our house, and with the families we helped. There was a persistent pattern of really inadequate or incompetent remediation.

Ms. WASSERMAN SCHULTZ. Thank you.

Mr. Rutherford?

Mr. RUTHERFORD. Thank you, Madam Chair.

Would you repeat the three-legged stool that you are talking about to fix this? You mentioned the third-party inspection report.

Colonel GERBER. Yes, sir. So based on our experience, we think there is three things: One, you need the full tenant bill of rights. The document that was released last week misses the three things that the servicemembers need to be able to fight on even footing to force the contractor to meet their contractual obligations.

Second, you need to bring in an independent inspector. As both Linne and I have talked about, the only way we got leverage, and the only way we got leverage for a dozen families on Fort Meade, was bringing someone from the outside in who was calling balls and strikes as opposed to what the contractor wanted to hear.

I would also add that managing a $1 billion housing project without outside inspection on a regular basis doesn't pass the commonsense test.

The third thing is—and Congressman Carter and Congressman Bishop really hit this 2019. We saw that the families can be a game-changing innovation in oversight, because, if they believe

they will be listened to, they will come forward and they will highlight the problems and they will get it out there. On the other hand, it is the military. If they don't think they are being listened to, they are just going to shut up and color, because it is what we do. It is our culture.

Mr. RUTHERFORD. You mentioned earlier back in 1996 when they were about to make this change that there was—did you say $30 million or $30 billion worth of work?

Colonel GERBER. Sir, according to the National Military Family Association testimony in 2001 in front of this committee, I believe they identified $16 billion in maintenance that was required to bring the homes up to standard.

Mr. RUTHERFORD. And are there any reports or studies out there to show how that has moved forward? Is it better now or worse now, or do we know?

Colonel GERBER. I don't think we know, Congressman.

And, again, this is another advantage of the tenant bill of rights. If these kids could actually come forward and fight, and they had a dispute resolution mechanism, all of a sudden, you would start generating data this committee could use in its oversight role.

Mr. RUTHERFORD. And I would—I would suggest, too, that if you are going to use these independent inspectors, it ought to be—it ought to be pre and post. It ought to be what is happening in your home now and then, after they remediate, they ought to be going back, testing again—it is not a one-time thing—and then they remediate. And then the assumption is that they have taken care of everything. No, they should have to show you that they have taken care of everything.

Ms. GHERDOVICH. They show you with their own inspectors.

Mr. RUTHERFORD. Did they do that?

Ms. GHERDOVICH. They show that with their own hired subcontractors, ones that proven to not be trustworthy, and have falsified reports. So our own inspector wasn't invited back. In fact, we were told it was a conflict of interest for him to come.

Mr. RUTHERFORD. And clearly, that is something that the—that I think we need to look at as a committee, and the bill of rights, the tenant bill of rights, that was just discussed last week, I think. Have you had a chance to review that yet?

Colonel GERBER. Yes, sir. So Secretary Esper passed out the bill of rights with the rights he was able to get completed. Three critical rights were missing: The dispute resolution process. So if I have an argument with my housing provider, there is a process for me to go and get that adjudicated by an independent party.

Mr. RUTHERFORD. Right.

Colonel GERBER. The ability to withhold BAH. So the problem is, if they don't follow the contract, even if I break my contract, they still get my rent, so BAH withholding. And then a 10-year maintenance history, particularly given the history of these homes' maintenance, the bill of rights that was supposed to have been passed should have given them access for the last 10 years. So you can see do you have a history of mold or a history of water or something like that.

Mr. RUTHERFORD. Like they do with automobiles.

Colonel GERBER. Yes, sir. We have got to get this fixed. This is—and the military wants it, Congress wants it, and the family wants it. So I would argue we could use some help influencing the last group of people that come along and get it done.

Ms. GHERDOVICH. And if it has no history, then they can do these things, like the air quality tests.

Mr. RUTHERFORD. To show you?

Ms. GHERDOVICH. To show that it is safe, because they haven't kept records.

Mr. RUTHERFORD. And——

Ms. GHERDOVICH. And let me clarify my last question.

Mr. RUTHERFORD. Sure.

Ms. GHERDOVICH. He could come out. They just wouldn't pay for him to come, and we weren't ready to spend another almost $3,000.

Mr. RUTHERFORD. Yeah. I understand that.

Ms. WASSERMAN SCHULTZ. Thank you.

Mr. RUTHERFORD. Thank you very much for being here today.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Rutherford.

Mr. Case?

Mr. CASE. Colonel, could I just go back to Mr. Rutherford's questions? Because I want to focus in on what your actual recommendations are and how they would change the current situation. So I am just going to tick off your issues here and makes sure I understand them. So, I think I am pretty straight on withholding the BAH. That is not an option today, right?

Colonel GERBER. No, sir.

Mr. CASE. It goes straight from the military to the contractor?

Colonel GERBER. Right. And the service member has no ability to turn it off.

Mr. CASE. OK. Are there situations where the military itself does not pay that over to the contractor? So in other words, do they have the option of doing that if they have master, as far as you know, under the master private—under the master contracts the military has?

Colonel GERBER. In my case, to get my rent turned off, I had to go to the garrison commander, another colonel, and he had to Corvias and twist their arm to get them to turn off my payment of them.

Mr. CASE. I am sorry. So who turned off your payment?

Colonel GERBER. Corvias turned off my allotment to give them my rent. The garrison commander couldn't do it, and I couldn't do it. Corvias had to turn it off. That is the critical point. If I have a dispute with a landlord on the economy, I say I am breaking the lease and I walk away and stop paying them. So he has incentive to meet me halfway.

Mr. CASE. Correct.

Colonel GERBER. That doesn't exist.

Mr. CASE. OK. And similarly, just so I am clear, what doesn't exist is the ability of your garrison commander to turn it off, either if your garrison commander agrees with you that something is amiss?

Colonel GERBER. Correct, sir.

Mr. CASE. OK. And then dispute resolution, do you have kind of a more detailed sense of what kind of resolution that would be?

Would it be, you know, finding arbitration? Would it be—you just what want to kick it into a third-party atmosphere, right?

Colonel GERBER. Yes, sir. And I think if you have a dispute with a landlord in, say, Fairfax County where I live, I can go through the County, I can go through the courts. There are a number of mechanisms. None of that exists for a servicemember. So in our case, we ended up in front of the garrison commander, and he looked at me. He was like, Scott, I really don't know. I don't have any authority, and I don't know how to make heads or tails out of the story that is in front of me.

Mr. CASE. OK. And then, I am sorry, I missed the third one. You were talking about a 10-year—what was that again?

Colonel GERBER. So the third element missing out of the bill of rights is the 10-year history. So the contractors were supposed to give families a 10-year history on the home.

Mr. CASE. Oh, I see.

Colonel GERBER. So in my case, since my wife has mold allergies, if they told us the house had been filled with mold in the past and had water damage, we would have kept looking.

Mr. CASE. OK. So what is your understanding of the—that seems to be a pretty simple thing, relatively simple thing to provide. It is just an inventory on, I presume, complaints on the home, improvements on the home. I mean, do you have a sense of why that is not something that is pretty routine?

Colonel GERBER. No, I do not, sir.

Mr. CASE. Has anybody ever said this is why we don't want to do that?

Colonel GERBER. No, sir.

Mr. CASE. OK. And then bringing families in, what do you exactly mean by that? I mean, are you talking about the kind of a family representation in terms of the relationship between the military and the privatized housing contractor or between the contractor and the—where would the families come in and how?

Colonel GERBER. Sir, I think you need to bring in the families in formally on a couple of different levels. One, we have a long tradition of having village mayors. Each housing group would have a mayor, and then they would come together and be in a rapid point to get issues resolved with garrison or the contractor.

Right now we have post-town halls. What I would ask is, if we have public/private ventures, why don't we form a board of directors that involves the military, the contractor, and these mayors, so they can give them power to influence, you know, awards and things like that. And then out of that group, people like General Perna or the Secretary could bring members or folks, like the VFW, into negotiations with partner, and I think it would be very powerful for them if the contractors start talking about things, and you have families who are representing the tenants, you have real-time information in that.

So that is—so when we talk about fix the tenant bill of rights, do independent inspections, and bring families into the formal process, the first three things you talk about are fixing the tenant bill of rights. The last two are the other two legs of that stool that I think that you could oversight our problem.

Mr. CASE. Correct. I get it.

OK. And then just external housing inspectors, I completely understand the perspective on that. When would you envision that that would be advisable, like at the beginning of the tenancy or as soon as there is complaint? I am just sorting out how that would actually look in practice.

Colonel GERBER. Representative, I think it would happen in two different places. One is if you have one of these disputes, all of a sudden you have a third-party qualified inspector. Second, when you are handling something like I think there is about 2,000 homes on Fort Meade, randomly sample a percentage of them every year and see if what we are getting reported is accurate. I mean, this is just basic project management.

Mr. CASE. OK. And then I guess my final—I am not sure how much time I have.

Ms. WASSERMAN SCHULTZ. You are about out of time.

Mr. CASE. OK. I will cease then. Sorry.

Ms. WASSERMAN SCHULTZ. Thank you.

Thank you.

All the members had an opportunity to ask questions, and I think it is very clear what the path forward is and what some of the glaring negotiate has resulted in. You gave us some good food for thought and very specific suggestions. Clearly the other three tenants' bill of rights certainly should be added to the bill of rights already approved. Everything you have suggested to me is certainly reasonable. It is outrageous that this was allowed to happen in the first place, which was what prompted my question.

Of course. No, no, oh, yeah. I am sorry, because I was wrapping up. Judge Carter.

Mr. CARTER. Are these units new construction or rehab? Are they old buildings they went in and rehabbed, or are they new construction?

Colonel GERBER. Judge, what we saw on Fort Meade was both. So, for instance, the housing inspector Sandy and I hired looked at seven new construction and found toxic levels of mold and water damage in six of them. The other 16 homes, So whatever seven minus 16 is, were older construction, nine.

Mr. CARTER. Thank you.

Ms. WASSERMAN SCHULTZ. OK. Since Congressman Ryan came in, I want to give him an opportunity to ask the housing residents a question.

Mr. Ryan, you are recognized. Sorry to go to you right as you are sitting down, but we were about to wrap up.

Mr. RYAN. Yeah, yeah, get my bearings there.

Ms. WASSERMAN SCHULTZ. I have been there. Sorry.

Mr. RYAN. I apologize, Chairwoman, that I am late.

Ms. WASSERMAN SCHULTZ. Oh, that is OK. No problem. I just didn't want to wrap up without giving you an opportunity.

Mr. RYAN. You know what, Madam Chair. I will pass, and submit any questions for the record.

Ms. WASSERMAN SCHULTZ. OK.

Mr. RYAN. Thank you for your service.

Ms. WASSERMAN SCHULTZ. Yeah, of course. No problem.

So, as I was saying, trust me when I tell you that we are going to stay on top of this. You know, we initially had a hearing with

the—with the service representatives. We will be able to ask them questions. The way we are doing the hearings this year is we are having each service come separately for their own hearing because we thought we could drill down more specifically with each of the services that way and not really have to ask all of these questions to a whole panel of people across the services.

And, you know, as we develop our work product, we will include additional accountability to the degree that we can and resources, if necessary. And we have a full set of panelists today, both the private companies after you, and the government following them.

So, thank you for your service, Colonel.

Thank you for your family's service and your husband.

And I appreciate you appearing before the committee today, sharing the many other families' issues on their behalf.

So we are going to allow for a few minutes for the panelists to switch out, and for us to switch out the audience members as well. So the subcommittee will stand in recess briefly for that purpose.

[Recess.]

Ms. WASSERMAN SCHULTZ. The subcommittee will come back to order. We will now welcome our second panel. Our witnesses are Mr. Rick Taylor, president of Facility Operations, Renovations, and Construction, Balfour Beatty Communities; Mr. Heath Burleson, Corvias Partnership Advisor; Mr. Denis Hickey, CEO of Lendlease Americas; Mr. John Ehle, president of Hunt Military Communities; and Mr. Jeff Guild, vice president, Lincoln Military Housing.

The witnesses will provide testimony on their efforts to improve the conditions in privatized military family housing and answer questions about how we could have had the problems that have surmounted over the last number of years in the first place.

In addition, they will provide details on their ongoing actions to remedy the inadequate management of the program, improvements they have already instituted, and longer-term process improvements that will be implemented in the coming months.

Mr. Taylor, we will start with you, and then we will go down the table.

All of the witnesses' full written testimony will be entered into the record, and each of you will be recognized for 3 minutes, and you are to summarize your remarks.

So, Mr. Taylor, we will start with you.

STATEMENT OF RICK TAYLOR

Mr. TAYLOR. Thank you.

Good morning, Chairwoman Wasserman Schultz, Ranking Member Carter, distinguished members of the subcommittee. My name is Rick Taylor, and I am co-president of Balfour Beatty Communities. Thank you for the opportunity to testify today.

We are committed to providing our Nation's servicemen and women and their families safe, quality, and responsive professional property management. We have been actively participating in the meeting with the Department of Defense to help implement the MHPI provisions under the fiscal year 2020 NDAA, and we support the tenants' bill of rights, and pledge to continue to work with DoD to develop uniform policies regarding these matters.

In addition to the reforms outlined in the NDAA, we are actively exploring innovative ways to enhance the long-term financial viability of the MHPI, including OMB scoring of new projects and project refinancing, leveraging reinvestment account deposits, and basic allowance for housing rate stabilization.

As a company, we have learned a lot and we are committed to making things right. I would like to highlight some of the changes we have implemented to enhance our operations and our residents' daily living experience.

First, we have reorganized. This includes my appointment as co-president, and with specific responsibility for facility operations, renovations, and construction. As a former Navy civil engineer corps officer, I am especially sensitive to the types of challenges and concerns associated with military housing, and I am fully committed to providing and implementing solutions.

We have also recently appointed a senior vice president of transformation. He is tasked to lead a review of our operating procedures and put in place a comprehensive change management program.

Second, we have radically adjusted our approach to maintenance and customer service to include the identification and management of environmental hazards. We have augmented our local teams by hiring third-party specialist contractors for HVAC, environmental remediation, and industrial hygiene. We have delivered exceptional customer service training to our employees to reemphasize our commitment to best practices and high standards. And we have delivered code of conduct training to our employees to underscore the importance we place on integrity and ethics.

Finally, we have introduced a more robust performance metric tracking reporting across our entire portfolio, including residents satisfaction, work orders, displaced residents, preventive maintenance, occupancy, and staffing levels. We are also empowering our residents by providing them with greater transparency into and control over the work order process.

These efforts are just the beginning. We acknowledge there is more do, and our teams are continuing to collaborate with all stakeholders to deliver ongoing improvements. Our residents deserve the best, and we are committing to delivering for them.

Thank you for your time, and I look forward to your questions.

[The prepared statement of Mr. Taylor follows:]

WRITTEN STATEMENT

Prepared statement by Richard Taylor, President, Facility Operations, Renovations and Construction, Balfour Beatty Communities

Before the House Appropriations Subcommittee on Military Construction, Veterans Affairs and Related Agencies

Hearing on Military Housing

March 3, 2020

I. INTRODUCTION

On behalf of Balfour Beatty Communities, I would like to begin by saying that we sincerely apologize for having fallen short of the high standards our nation's military families deserve. We fully accept that we must make improvements, and we are determined to regain the trust and confidence of our residents and our military partners. We have worked tirelessly over the last year to demonstrate our commitment to this effort and I will outline some of those key initiatives we have undertaken herein.

Balfour Beatty Communities welcomes ongoing Congressional interest in privatized military housing, and I want to assure you that we share your commitment to promoting the safety, health and wellbeing of our service members and their families. We thank you for giving us the opportunity to participate in this important discussion.

Before addressing how we are implementing improvements across our military housing portfolio, please permit me to provide you with a brief summary of my personal background. Following a reorganization of Balfour Beatty Communities' management team late last year, I was appointed as the president of Facility Operations, Renovations and Construction, and have overall responsibility for the Facilities Management function of the company's military housing portfolio. I direct nearly 70% of our military housing workforce. My responsibilities also cover the execution of all renovations and construction activity associated with the improvement of homes, grounds, roads and infrastructure at our military housing communities across the United States. I am a Navy veteran, a civil engineer, and a champion of public-private partnership ventures. Before becoming involved in leadership roles in the management and operation of military and student housing, I held the position of Civil Engineer Corps Officer in the U.S. Navy for over twelve years. In my last Active Duty assignment, I served as the Officer in Charge of Construction for the U.S. Navy field office at the Naval Air Station in Willow Grove, Pennsylvania, responsible for construction management at U.S. Navy and Marine Corp facilities throughout Pennsylvania, New York and New Jersey. I held a Naval Facilities Engineering Command (NAVFAC) Contracting Officer warrant and executed several hundred million dollars in construction and facilities support contracts.

II. SERVING THOSE WHO SERVE

Balfour Beatty Communities is a diversified real estate services company focused on the acquisition, management and renovation of residential assets in the military housing, multifamily and student

sectors. As one of the earliest partners in the Military Housing Privatization Initiative (MHPI), we consider it an honor and privilege to serve those who serve our country. From the delivery of new and renovated housing, to the provision of responsive property management and maintenance support, we strive to create thriving communities that fully support the unique and evolving housing needs of our service members and their families. We also pride ourselves on delivering dynamic resident events, community gathering spaces, playgrounds, parks and other amenities for our residents.

The Balfour Beatty Communities team has been a leader in the U.S. residential real estate market for more than 20 years. Today, we are responsible for housing operations at 55 Army, Navy and Air Force installations in 26 states, encompassing more than 43,000 military homes and 150,000 residents. Through these projects, we have partnered with the Department of Defense (DOD) to oversee the construction of more than 15,000 new military homes and the renovation of more than 14,000 legacy military homes. This portfolio also includes nearly 1,000 homes that qualify as historic properties.

III. TRANSFORMING OUR APPROACH

The responsibility to provide safe, high-quality housing for the men and women of our country's armed services is of the utmost importance and we are fully committed to transforming the way in which we operate in order to ensure we accomplish this mission. To do this, we have implemented several significant changes over the past year.

Organizational Changes

In October 2019, we restructured our senior leadership to strengthen the alignment of responsibilities, authority, and accountability. Specifically, we split the roles of Community Management, which is responsible for customer service and support and community leasing activities, and Facilities Management, which is responsible for maintenance. This realignment has already allowed the Facilities Management function, for which I am responsible, to have more focused technical oversight, strategic leadership and increased management support.

At the start of this year, we appointed a senior executive to serve as our Senior Vice President of Transformation for Military Housing. This new role is responsible for leading a review of Balfour Beatty Communities operating procedures and ensuring a comprehensive change management process is in place. He will be overseeing the development and implementation of policies that enhance our approach to resident service, maintenance operations and property and facilities management with the use of innovated technology and training.

Over the last year we have also significantly bolstered our local/regional staff and third-party contractor resources. Specifically, we have increased our military housing staffing levels by more than 130 positions. We have also supplemented our local teams by engaging more third-party specialist contractors, including an HVAC servicing and maintenance company, environmental remediation firms and industrial hygienists. Our regular maintenance staff now has more time to dedicate to preventive maintenance and addressing routine maintenance issues in a timely manner.

We have implemented more robust performance metric tracking and reporting, including key performance indicators related to resident satisfaction, work orders, displaced residents, preventive maintenance, occupancy, staffing levels and special projects. And, to reinforce management focus and ensure resident and partner expectations are being met, we have increased installation visits by

members of Balfour Beatty Communities' senior management. This has allowed us to gain more immediate insights into challenges being faced by local teams so that support and resources can be allocated appropriately, and has also helped to improve engagement with residents, Installation Commanders and their military housing offices.

Improving Maintenance Services

Balfour Beatty Communities recognizes that a key aspect of delivering a high-quality living experience is providing responsive, effective maintenance services. While we deliver responsive and effective maintenance services at most installations, in recent years we fell short at some, and we realize this has resulted in a loss of confidence in our ability to be responsive to our residents' needs.

In addition to realigning our leadership structure, we are taking additional steps to ensure the consistent delivery of responsive and effective maintenance services across our military housing portfolio. These include:

- **Strengthened oversight and quality control of repair/maintenance work.** We have hired Quality Control Specialists who are responsible for inspecting and approving all completed life, health and safety-related work orders and for conducting random checks on all other completed work orders.

- **Improved work order process transparency and ease of use.** We have simplified the process for residents to report any issues with their homes through the use of an online Resident Portal and mobile app. We are continuously enhancing the work order platform to increase resident transparency and control and we are actively encouraging residents to use the app to submit and track work orders online, giving them increased visibility into the process. As a result of our marketing and resident outreach programs, more than 80% of our residents are now interacting with our team and submitting work orders through the online Resident Portal. Finally, we are further empowering residents by requiring their sign-off on completed work orders.

- **Established a uniform Temporary Relocation policy** which provides a consistent approach when assisting a family that has to be relocated in order to carry out maintenance work in their home.

- **Outsourcing HVAC maintenance to third-party specialty contractor.** We have engaged a national, licensed contractor, managed at the local installation level by the Balfour Beatty Communities Facility Manager, to provide comprehensive HVAC services across all homes in our military housing portfolio, including annual inspections, preventive maintenance and corrective repair and replacement.

- **Continuing a comprehensive evaluation of the work order system and processes.** This includes identifying and implementing improvements to work order policies, procedures and training on the Yardi work order system to improve performance and controls.

- **Implementing ongoing technical training and education programs.** Facilities Management employees are required to take courses to refresh technical skills for the specific services they provide. We have also appointed an experienced Vice President of Training to oversee the development of a more robust training program across the company. The new program includes

in-depth customer service and company culture training and training related to maintenance and environmental management work order policies and procedures to ensure comprehensive awareness and compliance.

Improving the Resident Living Experience

Delivering an exceptional living experience to military members and their families who call our communities home is Balfour Beatty Communities' top priority. We have many examples of excellent customer service across our portfolio, as evidenced by improving resident satisfaction scores, and we recognize the need to embed that level of resident experience consistently across our portfolio and our culture.

We have reorganized our management structure to drive more focused oversight and development of our key resident-facing functions, we have increased our local staff resources and added new technologies and programs to significantly improve communication with residents and, particularly, their experience with work orders. In addition, we have implemented other changes specifically designed to improve the living experience for our residents.

- **Enhancing resident engagement, communication and transparency.** We have added a new Resident Engagement Specialist position at multiple locations. These individuals monitor resident needs and feedback through frequent interaction and outreach, assist with service-related questions, help new residents get settled in the community and continuously identify opportunities to improve the overall resident experience.

- **Completed additional workforce training to reinforce company culture and expectations.** We have delivered mandatory live Code of Conduct training to all of our military housing employees to underscore the importance the company places on business integrity and ethics and to clearly state unacceptable practices. In addition, we have conducted 'BBC Exceptional Customer Service' training with all employees to refresh their understanding of best practices and management expectations, and hosted an in-person work order process training course with all Work Order Administrators across our portfolio.

- **Creating a more robust employee learning and development program to improve services being delivered to residents.** We have appointed an experienced Vice President of Training, who reports directly to operational leadership, to oversee development of a redesigned training program for all employees.

- **Conducting a lifecycle analysis of our military housing portfolio** to identify where short and long-term housing improvements and/or replacements can be made to achieve and ensure a consistently high standard across all our military communities. As part of this initiative, we are actively collaborating with the Department of Defense (DoD) and each branch of Service to determine alternative financing solutions—beyond standard capital repair, replacement and reinvestment accounts—to execute lifecycle improvements more quickly than current funding sources allow.

Safely Managing Environmental Hazards

Many homes in our military housing portfolio were constructed prior to 1981 and, as a result, they may have asbestos-containing building materials and/or lead-based paint. In addition, in certain geographies, extreme heat and humidity have created moisture-related issues that could prompt higher incidences of mold growth. We maintain comprehensive environmental management policies and procedures designed to monitor these environmental hazards and all other regulated environmental hazards found in housing in accordance with applicable regulations and industry standards.

Below we highlight the specific actions we have taken to ensure potential hazards are carefully managed by adopting rigorous protocols across our military housing portfolio.

- **We have bolstered our Environmental Management team** with the addition of Regional Environmental Specialists. Reporting to our Environmental Director, these team members advise our local teams on environmental issues, monitor environmental projects and contractors, and assist with resident communications on environmental-related repair/remediation work. In addition, we retained a third-party expert mold remediation firm that advised us on enhanced mold/moisture protocols and procedures.

- **We are enhancing mandatory environmental training for all Facilities Management employees.** All Facilities Management employees are required to participate in mold/moisture, asbestos and lead-based paint courses annually. In addition, we have engaged licensed contractors, with a specific focus on requirements for work being performed in older homes where environmental hazards may be present.

- **We are improving quality assurance on environmental work orders.** We are engaging Quality Control Specialists to increase the review of completed environmental work orders and validation of work performed to improve our commitment to safely managing potential environmental hazards.

- **We have increased monitoring of all homes for mold/moisture issues.** Enhanced inspections of all homes for mold/moisture issues, with a specific focus on HVAC systems, are now being conducted during regular preventive maintenance visits throughout the year.

IV. COLLABORATING TO IMPROVE MHPI

We share a common interest with Congress and our military partners to provide a quality living experience for service members and their families. We have listened carefully to our residents, the Military Services, the DoD and Congress and remain committed to working with each of those stakeholders—and the other MHPI developers—to continuously improve the quality and sustainability of military family housing.

We are actively participating in meetings with the DoD and Services to help implement the MHPI provisions in the 2020 National Defense Authorization Act. Some of those include:

- Creating a Tenant Bill of Rights

- Implementing new transparency measures for residents
- Standardizing the resident experience including move-in/move-out processes, establishment of a common lease, and developing a dispute resolution process
- Developing a uniform mold policy
- Developing a uniform resident displacement policy
- Collaborating with the Services on incentive fee metrics

In addition to these efforts related to the NDAA, we are actively exploring innovative ways to enhance the MHPI and address some of the challenges it has faced, including:

- **OMB Scoring of New Projects and Project Refinancing:** At the inception of the MHPI program and through 2015, the Military Departments were able to enter into these transactions without requiring the Department to fully score the private sector debt that was raised either through bond or private investments, preventing negative impacts on the Services' annual operating budgets. This was permitted under the terms of an OMB memorandum known as the 'Raines Memo'. These OMB scoring provisions, which were changed in 2012 and officially implemented in fiscal year 2015, greatly restrict the housing companies' ability to leverage new or additional private sector debt.

  Financial resources previously available in the commercial real estate space (refinancing, restructuring, adding equity, extending terms, etc.) are now unavailable or are extremely difficult and time consuming to enact under the post-2015 OMB scoring rules. Reinstating the original scoring methodology for the MHPI would provide the housing companies and the DoD with the greater flexibility needed to optimize and expand these privatized partnerships, thereby accelerating the funding and execution of renovations and improvements to existing homes and infrastructure.

- **Leveraging Reinvestment Account Deposits:** For those project owners with multiple projects within the same Branch of Service, there may be an opportunity to aggregate the projects' yearly deposits to their respective reinvestment accounts in order to bring in additional private equity funds. This provides the Services with greater flexibility to use funds available within and across multiple project reinvestment accounts in order to execute needed renovations and improvements to existing homes and infrastructure. We are currently collaborating with the Services in this area.

- **Basic Allowance for Housing (BAH) Rate Stabilization:** BAH is the only source of revenue and thus the financial engine for the MHPI projects. Congress and the DoD have, from time to time, revised the level of BAH funding, resulting in significant swings in the BAH rates as established by the Defense Travel Management Office in some geographical areas over the years. The GAO has conducted several reviews of BAH with regard to the process for determining rates and has called for more transparency in the BAH data collection and rate calculation process (GAO-11-462: Published: May 16, 2011).

BAH rate stabilization would allow the MHPI projects to better budget, plan, program and execute both short- and long-term capital improvement expenditures. We are currently participating on the BAH-MHPI Task Force to help guide improvements in this area.

V. CONCLUSION

In summary, over the last year we have made significant changes to improve the living conditions for our military residents and their families. Some of those changes are summarized below.

- We have changed the leadership of our organization to ensure we align technical and customer service responsibilities appropriately and improve leadership oversight across our properties.
- We have implemented extensive changes to our work order processes.
- We have increased staffing levels, adding quality control and environmental specialists and retaining third-party contractors to provide specialty services, particularly for HVAC maintenance and servicing and mold remediation.
- We have implemented measures to strengthen oversight of the management and handling of potentially hazardous material located in some older homes.

These efforts are just the beginning of a transformational change across our military housing portfolio. We acknowledge there is more work to do and our teams are continuing to collaborate with all stakeholders to deliver ongoing innovations and improvements.

Thank you for the opportunity to testify today. I would like to reaffirm, personally and on behalf of Balfour Beatty Communities, our commitment to providing our service members and their families with safe, quality homes, and to ensuring that they are supported by responsive, professional property management personnel who deliver exceptional living experiences.

Our goal is to provide our residents with safe, quality homes supported by superior customer service and prompt, effective maintenance support. That is the obligation we owe to service members and their families who choose to live in housing for which we are responsible. Achieving this goal is of the utmost importance to me and the entire Balfour Beatty Communities team.

Ms. WASSERMAN SCHULTZ. I thank you, Mr. Taylor.
Mr. Hickey.

STATEMENT OF DENIS HICKEY

Mr. HICKEY. Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguished members of the subcommittee, my name is Denis Hickey. I am CEO of Lendlease Americas. Lendlease is proud to be working with the Department of Defense and the key committees of Congress, and also the military families.

Madam Chairwoman, the issues being discussed here today are critical for Lendlease and for me, personally. No family, much less a military family, should live in substandard conditions. We have the privilege of overseeing 40,000 homes with 132,000 residents across 28 installations in the U.S., and we welcome the support that Congress has given over the past 12 months to try and improve the Military Housing Initiative.

There are many efforts that have been set by Congress that are underway. One of those efforts involve the NDAA reforms, and we at Lendlease are committed to implementing all of those reforms as outlined in the NDAA language.

Another important military housing initiative actually came from this very committee which is the appropriation of $140 million for new housing inspectors. This will, no doubt, go a long way to seeing the oversight as requested under the NDAA language.

Madam Chairman, we are proud of the work we do at Lendlease, but realize that we can and must do more. For example, Lendlease currently processes over 400,000 service orders a year across our bases. Our statistics show that 97 percent of these service orders are completed in time and within resident satisfaction. However, 3 percent of these are obviously not, and it is that 3 percent that I am particularly focused upon.

Our goal is to improve all aspects of our operation and to ensure that the families can live in safe and affordable housing. To do that, over the past 12 months, we have taken a number of steps. Firstly, we have revolutionized our customer service. We have added new staff, new suppliers, new contractors, instituted trading programs across all of our maintenance people to improve their skills.

Secondly, we have been the first to implement a smartphone app more than 2 years ago, but perfecting this is still an ongoing requirement for our team. It contains easy information for our residents and gives them easy access to log complaints and log requests.

Thirdly, we are working with material companies to better install new preventive methods across all of our housing product.

And, fourthly, we are investing in digital technology that can better analyze data analytics and get to preventative maintenance issues.

And finally, Madam Chairwoman, I am particularly proud of the implementation of new resident advisory boards across all of our military bases. These boards are set up in such that each village has a representative 3- to 400 homes. That representative is elected by those 3- or 400 people. Across the base, those representatives then come together to form a resident board, and we, as Lendlease,

along with the garrison, sit on that board. That board meets monthly, discusses the performance of the base, and also raises any key issues. That board has been rolled out across all of our installations as proving to be effective.

[The prepared statement of Mr. Hickey follows:]

STATEMENT FOR THE RECORD

By Denis Hickey, Chief Executive Officer, Lendlease Americas Inc.

House Appropriations Committee,

Subcommittee on Military Construction, Veterans Affairs and Related Agencies

Chairwoman Wasserman Schultz, Ranking Member Carter and distinguished Members of the subcommittee, Lendlease is pleased to be able to discuss the work we are doing to improve the Military Housing Privatization Initiative (MHPI).

Lendlease has been a proud partner of the Department of Defense (DoD) across the MHPI program for over 15 years. We currently manage approximately 40,000 homes in which over 120,000 military family members reside.

We are proud of the service we provide our residents and of our close working relationship with the DoD, Congress as well as the military families and communities throughout our portfolio.

Just over a year ago, Congress commenced an inquiry into the living conditions of military families across the United States. This inquiry revealed certain living standards that were clearly unacceptable, and which required immediate attention. Over the past year, Lendlease has reflected deeply on its performance. We have reviewed all aspects of our customer service, resident engagement and operational activities - each of which directly impacts the experience of military families in our communities.

We have undertaken significant consultation with our residents as we greatly value their feedback and insights into how we can continue to improve our performance. We have also collaborated with advocacy groups, such as the Safe Military Housing Initiative, to gain a deeper understanding of the issues facing certain military families living in our communities. In addition, we have worked extensively with our various military partners to review our leadership and operational structures to identify areas for improvement. We have worked closely with Congress – initially with the House and Senate Armed Services Committees and now with this distinguished subcommittee as well. This extensive collaboration has been instrumental in guiding us to understand the steps that we need to undertake to continually improve the resident experience.

We appreciate the work Congress has done to find sensible and viable solutions to the problems with privatized military housing. The final Conference Report of the FY20 National Defense Authorization Act (NDAA) contained many important provisions. Please allow me to assure you we are working with our military partners to ensure we are doing all we can to implement the MHPI reforms as quickly and effectively as possible.

This subcommittee has played a key role in reforming and improving military housing. As you know Madame Chairwoman, this committee worked with the House Armed Services Committee and appropriated more than $140M in FY20 to fund new housing inspectors on our military bases. This was critical for several reasons.

As private sector partners of DoD, we want our military partners to have the resources they need to help us provide top service to our military families. We welcome new housing inspectors to work with our property management teams to ensure the needs of military families living in Lendlease communities are met. Furthermore, your committee did the important work to fund these new housing inspectors through "regular order" – the annual authorization and appropriations process. We strongly supported this subcommittee's approach to funding while preserving each military families' Basic Allowance for Housing (BAH).

Lendlease remains focused on working with Congress, our military partners and, above all, our residents and communities, to improve all aspects of our business and provide the highest quality housing possible to our military families living within our communities.

Lendlease Background

Lendlease is a leading global property company founded in Sydney, Australia in 1958. We have been operating in the United States since 1970. Lendlease Americas is a full tax paying U.S. corporation, directly employing nearly 2,000 people across the United States, 95% of whom are American citizens. We are proud of our long history in America.

As an Australian, I can attest to the fact that Australia—the only country to have stood and fought beside America in every major conflict since World War I—is extremely proud of the strong military ties between our countries. We at Lendlease are humbled by the opportunity to serve American military personnel and their families by providing quality, healthy, safe, and sustainable communities where military families live, work and thrive.

Our military housing business is headquartered in Nashville, TN. We have the privilege of overseeing and managing approximately 40,000 single-family rental homes and approximately 200 apartments across 28 installations in 12 states, from Upstate New York to Alaska and Hawaii. We are very proud that over 120,000 military personnel and their dependents call a Lendlease community "home." In addition, many of our managers and employees also live in the local communities we serve—and many of them are veterans or military spouses who have themselves lived in military housing. They know first-hand the sacrifices our military families make every day.

These people have dedicated their careers to serving our military families. It gives me great pride to know that these men and women are thoroughly motivated to do right by our service men and women and their families every day.

The MHPI Program

The MHPI program was enacted out of a critical need to modernize old and dilapidated housing on military installations that, after decades of deferred maintenance and neglect, had fallen into disrepair. When DoD realized the full scope of the problem, it became apparent that it would never be able to tackle this massive backlog if it relied solely on appropriated funds. To do so

would only consign our military families to an ever-worsening housing crisis. Business as usual was no longer an option.

At that point, Congress and DoD made the decision to partner with the private sector to accelerate the process of providing quality homes. The enactment of military housing privatization through MHPI allowed for much needed private capital and private sector expertise to rebuild and refurbish military housing in a rapid manner in the short term and then to provide the necessary resources to maintain those homes over the long term.

After a full and open competitive procurement process, the military services selected private sector developers to handle construction, refurbishment, operations, and ongoing sustainment of their housing facilities.

Leveraging industry best-practices to organize these privatizations efforts, Project Companies were formed on an arm's length basis to own, develop, finance, and operate family housing on military installations. Often, the military service became a member of the Project Company. In our case, Lendlease is engaged as the asset manager and the development manager, and we partner with Winn Companies to perform the property management at the individual installations. The military service retains governance oversight and control over major decisions of the respective Project Company.

The Basic Allowance for Housing

While billions of dollars in private sector investment have been brought to bear as a result of MHPI, the lifeblood for the Project Companies comes from rent in the form of the Basic Allowance for Housing (BAH) of the residents that choose to live in these homes. The BAH is deposited into secured accounts and is used to pay for the following:

1. Operating expenses;

2. Debt service;

3. Approved management fees and agreed investment returns; and

4. Long-term reinvestment.

BAH funds are **not** distributed to the private sector developers. They remain within the project "lockbox" to service project debt, address on-going operations and maintenance activities, and fund future development work.

As the reinvestment account balance grows, the Project Company, in consultation with the military service and the local installation, assesses how those funds are best utilized to maintain and improve the quality of housing on the respective installation. The respective military services share approval authority for how reinvestment account funds are expended. These reinvestment account funds are generally used for further upgrades and new enhanced facilities over the remaining term of the projects.

Because the reinvestment accounts are critically dependent on occupancy and BAH, we have consistently advocated for full funding of BAH. Our concern is not for our bottom line – as our profits and incentives are not linked to the BAH in any way. Rather, we realize that only a steady, fully funded BAH will allow the Project Companies to maintain and improve these project facilities. Our military families expect and deserve first-class housing – not just today but for years into the future. That can only be achieved by a predictable and stable revenue stream – a fully funded BAH.

Environmental Challenges and Legacy Homes

One of the great successes of the MHPI program has been the creation of new housing on military installations. As older homes are torn down, they are replaced with new, modern dwellings that conform to the latest building codes and are built to meet the needs of a modern military family. To date, across Lendlease's MHPI portfolio, we have invested more than $7.2B to build over 15,000 new homes and renovate over 25,000 existing homes.

For all our progress to date, it is worth remembering that the MHPI program was not created to replace every existing home with a new one. It was always contemplated that a percentage of "legacy homes" (those built over the years by the Services prior to privatization), would remain in the MHPI portfolios until such time as funds became available to replace them. These legacy homes often contained historic environmental conditions, such as lead-based paint, asbestos, pesticide impacted soils, and other issues such as creosote. These legacy homes also contend with naturally occurring mold due in part to erratic climate conditions.

For these legacy homes, management plans have been prepared to effectively address these existing conditions in consultation with our military service partners and other consultants. Lendlease has implemented the recommendations contained in these management plans across our portfolio and continues to actively monitor and manage these issues.

For example, we have implemented innovative solutions as preventative measures for our approach to environmental concerns. Some of the new protocols include, but are not limited to:

- ✓ New lead-based paint inspections and repairs (as applicable) during change of occupancy, 90-day resident follow-up, and annual resident follow-up;
- ✓ New mold-inhibiting paint and primer to prevent mold and mildew;
- ✓ Utilization of enhanced HVAC filters designed to filter out mold spores and new ventilation systems in bathrooms, where needed;
- ✓ New radon protocols to increase periodic testing in homes using improved home assessment tools; and
- ✓ Expanded change of occupancy maintenance and improvement program.

We continue to be open and transparent with our residents regarding latent environmental issues and take all resident concerns extremely seriously. Our policy requires that any known presence of lead-based paint as well as asbestos is disclosed to residents prior to occupying their

home. Residents are encouraged to immediately report any suspected lead-based paint flaking, mold, or other environmental concerns. Those service orders are addressed as "urgent" – which means we respond with a maintenance technician within 24 hours. Residents are also given easy to follow instructions on how to avoid disturbing any asbestos containing materials.

We are committed to being proactive in tackling issues within our homes. Utilizing the latest GIS technology, we plan for critical system upgrades such as HVAC units and hot water heaters, while also creating registers for items such as environmental inspections. This information has resulted in a planned and organized maintenance and environmental management program.

Customer Service is Critical for Success

Lendlease's customer-first culture underpins its vision to "create the best places" where military families can live, work, and thrive.

Nearly every military family has the option to use their BAH to live in on or off base housing. As a result, for an MHPI housing project to become the housing provider of choice and aggressively compete with the off-base housing options, it must consistently provide the best value and customer service to its residents and distinguish itself from the competition. There are no rental guarantees of any kind from DoD. If we want military families to live with us, we need to earn and maintain their business – and their trust.

As part of our efforts to continuously improve our customer service, and respond to the challenges from Congress, our DoD partners and our residents, we have recently taken the following steps:

- Resident Advisory Boards – At the center of our customer/resident engagement strategy is Lendlease's investment to establish a Resident Advisory Board (RAB) in each of our military communities. These RABs are designed to give residents the opportunity to directly work with local property management teams to help shape their community, express their concerns, share their ideas and suggestions and to work directly with them to develop and implement effective solutions. We will discuss these RABs in greater detail below.
- Director of Customer Care – We have appointed a Director of Customer Care who administers our resident relations program across our entire MHPI portfolio and focuses 100% on working with our teams, employees and partners to deliver the highest standards of customer care to our military families.
- Increased customer service resources – We have renewed our focus on customer service and enhanced our customer service staff to over 1,600 - many of whom are now located on site. Additionally, we have reviewed our existing suppliers and subcontractor networks and supplemented those resources as necessary to assist with responses to general maintenance, environmental testing, painting, roof work, and other specialized services.

- Extensive training – We have invested in a series of new staff training modules across our entire portfolio, focused on assisting teams to improve their customer service skills and ultimately improve the customer experience for the residents in our communities.
- Introduction of smart phone resident app – Recognizing that our residents require tools to make their voices heard and ensure their service requests are being responded to appropriately and timely, Lendlease was the first of the MHPI partners to utilize a smart phone app, **Military Café**. We rolled it out more than two years ago, and have worked directly with the software creator to launch additional features this year such as the survey feedback options, repair progress tracking, a new resident resources section, and the ability to upload photos of their requests as well as our technicians to upload photos of a completed repair.
- Enhanced service order process – We have developed a new virtual dispatch solution to replace our current call center. This will also allow the use of a new scheduling tool for work order requests that allow the resident to customize and schedule repairs according to availability and repair type.
- Increased focus on reducing outstanding maintenance orders – We have significantly reduced outstanding maintenance orders and seek to continuously achieve and improve performance targets around response times.
- Crisis response plans – We have created Business Continuity Plans and Crisis Response Plans for each of our communities. As we learned from Hurricane Florence, our communities must be prepared to continue to perform its operations and to rapidly and efficiently resume mission-essential functions in the event of any incident, emergency, or disaster that significantly affects its residents, employees, infrastructure, facilities, or systems.
- Resident Satisfaction Surveys – We measure resident satisfaction using independent surveys conducted by CEL & Associates and SatisFacts. We work with our DoD partners to make sure they are independent and credible. While we are proud to routinely receive the highest scores in the industry on these surveys, we continuously strive to improve our performance.

Resident Advisory Boards

We believe that the effective establishment of these RABs is critical for creating the environment needed to foster collaboration between the resident community, the Military Service and Lendlease's Project Companies. These boards provide a forum for all of us to collaborate to ensure that housing issues and quality of life concerns are quickly addressed, and best practices are shared and implemented.

The RABs are made up of resident representatives, and our goal is to have at least one neighborhood representative for every 400 families. For example, on an average base with 3,000 homes, the RAB would have eight neighborhood representatives. In addition to these eight neighborhood representatives, each Lendlease base project director and a dedicated Service

representative would also become members of the RAB. This group meets monthly to discuss base performance, new initiatives, community engagement as well as focusing on both what is working well and areas for improvement.

Thus, if a family has an issue with their home that they believe has not been satisfactorily resolved, they can bring their concern to their local RAB representative or directly to the Chair of the RAB. Our expectation is that any outstanding housing issues will be addressed via this process to the full satisfaction of the resident. If, in the unlikely event that the RAB cannot effectively address the issue, we have established an arbitration panel to ensure the matter is resolved fairly, quickly, and with finality.

This RAB structure was piloted at Lendlease's Atlantic Marine Corps Communities (AMCC) Camp Lejeune. As this Committee knows, significant time and attention has been focused on AMCC as last fall, Hurricane Florence wrought unprecedented damage to the base. More than 60% of the housing at Camp Lejeune (3,818 of the 6,182 homes) sustained damage totaling in excess of $175M. This not only impacted families physically, but it also became apparent that our relationship with residents was rapidly eroding as a direct result of a lack of informed communication, which in turn created a perceived lack of action.

In the immediate aftermath of the storm, it was clear that AMCC had to find a way to treat every impacted resident on an individual basis—no small task for a project that had over 5,888 residents impacted to some extent by the storm. During this recovery effort, our initial Customer Care Center was established to address the sheer magnitude of the communication and coordination that had to occur between the project and the residents during the hurricane recovery effort.

To repair the massive number of damaged homes under extraordinary conditions was a severe test, but to repair trust and credibility with our residents was an even bigger challenge. We have made significant progress in both areas and several customer service initiatives implemented at Camp Lejeune have been adopted as best practices across our portfolio.

The actions and initiatives taken at AMCC demonstrate Lendlease's commitment to, and focus on, our residents and have informed our broader efforts across our portfolio to enhance our customer care. We have worked diligently to recover from a catastrophic weather event while simultaneously improving our relationship with Navy and Marine Corps partners, and reestablishing trust and credibility with our residents through performance and personalized customer care.

We believe the RAB is a critical component to an improved customer engagement strategy, which is why we have begun to roll out this concept across our MHPI portfolio. Currently, the RAB nominations and elections are complete across our portfolio of Army, Navy and Marine Corps bases. The Air Force has asked us to work with them to institute a slightly different RAB structure, so we are working with them to finalize the RABs at Air Force locations.

At Lendlease projects across the country, RAB meetings are taking place so that military families have an integral stakeholder role over the quality of life in their communities to enable us to further improve our customer service. For example, several Lendlease employees attended the first RAB meeting at Fort Hood on Feb 6th. It was attended by all RAB members, as well as several partners and representatives from the installation. All of whom judged it as a great first step. Now we must all work closely together to improve the quality of life at Fort Hood and at bases all over the U.S. Lendlease is committed to this effort.

Conclusion

Lendlease fully understands the challenges to the MHPI program that have come to light over the past year. We do not minimize them, and we are doing our part to find and implement viable and effective solutions.

Over the past year, we have actively worked with our residents, DoD partners and Congress to reform and improve our entire MHPI portfolio to better serve military families. While much has been accomplished, more remains to be done.

As noted above, Lendlease is proud of its work on behalf of service members and their families. We strive to continuously improve our performance so that our military families are proud to live in a Lendlease community.

Lendlease remains committed to working with Congress, our partners and, above all, our residents, to improve all aspects of our military communities. Our goals remain unchanged – to provide the highest quality housing to our military families living within Lendlease communities.

Ms. WASSERMAN SCHULTZ. I thank you, Mr. Hickey.

STATEMENT OF HEATH BURLESON

Mr. Burleson.

Mr. BURLESON. Chairwoman Wasserman Schultz, Ranking Member Carter, and subcommittee members, it is my privilege to provide testimony about the Military Housing Privatization Initiative. Thank you for the opportunity to appear before you today.

In my remarks, I will touch upon three topics: First, what are we doing to address the resident service issues? Second, what the future holds for the MHPI program, including ongoing challenges, like maintaining aging homes and funding reductions. Third, what is necessary to ensure MHPI is a healthy, sustainable program that meets the housing needs of servicemembers for many years to come.

Together, with our Armed Service partners, we have made significant improvements to how we operate, how we serve residents, and how we take care of homes. Our call centers are localized. Our resident portal and mobile work order app allow multiple ways to track and submit service requests, and provide feedback. In the month of January 2020, we received a resident satisfaction score of 93 percent on those work orders.

We have also carefully reviewed all of our environmental health and safety policies, confirming that they meet industry standards. We are working closely with our partners and other MHPI participants to develop standardized policies and procedures across all of these areas. We have added more than 125 permanent positions focused on staying in touch with our residents, and responding to service requests.

Corvias fully supports all elements of the tenants' bill of rights, and we are committed to implementing all of them in conjunction with our military partners. Corvias recently spearheaded the first-of-its-kind direct investment of private capital into our Army partnerships, injecting $325 million for construction and renovation work at no cost to the government. We are close to finalizing an additional $157 million to modernize even more homes. This effort will result in the improvement of nearly 18,000 homes across the portfolio.

However, there is still much more work to be done. Without the right level of BAH increases, the MHPI partnership's economic model gets out of balance, an untenable situation for delivering today's needs while saving for tomorrow's. The MHPI partnership's reinvestment reserves alone are insufficient to fully address immediate needs and, without action and working together to enable innovative solutions, those needs will remain largely unaddressed and grow exponentially.

It is important we work together to make it easier for the MHPI program to track outside capital. Specifically, if OMB were to revert to its original scoring methodology for MHPI project financing, it would facilitate longer-term debt, and make it significantly easier to bring in additional non-government dollars.

As the members know, a member of today's first panel is a plaintiff in a pending lawsuit that was recently filed against our partnership with the Army at Fort Meade. Therefore, I hope the mem-

bers will understand that this hearing is not an appropriate forum for any further discussion regarding matters that are part of the pending litigation, and that I will not be able to address those matters here today.

I thank you for your time, and I look forward to your questions.

[The prepared statement of Mr. Burleson follows:]

Statement by Heath Burleson,

Partnership Advisor, Corvias Group

Before the House Committee on Appropriations

Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

March 3, 2020

Thank you for the opportunity to appear before you today. My name is Heath Burleson and I am a partnership advisor with Corvias. I report directly to ownership, have been with Corvias 16 years and have responsibility for managing relationships across Corvias' U.S. Military portfolio, which includes seven U.S. Army partnerships and six U.S. Air Force partnerships.

I am here today on behalf of 950 dedicated Corvias employees, two-thirds of whom work each day in the military resident neighborhoods we serve. Corvias is a small, privately-owned company. We partner with hundreds of small, minority-owned, disadvantaged subcontractors to provide an outstanding resident experience to those servicemembers who choose to live in our communities.

We take very personally our commitment to the women and men who fight for and serve our nation. We have 69 veterans who, as employees, work at the installation level, often directly with residents. 97 of our colleagues are spouses or dependents of active duty servicemembers.

I thank you for the opportunity to update you on what we are doing to help our residents and address any service needs they may have. I also thank you, in advance, for the opportunity to have a candid discussion about the MHPI program – what's working, what challenges remain -- and how we can make sure the program delivers for servicemembers and their families, for years to come.

In my remarks today, I will touch upon three topics:

- First, what we are doing to address the resident service issues that came to light in 2018.

- Second, what the future holds for the MHPI program. The ongoing challenges– like maintaining aging homes dating as far back as 1870, and funding reductions that have reduced the reinvestment reserves well below what's needed. Failure to tackle these challenges will have us back to right where we were in late 2018.
- Third, what will help make MHPI a healthy, sustainable program that meets the housing needs of servicemembers in the many years ahead.

It was in December 2018 that news reports came out about service issues in several of our resident communities and at other installations in the MHPI program. Our resident service operations were struggling to keep up, for reasons I will talk about later. By late 2018, the problems had grown to the point where we needed—together with our armed service partners—to launch a major response.

So what did we do? We took three steps.

First, we apologized. We made clear that we had let down some of our residents. We pledged to return to the "gold standard" level of resident care that defined our company, from the start.

Second, we got to work.

We made it easier for residents to get the help they need, when they need it:

- We moved our resident call centers back to the local installations – and out of a remotely located, third-party call center. Now, when our residents need help, they speak to a local Corvias team member, in their community.
- We launched the Corvias Resident Portal to enable our residents, through their phones, computers or other devices, to submit and track service requests, upload photos and provide immediate feedback on our performance.

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- In 2020 to date, nearly 2,700 work orders have been submitted via the portal. For those 2,700 work orders, we are pleased to report a 93 percent satisfaction rating on work performed.
- 100 percent of our resident-facing employees participate in ongoing customer service training led by a nationally designated, credentialed trainer.
- We hired resident service specialists across our portfolio. This is an important role, working at the neighborhood level and focused 100 percent on meeting local resident needs.
- We created a new full-time role – resident advocate – who acts like an ombudsman for residents. Our resident advocates help families who have especially challenging issues or feel that their needs are not being met.
- In total, we added over 130 positions focused on staying in touch with residents or responding to service requests.

We also made sure that we are hearing directly from our residents, getting their feedback on a regular basis. We have reinstituted our practice of conducting town hall meetings in many communities. We formed resident advisory groups to give us direct input on what's happening in the community.

In January 2020 alone, we've hosted more than 30 meetings and events in the communities we serve, providing residents the opportunity to let us know what's on their mind and for us to directly work toward their satisfaction. This direct feedback helps us do better. It helps us spot problems in the early stages. In 2019, we held more than 160 resident events and we will continue this busy schedule to create multiple ways for residents to express their needs and engage with us.

We also got to work on reducing the number of open service requests and lingering issues. Since the beginning of 2019, our service techs have put in nearly 52,100 hours of overtime to work down any backlog and respond to more than 330,000 resident requests.

Since we've incorporated these steps, we have—in person, by surveys, at events—asked our residents how we are doing and they are reporting increased satisfaction.

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This month, in fact, Corvias was awarded for exemplary customer service by SatisFacts, a national, third-party feedback service. Across our communities, our 2019 rankings for courteousness, professionalism and knowledge ranked four-and-a-half out of five, and our Community Management Office scored 4.8 out of 5.

We also took a second look at all or our environmental, health, and safety policies, confirming that they met industry standards. Then, we augmented our existing training by sending third-party experts out to meet with our maintenance and service staff, providing these key servicemember-facing employees with an opportunity to ask any additional questions they felt they needed answers to in order to best serve our residents. This effort has renewed our confidence that employees fully understand how to address minor concerns during the ordinary course of their work, while raising more significant concerns with management so that we can bring a third-party expert to ensure that our residents and partners get the service they expect and deserve. Moving forward, we are working closely with our Partners, and other MHPI participants, to develop standardized policies and standards to address these issues, which we anticipate rolling out over the course of this year. This effort will ensure that servicemembers are provide consistent services across installations.

While we have accomplished great improvements, we are also learning where we have more work to do and are able to develop specific operational plans in response.

Our residents tell us that community amenities – like recreational facilities – make a big difference in their quality of life. We repaired and reopened playgrounds and other facilities like basketball courts. We reopened several community centers that had previously been closed when our MHPI partnerships experienced financial strain. At our community swimming pools, we extended the open season by two months.

We are also doing a better job of keeping our military partners informed. We are meeting regularly with military leaders – both on the installation and at the command level – to ensure they are tracking what we are doing, what's working and what we need to do better to meet residents' expectations. We thank the members of this committee and Congress for supporting the addition of

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significant funding in the FY20 MilCon Appropriations bill for increased the capabilities for our military partners to be more effective in their role and for not requiring the housing reserve funds to absorb this cost of this needed funding. Given the serious pressures on the reserve funds, we urge the Congress to follow the approach of providing direct appropriations for this function going forward.

These and other steps have helped renew and deepen the partnership between Corvias and the military – a big part of what will get us to the right place.

Finally – and significantly – we have moved forward with a significant investment of private capital, taking a unique and innovative approach to inject $325 million of new money into the program – at no cost to the government. And we are close to finalizing an additional $157 million to modernize and improve even more homes.

This innovative solution addresses the root cause of these issues, allowing us to replace aging homes and components with more resource-efficient alternatives. That automatically reduces maintenance backlogs, lowers utility bills, and eliminates potential health concerns. By the time we're done, nearly 18,000 homes will have been improved:

- We broke ground on 128 new or newly renovated homes at Fort Riley, while 280 homes at Fort Bragg are undergoing major renovations.
- Hundreds of other new homes will be built, renovated, re-roofed or substantially improved in communities at multiple installations nationwide.
- 16,000+ homes will be brought up to the highest energy standards available – with improvements like Energy Star-rated heating/air conditioning systems. These upgrades will save the program $300 million in energy costs over the next 30 years.

This is among the most important things we can do. It puts more servicemembers into quality, refurbished homes that meet current expectations for materials, functionality and aesthetics.

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And it shows what the MHPI partnerships can accomplish, attracting private investment capital to the program without costing the government a dollar.

To be clear: we have more work to do. It took us half of a generation of budget cuts to get to where we found ourselves in late 2018. It's going to take some time to get back to the gold standard of communication and service that residents enjoyed in the early years of our MHPI partnerships. And will take significant consideration of and action to alleviate the program's shortfall in reinvestment reserves.

But we know how to help our residents, how to make our communities run well and provide quality homes. And that's what we are doing. Last week we achieved a critical milestone as Secretary Esper signed the Tenant Bill of Rights that we, Congress and our military partners have worked together to establish since last winter. With our partners in the military and working closely with our residents on these and other pending actions, we're moving in the right direction.

However, any recent progress should not be taken as a cure-all for the program. Underlying, longer-term issues place a huge burden on the MHPI model. It was these issues that led us to where we found ourselves, last year.

And it is these same issues that will have us back in a similar situation – in a few years' time – if we don't deal with them. We'll be back here, having the same discussions, dealing with the same communication and service issues that have affected some of our residents.

So what are those deeper issues? What is eating away at the program – even as we get back to gold standard resident service, and renovate and build hundreds of homes?

The MHPI model is being squeezed from three angles:

- **Lower revenue** coming into the program with BAH reductions, troop draw downs.
- **Higher costs** – from utilities to subcontractor costs to a booming economy outside the gate
- **Older homes** that require significantly more resources to keep them running.

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Individual servicemembers' Basic Allowance for Housing (BAH) is fundamentally the only source of revenue that funds the entire program. And yet, for nearly a decade, BAH has been under downward pressure. The Budget Control Act of 2011 and sequestration forced the DoD to look at reducing BAH. The 2016 NDAA slowed the rate of growth in BAH by one percent per year until servicemembers were receiving housing stipends that were 5% less than market rates. For on-base privatized housing, it meant that rental rates were capped at an artificially low BAH rate that failed to provide enough funding for long-term reinvestment and short-term operations and services.

With fewer dollars flowing into the program, the economic model became out of balance. Private companies like Corvias were caught between trying to deliver for today's needs while saving for tomorrows—an untenable situation.

Additionally, force structure downsizing meant fewer residents which, in turn, reduced revenue and then reduced the program funds approved for resident service and infrastructure renovations.

For example, across our Army portfolio, the monthly BAH for servicemembers with dependents **decreased** an average of $98 per month—or $1,170 per year—which is almost 6% from 2014-2020. Compounded year over year over thousands of residents, this results in significant decreases to the reinvestment reserves, which are the very funds within the program that allow for capital improvements, sustainable, long-term maintenance, renovations and new construction.

Where are we today? The reinvestment reserves alone are insufficient to fully address the immediate needs, and without action and working together to enable innovative solutions, those needs will remain largely unaddressed and grow exponentially.

And while revenue into the program has been going down, costs have gone up.

In some respects, our resident communities are no different than a civilian neighborhood. Extreme weather like heavy rain and hurricanes has run up repair costs such as fixing dozens of damaged roofs after a storm. Building materials aren't getting any cheaper. Rising utility costs – 11

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percent in the past three years alone -- driven in part by the utility providers' need to replace aging infrastructure -- create additional challenges for the program.

There are also some unique aspects to supporting resident communities on post.

Our partnerships were never intended to be static, fix it and forget it. Instead, the reality is that factors will change, like market fluctuations, aging homes and force restructuring. MHPI was envisioned to be a dynamic program, one with engaged partners who work together over the long-term.

What I just described presents unforeseen costs which were absorbed in the partnerships. Combined with the impact of lower revenue, we had to find other ways to make the program numbers work.

Ultimately, that's what led to decisions like reducing our local resident support presence or closing community centers. Yet as we now reverse many of those decisions, the costs remain high – and, in some areas, are getting higher.

The other way to address higher costs in the MHPI model – without impacting resident service – is to slow down the pace of new construction and major home improvements. But that creates another set of challenges.

Across the installations we support, we have a large number of homes that are beyond their life expectancy. Approximately 6,000 homes in our 22,000 Army portfolio were built before 1980. We even have some homes – still active and renting – that date back to 1870, with many designated as historic, which increases the expense and time required to repair and improve these homes.

The number of extremely old homes is down from where we were 10 years ago, but still much too high.

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And with each year they remain in service, older homes require more maintenance to keep going. Repair or replacement of essentials like windows or roofing costs 3-5 times as much in one of these older homes and is required more frequently.

The result: with every year they stay in the portfolio, older homes consume a larger portion of the revenue coming into the program.

The combination of lower revenue, higher costs and aging homes is what got us into the situation we faced a year ago. And while we're here today to talk about progress and what has changed this year, some things haven't changed. Revenue into the program is under stress; costs continue to go up, and too many old homes require too many resources.

While the more the 50 provisions in the FY20 NDAA provide policy improvements to how the MHPI program operates, it fails to solve for the increasing and impending challenges the program faces related to aging assets and insufficient resources necessary to continue providing quality housing over the long-term future.

So what can we do about it? How do we make sure that our residents aren't just seeing temporary improvements...but are supported by a program that will deliver a quality experience, for generations to come?

First, new investment is needed now and across the entire MHPI program as reinvestment reserves alone are insufficient to address the immediate development needs in a timely manner. Corvias has developed and implemented an innovative solution—the ability to unlock and immediately deploy $325 million, plus another $157 million coming soon—across its Army portfolio. This is repeatable. It can be done across all branches, with all private partners, and Corvias remains ready and willing to share our expertise in this area.

Second, this program was predicated on the Basic Allowance for Housing remaining stable. Instead, BAH has been reduced and troop draw-downs have decreased the market, all while expenses have increased, and homes have aged and require more capital investment. Stabilization

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of on-post Basic Allowance for Housing is the single-most important factor in ensuring long-term MHPI success.

Third, let's work together to make it easier for the MHPI program to attract outside capital. From the beginning of MHPI new and additional investment was always contemplated, yet the program has changed so much that securing new investment is extremely difficult. The innovative solutions that have provided $325 million of new capital, and will soon provide an additional $157 million, can only go so far. Reverting to the original OMB scoring for MHPI and enabling longer debt terms would make it significantly easier to get non-government dollars improving military resident communities.

Corvias is ready today with solutions. And we want to work together to refine and quickly implement more investment into military housing.

Chairwoman Wasserman Schultz, Ranking Member Carter and Subcommittee Members, it is my privilege to provide testimony about the Military Housing Privatization Initiative, just as it is my honor and privilege to serve among Corvias' leadership. In my long tenure with Corvias, I have seen the transformation of not only the physical homes, but of the positive difference we can make in the lives of servicemembers and their families.

I have seen the care and support we provide while spouses are deployed, the relentless attention we exhibit to making sure that our thousands of residents not only have a residence, but that they feel at home with quality services and amenities, with excellent customer service.

And most recently, having visited our installations in the past months, I have seen how directly and successfully we are working to meet the current challenges head on. We remain committed to the improvements that have been made. And we are committed to working together to solve the longer-term challenges of this program.

Thank you for the opportunity to appear before this Subcommittee.

Ms. WASSERMAN SCHULTZ. Mr. Guild.

STATEMENT OF JEFF GUILD

Mr. GUILD. Chairwoman Wasserman Schultz, Judge Carter, and members of the subcommittee, on behalf of Lincoln Military Housing, thank you for the opportunity to testify before your subcommittee today.

My name is Jeff Guild. I have spent my life in service to our Nation, first as a son of a retired Army officer, growing up in preprivatized military housing, then for 20 years as a Navy Seal, and now, I proudly continue that service as vice president for Lincoln Military Housing.

Our company welcomes this subcommittee's oversight of the Military Housing Privatization Initiative. We hope you share our view that, despite recent challenges, the MHPI is a valuable program that has improved the overall quality of the military housing compared to the DoD managed housing of the last century. The MHPI companies are a partnership between the branches of the Armed Forces and development companies with experience in real estate management and the residential sector.

Under the MHPI, these companies carry out the day-to-day tasks of building, maintaining, and improving military houses. Over the past few years, our company has listened carefully to the concerns some families have expressed about the quality of their housing. More than 1,200 LMH employees, like myself, are veterans, military spouses, or have servicemembers in their families. We wake up every day to serve our resident families with honor and integrity, but it is obvious that some of our families feel we have come up short. Our company has previously apologized to our military families for the times that we have failed to live up to expectations, and I reiterate that sentiment again here today.

Beginning in 2017 and working with military families and advocacy organizations, LMH undertook a holistic review of our policies and procedures to explore how we could improve. We identified, developed, and implemented several reforms to address two main goals: The first was to improve the quality of our homes and services, and the second goal was to make reforms that reestablish a culture of trust, transparency, and dialogue with our residents. I am pleased, that as I sit here today, many reforms have been implemented.

We are in the process of making further reforms, a number of which are being developed and implemented with our service branch partners consistent with the fiscal year 2020 National Defense Authorization Act. Together with DoD, LMH is working as expeditiously as possible to put structure around the dozens of complex provisions in the privatized housing section of the NDAA.

As your subcommittee examines how our PPVs are performing and what resources may be needed to carry out the NDAA, I look forward to working with you and our DoD partners to explore new and creative ways to improve our military families' experience in our housing. We understand the issues are not just about fixing drywall, but repairing a culture of trust with our residents, a culture that recognizes the dignity of their service to our Nation.

[The prepared statement of Mr. Guild follows:]

TESTIMONY OF JEFF GUILD

VICE PRESIDENT, LINCOLN MILITARY HOUSING

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,

AND RELATED AGENCIES

OF THE

HOUSE COMMITTEE ON APPROPRIATIONS

MARCH 3, 2020

Chairman Wasserman Schultz, Ranking Member Carter, and distinguished members of the Subcommittee:

Thank you for the opportunity to testify before you to discuss Lincoln Military Housing's (LMH) provision of residential property management services to our women and men in uniform through the Military Housing Privatization Initiative (MHPI). LMH welcomes your subcommittee's oversight of the expenditure of government resources to support the MHPI, especially in light of the Department of Defense's (DOD) several responsibilities outlined in the privatized housing title of the FY2020 National Defense Authorization Act, to ensure that all of the public-private ventures (PPVs) are delivering the highest level of service to military families.

We heard the concerns many of our residents raised and have restructured and strengthened our project management approach to address them. We apologize to any military families who have been displaced or inconvenienced throughout this process; we agree they deserve better. We worked directly with military families to develop and implement a number of reforms over the last year, including working with the Safe Military Housing Initiative, which has helped us place resident advocates in our communities to better support our military families. And although we have more work ahead, I am pleased to report that residents are telling us both in person and in anonymous surveys that we are heading in the right direction.

We understand that we serve a special subset of the American population—our Nation's heroes. We regret when we do not live up to the expectations of even one military family. At LMH, we challenge ourselves every day to think outside the box about how we can continue to improve the quality of life in our housing. We invite continued constructive dialogue with military families, the DOD, this subcommittee, and other members of Congress about how we can better serve the military families who have chosen to serve us.

BACKGROUND

As this subcommittee is aware, in the mid-1990s, military family housing was in serious disrepair; residents at that time rated their satisfaction at around 60 out of 100 and DOD estimated that rehabilitating the housing stock would cost taxpayers at least $16 billion over 30 years. Through the MHPI, private sector investment in military housing has exceeded $20 billion over the past 16 years, and military families have experienced a marked improvement in the quality of housing, as evidenced by a 20-25 point increase in their self-reported satisfaction scores across the portfolio of homes.

Today, LMH manages around 37,000 residential units at several locations throughout the U.S. Together with our military partners and with the power of private capital markets, we have been able to raise and invest approximately $4 billion into housing for military families. Much of that has been new construction. Some of that has been significant renovations to existing properties. And some of that has been new schools, parks, recreational facilities and other amenities that are not available to military families who choose to live off base.

LMH employs over 1,200 men and women who dedicate themselves every day to making sure our military families enjoy a quality living experience, thereby enabling them to be their most effective when serving their country. About half of our employees are veterans, military spouses, or have family members that served; many were once residents in our housing. These shared backgrounds contribute to a sense that serving our military family customers is more of a vocation than simply a job. And part of that culture of dedication means owning up to mistakes when they are made and fixing them promptly, whether that means repairing a piece of drywall or making sweeping reforms throughout our entire housing portfolio.

LMH is proud of its partnership with the DOD, which has, since its inception, significantly improved the quality of military housing for military families. Working with military families, we have developed and implemented a series of reforms over the last few years to address concerns raised by military families and members of Congress. And we are pleased that many of the reforms we have put in place are aligned with those that this Committee and other Members in the House and Senate have offered.

PROGRESS TOWARD REFORM

LMH takes very seriously any resident who believes their concerns have not been remedied in professional and satisfactory way. Every day, we work with servicemember families to try to go above and beyond to serve their needs because we understand the unique nature of their residency and their contribution to the readiness of our Armed Forces.

Over the past several years, LMH has implemented a number of changes in response to residents' concerns. A non-exhaustive list of these reforms is below.

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RESIDENTS' CONCERNS	ACTIONS TAKEN
Third Party Review of Mold Policy	Review complete and protocols meet or exceed industry standards
Additional tools for submitting and tracking work orders	Lincoln Military Resident App completed and launched
Incentive fee structure modifications	Discussions in process
Mechanism for withholding rent if repair or resolution is disputed.	Working within state/local tenant law for affected residents.
Access to LMH Senior Leadership	Senior leadership has met personally with family members across the country and added an executive hotline for concerns.
Additional resident feedback opportunities	Adjusted work order survey timing to day service completed and added anonymous survey option.
Increased government access to CRM software	Provided additional access to CRM software and additional weekly info.
Work order follow up	Update phone calls are made to families that have work orders that have not been completed in one calendar day.
Residents wanting to feel more connected to the local PM teams.	Implemented an outreach program that is scheduled to knock on every door multiple times a year (and leave flyers for families not home) to address any concerns.
Residents feeling work orders were being closed before work was complete.	Began sending completion notifications to residents and are in the process of having residents sign for completed work.
Families feeling that homes were not ready when they moved in.	In the process of hiring a National QC Manager and only management-level employees can certify homes ready for move-ins.
Families feeling that there was no dispute resolution with PPV.	Emphasizing our 3-step resolution process and working on an independent dispute resolution solution with professional mediators.

We have received feedback concerning these reforms. Many families believe that we have improved the quality of our housing and services; others are pleased that we are working collaboratively with military families and their representatives but believe that we have more work to do.

We are encouraged by objective third-party survey data about the quality of our military housing, which shows that a majority of families believe we are on the right path. Almost a year ago, an independent survey showed that nearly half of military families were not satisfied with their housing. We were as disappointed in those results as our residents. Immediately, we began to implement reforms. In April 2019, the Navy and Army both commissioned independent surveys of our families and found that their "Overall Satisfaction" rated "Average." This was progress, but still not what our families deserve. In September of this year, after more reforms were implemented, the same independent survey with the same questions was sent out to our families. This time, the scores increased by nearly 15% and averaged a "Very Good" rating. While we have more work to do, the impact of the reforms instituted as a result of feedback and the work of this Committee, along with our DOD partners, seem to be delivering a much improved experience for our families. Still, we continue to make adjustments and changes that are responsive to resident needs and requests.

CONCLUSION

LMH values congressional oversight of our PPVs and constructive dialogue with the military family community. We believe hearings like this strengthen our collective resolve to improve the quality of housing and property management services. We welcome your input as we, our DOD partners, and other stakeholders evaluate and implement ideas for reform, and we thank you for the opportunity to testify at this hearing.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Guild.
Mr. Ehle.

STATEMENT OF JOHN EHLE

Mr. EHLE. Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguish members of this subcommittee, good morning. My name is John Ehle, and I am president of Hunt Military Communities. Thank you for the opportunity to be here.

At Hunt, we are proud to serve America's military families. We are entrusted to build quality communities for them, and we take that responsibility very seriously. During the Senate hearing in February of last year, it became clear to us that there were families living in our homes whose voices had not been heard. We lost their trust, we are sorry, and we want to get it right.

We have heard our residents loud and clear. We are listening, and we are better for it. Over the past year, we have worked diligently on rebuilding the trust between Hunt and our residents, and improving their living experience.

First, we recognize that quality homes and resident services depend on open and regular communications with our residents. We need to hear from all of our military families to address their concerns. We have taken action to make it easier for our residents to communicate with us.

Also, we appreciate that maintenance is a critical part of providing quality homes. Last year, it became clear to us that we had to improve and do better by our residents. While maintenance issues will inevitably arise, it is our goal to provide professional, transparent, and timely service. To achieve this goal, we have enhanced maintenance processes, added key positions, and improved training.

Finally, we support reforms to ensure the long-term success of the MHPI program such as the resident bill of rights. We look forward to working together to provide a better experience for the men and women who protect this country.

We are, by no means, perfect, and there have been times when we have fallen short of our residents' expectations. We are committed to rebuilding their trust in us. We have made progress over the past year, but our work is not done.

Before I close, I do want to acknowledge the Gherdovich family representative here this morning. We greatly appreciate and respect Colonel Gherdovich's service and the sacrifices his family makes every day in defense of our country.

Ms. WASSERMAN SCHULTZ. Colonel Gerber?
Mr. EHLE. Gherdovich.
Ms. WASSERMAN SCHULTZ. OK.

Mr. EHLE. I listened to Ms. Gherdovich's testimony this morning. I was deeply disturbed by what I heard. No family should have to experience what was described this morning. I will be directly reviewing this case. I am committed to addressing the remaining concerns of the family.

Thank you for inviting me here to testify today. I look forward to engaging with you on this important topic and answering any questions you have.

[The prepared statement of Mr. Ehle follows:]

HEARING BEFORE THE UNITED STATES HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES

March 3, 2020

Testimony of John Ehle
President, Hunt Military Communities

I. Introduction

Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguished members of the House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies: Good morning, and thank you for the opportunity to discuss housing for military families.

My name is John Ehle, and I am the President of Hunt Military Communities ("Hunt"), the military housing business of Hunt Companies, Inc. I am responsible for overseeing the management, operations, and partner relationships associated with Hunt's military family housing portfolio.

Hunt strives to provide the best possible housing and living experience for our military families, as outlined in our mission statement: "Hunt Military Communities creates a living experience that ensures the integrity of our military communities for the families who live there."

We recognize the trust that service members and their loved ones have placed in us, and we take that responsibility very seriously. While we are by no means perfect, and there have been times when our performance has fallen short of our residents' expectations, we share the Subcommittee's and our military partners' dedication to promoting the safety, health, and well-being of America's service members and their families. We are committed to taking the necessary actions to ensure that our housing communities meet or exceed expectations.

During the Senate Armed Services Joint Subcommittee hearing in February 2019, it became obvious to us that there were families living in privatized military housing whose voices were not being heard. While that was certainly never Hunt's intention, it was clear that we needed to do much more and much better to prevent even one voice from getting lost in the crowd. Over this last year, we have been fully engaged with our elected representatives, the Department of Defense ("DoD"), our military partners, our peers in the military housing industry, and most importantly, our residents, to make reforms to both the Military Housing Privatization Initiative ("MHPI") and our own operating practices to improve significantly the living experience for our service members and their families.

I look forward to sharing today how we are doing that.

II. Hunt is Proud to Serve America's Military Families

Hunt is honored to serve those who sacrifice so much for our country. As a company, we have strong and longstanding ties to the military community. Jack Hunt, one of Hunt Company's founders, served as a naval officer from 1942 to 1947 and experienced firsthand life in military family housing while serving abroad. His experience inspired the Hunt Company's first military housing construction project in 1969, long before the MHPI was created. Today, roughly half of our nearly 1,000 Hunt Military Communities employees are military-affiliated, including active-duty spouses, retired military, and those who grew up in a military household.

Since the inception of the MHPI program in 1996, Hunt has proudly partnered with the DoD. We greatly value our longstanding partnerships with the Military Services, and we appreciate the oversight and guidance they provide.

As part of the MHPI program, we have built approximately 15,000 new homes, executed major renovations of another 8,300 homes, and built 83 community centers, in addition to the construction of other community amenities. A total of more than $5 billion has been invested in the transformation of the communities that comprise Hunt's MHPI portfolio. Since the conclusion of the Initial Development Periods at our projects, we have invested an additional $180 million in capital improvements across the Hunt portfolio.

Today, we own interests in approximately 52,000 homes on or within close proximity to 49 Air Force, Navy, Marine Corps, and Army installations located in 21 states and the District of Columbia. Out of that number, we manage about 32,000 units across 44 installations and serve more than 165,000 residents.

III. Hunt is Focused on Listening to its Residents and Rebuilding Trust

Following the Senate Armed Services Joint Subcommittee hearing in February 2019, we heard from a number of residents raising concerns of which we were not previously aware. Over the past year, we have been working diligently to rebuild trust, by doing some big things, such as adopting the "Hunt Standard" for resident-initiated service requests and rolling out a mobile application for residents to submit and track work orders in real time. But we have also done the "little" things, in comparison – those actions that receive less attention, but can impact our residents' lives. One example is our "Hunt Heart" program. This program is designed to address the needs of our new residents, deployed spouses, recently returned spouses, those suffering a family crisis, and those who may be in need of information about or access to social services through military or civilian sources. For example, we provide extra maintenance assistance to deployed spouses when requested, such as removing a Christmas tree, mowing a lawn, or hanging a picture. I also know of instances when our employees, on their own accord, have brought a hot meal to a family that has been temporarily displaced because of repairs in their home. We do these seemingly "little" things, because we care, and that is our culture here at Hunt. We want to make our residents' day-to-day lives a little better.

Although we are always looking to improve, this past year has presented itself as a unique opportunity for industry-wide improvement. Twenty-four years into the MHPI program, the

timing is right to update and improve upon what has historically been a highly successful program. Hunt has taken a leadership role in pursuing improvements across the industry, inside our own company, and within our communities, but with the same goal in mind: to serve our military families, and to provide for a vastly improved and more consistent resident experience.

We have been working hard to retool Hunt Military Communities. We have improved our communication processes because we want to make sure that all voices are heard. And while we are proud of the significant progress we have made over the past year, our work is far from done. We hope that our residents are already seeing the benefits of the changes we have made.

A. Our Goal is to Provide Safe and Healthy Homes for Our Residents

First and foremost, our goal is to provide safe, healthy, and quality homes for military families, which is fundamental to the success of our business. To that end, Hunt has reviewed its policies and procedures to, among other things, ensure close adherence to environmental management plans, including mold operations and maintenance plans. These plans address remediation of environment-related housing issues and ensure that such issues are being handled in a consistent manner with appropriate oversight from a corporate level. Hunt has also enhanced and reinforced the training requirements of its maintenance technicians for environmental conditions and, when necessary, deploys licensed and certified third-party environmental experts. Hunt has also added in-house environmental positions to augment support, oversight, and compliance related to addressing environmental matters when they arise in our homes.

Hunt believes it is important to educate its residents on health- and safety-related issues. Upon move-in, we affirmatively provide new residents with health and safety information regarding moisture and mold, lead-based paint, asbestos, radon, and/or pesticides. We have also redesigned for greater visibility and expanded the content of the Hunt Safety Zone, an online library of safety information for residents that is regularly updated with new or seasonally-specific information.

Hunt has recently created a new move-in orientation process for new residents that has been tested at Fort Lee. With that learning, we are enhancing our software platform to schedule and track the new home orientation visits, and we will be implementing the process at three additional communities by the end of March. When the tracking is validated at those four locations, we will then deploy the program throughout the portfolio. The topics covered at orientation include household safety tips, such as how to operate and care for appliances, HVAC equipment, and water/gas/electric systems. Information is also provided on environmental and safety tips, natural disaster preparedness, and how to save energy.

As part of its mission to keep its homes in good condition, Hunt has an extensive inspection and preventative maintenance program at its properties to ensure the homes are meeting applicable standards. However, we recognize that there is no such thing as maintenance-free housing and that issues will inevitably arise that must be remedied. In these instances, we strive to address the situation in a professional, transparent, and timely manner, with a focus on resident safety.

We classify resident-reported issues that pose an immediate danger to life, safety, or health as "emergencies," and we strive to respond in one hour or less; other work orders are classified as

"urgent" or "routine" with priority-appropriate target response and completion times. If the nature of the repairs require a resident to be out of their home during a repair for a night or more, we will secure temporary accommodations and may provide financial support to ensure that the resident is not paying out-of-pocket during this time. Recognizing that confusion has arisen as a result of inconsistent displacement accommodations, we have actively collaborated with the Army and other project owners to develop an Army-specific Uniform Resident Displacement Policy. We plan to implement that policy across our Air Force and Navy/Marine Corps properties, as well, and we fully support the adoption of that policy by the DoD for all MHPI properties to establish consistency no matter where residents reside, and to avoid confusion and missed expectations.

Hunt also supports a number of other industry-wide uniform initiatives to promote the safety and health of residents with respect to environmental conditions, and to provide for a more consistent living experience across the entire MHPI portfolio, including:

- A uniform approach to health and environmental inspections;
- A uniform moisture and mold program designed in conjunction with licensed and accredited specialists;
- Implementation of a radon testing program in conjunction with the DoD;
- Developing a process to identify, record, and resolve environmental health hazards that is consistent with EPA and DoD standards;
- Conducting annual training for employees on the identification and remediation of environmental hazards; and
- Creating standard operating procedures to inspect and remediate rodent waste in attic spaces.

B. We Want and Need to Hear From All of Our Residents: Improved Communications

Hunt recognizes that quality homes and resident services depend on open and regular communications with residents. We want and need to hear from all of our residents in order to be made aware of issues so we can address them. We also need to make it as easy and comfortable as possible for our residents to communicate with us. To that end, we have made significant improvements to our resident communication processes throughout our portfolio over the last year, including:

- Work Order Mobile Application: We have launched the RENTCafé mobile app for the real-time submission and tracking of routine work orders and to access select historic work order data. The app also encourages convenient communication between on-site Hunt employees and residents by (i) facilitating direct calls or emails to on-site staff; (ii) providing community announcements at sign-in; (iii) announcing emergencies by the leasing office; and (iv) featuring community events on a calendar.

- Surveys: We have implemented an enhanced resident survey tool run by a third party, SatisFacts, to measure customer satisfaction at move-in, move-out, and after work order completion. It is a very quick 5-star survey that is automatically sent to the resident at the

conclusion of each of these events to ask the resident about their satisfaction. The resident completes the survey, and the results go immediately to the site management team at the resident's property. If the response yields a score of less than 3.5 (in the SatisFacts scale, a 3 is "Satisfied"), the Community Director at the property is to contact that resident the same day to ascertain where we fell short of expectations so we can better resolve the issue and make improvements going forward.

- Hunt Promise Helpline: This 24/7, toll-free hotline makes it easier for residents to voice concerns about issues they feel have not been resolved at the property level by facilitating direct contact between residents and Hunt Military Communities senior management.

- Social Media Coordinator: We now have a dedicated specialist to liaise with each Hunt community online to make sure issues are identified and addressed in a timely manner. This initiative has improved our ability to monitor resident complaints and concerns made on social media and follow up accordingly.

- Community Advisory Board ("CAB"): Residents serve as volunteer members of CABs and meet with the Hunt property leadership on a monthly basis to discuss what they see happening in their neighborhoods and offer to Hunt suggestions for improving processes and service. In addition, the CAB will be involved in identifying opportunities to deploy the resources and services offered by the Hunt Heart program.

- Secret Shopping: We are working with an independent third party on a "secret shopping" service to engage with Hunt employees during the leasing process to assess customer service. Training plans will be based on the results obtained.

Hunt has always valued open and transparent communications. And while we have always encouraged our residents' feedback via traditional means, such as town halls, "open office hours," monthly command meetings, or smaller meetings within a community, now making broader use of current technology, we hope to make communicating with our residents more convenient and effective. But the goal remains the same: hearing from our residents in order to address any concerns or issues they may have, improve performance, and increase resident satisfaction.

A recent example of what is possible with open resident communications and a strong relationship with a military partner can be seen at Fort Lee. Last year, Hunt participated in town halls at Fort Lee where residents voiced serious concerns about housing conditions. The Garrison Commander at Fort Lee was personally involved and determined to hold Hunt accountable to improve performance. Hunt worked hard to address resident concerns, and in November the Garrison Commander recognized the Hunt team with a Certificate of Appreciation for enduring service. Last month, the *Fort Lee Traveller* reported that at a recent resident town hall, compliments were offered for courteous maintenance teams, prompt service, better common area care, and attentiveness by Hunt staff, noting the stark contrast to a similar resident meeting a year ago.

C. We Want to Provide Better Homes for Our Residents: Maintenance, Staffing, and Training Improvements

Hunt understands that maintenance service is a critical part of providing quality homes, and last year it became clear to us that we had substantial room for improvement. While maintenance issues will inevitably arise, it is our goal to provide professional, transparent, and timely service. As a result, in the last year, we have enhanced maintenance processes, increased staffing, and improved training.

- Staffing Improvements: We have evaluated every one of our properties for additional staffing needs, and we have added positions where necessary to ensure effective service to our residents. The following environmental and technical experts have joined our team to advise and support our maintenance operations across our properties:
  - Two full-time environmental experts added (3 total Hunt full-time employees ("FTEs"));
  - One full-time Regional Maintenance Director added (5 total Hunt FTEs);
  - Quality Assurance ("QA")/Quality Control ("QC") positions at each property: We have added a QA/QC position across a large portion of our portfolio to conduct additional work order/change-of-occupancy maintenance ("COM") and vendor quality inspections. In some cases, this represents an additional 1 to 2 FTEs per property depending on its size. We continue to evaluate work volume and quality to ensure every location has the QA/QC oversight needed to ensure continuous improvements.

- The Hunt Standard: Because the privatization of properties that comprise the MHPI program took place over a 15- to 20-year period, the standards for response and completion of resident-initiated service requests vary greatly among the Military Services and across properties for a particular Service. At any given property, the applicable standards may simply be unclear. Hunt supports ongoing efforts to engage with the DoD and the Services to develop and adopt uniform, clear, and workable standards for all Services, across the industry, and at all properties. In the meantime, Hunt has adopted a company-wide "Hunt Standard" for work order response and completion. We expect these efforts to promote consistent and improved maintenance practices and performance.

- COM Checklist: We have also improved the checklist our employees use when completing the turnover of homes for new residents. This will help us to provide a better move-in experience for our residents.

IV. Hunt is Dedicated to the Long-Term Success of the MHPI: Reinvesting in Properties

Prior to the creation of the MHPI program in 1996, military housing was subject to a cycle of investment and subsequent neglect that resulted in a subpar quality of life for service members and their families. The MHPI program paved the way for private partners like Hunt to provide the expertise, efficiency, and hands-on oversight needed to break that cycle. The program allowed owner/operators to bid in an open competition to operate and maintain housing

communities at more than 150 military installations while the DoD maintained ownership of the land of each property.

The MHPI program has significantly improved the standard of living for military families. Since its inception, the program has resulted in the construction of 75,000 new units and major renovations of 50,000 units to date. Approximately 55,000 units were demolished and removed from inventory as they were identified as substandard in quality, and surplus relative to calculated demand. The program has saved taxpayers billions of dollars by leveraging $4 billion in government funding to execute more than $32 billion in total development for a portfolio of over 200,000 units across 150 military installations.

For the MHPI projects that Hunt currently owns and operates, Hunt's management revenue is generated primarily through the applicable project owner's receipt of rent payments from residents who opt to live in the project owner's property. These rent payments are in large measure covered by a service member's Basic Allowance for Housing ("BAH"). The project owner receives the BAH as gross revenue. It then uses portions of the BAH to cover operating expenses, service debt payments, pay asset management and property management costs, and contribute prescribed amounts to reinvestment accounts, which fund long-term sustainment.

Only then is any remaining cash divided between Hunt and its government partner. On average, this permits Hunt to retain between one and two percent of the total monthly BAH dollars it receives, assuming the property is performing financially. In short, this means that the vast majority of each BAH dollar Hunt receives goes to supporting our military housing communities and, by extension, the service members that reside there.

Hunt is dedicated to the long-term success of the MHPI program, which requires continual reinvestment in the properties. Hunt dedicates significant reserve funds to replenishing parts of its housing stock. At the outset of its partnership with the DoD, Hunt was aware that many housing units would need to be replaced during the span of the relationship, and we have planned accordingly. Over the next five years, Hunt plans to invest nearly $530 million in capital improvements across its portfolio, including the construction of 230 new homes in replacement of existing housing stock. This is one of the many benefits of the MHPI program and one of the problems it sought to solve over 20 years ago.

One example is in Hawaii, where we are in the process of replacing existing homes in our Nani Ulupau neighborhood with 40 new houses at a total cost of $32 million. We have also proposed to the Navy to replace all 190 homes in the Hokulani neighborhood with new houses at an estimated cost of $100 million.

At their peak of activity, the combined projects are expected to create 200 private sector jobs on the island of Oahu, and ultimately improve the quality of housing offered to our Marine Corps and Navy residents. Both projects demonstrate our steadfast commitment to addressing challenges posed by aging housing structures and providing homes that serve the safety and health of our residents. But, at a higher level, they demonstrate why the MHPI program works, and why we believe in the program and are committed to standing behind it for the long term.

Hunt recognizes that the MHPI program must reform if it is to continue to provide quality homes to service members, while remaining economically viable. However, the exploration of more innovative ways to raise capital at projects that cannot afford to take on additional debt will be required. The removal or mitigation of existing hurdles that currently make it difficult to bring on more private-sector funding, such as current federal scoring requirements, will be essential for us to implement more robust sustainment plans. At Hunt, we have always been focused on the delicate balance between short-term management and long-term sustainment of both our portfolio and the program as a whole. We will remain vigilant in working with our military partners in advancing approvals for execution of short-, medium-, and long-term sustainment efforts. We will also remain focused on innovative thinking to augment available funds wherever practicable.

V. We See This as an Opportunity: Hunt Supports Reforms to the MHPI Program

We have viewed this past year as an opportunity for growth and improvement. The attention the program has received has yielded the forum for building a foundation for enduring improvement. Those residents who previously felt disenfranchised have made their voices heard. We are listening, and we are better for it. We have come together across the industry and across the Services, in partnership with the responsible government officials, and we are working together in unprecedented ways towards one common goal: to provide a better living experience in our communities for the men and women who protect this country. Our ongoing efforts with respect to the National Defense Authorization Act for FY 2020 reflect this goal.

Hunt has actively engaged with the DoD and our residents to identify areas for improvement, develop solutions, and implement reforms with the goal of improving the living experience delivered by the MHPI program. One overarching solution is to provide a more universal experience for our service members as they move from base to base. They should be able to count on a consistent housing experience, so they can focus on the well-being of their families and their important service to our country. Other related goals include clarifying resident rights and responsibilities, establishing more effective and consistent government oversight, and standardizing documents and processes where appropriate.

Hunt has been a leading voice for ongoing industry-wide reform and standardization, and supports a number of initiatives to standardize and improve the MHPI program in partnership with the Services, including:

- Resident Lease;
- Resident Bill of Rights;
- Resident Responsibilities;
- Dispute Resolution Guidelines;
- Facilities Management and Maintenance Plan;
- Moisture and Mold Procedures;
- Resident Displacement/Relocation Policy; and
- Performance Incentive Fee Metrics.

VI. Conclusion

Every resident needs to have a voice and be heard, and we have welcomed the voices of those not previously heard this past year.

While I cannot promise you, or our residents, maintenance-free housing, what I can say is that we have heard our residents loud and clear, and we have implemented tools, services, processes, and procedures so that we can better address their concerns in a diligent, timely, and consistent manner. Over the past year, we have made significant improvements, but our work is not done.

We are singularly focused on rebuilding the trust between Hunt and our residents, and working together with our DoD partners to improve the living experience of our military families and ensure the continued success of the MHPI program.

We recognize that we have been entrusted to build and sustain quality communities for America's heroes. We take that responsibility very seriously and believe our ongoing efforts today, and in the days and years ahead, will reflect that commitment.

Thank you for the opportunity to testify today. I look forward to hearing your views and answering any questions.

Ms. WASSERMAN SCHULTZ. I thank you, Mr. Ehle, and I appreciate your comments about the Gherdovich family. That is part of why we have these hearings, so that we can make sure that we can give voice to people who haven't had their voices heard.

So I asked the first panel whether they thought—the overarching question about whether they thought that privatizing military family housing was a good idea initially and I am going to assume, given that you all build military family housing, that the answer to that question from you is yes, and that wouldn't be surprising, because, essentially, the system was set up as a gravy train for each of your companies, for all of the companies that have benefited and put money, millions and millions of dollars, in your pockets in profit. Nothing wrong with profit, but that occurred without a way for military families to hold you accountable because of the way the contracts are structured.

It is outrageous and unacceptable, and all of your testimony is very nice now, but we should not be at this place. Everything you have said today should have been the policies that you had in place to begin with.

So if privatized housing was such a great idea, how and why could you let military family housing under this program become so dilapidated and neglected and then, in turn, not respond to the concerns and issues raised by families in a timely manner? It is our duty to provide for the servicemembers and their families an optimal place to live, no matter where they are stationed, and they already face enemies on behalf of this country. Their house should not be another enemy that they face.

Deplorable housing conditions affect the readiness of a soldier and puts an additional stress on the families that remain behind. So I would like to know how it is, from each of you, that we could be in this place and that you could have so badly neglected your responsibility to these residents?

We will start with you, Mr. Taylor.

Mr. TAYLOR. Thank you, Madam Chairwoman.

I guess, as I expressed in my opening remarks, you know, I have come into this role as a consequence of the challenges that the industry has faced and what we personally have faced in this industry. And so, while I am probably not the best person to respond to that in terms of how we got to where we are, what I can tell you is that when we recognize our shortcomings, we knew, as an organization, that we needed to act swiftly.

Ms. WASSERMAN SCHULTZ. OK. Mr. Taylor, I hope you can answer that question for the record. I mean, I realize you weren't there from when—during the time that these problems occurred. But if you can answer my question for the record, that would be great.

Another issue that I want to raise is that I find it shocking that someone on this panel would suggest that the solution to these problems that we increase the BAH. You took these contracts and you decided to build military family housing, knowing what the BAH was, knowing that there were—knowing exactly what the formula was. And to come here and suggest that it is just that our tenants aren't paying you enough money for you to be able to do right by them is really mind-blowing.

We certainly do have to change the BAH, particularly because of the difference in cost-of-living where people live, but I hope you are not suggesting, Mr. Burleson, that that is what the solution is, is to put more money in your company's pocket.

Mr. BURLESON. Madam Chair, no, ma'am, that is not what we are suggesting. What we are suggesting with the comment about BAH is in order to attract outside capital to significantly improve the housing stock and the aging infrastructure, we need to figure out some form of a stabilization of the BAH. We are not necessarily asking for additional BAH to come in. But in order to make it an attractive vest investment for the outside markets, we need to be able to figure out a way collectively to manage that BAH facility.

Ms. WASSERMAN SCHULTZ. OK. But presumably, you are already bringing in enough resources to be able to take care of the problems and not ignore the residents as your company and other companies have done.

Mr. Hickey, if you could answer my initial question, please.

Mr. HICKEY. Thanks, Congresswoman. Yeah, I am of the view that the military privatization issue has been wildly successful. I think that it has delivered a lot of improvements.

Ms. WASSERMAN SCHULTZ. And how did we get to this point?

Mr. HICKEY. I think at the end of the day, you know, in the context, as I said before, we have got a percentage of residents that have not been heard and haven't had the structure to be able to be heard, and I think that what we need to do is to create a framework where those percentage of people who aren't—

Ms. WASSERMAN SCHULTZ. That is a pretty broad and large percentage. This is just not—your testimony referenced tiny percentages, and that is not the evidence that newspaper articles and our oversight and the military itself have revealed.

Mr. HICKEY. Yes, Congresswoman. I think that, you know, we need to get back and get to the real data of that, and I think at the end of the day, we actually are very focused on trying to improve that percentage.

Ms. WASSERMAN SCHULTZ. But why weren't you responsive?

Mr. HICKEY. We were responsive to that. We need to get better at doing that and—

Ms. WASSERMAN SCHULTZ. Much better.

Mr. HICKEY. Yeah, I think we acknowledged that, and we have acknowledged that on several occasions, that we need to get better at that and we need to get better at technology and hearing.

Ms. WASSERMAN SCHULTZ. Mr. Guild.

Mr. GUILD. I think the way we got here, Madam Chair, is collectively losing sight of what was important. Historically, I wasn't there, but understanding the way this—having lived in base housing, preprivatization, and now being involved with it professionally post, I think there was a time when this first happened that everything was operating properly, and the way it was supposed to.

And I think what we have come to, at this point, is we have just collectively, us and our DoD partners, who I think would agree, have drifted away from the systems and the oversight that we had, and that is what we are working diligently with the DoD to improve, and get back to through the NDAA, and the bill of rights, and that is what I——

Ms. WASSERMAN SCHULTZ. I appreciate that acknowledgment. But if the companies just do the right thing and take care of the residents and have a system in place that is responsive, then DoD shouldn't really need to apply much oversight. They should certainly be responsible, but your job is to be responsible.

Thank you.

Mr. Ehle.

Mr. EHLE. Chairwoman, there certainly have been cases where we have fallen short of expectations, and we are working to improve on those things. I would say that——

Ms. WASSERMAN SCHULTZ. But how did that happen? Isn't it your natural responsibility as a company to take care of the residents who are your tenants? That is your job.

Mr. EHLE. And we have had locations that have been very successful at it, and some locations that haven't.

Ms. WASSERMAN SCHULTZ. So was it a lack of oversight on your administration's part? What was it?

Mr. EHLE. Some of it is a people element. Where we have been successful, we have had really strong people onsite, we have had really strong partnerships with commands and military housing offices, and we have had really good relationships with our residents. And in places where we have not been successful, we have lacked those areas. We have had to look for lessons learned from those places where we are successful to implement them in places where we have not.

I would also say that the programs is now 24 years old, and it is time to reform the program and make sure that it is poised to be the success that it needs to be for the coming X number of years, and we are very supportive of the reforms that were outlined in the NDAA.

Ms. WASSERMAN SCHULTZ. Thank you.

Just as my time expires, a yes-or-no question from all of you. Do you support the full tenants' bill of rights, adding the three elements of the tenants' bill of rights that are not currently included?

Mr. TAYLOR. We do, Congresswoman.

Ms. WASSERMAN SCHULTZ. OK.

Mr. HICKEY. Yes.

Mr. BURLESON. We do.

Mr. GUILD. We do.

Mr. EHLE. Yes, we do.

Ms. WASSERMAN SCHULTZ. OK. Thank you.

Judge Carter?

Mr. CARTER. The challenges you have been facing, we heard a lot about water. Is there a design flaw somewhere that is causing all this mold infestation that everybody is—because of something that either the government said, these are the specs, and you put those specs in and they were wrong or you—there is something wrong with what you did and it needs to be fixed and remediated? Have you looked at this? These problems? Or are they—are they more than water?

Mr. GUILD. I can answer that directly, Judge Carter. So the question is, have we identified systemic issues with some of our properties? I can give you an example. My area is Hampton Roads, Virginia, so mostly a Navy portfolio. And one of our neighborhoods,

Willoughby, about 385 units. As we were having various issues with the houses usually involving around the ducts, as we opened them up, we identified that there was an installation flaw in the original HVAC system. So these properties were some of the legacy properties that we inherited from the Navy, and realized that every time we looked at one of these vents, essentially it was a gap between the ducting and the actual vent cover.

We identified it. We made it a capital expenditure project. It is one we are undergoing this year. So every time a house comes offline, we do the capital expenditure project, and improve the house that way, so if that answers your question.

Mr. BURLESON. Judge Carter, if I may, those stories abound. So when we talk about the aging infrastructure and the need to eliminate all of the older homes, it is partly for that very reason. That is not to say that we could not build a brand-new home and still have some design issues and some design challenges. But the primary challenge that we have experienced is in that aging infrastructure.

Mr. TAYLOR. Judge Carter, similarly, I think probably the most prominent location that we have in our portfolio was at Tinker Air Force Base in Oklahoma, and we had issues with new construction and the legacy homes and the new construction was down to a construction—a product defect that we had to remediate. We remediated that at our cost, and we are in litigation against the manufacturer of that product to try to seek restitution so that we can, you know, reinvest those funds back into the project.

On legacy homes, in that case, we found that we have had systemic issues with aging HVAC infrastructure, and we have committed to the Air Force to embark upon a plan to remediate all of those issues there.

That is just one example of one base where we have had issues on both new and legacy homes. It is not consistent across all of our portfolio. Obviously, there are some climates that are more—that can promote more mold growth because of the climate, you know, climate issues. And so, where we have those issues—you know, we look—you know, if we have incidents of mold, we look for pattern of any systemic issues that could be a deeper-seated issue that we need to address.

Mr. HICKEY. Yeah, thanks, Judge Carter. I won't reiterate what has already been spoken but, obviously, it is a combination of aging inventory, climate conditions, et cetera. We have a regime that is very clearly communicated at the time of move in, move out, that if any resident, for whatever reason, distinguishes mold in the house to call us and we respond within 24 hours. To give you some sort of context, out of 400,000 service orders, less than 1 percent, .7 percent, relate to mold lead-based paint or asbestos in there.

So we try to address it. Some of it is aged inventory, some of it is mechanical, as some of the members have said here, but it requires the investment. It requires us to try to be more proactive in our managing that.

Mr. CARTER. Lead-based paint would be old homes, not new homes?

Mr. HICKEY. Correct.

Mr. CARTER. Surely, you are not——

Mr. HICKEY. Correct. No, that is pre-1979. I was just saying across lead-based paint and asbestos and mold, less than .7 percent of our service orders are into that bucket.

Mr. CARTER. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

Mr. Case?

Mr. CASE. Privatized housing for our military and their families is not just a straight business proposition, because this is lot more than that. It is about the health and well-being of our families and our servicemembers, but I want to talk from a business perspective here for a second to understand the underlying issues.

And so, the basic deal here is that you all have an income stream. The income stream is the BAH, dedicated income stream, and in return for that income stream, you are responsible for providing housing which means that you have an administration cost. You have also a repair and maintenance obligation. You are supposed to take care of the premises, and then you get your profit. Is that about the deal?

Mr. HICKEY. Yes.

Mr. CASE. OK. Now, and furthermore, to make sure, as I recall, to make sure that you basically didn't skimp on the R&M side of it, the repair and maintenance side of it, we have the reinvestment accounts which are supposed to be dedicated to repair and maintenance, right?

Now, Mr. Burleson, you spent a fair bit of time talking about this reinvestment account, and others of you indirectly referenced them. You talked about, you know, what was it, quote, leveraging the reinvestment account deposits. You talked about long-term debt. You talked about changing the formula under which the reinvestment accounts are administered.

To me, that sounds like a concern over the sufficiency of the reinvestment account to take care of sufficient repair and maintenance. And I am going to go back to the point of chair which is, do you believe that those R&M account are deficient from the perspective of what you found 10, 20, years later, in terms of your R&M obligations, for whatever reason and, if so, why? And I am going ask you the same question again. Were the projections on whether BAH was going to go over the term of this contract, which is obviously very long contracts, did that turn out to be short?

So, the fundamental question I have got here is: In the business deal as it exists right now, do you have enough, are you dedicating enough under your contracts to R&M, just as a basic business proposition? And if so, should those contracts be changed, either by renegotiations or by some action by Congress?

Mr. BURLESON. Congressman, there is a lot there to that question.

Mr. CASE. Do you have enough in your reinvestment accounts to take care of sufficient repair and maintenance as you projected over time?

Mr. BURLESON. In order to maintain where we are today, I believe we do, and I will let the rest of the panelists share their own individual perspectives. The challenge is these homes are continuing to get older and older day by day. And so, in order to make some significant and meaningful impacts, we need to deploy as

much capital into those homes as we can today rather than waiting another 5, 10, 15 years through the traditional reinvestment reserve account. That is the reason we moved forward, in conjunction with the Army secretariat, to inject the $325 million into the deals.

To answer your previous question, or your other question, Congressman, the deals did work on paper, when we closed them, you know, 15, 20 years ago. There has been a lot of changes. There has been a lot of evolution. Some of the BAH projections did not come to fruition. Some other challenges, such as occupancy, expenses, inflation, some of those things did not come to bear as we had initially projected within the pro formas. We are, in earnest right now, digging back into each one of the individual project companies' pro formas and determining where those challenges, and what we need to do to overcome them.

Mr. CASE. OK. Does any of you have kind of an overall different answer? Because I am focusing on these reinvestment accounts and sufficiency over time. Is that the situation that you all faced, was that the initial projections really didn't work out over time for various reasons?

Mr. TAYLOR. Congressman, I would say, from our perspective, we have got 55 different military installations where we have a presence, and it is not a universal story at all of those. There are some projects that are far more financially healthy when we look at the reinvestment accounts. There are some installations where we are going to struggle at the current pace.

Mr. CASE. I am sorry. Can I ask you? On that question is the difference—is the difference the—you talked about vacancy, which I assume means whether families are electing to go outside, rather than stay in, or is—and/or is that about mis-assessments of the R&M obligations over time?

Mr. TAYLOR. I think that it is less that because we——

Mr. CASE. The latter?

Mr. TAYLOR. Less us missing what the projections were to look like. I think there are a lot of other issues that have contributed to this, and it is locale specific. One of the things that I mentioned in my opening remarks was the need for BAH rates stabilization. When we closed almost every one of these projects, we were at a period where we had zero out of pockets as a result of Secretary Cohen's initiative to reduce that out-of-pocket exposure for military families on base and off base to zero. So that was the baseline from which we originally projected these projects were going to operate.

Subsequent to that, we have seen BAH drop. So we projected that, you know, from that baseline, we would see moderate growth, 2 to 3 percent a year, typically for every project, and, in many cases, we saw the opposite happen.

So we can't ignore the fact that that has had an impact. That has strained the financial health of projects when you have less income than what was originally projected. That has been a contributing factor.

On the operating expense side, we have seen increases in utilities far greater in some locations than what we could have projected, or anticipated. There are many places, if you look at where we are situated, we have been exposed to natural disasters that have exacerbated the financial health of some of the projects. Prob-

ably the most noteworthy one for us was at Tyndall Air Force Base that effectively wiped out the base a couple of years ago.

And those are things that have a meaningful impact on projects and so, again, I think that those are things that we can't ignore. So, I think, if we are going look at, you know, the long-term health of this project, I think the first thing we need to fix is the income stream, make it far more predictable. And then, you know, we need the ability to kind of return to the OMB scoring model, so that we can go out and leverage additional capital because that is exactly where many of these projects are going to need to go.

Mr. CASE. OK. My time is up. Thank you.

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

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Madam Chair.

Mr. Burleson, you mentioned 97 percent satisfaction rate. All of you, as businessmen, know that data—if you got bad data, you got bad results, and I think a lot of what is going on here is we have got bad data. The GAO says in response to your 3 percent disapproval or dissatisfaction rate, it says "The DoD provides reports to Congress on the status of privatized housing, but some data in these reports are unreliable, leading to misleading results. DoD provides periodic reports to Congress on the status of privatized housing, but reported results on resident satisfaction are unreliable due to variances in the data provided to OSD by the military departments, and in how OSD has calculated and reported this data"

Interestingly, when, in the actual report, they say that you assume that the resident is satisfied if they are still living in the residence, because if they weren't satisfied, they would move out. But we also know that they can't move out because they are going to continue to pay for it, the BAH, whether they are there or not.

How do you use that kind of data to decide satisfaction?

Mr. BURLESON. Congressman, with all due respect, the 97 I believe was shared by another panelist. We were at 93 percent. But nevertheless, I still get the point.

Mr. RUTHERFORD. I gotcha.

Mr. BURLESON. The point remains.

So the challenge is, and the challenge has been, I believe, some of the data has been accurate, but I believe that the overall sentiments have not been thoroughly expressed.

Taken back to the Army survey just, for example, of 2019, the spring Army survey of 2019, we had the lowest response rates across our Army portfolio, roughly 15 percent response rates, where I believe the average was roughly in the 30 percent range, if not maybe a little bit higher. We took that information, and we took the feedback to heart that each of the residents, that 15 percent, that the information that they were sharing, it was heartfelt. They really took the time to let us know what the challenges were, and, Congressman, with all due respect, there were a lot of challenges, and we have been working in earnest, as hard as we can, to meaningfully overcome those challenges. And I believe we are on the right path. But we are not there yet. There is plenty more to be done, and that is not a sound bite.

Mr. RUTHERFORD. Let me give you another matrix that I think you need to look at. Military departments use performance matrix

to monitor private partners, but matrix do not provide meaningful information. On conditions of housing, and here is an example, a common indicator is when they are looking at the condition of housing, and the response to maintenance, the common indicator is how quickly the private partner responded to the work order, not whether the issue was ever actually fixed.

So you guys need to go back and look at how you are measuring things.

Mr. BURLESON. So, Congressman, we are. With respect, we are doing that.

Matter of fact, just in the first 2 months of 2020, our work order satisfaction, as soon as the work—let me take another step back. As soon as the work order is completed, we send a survey to the family, asking them if they are satisfied with the work that was performed, if it was done to their satisfaction. The first 2 months of 2020, we have seen the highest average that we have over the past 4 or 5 years. It was at an almost all-time low this time last year, quite frankly, and we have seen a steady increase. So it is something that we are working hard to overcome.

Mr. RUTHERFORD. You mentioned, also, that one of the challenges has been occupancy. Well, no wonder, when you look at these numbers, and if you are getting numbers at HQ that is telling you 97 percent are satisfied, or 93 percent, whatever number you want to use, you are fooling yourselves and that is impacting on your occupancy. And so, you know, I want to encourage all of you go back and look at how you are measuring this stuff, because according to GAO, you are not measuring very well. And it is—you know, your tenants are paying for it.

Mr. TAYLOR. Congressman, could I offer a comment there?

Mr. RUTHERFORD. Mr. Taylor.

Mr. TAYLOR. The original incentive criteria that were set out in all of our agreements was a construct that was developed when we closed on the projects, and there was a heavy focus on responsiveness to the work requests, less of a focus on quality and completeness, and we are constantly meeting with our military partners. And I can tell you that there is a revision across all of the services to put more focus on resident satisfaction, quality and completeness of work, focus on preventive maintenance, so that we can address things before they ever become an issue. So we get it.

Mr. RUTHERFORD. And you have been measuring all those things, Mr. Taylor?

Mr. TAYLOR. Yes, sir.

Mr. RUTHERFORD. You have been measuring all those things. You have just been wrong.

Mr. TAYLOR. There is going to be a greater focus.

Mr. RUTHERFORD. OK.

Mr. TAYLOR. As I said, the incentive criteria are all being revised effective this year, and we are all signing up to that.

Mr. RUTHERFORD. And I am really glad to hear that all of you—now I know you can't speak for everybody. But is it pretty much all 14 private partners believe that we need to put those three omissions in the tenants' bill of rights? Because I think that is necessary. You know, the—I can list them for you: The access to maintenance history of the home; the process for dispute resolution; and

the ability to withhold rent, those three things. And I think all of you answered the Congresswoman, chairwoman, yes, correct? And the rest of the industry is on board as well or?

OK. I yield back.

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

Mr. Ryan.

Mr. RYAN. Thank you, Chairwoman. You know, we are kind of on the front lines, too, here, because we get the calls. And the sense I am getting from the people behind you is that your responses aren't adequate, and I will just say, just listening to your opening statement, I think the gentleman at the end, was the only one who really said we failed, and we want to do better and we screwed up.

And, you know, when you sit on this side, and we have to go through excruciating analysis of how we spend the taxpayers' money, and what we spend it on and we spend it on post-traumatic stress, we spend it on mental health, opiates, trying to make sure that people who work in the VA have the training that they need to deal with these situations that we have had to deal with for the last 20 years, and we have to get calls after spending our time back in our districts, talking to these veterans who walk around without legs, people who serve our country in far-flung places that most people don't even know where they are. And we have got to hear stories like the one, you know, we are hearing, the ones we are hearing, it is maddening to us.

And I am extremely disappointed, because you guys do pretty well. This is $4 billion that goes out the door for this and we have got our soldiers living with mold, exposing their children. Completely unacceptable.

And, you know, I know there is different scenarios. I would like to just drill down for a couple of minutes on—because I try to picture myself. We got three kids. I try picture myself living in one of these homes with the 17-year-old, 16-year-old, and a 5-year-old, and calling somebody and saying we have mold in our home, and nothing happening.

And so, Mr. Burleson, I know there is an issue that has been public with the lawsuits and different things about families who are living in these situations with sewage and mold and lead-based paint and all the rest. When I call somebody in this particular scenario, who do I call? And what is their response? Because every one of you said we have got an app now which is, like, the answer for everything in America to fix a problem. We have got an app. I call somebody. I am a dad. I call somebody. Who do I call in this scenario, and what happened? Where was the breakdown?

Mr. BURLESON. Congressman, you would call one of our community offices, and one of our resident service specialists would take the information, immediately put into it the system, and based upon the severity of the challenge within the home, a certain timeline is established for the team to respond, and they come to your home, do an assessment, evaluate, and we openly communicate what those right next steps are.

With all due respect, that is what we are doing today and that is what we should have been doing all along, and we were doing it at various levels. We had some team members that didn't have

the right level of focus, some team members that didn't have the right level of training, and a lot of those folks are no longer with us, quite frankly.

So we have put a brand-new focus, a renewed focus on making sure the teams are trained, and we have really gotten back to that customer-centric approach that we take lot of pride in.

Mr. RYAN. The taxpayer wants to know how this has been going on so long, and you are just coming around to saying, well, we fixed it. Like what happened?

Mr. BURLESON. Congressman, I am not saying we fixed it. I am saying we are in the process—

Mr. RYAN. You have a process now in place that is, like, when someone—when that dad or that mom called that person, what the hell happened? What did they do with that information? I have mold. I have kids. I am giving it to your community rep. What happened? What did they do? Did they go out for a cigarette break and lost the paper? I mean, what happened? They are supposed to call somebody, right, to come fix it and they didn't—they just didn't call somebody? Like I am trying to work with you here. Help me understand what happened?

Mr. BURLESON. I understand that. I appreciate that. I think in some cases, residents' concerns and residents' issues and challenges were not taken as serious as they should have been, and I think that is bottom line and it is—

Mr. RYAN. So you are telling me, you are telling us that you had people working for you—and this is across the board. I am pinpointing you on this particular issue, because I have only got 5 minutes and it gets dispersed if we get too broad. But you are telling me that someone called about mold in their home, and you had an employee who didn't do anything about it, just flat out said this is not a major concern, this is not a major health concern, and I am going to move on with my day?

Mr. BURLESON. I believe, in some cases, that probably occurred.

Mr. RYAN. How does that happen?

Mr. BURLESON. I do not know how that happened. I don't know how that happened. It is unacceptable. I do know that there are a lot of challenges that exist. I do know that we have addressed a lot of the concerns and the challenges prior to some of the hearings that occurred last year, the hearing in February. We did have a focus, but I don't think that the focus was at the right level.

Mr. RYAN. See, I am just thinking about because, you know, everybody loves this privatized, privatized. You see it in the school, you know, people are getting paid, and schools stink. You know, it doesn't matter. There is no accountability, for the most part. Like how would you survive in the private sector, like, with the government contracts?

If this story spread around Youngstown, Ohio, and it was just straight people pulling money out of their paycheck to go pay for rent or whatever, you wouldn't make it. And that is what is frustrating is that the argument is we are going to privatize this thing, and it is all going to work just beautifully, because the government can't do anything right and so we are going give it to you folks, fellas, and make it right.

I yield back.

Ms. WASSERMAN SCHULTZ. I thank you, Mr. Ryan. I appreciate your questions.

Mrs. Roby.

Mrs. ROBY. I thank the chairwoman, and I am going direct my questions to Mr. Burleson from Corvias and Mr. Ehle from Hunt, since they are contractors for Fort Rucker and Maxwell Air Force Base, both of which are in my district.

And, look, I think you are hearing very loud and clear the frustrations coming out of my colleagues. I share a lot of their sentiment, if not all, and I think that has been well-established here today.

I forgot to push start on my timer.

Ms. WASSERMAN SCHULTZ. We are good.

Mrs. ROBY. We don't have the lights in here. It makes it very frustrating.

And, look, in your testimony you both acknowledged that you have fallen short in meeting residents' expectations, but you have also made changes to improve the quality, I am told. So I want to give you an opportunity to talk about the additional steps moving forward. I think, again, it has been well-established here today through members' questioning and testimony where we have fallen short but I think it is important for us to have a productive conversation on what it looks like moving forward, so that you can help my constituents and others that are here present today, to know what steps are being taken, specific steps are being taken, and what does Congress need to do to making sure that we don't find ourselves sitting in this room, having a similar conversation again?

So I am going to let—divide the time between the two of you that is remaining and give you that opportunity.

Mr. EHLE. Thank you, Congresswoman. You know, we, again, support the reforms that are outlined in the NDAA, and all of the elements of the resident bill of rights. There are three elements that have not yet been included, and I just emphasize the word "yet," because they have been under development for months, and are mostly almost done. So it is the intent to put those into the resident bill of rights, and we support that.

All of the—to somewhat respond to the question earlier, again, we can't speak for the other project owners that aren't here but I can say that all 14 project owners have been putting in their input on those elements of the bill of rights. So I think we are almost there. So I think there is ground support for it.

And I think with the implementation of the NDAA elements, which is taking some time because some of them are pretty big, I think those are going to have significant impacts in 2020. But while all of that has been going on, at Hunt, we have been working on internal reforms and things we can control, things like work order consistency across portfolio. Over 10 to 15 years of closing projects, the documents would evolve a little bit. We wouldn't be using the same set of documents over and over again, and they would vary from service to service. And, so, there would be variances in how work orders were taken out, what the definition of a response or a completion was, and those sorts of things.

At Hunt, we established a Hunt standard where we have standardized across all of our properties, regardless of service or age, to pick out the most stringent elements of our facilities maintenance plans, management plans, and apply that across our portfolio for consistency from location to location, and improving accountability from top down, because we have now, more clearly, defined our corporate values for our employees and will be incorporating them into performance reviews all the way from the top down, so that those values are being carried out to deliver a more clearly defined level of what we call five-star service.

Mrs. ROBY. I thank you.

Mr. BURLESON. Congresswoman, I thank you for the question.

We have done a lot. There has been a lot of what we refer to as the basics—basic block and tackling of customer service that we had allowed ourselves to get away from. Some things that sound so simple and so fundamental, I answered the question earlier, that what would happen if a dad called in about a mold concern, and I said they would call the community center and receive a RSS, that is an employee.

That is absolutely what will happen today. However, over the past couple of years, that didn't happen. What would happen is, if a customer called with a complaint during business hours, it went to a call center, and that call center then routed the information that eventually came back to us. The information could have not been taken down accurately. There could have been some other communication challenges.

But we noticed really quick in late 2018, early 2019, that that just wasn't a customer-focused opportunity for us to truly engage with the resident. So all of our call centers—excuse me—all of the call centers have gone away during business hours. So if you have a concern, you are actually able to talk to one of our employees to work through the challenge.

That is just one example of that blocking and tackling that we have gotten back to in the basic.

As Mr. Ehle said, we also fully support—and I have also said previously—we fully support the resident bill of rights and the three additional provisions within the NDAA that did not make it to the bill of rights. I think those things are going to help, and I think it is a continued push for all of us, and a continued focus for all of us.

Congresswoman, you asked the question also: What can you do? What can you do to help? While I don't necessarily enjoy sitting here, I do think this is a help. I think it is a big help. I think the more attention we can focus in on what the true issues are, and where the true challenges lie, and continue to shine the light where those are so we can all work together to overcome them I think is really important.

Mrs. ROBY. My time is up, but I would just maybe leave you with this. I mean, I think what I have heard you say, in the short time that I have been sitting here—and I apologize for jumping in and out—but there are places where it is working, and there are places that have woefully fallen short.

And I just—I think sometimes, you know, these things can—we can be over-analytical when we could just take the model of where

it is working, and then apply that elsewhere, and it is not rocket science. It is people's lives and their quality of life, and we are talking about our servicemembers' families that are already sacrificing so much, and at the end of the day, we all want the same thing.

But it seems to me, Madam Chair, that in Congress' oversight on these issues where it is working, we need to take those—that model, and apply it across the board, and I know it probably is not that simple, but it seems to me we could take best practices and amplify that.

But I do appreciate you being here and, like you said, it is probably not a very comfortable chair to be sitting in right now, but it is important for us to have this opportunity ask you guys these questions, to ensure that we are doing our part as Members of Congress, and I appreciate you having this hearing today.

Ms. WASSERMAN SCHULTZ. Thank you, Mrs. Roby.

Mrs. ROBY. And I am way over my time. I am sorry.

Ms. WASSERMAN SCHULTZ. Oh, no, that is OK. Thank you, Mrs. Roby.

And it is that simple. You know, it really is.

Mr. Cartwright.

Mr. CARTWRIGHT. I thank you, Madam Chair.

And, gentlemen, thanks for coming in today.

We have talked about the tenants' bill of rights. Some of have you referred to it as a residents' bill of rights.

Mr. Burleson, I thank you for mentioning that there were things that didn't get included in the latest version of the bill of rights that you support, and I want to touch on those things now.

And what I am going to do is, I am going to—Mr. Taylor, if you would pass these out.

We made a list of the things that didn't make it in.

And for the record, we are showing a poster of seven items, and I would ask unanimous consent that this handout be entered into the record.

Ms. WASSERMAN SCHULTZ. Without objection.

Mr. CARTWRIGHT. A week ago, in response to the directive of this subcommittee, and the fiscal year 2020 National Defense Authorization Act, Defense Secretary Esper and the service branch secretaries all signed a privatized military housing tenants' bill of rights. Left off, as we have been discussing, Secretary Esper's list were the following which were included in the bill of rights' directive in the NDAA that we passed.

The first three are listed: The right to receive maintenance history on a property before signing a lease; second, the right under certain circumstances to enter into a voluntary dispute resolution process that may reduce rent; and number three, the right to have housing payments held in escrow, pending such dispute resolution.

Would you all be all right with all of those?

Let the record reflect that everyone said yes.

Did you, too, Mr. Guild?

Mr. GUILD. Yes.

Mr. CARTWRIGHT. OK. Good.

And then, also left off of Secretary Esper's list were several other key tenant protections included in the bill text of the NDAA that we passed, and four of those other protections were a requirement

that Military Housing Privatization Initiative, MHPI, management companies like you, reimburse DoD for tenants' medical costs if the companies failed to maintain safe and sanitary conditions in the housing that they manage, and you see that.

Number two, a requirement that MHPI companies like you pay reasonable relocation costs if relocation becomes necessary because of health or environmental hazards.

Number three, a mechanism where DoD will withhold incentive fees to the MHPI companies if they fail to remedy health or environmental hazards.

And, number four, a prohibition of collecting amounts in addition to rent by the MHPI companies, other than for amenities, damages, and nonessential utilities.

And these are all spelled out in the handout.

Do you all agree to those as well? That is in the text of the NDAA.

Mr. EHLE. Yes.

Mr. GUILD. Yes.

Mr. BURLESON. Yes.

Mr. HICKEY. Congressman, thanks for the opportunity to talk about this. I think generally, as they are written here, high level, we agree with. I think the first issue around medical costs requires a lot more detailed implementation process around that, because, you know, it is in how this is implemented rather than a single sentence.

So the other things, we agree to these. It is just the next level of implementation around who is qualified to make that determination? How is that determination made? Where does the information come from? It is all of those things that we are working through.

Mr. CARTWRIGHT. But you agree with the language?

Mr. HICKEY. We agree with the intent, yes.

Mr. CARTWRIGHT. And Mr. Taylor.

Mr. TAYLOR. And I will just add to Mr. Hickey's comments. All of these issues all are issues that we are in constant dialogue with Department of Defense officials to sort through what that process looks like because having the language there is important but what is important for us in our partnership is determining what is the process that we need to take to embed these into our agreements and that dialogue is ongoing with all 14 projects owners.

Mr. CARTWRIGHT. Right. That is process but you agree with the intent and the language, right?

Mr. TAYLOR. Yes, sir.

Mr. CARTWRIGHT. All right. Well, thank you and I am here to tell you, know that this subcommittee, through its continued oversight, will, for every remaining year, of your 50-year management contracts, hold you to these commitments. You understand that, right? OK.

I want to talk about NDAs just for a moment. The—you can put the poster down.

On March 29, 2019, Task & Purpose online news article included a copy of an NDA, nondisclosure agreement, apparently used for settlement of a base housing tenant claim by Lincoln Military Housing. The NDA was reportedly presented to a resident at Camp Pendleton Marine Corps Base.

The agreement read, in part—and I am going pass this out, and I would like unanimous consent to enter this into the record as well.

Ms. WASSERMAN SCHULTZ. Without objection.

[The information follows:]

LINCOLN MILITARY HOUSING

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BY ELECTRONIC MAIL March 4, 2020

Hon. Matt Cartwright
1034 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Representative Cartwright:

Thank you for the opportunity to testify before the House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies yesterday on privatized military housing. At the hearing, you asked the private partners about their respective uses of nondisclosure agreements ("NDA"). I responded that Lincoln Military Housing ("LMH") fully complies with the FY 2020 National Defense Authorization Act ("NDAA"). After staff tried to clarify the question and it was re-asked, I stated that LMH is not using and does not plan to use NDAs. To ensure you have clarity on our position, I write now to confirm for you and the hearing record that LMH does not and will not use NDAs in connection with entering into or terminating a lease (a practice now prohibited by 10 U.S.C. § 2890(f)(1), as added by § 3024 of the NDAA). LMH has used and may continue to use a standard release form that contains a NDA, the language for which has been reviewed and approved by our respective Service Branch partners, and which will only be used in circumstances for which Congress approved an exception to the use of such NDAs in 10 U.S.C. § 2890(f)(2), as added by § 3024 of the NDAA.

I regret if my oral statement on this subject at the hearing created any confusion. I have copied Chairwoman Wasserman-Schultz on this letter so that it may be included in the official record of yesterday's hearing, subject to her discretion. Thank you for your continued partnership in improving the quality of military housing for our Nation's servicemembers and their families.

Regards,

Jeff Guild
Vice President
Lincoln Military Housing

cc: Hon. Debbie Wasserman-Schultz, Chairwoman

AGREEMENT AND FULL RELEASE OF CLAIMS
CONFIDENTIAL

THIS AGREEMENT AND FULL RELEASE OF CLAIMS (**Release**) is made and entered into this _____ day of _____, 2018, by and between Mr. [redacted] Mrs. [redacted] and their respective agents, successors, heirs, and assigns (collectively, "**Residents**"), and Camp Pendleton and Quantico Housing LLC, LPC Pendleton Quantico PM LP, and their respective agents, affiliates, servants, employees, independent contractors, joint ventures, partners, limited partners, investors, insurers, members, officers, directors, shareholders, attorneys, successors, and assigns (individually "**Releasee**" and collectively "**Releasees**").

WHEREAS, the claims by Residents arise from the Residents' tenancy in military family housing at [redacted] at USMC Camp Pendleton, California, 92058 (the "**Residence**"), housing owned by Camp Pendleton and Quantico Housing LLC and managed by LPC Pendleton Quantico PM LP;

WHEREAS, Releasees deny all such claims and allegations;

WHEREAS, the parties hereto agree that it is in their mutual interest to resolve the disputes between them without further expense, delay, or inconvenience;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements contained in this Release, the sufficiency of which the parties hereby acknowledge, it is agreed as follows:

1. The preceding recitals are incorporated by reference herein.

2. Releasees hereby agree to discharge Residents' debt of monies owed to Camp Pendleton and Quantico Housing, LLC totaling [redacted], of which [redacted] represent unpaid costs for damages to the home by Residents, and [redacted] represents unpaid electric utility costs incurred by Residents, following receipt by Releasees of the executed Release from Residents.

3. Residents acknowledge that their claims and assertions against Releasees involve arguable and disputed questions of fact and law, that any liability of the parties released herein is doubtful and disputed, and that the discharge of debt provided for in this Release is not to be construed as an admission of liability, which is expressly denied, and that this Release arises from an agreement to compromise. This Release shall not in any way be construed as an admission by Releasees of any liability or wrongdoing or of the existence of any damages arising therefrom.

4. Residents voluntarily release, discharge, and covenant not to sue each and every Releasee from any and all claims, liabilities, demands, causes of action, damages, losses, costs, and expenses of any nature or kind, whether known or unknown, and whether existing at the present time or arising at any time in the future, whether based on statutory or regulatory authority, common law, contract, tort or other basis, including but not limited to, any and all claims, personal injuries, liabilities, demands, causes of action, damages, losses, costs, and expenses arising out of or in any way connected with Residents' tenancy and/or the Residence. Without limiting the generality of this release, Residents agree that they will not file or institute any complaint, demand, cause or action, or otherwise initiate any legal or other proceedings against any Releasee or in any way participate in or assist in the prosecution of any complaint, charge, or grievance against any Releasee in any court, agency, or other forum concerning any claims or allegations covered by this Release.

5. Residents agree that they will keep the existence of this Release and the terms, amount, and other information set forth in this Release strictly confidential and will not disclose any information concerning this Release or the Residents' claims to any person, except (a) to the extent expressly required by law, and (b) that Residents may state in response to inquiries that "the dispute between the parties has been resolved." Residents shall at all times refrain from making or encouraging any negative, adverse, or disparaging statements, comments, or remarks, whether oral or written and including all internet and social media, concerning the Residence or any Releasee.

6. This Release shall be binding on Residents and upon their respective heirs,

6. This Release shall be binding on Residents and upon their respective heirs, representatives, successors, and assigns, and shall inure to the benefit of the Releasees and each of them and to their respective affiliates, representatives, successors and assigns. The Residents represent and warrant that no other person or entity has, or has had, any interest in the claims, demands, obligations, or causes of action referred to in this Release; that undersigned have the right and authority to execute this Release; and that the Residents have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Release.

7. This Release sets forth the entire agreement between Residents and Releasees, and supersedes any prior agreements or understandings between them regarding its subject matter. This Release may not be modified except by a written agreement signed by both parties.

8. This Release may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same binding agreement.

9. This Release in all respects shall be interpreted and entered under the laws of the State of California.

10. Residents acknowledge that they have been provided an opportunity to consult with an attorney if they choose with regard to this Release. Residents hereby acknowledge that they understand the significance of this Release, and Residents agree that the terms of this Release are fully understood and voluntarily accepted.

PLEASE READ CAREFULLY. THIS AGREEMENT AND FULL RELEASE OF CLAIMS INCLUDES A COMPLETE RELEASE BY RESIDENTS OF ALL KNOWN AND UNKNOWN CLAIMS.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Release as of the date first written above.

RESIDENTS:

Dated:_____ _____
SIGNED

Dated:_____ _____
SIGNED

Dated:_____ _____

SIGNED

STATE OF _____)

) ss.

COUNTY OF _____)

On _____ before me, _____,

personally appeared

_____

_____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. Signature

I certify that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. Signature _____
(Seal)

On BEHALF of RELEASEES:

Dated:_____

By: _____
NAME/TITLE

STATE OF _____)
) ss.
COUNTY OF _____)

On _____ before me, _____,
personally appeared

_____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify that the foregoing paragraph is true and correct.

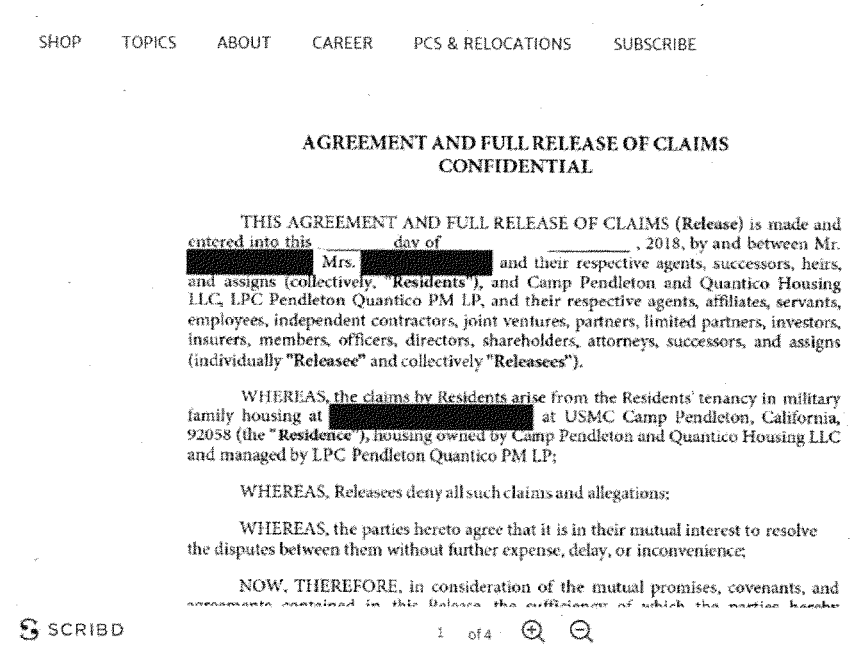
WITNESS my hand and official seal. Signature _____

WITNESS my hand and official seal. Signature _____
(Seal)

Confidential

SOURCE: https://taskandpurpose.com/news/patrician-military-housing

Want to Add $850 to Your Savings?
See How
NAVY FEDERAL Credit Union
Insured by NCUA.



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NOW, THEREFORE, in consideration of the mutual promises, covenants, and

SCRIBD 1 of 4

The non-disclosure agreement presented to a resident at Camp Pendleton, from Lincoln Military Housing.

TENANTS' BILL OF RIGHTS

- ☐ Receive maintenance history before signing a lease (§2890(b)(3), as amended by Pub. L. 116-92)
- ☐ Enter a dispute resolution process that may reduce rent (§2890(b)(14))
- ☐ Hold housing payments in escrow pending dispute resolution (§2890(b)(15))

OTHER NDAA TENANT PROTECTIONS

- ☐ Reimburse DOD for medical costs if landlord fails to maintain safe and sanitary conditions (§2891(d))
- ☐ Landlords pay reasonable relocation costs because of health or environmental hazards (§2891(e))
- ☐ Withhold incentive fees to landlords failing to remedy health or environmental hazards (§2893)
- ☐ Prohibits collecting amounts in addition to rent (exempting amenities, damages, and non-essential utilities) (§2891a(e))

Mr. CARTWRIGHT. If you could pass that out and make sure Mr. Guild gets a copy. It says:

Residents agree they will not file or institute any complaint or demand against Lincoln Property Company, Pendleton, Quantico property management, or, in any way, participate in the prosecution of any complaint or grievance against Lincoln Property Company in any agency or other forum concerning any allegation covered by this agreement. Residents further agree they will keep the existence of this agreement and its terms and other information concerning it strictly confidential. Residents shall, at all times, refrain from making any negative, adverse, or disparaging remarks, whether oral or written, and including all internet and social media, concerning the residents or any nondisclosure agreement.

And, well, Mr. Guild, do you currently use NDAs for the resolution of landlord/tenant disputes that were never actually litigated, but that do relate to health and safety issues in base housing?

Mr. GUILD. I can't speak what issues, but we have used NDAs and we have used for mediation with tenants.

Mr. CARTWRIGHT. The rest of you, is that also true? Do you use NDAs for disputes that were never actually litigated?

Mr. HICKEY. No, Congressman. We have used confidentiality agreements on things that are being litigated.

Mr. CARTWRIGHT. Right.

Mr. HICKEY. But only for those matters.

Mr. CARTWRIGHT. The rest of you?

Mr. BURLESON. We do not use NDAs.

Mr. CARTWRIGHT. OK.

Mr. TAYLOR. Nor do we, sir.

Mr. CARTWRIGHT. Mr. Ehle.

Mr. EHLE. In the customary sense, they tend to get used in financial settlements. For protection of both parties, we have, on occasion, in the past.

Mr. CARTWRIGHT. I am talking about nonlitigated matters. You have. OK. OK. Do you know—OK.

Will NDAs for nonlitigated matters be used with tenants during the execution of the remainder of your housing management contract with the Department of Defense, in other words, going forward. Are you going continue to use these things?

Mr. HICKEY. We haven't used them to date. We won't use them going forward.

Mr. CARTWRIGHT. OK.

Mr. TAYLOR. We will comply with the terms that are spelled now the NDAAs regarding NDAs.

Mr. BURLESON. We will as well.

Mr. GUILD. We will comply with the NDAA.

Mr. EHLE. We will comply with the NDAA.

Mr. CARTWRIGHT. But you are going to continue to use them.

And, boys, you understand my concern here. It is transparency. When something comes up, somebody, some dad has mold in the family base housing, privatized housing, and there is a resolution without litigation.

Ms. WASSERMAN SCHULTZ. Would the gentleman yield for a question?

Mr. CARTWRIGHT. Yes.

Ms. WASSERMAN SCHULTZ. Does the NDAA now prohibit NDAs, since we are using the same letters? I just want to make sure I have clarity on the question.

VOICE. Prohibits them with just the regular leave but it allows them—

Ms. WASSERMAN SCHULTZ. I am sorry. I think you are going to have to come to a mic and answer the question.

VOICE. The NDAA right now prohibits them explicitly for just a regular lease, signing a lease, going into the agreement, but it does allow them, if the matter is in the courts, and you bring it out of the courts with a settlement.

Ms. WASSERMAN SCHULTZ. OK. So maybe, Mr. Cartwright, you could revise your question so that we understand if they are going to use NDAs that are not prohibited by the NDAA going forward.

Mr. CARTWRIGHT. And that is the question. Are you going to use them where they are not prohibited?

Mr. GUILD. Mr. Cartwright, I just wanted to clarify that we are not using these going forward, regardless of the NDAA.

Mr. CARTWRIGHT. And I am glad to hear that, because here is a concern. When some—

Ms. WASSERMAN SCHULTZ. Mr. Cartwright, would you mind if every one of them answers that question, please?

Mr. CARTWRIGHT. Pardon me?

Ms. WASSERMAN SCHULTZ. Would you mind if all the companies answer that question?

Mr. CARTWRIGHT. Yeah. Please go ahead, each of you.

Mr. EHLE. We are not prohibited. We may have occasion to, because understand that there is protections for both parties involved, and there is legal custom to use them on occasion.

Mr. BURLESON. Congressman, we do not intend to use NDAs, nor have we in the past.

Mr. CARTWRIGHT. Right. You said that.

Mr. HICKEY. Congressman, we do not use NDAs other than for litigation settlement. We said that. We won't use them going forward.

Mr. CARTWRIGHT. Right.

Mr. TAYLOR. We have a similar view, and anytime one would be contemplated, we would always do so with the agreement of our military partner.

Mr. CARTWRIGHT. Here is my concern, is that we need transparency. We have to have transparency. If a little extra compensation is given so that you can get an NDA, that is not protecting both parties, Mr. Ehle. That is protecting the privatized housing company, and it is going to hurt the people who need to know about the mold or the infestation or the paint chips, or whatever is wrong that led to the dispute in the first place. That is what I am talking about.

I yield back, Madam Chair.

Ms. WASSERMAN SCHULTZ. I thank you, and I thank you for your indulgence in me helping you ask questions. We tag-teamed the last couple.

This entire panel has really been eye-opening, and added to my concerns rather than alleviating them. It just shows me, and I think our colleagues, that we have more work to do. We certainly

will be taking a look, as we prepare the chairwoman's mark for this fiscal year, what we can include to make sure that we ensure that there is more oversight and accountability, and that we don't just trust you because words, talk is cheap. I am a show-me person, not a tell-me person, and so, we are going make you show us.

And we will work it with our partners on the Armed Services Committee, because it seems like the NDAA, the next time we do the NDAA, it probably needs go a little further in the kind of NDAs that we prohibit.

So, gentlemen, you all have work to do. Thank you for your testimony and appearing before this panel. We look forward to continuing the dialogue with you and having you update us on the implementation of your improving dramatically not only the conditions of the facilities that you run, but the responsiveness that you provide to our military families, because they deserve nothing less.

So with that, we will allow for a few minutes to switch out the witness panels and the subcommittee will stand in recess briefly for that purpose.

[Recess.]

Ms. WASSERMAN SCHULTZ. Ladies and gentlemen, if we can proceed a little more quickly, I want to proceed with this panel. So if we can move in and out expeditiously, that would be helpful. The witnesses have staff that need to be able to sit directly behind them. So if that has been accommodated, then great. Let's get the other people who want to be in the audience in this hearing to come in quickly and sit down so we can begin. Go ahead and send people in. There are a few remaining seats. Then we have got to get started. OK. Are we ready?

The subcommittee will come to order. We now welcome our third and final panel. Our witnesses are Ms. Elizabeth A. Field, Director, Defense Capabilities and Management for GAO, and Mr. Pete Potochney, Acting Assistant Secretary of Defense for Sustainment.

The witnesses are here to provide an update on the Department of Defense's efforts to fully assess the extent and nature of the issues within the privatized military family housing program. In addition, they will provide details on their ongoing actions to remedy the inadequate oversight of the program, and their long-term plan to make permanent positive changes to the program.

Ms. Field, your full written testimony will be included in the record and you are recognized for 3 minutes to summarize your remarks.

STATEMENT OF ELIZABETH A. FIELD

Ms. FIELD. Thank you.

Chairwoman Wasserman Schultz, Ranking Member Carter, and members and staff of the subcommittee, thank you for inviting me to testify today on GAO's work assessing the Military Housing Privatization Initiative, or MHPI.

Roughly 1 year ago, at the direction of this committee, we began our most recent review of MHPI. In our final report, which will be released later this month, we cite numerous ways in which those living in military privatized housing who experience problems, have felt that their concerns were ignored. These residents told us that they had to submit multiple requests before their issues were

fixed and that they felt they had no advocate or recourse if these problems weren't addressed.

In some ways, these problems were, perhaps, predictable. As Comptroller General Dodaro testified last year, military privatized housing is a classic example in which the government made short-term decisions without thinking through the long-term implications. The idea behind MHPI, as you know, was to leverage private sector financing and expertise to eliminate poor-quality housing for military families with less government funding, and in less time than could have been done under the traditional military construction process.

DoD entered into long-term agreements with the private companies. Both the government and the companies provided financing for each project, essentially forming public/private partnerships. GAO has studied these types of partnerships and determined that, in structuring them, great care must be taken to protect the interests of both the Federal Government and the private sector.

What we learned through our audit, however, is that while the MHPI partnerships may have been structured to sustain the financial help of the projects, there was less emphasis on ensuring that the private companies would be held accountable for the condition of the homes they owned.

For example, the metrics used in the agreements to monitor and incentivize the private companies' performance typically have very total do with assessing whether they are maintaining quality homes.

Until recent concerns surfaced about the quality of privatized housing, the military departments generally distanced themselves from involvement in daily military housing operations. Staffing levels at some local military housing offices were cut, and military housing officials on the ground didn't always fully exercise all of the authorities available to them.

DoD is now taking several steps to rectify these problems. Our draft report also includes a number of recommendations which we hope DoD will concur with, and implement as soon as possible. And, of course, the fiscal year 2020 NDAA contains a number of additional requirements.

I would be remiss if I did not acknowledge that implementing some of these steps may be difficult and may take time, in large part, because of the complexities of the underlying agreements and the number of parties involved. As Comptroller General Dodaro has said, partnerships like MHPI should have a framework for making long-term decisions and tradeoffs up front before we embark on these efforts. That did not necessarily happen in the case of MHPI.

Now, DoD has an opportunity to consider how it wants the remainder of these long-term agreements to be handled, so that everyone's interest is protected, including those of the servicemembers and their families who live in these homes.

Thank you, and I look forward to your questions.

[The prepared statement of Ms. Field follows:]

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, Committee on Appropriations, House of Representatives

For Release on Delivery
Expected at 10:30 a.m. ET
Tuesday, March 3, 2020

MILITARY HOUSING

Preliminary Recommendations to Strengthen DOD's Oversight and Monitoring of Privatized Housing

Statement of Elizabeth A. Field, Director, Defense Capabilities and Management

GAO Highlights

Highlights of GAO-20-471T, a testimony before the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, Committee on Appropriations, House of Representatives

March 3, 2020

MILITARY HOUSING

Preliminary Recommendations to Strengthen DOD's Oversight and Monitoring of Privatized Housing

Why GAO Did This Study

Congress enacted the Military Housing Privatization Initiative in 1996 to improve the quality of housing for servicemembers. DOD is responsible for general oversight of privatized housing projects. Private-sector developers are responsible for the ownership, construction, renovation, maintenance, and repair of about 99 percent of military housing in the United States. Recent reports of hazards, such as mold and pest infestation, have raised questions about DOD's oversight.

This statement summarizes GAO's draft report on privatized housing, which is currently at DOD for review and comment. Specifically, the statement discusses, among other objectives, OSD and the military departments' (1) oversight of privatized military housing and (2) development and implementation of initiatives to improve privatized housing.

For its draft report, GAO reviewed policies and guidance; visited a non-generalizable sample of 10 installations representing each military department, among other factors; analyzed work order data; and interviewed DOD officials and private partner representatives.

What GAO Recommends

GAO's draft report includes several recommendations, including that DOD take steps to improve housing condition oversight, performance metrics, maintenance data, and resident satisfaction reporting as well as to assess the risk of initiatives on project finances.

View GAO-20-471T. For more information, contact Elizabeth A. Field at (202) 512-2775 or fielde1@gao.gov.

What GAO Found

The Office of the Secretary of Defense (OSD) and the military departments conduct a range of oversight activities, but some of these activities have been more extensive than others. Specifically, GAO's draft report notes:

- **The military departments conduct some oversight of the physical condition of housing, but some efforts have been limited in scope.** Military departments have authority to conduct oversight of the condition of privatized housing; that oversight generally consists of reviewing a sample of work order requests, visual inspections of housing during change of occupancy, and other point in time assessments. However, GAO found that these efforts are limited in scope. For example, annual interior walk-throughs are limited to just a few homes at some installations, which may not comprehensively reflect the condition of the housing units at those installations.
- **Military departments use performance metrics to monitor private partners, but metrics do not provide meaningful information on the condition of housing.** OSD has recently issued guidance to ensure consistency in the framework used to measure project performance. However, the specific indicators used to determine if the metrics are being met do not accurately reflect private partner performance related to the condition of the home. For example, a common indicator is how quickly the private partner responded to a work order, not whether the issue was actually addressed.
- **The military departments and private partners collect maintenance data on homes, but these data are not captured reliably or consistently.** The Department of Defense (DOD) is expanding its use of work order data to monitor and track the condition of privatized housing. However, based on GAO's analysis of data provided by all 14 private partners, these data cannot reliably be used for ongoing monitoring of privatized housing because of data anomalies and inconsistent business practices in how these data are collected.
- **DOD provides reports to Congress on the status of privatized housing, but some data in these reports are unreliable, leading to misleading results.** DOD provides periodic reports to Congress on the status of privatized housing, but reported results on resident satisfaction are unreliable due to variances in the data provided to OSD by the military departments and in how OSD has calculated and reported these data.

OSD and the military departments have made progress in developing and implementing a series of initiatives aimed at improving privatized housing. In addition, Congress established several requirements addressing privatization housing reform. However, DOD officials and private partner representatives have identified challenges that could affect implementation of these various initiatives. These include concerns that implementation could have unintended negative impacts on the financial viability of the privatized housing projects.

Chairwoman Wasserman Schultz, Ranking Member Carter, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss issues related to the condition of privatized military housing. In 1996, Congress enacted the Military Housing Privatization Initiative (MHPI) in response to Department of Defense (DOD) concerns about the effect of inadequate and poor quality housing on servicemembers and their families.[1] Since then, private-sector developers and property management companies, hereafter referred to as private partners, have assumed primary responsibility for military family housing in the United States. They are currently responsible for the construction, renovation, maintenance, and repair of about 99 percent of domestic military family housing in the continental United States, Alaska, and Hawaii. Over the last few years, reports of the presence of lead-based paint and other hazards, such as mold and pest and rodent infestations, have raised questions about DOD's management and oversight of privatized housing.

My testimony today summarizes our draft report, which we provided to DOD last month for review and comment. The draft report discusses the extent to which the Office of the Secretary of Defense (OSD) and the military departments (1) conduct oversight of privatized military housing for servicemembers and their families, (2) communicate their roles and responsibilities to servicemembers and their families, and (3) have developed and implemented initiatives to improve privatized housing.

For our draft report, we reviewed DOD policies and guidance related to the administration of the MHPI program; analyzed available private partner data on work orders from October 2016 through April 2019 from each of the 79 MHPI family housing projects;[2] visited a non-generalizable sample of 10 installations selected to represent each of the military departments, six private partners—including the five largest who own the majority of privatized military housing—and geographic and climate diversity; and conducted 15 focus groups at the 10 installations we

[1]National Defense Authorization Act for Fiscal Year 1996, Pub. L. No. 104-106, §§ 2801-2802 (1996), codified as amended at 10 U.S.C. §§ 2871-2885.

[2]We discuss issues regarding the reliability of these data later in the statement.

visited.[3] We also reviewed a non-generalizable sample of ground leases and other MHPI project documents, including leases and project documents for the installations we visited, as well as a sample of leases from other locations not included in our site visits. We reviewed the implementation and results of various resident satisfaction surveys conducted by the military departments and private partners. To understand roles and responsibilities and the management of privatized housing, we interviewed OSD and military department officials, as well as representatives from each of the 14 private partners.

The work upon which our draft report is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

DOD's policy is to ensure that eligible personnel and their families have access to affordable, quality housing facilities and services consistent with grade and dependent status, and that the housing generally reflects contemporary community living standards.[4] From the inception of MHPI, the military departments were provided with various authorities to obtain private-sector financing and management to repair, re novate, construct, and operate military housing in the United States and its territories. Through these authorities, the military departments have entered into a series of agreements with private partners to provide housing to servicemembers and their families.

The military departments have flexibility in how they structure their privatized housing projects, but typically the military departments lease land to private developers for 50-year terms and convey existing housing

[3]The 10 installations in our non-generalizable sample included three Army installations—Fort Bragg, North Carolina; Fort Huachuca, Arizona; and Fort Sill, Oklahoma; two Navy installations—Naval Station Norfolk, Virginia and Naval Base San Diego, California; two Marine Corps installations—Marine Corps Base Camp Lejeune, North Carolina and Marine Corps Base Camp Pendleton, California; and three Air Force installations—Davis-Monthan Air Force Base, Arizona; Langley Air Force Base, Virginia; and Tinker Air Force Base, Oklahoma.

[4]Department of Defense (DOD) Instruction 4165.63, DOD Housing (July 21, 2008) (incorporating Change 2, Aug. 31, 2018).

located on the leased land to the developer for the duration of the lease. The developer then becomes responsible for renovating and constructing new housing and for the daily management of these housing units. At the end of fiscal year 2017, 14 private partners were responsible for 79 privatized military family housing projects—34 for the Army, 32 for the Air Force, and 13 for the Navy and the Marine Corps—in the United States, each of which includes housing at one or more military installation.[5]

Each privatized housing project is a separate and distinct entity governed by a series of legal agreements that are specific to that project.[6] However, there are some common elements in how projects invest and use funds. Every project takes in revenue, which consists mostly of rent payments.[7] Projects then pay for operating expenses, including administrative costs, day-to-day maintenance, and utilities, among other things. After that, projects generally allocate funds for taxes and insurance, followed by debt payments. In the typical funding structure for a privatized housing project, once debt payments are made, funds are allocated to accounts that fund scheduled maintenance, such as repair and replacement of items like roofs, heating and cooling systems, and infrastructure. After that, funds are then allocated to a series of management incentive fees, such as the property management fee. Finally, the project divides these remaining funds according to a fixed percentage between accounts that (1) fund major renovations and rebuilds and (2) are provided to the developer.

The Deputy Assistant Secretary of Defense for Facilities Management, under the authority, direction, and control of the Assistant Secretary of Defense for Sustainment, is responsible for all matters related to MHPI and is the program manager for all DOD housing, whether DOD-owned,

[5]As of November 2019, these projects were owned by the same 14 private partners. For the purpose of this statement, we focused on privatized family housing projects and not housing for unaccompanied military personnel.

[6]These agreements include, among other things, an operating agreement, a property management agreement, and an agreement that describes the management of funds in the projects, including the order in which funds are allocated within the project

[7]DOD's Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy annually calculates rent and utility rates for locations across the United States based on estimates of local market conditions, which are then adjusted for an individual's pay grade and dependency status. These calculations, which can fluctuate from year to year, are then used to determine individual servicemembers' monthly basic allowance for housing payments. Servicemembers' rent is paid—whether living on the installation or off—with basic allowance for housing payments.

DOD-leased, or privatized.[8] In this capacity, the Deputy Assistant Secretary is to provide both guidance and general procedures related to military housing privatization, as well as required annual reports to Congress on the status of privatized military housing projects.[9] However, it is the responsibility of the military departments to execute and manage privatized housing projects, including conducting financial management and monitoring their portfolio of projects. Each military department has issued guidance that outlines its responsibilities for privatized housing, such as which offices are responsible for overseeing privatized housing projects.[10]

DOD Conducts Some Oversight of the Condition of Privatized Housing, but Efforts Are Limited in Key Areas

In our draft report, currently with DOD for review and comment, we found that each military department conducts a range of oversight activities—some more extensive than others—for its privatized housing projects. For example, among other things, military departments review sample work order requests and inspect housing during the change-of-occupancy process. DOD guidance states, that because privatization creates a long-term governmental interest in privatized housing, it is essential that projects be attentively monitored. [11] Through its guidance, DOD delegates oversight responsibility of the individual privatized housing projects to each of the military departments. In our draft report, we noted that OSD and the military departments' oversight efforts have been limited in the following key areas. Specifically, we found that (1) the scope of oversight of the physical condition of privatized housing has been limited; (2) performance metrics focused on quality of maintenance and resident

[8]Almost all DOD family housing in the United States has been privatized; however, DOD is still responsible for overseas family housing and most housing for unaccompanied military personnel in the United States.

[9]Section 2884(c) of Title 10 of the United States Code requires the Secretary of Defense to report semiannually an evaluation of the status of oversight and accountability measures for military housing privatization projects, including, among other things, information about financial health and performance and the backlog of maintenance and repair. According to DOD officials, although the statute requires semiannual reporting, due to the effort involved DOD aims to produce one report each fiscal year, rather than two.

[10]Air Force Instruction 32-6007, *Privatized Housing Management* (Sept. 19, 2012) (incorporating by AFGM 2019-01. July 25, 2019); Department of the Army, *Portfolio and Asset Management Handbook* (Version 5.0) (Sept. 11, 2014); Commander, Navy Installations Command, Instruction 11103.7A, *Navy Housing Roles and Responsibilities for Program Management and Finance* (Jan. 16, 2014); and Marine Corps Order 11000.22, *Marine Corps Bachelor and Family Housing Management* (July 14, 2014) (incorporating Change 1, Jan. 22, 2018).

[11]DOD Manual 4165.63, *DOD Housing Management* (Oct. 28, 2010) (incorporating Change 2, Aug. 31, 2018).

satisfaction do not accurately reflect private partner performance related to the condition of privatized housing; (3) there is a lack of reliable or consistent data on the condition of privatized housing; and (4) past DOD reports to Congress on resident satisfaction are unreliable due to the inconsistent handling and calculation of the data and therefore may be misleading.

Military Departments Conduct Some Oversight of the Physical Condition of Privatized Housing, but the Scope of Efforts Is Limited

DOD delegates oversight responsibilities of the individual privatized housing projects to each of the military departments, and each military department has subsequently issued guidance outlining oversight roles and responsibilities. Military department oversight activities generally fall into two categories—(1) daily oversight of management and operations and (2) periodic reviews of compliance with each project's business agreements.

Daily oversight of management and operations. Daily oversight of a project's management and operations is to be conducted by each installation's military housing office. Military housing officials told us that activities to monitor the physical condition of housing units generally include reviewing sample work order requests, following up with a sample of residents to check on their experience with recently completed work, and inspecting housing units during the change-of-occupancy process. As we noted in our draft report, the implementation and scope of these activities varies and can be limited. For example, during our site visits conducted from June through August 2019, we observed that the rate of inspections of homes following change-of-occupancy maintenance varied at the installations we visited. Military housing office officials at one Air Force installation told us that they inspect 100-percent of homes that have completed change-of-occupancy maintenance, while officials from a different Air Force installation stated they inspect 10 to 20 percent of these homes.

Military department officials told us that in spring 2019, each department conducted a "100-percent" review of privatized housing by directing installation commanders to contact all residents of privatized housing and offering a visual inspection of their privatized housing unit. In addition, in March 2019 the Army issued an order directing military housing office officials to inspect 100-percent of homes where change-of-occupancy maintenance has been completed. Officials from Army installations we visited noted that this was an increase from previous practices, and for one installation was a change in practice from only conducting inspections during the move-out process, which occurs prior to change-

of-occupancy maintenance. Similarly, in November 2019, Air Force officials told us they were moving to a 100 percent inspection policy.

Periodic reviews of compliance with each project's business agreements. Periodic reviews of compliance with a project's business agreements are a joint effort between the local military housing office, the private partners, military department installation commands, and other echelons of command.[12] These reviews can include neighborhood tours to view project amenities such as community centers, playgrounds, and pools, all of which are owned, maintained, and operated by the private partner companies, as well as exteriors of housing units. However, our draft report showed these annual reviews have been narrow in the scope of their assessment of the physical condition of the housing units, as interior walk-throughs were, at times, focused on just a few homes at each installation.

According to military department officials, each department has completed initiatives and is undertaking initiatives to revise guidance and standardize daily oversight activities in an effort to provide consistent oversight across projects and installations, and to increase the focus on the physical condition of housing. In addition, the military departments have initiatives to increase staffing levels, improve training for military housing office officials, and ensure that military department housing officials have independent access to work order data, to strengthen their oversight activities. However, each military department is working to implement service-specific initiatives with only limited guidance from OSD on the level of oversight expected of the services as it relates to the condition of the housing. Specifically, OSD guidance is focused on the oversight of the implementation of projects, the construction of new housing units, and project financial monitoring. The guidance stipulates that after privatized housing projects are awarded, monitoring should include descriptions of deal structure and strategies for project monitoring. In contrast, OSD guidance for military-owned housing provides clearly defined objectives to the military departments for oversight, including the physical condition of the homes. Unless OSD updates its guidance on the oversight of privatized housing with

[12]In addition to installation-level chain of command, other echelon commands from each service involved in privatized housing projects include: the Air Force Civil Engineer Center; the Air Force Materiel Command; the Department of Army; the Army Materiel Command; the Army Installation Management Command; the U.S. Army Corps of Engineers; the Commander; Navy Installation Command; the Naval Facilities Engineering Command; and the Marine Corps Installations Command.

objectives for overseeing the physical condition of housing units, it cannot be assured that the military departments' oversight activities will be sustained over time or be sufficiently consistent across projects, raising the risk that private partners may not provide adequate quality housing.

DOD Uses Several Metrics to Monitor Private Partner Performance, but the Indicators Underlying Those Metrics Do Not Provide Meaningful Information on the Condition of Privatized Housing

The military departments each use a range of project-specific performance metrics to monitor private partner performance, but as we note in our draft report, the metrics designed to focus on resident satisfaction and on the quality of the maintenance conducted on housing units do not provide meaningful information or reflect the actual condition of the housing units. Most, but not all, of the private partners are eligible to receive performance incentive fees based on generally meeting the performance metrics established in each individual project's business agreement.[13] Private partner performance is commonly measured through four key metrics—resident satisfaction, maintenance management, project safety, and financial management. To determine how well the private partners are performing under the metrics, military housing office officials told us they rely on a range of specific indicators established in the project business agreements. However, the indicators themselves do not provide meaningful information on the private partner's performance in maintaining quality housing units. For example, we identified the following in our draft report:

- **Maintenance management.** One indicator of performance of maintenance management that is regularly included in project business agreements measures how often the property manager's response time to work orders meets required timeframes established in the project's business agreements.[14] While this indicator measures the timeliness of the private partner's response, it does not measure

[13]We determined that, as of the end of fiscal year 2017, 5 of the 79 privatized housing projects did not have an established incentive fee plan. These fees are intended to incentivize private partner performance. The incentive fees can be paid to private partners on an annual or quarterly basis and can be withheld in part or in total if the private partner fails to meet the metric. The weight each performance metric and underlying indicator carries toward the incentive fee varies by project, so incentive fees for some projects may be heavily dependent on financial performance, while others may be more heavily weighted toward resident satisfaction.

[14]Work orders may be categorized as emergency, urgent, or routine and have pre-established required timeframes that the private partners response is evaluated against based on a specified amount of time as outlined in the project's business agreement. For example, the performance incentive fee plan for the project at Camp Lejeune, North Carolina, stipulates that the private partner is required to respond to work orders classified as emergency within ½ hour during normal working hours and within 1 hour after business hours, to urgent work orders within 4 hours, and to routine work orders within 3 days.

or take into account the quality of the work that was conducted or whether the resident's issue was fully addressed. As such, a property manager may fully meet the metric for maintenance management even if a given repair has not been adequately completed. Residents in 13 of our 15 focus groups noted that they typically have had to submit multiple work order requests before an individual maintenance issue has been fully addressed. Some projects include indicators that aim to more directly measure quality, such as the number of work orders placed during the first 5 business days of residency, which may indicate the extent to which all of the change-of-occupancy maintenance was completed.

- **Resident satisfaction.** One example of an indicator of resident satisfaction is whether a project has met target occupancy rates established in the project's business agreements. An OSD official and private partner representatives told us they use occupancy as an indicator of satisfaction based on the assumption that residents would move if they were dissatisfied with their home's condition. However, based on our focus groups, this may not be a reliable assumption. Although most residents are not required to live in military housing, residents in each of our 15 focus groups indicated a variety of reasons for choosing to live in privatized housing, many of which did not have to do with their satisfaction with the quality or condition of their homes. For example, residents in our focus groups cited other factors influencing their decision to live in privatized housing, such as living in close proximity to military medical or educational services for children or other family members that are part of the military's Exceptional Family Member Program, a lack of safe and affordable housing in the surrounding community, and access to quality schools.[15]

OSD and military department officials have recognized that the current indicators for measuring performance do not consistently focus on or prioritize the private partners' performance with maintaining housing units and ensuring resident satisfaction. For example, Army officials told us they are no longer using occupancy rates as an indicator of resident satisfaction and have taken steps to standardize performance indicators across all Army projects, while still allowing for flexibility at the installation

[15]The Exceptional Family Member Program provides servicemembers and their dependents with special medical and educational needs. In each of our 15 focus groups we asked residents to tell us "*What were the factors that led you to make the decision to live in privatized housing vs. a rental home in the community?*" In 4 out of our 15 focus groups, residents indicated that accessibility to services for an Exceptional Family Member Program family member played a role in their decision to live in privatized housing versus a rental home in the community.

level to modify the weight of indicators to provide incentives reflective of the specific needs of the installation. Limitations to the current indicators may hinder the military departments' ability to accurately determine private partner performance. However, OSD and military department officials told us they have not yet reevaluated the specific indicators used to determine whether a private partner has met a specific metric because doing so will require negotiation with each of the private partners for each project. Nonetheless, without reviewing the specific indicators used to award performance incentives, OSD and the military departments do not have assurance that the information the military departments are using to award these incentives reflects the actual condition of the housing.

DOD and Private Partners Collect Maintenance Data on Privatized Housing, but These Data Are Not Captured Reliably or Consistently for Use in Ongoing Monitoring of Housing Units

The housing projects' business agreements typically include a requirement for the private partner to maintain a records management system to record, among other things, maintenance work requested and conducted on each housing unit. According to private partner officials, each company uses commercial property management software platforms for activities such as initiating maintenance work orders and dispatching maintenance technicians.[16] Some private partner representatives stated that while data from the work order tracking systems are primarily used to prioritize and triage maintenance work, the data were never intended to monitor the overall condition of privatized housing units. While data from these work order tracking systems may be useful for point-in-time assessments of work order volume at a given installation, military department officials told us that efforts are underway to monitor work order data to increase the military departments' oversight and the accountability of the private partners for providing quality housing.[17] However, as we noted in our draft report, we found that these data are not captured reliably or consistently for use in the ongoing monitoring of the condition of privatized housing units.

We received and reviewed data from each of the 14 private partners' work order tracking systems covering each of the 79 privatized family

[16]As of February 2019, according to private partner representatives, they primarily used commercial property management software platforms from two companies. For the purposes of this statement, we will refer to these software platforms as "work order tracking systems" and data from these systems as "work orders." Data in these work order tracking systems include information such as records of resident requests for service, history of work conducted on specific housing units, change-of-occupancy maintenance performed, and work completed on common areas.

[17]Work orders may include an associated priority level, such as "emergency," "urgent," or "routine;" a status, such as "open," "completed," "in-progress," or "cancelled;" and a category, such as "electrical" or "plumbing."

housing projects. Based on our review of these data and discussions with private partner representatives for our draft report, we found two primary factors that would limit the reliability or consistency of using these data for ongoing monitoring of the condition of privatized housing units over time—(1) inconsistent use of terminology in work order records and (2) differing practices for opening and closing work orders:

- **Inconsistent use of terminology.** Based on our review of the data provided by the private partners and discussions with private partner officials, we noted cases where work orders were inconsistently entered into the work order tracking systems with respect to two primary factors—(1) how the request is described by the resident or interpreted by the official entering the data, which can differ for each work order, and (2) the existing range of pre-established service category options in the private partner's work order tracking system, which differ among the partners.[18]
- **Differing practices for opening and closing work orders.** At some installations we visited, private partners noted changes in practices for opening and closing work orders, limiting the usefulness of the data in monitoring the status of work orders over time and thus the condition of privatized housing.

In addition, we identified other anomalies in work order data from each of the 14 partners. For example, we identified instances of, among other things, duplicate work orders, work orders with completion dates prior to the dates that a resident had submitted the work order, and work orders still listed as in-progress for more than 18 months.

According to military department officials, efforts to review data from the private partners' work order tracking systems have increased, and military department officials told us they have found similar limitations. However, neither OSD nor the military departments have identified minimum data requirements, established consistent terminology or practices for data collection, or developed processes for the military departments to validate the work order data collected by the private partners. Without direction from OSD to establish minimum data requirements and consistent terminology or practices for data collection, as well as a requirement for the military departments to validate data, the military departments' ability

[18]According to private partner officials, the individual responsible for entering the work order into the system—property management office staff, maintenance technicians, call center representatives, or residents—make a judgment on how to categorize the work order.

to use data from the private partners' work order tracking systems to monitor the condition of privatized homes over time will remain limited and may vary across projects.

DOD Provides Reports to Congress on Resident Satisfaction with Privatized Housing, but Data in These Reports Are Unreliable, Leading to Misleading Results

DOD is statutorily required to provide reports to Congress that include, among other things, information about military housing privatization projects' financial health and performance and backlog, if any, of maintenance and repairs.[19] These reports have included information on resident satisfaction with privatized housing based on the results of the annual military department satisfaction surveys.

As we state in our draft report, we determined that information on resident satisfaction in these reports to Congress on privatized housing have been unreliable and are misleading due to (1) variances in the data the military departments collect and provide to OSD and (2) OSD's calculation and presentation of the data. In May 2019, OSD issued its report for fiscal year 2017, which stated that overall resident satisfaction for calendar year 2017 was 87 percent.[20] For OSD's fiscal year 2017 report, the military departments provided data on resident satisfaction based on information from the annual resident satisfaction surveys. Specifically, OSD's instructions to the military departments required the military departments to report satisfaction based on resident responses to the question that asks: "Would you recommend privatized housing," with results indicating how many tenants responded "yes," "no," or "don't know."

However, the military departments' approaches for collecting data in their annual resident satisfaction surveys vary, which limits their ability to assess whether residents would recommend privatized housing. Instead of asking whether residents would recommend privatized housing, the military departments' annual resident satisfaction survey asks residents the following: "How much do you agree or disagree with the following statement, 'I would recommend this community to others.'" A resident's satisfaction with his or her community and inclination to recommend it to

[19]See 10 U.S.C. § 2884(c).

[20]U.S. Department of Defense, Office of the Assistant Secretary of Defense for Sustainment, *Military Housing Privatization Initiative Program Evaluation Report Reporting Period: October 1, 2016–September 30, 2017* (May 2019). While the reporting period for this report was fiscal year 2017, with respect to reporting data on resident satisfaction, DOD reported information for calendar year 2017.

others may not be reflective of satisfaction with either the privatized housing unit or privatized housing in general.[21]

Residents are then provided the following response categories on a scale of five to zero: (5) strongly agree, (4) agree, (3) neither agree nor disagree, (2) disagree, (1) strongly disagree, and (0) not applicable, no opinion, don't know, or no answer. Through our analysis, we have identified variances in the methods that each of the military departments use to translate the residents' responses into the "yes," "no," or "don't know" categories. The variances in how the military departments calculate "yes," "no," or "don't know" resulted in inconsistencies in how resident satisfaction is ultimately reported to Congress. For example, for the fiscal year 2017 report, Navy and Army officials told us they counted responses reported in category 3 (neither agree nor disagree) as "don't know." For the same time period, however, Air Force officials told us they counted responses in category 3 (neither agree nor disagree) as "yes." If the Air Force had not counted category 3 as "yes," reported resident satisfaction rates would have been lower. For example, for one Air Force installation, if officials had not counted responses in category 3 as "yes," the resident satisfaction rate for newly constructed units would have been more than 20 percent lower than what was reported.

In our draft report, we also identified instances of errors and inaccuracies in how OSD calculates these data and reports on resident satisfaction to Congress. Specifically, we found missing data points and incorrect formulas, among other errors, in OSD's calculation of the data submitted by the military departments for OSD's fiscal year 2017 report to Congress. For example:

- The formula used by OSD to calculate overall resident satisfaction for the fiscal year 2017 report did not include data for several projects, including for four Army projects that, as of September 30, 2017, accounted for over 18 percent of the Army's total housing inventory.
- For one Air Force project, OSD reported identical resident satisfaction data for the fiscal year 2015, 2016, and 2017 reports, despite the fact

[21]A resident might recommend his or her community to others for factors other than the condition of his or her privatized housing unit such as proximity to base services, commute time, access to DOD schools, neighborhood amenities, childcare, safety, community support, affordability, and services provided by DOD's Exceptional Family Member Program. In 2019, according to the company that developed the annual satisfaction survey, the military departments' annual satisfaction survey added a question that asks residents how they would rate the satisfaction with the condition of their homes.

that Air Force officials had noted in their submissions to OSD that the resident satisfaction data were from the annual resident satisfaction survey conducted in December 2013.

In our draft report, we also found that presentation of data in OSD's report to Congress may be misleading because OSD did not explain the methodology it used to calculate the overall resident satisfaction percentage or include caveats to explain limitations to the data presented. Specifically, OSD did not include information on overall response rates to the annual satisfaction survey for each military department, nor did it include response rates by project. Low response rates can create the potential for bias in survey results. For example, in the report for fiscal year 2017, OSD reported that 25 percent of residents living in renovated housing units for one privatized housing project were satisfied with their housing, but we found that only four residents had provided responses to this question. Thus, only one resident reported being satisfied. In addition, we found that OSD did not provide an explanation in the report for why five projects were listed as "not applicable." According to OSD officials, this error was a quality control issue that they plan to address.

According to OSD officials, there are no plans for quality control in development at this time. The National Defense Authorization Act for Fiscal Year 2020 (fiscal year 2020 NDAA) includes a provision requiring each military installation to use the same satisfaction survey for tenants of military housing— including privatized military housing—the results of which are not to be shared with private partners until reviewed by DOD.[22] Until OSD makes changes to the data collection and calculation efforts that make up the department's report to Congress and provides explanations of the data in the reports, OSD will not be able to provide Congress with an accurate picture of resident satisfaction with privatized housing.

[22]Pub. L. No. 116-92, § 3058 (2019).

Military Housing Offices Have Not Effectively Communicated Their Role as a Resource for Servicemembers Experiencing Challenges with Privatized Housing

Military housing office officials, located at each installation, are available to provide resources to servicemembers experiencing challenges with their privatized housing, among other services. However, as we stated in our draft report, we found that these offices have not always clearly and systematically communicated this role to residents of privatized housing. The military housing office is to provide new residents with information on their local housing options, to include referral services for housing options. According to some military housing office officials, the military housing office then works with the private partner to identify the eligibility and type of home the servicemember qualifies for, if the resident chooses to live in privatized housing. According to some residents we spoke with in one of our focus groups, beyond this initial interaction, military housing office officials generally do not interact with residents on a regular basis. Additionally, residents who participated in our focus groups noted they were sometimes confused about the military housing offices' roles and responsibilities with regard to the maintenance of their home; there was a perception that the military housing office was not working independently of the partner in the residents' best interest; or they did not know the military housing office existed.

The military department oversight agencies have also found that the military departments have not clearly and systematically communicated their roles to residents, and resident confusion and a lack of awareness regarding the role of the military housing offices is an issue. In April 2019 the Air Force Inspector General reported that less than half of the residents interviewed used their military housing office to resolve complaints, and at some installations officials visited, many residents did not know the military housing office had an oversight role.[23] Similarly, in May 2019, the Army Inspector General reported to the Secretary of the Army that at 82 percent of Army installations with privatized housing, residents did not know how to escalate issues to either the private partner or the Army housing office.[24] Additionally, the Army Inspector General reported that installation command teams and staff cited multiple circumstances where military housing offices and tenant advocacy roles and responsibilities were unclear. Further, some military housing office officials with whom we spoke during our site visits acknowledged the gap

[23]U.S Air Force, Office of Inspector General, *Directed Inspection Report: Military Privatized Housing Health and Safety Complaint Resolution,* (Apr. 9, 2019)(U//FOUO).

[24]Department of the Army Inspector General, Department of the Army Inspector General Special Interest Item, *Assessment of the Residential Communities Initiatives (RCI)*(May 15, 2019). The 82 percent is based on 1,180 surveys collected by the Department of the Army Inspector General. Surveys were provided to 1,493 residents at 49 Army locations.

in resident awareness regarding the existence and purpose of the military housing office. Some military housing officials also noted that some residents are unaware of the difference between the military housing office and the private partner office, due in part to their physical co-location and unclear building signage.

Each military department has issued information that establishes that its housing offices can assist in the resident dispute resolution process. Specifically, if servicemembers are experiencing a dispute with a private partner, military department guidance establishes varying roles for their respective military housing office officials. For example, Army policy states that each installation should have an official tasked with supporting servicemembers regarding resident issues that cannot be resolved by the private property manager. This individual is also responsible for resolving every resident complaint and the military housing office, if required, can request mediation by the garrison commander.

OSD has recognized that the military departments' communication with residents about their role as a resource for them has been limited. In February 2019, the Assistant Secretary of Defense for Sustainment testified before Congress that a way forward in addressing resident concerns would require focus in three key areas: communication, engagement, and responsiveness. Some military housing office officials told us they have taken steps to increase resident awareness, such as increasing the advertising of the military housing office's role and contact information, conducting town hall meetings, and rebranding their military housing offices to differentiate them from the private partners. For example, a Marine Corps housing office official stated that the housing office established a document, which is distributed to residents by the private partner, informing residents of housing office contact information and the service's three-step dispute resolution process, but efforts have not been standardized across all projects. Moving forward, having plans in place to clearly and systematically communicate the difference between the military housing office and the private partners—including the military departments' roles, responsibilities, and military housing office locations and contact information—will better position the military departments to achieve the intended objectives of their initiatives aimed at improving residents' experience.

DOD and Private Partners Are Implementing Initiatives to Improve Privatized Housing, but May Face Challenges

OSD, the military departments, and the private partners have identified and begun collaborating on a series of initiatives aimed at improving residents' experiences with privatized housing, but as we state in our draft report currently with DOD for review and comment, these efforts face challenges. In addition, in the fiscal year 2020 NDAA, Congress established several requirements regarding privatized military housing reform.[25] Several of the statutory requirements provide specific provisions that DOD will need to incorporate into its development and implementation of existing MHPI initiatives, as well as additional requirements aimed at improving oversight of privatized housing.

In our draft report, we discuss several of these key initiatives, including the following.[26]

- **Development of a resident bill of rights.** DOD has been working to develop a resident bill of rights intended to provide clarity to residents on their rights and responsibilities while living in privatized military housing. The fiscal year 2020 NDAA includes specific requirements to be included in the bill of rights, for example, ensuring residents have the right to have their basic allowance housing payments segregated and held in escrow, with approval of a designated commander, and not used by the property owner, property manager, or landlord pending completion of the dispute resolution process.[27] In January 2020, DOD officials told us that they were in the process of updating their existing resident bill of rights to include these provisions. In February 2020, the Secretary of Defense signed the resident bill of rights, noting that the rights would be available to residents on May 1, 2020.
- **Implementation of a common (enterprise) dispute adjudication process that will apply to all projects.** The military departments and private partners have been working to develop a common dispute resolution process that would apply to all privatized housing projects. The fiscal year 2020 NDAA includes requirements reinforcing this initiative, specifically stating that the military department Secretary concerned shall implement a standardized formal dispute resolution

[25]Public Law No. 116-92 (2019).

[26]In addition to the provisions discussed in our draft report, the fiscal year 2020 NDAA included provisions related to other elements of MHPI, such as reporting of medical issues, use of non-disclosure agreements, and others.

[27]Pub. L. No. 116-92, § 3011(b).

process to ensure the prompt and fair resolution of disputes between landlords providing housing units and tenants residing in housing units concerning maintenance and repairs, damage claims, rental payments, move-out charges, and such other issues relating to housing units as the Secretary determines appropriate.[28] Additionally, the statute requires that each military department Secretary designate the installation or regional commander in charge of oversight of housing as the deciding authority under the dispute resolution process.[29]

- **Reviewing MHPI resident satisfaction data collection process and the process by which DOD measures and reports on resident satisfaction data.** According to OSD officials, the department is reviewing the process by which it measures and reports resident satisfaction data, and has plans to review the survey questions used to measure resident satisfaction. In line with these planned efforts, the fiscal year 2020 NDAA further requires that DOD's reports to Congress include additional information, such as the results of residence surveys and other factors related to the condition of privatized housing.[30]
- **Standardizing Performance Incentive Fee Ranges.** In October 2019, OSD issued new guidance standardizing the performance incentive fee ranges across the military departments.[31] The fiscal year 2020 NDAA requires that DOD publically report information regarding the use of performance incentive fees.[32] The statute also requires that DOD take into consideration any decision a commander renders in favor of the tenant in the formal dispute resolution process in determining whether to pay or withhold all or part of any incentive fees for which a private partner may otherwise be eligible under the contract.[33]

In addition to requirements impacting current DOD initiatives, the fiscal year 2020 NDAA included requirements for increased oversight of the

[28]Pub. L. No. 116-92, § 3022.

[29]Pub. L. No. 116-92, § 3022.

[30]Pub. L. No. 116-92, § 3016(d).

[31]Assistant Secretary of Defense for Sustainment Memorandum, *Common Incentive Fee Framework for Military Housing Privatization Initiative Projects* (Oct. 28, 2019).

[32]Pub. L. No. 116-92, § 3016(a).

[33]Pub. L. No. 116-92, § 3013(a).

physical condition of privatized housing. For example, the statute requires the Secretary of Defense to designate a Chief Housing Officer to oversee housing units, including the creation and standardization of policies and processes regarding housing units. The statute also requires the Secretary of Defense to establish a uniform code of basic standards for privatized military housing, as well as plans to conduct inspections and assessments of the condition of privatized homes.[34]

However, both DOD and private partner representatives have cited several challenges that could affect their ability to implement initiatives aimed at improving MHPI. Specifically:

- **Timeliness of implementation due to the need to collaborate with and obtain input and agreement from the large number of stakeholders involved in privatized housing.** According to DOD officials and private partner representatives, many of the initiatives designed to improve privatized housing not only require agreement between DOD and the private housing partners, but also discussion with and, in some cases, approval by the project bond holders.[35] Because DOD does not have the ability to unilaterally make changes to existing business agreements, this need for stakeholder agreement limits DOD's control over the implementation timeline of any initiative that requires changes to a project's business agreement.
- **The need for more military department staff with targeted expertise.** The military departments reduced their involvement in daily privatized military housing operations as part of the overall privatization effort, to include reducing staffing levels at the installations. Military housing office officials at over half of the installations we visited stated that reduced staffing levels impacted their ability to carry out oversight duties, such as work order data analysis and housing inspections. Each of the military departments has plans to increase the military housing office staffing at each installation to allow for enhanced oversight. In particular, according to military department officials, these positions will focus on quality control and quality assurance of the maintenance of privatized homes.
- **The potential for unintended negative financial impacts on the projects that could outweigh the intended benefits of the**

[34]Pub. L. No. 116-92, §§ 3012(a) and 3051, respectively.

[35]Privatized housing projects were generally financed through both private-sector financing and funds provided by the military departments. Projects obtained private-sector financing by obtaining bank loans and by issuing bonds.

initiatives. OSD officials and private partner representatives have expressed concern that some initiatives could result in unintended financial consequences for the housing projects. For example, increased frequency of change-of-occupancy inspections could result in homes remaining vacant longer than planned and therefore not collecting rent. This could unintentionally impact a project's cash flow. Some of the private partners noted that the financial impact of unfunded requirements to projects that are already experiencing financial distress could result in even fewer funds available to reinvest in improvements to the current and future physical condition of the homes.

Without assessing risks to the financial viability of the MHPI projects associated with the implementation of these initiatives aimed at improving privatized housing, DOD's efforts to improve the privatized housing program over the long term could be compromised.

In summary, as we state in our draft report, we found that while DOD and the private partners have taken steps to address concerns raised about their ability to adequately maintain and oversee the condition of these housing units and provide quality housing for servicemembers, the extent to which the efforts will be sustained and result in improvements remains unclear. Our draft report includes several recommendations to OSD to strengthen oversight of MHPI, such as updating oversight guidance and assessing the risks to the financial viability of housing projects. Our draft report also includes recommendations to the military departments to enhance monitoring of privatized housing projects, such as improving processes used for data collection; reviewing private partner performance; collecting and reporting resident satisfaction data; and communicating with residents.

Chairwoman Wasserman Schultz, Ranking Member Carter, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff members have any questions about this testimony, please contact Elizabeth A. Field, Director, Defense Capabilities and Management, at (202) 512-2775 or FieldE1@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

Individuals who made key contributions to this testimony include Kristy Williams (Assistant Director), Tida Reveley (Analyst in Charge), Austin

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Field.

Mr. Potochney, you are recognized for 3 minutes to summarize your remarks and your full statement will be entered into the record.

STATEMENT OF PETE POTOCHNEY

Mr. POTOCHNEY. Thank you, Chairman Wasserman Schultz, Ranking Member Carter, distinguished members of the committee. It is an honor to be here.

By way of introduction, I am Pete Potochney, Acting Assistant Secretary for Sustainment. I am filling that square since the end of November when Bob McMahon resigned.

Seated behind me are my service colleagues, the Assistant Secretaries for Energy, Installations, and Environment in the services who have cognizance over our housing, Alex Beehler, Lucian Niemeyer, and John Henderson right there.

While it is an honor to be here, the fact that this hearing and others like it are necessary is saddening. I do appreciate, though, the oversight that you are providing today and in the past and in the future, I am sure.

Providing quality housing to our families and members places where they want and choose to live is our highest priority, but we simply took our eye off the ball, but this isn't the first time. Congress authorized housing privatization in 1996. Then we had a $20 billion maintenance backlog. Seventy percent of our houses were inadequate by the services' own standards individually. And recapitalization at that rate was insufficient to prevent further degradation.

We asked Congress to authorize privatization, and the program was, by all accounts, a success for 20 years. We gained $32 billion in investment with only a $4 billion contribution on our part, and our housing dramatically improved. Privatization was, and I believe remains, the right thing to do.

But our success allowed us to start focusing on other mission areas. Personnel were cut, training eliminated. To be sure, our housing is in much better condition now than it was previously, but we obviously have much more to do to get us oust out of where we are right now.

It is important to note we no longer own these houses. That is the definition of privatization. And that allows us to tap private sector capital, the capital we didn't have ourselves to put in when we were in that backlog. So that is the struggle that we have right now. But I will—and they are not contracts, as many people say. These are ground leases generally. These deals are structured differently. The service took advantage of the authorities they have to structure what made the most sense for them, and the mission area is, frankly, their geography.

So we do have authorities and we are using them as they go forward. I would argue that it is sad we have to, again, have hearings like this but we are getting better and I believe that is true. I hope you will see it.

So, what are we doing now? We have, and you are hearing that we are improving communications, our transparency. We are instituting hotlines, using town halls. We are adding personnel, hun-

dreds literally. We have published our bill of rights and our tenant responsibility documents. We still have a few provisions in the bill of rights to go. The Secretary felt we didn't have the unilateral authority to deal with three of those, as you have heard ad nauseam today, but we will be working through those and you heard our privatization project owners or landlords sign up to that.

We are improving our inspections, and the NDAA gave us some authorities there. Our medical personnel are tracking issues related to lead and mold and the like.

Mold, for instance, is an interesting issue: significant, severe, no national standards, wrestling with that as well.

We are providing tracking systems for our work orders, or at least our partners are, our landlords. We are standardizing and improving our survey processes so that we have data-driven oversight, which my colleague in the GAO has spent a lot of good time on, and we value what her report says, and I mean that sincerely.

And of at least equal importance, and I would argue perhaps of most importance, we are focusing the leadership, the attention of our landlords, our installation commanders and their housing offices, as well as our units, to assist the residents in these houses ensure or achieve the rights that they have.

Finally, one last thing: We went after privatization and are maintaining privatization to obtain quality housing for our people, but that is quality housing over the long term, so the financial viabilities of these deals has to be maintained; otherwise, our landlords can't maintain houses to the standards that we want.

So those are the two issues that we are struggling with, is ensuring that they deliver and what they are getting paid for, frankly, through the rent that our members pay, but also making sure that those deals remain solvent for the long term.

So thank you, once again, and I do appreciate this committee's oversight.

[The prepared statement of Mr. Potochney follows:]

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BY THE COMMITTEE

Statement of

Mr. Peter J. Potochney

Acting Assistant Secretary Of Defense
(Sustainment)

Before the House Committee on Appropriation
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

on the

Military Housing Privatization Initiative

March 3, 2020

Introduction

I want to thank you Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguished members of the subcommittee. I am honored to appear before you this afternoon in my capacity as Acting Assistant Secretary of Defense for Sustainment to discuss the Military Housing Privatization Initiative and the Department's commitment to supporting the housing needs of Service members.

Since February 2019, the Department's focus has been, and continues to be, on corrective actions to enhance the Military Housing Privatization Initiative (MHPI) program, consistent with our commitment to ensure housing privatization projects provide safe, quality, well-maintained housing for military members and their families. Key within this is our effort to rebuild trust with our military families. The recently issued MHPI Tenant Bill of Rights and MHPI Tenant Responsibilities document are visible and important commitments in DoD's larger effort to regain resident trust. These represent a foundational step of our ongoing improvements to the Department's privatized housing program. In addition, the Secretary of Defense recently designated the Assistant Secretary of Defense for Sustainment as the Chief Housing Officer (CHO) to serve as the lead within the Department for overall housing privatization program oversight. The CHO's principal duties will include creation and standardization of policies and processes regarding privatized housing, and oversight of the administration of any Department-wide policies regarding privatized housing. The Military Departments will continue to execute oversight of their respective MHPI portfolios. We 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.

Military Housing Privatization Initiative Overview

The Department remains confident that housing privatization was the right thing to do, and with continued diligence from all, can return to the success enjoyed over the first 20 years of the program. Privatization has dramatically improved the quality of on-base housing and has provided mechanisms for the long-term investment necessary to maintain high quality affordable housing where our military members and their families want and choose to live. As we continue to identify and address challenges within the program, we must remember how we got here.

Prior to the establishment of the MHPI, the quality of housing on our U.S. installations was poor. We had a $20 billion maintenance backlog, which would take an estimated 30-plus years to address using traditional military construction and funding. The lack of quality housing was severely impacting Service member quality of life, creating recruitment and retention challenges and affecting readiness. These realizations contributed to the Department's conclusion that leveraging private sector expertise and funding would improve housing quality much faster than we could provide by maintaining this housing as DoD-owned.

This led to the enactment of the MHPI in the Fiscal Year (FY) 1996 National Defense Authorization Act (NDAA). Under this initiative, the Military Departments conveyed existing government family housing units on U.S. installations to competitively-selected entities (i.e., the

MHPI projects). Since most Service members have a choice between living on or off base, the projects would compete with housing in the local community, creating an incentive for the project owners to invest their own resources to maintain quality housing to attract and retain tenants.

At present, the MHPI consists of 79 family housing projects across approximately 150 installations. Combined, these projects cover over 200,000 housing units, or 99% of on-base housing available to families in the United States. These projects operate under long-term (~50-year) ground leases, generally with one additional 25-year option period, and associated legal agreements with a Military Department. In return, the MHPI projects own the housing and are responsible for operation, maintenance, construction, and replacement of the housing during the lease term.

It is important to note that the private MHPI partners operating these projects are not DoD or Military Department contractors. The MHPI projects are private business entities and our relationship with them is not governed by federal acquisition regulations. The Military Departments retain oversight and limited decision-making rights through the project legal agreements. The government cannot unilaterally change a project legal document. When changes are pursued, in addition to project owner consent, the project lender also retains approval rights to project legal document changes.

The Military Departments monitor the MHPI projects to ensure adherence to the terms of the project documents, as well as applicable legal and regulatory requirements, and to ensure project financial performance can sustain quality housing over the life of the ground lease term. To this end, Military Departments monitor housing occupancy and resident satisfaction, as well as revenue, operating expenses, operating budgets, and the overall financial health of each MHPI project, to include the project's sustainment and recapitalization funding as compared to pro forma expectations and project needs. Depending on the particular structure of a given project, Military Departments may also have approval authority for project budgets, certain major project expenditures, changes in property management companies, or other key project oversight decisions.

Military Housing Privatization Past/Current Progress

At present, 99 percent of the construction and renovation planned for the initial development period (IDP) of the individual MHPI projects has been completed, to include construction of nearly 80,000 new units and major renovations of more than 50,000 units. This represents more than $32 billion in total development achieved with less than $4 billion in government financial contributions as authorized under the MHPI authorities.

Since early last year, DoD has been working to address the concerns of our military families. We recognize and acknowledge that our oversight of the program had not been up to the standards established at the outset, including engagement at all levels throughout DoD. This oversight was the cornerstone of the success enjoyed over the first 20 years of the program. We believe that the reapplication/reconstitution of oversight will both restore trust with military families living in privatized housing and enhance the spirit of collaboration with

our private sector partners that is critical to ensuring the viability of the program well into the future. Our efforts are concentrated into the following key oversight areas:

1. Senior Leader Engagement
2. Rebuilding Trust
3. Accountability
4. Transparency and Communication
5. Financial Viability

The following summarizes DoD and Military Department actions completed or underway on each of these areas during the past 12 months:

1. Senior Leader Engagement: The success enjoyed by the MHPI program during the first 20 years allowed DoD personnel at all levels, from the installation through headquarters, to focus attention on core mission functions. While this approach was in line with the vision for privatization, it resulted in a delay in recognizing fundamental and systemic concerns expressed by a small but increasing minority of residents. Since early 2019 senior leadership within DoD has been actively engaged to resolve the immediate challenges as well as reform the oversight processes to ensure that these challenges are not repeated in the future. In addition, we acknowledged lapses in oversight throughout the chain of command during testimony before the Senate Armed Services Committee (February 2019) and House Armed Services Committee (April 2019). I pledge to continue the open dialog with Congress that we have already established.

Our office established and has led, since early 2019, a weekly MHPI Task Force meeting comprised of the Military Department Assistant Secretaries who oversee MHPI programs to identify, track, and implement MHPI corrective actions and enhance program oversight both in the short term and in the long term. We established, together with our Military Departments, a quarterly meeting with MHPI partners to maintain senior leadership engagement to collaboratively engage on housing issues and corrective actions. DoD also established a quarterly meeting of the Secretary of Defense, Service secretaries and chiefs and the senior leadership of the MHPI partners to report progress, resolve any significant impediments, and discuss potential opportunities to enhance the resident experience.

Our office is collaborating with the Office of the Under Secretary of Defense for Personnel and Readiness in a senior-level DoD working group to review the process for computing annual Basic Allowance for Housing rates. In addition, we are working with the Assistant Secretary of Defense for Health Affairs to ensure Military Department medical care procedures are adequate and responsive to military families' health concerns related to hazards such as mold, radon, and pests that are sometimes encountered in privatized homes.

The Chief Housing Officer (CHO) will maintain the enhanced level of DoD senior leader engagement with the MHPI partners by continuing to hold quarterly Tri-Service roundtable meetings and quarterly meetings with the senior leaders of the MHPI partners. We will promulgate and institutionalize the MHPI Task Force to facilitate condition-based meetings

focused on program metrics and the status of corrective actions to foster collaboration and drive consistent improvement across the program.

2. Rebuilding Trust: We acknowledge that significant concerns went unaddressed for an unacceptable period of time. Rebuilding trust with service members and their families will take time and we are committed to this effort. A significant element of rebuilding trust is in the establishment of an MHPI Tenant Bill of Rights as well as the MHPI Tenant Responsibilities documents. These documents will help provide consistency across the program for all residents, many of whom live on multiple installations during their career.

The Department's version of a Resident Bill of Rights included input from more than 190,000 then-current MHPI households, Congress, MHPI partners, and military and veteran support organizations. The DoD version of the Resident Bill of Rights was aspirational and we were actively working with the MHPI partners to develop implementing guidance. However, the enacted NDAA for Fiscal Year 2020 included significant modifications of, and additions to, the MHPI legal framework, which rendered the prior progress on the Resident Bill of Rights and Resident Responsibilities legally insufficient. Similarly, the Department was working with the MHPI partners on processes for dispute resolution and rent withholding, as well as a common lease framework that were superseded by detailed provisions in the NDAA.

The MHPI Tenant Bill of Rights has now been issued with a commitment to provide full benefits for 15 of the 18 rights outlined in the NDAA by May 1, 2020. With respect to the remaining three rights—access to maintenance history, process for dispute resolution, and withholding of rent until disputes are resolved—the Department will continue to work with the MHPI companies and, as necessary, Congress to ensure the benefits of these rights are fully available as quickly as possible.

3. Accountability: A key element of concern expressed throughout the past year is related to how MHPI partners as well as other direct stakeholders are held accountable for resident concerns. A common view is that contractors can be terminated and/or debarred for failing to deliver under contracts, so why can't MHPI partners be held to the same standard? The simple answer is that MHPI project owners are not government contractors; they are private business entities and our relationship with them is not governed by federal procurement regulations. However, DoD recognizes the need to bring greater accountability to the program not only with the MHPI partner staff at the projects, but also with stakeholders involved in DoD's project oversight at all levels.

As a result, DoD issued an incentive fee policy that established a common performance incentive fee framework across the MHPI project portfolio that the Military Departments are now implementing to ensure incentive fee metrics for individual projects reflect the importance of service work responsiveness and customer satisfaction. In addition, the MHPI Task Force developed MHPI program metrics for the Secretary's Weekly Priority Review, to ensure visibility and tracking of MHPI financial and resident satisfaction as measures of MHPI program performance.

In order to improve accountability at the MHPI projects, the Military Departments issued directives to each of the MHPI project owners to discontinue use of certain non-disclosure agreements that, in several cases, were used improperly to deter residents from reporting problems with substandard homes.

The Assistant Secretary of Defense for Sustainment directed the Military Departments to review each of their MHPI projects' business practices (e.g., the processing of maintenance records and other performance assessment-related data) for appearances of inappropriate handling of data that informs Military Department decisions regarding incentive fees payments and the need to take corrective measures to address individual project performance. These reviews performed by the Military Departments identified 15 cases of retaliation or concerns of potential retaliation, with some cases not fully resolved, by MHPI project company staff or installation personnel against privatized housing residents after they reported unsatisfactory housing conditions. In some instances MHPI property management employees faced disciplinary actions as appropriate. The Military Departments also directed audits of incentive fee awards at some MHPI projects. The audits did not indicate a systemic, widespread problem, but resulted in one MHPI partner terminating 17 employees for falsifying work order completion reports to collect higher performance incentive fees.

4. Transparency and Communication: Efforts to improve communication with residents and other stakeholders include my office conducting multiple resident town hall sessions, visiting six installations with tours of privatized housing, and holding multiple meetings with military and veterans support organizations, senior leader spouses, and the Military Family Readiness Council. The Military Departments also increased direct military family contact by also conducting resident town halls at each installation. The Service Secretaries and Chiefs directed installation leadership to contact 100 percent of residents to hear their concerns and conduct, or offer to conduct, home condition inspections. In addition, the Military Departments implemented 24-hour hotlines allowing MHPI residents to register issues or complaints regarding MHPI service received, or health concerns that may be related to MHPI housing.

A key failing of the oversight of MHPI housing was the lack of adequate government housing staff on installations. To address this shortfall, the Military Departments increased manpower authorizations in installation housing offices and accelerated the hiring of about 500 additional staff and advocate positions to augment oversight, quality assurance, and customer care services.

In order to improve communication and transparency with residents, and enhance program oversight of the handling of maintenance issues, the Military Departments directed MHPI partners to provide online and/or mobile app-enabled maintenance web portals, allowing residents to enter, monitor, and provide feedback on housing work orders. My office, in coordination with the Military Departments, continues to facilitate and participate in resident town hall meetings and listening sessions. Additionally, we continue regular communication with Congress, the MHPI partners, and military and veterans support organizations to ensure the Department's actions have the support of all of our stakeholders.

5. Financial Viability: A critical component of long-term success is the financial viability of the MHPI projects. The projects receive operational funding principally from the rent paid by the residents that choose to live in MHPI housing. The MHPI projects leveraged this income stream to achieve more than $32 billion in total development with less than $4 billion in government funding, as authorized under the MHPI authorities.

In 2015, the Department made a decision to reduce BAH by 1% per year over a 5-year period. The implementation of the out-of-pocket initiative negatively impacted MHPI projects because, unlike off-post private housing, the MHPI projects are prohibited from charging rent that exceeds the members BAH. The BAH reduction required MHPI projects to reduce ongoing operating expenses and/or reduce funding for the capital repair and replacement of the homes. To help mitigate the impact to MHPI projects, Congress directed DoD to make subsidy payments to MHPI projects beginning with the National Defense Authorization Act for Fiscal Year 2018, and increased the subsidy payment to 5 percent for Fiscal Year 2019. These subsidy payments are currently utilized to fund MHPI project expenses, including maintenance and repairs of homes to address resident concerns.

While the initial capital raised by the projects prioritized construction of nearly 80,000 new homes, and significant renovations of over 50,000, there were nearly 70,000 homes that received less substantial improvements. The funds available at the MHPI project, were carefully analyzed in relation to the condition of the homes at transfer to determine the optimal initial development scope for each project. The initial development scope addressed the near-term immediate requirements while ensuring the financial viability to meet the housing improvement requirements over the long-term. Beyond the initial development, any decisions made by the government as well as legislative changes to the ongoing operation of the MHPI project will directly impact the funds available for future renovation and replacement of the homes and/or the repayment of outstanding government loans. As such, legislative and policy changes with implications to MHPI project operations must be coordinated with the MHPI partner to assess the long-term financial implications. Depending on the outcome of the analysis, the proposed change will likely require lender consent prior to implementation.

Another financial oversight role for my office relates to government direct loans utilized by the projects to provide additional capital for development. Government direct loans are a tool used by the Military Departments to increase renovation and replacement of homes during the initial development period by leveraging future project cash flows in much the same manner as the third party loan. These loans made by the Treasury were subsidized by the Military Departments due to higher credit risk, typically subordinate to the third-party loan, and below market interest and repayment periods. Infrequently, but in certain circumstances, a project may be unable to sustain the direct loan under the original terms despite efforts by the Military Department and MHPI partner to implement corrective actions at the local level to improve a project's finances. My office, in coordination with the affected Military Department, will review and prepare a proposal for Office of Management and Budget approval to adjust the terms of the government direct loan in conjunction with MHPI partner concessions in order to restore long-term project viability and sustainment.

While significant progress has been made over the past year, we acknowledge that we still have more work to do to restore the trust of the residents. In addition, we recognize that the most critical element of these efforts is to sustain our focus on long-term project and program oversight. No public private partnership on the size and scale of MHPI can succeed over the long-term without encountering challenges along the way.

MHPI Provisions in National Defense Authorization Act for Fiscal Year 2020

As you are well aware, the FY 2020 NDAA includes significant reforms for the Military Housing Privatization Initiative. With 39 sections containing over 100 provisions, Congress has taken robust action on behalf of Service members and families living in privatized military housing. The Department thanks the congressional defense committees for their leadership in this area, as well as the opportunity to provide input to development of the bill. While DoD understands and appreciates the intent of the legislation, there are elements that create challenges and/or complications for implementation.

As previously mentioned, MHPI projects are not contracts governed by traditional federal acquisition regulations, but rather are complex, public-private partnerships that are captured in a variety of legal documents that constrain both parties. The Government does not have the legal authority to unilaterally change the terms of the deal. Congress recognized this condition in the FY 2020 NDAA by requiring the Secretary of Defense to seek agreement from the MHPI landlords (i.e., the MHPI project companies) to voluntarily agree to retroactive application of certain provisions to existing MHPI projects.

In addition to gaining consent from the MHPI partners, some changes to the projects require the approval of the projects' lenders and/or bondholder representatives. The MHPI project companies, not the MHPI partners, secure private sector debt. The MHPI projects' private sector debt is non-recourse to the Government, meaning that in the event of a project default the debtholders cannot seek recovery of the loan from the Government. The exception is the MHPI debt where the Government has provided a limited Government Loan Guarantee, currently in place at nine projects. However, there are specific criteria that must be met for those limited Government Loan Guarantees to be utilized. Therefore, structural changes that place risk on a project's cash flows are a concern to the lenders and bondholder representatives since they could impact the project's ability to pay its debt obligations.

The need to gain approvals from the MHPI projects' private-sector stakeholders combined with the Department striving to ensure a positive resident experience for Service members and families necessitates taking time to thoughtfully develop and implement the FY 2020 NDAA MHPI provisions.

Since enactment of the FY 2020 NDAA, DoD has been working with the MHPI partners to implement those items previously underway as well as address newly created items not previously contemplated. Many of the reform provisions in the FY 2020 NDAA were well under way prior to enactment. There are many details to work through to ensure compliance with the legislation in a manner that can be implemented with the agreement of both our MHPI partners as well as the projects' bondholder representatives. As a related issue, The Department is

concerned about the new financial requirements placed on the MHPI projects by the FY 2020 NDAA and will monitor their impact.

Conclusion

The Department of Defense understands that family is important and honors the sacrifice that Service members and their families make to serve our nation. The Department recognizes we have a moral obligation to military families to provide safe and quality housing, and we take that obligation seriously. We remain committed to the long-term success of the MHPI program, and will continue to remain diligent in our oversight to ensure delivery of quality housing for Service members and their families over the life of the projects. Bottom line, this includes a twin focus...striving to ensure our residents have a positive experience living in privatized housing, and working to ensure the long-term financial viability of the MHPI projects.

Thank you for the opportunity to testify on this critically important topic and for your continued support of Department of Defense's efforts to make sure that military families have safe, quality housing. Again, I look forward to continue to work with you 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.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Potochney. I have a lot of questions, but I will try to be succinct.

It is my impression that the Department is woefully undermanned to provide effective oversight of privatized military housing. You alluded to that.

Do you agree with that assessment?

Mr. POTOCHNEY. Ma'am, we are adding hundreds of people, yes?

Ms. WASSERMAN SCHULTZ. OK. And so you referenced that you are increasing personnel in offices, I assume, that are charged with oversight of the housing program?

Mr. POTOCHNEY. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. OK. Are there barriers to addressing that issue that Congress can be helpful with in terms of legislative authority or funding?

We gave you $140 million last year for privatization support costs and management costs. What are you doing with those resources?

Mr. POTOCHNEY. So, ma'am, I think we are spending money on hiring people. I think that, you know, we can talk about data, and we can talk about leadership and oversight, and you heard both today, right? You know, I recognize that we need work to do on our surveys, for instance, and GAO has eloquently pointed that out.

But the stories that you heard earlier today from residents, you don't really need data to figure out that there is a problem there, OK? And so that is where I am coming from is, as the leadership that we were—we kind of got away from, we need to reexercise, reexecute, and it is that attention that we have to do, and that is what I am here to tell you that we are trying to do, and the people behind me as well.

Ms. WASSERMAN SCHULTZ. Good. I certainly hope so.

DoD has provided periodic reports to Congress on the privatized housing program, but the report of results on resident satisfaction really have been misleading or unreliable. You know, Ms. Field referenced that, because there are issues in the military department's collection of the data and in OSD's calculation and explanation of the data. So how are we supposed to be able to evaluate and make decisions on the MHPI program with faulty data? Don't we have to be able to trust the information that you are giving us, or why would we have you report?

Mr. POTOCHNEY. Fair question. We have got a lot to do on data. In my view, at least——

Ms. WASSERMAN SCHULTZ. I mean, but was it fudged?

Mr. POTOCHNEY. No.

Ms. WASSERMAN SCHULTZ. I mean, there is really smart people at DoD. I mean, it is really difficult for me to absorb that—I mean, data is data, and I know it can be interpreted any way that somebody chooses to, to serve their interests, and I am not suggesting that the DoD or the military leadership had anyone else's interests in mind other than military families, but it is hard to understand how we could have not gotten accurate evaluation of data and misinformation.

Mr. POTOCHNEY. Once again, ma'am, fair question. But what I would argue is, well, we sure as hell didn't do a great job, but—and we are trying to do better, and I am the first one to admit that.

But were we managing these projects with that data, or are we allowing our privatization landlords, our project owners to manage their projects as they see fit since they own those houses? So we weren't using data to manage with. We are starting to collect it now, and, frankly, we got off to a pretty rocky start, at least in my view, and I think your comments underscore the fact that you and others in the GAO feel the same way. But we weren't managing with that data originally. We were looking—the whole privatization approach was to provide those housing through the private sector because that is what they do for a living—not us.

We are not the Department of Housing. So we—and, it, frankly, worked for quite a while. We kind of got off—took our eyes off that bubble. We worried about other mission things and functions. We are back there now, but, to answer your question directly, is we weren't managing with that data, but we are going to start working on it—

Ms. WASSERMAN SCHULTZ. Make no mistake: They took their eye off the ball too, and I asked them the question about how they could have gotten their job so wrong.

Mr. POTOCHNEY. Yes, ma'am. I think that is fair.

Ms. WASSERMAN SCHULTZ. Is the Office of the Secretary of Defense providing policy guidance or proposed changes? It was—the previous panel of private companies, one of them in particular, mentioned the BAH and the need for potential increase in the BAH, really, specifically, related to the variation in housing—he didn't mention this, but I want to ask you about the variation in housing costs by location.

I mean, we as Members of Congress, depending on where we live and, you know, the district that we represent, the cost of living is higher. So some of us get a little bit higher MRA than other members do to account for those costs.

In regions where housing costs are high, the BAH for junior servicemembers doesn't seem to be sufficient to afford their housing. That makes no sense.

Is there any effort or thought process to considering whether there is a location factor in the BAH?

Mr. POTOCHNEY. So, ma'am, our BAH is dependent upon surveys that are conducted locally, right, so the—and so that is—we peg our——

Ms. WASSERMAN SCHULTZ. Surveys that ask what?

Mr. POTOCHNEY. Oh, so, I don't—not my responsibility—it is in personnel and readiness, but I understand a fair amount about it—is they will survey a local area for housing that is available to our members, suitable housing, and they essentially average the cost of that, and that is what determines BAH rates, basic allowance for housing rates.

Ms. WASSERMAN SCHULTZ. OK. I mean, I would really suggest that, given that it is not your—in your job description——

Mr. POTOCHNEY. Oh, no. We have to pick up the pieces for it—excuse me—yes, ma'am.

Ms. WASSERMAN SCHULTZ. OK.

Mr. POTOCHNEY. I mean, yes.

Ms. WASSERMAN SCHULTZ. I mean, I think, really, you would have to go back—you have to go back and look at how you are cal-

culating it because, you know, as we have referenced the private all the way through this hearing, you know, on a private salary, in a more expensive location, without the proper evaluation of what true housing costs are in a community and a BAH to match, then it is really unfair because they have to pay the rent regardless, and then they don't necessarily have the resources to do that.

Mr. POTOCHNEY. OK.

Ms. WASSERMAN SCHULTZ. And then the companies also don't have the resources to make sure that, in the private market, they can generate enough capital.

Mr. POTOCHNEY. Right. So a couple things in it a regard. One is I think our surveys are pretty good for assessing what the cost of housing is in the local community. By the way, only 30 percent of our people are in privatized housing; 70 percent of them are with families around town. So they are absolutely dependent on basic allowance for housing.

But the other piece and what I heard—I listened to the earlier panels on TV—was—is the fluctuation in the BAH rate, and that makes it difficult because, again, the foundation of housing privatization was the access to private sector capital. And so, if BAH rates are fluctuating, then it makes it more difficult to project what their income stream is going to—is based on, and so that is what I thought I heard today, and I think we—that absolutely does bear scrutiny, yes, ma'am.

Ms. WASSERMAN SCHULTZ. OK. Thank you. My time is expired.

Judge Carter?

Mr. CARTER. When this all started out, I thought the soldier owned the house. He doesn't, does he?

Mr. POTOCHNEY. No. No, sir.

Mr. CARTER. So it is just a rental project.

Mr. POTOCHNEY. Yes, sir.

Mr. CARTER. Is there some kind of insurance to cover homeowners?

Mr. POTOCHNEY. Well, as I understand it, the tenants can take out renters insurance, and then the partners have their own insurance as well.

Mr. CARTER. But they do have insurance to cover this?

Mr. POTOCHNEY. I believe, yeah.

Mr. CARTER. Did you all build into your contract any penalties for failing to manage appropriately?

Mr. POTOCHNEY. So we have incentives to manage appropriately and incentives that you——

Mr. CARTER. As more money? And, if they don't, if you are getting bad reports that don't look like they are doing—make it look like they are doing a good job and they are putting the data in the reports, then they are getting a raise when they ought to probably be getting a cut?

Mr. POTOCHNEY. Right. Yes, sir. That could be. I think that the intent originally was to have these houses be competitive with the outside, so members would—we were hoping members would want to—want to live and choose to live on base. But if they chose not to, then they had an—the option of going off base, and they absolutely still do that.

But there is a—frankly, a special category. We are not—just the subject of this hearing isn't the housing out in town; it is the housing that we have on our base.

Mr. CARTER. Yeah, that is right.

Mr. POTOCHNEY. So it is essentially—it is a third class of housing. We have government-owned housing, primarily now over overseas; military housing privatization initiative housing, which is what we are talking about; and then plain old housing out in town.

Mr. CARTER. Thank you.

Ms. WASSERMAN SCHULTZ. Mr. Case?

Mr. CASE. Thank you. Were you able to listen to the prior testimony, sir?

Mr. POTOCHNEY. Sorry. I heard almost all of it. The last 15 or 20 minutes, we were lined up outside. So we didn't hear.

Mr. CASE. OK. I was just struck by the conclusion that the original contractual projections hadn't panned out and that R&M suffered for it. What do you think about that?

I asked about, OK, you have got your income stream, your BAH. The panel has actually said that their projections—their original projections were not sufficient for various reasons. Some had to do with BAH being reduced and/or stabilized. It wasn't growing at the 2 percent over time that they projected at the beginning of the contracts. In some cases, there was vacancy because perhaps a greater number of folks chose to live off base.

They had issues having to do—and then, on the expense side, the operations and administration costs were higher because of unanticipated disasters, and I just—and then I listened to really the underlying business requests, which were basically, "Let us get more capital into the projects in order for, you know, R&M," I hope, rather than, you know, operation, administration, and/or profit.

I mean, the whole idea here is sufficient reserve accounts to take care of R&M and not shortchange it, and yet I felt—and, yet, the conclusion that I was—that I kept on coming back to was that, because the contracts hadn't worked out as projected 10, 20 years later, R&M had suffered for it. Do you feel that?

Mr. POTOCHNEY. Sir, I don't see it—no. So, to—no, I don't, but I can't say—you know, there is 79 projects, right, and in a variety of areas spread across the United States, and so—and we have had—it is not just members perhaps choosing to live out in town as opposed to on base, but we have also had, in some cases, force structure reductions. So there is less people on that base, and so now, therefore, there is less of a tenant population. And so some of our projects are using what is called the waterfall chart to allow others, be it either civilians and others on our hierarchy to occupy those houses, to keep the cash flowing in these deals to ensure that we have quality housing.

But, to answer your question directly, you know, a 50-year deal is tough to project, but I think the pro formas are pretty good, but things have changed. Sometimes on our part, again, if there has been a force structure reduction or perhaps we are looking to have, say, a capitalization happen on a quicker scale, all right, than maybe the 20 years that perhaps was originally forecast and we would like it quicker because that is just what we do these days.

So that would change the nature of the deal, and so we would have to look at them.

But I think our members, our project owners went in with eyes open. This is what they do for a living, and we are trying to hold them to it, unless there are extraordinary circumstances. And then, because it is a partnership, frankly, we need to look at those deals.

Mr. CASE. Well, I mean, you know, 50 years is a long time to project, but, when you get out 50 years in a contract, and you tend to project a little more conservatively because there is more, you know, variables over a longer period of time, and so here is—you know, I don't—we can sit here and dwell all we—all the time we can about, you know, what was then and did it work out, and I think it is instructive to ask the question of whether, in fact, the R&M side is not getting sufficient attention because the financial projections are squeezing these companies.

However, I think it is probably more constructive to ask the question, OK, what do we do about it? Because the companies came in with some very concrete, you know, business projection-related suggestions, such as changing the—changing the deposits, how the deposits are leveraged, long- term debt provisions.

Are you engaged—and, by the way, the backdrop to that is I am also asking myself, well, do we bail them out if that is really what is going on? Is that our responsibility, or is that a risk that they assumed, so that it should really come out of their profits as opposed to, you know, us saying, "Well, OK, fine, you can create a little bit more of a risky capital infusion strategy than we held them to at the very beginning?"

So that is the context for my question, but my direct question is, do you feel that we should, in fact, change some of these requirements to allow them to invest further capital into their companies, and I would assume that would be for the very specific reason of freeing up much more money for a straightforward R&M?

Mr. POTOCHNEY. I think, on a case-by-case basis, yes, and I think the people sitting behind me are faced with that question and looking at each one of these deals individually to see where it is appropriate and where it is not, and sometimes it is an R&M issue, as you mentioned. At other times, it could be something else, like a hurricane or something that devastates the place.

Mr. CASE. OK. Thank you very much.

Ms. WASSERMAN SCHULTZ. Do you want her to answer the question?

Mr. CASE. Oh, I should have deferred to you as well.

Ms. FIELD. Thank you.

Just very briefly, we did issue a report back in 2018 on MHPI, looking particularly at the financial health of the project. One of our findings was that, while there was a pretty good system and process for looking at the health—financial health of the projects in the short term, there wasn't necessarily a good system in place for determining their financial viability over the long term. So we made a recommendation to the Department that they update their guidance to have a better system in place to do that. I believe that recommendation is still open. So we hope that the Department will implement it in short order.

Mr. CASE. Do I have time for a followup, or am I——

Ms. WASSERMAN SCHULTZ. Sure.

Mr. CASE. OK. A number of those companies said, quote/unquote, stabilize the BAH income stream. And I don't know whether that meant—I didn't have a chance to ask them—whether that meant increase it or it meant stabilize it.

What is your view of what the issue is here, and, if so, what is your view on what we should do? And I agree. I mean, it is hard to operate a business enterprise with an inconsistent and unpredictable income stream. That is why you are conservative about it if you are in a 50-year level, but, you know, what should we do to give them a fair, stabilized income stream that they actually can project out with?

Ms. FIELD. So, first, I want to acknowledge that we just initiated a new audit looking particularly at the BAH and how it is calculated. We would be happy to brief your staffs on that audit as we proceed with it.

I think the issue that a number of people have raised with the BAH is that, because of the way it is calculated, even if the percentage of overall rent and utility that it represents goes down, the actual number of BAH, depending on the location, can fluctuate widely. It can go way up. It go way down. It is not clear sometimes that the BAH really is the appropriate number for the locality that it is designated for.

So I think, you know, the first piece of thing that we need to do here is figure out exactly how it is calculated and why, and so that is what we are hoping to get out with our audit.

Mr. CASE. None of the contracts have a guaranteed minimum currently for BAH. They all float right at whatever the BAH is?

Ms. FIELD. I believe that is correct.

Mr. POTOCHNEY. From what I understand, is they project at, say, a 2 to 3 percent increase in BAH over the life of it. I don't—you know, we reduced BAH a few years ago by 5 percent, and so—but, again, I was talking with my hands earlier when I went like this. Sorry.

It is the fluctuations that I hear the project owners are concerned about because it is that cash flow that, even if it goes up, they are not necessarily—you know, economists like to have a nice steady growth. That is what they are looking for too, and, when it goes up and then goes down, it is kind of hard to plan.

Mr. CASE. Well, that is what the reserve account is for, so that—

Mr. POTOCHNEY. True, but, in the first place, though, why can't it be a little bit more gradually?

Mr. CASE. Thank you.

Ms. WASSERMAN SCHULTZ. As a person who talks with my hands, too, I feel your pain. Thank you.

Mr. Rutherford?

Mr. RUTHERFORD. Thank you, Madam Chair.

And if you mentioned this in your remarks, I am sorry, because I was in another meeting, but I would like to ask: The three omissions out of the tenant bill of rights, where is OSD on that, and why were they not included?

Mr. POTOCHNEY. So, getting back to what this is all about, the access to private capital, right, those three—the Secretary—Secretary of Defense deemed were—shouldn't be the subject of unilat-

eral action for us to just to do it by, you know, using the authority Congress gave us and just to do it by fiat, was to work with the privatization project owners, and that is what we are doing right now. You heard them today, and we would heard them as well say that they can accept, and we just need to work out the details, and that is exactly what we are doing.

Mr. RUTHERFORD. OK. So we can expect those three to be rolled pack in at some point?

Mr. POTOCHNEY. Absolutely. That is right.

Mr. RUTHERFORD. OK. And, Ms. Field, when you were talking about the study, the impact of the BAH, is—you are taking into account the force reduction issues and movements and that kind of thing that was talked about earlier, right?

Ms. FIELD. I think the two issues are related. So certainly we will look at how there is an interplay between the BAH calculation and how it fluctuates, as well as circumstances aside from the BAH that could have an impact on the financial health of the program, such as unforeseen events, like a severe weather event, or a reduction in force.

Mr. RUTHERFORD. OK. Do you see ways that the installation commanders can get more involved, or can you talk a little bit about that? They don't seem to be quite as able or engaged as I think they should be. What is GAO's position on that?

Ms. FIELD. So absolutely. That is a great point. We visited 10 installations as part of our audit, and one of the things that we observed at basically every location was that the military housing offices on the ground were, in part, understaffed. They all said they were overwhelmed. There were inconsistent oversight practices occurring; for example, only pulling just a very few number of work order records to analyze them, only visiting a few homes in annual compliance visits.

I do understand that the military departments have updated their guidance to ensure that commanders on the ground as well as their military housing offices are taking steps to strengthen their oversight. One of the recommendations included in our draft report, which, again, I hope the Department will concur with, is that the Office of the Secretary of Defense issue some guidance to the military department so that it is standardized across the board and so that it is clear that the expectation from the Office of the Secretary of Defense is that this oversight be strengthened and be sustained over the long term.

Mr. RUTHERFORD. Good. Good. And I want to appreciate the work the GAO did on looking at the matrices that these private providers are using because I think that is part of how we get to this place where things are so bad because the data that they are looking at tells them things are OK, and it is really not.

Ms. FIELD. Yes, and I think part of the problem here is that the data are not necessarily data that are maintained by the companies. They are also data that are collected and used by OSD, and some of the problems that we found had to do with data collected at that level.

We also found problems with the—you alluded to this earlier—problems with the metrics that are contained in the legal agreements that inform the performance incentive fees, which Judge

Carter mentioned. There are a lot of problems with those as well. So these are tricky problems that will take some time to be fixed.

Mr. RUTHERFORD. But we are working on those now?

Ms. FIELD. I believe the Department of Defense is working on them, yes.

Mr. POTOCHNEY. So let me get to that, sir. So yes to everything you said. The key—and I alluded to this before—was—is that we can have data to manage this overall, which we absolutely need, and we have to do a better job at it, but also, at the local level, at the base level, the installation commanders, as you have said, that is where—you know, those installation commanders, their housing offices, the units that those members are part of, need to make—we need to make sure that they are actively engaged in ensuring that our privatization project owners are doing what they are supposed to be doing.

Mr. RUTHERFORD. Agreed. I yield back.

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

Mr. Cartwright?

Mr. CARTWRIGHT. Thank you, Madam Chair, and thank both of our witnesses for being here. In particular, thank you to the GAO for jumping on this after the Reuters reports and after we were starting to make noise about it in this subcommittee. It is very, very helpful that the GAO has gotten involved.

I want to—the two subjects I want to cover are the tenants bill of rights that Mr. Rutherford was talking about, and also non-disclosure agreements.

First, the tenants bill of rights—I am sorry. I didn't fully catch the full discussion, but Mr. Rutherford was asking about three things that were left off the tenants bill of rights. What were those three things that you were talking about?

Mr. POTOCHNEY. I believe it was the 7-year maintenance history. It was the dispute resolution, and the rent withholding.

Mr. CARTWRIGHT. OK. Now, those were included in the NDAA language; were they not?

Mr. POTOCHNEY. Yes.

Mr. CARTWRIGHT. And the way you talked about them just now, it sounded like they were optional.

Mr. POTOCHNEY. No. I didn't say they were optionals. I didn't say they were optional, sir. What I said is the Secretary of Defense felt that they were not subject to unilateral action for us to do it immediately, and we are working with the partners to arrive at procedures that will allow us to fulfill those three provisions.

Mr. CARTWRIGHT. Well, when you—OK. Let's unpack that a little bit if you don't mind. When you say, "We are working with partners," you are talking about a tenants bill of rights. You are not talking about working with tenants; you are talking about working with the landlords, right?

Mr. POTOCHNEY. So, sir, if we——

Mr. CARTWRIGHT. It is a yes or no question.

Mr. POTOCHNEY. Well——

Mr. CARTWRIGHT. OK. Well, here is the thing. You are talking about how to implement these things with the landlords, and this is not a suggestion. It is not optional in the NDAA. It is mandatory on the Department of Defense to start implementing these things.

Mr. POTOCHNEY. Yes, sir.

Mr. CARTWRIGHT. So why would the landlords' opinions or desires or wants have anything to do with it? DoD has been instructed to include these things in the tenants bill of rights.

Mr. POTOCHNEY. Yes, sir, and we will. So here is—here is—the—we are doing it. We are working with our privatization partners for a process that will allow them to deliver on the commitment that is in this—in the tenant bill of rights because, if we were to post those right now and include those, we wouldn't have a means to fulfill that promise to our residents.

Mr. CARTWRIGHT. What is the timeline? What is the timeline?

Mr. POTOCHNEY. Well, I don't have one, but I think it is going to be pretty quick.

Mr. CARTWRIGHT. What is "pretty quick" for you, sir?

Mr. POTOCHNEY. Well, May 1.

Mr. CARTWRIGHT. May 1?

Mr. POTOCHNEY. But you are going to hold me to it; then, sir, all I can tell you is I am trying like—

Mr. CARTWRIGHT. That is what we get paid to do, oversight here.

Mr. POTOCHNEY. I understand.

Mr. CARTWRIGHT. All right. Let's move over to nondisclosure agreements. The way the NDAA works is that nondisclosure agreements are prohibited at the beginning of the lease. You can't just hand over an NDA and expect the new tenant to sign it. They are allowed if there is litigation and to wrap up litigation, and we have all seen that, and we get that. But where a dispute arises short of litigation, that is kind of a gray area, and I want to get your input on it, Mr. Potochney.

Do you see those as allowable?

Mr. POTOCHNEY. Only after the suit is filed, as I understand it.

Mr. CARTWRIGHT. Only after the suit is filed?

Mr. POTOCHNEY. I am not a lawyer, but that is what I understand it to be.

Mr. CARTWRIGHT. So, if it came to pass that a tenant who had raised a complaint but had not filed a suit or started a claim, a formal claim, a tenant raised the problem and was presented with an NDA, that would be a violation. Is that correct?

Mr. POTOCHNEY. I believe so.

Mr. CARTWRIGHT. All right. Do you want to weigh in on that, Director Field?

Ms. FIELD. I would just like——

Ms. WASSERMAN SCHULTZ. Mr. Cartwright has about 1 minute left.

Ms. FIELD. I would just note that, when we went to the 10 installations that we visited, we conducted focus groups with residents. The issues of NDAs did come up in a few of them, sometimes secondhand or thirdhand, but there was a concern about—

Mr. POTOCHNEY. Right.

Ms. FIELD. —the potential use of NDAs inappropriately. I do think that the military departments may have issued guidance on the use of NDAs recently, which would be a positive step if I am correct that that has happened.

Mr. CARTWRIGHT. Mr. Potochney, would you agree with me that a nondisclosure agreement in general could contribute to delay in

addressing housing problems in the private management companies?

Mr. POTOCHNEY. I guess, in some circumstances, they absolutely could.

Mr. CARTWRIGHT. Sure. Will you tolerate NDAs being required in nonlitigated matters of your servicemembers in the future?

Mr. POTOCHNEY. No.

Ms. WASSERMAN SCHULTZ. What was the——

Mr. POTOCHNEY. No.

Mr. CARTWRIGHT. That is the right answer. Let the record reflect the witness said no, and we are satisfied with that.

I yield back, Madam Chair.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Cartwright. Before we wrap up, Mr. Rutherford,—neither Mr. Rutherford, nor Judge Carter have an additional question.

Ms. Field, I just want to ask you a couple questions. A common failing across the services has been indifferent or nonexistent command involvement in housing management at the installation level, which Mr. Potochney has acknowledged here today.

What is GAO looking at in terms of the recommendations you are making to ensure installation commanders are informed, empowered to act, and motivated to intervene on behalf of military families? Because Colonel Gerber—I think it was Colonel Gerber in our first panel who talked about how busy the folks in the chain of command are, understandably so, and they don't have a ton of time to be worrying about the nitty-gritty of the housing challenges of their—you know, of their troops, and, you know, a private versus a colonel getting the attention of their, you know, supervisor, of the person in the chain of command above them and on up the chain, you know, is somewhere between slim and none.

So how do we deal with that?

Ms. FIELD. So I think the tone needs to come from the top, the very top, and that is why one of the recommendations in our draft report is that the Office of the Secretary of Defense and Mr. Potochney's office issues guidance to the military departments to ensure that their oversight and their expectations for the commanders on the ground is clear and robust. One of the things that we do at GAO routinely is follow up to see if our recommendations are being implemented and if they are being implemented well, and we will certainly do that in this case.

I think one other point I want to make is that, in the case of Army—I believe it was 2013—guidance was actually sent out saying that installation commanders should not perform physical inspections of homes. The tone at the top in that case was: This is not your problem; this is not your job.

So that is, I think, an important example of why we think strength and guidance is so important.

I should note that that decision has been since reversed.

Ms. WASSERMAN SCHULTZ. Oh, thankfully. OK. Good.

We haven't talked much about lead today, and I do want to ask you both about lead.

There are incoming tenants that are often presented with lead and mold addendums, and the manner in which these issues are presented and discussed prior to move-in is inconsistent across the

services. So that leads to confusion and the inability to make an informed decision.

Is DoD considering standardizing those lead and mold addendums, because it makes no sense to deal with them differently across the services?

Mr. POTOCHNEY. So I believe so, ma'am, and the reason why I am saying "I believe so" is the medical community within the Department is doing a lot on making our tracking and the information we are providing people to be consistent across the Department. So the medical piece of it, yes, they are on track. They are—

Ms. WASSERMAN SCHULTZ. I am talking about the addendums themselves.

Mr. POTOCHNEY. Well, what we are looking for then, as well, though, is something we do control here and the people behind me, is having a uniform lease and consistent policies across—

Ms. WASSERMAN SCHULTZ. But there is not one now?

Mr. POTOCHNEY. No, there isn't, and so we are working on that right now.

Ms. WASSERMAN SCHULTZ. OK. All right. I just wanted to make sure that I brought that out publicly.

And is there—I mean, given the risk of lead exposure associated with inadequate maintenance on housing built before 1978, is there a plan to phase out those properties or conduct full lead abatement as a more permanent remedy, and is that a recommendation of GAO?

Ms. FIELD. We have not made a recommendation related to phasing out properties, in part because that was outside of the scope of our audit, in part because that would have a financial impact on the project.

The one that I would make about lead, which I think is just as important as the legal addenda, is the issue of how we know where there are issues with lead or mold, and one of the things we wanted to do as part of our audit was figure out what the prevalence was of some of these hazards.

What we found is that the data that the partners maintained simply aren't reliable for doing that. So one of the recommendations in our draft report is that the Department set some standard expectations for the companies in terms of the data that they maintain.

Ms. WASSERMAN SCHULTZ. And is that being done, Mr. Potochney?

Mr. POTOCHNEY. I believe so, but I——

Ms. WASSERMAN SCHULTZ. Do you have a plan to phase out the properties or conduct a full lead abatement?

Mr. POTOCHNEY. Well, not phase out—so lead abatement procedures are something that everybody deals with, and they are subject to State and local provisions, as well as Federal. So, to the extent that lead is present but it is not a danger—and there is processes and procedures for determining that—I can take that one for the record what exactly they are——

Ms. WASSERMAN SCHULTZ. OK.

Mr. POTOCHNEY. You know, we are following those, and, if—but, if the lead presents any dangers, yeah, it has to be remediated, absolutely.

Ms. WASSERMAN SCHULTZ. Well, we just heard reports of lead paint just being painted over and other, you know, pretty horrific descriptions of how lead abatement has been dealt with, and so I don't really get the sense from the feedback that we have been getting and the documentation that has been made by Reuters and others that there is an appropriate lead abatement process in place, and, I mean, seems like a more permanent remedy than what is currently being utilized is essential.

Mr. POTOCHNEY. So I believe——

Ms. WASSERMAN SCHULTZ. Lead is extremely dangerous.

Mr. POTOCHNEY. Huge, absolutely. And asbestos as well.

Ms. WASSERMAN SCHULTZ. And the damage is irreversible in a human.

Mr. POTOCHNEY. That is right.

Mr. CARTER. Will the chair yield? That was a question I was going to ask.

Ms. WASSERMAN SCHULTZ. Yes, I would be happy to yield.

Mr. CARTER. You have got asbestos, too, don't you?

Ms. WASSERMAN SCHULTZ. Uh-huh. I bet they do.

Mr. POTOCHNEY. I am going to bet, in the old houses before 1977, I think it was, or whatever the year was, so absolutely. I would rather, if I could, take for the record something that we are specifically doing.

What I am going to tell you, though, is, with the exception of some stories like you may—like we heard this morning, you know, something—somebody didn't do their job, so I can't claim we are perfect, but I think we have pretty good processes in place, and I can provide those to you.

Ms. WASSERMAN SCHULTZ. OK. I don't mean what we heard this morning. I mean, there is pretty widespread complaints and concerns about the way lead is being handled and the fact that there are folks moving into homes where they are not adequately notified about the lead that was there. It is discovered while they are there after a lengthy experience which results in irreversible health damage to their family members. I mean, and that is—it is not an anecdotal thing. It is a well-documented thing, and so if you could answer for the record what your plans are to change the way you approach the lead that is in properties that you currently are responsible for or that have been taken over by privatized housing.

Mr. POTOCHNEY. Yes, ma'am. I will get back to you.

Ms. WASSERMAN SCHULTZ. Thank you.

OK. Any other members have any other questions? .

With that, I want to thank the witnesses. You all have a lot of work to do, and I appreciate your forthright responses, Mr. Potochney. That is refreshing and helpful because we can certainly move forward a lot more easily than if we were really in a tussle this afternoon.

So we are only at the beginning of our oversight role here. We plan to, as I said in all the panels, at the end of all the panels, when we prepare the chairwoman's mark, we fully intend to make sure that we inject some oversight, a lot of which will be from the GAO's recommendations, and we appreciate, Ms. Field, your work and the work of your colleagues because it helps us be able to make sure that we have a—you know, an in-tandem operation of over-

sight and implementation so that we don't just do this and keep spinning our wheels.

So, with that, the subcommittee is adjourned subject to the call of the chair, but we will meet tomorrow.

Our next hearing is tomorrow at 10:30 in the morning with the Secretary of the Department of Veterans Affairs.

We stand adjourned.

[Material submitted for inclusion in the record follows:]

RECORD VERSION

STATEMENT BY

HONORABLE ALEX A. BEEHLER
ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS, ENERGY AND ENVIRONMENT

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 116TH CONGRESS

ON HOUSING OVERSIGHT

MARCH 3, 2020

NOT FOR PUBLICATION UNTIL RELEASED BY THE COMMITTEE ON APPROPRIATIONS

Written Statement
Housing
3 March 2020

Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguished members of the Committee. Thank you for this opportunity to provide an update on actions taken by the Army since the intensive focus on Housing Operations and Oversight that began in February 2019.

Let me start by reiterating the Army's serious commitment to providing safe, quality, and affordable housing to our Soldiers and their Families. It is our responsibility to provide housing that not only satisfies code, but also our standards for quality. We are working closely with our Residential Communities Initiative (RCI) companies to implement the provisions of the recently enacted NDAA.

The Army considers housing its top Quality of Life priority. We undertook multiple actions in 2019 to address shortcomings, to include publishing a revised Portfolio Asset Management (PAM) Handbook that clarifies roles, responsibilities, and authorities for Military Housing Privatization Initiative (MHPI) oversight. We have also established the Army Housing Campaign Plan to provide oversight of policy and execution, and have appointed a 4-Star Commander (Commanding General, Army Materiel Command (AMC)) to provide operational oversight of Army privatized housing.

As an essential part of the PAM Handbook, the Army published the Housing Maintenance Quality Assurance & Environmental Hazard Oversight Program, comprised of a comprehensive checklist process for assessing home quality and environmental health and safety elements within Army housing. The Army has hired additional personnel to conduct quality assurance inspections of homes and increased oversight on property management activities throughout the Army's privatized housing portfolio. As a result of increased emphasis by the property managers on maintenance and our quality assurance teams, the current work order satisfaction rating is 93% for good or better ratings with a 7% below average rating. While life, health and safety work orders initially increased in volume last summer, they have stabilized. Moreover there has been a reduction in those work orders that remain open more than 24 hours, indicating an improved response and completion time.

Written Statement
Housing
3 March 2020

All seven RCI companies have agreed to the Army's revised incentive fee plans that include metrics linking improved work order response times, quality of work, and increased resident satisfaction with incentive fee awards and allow us to withhold or reduce incentive fees for substandard performance. The approval of incentive fee plans and incentive fee awards is now the purview of the Commanding General, AMC. This new incentive performance-management plan has become the standard within DoD.

We have participated in quarterly OSD tri-service CEO meetings and host semi-annual Senior Executive meetings at the Army level to address development and financial plans. In addition, the Commanding General, AMC now conducts monthly execution reviews with private company executives. While we have a ways to go, we have made great strides. We have reduced the number of families dislocated from their homes as we make necessary repairs and improve the condition of our housing. Only 0.12% of our residents remain displaced as of 10 February 2020. We have implemented an Army Housing Environmental Health Registry to facilitate families' access to the environmental assessments conducted on Army installation family housing and to assist them in seeking medical care for housing-related illness or concerns. The Army's Office of the Surgeon General (OTSG) published two policies, clarifying Army Medicine's role in the identification, tracking, reporting, and management of beneficiaries with health concerns associated with environmental health hazards in housing. The Army has published its habitability policy and has worked with the RCI companies as they developed the RCI Company Minimum Standard Resident Displacement Guidelines, which standardizes the criteria and processes regarding triggers for dislocation, reimbursement for displaced resident expenses, and the standard of care to be exercised regarding displaced residents' personal property. These dislocation guidelines will be incorporated into each project's Standard Operating Procedures, and we expect it to serve as the model for all DoD privatized housing.

Over the last ten months, we identified flaws in our governance structure. We have empowered the chain of command as part of the solution, bringing uniformed leadership back into the processes to resolve issues for Soldiers and communities. We initiated

commander driven town halls to give our Soldiers and their families a forum to address their issues and find a way forward. The town hall initiative was so successful that we expanded the forum to cover all Quality of Life concerns.

We are also equally concerned and committed to improving barracks and Army-owned housing. We continue to eliminate inadequate family and unaccompanied housing through new construction, replacement and improvement projects and divestiture of excess or substandard inventory. In the last two fiscal years, the Army has invested $1.1 billion in barracks' sustainment. Fiscal Year 2020 projects for new barracks will total $ 482 million in Restoration and Modernization and Military Construction.

Historic homes continue to be a disproportionate drain on available maintenance resources in both the RCI and Army-owned housing. The Army and the RCI companies both understand the significance and importance of maintaining some historic housing. The cost to maintain a historic home is approximately 25% higher than a non-historic home due to the prevalence of lead-based paint, asbestos, and difficulties associated with achieving energy efficiency in historic housing. The Army is currently engaged in consultation with the Advisory Council on Historic Preservation for a programmatic nation-wide compliance solution to our largest category of historic housing, Inter-War Era housing built between 1919 through 1940. The plan will improve safety and quality of life for families by allowing modernization of interiors, reduce health risks by allowing complete replacement of lead-based paint containing historic elements, and reduce costs by allowing replacement of costly historic materials with modern industry standard materials that imitate the historic elements.

In closing, the Army is resolved in our commitment to providing safe, quality, and affordable housing to our Soldiers and their families. We will continue to work closely with our residents, garrison commands, and our seven RCI companies to ensure we provide our Soldiers and their families the quality housing they should expect and which they deserve.

United States Air Force

Presentation

Before the House Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs, & Related Agencies.

Military Privatized Housing Hearing

Witness Statement of

The Honorable John W. Henderson
Assistant Secretary of the Air Force,
Installations, Environment and Energy

March 3, 2020

Introduction

The United States Air Force builds, operates, and maintains installations that are the foundation for generating combat power and serving as power projection platforms supporting multi-domain joint warfighting operations. Our installations must also provide safe and healthy communities for our Airmen and their families. We share the concerns of our Airmen families and this Committee that we have not always met these objectives, particularly in privatized military family housing. Air Force leaders take these challenges seriously and are taking substantive actions to address these concerns by collectively making meaningful, enduring changes to our privatized military housing program. We want to thank the members of this Subcommittee for your leadership in supporting our Airmen and their families.

Background

The Air Force provides 71,200 family housing units worldwide for use by our Airmen, other Service members, and their families. In 1996, Congress passed the Military Housing Privatization Initiative, giving the Services the authority to enter into agreements with the private sector to improve housing for service members and their families. Since then, across the United States, the Air Force has privatized more than 53,000 homes, capitalizing on private sector funding and expertise to update and modernize family housing on our bases. In the first 16 years, the Air Force completed 32 projects that privatized housing at 63 installations. We invested $619 million in Air Force-scored costs to obtain $8.3 billion in total privatized project development. Through these private partnerships, project owners renovated 12,595 homes and constructed an additional 22,613 homes. Of the 32 projects, 29 are now complete (47,332 homes) and three are still in development (5,905 homes).

We are now 22 years into this program. Concerns expressed by our Airmen and their families, combined with the results of our commander-led 100% review of the Air Force's housing inventory, have clearly identified challenges and the need to improve. For the first several years, we focused on project closure and construction. Over the last few years, our focus has been on oversight of the long-term project health and sustainment of these projects. While privatization has significantly improved the overall housing quality, some privatized housing project owners have not met our expectations and we did not engage as quickly as we should have. We are

working diligently to address these issues to ensure all Airmen and their families have safe and healthy homes.

Resident Concerns

Our Airmen and their families want to know their rights, want a voice in the process, and want to know that they have an advocate when issues arise. Our Airmen want the ability to raise concerns without the fear of reprisal and have problems corrected promptly by skilled and professional maintenance staff. Our Airmen want more proactive engagement from the chain of command, more support from our military housing offices, increased visibility on the status of their work requests, simplified move-in and move-out procedures, and standardized dispute resolution processes.

We are committed to rebuilding the trust between our residents, the housing management teams, and Air Force leadership in order to improve the overall experience for our Airmen and families who choose to live in privatized military housing. The Air Force has taken several actions to achieve these objectives which are summarized throughout the rest of this statement.

Wing Commander Health and Safety Review

The health and safety of our Airmen and their families is a leadership imperative. The Air Force conducted a 100 percent review of the health and safety conditions in our military housing. After that review, we started an aggressive program to correct the deficiencies. The data reported through February 1, 2020 included responses from 56,689 military residents of government-owned, government-controlled, and privatized housing out of a total of 57,553 military residents. Of those, 45,284 responses were from privatized housing residents.

The results showed that 14.3 percent of the respondents reported a life, health, or safety concern with their homes. This percentage was lower in government-owned and leased homes, where 7.8 percent of military residents expressed concerns vice 15.9 percent for privatized housing. Common resident concerns included mold and moisture, lead-based paint, insects, or rodents.

During the review, Air Force leaders were invited to visit 11,534 homes. We found 3,164 had mold and moisture issues (3,162 have been resolved with 2 still being worked), 473 had

chipped or flaking paint (all have been resolved), and 1,637 had evidence of vermin (all have been resolved).

In addition to the resolution of more than 99 percent of these identified issues, we have changed our policies and procedures across the portfolio, implementing new systems to better identify, then quickly resolve, future issues.

Air Force Inspector General Review

The Air Force Inspector General conducted a review of the Military Housing Privatization Program to identify best practices and make recommendations for improvement. The Inspector General published their report on April 9, 2019, identifying 35 recommended improvement areas. The Air Force has incorporated all 35 of these improvement areas into our Military Housing Privatization Initiative Improvement Program, and the Inspector General has started their second round of follow up inspections to assess whether implementation at our bases is progressing as intended.

Military Housing Privatization Initiative Improvement Program

In April 2019, the Air Force initiated a Military Housing Privatization Initiative Improvement Program along five lines of effort: empower residents, integrate and empower leadership, improve communications, improve oversight, and standardize policies. These initiatives, which include the 35 Inspector General recommendations, have resulted in a 51-item action plan that the Air Force leadership tracks on a weekly basis. To date, we have completed 26 of these 51 action items. We will complete an additional 21 this calendar year, with anticipated completion of the final four action items by March 2021.

Empowering Residents

We have worked with advocacy groups, Congress, our sister Services and project owners to implement a Tenant Bill of Rights and Tenant Responsibilities document to ensure all residents understand their rights and responsibilities and understand their options when not receiving the quality homes they deserve. We are working diligently with the project owners to ensure the documents incorporate the provisions of the NDAA and are enforceable within the scope of the projects. We should be able to share these with our privatized housing residents

soon while we continue to work with the project owners to ensure residents can exercise all their rights over the coming months.

We established a toll free Air Force housing call center in March 2019. The call center went to 24/7 operations in May 2019. As of February 1, 2020 the call center has received 60 calls from residents; the Air Force has resolved all but 1 issue which we are currently working.

In advance of the Tenant Bill of Rights and consistent with the NDAA provisions, we have been working with our project owners to ensure residents can submit work orders electronically and can view the status of their work order requests. As of February 1, 2020, residents at 61 of 63 installations can submit work orders electronically. Additionally, residents at 60 of our 63 installations can view the current status of their work order requests on-line. We are working with our other project owners to provide those capabilities at the remaining sites. Additionally, we are revising our housing policies to require clear identification of the Military Housing Office staff, designation of private areas for housing office consults, and establishment of Resident Councils. The Air Force has already implemented the distinct identification of Military Housing Office Staff and private areas for housing office consults ahead of the formal policy change.

Perhaps most significantly, we have added funding for a Resident Advocate position at installations with more than 100 housing units. These Resident Advocates will assist our military residents with disputes, and connect them to the proper resources including Exceptional Family Member Programs, and will communicate their needs to the installation leadership team. We classified the positions last month and installations are now hiring their Resident Advocates.

Integrated Leadership

The Air Force issued a letter to all Commanders in April 2019, reemphasizing the commander responsibilities within the privatized housing program. This letter clarified expectations of Installation Commanders, the Air Force Civil Engineer Center, and project owners, stressing their role in the health and safety of our members. During the initial development phase of the projects, we told installation commanders that because these were business agreements and not command contracts, any modifications required higher-level review. We did not do a good job of explaining how their responsibility to care for their Airmen and their families fit into the housing privatization process. Commanders now understand they

have an important role to play in the oversight of these projects and feel empowered to perform that role.

Additionally, the Air Force has been working with our project owners and sister Services to revise the incentive fee structure to provide a greater voice to Installation Commanders. The Air Force is negotiating the specifics of the revised incentive fee structure and metrics with its project owners.

Improved Communications

The Air Force and our sister Services have been revising the annual resident satisfaction survey to ensure we are asking the right questions and the results and data are presented in a manner to help identify issues that may be masked by the volume of data. Effective this year, the Air Force will contract for the third party survey services, which will allow the Air Force to have greater visibility into the survey process and results.

Government housing offices are now required to have clearly identified private areas for conversations between residents and military housing offices or resident advocates to improve communications outside of the privatized partner spaces.

Finally, the Air Force has implemented Wing-led Resident Councils. Under this arrangement, residents have the opportunity to express concerns directly to the Wing Commanders and project owner leadership.

Improved Oversight

The Air Force has authorized over-hires in the Military Housing Offices to provide for additional inspections at those bases where we have had the most privatized housing challenges. In our FY20 budget, we added 147 permanent positions to our Military Housing Offices to provide additional oversight of the privatized housing portfolio. These positions are now on the installation's unit manning documents and they are hiring the permanent personnel at this time. This will provide 100 percent tenant and Military Housing Office participation in the pre-move inspection of the housing units prior to leasing, 100 percent review of all health and safety work order requests, and increased reviews of urgent work order requests. Additionally, consistent with the FY2020 NDAA, our project owners have provided our Military Housing Offices and Air Force Civil Engineer Center personnel access to their maintenance work order systems.

Standardized Policy

In June 2019, the Air Force established a reporting system and issued guidance to capture and collect Airmen's housing-related medical concerns. This policy ensures resident medical concerns are documented, residents are referred to medical providers, and specific concerns are referred to the appropriate offices for resolution.

The Air Force is revising its housing policies to clarify roles and responsibilities of the Air Force Military Housing Office personnel, project owner personnel, and Resident Advocates. As directed in the FY2020 NDAA, the Air Force suspended its utility allowance program until such time that the project owners can certify that their homes meet the requirements of the NDAA to re-instate the program.

Maintenance Data Integrity

The Air Force has identified anomalies with maintenance data at 10 Air Force bases. The Air Force instructed all project owners with data integrity issues to conduct an independent third-party audit of their maintenance programs, assess their higher level oversight and quality control, identify specific actions the project owners will take to remedy any deficiencies, ensure their maintenance and work order processes are accomplished in accordance with all Air Force requirements, and make required adjustments to current and past performance incentive fee payments. Additionally, the Air Force is currently withholding all property management performance incentive fee payments to projects with alleged or observed maintenance order discrepancies and will make adjustments, as appropriate, to future property management performance incentive fee payments upon analysis of that data.

In all instances where the Air Force suspects there may have been project owner fraud, or any other action that may be illegal, we immediately notify the AF Office of Special Investigations (AFOSI) and the Department of Justice. The Air Force takes all allegations of fraud seriously. There is no room on the Air Force team for anyone who does not share our core values of integrity, service, and excellence.

Mold and Performance Issues: Tinker, Keesler, MacDill and Randolph Air Force Bases

Mold is a challenge in perennial high-humidity climates. Even the best facility designs cannot entirely eliminate mold. Residents living in areas susceptible to mold growth are provided a mold addendum to their tenant leases, which recommends specific measures they can take to prevent mold growth. Facility design, construction, and maintenance are also key to controlling moisture and mold. We have identified four installations where facility design, construction, or materials are a key contributor to moisture and mold growth: Tinker Air Force Base, OK; Keesler Air Force Base, MS; MacDill Air Force Base, FL; and Randolph Air Force Base, TX. We have invested more than $25M above normal maintenance and sustainment funds at these four bases to specifically address the infrastructure issues which are the root cause of mold challenges. Additional detail for each of these bases is provided in the following paragraphs.

At Tinker Air Force Base, Balfour Beatty Communities experienced significant problems with mold. These problems were largely the result of manufacturing defects in the new water lines installed in 398 homes and the buildup of moisture in the mechanical rooms of roughly 200 homes. To fix these water line problems, the Air Force approved $6.1M in project funds to replace the defective water lines. Those repairs were completed in May 2019. To remedy the problem with the mechanical rooms, the Air Force required Balfour Beatty Communities to obtain the services of a mechanical engineer to assess, determine the root cause, and make the required repairs. In the interim to that design, Balfour Beatty Communities was required to treat mold growth in the mechanical rooms. Balfour Beatty has developed a pilot project for mechanical rooms and is assessing its performance prior to implementation across the portfolio. The Air Force also placed two Resident Construction Managers with mold remediation training and experience at Tinker to provide oversight of maintenance and repair activities associated with an Air Force-directed Corrective Action Plan.

An Air Force investigation of a fire in a duplex unit at Tinker in July of 2019 resulted in the discovery of a fire code violation in the construction of the unit's fire wall. As a result, the Air Force required Balfour Beatty Communities to inspect all of its duplex units at Tinker Air Force Base with the Air Force Civil Engineer Center Resident Construction Manager oversight. This inspection identified the need for some level of repair to the firewalls of all of these duplex units. Those firewall repairs were completed in December 2019.

In September 2019, an oversight visit by the local Military Housing Office at Tinker also found a flooring subcontractor hired by Balfour Beatty Communities was disturbing and removing

asbestos containing materials without using the proper protocols. Balfour Beatty Communities immediately halted the work and performed the required air sampling and cleanup work of these 20 units. Fortunately, no residents were exposed to harmful asbestos.

Because of the extent and severity of the problems with Balfour Beatty Communities, particularly at Tinker Air Force Base, the Air Force required Balfour Beatty Communities to submit a comprehensive Performance Improvement Plan with milestones and schedules, to remedy all of its construction, maintenance, repair, management, and oversight performance deficiencies for Air Force approval by the end of the 2019 calendar year. Balfour Beatty submitted its plan in a timely manner, the Air Force has reviewed this plan, and is currently working with Balfour Beatty Communities on a few required changes and the plan's implementation.

At Keesler Air Force Base, which is a part of the Southern Group housing privatization project, poor workmanship in both the air conditioning systems and the building envelope caused mold growth in homes constructed by the Air Force after Hurricane Katrina and subsequently privatized. In 2015, the Air Force required the project owner, Hunt Military Communities, to commit to a $6.4 million moisture remediation plan. While Hunt Military Communities has made progress in remedying the causes of moisture and mold at Keesler, the Air Force is not satisfied with the level of disruption that the repair work has caused to residents. The Air Force Civil Engineer Center is currently working with Hunt Military Communities to revise its moisture remediation plan.

At MacDill Air Force Base, Clark Realty has experienced systemic moisture issues due to breaches or a lack of vapor barriers in 241 housing units constructed by the Air Force prior to privatization. Since 2017, Clark Realty has treated the mold and completed $4.7 million in repair projects to correct the underlying causes of systemic moisture issues in 294 homes. An additional 68 homes are scheduled for repair with work to be completed in 2022 at a cost of $6.8 million. Unfortunately, the MacDill Project Owner work quality has been poor. The Air Force put the Project Owner on a Corrective Action Plan to address the work quality issues.

At Randolph Air Force Base, Hunt Military Communities has experienced systemic moisture issues due to building envelope issues with historic homes that were not originally built to accommodate air conditioning. To remedy this, Hunt developed a pilot project at 10 units to provide additional dehumidification and correct moisture intrusion. Based on the success of that pilot project, the Air Force approved expenditure of $4.9 million in project funds to conduct those

repairs to 296 additional units over the next 30 months. The project owner has also had work quality issues in these units and poor communications with the residents. The Air Force has placed Randolph on a corrective action plan to address these quality and communication issues.

At all four installations, Tinker, Keesler, MacDill and Randolph Air Force Bases, military families who experienced problems with mold have been relocated, where warranted, to temporary quarters, at project expense, while remediation work was accomplished.

These corrective actions, while setting a path toward remedying problems with mold, have not always been accomplished as quickly as we would have expected, and there have been instances where the project owners' responses lacked an appropriate sense of urgency, diligence, stewardship, and management oversight. Air Force leadership is engaged and taking necessary actions to hold project owners accountable for these deficiencies. Additionally, the Air Force has placed additional oversight resources at these four installations to assist in the work to improve the quality of housing provided to our military families.

Government Owned Housing

The President's FY21 Budget Request seeks $414 million for construction and operations and maintenance (O&M) of our government owned housing inventory. These funds will support our continued focus on eliminating inadequate housing from our inventory and correcting health and safety deficiencies.

As with our privatized housing effort, the Air Force is thoroughly committed to ensuring both Airmen and their families have access to safe and healthy government owned housing. Over the past year, we have prioritized addressing existing and potential health and safety concerns in our housing inventory. Deliberate inspections of our housing inventory have led us to identify areas of improvement in oversight and management. Air Force leadership is fully engaged in oversight of government owned housing at the base level, and we will continue to ensure leaders have the management controls and resources necessary to effectively manage their housing portfolios.

The government owned housing construction request of $97 million will fund $94 million of family housing unit upgrades at Kadena Air Base, Japan and $3 million of planning studies and design for future construction projects. Our housing operations and maintenance request of $317 million will fund efforts to sustain, improve and modernize our government-owned inventory of

approximately 15,200 family housing units while providing enhanced oversight of over 53,000 privatized homes. Combined, these funds will ensure we continue to support the housing needs of service members and their families that reside on Air Force installations.

We are equally committed to ensuring unaccompanied Airmen are provided quality housing on our dormitory campuses. Posts on social media outlets led to the subsequent analysis of dormitories at installations prone to mold. These assessments identified the need to re-emphasize the roles and responsibilities of commanders to protect the health and safety of unaccompanied Airmen. Commanders are responsible for enforcing inspection criteria to identify and report conditions which require maintenance and to maintain an adequately resourced maintenance and repair program to effectively address these requirements. Our investment strategy for dormitories focuses on restoration and modernization of these facilities, using O&M funds, in their existing facility configurations. This strategy will ensure we continue to meet the Department of Defense facility condition standards for permanent party unaccompanied Service member dormitory rooms while reducing the requirement to recapitalize facilities through MILCON.

Conclusion

The Air Force is committed to providing safe and habitable housing to our Airmen, other Service members, and their families. In privatized housing, we cut housing manpower too much, limited our oversight, and focused on the program-wide success at the cost of individual service member families. We did not provide some families with avenues for help when they had problems. We let these families down and, as a result, lost their faith. All levels of leadership now have housing, both privatized and government-owned, on their top list of priorities. We are taking on these challenges as operational imperatives. While a majority of our Airmen are satisfied with their housing, we have some privatized housing project owners who are not meeting expectations. We are addressing all identified housing issues and taking steps to ensure our Airmen and their families can quickly and fairly resolve any housing issues as they occur, with assistance and support, as required. We look forward to working with you as we implement the full range of our Military Housing Privatization Initiative Improvement Program.

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RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, and RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS

STATEMENT OF

THE HONORABLE LUCIAN NIEMEYER

ACTING ASSISTANT SECRETARY OF NAVY
(ENERGY, INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

HOUSE SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

MARCH 3, 2020

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VETERANS AFFAIRS, and RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS

Good morning Chairwoman Wasserman Shultz, Ranking Member Carter and distinguished members of the Subcommittee. Thank you for the opportunity to discuss the programs and policies within the Department of the Navy's housing program. Over the last year, the DON focused on three areas: restoring resident trust, reestablishing active and engaged leadership on this issue, and reinforcing DON oversight. We have made substantial progress to ensure our housing privatization initiatives provide safe, secure, quality housing for our military members and their families; we know this is a key part of their quality of life, which allows us to recruit and maintain the most powerful Navy in the world. We also know that our tenants are our first line of quality assurance for work performed by the seven companies we have agreements with to maintain our housing inventory.

The Department of the Navy currently owns, operates or leases 10,500 residences predominantly overseas, while the remaining 62,713 family homes are privatized. Our PPV projects are currently financially stable, and our business agreements with each of our partners allow us direct access to applicable PPV databases to monitor work. While we continue to see high occupancy rates averaging over 94% for our privatized housing, we have more work to ensure service members and their families are provided quality service. We are also working to implement the intent of Congress in the Military Housing Privatization Reform, the most substantial overhaul of the Public Private Venture (PPV) initiatives since authorizing the concept in 1996.

Restoring Resident Trust

The DoN has tangible initiatives in place to restore resident trust of residents. We are hiring additional advocates for housing offices administrative support, home inspections, and maintenance to increase responsiveness and performance. To date, we have hired 101 new

personnel out of the 297 new billets and are on track to complete all hiring actions by the end of the fiscal year.

Recognizing this issue is not limited to the DoN, we have reached out across the Joint Force to aggressively pursue solutions that benefit every American who wears the uniform today while providing the best value possible to the American taxpayer. The military Departments have affirmed their commitment to a Resident Bill of Rights and a Resident Responsibilities document. We are dedicated to ensuring these rights are more than aspirational goals on a piece of paper. They must result in tangible improvements for our residents to access. Of the 18 rights, we have identified a few (maintenance history, dispute resolution, rent withholding) that our residents will need a transparent process to exercise their rights. We are working with the Landlords to put those processes into the signed lease agreements to hold them accountable. As such, we have led the tri-Department effort to standardize a Common Lease for military members and housing providers to understand and enforce certain rights. It includes a list of specific resident responsibilities consistent with similar documents in the commercial sector to underscore common expectations for care of the home.

We are in the process of adding annexes to the Common Lease to ensure consistency with recent congressional direction. Specifically, we have also taken point on negotiating with the partners to incorporate a formal Dispute Resolution Process in each agreement. This is an extremely important initiative to get right, as it will be a consistent tool for our tenants to easily resolve conflicts within a prescribed process and independent adjudication.

In the interim, we have renewed efforts to strengthen our existing informal issue resolution processes to reinforce local Housing Office engagement in resolving resident concerns. When families have a maintenance or service-related issue, they are directed to first contact the PPV Property Management Office. The housing service center and installation commanding officer will advocate for Service members and families that are not satisfied with property manager results. Region Legal Service Offices and the Marine Corps Legal Support Sections are also available to provide free legal advice and consultation to military tenants and their families living in PPV housing.

While we have made significant progress, there is still work to be done. We conducted Out-of-Cycle Resident Satisfaction Surveys across the Navy and Marine Corps, and are monitoring the steps that our PPV partners are taking to regain trust. From Corrective Actions Plans to address premature work order closeouts or lack of follow-up, to realistically capturing the current condition of home offerings versus a model home, this forms the foundation of an honest and transparent relationship with residents.

We are enhancing partnerships with several military and veteran service organizations including the National Military Family Association, the Military Officers Association of America, the Fleet Reserve Association, Blue Star Families and the Military Family Advisory Network. These partnerships are focused on addressing communication difficulties, quality of maintenance work performed, government advocacy for residents, and environmental health concerns.

In order to equip our residents with the knowledge and information they need to ensure the upkeep of their homes, partners are now regularly including information in their monthly newsletters regarding changing of filters, what to expect when the heat comes on, etc.

The Commander, Navy Installations Command (CNIC) has revised training to reflect new guidance and lessons learned over the past several months. CNIC has updated its Navy Privatized Housing Course and is in the final stages of rolling out revised training courses for Housing Referral, and Issue Resolution and Dispute Resolution to reflect Congressional intent. The Marine Corps Order (MCO) on housing is being revised and incorporates a chapter to address health and safety concerns. The Navy Bureau of Medicine and Surgery (BUMED) promulgated fact sheets on mold and mold sampling and directed health providers to be sensitive to housing-related health concerns and to participate in keeping residents informed.

Reestablishing Active & Engaged Leadership

Over the past year our primary focus was to engage our leaders as active participants in the privatized housing program. We cannot outsource this responsibility. Since that time, Navy and Marine Corps leaders achieved 100% contact with all Sailors and Marines to inquire about on-base housing concerns and offer a home visit. Every Navy and Marine Corps installation also held town halls with residents, and each installation now offers a combination of quarterly or monthly meetings to provide residents with information and access to installation and partner representatives.

Additionally, we have implemented structured training for leaders to help them better understand the DoN privatized housing program, specific housing conditions, and local procedures available to assist their Sailors and Marines. However, their responsibility does not end there. We have developed performance metrics to spot trends and help identify areas of concern before they escalate. Active leadership is a pre-requisite to rectifying housing concerns.

DoN leadership uses weekly meetings with the Secretary of Defense's Housing Task Force to share lessons and concerns with other military departments on PPV performance. We also maintain regular contact with our companies at the CEO level to address concerns, enhance oversight initiatives, strengthen communications, and seek resolution for our Service members and their families. Navy and Marine Corps leadership also participated in numerous Tri-Service working groups chaired and attended by the Service Secretaries, and three Military Housing Privatization Initiative (MHPI) partnering sessions sponsored by the Office of the Secretary of Defense (OSD) and an OSD-sponsored workshop with our partners focused on National Historic Preservation Act compliance to efficiently manage resources.

We are equally committed to improving housing for all Sailors and Marines in on-base and government-owned housing, not just those in PPV facilities under MHPI. Residents of accompanied housing and government-owned or government-leased family housing overseas also received command contact and Resident Satisfaction Surveys. Our Housing Offices will continue to track the completion of all maintenance work orders and safety concerns, regardless of whether those issues are in PPV housing, barracks, or government-owned or leased housing overseas.

All residents now have the ability to submit and track the status of their service requests via a mobile application provided by their PPV Partners. Key features of the app are the ability to take photos of maintenance issues and to receive up-to-the-minute updates on service status. Residents are also able to complete satisfaction surveys on the quality of repairs through an app.

To better track work order data and measure performance against benchmarks in real time, we developed a PPV Performance Dashboard Suite displaying family housing performance information for each echelon - from the installation and regional level to the enterprise level, as well as in alignment with project-specific requirements. DoN Leadership now has access to view each agreement's maintenance performance data with the ability to drill down to the individual housing unit via an Electronic Data Warehouse (EDW), updated on a bi-weekly basis. Installation and Region Housing Offices can now pull work order data directly from partner maintenance systems in order to perform monthly review of electronic maintenance records, monitor performance by neighborhood, and to conduct spot-checks with residents to confirm work is complete. Later this year, we will transition to an automated process to allow leadership to view integrated Navy and Marine Corps data, refreshed on a daily basis.

Reinforcing Oversight

The Navy and Marine Corps significantly improved project oversight over the last six months. DoN Military Housing Privatization Initiative (MHPI) partners are now assessing standardized metrics related to work order timeliness and quality, a primary area of concern highlighted by our residents. We are also re-evaluating Housing Condition Assessments and

Program Review processes, updating policies, procedures, roles and responsibilities, and implementing lessons learned on an ongoing basis.

We are revising the PPV Project Performance Incentive Fee Structure, consistent with OSD policy issued in October 2019. To ensure the incentive fee structure incorporates the voices of our Sailors, Marines, and their families, and emphasizes quality, Resident Satisfaction and Maintenance Management will be weighted 40% and 35%, respectively within the metric upon which the amount awarded is assessed. Resident satisfaction will be determined by resident move-in surveys and resident work order surveys, in addition to the annual resident satisfaction survey. Maintenance Management will measure change of occupancy maintenance, work order quality and responsiveness as well as preventative maintenance.

We are also focusing significant attention on the long-term financial health of our individual PPV agreement to ensure the sustainment of quality housing over the life cycle of the partnership. We are acutely aware that the actions being taken today by the partners to address immediate resident concerns will have a long-term impact on the ability of project revenue to support future investments in the homes. The DoN established the Office of Public Private Partnership (PPP) Reviews to provide the Secretary a review of the long-term financial viability of the agreements with housing partners to drive measurable and accountable results. Our goal with this review is to ensure our partners will continue to be able to meet their commitments to sustain modern, safe, attractive housing for our residents.

The PPP team will review Public Private Venture (PPV) financial documents from FYs 2014 through 2020, (1st Quarter) and budgets for future investments over the life cycle of

the agreements. The team will analyze partner financial data and economic activity; review partner compliance with financial and operating controls; review operational processes for efficiency and effectiveness; and identify risk and vulnerability areas.

Once the review is completed, business sensitive/proprietary reports will be issued to the Secretary. Additionally, the team will immediately notify the Secretary of any abnormal activities when identified. We will then use these reports to ensure existing agreements sustain long term investments in our housing inventory.

The DoN continues to work with the Naval Audit Service, the Office of the Department of Defense Inspector General, and the Government Accountability Office to review PPV project performance and processes. In the wake of the fraud allegations brought to light at Tinker Air Force Base, Oklahoma, we proactively assessed Navy and Marine Corps projects and found no similar circumstances. We will continue to investigate this concern. On November 6, 2019, the Naval Audit Service completed a formal audit of maintenance records and provided twelve recommendations, all of which are being implemented. In addition, we issued "Letters of Concern" to all of our partners requesting validation of all of their maintenance records and processes and have asked partners to report all anomalies or findings of interest. We directed Departmental Region and Installation Housing teams to conduct monthly reviews of electronic maintenance records and random spot-checks with families to confirm response and completion times reported by partners. We are also conducting historical reviews on partner maintenance data systems for anomalies that would indicate fraudulent data entry, such as unreasonably common service dates.

Furthermore, we conducted an independent review of PPV partner portfolios to evaluate housing maintenance records and their relationships to incentive fees in September 2019. We also provide information and updates to the Government Accountability Office to inform their report on Privatized Military Housing expected in March 2020. We anticipate that their recommendations will help us further improve our oversight efforts.

Moving Forward

The Department continues to carefully and deliberately manage its portfolio to advance Navy and Marine Corps readiness and to improve the quality of life for Sailors and Marines. While we can never be satisfied as long as quality, safety, and health issues persist among any of our housing solutions, we are confident in the significant progress made on near-term efforts to advocate for service members and their families, increase awareness of the problem resolution process, and increase involvement of the DoN government housing team. The revelations over the past year resulted in more rigorous awareness and oversight by the Department to protect our personnel. We must maintain momentum by continuing to open the lines of communication and improve collaboration between residents, Service leadership, and our PPV partners.

In the process of negotiating the congressionally enacted provisions for inclusion in existing agreements, we have identified major concerns with assigning responsibilities for the coverage of costs for personal property damage and mold exposure which may not be consistent with national housing policies. For mold, legal standards for environmental, health, and safety codes, and their associated requirements for credentialing, can vary

depending on the locality where the privatized housing project is located. It may be necessary to work with Congress to refine intent on the requirements to address mold exposure.

Our PPV partners are demonstrating a commitment to restore resident trust, implement improved maintenance and quality assurance, and track metrics at higher levels. We continue to work with those partners to ensure issues are being addressed in a timely manner. This involves ensuring all levels of the partner organizations, down to the neighborhood managers and repair technicians, are equally committed to providing outstanding customer service, quality workmanship, and accountability. We are particularly concerned with continued accounts of service discrepancies, particularly during the move in process, that place a burden on the residents to resolve. We are aware that hiring a skilled workforce can be difficult in this competitive economy, and we remain committed to working with the PPV partners to resolve issues.

The men and women who wear our uniform rightfully expect quality workmanship in their homes and the quick resolution of problems directly impacting their families. Both they and our partner employees want to be treated with courtesy and professionalism. We encourage our residents to work with the partners collaboratively to address concerns with the services being offered to maintain homes. Our residents continue to be our first line of quality assurance. We value their feedback and advocacy. We will not let up on our efforts until we see the quality of housing improve across the Nation from the perspective our military members and their families.

We appreciate the work of this Committee on this critical issue and your active involvement, oversight, and advocacy on behalf of our warriors. Thank you once again, and we look forward to your questions.

WEDNESDAY, MARCH 4, 2020

DEPARTMENT OF VETERANS AFFAIRS

WITNESSES

HON. ROBERT WILKIE, SECRETARY, DEPARTMENT OF VETERANS AFFAIRS

PAUL R. LAWRENCE, UNDER SECRETARY, BENEFITS, DEPARTMENT OF VETERANS AFFAIRS

JON RYCHALSKI, ASSISTANT SECRETARY, MANAGEMENT AND CHIEF FINANCIAL OFFICER, DEPARTMENT OF VETERANS AFFAIRS

RICHARD A. STONE, EXECUTIVE IN CHARGE, VETERANS HEALTH ADMINISTRATION

Ms. WASSERMAN SCHULTZ. The subcommittee will come to order for the budget hearing on the Department of Veterans Affairs Fiscal Year 2021 budget proposal. Good morning.

This morning, we welcome the VA's Secretary Robert Wilkie to hold the hearing for the VA's fiscal year 2021 budget request. He is joined by Dr. Richard Stone, the executive in charge for the Veterans Health Administration; Dr. Paul Lawrence, the under secretary for benefits at the Veterans Benefits Administration; and Mr. Jon Rychalski, the assistant secretary for management and chief financial officer.

You will have to forgive me, I am a little under the weather. So if I sound like Brenda Vaccaro, I am sorry. And I was going to say, I am looking at everyone on the committee, so everyone understands that reference.

This hearing is an important chance to look at VA's budget request and ensure that we best meet the needs of America's veterans.

The fiscal year 2021 Department of Veterans Affairs budget request is a total of $238.6 billion. Within that total, 104.8 billion is for discretionary funding, which is a 12 percent increase over last year. Of that amount, VA is requesting a $2.3 billion increase in medical care over and above what was provided in advance appropriations last year, for a total of $10 billion over fiscal year 2020 levels. While some of that funding will support critical programs such as MISSION Act implementation, a large portion of that request is for new, nonessential initiatives.

Now, Mr. Secretary, I have really appreciated the opportunity to work with you. We have a good working relationship and I want that to continue and our lines of communication to continue. However, I am sure you will understand the spirit in which what I am about to say is meant. It is one thing to request additional funding for rising health care costs. It is another completely fiscally irresponsible thing to request funding for new initiatives in a tight fiscal environment like the one we are in.

On top of additional funding requests for medical care, the department also requested an increase of $2 billion in other VA programs, for a total discretionary increase of $12.9 billion.

Now, we all understand it is an election year and, in a perfect world without budget caps, this essentially fantasy budget is a wonderful request. We would love to be able to provide veterans with the most care and benefits money can buy over and above current VA services. However, the reality is we are in a world with budget caps and those caps that were agreed to and signed into law by the President. And what is frustrating, Mr. Secretary, is the administration knows this and is essentially using our veterans, our Nation's veterans as pawns in a political game. And I think they need to understand that.

In accordance with the budget agreement, 2021 only has a net increase, and I really want to make sure that the members absorb this because this is extremely important so that you understand the situation that we are in. In accordance with the budget agreement, fiscal year 2021 only has a net increase of $2½ billion for the entire Federal Government. That is the agreement that we are operating under right now for all discretionary programs across all 12 appropriations bills. That's the non-Defense discretionary money that we have available for all the bills. And VA wants $12.9 billion in new funding with only two and a half billion in new dollars available for the whole government. That math just does not work.

Now, Mr. Secretary, if I came home one day after a difficult family budget discussion with my husband the previous month, whereupon we agreed to monthly limits on our discretionary family spending, and then in front of our children as their birthday approached suggested to him that we buy them each a new car, how should I expect him to react?

Mr. Secretary, where you and I come from, as the expression goes, "that dog won't hunt." And I know you know what that means.

VA's budget request is impossible without completely slashing and cutting all other departments, which I would like to add our veterans benefit from too. The only way to make the President's budget work is to get a cap adjustment for the MISSION Act, period. We have bipartisan bicameral agreement on the need for a budget cap adjustment for the MISSION Act. We made sure that you saw that during the breakfast meeting that we had a few weeks ago. Last year, MISSION Act cost us $8.9 billion, this year it will cost $11.6 billion and the costs will continue to rise in future years.

Unfortunately, the administration has adamantly refused to make this vital accommodation. And so, Mr. Secretary, I once again urge you to make this case to the White House and to OMB and maybe you have some light you can shed on that today.

In addition to the MISSION Act, we are closely looking at the work VA is doing to implement the new electronic health records system. We held a hearing on this just last week and reviewed the delays, detours and disappointing communication with Congress and between the stakeholders that has surrounded this project. This difficulty in implementing this project predates my being the ranking member, even, of this committee. And it comes at a time

when our veterans are facing significant health care challenges that are also deserving of our focus.

For example, I am pleased to see that this year's budget builds on the record work that we did together last year in focusing on gender-specific care for women. The upward trends of women in the military and the increased number of women choosing VA for health care means that the need and the cost associated with their care will grow. So we must make sure that we are providing appropriate care as well as safe and supportive environments for women who come to the VA.

There is also more we must do to improve mental health for veterans and prevent and reduce suicides in our veteran population. This is an issue of medical care, of staffing, of procedures, and of outreach, to name a few. It is a major concern for myself and for the committee. And I look forward to discussing how we can make sure we're meeting this need and improving on past failures.

In the coming weeks, we will be holding a hearing that digs deeper into the issues of women's health, mental health, and suicide prevention, not to mention other pressing issues like whole health and homelessness. As the Nation's largest integrated health care system, VA has an important role to play in these health crises and it's Congress's job to make sure that you have what you need to succeed.

Aside from health care, VA is undertaking a number of initiatives to implement laws like the Blue Water Navy Vietnam Veterans Act and the Forever GI Bill as well as continue to develop and operate an infrastructure that best serves our veteran population and their families.

We clearly have a lot of ground to cover here today. I really appreciate all of you being here this morning and I look forward to your testimony, Mr. Secretary.

And I would like to turn to Judge Carter for his opening remarks.

Mr. CARTER. Thank you, Chairwoman, for scheduling this important hearing. And thank you, Secretary Wilkie, for being here.

In order to do our best for our nation's veterans, the Department of Veterans Affairs and this subcommittee need to work closely together. We must communicate frequently and openly. When we don't, we have misunderstandings like we had last month on the training delay for the electronic health records. I am glad we are on a better path now. It is especially true that we must work closely together on budget matters.

The VA's proposed 14 percent increase for its discretionary programs requires substantial oversight, to say the least. Because of the budget cap for fiscal year 2021, we are not likely to be able to meet every one of these requests.

In closing, Mr. Secretary, I would like to praise your staff for their efforts to support the work of this subcommittee and I want to thank you for your VA Fellow program. We are really pleased with Doris Bader, who is a fellow in our office, and she is very quickly becoming a part of our office family. We are very proud to have her. And all of your people are a pleasure to work with and always are patient with our many requests for information. So thank you.

Thank you, Madame Chairwoman. I yield back my time.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

Mr. Secretary, your full written testimony will be included in the record and you are recognized to summarize your remarks for 5 minutes.

STATEMENT OF SECRETARY WILKIE

Secretary WILKIE. Thank you. And I apologize, I don't think I could be as succinct or powerful as you were in your opening statement.

I will say that I do believe, and thanks to the working relationship that we have, particularly with this subcommittee, that VA is in a place that it has not been in many years. It is no longer a place where excuses and enormous systemic failures rule the day. And I think that has a lot to do with the relationship that this department has built up with the Congress.

We are in the midst of the most transformative period in our history. The only period in history that compares to it is when General Bradley sat in this chair and told you about the GI Bill in 1945 and 1946. In the last year, we have been directed by the Congress, properly, to engage in the Harry Colmery Educational Assistance Act, the MISSION Act and more recently the Blue Water Navy Act. We have been able to carry off these programs in a manner that I think the rest of the Federal Government would probably be envious of.

But the budget that you have in front of us confronts several realities. And they are good realities.

Last year, we offered almost 2 million more appointments at VHA than we did the year before, 60 million appointments in VA took place in 2019 just as we referred 2.8 million veterans to outside care. 90 percent of the veterans surveyed trust the care they get at VA that is an all-time high. And surveys continue to show that we are competitive with the private sector. Not only in quality but in wait times. And as this Subcommittee has demanded, we are holding people accountable.

We have released over 8,000 staff in the last year or so. Now that means not custodial staff or sterile processing staff, that means people at the highest levels of this department. As Mrs. Roby pointed out problems in her VA in Montgomery, the director there was relieved in part because of the concerns that she raised with us.

We are building a bottom-up organization and I think we have seen—that made manifest in the fact that in the years before I came to VA, we were always 16 out of 17 or 17 out of 17 in terms of best places to work according to the Bipartisan Center for Public Service. Today we are No. 6, and I believe in part, that is because of the confidence placed in us and the accountability that we have asked of our employees.

We are working to once again fulfill General Bradley's vision that we are innovators in public health. We have just brought online a 5G hospital at Stanford in Palo Alto. There is nothing like that going on in the private sector. We are now using telehealth to get to more rural veterans than ever before and we are now employing for the first time across our system, precision oncology that

allows our surgeons to look at a patient beyond the level of that incision.

Now, we have several challenges as the Chair pointed out. Today we have published the regulations in the federal register for care givers to finally serve veterans from my father's Vietnam generation. This important work puts VA at the forefront, the forefront of American medicine by saying, "We can care for you at home. We can keep you out of a large institution, and we will support your family, your family taking care of you."

Now, the Chair referenced a hearing that she held last week, and I want to talk about that for a minute, about the electronic health record and hopefully provide some clarity from my position.

VA was at the forefront of the homegrown EHR development, as Chairwoman Lowey mentioned last year, decades ago when we implemented VISTA. That helped us move away from paper records and now we do not have the situation that confronted my father after his service when he carried around an 800-page paper record for the rest of this life. But much has changed in the last 20 years since some of you began supporting this vision that we are executing today.

The EHR we are building today is based on a contract that I signed as the acting secretary in 2018. So this is a version that is now less than 2 years old. That contract was a commercial system, not homegrown, and it is a highly complex effort. Previous attempts to get this right failed due to a lack of DoD and VA jointness, and the desire of each department to pursue different systems and processes.

As the former Under Secretary of Defense for Personnel Readiness, I saw this from the DoD side, and I promised you that we would no longer have two departments going in different directions. We are at one end of the national security continuum and I believe that DoD is the partner for the future.

So we are in the lead in a 21st century solution, unprecedented in its scope. In the coming months, we will deploy this system to our initial sites and eventually to all of our 170 medical centers.

The budget we have requested keeps pace with that expansion as we roll this out for veterans. I will also say that the delay in the implementation of the training for the EHRM is a testament to the change at VA. We have empowered our people at all levels to say—to talk to us if they don't believe something is ready to go. And I made a promise to this Subcommittee when I was acting, that if a program like Colmery or EHRM is not ready to be deployed, I will not deploy it to meet an artificial timeline.

So I think we are in a better position in the EHRM than we have been in the past, and I look forward to continuing to work with this committee, particularly as we move into areas that this country, as the Chair has said so many times, areas that this country has ignored for centuries, and that is mental health and as a corollary of that, suicide prevention.

I will leave with that and thank the committee for everything it does on a daily basis for our veterans, and I thank you for your indulgence.

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

We will proceed with the usual way that we handle questions. I will recognize each member for 5 minutes and we do that by seniority in order of arrival. Or no, just in order of arrival, excuse me. Sorry, I'm a little medicated today to make sure that I can function, so—but fully lucid, no worries.

Mr. Secretary, out of the entire Federal Government, the VA is the only department that requested such a substantial increase in funding over last year. And as I mentioned in my opening statement, VA's discretionary funding request of $104.8 billion is 12 percent or $12.9 billion over last year's enacted level.

Now, you know I support robust funding. We have provided the VA with robust funding and I would say that this is likely the most bipartisan, collegial subcommittee of all 12 appropriations subcommittees.

But the VA is growing exponentially and most of this growth is due to rising costs of medical care, of which, the biggest, most recent driver is implementing the Mission Act. Last year we provided $8.9 billion for Mission. As I mentioned in my opening statement, this year it will be—you need $11.6 billion for Mission.

At some point, this is going to be unsustainable and Congress warned the administration about this. We have repeatedly, on a bicameral, bipartisan basis, tried to get the administration to agree to a cap adjustment for the Mission Act.

So why is the administration so adamantly opposing that cap adjustment?

Secretary WILKIE. Well I am going to fall back on an experience that you know I have had. I grew up in this institution. I am now the head of the second largest department. I followed my instructions; I provided the administration with the budget that they requested. The back and forth between the Congress and the Executive Branch in terms of budget caps and priorities is something that is now out of my lane.

I can give you the best estimate as to how I think the Department of Veterans Affairs can be and should be funded. I would note that we are adjusting to a list of new priorities that have been given to us, and I think properly so, in the last few years. And I do believe that I will—no, I won't believe, I would stand by this budget, and I will, as a result of my position, allow the negotiations on caps to be the purview of people who are above my pay grade.

Ms. WASSERMAN SCHULTZ. OK. We did talk about it at the breakfast where we asked you, all four of us, the little four all asked you to please speak to OMB and get some feedback from them as to where they are in that. Were you able to do that?

Secretary WILKIE. I have not since the budget——

Ms. WASSERMAN SCHULTZ. OK. If you could please make sure that you communicate. I realize that I—finger pointing to the other guy and saying—telling us to go ask them is not helpful. So if you can assist us in trying to get a sense of where they are and why they are there, that would be helpful.

What does the budget assume for Mission in fiscal year 2022 within the $94.2 billion advanced appropriations medical care request?

Mr. RYCHALSKI. So ma'am, I do not have that number available for you immediately; and the issue is, you know, the Mission Act consolidated all community care programs into one program.

Ms. WASSERMAN SCHULTZ. I am familiar with what the Mission Act did.

Mr. RYCHALSKI. Right. So it is becoming increasingly difficult to identify what is a Mission veteran or a Mission episode of care versus non-Mission. Essentially, it is all Mission now. And so I have not produced that number yet. We have some estimates but——

Ms. WASSERMAN SCHULTZ. Why is it all Mission now? Everybody doesn't go to—through the Mission.

Mr. RYCHALSKI. Well the Mission consolidated all programs into one bucket of money, one program.

Ms. WASSERMAN SCHULTZ. Everybody who uses private care is—community care is——

Mr. RYCHALSKI. Correct. That is correct, yes. Yes, that is what we are saying, yeah.

Ms. WASSERMAN SCHULTZ. OK. Well if you can get that number for the record, that would be great.

Mr. RYCHALSKI. We can. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. Again, there is a 2½ billion-dollar net increase in the non-defense discretionary cap this year compared to last year. That was a 2-year budget deal that we all agreed to and we provided $80.2 billion in medical care funding last year, advanced appropriated 87.6 for medical care last year for fiscal year 2021.

Now you seek an additional $2.3 billion on top of the advance for a total request for medical care of $90 billion in fiscal year 2021. That is $9.8 billion more than last year. Plus, the Department is requesting $2 billion in additional increases to other VA programs outside of medical care. In total, VA is requesting $12.9 billion above fiscal year 2020 in an environment where all discretionary funding across the whole government can only be $2½ billion above last year.

Now again, I know it is an election year. I know it is a fun and easy thing to do in an election year, to ask for the moon, the sun, and the stars to help a population like our Nation's veterans who deserve every bit of it. And we would all be there, right there, if it were possible. But this budget is not a good faith proposal.

In order to finance this request, the President's budget, the President's budget slashes vital programs across the entire Federal Government, including CDC and NIH. And now we are in the middle of a public health crisis. The reality is, is this is a budget that as requested is impossible to meet. So what are your most important priorities across the bill and I will wrap-up my time after you answer that question.

Secretary WILKIE. Well you actually identified them at the beginning in terms of our healthcare. Mental health, women's health, making sure that Mission works. And then on the benefit side, insuring that Colmery and Blue Water Navy is taken care of. In Blue Water Navy, we have seen just since the legislation was passed and signed, about 36,000 claims. I expect those to go up quite a bit.

In terms of providing legacy payments, we have a system in place now in community care with our partners—our private sector partners where we are now providing payments to our—the 880,000 partners and providers out there. Payment in many cases, in three days.

However, we have billions of dollars in payments that were not paid going back almost a decade that we have to make up for. If we do not have those solid partnerships, then the entire edifice of Mission collapse.

So those are the areas that we are concentrating on. And it is a very difficult trade-off to say one instead of the other. In addition to that, the appeals modernization Legislation which was passed where we revamped our entire appeals process. It was the right thing to do, but one after the other of mandates requires this.

I will also say I was asked to provide a budget to indicate to the country that veterans are a priority. And that is the mission that I carried out, and again, I am not gilding the lily or fudging my responsibilities, but I stuck to my lane on that one.

Ms. WASSERMAN SCHULTZ. I understand. Not an enviable position and unfortunately, you are having to quarterback a budget-busting proposal; an agreement-busting proposal, and we're in a world of gotta-haves, not nice-to-haves. And it's not a fun position to be in. Judge Carter, thank you for your indulgence. You are recognized for 5 minutes.

Mr. CARTER. Thank you, Madam Chairman. First, we had a communications issue, as I talked about earlier, and I forgot to ask a question when we met. And that was a real nice meeting. Who on your team is responsible for communicating with this committee?

Secretary WILKIE. Well, we have our legislative affairs and our staff who are designated to support the Appropriations Committee.

Mr. CARTER. So could you give me a name of somebody off the top of your head? You don't have to, but we would like to have a name.

Secretary WILKIE. They're sitting. They're sitting here.

Mr. CARTER. Who we can call to communicate with?

Secretary WILKIE. No, they're sitting here, sir. And I would note that my understanding, and perhaps I'm wrong, is that there are quarterly communications and briefings with the team. There have been six briefings, I believe, to the four corners in the last year for the appropriators. I think there were six or eight briefings in the last year. If those numbers are not accurate, then I can go back and check.

But as I said earlier, having grown up in this institution, communication is a priority, and in fact—well, last thing, sir. Your staff was out at Mann-Grandstaff in Washington State just a few weeks ago reviewing, talking to the providers. So that is transparency, I think.

Mr. CARTER. Just want to make sure we know who we can call. And I have started off by saying you're very cooperative. I just didn't get that answered when we met for breakfast.

Once again, this increase, I have a thing about employees, and you've got a lot of employees. How many you got?

Secretary WILKIE. We have 393,000.

Mr. CARTER. 393,000 employees. Wow. That's a lot. And yet I noticed that you said that the Blue Water Navy, you're going to have to hire—I don't remember the exact number. I know it was over 500 more employees.

Secretary WILKIE. Yes, sir. We expect 36,000 claims to be coming in just—actually, they've already started.

Mr. CARTER. And so is that what they do, deal with claims?

Secretary WILKIE. Yes, sir.

Dr. LAWRENCE. Sir, we were funded for 691 employees to deal with Blue Water Navy claims. This is sort of additional work that we previously have not done. So we hired those people in anticipation of that.

Mr. CARTER. 640?

Dr. LAWRENCE. 691, sir. They backfill, given that they're new, they backfill our more experienced employees who process these claims. These are amongst the most difficult. So we centralize these in eight regional offices around the country where we had history with Agent Orange, especially the retroactive payments. So that's been going on since January 1st, the granting. We started when the law was passed telling all service members if you think you might be covered during the stay, apply.

Since October 1st, we've received 65,000 more claims. We're in route to receiving potentially more claims than we even estimated. So these 691 are hired, they're trained, and they're doing the work we set out for them to do.

Mr. CARTER. You need an additional, almost 600?

Dr. LAWRENCE. More than 600, sir, 691.

Secretary WILKIE. And the request was for the sustainment of that force. I think it was $137 million to create the force needed to just handle Blue Water.

Mr. CARTER. Good Lord.

Secretary WILKIE. And one of the problems with Blue Water is we've had to become investigators and historians because the records from my father's era, when they are complete, are disintegrating. It's come down to that, actually having to separate Navy logs to determine who was there, when they were there. And it is an exhaustive process.

Mr. CARTER. I guess you have to have that many people, but you know, people cost a lot of money. I'm kind of a champion of the Army because I've got Fort Hood in my district. And every time we have to cut the military, everybody else cuts equivalent and we cut people. And I get to see how much people cost the government every year in the Army. And it's a tremendous burden to add more employees. That's why I asked my question. I got an answer. Thank you.

Secretary WILKIE. Yes, sir.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter. Mr. Bishop.

Mr. BISHOP. Thank you very much. And let me welcome you all to this hearing. I apologize, but I want to focus my remarks on a more parochial issue.

For over a decade, I've been working with at least four Secretaries of the VA regarding the construction of a community-based outpatient clinic in the Columbus, Georgia, area. After a great period of time and a lot of effort, the VA finally put out a proposal

for the location of a clinic. And of course, the location, based on recommendations by whoever the VA's consultants are, real estate consults, are recommending a location that was off the beaten path, that was remote, that was away from population centers of veterans, away from medical campuses, away from public transportation, and away from a location that would be convenient to the bulk of veterans who would be seeking services at a community-based outpatient clinic.

We raised objections with that. That action was reconsidered. And of course, I knew a proposal was put out. A new site was selected that was close to medical campuses, close to medical specialists, close to public transportation, and in an area where it would be convenient to serve the bulk of the veterans in the area.

And of course, everyone was excited with that announcement and was expecting the opening, and of course, later found out that that was canceled, and without knowing why, it reverted back to the original site that was remote. And an announcement was made recently that it would be constructed there and we, you know, are just nonplussed. And the veterans community and the local community, the local government is just really scratching their heads to find out why it would be put in a remote location which is not convenient to the people that we want to serve without the conveniences, without accessibility to the nearby medical specialties that veterans would be able to take advantage of for referrals, the hospitals, and the public transportation.

So could you shed some light on why that would take place? We've been waiting for more than 10 years to try to get this facility so that it would be accessible to our veterans who will now have to go to Tuskegee or Montgomery and sometimes Birmingham for their consultations.

Dr. STONE. Congressman, you and I talked briefly about this before last week's hearing. I have not had a chance to talk to the acquisition community that did the bid on this. We share every bit of your concerns. We appreciate as you worked with us to get us back on track with the proper location. What I promise you is that we will go back and figure out exactly how this happened and reorient this for a second time and prevent this from happening again. It's been very, very troubling as we've gone along with this one. We passed very clear recommendations and requirements off to the acquisition community that the bids that have come back in have not been appropriate to fulfil all the requirements you so articulately laid out.

Mr. BISHOP. Am I to understand that the announcement that went out for a specific opening date and target date is going to be rescinded?

Dr. STONE. I can guarantee that we're going to take a hard look at it and then discuss with you how to proceed forward. What I don't understand at this point is have we executed the contract already?

Secretary WILKIE. This is not an excuse, and I'm very familiar with south Georgia and with eastern Alabama. I'm dealing with a case right now, and I won't name the member, but it's a senior leader in this Congress. A similar situation to yours. Had a contract, located the place, and then somebody found in the acquisition

rules that because it was within line of sight of a liquor store, we had to put a shovel to the contract and to the project.

Some of these regulations are from the 1930s. And you are right. I have no excuse. It's a disservice to veterans particularly in a community like yours where you don't have to explain service to anybody.

Mr. BISHOP. Thank you very much. I look forward to hearing more from you on this, and I've been reserved in my reaction with the press.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Bishop. Mrs. Roby.

Mrs. ROBY. Madam Chair, I have painstakingly tried to communicate with the Office of the Secretary, and I'm going to go over that timeline. I have zero expectation of getting answers in this five minutes today, but I do have something to say.

I believe that it shouldn't matter who's in the White House. It shouldn't matter who's in control over here in the House. Veterans care should be seamless, no matter who's in charge. This should be a top priority for this body every single day.

The Secretary went to visit CAVHCS in May of last year. I was told on May 15 by VA staff that the Secretary was going to CAVHCS. I requested a phone call before the visit. It did not happen. So the Secretary goes to CAVHCS on May 17. On May 21, I request to have a phone call with the Secretary after his visit. That phone call did not happen until June 25.

During that phone call, the Secretary said to me, "I don't know what the problem is. CAVHCS is a three-star facility." It is not a three-star facility. In fact at that moment, it was a one-star facility. It was the tale of two different Vas.

I said to the Secretary, "I have examples that I can give you where we are failing out veterans at CAVHCS." He said, "Well, show them to me, but the anecdote killed the institution."

These are not anecdotes. These are human being that are not being treated correctly by the VA. So I said to the Secretary, "I'd like to send you this information. Who on your staff do I direct it to? I know how this works." He said, "Send it directly to my attention."

I sent him a packet of information that explained and demonstrated. Nothing. No response. No response. Our staff repeatedly reached out to the legislative liaison who said, "This is casework. We need privacy releases." I said, "I'm not giving you casework. I have the best caseworkers in the country working in my district. They know how to do this. We're taking care of these veterans. I'm giving you this information to demonstrate that things are not OK." No response. No response.

I had to go to the White House and say, "The VA, the Office of the Secretary, is not responding to me." I sit on the Veterans Affairs Subcommittee of Appropriations and I can't elicit a response from the Secretary. How do you think our veterans feel?

To say I'm disappointed is an understatement.

Now, all of this takes place. I have a whole timeline here. Eventually, I get Deputy Secretary Byrne, who is no longer at the VA, on the phone in November to go over. I send him the same packet I sent the Secretary, and his departure happened before he had time to get back in touch with me.

Oddly enough, just yesterday, I have VA officials in my office meeting with me to discuss CAVHCS. I don't understand what the problem is. I have worked tirelessly to ensure that my veterans in Montgomery and in Dothan and all across VISN 7 are getting the care that they deserve. And I am not getting cooperation.

And I want you guys to get serious about this. I understand that we have an acting new VISN 7 director. I met with him yesterday. We have an acting director now. I know how this goes. Those acting folks come in, and yes, they may be very talented individuals whose hearts are in the right place, but they're going to leave.

This VA health care system is in dire need to consistent leadership. And I've got 10 months left in my time in my tenure here in Congress. And I am not taking my foot off the gas. I'm going to continue to push and push and push. This is my job to do this on behalf of the people that sent me here to represent them.

But this, this timeline, this failure to communicate with me is absolutely ridiculous. And again, I'll go back to this. If a member of this committee cannot get a response from the VA, imagine how our veterans feel. With that, I yield back.

Secretary WILKIE. May I, Madam Chair?

Ms. WASSERMAN SCHULTZ. The Secretary is recognized. Excuse me, sir. Would the gentleman suspend? I'll recognize you to close after the Secretary responds.

Secretary WILKIE. Thank you, Madam Chair. I will just say this is the world I grew up in. My earliest memories are watching a father come home after having gone to Vietnam weighing 240 pounds and come back weighing 120 pounds after a year in an army hospital.

This is the most important thing in my life. It is serving veterans. And I mentioned in my opening statement in response to your pleas that it was your work that made me visit not only Montgomery but Tuskegee and Atlanta. And I removed the leadership there along the lines that you suggested when we had that phone call. And I relieved the leadership there because you were right. And you were right in your passion and you were right in your analysis.

I'm not going to gloss over any bad communication, but I will say that in an organization that serves nine-and-a-half million people—and by the way, my family are residents of your state. So it means double to me. My parents are residents of Alabama.

You were right. And I took action, and what's different about that action is in the past when you talked to secretaries of both parties, the same leadership stood in place. The same leadership that was in Atlanta, the same leadership that was in Montgomery. Your analysis was correct. And unlike the past, it wasn't glossed over. It was acted on.

Now, I couldn't act on it immediately. I had to see with my own eyes.

Mrs. ROBY. I'll just correct the record here. I never suggested to you to remove Linda Boyle from the directorship.

Secretary WILKIE. That's not—no, that's not what I said. I accepted your analysis. And from your analysis, I made personnel decisions. You were correct.

Ms. WASSERMAN SCHULTZ. Let me reclaim the time here. Thank you, Mr. Secretary, for your response. I understand your frustration.

Mrs. ROBY. That's well over my time.

Ms. WASSERMAN SCHULTZ. No, which is fine. You've been dealing with this for a long time, and I think the indulgence on the time is important.

Mr. Secretary, I'll just say that I'm just dismissing the communication problem by saying you're not going to gloss over it, it is very frustrating to feel like you're banging your head against the wall when a member is trying to get information from a stone wall.

Secretary WILKIE. I would also say that the credit is to Mrs. Roby. That place was changed because of what you presented to me. Now, again, I will say as somebody responsible for 170 hospitals and nine-and-a-half million patients and 1,200 clinics, are there gaps sometimes? Yes. But this is a case where the system actually worked because you were right. And the changes were made.

And because Alabama is some place that is near to my heart I'll continue to follow it.

Ms. WASSERMAN SCHULTZ. Thank you. Appreciate it so much. But what would be helpful is if you would communicate directly—directly—with Congresswoman Roby because while on the one hand, yes, you did replace leadership and you recognized and acknowledged her being correct, the follow-up communication directly from you is important. Thank you.

Mr. BISHOP. Would the gentlewoman agree to yield?

Ms. WASSERMAN SCHULTZ. Yes, I'll yield to the gentleman.

Mr. BISHOP. I'd just like to associate myself with Mrs. Roby's remarks. She and I share the east Alabama VISN and we have worked together trying to address these concerns. My constituents in west Georgia are with the east Alabama constituents of Mrs. Roby in trying to get services from that particular area of VA. And of course, the concerns that I raise come out of the same administrative area that Mrs. Roby's concerned about. So I just want to echo that.

Secretary WILKIE. Absolutely. Yes, sir.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Bishop, and I thank the whole committee for their indulgence. And, you know, congratulations to you, Ms. Roby for your perseverance.

Mr. Case.

Mr. CASE. Mr. Secretary, first of all, I want to say that I do appreciate the constructive engagement with my own issues in Hawaii and the Pacific. I think you have done an credible and good job of trying to understand our issues, especially as they relate to a very different environment in which to deliver veterans' services to our vets and their families, whether it range from, you know, telehealth to mental health, to suicide prevention, to a higher pro rata degree of women veterans across the board.

We have got a lot of issues. They are sometimes in common with the rest of the country and sometimes very unique to the Pacific and we obviously are not to the end of anything on any of them, but I just wanted to say that I appreciated your attention to them.

Secretary WILKIE. Thank you, sir.

Mr. CASE. That said, I do want to go back to my Chair's comments on the big picture here because I find it just as disturbing as she does, and that as I hope we all do, that we have a very, very definite sense that veterans are being leveraged for political purposes with this budget.

And when I take a look at it from my perspective, what I see are budget caps, again, agreed to by Congress on a bipartisan basis and by the President. Budget caps. I see the President coming in with a budget that goes right up to the caps on defense spending, but contains a substantial reduction in non-defense spending which in and of itself is a problem, so in other words, he hasn't gone to the level of the budget caps, he has actually stayed below them on the non-defense. But when you take the VA and accelerate that by the amount, by the sheer size that he took up the VA on those budget caps, that means a concomitant reduction in non-defense spending for many, many, many other programs, and we are, yes, sitting here dealing with the Veterans Administration, and as our Chair has so well pointed out, we all know that there is tremendous needs out there, and we all would like to find all of these programs.

But when we take a look at this from the perspective of the overall appropriations of the country and balance this against 11 other areas that we have to balance them against, we simply have to look at this and think to ourselves that this size of an increase in the Veterans budget in that context of a firm budget cap and in the additional context of reductions in other non-defense programs in the budget, severe reductions in programs that are just as important as veterans to our country. It just really looks like the presentation of a completely unrealistic and political budget, and that is the context that we are looking at this at. I just want to communicate one more time what our Chair has said in perhaps a different way.

And so the obvious question to you, Mr. Secretary, in that context is if in fact we cannot fund this budget in the context of the budget caps and in the context of the other needs of the President's slashed, then we have to make decisions on your budget. And as the Chair pointed out, we have incredible needs with existing programs to include primarily the MISSION Act and yet you come along with new programs, laudable programs.

And so the direct question to you is if in fact we have to go back to some semblance of relationship in the VA budget with budget caps, meaning a small increase, if that, then where is the give from your perspective in your priorities? Do we fund the existing programs and the needs there and make them work, telehealth, MISSION Act, and let the new programs go, or do you propose to fund these new programs and underfund or substantially slash existing programs? Which way do you want it?

Secretary WILKIE. I am fully supportive of the President's budget. And as I mentioned earlier, the Chair asked about priorities, which I went through, of course the health of our veterans being paramount, mental health being certainly part of that, women's health.

But my mandate right now is to state here is the budget. You will be asking me more questions I think as you put together the larger budget with the other departments, and I will answer those

questions as you give me. But right now, I am here to defend this budget. I was told and I agree that veterans are the priority. I can't speak to my other colleagues in the cabinet. And I think this is the direction that we need to head, particularly since we have been given more mandates in the last 2 years.

Mr. CASE. Mr. Secretary, I am sorry. My time is about to expire, and I am going to leave you with this question again: where are your priorities in a budget that is less than what you have submitted? And you can answer that over the course of the deliberations here, but that is where this question is going to come to you, so you are going to have to answer it today or some other time.

Secretary WILKIE. Well, I did, sir, earlier and I mentioned that obviously veterans' health is to the be all and end all, making sure that when a veteran walks into our facilities that the health of that veteran is taken care of. There are other things that we are doing.

Obviously just as important, one of the things, one of the areas that I talked about is this department—and it is a bipartisan criticism, it happened under Republicans and Democrats—has billions of dollars in backlog of payments that is has not made to our private sector providers. We have 8,080 of them. That is something that we are trying to catch up with and that is in this budget as well, so it is big because it is so complex and we will have this debate I think and this discussion as we go forward. But I thank you, also thank you for your courtesy.

Mr. CASE. Thank you.

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

Mr. Hurd.

Mr. HURD. Thank you, Chairwoman. Mr. Secretary, three questions, some on equine therapy and related programs, to veterans' transportation services and MISSION Act.

Through an organization, Pink Berets in San Antonio, I have seen how equine therapy and those related programs help the mental health needs of our veterans. Last year in fiscal year 2020, we asked the VA to allocate $1.5 million for equine therapy.

How does the VA plan to use this funding to support equine therapy within the adapted sports program I think is where it is going, and are you all conducting a program evaluation as requested by Congress, and then how can an individual, the facilities get access to the funding to support equine therapy and the communities?

Mr. CASE. Sure. They would access the funding through their local VA. You know, when I got here 2 years ago, we had 18 programs in equine therapy. It is up to 64. We are really excited about it, and it is overwhelmingly anecdotally supported by veterans who are choosing it. But we are complying with the research piece of this, but overwhelmingly, these are good.

Mr. HURD. And that program evaluation, when do we think we will see that?

Mr. CASE. Let me get back to you with the exact date of it.

Mr. HURD. Every time I go out there, it takes my blood pressure a couple of notches, so these are great programs.

On the veterans' transportation service. In, you know, on one end of my district is El Paso, the other is San Antonio. In El Paso, the VA there served 4,000 veterans annually through this program, which is more than what they expected, to be frank, but they are

only able to handle 60 percent of the demand because of the lack of resources.

Does this budget request for fiscal year 2021 support VTS programs at VA facilities across the country, and does this request accrue new funding for those VTS programs such as the one being stood up in San Antonio right now?

Secretary WILKIE. It does, and it does so through our Office of Rural Health. By and large, these are veterans not eligible for reimbursement of mileage, so therefore, this transportation service is a voluntary process, but we cede this.

And what we found, and when I say ceding, as we ceded each medical center, especially the rural ones, that this is overwhelmingly cost-effective, because it prevents hospitalizations on a crisis basis by getting veterans transported in for care either to their CBOC or their medical center, so there is an escalation in revenue for it in the 21 budget. I can't give you the exact number, but it does enlarge, and it will continue to do because it makes sense.

Mr. HURD. And what percentage, do you have an idea of what percentage of veterans needs that you are able to serve across the country through the VTS program?

Secretary WILKIE. No, but your 6 percent number in rural areas is probably accurate.

Mr. HURD. 60 or 6?

Secretary WILKIE. 6.

Mr. HURD. Because it's 60 in El Paso.

Secretary WILKIE. It is—I think that there is areas of the country that are very difficult to get volunteers to work with us, non-profits to work with us, and then to sustain the vehicle fleet that goes into doing this. And so it is one of the areas that we worked on to move towards telemedicine which you have been involved with in looking for alternative ways to approach this, but there are things you have to do in face-to-face visits.

Mr. HURD. Copy. And final question of my remaining 80 seconds is on the MISSION Act. The South Texas Veterans Healthcare Center is projected to see the largest increase in release by 2027, almost 28 percent, and the last 2 years, the system has only seen an 8 1/2 percent increase in release, right? And so how are we going to ensure that VA resources are keeping up with the growing demands on systems like South Texas?

Secretary WILKIE. Well, the first thing is Audie Murphy will be replaced in this decade.

Mr. HURD. Mm-hmm.

Secretary WILKIE. But that points to what is happening across Texas and I would say Florida: in the next year, both Texas and Florida pass California in terms of the number of veterans living in the state. The MISSION Act requires us to do 96 market assessments—they are underway now—to look at where the veterans live and what resources are needed to meet their needs.

Mr. HURD. And Secretary Wilkie, sorry to interrupt you, my time is running out. When could we see those assessments?

And the second point you brought up about Audie Murphy being replaced, can we ensure that this project sees the priority it needs, because it is not planned on being replaced with 2028, but the need is increasing now?

And I have to say, Director Christopher Sandals, this is probably the first time I have met with a VA official where I had less questions after the meeting than going in, and so he really is a star.

Secretary WILKIE. I agree. So the MISSION Act, I am due to report to the Congress I believe in 2022 on the market assessments, and then the Asset Infrastructure Review Commission meets to look at those market assessments. This was a project that Dr. Row included in the MISSION Act. It is designed to address those needs that you pointed out. I am not going to release them. I only have them in bits and pieces right now as they come in from different regions of the country. But again, I will say that Texas and Florida will be seeing in the next decade incredible changes in the level of services simply because of the massive, massive increase in the populations of both your states.

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

Mr. Cartwright.

Mr. CARTWRIGHT. Thank you, Madame Chair. And nice to have you with us, Secretary Wilkie.

Secretary Wilkie, you and I corresponded earlier this year. I wrote to you on January 6, 2020 and you responded on January 29, and I would request unanimous consent to enter this correspondence into the record.

Ms. WASSERMAN SCHULTZ. Without objection.

Mr. CARTWRIGHT. And I would also ask the indulgence of the Chair to circulate the copies of these letters to the witness so I can talk about these.

Ms. WASSERMAN SCHULTZ. Yeah. Of course.

Mr. CARTWRIGHT. And while we are waiting for that, Secretary Wilkie, I want to intone something about what Mrs. Roby just talked to you about. We are here in a Democrat majority House, and that applies to all of the committees and subcommittees as well. But in my mind, it is absolutely vital that you understand that just because Mrs. Roby, or Mr. Rutherford, or Mr. Hurd, or Judge Carter are in the minority, I expect you to provide them the kind of communications that you provide us in the majority as well. Is that clear?

Secretary WILKIE. Very clear, sir.

Mr. CARTWRIGHT. All right. Let's talk about these letters.

On October 15, 2019, the VA published an announcement on its website titled "General Information About Claims that Require Priority Processing." And then it says, "Listed below are the types of claims that require priority processing," and following that was a detailed list of such claims.

My first question is, does the Veterans Benefits Administration designation of a priority processing mean anything? Does it change anything about the way BVA claims process work at all? Does it on average lead to speedier resolution of a claim application compared to what would have happened if priority processing had not been awarded?

Dr. LAWRENCE. Yes, there is, yes, sir, there is special processing. It does in fact lead to special processing as you said.

Mr. CARTWRIGHT. All right. I'm glad to hear that. I appreciate that. And Dr. Lawrence, you feel free to weigh in at any time.

On January 6, I wrote you, Secretary Wilkie, asking, "If the VA's October 15, 2019 announced priority processing changes dropped, pension claims for the Aid and Attendance benefit for veterans who are experiencing financial hardship and who are over age 85 from the list of required priority processing items."

Mr. Secretary, you wrote me back on January 29 this year—thank you again for the courtesy—stating that "The VA considers all pension claims to be an indication that the claimant is experiencing financial hardship."

You went on to say that, "Advanced age had indeed been dropped for priority processing." You stated that since the average age of pension beneficiaries is 74 and there are substantial numbers of claimants just a few years longer than 85, giving priority processing to those who are 85 and older was causing the claims from those who were just a few years younger than 85 to take "longer to process solely because claimants did not meet the age 85 criteria."

You went on to argue that, "We feel that the recent change allows pension applicants to have their claims processed in a more equitable manner."

Look, I am all for equity, Secretary, but my concern are veterans and eligible spouses who are in a nursing home and who are less than 2 years away from death. There must be a higher percentage of such veterans as age increases. That stands to reason. If those veterans are entitled to an Aid and Attendance pension benefit, if they have earned that benefit under the law, but the processing time to approve the benefit goes on for 2 years, they are not going to get it. It is just simple practicalities.

As I understand it, under normal circumstances and as a matter of course, there is not a transference to heirs and deceased veterans will usually never receive a benefit they are entitled to, so I would like to go back to the issue of whether or not priority processing means anything. If it truly does mean something and VA considers all pension claimants to be in financial hardship, couldn't you achieve the equity that you say you seek by giving priority processing to all pension claimants or at least to all Aid and Attendance pension benefit claimants who are above the mean age of applicants who are 74? Wouldn't that be a better outcome?

Dr. LAWRENCE. Sure. Yes, sir. I understand your point, and this change was to reflect that all folks who come to us in pension are elderly and they are all in a difficult situation. The delineation of 85 actually meant less for this population than the other populations, i.e. just because you are 74 doesn't mean you aren't in a difficult situation. So we were balancing the workload to make sure that all folks who are in difficult situation could be taken care of.

That being said, we understand your general frustration with this population. We are investing tremendous amounts of money in automating this, so this claim, the average days to complete these claims all go down. The first wave of this will go into effect on April 3rd. We would be happy to come back and talk to you about what we are doing with the entire population.

Mr. CARTWRIGHT. I appreciate it. Thank you, and I yield back.

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

Mr. Rutherford?

Mr. RUTHERFORD. Thank you, Madame Chairman. Thank you, Mr. Secretary and the panel. Thank you all for being here this morning.

Secretary Wilkie, first, I want to thank you on behalf of the 1.6 million veterans living in my home state of Florida and for all the hard work I know that is going on over at the VA, and I too agree with you that you do have the most noble mission in government, I believe.

In my district, we are lucky to have an organization called K-9s for Warriors which I believe you are familiar with, and they do amazing work providing service K-9s to warriors suffering from PTSD, TBI, and MST. By all accounts, this program has been a real success and I have heard, you know, personal testimony from individuals.

Can you please tell me where—give me an update on the VA's research into the PTSD service dogs study that started 3 years ago or about 3 years ago?

Secretary WILKIE. And first of all, I will thank you for the PAWS Act and let Dr. Stone tell you where the medical people are.

Mr. RUTHERFORD. Thank you.

Mr. RYCHALSKI. I think this is coming to a conclusion in the studies. But you know, we have talked previously about the fact that what really gets us in trouble with suicide, with PTSD is intense isolation. As we talked with Congressman Hurd, anything that connects a veteran with another living being of any type is of value, and I think we can say clearly that the animals that are involved in this, the K-9 study that you are talking about is of huge value and should be propagated across the system.

Mr. RUTHERFORD. It is going to be out soon?

Mr. RYCHALSKI. Absolutely.

Mr. RUTHERFORD. OK. Another one of my high priorities is timely access to quality healthcare. There are two aspects of the mission that I would like to ask you about today that have huge impacts on veterans in northeast Florida: the recruitment of qualified physicians and their retention, and the prompt referral of veterans to community care providers.

Now, under Title 3 of the MISSION Act, it was designed to help the VA improve its recruitment and retention of future doctors through scholarships and loan repayment in exchange for service in VA. And I think it is particularly important, Mr. Secretary, in light of your comments that the actual workload for physicians actually went up 2 percent last year. Can you tell me how we are doing on the recruitment of physicians and are we still woefully short physicians?

Mr. RYCHALSKI. We continue to grow, sir, the workforce. We grew by over 11,000 last year in the workforce. Over 70 percent of those were clinical hires. Our plan in this budget is to grow by about 1,400 additional providers and other personnel. About a little over 7,000 will actually be clinical providers.

Now we retain employees at a dramatically higher rate than does commercial healthcare. In fact, our attrition rates are between 30 percent and 50 percent lower than commercial healthcare. Now it is not because we pay them so much, it is because of the mission.

Mr. RUTHERFORD. Right.

Mr. RYCHALSKI. And it is because they are connected to the mission. And the best example of that was in San Juan in the midst of aftershocks our employees showed up for work. With the recent tornados, our employees showed up for work and were working in various buildings around the community to continue to serve our veterans. So we are retaining well, we are hiring well.

We do have problems with pay caps in critically short specialties like neurosurgery, orthopedic surgery, gastroenterology, and we really move up against the federal pay caps, and we certainly have discussed and need relief if we are going to—be able to continue to recruit those specialties for the care of veterans, and that is a huge——

Mr. RUTHERFORD. Well, I am glad we are getting those on. That is a great effort. Thank you.

Secretary WILKIE. So that is a huge issue. We are different from the Department of Labor and the Department of Commerce. We have to retain people who come to us in terms of when they are doctors and they are nurses with incredible debt. I have been discussing with the authorizers and with staff in the White House on how we carve a VA out of really an industrial age compensation scale to meet the realities of today, and so you are right on target.

Mr. RUTHERFORD. Madame Chair, I see my time has run out. If I could just say one thing, I sent a letter concerning the community care consult process of VISN 8 and some of the concerns that were found there. We would love to hear back on that.

Secretary WILKIE. Yes, sir. Yes, sir, I will get back to you.

Mr. RUTHERFORD. Thank you. I yield back.

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

Ms. Bustos?

Mrs. BUSTOS. Thank you, Madame Chair. I am kind of hiding back over here in this corner. I have been jacking back and forth between Approps subcommittee meetings, just left a hearing with Health and Human Services, and the top of the day is, as you can imagine, was coronavirus, and as I carry around my hand sanitizer, I would actually like to ask what is going on with the VA and coronavirus, specifically obviously we are facing challenges associated with this, and coordination across government entities will be absolutely essential to making sure that we combat the outbreak of this virus. You know, hopefully it does not become a pandemic, but you know, we will—I know that everyone is working hard on this.

So many of our veterans, especially our older veterans, would be at high risk for this, especially experiencing complications if it does impact them. So I am wondering how the VA is coordinating with health and human services to ensure that veterans are educated on the prevention and then what the game plan is to—what you will do in case you have got an outbreak among veterans with the coronavirus.

Secretary WILKIE. So we are in a position that other departments are not in. We train for this. We train not only for national disasters, but we train for epidemics. We began moving on supply chain and preparation really before this became a national issue.

A case in point is the one veteran we know of who has this virus. We prepared a swath, a section of our Palo Alto campus to receive veterans who would have this virus.

We set it up for that. And that veteran is being taken care of there. We have been augmenting our supply chain. We have been putting in place those courses of action that we used for Ebola and H1N1 in the past. So we will be approaching this as we have these other issues. But it is not something that is unfamiliar to us. We are in constant contact now with CDC and NIH.

I am now part of the President's task force. I will have my first meeting today, although I talked to Dr. Birx at length this morning, and I am glad that she is on board because she is someone who allowed us to turn the corner on AIDS. So Dr. Stone can give you a little more in terms of particulars.

Dr. STONE. So our team began working on this in mid-January right after the Chinese began to reveal the problem in Wuhan. And we have been working actively and at Travis Air Force Base. We had a team of 12 that worked to enhance the protective devices that were being used there and actually screen the patients as they were repatriated from China and Japan.

One of the areas that we have recognized as we have taken the first patient from the commercial healthcare system, when that veteran who we had been talking to for a protracted length of time wanted to come to Palo Alto was a need for negative airflow rooms. We have across our system multiple negative airflow rooms, frankly, almost a thousand. Now, on any given day, about 60 percent of those are filled. But we begin repurposing and preparing for that. As the secretary stated, we have expanded our supply chain and continue to work those processes.

You will also hear that, because we are seeing contacts throughout the nation of people that may have traveled to various areas, we have started prescreening outside of our emergency rooms so that a febrile respiratory virus-infected patient is screened before they actually get in. This is the same method we used in influenza outbreaks. And so you will see us either putting people through a tent and prescreening to protect the institution.

Our special concern is we operate 135 nursing homes with over 8,000 vulnerable veterans in them, and they are on our campuses and we must protect them. And therefore, at the risk of some inconvenience, we are screening everybody coming into the institutions. It is most robustly in place in the state of Washington, which has occurred over the last number of days. It is reaching out across the rest of the Nation as we speak.

Mrs. BUSTOS. OK. Anything else from anybody on our—in front of us today that you would like to address that?

Man, eight seconds? Can I squeeze in one more question, then?

Biggest issue I hear about when I am at home from veterans is about transportation. I have a mostly rural district. And so there are specific issues when you are a veteran living in a rural area and how you are going to get to your appointments, how you are going to get to the hospital, if there will be reimbursement. And I know back in 2012, Congress authorized a 3-year plan to look into expanding travel programs to veterans receiving care at vet centers.

But it was described as you had to be in a highly rural area. And so we have a lot of small towns, but they don't qualify as highly rural. Wondering if you think that that program could be expanded to fit more folks in smaller towns and even urban areas for that.

Dr. STONE. Sure can. And as successful as we have been as the country's leader in telemedicine, there are times you need to have people face-to-face.

Mrs. BUSTOS. That is right. Yeah.

Dr. STONE. And the lack of transportation is an overwhelming problem. We have dealt with this in a number of states. And the lack of infrastructure and buses, cars - we have even tried to partner with Uber to try and get people in. And so could it be expanded? Yes. Does it need to be expanded? Yes. And we will find any possible way we can to serve a veteran.

Mrs. BUSTOS. We would be supportive of that so all right. Very good. I am out of time. I will yield back to you, Madam Chair. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Bustos.

Mr. Ryan?

Mr. RYAN. Thank you, Madam Chair. Thank you, Mr. Secretary, for coming. We appreciate your hard work, and we, you know, know how difficult it is, and I just want to say, too, I know you have your fingerprints all over the national defense strategy that I think is one of the most comprehensive approaches we have taken through the military to address some of the big challenges that we have.

And I just want to take 30 seconds because I know you are a big-picture thinker. And I don't want you to comment because I don't want to get you in trouble. But we sit in these committees, whether it is the Vets' Committee or the Defense Appropriations Committee. And we have to have a bigger strategy on how we make some of these investments. And we talked about how much, you know, veterans are going to get squeezed. We see what is happening in the military with investments we need to make along the lines of technologies and all of the things that you wrote about.

And under the current budget situation with—and I am going to say it—the huge tax cuts, we have got to start making an evaluation here of where are we going to get the money to make these long-term investments? And the people who served our country and our military and investments in education and research. And I am just saying that to you because I know how you think. And I know that you would appreciate that. So I do have a couple.

Secretary WILKIE. I will make one comment. And I appreciate your courtesy. You were one of the folks who was an exception to the rule where we were, for good reason, concentrating on Afghanistan and Iraq. But you made several very important speeches. And I think I used one or two of them in the—in my part of the strategy, that we need—we can't take our eye off the Pacific. And I thank you for that. That was very forward-looking at a time when others weren't doing that.

Mr. RYAN. Appreciate that. So two quick questions. One, you know, what we try to do, all of us, is stay in very close contact with our veteran service organizations. And we are proud in the county that I grew up in, in Trumbull County, Ohio that our veteran serv-

ice officer there, Herm Breuer, is head of the National Association of Veteran Service Officers.

So we stay in pretty close contact. And the issue that we hear about through our VSOs is what Mr. Cartwright was touching upon. I know you guys had a statement that you released by your department on March 2 announcing the hiring of seven new veteran law judges that you said that 2019 was a historic year for the Board of Veterans Appeals and we appreciate that. And you look forward to reaching new milestones in 2020.

Yet despite the improvements in adjudicating these claims, those seeking to get their aid and attendance pension benefits claim validated are having to wait at least 12 months, and the income-based pension is sought by those who are already in hardship. And these delays are only making matters worse. So if you could elaborate briefly on how your department plans on shortening these wait times for the vets who are already struggling to make ends meet——

Dr. LAWRENCE. Yes, sir. So just to clarify, so in talking to Herm—right?—he is the head of the NACVSOs. We spent a lot of time with him. Your question has encompassed two things. So let me pull them apart. The first thing was about appeals modernization. So you talked about the judges and the like; right?

So we are a year into that, and it is going very well. There are some things that need to be figured out. So from a VBA perspective, you can come to two lanes to get a decision, higher level review, for example. That is moving much faster. But you are right. The Board of Veterans Appeals continues to have hearings that are from the legacy. And they are working through that as fast as they can, automation, telehearings, more judges. So that is certainly something that is being worked through and thought through.

And I believe they have a plan to have those kind of resolved by 2022. It is just the change over to the new system. And we know the VSOs have been great partners in this. They were there at the beginning designing it. They provide us good feedback even a year later of who would have thought. Nobody knew. Here is some changes we make. And we do all those.

The second thing is around pension and fiduciary. You are right. Those waits are too long. This is something we have been thinking about hard since I arrived. As I said earlier, we are bringing automation to that. It is a very difficult and manual process where you have to check, verify, and the like. And so we are trying to do that much, much faster. We know that is an issue, and we are working on that. Happy to talk to you more in detail about some of those things.

Mr. RYAN. Please let us know.

Secretary WILKIE. And I would say, sir, that in terms of the Board of Veterans Appeals, we set a record in terms of hearings last year with 95,000. And that is still not enough. But if I may digress for a second if—beg your indulgence. And this goes to problems with the budget, not this committee's fault, but past administrations, Republican and Democrat, have consistently underfunded and under requested for IT in exchange for other issues.

This committee has been in the forefront of saying that is wrong. So we are in the process of putting things in the cloud. We are in

the process on the appeals of making it available through telehealth. But it is all part of a change in a very antiquated system.

Mr. RYAN. Could I sneak one quick——

Ms. WASSERMAN SCHULTZ. Yes.

Mr. RYAN. Thanks, Madam Chair. Many of the servicemembers that deployed to Camp Stronghold Freedom in Uzbekistan are ill with cancer and neurological problems. Several are in my congressional district. They saw black ooze seeping from floorboards, fluorescent water, and dug fighting positions and filled sandbags with dirt later confirmed to be contaminated. Could you describe how your department is handling providing medical services for these veterans and preventing the situation from devolving into a decades-long struggle much akin to the fight over Agent Orange and burn pits in Iraq and Afghanistan?

Dr. STONE. Let me begin by saying I was there. I was there. I had units stationed there when I was still in uniform and was up there.

Mr. RYAN. Was this your experience too? Do you——

Dr. STONE. Tough location.

Mr. RYAN. Do you recall that?

Dr. STONE. Tough location primarily because the Russians had used it to recondition aircraft engines and, therefore, there was large amounts of chemicals and exposure to that area. And it was a tough one to wall that off with the locals. What we are welcoming is the veteran coming to us for care.

Now, it is DoD's responsibility to find out what was in that area, but I can tell you, as a servicemember who served there and had units stationed there, it was a problem for the entire time that we were there. And so we look forward to DoD's delineation of what the chemicals were. But veterans need to come to us for care. It is not dissimilar to what we are dealing with in the burn pits. We have got 50,000 veterans that have registered for the burn pit registry, but they haven't come in for care. A very small number have actually come to us for care. They need to come in so that we can begin to fully understand the scope of this problem.

Secretary WILKIE. And we won't turn them away.

Mr. RYAN. Well, we have got to make sure we communicate that and amplify that, what you just said. So if you guys can clip this and have your communications team push this out, come—you know, to come see us.

Secretary WILKIE. And you are right. We don't want another Agent Orange in 20 years.

Mr. RYAN. Yes.

Ms. WASSERMAN SCHULTZ. Before I yield to myself——

Mr. RYAN. I will yield to you, Madam Chair. You can take the rest of my time.

Ms. WASSERMAN SCHULTZ. Thank you very much.

Rather than just, you know, urge you to communicate better, if you could report back to us on what your plans would be to provide the kind of outreach to those veterans, it would be helpful. OK.

Thank you. Thank you, Mr. Ryan.

We will go another round just because there is a couple of stray questions at least that I know I have. Mr. Secretary, the second bite for medical care is $2.3 billion. How much of this funding is

to readjust the actuarial estimates for medical care? How much is for mission? And how much is for the new what I have been referring to as nice-to-have initiatives?

Dr. STONE. You want to take it, John? OK.

Mr. RYCHALSKI. So, ma'am, about $1.4 billion of that is readjustment of the model. And then—I am sorry—the other part of your question——

Ms. WASSERMAN SCHULTZ. Mission. How much is for mission?

Mr. RYCHALSKI. Let's see. This is second bite. If you give me a minute here just to add——

Ms. WASSERMAN SCHULTZ. No problem.

Mr. RYCHALSKI. About 316, it looks like.

Ms. WASSERMAN SCHULTZ. OK. Three hundred sixteen million?

Mr. RYCHALSKI. Million, yes.

Ms. WASSERMAN SCHULTZ. Out of the total $2.3 billion?

Mr. RYCHALSKI. Correct. Most of it is obviously the readjustment of the model and it is healthcare-related.

Ms. WASSERMAN SCHULTZ. Right.

Secretary WILKIE. May I add one thing to that? And what I have noticed—and I mentioned the last time I was here that I thought this would happen. We are not seeing the dramatic increase in terms of veterans asking to go into the private sector. We had almost 60 million appointments within the institution last year. And I think that speaks to culture and that it is not something that is quantifiable in many instances. It can't be. So people are voting with their feet, and they are voting to go to someplace where people understand the language. And that—I will just say against interest—and you and I have talked about—that confounds many in the free market.

Ms. WASSERMAN SCHULTZ. Yes

Secretary WILKIE. But because our world, the world of the uniform, is so different from any other element in society, we are seeing people stay with us even though they have the opportunity to go into the private sector where we have seen the spike. And it is an important issue for your constituents because I know that part of Florida. My sister is there—is urgent care where we can keep them out of the emergency rooms. We are seeing, every week, several thousand go into urgent care. And that is understandable.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Secretary. But I asked—and I asked the question just to underscore how—and then you fortified my underscoring the absolute necessity that we make an adjustment to the cap so that we do not have to rob our veterans of the other vital services that they need that actually are offered at the VA where they are more comfortable.

Secretary WILKIE. Yes, my intent was to put that in perspective as to the needs and the habits of our veterans.

Ms. WASSERMAN SCHULTZ. Right.

Secretary WILKIE. And I will tell you I am very proud that we have satisfaction rates that are at an all-time high.

Ms. WASSERMAN SCHULTZ. We are too. I want to switch to EHRM. You know we had a hearing last week on electronic health record modernization implementation and the reason for the delays. I want to specifically address and follow up to that hearing

the communication issue that VA has with Congress regarding EHRM with you.

Hearing about the delay—and we discussed this by phone and at the breakfast. But hearing about the delay at the American Lake and Seattle facilities through the news media in late August was shocking when we have been hearing nothing but good news stories up until that point. We were not—the way we found out about that delay was in the media, not from the VA.

Hearing about the most recent delay at Mann-Grandstaff was also surprising given that there was no indication from VA that Mann-Grandstaff would not go live on time. You are looking confused, Mr. Secretary.

Secretary WILKIE. I am. I apologize. I was not aware of a delay in August. My goal had always been to give you a go or no-go on training that second week of February.

Ms. WASSERMAN SCHULTZ. Well, American Lake and Seattle were delayed. And that news came out in late August. And, we discussed this. This is when you split up the IOC into two blocks. That is information.

Dr. STONE. Now I am with you.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. Yes, there was a discussion of whether it was one block or into two blocks.

Ms. WASSERMAN SCHULTZ. Right.

Dr. STONE. I am with you now.

Ms. WASSERMAN SCHULTZ. And that is information that we read in the press, not heard from you. So, you know, the lack of information coming directly from you with no heads up, you know, we talked a couple weeks before the—before you were actually deciding to delay Mann-Grandstaff. And it is astounding to the whole committee because we were very concerned last week that the iterative training process for clinicians on the EHR system was the main reason for the delay.

The iterative training system is in the contract. It was specified specifically in the Cerner contract. This is something that could have been—could and should have been anticipated as an issue when you are not fully completing a system and you are having people train on it before it is complete. You know, that is something that you should have been aware of long before it was communicated. So how are you going to communicate? We got plenty of information on this last week. But I want to know how you are going to improve communication. And with all due respect, Dr. Stone, I really am asking the secretary this question.

Secretary WILKIE. That is on me.

Ms. WASSERMAN SCHULTZ. How are you going to communicate more effectively with Congress because our trust has been shaken on the successful implementation of this and being notified. We don't want you to go live when you are not ready.

Secretary WILKIE. Right.

Ms. WASSERMAN SCHULTZ. We emphasized that last week.

Secretary WILKIE. That is the bottom line.

Ms. WASSERMAN SCHULTZ. We don't want that to happen so don't misunderstand me. We do want to be kept abreast when there are obstacles and not—and all along, we have been told everything is

hunky-dory and we find out suddenly at the last minute that it is not.

Secretary WILKIE. Well, I will take a look at our briefing schedule. And I mentioned earlier that we have regular briefings for you and for your staff. Your staff was out at Mann-Grandstaff in January. And if they need to be out more with that with us, then I will do that. But back to the delay, you are correct. And I have taken the lead from both this subcommittee and the authorizing committee, as I did with Colmery and some of the others, that if it is not ready, I am not going to push the button. I don't want a meltdown like the Affordable Care Act. But unless I am mistaken, that second week of February was always the date that I would tell you if the field told me that they weren't ready to go.

Ms. WASSERMAN SCHULTZ. Except that all along, we were told that everything was ready and that there was not going to be any delay and that everything was fine. And then when you did call me, it was a complete surprise to us. So the communication that has to take place is really—I mean, it couldn't have been sudden that you realized that there was a problem.

Secretary WILKIE. Well, I can give you my timeline. And this probably does not assuage your concerns. The folks on the ground told me three days before that date that I had set up to inform the committee that we would go or no go on the training that they weren't comfortable flipping the switch on training because of the community care portion and the travel portion. So it was a very short window between them telling me and me talking with Dr. Stone and his team as to whether or not to——

Ms. WASSERMAN SCHULTZ. But getting back to that, the iterative training process was in the contract, and this is something that should have been anticipated as a potential. It is unusual to start training on an incomplete system.

Secretary WILKIE. And it is not any more complex than saying that in a human endeavor as complex as this one is that there are going to be hiccups. And there was a hiccup there.

Ms. WASSERMAN SCHULTZ. I know. And I understand that.

Secretary WILKIE. Yes.

Ms. WASSERMAN SCHULTZ. But there are also other challenges that have been created by there not being a deputy secretary, which is required in law, and that is supposed to be responsible under Congress's dictation.

Secretary WILKIE. Well, you moved up one level. You have moved up from the deputy secretary to me so——

Ms. WASSERMAN SCHULTZ. But you have got a lot on your plate, with all due respect.

Secretary WILKIE. Well, nothing as big as this.

Ms. WASSERMAN SCHULTZ. Your job description is way too expansive. And, I mean, you are at the helm overseeing EHRM. You have, you know, the blue water. You have a whole lot of different things on your plate. And the deputy secretary was supposed to be in place to oversee EHRM.

This is a financial investment that is too big to fail. I know you are a very capable individual, but will a new deputy secretary be nominated and when?

Secretary WILKIE. I don't know, and I don't know the White House timetable on that but there is a reason I took it on, because it is the biggest thing we are doing. In fact, it is the biggest thing the government is doing. And there are a lot of things that I can delegate to folks. All of them have—are nowhere near as important or as expensive as this so —and I have—we have a good team.

Ms. WASSERMAN SCHULTZ. Well, if you can communicate back to the White House that we expect that a deputy secretary under the law will be appointed so that everything is not, you know, under the auspices of the secretary's responsibility because, while I appreciate your capability, it is also not fair and not responsible to vest that much responsibility in one person.

Secretary WILKIE. I do thank you for your kind remark.

Ms. WASSERMAN SCHULTZ. You are welcome.

Mr. CASE. Thank you. I've got a question that starts with the Blue Water Navy and gets to a broader question that's been on my mind. So, on the Blue Water Navy, the actual budget requests on the Blue Water Navy, is that budget request an unexpected additional budget request over projections when we actually did pass the Blue Water Navy Bill? We obviously projected the fiscal impact of it.

Is this a surprise that—as to what the expense has been, whether it be administrative, or you know, actual number of vets that applied for it, or how did this turn out in your budget proposal versus what you expected a year ago?

Dr. LAWRENCE. No, sir. When the law was passed, we made a request for the additional resources. This is that request played out over multiple years. Our request was over 10 years, which is how we modeled what we expected the new claims to come in. So, this is the second year of that request.

Mr. CASE. How is the actuality tracking to the projection?

Dr. LAWRENCE. Oh, right now, it's about a smidge ahead where we're getting. Normally it takes about 6 months from our previous history, and modeling what happens. It takes a while to get the word out, even though we do tremendous comms and the like. It generally tends to be when veterans tell other veterans they've been granted benefits.

Mr. CASE. Right.

Dr. LAWRENCE. This is particularly more complicated, if you bear with me one second, sir. These veterans are old. They're 74. Perhaps they pass given these conditions. Their wife, and this is the time in the world when it was male, their wife may have disconnected from the military by virtue of their life.

We now are trying to figure out, how do we communicate with that person, kids, grandkids, and the like. But we're a little bit ahead, and so we think our modeling was correct, and this is a reasonable request.

Mr. CASE. OK. Thank you for that. I think that's good news. Mr. Secretary, the bigger question that begs is, I was visited yesterday, as were many of us by the Veterans of Foreign Wars, and it was always an incredibly productive discussion.

They asked me to sponsor a number of proposals all having to do with presumption to apply to expand the presumption in Agent Orange, Blue Water Navy, and to create new presumptions. And

going back to your earlier comments in response to Mr. Ryan's questions about the, you know, Afghanistan veterans who are suffering from diseases that we still can't pin an exact connection. We don't know the extent of the diseases that are actually connected, and burn pits is obviously a part of that.

It is really hard for me to sit there and decide where to apply that presumption, and where not to apply that presumption, and I think it's—I think it's pretty clear that as we get into a broader range of issues having to do with our veterans, we're going to see many more requests for—to change the current system in which you have to establish a service connection to an outright presumption.

And you know, have you, speaking of your big picture capabilities, have you given thought to kind of a different way of looking at this, and have you given thought to the mid to long term budgetary implications of this with our veterans?

One of the proposals was—that I found—thought was quite intriguing was to actually provide an external commission that actually would apply the science, and the connection—and try to make those determinations as to where there was a service connection, and if so, what diseases so that we could perhaps have a far more informed and deliberate process, because I fear that we're doing this—and I accept all the presumptions we've established so far. I'm just kind of looking out into the future and saying, well, where does this actually go? Have you given thought to that?

Dr. STONE. So, within VA, we have the war related injury group up in the northeast that really looks at future injuries, as well as what we're dealing with in various trends, but this is why we brought in the National Academy of Science. In some of the latest presumptions that we've had some debate on whether we're ready or not with.

The difficulty is the National Academy of Science doesn't do any new research, as extraordinarily good work that's done by that group, but they really just bring together all the existing work that's been done, much of which has been done by us, and we're in the process of two large cohort studies looking at Vietnam veterans specifically, as well as these other groups.

So I think there are alternative ways to do it, but you know, the recognition of depleted uranium, the recognition of what we just talked about in Uzbekistan are often recognized well after the fact. You know, we were burn pit exposed in Afghanistan during my early deployments, and we didn't have any recollection that—any recognition of what we're doing even as healthcare workers.

And so, it is often quite light, and therefore that veteran who is in their 70s, who is coming forward and saying now there is the emergence of higher rates of cancer as we've talked about, and prostate cancer, often has to be worked as a longitudinal cohort that really goes on for their whole lifetime, and I'm not sure how you get ahead of it.

Mr. CASE. OK. Well, it's a much broader—I think it's going to be a much bigger picture and broader discussion both at the policy level and the budget level. So, we—I think we need to consider whether there's a different way of looking at this, and making the right decisions in this department. Thank you.

Dr. STONE. With Madame Chair's indulgence, this is one of the things that we have in some of our precision oncology work. In the second bite, we have 75 million for precision oncology. We're about the process of really doing the genomic studies on the mutations that we're seeing, and that really grows out of our million veteran program, as well as the fact that we're the largest provider of oncology services in the Nation with 200 new diagnoses of cancer a day.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Case. Mr. Cartwright?

Mr. CARTWRIGHT. Thank you, Madame Chair. I want to shift gears now and talk about the National Work Queue, and something called suspended cases, and this is for you, Dr. Lawrence. There are only three pension management centers: Philadelphia, St. Louis, and Milwaukee.

What I'm wondering is if the operation of the National Work Queue at those three centers shortens or lengthens wait times for disposition of pension claims when the operation of the queue does a reassignment of a multi-step case. Now as I understand it, after a temporary suspension in a pension case, the work queue system can reassign the case to a new VA caseworker, who technically has a shorter case load queue when suspense comes due, but who will have to start from square one in his or her evaluation and handling of the ongoing case.

Now, I believe that a typical reason for the suspension of a pension case is the situation where more information is needed on the veteran from another federal agency, and it's going to take more than 35 days to come up with that information.

My question is this: have you consulted on this issue with the VA caseworkers who work on pension claims at those three pension management centers, and if so, what is their opinion on whether this National Work Queue's operation on suspended cases shortens or lengthens wait times for veterans?

Dr. LAWRENCE. Sure. On this particular issue, I have not consulted, but I have consulted on the National Work Queue ever since I've shown up, because I've heard comments about its efficiency, and what I will say—the answer to your broad question is, this speeds up processing by big steps.

What it does along in the process, and continues to use, please—could you go find—could you walk down the hall were you a VSO and talk to somebody on that? This is where it doesn't do that very well, because we pass the cases around exactly the way you describe, for exactly the reason you say. Why should the file wait on somebody's desk when somebody in another city has time to process it?

However, what we've noticed though that after it was developed, there were 2 years, 2 years under which no enhancements were made to correct things like you're describing, anomalies that people understood, but didn't make its way into the initial release of the software.

About a year ago, we started inventorying our staff, the people you're describing about, about things that they observed that we could do better. We started a project a year ago to put those changes into software, and that's been going on monthly since the

middle of last year. So, there are things going on. On this one, I'll go in and look. I'm not familiar with the details you're describing, or why it is we wait 35 days in the example you gave.

Mr. CARTWRIGHT. Yeah. It's understandably a pretty narrow range of question. But I have heard concerns from caseworkers about that, and I really would appreciate your looking into it in detail, and will you get back to my office?

Dr. LAWRENCE. I absolutely will, and I'll just make one comment. Not to push back on you, I hear those examples too, and you can generally find one that, you know, gee, wasn't imagined, somebody waited a longer period of time. What we don't really have an example of is, somebody—and there's many more of these somebodies—whose case went through faster because of the algorithms and the thinking about the——

Mr. CARTWRIGHT. Because they don't complain about having their case adjudicated for——

Dr. LAWRENCE. Not to minimize the perspective you're saying at all, but certainly I'll be happy to you, and we'll talk to you, and if there's specifics in detail, happy to look into those too.

Mr. CARTWRIGHT. I very much appreciate that, Doctor. And thanks so much. Yield back. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Cartwright. Mr. Rutherford, I just have a series of questions that I'll just run through. If you want to chime in, then just let me know.

Mr. RUTHERFORD. OK.

Ms. WASSERMAN SCHULTZ. And Mr. Cartwright, I don't know if you're going to have additional questions. OK. I want to turn back to Corona Virus. You mentioned that you have a well-organized system in place. When you mention that you sent a veteran—the only veteran that got diagnosed so far to Palo Alto, do you have every VISN set up with a place that a veteran can be treated and isolated if necessary? I mean, I certainly would hope that you wouldn't send—try to send a veteran from Florida to Palo Alto.

Dr. STONE. No. That's exactly correct. The entire Nation is covered with negative air flow beds. Now, I can——

Ms. WASSERMAN SCHULTZ. Where would a veteran go in VISN 8?

Dr. STONE. I'll be happy to give you the exact list, but many of the facilities in VISN 8, including Tampa, including Miami, including West Palm as well as Bay Pines all have the ability to deliver negative air flow beds.

The key is what we don't want to happen is what happened with the chronic living facility in the state of Washington where large numbers of first responders are now quarantined because they were moving patients, and therefore our goal is to protect the institution, protect the employees, and care for patients as appropriate. Now please remember that those patients that are very, very ill from this virus, have very high mortality rates. So, if they're going into an ICU, then many of our rural facilities are not going to be capable of caring for a very sick patient, and will need to be in partnership with community providers.

Ms. WASSERMAN SCHULTZ. Right.

Secretary WILKIE. And correct me if I'm wrong, the patient who was in Palo Alto was local. Is that correct?

Dr. STONE. That's correct.

Secretary WILKIE. He did not want to be in a Northern California facility that was outside of VA. He used his right as a veteran——

Ms. WASSERMAN SCHULTZ. To be treated at the VA

Secretary WILKIE [continuing]. to make that request.

Ms. WASSERMAN SCHULTZ. OK. Have you ordered any testing kits?

Dr. STONE. Yes.

Ms. WASSERMAN SCHULTZ. How many?

Dr. STONE. We sit at the table with HHS and the CDC and have since January when this began. We have over a thousand testing kit—from—let me say this. I can tell you how many——

Ms. WASSERMAN SCHULTZ. Is that sufficient number?

Dr. STONE. No.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. And therefore, our virology series in our laboratory is building our homebrew. We are now testing that homebrew against the CDC's tests to assure that they are equal.

Ms. WASSERMAN SCHULTZ. Homebrew as in your own testing kit?

Dr. STONE. Their own testing kits.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. And that is being done all over the Nation now at universities. Because of our academic affiliation, our anticipation is in the very near future, there will be robust testing available. Our problem today is these great delays it takes when someone is suspected of having a problem shows up in an ER, and then we wait multiple days to find out, even if they've had travel to one of those restricted areas like Italy or South Korea.

Ms. WASSERMAN SCHULTZ. OK.

Secretary WILKIE. And I begin my service on the task force today.

Ms. WASSERMAN SCHULTZ. OK. Good. That's a relief. I want to share with—I haven't shared anything directly related to my constituency. This is the only thing I will share with you, is that I've been told by my local VA that they were not allowed to send someone to my Corona Virus roundtable with all of our public health and constituent organizations and affected organizations, because everything is coming out of the—Washington, or the White House. So, I don't understand that. I want my local VA at the table. We have the highest concentration of senior citizens in the country in my State, and a very significant number of——

Secretary WILKIE. I've never issued that guidance.

Ms. WASSERMAN SCHULTZ. OK. Well, if you could communicate to my VA that they can come to my roundtable, that would be fantastic.

Secretary WILKIE. Yes. I'll come to your roundtable.

Ms. WASSERMAN SCHULTZ. Oh, sure, if you are available on Monday, we would love to have you.

Mr. RUTHERFORD. Madame Chair, that issue came up the other day on the call with the lieutenant governor from Florida, because Congresswoman Frankel had mentioned that the Health Department had told them that they couldn't respond, and couldn't talk.

Ms. WASSERMAN SCHULTZ. Yes.

Mr. RUTHERFORD. And that was debunked over the phone.

Ms. WASSERMAN SCHULTZ. Well, the Department of Health isn't the VA——

Mr. RUTHERFORD. No.

Ms. WASSERMAN SCHULTZ. Yes.

Mr. RUTHERFORD. No, I just——

Ms. WASSERMAN SCHULTZ. I just wanted to make sure.

Mr. RUTHERFORD. Yeah.

Ms. WASSERMAN SCHULTZ. That's their impression. So, if we could disabuse them of that impression, that would be great.

Dr. STONE. Well, we did have trouble with the original Chicago cases where the local health department asked for our help, not going through the federal processes that are normally done. So, there was a little bit of kerfuffle related to that.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. And—but in no have any of us issued guidance to not participate. We recognize we're important members of this community and want to participate.

Ms. WASSERMAN SCHULTZ. Great. I just want the right person from our VA at the table, because we're really trying to pull together all the relevant parties so that we can get out the kind of information we need. Thank you.

I want to go back to the Agent Orange presumptive disease issue. We've been following this closely, as you saw from Mr. Case's question, and there has been a plea by our veterans to add bladder cancer and three other conditions to the list of conditions presumptively considered by VA to be connected to Agent Orange exposure, and you did refer to that, and you referred to the aggregate, what you're referring to is aggregated studies. That's a normal thing that is done.

We don't generally—and I'm not a scientist, but I know generally when you have, you know, the need for the most up to date science on something on a question, you don't have to launch a study specifically for every single question you might have, because there are many studies out there that are completely valid, and you aggregate studies, and the studies by the National Academies of Science, Engineering, and Medicine, concluded that the science around these conditions is equivalent to prostate cancer, lung cancer, and Parkinson's disease, all of which are already on the VA's presumptive list.

So, why are these four conditions being held to a different standard than previous conditions, where after similar reports from the National Academies, and I want to say that you are rumored to be looking for causation. That is not what presumptive—you know, presumption is about. Presumption is where there is an association, not a causation. And so, I just don't—I don't understand why this is taking so long.

Dr. STONE. When we took a look at what the National Academy of Science looked at in their last report, it was primarily a very small study that turned the corner for them on chemical company Army personnel who served, and because of that, and because they were talking about the one condition of hypertension that is fairly ubiquitous in over 75 year old American males, we felt that it was a stretch to reach to where they've gotten to. Also, because we had

two good studies ongoing that we felt were going to be out in the very near future.

Ms. WASSERMAN SCHULTZ. Well, when are those going to be——

Dr. STONE. It was appropriate.

Ms. WASSERMAN SCHULTZ. When are those going to be completed?

Dr. STONE. We would expect them this summer. One of them is already in for review in peer reviewed journal. Now, let me give you one other piecebefore you go on. We also published this year a study that we've been doing since 1995 and 1996 in Kosovo veterans showing dramatically lower rates of cancer, dramatically lower rates of cardiac disease, and dramatically lower rates of respiratory disease, all statistically significant. What do we do with that when we put it against one that shows a five percent increase in hypertension from 65 to 72 percent.

Ms. WASSERMAN SCHULTZ. This is Agent Orange. No one is suggesting that veterans were exposed to Agent Orange in Kosovo.

Dr. STONE. I absolutely understand that.

Ms. WASSERMAN SCHULTZ. But that's not a—but that's not a cpmparable——

Dr. STONE. But what I'm saying is that you could look at cohorts of patients and find statistical variation that is not necessarily due to Agent Orange, and that's what we're trying to deliver in that to the secretary.

Ms. WASSERMAN SCHULTZ. Dr. Stone, lung cancer is on the list of presumptive diseases, and older people who have smoked for a really long time get lung cancer, and it's on the list of presumptive diseases that are associated with exposure to Agent Orange.

You certainly can't suggest that there is—that you need to look harder or more specifically to make sure that the diseases that are held out right now are—have more of an association than lung cancer has already been designated. I mean, veterans are more likely to smoke, and that—that's an approved disease. So, what else are—what else are you looking for? What are you hoping to get—expecting to get out of your two additional studies that hasn't been covered by the previous studies done by scientific experts that specifically looked at Agent Orange exposure?

Dr. STONE. And the answer is better science.

Ms. WASSERMAN SCHULTZ. OK. I want to know where you're questioning the science. I mean, this is the National Academy of Science's study. It's been 4 years. Four years, and you still haven't reached a conclusion.

Dr. STONE. OK.

Ms. WASSERMAN SCHULTZ. No, I'm asking you to answer that question. What is taking so long?

Dr. STONE. And the answer is the previous presumptions were done under a portion of the law that said that whatever the National Academy of Science said, the secretary had to implement.

Ms. WASSERMAN SCHULTZ. OK.

Dr. STONE. That portion of the law expired, and therefore the secretary has the prerogative of asking for additional studies in order to reach this, and as I've stated previously, in——

Ms. WASSERMAN SCHULTZ. And who is conducting the studies, and why is it better science than we can expect out of the National Academies of Science? Can you answer the question?

Dr. STONE. The National Academy of Science isn't conducting research. They are simply compiling information from our researchers——

Ms. WASSERMAN SCHULTZ. With all due respect, reclaiming my time, I said at the outset of my question that I understand how those studies are handled, and that it's an aggregate, not as a study conducted.

But the people at the National Academies of Science are certainly among the foremost experts of the world in their field, and so when they pull together studies that they use to make a decision about whether there is an association with exposure to Agent Orange, and it is related to specific diseases, and they recommend, yes, it is, just like the other diseases that they did, it is difficult to understand why the VA refuses to believe them, or take their word for it. What is better about your science, and who is conducting your studies than these studies that were done that were aggregated by the—by the National Academy of Science?

Dr. STONE. The academics that are completing their work are—have looked at lifetime cohorts, and the death studies of the reasons for death on various death certificates for a period of years, and therefore it is the broadest study of veterans that served——

Ms. WASSERMAN SCHULTZ. That sounds more like you're looking for causation, not association. Are you looking for causation?

Dr. STONE. Yes.

Ms. WASSERMAN SCHULTZ. OK. That's not how the presumptive disease law works. You can't require that causation be proven. Presumptive disease is specifically association as a result of exposure due to being exposed during your military service. You aren't allowed to decide that now you're going to up the standard and say there has to be direct causation. All the other diseases under this—under this requirement are through association.

Where do you get the authority to decide that from now on, the diseases are going to have to be directly—you can't even—you—how are you even going to prove that? As I said, lung cancer, which already is a presumptive disease, has many causes. In fact, the most likely cause of lung cancer in many people is the likelihood that they smoked.

Dr. STONE. And I would ask you to go back to the statute under which those previous presumptions were made. The expiration of that statute and the authorities given to the secretary to make decisions on this.

Secretary WILKIE. Now, let me make this personal, and I appreciate your fervor with this.

Ms. WASSERMAN SCHULTZ. Well, what we're going to do in the bill.

Secretary WILKIE. Nobody wants to get this right more than I do. I mentioned—when I spoke before the authorizers, my mother described to me my father's last days. Artilleryman, two tours in Vietnam, exposed to lord knows what. She and the doctors were convinced that his death was related to chemical exposure.

I'm guessing that it's a combination of both Vietnam and just day-to-day operation of being an artilleryman. These studies that Dr. Stone mentioned were begun I believe before I became secretary. We'll see them hopefully in the summer, and I will push forward. I will do everything that I can to get it right, because it is personal.

Ms. WASSERMAN SCHULTZ. OK, but Mr. Secretary, it is irresponsible and outrageous if you change the standard and take advantage of—I mean, if you—if you profess to care about veterans, and take—and want to take care of them, in the same way that veterans were—are being cared for by the association determined from their exposure to Agent Orange related to other diseases, and now change the standard when you have a National Academies of Science's aggregate of—aggregation of studies that the—those experts say, these are associated with their exposure, and now require causation? OK, then we will put it in our bill and prevent you from doing that, because that is unacceptable. I really hope that you will have a discussion between the two of you, and the powers that be at the VA, and understand that Congress is not going to accept that you're going to change the standard on these veterans who, you know, already when they came back from Vietnam were certainly not welcomed back and treated like the heroes that they were.

Secretary WILKIE. Well, I'm the first one to agree with you on that.

Ms. WASSERMAN SCHULTZ. OK. Well, so, will you get back to me about that? Because I'm glad that I got you to say on the record that you're looking for causation, because that's really unacceptable. My last two questions are related to the study that was referenced on PTSD service dogs. You said soon, in answer to your—Mr. Rutherford's question. What does soon mean as far as when the study will be released?

Dr. STONE. I'd be happy to get it back to your office on the exact date.

Ms. WASSERMAN SCHULTZ. Do you not know?

Dr. STONE. I was told this summer. I would assume you would like a better date than that.

Ms. WASSERMAN SCHULTZ. Yes. OK, thank you, and Mr. Secretary, as you know, the house included a provision in our bill last year that prevented painful research on dogs. The Senate insisted on softening that language, which is why the final bill is different than the House version, but we significantly tightened further your ability to sign off on testing on dogs as secretary, and determine that those are experiments that can't be done in any other way.

I'm especially disturbed by the spinal cord research that was conducted on dogs at the VA, that includes breaking dogs' backs. There are other world-class universities all over America that do spinal research without using dogs and breaking their backs. Why can't VA do the same?

Secretary WILKIE. I'm like you. I'm not a scientist, and I'm not a medical professional. I do listen to what scientists say, and as a result of the legislation, and as a result of the questions that you posed to me last year, we have significantly reduced the number of dogs in our program. I think—

Ms. WASSERMAN SCHULTZ. How many are in the program now?

Secretary WILKIE. Only 31 were euthanized, which is way down from where it was the last time we met. But I will also say this. That there are things that you cannot replicate outside—and particularly when it comes to spinal cord injuries—without this type of research. The problem we have with modern combat right now is that those wounds that took lives of soldiers in Vietnam and in the first iteration of the Gulf War do not take those lives anymore. People are living with spinal cord injuries that would have been a death sentence.

I can tell you that in the short time that I've been at VA, we have developed, because of canine research, a transponder that is able to have a soldier who has massive spinal cord injuries cough in order to save his life, because most of these soldiers who have injuries of that type, they pass away, because they can't do what you just did. They can't cough.

Ms. WASSERMAN SCHULTZ. Mr. Secretary with all due respect, that research is extremely important.

Secretary WILKIE. It is important.

Ms. WASSERMAN SCHULTZ. There is no way that you can convince me that it has to be done by dogs—on dogs when other universities conduct spinal cord research, and are able to do it without breaking dogs' spines, and I mean, I'm sorry, but there are other avenues that you can pursue to produce the same results.

Secretary WILKIE. My discussions with many of those same folks from academia is that there are just things that can't be replicated outside of this host.

Ms. WASSERMAN SCHULTZ. Respectfully, if that were true, then universities doing this research would be using dogs all over the country, and they are not.

Secretary WILKIE. Well, we work in cooperation with universities, so we——

Ms. WASSERMAN SCHULTZ. Right, I understand that, but the VA's spinal cord research is not expressly unique. Every human being has a spine——

Dr. STONE. Again, I would say, Madame Chair that our researchers would say it is unique.

Ms. WASSERMAN SCHULTZ. OK, but they're not so unique that you have to do your research on dogs to get the answers to the questions——

Dr. STONE. And our researchers would disagree with that premise, and you began this by saying nothing we could say would convince you otherwise.

Ms. WASSERMAN SCHULTZ. You're right, because there's just no way that there aren't other possibilities except to inhumanely treat—inhumanely do testing and experiments on dogs, at the—that's just—and the—and the committee agrees, and we're going to carry that prohibition language again, and we're going to fight you until—because you're going to have to come up with another avenue once we finally can prohibit you from doing this.

So, I would really—because I'm going to succeed on this. Trust me, I will succeed on this. So, I would strongly suggest that you start finding another avenue for this—for this experimentation, because it is absolutely essential that we make sure that our soldiers

that come back, we're able to help them, and there must be a better way. Must. Are there any other questions? OK. I appreciate you, Mr. Secretary. We always have a robust discussion——

Secretary WILKIE. We do.

Ms. WASSERMAN SCHULTZ [continuing]. in private and in public. Any exchange we've had today does not change the respect I have for you, and/or the pleasure it is to work with you, and thank you for the work that you're doing.

Secretary WILKIE. And I will also say that there's no more formidable legislator.

Ms. WASSERMAN SCHULTZ. Well, thanks. I think there's probably a couple others more formidable than me, more than a couple, but it is imperative that we get this right. That, as you said at the outset, we don't have a higher responsibility than taking care of the people who have served our country and put themselves in harms' way, and we are going to make sure on this committee, as the only committee in the Congress that is responsible for the entire lifecycle of an individual, from their beginning of—from the beginning of their active duty service to—all the way through their time as—in their lifecycle as a veteran. We take that responsibility very seriously, and so we appreciate you being here, and the work of your staff, and with that, the subcommittee stands adjourned.

TUESDAY, MARCH 10, 2020

MEMBERS' DAY

Ms. WASSERMAN SCHULTZ. The Subcommittee on Military Construction and Veterans Affairs and Related Agencies will come to order. This morning we have the opportunity to hear from a number of our colleagues on their priorities related to the subject matter that is handled in our appropriations bill.

This is always a wonderful opportunity for us to be able to ensure that members have a chance to provide input into our bill that we will product for fiscal year 2021. We have six members that are coming in this morning to talk about a variety of military construction and veterans programs. And to our colleague, Mr. Cisneros, you should know that we really take this feedback and input seriously. Many of the members who have come before us have been able to get the concerns addressed in our bill, and so we're very appreciative of you taking the time to come to talk to us today. It's very helpful. I look forward to today's testimony and continuing a productive dialog with our colleagues.

And before we begin, I'd like to turn to Judge Carter and see if he has any opening remarks.

Mr. CARTER. Welcome. Looking forward to hearing from you.

Ms. WASSERMAN SCHULTZ. OK, short and sweet. Without objection, all written statements will be entered into the record. Congressman Cisneros, thank you for coming this morning. Your full statement will be entered into the record, and you're recognized for 5 minutes to summarize your remarks.

STATEMENT OF HON. GILBERT RAY CISNEROS, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Mr. CISNEROS. Chairman Wasserman Schultz, Ranking Member Carter, and Members of the House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, thank you for allowing me this opportunity to provide input into the fiscal year 2021 appropriations process on behalf of the residents of California's 39th Congressional District.

As a Navy veteran with the honor of representing over 25,000 veterans, the programs under your jurisdiction are important to me, our veterans, and their families. I would like to take this opportunity to highlight a few examples of the federal programs that most benefit my district.

First, I urge you to provide strong funding levels for the vocational rehabilitee and employment programs. The veterans in the 39th District rely on VR&E for job training and employment, accommodations, resume development, and job seeking skill coaching. I appreciate the president's budget request will keep the VA on track to maintain the required ratio of one counselor to every 125

veterans. However, my constituents continue to face unnecessary frustration with the program which transfers veterans from one counselor to other without ever notifying the veteran or ensuring a warm handoff. As a member of the House Veterans Affairs Committee, I have raised this issue with Secretary Wilkie, but in the interim, continued federal funding is necessary to ensure the VA remains on track to properly serve veterans nationwide.

Similarly, my district is lucky to have a veterans' success on-campus program at Mt. San Antonio College in Walnut. Resource counselors understand the challenges that face veteran students. I've heard from countless student veterans about the need to expand VSOC program to other colleges and universities in the 39th District. With long travel time and heavy traffic congestion, it's unacceptable that our veterans have to jump through so many hoops just to access their educational and vocational benefits.

According to the president's budget request, the current VSOC funding level supports only 104 campuses nationwide. Sufficient funding must be available to support our veterans at college campuses.

Further, I urge you to provide increased funding for grants and construction of state veterans cemeteries to support a veterans' cemetery in Orange County. Last year, I testified before this subcommittee to express my support for state level efforts.

Since my testimony, local officials have been working with the state to finalize a location and have secured $20 million in the state's budget. Federal funding will need to be available in order to bridge the gap in the state's allocation and get the project across the finish line. I urge you to increase the VA's state cemetery grant program funding so long overdue projects do not suffer any further delays.

I encourage you to provide strong funding for VA homeless assistance programs. While substantial national progress has been made, sustained funding is needed until the number has been reduced to zero. This includes the highly effective supportive services for veterans' families program. Volunteers of America in Orange County use this funding to provide rapid rehousing and assistance obtaining benefits.

This also includes the VA's Homeless Providers Grant and Per Diem programs which support supportive services in support of housing for homeless veterans in Diamond Bar.

Finally, although I understand that these programs are not under the direct purview of the subcommittee, I would be remiss if I did not urge you to work with your colleagues on the House Appropriations Committee to reject the president's proposal to cut other programs that serve our veterans.

For instance, as of January 2019 there are 37,085 homeless veterans and yet the President's budget request completely eliminates funding for HUD-VASH vouchers for the fourth year in a row.

I know your commitment to serving our nation's veterans transcends partisanship. I hope you will continue this commitment in other areas of the budget.

Thank you again for your time and consideration. I know you have a tough job ahead of you, but I hope you will keep these stories in mind as you craft the Fiscal Year 2021 Appropriations Act

for Military Construction, Veterans Affairs, and Related Agencies. Thank you very much.

Ms. WASSERMAN SCHULTZ. Thank you, Congressman Cisneros. We appreciate your dedication to your congressional district, particularly your community's veterans. I don't have any questions. Judge Carter?

Mr. CARTER. Thank you.

Mr. CISNEROS. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you for joining us. Good morning. We now recognize Congressman Jared Golden from the great State of Maine. Without objection, your full statement will be entered into the record, and you're recognized to summarize your remarks for 5 minutes.

You are recognized.

STATEMENT OF HON. JARED F. GOLDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. GOLDEN. Thank you very much. I think we can do this in 5 minutes. So I'll go ahead and read it for the record. Chair Wasserman Shultz, Ranking Member Carter, and distinguished members of the committee, thank you for the opportunity to discuss an issue that is critically important to veterans, both in my district and across America, access to inpatient substance use disorder otherwise known as SUD facilities.

Substance use disorder is a tragic reality for far too many veterans. Those who have worn our nation's uniform and selflessly fought in defense of our country exhibit mental health and drug use problems at a higher rate than the rest of the country.

As a former Marine infantryman and veteran of both the Iraq and Afghanistan wars, I've experienced and seen this problem up close. I've lost friends I served alongside to substance abuse, and I've sat on the phone with others in the midst of crisis and feeling like they had nowhere to go.

This is a serious risk factor for veterans who are sad. About 1 in 15 veterans demonstrated substance use disorder in the past year compared to the one in eleven national average among persons age 17 or older. SUD among our veterans is increasing particularly among post-9/11 veterans.

According to statistics published in 2015 by SAMHSA, SUD has increased from 3.7 percent among pre-Vietnam era veterans to 12.7 percent among those who served in the military since September 2011. Since 2002, the number of veterans addicted to opioids has doubled. The data on substance use disorder is overwhelming and present a stark reality. Substance use with its associated health consequences is a major health problem for veterans, and it can have substantial negative consequences on veterans' mental and physical health, work performance, housing status, and social function.

These challenges are felt more acutely among veterans in rural states like my own in Maine. Almost 460,000 rural veterans served in Afghanistan and Iraq, and approximately 80 to 90 percent of Afghanistan and Iraq veterans treated for substance use disorder have also been diagnosed with corresponding mental health issues.

The profound often generationally affecting toll of substance use and corresponding mental health issues for rural veterans and their families is one that my office has seen in our efforts to assist Maine veterans and their loved ones with substance use issues. In Maine, this means traveling as far away as Brockton, Massachusetts, or Stonington, Connecticut, to receive care hundreds of miles away from home.

Consequently, these veterans face an exceptionally difficult choice, and one that I actually hear about in the community in talking to veterans, particularly in organizations like the VFW and the American Legion, that they are faced with choosing whether to receive care far away from their family and support networks or forgo evaluation and treatment altogether out of a concern for having to leave their community.

Just this week, caseworkers in my district have been working with a veteran of the global war on terror suffering from mental health and substance abuse issues, and after months of not receiving adequate care at Togus VA, his mother reached out to our office because she felt she had nowhere else to turn. In one email she writes, "It is really sad that Maine does not offer services to help our combat veterans suffering with PTSD, TBIs and addictions. Maine's VA medical center really needs some help in what it does and can offer. The lack of services, employees, and equipment is such disservice to the men and women who fought for us."

Her son's struggle is her struggle. The issues our veterans face are not felt alone, but have a profound impact on their families and friends as well as the entire community.

We owe veterans such as this service member from my district the medical care that they earned after years of selfless service. The path forward to address this problem is clear to me. Greater access to inpatient SUD facilities are an absolute must for the VA. There simply is no substitute for veterans being able to receive these critical services from the VA because we know that VA providers are better trained and experienced to help veterans overcome the unique challenges that can stem from combat service, which is why I'm requesting that your committee adequately fund the medical facilities account which would help bring much needed construction of new inpatient SUD facilities within the VA system. A special emphasis should be placed on rural communities where the problem of limited access is particularly acute. Thank you very much. That summarizes my testimony.

Ms. WASSERMAN SCHULTZ. Thank you, Congressman Golden. And thank you in particular for your devotion to making sure that your constituents in the rural areas of your district, which is nearly all of it, in Maine have access to substance abuse services. It's a choice that no one should have to make, forgoing treatment versus going far away and that distance being from the people you're closest to can exacerbate the problem rather than help it. So appreciate it. I don't have any questions. Judge Carter?

Mr. CARTER. We are all over substance abuse. So thank you.

Mr. GOLDEN. Thank you.

Ms. WASSERMAN SCHULTZ. We definitely are.

Mr. GOLDEN. I appreciate it.

Ms. WASSERMAN SCHULTZ. And a pleasure working with you.

Mr. GOLDEN. You as well. I can't thank you all enough.

Ms. WASSERMAN SCHULTZ. Thank you for coming. OK. Now, recognize Congressman Richard Hudson from North Carolina. Without objection, you are welcome to the committee, and without objection, your written statement will be entered into the record. You are recognized to summarize your statement for 5 minutes.

STATEMENT OF HON. RICHARD HUDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. HUDSON. Thank you, Chairwoman Wasserman Schultz, Ranking Member Carter. Thank you for this opportunity to be here today to discuss the dramatic military construction needs at Fort Bragg in North Carolina.

As you know, Fort Bragg is a very special and unique place, fondly referred to as the epicenter of the universe. It's not only home, the Airborne and Special Operation Forces, but Judge Carter and I go back and forth on this quite a bit, but it is our nation's largest military installation in terms of personnel. Yes, sir.

As our nation as increasingly relied on Special Operation Forces over the last two decades, I'm thankful for the subcommittee has recognized their critical role and awarded Fort Bragg with significant funding to support the Special Operations community.

However, this has come at a cost, and one that I fear has not yet been fully realized by senior leaders at the Pentagon and some members of Congress. The cost I speak of, it's come at the expense of conventional forces at Fort Bragg, most notably, the 82nd Airborne Division, which I received on one MilCon project since 2010.

The 82nd is our nation's immediate response force. This means that at a moment's notice, they can be called upon to mobilize and deploy to a combat zone in a mere 18 hours. Fort Bragg is the only Joint Strategic Deployment Platform we have and provides our nation the ability to respond in hours versus days, weeks, or months, and enables the military to seize the initiative and win.

Recently, we saw this capability in action for the first time since 1989 in response to the Iranian aggression. On New Year's Eve, a call went out to the paratroopers of the 82nd to get back to post and get ready to leave. Eighteen hours later, they were heading for the Middle East.

Unfortunately, having not been activated for 30 years, we as a nation have forgotten what it takes to maintain this type of capability. Since the deployment, I've engaged with leaders at Fort Bragg to see how they managed to accomplish this feat. And to put it bluntly, we got by through the skin of our teeth just through the sheer determination of every soldier that was involved.

If you wouldn't mind, imagine with me that you and I are the 19-year-old paratrooper getting ready to celebrate New Year's Eve. Your mind is on everything is except fighting a war. You're surrounded by friends, your newlywed spouse, maybe even a child. All of a sudden, you get a phone call to return to post immediately.

You don't have time to explain. This is something you've mentioned to your family, but they've never really thought it would happen. You grab what you can and get back to your unit. You're going to war.

When you arrive, you're greeted by a scene of chaos. After receiving instructions from the chain of command, you're now headed to gather the necessary equipment to deploy.

First stop is to trade in your body armor for a new set, then you head across post to gather medical supplies and basic rations. And then the return trip back to get your weapons and ammunition and then back to the start to try to pack everything into your sack.

And every place you go, you wait in line with all the other paratroopers doing the same thing. With each zigzagging stop you lose precious time that could've been used for mission planning or critical rehearsals. Yet not once to this point have you even been briefed on the mission.

Unfortunately, this was reality for much of the 82nd this last deployment. Many of the soldiers didn't even get their initial brief on the mission until they were already in the air. Fortunately, they were flying into a friendly area not dropping into combat. But if they were dropping into combat, we would be increasing the risk on their lives by not giving them this planning time.

One of Fort Bragg's top MilCon requests this year is a Strategic Deployment Complex that would allow for the prepositioning of necessary equipment, supplies, and resources. This facility would also create a centralized location, enabling an entire brigade to prepare for their deployment across the street from Pope Army Airfield.

Now, imagine again that you're that 19-year-old paratrooper standing alongside 35,000 fellow soldiers loaded into C–17s. As you were waiting your turn to board the plane, something goes horribly wrong and one of the loaded planes catches fire. Imagine the chaos throughout the airfield as paratroopers, your friends, are trapped on the plane and burned alive because we did not have the proper firefighting resources to get to them. Certainly, this is a very real threat and there's not sufficient emergency support at Pope Field.

But this committee is not going to fund either of these projects because they were not included in the President's budget or the Army's unfunded requirements list. Congress now has no authority according to our own rules to appropriate money for these projects. There's zero flexibility and it's something we've done to ourselves.

I understand that we do not have unlimited resources to provide our men and women in uniform additionally. I do not envy the decision that you have to make as members of this committee. However, as Fort Bragg's congressman, I urge you to see what is at stake and not blindly accept what we are seeing from the Pentagon.

Again, thank you for your time. Thank you for the investments you've made at Fort Bragg, and I look forward to hopefully each of you at Fort Bragg sometime this year. I'd love for you to see firsthand how incredible these individuals are. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Congressman Hudson. And as I said to you before, I promise I'm coming.

Mr. HUDSON. OK.

Ms. WASSERMAN SCHULTZ. So we can just have our schedulers talk.

Mr. HUDSON. That'd be great.

Ms. WASSERMAN SCHULTZ. So we can do that. I really understand your concern about what we've done to ourselves, and where essentially we've given over the process of proposing the needs of the infrastructure from the military coming from DOD. You know, we do have a 5-year plan that we follow that is requested by them.

But you should know that that is also complicated by the fact that the President decided to steal funds from our military construction budget in that 5-year plan, including an elementary school that was already approved and appropriated by this process from Fort Bragg. So that's not at all helpful, and so I look forward to working with you on trying to make sure that we can assert Congress's power of the purse in more ways than one, not just what you've referred to today, but ensuring that when we have the needs that have been requested, determined, approved, and signed into law by the President, that we're not just allowing the President to override and overrule all that and usurp our power of the purse and make it even harder for the folks that are your constituents.

Mr. HUDSON. Absolutely understand that. And you know, there needs to be a process though where something like the needs for this 82nd facility that we didn't know about how important it was even a year ago. But because of this deployment on New Year's, now we realize what an issue it is. We've got to have some flexibility to be able to respond to those kind of situations.

Ms. WASSERMAN SCHULTZ. Working in an earmark-free environment also isn't helpful.

Mr. HUDSON. Exactly.

Ms. WASSERMAN SCHULTZ. So we should probably get back to that as well.

Mr. HUDSON. Well, there's a responsible way to do that.

Ms. WASSERMAN SCHULTZ. Yeah, for sure, for sure.

Mr. HUDSON. Absolutely.

Ms. WASSERMAN SCHULTZ. Judge Carter?

Mr. CARTER. Thank you, Richard. The image of paratroopers burning up in the airplane, man, I can't think of anything worse. So we've got to at least get that firefighting equipment somehow. We'll put our heads together and try to do that. And the other plan they've got to put it all in one place is the right way to deploy. But they're back to the World War II way of deploying.

Mr. HUDSON. Right.

Mr. CARTER. It's a modernization. Whether we can go into modernization, we don't have that kind of money. But once again, I'll champion for what you want to do.

Mr. HUDSON. I appreciate that. All right. Well, thank you for your time.

Ms. WASSERMAN SCHULTZ. Thank you for coming. We appreciate it.

Mr. HUDSON. I appreciate you all created this opportunity for us.

Ms. WASSERMAN SCHULTZ. You're welcome. Our pleasure. We now recognize Congressman Mike Johnson.

Without objection, your written statement will be entered into the record. Congressman Johnson hails from Louisiana and we are really pleased to welcome you to the MilCon VA Subcommittee.

Please summarize your remarks in 5 minutes, and you are recognized.

STATEMENT OF HON. MIKE JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. JOHNSON. Well thank you, Chairwoman Wasserman Schultz and Ranking Member Carter and members of the subcommittee. I greatly appreciate you giving me this opportunity to provide input during the committee's Member Day Hearing for the fiscal year of 2021 Military Construction and Veterans Affairs Appropriations Budget. You have a big task ahead of you and we are grateful for the opportunity to share our thoughts.

First, I just wanted to provide this subcommittee a brief introduction on the important role that my congressional district plays in advancing the national security interest of the United States and thus, the world.

I have the distinct honor of representing two vital military installations. We have Fort Polk and the Joint Readiness Training Center, and Barstow Air Force Base, as well as, various Louisiana National Guard facilities such as Camp Minden and others.

Fort Polk is the home of one of only two Army Joint Readiness Training Centers in the nation, which as you know, provides invaluable training to our soldiers so they are fully prepared and equipped to battle.

Barstow Air Force Base is home to the Air Force Global Strike Command which includes the Second Bomber Wing which houses three squadrons, a B–52 Stratofortress Bombers, the 11th Bomb Squadron, which is the training squadron, the 20th Bomb Squadron, and the 96th Bomb Squadron.

Over the years I have developed strong relationships with the generals based in my district and certainly appreciate the opportunity to serve them in Congress. And when you meet with them, as you all know, because you do this all the time, it affirms the critical nature of their roles and those of these installations.

I am convinced, and I know you are, the United States must remain the preeminent military power in the world to preserve peace. As this committee deliberates and assumes the responsibility of ensuring our military installations have the resources necessary, I just wanted to point out a couple of areas I believe are pertinent to achieving that goal in the very short time I have here.

As is evident with ongoing provocations around the world, we obviously live in highly uncertain and incredibly complex times, and that further highlights the importance of ensuring our nuclear force continues to be modernized. Barstow Air Force Base and Global Strike Command continue to benefit from this committee's investment in nuclear modernization projects to meet a broad range of security threats from our adversaries.

Specifically, I strongly support the Air Force's continued strategy and MilCon request to construct critical weapons generation and maintenance facilities, those WGFs we call them, at installations throughout the country. And the WGF program allows the United States to be a nuclear force, capable of deterring our enemy and if necessary, providing a rapid response.

As I continue to work with the Air Force and local command at Barksdale, on the infrastructure needs for placing a WGF on our base there, I urge all members of Congress and this committee to support this critical program.

And finally, I wanted to speak just very briefly about the needs of our U.S. Army. While it is vital to have a capable and robust nuclear option, we obviously also need to maintain a strong ground force. Fort Polk, a Joint Readiness Training Center, has continued its longstanding history and footprint as a multipurpose home for military readiness; and specifically, I support the Army's fiscal year 2021 MilCon request of $25 million to construct a new information systems facility at Fort Polk.

This is a long-awaited upgrade and it will provide the necessary upgrades to monitor and analyze required training scenarios and communication between field commanders, installation tenants and other government agency partners. While these exercise scenarios learned at Fort Polk and the Joint Readiness Center help replicate many of the unique situations and challenges a unit may face while deployed, this new facility will also allow for secret-level management of information to our troops training here at home; it is vitally important for all of us.

I look forward to continuing to work with this subcommittee to support these critical military installations and ensure our force structure has these critical items within the fiscal year 2021 Military Construction and Veterans Affairs Appropriations Budget.

Madam Chair and Ranking Member Carter, again, I appreciate the opportunity to show my support for our men and women in uniform and genuinely, gratefully appreciate your continued partnership. And I yield back the balance of my time.

Ms. WASSERMAN SCHULTZ. Thank you, Congressman Johnson. We appreciate you coming before us today to represent your constituents.

As I have said to the other members that are coming before us about military construction projects, we lost $3.6 billion in military construction funds that the President stole to build the border wall. And there are training facilities, just like the one you are describing, that were cancelled by the Administration because they felt it was more important to build a wall than it was to make sure we could prepare our troops.

So while that did not happen with your particular joint readiness training facility, it did across the country and in the world, frankly.

And so if we want to continue to make these things a priority, I am concerned that, you know, we will continually add projects like the one you are requesting to our budget, only to leave it open when it has unobligated funds to being stolen for other priorities in an emergency that simply is not an emergency.

Mr. JOHNSON. I appreciate that. I mean, I would not use the word stolen, I would say repurpose, but I, you know, I have talked to a lot of the top military brass——

Ms. WASSERMAN SCHULTZ. And the officer canceled. We did not backfill; we are not going to backfill.

Mr. JOHNSON. Right.

Ms. WASSERMAN SCHULTZ. And so these projects were essentially cancelled because the President decided that these were—that

there was a—you know, more important to protect our border for, again, immigrants who are not a threat to the country like the threats that our troops are dealing with and need to be able to prepare.

Mr. JOHNSON. Yeah, it is a struggle. It is a balance, you know, because a lot of us, and I know some of these top military officers agree, and members on both sides aisle agree that border security is important, right, because it is important to our sovereignty and our strength as a nation. And I think the President, that's his frame of reference on that.

But we can all quibble about which funds should be used for it, but I think there is a lot of people in the country that think we need to secure that border. And maybe it is a wall, and maybe it is not, but we will see. But I, look, I appreciate you have an impossible job right now, so I get it.

Ms. WASSERMAN SCHULTZ. The reason that I am raising it, because you and I, you know, would not normally—I am not trying to debate the wall with you.

Mr. JOHNSON. Sure.

Ms. WASSERMAN SCHULTZ. I just want you—all the members coming before the committee who are requesting, you know, construction funds—30 percent of the infrastructure that we have across our military around the world are rated as—in fair or poor condition.

Mr. JOHNSON. I know.

Ms. WASSERMAN SCHULTZ. Every project that we appropriate funds for with this national emergency declared, we leave subject to the President taking, stealing, whatever term you want to use, because he decided that the border wall and building it is more important than the national security issues. And we just had, you know, an emergency in Iraq that he declared that was so vital that he, you know, took troops over there and killed Qassem.

But this is something that we need to all come together in a bipartisan way. Judge Carter and I and our committee members certainly have. We have been very concerned. So concerned that we had a united—a rare united front where we held no backfill all the way up the chain in the fiscal year 2020, you know, fiscal year budget, because we want to make sure that the Administration understands the consequences of these actions.

Mr. JOHNSON. Sure. No, and that is important for Congress to remain united. And I never question anything Judge Carter says.

Ms. WASSERMAN SCHULTZ. Good. Me neither. Thank you so much for your time.

Mr. Johnson. Yes, sir, thank you.

Ms. WASSERMAN SCHULTZ. Judge Carter, do you have any questions?

Mr. CARTER. Thank you. Thank you for your patience where our military in Fort Polk is a great training facility and I appreciate it very much.

Mr. JOHNSON. Yes, sir.

Mr. CARTER. Of interest, if you look at the bottom line of our bill, it looks like we have a tremendous amount of money, but MilCon versus VA is minuscule.

Mr. JOHNSON. Right. Right.

Mr. CARTER. It is very tiny.
Mr. JOHNSON. Yes.
Mr. CARTER. We will do the best we can.
Ms. WASSERMAN SCHULTZ. Yeah, it has got a small——
Mr. JOHNSON. I know you will. Thank you all, sincerely, for the time.
Ms. WASSERMAN SCHULTZ. Thank you.
Mr. JOHNSON. Appreciate it.
Ms. WASSERMAN SCHULTZ. Thanks for your advocacy.
Mr. JOHNSON. Sure.
Ms. WASSERMAN SCHULTZ. We now recognize Congresswoman Jenniffer González-Colón from Puerto Rico.

Congresswoman Gonzalez-Colon, let me just really praise you for the advocacy that you have engaged in since the devastating natural disasters that have—between earthquakes and hurricanes, it is just—it is unimaginable what your people have—your people, who are our people, have gone through.

I have had a chance to visit Puerto Rico, both following the hurricane and the earthquakes, and it is just—we really need to make sure that we are continuing to provide assistance to the people who remain on the island.

So your written statement, without objection, will be entered into the record and you are recognized to summarize your remarks in 5 minutes.

STATEMENT OF HON. JENNIFFER GONZÁLEZ-COLÓN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF PUERTO RICO

Miss GONZÁLEZ-COLÓN. Thank you. Thank you, Madam Chair, and Ranking Member. And I want to thank you, just for coming to Puerto Rico with assisting us and signing a lot of letters with us and making things happen during this term.

I want to just to focus today in some areas that people may not be aware. The people of Puerto Rico have contributed to our nation defense since 1899, which some of the high list—highest enlistment rates in the nation. So those are areas of great importance for my constituents.

In that sense, last year deferral of military construction, all that managed to be used for border security represented for Puerto Rico, a reduction—a redirection of over $402.5 million, the largest dollar amount of any state or any territory. A jurisdiction with 1 percent of the U.S. population provided 11 percent of the funds.

And I do support border security in all borders, including the Caribbean border. But we must make sure those already budgeted projects are not forgotten. In that sense, the project affected in my district—and we submitted a detail—it is for housing maintenance, shops, training facilities, power infrastructure, dining facilities and headquarters of the Camp Santiago Training Center of $218 million were deferred.

And this center is not only used by the Puerto Rico Guard or Reserve units, but it is also critical in ongoing disaster relief in hurricanes and earthquakes. But also, it has been used by the Federal Government for training by other active and reserve units, federal law enforcement agencies and allied nation units.

The replacement of the Ramey Department of Defense School in Punta Borinquen to support families of military and homeless security members stationed on the island, $61 million were deferred from this program.

Arroyo Readiness Center, $30 million to—Maintenance Center in Gurabo, $28 million. And the Aircraft Maintenance Center in San Juan, $64 million all recommended for training forces readiness, not just in Puerto Rico, but again, active and reserve units from the mainland.

This improvement has been long-delayed and have been approved and budgeted, but construction had not yet started in fiscal year 2019 due to normal procedures—requirements. The questions arise for me is the federal until when? When the money is going to be back to those projects? And the concern being after that further delay will increase the cost and risk of degrading the training resources.

The Caribbean is one of our nation's borders with Venezuela and Latin America, and where the U.S. presence needs to remain strong in the face of drug trafficking, transnational crime and illegal entries. Maintaining readiness in the Caribbean border is itself a major investment in border security as well.

I request that we ensure the deferred funding for already approved military construction projects in Puerto Rico is made available. Committing and report language to the full allot funding for this project and their completion as close as possible, to the regionally plan and schedule.

And of course, I ensure the continuity of those projects already budgeted and obligated under the Appropriation fiscal year 2019 and 2020. And that the current budget request lists as follows: $26 million for family housing replacement as U.S. Army guards in Fort Buchanan, $48.5 million for communications and contingency response facilities as Muniz, Puerto Rico International Guard Base.

And likewise, I urge the approval for this fiscal year 2021 appropriations of the budget requested for $37 million for Puerto Rico National Guard for Allen Readiness Center, another installation that was spending improvements for a long time and the hub for operations in relief of the recent earthquakes outgrows the America and I am also encouraging that the appropriations include language recommending that the Department of Defense prioritize the building of lasting and resilient military installations that can phase natural risk.

In the areas of veteran affairs, I have joined colleagues urging the Congress to provide a meaningful investment of $860 million for the VA's medical prosthetics research program for the common fiscal year, and to support the funding of at least $330 million fiscal year 2021 for veterans suicide prevention and outreach programs.

The people of Puerto Rico have held the American flag up high in both wartime and peacetime and the honor they show paying the price of in dispense merits their nation supports them and show commitment to military capabilities in Puerto Rico and Veterans Services.

So I thank you, both for your leadership and to help us to make this happen. Again, the deferral when we can have that money back. With that, I yield back.

Ms. WASSERMAN SCHULTZ. Thank you, Congresswoman González-Colón.

Going from good news to bad news, backwards, you know, from the end of your statement forward, we agree that you know, prosthetic research at—in the VA's medical research program is important. We had language that we carried in our fiscal year 2020 Bill that directed VA to—not only had we increased funds for it, but we also had language that establishes a way for VA to work with universities around the country on that prosthetic research.

Veterans' suicide prevention has been a very significant priority for the committee as well and will continue to be on the—what you call deferral and we call cancellation. Your end treaty really should be to the Administration because these were—we have a process that we go through for the approval of military construction projects.

We adopt a 5-year construction program which I know you are aware of. That is a rigorous process that DOD goes through where they propose military construction projects to us, to, you know, the President. It gets included in his budget request, it is authorized in the NDAA and then we, you know, try to fund as much of it as we can, including what we can fund on the unfunded requirements list.

And the President decided that building a boondoggle of a border wall was a higher priority in terms of national security than ensuring the protection and national security interests that were part of the construction projects that were cancelled in Puerto Rico.

I will tell you, speaking for myself, that I think the disproportionate slashing of programs—of projects from Puerto Rico, $402 million, 369 million of which were, you know, for the declared emergency was outrageous. The President continues to show his disdain and disregard for the citizens, the United States citizens of Puerto Rico.

But you know, I know you know as a member of Congress, you know we have the power of the purse; that is our responsibility, it is not the President's responsibility and we had a policy which we will continue in this bill, of not backfilling the projects and filling the end—you know, recycling the projects that we have already previously approved.

Miss GONZÁLEZ-COLÓN. May I add something to that?

Ms. WASSERMAN SCHULTZ. Sure.

Miss GONZÁLEZ-COLÓN. First of all, the person who signed all the money that we requested for emergencies over the last three years, so for that we are very grateful. And the request that we have made in this—money that we are already budget, allocated and the official response that I am getting is not cancelled, it is deferred. So no, no—when I say, that is the reason I want to know and how we can put some language if we can put those—again, in the backlog in terms of when those priorities are going to be constructed. And I do understand the border security in the south because we do have a border with Puerto Rico. So we do know how important it is.

But again, this money has already been—already—it was already approved by this committee and the Department of Defense. So I thank you. I may agree with summarizations that you brought.

Ms. WASSERMAN SCHULTZ. The White House, the President, the Department of Defense using the buzzword deferral and we made clear to them that their cancellations of these projects was not deferral it was cancellation. They decided when they declared the emergency that they were moving funds that previously were appropriated and signed into law to—what they decided was a higher priority under the national emergency that the President declared, and so there is now a hole that we are not going to fill.

So there is no date in which we are going to backfill these projects. They are no longer approved because the President has reprioritized the money. So our bill won't carry those funds to backfill because we have other priorities that have been in the pipeline that we need to continue to fund.

Miss GONZÁLEZ-COLÓN. I mean, they are approved. In order to get those projects approved, you need to amend the law.

Ms. WASSERMAN SCHULTZ. Well the President declared a national emergency and took the funds from somewhere else.

Miss GONZÁLEZ-COLÓN. I do get that.

Ms. WASSERMAN SCHULTZ. So they are not approved. I mean, there is no reason to argue. They are no longer approved projects that the funding is there for. They have taken them out of that cycle. I do not want to mislead you or have you leave here believing that we are going to be able to include those projects because our bill is not going to carry that.

Miss GONZÁLEZ-COLÓN. Thank you.

Ms. WASSERMAN SCHULTZ. Judge Carter.

Mr. CARTER. All I can say is we are doing the best we can.

Miss GONZÁLEZ-COLÓN. Thank you, Judge.

Thank you.

Ms. WASSERMAN SCHULTZ. Thank you. Nothing personal. It is just, you know, the President the President made the wrong decision, unfortunately. But we appreciate your advocacy. Thank you.

Miss GONZÁLEZ-COLÓN. I know.

Ms. WASSERMAN SCHULTZ. We would now like to recognize Congresswoman Angie Craig from the great State of Minnesota.

Congresswoman Craig, thank you for coming to the MilCon VA Subcommittee to talk about your priorities. Your full statement will be entered into the record without objection and you are recognized for 5 minutes to summarize your remarks.

STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Ms. CRAIG. Thank you, Chairwoman Wasserman Schultz, Ranking Member Carter and Members of the House Appropriation Subcommittee on Military Construction, Veterans Affairs and related agencies.

Thank you for allowing me this opportunity to testify on the importance of expanding veterans' access to mental health services. I am proud to represent over 35,000 veterans in Minnesota's Second District. These men and women have served their country honor-

ably. We owe them our utmost respect and a debt that can never be repaid.

Unfortunately, our veterans often face a series of barriers accessing critical mental health services, particularly those living in rural and underserved areas. I frequently hear from veterans in my district about the challenges they face accessing quality health services.

In Goodhue and Wabasha Counties, for example, folks must contend with a lack of providers and limited access to transportation among other barriers. We are grateful to the Veteran service organizations who selflessly provide many resources and services. DAV Minnesota Volunteers dedicate over 55,000 hours a year to driving veterans to their caregivers, to VA medical centers and outpatient clinics.

In 2019, Minnesota VFW members donated over 2.7 million to community service projects across the state. These groups provide an invaluable service, but they cannot do it alone. Congress must do our part.

One of the barriers I hear about most often is the lack of provider access. According to a 2019 OIG Report, the Minneapolis VA has severe shortages of 40 clinical specialties, including psychiatry. While the VA employs 400 mental health counselors across Minnesota, it is not enough to meet the demand.

Staffing challenges greatly impact the workforce and patient care. The OIG interviewed one medical center director who described the corrosive effect of staff turnover and vacancies leading to "A workforce that feels abandoned and that nobody cares enough about to get them stable leadership."

I ask that the Committee continue to request that the VA provide quarterly reports on vacancies and hiring initiatives and to track the reasons driving attrition.

We know that when folks cannot access the mental health services they need, the results can be tragic. Over the past two years, two veterans have committed suicide on the campus of Minneapolis VA Healthcare System. A subsequent OIG inspection found several deficiencies which the system continues to tackle.

I respectfully request that you continue to direct the VA to remove barriers to mental health services. I also ask that you continue to direct the VA to implement suicide safety plans that address suicides that occur on VA campuses, including agency managed parking lots.

On behalf of our veterans living in our rural communities, please continue to provide robust funding for the Office of Rural Health. Their research informs evidence-based best practices to navigate barriers and expand access to care.

I also request that the Committee continue to direct the VA to increase the Veterans Rural Health Resource Center whose research and pilot projects deliver innovative solutions to improving care delivery.

I thank the Chairwoman and the Committee for your continued leadership on this issue. As you determine, full year 2021 appropriations, I look forward to working with you to ensure our veterans receive the care they need and deserve.

Ms. WASSERMAN SCHULTZ. Thank you, Congresswoman Craig. I do not have any questions, but we certainly share as a committee, your priorities for making sure that we can take care of the mental health needs of all of our veterans regardless of their geography. And you know, that is a really important priority.

I will just make you aware that we have about $2½ billion available to the entire committee for all 12 bills and non-defense discretionary funding which is in part, the result of our not having the cap lifted as—on the Mission Act transition from discretionary. I mean, mandatory to discretionary funds.

So we are in a very difficult, tight second year of our 2-year budget agreement, but we are going to do all we can to make sure that we can provide those resources.

Ms. CRAIG. Thank you so much.

Ms. WASSERMAN SCHULTZ. Thank you.

Mr. Carter.

Mr. CARTER. And we do plus up mental health a lot. Thank you.

Ms. CRAIG. Yeah. Thank you so much.

Ms. WASSERMAN SCHULTZ. You are welcome. Thank you for your advocacy. We appreciate it.

So that concludes this morning's Member Day Hearing. I would like to thank all members, Judge Carter in particular, since he is the only other one, for taking time out of their busy days to come testify.

I would like to remind members that our next hearing is our Public Witness Day Hearing this afternoon at 2 p.m. in HT–2 in the Capitol. And with that, the subcommittee is adjourned.

TUESDAY, MARCH 10, 2020

TESTIMONY OF INTERESTED INDIVIDUALS AND ORGANIZATIONS

WITNESSES

ADRIAN ATIZADO, DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

CARLOS FUENTES, DIRECTOR OF NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

ROSCOE BUTLER, ASSOCIATE LEGISLATIVE DIRECTOR PARALYZED VETERANS OF AMERICA

Ms. WASSERMAN SCHULTZ. The subcommittee will come to order. Good afternoon. I want to welcome everyone to today's public witness day hearing for the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies.

Today we welcome Mr. Adrian Atizado, the deputy national legislative director of Disabled American Veterans; Mr. Carlos Fuentes, the director of national legislative service for Veterans of Foreign Wars of the United States; and Mr. Roscoe Butler, the associate legislative director of Paralyzed Veterans of America.

To best identify the needs of our veterans, we must hear from them and partner with those who know them best, our veterans' service organizations. Today's witnesses work tirelessly to assist our veterans daily as they navigate the too-often cumbersome VA system to transition to civilian life, and the physical, emotional, psychological, and financial challenges our veterans face upon returning home.

While VA has made great strides in recent years, we know our work is far from done. And gentlemen, it has been a pleasure just to see you on a quarterly basis as Speaker Pelosi is meeting with the VSOs; that is always really helpful for me to be able to hear all of you at once and get a realtime snapshot of the issues that you are concerned about the most.

So I look forward to continuing to participate in those, and I appreciate all of you joining us today. We look forward to your testimony. And I want to recognize Judge Carter for any opening remarks he might have.

Mr.CARTER. Welcome. We are looking forward to what you have to say. And thank you for being here. Short and sweet.

Ms. WASSERMAN SCHULTZ. Judge Carter has become a man of few words.

So without objection, your written statement will be entered into the record. Please summarize your remarks in five minutes. Mr. Atizado, you are recognized.

STATEMENT OF ADRIAN ATIZADO, DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. ATIZADO. Thank you, Chairwoman Wasserman Schultz, Ranking Member Carter. I would like first to clarify. I will be doing just one oral statement and will be here for any questions that you may have.

We are co-authors of the Independent Budget—that is DAV-PVA-VFW. We are here and pleased to present our fiscal year 2021 funding recommendations for Department of Veterans Affairs, including advance appropriation for fiscal year 2022.

To the untrained eye, the overall veteran population is in fact decreasing year over year. The public may wonder why VA's budget continues to increase, however, year over year. But simply, it is just that less than half of the veterans come to VA for their earned benefits, you see. For those that do, their numbers increase year over year, and so do their needs. And our own fiscal year 2021 budget affirms that these needs are growing.

DAV recognizes the work done by Congress in securing stable and predictable funding for VA by appropriating in advance, $91 billion in discretionary dollars. We would like to recognize the administration's budget request for VA, which provides a 13 percent increase. We believe this request falls short of meeting true needs of America's veterans in light of the requirements put on the administration—I am sorry, the agency—with respect to the MISSION Act, the increasing amount for medical care, claims and appeals, as well as the IT modernization and construction needs.

For fiscal year 2021, IB recommends $114.8 billion in total discretionary budget authority for VA. This recommendation is $4.4 billion more than the administration's request and $17.3 billion more than the current fiscal year. Most of the increased funding recommendation will go towards, of course, VA medical care. It is about $13.6 billion, actually. Of this increase, more than 85 percent, or about $11.8 billion, would go towards in-house VA care.

This large increase is driven by a current services estimate, reflecting the impact of projected uncontrollable inflation on the costs to provide these services to veterans that are currently in the system. The assessment also assumes a baseline of the 3.1 percent pay increase, which actually comes out for VA at 3.6 overall increase, which Congress enacted in December 2019, as well as the projected increase of 65,000 new patients that we estimate VA will see in fiscal year 2021.

We recommend additional projected medical fund needs for VA of nearly $2.1 billion. This is just for a handful of programs; we are talking about the prosthetics and sensory aids that a lot of veterans rely on, women veterans' healthcare, VA's comprehensive caregivers support program, and to close the gap on VA's reported vacancies.

VA's construction account is another major VA account dav recommends additional funding. That is $3.9 billion, which is about $2.1 billion more than current funding levels, to address serious construction deficiencies. Finally, IB is recommending an additional increase of $1.2 billion to continue developing VA's electronic health record, as well as separately deploying a new VA scheduling system, which the field desperately needs.

Recognizing the administration budget request contains numerous legislative proposals, IB would like the opportunity to work with you and your staff as you consider each of these proposals to ensure that veterans are front and center. I will give you an example.

IB proposes actually four benefits-related proposals that would reduce benefits or limit veterans' access to their earned benefits. There is one proposal which we do support, and that is the one regarding the VA-approved medical foster home that, funny enough, OMB scores as a cost savings for the Department.

Finally, we would like to recognize the work of this subcommittee in amending prior budget caps to allow for increases in VA healthcare funding. We pledge again to work with the subcommittee, with Congress, and the administration to amend the existing budget cap and work for future caps to ensure this subcommittee has all the allocation it needs to meet the needs of our Nation's ill and injured veterans.

This concludes our oral statement. On behalf of the millions of veterans the IB's VSOs represents, we thank you for the opportunity. And I see my colleagues here, PVA and VFS, are ready and willing to answer any questions you have.

Ms. WASSERMAN SCHULTZ. Thank you so much, Mr. Atizado. We appreciate your remarks about the Independent Budget that the VSOs are proposing.

Mr. Fuentes, if I can just ask you a couple of questions. In the January 16 Congressional Quarterly article on veterans healthcare funding, you are quoted as saying you think that all VA admissions should be exempt. In that context, I took it to mean you were referring to MISSION Act funding being exempt from the budget caps. Is that correct?

Mr. FUENTES. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. OK. Have you committed your organization's change in views to the White House? Because that was not your organization's original position, and we very strongly urged from the outset of the MISSION Act—I voted against the MISSION Act because we did not have support for increasing the caps, and we knew we would need those. So I am very glad that that is your position now. So have you communicated that view to the White House? Because they are the only obstacle.

Mr. FUENTES. We have. And again, as my colleague Adrian said, we thank you for your work on that issue. And certainly we completely agree that these caps were certainly created way back before all of this was envisioned.

Ms. WASSERMAN SCHULTZ. Right.

Mr. FUENTES. But also without the real understanding of being able to accommodate the large increase. About $11 billion was projected for 2021. So our recommendation has been both to Congress and the administration to exempt that specifically for 2020 and 2021. And unfortunately, that was not the case for 2020. We also saw that because of that, this subcommittee—

Ms. WASSERMAN SCHULTZ. I was not—sorry. I was not aware that you had recommended an increase in the cap for 2020 because that was our position, and it was one that we pushed pretty hard.

It is the bipartisan/bicameral position. And like I said, the only obstacle we have right now is the administration.

The issue that we are facing, as you probably know, is that without a budget cap adjustment, we only have $2½ billion in non-defense discretionary funds available for all 12 bills under the second year of the two-year budget agreement.

So if you can—given that the White House continually says how supportive they are on the veterans and veterans service organizations, and that you have their ear, I do not recall any communication from you in the fiscal year 2020 budget appropriations process communicating that there was support for increasing the cap. If I missed it, then I certainly apologize. I think my whole staff missed it, too, and Judge Carter.

So now that we are all on the same page, can you communicate your support for that? Because we could do it. And if we are able to do it in this process, then we would get a lot—quite a bit of relief that is badly needed.

Mr. FUENTES. You have our commitment to do so. And we are in the process of setting up those meetings to make sure that the request has been received.

Ms. WASSERMAN SCHULTZ. Good. Because there are—we do not want to be in a situation where we have to cut, as the White House budget proposes, cut other services that veterans in other programs use in order to be able to fund the needs at the VA. The President's budget is not realistic without the cap adjustment, and I told that to the Secretary. We all expressed our concern. Certainly desire to do as much as we can to help veterans. We just need some relief here to be able to do that.

Mr. FUENTES. Madam Chairwoman, if I may just to clarify, what we supported in 2020 and 2021 was a proposal by Senators Leahy and Shelby to essentially exempt from the caps, not necessarily adjust it. We had proposed to also do the adjustment, which fortunately occurred. For 2020 and 2021, we are certainly not happy that it did not occur to the extent that we would allow for the increased need to be met for VA.

But we continue to support exempting MISSION Act spending for medical services, community care, and specifically for infrastructure, from the caps. The exact number I think we still need to decide. I know that VA was not able to either provide the exact number, either.

Ms. WASSERMAN SCHULTZ. You support the Shelby-Leahy proposal on dealing with the MISSION Act caps?

Mr. FUENTES. Yes. Yes.

Ms. WASSERMAN SCHULTZ. OK. So that is what the OMB opposes. I mean, we support it, too, and so if we can get that adjustment accomplished, we would be in a much stronger position. We do not want to have to rob Peter to pay Paul. So thank you. Appreciate that.

Judge Carter?

Mr. CARTER. I agree. The cap deal was a real—it rose out of the fact that we thought we could put together a super-committee. We could actually get along and do the job, which we proved that we could not and both parties failed. I am not blaming anybody for

bringing it down because what the chairman told me, all parties were guilty. And it collapsed, and out of that we got the caps deal.

It is what they agreed to do if they did not get the super-committee to do it. So we are all in this together. Right now it is a really bad thing in certain areas, and most of them have to do with our military and our veterans. And we got some cooperation late at the end of last year. Maybe we will get some more this year. But right now it is an election year, and I do not expect to see any major things go forward.

I do not think the Democrats who run the place will bring it up. I do not think the Republicans will, either, who run the Senate, till after the election. That is the real world. But we want to hear what you have to say. And I appreciate what you say. And everything you represent is of major importance to us.

I have the largest concentration of veterans in the State of Texas in my district, more than any other district in my whole State. And I am just two counties. So I got a lot of veterans in two counties. So they are very important to me and the chairwoman.

Ms. WASSERMAN SCHULTZ. Absolutely. We certainly commit to doing all we can no matter what—regardless of whatever hand we are dealt. So we will put together the best budget, the strongest budget we can with the hand that we are dealt. But if you can go find us a few more cards, that would be awesome.

Mr. CARTER. Yes. And the OMB is going to change, too.

Ms. WASSERMAN SCHULTZ. I know. That is true.

Mr. CARTER. Regardless.

Ms. WASSERMAN SCHULTZ. That is right.

Mr. CARTER. They have done an announcement.

Ms. WASSERMAN SCHULTZ. Yes. Right. So maybe that will help a little.

Mr. CARTER. That might help a little bit, too.

Ms. WASSERMAN SCHULTZ. Yes. Exactly. And the fact that we have a chief of staff that is from Congress that did not quite share the philosophy of his predecessor.

Mr. CARTER. And he is willing to say so.

Ms. WASSERMAN SCHULTZ. Exactly. All right. So that is——

Mr. CARTER. That is a whole different world.

Ms. WASSERMAN SCHULTZ. We can just cross those off right there before we get ourselves in trouble.

Well, gentlemen, thank you so much for your service to our Nation's veterans. And you know we consider you partners and look forward to continuing to work with you, hopefully, in the short term, but as Judge Carter said, given that it is an election year, more likely in the longer term before we reach the end of this process.

Mr. CARTER. You are blessed because, quite frankly, if I have to pick one area where both parties agree, this is it.

Ms. WASSERMAN SCHULTZ. That is right.

Mr. CARTER. And that is a blessing——

Ms. WASSERMAN SCHULTZ. No. Exactly.

Mr. CARTER. —because we do not agree on anything else.

Ms. WASSERMAN SCHULTZ. No. No. I passed a note to Judge Carter the other day and told him that we had drawn the—we won the subcommittee lottery when it came to the committee that we get

to chair and the kind of consensus we have here. We rarely argue, even about the most controversial things.

Mr. CARTER. We get along.

Ms. WASSERMAN SCHULTZ. We really do. So we are——

Mr. FUENTES. And if I may?

Ms. WASSERMAN SCHULTZ. Please.

Mr. FUENTES. I want to thank you for that. We do recognize this, and we are fortunate that—specifically the subcommittee, but also we have a good working relationship with your Senate counterpart, which share that same type of —we are very fortunate. So thank you very much.

Mr. CARTER. And I just finished 6 years of chairing Homeland Security where I had to deal with that border literally day and night, for 6 years. When I saw the chance to jump, I jumped over here. And what happens? They start building the wall. [Laughter.]

Ms. WASSERMAN SCHULTZ. Exactly. All right. Well, I think this is probably a good place to gavel out.

Mr. CARTER. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you all so much. The subcommittee stands adjourned.

WEDNESDAY, MARCH 11, 2020

IMPACT OF PFAS EXPOSURE ON SERVICEMEMBERS

WITNESSES

SCOTT FABER, SENIOR VICE PRESIDENT OF GOVERNMENT AFFAIRS, ENVIRONMENTAL WORKING GROUP
JIM HOLMES, U.S. ARMY AND AIR FORCE VETERAN
MAUREEN SULLIVAN, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR ENVIRONMENT, DEPARTMENT OF DEFENSE

Ms. WASSERMAN SCHULTZ. Good afternoon. The subcommittee will come to order.

This afternoon the Military Construction, Veterans Affairs, and Related Agencies Subcommittee will take a critical look at the impact of fluorinated chemicals, known as PFAS, on our servicemembers.

This is an issue that directly affects our military readiness. Ensuring the health and well-being of our men and women in uniform and their families is vital to developing a strong fighting force that can face the world's threats.

Unfortunately, just like we highlighted last week in our hearing on the failures of privatized housing, our servicemembers are facing threats of a more widespread and insidious nature with this issue. In this case, it is the threat from dangerous, long-lasting chemicals that are far, far too present on and around our military bases.

For decades, PFAS chemicals were used in a variety of industrial and consumer applications, and notably on military bases, in firefighting foams.

But knowing what we know now, it is long past time to move away from these products and on to newer, safer formulations that are just as effective.

Shifting to the use of new and improved products is just one part of the challenge facing our military. Another part is cleaning up the legacy contamination that already exists. And on top of that, being honest with servicemembers and their families about the scope of the problem and explaining the work being done to address it is critical.

I am proud that the appropriations bill that we passed last year provided an additional $60 million for PFAS identification, mitigation, and cleanup at closed military locations under our BRAC account, which is the area of our jurisdiction related to this issue.

This subcommittee is committed to doing our part to invest in these critical cleanup efforts.

I was also pleased to vote for a House-passed bill, the PFAS Action Act of 2019, that would provide a comprehensive approach to regulating PFAS chemicals, cleaning up contamination, and protecting public health.

It is deeply disappointing and irresponsible that the Senate hasn't acted on this legislation, but I can assure you that we are not giving up on this issue or the servicemembers who are affected by it. As I said earlier, this is an issue that affects our military readiness, and it demands action.

Mr. Holmes, I appreciated the opportunity to speak with you and your wife earlier this year in my office.

I sit on the Oversight Committee in addition to the Appropriations Committee, where we had an extensive hearing with the companies that have been responsible for these chemicals, their production, and the damage that they have done to thousands of people.

So we look forward to hearing your testimony today.

We will have in our first panel Mr. Jim Holmes, a former Army and Air Force helicopter pilot who was stationed for years at Patrick Air Force Base in Florida.

Patrick Air Force Base, I want to mention, has had PFAS levels detected at 4,338,000 parts per trillion. By way of comparison, my colleagues, the risk level found by CDC's Agency for Toxic Substances and Disease Registry is 11 parts per trillion for PFOA, and for PFOS it is 7 parts per trillion—7. That is when you start seeing real health risks, when it is higher than that.

Patrick Air Force Base is emblematic of the massive problem we are facing on our military bases. Hearing from Mr. Holmes on his and his family's experience, I can assure you, will be eye-opening.

But Patrick Air Force Base is certainly not alone. A GAO report found that as of August 2017, DoD has identified over 400 active or closed military installations with known or suspected releases of PFOS or PFOA. And other estimates have found that if you expand beyond just military sites, you are looking at over 1,000 sites throughout the country with PFAS contamination.

We are also joined by Mr. Scott Faber, senior vice president of government affairs for the Environmental Working Group. The Environmental Working Group has done a tremendous amount of work in establishing the hazards of PFAS chemicals and has been leading the charge to fully clean up this contamination.

On our second panel, we will hear from Ms. Maureen Sullivan, deputy assistant secretary of defense for environment at the Department of Defense. She will give us a chance to learn more about remediation efforts and other programs underway at DoD to address this pervasive challenge.

Thank you all for being here this afternoon. We look forward to hearing your testimony.

Before we recess, because the House has called votes, and we will return following votes for your opening statements as witnesses, but I would like to recognize my ranking member, Judge Carter, for his opening statement.

Mr. CARTER. I thank the gentlelady for recognizing me.

Welcome to both of you. I have heard the story. I am looking forward to hearing it from you. I have read all about what this is about, and it is sad and serious.

This subcommittee plays just a small part in the larger discussion and debate about environmental management regulation and

remediation of our military installations. Our role is limited to funding the cleanup of former military bases.

With that in mind, I am looking forward to hearing about PFAS chemicals and the Defense Department's plans and activities. I am especially interested in firefighting foams.

Yesterday this subcommittee held a hearing for Members to highlight their specific concerns and priorities. Richard Hudson, one of our colleagues from North Carolina, pleaded with us to invest in Fort Bragg's infrastructure, especially facilities used by our conventional force. That is the 82d.

He told us that there is insufficient emergency support infrastructure around the airfield to deal with fires or other mishaps during deployment activities. He asked us to imagine the chaos that would consume the airfield as paratroopers trapped in a plane burned alive because proper firefighting resources could not get to them.

I agree with him. There is not much more that would be worse to imagine than that, except perhaps the 1967 fire on the USS Forrestal that killed 134 of our sailors.

To me, today's hearing is not about whether we prioritize people over environment or vice versa. It is about how we can take care of both. Soldiers, sailors, airmen, and marines need effective firefighting methods to preserve life and property. We also need clean air and clean water.

I know this subcommittee will do its best to provide both through the programs in our jurisdiction.

I thank the chairwoman for the time, and I yield back.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

Before we recess, I just want to make the witnesses aware, I have to ask my questions in the Oversight Committee upon returning, and so Mr. Bishop will chair the subcommittee during your opening statement, and I will return following my asking of those questions.

And the subcommittee stands in recess until immediately following votes.

[Recess.]

Ms. WASSERMAN SCHULTZ. OK. The subcommittee will reconvene.

We now welcome our first panel. As I mentioned, our witnesses are Mr. Jim Holmes and Mr. Scott Faber.

Mr. Holmes, as I said earlier, listening to your story was really gut-wrenching, and I am glad that the members of our subcommittee are going to have an opportunity to hear from you about what you and your family experienced.

Your full written testimony will be entered into the record without objection, and you are recognized to summarize your remarks for 5 minutes.

STATEMENT OF JIM HOLMES

Mr. HOLMES. First of all, thanks to all of you for allowing me and my wife to share our story.

My name is Jim Holmes. I recently retired from the United States Army Reserve. During my 25-plus years, I served both on Active Duty and in the Reserve Component, performing multiple

combat deployments that ranged from Operation Desert Shield/Desert Storm to Operation Iraqi Freedom.

From the day I enlisted on December 8, 1988, I knew that there were certain risks associated with my service in the Armed Forces. I knew that I was signing a contract that required me to risk my own physical health, mental health, personal safety, and up to my life in defense of the Nation. I fully understood and willingly accepted these risks.

What I did not sign up for is the risking of my daughter's health, well-being, and ultimately her life as a result of my service.

On January 10, 2018, I was flying Hurricane Maria recovery missions when I received a phone call from my family doctor that would forever change the lives of myself, my wife, and my daughter.

My wife took Kaela to the eye doctor because she was having blurred vision. We thought she just needed a new set of glasses. What we found out is that Kaela had an extremely rare and aggressive form of brain cancer called DIPG.

DIPG is a form of brain cancer that forms inside the brain stem and affects 150 to 300 children annually in the United States. It is difficult to treat and 100 percent fatal.

Kaela was a beautiful, intelligent, loving daughter who loved her Army family with all her heart. She made a positive impact on everyone she encountered, excelled in school, and never disappointed me once in her 17 years of life.

Kaela bravely fought the cancer for 15 months. During this time, she displayed a mental and physical toughness that few people in this world know.

Unfortunately, on March 29, 2019, 3 days after her 17th birthday, Kaela passed away, with my wife, our family dog, and myself at her side.

What hurt almost as bad as Kaela's passing was finding out a few months after her death that her cancer was possibly caused by a water contamination at Patrick Air Force Base.

We had lived at South Housing at Patrick from 2004 to 2005 and at Central Housing from 2008 to 2013. Kaela also attended Sea Park Elementary School for 5 years and went to the Patrick Air Force Base after-school program and attended Satellite High School, all at Satellite Beach.

Not once in the 16 years we have lived in the Patrick Air Force Base community were we ever made aware that the groundwater was severely contaminated with a hazardous substance called PFAS.

The Air Force and 45th Space Wing never publicly disclosed to those of us living on and around Patrick that their own water samples had shown that they were 57,000 times above the EPA's safe drinking water level of 70 parts per trillion.

The failure to disclose such critical information showed a complete lack of care for the health and safety of the servicemembers, dependents, and civilians that live on and around Patrick Air Force Base.

The PFAS contamination at Patrick has been attributed to the reckless deployment of AFFF firefighting foam during training exercises over the past 50 years. The Department of Defense created

AFFF in the late 1960s, knew by the 1970s that it was toxic to fish, and by the 1980s it was shown to be toxic to animals. By the 2000s, PFAS was found to be building up in our blood supply.

During this time the residents of Satellite Beach, Florida, have experienced a much higher rate of brain and breast cancers than the general population. Even as residents were raising alarms over the high rate of cancer in the local area, the Air Force stood quiet.

Fortunately, Congress stepped in recently and banned the use of AFFF during training exercises. This is a commonsense action that should have been taken by the DoD decades ago.

The fact that Congress had to make the DoD discontinue AFFF in training exercises once again shows the DoD's complete lack of concern for the health of the general public.

The next step in this PFAS journey is to make the water safe for the servicemembers, dependents, and civilian population that resides around Patrick Air Force Base.

The Air Force would lead you to believe that all is well because they use the city of Melbourne water. What they don't tell you is that the infrastructure of Patrick Air Force Base is extremely old. Broken water mains happen regularly, and every time there is a drop in water pressure, our pipes are being flooded with this toxic mess.

The people of Satellite Beach need Congress to immediately ban all use of AFFF firefighting foams that contain PFAS and PFBS, and force the United States Air Force to take responsibility for polluting our water with toxic chemicals over the years.

The time since Kaela has passed away has been quite difficult. I lost my only child due to being poisoned by the same military that I faithfully served and fought for.

When I learned of the connection of PFAS and Kaela's cancer, I got rid of all my awards, certificates, and uniforms. The only thing I have with a military connection is my retired ID card.

I will have to live the rest of my life knowing that my decision to serve in the military and reside on a United States Air Force base resulted in the death of my daughter.

Let that sink in for a minute. For me to serve my Nation, I had to give the U.S. Government my health, physically, mentally, and then at the end of it, they took my daughter. I pray that no other servicemember will ever have to knowingly sacrifice the life of their child by serving their country.

Thank you for the opportunity to testify and allow my family's tragedy to be heard.

When Kaela was born on March 26, 2002, the war on terror had just begun. My biggest worry was that I would be injured or killed in combat and that Kaela would grow up without a father.

I spent every free moment I had building a life-long connection with my daughter, making sure that she knew for certain that her father loved her. I trained hard, bought life insurance, did my best to ensure she would be taken care of if something happened to me. I never imagined she would be the one paying the ultimate price for my service.

[The prepared statement of Mr. Holmes follows:]

Testimony of

Jim Holmes

Before the

Military Construction and Veterans Affairs Subcommittee

of the

House Committee on Appropriations

On

PFAS Contamination at Patrick Air Force Base

March 11, 2020

Thank you for the opportunity to testify. My name is Jim Holmes and I recently retired from the United States Army Reserve. During my twenty-five plus years I served both on active duty and in the reserve component, performing multiple combat deployments that ranged from Operation Desert Shield / Desert Storm to Operation Iraqi Freedom. From the day I enlisted on December 8, 1988 I knew that there was certain risk associated with my service in the Armed Forces. I knew that I was signing a contract that require me to risk my own physical health, mental health, personal safety and up to my life in defense of the Nation. I fully understood and willingly accepted these risks. What I did not sign up for is the risking of my daughter's health, wellbeing and ultimately her life as a result of my service.

On January 10, 2018 I was flying Hurricane Maria recovery missions when I received a phone call from my family doctor that would forever change the lives of myself, my wife and my daughter. My wife took Kaela to the Eye doctor because she was having blurred vision. We thought she just needed new glasses. What we found out is that Kaela had an extremely rare and aggressive form of brain cancer called DIPG. DIPG is a form of brain cancer that forms inside the brain stem and affects 150-300 children annually in the United States. It is difficult to treat and 100 percent fatal.

Kaela was a beautiful, intelligent, loving daughter who loved her Army family with all her heart. She made a positive impact on everyone she ever encountered, excelled in school and never disappointed me once in her seventeen years of life.

Kaela bravely fought the cancer for fifteen months. During this time, she displayed a mental and physical toughness that few people in this world know. Unfortunately, on March 29, 2019, three days after her seventeenth birthday, Kaela passed away with my wife, our family dog and myself at her side.

What hurt almost as bad as Kaela's passing was finding out a few months after her death that her cancer was possibly caused by a water contamination at Patrick Air Force Base, Florida. We had lived on South Housing at Patrick from 2004-2005 and at Central Housing from 2008-2013. Kaela also attended Sea Park Elementary for five years, went to the Patrick Air Force Base after school program and Satellite High School all of which are in Satellite Beach, FL just south of the Base.

Not once in the sixteen years we've lived in the Patrick Air Force Base/Satellite Beach, FL area were we ever made aware that the ground water was severely contaminated with a hazardous substance called PFAS. The Air Force and 45th Space Wing never publicly disclosed to those of us living on and around Patrick that their own water samples had shown that they were 57,000 times above the EPA's safe drinking water level of 70 parts per trillion. The failure to disclose such critical information show a complete lack of care for the health and safety of the service members, dependents and civilians that live on and around Patrick Air Force Base.

The PFAS contamination at Patrick has been attributed to the reckless deployment of Aqueous Film-Forming Foam Concentrates (AFFF) during training exercises over the past forty years. The Department of Defense created and patented AFFF in the late 1960's and knew by the early 1970's that it was toxic to fish and by the 1980's it was also shown to be toxic to animals. By the 2000's PFAS was found to be building up in our blood. During this time the residents of Satellite Beach, Fl have experienced a much higher rate of brain and breast cancers than the general population. Even as residents were raising alarms over the high rate of cancer in the local area the Air Force stood quiet.

Fortunately, Congress stepped in recently and banned the use of AFFF during training exercises. This is a commonsense action that should have been taken by the Department of Defense decades ago. The fact that congress had to make the DOD discontinue using AFFF in training exercises once again shows the DOD's complete lack of concern for the health of the general public.

The next step in this PFAS journey is to make the water safe for the service members, dependents and civilian population that resides around Patrick Air Force Base. The Air Force will lead you to believe that all is well because they use City of Melbourne water. What they don't tell you is that the infrastructure at Patrick Air Force Base and Satellite Beach is extremely old. Broken water mains happen regularly on the base and Beach side communities. Each time a drop in water pressure occurs the pipes are flooded with this toxic mess. The Air Force and the City of Melbourne currently do not test the water after pressure drops to ensure that PFAS levels are below the EPA's 70 parts per trillion safe drinking level. This once again shows an extreme lack of concern for the health and care for all that reside around Patrick Air Force Base.

The people of Satellite Beach, FL need Congress to immediately ban all use of AFFF firefighting foams that contain PFAS and PFBS and force the United States Air Force to take responsibility for polluting our water with toxic chemicals over the years. Every home in Satellite Beach, Patrick Air Force Base and Cocoa Beach, FL should be equipped with a point of entry filtration system, provided through a pilot program funded by the federal government, to ensure that safe

drinking water is being provided after water main brakes, routine system maintenance and pressure drops.

The time since Kaela passed away has been difficult. I lost my only child due to being poisoned by the same military that I faithfully served and fought for. When I learned of the connection of PFAS and Kaela's cancer I got rid of all my awards, certificates and uniforms. The only thing I own with a military connection is my retired ID card. I will have to live the rest of my life knowing that my decision to serve in the military and reside on a United States Air Force Base resulted in the death of my beautiful daughter. I pray that no other service member will ever have to unknowingly sacrifice the life of their child by serving their country.

Thank you for the opportunity to testify and allow my families tragedy to be heard. When Kaela was born on March 26, 2002 the War on Terror had just begun. My biggest worry was that I would be injured or killed in combat and that Kaela would grow up without a father. I spent every free moment I had building a lifelong connection with my daughter and making sure that she knew for certain that her father loved her. I trained hard, bought life insurance and did my best to ensure that she would be taken cared of if something happened to me. I never imagined that she would be the one paying the ultimate price for my service.

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

We are deeply sorry for your loss. I have a 16½year-old daughter, so I certainly can't know, begin to know, what you have experienced. But we are here in this hearing because of you and your story and your honoring the memory of your daughter and ensuring that, at the very least, as we discussed when we were in my office, that her loss would not be in vain and that others might not have to in the future go through what you and your wife have gone through. So may her memory be for a blessing.

Mr. Faber, your full written testimony will be entered into the record without objection, and you are also recognized for 5 minutes to summarize your remarks.

STATEMENT OF SCOTT FABER

Mr. FABER. Thank you. Thank you for bringing attention to this important issue and for making the remediation of PFAS a priority in the fiscal year 2020 appropriations bill.

My name is Scott Faber. I am the vice president for government affairs in the Environmental Working Group. We are a national environmental health organization that has sought for two decades to address the health impacts of PFAS pollution.

As you know, PFAS contaminates the blood of every American, all of us, and have been linked to very serious health problems, including cancer, harm to the reproductive system, and harm to the immune system.

Because PFAS never breakdown and because they build up in our blood and organs, they are often referred to as "forever" chemicals.

As you have heard, the DoD's use of firefighting foam made with PFAS, or what is also known as aqueous film-forming foam or AFFF, has disproportionately exposed our military servicemembers and their families to PFAS pollution.

Through Freedom of Information Act requests, EWG has so far been able to confirm the presence of PFAS in the tap water or groundwater at 328 military installations.

Until recently, PFAS contaminated the drinking water of dozens of military bases, and many communities near these installations continue to struggle with contaminated drinking water.

As you have also heard, EPA has set an advisory level of 70 parts per trillion for PFOA and PFOS, two members of this class of chemicals. And through our FOIAs, we discovered that many of the highest detections in the Nation have been found on or near DoD installations.

In particular, we found PFAS detections at 14 installations that were more than 1 million parts per trillion, far above the 70 parts per trillion level recommended by the EPA and far above the safe levels identified by the chairwoman by the Centers for Disease Control.

The highest PFAS detection at Patrick Air Force Base, where Mr. Holmes served, was 4.3 million parts per trillion. Again, the advisory level from EPA is 70 parts per trillion.

The highest detection at Langley Air Force Base, where retired military firefighter Kevin Ferrara served, was 2.2 million parts per trillion. And military firefighters like Mr. Ferrara are especially

vulnerable because they not only drank water contaminated with PFAS for decades, they also routinely handled AFFF, these PFAS foams, without protective equipment.

DOD officials have understood the risks of AFFF for many years, as Mr. Holmes said. The Navy and Air Force first understood that PFAS was toxic to fish in the 1970s and toxic to animals in the 1980s. But DoD waited a decade to warn servicemembers like Mr. Holmes and Mr. Ferrara, and most remain unaware of the risks posed by PFAS pollution.

And despite these risks, DoD has been slow to switch away from AFFF and has been slow to clean up legacy pollution.

Thanks to your leadership, the NDAA for fiscal year 2020 included important bipartisan reforms, including a ban on the use of AFFF in training exercises and a requirement that DoD end the use of fluorinated foams like AFFF by 2024, but this has fallen far short of what is needed to address the serious health risks posed by PFAS.

And in particular, we must do much more to ensure that people living on bases and near bases have clean water. We must do much more to remediate legacy contamination, building on the progress that you made in the fiscal year 2020 appropriations bill. And we must do a much better job of notifying current and former servicemembers and their families about the risks that they have faced for decades by consuming water contaminated with PFAS or handling AFFF.

So let me stop there, and thank you for the opportunity to testify.

[The prepared statement of Mr. Faber follows:]

Know your environment.
Protect your health
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Testimony of

Scott Faber

Senior Vice President

Environmental Working Group

Before the

Military Construction, Veterans Affairs and Related Agencies Subcommittee

of the

House Committee on Appropriations

on

Impact of PFAS Exposure on Service Members

March 11, 2020

Thank you for the opportunity to testify on the impact of PFAS exposure on service members. My name is Scott Faber, and I am the Senior Vice President for Government Affairs for the Environmental Working Group, a national environmental health organization that for two decades has sought to address the risks posed by per- and polyfluoroalkyl substances, a class of chemicals known as PFAS.[1]

PFAS contaminate the blood and organs of nearly every living being, and experts estimate that 25 percent of Americans have troubling levels of PFAS in their blood serum.[2] PFAS are associated with serious health effects, even at very low amounts.[3] In particular, PFAS exposure

1 Bill Walker, *EWG and Toxic Fluorinated Chemicals: 20 Years in the Fight Against PFAS*, Environmental Working Group (July 24, 2019), https://www.ewg.org/news-and-analysis/2019/07/ewg-and-toxic-fluorinated-chemicals-20-years-fight-against-pfas

2 Centers for Disease Control and Prevention, National Biomonitoring Program, Per- and Polyfluorinated Substances (PFAS) Factsheet, https://www.cdc.gov/biomonitoring/PFAS_FactSheet.html. (last updated April 7, 2017). *See also* David Andrews, *Insight: The Case for Regulating All PFAS Chemicals as a Class*, Bloomberg Environment (May 20, 2019), https://news.bloombergenvironment.com/environment-and-energy/insight-the-case-for-regulating-all-pfas-chemicals-as-a-class/.

3 Impacts to mammary gland development have been associated with low level doses of PFOA. *See, e.g.*, Madisa B. Macon et al, *Prenatal perfluorooctanoic acid exposure in CD-1 mice: low dose developmental effects and internal*

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has been linked to kidney and testicular cancer, preeclampsia, ulcerative colitis, thyroid disease, high cholesterol,[4] reproductive and developmental harm,[5] and damage to the immune system.[6]

Americans are exposed to dozens of PFAS every day – through our food, water, air, dust, carpets, clothing and cosmetics. Once released into the environment, PFAS are highly mobile and do not break down – thus leading to the designation of PFAS as "forever chemicals." Because some PFAS have a long half-life in our bodies, they build up in our blood serum and organs.

Our military service members and their families are disproportionately affected by PFAS pollution. The primary source of PFAS at military installations is aqueous film-forming foam, or AFFF, a firefighting foam developed by the Department of Defense in the 1960s[7] and first required by the Navy and the Marine Corps in 1967.[8] Perfluorooctane sulfonate, or PFOS, is a component of "lightwater" AFFF, which can break down into many PFAS, including PFHxS.[9] Older formulations of AFFF can also contain PFOA.[10]

dosimetry, 122 Toxicological Sciences 131 (2011), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3143465/; Sally S. White et al., *Gestational and chronic low-dose PFOA exposures and mammary gland growth and differentiation in three generations of CD-1 mice*, 119 Envt'l Health Perspectives 1070 (2011), https://www.ncbi.nlm.nih.gov/pubmed/21501981; Dierdre K. Tucker et al., *The mammary gland is a sensitive pubertal target in CD-1 and C57Bl/6 mice following perinatal perfluorooctanoic acid (PFOA) exposure*, 54 Reproductive Toxicology 26 (2015), https://www.ncbi.nlm.nih.gov/pubmed/25499722. PFOA, PFOS, PFHxS and PFDeA are also associated with reduced effectiveness of vaccines, even at low doses. *See* Anna Reade, Tracy Quinn, & Judith S. Schreiber, *Scientific & Policy Assessment for Per- and Polyfluoroalkyl Substances in Drinking Water*, Natural Resources Defense Council (April 12, 2019), https://www.nrdc.org/sites/default/files/media-uploads/nrdc_pfas_report.pdf.

[4] C8 Science Panel, C8 Probable Link Reports, http://www.c8sciencepanel.org/prob_link.html (last visited Jan. 25, 2020).

[5] Alexis Temkin, *PFAS & Developmental & Reproductive Toxicity: An EWG Fact Sheet*, Environmental Working Group (Sept. 19, 2019), https://www.ewg.org/news-and-analysis/2019/09/pfas-and-developmental-and-reproductive-toxicity-ewg-fact-sheet.

[6] Tasha Stoiber, *PFAS Chemicals Harm the Immune System, Decrease Response to Vaccines, New EWG Review Finds*, Environmental Working Group (June 21, 2019), https://www.ewg.org/news-and-analysis/2019/06/pfas-chemicals-harm-immune-system-decrease-response-vaccines-new-ewg.

[7] U.S. Patent Office, Method of Extinguishing Liquid Hydrocarbon Fires (1966) https://static.ewg.org/reports/2019/pfas-dod-timeline/1963_Navy-Patent.pdf?_ga=2.186369001.1349300272.1583249998-10610461.1581526153

[8] Dept. of the Navy, Mil. Spec. *Fire Extinguishing Agent, Aqueous Film Forming Foam (AFFF) Liquid Concentration, six Percent, For Fresh And Sea Water* (1967), https://static.ewg.org/reports/2019/pfas-dod-timeline/1967_AFFF-Required.pdf?_ga=2.76197845.1349300272.1583249998-10610461.1581526153

[9] Interstate Technology Regulatory Council, *Aqueous Film-Forming Foam (AFFF)* (2018), https://pfas-1.itrcweb.org/wp-content/uploads/2019/03/pfas-fact-sheet-afff-10-3-18.pdf

[10] Idem.

EWG has so far confirmed the presence of PFAS at 328 military installations.[11] Many service members, their families and residents of neighboring defense communities have been drinking water contaminated with PFAS for decades. In 2016, DOD reported PFOA and PFOS at levels greater than 70 parts per trillion, or ppt,[12] at 36 military installations, including 24 installations where DOD provides drinking water and 12 installations served by local water utilities.[13] EWG found 16 other installations with PFOA or PFOS detections in drinking water below 70 ppt, the advisory level set by the EPA, but above the levels developed by the Centers for Disease Control and Prevention.[14]

Many of the highest PFAS detections in the nation have so far been found at DOD installations, including 14 detections above 1 million ppt and a single detection of PFHxS greater than 20 million ppt, at England Air Force Base, in Louisiana.[15] The highest PFAS detection reported at Patrick Air Force Base, where Jim Holmes was stationed, was 4.3 million ppt.[16] Other bases with high PFAS detections include Air Force Plant 4, in Fort Worth, Naval Air Station Jacksonville,

[11] *See* Environmental Working Group, PFAS Contamination in the US, https://www.ewg.org/interactivemaps/2019_pfas_contamination/map/ (last visited Mar. 09, 2020).
[12] DOD used EPA's Lifetime Health Advisory, which ignores many of the impacts of PFOA and PFOS. https://www.nrdc.org/experts/anna-reade/epa-yet-again-fails-set-health-protective-levels-pfas
[13] Dept. of Defense, *Addressing Perfluorooctane Sulfonate (PFOS) and Perfluorooctanoic Acid (PFOA)* (2018). Available at https://www.epa.gov/sites/production/files/2018-05/documents/dod_presentation_epa_summit_pfos_pfoa_may2018_final.pptxx_.pdf DOD concluded in 2015 that at least 36 installations were providing drinking water with PFOA or PFOS levels greater than 70 ppt. Those installations include: 81st RSC: E. Earle Rives AFRC, 99th RSC Martinsburg Memorial USARC, Barnes ANGB (104th), Belmont Armory, Camp Grayling Joint Maneuver Training Center, Dover AFB, Eielson AFB, El Campo, Ellsworth AFB, Fairchild AFB, Former KI Sawyer AFB, Former March AFB, Former Mather AFB, Former Pease AFB, Former Plattsburgh AFB, Former Wurtsmith AFB, Fort Hunter Liggett, Ft. Leavenworth, Gabreski ANGB (106th), Harrisburg IAP (ANG) (193rd), Horsham AGS (AGS), JB Lewis-McChord: Fort Lewis Cantonment, Joint Base Cape Cod, Joint Base McGuire Dix-Lakehurst, MCB Camp Pendleton (South), MCLB Barstow, Mountain Home AFB, NAS Oceana – NALF Fentress, NAS Whidbey Island – Ault Field, NAS Whidbey Island – OLF Coupeville, NAS Whiting Field (Main Base), Naval Base Kitsap – NARL Barrow, New Boston AFS, New Castle ANGB, NMC Earle, NSA Monterey – Naval Radio Transmitter Facility Dixon, Pease ANGB (157th), Peterson AFB, Warminster, Willow Grove. EWG has through FOIA requests since identified three additional installations with PFOA or PFOS levels greater than 70 ppt – Joint Force Training Base Los Alamitos, Cherry Point Marine Corps Air Station, and Sierra Army Depot.
[14] Centers for Diseases Control and Prevention, Agency for Toxic Substances and Diseases Registry, Toxicological Profile for Perfluoroalkyls, August 2018. Available at https://www.atsdr.cdc.gov/toxprofiles/tp.asp?id=1117&tid=237
[15] *See* Environmental Working Group, Highest Levels of PFAS Contamination in Groundwater at U.S. Military Installations (last visited Feb. 9, 2020). https://cdn3.ewg.org/sites/default/files/u352/Top%20100%20PFAS.pdf?_ga=2.82030550.1349300272.1583249998-10610461.1581526153
[16] Id.

Maxwell-Gunter Air Force Base, and Randolph Air Force Base.[17] Of the 100 highest DOD detections so far reported, 69 were greater than 100,000 ppt.[18]

Communities near military installations are also disproportionately affected by PFAS pollution. In 2017, DOD found the levels of PFOA and PFOS exceeded 70 ppt in 564 off-base water systems.[19] PFAS pollution that originated on military bases has created a contamination crisis in dozens of defense communities, from Pease Air Force Base,[20] in New Hampshire, to Wurtsmith Air Force Base,[21] in Michigan, to Peterson Air Force Base,[22] in Colorado.

[17] See Environmental Working Group, "PFAS Contamination in the U.S.," https://www.ewg.org/interactivemaps/2019_pfas_contamination/map/ (last visited Mar. 09, 2020).

[18] See Environmental Working Group, "The 100 Military Sites with the Worst PFAS Contamination," https://www.ewg.org/news-and-analysis/2019/10/100-us-military-sites-worst-pfas-contamination (last visited Mar. 10, 2020).

[19] *Supra note* 13.

[20] ATSDR, Per- and Polyfluoroalkyl Substances and Your Health, Pease Study (last visited Mar. 9, 2020) https://www.atsdr.cdc.gov/pfas/Pease-Study.html

[21] Michigan PFAS Action Response Team, Former Wurtsmith Air Force Base Historical Timeline (last visited Mar. 9, 2020) https://www.michigan.gov/pfasresponse/0,9038,7-365-86511_82704_83952_93971---,00.html

[22] Dan Boyce, CPR News, Despite A $50M Cleanup, Residents Still Bear The Costs Of Peterson AFB's Water Contamination, July 31, 2029 (last visited Mar. 09, 2020) https://www.cpr.org/2019/07/31/despite-a-50m-cleanup-residents-still-bear-the-costs-of-peterson-afbs-water-contamination/

Military firefighters like Kevin Ferrara, who is here today, are especially vulnerable to the effects of PFAS pollution. PFAS levels at Chanute Air Force Base, where military firefighters like Kevin were trained for decades, exceeded 600,000 ppt.[23] What's more, military firefighters like Kevin routinely trained using AFFF without proper protective equipment but were not warned of the risks.[24] Studies demonstrate that firefighters have higher levels of PFAS in their blood serum than the general population.[25]

The DOD has long known about the toxic effects of PFAS pollution. In 1973, an Air Force report cited the toxic effects of AFFF on fish and recommended the use of "activated carbon" filters[26] for drinking water. Subsequent Air Force and Navy reports in 1974,[27] 1976,[28] and 1978[29] also cited the toxic effects of AFFF on fish. In 1983, animal studies financed by the Air Force

[23] Scott Faber, *To Support Military Families, Congress Must Pass the PFAS Action Act,* Environmental Working Group (Jan. 9, 2020) https://www.ewg.org/news-and-analysis/2020/01/support-military-families-congress-must-pass-pfas-action-act. Military firefighters trained at Chanute Air Force Base from 1965 to 1993. http://www.dodfire.com/History/Academy.htm PFAS is also present at Goodfellow Air Force Base, where the military firefighters are currently trained. https://earthjustice.org/sites/default/files/files/filed_complaint_-_pfas_incineration_suit.pdf

[24] Id.

[25] See e.g. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4274322/ and https://www.sciencedirect.com/science/article/abs/pii/S0378427414013307

[26] Dept. of the Air Force, *Treatability of Aqueous Film-Forming Foams Used for Fire Fighting* (1973) https://static.ewg.org/reports/2019/pfas-dod-timeline/1973_Kroop-Report.pdf?_ga=2.139610099.1349300272.1583249998-10610461.1581526153

[27] USAF Environmental Health Laboratory, *Biodegradability and Toxicity Of Light Waters Fc206, Aqueous Film Forming Foam* (1974) https://static.ewg.org/reports/2019/pfas-dod-timeline/1974_Biodegradability-and-Toxicity-of-ANSUL-K74-100-Aqueous-Film-Forming-Foam.pdf?_ga=2.140200819.1349300272.1583249998-10610461.1581526153

[28] Naval Research Laboratory, *R&D Final Report on DOD-AGFSRS-76-10 (MIPR FY 7615-76-05063) Improved Environmental Impact Properties for AFFF Materials* (1976) https://static.ewg.org/reports/2019/pfas-dod-timeline/1976_Navy-Study.pdf?_ga=2.144814068.1349300272.1583249998-10610461.1581526153

[29] Department of the Navy, *Candidate Environmental Impact Statement Draft on Discharging Firefighting System Aqueous Film Forming Foam AFFF into Harbors; Status and Synopsis of* (1978) https://static.ewg.org/reports/2019/pfas-dod-timeline/1978_Navy-Study.pdf?_ga=2.144814068.1349300272.1583249998-10610461.1581526153

found some long-chain PFAS were toxic.[30] In 1985, Navy experts once again cited the toxic effects of AFFF on fish[31] and, in 1989, called for better management of AFFF waste.[32]

DOD was alerted in 2000 that 3M was no longer going to produce PFOS,[33] and a DOD 2001 memo concluded that the main ingredient in AFFF was "persistent, bioaccumulating, and toxic."[34] Months later, an EPA official reiterated to DOD the risks posed not just by PFOS but by the entire class of PFAS chemicals.[35] But DOD officials waited another decade to issue a "risk alert,"[36] and did not take steps to replace AFFF until 2015[37] – despite a 1991 Army Corps of Engineers recommendation that AFFF "be replaced with nonhazardous substitutes."[38] What's more, the PFAS in replacement foams have been linked to many of the same health effects as PFOS,[39] ultimately leading Congress last year to direct the DOD to phase out the use of fluorinated foams altogether.[40]

30 Air Force Aerospace Medical Research Laboratory, *The Toxicity of Perfluoro-n-decanoic Acid and 2,3,7,8-Tetrachlorodibenzo-p-dioxin in L5178Y Mouse Lymphoma Cells* (1983) https://static.ewg.org/reports/2019/pfas-dod-timeline/1983_Air-Force-Study.pdf?_ga=2.180913383.1349300272.1583249998-10610461.1581526153

31 Naval Ocean Systems Center, *Toxicity of Aqueous Filmforming Foams to Marine Organisms: Literature Review and Biological Assessment* (1985) https://static.ewg.org/reports/2019/pfas-dod-timeline/1985_Navy-Study.pdf?_ga=2.147975031.1349300272.1583249998-10610461.1581526153

32 AF Occupational and Environmental Health Laboratory, *Biological Analysis of Three Ponds at Peterson AFB, Colorado Springs CO* (1989) https://static.ewg.org/reports/2019/pfas-dod-timeline/1989_Airforce-Study.pdf?_ga=2.114921415.1349300272.1583249998-10610461.1581526153

33 Dept. of the Navy, *Minutes Of the DOD AFFF Environmental Meeting* (2000) https://static.ewg.org/reports/2019/pfas-dod-timeline/2000_Navy-Memo.pdf?_ga=2.85102169.1349300272.1583249998-10610461.1581526153

34 Dept. of Defense (Force Protection), *Aqueous Film Forming (AFFF) Workshop* (2001) https://static.ewg.org/reports/2019/pfas-dod-timeline/2001_DoD-Memo.pdf?_ga=2.81300439.1349300272.1583249998-10610461.1581526153

35 Environmental Protection Agency, *DoD AFFF Workshop, Pentagon* (2001) https://assets.documentcloud.org/documents/4358461/2001-EPA-DoD-Meeting-on-AFFF.pdf

36 Dept. of Defense, *Chemical & Material Emerging Risk Alert Aqueous Film Forming Foam (AFFF),* (2011) https://www.denix.osd.mil/cmrmp/ecmr/ecprogrambasics/resources/chemical-material-emerging-risk-alert-for-afff/

37 https://assets.documentcloud.org/documents/4348999/Reach-More-Than-74M.pdf

38 U.S. Army Corps of Engineers, Hazardous Waste Minimization Assessment: Fort Carson, Colo. (1991) https://static.ewg.org/reports/2019/pfas-dod-timeline/1991_Army-Corp-of-Engineers.pdf?_ga=2.110669765.1349300272.1583249998-10610461.1581526153

39 Environmental Protection Agency, *Factsheet: GenX Chemical and PFBS Draft Toxicity Assessments* (2018), https://www.epa.gov/sites/production/files/2018-11/documents/factsheet_pfbs-genx-toxicity_values_11.14.2018.pdf

40 SEC. 318 H.R.2500 – National Defense Authorization Act for Fiscal Year 2020 https://www.congress.gov/bill/116th-congress/house-bill/2500/text

It remains unclear whether 3M, which manufactured PFOS and collaborated with the Navy to develop AFFF,[41] alerted DOD officials to the toxic effects of PFAS before 2000. The 1973 Air Force report notes that 3M also conducted toxicity studies on fish,[42] but a 1978 Navy report cited "difficulties" getting "any useful information" from 3M on the "proprietary" components of AFFF.[43] In 1976, 3M sent a letter[44] that downplayed the impact of AFFF on fish – even though the toxic effects of PFAS were well known to 3M at the time.[45] By 1976, 3M had conducted internal animal studies that documented the toxic effects of PFAS[46] and been alerted to the fact that PFAS was building up in blood.[47]

What is clear is that DOD has been slow to alert service members to the risks of PFAS and slow to clean up legacy PFAS contamination.[48] Although the DOD has reduced PFAS in the drinking water currently being served to active duty service members and has used appropriated funds to remediate some legacy contamination, most legacy PFAS pollution has not been cleaned up. Some DOD officials have cited the absence of a "hazardous substance" designation when refusing to remediate legacy PFAS near military installations. For example, the Air Force cited the absence of a "hazardous substance" designation when refusing to clean up PFAS pollution near Wurtsmith Air Force Base, in Michigan.[49]

[41] Naval Research Laboratory, *Seventy Years of Science for the Navy and the Nation [1923-1993]*, (1994) https://static.ewg.org/pdf/Navy_3M_1960s.pdf

[42] Dept. of the Air Force, *Treatability of Aqueous Film-Forming Foams Used for Fire Fighting* (1973) https://static.ewg.org/reports/2019/pfas-dod-timeline/1973_Kroop-Report.pdf?_ga=2.139610099.1349300272.1583249998-10610461.1581526153

[43] Department of the Navy, *Candidate Environmental Impact Statement Draft on Discharging Firefighting System Aqueous Film Forming Foam AFFF into Harbors; Status and Synopsis of* (1978) https://static.ewg.org/reports/2019/pfas-dod-timeline/1978_Navy-Study.pdf?_ga=2.144814068.1349300272.1583249998-10610461.1581526153

[44] Department of the Navy, *Appendix E, Candidate Environmental Impact Statement Draft on Discharging Firefighting System Aqueous Film Forming Foam AFFF into Harbors; Status and Synopsis of* (1978) https://static.ewg.org/reports/2019/pfas-dod-timeline/1978_Navy-Study.pdf?_ga=2.144814068.1349300272.1583249998-10610461.1581526153

[45] *See* Environmental Working Group, "For Decades, Polluters Knew PFAS Chemicals Were Dangerous But Hid Risks From Public" (last visited Mar. 09, 2020). https://www.ewg.org/pfastimeline/

[46] *See* Industrial Bio-Test Laboratories Inc., *Report to Minnesota Mining and Manufacturing Company [3M]. Acute Oral Toxicity Studies on Two Materials IBT No. A4414* (1966) https://static.ewg.org/reports/2019/pfa-timeline/1966_Acute-OralTox.pdf?_ga=2.232569309.331785608.1583150004-35917226.1571063173

[47] 3M Interoffice Correspondence, *Record of a Telephone Conversation— August 14, 1975 – Subject: Fluorocarbons in Human Blood Plasma* (1975) https://static.ewg.org/reports/2019/pfa-timeline/1975_Dr-Guy.pdf?_ga=2.161069439.331785608.1583150004-35917226.1571063173

[48] EPA has also been slow to respond to the PFAS contamination crisis. https://www.ewg.org/epa-pfas-timeline/

[49] Dept. of the Air Force, *Violation Notice No. VN-008900, Substantive Requirements Document (SRD) No. MIU990034 Designated Name: USAF-Wurtsmith AFB, MI* (2018)

DOD has taken other steps to limit its responsibility for legacy PFAS pollution. For example, it has proposed a "screening level" that is 10 times higher than the level proposed by EPA for sites where only one kind of PFAS is detected.[50] DOD has also sought to weaken groundwater cleanup standards at military installations. Although EPA has proposed a groundwater cleanup standard of 70 ppt, DOD has instead advocated for cleanup standards of 380 ppt[51] or 400 ppt.[52] It remains to be seen whether DOD will meet state standards when cleaning up legacy PFAS pollution or providing drinking water at its facilities.[53]

Congress should not wait any longer to address the serious public health risks PFAS pose to our service members, their families and to neighboring communities. To address these risks, Congress should:

Phase out fluorinated firefighting foams. The National Defense Authorization Act for FY 2020 requires DOD to largely phase out the use of fluorinated foams by 2024, but Congress should accelerate the deployment of alternative foams.[54]

michigan.gov/documents/pfasresponse/Letter_from_USAF_Termaath_to_DEQ_Seidel_dated_120718_648045_7.pdf

50 In particular, DOD has proposed: a screening level of 400 PPT when investigating sites where only PFOA or PFOS occur; a screening level of 400,000 PPT where only PFBS occurs; and a screening level of 40,000 ppt where PFBS occurs with other PFAS. Dept. of Defense, *Investigating Per- and Polyfluoroalkyl Substances within the Department of Defense Cleanup Program* (2019) https://www.documentcloud.org/documents/6547719-DOD-Screening-Level.html
DOD calculates screening levels by stating that it intends only to apply a 0.1 hazard quotient when there are multiple PFAS found at one site. Although that approach is consistent with EPA practice for setting screening levels for some chemicals, it diverges dramatically from EPA's proposed RSLs for PFOA and PFOS. For more information, visit https://www.epa.gov/sites/production/files/2019-04/documents/draft_interim_recommendations_for_addressing_groundwater_contaminated_with_pfoa_and_pfos_public_comment_draft_4-24-19.508post.pdf

51 Dept. of Defense, *Alternatives to Aqueous Film Forming Foam Report to Congress* (2018) https://www.documentcloud.org/documents/5766754-2018-06-DOD-AFFF-Alt-Report-to-Congress-July2018-1.html

52 Sen. Tom Carper, Letter to EPA Administrator Andrew Wheeler, March 13, 2019 https://www.documentcloud.org/documents/5767384-03-13-19-Senator-Carper-to-EPA.html

53 States with promulgated rules on PFAS in ground, drinking or surface water: Alaska, California, Connecticut, Colorado, Montana, New Hampshire, New Jersey, Oregon and Vermont. For more information, visit https://pfas-1.itrcweb.org/fact-sheets/.

54 More than 100 flourine-free alternatives have been developed by 24 companies. For more information, visit http://theic2.org/article/download-pdf/file_name/Per_and_Polyfluorinated_Substances_in_Firefighting_Foam_040919.pdf

Phase out other non-essential uses of PFAS. Sec. 330B of the NDAA for FY 2020 prohibits DOD use of PFAS in military food packaging,[55] but Congress should take additional steps to phase out non-essential uses of PFAS, such as in cosmetics, cookware and textiles.

Properly dispose of PFAS waste. Congress should immediately suspend DOD incineration of PFAS waste until the DOD ensures that incineration breaks down PFAS and eliminates hazardous PFAS byproducts, as required by Sec. 330 of the NDAA of FY 2020.[56]

Quickly remediate legacy PFAS pollution. Congress should expand funding for programs like the Defense Environmental Restoration Program to quickly remediate legacy PFAS pollution. Congress should also designate PFAS as hazardous substances under CERCLA, as proposed in H.R. 535, to expedite PFAS remediation and ensure that responsible parties share the cost of cleanup.

Notify DOD personnel and defense communities. Congress should expand monitoring for PFAS on and near military installations and create a mechanism whereby DOD can notify military personnel, their families and neighboring communities about their potential exposure to PFAS, such as the PFAS registry proposed in H.R. 2195.[57] Congress should also ensure that military veterans, including military firefighters like Kevin, are eligible for blood testing for PFAS in their blood serum.[58]

Thank you for the opportunity to testify on the impacts of PFAS exposure on service members.

[55] FY2020 National Defense Authorization Act, H.R. 2500, 116th Cong. § 1 (2019) https://www.congress.gov/bill/116th-congress/house-bill/2500/text#toc-HD71B51E45A8A4B4EB0F0C06E5C87D223

[56] Compl. for Declaratory and Inj. Relief at 2-3, Save Our Cty. v. United States Def. Logistics Agency, No. 3:20CV01267(SK) 2020 U.S. Dist. (N.D. Cal. Feb. 20, 2020) available at https://earthjustice.org/sites/default/files/files/filed_complaint_-_pfas_incineration_suit.pdf

[57] DOD has created several registries related to exposures to toxic chemicals, including registries for military personnel exposed to Agent Orange, Burn Pits, Ionizing Radiation, and Depleted Uranium. In addition, CDC is assessing the impacts of PFAS exposure at 8 current and former military installations. https://www.cdc.gov/media/releases/2019/p0221-cdc-atsdr-pfas-exposure.html

[58] Sec. 707 of H.R. 2500, the National Defense Authorization Act for FY 2020, requires blood testing for PFAS during annual physicals for military firefighters. https://docs.house.gov/billsthisweek/20191209/CRPT-116hrpt333.pdf

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

Thank you both.

We will proceed with our questions as we normally do. Members will be recognized from when we gaveled in, in order of seniority. If the members could please keep their questions, as well as leaving time for the witnesses to answer, within your 5-minute turn.

I will begin, Mr. Holmes, with you. Again, thank you for your service and thank you for your advocacy, because you certainly don't have to be in front of our committee today. And it is really incredibly admirable that you are taking the time to make people more aware of this issue, shine a spotlight on it, and help right some of the wrongs. I have been concerned since we spoke.

And I want to just underscore to the members that while I had an opportunity to speak with Mr. Holmes and his wife about their specific situation, as you have heard in the testimony, this is a massive problem across military bases all across this country and the world. And so this is one example, but there are many others.

But when we spoke, I was dismayed to see the communications that you showed me from the leadership from the 45th Space Wing commander that seemed to dismiss the severity of the problem. I mean, to see a member of base leadership be so dismissive of even assessments done by the Air Force itself is very troubling.

I don't have that. But if we can pull that communication from the wing commander that was sent to the troops, the servicemembers on Patrick Air Force Base, I would like to enter that into the record without objection.

Ms. If you can describe that communication and talk with us about whether that was typical of the communication from the base or Department of Defense officials on the situation with PFAS at Patrick Air Force Base?

Mr. HOLMES. Basically, what we have been told, ma'am, is there is no problem here. They don't have a problem, they don't see the need of a problem, and they are not going to deal with it.

I actually have the city manager from Satellite Beach here with me and the vice mayor, which they have been told pretty much the same thing by the leadership at Patrick Air Force Base.

They admit that they contaminated the soil. They admit that the source of the PFAS is from the foam coming from them. They say that they have no regulatory requirement to clean it up and, basically, we are on our own.

The city of Satellite Beach, where I live at, we have got about 12,000 residents. Within the past year, we have had 15 residents come down with rare forms of brain cancer and rare cases of breast cancer.

And then what hit me like a ton of bricks as I was having lunch with a friend of mine who I had flown with him in the Army and in the Air Force, Matt is like an uncle to my daughter, and he told me, he says, we were flying a mission Thursday night and he said, "I about broke out crying." And I said, "Why?" He found out that another retired member of the squadron's daughter just came down with brain cancer last week. That makes 16 in a community of 12,000 people, but yet the Air Force and the DoD still refuse to accept responsibility and to clean this mess up.

Ms. WASSERMAN SCHULTZ. I just want to ask you a follow-up question, and I am limited in time. But do members of the community that lived in and around Patrick Air Force Base believe that DoD's response to the crisis of PFAS contamination was adequate? What more did you feel they could be doing?

I do have the communication and, without objection, would like it to be entered into the record.

And as you described, it does specifically dismiss the explicit suggestion from the Air Force's own study about the contamination of the drinking water and the groundwater.

Mr. HOLMES. It has been totally inadequate, ma'am. The Air Force leadership and the DoD have completely failed every servicemember, dependent, and civilian person living on and around Patrick Air Force Base.

Ms. WASSERMAN SCHULTZ. Mr. Faber, I want to ask you the same question, if you think DoD's response was adequate. And, I mean, is there anything that you can attribute the completely—I mean, I don't even understand how a wing commander could directly contradict a study coming from the Air Force itself.

Mr. FABER. It is hard for me to explain why leaders at particular installations would say that DoD does not have a responsibility or is unable to clean up legacy PFAS pollution. But we have seen—you have seen some of it in my testimony—examples of where DoD has said: We are not responsible because Congress nor EPA have designated PFAS as hazardous substances under the Superfund law under CERCLA.

And so, unfortunately, at different places around the country, DoD is telling servicemembers and their families that until Congress acts this isn't their problem to solve.

That is not true. DoD has, as you know, has funds through the Defense Environmental Restoration Program, through the BRAC funding you provided last year, resources to help remedy legacy pollution. But that is not the consistent story they are getting from local commanders.

Ms. WASSERMAN SCHULTZ. Thank you.

My time has expired.

Judge Carter.

Mr. CARTER. Thank you.

And, Mr. Holmes, I lost a child at 9 months. But having one that was practically grown and raised has to be a much bigger loss, but you never forget it. So don't let it destroy your family. And we are going to try to help.

I have got a voice problem. A lot of other problems probably.

But, Mr. Faber, you know this subcommittee plays a small part in this PFAS cleanup. Our focus is on bases that have been closed. Do you have specific recommendations for us? Are there specific locations, former bases, that we should focus on?

Mr. FABER. Thank you for the question.

I would urge you to build on the progress that you made in the fiscal year 2020 appropriations bill where you did provide funds specifically for PFAS remediation. There are about 47, we think, of the 328 installations where we have now confirmed PFAS detections, or BRAC facilities. Some of them have very, very high detections. The single highest detection in the Nation is a BRAC facility.

So clearly more resources are going to be needed in order to clean up this legacy pollution.

You can help all of us by asking DoD to tell us more about their plans and what resources they will need to clean up this legacy pollution. You can also help all of us by ensuring that the companies that help create this problem pay their fair share of the cost. It shouldn't simply be the taxpayer who has to bear the cost of clean-up, which will be significant.

Mr. CARTER. I am sure you look into other pollutions. And we have dealt with this before. We have got places in California that we had a Member of this Congress yell about the whole time he was here, and as far as I know never cleaned it up.

But what other elements, contaminants are in these places that we should be seriously concerned about? Lead, asbestos, et cetera?

Mr. FABER. Absolutely. There are legacy contaminants in addition to PFAS. Asbestos, lead, TCE. I am sure this committee is familiar with many of them.

PFAS are unique because they are "forever" chemicals because of this unique chemistry, this carbonfluorine bond. They last forever. They have a half life in the body of anywhere from 2 to 8 years. And they have been strongly linked to very, very serious health problems, including harms to the immune system that make vaccines less effective, harms to the reproductive system that result in low birth weights.

These are unique chemicals that need our immediate attention.

Mr. CARTER. Well, we are going to do what we can with what we have got. And I am sure there are a lot of people that you just told us about going through the same kind of crisis as you went through. I went through brain cancer with my Air Force pilot brother-in-law, so I know what kind of trial and tribulation that is.

We will do what we can with what we got.

I will yield back.

Mr. FABER. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

Mr. Case.

Mr. CASE. Thank you.

Mr. Holmes, I just want you to know that I fully embrace the comments of my chair and ranking member. As you can tell, this has no partisanship whatever in it. This committee is committed on a nonpartisan basis to listening to you.

And you asked us to hear, and I did hear. So that is one Member of Congress, I listened, and so did everybody else here, and everybody else that is watching.

This is very difficult for us. We can't change the past. We can't bring your daughter back. But we can try to figure out what we can do now, because we can try to change the future.

And so in that spirit, I want to constructively ask you both what exactly should be done at this point. And I am focusing here more—I understand the big pictures of banning these uses of cleaning up. I think we would all agree on those. I think I am a little bit more interested for now on preventing further harm in the situation that we have right now.

There are servicemembers out there and their families and the people that are on and around our bases that are still in harm's

way, I would assume. And what do you think that we should try to do for them right now?

I am thinking about things like disclosure. I am thinking about a whole range of issues, some of which were in the House-passed bill, which has, unfortunately, not passed Congress yet.

You had a couple of recommendations, Mr. Holmes, in your testimony. Can you give me more specific recommendations from your communications with your colleagues, with your family, if I can put it that way, your broader family.

Mr. HOLMES. Yes, sir.

Satellite Beach is a different situation. They run on—the Patrick Air Force Base and Satellite have city of Melbourne water. But the infrastructure is very old. Water mains break, pipes get flooded. Satellite Beach has tested the pipes at the high school and in the city, and they are picking up PFAS in the pipes.

My recommendation is a short-term solution. There is an EPA-approved point of entry filter you can attach to your house that will filter all of this out, which will make the water safe for everyone. And so my proposal is, it would cost about $23 million to equip every house in Satellite Beach, Cocoa Beach, and the military housing with these filters. That is 21 percent the cost of an F135 fighter.

We spent $73 million buying Afghani school kids books last year. Can we not spend a couple of million to give safe drinking water to our people? And to me that is the immediate need that we have, is to ensure people are getting clean water today, not 10 years from now.

Mr. CASE. How about from a disclosure perspective?

Mr. HOLMES. They need to disclose to anyone renting on base that that water is contaminated. They need to disclose to the civilian population. They need to do health monitoring.

They need to provide money to the city. That the Air Force has already told us that they are not monitoring the water and mapping the plume. So the city of Satellite Beach is having to absorb that cost on their own. That should be funded by the DoD.

Mr. FABER. Can I just add that many of you are familiar with the map that EWG has created that shows detections. We have a whole team of people who submit Freedom of Information Act requests, read those documents. We have a whole team of toxicologists who tell us what those documents mean.

It shouldn't be that hard for a servicemember or dependent who has served, is serving, to know, is there PFAS in my drinking water now? Has there been PFAS in my drinking water while I was on base for that period of time over the last 50 years?

If I am a retired firefighter, is there PFAS building up in my blood? Retired firefighters are not now eligible for the same blood test that active duty firefighters are.

So we should do a much better job of letting servicemembers and dependents and defense communities know not just what is in the water now, but what have people been drinking for decades so they can——

Mr. CASE. Is it simply enough to test for the presence of PFAS in water where you could get a regular statement from a water distributor, whoever that is, as to presence and/or levels?

Mr. FABER. And I think Ms. Sullivan is going to testify to DoD's plans to test now going forward for water that is being now consumed on base. What is missing is all the people who live in defense communities. These plumes don't stop at the fence line.

Mr. CASE. I understand that, yeah.

Mr. FABER. And many people, especially in places like China Lake or rural places, are on wells and are really on their own.

Mr. CASE. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you. Mr. Case.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Madam Chair.

Mr. Faber, Naval Air Station Jacksonville is located in my district and they are currently testing well drinking water on and around the military installation and they are getting permission from private citizens. Can you tell me how that whole process works? Just tell me how that testing is going around NAS Jax.

Mr. FABER. So in recent years, DoD has done testing, and, of course, Ms. Sullivan will testify to this as well. One of the highest detections in the Nation was found at Naval Air Station Jacksonville. I believe it was almost 1.4 million parts per trillion.

There has been periodic testing of the drinking water that might be provided by utilities to people living on base or near bases, but that is not currently required under the Safe Drinking Water Act, nor is it required under any other law.

So I was pleased to see that DoD is now going to do routine testing on base. There will be no similar requirement for people who might be in defense communities.

Mr. RUTHERFORD. And that has me want to go back to the recommendations that you had. I agree that we should accelerate the banning of this product. 2024 is ridiculous.

Mr. FABER. I agree.

Mr. RUTHERFORD. And so I was glad to see you put that in here.

I have a question on the phase-out of other sources of PFAS, because this was interesting to me, because I didn't know this. Can you talk about some of those other sources. I thought this was all just the foam. So apparently this is in a lot of other things as well. Is that correct?

Mr. FABER. Thanks for that question.

So the NDAA for fiscal year 2020 actually bans the use of PFAS in military food packaging. If you aren't stationed at a place like Patrick or Jacksonville, it is probably the case that your food is a bigger source of PFAS than your drinking water. And one of the primary ways that PFAS gets into food is, it migrates out of the food packaging.

But other common, arguably nonessential uses of PFAS are in our personal care products. The same chemical that we use to make pans nonstick are used in hundreds of cosmetic products. It is used in sunscreens. They are used in textiles. They are used to make carpets stain resistant.

So there are many, many other uses on base that could easily be replaced and that could reduce the amount of PFAS that is ultimately building up in our blood.

Mr. RUTHERFORD. So would CERCLA stop all of that?

Mr. FABER. Unfortunately not, yeah. So just designating PFAS as a hazardous substance under CERCLA, all that does is kick-start the cleanup process for legacy pollution and require some reporting, and, importantly, require that the companies that made billions selling these chemicals help share some of the costs of cleanup.

But you can, or through other statutes, the Food, Drug, and Cosmetic Act, or through the next NDAA, ban some of these uses or phase-out some of these other, I think, obviously nonessential uses like making your carpet stain resistant or making your clothing waterproof.

Thank you for the question.

Mr. RUTHERFORD. OK. So H.R. 535 would actually put it on the list. H.R. 2195 would create a registry of these items so that people would know, like, I had no idea.

Mr. FABER. Yeah.

Mr. RUTHERFORD. And secondly, is there a program within DoD right now to test these individuals that, like Mr. Holmes, who have been exposed? Are they testing your blood at all?

Mr. HOLMES. No, sir.

Mr. FABER. They are not. So as a result of the last NDAA, Active Duty military firefighters will have their blood tested as part of their routine physical. Retired servicemembers are not being routinely tested for PFAS in their blood serum.

Mr. HOLMES. They are also not testing dependents.

Mr. RUTHERFORD. OK. You know, Madam Chair, this looks like another Agent Orange barreling down on us.

And, Mr. Holmes, I am so, so sorry for your loss.

Mr. HOLMES. Thank you, sir.

Mr. RUTHERFORD. God bless you.

I yield back.

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

By the way, I think it is important to note that 3M, which is a manufacturer of these chemicals, completely denies that there is any danger whatsoever to human beings who ingest these chemicals. Yeah, on the record in an Oversight Committee hearing.

The companies that manufacturer these chemicals also have expressly indicated that they don't believe they owe any compensation or need to contribute to the costs of cleanup of any of these. And we will have an opportunity to talk to about that in our next panel.

Mr. RUTHERFORD. Madam Chair, if I could just add, I think 16 cases out of 12,000 is certainly worth studying.

Ms. WASSERMAN SCHULTZ. Yeah. That is called a cluster.

Mr. RUTHERFORD. Yeah.

Ms. WASSERMAN SCHULTZ. And that means that it should be looked in to.

Thank you, Mr. Rutherford. Appreciate your thoughtful questions.

Ms. Pingree.

Ms. PINGREE. Thank you, Madam Chair.

Mr. Holmes, thank you so much for being willing to share your story with us. And I had an opportunity to chat with you a little bit and I just am really grateful that you are willing to be here,

that you are able to be so thoughtful about what we should be doing, and sharing so much with us. So thank you. And I am so sorry for your loss.

My colleagues have asked some really good questions, many of them were on my list. So thank you, colleagues, for not leaving me any. But here are a couple.

So, Mr. Holmes, I understand that there is no routine testing. I am curious, should you choose to get tested or if you have already been tested, how expensive is this as a civilian to just go out and do it?

Mr. HOLMES. I have been told that the test is $750.

Ms. PINGREE. And is that routinely done at a physical?

Mr. HOLMES. No, ma'am.

Ms. PINGREE. Insurance companies don't demand it or anything else?

Mr. HOLMES. No, ma'am.

Ms. PINGREE. And during this whole period of time, did you get anything from—about your drinking water—anything, any kind of notice?

Mr. HOLMES. The only notices we got, ma'am, is when the pipes would break, we would get a boiled water notice to kill any microbes. But one of the problems with PFAS, as I found out, is that you can't boil PFAS out of water. And so the base would put out a notice saying boil the water to drink it, but it was still contaminated.

Ms. PINGREE. Yeah. That is not an adequate response.

And as far as you know, in other bases no other Active Duty military person has ever been informed about all these bases that we know about?

Mr. HOLMES. Ma'am, the only thing I have learned about PFAS has been from Scott Faber and the advocacy work that we have done after Kaela passed away. I had no idea.

Ms. PINGREE. So you had never heard of it until you lost your daughter?

Mr. HOLMES. No, ma'am.

Ms. PINGREE. Yeah. That is terrible.

Mr. Faber, thank you for being here. Thank you for the great work that you at EWG and everyone else has been doing to help bring this into light.

The one thing I have been interested in, besides all of the things my colleagues already asked about, is that I know there have been at least one case where it has had an effect on livestock and agriculture. We have a different PFAS contamination issue in our own State, but I have learned a lot about what can happen.

Can you tell me, is that very common? Do we know many instances of that and yet another way for people to get injured?

Mr. FABER. So as Mr. Rutherford and I were talking about a moment ago, food is one of the primary ways, probably the primary way most of the folks in this room or folks watching at home are exposed to PFAS.

In addition to food packaging and the chemicals in food packaging, the PFAS chemicals in food packaging migrating into food, PFAS in irrigation water that is then provided to animals or is used to irrigate crops can also contaminate food.

That is especially the case in New Mexico, where Cannon Air Force Base, where Mr. Ferrara served for 4 years, where a dairy farmer was essentially unable to sell his milk. He is now dumping about 15,000 gallons of milk a day. He can't sell his cows because they are so contaminated.

Irrigation water is one way that animals become so contaminated that they can no longer be used to provide animal products like milk or meat.

The other way that food becomes contaminated is PFAS becomes super concentrated in biosolids that are sold by wastewater treatment plants and then sold to farmers as fertilizer, as was the case in Maine with Fred Stone.

And Fred Stone applied PFAS contaminated biosolids or sludge to his fields 15 years ago, which really underscores the "forever" chemical nature of these substances, and only recently discovered that his cows were so contaminated with PFAS that he was no longer able to sell milk to his co-op or sell his cows for meat.

So it is really the tip of the iceberg. We don't really fully understand how many animals are contaminated because of irrigation water, because of contaminated sludge, nor do we know how much of our food supply is contaminated because biosolids were used to fertilize fruit and vegetable crops or those crops were irrigated with contaminated water.

And, unfortunately, so far FDA has been slow to look and understand the scope of PFAS in our food supply, but hopefully that will change.

Ms. PINGREE. You are right that biosolids were used by a lot of agriculture, and so we know so little about it given these are the only examples.

I am about out of time.

But it would be somewhat ironic—I understand that DoD is working on settling with that farm in New Mexico, and as well they should, but it would be somewhat tragic to think that they might settle on that case involving the animals and milk and not being assisting in families who lose a child or go through tragedies like this.

The only other thing I would add to my colleagues. There is so much about this that is very interesting, and if you haven't watched the movie called "Dark Water," it is about the discovery from a DuPont Teflon-making facility and it is gut-wrenching, too. So it is a good way to learn a little bit more about it.

And I yield back.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Pingree.

Seeing no other Republicans, Judge Carter, I am going to go to Mr. Cartwright.

Mr. CARTER. Fine.

Ms. WASSERMAN SCHULTZ. OK. Mr. Cartwright.

Mr. CARTWRIGHT. Thank you, Judge Carter, for not objecting to that.

Mr. CARTER. Of course, I wouldn't.

Mr. CARTWRIGHT. Thank you, Madam Chair.

And thank you, Mr. Holmes, for being here and sharing this story. It has got to be brutal for you to have to recount that and

relive it. Trust me, I reassure you, we are all listening. You have our strict attention.

Mr. Faber, so we are talking about fire-suppressing equipment and chemicals, foam. And the question is, if you have foam that doesn't have PFAS in it, fluorine-free firefighting foam—that is a pretty good alliteration on that—is that as effective?

Mr. FABER. Yeah. So one of the tragedies of this story is that when 3M exited the PFOS market in 2000, they created in 2002 and patented a fluorine-free foam. But for reasons we don't have time to cover today, that foam was never commercialized.

But there are companies, there are now 24 companies that are making more than 100 different fluorine-free foams.

Mr. CARTWRIGHT. Is it more expensive to do it without fluorine?

Mr. FABER. It is not more expensive. Other countries have adopted the use of fluorine-free foam, Australia, Germany.

Mr. CARTWRIGHT. Is it less effective to do it without fluorine?

Mr. FABER. It is as effective as AFFF.

Our biggest oil companies, ExxonMobil, BP, are using these fluorine-free foams to put out petroleum fires at their facilities.

Mr. CARTWRIGHT. So, all right, you told us you don't have time to go into the reasons why, but try us. Take 60 seconds. Why didn't they go to fluorine-free at 3M?

Mr. FABER. So there is a terrific journalist named Sharon Lerner who has really documented it.

But the short story is that the lobbyists on behalf of the AFFF industry prevented the deployment of fluorine-free foam. And it is well documented by Sharon in her terrific journalism.

Mr. CARTWRIGHT. All right. Now, you tell the story of former Master Sergeant Kevin Ferrara, and you did so again today, who used PFAS-containing firefighting foam for years in training exercise.

Do we even know how many military firefighters like Kevin Ferrara might have been exposed to that and have elevated levels of PFAS in their blood serum right now?

Mr. FABER. You want to guess, Kevin? Tens of thousands? Hundreds of thousands?

Mr. FERRARA. Hundreds of thousands.

Mr. FABER. Hundreds of thousands.

Mr. CARTWRIGHT. Hundreds of thousands.

Mr. HOLMES. Can I say something real quick?

Mr. CARTWRIGHT. Go ahead.

Mr. HOLMES. One of the things that really dumbfounded me, sir. I was flying a civilian helicopter by Goodfellow Air Force Base last week. Talked to a military firefighter instructor at Goodfellow, started talking about PFAS. He did not know that the AFFF was a hazardous chemical. He is currently teaching all the DoD firefighters and he doesn't know.

Mr. CARTWRIGHT. All right. So the only way to find out is to test. We are testing people now. But we are not testing retirees. And as you mentioned, Mr. Holmes, we are not testing family members.

Mr. HOLMES. No, sir.

Mr. CARTWRIGHT. So first off, rapid fire questions here.

How do you test? What do you do to test? Is it a blood test?

Mr. FABER. A blood test.

Mr. CARTWRIGHT. OK. How long does it take?
Mr. FABER. A few minutes.
Mr. CARTWRIGHT. How much does it cost?
Mr. FABER. $500 to $750 is the range that I have heard.
Mr. CARTWRIGHT. OK.
And finally, Mr. Faber, is there anything else you can think of that we haven't already discussed that we should be doing to accelerate efforts to clean up PFAS-contaminated military installations?
Mr. FABER. Well, this subcommittee was very generous in the fiscal year 2020 bill in providing more funds through BRAC to identify and remediate places like England Air Force Base where the detection, the highest in the country, is 20 million parts per trillion, 4.3 million parts per trillion. The safe level, according to EPA, 70 parts per trillion.
If we could quickly identify and remediate those BRAC facilities that need to be cleaned up and make the resources available, that would be the first thing on my list.
Mr. CARTWRIGHT. Well, I thank you for that.
Thank you to the witnesses.
And thank you also for being here, Mr. Ferrara.
And I yield back.
Ms. WASSERMAN SCHULTZ. Thank you, Mr. Cartwright.
Do any members have additional questions of this panel?
Mr. Rutherford.
Mr. RUTHERFORD. Thank you, Madam Chair.
Mr. Faber, the NAS Cecil Field, which was closed through BRAC, is there testing being done out there now that that is private property as well, or do we know?
Mr. FABER. I don't know. I am sure Ms. Sullivan would know the answer to that. I will find out for you or you can ask Ms. Sullivan. She will know the list.
Mr. RUTHERFORD. OK. And if you could let me know about the naval base in Mayport as well, any testing doing on there.
Mr. FABER. I will.
Mr. RUTHERFORD. And, I am trying to remember, Mr. Holmes, you mentioned a—I forget what you called it—some kind of filter, a point of—there is a filter that was going to be how much?
Mr. HOLMES. It is approximately $3,500 a household installed. And it is an already EPA-approved granular activated carbon filter that is already EPA approved to take PFAS out of your water system. And it will take it out of the entire house.
Mr. RUTHERFORD. Are you aware of any other types of hazardous materials in Satellite Beach that could be causing other—could be causing these problems as well?
Mr. HOLMES. Actually, sir——
Mr. RUTHERFORD. Has anybody said, no, no, no, AFFFs aren't the problem, it is something else?
Mr. HOLMES. I have the city manager for Satellite Beach here right now. They did their own testing to see that. The only thing that came up in the water samples was PFAS.
Mr. RUTHERFORD. Thank you.
With that, Madam Chair, I yield back.
Ms. WASSERMAN SCHULTZ. Thank you.

Ms. Pingree, and then I will have one final question, and then we will switch panels.

Ms. PINGREE. Sure. Just quickly.

I don't think we really asked about what is entailed in a cleanup like in a BRAC situation. What is the actual methodology? And then how expensive is cleaning it up?

Mr. FABER. It really varies. So typically it is a pump and treat system where the contaminated water is pumped out of the ground. It is treated through a granular activated carbon filter and returned to the ground. In some cases there is soil removal. In some cases incineration is involved. The technology that is deployed and the cost is very site specific.

Ms. PINGREE. But there are sites that have been cleaned up?

Mr. FABER. Oh, yes. And thanks to the support of this committee and the Defense Appropriations Subcommittee, DoD is beginning to spend more resources to clean up legacy PFAS pollution, but it is really the tip of the iceberg.

Ms. PINGREE. Great. Thanks.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Pingree.

Mr. Faber, we have the technology to stop using PFAS-containing products, including fluorinated firefighting foams, correct?

Mr. FABER. Correct.

Ms. WASSERMAN SCHULTZ. So, I mean, it is important to clean up what has already been contaminated. But if we keep using them, then we are contaminating more, and more significantly.

What steps need to be taken to fully phase out the use of PFAS chemicals and replace them with nonfluorinated formulations?

Mr. FABER. Well, we need to accelerate efforts to demonstrate that the fluorine-free foams are effective at combating these petroleum base fires for two reasons: So we can quickly stop using them at military installations, but also because all of our civilian firefighters are following the mil spec, the military spec.

So they don't have to. The FAA reauthorization bill changed that. But the practical challenge is that civilian firefighters are now continuing to use fluorinated foams in training as well as in putting out fires.

So the sooner we can move away from PFAS foams, the sooner we can move away from AFFF by the DoD, the sooner our civilian firefighters will be able to follow suit. So that is why it is very important.

Ms. WASSERMAN SCHULTZ. Mr. Rutherford, we have a case in Ocala with the firefighting training facility that had astronomically high PFAS contamination and an effort to cover it up as well. So that is on the civilian side. And this has been—this is a problem that goes far beyond just the military.

Mr. FABER. And, Mr. Rutherford, just so you know, the detection at Cecil Field is 980,600 parts per trillion.

Ms. WASSERMAN SCHULTZ. OK.

Well, I really look forward to working with Members. Obviously, we are somewhat limited because we only have BRAC facilities that we can appropriate these funds for. But we have not reached the submission deadline for any of the 12 appropriation bills, and so I wanted to have this hearing so that we could make sure that we could shine a brighter spotlight on this and work together, even

across other subcommittees, to try to see what we can do within our bills to accelerate this process.

Mr. CARTER. Can I ask a question?

Ms. WASSERMAN SCHULTZ. Yeah, of course, Judge Carter.

Mr. CARTER. Have you got scientific studies that have been—that can relate? So in the companies saying, no, it doesn't happen, it is eventually going to end up in the courthouse, is there going to be—well, chances are I used to do that for a living.

Mr. FABER. Yes, I know you did. I know, sir.

Mr. CARTER. Have you got the studies to prove it causes cancer?

Mr. FABER. Yeah. So the Centers for Disease Control, ATSDR, has done an exhaustive toxicological profile of 15 PFAS that relies on animal studies, worker studies, and human studies.

But for better or worse, and Ms. Pingree was referring to this earlier, because of the contamination of drinking water in the Ohio River Valley and the litigation that came as a result of that, we reviewed the blood work and medical records of 70,000 people who were drinking contaminated water for many, many years.

And it was that study, what is called the C8 study, that first found that PFOA, which was used in legacy foam, has been linked to, in particular, testicular cancer and kidney cancer.

There have been subsequent studies, primarily animal studies, linking other PFAS to other cancers, especially pancreatic cancer.

So there is now a library of evidence, in part because of the medical monitoring case that grew out of Parkersburg, West Virginia, that allows us to say that these chemicals are strongly linked to cancer, but also harm to the reproductive system and harm to the immune system in ways that make vaccines less effective.

Mr. CARTER. Yes, sir?

Mr. HOLMES. Sir, one of the things our doctors told us is that when Kaela got cancer, they told us everyone in this room has cancer cells in your body. You have T-cells that fight the tumors.

But one of the things with PFAS that we found out is it actually suppresses the immune system of adolescents. When you suppress the immune of adolescents, that decreases the T-cell production, which allows the cancer cells to grow.

And so, you know, common sense says—their own documentation says that this immune suppressant is one of the side effects of it. Well, one of the side effects of having a suppressed immune system is cancer.

Mr. CARTER. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

Mr. CARTER. For everybody's benefit, I cough like this all the time. I do not have this virus.

Ms. WASSERMAN SCHULTZ. We will vouch for him.

Mr. CARTER. But I am the guy they are talking about on TV that is over 70 that has a pulmonary disease.

Ms. WASSERMAN SCHULTZ. Well, we appreciate you being here, because I know that that is a difficult decision. So thank you for demonstrating how much you care about the men and women that serve our country in our Armed Forces.

Thank you, Mr. Holmes and Mr. Faber, for joining us, for the work that you are doing to help us shine a spotlight on this very important issue.

I am going to say from the turnout here that we have had today, as well as the concern shown on both sides of the aisle, and as Judge Carter said—or Mr. Case said—this is a very bipartisan committee, one in which we work really well together, and we rarely disagree and usually always find a way to take an approach that focuses on solving a problem. And this is a very serious one, so we will continue to work on this following this hearing.

Thank you both.

We will recess briefly so that we can allow for the panels to switch out. So the subcommittee will stand in recess for that purpose.

Thank you all.

[Recess.]

Ms. WASSERMAN SCHULTZ. The subcommittee will come back to order.

We now welcome our second panel. Our witness on the second panel is Ms. Maureen Sullivan, deputy assistant secretary for Environment with the Department of Defense.

Ms. Sullivan, your full written testimony will be entered into the record without objection, and you are recognized for 5 minutes to summarize your remarks.

STATEMENT OF MAUREEN SULLIVAN

Ms. SULLIVAN. Thank you, ma'am.

Chairwoman Wasserman Schultz and distinguished members of the subcommittee, I am Maureen Sullivan. I am the deputy assistant secretary of Defense for Environment. My portfolio includes policy and oversight of DoD's environmental programs to comply with environmental laws such as the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act, CERCLA.

I want to thank Congress for your strong support for the Department of Defense, our national security priorities, and the funding we need to protect our Nation.

Ensuring the safe, health, and safety of our servicemembers, their families, the DoD civilian workforce, and the communities in which DoD serves is one of our top priorities. I also want to thank this subcommittee for the opportunity to discuss per- and polyfluoronated alkyl substances, PFAS. We believe DoD is leading the way to address these substances.

Over the past 4 years, the department has committed substantial resources and taken actions to respond to concerns with PFAS. In July 2019, as his first act of secretary, Secretary Esper stood up a task force to provide strategic leadership and direction to ensure a coordinated, aggressive, and holistic approach on DoD-wide efforts to proactively address PFAS.

The task force has focused on three goals: Mitigating and eliminating the use of the current aqueous film-forming foam, AFFF, understanding the impacts of PFAS on human health, and fulfilling our cleanup responsibilities.

CERCLA provides a consistent approach across the Nation for cleanup. The defense environmental restoration program statute provides the authorities to DoD to perform and fund actions and requires they be carried out in accordance with CERCLA.

DOD, like other Federal agencies, is specifically authorized under CERCLA, Section 104, to take action to address pollutants or contaminants like PFAS regardless of CERCLA hazardous substance designations. DoD's priority is to quickly address PFAS and PFOA in drinking water above EPA's lifetime health advisory where DoD is the known source.

And DoD's actions are consistent with EPA's recommendations. DoD prioritizes sites for action in choosing the long-standing CERCLA risk-based process, worst first. These known and suspected PFAS release areas are in various stages of investigation and cleanup. As the Department of Defense moves through the CERCLA process, we will address—we will use the screening levels in EPA's December 19, 2019, memorandum interim recommendations for addressing ground water with PFOA and PFAS.

Consistent with the CERCLA process, we will work in collaboration with regulatory agencies, communities, and share information in an open and transparent manner. To ensure we are meeting the Secretary's direction to have a coordinated, aggressive, and holistic approach, we are holding the military departments accountable for both progress in investment and fulfilling our CERCLA responsibilities.

To prevent further releases into the ground water, DoD issued a policy in January of 2016 requiring the military departments to stop using AFFF for maintenance, testing, and training. The Department treats each release of AFFF as a spill response to limit environmental effects.

Currently available AFFF that meets the military specification does not contain detectable amounts of PFAS or PFOA, but may still contain PFAS. None of the commercially available PFAS-free foams meet DoD's strict standards to rapidly extinguish dangerous fuel fires.

We are funding extensive research and demonstration projects to identify and test performance of fluorine-free alternatives. In summary, DoD is taking actions to reduce risks from PFAS, our efforts reinforce DoD's commitment to meeting critical mission requirements while protecting human health. The Department recognizes this is a national challenge involving a wide array of industries and commercial applications as well as many Federal and State agencies. Therefore, it needs a nationwide solution.

We look forward to working with you. Thank you.

[The prepared statement of Ms. Sullivan follows:]

House Appropriations Committee
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

By: Ms. Maureen Sullivan,
Deputy Assistant Secretary of Defense for Environment

Hearing: March 11, 2020

Chairwoman Wasserman Schultz and distinguished members of the Sub-Committee. Thank you for the opportunity to discuss DoD's actions related to perfluorinated chemicals.

Background:

Perfluoroalkyl substances (PFAS) refers to the entire class of poly- and per-fluoronated alkyl substances, of which perfluorooctane sulfonate (PFOS) and perfluorooctanic acid (PFOA) are the most well-studied substances. These substances are ubiquitous in many industrial and consumer products because they increase a product's resistance to heat, stains, water, and grease. As such, they are not uniquely attributable to Department of Defense (DoD) activities.

DoD's use of PFAS started in the 1970s, with the introduction of aqueous film forming foam (AFFF) for aircraft fuel fire-fighting purposes. DoD is one of many users of AFFF, with other major users including commercial airports, the oil and gas industry, and local fire departments. AFFF is mission critical because it quickly extinguishes petroleum-based fires, thus minimizing loss of life.

In July 2019, as his first act as Secretary, Secretary Esper stood up a task force to provide strategic leadership and direction to ensure a coordinated, aggressive, and holistic approach on DoD-wide efforts to proactively address PFAS. The Task Force has focused on three goals: Mitigating and eliminating the use of the current AFFF; Understanding the impacts of PFAS on human health; and Fulfilling our cleanup responsibility related to PFAS.

To accomplish these goals and support the Department's commitment to the health and safety of our Service members, their families, the DoD civilian workforce, and the communities in which DoD serves, priority Task Force actions include:

- Researching a PFAS-free firefighting foam;
- Providing information on health effects to DoD stakeholders;
- Ensuring consistent investigation and cleanup of past releases; and
- Coordinating DoD efforts with other Federal agencies.

Drinking Water On-Base:

On May 19, 2016, the Environmental Protection Agency (EPA) issued Safe Drinking Water Act (SDWA) lifetime Health Advisories (HA) and recommended actions for drinking water systems with individual or combined levels of PFOS and PFOA greater than 70 parts per

trillion (ppt). DoD began proactively taking action to address drinking water impacted by DoD releases of PFOS and PFOA, even though the lifetime HAs are not regulations under the SDWA and not an enforceable drinking water standard.

DoD provides drinking water to approximately 2 million people on its installations worldwide. The Department began testing DoD-operated drinking water systems worldwide in June 2016 to identify drinking water that exceeded EPA's HA. DoD completed testing of all 524 DoD-owned drinking water systems worldwide in August 2017. These tests determined that twenty-four DoD drinking water systems contained PFOS and PFOA above EPA's HA. These DoD installations followed the EPA recommendations issued with the HA, to include providing consumers with bottled water or additional water treatment. In cases where DoD purchases drinking water, the Department identified 12 drinking water systems where the results were above the EPA HA level. These installations worked with the drinking water supplier(s) to encourage appropriate actions. To ensure we maintain this information, this sampling data has been archived in a centralized DoD database.

The Department recently issued a new policy for continued periodic testing of DoD-operated drinking water systems for certain PFAS, including PFOS and PFOA. Enhancing our vigilance, the Military Departments will resample any DoD-operated drinking water systems that have not been tested within the last year, by December 31, 2020. DoD will resample periodically based on the results. For example, if PFOS and PFOA are detected, but are below EPA's HA, DoD will resample quarterly for one year and once every two years thereafter until results are below the method reporting limit.

Remediation:

DoD has also addressed PFOS and PFOA in drinking water off our installations under the federal cleanup law, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 USC § 9601 et seq.). CERCLA provides a consistent, science-based approach across the Nation for cleanup and includes environmental regulators and public participation. DoD follows the CERCLA process to fully investigate a release and determine the appropriate cleanup actions based on risk. The Department addresses on-base and off-base migration of its PFAS releases to protect human health and appropriately spend taxpayer dollars. The Defense Environmental Restoration Program (DERP) (10 USC 2701-2711) provides authorities to DoD to perform and fund these actions, and requires they be carried out in accordance with CERCLA. DoD, like other Federal agencies, is specifically authorized under CERCLA Section 104 to take cleanup action to address "pollutants or contaminants" like PFAS. DoD is thus taking cleanup actions, even though PFAS are not designated as a CERCLA hazardous substances.

DoD's priority is to quickly address PFOS and PFOA in drinking water above EPA's HA from DoD activities, under the CERCLA process. DoD's actions are consistent with EPA's recommended actions, which include treatment of drinking water or closing drinking water wells and providing alternative water supplies, such as bottled water or connecting private residents to public drinking water systems.

DoD prioritizes its PFAS sites for cleanup actions using the well-established CERCLA risk-based process. Under this, the Military Departments will address sites that pose a greater potential risk to human health and the environment first. DoD uses the toxicity information from EPA's HA when assessing risk to human health under CERCLA. Under the EPA's longstanding risk assessment and hierarchy of toxicity value policies, the HA toxicity information is used to determine a site-specific risk-based cleanup level. In October 2019, the Department issued clarifying technical guidance to the Military Departments to ensure the consistent use of screening levels at DoD cleanup sites to determine if advancing to the remedial investigation phase is warranted. As the Military Departments move through the CERCLA process, we will follow the December 19, 2019, EPA "Interim Recommendations for Addressing Groundwater Contaminated with PFOA and PFOS."

The Department recognizes the importance of addressing PFAS in a consistent manner across DoD. To that end, we evaluated and established policies and reporting requirements to track progress toward and ensure a proactive and consistent approach to investigating and cleaning up PFAS. As a result of the DoD PFAS Task Force's efforts, the Assistant Secretary of Defense for Sustainment issued the following:

- Clarifying technical guidance to ensure a consistent approach to investigating PFAS within the DoD cleanup program;
- Guidance on the use of analytical methods for analyzing PFAS concentrations in media other than drinking water;
- A requirement for the DoD Components to report actual and planned obligations and estimated costs to investigate and clean up PFAS; and
- A requirement for the DoD Components to report quarterly on cleanup progress and drinking water responses at installations with known or suspected PFAS releases.

These policies and guidance documents will ensure consistency across the DoD Components and help DoD track its PFAS cleanup progress and investments. DoD works in collaboration with EPA, other Federal agencies, and communities as we move through the CERCLA process.

Research and Development:

The Department has invested in research and development of technologies to enhance our response to PFAS through DoD's Strategic Environmental Research and Development Program (SERDP) and the Environmental Security Technology Certification Program (ESTCP). SERDP initiated research into the fate, transport, and remediation of PFOS and PFOA shortly after EPA released the 2009 Provisional Health Advisories for these compounds. Beginning in 2014, follow-on research has targeted developing several approaches for treating groundwater containing PFOS and PFOA. These efforts have matured from the small scale to field demonstrations that began under ESTCP in 2017 and have continued into 2019 as new technologies mature and are ready for field demonstration.

We began with what we thought would be fairly straightforward research to develop treatment technologies, but we soon realized that it was a much more complex issue, and our

research expanded into a number of areas. We've funded research to better understand how to sample and analyze soil and water so we would have a more accurate assessment of which PFAS chemicals were present and at what concentration. We've also funded research to understand which PFAS chemicals are most likely to be present and how they break down naturally in the environment. And we've funded a large amount of research and demonstrations to develop treatment technologies, both new technologies as well as improvements to existing ones such as granular activated carbon.

The Department is investing over $89 million in this effort. We are making significant progress on several fronts. Currently there are final EPA-approved analytical methods for measuring PFAS in drinking water and we're working closely with the EPA to develop new methodologies for PFAS analysis of soil, groundwater, wastewater, and several other materials. We expect these draft methods to be available later this year. We also have several field demonstrations in place of treatment methods for PFAS in soil and water; these demonstrations should be near completion within the next 18-24 months.

AFFF Replacement:

To protect our Service members and prevent releases to the environment, DoD issued a policy in January 2016 requiring the Military Departments to limit uses of Aqueous Film-Forming Foam (AFFF) to respond to emergency events and no longer use it for land-based testing and training. The Department treats each release of AFFF as a spill response, to limit environmental effects. The policy also requires the Military Departments to remove and properly dispose of local warehouse supplies of AFFF containing PFOS (other than for shipboard use), where practical. Each Military Department is taking actions to remove this AFFF containing PFOS from its inventory. Furthermore, in May 2019 DoD updated the Military Specification (MILSPEC) for AFFF to ensure that new supplies available for emergency firefighting responses do not contain detectable levels of PFOS or PFOA. We have also established a policy—issued in January of this year—requiring the DoD Components to track and report usage and releases of AFFF. The requirement is for annual reporting, with an additional requirement to report any usage or release that exceeds 10 gallons of AFFF concentrate or 300 gallons of mixed foam.

Today's currently available AFFF do not contain detectable amounts of PFOS or PFOA, but they still contain other PFAS. None of the commercially available PFAS-free foams meet DoD's strict safety standards to rapidly extinguish dangerous fuel fires. One of the Department's top priorities is finding an effective firefighting alternative that meets the life-saving performance standards of AFFF and does not have negative health or environmental effects. As part of this effort, the Task Force hosted a summit on "AFFF Alternatives: The Art of the Possible" on November 15, 2019, where representatives from the research community, industry, academia, and international organizations discussed the challenges with finding a fluorine-free alternative to AFFF and potential research opportunities. At a follow-up workshop in January focused on technical details of the issue, participants focused on the barriers to development of an alternative in the areas of formulations, delivery systems, and ecotoxicology.

The Department is investing over $49 million through Fiscal Year (FY) 2025 in research, development, testing, and evaluation to identify alternative firefighting material and practices. SERDP and ESTCP are working to increase the world-wide investigator capacity through outreach efforts and technical workshops.

Exposure Assessment and Health Study:

We are working with the Agency for Toxic Substances and Disease Registry (ATSDR) to support their efforts to conduct an exposure assessment at not less than 8 military installations and a multi-site health study, as required by the FY2018 NDAA. To date, we have provided ATSDR $30M to begin conducting the exposure assessment and health study. Another $10M will be transferred in FY2020.

Conclusion

As the Department addresses its part in responding to this national issue, we continue to work in collaboration with regulatory agencies and communities to ensure our resources are applied effectively to protect human health as part of a national effort. We must ensure our response and clean-up resources are effectively applied to result in a reduced risk and exposure of personnel on our installations and in our surrounding communities. We are prioritizing our investments to those actions in order to address the greatest degree of risk. DoD has taken the lead in protecting the health of persons on and near DoD installations by following the CERCLA process to fully investigate releases and determine the appropriate cleanup actions based on risk. This is a national problem involving a wide array of industries and commercial applications, as well as many Federal and state agencies. Therefore, it needs a nation-wide solution.

In summary, DoD is proactively taking action to reduce the risks posed by PFOS and PFOA to human health. The Department is committed to mitigating PFOS and PFOA in the drinking water it supplies, as well as addressing releases to the environment under CERCLA that are the direct result of DoD's AFFF use. DoD is also investing in research to develop fluorine-free substitutes for AFFF that meet the military's stringent performance criteria, and to develop technologies to quantify and clean up PFOS and PFOA and related PFAS chemicals. These combined efforts reinforce DoD's commitment to meeting critical mission requirements while protecting human health.

Ms. WASSERMAN SCHULTZ. Thank you very much, Ms. Sullivan.

We will proceed with questions in order of arrival by seniority, and please ask your question and make sure the answer is completed within the 5 minutes. I have a lot of questions for you and we really only have until about 3:45 before they are calling votes again.

Many communities around military installations are impacted by PFOS and PFOA contamination from military use. Some of the questions I have is, have you begun the process of evaluating these sites for cleanup? How is the Department working with and providing assistance to communities around contaminated installations? Is the Department—you heard about the filtration system and their cost, is the Department providing any filtration systems or other resources to these communities? Are you providing filtration systems for people on your military sites?

We will just start there.

Ms. SULLIVAN. You have asked a number of questions, ma'am, I will try and get through all of them. Thank you.

Ms. WASSERMAN SCHULTZ. OK.

Ms. SULLIVAN. First of all, the direction to the military departments was to identify where we have known or suspected releases that have been impacted off military installations. And if the drinking water exceeded 70 parts per trillion, EPA's advisory level to take immediate action and we are, in fact, funding many communities across the United States to install treatment systems. We have worked with them to develop whatever the solutions are depending on the local circumstances.

In some cases where it is a single well, we may have funded to hook them up to a distribution system. In other communities, we may have funded them to install the granulated active carbon.

Ms. WASSERMAN SCHULTZ. Have you done that in the community around Patrick Air Force Base?

Ms. SULLIVAN. I don't know the specifics. I am not aware of that.

Ms. WASSERMAN SCHULTZ. OK. Well, we have the city manager from Satellite Beach, which is the area where Patrick Air Force Base is behind you, and she is shaking her head that you have not. So given that that is the most contaminated base in the country, it is hard to know where you are actually—how your prioritizing these filtration systems and assisting with the evaluation of those sites if you haven't started there.

Ms. SULLIVAN. Well, we are prioritizing where it is tested in drinking water off base where we are, in fact, the known source. I do not have the specifics on there. I don't know what is in the drinking water off base where we are the known source.

Ms. WASSERMAN SCHULTZ. OK. Well I am pretty sure that the Air Force study itself says that you are the known source here. So if you could find out and get back to me, particularly if there is a schedule for when you are going to start looking at the community in and around Patrick Air Force Base that would be incredibly helpful.

I wanted to know a couple of other important questions because there is a long history of this. Some DoD officials have said that DoD is not responsible for legacy PFAS pollution. Is that your view?

Ms. SULLIVAN. No, ma'am, it is not.

Ms. WASSERMAN SCHULTZ. OK. And DoD, my understanding is, going to soon start testing the blood of military firefighters for PFAS, but many retired military firefighters are civilian employees of DoD and they won't be eligible for VA benefits. Will those civilian employees be eligible for DoD-provided testing?

Ms. SULLIVAN. The testing program will be for all DoD firefighters to include military and civilian.

Ms. WASSERMAN SCHULTZ. OK. When did DoD first understand that PFAS chemicals could be toxic? Did 3M tell DoD prior to 2000 that PFAS was toxic or building up in our blood?

Ms. SULLIVAN. My understanding is we learned when 3M had said this. I have focused on our programs moving forward, not so much what has happened in the past.

Ms. WASSERMAN SCHULTZ. OK. Well, if you could look into that because I would like to know when DoD learned from 3M that PFAS was toxic and was building up in our blood.

Ms. SULLIVAN. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. Mr. Faber testified that DoD conducted your own studies in the 1970s and 1980s on the toxic effects of PFAS. Who saw those studies and did the people that were responsible for the use of firefighting foam, were they notified of their risk?

Ms. SULLIVAN. I honestly don't know. I will have to get back to you on that one.

Ms. WASSERMAN SCHULTZ. OK. I would appreciate that if you could do that for the record.

Why did DoD wait a decade after learning that 3M was ending the production of PFOS to issue a risk alert.

Ms. SULLIVAN. I am not involved, so I don't know that. I will have to——

Ms. WASSERMAN SCHULTZ. Isn't that part of your job description? Why don't you know?

Ms. SULLIVAN. I have been looking at our programs going forward and how we are addressing the situation.

Ms. WASSERMAN SCHULTZ. OK. Well, when you are trying to make sure that you can protect the public's health, generally you have to know how things occurred in order to make sure that you can protect people going forward and it informs your decisions when you are trying to make sure that you can protect people and prevent them from becoming sick from contamination.

So I would think that you should be interested in knowing about how we got here, so that you could help it inform you on where we need to go.

Ms. SULLIVAN. Yes, ma'am. I have been focusing on the uses around the Nation to fully understand.

Ms. WASSERMAN SCHULTZ. OK. Well, my questions will help you make a determination on what happened before you began focusing on this. And lastly, how is DoD alerting current military servicemembers about the risks posed by PFAS and how are you from DoD alerting former military servicemembers about the risks that are posed by PFAS? Are you creating a registry to alert former servicemembers and track health affects caused by PFAS?

Ms. SULLIVAN. Ma'am, our office of health affairs has issued information out to the clinicians and provided information for them to provide patients—information to patients that come in. In addition, they are working as required by the national defense authorization to explore the feasibility of establishing the registry.

In the meantime, we have published additional policies on testing drinking water on our bases that includes the requirement for notifying the population on base and for archiving the information so that it is readily available for any future use.

Ms. WASSERMAN SCHULTZ. So at the moment you are not systematically notifying potentially affected servicemembers? You are only doing it if they come in with a problem?

Ms. SULLIVAN. We have provided information out to all of our installations so that they can provide it consistently to the population on base and to also work with the communities around the base.

Ms. WASSERMAN SCHULTZ. And what format are they communicating that information——

Ms. SULLIVAN. We have allowed them to design it based on their particular location. The systems that work very much locally, but they are required to do that. We have provided them information, fact sheets, and we have also required them to report—to begin reporting back to us their progress in terms of this outreach effort.

Ms. WASSERMAN SCHULTZ. My time's expired, but that is the opposite of consistent in uniform. You said you were giving them the information and making sure that it was going to be communicated consistently and uniformly, and now you are saying that you are letting them make those decisions locally.

Ms. SULLIVAN. We are giving them consistent information.

Ms. WASSERMAN SCHULTZ. OK. I would like more specific information about how this information that you have given them consistently is being communicated to each place where there is potential contamination.

Ms. SULLIVAN. Yes, ma'am.

Ms. WASSERMAN SCHULTZ. Thank you.

Judge Carter.

Mr. CARTER. Thank you. I stepped out of the room and I probably missed a little bit.

Back to what you are just describing, so first off, DoD has an idea where we have got a lot of PFAS contamination? You have done your own studies, you know what posts or bases have problems, right?

Ms. SULLIVAN. Yes, sir, we have.

Mr. CARTER. And your position is—and if I am wrong tell me, but what I understood, you tell the community you guys need to test your water and find out if you got your PFAS in there and if you do, we are telling you we may be part of the cause?

Ms. SULLIVAN. Sir, we have gone out to look for all the locations where we have used or stored or released to these AFFF around the country. And where we know we are impacting local drinking water, we have worked with the local community to test that drinking water and provide alternative drinking water if it is above the EPA's advisory level of 70 parts per trillion.

Mr. CARTER. Well, that is good. Fixing the problem is a filter. Is that what you were telling her?

Ms. SULLIVAN. There is various treatment systems, yes.

Mr. CARTER. Yeah. Are you offering them the funds to the local communities?

Ms. SULLIVAN. Yes, we are.

Mr. CARTER. That is good. Because one of the things people, at least in Texas hate, is for the government to come in and say, hey, we have created a problem and now clean up our mess. They get real mad about that.

Ms. SULLIVAN. I agree, sir. We are entering cooperative agreements with local communities and we provide them the funds to take the remedy or if they want us to do the remedy, it depends on what that community wants and the solution.

Mr. CARTER. So it is the water that has to be cleaned up, not the dirt? Does the dirt have to be cleaned up, too?

Ms. SULLIVAN. In some cases—the dirt will have to be cleaned up depending on the source, yes.

Mr. CARTER. And that can be a pretty expensive process?

Ms. SULLIVAN. Correct.

Mr. CARTER. And we pay for that?

Ms. SULLIVAN. Correct.

Mr. CARTER. Well, at least, now the government is on top of it. It is a shame that this man had to lose his daughter for this thing to come forward. We are going to be looking more at this. As you well know, we are not the big budget. I happen to serve on the committee that is the big budget and I am looking forward to see if we can't do something on our defense appropriations bill, too.

Ms. SULLIVAN. And we thank you.

Mr. CARTER. Put money into this. We may already be doing it and I don't know it, but we need to do more. Because you can't ask a guy or a gal to go to war and then come back and find out their family's been poisoned. It is just—it just doesn't play well. It is not good recruiting material.

Ms. SULLIVAN. I agree. And Congress has been very generous in this area and we appreciate the additional funds that they have directed at this program.

Mr. CARTER. Well we will do what little we can with what we have got, but I will be supportive of doing more under the main bill.

Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

Ms. Pingree.

Ms. PINGREE. Thank you very much, Madam Chair. Thank you for being here with us today and helping us to understand a little better about what is going on through this process.

I have a couple of questions here and I am going to read them because they are so full of acronyms I don't want to get any of them wrong. It is about the National Guard and some of the issues unlike a parody.

So section 316 of the NDAA, prohibits the use of PFAS for land-based applications of firefighting foam. It was Congress' intent to provide the National Guard full access to DERP funds, but we have heard that the office of the Secretary of Defense may be considering an interpretation that it provides only limited access to only Federal sites or to only PFAS and PFOA contamination and/or re-

quest approval through the office of the OSC for each contaminated site.

The number of these sites runs into the hundreds and preventing the guard from being able to quickly respond to contamination and leaving their families at risk in the meantime. So when can DoD commit to implementing the guidance to address this issue?

Ms. SULLIVAN. So several issues there, ma'am. I understand——

Ms. PINGREE. A lot of acronyms.

Ms. SULLIVAN. A lot of acronyms, yes.

So, first of all, let me assure you that the Department is committed to ensuring that the National Guard has the funds needed to address PFAS and PFOA associated with their activities. The issue that has happened is that the language in the National Defense Authorization Act of fiscal year 2020 attempted to move—allow them access to the defense environmental restoration account funds versus the guard O&M account where we had put the money.

There was a slight drafting problem which I have already discussed with the Armed Services Committee that segregated the language in terms of the contractual relationship between the Department of Defense and the National Guards and we are working with them to address that as rapidly as possible.

Ms. PINGREE. Great. So we will follow that and look forward to it being resolved.

Ms. SULLIVAN. Yes.

Ms. PINGREE. Just one more question on the scope of PFAS and the international guard. The full extent of PFAS contamination has only come to light in the last few years as we all know. In my home State of Maine, PFAS was first discovered in ground water at a former military installations from firefighting foam and has since, as many of these discussions have gone, have been found in our public water supply, soil, and animal products. What is the scope of PFAS contamination in the guard? Do you have an idea and do you know which States are most impacted?

Ms. SULLIVAN. The scope is pretty extensive. There is hundreds of installations, including guard installations all over the country and I think it is—I haven't looked at the map lately honestly, but I think it is every State.

Ms. PINGREE. Got it. Let's see if I have something else. Do you have any idea what the estimated PFAS/PFOA cleanup will cost?

Ms. SULLIVAN. I have gotten in trouble for answering that question before, ma'am. Right now the estimate based on what we know now on where we are in the process is some where around $3 billion, but I expect that cost will grow as we further in in the investigations and design the remedies to address the ground water that was discussed earlier.

Ms. PINGREE. So you will be addressing those estimates so that Congress has the opportunity to fully fund these cleanup costs?

Ms. SULLIVAN. Correct.

Ms. PINGREE. What, if any, issues have you had with the Air Force regarding fiscal year 2020 PFAS funds?

Ms. SULLIVAN. Congress has been very generous with the Air Force. They added $100 million to their request in the defense environmental restoration account and then there was additional money in the base realignment and closure account to address

PFAS. So they have a lot of money in fiscal year 2020 to conduct a lot of work.

Ms. PINGREE. Great. Well, I hope we will see a lot of cleanup proceeding quickly. Again, thank you for your answers.

And I yield back.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Pingree.

Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Madam Chair.

Thank you, Ms. Sullivan, for being here. I want to go back to 2009 when the strategic environmental research and development program, the Department started two programs, the strategic environmental resource development program, and the environmental security technology certification program, and both of these were in response to the EPA having come out with those guidelines on long-term health advisories for these compounds.

And it says in 2014 you began looking at remediation possibilities at that time. Has anything not advanced in the last 6 years? I mean, the only thing I am hearing is a point of entry filter. What other—are there ideas that have come out of these two studies?

Ms. SULLIVAN. Well, there has been a lot of research on to understand how it moves in the soil, how it moves in water. To improve those treatment processes as well, there has been a lot of efforts in terms of sampling methodologies. Right now the final methodologies for testing are only for EPA final methods are only for drinking water and we need methodologies to test soil, to test ground water, to test other media. So there has been a lot of investment in those areas as well.

Mr. RUTHERFORD. OK. And you mentioned the other media and I want to follow-up on that. I am curious because we are talking a lot about ground water, but I heard earlier, food packaging, a lot of other ways that our men and women that are serving could be harmed by this chemical. And I am sure not just them, but the public at large. And so are these—are you looking at those different media as well and what have we discovered there?

Ms. SULLIVAN. I defer to the Food and Drug Administration in the Department of Agriculture when it comes to food and food packaging. That is what their responsibility are, so we look to them to address those issues.

Mr. RUTHERFORD. OK. Let me get right back to the real source for us today then and that is the PFAS. The NDAA passed by Congress last year included that they stop using PFAS and firefighting foam and other applications and to cooperate with affected communities and begin cleanup and all of that. And that was supposed to end by 2024.

Do you support that language that was in NDAA last year?

Ms. SULLIVAN. We will do everything that is required by the statute. We are investing heavily in finding an alternative foam that will meet the requirement. We are evaluating the military specification to determine what we can—how we can address. So for example, the military specification is written for at sea use. So it must be compatible with saltwater. Is that necessary for land-based fire?

We are exploring all of the opportunities here and working extensively with academia, with industry, with other Federal agencies,

with other countries to find a solution that still protects our servicemembers.

Mr. RUTHERFORD. So the NDAA left out the designation of PFAS as a comprehensive environmental response compensation—it left it out of CERCLA last year or the Superfund hazardous substance and requires them to promulgate PFAS drinking water standards.

Are you supportive of that being now included in NDAA?

Ms. SULLIVAN. I have always said I support EPA going through the process established under the safe drinking water to establish an NCL. As I said for under CERCLA, there is actually a separate section for Federal agencies so regardless of the hazardous substance designation we are already required to follow the Superfund law and address our cleanup responsibilities.

Mr. RUTHERFORD. OK.

With that, Madam Chair, I will yield back.

Ms. WASSERMAN SCHULTZ. OK. Thank you, Mr. Rutherford.

Can you elaborate on what you just said about establishing a Superfund?

Ms. SULLIVAN. No. No. Under CERCLA, the Superfund law, Section 104 applies to Federal agencies only and it says when EPA declares a pollutant or contaminant and once they issued a lifetime health advisory it was a pollutant, we are required to follow CERCLA. So we have to proceed under the Superfund law CERCLA to identify and address, which we are doing.

Ms. WASSERMAN SCHULTZ. OK. When I had an opportunity to question the representatives of the companies that manufacture these chemicals, none of them would say that—excuse me—one of them would say that they felt that there needs to be, you know, Superfund declarations and, of course, one of those that was—that refused to make that declaration was 3M.

So this continues to be a problem that they are irresponsibly denying. I have heard some NATO allies in civilian European airports are, in both military and civilian European airports, are already phasing out fluorinated firefighting foam.

Why hasn't DoD taken steps to replace AFFF with nonfluorinated formulations and what steps are you taking to make sure that you meet the 2024 deadline for complete phase-out? And why is it taking so long?

Ms. SULLIVAN. It is a complex, scientific question, ma'am. We are investing heavily in the research and development demonstration. If any one has a product we are open to testing it and demonstrating it to see if it can meet our standard required in terms of the amount of time—the basic safety standards, the amount of time it takes to knock down the fire and put out the fire so it doesn't reignite. And that is the challenge we have.

Ms. WASSERMAN SCHULTZ. But just to interrupt you for a moment, but the Europeans appear to be able to have begun phasing out that firefighting foam, so why aren't we? I mean, we don't have to reinvent the wheel. I mean, I assume they want to put out fires as quickly as we do. So why aren't we able to keep up with them in terms of using the alternatives that they are pursuing?

Ms. SULLIVAN. We are watching them very carefully, ma'am. They are, in fact, taking a different standard than we are in terms of protecting our servicemembers. So they accept a longer time-

frame to knock down the fire and put it up than we are willing to accept from a safety perspective.

Ms. WASSERMAN SCHULTZ. How much longer does their foam that they are using take compared to our standard?

Ms. SULLIVAN. My understanding is at least three times as long.

Ms. WASSERMAN SCHULTZ. Is that seconds, minutes?

Ms. SULLIVAN. Seconds.

Ms. WASSERMAN SCHULTZ. Seconds. OK. I mean at a certain point, there is a tipping point between making sure that we can put fires out quickly and save lives and making sure that we are not using contaminated foam, foam that is contaminating people and killing them.

Ms. SULLIVAN. And I want to reiterate my statement that we are only using it for actual emergencies now and when it is used, we are actually capturing it so it doesn't go further into the soil or the ground water. We are not adding to the—to the presence in the environment with the ways we use it now.

Ms. WASSERMAN SCHULTZ. It seems unlikely that you are going to develop a drop-in solution that is interchangeable with the current AFFF formulation by 2024. You nearly said as much in your response to Mr. Rutherford. We are not expecting do the best we can, we are expecting it to happen, you know. We are not kidding when we put language into the appropriations bills.

So what technological equipment solutions are you examining so you can achieve the phase-out on time?

Ms. SULLIVAN. The range of solutions is wide depending on the circumstances. We are currently evaluating how to address it in hangars, in hazardous storage facilities, in fuel storage facilities, and looking at the range of options, technical solutions that may be alternatives that can address this.

We will stop using the foam as required by the deadline and choose to accept risk if there is not—something hasn't been developed in that amount of time.

Ms. WASSERMAN SCHULTZ. OK. And when will you have a firm grasp on the cost of replacement and are you adequately funded to meet the new requirements to replace the foam by 2024?

Ms. SULLIVAN. To replace the foam by 2024 gets—it is a complicated question, ma'am, and we are—have to address that. We have identified that we cannot—we may not be able to clean the trucks, so we are investing in research and development to see if there is a way to clean the insides of the trucks rather than to replace them.

We are doing the inventory of hangars in storage facilities and fuel infrastructure to determine the scope of what we have to then to begin to do the estimate.

Ms. WASSERMAN SCHULTZ. OK. My time has expired and I don't have any additional questions.

Do either of you, gentlemen?

Sure. Judge Carter.

Mr. CARTER. Do you or do you not know about the Forrestal fire?

Ms. SULLIVAN. I do, sir.

Mr. CARTER. Was that this foam that they were fighting that fire with?

Ms. SULLIVAN. No. Sir it was one of the reasons this foam was developed.

Mr. CARTER. OK. So if I got the story correct and I read this very fascinating last night, they were spraying water from one side of the aircraft carrier and foam from the other and the water washed the foam away and the foam would have solved the problem, but the water washed it away. Is that the reason you have to have special water issues with this foam because that is what we were told? It is only for land as the Navy uses water with foam?

Ms. SULLIVAN. It has to do with—I am not sure of those circumstances sir. I know the criteria, whatever the concentrate is for ship board has to be compatible with saltwater because that is the largest. That is the source of water.

That may not be—having saltwater may not be—may impact the chemistry so we want to make sure that we understand if we use water on land that we not have the same compatibility problem.

Mr. CARTER. OK. Just wanted to clarify that.

Thank you.

Ms. WASSERMAN SCHULTZ. OK. Seeing no other questions, as we conclude this afternoon's hearing, Ms. Sullivan, this is going to be the beginning of our oversight on your progress. This is, you know, a responsibility of our subcommittee as it relates to, you know, BRAC facilities.

And so following the cleanup and appropriating tens of millions of dollars each fiscal year to make sure that that cleanup can continue is critical and we will be working across the appropriations bills, the relevant appropriations bills to make sure that we can help you accelerate the process.

So we appreciate you joining us today. I want to thank all the panels who were with us this afternoon. We look forward to working with all of you as we craft our fiscal year 2021 appropriations bill.

I want to remind members that our next hearing is tomorrow, Thursday March 12 at 9:00 a.m. In 2362A Rayburn, which is the ag hearing room and that will be with the Navy.

With that, the subcommittee stands adjourned.

THURSDAY, MAY 28, 2020

DEPARTMENT OF VETERANS AFFAIRS RESPONSE TO COVID-19

WITNESSES

HON. ROBERT WILKIE, SECRETARY, DEPARTMENT OF VETERANS AFFAIRS

ACCOMPANIED BY:

DR. PAUL LAWRENCE, UNDER SECRETARY FOR BENEFITS, DEPARTMENT OF VETERANS AFFAIRS

DR. JENNIFER MACDONALD, CHIEF CONSULTANT TO THE DEPUTY UNDER SECRETARY FOR HEALTH, DEPARTMENT OF VETERANS AFFAIRS

JON RYCHALSKI, ASSISTANT SECRETARY FOR MANAGEMENT AND CHIEF FINANCIAL OFFICER, DEPARTMENT OF VETERANS AFFAIRS

Ms. WASSERMAN SCHULTZ. The Subcommittee on Military Construction, Veterans Affairs, and Related Agencies is called to order.

I would like to welcome Secretary Wilkie, who is our witness this morning, for joining us. And, since this is our first hearing with some members participating remotely, I would like to begin by offering a brief explanation of how it will work in order to benefit both members and the public.

First, this hearing room has been configured to maintain the recommended six-foot social distancing between members, witnesses, and other individuals in the room necessary to operate the hearing, which we have kept to a minimum.

As I mentioned, some members have opted to use secure video teleconferencing, which allows them to participate remotely.

For those on video conference, once you start speaking, there will be a slight delay before you are displayed on the main screen, as I am now. To minimize background noise, we ask that the members who are participating virtually remain on mute until it is your turn to ask questions. Please remember to mute yourself at the conclusion of your question.

Should you seek additional time, please unmute yourself so that I may recognize you. Just like if you were in the room and you want to get the chair's attention, you know, you would turn your mike on and ask for attention.

For those participating remotely, your voice will actually activate your appearing on the screen across the room, so just know that it doesn't go on—you don't move to the screen until you actually begin speaking.

I remind all members and witnesses that the 5-minute clock still applies. If there is a technology issue, we will move to the next member until the issue is resolved, and you will retain the balance of your time.

For members using the video option, you will notice a clock on the bottom of your screen that will show how much time is remaining. At 1 minute remaining, the clock will turn to yellow; at 30 seconds remaining, I will gently tap the gavel to remind members that their time has almost expired. When your time has expired, the clock will turn red, and I will begin to recognize the next member.

In terms of the speaking order, we will follow the order set forth in the House rules, beginning with the chair and ranking member. Then members present at the time the hearing is called to order will be recognized in order of seniority. And, finally, members not present at the time the hearing is called to order.

Today's hearing is on VA's Response to the COVID-19 Pandemic. Again, we welcome the Department of Veterans Affairs Secretary Robert Wilkie, who is joined by Dr. Paul Lawrence, the Under Secretary for Benefits of the Veterans Benefits Administration; Mr. Jon Rychalski, the Assistant Secretary for Management and Chief Financial Officer, and Dr. Jennifer MacDonald, Chief Consultant to the Deputy Under Secretary for Health. Thank you all for being here today.

I cannot underscore enough the importance of this hearing as we strive to take care of our veterans and do everything in our power to keep our frontline healthcare workers safe. This hearing is an important opportunity to provide oversight of the almost $20 billion Congress has appropriated to VA in emergency funding in the Families First Coronavirus Response Act, and the CARES Act, to assist VA in combating the pandemic.

The bulk of the funding we have provided, $14.5 billion, is for direct patient care, and it is our duty to oversee that funding to ensure that VA is administering and veterans are receiving the utmost and highest quality of care, especially during these unprecedented times.

With that money, we expect VA to provide enough personal protective equipment, or PPE, to every single person working in a VHA facility, and to their patients when necessary. As soon as one COVID-positive patient walks through the door of a VA facility, every VA employee working there is at risk for contracting the virus, whether they are directly treating the patient in the COVID-19 ward, or not.

I understand the shortage of supplies and unstable supply chain issues contributed to VA's implementation of austerity measures for providing PPE, but only providing PPE to frontline VA healthcare workers, particularly only those who were treating directly COVID-19 patients, was unacceptable, especially given the amount of interaction other VA employees had with patients who may or may not display symptoms of the virus. And we all know, and are well aware, that you do not have to be symptomatic in order to be carrying the virus.

I am glad the VA has started to make steps in the right direction after unrelenting backlash from Congress on the irresponsible PPE policy and has since updated it to reflect the need to provide one mask for every employee, regardless of direct patient interaction or not, and I appreciated the opportunity, Mr. Secretary, to talk with you throughout this crisis, express our concerns, and also get feed-

back from you on how we could be helpful to you in making sure that we could right that ship.

However, despite this being the policy on paper, I am still hearing concerns at the field level that it is not being implemented consistently, so many veterans and employees are still left unprotected.

VA must make sure it is communicating effectively. It is not enough to issue guidance regarding health and safety of veterans and VA employees. VA must ensure that such guidance is being adhered to and implemented consistently.

Further, VA must do everything in its power to meet conventional CDC standards in PPE usage. Any austerity or contingency measure in place on PPE usage leaves veterans and healthcare workers vulnerable to infection. This is especially egregious when the President has it within his full authority to fix the problem of the lack of supplies and PPE by fully invoking the Defense Protection Act, so that American businesses can completely fill the gap in the supply chain for these vital resources, which is the Defense Protection Act purpose. VA would no longer have to compete for scarce supplies like it currently does, and VA could revert back to conventional practices rather than austerity measures in administering PPE.

Further exacerbating the problem, scarce resources create the right conditions for price gouging, which many companies are taking advantage of. A ProPublica piece published a couple of weeks ago shed light on the issue of small, inexperienced contractors charging exorbitant prices for PPE, and VA agreeing to pay that price because of how desperate the situation was.

I understand these are unprecedented times, but we need to do everything we can to protect our veterans and our frontline healthcare workers who are putting their lives at risk to combat this deadly virus, while still protecting taxpayer dollars to do so.

Additionally, within the funding Congress appropriated, we also want to make sure that VA is providing adequate testing to veterans and also to its employees. I cannot stress enough the importance of testing, as it will be the only way we can get a handle on how the virus is spreading and where. We need adequate testing to make Americans feel safe. We do not have a consistent comprehensive testing policy at VA right now, and that must change.

This is especially important as VA makes the decision to reopen its facilities around the country beyond emergency and urgent care. VA has already begun reopening at 20 facilities, and plans to reopen additional facilities, and start to resume more services in a phased process. We need to make sure that we have sound policies in place so we don't see spikes in the virus as we move forward.

Lastly, when veterans are at VA hospitals, we need to make sure they are being treated with the utmost quality of care. More and more information is coming out about how ineffective and potentially deadly the antimalarial drug, hydroxychloroquine, is for COVID-positive patients.

What is astounding to me is VA is still insisting on providing this drug to veterans. Yet, VA cannot effectively communicate the circumstances in which the drug is administered. I hope that changes today.

We clearly have a lot of ground to cover today. Thank you all for being here this morning, and I look forward to your testimony, Mr. Secretary. At this time, I would like to yield to my ranking member, Judge Carter, for his opening statement, and please note there may be a delay before he is on the main screen.

Judge Carter?

Mr. CARTER. Good morning from Round Rock, Texas. And, Chairman, thank you for this hearing today. Just to let you know that, right now, it is 67 degrees outside the Lone Star State. It is going to be up around 85 today, which is kind of cool for us.

I am really glad to be here today. I never thought I would be able to be in a hearing sitting in my home telecommunicating. This is quite a step.

This hearing is a big step for the Appropriations Committee and the House of Representatives, and a first step, so I am proud to be part of it.

I congratulate Chairwoman Lowey, Ranking Member Granger, for their leadership in this, and I am very proud of our subcommittee chairwoman who has been working very hard to get this done right, and I thank all of them and congratulate them for their work.

As a member who cannot attend this hearing, importantly, I guess this is the best I am going to be able to do, and I am grateful for it.

This will help us all as we continue with our oversight of the Department of Veterans Affairs, especially its response to COVID-19 and the use of supplemental funding provided just 2 months ago.

Secretary Wilkie, thank you for being here to talk with us about the VA's response to COVID-19. In many ways, the VA has been at the forefront of America's response, and has been a leader in caring for those affected by the pandemic. VA's quick and decisive actions to protect residents in community living centers and other special care facilities, such as spinal cord injury units, spared many veterans serious injury or illness and possible deaths.

VA has also stepped up a system and, as individual employees, they were ordered to help civilians. It provided urgent need for doctors, nurses, advanced equipment and medicine in every corner of the United States.

In the past, not many would have believed that a large, decentralized national healthcare system could so quickly and effectively respond, but the VA did, never losing focus on their first mission, which is care for our veterans.

The VA has some problems, such as finding and maintaining supplies of personal protective equipment for its employees, and questionable contracting issues, and we will discuss these issues today. We also need to discuss the supplemental funding provided by the CARES Act, and whether there is a need for additional funding, any follow-up package that may be coming in future years.

I personally want to thank the committee's technology staff, and the House Recording Studio for their very diligent work. We are holding this hearing today because of your know-how and willingness to help us learn, and I personally thank you.

Madam Chair, thank you again for yielding my—giving me this time, and I yield back.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter, and I appreciate your kind words and join you in thanking our Appropriations staff, as well as the technology staff and the House Recording Studio. This is one of the—outside of the Rules Committee, the first with outside witness hearings, outside witness hybrid hearings, where we have some members participating remotely and some in person, and there was lots of rehearsal—dress rehearsals that went into this to make sure that everything was going to go smoothly. And I thank all of the members for their cooperation, and, you know, that is the spirit of this committee, it always has been, and it is deeply appreciated, so that we can continue to do the work that is so important for us to do.

Judge Carter, thank you for your thoughtful remarks. Now, I would like to yield to the full committee chair, Congresswoman Nita Lowey, for her opening remarks. And, again, there might be a slight delay before she appears on the screen.

Madam Chair, you are recognized.

The CHAIRWOMAN. I thank Chairwoman Wasserman Schultz and Ranking Member Carter for holding this very important hearing. And I welcome Secretary Wilkie and our other distinguished officials, and I thank our committee staff for navigating this new way of conducting business.

Before we begin our discussion, on the heels of Memorial Day, we would be remiss not to mention our recent calls for the removal of Nazi headstones [inaudible] in spite of our Secretary's [inaudible]. Although predecessors may have allowed them, today we need to do the right thing, and remove these offensive symbols from the solemn ground where our brave warriors rest.

During this horrible corona crisis, our responsibility to the men and women who have served our country has never been more vital. This administration's lack of preparedness and mismanagement has led to needless death and suffering, and much fear among veterans, their families, and the healthcare professionals who care for them.

To date, there have been more than 13,500 cases of COVID-19 diagnosed throughout VA healthcare facilities. Of the 1,193 tragic deaths, 241 have occurred in New York. The situation, and even more tragic in State-run veterans homes, where our most vulnerable veterans have been denied the highest quality of care.

The VA has a responsibility to oversee and ensure the facilities are meeting VA standards of care, and VA should have stepped in sooner to help. For nearly 3 months, the VA healthcare workers have risked their lives and the lives of patients because of a shortage of personal protective equipment. The lack of urgency by the VA to address this need has likely contributed to additional sickness and death.

I do hope that we are all on the same page and that we can work to fix this issue, which is so outrageous. Veterans have suffered because of disruption to routine physical and mental healthcare visits. Many face the stress and burden of unemployment, homelessness, and uncertainty. And, at a time when veterans most need the VA to be ahead of the curve, it is falling behind.

We need to understand what went wrong, why then—we can understand and identify what needs to be done to avoid the shameful treatment of veterans in the future.

So thank you. I look forward to your statement, and I do look forward to answers to our questions.

Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair. I appreciate your thoughtful remarks.

Mr. Secretary, as always, your full statement will be entered into the record, and you are recognized to summarize your remarks for 5 minutes.

STATEMENT OF SECRETARY WILKIE

Secretary WILKIE. Well, thank you very much, and I want to thank you also for your availability to me throughout this. I value that relationship, and I think it is incredibly important to the Department.

You know, we are fighting a war that very few people in America would have predicted just a few months ago. Our doctors, nurses, and staff are routinely putting their lives on the line and sacrificing time with their families to care for veterans, most of whom are older and are therefore more vulnerable to this virus.

Thirty-one of our staff members have passed away, and, as you know, we have lost hundreds of veterans to this disease. But the news is not all grim.

From the start, VA took an aggressive posture to protect our patients from COVID-19, and our staff has worked tirelessly to carry it out with great success. Here is where we stand: The we have diagnosed 11,500 veterans with the virus, but over 9,000 of them have fully recovered. That is 76 percent. Today, we are only treating 1,500 veterans for the virus out of the over 9.2 million veterans who are in our system. We are stocked with supplies. On average, VHA has a minimum of 2-week supply on hand of each type of PPE: gloves, eye protection, masks, gowns, and sanitizer.

We are staffed, in part, because of the changes that we have made in our hiring processes. In the last 5 weeks, we have hired more than 10,000 medical staff, including 3,000 nurses. And, as I discussed with the chair yesterday, I intend to keep these processes in place. If I need to come for a legislative fix, I will be doing so after consultation with you.

Our infection rate among VA staff, I can argue, is the lowest of any healthcare system in the country. It is either at half of 1 percent, or lower, and I credit the steps that we took early on to protect those on the front lines with these incredibly low numbers.

We were the first healthcare system and the first Federal agency to activate our emergency procedures. We did so in January, establishing 19 emergency operation centers across the country. We did begin to manage our supplies of PPE, and, as I have been candid with the chair, our regular supply chain was disrupted by this national emergency, and we have changed to meet that emergency.

In some ways, we have stressed the system, which, I think, will be better for the future. Telehealth services have expanded exponentially. In a normal month, we would conduct 40,000 mental health tele-visits. We are now at 900,000. We are reaching areas

of the country that we never thought we would reach, particularly in Tribal and rural America. This is a game changer, particularly when it comes to mental health.

In April, we began working our fourth mission in earnest, taking in nonveterans in hot spots and deploying VA staff to nursing homes and State veterans homes that needed our expertise, an issue I know some of you will want to talk about today.

In addition, we have—our Veterans Benefits Administration has reached out to more than 400,000 veterans and continuing to talk about our response, and answer questions about our benefits during the crisis. Our National Cemetery Administration has taken steps to ensure that loved ones are interred in a——

The CHAIRWOMAN. There is an additional question there, because he answered them, but——

Ms. WASSERMAN SCHULTZ. Madam Chair, you need to mute your line.

I am sorry. Mr. Secretary, you can resume.

Secretary WILKIE. That our veterans are interred in a——

Ms. WASSERMAN SCHULTZ. Mr. Secretary, you can proceed. I am just going to make sure we have a technical——

Secretary WILKIE. I can proceed?

Ms. WASSERMAN SCHULTZ. Please proceed.

Secretary WILKIE. I will just divert to—I was privileged to address several veterans at the Quantico National Cemetery on Memorial Day, and, as I was looking out down the hill, I saw veterans' families gathering on that day to pay their respects to their loved ones. Our veterans' cemeteries have never closed. Our hospitals have never closed.

At the end, I believe that our people have turned VA into a learning organization that was able to turn on a dime in this crisis, and transform itself from an institution that many of us have known, and some of us have looked askance at for many years. I can't thank them enough for their agility. I can't thank them enough for putting themselves in harm's way to serve their fellow Americans.

And I thank you, Madam Chair, for allowing me to speak.

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

Now, I would like to begin my 5 minutes of questions.

Mr. Secretary, I want to start off this hearing discussing the issue of personal protective equipment, or PPE, which I noted has been a huge issue for the VA.

As of yesterday, VA has about a 39-day supply of gloves, a 333-day supply of face shields, a 267-day supply of N95 masks, 244-day supply of generic and surgical masks, and about a 50-day supply of gowns.

This is a significant improvement from VA's earlier days in combating the coronavirus pandemic when it had 18 days or less of all supplies, leading to VA invoking austerity measures on VHA employees' use of PPE.

Per CDC guidance, as PPE availability returns to normal, healthcare facilities should promptly resume standard practices. Now that VA has significantly higher amounts of PPE, does VA plan to issue any additional less stringent guidance to the field to protect—to further protect veterans and healthcare workers?

And would you please clarify for the record what VA's guidance is, regarding who receives PPE and under what circumstances they receive it, including veterans, frontline healthcare workers and all other employees in the VA facilities?

Secretary WILKIE. Yes. I will let the practitioner give you the chapter and verse on what the medical needs are. I will say that our hospitals have never run out of equipment. But, in response to this emergency, as you and I discussed yesterday, we are putting in place plans and operations so that we do not have to adjust to a disruption in the supply chain.

Now, I have given instructions to begin the establishment of depots across the country to supply—to house PPE and other medical equipment, so that if this does rebound——

Ms. WASSERMAN SCHULTZ. Mr. Secretary, I want to be mindful of my time constraint.

Secretary WILKIE. Yes.

Ms. WASSERMAN SCHULTZ. Specifically, with more availability of PPE do you have plans—because the last time you issued—reissued guidance was May 1st, do you have plans to issue any additional, less stringent guidance to the field, so we can further protect veterans and healthcare workers?

Secretary WILKIE. We will as we resume normal operations.

Ms. WASSERMAN SCHULTZ. How many days' worth of supplies will VA need to have on hand before you are comfortable to further reduce the austerity measures?

Dr. MACDONALD. Madam Chair, I thank you for your attention to this issue, and I just want to emphasize that our workforce is our strongest asset. We have a workforce that runs toward a challenge, and it is our utmost priority to ensure that they are safe.

Ms. WASSERMAN SCHULTZ. I apologize. My time is limited, and we will stipulate that we all very much appreciate their work.

Dr. MACDONALD. Yes, ma'am. And we have moved to universal masking throughout the pandemic. I am proud to say that, because of our early planning that began in January, our workforce has had what they need throughout the entirety of the response. Those on the front lines have N95 masks. Those in facilities have a mask a day. And every visitor to our facility, even if they are the caregiver of a veteran, accompanying that veteran to a critical appointment——

Ms. WASSERMAN SCHULTZ. But I am specifically asking about the austerity measures, because, yes, I understand that they are issued masks, but the concerns that have been expressed, the whistleblower, anonymous complaints I have been getting, have indicated that they are required to use repeatedly those masks, to have them lay out in the sun in order to sanitize them.

What are the current criteria in terms of mask issuance and PPE issuance so that that reuse policy is not required?

Dr. MACDONALD. Madam Chair, thank you.

We are at universal masking right now. And in reference to the austerity measures, this was a move in line with CDC guidance the beginning of April. As the global supply chain was in a state of uncertainty and as the virus was surging, we were certain that we had 2 weeks of supply on hand. What we weren't certain of was our ability to resupply, and we made a strategic decision for a very

brief period of time to make sure that our supplies would reach until we could be resupplied. At each point, and each day across that time, our employees had what they needed and had N95s and masks and a full set of personal protective equipment that they needed to care for patients.

Secretary WILKIE. And I would add, right now, we sadly have about 500 employees who are infected. The reason that number is stark is that, that is 500 out of, in VHA, 330,000. So the measures that we put in place, arguably emergency measures, were designed in an emergency to take care of those who were the most immediately vulnerable.

I have been able to expand the use of PPE as the emergency has changed, but I would also argue that the entire Nation has been learning this on the fly. And, as you and I have discussed, for the first time in the history of VA, we did have to share resources with the city of New York, the State of New York, the city of Los Angeles.

We followed CDC guidelines. We followed them to the letter. We followed the same guidelines that you would find at Georgetown Medical Center, or in NYU, and I think the results have shown that we have done an excellent job, better than any healthcare system in the country, in keeping these numbers as low as we have.

Ms. WASSERMAN SCHULTZ. OK. I am sure that other members will get into the PPE issue further.

With the committee's indulgence, I am going to ask an additional question, and we will, you know, certainly recognize Judge Carter for longer than 5 minutes, but I do want to take a moment to enter the following into the record: A letter from myself, Judge Carter, from Chairwoman Lowey, and Ranking Member Granger of the full Appropriations Committee to you, Secretary Wilkie, regarding the gravestones that have been discovered that are at the Sam Houston VA Cemetery in Houston, and a VA cemetery in Utah as well, that have the Nazi swastika, as well as inscriptions honoring Hitler on them.

So I will ask unanimous consent to enter all of the following into the record: A statement from the Southern Poverty Law Center that urges you to recognize the offensive nature of those inscriptions and statements, and to remove them; a statement from B'nai B'rith International, that also asks you to remove those gravestones and the inscriptions, and replace them with more appropriate information about the deceased; a statement from the ADL, via their social media, the Anti-Defamation League, asking the same; and a statement from the American Jewish Committee asking for the same.

This is deeply troubling to learn that several VA cemeteries contained graves of German prisoners of war that feature swastikas engraved on the headstones as well as inscriptions that honor Adolf Hitler. These graves sit right alongside men and women who fought for our country and ideals, ideals that run counter to everything the swastika and the Nazi ideology represent.

And I understand that these cemeteries were not under the jurisdiction of VA at the time these headstones were installed. But, now that they are under VA's jurisdiction, there is no excuse for VA to continue to maintain these headstones instead of replacing them.

The agency has claimed that its public response on this issue that you won't replace these headstones because the National Historic Preservation Act of 1966 requires Federal agencies to protect, quote, "historic resources."

In fact, what the Historic Preservation Act refers to as historic resources are defined as sites worthy of inclusion on a national register of historic places, and, in case you were wondering, the national register criteria generally does not consider individual grave sites eligible, except in case of, quote, "historical figures of outstanding importance." Certainly, German soldiers who took up arms against the United States do not meet this criteria.

It appears that this is relying on a gross misreading of a law that was enacted to preserve and protect historic sites and neighborhoods so that we do not erase our Nation's history in the name of development. It is not a blanket excuse to avoid addressing past mistakes.

So, Mr. Secretary, I really fail to understand why, thus far, you have refused to remove and replace these gravestones with Nazi insignia. Is that the kind of stewardship that contributes to the, quote, "inspiration and benefit of present and future generations," as the law actually states, and, if it is not, as you and I both know it is not, then how can you continue to claim that the VA is unable to replace these headstones simply because of historic preservation law.

Secretary WILKIE. Well, Madam Chair, I am going to—if you don't mind, I want to take a moment of personal privilege on this.

Ms. WASSERMAN SCHULTZ. Sure.

Secretary WILKIE. You and I, in the last 2 years of our relationship, I have exchanged speeches with you that I have given in Israel, that I have given to Jewish war veterans. In fact, I made a point in my very first speech at VA was with the Jewish war veterans. And, as you know, my son, in his senior year in high school, spent that year working at the Holocaust Museum.

This is a subject, the oldest hatred, which I am very passionate about. If you go to—at Yad Vashem, the words mean of memory and a name. Anti-Semitism is rearing its head all over Europe as we speak, and we have even seen it in some places in the country.

I happen to agree with the president of Haifa University, who was quoted in that Wall Street Journal article that the last thing we need to do is not remind Americans of the horrors of anti-Semitism and the horrors of the Nazi cult.

I have asked my people to look at various ways to address this. I happen to think that making sure that when people visit our cemeteries, they are educated and informed of the horror is an incredibly important thing to do. Erasing these headstones removes them from memory, and, as we continue to study the Holocaust, the last thing any Holocaust scholar wants to do is erase that memory.

I think we can find a way to put this in an historical context. That is my view, that we cannot—we cannot erase the horror and ignore it. We have to continue to hammer it. My view is that we need to look at historical interpretations that I am very happy to put up, and I would also note in that Historical Preservation Act,

in section 106, these cemeteries, which we inherited from the Army, are on the National Register of Historic Places.

Ms. WASSERMAN SCHULTZ. Mr. Secretary——

Secretary WILKIE. I would have to engage in a very long process right now in order to erase——

Ms. WASSERMAN SCHULTZ. No. No, Mr. Secretary. If you look closer at the wording of that statute, the VA is—that you just cited, section 106, that you are apparently hiding behind, it says that it is the policy of the Federal Government to, quote, "administer federally owned, administered, or controlled historic property in a spirit of stewardship. A spirit of stewardship does not restrict VA from taking a serious look at the purpose these headstones once served, and whether they are appropriate today in their current form."

In fact, VA's own materials on this issue acknowledge that the law does not prevent you from removing them. The law merely sets forth the consultation process for taking action. VA could begin that section 106 process as it has known and as you have just referred to right now and start the process of removing these headstones.

VA also clearly acknowledges that engravings on headstones can send messages about our values. For example, on VA's own website, discussing the various emblems of belief that can be engraved, it says, quote, "VA will not inscribe any emblem on a headstone or marker that would have an adverse impact on the dignity and solemnity of cemeteries honoring those who served the Nation."

I would argue that swastikas, as well as the inscription that these headstones feature, honoring Hitler, absolutely have an adverse impact in honoring those who served. We do not erase history by replacing these headstones, for modern times, with more appropriate inscriptions, and I am certainly not suggesting removing the dead who lie beneath the headstones, but I urge you to immediately begin the section 106 process to replace these inappropriate and insensitive headstones.

There are far more—far more individuals across the world that think that that is absolutely essential when we look through a lens of modern times. And I hope you are not suggesting that replacing these few offensive headstones with neutral replacements, done in a respectful way, would be an unreasonable step to take in the name of sensitivity.

You have soldiers who fought and died, who were killed by the Nazis, whom they are lying next to, and whose loved ones need to walk past inscriptions in American veteran cemeteries that honor Hitler and have a Nazi swastika.

The Nazi swastika is prohibited in Germany from being displayed, because it is not seen as a reminder to prevent the hatred that it spawned. It is seen as something to be snuffed out, and there are certainly ways that you can put the gravestones in an appropriate historical context that don't lie above the graves of these dead.

So I have taken far too long and ask that you begin the section 106 process, and will you do that?

Secretary WILKIE. And I will certainly—I will review everything.

I will just finish with a statement that was issued in 2018 by the American Council on Historic Preservation, which governs these matters.

It is essential for decision makers to directly confront history's difficult chapters, consult broadly with the public to ascertain contemporary community views, and consider a range of management alternatives to promote public education regarding all aspects, positive and negative, of the Nation's history.

What I am just saying is that, as someone who cares deeply about this—and you know I do——

Ms. WASSERMAN SCHULTZ. I do.

Secretary WILKIE. I do want to do it in a way that still reminds Americans of the horror, and, because of the times in which we live, where we have seen anti-Semitism reach our shores, I want to make sure that VA is doing the best that we can to educate and remind people why those veterans in that cemetery fought against that horror from 1941 to 1945.

So I just want my meaning clear about what I am thinking.

Ms. WASSERMAN SCHULTZ. Mr. Secretary, I don't want to prolong this, but—and I certainly am not questioning your personal commitment to upholding religious pluralism and fighting against anti-Semitism, but a review is not a commitment to begin the section 106 process. And I can assure you that this is not the last time we are going to deal with this. This is going to be dealt with one way or the other. So I really would urge you to make sure that we can set aside those gravestones from the 1940s, and put them in context historically. There are other places in these cemeteries to do that without having them appear——

Secretary WILKIE. And that may be——

Ms. WASSERMAN SCHULTZ. Reclaiming my time.

Secretary WILKIE. Yeah. And that may be the answer——

Ms. WASSERMAN SCHULTZ. I am reclaiming my time, Mr. Secretary—without having them appear above the graves of the Nazi POWs, and having our families of those soldiers that were killed by Nazis walk past them when they visit their loved ones.

Secretary WILKIE. Yeah. And I will conclude by saying I don't think we are that far off, because I do think that putting those in context, in the cemeteries, as you just mentioned, is the way forward. I will take a look and see what we can do because we have the same goal in mind, and our——

Ms. WASSERMAN SCHULTZ. I appreciate that.

Secretary WILKIE. As you know, I am very passionate about that issue.

Ms. WASSERMAN SCHULTZ. Thank you. I am as well, as you can see, and I hope we reach the same conclusion, that they are not an appropriate context now.

Thank you very much for the committee's indulgence. I apologize. And, Judge Carter, you are recognized for your—for as long as you want to, basically. Thank you very much for the committee's indulgence.

Judge Carter, you are recognized.

Mr. CARTER. Thank you, Madam Chairman. Thank you for recognizing me.

And, Secretary Wilkie, welcome. Glad to have you here. Before I go over some of the parts of the questioning here, I must go back to the subject matter at hand.

I love history, and I read history, and my hobby is reading history. And, in trying to consider what problem may happen in 1943 and 1944 when these things were erected, it is hard to conceive in the 21st century why they would be that way with all we know about the horrors of what went on to these people and other people in those concentration camps.

But, if you will study your history, you will realize that we had rumors of these things at the governmental level, but, you know, they weren't subject to 48-hour—24-hour news like we do—seen, and, yet—so the average American, the average soldier, he may not have even had a concept of what was going on in the persecution world of Germany at that time.

And, when they—and, even if you—you hear comments about how the attitudes changed after we actually discovered the concentration camps, and our soldiers became even more vehement in their battle when they realized the horror that they were fighting against. And so, maybe the people that erected these domes didn't realize what historically that would mean, how much it would affect the Jewish people and Americans who are all horrified by what went on in Germany at that time.

So I think that you should replace these stones with just a regular stone, and still say they were German prisoners of war, but that is it, and take all those Nazi symbolism off, and, if somebody wants to preserve those tombstones for our history's purpose, then the Historical Commission can preserve them some other way, but I don't think they should be displayed daily to the American public because of what they—now that we know what happened and are aware of it, we are offended by things like that.

And so, in looking at it in context, I think we should definitely do it, and I think it is the right thing to do as Americans.

Secretary WILKIE. Oh, yes, sir, and I think we are——

Mr. CARTER. If you want to comment back, I would be glad to hear from you.

Secretary WILKIE. Yeah. We are in the same place.

And I mentioned earlier my only concern—and it is one from a passionate view—is to make sure that, when we do this, we are still reminding people of that horror and why those soldiers fought, and that we educate, because the last thing—I mean, there is a museum down the street that will not let people forget. It is to never forget. And, because of my feelings on this issue, I want to make sure that, if it is done, it is done so that we still allow people to reflect, to contemplate, and to say also, "Never again."

Mr. CARTER. Well, I hope we can work this out, because it is very important to every member of this committee, of the Appropriations Committee. You will note that all, both the chairman and ranking member of the full committee, have endorsed our letter, and we expect it to be done.

Moving on, the CARES Act provided you with $19.6 billion to respond to the COVID-19. As of last week, less than $2 billion of that money has been obligated. How much funding has been obligated

as of today? How much has been allocated? And should we be concerned about the whole rate of obligation?

Secretary WILKIE. I will let Jon Rychalski, our chief financial officer, answer that. Madam Chair, is that—is that all right?

Ms. WASSERMAN SCHULTZ. Yes, but before he answers, there is one vote that begins now, but we are voting in those groups, so I am going to continue with the hearing, and members who have to go vote during their group should do so and then just come back to the hearing.

So yes, Mr. Rychalski, you are recognized.

Mr. RYCHALSKI. Thank you. And thank you for the question.

So, as of today, I would say about $2.3 billion has been obligated, and should we be concerned about that or does it seem low, what I would say is we don't really have a precedent to compare. We are sort of creating the baseline today.

We are finding many things out. First, I thank the committee for the funds they provided. There are some expenses that were less; some were more. For example, we were putting some workers into hotels so they didn't have to go home, things like that.

And so we are going to know a lot more in 6 months. I think that we are absolutely adequately funded at this time. The one thing I would say, that we probably can make better uses of this with some additional flexibility. And, by that, I mean maybe some additional limited transfer authority. There are a couple of areas where we probably did not think through what we needed: VBA for overtime and some education system upgrades, NCA for additional workload. But I think we are providing updated obligation reports weekly, and we are going to see how this goes. There is nothing really to compare it to to know if that is low or high.

In some cases, as you know, the materials and supplies weren't available when we wanted to buy them. We also have to go through the Federal procurement process pretty much, and that takes a little bit of time. We have an old accounting system, so not everything is real time. But I think that we will see this grow pretty substantially, especially as we—you know, we resupply ourselves and have stock on hand.

Ms. WASSERMAN SCHULTZ. Judge Carter?

Mr. CARTER. The administration is considering a fifth supplemental funding package as needed. How much more do you think the VA—how much do you estimate the VA would need in additional supplemental package, if we put one forward? How much more does VA estimate will be the need to address current COVID situation? What if the infections spike in the fall as some are predicting? And, if you were on this subcommittee, how would you balance the low obligation rate for the CARES Act funding with your estimate of future needs?

Mr. RYCHALSKI. I thank you, sir.

So I think that, with respect to additional supplemental funding, I think, from what I see now, we are adequately funded. I don't know what is going to happen in the future with respect to spikes and things like that, but I think we are still, from a medical perspective, adequately funded. For additional needs, so not in that area. The one area I could see potentially additional needs—and we are working with our facilities folks—to see about accelerating re-

configuration of some of our facilities from multi-patient rooms to single-patient rooms—that was something that we already knew, but can we accelerate that? That made a big difference. But that is probably the only area.

If I was on the committee, I will tell you, what we need more than money at this point is probably some additional flexibility, as I mentioned, to move some of the CARES money around, and then some additional legislative, I think, provisions.

We have one that is very important right now, and it is sort of related, but not exactly. We need authority to keep paying our community care bills the way we are today. We call that obligate and pay. We have a legal ruling that we are probably not in compliance with the law—with the procurement law. If we don't get that authorization, we are going to be short about $5 billion in community care, but it is a matter of an accounting issue and a legal issue as opposed to a money issue.

Mr. CARTER. Thank you, Madam Chairwoman. I yield back.

Ms. WASSERMAN SCHULTZ. Thank you so much. Judge Carter yields back.

Next, I would like to recognize Chairwoman Lowey for her questions. I don't see Chairwoman Lowey on video. Is she still with us?

Chairwoman Lowey, your video is turned off.

OK. We will come back to—we will come back to the chairwoman. And Mr. Bishop and Mr. Case have gone to vote, so, Ms. Pingree, you are recognized for 5 minutes for your questions.

Ms. PINGREE. Thank you, Madam Chair.

Thank you, Secretary Wilkie, for being with us here today, and for the work you are doing to take care of our veterans. Thank you to all of your staff, who we know are extremely dedicated to our veterans and are challenged every day working in the healthcare field, and so our hearts go out to the families of those veterans who have lost their lives to COVID-19.

I am going to take a little bit of a different tact, but I know we are talking about all the issues related to the situations that people are struggling with, with COVID-19, and one of them is around food insecurity. There is such a long-standing food insecurity crisis among our veteran policy.

Over a quarter of Iraq and Afghanistan war veterans have struggled to put food on the table, which is about double the national rate. It is also related to adverse health outcomes, which we know are an indicator for those people who are really struggling with this particular disease, and we know that food insecurity is exacerbated during this crisis. We have all seen the long lines at food banks and the challenges that many families are facing, and our veterans are particularly vulnerable.

As I said, it has also put—the pandemic has also put an extreme burden on some of these disadvantaged populations, including those with underlying health conditions. Data shows that veterans have higher rates of multiple chronic, disease-related conditions like heart disease, hypertension, and diabetes.

So my concerns are around both are we assessing food insecurity with our veterans, and are we improving access to healthy food? It is much more of a long-term problem, but one of the challenges that we have seen during the COVID-19 crisis is it shows some of

the underlying issues that people are facing, whether it is around the underlying health conditions, or just basically getting food at any moment in time, but today in particular.

So can you give us a little update about how the VA is tracking food insecurity during this pandemic? And, also, do you have data right now on the burden of obesity and chronic diet-related diseases within the veterans' community?

Secretary WILKIE. Well, thank you. I am going to answer the first part by saying that the chair of the subcommittee actually answered our most immediate food security need. In your emergency package, you upped the amount of money for per diem costs, which we have instructed those receiving them to use for, amongst other things, their food. And that, I think, has helped more people than you probably knew when you entered into that, so I thank the chair, and I thank the committee for that.

I will give you a statistic. My parents' hometown of New Orleans, of those who passed with the virus, 51 percent had diabetes. We have an aggressive education and outreach program on food and on health related to food choices, and I will let Dr. MacDonald go into the particulars, but this is the subcommittee that recognized that problem, and there are certainly—we have certainly made up ground, particularly in the homeless community, on this.

Dr. MACDONALD. Congresswoman, to follow on to what the Secretary said, one of the silver linings in this extremely challenging time is the Nation's emphasis on population health, and certainly, that is our priority within VA.

I thank you for pointing out this issue that the social factors affecting veterans, including food insecurity, and, as we often focus on, homelessness, are factors in their health. Chronic conditions are part of it, but where they live, how they live, is a huge part of their ability to succeed in combating this virus and you succeed across this time.

I am proud to say that, of the first $1 billion in medical funding that you have graciously given us in the CARES Act, more than 20 percent of that, $205 million, has gone toward our homeless veterans and toward programs that help outreach to veterans and make sure that their food insecurity issues, that housing, rapid rehousing for them and their families, are addressed.

And I thank you also for calling attention to diabetes and chronic conditions specifically. It is important that we are engaging through our care teams in outreach to all of those patients we know are vulnerable. We are taking specific action to protect those populations that we know are significantly affected, or at higher risk of COVID-19.

As one example, we have conducted outreach to those veterans who have registered with us as being affected by burn pits. I am actually one and received the text message myself. I know that this outreach is occurring as I myself am receiving it, and that outreach is important as we engage veterans and let them know that VA is here for them across this time, not just for medical conditions, but for the entirety and holistic approach to their life.

Ms. PINGREE. Well, thank you both for your answers. It would be great in the future to see a little more data, and certainly, to see more of an update once all the funding that has been allocated has

been spent, and I do particularly appreciate your comments around our homeless vets. It breaks everyone's heart to think of anyone who has served their country living on the streets or going hungry, and particularly in these times. People who are homeless are some of the most vulnerable with this disease raging in our community.

So thank you, and I yield back, Madam Chair.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Pingree.

Mr. Hurd, you are recognized for 5 minutes.

Mr. HURD. Thank you. Thank you, Chairwoman.

First and foremost, I want to associate myself with the Chairwoman Lowey's initial comments about the Nazi symbolism in some of our most hallowed grounds and the need to remove that, and I appreciate the chairwoman of our subcommittee leading the charge on seeing that happen.

And, also, I—to the leadership of the committee and the staff, I feel like we have been doing more conversations now since COVID-19 than we were before, and I think that shows the commitment to the American people.

Secretary Wilkie, it is always a pleasure to be with you, and one of the things—I would like to highlight the south Texas veterans' healthcare system based out of San Antonio, my hometown. You know, they didn't experience a shortage of PPE that our private sector colleagues saw or academic affiliates saw. They even went as far as help donate, you know, PPE to folks within the community to make sure the community was in response, and they have also been leading in the video connect system that was already in use before COVID-19, and they are now a leader in the number of VA video connect episodes of care.

And one of my questions is: How do we ensure that, for the foreseeable future, that we are able to continue this level of technical—you know, technical support to our activities? Do we have the facilities and the spaces that—where you can have the exam rooms to do some of this telemedicine and telecare, and how are we going to make sure existing facilities are able to deal with this outrageous—not outrageous, but amazing numbers you said at the beginning of your remarks, Secretary Wilkie?

Secretary WILKIE. Well, thank you, sir, and the people at Audie Murphy are wonderful and, you know, Texas is a place where we don't have to explain military service to anyone.

I will just give you a couple of statistics that I gave at the beginning. In April, VHA provided 1.2 million mental health telephone and televideo visits, and that is an astounding number.

We have stressed the system, and I believe—I don't believe we are going to go back. Part of the change has been the distribution of thousands and thousands of tablets, particularly in rural and native America. I cut the ribbon on the first of VA private sector telehealth clinic at a Wal-Mart in Asheboro, North Carolina. I expect Wal-Mart will be expanding that across the country, particularly as Wal-Mart has a footprint in most of rural America.

Video telemedicine is the wave of the future, particularly in mental health, and I think we are now at a stage where we are not going to revert back to the old ways. The subcommittee has recognized that by funding our outreach, and I will ask the practitioner if she has anything to say. Dr. MacDonald?

Dr. MACDONALD. Thank you, Mr. Secretary.

I will simply add that, as part of the way we design facilities even now, telehealth is included in those plans.

And the beauty of the authority that you all have given us, with the option to provide telehealth anywhere to anywhere, where a veteran is able to be at home in their living room and our practitioners are able to deliver that care from anywhere they may be serving, that gives us the flexibility to use space and optimize space for the in-person care that is necessary, have the telehealth facilities as are needed in our VA medical centers, but deliver most of this care direct to a veteran's living room and meet them where they are and keep them safe in this time.

So thank you for your attention to this.

Mr. HURD. No, and we will keep focus on this.

A colleague of mine, Representative Herrera Beutler, and I had been talking about the issue of sepsis. Sepsis is something that is already a leading cause of death within VA facilities, and we know COVID patients are susceptible.

I know 10 VA centers are already using a new, more accurate sepsis testing system. And this is even more important than ever. How are we expanding that across our systems?

Dr. MACDONALD. Sir, as I am sure you are aware, sepsis is a complex constellation of syndromes—of symptoms, I should say. There have been several definitions of this over the past 20 years. And what it takes is recognizing clinically what we call gestalt—looking at the numbers of a patient, also observing how sick is this person, and identifying this early so that you can act, you can hydrate the person, you can get them the antibiotics they need.

What several of our facilities, as you have referenced, are exploring is an automated way to synchronize that data and alert clinicians that this might be sepsis, then for them to make a more immediate clinical decision to engage that patient.

We already have extensive and consistent protocols across our system for this, and we have excellent data to show that we are effective in managing this. But these advancements in technology may take us one step further. And that, as you mentioned, will be important in this setting of COVID, where we know that this is a complication of the illness.

Mr. HURD. Thank you, Chairwoman.

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

Now I would like to recognize Mr. Cartwright.

Oh, forgive me. I am sorry. Mr. Case is back.

I recognize Mr. Case for 5 minutes.

Mr. CASE. Thank you. Thank you, Madam Chair.

Mr. Secretary, greetings from the Pacific, where you are remembered fondly for being the first VA Secretary to visit some of our more remote VA communities, much less any ranking Federal official. And so thank you for not only trying to understand but trying to feel that remoteness that the veterans feel.

I wanted to follow up on the—and, by the way, I want to commend your team in Hawaii and throughout the Pacific. They have really done a really nice job through COVID-19, not only in taking care of our veterans communities but also in interacting with our local healthcare facilities and providers.

Secretary WILKIE. Sir, may I also mention that you are getting a new director.

Mr. CASE. Pardon?

Secretary WILKIE. Admiral Robinson, former Surgeon General of the Navy, will be coming out in the next few weeks. And he is an outstanding public servant.

Mr. CASE. Oh, excellent. So we appreciate that very much. I think it is a good model of interaction with the civilian community in Hawaii and the Pacific, where we really have an interreliance.

And along those lines, my question goes back to testing and PPE. I think the question that I have—and this comes from my discussions with some of your team out there. Of course, you know, Hawaii and the Pacific, from a public health perspective, have done better than much of the rest of the country. That has come at the expense of our economy, by the way, because we shut down tourism to get those low numbers. So we have a tremendous economic issue, where we are one of the worst in the country.

From the testing side of it, the concern is that, while we were doing a pretty good job on the public health side, the testing and PPE were allocated elsewhere in the country, to include, as I understand it at least, the VA community, so that it was really considered as an integral part, really, of that broader community as scarce supplies were allocated.

And, of course, the concern there has always been that, if we did see a surge or if there came a time where, because we recovered tourism and started to see larger numbers of cases and as our military started to move around a little bit more—we have one of the largest military communities in the country and largest veterans communities in the country—we would see that surge, and we would start to detect a much greater concern over the scarcity of test kits and PPE.

And so the question—and this also interacts with the civilian community side, where you really see a little bit of a patchwork in terms of how the non-veterans healthcare community, which the veterans community utilizes for the delivery of services in Hawaii more than many other places in our country, that they have inconsistent rules in terms of the use of testing. Some, for example, require all testing to come into any kind of a procedure. Some take a little bit more of a nuanced approach to that. But the bottom line is that that is using testing and PPE, which then gets into scarce supply throughout the entire system.

And so I think my question has to do with, what is the ability of the Veterans Administration to deliver test kits and supplies or to assure testing and PPE to its facilities in Hawaii and the Pacific, especially if we do see a surge? Do you have an independent source? Do you have a way of assuring that you are doing that in a surge capacity regardless of, kind of, what the rest of our community is doing?

Dr. MACDONALD. Sir, yes, we are proud to say that, due to early engagement with multiple different vendors and proactive planning, we do have an adequate testing supply at this point. A hundred-and-forty-five of our facilities have rapid testing, and many of those facilities actually have multiple types available of testing, both rapid and typical antigen testing that returns in about 2 days.

We are able to cross-level supplies of testing across the country. And we proactively work on pieces that are more challenging in the global supply chain, including nasal swabs and the transport media that is necessary to move the specimens to the test site.

We also have a hub-and-spoke model, as I am sure you are aware, in your area that helps us more rapidly process those tests and makes sure that results are delivered to facilities and clinicians so they can make decisions as soon as possible and keep that care going for patients.

Mr. CASE. OK. Thank you very much.

And, Mr. Secretary, I would be remiss if I didn't use this opportunity to again emphasize the importance of the ALOHA Project in Hawaii, which is our Advanced Leeward Outpatient Healthcare Access VA multispecialty CBOC. That has been a 3-year—2 years too long—project, 3 years, and fully funded, ready to go.

I have had this discussion with you and with other VA folks, both in hearings and offline. It is still hung up. And it seems to be hung up somewhere above VA, in the GSA and OMB.

The issue seems to be OMB's inability to understand that in Hawaii we do have higher land costs, and, therefore, that has to be taken into account in terms of the lease award. The fact that, you know, Hawaii does tend to have higher land lease costs should not disadvantage our veterans. This is a desperately needed facility.

And I would put it in the COVID-19 context as well, because it was needed before COVID-19, but it is definitely needed after. And it is definitely part of overall economic regeneration for Hawaii, which, as I said, is one of the most devastated economically.

It seems to be that it is on its last few months, but that is what we said last year. So I would really ask for your personal attention to getting this over the finish line, getting that lease awarded, so we can, you know, cut through whatever is going on between GSA and OMB and VA and make the award and get this project underway.

Secretary WILKIE. I agree with you, sir. And I have said that, in a country like this, particularly with the veterans population that we have, one size doesn't fit all. The solution in Fayetteville, North Carolina, does not make any sense on the Big Island.

So they have heard me. I will go back to them and see if I can, as you say, push it across the finish line. But I agree with you. And I also agree with you about the needs—the particular needs of the veterans community on the islands.

Mr. CASE. Thank you very much.

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

Mr. Rutherford?

Mr. RUTHERFORD. Thank you, Madam Chair.

Mr. Secretary, first, on behalf of the 1.6 million veterans in my State of Florida, our home State of Florida, I want to say thank you for the service.

And I want to talk about access to care a little bit here. You know, you mentioned that, since the COVID-19, we have seen 900,000 telemedicine encounters. And, quite frankly, I am a little concerned about that, because I hear people talk about telemedicine as medicine that is "good enough."

And, in fact, I had an individual that spoke to me about his yearly physical, a retired veteran, who in the past would get the blood work-up and would go in and the doctor would go over those results with him. And, this year, his physical was a 5-minute phone call, no bloodwork, because he was in a low-risk population.

But the whole purpose—and this goes to the underlying health concerns that have been highlighted, as you mentioned earlier, by COVID-19. The focus on health and finding issues before they become serious issues, that is what that physical is for.

So my question is, can you tell me—first of all, define for me what a telemedicine encounter is. Because, in the private world, I think it is going to be even more concerning, because whether it is CMS paying for that or insurance companies, you know, exactly what is the definition of that? A 5-minute phone call, is that a telemedicine encounter? And so how do you define that?

Are there areas where you think it is not effective? See, you know, I mean, I would think if we are going to have a phone conversation for a doctor to simply go over bloodwork with me, to tell me where I am high and where I am low, what may need to be followed, I think that is reasonable. But for a physical to devolve into just a 5-minute phone call, I question whether that is the best use of telemedicine.

Secretary WILKIE. I will answer what has happened in the last 3 months, and then I will let Dr. MacDonald, the practitioner, give you the details.

We were the first healthcare system in the country to stop routine visits. We had to do that. As the chair has pointed out on numerous occasions, not only in this setting but in phone calls, I was making sure that we were preserving our people and preserving our equipment. So those routine visits did stop in terms of face-to-face, but we made up for that in telemedicine encounters. We had to do that to protect patients and to protect our staff.

I would say, the wave of the future for telemedicine is not in what you just described; it is really in mental health. It is allowing people to address these deep issues in the comforts of their home, or they can visit the library or wherever they feel comfortable to talk to our mental health professionals. That is where we have seen the biggest explosion.

And I will let Dr. MacDonald answer the rest of the question.

Dr. MACDONALD. Congressman, to emphasize what the Secretary said, you are right that there is care that belongs in person. And that high touch, that meaning of the patient and provider relationship direct, person to person, the privilege of that encounter is, frankly, why I went into medicine. And that is important to us. And to the Secretary's point, that can actually be delivered effectively via telemedicine.

To your question about physicals, we are actually going above and beyond and conducting outreach to veterans, meeting them where they are, not causing them to wait for a physical anymore, but making sure that we know their concerns in advance. We are now emphasizing the ability to do that through a phone call, to coach them through the click of a simple link to spin up a video, and conduct that visit in a more frequent, high-touch way that meets their concerns before they have to wait for that annual visit.

To the question of the 5-minute encounter, I would offer that sometimes that is the right answer for the person, but via telehealth, we can still have that meaningful, deep discussion and spend the time that is necessary to address their concerns.

Mr. RUTHERFORD. OK.

Dr. MACDONALD. And that is how we are approaching it. We train our staff extensively on that so that there is really meaning on both sides of that virtual encounter.

Mr. RUTHERFORD. OK.

If I could ask one last question, this deals with access.

Ms. WASSERMAN SCHULTZ. Quickly, Mr. Rutherford.

Mr. RUTHERFORD. Pardon me?

Ms. WASSERMAN SCHULTZ. Quickly, if you can.

Mr. RUTHERFORD. Very quickly. May I?

Ms. WASSERMAN SCHULTZ. You are recognized.

Mr. RUTHERFORD. In 2016, the VA authorized three of the four advanced practice nursing fields to go to full practice authority, but you did not include the certified registered nurse anesthetist in that. And the argument was that there was adequate access. But I am hearing that there is a lot of access being delayed because the CRNAs are not available.

So can you address that? And is there any consideration to giving them full practice authority?

Secretary WILKIE. Madam Chair, may I?

Ms. WASSERMAN SCHULTZ. Yes, Mr. Secretary, you are recognized to respond.

Secretary WILKIE. The CRNA program was done carefully. We provided our CRNAs with full practice authority in those States where the States had offered full practice authority. I believe we have only hired 18 additional CRNAs.

But those were the parameters of the practice. And we did that because we needed so many hands on deck for the emergency rooms and the COVID wards.

Dr. MACDONALD. Yes, Congressman, we are finding that COVID-19 patients, as I am sure you have heard from your constituents, are difficult patients to ventilate at times. This can take up to 90 minutes of a very skilled, experienced intensivist's time.

VA has long been a leader in team-based care and team-based anesthesia care, and CRNAs have long been vital members of those teams. We have moved in alignment with industry in this pandemic to make sure that they have full practice authority in those States where that is already occurring.

To the Secretary's earlier point, that also gives us a better ability to recruit and retain those essential providers for our teams. We have seen a response rate to offers for RNs at 80 percent of those offers we extend. For CRNAs, before we extended that full practice authority in those States, it was only 8.7 percent.

We need these members of our teams, and we need that level of agility to respond effectively and deliver the access that you mentioned originally.

Mr. RUTHERFORD. Thank you.

And I yield back. Thank you, Madam Chair.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Rutherford. You are welcome.

I believe Chairwoman Lowey has returned? Although, I saw her for a moment and now I do not.

OK. Chairwoman Lowey, you are recognized for 5 minutes.

The CHAIRWOMAN. Well, thank you very much.

First, Madam Chair, I want to thank you for your comments there at the beginning of the question period. Those symbols on the tombstones go right to the heart of many people who visit. And I thank you very, very much.

And I want to thank the Secretary for your thoughtful presentation.

I do want to follow up with a couple of questions.

First of all, I want to get an understanding from you, what is happening with the hydroxychloroquine. I am concerned that the VA administered hydroxychloroquine, which was unproven for treatment of COVID-19, to more than 1,300 veterans despite a lack of evidence of its effectiveness. We know now that patients who were prescribed this drug were more likely to die than those who received standard treatment.

What was the rationale for administering this drug to vulnerable veterans? And were they fully aware of the risk before receiving it? Has the President's reckless endorsement led to an increase in veterans requesting the drug? Can you explain to me what is happening?

Secretary WILKIE. Well, let me talk about this period of time that we are in. This is a new disease. And even though I am not a medical person, I am a military person, I understand that there has to be hope. You can't look at a patient and say, we can't give you hope.

What I relied on was the vote of this Congress of the right to try—the right to try that was endorsed by the President with his signature. This Congress was very clear in saying that, if people of sound mind ask to be given experimental treatments because that may be the last thing that separates them from life and death, that we do that. The other option was to do nothing.

Everyone is learning in this in real-time, and we have followed FDA guidelines on this. I think I gave the chair a chart. We have brought down the use of this. It peaked when it peaked in the rest of the country sometime in April——

Ms. WASSERMAN SCHULTZ. Mr. Secretary? Let me just ask you to pause, and I will ask unanimous consent to enter the chart that is labeled "Hydroxychloroquine Timeline and Utilization" into the record. Without objection.

Secretary WILKIE. The use of this, Madam Chair, peaked when it peaked in the rest of the country. And we started ratcheting it down as we went more to Remdesivir and we went to the convalescent plasma. Last week, we only used it three times.

I talked to Dr. Fauci yesterday. As you know, I serve on the National Coronavirus Task Force. He said to me that we still have to leave the door open, because, with all of these studies, there still has not been randomized, controlled trials.

Now, that said, it is our doctors and our practitioners who are working with our patients. These are people dedicated to the preservation of life. Again, we are all learning as we go in this crisis.

I would also add that the rest of the world is all over the map. France banned it, and then the Government of India said it is absolutely essential for them to provide their people with it to protect them from the virus.

So, again, we have ratcheted down as we have brought more treatments online, and I expect that trend to continue in the future. But our mission was to preserve and protect life.

The CHAIRWOMAN. Mr. Secretary, thank you very much for your commitment. However, I would hope that the VA would respond to the science that is clearly coming from Dr. Fauci, rather than some wishful thinking coming from the President. But let's move on to another question.

It is very disappointing to me that the VA was using that drug that Dr. Fauci did not endorse. And I have known Dr. Fauci on the committee forever, for at least 30 years, and I would listen to him, rather than the President, when we are looking for scientific information.

I would like to get to the mental health issue. Because we know that social isolation poses dangers for the general population but particularly for the veterans who have suffered with mental illness.

Can you tell me what the VA is doing to continue connections with at-risk veterans during this time of stay-home orders? And are you anticipating an increase in mental health services when this pandemic subsides?

Secretary WILKIE. We have changed the way we do business when it comes to mental healthcare. And I think that is the silver lining from this crisis. Because we have sent out over 40 million individual communications, not just to veterans but to families and caregivers. We are unique as a healthcare system, in that, like the military, when someone joins, the family joins.

And we have expanded our footprint in mental telehealth, I think to the benefit not only of the veterans today but the benefit of veterans in the future.

I will be, Madam Chair, releasing, inaugurating our PREVENTS task force recommendations on mental health and suicide prevention on June 14. That will be the first national roadmap. That will fall in line with the question that you just asked about the way of the future when it comes to mental health.

I think we will be the first large healthcare organization to have a national conversation or to invoke a national conversation on mental health and how we treat it. That also will include a roadmap on homelessness and will also include a roadmap on addiction. That is in line with your thinking, and I know that is in line with the thinking of the chair.

The CHAIRWOMAN. Madam Chair, I believe my time is up. I am not sure what timing we are using.

Ms. WASSERMAN SCHULTZ. Your time has expired, Madam Chair.

The CHAIRWOMAN. Thank you very much, Madam Chair.

Ms. WASSERMAN SCHULTZ. Thank you. We will be doing a second round, so there will be another opportunity. Thank you so much.

And just, you know, before we move on to the next questioner, I will just note, Mr. Secretary, for the record that Dr. Fauci said just yesterday on hydroxychloroquine that the scientific data is—and I quote, "The scientific data is really quite evident now about

the lack of efficacy." So he has made it very clear where he is on the effectiveness of hydroxychloroquine.

Secretary WILKIE. And, as I mentioned, I talked to him after he made that statement and relayed his thoughts.

Ms. WASSERMAN SCHULTZ. Thank you.

Next, we have Mrs. Roby. You are recognized for 5 minutes.

Mrs. ROBY. Thank you, Madam Chair.

At a time when we are in the midst of the most serious health pandemic in over a century, the Central Alabama Veterans Healthcare System still has multiple leadership and staff positions that are unfilled. Currently, there is no permanent director, there is a pending start date for a chief of staff, there is no permanent deputy chief of staff, and there are an additional six service chief openings, with no permanent staff, at CAVHCS.

It remains unacceptable that CAVHCS still has so many senior staff openings. I just don't understand how you, Mr. Secretary, can expect to bring about positive change for our veterans' care and the management to the VA employees when you have no permanent leadership to bring about this change.

It is especially concerning that, after the previous director left in September of 2019, we still do not have a full-time director and it is almost June.

We know that Central Alabama VA has much improvement to make, and the right attention at the highest levels of the Department of Veterans Affairs is warranted, which is not effectively happening now.

My office continues to have difficulties in getting answers from CAVHCS to even the simplest of questions. In preparation for this hearing, my office reached out to the VA staff here in Washington and directly to CAVHCS with questions about staffing vacancies. My Washington office received a fairly prompt response, while my district office has yet to receive an answer from CAVHCS and made that request 13 days ago.

While I appreciate the response time of the VA staff here in Washington, the staffing vacancy data was readily available because it had been included in a report provided to Congress on May 14. That report, specific to CAVHCS, was required by law due to language that, thankfully, the chairwoman and I pushed to include in the appropriations bill last year.

And for the members of this committee, we had to put language into law to get the VA to communicate with me specific to CAVHCS.

As I said repeatedly, it has been difficult, if not impossible, to get prompt responses from your office. Apparently, the only way that we are able to get you to provide information is if this committee requires you to by law, or, if you are scheduled to testify before our committee, the information is nicely delivered right before a hearing.

My office has been left mostly in the dark as it relates to COVID-19 and updates from CAVHCS. Since this pandemic began, CAVHCS has held only two congressional staff briefings, both in April. That seems to be woefully inadequate, especially when it is my understanding that Birmingham—and for those of you who are not familiar with Alabama, it is about an hour and a half north of

Montgomery—the Birmingham, Alabama, VA has been providing congressional COVID-19 briefings every 2 weeks.

I was encouraged to hear that CAVHCS would be holding their first congressional COVID-19 briefing in over a month this Friday, May 29. Well, that was fleeting, because that briefing was just postponed yesterday. It was not postponed for a week or 2 weeks; it was postponed for an entire month, meaning it will be 2 months in total since we have heard from CAVHCS on COVID-19.

Madam Chair, I know you and our colleagues on this committee have continuously heard my pleas and push to improve the management and overall care for our veterans in central and southeast Alabama. And please know that I will continue to push for answers and actual improvements—actual improvements—until my last day serving in Congress.

Mr. Secretary, my wish and my hope, not for me but for the veterans that I serve, is that we won't continue to talk about how we hope CAVHCS will improve, but that your actions as the top leader in the VA will demonstrate to those veterans—the actions, real improvements, will demonstrate your commitment to CAVHCS.

So I will give you an opportunity to respond to my comments.

Secretary WILKIE. Madam Chair, it is past the time. May I?

Ms. WASSERMAN SCHULTZ. No, you can respond. Thank you, Mr. Secretary.

Secretary WILKIE. Well, I will say, one of the first visits I made as Secretary was to central Alabama, both to Montgomery and to Tuskegee. I think I was the first Secretary to ever visit Tuskegee, and very proud of that. I have paid attention to it.

We have changed leadership. I believe that the folks in Montgomery and Tuskegee have provided the entire State of Alabama with important services. We have placed many of our employees in central Alabama at the Bill Nichols State Veterans Home to help the veterans there who were in deep crisis.

The staffing issues that you are talking about—and I understand the value of permanence, but those positions are occupied. I have the same issue in my office. I have an acting deputy; I have an acting chief of staff. That doesn't mean that the work is not being done.

We are in the midst of revamping our entire HR program at VA. I agreed with you the first time that you raised this issue that it was not adequate for the entire country and certainly not adequate for central Alabama. And, as you know, my family lives in north Alabama, so it is a State that I am in a lot. And we are doing everything we can to make those positions permanent.

We have new leadership, as you know, both in Atlanta and in Montgomery, and I think that the services have improved across that VISN. And I will continue to focus on it because, one, I am very familiar with the area, and I have heard you.

And, believe me, the Secretary's, in general, focus has been to personally move on the leadership issues in your district. And I wish I could say I could snap my fingers and they would all be fixed, but I think it is in a better place than it was when you first raised the issue with me.

Mrs. ROBY. I don't know who—Mr. Bishop has the gavel.

I would just say to you, Mr. Secretary, while there have been some improvements, the situation is still very dire. And whereas I want nothing more than to celebrate improvements and care for our veterans, we have a long way to go.

And it feels like, every time we have this conversation, that I am the only one that feels a sense of urgency here. And I just want to see more passion and urgency from your office and dedication to dealing with—we are still one of the worst VAs in the country. And I have been banging my fist for years on this issue.

And so, again, I want to celebrate whatever improvements there are to celebrate, but just know, we have a very long way to go. And I am sure Mr. Bishop could comment on that as well.

And I yield back. Thank you.

Mr. BISHOP. [Presiding.] I thank the gentlelady.

Let me welcome you, Mr. Secretary. Let me thank you for all of the efforts that you and the team at VA have undertaken to continue services to our veterans under these extreme pandemic conditions, as well as your efforts to keep both the service providers and our veterans safe during the process.

But let me ditto and join and associate myself with Mrs. Roby's remarks. While she represents Alabama, I represent the west Georgia aspect of CAVHCS, and we have some serious concerns, and we continue to raise them, and Mrs. Roby's voice is not the only voice that has been raised with those concerns.

The delays that have been caused by COVID-19 have caused delays in your systems and your plans across the country, and I assume that the delays also have come in responding to the questions that I raised the last time we spoke regarding the VA center that is to be constructed in Columbus, Georgia.

And, at this point, I am very, very frustrated that, after almost a decade, we are still waiting. And, of course, after the contract was let, it was re-let. And the site that was selected for a second time is a site that has no public transportation, it is away from the long-established medical campuses that have specialists for our veterans, and, of course, it is not very convenient at all.

And as I indicated the last time we spoke and the time before that, we have yet to receive a satisfactory answer as to what went into that decision and whether the proposed location can be changed and can be made more accessible.

This has been a process that has been ongoing now for almost a decade. So I would like for you to comment on that.

And, of course, I have a second line of questions with regard to the impact that the COVID-19 has had, which caused you to pause all of your in-person compensation and pension examinations. I understand that that was to keep the veterans and the physicians safe during the pandemic.

But some of the exams are being completed using the telehealth technology and the file reviews through the—I think you call it the Acceptable Clinical Evidence initiative. And I understand that you are exploring new exam delivery models, such as the tele-hybrid model, and the extension of authority to allow the compensation and pension examination providers' clinical licenses to cross State lines.

I would like for you to tell me what additional tools you need from Congress to ensure delivery of timely and high-quality C&P exams; with the pause of the C&P exams over the past 2 months, what course of action you will take to address the ballooning backlog; and what are the technological changes VA is looking at in addressing the coverage for elderly patients and other vulnerable populations to ensure the safety of both the patients and the providers.

Secretary WILKIE. Yes, sir.

Mr. BISHOP. Please address the Columbus, Georgia, issue first.

Secretary WILKIE. I will address Columbus first and then, if you don't mind, let Dr. Lawrence answer the compensation issue.

You are right, what has happened in Columbus is not acceptable. I can say that I have the same issue in Mr. McCarthy's district in Bakersfield, California. We are taking a look at the way we acquire and build properties. It is a 19th-century system stuck in the 21st century.

It is doubly important in your district, because I think at the end of this year Georgia will have the fifth-highest number of veterans of any State in the country. And I will continue to push and will get you another report as soon as—I will start it as soon as I leave.

I agree with you, it is unacceptable. And when we can take these masks off, I will promise to come see with my eyes and be with you to look at that site.

Mr. LAWRENCE. Sir, in terms of the compensation and pension exams, C&P exams, very much appreciate your question. We followed the lead of our hospitals, the VHA. They stopped doing these exams on April 2 for obvious reasons of safety. We told our contractors to stop on April 3.

You are right, we did some telemedicine, some hybrid, and something called ACE, as you indicate. But you are right, the failure to meet in person—you can only do those things I just described and you described for a limited number of the total. The failure to be able to do in-person compensation and pension exams sets us back because we can't process claims. We are partially awarding claims. We are awarding some of the claims we have. But this is a big deal.

We are working with the vendors to get ready to reopen, again, following VHA's lane.

You were generous to ask what do we need. We have a request before you to do two things: allow doctors who do these exams to practice across State lines; and allow non-doctors, essentially nurse practitioners, to do some of these. We think that will greatly expand our capacity, which will bring down the backlog.

I know you are concerned about the backlog, sir. This morning, it is 114,000. In November, it was 64,000. We know how to drive it down. We are not proud of this. Our team is embarrassed. We want to open up, get the C&P exams, and get back to that very low number.

Mr. BISHOP. Thank you, sir.

I think my time has expired. At this time, I recognize Mr. Cartwright.

Mr. CARTWRIGHT. Thank you, Mr. Bishop.

And thank you, Mr. Secretary, for coming today.

I listened to your opening statement, and you said that we have lost hundreds of veteran patients to this COVID-19 disease. And, in fact, that is what you wrote in your written opening statement as well. Am I correct?

Secretary WILKIE. Yes, sir.

Mr. CARTWRIGHT. What I have is 1,100 VA patient deaths in my statistic.

Secretary WILKIE. No, sir. It is 700.

Mr. CARTWRIGHT. It is 700?

Secretary WILKIE. Yes, sir. That is 11,000 infections. And about 9,000 of those 11,000—I can get you the exact number have fully recovered. So, right now, we have a total of 1,500 veterans in our 170 hospitals who have—

Mr. CARTWRIGHT. You said that. Yes, I got that.

OK. So we are here doing oversight, obviously, and this committee is here to be helpful to veterans, their families, and their caregivers. And everybody is understandably frightened of this disease and their health prospects during the pandemic.

There has been some debate, and I wanted to bring it up with you, about how much authority the VA has over State-run veterans homes.

Now, we are very proud. I am from Scranton, PA, and we have the Gino Merli Veterans Center, which has had no deaths, zero. It is a State-run veterans home in Scranton. But that has not been the case all over the country.

And we have to talk about this debate about State-run veterans homes that receive Federal payments and are subject to Federal inspections.

Now, Mr. Secretary, you have taken the stance that the protection of veterans from infectious spread in those State homes should be left to the States. And my question is, did that work well?

My understanding is that there are hundreds of veterans across the country who have died from COVID-19 in State-run veterans homes. Am I correct in that?

Secretary WILKIE. That is true. And I think we account for many of those in our numbers that I will give you.

Mr. CARTWRIGHT. OK.

So here is where I am going with that: Might a stronger, more comprehensive, united policy, maybe one that takes into account where our victories have been, like in Scranton—might a stronger, unified response for the 50 States work better for the State home veteran residents where lives were lost?

Secretary WILKIE. So I think it is one of the most important questions that will come out of this. And if you would indulge me for a minute, and I will talk about the two separate systems and why Congress did what it did and what we do and——

Mr. CARTWRIGHT. How about 30 seconds?

Secretary WILKIE. OK. Real quick, the Congress was very clear in separating us from State veterans homes in terms of management, operation, and control. In fact, it says it several times in the statute. We provide surveys just as the Joint Commission does for the 6,700 hospitals around the country.

I will give you the example of Massachusetts. In Massachusetts, we delivered a report to the Commonwealth of Massachusetts on

January 31—52 pages, with seven recommendations, including infection control. The Commonwealth is the certifying authority for that home. We do provide those recommendations.

When this hit, I began calling Governors. I called your Governor, I called the Governor of Massachusetts, the Governor of New Jersey, said, "What do you need from VA?" We are there to provide that bridge between States and the locale. In your neighboring State, we have come in and taken control of two nursing homes.

I think there needs to be a debate, a clearer debate, on what the final Federal responsibility is for those State veterans homes.

Mr. CARTWRIGHT. OK. We will talk about that, but I have to move on. I want to talk about testing of VA employees.

Secretary WILKIE. Yes.

Mr. CARTWRIGHT. Now, there is a VHA Directive 1047, issued on April 21 this year, that deals with the all-hazards emergency cash program and has an appendix. It is an opinion from the Office of General Counsel, and Subsection F of that opinion says: Pursuant to statute, VA has the authority to provide certain health services to its employees. That includes that VA has the authority to provide medical countermeasures to employees.

Now, the VA already provides key immunizations to its own employees who are not veterans and who are not eligible for routine healthcare from the VHA. Do you agree with the General Counsel's statement of authority that this type of medical countermeasure is both appropriate and legal?

Dr. MACDONALD. Congressman, yes, we do have testing available for employees.

Mr. CARTWRIGHT. Good. And can we agree that testing VA employees who are routinely exposed to COVID-19 patients would provide an infection-spread-prevention benefit?

Dr. MACDONALD. We move in lockstep with the science, sir, and CDC guidelines, yes.

Mr. CARTWRIGHT. Thank you.

So, as a medical countermeasure to prevent patient-threatening conditions, as described in the General Counsel's opinion, does the VA currently offer testing to its non-veteran employees who are routinely exposed to COVID-19 patients?

Dr. MACDONALD. We do, sir. Our employees who are symptomatic or who request a test from us are able to get one through us or through their outside health insurance, should they have that, yes.

Mr. CARTWRIGHT. Well, I am glad you said that, because here is why I asked. As I say, I am from northeastern Pennsylvania, and we have a VA medical center there. And that testing was not offered in May or so far in—it wasn't offered in April or so far in May at the Wilkes-Barre Medical Center. Employees there, including those caring for COVID-19 patients, have been required to seek testing elsewhere if they were not veterans themselves and so ineligible to register with the VA for comprehensive medical care.

Here is my question: Were either of you aware of that going on at the Wilkes-Barre VA?

Secretary WILKIE. I was not aware of what was going on in Wilkes-Barre.

Mr. CARTWRIGHT. All right. Well, we need——

Secretary WILKIE. I will take a look at that.

Mr. CARTWRIGHT. Well, we need to talk about that.

Secretary WILKIE. Yes, sir.

Mr. CARTWRIGHT. And I will have more questions in the next round. I yield back.

Mr. BISHOP. Thank you, sir.

At this time, I would like to recognize the gentlelady, Mrs. Bustos.

Mrs. BUSTOS. Alrighty. Thank you, Mr. Chair.

And, Secretary Wilkie, I want to thank you and your team for being here with us today.

I am actually going to start off a little bit where Chairwoman Debbie Wasserman Schultz started, on the question about PPE. And if I have any time, I want to go into testing a little bit as well.

And you may recall this, Secretary Wilkie. When you were here on March 4 talking with us about your budget request, I asked you about the VA's ability to respond to the coronavirus. So that is going way back to March 4.

At that time, here was what you answered to my question about your preparation. You said—this is your quote—"We train for epidemics. We began moving on supply chain and preparation really before this became a national issue." That was your quote to me on that date.

You assured us at that time that the VA was uniquely prepared among government agencies to respond to the coronavirus. And you testified that your agency had been, quote, "augmenting the supply chain," end quote.

So those were the assurances on March 4.

Then let's fast-forward a little bit to late April. Dr. Stone, the Executive in Charge of the Veterans Health Administration, described that your system was facing severe shortages, with some of your hospitals near, quote/end quote, austerity levels on personal protective equipment.

So, again, you talked about your agency training for epidemics; you began preparation early. Yet it was about a month later that your hospitals faced this dire situation. So I am wondering what the disconnect was in that very, very short amount of time between what you told us as a committee here, a subcommittee, and then what Dr. Stone talked about just a short time later.

Secretary WILKIE. Well, there isn't a disconnect. What happened in between the time that I testified and the time that Dr. Stone delivered those remarks was that a national emergency was declared and that the provisions that we made for the independent supply chain and equipment was disrupted. We no longer had access to that as things flowed into the national stockpile and that that equipment was spread across the country.

I mentioned earlier—I will do this really fast—I am looking at ways to prevent that from happening again in the event that this thing boomerangs back on us in the fall. But that is what happened.

But I think, in the rest of Dr. Stone's remarks, he probably said that we did not fall beyond 2 weeks of supplies in any of our hospitals, we never ran out, because we have the ability to do what they call in the Navy cross-deck.

There are huge swathes of this country where this virus has not impacted. If you look at north Dallas to the Canadian border, to Idaho down to New Mexico, there are very few patients. And we were able to move supplies from those areas into areas that were hotspots, particularly in the northern part of your State, where we also opened up our hospitals to civilians.

Mrs. BUSTOS. So do you have what you need now? I mean, I know you talked a little bit ago about your level of supplies, but you also just mentioned in your response to me about "should we have a second wave that really kicks off."

Secretary WILKIE. Yeah.

Mrs. BUSTOS. How are—you also mentioned the supply chain. So talk about, if the numbers do tick up to a much greater level, and the supply chain issues that you mentioned in your own opening remarks, how is this all coming together? And what assurances can you give us, give the veterans, give the employees, that you will be ready?

Secretary WILKIE. Well, we are marshaling resources and storing them up at a greater pace than we had back in February, which was right before I testified.

I have been also talking to CEOs of large corporations to make sure that, as the national emergency subsides, we start getting large numbers of equipment from them, everything from masks to gowns.

So that is the plan. I am establishing depots across the country. It is an old military model.

But I have to be honest, and the chair knows this. I said right after I testified and the national emergency was declared that we were not working in optimal conditions and we had to compensate for that.

Thank the Lord, we have had a very, very low incident of infection amongst our employees. Right now, of the 330,000 employees we have, there are 500 active infections. But we don't want to face another situation where I come and tell the chair that it is not optimal. And I think I have been very clear in stating that, that we don't want to go through that again.

Mrs. BUSTOS. All right.

My time has expired. I yield back.

Ms. WASSERMAN SCHULTZ. [presiding.] Thank you, Mrs. Bustos.

Mr. Ryan, you are recognized for 5 minutes.

Mr. RYAN. Thank you, Madam Chair.

Mr. Secretary, always good to be with you. Thank you for all your work.

Secretary WILKIE. Good to see you, sir.

Mr. RYAN. And please pass along our regards to all the men and women in the VA who are on the front lines.

I appreciate your—let me first associate myself with the chair's remarks, from her comments. And we appreciate you addressing that issue to the best of your ability.

You know, I appreciate your remarks around telemedicine. There are some tectonic shifts happening in the economy right now and in some of our institutions, and I think digital learning, telemedicine, they are going to be some huge shifts. And so we want to con-

tinue a conversation with you about how we continue to build out telemedicine with regard to the VA.

In addition to what Mrs. Bustos was just saying, I represent Youngstown, Ohio, America Makes, the national innovation center built around additive manufacturing. I know there is an MOU in the works with the VA and America Makes with regard to 3D-printing PPE into the future.

So I hope that we can get that worked out as quickly as possible so that, when there is a second or third wave, we have already done the legwork and the groundwork to be able to tap into the maker movement in the United States, which could be very helpful in this regard.

Two quick questions for you. One is about the DBQs.

So I know that the VA reversed policy on processes relating to the applications with disability benefits and the questionnaires. My VSOs back in Ohio and, I think, across the country thought that this simplified the process for a veteran to obtain sufficient medical evidence. And the implementation of these forms were a key part of the reduction of the backlog of claims. And so many of the VSOs see this as a step backwards.

Can you just walk me through your logic on this situation and why you did it?

Mr. LAWRENCE. Certainly, sir. I am glad you asked about this, because I think there is a lot of confusion about it.

We welcome all evidence from any medical provider that supports a veteran's claim. So that can come in any forms. The public-facing DBQs were victims of fraud and misleading information that for-profit vendors were taking advantage of our veterans.

In addition, by virtue of their public face, we could not keep up with the changes. We had to go through the OMB process. It was designed in a period of time when we were very much paper-based. It had essentially been overcome by events, quite frankly.

But, again, any veteran can provide any medical information. The DBQ was in some ways becoming irrelevant for the situation and was a real source of fraud that we were working on.

Mr. RYAN. And were you working with the VSOs on this and the VSO—Herm Breuer and the VSO Association?

Mr. LAWRENCE. Absolutely. We formed a group to consult with them to get their opinions about this. So it is perplexing that, after the fact, after we worked with them, to hear this. They understood the situation too, and it troubles us to sort of see what has happened with this.

And, again, the public-facing nature of it prevented us from being able to change it as things were changing. But, again, they are all aware. They have access to our systems, as you know, with cards. They have been able to see the veterans' records and the like.

So, again, we welcome all information from their private providers. That has never been the issue. It has been this form that has been unintentionally, you know, turned into something that is really causing additional problems.

Mr. RYAN. OK. Well, whatever I can do to be helpful to make sure that we get everybody on the same page here, because——

Mr. LAWRENCE. Sure. No, I welcome that. Thank you for the question. And I will reach out to Herm, too, and make sure——

Mr. RYAN. I know, like many Members of Congress, I mean, we rely on our VSOs. I mean, those are our boots on the ground, you know, in the foxhole every single day. So I want to just make sure that their voice is being heard in this process.

One final quick question here, Mr. Secretary, if you could. With regard to the disability benefit applications, a lot of the older vets—that is pretty good. I like that. I wish I could do that, Mr. Secretary—they find it difficult to use the technology. And they are really comfortable with going to the offices and, kind of, getting the eyeball-to-eyeball. And these offices have been closed.

What is the process you guys are going to put in place to reengage a lot of these vets who we may not be connected with them right now?

Mr. LAWRENCE. Sure. Again, we are going to follow VHA's lead in terms of the three-step process to open, using the right protocols and the like, welcoming the least risky veterans in and going to the most risky, using all the different things. So we are going to follow their process.

In addition—and here is touch to your first question, sir—we are working closely with the States and counties as they reopen, because, as you know, they can serve veterans too. So we want to have multiple ways of access.

And, finally, of course, we know some veterans will not leave their home regardless of what we do, but they want in-person service. So we regularly advertise this number, (800)827-1000. They can call us. These are VBA employees. And we can take their application over the phone.

So we are very sensitive to the situation, and we will be communicating how we are opening, how we are engaging the public in person.

Mr. RYAN. OK.

Secretary WILKIE. I would say, Mr. Ryan, that I have actually been amazed at the embracing of many of the telehealth changes by older veterans. I mean, I am a computer Neanderthal myself.

But we have had so many encounters; I mentioned the hundreds of thousands that we have had. And because, you know, more than half of our population is over the age of 65, these aren't young veterans who are doing this. So they are working with it.

Mr. RYAN. OK.

Thank you, Madam Chair.

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

OK. Mr. Secretary, I believe we have a few members that want to ask a second round of questions. I appreciate your indulgence.

I will begin by asking you about testing. That is one of the biggest question marks nationwide that we have throughout this public health emergency, is our capacity and access to testing, the confusion around it, the inconsistency of criteria available at testing sites. So I want to just have you walk us through, what are VA's current testing capabilities? Can you tell us how the testing process works? Do you provide consistent access to testing across all VA facilities? Who is eligible to receive the tests? Under what conditions?

What are we doing as far as criteria to test VA employees? Can they get tested even if they are not showing symptoms?

How many facilities have rapid testing available onsite? What is the turnaround time for those tests? Overall, the theme of my questions are that the feedback that I am getting from our VSOs, from different types of VA facilities across the country, is that the testing criteria and accessibility and availability of it is quite inconsistent.

Dr. MACDONALD. Madam Chair, I am happy to say we do have adequate testing in VA. We have, at this point, tested more than 125,000 veterans, just over 11,000 of whom have been positive. Most of those, as the Secretary referenced earlier, have recovered, or are in a convalescent status, more than 76 percent, and we are happy to see that high rate of recovery.

Most of our veterans are also able to be monitored at home, and we are seeing—we are seeing a trend that, as we have made testing available and as we are able to catch this illness early, that gives veterans and their families and those they encounter a better chance at being able to fight this, and being able to succeed in conquering it.

We also have testing available for our employees. Any employee who is symptomatic, who is concerned that they have been exposed or request a test is able to receive that.

To your question of rapid testing, we do have that in 145 facilities. We are aware that there are specific tests that have been under consideration by the FDA for needing higher accuracy. I am proud to say that in no spaces in VA are we relying solely on those that are under question by the FDA. In most sites, we have multiple forms of testing available, and we typically receive those results, for the rapid, in a couple of hours, and for the standard antigen tests, in about 2 days.

Ms. WASSERMAN SCHULTZ. OK. Doctor, for the entire time during the pandemic, have gotten reports that we do not have consistent access to testing based on the same criteria all the way across the VA, no matter—I mean, it—are you confident and can you go back and provide me with assurance and documentation that, in every VSN, we have a uniform access to testing, clear criteria across the board that both veterans and employees can understand, and are you promoting—and that you are promoting that access to testing?

Dr. MACDONALD. Madam Chair, we would be happy to provide that, and, yes, and to those listening today, we would so appreciate this group and those listening helping us carry the message that, if there is a veteran concerned about the symptoms they have or needing a test, VA is here for them. We have more than adequate testing supply. We can actually conduct up to 60,000 a week, and we welcome them to come and see us.

Ms. WASSERMAN SCHULTZ. OK. I just think the messaging needs to be made consistent across all the VSNs so that there is a clear understanding about that.

And, speaking of clear messaging and understanding, Mr. Secretary, I have had a—I mentioned yesterday in our conversation on the phone that I had a virtual roundtable and have been speaking with various veteran service organizations on an ongoing basis, and I was concerned about—that, across the board, they raised issues

with the disheartening lack of communication from the VA and consultation with the VSOs at the time.

I know that you are having regular conversations with the VSOs, but, as I mentioned yesterday, their concern is that they aren't being consulted; they are merely being informed, and, obviously, quite a difference between consultation and feedback when you really want to be able to make sure that you—that they explain to you what works best for veterans, and that has been an ongoing issue at the VA.

We are having trouble often getting information from you and from your team. It took, you know, over a month for us to get the update on your use of hydroxychloroquine and the instructions also that are being sent out to VAs across the country.

I realize that you are in a COVID-19 pandemic environment, but the Secretary of Defense regularly—who is also a member of the task force and is also obviously quite busy with dealing with the military's response, holds regular press conferences, is able to communicate more consistently and effectively.

So how can you make sure that you have a consistency of VA guidance and policies that are communicated, consult with your constituent groups, particularly the VSOs, and can you commit to more regularly publicly communicating with the public and the VA community?

Secretary WILKIE. Well, that, I am going to say that is a very interesting observation. Yesterday, I sat down with CBS News. That was the 102nd interview that I have done——

Ms. WASSERMAN SCHULTZ. Right. I know there is a difference, Mr. Secretary, between—and I know you have done interviews. That is different than having a give and take——

Secretary WILKIE. But it is across—I want to say it is across the spectrum. It is MSNBC, it is National Public Radio, it is ABC.

I actually raised your concerns with the VSOs yesterday, about 160 representatives on my call, which lasted over an hour, and I mentioned that I had talked to you, and I urged them to use the forum, and to use the time to raise the concerns that you raised with me. I will be brutally honest with you. I can't guess. But I asked them to send, to talk. I can't read minds. I don't mean to sound harsh, but I took your concerns to them yesterday and asked for exactly what you just said that they said that they wanted.

Ms. WASSERMAN SCHULTZ. Mr. Secretary, just to make sure you understand, I mean, the—you are requiring the VSOs to submit questions to you a week in advance before you talk with them, and, quite frankly, it is a lot more intimidating, on a group of 160 other organizations communicating with you, to be the one or two that raise the issue that all of—as someone who is on a call every week with 233 other of my colleagues, you know, it is not the easiest format right now to raise concerns. I can assure you I had a very large group of VSOs represented and have been—so they may not have wanted to tell you to your face, but I am—I can assure you that they have expressed their concern to me.

Secretary WILKIE. Well, they couldn't see it addressed like this.

Let me ask—one other thing you mentioned, the Secretary of Defense. Having been the Under Secretary and Assistant Secretary,

there is a dedicated press corps at the Department of Defense. They live there. There are hundreds of them. We don't have that.

I do the best that I can, given the fact that the major publications, newspapers in this country don't have anybody dedicated to VA. It is sort of a catch as catch can, which is why I have done so much radio and television across the spectrum, but particularly with those venues that you agree that most people in the Republican side or conservatives would use.

Ms. WASSERMAN SCHULTZ. Mr. Secretary, I recognize that you have done TV interviews. That is different than making yourself available and publicly communicating from a platform with a weekly or bi-weekly press conference to provide updates and also to engage in back and forth with more than just one reporter at a time, and then also the concern—I mean, not—I am certainly not questioning that I heard this feedback from the VSOs—and others have as well—making sure that you consult, which is different than informing the VSOs, that—so they have an opportunity to give you feedback and feel like they can inform your decisions is a different approach than you have been—than you have been taking.

Secretary WILKIE. I agree with your observation to the extent that it is a two-way street.

Ms. WASSERMAN SCHULTZ. Yes, it is a two-way street, but, right now, they only feel that the street is going one way, and can you commit that you will make yourself more publicly available, rather than one reporter at a time, to more broadly update the public about the ongoing response of the VA to the COVID-19 pandemic?

Secretary WILKIE. Well, I don't think any VA Secretary has ever had that luxury just because of the layout of the way that we are covered. That is why I have had to turn to——

Ms. WASSERMAN SCHULTZ. However you might find an opportunity to do that, I am sure that, because we have such a—that you are the largest healthcare system in the country, that there would be response to—by the press to hearing from you about the impact of the virus on our veterans.

Secretary WILKIE. And I know you don't want to continue this, but I also say I have made myself available from the—I think the most visible platform in the country, the White House press room.

Ms. WASSERMAN SCHULTZ. Right, but not consistently, Mr. Secretary.

Secretary WILKIE. Well, I don't think any of us have been because of this——

Ms. WASSERMAN SCHULTZ. Not consistently. So you won't commit to more regularly making yourself available?

Secretary WILKIE. Oh, I am committed to communicating in as many venues as I can.

Ms. WASSERMAN SCHULTZ. OK. Well, my advice to you publicly is that perhaps you could do so on a more broad-based basis and ensure that the VSOs will also have an opportunity to provide you with good feedback they can give you before decisions are made.

Secretary WILKIE. I want them to provide feedback.

Ms. WASSERMAN SCHULTZ. OK. Well, I am glad that we had a chance for you to confirm that publicly, and if you could give them a forum to do so without requiring them to submit a question a

week in advance, that would probably make them feel more like there is a free-flowing dialogue——

Secretary WILKIE. Yeah. I will also say that. I agree with you, that logistically, that is almost impossible given the conditions we have now, but I will—I will return to the normal process of having the leaders in—and I don't know that the Attorney General——

Ms. WASSERMAN SCHULTZ. I don't know—Mr. Secretary, I don't know why it is necessary to ask them to give you questions a week in advance. I mean, you can certainly—you can certainly have——

Secretary WILKIE. Well, there were 160 on the phone yesterday.

Ms. WASSERMAN SCHULTZ. Right. I understand. But making sure—and making sure that you can—the questions come up between the week before you consult—you are on the phone with them or in a——

Secretary WILKIE. I commit—I am doing——

Ms. WASSERMAN SCHULTZ. There are things happening in real time all the time during this crisis.

Secretary WILKIE. I am doing what I can as much as I can to communicate, and I agree with you that more information is better.

Ms. WASSERMAN SCHULTZ. OK. Well, I would ask you to go back and review how you might be able to make sure that, in more real time, prior to your decisions are concluded, that you are getting the kind of feedback that is effective for the constituency group that you represent.

Judge Carter, you are recognized for 5 minutes.

Mr. CARTER. Am I ready? It is on lock.

Ms. WASSERMAN SCHULTZ. Judge Carter, you are recognized for 5 minutes. Do you have any additional questions?

Mr. CARTER. I have got one little conversation I would like to have, and I thank you for the second round.

In March, Dr. Stone authorized the—certified registered nurse anesthetists full practice authority in those States which permitted it, or allowed it, and it was to be a temporary authority.

I would like to know when that authority is—the plan to rescind that authority. I have heard some stories about anesthesiologists with time on their hands at the VA. And this is important to me, because every time I—I tried a case back in 1984, lasted about 6 or 8 weeks, and I heard everything I ever wanted to hear about the intubation process, and the typical use to do that process, which was used, in my case, as a murder weapon, and the paralyzing of the system in order to intubate people with adult gag reflex.

So I guess maybe I know too much about anesthesiology as a result of that case, and, as someone who has—I was unfortunate to have adult onset asthma come on in my fifties. I have to worry every time I go under, but something like breathing when I come out. And so, I want the person there that, should an emergency arise, they are going to be able to provide me what I need.

And I am sure the nurse anesthetists are wonderful people, but they are, by definition, not as skilled as the anesthesiologist. And I think we owe our veterans, if they are going into a situation where they are going under, that they have the very best that we can provide. And so, I would like to know what—when that will be rescinded and what methods do the VA use to determine the full

practice authority was warranted, and was it more than just anecdotal evidence?

Secretary WILKIE. Judge, I will answer the second question. We are in an emergency situation. The original estimates that I gave to the chair in the first conversation that we had after the emergency was declared was that we would probably be looking at 200,000 infected veterans.

We needed to find as many people as quickly as we could for emergency purposes. Thankfully, we have been able to hire over 10,000 people in the last 5 weeks.

On the nurse anesthetists, because of the immediacy of the ventilator issue, we needed as many people who were skilled in the operation of those ventilators as we could find, and we only used the CRNAs in those States, as you pointed out—those States that had already authorized them to a full range of practice.

It was an emergency situation. I don't know when that emergency will abate, but that was the parameter of the decision made, and I will let Dr. MacDonald finish.

Dr. MACDONALD. Sir, to emphasize the Secretary's point, this was bringing us in line with industry in this moment of pandemic in those States that had already enacted this, 17 by law, and 12 by executive order. That is 29 States and about 200 million Americans living in areas served by CRNAs with full practice authority.

On our teams—and VA, as I mentioned earlier, has long been a leader in team-based care, including anesthesia team-based care. We needed these CRNAs as vital elements of our team to help give us the agility we need to serve veterans well and well across the country, and this is an element of necessary recruitment that we need for our readiness now and we need for our readiness if indeed there is a future wave of this in the fall.

Mr. CARTER. So do you expect—when do you expect that you will rescind this temporary order that you have done, or do you expect it to be permanent?

Dr. MACDONALD. This is temporary, sir, and it actually automatically expires with the end of the national emergency. At that point, we would like to come back and have a conversation about the way forward.

Mr. CARTER. So that is actually part of the order that it will end after the national emergency?

Dr. MACDONALD. With the end of the national emergency, yes, sir.

Mr. CARTER. OK. Thank you for the information.

Dr. MACDONALD. Thank you.

Ms. WASSERMAN SCHULTZ. Thank you, Judge Carter.

And our last member to ask questions in the second round will be Ms. Bustos. You are recognized for 5 minutes.

Mrs. BUSTOS. Thank you, Madam Chair.

As I continue to talk with veterans in our district—we have mostly a rural district in the central, western, and northern part of the State of Illinois, and we have a great goodwill in the city of Peoria, and what they have conveyed to me is that, while you are leveraging your virtual outreach, especially during this pandemic—and, Mr. Secretary, you went over some of those numbers of how you have grown the telehealth capabilities. What we are learning

is that we have many veterans in especially rural areas where you don't have high-speed Internet, but also, many don't even have smartphones or, you know, any kind of digital device that would lend itself to being able to have that telehealth interaction where you can actually make eye contact virtually.

So wondering—and I know Will Hurd asked this question. I was over voting, so I didn't get to hear the answer to this, but I understand, Mr. Secretary, that you said that you have a program to lend tablets to veterans.

Can you talk about how you will institutionalize that? So, to the veterans in our area who don't have smartphones or tablets or anything like that, what can I go home and tell them about the system that you have, and how you will institutionalize that in the VA?

Secretary WILKIE. Yes, ma'am. It is part of our general VA outreach to expand our footprint into rural America. We have been distributing—and the chair in the subcommittee provided moneys for that. We are sending these tablets out to veterans who are in those rural areas.

If they don't have one, please call us, and we will do our best to get them out to them. Call the VA medical center that they use, and we will work to that.

I will have to get back with you on the training, because I don't know all of the ins and outs, but it is part of a comprehensive rural outreach that we have. So, for your veterans, please call us, and we will get it.

Mrs. BUSTOS. OK. So it is literally—no question on the supplies you have—the supplies you need to be able to get those out? You have the funding?

Secretary WILKIE. We are constantly expanding the number of tablets that we purchase.

Mrs. BUSTOS. OK. All right. Very good.

Doctor, anything else to add to that?

Dr. MACDONALD. To follow on to the Secretary, ma'am, yes, this is part of our, as the Secretary mentioned, comprehensive rural health strategy. Telehealth certainly is a piece of this, and those tablets actually come equipped with Internet access so that these are ready made devices to enable veterans to succeed in their care and engage with us.

Additionally, under the Secretary's leadership, we have engaged in a number of public-private partnerships, including with the Rural Broadband Association, to bring telehealth sites to rural areas and also, offset the otherwise that would-be cost of engaging in telehealth visits, so T-Mobile, Sprint, TracFone, Verizon, actually waive the data fees when veterans are engaging with us on a video visit.

Additionally, though, the in-person part of rural care provision is important as well. Our clinical resource subs deliver telehealth. They also send providers to rural areas to engage veterans where they are as a necessary piece of this, and, of course, that is supplemented by our community care engagement and availability in those areas.

Mrs. BUSTOS. And do you see any impediments to this rural health program as we have this conversation right now towards getting the tablets out, whether there is training that can take

place, or any issues with that, but any impediments right now as we have this conversation?

Dr. MACDONALD. We don't see any, ma'am and, as the Secretary said, we are looking to drastically expand this, and already have during the pandemic. This started long before this, but we have drastically expanded it now. And we are thankful for those partnerships, for instance, from Apple with iPads, who have prioritized us in their supply chain in order to get this distribution done.

Mrs. BUSTOS. OK. That is great. I have got a minute left, so I am going to squeeze in this last question.

Mr. Secretary, you mentioned at the start of your remarks, your surge hiring of about 10,000 employees. Can you talk about what kind of employees? Mental health? Just kind of what is the layout—geographic? Can you go into a little bit about what those 10,000 employees are doing, their jobs, where they are, et cetera?

Secretary WILKIE. We have cut many corners. We have used emergency hiring authorities, but we have also eliminated many of the bureaucratic barriers to hiring. Of those 10,000, about 3,000 are nurses.

Mrs. BUSTOS. OK.

Secretary WILKIE. 700 are doctors. We have told them that if they want to join us, they can stay in their homes, their home regions. And so I don't have the breakdown across the country, but it is a significant number.

Do you have any——

Dr. MACDONALD. Yes. And just want to emphasize, as the Secretary said, that we have hired more than 11,000. You know, earlier this month, it was actually Nurses Week, and we are very proud to have brought on thousands of nurses; hundreds of doctors, as the Secretary mentioned; respiratory therapists; the CRNAs we were mentioning earlier, these high-priority roles that we need to deliver healthcare in a team-based way that we know is so effective for this illness, and for the chronic conditions that many of our veterans face, and we are planning to continue that aggressive hiring as we move forward through the summer and into the fall to maintain our readiness stance and make sure that we are ready for what comes.

Mrs. BUSTOS. All right. Very good.

My time is out. I yield back. Thank you very much.

Ms. WASSERMAN SCHULTZ. Thank you, Ms. Bustos.

That concludes this morning's hearing.

Mr. Secretary, Dr.—Mr. Secretary—I gave you an advanced degree—Dr. Lawrence, Mr. Rychalski, Dr. MacDonald, thank you for appearing at today's hearing.

We clearly have covered a lot of ground, and we have a lot to do in front of us to continue the response to protect our veterans and the employees that work for the VA against the coronavirus. I look forward to continuing to work with you all to do that, to continuing our ongoing conversations, which have been incredibly helpful and informative and have given us a real opportunity to have the kind of give and take necessary in the midst of an ongoing crisis.

Thank you, and on behalf of our committee, and please send our appreciation to all of those that are working so hard to protect our veterans.

With that, the subcommittee stands adjourned.