114TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
114–545

FISCAL YEAR 2016 DEPARTMENT OF VETERANS AFFAIRS SEISMIC SAFETY, CONSTRUCTION, AND LEASES AUTHORIZATION ACT

MAY 10, 2016.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLER of Florida, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 4590]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 4590) to authorize the Secretary of Veterans Affairs to carry out certain major medical facility projects for which appropriations are being made for fiscal year 2016, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

59–006

AMENDMENT IN THE NATURE OF A SUBSTITUTE

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fiscal Year 2016 Department of Veterans Affairs Seismic Safety, Construction, and Leases Authorization Act".

SEC. 2. AUTHORIZATION OF CERTAIN MAJOR MEDICAL FACILITY PROJECTS OF THE DEPARTMENT OF VETERANS AFFAIRS.

(a) AUTHORIZATION.—The Secretary of Veterans Affairs may carry out the following major medical facility projects, with each project to be carried out in an amount not to exceed the amount specified for that project:

(1) Seismic corrections to buildings, including retrofitting and replacement of high-risk buildings, in San Francisco, California, in an amount not to exceed $175,880,000.

(2) Seismic corrections to facilities, including facilities to support homeless veterans, at the medical center in West Los Angeles, California, in an amount not to exceed $100,250,000.

(3) Seismic corrections to the mental health and community living center in Long Beach, California, in an amount not to exceed $282,100,000.

(4) Construction of an outpatient clinic, administrative space, cemetery, and columbarium in Alameda, California, in an amount not to exceed $83,782,000.

(5) Realignment of medical facilities in Livermore, California, in an amount not to exceed $188,650,000.

(6) Construction of a replacement community living center in Perry Point, Maryland, in an amount not to exceed $92,700,000.

(7) Seismic corrections and other renovations to several buildings and construction of a specialty care building in American Lake, Washington, in an amount not to exceed $13,830,000.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CONSTRUCTION.—There is authorized to be appropriated to the Secretary of Veterans Affairs for fiscal year 2016 or the year in which funds are appropriated for the Construction, Major Projects, account, $937,192,000 for the projects authorized in subsection (a).

(c) LIMITATION.—The projects authorized in subsection (a) may only be carried out using—

(1) funds appropriated for fiscal year 2016 pursuant to the authorization of appropriations in subsection (b);

(2) funds available for Construction, Major Projects, for a fiscal year before fiscal year 2016 that remain available for obligation;

(3) funds available for Construction, Major Projects, for a fiscal year after fiscal year 2016 that remain available for obligation;

(4) funds appropriated for Construction, Major Projects, for fiscal year 2016 for a category of activity not specific to a project;

(5) funds appropriated for Construction, Major Projects, for a fiscal year before fiscal year 2016 for a category of activity not specific to a project; and

(6) funds appropriated for Construction, Major Projects, for a fiscal year after fiscal year 2016 for a category of activity not specific to a project.

SEC. 3. SUBMISSION OF INFORMATION.

Not later than 90 days after the date of the enactment of this Act, for each project authorized in section 2(a), the Secretary of Veterans Affairs shall submit to the Committees on Veterans' Affairs of the House of Representatives and the Senate the following information:

(1) A line item accounting of expenditures relating to construction management carried out by the Department of Veterans Affairs for such project.

(2) The future amounts that are budgeted to be obligated for construction management carried out by the Department for such project.

(3) A justification for the expenditures described in paragraph (1) and the future amounts described in paragraph (2).

(4) Any agreement entered into by the Secretary regarding the Army Corps of Engineers providing services relating to such project, including reimbursement agreements and the costs to the Department of Veterans Affairs for such services.

SEC. 4. AUTHORIZATION OF MAJOR MEDICAL FACILITY LEASES.

The Secretary of Veterans Affairs may carry out the following major medical facility leases at the locations specified, and in an amount for each lease not to exceed the amount shown for such location (not including any estimated cancellation costs):

(1) For an outpatient clinic, Ann Arbor, Michigan, an amount not to exceed $17,093,000.

(2) For an outpatient mental health clinic, Birmingham, Alabama, an amount not to exceed $6,971,000.

(3) For an outpatient specialty clinic, Birmingham, Alabama, an amount not to exceed $10,479,000.

(4) For research space, Boston, Massachusetts, an amount not to exceed $5,497,000.

(5) For research space, Charleston, South Carolina, an amount not to exceed $6,581,000.

(6) For an outpatient clinic, Daytona Beach, Florida, an amount not to exceed $12,664,000.

(7) For Chief Business Office Purchased Care office space, Denver, Colorado, an amount not to exceed $17,215,000.

(8) For an outpatient clinic, Gainesville, Florida, an amount not to exceed $4,686,000.

(9) For an outpatient clinic, Hampton Roads, Virginia, an amount not to exceed $18,124,000.

(10) For research space Mission Bay, California, an amount not to exceed $23,454,000.

(11) For an outpatient clinic, Missoula, Montana, an amount not to exceed $7,130,000.

(12) For an outpatient clinic, Northern Colorado, Colorado, an amount not to exceed $8,776,000.

(13) For an outpatient clinic, Ocala, Florida, an amount not to exceed $5,279,000.

(14) For an outpatient clinic, Oxnard, California, an amount not to exceed $6,297,000.

(15) For an outpatient clinic, Pike County, Georgia, an amount not to exceed $5,757,000.

(16) For an outpatient clinic, Portland, Maine, an amount not to exceed $6,846,000.

(17) For an outpatient clinic, Raleigh, North Carolina, an amount not to exceed $21,607,000.

(18) For an outpatient clinic, Santa Rosa, California, an amount not to exceed $6,498,000.

SEC. 5. MONTHLY REPORTS ON STATUS OF MAJOR MEDICAL FACILITY PROJECTS.

(a) REPORTS REQUIRED.—For each month that begins after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the status of each major medical facility project authorized under section 2. Each such report shall include, for each project covered by the report, information about the status of the design and procurement planning, contract modification management, and cost escalation of the project.

(b) TERMINATION.—The requirement to submit monthly reports under this section shall terminate on the date on which the Administrative Investigative Board of the Department of Veterans Affairs submits to Congress the report of the Administrative Investigative Board on the major medical facility project carried out at the Department medical center in Aurora, Colorado.

SEC. 6. AUTHORIZATION OF SALE OF PERSHING HALL.

Section 403 of the Veterans' Benefits Programs Improvement Act of 1991 (Public Law 102–86; 38 U.S.C. 2400 note) is amended by adding at the end the following new subsection:

"(f) AUTHORIZATION OF SALE.—(1) The Secretary may sell for fair market value Pershing Hall and transfer and convey to the purchaser all right, title, and interest of the United States in or to such property. The Secretary shall determine fair market value based on an independent assessment conducted by another department or agency of the Federal Government or a nongovernmental entity. The Secretary may only accept money as consideration for such sale.

"(2) If the Secretary sells Pershing Hall pursuant to paragraph (1), the Secretary shall return to the entity from which the United States acquired Pershing Hall pursuant to the Act of June 28, 1935, (Chapter 323; 49 Stat. 426) any personal property (including memorabilia regarding General Pershing and the American Expeditionary Forces in France during World War I) in the possession of the Department of Veterans Affairs as of the date of the enactment of this subsection that was located in Pershing Hall (or otherwise associated with Pershing Hall) on the date of such acquisition.

"(3) The funds received by the Secretary pursuant to the sale of Pershing Hall under paragraph (1) shall be deposited in the 'Construction, Major Projects' account of the Department and be made available, without fiscal year limitation, for the purposes of such account.

"(4)(A) Effective on the day after the date of the sale of Pershing Hall authorized under paragraph (1), the authority of the Secretary to carry out subsections (a), (b), (c), and (e) shall terminate except for purposes of carrying out paragraph (2) of this subsection.

"(B) Effective on the date that is one year after the date of the sale of Pershing Hall authorized under paragraph (1), the Pershing Hall Revolving Fund shall be abolished and the corpus of the fund, including accrued interest, shall be deposited in the 'Construction, Major Projects' account of the Department and be made available, without fiscal year limitation, for the purposes of such account.".

Purpose and Summary

H.R. 4590, the "Fiscal Year 2016 Department of Veterans Affairs Seismic Safety, Construction, and Leases Authorization Act," was introduced by Representative Jeff Miller of Florida, the Chairman of the Committee on Veterans' Affairs, on February 23, 2016. H.R. 4590, as amended, was ordered to be favorably reported to the full House on February 25, 2016, by voice vote.

This legislation would authorize the Department of Veterans Affairs (VA) to carry out fiscal year (FY) 2016 major medical facility projects in San Francisco, California; West Los Angeles, California; Long Beach, California; Alameda, California; Livermore, California; Perry Point, Maryland; and, American Lake, Washington, and require VA to submit a report to Congress containing information on each of these projects. H.R. 4590, as amended, would also authorize VA to carry out major medical facility leases in Ann Arbor, Michigan; Birmingham, Alabama; Boston, Massachusetts; Charleston, South Carolina; Daytona Beach, Florida; Denver, Colorado; Gainesville, Florida; Hampton Roads, Virginia; Mission Bay, California; Northern Colorado, Colorado; Ocala, Florida; Oxnard, California; Pike County, Georgia; Portland, Maine; Raleigh, North Carolina; and, Santa Rosa, California.

H.R. 4590, as amended, would further require VA to submit monthly reports on the status of each major medical facility project until the Administrative Investigation Board report on the Denver replacement medical center project is submitted to Congress.

Finally, H.R. 4590, as amended, would authorize VA to sell the Pershing Hall property in Paris, France, for fair market value. In order to proceed with such a sale, VA would be required to conduct an independent appraisal of fair market value and return any memorabilia in VA's possession to the American Legion. One year following such a sale, VA would be required to abolish the Pershing Hall Revolving Fund and deposit the proceeds of the sale and the corpus of the revolving fund into VA's major construction account.

Background and Need for Legislation

Section 2—Authorization of certain major medical facility projects of the Department of Veterans Affairs

Section 8104(a)(2) of title 38, United States Code (U.S.C.), requires Congressional authorization for VA major medical facility projects. A "major medical facility project" is defined as a project for the construction, alteration, or acquisition of a medical facility involving a total expenditure of more than $10 million.[1]

[1] 38 U.S.C. § 8104(a)(3)(A).

Section 2 of the bill would authorize seven major medical facility projects that were requested by VA in the FY 2016 VA Budget Submission.[2] As described below, if authorized, these projects would: correct known seismic, infrastructure, and life-safety deficiencies in existing VA buildings; increase access to care for veteran patients; reduce congestion on VA medical facility campuses by adding extra parking spaces; demolish unused structures; and, consolidate clinical and research space.

San Francisco, California: This project would allow for the correction of hazardous seismic, infrastructure, and life-safety deficiencies in four high-risk buildings, consolidate wet research lab space, and add 250 parking spaces on the San Francisco VA Medical Center's campus, in an amount not to exceed $175.9 million.

West Los Angeles, California: This project would allow for the correction of seismic, life-safety, and Facility Condition Assessment deficiencies in a number of buildings, demolition of two unused buildings, and renovation of two buildings for research purposes on the West Los Angeles VA Medical Center's campus, in an amount not to exceed $100,250,000.

Long Beach, California: This project would allow for the construction of a new 120-bed community living center, mental health inpatient and outpatient facility, parking structure, and a combined heat and power plant in place of several seismically deficient buildings on the Long Beach VA Healthcare System campus, in an amount not to exceed $282,100,000.

Alameda, California: This project would allow for the consolidation of two existing outpatient clinic leases by constructing a new outpatient clinic to provide primary, specialty, mental health, substance abuse, and ambulatory surgery care, administrative space for the National Cemetery Administration and Veterans Benefits Administration, as well as additional parking spaces, in an amount not to exceed $83,782,000.

Livermore, California: This project would allow for the purchase of land and the construction of a new community based outpatient clinic and 120-bed community living center in Fremont, California, the subsequent closure of the Livermore VA Medical Center campus, and the renovation of existing space for a minimally invasive procedure center at the Palo Alto VA Medical Center, in an amount not to exceed $188,650,000.

Perry Point, Maryland: This project would allow for the consolidation of community living center functions that are currently housed in multiple out-of-date buildings by constructing a new replacement community living center and adding additional parking spaces on the Perry Point VA Medical Center campus, in an amount not to exceed $92,700,000.

American Lake, Washington: This project would allow for the construction of a new outpatient facility, the renovation of an existing building to correct seismic deficiencies, and additional parking spaces on the American Lake Division of the VA Puget Sound Health Care System, in an amount not to exceed $13,830,000.

[2] VA, FY 2016 Budget Submission, February 11, 2015, and VA, FY 2017 Budget Submission, February 12, 2016.

Section 3—Submission of information

VA's management of its construction program has come under intense scrutiny in recent years following a Government Accountability Office report, which found that costs were substantially increased and schedules were delayed for the largest VA major medical facility construction projects in Denver, Colorado; Las Vegas, Nevada; New Orleans, Louisiana; and Orlando, Florida.[3] According to testimony GAO provided to the Committee in January and April 2015, these projects ranged from 66 percent to 427 percent over budget and 14 months to 86 months behind schedule.[4] In light of these findings, and subsequent concerns about VA construction management, the Committee has been aggressively overseeing the status of VA's major medical facility construction projects.

Accordingly, section 3 of the bill would require VA to submit to Congress, for each of the construction projects authorized in Section 2 of the bill, a report including the following: a line item accounting of construction management expenditures for the project; future amounts that are budgeted to be obligated for construction management for the project and a justification for such expenditures; and details regarding the agreement, if any, entered into by VA with the Army Corps of Engineers to provide construction management services for the project, to include reimbursement agreements and costs for such agreements.

Section 4—Authorization of major medical facility leases

Section 8104(a)(2) of title 38, U.S.C., also requires Congressional authorization for VA major medical facility leases. A "major medical facility lease" is defined as a lease for space for use as a new medical facility at an average annual rental of more than $1 million.[5]

Section 4 of the bill would authorize eighteen major medical facility leases that were requested by VA in the FY 2016 and FY 2017 VA Budget Submission.[6]

Ann Arbor, Michigan: This lease would allow for an outpatient clinic in Ann Arbor, Michigan, to support the VA Ann Arbor Healthcare System by providing primary care, mental health care, and certain specialty care services through an outpatient clinic lease, in an amount not to exceed $17,093,000.

Birmingham, Alabama: This lease would allow for an outpatient clinic in Birmingham, Alabama, to support the Birmingham VA Medical Center by addressing outpatient mental health space, utilization gaps, and safety and security concerns, and providing more functional space for veteran patients through an outpatient mental health clinic lease, in an amount not to exceed $6,971,000.

Birmingham, Alabama: This lease would allow for an outpatient specialty clinic in Birmingham, Alabama, to support the Birmingham VA Medical Facility by addressing space and utilization

[3] GAO 13–302, GAO Report, "VA Construction: Actions Needed to Decrease Delays and Lower Costs of Major Medical Facility Projects," April 4, 2013.

[4] GAO–15–332T, GAO Testimony "VA Construction: VA Actions to Address Cost Increases and Schedule Delays at Major Medical-Facility Projects," January 21, 2015; GAO–15–564T, GAO Testimony, "VA Construction: Actions to Address Cost Increases and Schedule Delays at Denver and Other VA Major Medical-Facility Projects," April 24, 2015.

[5] 38 U.S.C. § 8104(a)(3)(B).

[6] VA, FY 2016 Budget Submission, February 11, 2015, and VA, FY 2017 Budget Submission, February 12, 2016.

gaps and providing optometry, dental, cardiology, gastroenterology, dermatology, ambulatory surgery, radiology, and other ancillary and diagnostic care through an outpatient specialty clinic lease, in an amount not to exceed $10,479,000.

Boston, Massachusetts: This lease would allow for research space in Boston, Massachusetts, to support the VA Boston Healthcare System by addressing space and security deficiencies and providing space for research on a number of subjects through a research lease, in an amount not to exceed $5,497,000.

Charleston, South Carolina: This lease would allow for research space in Charleston, South Carolina, to support the Ralph H. Johnson VA Medical Center by providing specialized space for full wet labs, animal research, and associated administrative space through a research lease, in an amount not to exceed $6,581,000.

Daytona Beach, Florida: This lease would allow for an outpatient clinic in Daytona Beach, Florida, to support the Orlando VA Medical Center by consolidating two existing outpatient clinics and closing space, utilization, and parking gaps through an outpatient clinic lease, in an amount not to exceed $12,664,000.

Denver, Colorado: This lease would allow for additional space to support the Chief Business Office Purchased Care activities in Denver, Colorado, by providing general office space through a replacement Chief Business Office, Purchased Care lease, in an amount not to exceed $17,215,000.

Gainesville, Florida: This lease would allow for an outpatient clinic in Gainesville, Florida, to support the Malcolm Randall VA Medical Center by consolidating three existing mental health clinic leases and addressing space and utilization gaps through an outpatient clinic lease, in an amount not to exceed $4,686,000.

Hampton Roads, Virginia: This lease would allow for an outpatient clinic in Hampton Roads, Virginia, to support the Hampton VA Medical Center by closing space and utilization gaps, expanding primary care, mental health care, and eye clinic services, and providing new space for a number of clinical services through an outpatient clinic lease, in an amount not to exceed $18,124,000.

Mission Bay, California: This lease would allow for research space in Mission Bay, California, to support the San Francisco VA Medical Center by addressing space deficiencies, allowing for increased collaboration with academic affiliates, and providing space for the creation of a Center for Virtual Medicine through a research lease, in an amount not to exceed $23,454,000.

Missoula, Montana: This lease would allow for an outpatient clinic in Missoula, Montana, to support the VA Montana Healthcare System by improving continuity of care, closing space and utilization gaps, consolidating administrative space, and expanding space for a number of clinic services through an outpatient clinic lease, in an amount not to exceed $7,130,000.

Northern Colorado, Colorado: This lease would allow for Cheyenne VA Medical Center by consolidating existing administrative and community based outpatient clinic leases, generating operational efficiencies, expanded specialty care services, and accommodating increased workload through an outpatient clinic lease, in an amount not to exceed $8,776,000.

Ocala, Florida: This lease would allow for an outpatient clinic in Ocala, Florida, to support the Malcolm Randall VA Medical Center by closing space and utilization gaps, consolidating two existing outpatient leases, and expanding space for primary care, mental health care, and home based primary care through an outpatient clinic lease, in an amount not to exceed $5,279,000.

Oxnard, California: This lease would allow for an outpatient clinic in Oxnard, California, to support the West Los Angeles VA Medical Center by replacing existing clinical space, increasing access to specialty care services, addressing space, utilization, and access gaps, and expanding primary care and mental health care through an outpatient clinic lease, in an amount not to exceed $6,297,000.

Pike County, Georgia: This lease would allow for an outpatient clinic in Pike County, Georgia, to support the Dublin VA Medical Center by closing space, utilization, and access gaps, expanding primary care and mental health care, and providing for new specialty services through an outpatient clinic lease, in an amount not to exceed $5,757,000.

Portland, Maine: This lease would allow for an outpatient clinic in Portland, Maine, to support the VA Maine Healthcare System by consolidating existing community based outpatient clinic leases, closing space, utilization, and access gaps, and expanding services for a number of specialty care services through an outpatient clinic lease, in an amount not to exceed $6,846,000.

Raleigh, North Carolina: This lease would allow for an outpatient clinic in Raleigh, North Carolina, to support the Durham VA Medical Center by consolidating existing clinic lease space, closing space and utilization gaps, enhancing primary care, mental health care, dialysis, and limited specialty care services, and allowing for a number of new clinic services through an outpatient clinic lease, in an amount not to exceed $21,607,000.

Santa Rosa, California: This lease would allow for an outpatient clinic in Santa Rosa, California, to support the San Francisco VA Medical Center by enhancing existing primary care and mental health care and allowing for a number of new clinical services through an outpatient clinic lease in an amount not to exceed $6,498,000.

Section 5—Monthly reports on the status of major medical facility projects

With the enactment of section 213 of the Veterans Health Care, Capital Asset, and Business Improvement Act of 2003 (Public Law 108–170, 117 Stat. 2042), Congress authorized VA to carry out advance planning for a major medical facility project—to be operated jointly with the Department of Defense (DOD)—in Denver, Colorado, in an amount not to exceed $30 million, with $26 million to be provided by VA and $4 million to be provided by DOD. With the enactment of section 801 of the Veterans Benefits, Health Care, and Information Technology Act of 2006 (Public Law 109–461, 120 Stat. 3403), Congress authorized VA to construct a standalone replacement medical center in Denver, Colorado, in an amount not to exceed $98 million. That amount was raised from $98 million to $568.4 million in 2008 with the enactment of section 702 of the Veterans' Mental Health and Other Care Improvements Act of 2008, (Public Law 110–387, 122 Stat. 4110) and from $568.4 million to $800 million in 2010 with the enactment of section 901 of the Caregivers and Veterans Omnibus Health Services Act of 2010, (Public Law 111–163, 124 Stat. 1130). On August 31, 2010, VA awarded a contract to Kiewit Turner (KT) to construct the project.

In December 2014, the Civilian Board of Contract Appeals (CBCA) found VA to be in breach of its contract with KT, and VA subsequently requested an additional $830 million in funding for the Denver project, for a total authorization of $1.73 billion.[7] Congress authorized those additional funds with the enactment of section 2 of the Construction Authorization and Choice Improvement Act (Public Law 114–19, 129 Stat. 215), section 1 of Public Law 114–25 (129 Stat. 317), and section 501 of the Department of Veterans Affairs Expiring Authorities Act of 2015 (Public Law 114–58, 129 Stat. 530). VA subsequently transferred management of the project from VA to the U.S. Army Corps of Engineers and is expected to be complete in 2018—15 years after Congress first authorized the Department to begin planning it.

Given the unprecedented cost overruns and schedule delays that occurred on the Denver project, the Committee has repeatedly sought answers from VA about how the senior leaders responsible for managing the project were going to be held accountable. In response, VA empaneled an Administrative Investigation Board (AIB) to investigate senior leadership decisions and actions related to the project leading up to the initial contract award on August 31, 2010, and through the life of the project up to the CBCA decision on December 9, 2014. However, it was not until March 22, 2016, nearly one month after H.R. 4590, as amended, was reported to the full House, that the AIB report was provided to the Committee.

Section 3 of the bill would state that VA is required to submit monthly reports to Congress on the status of each major medical facility project to include information regarding the status of the design and procurement planning, contract modification management, and cost escalation of each project until the AIB report on the Denver replacement medical center project is submitted to Congress.

Section 6—Authorization of sale of Pershing Hall

Pershing Hall, located in Paris, France, was purchased by the American Legion in 1918 to serve as a memorial building for the Allied Expeditionary Forces. With the enactment of section 403 of the Veterans' Benefits Programs Improvement Act of 1991 (Public Law 102–86, 105 Stat. 414), Congress transferred Pershing Hall to VA and authorized VA to enter into agreements—to include leasing portions of the facility for up to 35 years—for the operation, development, and improvement of Pershing Hall. With the enactment of section 4 of Public Law 103–79 (107 Stat. 770) in 1993, Congress increased the allowable lease term from up to 35 years to up to 99 years. VA entered into a 99-year lease with the current lessee in 1998 in accordance with this authority. According to VA testimony before the Committee in December 2015, the current lessee is a private developer who has made significant improvements to Pershing Hall, which is now used as luxury hotel, restaurant, and club in addition to a memorial.

[7] This amount was later refined, ultimately amounting to a request for a total authorization of $1.675 billion.

Section 6 of the bill would authorize VA to sell Pershing Hall for fair market value, as determined by an independent appraisal of the property. In the event of a sale, Section 6 of the bill would require VA to return any memorabilia in its possession to the American Legion and, one year after the date of such a sale, to abolish the Pershing Hall Revolving Fund and deposit the proceeds of the sale and the corpus of the revolving fund into VA's major construction account.

HEARINGS

There were no Full Committee hearings held on H.R. 4590, as amended. On December 8, 2015, the Subcommittee on Health conducted a legislative hearing on various bills, including a draft bill to amend the Veterans' Benefits Programs Improvement Act of 1991 to authorize VA to sell Pershing Hall and a VA legislative proposal to authorize FY 2016 construction projects. Both the draft bill and the VA legislative proposal were later incorporated into H.R. 4590, as amended.

The following witnesses testified:

> The Honorable John Shimkus of Illinois; The Honorable Ted Lieu of California; the Honorable John L. Mica of Florida; the Honorable Jerry McNerney of California; the Honorable Mike Coffman of Colorado; Raymond C. Kelley, the Director of the National Legislative Service for the Veterans of Foreign Wars of the United States; Howard Trace, the Director of the National Library and Museum Division, for the American Legion, accompanied by Lou Celli, the Director of the National Veterans Affairs and Rehabilitation Division of the American Legion; and, Stella S. Fiotes, the Director of the Office of Construction and Facilities Management for the Office of Acquisition, Logistics, and Construction for the U.S. Department of Veterans Affairs, accompanied by Vince Kane, the Special Assistant to the Secretary for the U.S. Department of Veterans Affairs.

A Statement for the record was submitted by:

> The Brentwood Village Business Improvement District and the Brentwood Village Chamber of Commerce.

SUBCOMMITTEE CONSIDERATION

There were no Subcommittee markups of H.R. 4590, as amended.

COMMITTEE CONSIDERATION

On February 25, 2016, the Full Committee met in open markup session, a quorum being present, and ordered H.R. 4590, as amended, to be reported favorably to the House of Representatives by voice vote.

During consideration of H.R. 4590 the following amendments were considered and agreed to by voice vote:

An amendment offered by Representative Mike Coffman of Colorado which would: (1) authorize VA to sell Pershing Hall for fair market value, as determined by an independent appraisal; (2) require VA to return any memorabilia in its possession to the American Legion in the event of a sale of Pershing Hall; and (3) abolish the Pershing Hall Revolving Fund one year after the date of the sale of Pershing Hall and deposit the proceeds from the sale and the corpus of the revolving fund into VA's major construction account.

An amendment offered by Representative Kathleen Rice of New York which would: (1) require VA to submit monthly reports to Congress on the status of each major medical facility project to include information regarding the status of design and procurement planning, contract modification management, and cost escalation; and (2) terminate the above monthly reporting requirement when VA submits the Administrative Investigation Board report on the Denver replacement medical center project to Congress.

Committee Votes

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, there were no recorded votes taken on amendments or in connection with ordering H.R. 4590, as amended, reported to the House. A motion by Ranking Member Corrine Brown of Florida to report H.R. 4590, as amended, favorably to the House of Representatives was agreed to by voice vote.

Committee Oversight Findings

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

Statement of General Performance Goals and Objectives

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are that the Secretary will use these provisions to complete numerous major medical facility projects, enter into numerous major medical facility leases, and have the ability to sell Pershing Hall.

New Budget Authority, Entitlement Authority, and Tax Expenditures

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

Earmarks and Tax and Tariff Benefits

H.R. 4590, as amended, does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

Committee Cost Estimate

The Committee adopts as its own the cost estimate on H.R. 4590, as amended, prepared by the Director of the Congressional Budget

Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 4590, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 15, 2016.

Hon. JEFF MILLER,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4590, the Fiscal Year 2016 Department of Veterans Affairs Seismic Safety, Construction, and Leases Authorization Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Ann E. Futrell.

Sincerely,

KEITH HALL.

Enclosure.

H.R. 4590—Fiscal Year 2016 Department of Veterans Affairs Seismic Safety, Construction, and Leases Authorization Act

Summary: H.R. 4590 would authorize the Department of Veterans Affairs (VA) to enter into leases for major medical facilities at 18 specified locations and would authorize appropriations of $134 million to cover the initial costs of those leases. CBO estimates that the full cost of those leases would be $904 million—$770 million more than the authorized amounts. Based on VA's long-established practice, CBO expects that the department would implement the authority to enter into leases by awarding contracts for the construction and long-term use of those facilities without recording the full amount of the government's commitment as an obligation of its appropriated funds. Thus, enacting H.R. 4590 would effectively provide mandatory budget authority for an amount of obligations that exceeds what we expect VA initially would charge against its appropriation.

In addition, the bill would allow VA to sell the Pershing Hall facility in Paris, France, and would authorize new construction and renovation of seven medical facilities for which funds have already been appropriated.

CBO estimates that implementing the bill would have a discretionary cost of $134 million over the 2017–2021 period, assuming appropriation of the specified amounts. CBO also estimates that enacting H.R. 4590 would increase direct spending by $770 million over the 2016–2026 period. Because the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 4590 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 4590 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 4590 is shown in the table below. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By fiscal year, in millions of dollars—											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017–2021	2017–2026
INCREASES IN SPENDING SUBJECT TO APPROPRIATION												
Authorization Level	*	*	134	*	*	*	*	*	*	*	134	134
Estimated Outlays	*	*	121	13	*	*	*	*	*	*	134	134
INCREASES IN DIRECT SPENDING												
Estimated Budget Authority	0	0	770	0	0	0	0	0	0	0	770	770
Estimated Outlays	0	0	39	208	254	193	76	0	0	0	501	770

Note: * = less than $500,000.

Basis of estimate: For this estimate, CBO assumes that H.R. 4590 will be enacted near the beginning of fiscal year 2017, the estimated amounts will be appropriated each year, and outlays will follow historical spending patterns for affected programs.

Medical facility leases

Section 4 would authorize VA to acquire the use of 18 medical facilities and would set a limit on the total cost of each lease. The section also would authorize appropriations of $134 million for those leases. VA classifies its contracts for acquiring such facilities as operating leases and thus records its obligations for lease payments on an annual basis over the term of the lease. However, CBO has reviewed a number of those contracts and has concluded that they are akin to government purchases of facilities built specifically for VA's use—but instead of being financed by the Treasury, they rely on third-party financing (that is, funds raised by a nonfederal entity), which is generally more expensive.[1] That conclusion is based on those leases having many of the following key features:

- The facilities are designed and constructed to the unique specifications of the government;
- The facilities are constructed at the request of the federal government;
- The leases on the newly constructed facilities are long term—usually 20 years;
- Payments from the federal government are the only or primary source of income for the facilities;
- The term of the contractual agreements coincides with the term of the private partner's financing instrument for developing

[1] For more information on the budgetary treatment of third-party financing, see Congressional Budget Office, *Third-Party Financing of Federal Projects* (June 2005), *www.cbo.gov/publication/16554*.

and constructing the facility (that is, a facility financed with a 20–year bond will have a 20–year lease term);

- The federal government commits to make fixed annual payments that are sufficient to service the debt incurred to develop and construct the facility, regardless of whether the agency continues to occupy the facility during the guaranteed term of the lease; and
- The fixed payments over the life of the lease are sufficient to retire the debt for the facility.[2]

Thus, although those transactions are structured as leases, they are essentially government purchases. Under the normal procedures governing the budgetary treatment of the purchase of capital assets, budget authority should be available and obligations should be recorded at the time the acquisitions are initiated and amounts recorded should equal the full development and construction costs of the medical facilities. Instead, VA records a small fraction of those costs as obligations when it awards the contracts for such transactions.

To the extent that the full costs of developing and constructing the facilities exceeds the relatively small amount that VA would initially record as obligations against its appropriation, CBO treats the legislative authorization for those transactions as contract authority—a type of budget authority that allows an agency to enter into a contract and incur an obligation before receiving an appropriation for those activities. Because the contract authority would be provided in this authorizing bill, rather than in an appropriation act, the resulting spending is categorized as direct spending (as distinguished from discretionary spending, which results from appropriation acts).

On the basis of information from VA, CBO estimates that the full cost of constructing the 18 medical facilities would be $904 million; the contracts for those facilities would be entered into in 2018; VA would record obligations of $134 million during 2018 as it entered into those contracts; and construction of those facilities would occur over the 2019–2023 period. Thus, CBO estimates that implementing section 4 would result in discretionary costs totaling $134 million, subject to appropriation of the specified amounts.

In addition, CBO estimates that enacting section 4 would increase direct spending by $770 million over the 2017–2021 period. That estimate reflects the additional budget authority needed to cover the full amount of the government's commitment for the costs of developing and constructing the facilities (in addition to the $134 million that CBO estimates would be charged against VA's discretionary appropriations when the contracts were awarded).

Major medical facility projects

Section 2 would authorize VA to construct and renovate seven medical facilities at a cost of no more than $937 million. Because appropriations in those amounts and for those purposes have already been provided, CBO estimates no additional cost for implementing that section.

[2] See the statement of Robert A. Sunshine, Deputy Director, Congressional Budget Office, *The Budgetary Treatment of Medical Facility Leases by the Department of Veterans Affairs*, before the House Committee on Veterans' Affairs, (June 27, 2013), *www.cbo.gov/publication/44368*.

Pershing Hall

Section 6 would authorize VA to sell its Pershing Hall facility in Paris, France. That property is currently leased through 2098, limiting the number of parties who would be interested in acquiring it. On the basis of currently available information, CBO is unable to project when or if VA would sell Pershing Hall. However, the bill would require that any receipts from the disposal of the property be deposited in a department account and be available for the purposes of that account without further appropriation action. Thus, CBO estimates that enacting that section would have no net budgetary effect.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 4590 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON VETERANS' AFFAIRS ON FEBRUARY 25,2016

	By fiscal year, in millions of dollars—												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016–2021	2016–2026
	NET INCREASE OR DECREASE (−) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	0	0	39	208	254	193	76	0	0	0	501	770

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 4590 would not increase net direct spending or on-budget deficits in any of the four consecutive 10–year periods beginning in 2027.

Intergovernmental and private-sector impact: H.R. 4590 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: Ann E. Futrell; Impact on state, local, and tribal governments: Jon Sperl; Impact on the private sector: Paige Piper/Bach.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

Federal Mandates Statement

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 4590, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 4590, as amended.

Statement of Constitutional Authority

Pursuant to Article I, section 8 of the United States Constitution, H.R. 4590, as amended, is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

Applicability to Legislative Branch

The Committee finds that H.R. 4590, as amended, does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

Statement on Duplication of Federal Programs

Pursuant to section 3(g) of H. Res. 5, 114th Cong. (2015), the Committee finds that no provision of H.R. 4590, as amended, establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

Disclosure of Directed Rulemaking

Pursuant to section 3(i) of H. Res. 5, 114th Cong. (2015), the Committee estimates that H.R. 4590, as amended, contains no directed rule making that would require the Secretary to prescribe regulations.

Section-by-Section Analysis of the Legislation

Section 1. Short title

Section 1 of the bill would provide the short title for H.R. 4590, as amended, as the "Fiscal Year 2016 Department of Veterans Affairs Seismic Safety, Construction, and Leases Authorization Act."

Section 2—Authorization of certain major medical facility projects of the Department of Veterans Affairs

Section 2(a) of the bill would authorize the Secretary of Veterans Affairs to carry out the following major medical facility projects: seismic corrections to buildings including retrofitting and replacement of high-risk buildings, in San Francisco, California, in an amount not to exceed $175,880,000 million; seismic corrections to facilities, including facilities to support homeless veterans, at the medical center in West Los Angeles, California, in an amount not to exceed $100,250,000; seismic corrections to the mental health and community living center in Long Beach, California, in an amount not to exceed $282,100,000; construction of an outpatient clinic, administrative space, cemetery, and columbarium in Alameda, California, in an amount not to exceed $83,782,000; realignment of medical facilities in Livermore, California, in an amount not to exceed $188,650,000; construction of a replacement community living center in Perry Point, Maryland, in an amount not to exceed $93,700,000; and, seismic corrections and other renovations to several buildings and construction of a specialty care building in American Lake, Washington, in an amount not to exceed $13,830,000.

Section 2(b) of the bill would authorize $937,192,000 to be appropriated to the Secretary of Veterans Affairs for fiscal year 2016 or the year in which funds are appropriated for the Construction, Major Projects, account for the projects authorized in subsection (a).

Section 2(c) of the bill would stipulate that the projects authorized in subsection (a) may only be carried out using: (1) funds appropriated for fiscal year 2016 pursuant to the authorization of appropriations in subsection (b); (2) funds available for Construction, Major Projects, for a fiscal year before fiscal year 2016 that remain available for obligating; (3) funds available for Construction, Major Projects, for a fiscal year after fiscal year 2016 that remain available for obligation; (4) funds appropriated for Construction, Major Projects, for fiscal year 2016 for a category of activity not specific to a project; (5) funds appropriated for Construction, Major Projects, for a fiscal year before fiscal year 2016 for a category of activity not specific to a project; and (6) funds appropriated for Construction, Major Projects, for a fiscal year after fiscal year 2016 for a category of activity not specific to a project.

Section 3—Submission of information

Section 3 of the bill would require the Secretary of Veterans Affairs, no later than 90 days after enactment and for each project authorized in Section 2(a), to submit to the House and Senate Committees on Veterans' Affairs: a line item accounting of expenditures, along with their justifications, relating to construction management carried out by VA for such project; the future amounts, along with their justifications, that are obligated for construction management carried out by VA for such project; and any agreement entered into by the Secretary regarding the Army Corps of Engineers providing services relating to such project, including reimbursement agreements and VA's costs for such services.

Section 4—Authorization of major medical facility leases

Section 4 of the bill would authorize the Secretary of Veterans Affairs to carry out the following major medical facility leases: for an outpatient clinic, Ann Arbor, Michigan, an amount not to exceed $17,093,000; for an outpatient mental health clinic, Birmingham, Alabama, an amount not to exceed $6,971,000; for an outpatient specialty clinic, Birmingham, Alabama, an amount not to exceed $10,479,000; for research space, Boston, Massachusetts, an amount not to exceed $5,497,000; for research space, Charleston, South Carolina, an amount not to exceed $6,581,000; for an outpatient clinic, Daytona Beach, Florida, an amount not to exceed $12,664,000; for Chief Business Office Purchased Care Office Space, Denver, Colorado, an amount not to exceed $17,215,000; for an outpatient clinic, Gainesville, Florida, an amount not to exceed $4,686,000; for an outpatient clinic, Hampton Roads, Virginia, an amount not to exceed $18,124,000; for research space, Mission Bay, California, an amount not to exceed $23,454,000; for an outpatient clinic, Missoula, Montana, an amount not to exceed $7,130,000; for an outpatient clinic, Northern Colorado, Colorado, an amount not to exceed $8,776,000; for an outpatient clinic, Ocala, Florida, an amount not to exceed $5,279,000; for an outpatient clinic, Oxnard, California, an amount not to exceed $6,297,000; for an outpatient clinic, Pike County, Georgia, an amount not to exceed $5,757,000; for an outpatient clinic, Portland, Maine, an amount not to exceed $6,846,000; for an outpatient clinic, Raleigh, North Carolina, an amount not to exceed $21,607,000; and, for an outpatient clinic, Santa Rosa, California, an amount not to exceed $6,498,000.

Section 5—Monthly reports on the status of major medical facility projects

Section 5(a) of the bill would require the Secretary of Veterans Affairs, after enactment, to submit a monthly report to Congress on the status of each major medical facility project authorized under Section 2 to include information about the status of the design and procurement planning, contract modification management, and cost escalation of the project.

Section 5(b) of the bill would stipulate that the reporting requirement in Section 5(a) would terminate on the date on which the VA Administrative Investigation Board submits to Congress the report Administrative Investigation Board on the major medical facility project carried out at the VA medical center in Aurora, Colorado.

Section 6—Authorization of sale of Pershing Hall

Section 6 of the bill would amend section 403 of the Veterans' Benefits Programs Improvement Act of 1991 (Public Law 102–86; 38 U.S.C. 2400 note) by adding at the end a new subsection "(f) Authorization of Sale."

The new subsection (f)(1) would authorize the Secretary of Veterans Affairs to sell Pershing Hall for fair market value and transfer and convey to the purchaser all right, title, and interest of the United States in or to the property, provided such sale is completed in exchange for money as consideration. It would also require the Secretary of Veterans Affairs to determine fair market value based on an independent assessment conducted by another department or agency of the Federal Government or a nongovernmental entity.

The new subsection (f)(2) would require the Secretary of Veterans Affairs, upon the sale of Pershing Hall, to return to the entity from which the United States acquired Pershing Hall pursuant to the Act of June 28, 1935, (Chapter 323; 49 Stat. 426) any personal property (including memorabilia regarding General Pershing and the American Expeditionary Forces in France during World War I) in VA's possession as of the date of enactment of this subsection that was located in Pershing Hall (or otherwise associated with Pershing Hall) on the date of such acquisition.

The new subsection (f)(3) would require that the funds received by the Secretary pursuant to the sale of Pershing Hall shall be deposited in VA's Construction, Major Projects account, and be made available, without fiscal year limitation, for the purposes of such account.

The new subsection (f)(4) would state that the authority of the Secretary of Veterans Affairs to carry out subsections (a), (b), (c), and (e) terminates on the day after the date of the sale of Pershing Hall, except for the purposes of carrying out paragraph (2) of this subsection. This subsection would also require the Pershing Hall

Revolving Fund to be abolished and the corpus of the fund, including accrued interest, to be deposited in VA's Construction, Major Projects account and be made available, without fiscal year limitation, for the purposes of such account, effective on the date that is one year after the date of sale of Pershing Hall.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) 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 (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SECTION 403 OF THE VETERANS' BENEFITS PROGRAMS IMPROVEMENT ACT OF 1991

SEC. 403. PERSHING HALL, PARIS, FRANCE.

(a) IN GENERAL.—Pershing Hall, an existing memorial in Paris, France, owned by the United States, together with the personal property of such memorial, is hereby placed under the jurisdiction, custody, and control of the Department of Veterans Affairs so that the memorial to the commander-in-chief, officers, men, and auxiliary services of the American Expeditionary Forces in France during World War I may be continued in an appropriate manner and financial support be provided therefor.

(b) ADMINISTRATION.—(1)(A) The Secretary of Veterans Affairs shall administer, operate, develop, and improve Pershing Hall and its site in such manner as the Secretary determines is in the best interests of the United States, which may include use of Pershing Hall to meet the needs of veterans. To meet such needs, the Secretary may establish and operate a regional or other office to disseminate information, respond to inquiries, and otherwise assist veterans and their families in obtaining veterans' benefits.

(B) To carry out the purposes of this section, the Secretary may enter into agreements authorized by subsection (c) to fund the operation of the memorial and projects authorized by subsection (d)(6).

(2)(A) The Secretary shall, after consultation with the American Battle Monuments Commission, provide for a portion of Pershing Hall to be specifically dedicated, with appropriate exhibitions and monuments, to the memory of the commander-in-chief, officers, men, and auxiliary services of the American Expeditionary Forces in France during World War I.

(B) The establishment and continuing supervision of the memorial that is dedicated pursuant to subparagraph (A) shall be carried out by the American Battle Monuments Commission.

(3) To the extent that funds are available in the Pershing Hall Revolving Fund established by subsection (d), the Secretary may incur such expenses with respect to Pershing Hall as the Secretary determines necessary or appropriate.

(4) The Secretary of Veterans Affairs may provide the allowances and benefits described in section 707 of title 38, United States Code, to personnel of the Department of Veterans Affairs who are United States citizens and are assigned by the Secretary to Pershing Hall.

(c) LEASES.—(1) The Secretary may enter into agreements as the Secretary determines necessary or appropriate for the operation, development, and improvement of Pershing Hall and its site, including the leasing of portions of the Hall for terms not to exceed 99 years in areas that are newly constructed or substantially rehabilitated and for not to exceed 20 years in other areas of the Hall.

(2) Leases entered into by the Secretary under this subsection shall be for consideration in the form of cash or in-kind, or a combination of the two, as determined by the Secretary, which shall include the value of space leased back to the Secretary by the lessee, net of rent paid by the Secretary, and the present value of the residual interest of the Secretary at the end of the lease term.

(d) FUND.—(1) There is hereby established the Pershing Hall Revolving Fund to be administered by the Secretary of Veterans Affairs.

(2) There shall be transferred to the Pershing Hall Revolving Fund, at such time or times as the Secretary may determine without limitation as to year, amounts as determined by the Secretary, not to exceed $1,000,000 in total, from funds appropriated to the Department of Veterans Affairs for the construction of major projects. The account from which any such amount is transferred shall be reimbursed promptly from other funds as they become part of the Pershing Hall Revolving Fund.

(3) The Pershing Hall Memorial Fund, established in the Treasury of the United States pursuant to section 2 of the Act of June 28, 1935 (Public Law 74-171; 49 Stat. 426), is hereby abolished and the corpus of the fund, including accrued interest, is transferred to the Pershing Hall Revolving Fund.

(4) Funds received by the Secretary from operation of Pershing Hall or from any lease or other agreement with respect to Pershing Hall shall be deposited in the Pershing Hall Revolving Fund.

(5) The Secretary of the Treasury shall invest any portion of the Revolving Fund that, as determined by the Secretary of Veterans Affairs, is not required to meet current expenses of the Fund. Each investment shall be made in an interest bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary of Veterans Affairs, has a maturity suitable for the Revolving Fund. The Secretary of the Treasury shall credit to the Revolving Fund the interest on, and the proceeds from the sale or redemption of, such obligations.

(6)(A) Subject to subparagraphs (B) and (C), the Secretary of Veterans Affairs may expend not more than $100,000 from the Fund in any fiscal year upon projects, activities, and facilities determined by the Secretary to be in keeping with the mission of the Department.

(B) An expenditure under subparagraph (A) may be made only from funds that will remain in the Fund in any fiscal year after payment of expenses incurred with respect to Pershing Hall for such fiscal year and only after the reimbursement of all amounts transferred to the Fund under subsection (d)(2) has been completed.

(C) An expenditure authorized by subparagraph (A) shall be reported by the Secretary to the Congress no later than November

1 of each year for the fiscal year ending on the previous September 30.

(e) WAIVER.—The Secretary may carry out the provisions of this section without regard to section 8122 of title 38, United States Code, subchapter II of chapter 5 of title 40, United States Code, sections 541 through 555 and 1302 of title 40, United States Code, or any other provision of law inconsistent with this section.

(f) AUTHORIZATION OF SALE.—(1) The Secretary may sell for fair market value Pershing Hall and transfer and convey to the purchaser all right, title, and interest of the United States in or to such property. The Secretary shall determine fair market value based on an independent assessment conducted by another department or agency of the Federal Government or a nongovernmental entity. The Secretary may only accept money as consideration for such sale.

(2) If the Secretary sells Pershing Hall pursuant to paragraph (1), the Secretary shall return to the entity from which the United States acquired Pershing Hall pursuant to the Act of June 28, 1935, (Chapter 323; 49 Stat. 426) any personal property (including memorabilia regarding General Pershing and the American Expeditionary Forces in France during World War I) in the possession of the Department of Veterans Affairs as of the date of the enactment of this subsection that was located in Pershing Hall (or otherwise associated with Pershing Hall) on the date of such acquisition.

(3) The funds received by the Secretary pursuant to the sale of Pershing Hall under paragraph (1) shall be deposited in the "Construction, Major Projects" account of the Department and be made available, without fiscal year limitation, for the purposes of such account.

(4)(A) Effective on the day after the date of the sale of Pershing Hall authorized under paragraph (1), the authority of the Secretary to carry out subsections (a), (b), (c), and (e) shall terminate except for purposes of carrying out paragraph (2) of this subsection.

(B) Effective on the date that is one year after the date of the sale of Pershing Hall authorized under paragraph (1), the Pershing Hall Revolving Fund shall be abolished and the corpus of the fund, including accrued interest, shall be deposited in the "Construction, Major Projects" account of the Department and be made available, without fiscal year limitation, for the purposes of such account.

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