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AUTHORIZING MAJOR MEDICAL CONSTRUCTION PROJECTS AND MAJOR MEDICAL FACILITY LEASES FOR THE DEPARTMENT OF VETERANS AFFAIRS FOR FISCAL YEAR 1999, AND FOR OTHER PURPOSES

APRIL 22, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. STUMP, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 3603]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3603), to authorize major medical facility projects and major medical facility leases for the Department of Veterans Affairs for fiscal year 1999, and for other purposes, having considered the same reports favorably thereon without amendment and recommends that the bill do pass.

INTRODUCTION

On February 4, 1998, the Committee received testimony on the fiscal year 1999 Department of Veterans Affairs (VA) budget, including major construction plans. The Honorable Togo D. West, Jr., Acting Secretary of Veterans Affairs, testified for the VA. Among those accompanying Mr. West were Dr. Kenneth W. Kizer, Under Secretary for Health, and Mr. Mark Catlett, Acting Assistant Secretary for Management.

A second hearing on the FY 1999 Department of Veterans Affairs budget was conducted on February 12, 1998. Those testifying included Mr. Gordon Mansfield, Executive Director of the Paralyzed Veterans of America; Mr. David Gorman, Executive Director of the Disabled American Veterans; Mr. Chuck Burns, National Service Director for AMVETS; Mr. Kenneth Steadman, Executive Director for the Veterans of Foreign Wars; Mr. Carroll Williams, Director of the National Veterans Affairs and Rehabilitation Commission of The American Legion; and Mr. Larry Rhea, Deputy Director of Legislative Affairs, Non Commissioned Officers Association.

The Subcommittee on Health met on March 19, 1998 and ordered draft construction legislation reported favorably to the full Committee by unanimous voice vote.

H.R. 3603 was introduced on March 31, 1998.

The full Committee met on April 1, 1998 and ordered H.R 3603 reported favorably to the House by unanimous voice vote.

SUMMARY OF THE REPORTED BILL

H.R. 3603 would:

1) Authorize the following major medical facility projects:
   a) clinical consolidation and seismic corrections at the Long Beach, California VA Medical Center;
   b) seismic corrections at the San Juan, Puerto Rico VA medical Center;
   c) outpatient clinic expansion at the Washington, DC VA Medical Center;
   d) construction and seismic corrections at the Palo Alto (Menlo Park), California VA Medical Center;
   e) ambulatory care improvements at the Cleveland (Wade Park), Ohio VA Medical Center;
   f) ambulatory care addition at the Tucson, Arizona VA Medical Center;
   g) psychiatric care addition at the Dallas, Texas VA Medical Center;
   h) outpatient clinic projects at Auburn and Merced, California, as part of the Northern California Healthcare System; and
   i) a parking structure at the Denver, Colorado VA Medical Center.
2) Authorize major medical facility leases in Baton Rouge, Louisiana; Daytona Beach, Florida; and Oakland Park, Florida.
3) Authorize appropriations of $205.3 million in the Construction, Major Projects account and $8.5 million in the Medical Care account for the leases.
4) Increase the threshold for treatment of a parking facility project as a major medical facility project from $3 million to $4 million.

BACKGROUND AND DISCUSSION

MAJOR CONSTRUCTION PROJECTS

The Administration's major construction budget for fiscal year 1999 seeks funds for only two medical construction projects. These two projects aim to remedy seismic problems, and to provide modern settings for furnishing care, at two tertiary hospitals. These two proposals are among a series of pending construction projects to which VA has assigned a high priority under the prioritization scoring methodology that it employs. But the budget submission ignores many other equally high-ranking projects.

While the two requested projects are important, VA's *construction* budget for fiscal year 1999 fails to support priorities reflected in its *medical care* budget. Specifically, in limiting its request to two projects that focus on inpatient care needs, the *construction* budget ignores the high priority VA is otherwise giving to outpatient care in its *medical care* budget. The medical care budget, for example, envisions closures of additional hospital wards in FY 1999 and further expansion in the numbers of episodes of outpatient treatment.

Notwithstanding the limited amounts actually requested for construction funding, VA planners have certainly seen the need to renovate, or add ambulatory additions to, decades-old hospital buildings. Many of these institutions simply lack adequate capacity to furnish outpatient care efficiently. Accordingly, while wholly silent on the matter in its major construction *budget submission*, VA, in reporting to Congress on its strategic plans, has identified several ambulatory care projects among its highest priority construction projects.

With constrained major construction budgets, many ambulatory care and other high priority projects have been "on hold" for some time; they have undergone repeated scrutiny and reassessment. Given the very limited impact the Administration's major construction budget would have on VA's infrastructure needs, the Committee believes it is essential that Congress look beyond the Administration's budget proposal. The reported bill provides a foundation for such action.

At the same time, while confident that the projects which the Committee has recommended represent long overdue infrastructure needs, the Committee is concerned about one aspect of the Department's prioritization process. The Committee learned that in developing its budget recommendations for fiscal year 1999 and identifying its highest priority major construction needs (in accordance with the requirements of section 8107(d) of title 38, United States Code), the Department conveyed to its network directors that it would largely limit the pool of projects it would consider to a single project from each of VHA's 22 networks. While that approach may in general be seen as fostering regional parity, it does not ensure that from a national perspective the Department's highest priorities are actually identified. By way of illustration, the Committee in 1989 and again in 1992 recommended that funds be appropriated for a new spinal cord injury center at the Tampa, Florida VA Medical Center. While Congress appropriated funds for the first phase of that project (for working drawings and the construction of

a new energy plant), the Tampa project was not among those included in VA's list, submitted in accordance with section 8107. Department officials have acknowledged, however, that while the Tampa project remains a high priority, the Director of the particular network identified a construction need at another hospital in the network as his highest priority. Accordingly, under its prioritization process, VA did not even consider the Tampa project in identifying its "highest needs". Such a policy places the Congress at a disadvantage in its consideration of construction needs.

Of the construction projects that are included on VA's list of highest priorities, the Committee would authorize the following projects.

The Committee proposes the authorization of clinical consolidations and seismic corrections at the Long Beach VA Medical Center for an amount not to exceed $23.2 million. One seismically and structurally unsound building will be demolished and services performed there will be consolidated into other buildings that will undergo needed renovations. This move will improve the health care environment for veterans using the facility and increase treatment efficiencies.

The Committee would also authorize a seismic correction project at the San Juan VA Medical Center for an amount up to $50 million. The top six stories of the main hospital building, built in the 1950s and well below the recommended seismic safety standards, would be taken down and a new two story medical and surgical building would be constructed. The remaining floors of the original building would undergo seismic strengthening.

As mentioned earlier, the Committee is mindful of the current backlog of VA construction projects and has added a number of projects that it believes to be well justified. This legislation would authorize an outpatient clinic expansion at the Washington, D.C. VA Medical Center for up to $29.7 million. The project would provide a building addition for the expansion of a number of specialties such as primary care services and outpatient radiology. The main building of the facility was built thirty years ago with an emphasis on inpatient care. As health care delivery has changed, so has the need to renovate the facility to adapt to the shift to ambulatory care.

The Committee proposes an ambulatory care addition and renovation project at the Cleveland (Wade Park) VA Medical Center for an amount not to exceed $28.3 million, of which $7.5 million would come from previously appropriated funds. This project would include the construction of an ambulatory care addition and renovation of existing space for ambulatory care, which is housed in a 40-year old building and is not well-designed to handle the increasing numbers of outpatient visits. Overcrowding has resulted in the need to locate outpatient clinics on virtually every floor of the facility.

An ambulatory care addition at the Tucson VA Medical Center would be authorized under this legislation for an amount up to $35 million. This project was previously authorized—but funds were never appropriated—in Public Law 104–262. The project would add two stories to an already-existing ambulatory care building at the facility. Currently, outpatient care is dispersed among several

buildings, some of which are almost 70 years old. The main ambulatory care building, built 20 years ago, was intended to provide services for 105,000 outpatient visits. In fiscal year 1996, Tucson provided more than 223,000 visits.

In 1996, Congress authorized a seismic correction project at the Palo Alto (Menlo Park) VA Medical Center. Monies for that project, however, were not appropriated. There remains a need to carry out this project, which would involve demolition of a seismically deficient building and construction of a one-story, 120-bed psychogeriatric nursing home care building.

The legislation would authorize construction of a new multi-level mental health addition on top of an already-existing ambulatory care building at the Dallas VA Medical Center in an amount not to exceed $24.2 million. The current mental health program at the facility is dispersed across the campus; the VAMC's primary mental health structure was built in 1939 and has major deficiencies that render it virtually obsolete. This construction project would consolidate the outpatient and inpatient mental health units into space that meets VA criteria and improves health care delivery for mental health patients.

The reported bill would also authorize construction of a parking facility at the Denver VA Medical Center. Limited parking capacity at the facility limits ready access of patients and staff to the building. The proposed multi-level parking structure would provide 700 parking spaces and would include a horizontal connection to the medical center.

Pursuant to a Congressional directive during the 105th Congress, VA undertook a study of the Northern California VA health care system to determine how best to provide care to veterans in that region. Among its findings, the study identified a need for outpatient improvements at Mare Island and Martinez, California and four additional community-based outpatient clinics. Last year, the Committee initiated legislation eventually signed into law to authorize the Mare Island and Martinez projects. Also last year, the VA determined that the least costly means of establishing the remaining clinics was to lease two of them—in Eureka and Chico—and purchase and renovate clinics at Auburn and Merced. The Committee thus recommends the authorization of the Auburn and Merced clinics.

MAJOR MEDICAL FACILITY LEASES

H.R. 3603 would authorize the VA to enter into three major medical leases and authorizes funding for sums representing the estimated annual rent and one-time cost of converting space for medical use. Specifically, this legislation would authorize funds for the lease of satellite outpatient clinics in Baton Rouge, Louisiana in an amount up to $1.8 million; Daytona Beach, Florida in an amount up to $2.6 million; and Oakland Park, Florida in an amount up to $4.1 million. There is special urgency associated with leasing space for clinic operations at Daytona Beach in that it would be an emergency acquisition to replace an existing clinic that has exhibited a number of deficiencies, including problems with heating, ventilation, and architecture.

AUTHORIZATION OF APPROPRIATIONS

H.R. 3603 would authorize the appropriation of $205.3 million from the Construction, Major Projects account for the major medical facility projects.

The bill would also authorize appropriations in the amount of $8.5 from the Medical Care account for the major medical facility leases.

Funds for the California outpatient clinics were appropriated last year in the fiscal year 1998 Appropriations bill. Likewise, the money to build the parking structure in Denver would come from current unobligated balances and parking receipts available in the parking revolving fund, and not through newly authorized appropriations.

PARKING FACILITY PROJECT THRESHOLD

The Committee recognizes that costs of VA construction projects have risen with inflation over the years, and that many projects, which in the past would have been considered minor in scope, could no longer be accomplished within the then-applicable minor project threshold of $3 million. Such projects, therefore, would be deemed major construction—and in need of authorization—because of rising costs. Public Law 104–262 included a provision that raised the threshold of a major medical construction project from $3 million to $4 million. Through an oversight, however, that law did not amend section 8109 (i)(2) of title 38, United States Code, which set the threshold for treatment of a parking facility project as a major medical facility project at $3 million. H.R. 3603 would increase that threshold from $3 million to $4 million.

SECTION-BY-SECTION ANALYSIS

Section 1(a)(1) would authorize clinical consolidation and seismic corrections at the Long Beach VA Medical Center in an amount not to exceed $23.2 million.

Section 1(a)(2) would authorize construction and seismic work at the San Juan VA Medical Center in an amount not to exceed $50 million.

Section 1(a)(3) would authorize clinic expansion at the Washington (D.C.) VA Medical Center in an amount not to exceed $29.7 million.

Section 1(a)(4) would authorize construction of a psychogeriatric care building and seismic corrections at the Palo Alto (Menlo Park) VA Medical Center in an amount not to exceed $22.4 million.

Section 1(a)(5) would authorize improvements in the ambulatory care department at the Cleveland (Wade Park) VA Medical Center in an amount not to exceed $28.3 million, of which $7.5 million would come from previously appropriated funds.

Section 1(a)(6) would authorize an ambulatory care addition at the Tucson VA Medical Center in an amount not to exceed $35 million.

Section 1(a)(7) would authorize a psychiatric care addition at the Dallas VA Medical Center in an amount not to exceed $24.2 million.

Section 1(a)(8) would authorize outpatient clinic projects at Auburn and Merced, California in an amount not to exceed $3 million in previously appropriated funds.

Section 1(b) would authorize a parking structure at the Denver VA Medical Center in an amount not to exceed $13 million, of which $11.9 million would come from funds already in the Parking Revolving Fund.

Section 2(1) would authorize the lease of a satellite outpatient clinic in Baton Rouge, Louisiana in an amount not to exceed $1.8 million.

Section 2(2) would authorize the lease of a satellite outpatient clinic in Daytona Beach, Florida in an amount not to exceed $2.6 million.

Section 2(3) would authorize the lease of a satellite outpatient clinic in Oakland Park, Florida in an amount not to exceed $4.1 million.

Section 3(a)(1) would authorize $205.3 million in the Construction, Major Projects account for the major medical facility projects.

Section 3(a)(2) would authorize $8.5 million in the Medical Care account for the major medical facility leases.

Section 3(b)(1) would specify that the projects authorized in section 1(a) may only be carried out using funds appropriated in section 1(a); already appropriated, non-obligated Construction, Major Projects funds; and unspecified pre-fiscal year 1999 Construction, Major Projects funds.

Section 3(b)(2) would specify that the parking structure project at the Denver VA Medical Center may only be carried out using pre-fiscal year 1999 funds from the Parking Revolving Funds and unspecified Construction, Major Projects funds.

Section 4 would increase the threshold for treatment of a parking facility project as a major medical facility project from $3 million to $4 million.

OVERSIGHT FINDINGS

No oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 2, 1998.

Hon. BOB STUMP,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for H.R. 3603, a bill to authorize major medical facility projects and major medical facility

leases for the Department of Veterans Affairs for fiscal year 1999, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

The CBO staff contact is Shawn Bishop, who can be reached at 226–2840.

Sincerely,

JUNE E. O'NEILL,
Director

Enclosure

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 3603—A bill to authorize major medical facility projects and major medical facility leases for the Department of Veterans Affairs for fiscal year 1999, and for other purposes

As ordered reported by the House Committee on Veterans ' Affairs on April 1, 1998

SUMMARY. —H.R. 3603 would authorize appropriations for construction projects and leases at medical facilities of the Department of Veterans Affairs (VA). CBO estimates that enacting the bill would result in outlays of about $9 million in 1999 and $203 million over the 1999–2003 period, assuming appropriation of the authorized amounts. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT. —The bill would authorize appropriations of $205.3 million to complete several projects that are specifed in the bill. The bill would also authorize appropriations of $8.5 million for leasing agreements for three satellite outpatient clinics. The following table shows CBO's estimate of the budgetary impact of the bill over the 1999–2003 period, assuming appropriation of the authorized amounts. The costs of this legislation would fall within budget function 700 (veterans affairs).

Table 1. Budgetary Impact of H.R.3603 on Spending Subject to Appropriations

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Major Construction						
Spending for Major Construction Under Current Law						
Budget authority [1]	209	0	0	0	0	0
Estimated outlays	328	287	209	121	51	8
Proposed Changes						
Authorization level	0	205	0	0	0	0
Estimated outlays	0	1	33	64	60	37
Spending Under H.R. 3603						
Authorization level [1]	209	205	0	0	0	0
Estimated outlays	328	288	241	185	111	46

Table 1. Budgetary Impact of H.R.3603 on Spending Subject to Appropriations—Continued

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Leasing Agreements						
Spending for Medical Care Under Current Law						
Budget authority[2]	17,739	17,739	17,739	17,739	17,739	17,739
Estimated outlays	17,615	18,122	17,763	17,739	17,739	17,739
Proposed Changes						
Authorization level	0	9	0	0	0	0
Estimated outlays	0	8	1	0	0	0
Spending Under H.R. 3603						
Authorization level[1]	17,739	17,748	17,739	17,739	17,739	17,739
Estimated outlays	17,615	18,130	17,764	17,739	17,739	17,739
Total Proposed Changes						
Authorization level	0	214	0	0	0	0
Estimated outlays	0	9	34	64	60	37

NOTE: Details may not add to totals because of rounding.

[1] The 1998 level is the amount appropriated for that year.
[2] The current law amounts shovn here assume that appropriations remain at the 1998 level. If they are adjusted for inflation, the base amounts would rise by about S600 nillion a year, but the estimated changes would remain as shovn.

In addition, the bill would authorize other projects that would not require new appropriations. First, the bill would authorize VA to spend $13 million to construct a parking structure at the medical center in Denver, Colorado. For this project, VA would be required to use $12 million from balances in the Parking Revolving Fund and $1 million from certain appropriations provided prior to 1999 for major construction projects. Second, the bill would authorize VA to use $10.5 million in unobligated balances to build ambulatory care facilities. The funding would be derived from amounts appropriated for fiscal years beginning before 1999 and that remain available for obligation. CBO estimates that these authorizations would have no budgetary impact because the annual spending for the newly authorized projects would not differ significantly from spending for the projects that were funded originally.

PAY-AS-YOU-GO CONSIDERATIONS. —None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT. —The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of State, Local, or Tribal governments.

ESTIMATE PREPARED BY:
Federal Costs: Shawn Bishop
Impact on State, Local, and Tribal Governments: Marc Nicole
Impact on the Private Sector: Rachel Schmidt

ESTIMATE APPROVED BY:
Robert A. Sunshine, Deputy Assistant Director for Budget Analysis

INFLATIONARY IMPACT STATEMENT

The enactment of the reported bill would have no inflationary impact.

APPLICABILITY TO LEGISLATIVE BRANCH

The reported bill would not be applicable to the legislative branch under the Congressional Accountability Act, Public Law 104–1, because it would apply only to certain Department of Veterans Affairs programs and facilities.

ROLL CALL VOTES

There were no roll call votes in connection with Committee action on H.R. 3603.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill would be authorized by Congress' power to "provide for the common Defence and general Welfare of the United States."

STATEMENT OF FEDERAL MANDATES

The reported bill would not establish a federal mandate under the Unfunded Mandates Reform Act, Public Law 104–4.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 8109 OF TITLE 38, UNITED STATES CODE

§ 8109. Parking facilities

(a) * * *

* * * * * * *

(i)(1) * * *

(2) For the purpose of section 8104(a)(2) of this title, a bill, resolution, or amendment which provides that funds in the revolving fund (including any funds proposed in such bill, resolution, or amendment to be appropriated to the revolving fund) may be expended for a project involving a total expenditure of more than [$3,000,000] *$4,000,000* for the construction, alteration, or acquisition (including site acquisition) of a parking facility or facilities at a medical facility shall be considered to be a bill, resolution, or amendment making an appropriation which may be expended for a major medical facility project.

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