COMMUNITIES HELPING INVEST THROUGH PROPERTY
AND IMPROVEMENTS NEEDED FOR VETERANS ACT OF
2016

NOVEMBER 14, 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. 5099]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans’ Affairs, to whom was referred the
bill (H.R. 5099) to establish a pilot program on partnership agree-
ments to construct new facilities for the Department of Veterans
Affairs, having considered the same, report favorably thereon with
an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:

AMENDMENT

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016” or the “CHIP IN for Vets Act of 2016”.

SEC. 2. PILOT PROGRAM ON ACCEPTANCE BY THE DEPARTMENT OF VETERANS AFFAIRS OF DONATED FACILITIES AND RELATED IMPROVEMENTS.

(a) PILOT PROGRAM AUTHORIZED.—

(1) IN GENERAL.—Notwithstanding sections 8103 and 8104 of title 38, United States Code, the Secretary of Veterans Affairs may carry out a pilot program under which the Secretary may accept donations of the following property from entities described in paragraph (2):

(A) Real property (including structures and equipment associated therewith)—

(i) that includes a constructed facility; or

(ii) to be used as the site of a facility constructed by the entity,

(B) A facility to be constructed by the entity on real property of the Department of Veterans Affairs.

(2) ENTITIES DESCRIBED.—Entities described in this paragraph are the following:

(A) A State or local authority.

(B) An organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and is exempt from taxation under section 501(a) of such Code.

(C) A limited liability corporation.

(D) A private entity.

(E) A donor or donor group.

(F) Any other non-Federal Government entity.

(3) LIMITATION.—The Secretary may accept not more than five donations of real property and facility improvements under the pilot program and as described in this section.

(b) CONDITIONS FOR ACCEPTANCE OF PROPERTY.—The Secretary may accept the donation of a property described in subsection (a)(1) under the pilot program only if—

(1) the property is—

(A) a property with respect to which funds have been appropriated for a Department facility project; or

(B) a property identified as—

(i) meeting a need of the Department as part of the long-range capital planning process of the Department; and

(ii) the location for a Department facility project that is included on the Strategic Capital Investment Planning process priority list in the most recent budget submitted to Congress by the President pursuant to section 1105(a) of title 31, United States Code; and

(2) an entity described in subsection (a)(2) has entered into or is willing to enter into a formal agreement with the Secretary in accordance with subsection (c) under which the entity agrees to independently donate the real property, improvements, goods, or services, for the Department facility project in an amount acceptable to the Secretary and at no additional cost to the Federal Government.

(c) REQUIREMENT TO ENTER INTO AN AGREEMENT.—

(1) IN GENERAL.—The Secretary may accept real property and improvements donated under the pilot program by an entity described in subsection (a)(2) only if the entity enters into a formal agreement with the Secretary that provides for—

(A) the donation of real property and improvements (including structures and equipment associated therewith) that includes a constructed facility; or

(B) the construction by the entity of a facility on—

(i) real property and improvements of the Department of Veterans Affairs; or

(ii) real property and improvements donated to the Department by the entity.

(2) CONTENT OF FORMAL AGREEMENTS.—With respect to an entity described in subsection (a)(2) that seeks to enter into a formal agreement under paragraph
(1) of this subsection that includes the construction by the entity of a facility, the formal agreement shall provide for the following:

(A) The entity shall conduct all necessary environmental and historic preservation due diligence, shall comply with all local zoning requirements (except for studies and consultations required of the Department under Federal law), and shall obtain all permits required in connection with the construction of the facility.

(B) The entity shall use construction standards required of the Department when designing and building the facility, except to the extent the Secretary determines otherwise.

(C) The entity shall provide the real property, improvements, goods, or services in a manner described in subsection (b)(2) sufficient to complete the construction of the facility, at no additional cost to the Federal Government.

(d) NO PAYMENT OF RENT OR USAGE FEES.—The Secretary may not pay rent, usage fees, or any other amounts to an entity described in subsection (a)(2) or any other entity for the use or occupancy of real property or improvements donated under this section.

(e) FUNDING.—

(1) FROM DEPARTMENT.—

(A) IN GENERAL.—The Secretary may not provide funds to help the entity finance, design, or construct a facility in connection with real property and improvements donated under the pilot program by an entity described in subsection (a)(2) that are in addition to the funds appropriated for the facility as of the date on which the Secretary and the entity enter into a formal agreement under subsection (c) for the donation of the real property and improvements.

(B) TERMS AND CONDITIONS.—The Secretary shall provide funds pursuant to subparagraph (A) under such terms, conditions, and schedule as the Secretary determines appropriate.

(2) FROM ENTITY.—An entity described in subsection (a)(2) that is donating a facility constructed by the entity under the pilot program shall be required, pursuant to a formal agreement entered into under subsection (c), to provide other funds in addition to the amounts provided by the Department under paragraph (1) that are needed to complete construction of the facility.

(f) APPLICATION.—An entity described in subsection (a)(2) that seeks to donate real property and improvements under the pilot program shall submit to the Secretary an application to address needs relating to facilities of the Department, including health care needs, identified in the Construction and Long-Range Capital Plan of the Department, at such time, in such manner, and containing such information as the Secretary may require.

(g) INFORMATION ON DONATIONS AND RELATED PROJECTS.—

(1) IN GENERAL.—The Secretary shall include in the budget submitted to Congress by the President pursuant to section 1105(a) of title 31, United States Code, information regarding real property and improvements donated under the pilot program during the year preceding the submittal of the budget and the status of facility projects relating to that property.

(2) ELEMENTS.—Information submitted under paragraph (1) shall provide a detailed status of donations of real property and improvements conducted under the pilot program and facility projects relating to that property, including the percentage completion of the donations and projects.

(h) BIENNIAL REPORT OF COMPTROLLER GENERAL OF THE UNITED STATES.—Not less frequently than once every two years until the termination date set forth in subsection (i), the Comptroller General of the United States shall submit to Congress a report on the donation agreements entered into under the pilot program.

(i) TERMINATION.—The authority for the Secretary to accept donations under the pilot program shall terminate on the date that is five years after the date of the enactment of this Act.

(j) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as a limitation on the authority of the Secretary to enter into other arrangements or agreements that are authorized by law and not inconsistent with this section.

PURPOSE AND SUMMARY

H.R. 5099, a bill to establish a pilot program on partnership agreements to construct new facilities for the Department of Veterans Affairs (VA), was introduced by Representative Brad Ashford of Nebraska on April 28, 2016. H.R. 5099, as amended, would au-
thorize VA to carry out a five-year pilot program for the purpose of assessing the feasibility and advisability of accepting not more than five real property donations from certain entities, including a State or local authority, as well as a non-profit, limited liability company (LLC), private entity, donor/donor group, or other non-Federal entity.

BACKGROUND AND NEED FOR LEGISLATION

VA is one of the Federal government’s largest real property holders with responsibility for capital assets including hundreds of VA medical facilities and administrative offices. The Independent Assessment of the Health Care Delivery Systems and Management Processes of VA found that the average Veterans Health Administration building was fifty years old, five times older than the average non-profit hospital system building.1 Given that, maintaining and updating VA capital assets is increasingly complex and costly. Currently, VA identifies capital needs through the Strategic Capital Investment Planning (SCIP) process. The SCIP process identifies capital needs and prioritizes construction projects based on those needs. Projects are then included in the department’s annual budget submission. A major medical facility construction project over $10 million or major medical facility lease averaging more than $1 million in rent annually must be authorized by law.

In recent years, VA’s construction and leasing programs have been fraught with mismanagement and failure culminating in persistent delays and cost overruns. In April 2013, the Government Accountability Office (GAO) found that, “VA was managing the construction of 50 major medical-facility projects costing between $10 million and hundreds of millions of dollars.”2 For the largest construction projects, cost increases ranged from 66 percent to 427 percent and delays ranged from 14 to 86 months when compared to the projects’ original estimates.3 The replacement medical center construction project in Denver (Aurora), Colorado alone increased in cost from $328 million to $800 million from 2004 to 2012 and, while originally estimated to be complete in February 2014, has been delayed until at least 2018.4 That project subsequently skyrocketed to a cost of over $1.7 billion, which is exclusive of the over $300 million it will cost to activate the hospital once completed.

Projects like Denver and others have prompted the Committee to search for innovative ways to help VA meet current and future infrastructure needs in a timely, fiscally responsible manner. The Committee believes that allowing VA to accept unconditional donations of property improvements, goods, or services from community donors could help achieve this goal. Currently, VA may accept a donated facility if the donated facility is already complete. However, it can be challenging to find existing facilities that meet the re-

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3 Ibid.
requirements for a Federal medical facility and also meet the needs of VA’s patients.

According to VA, the Department has identified upwards of twenty-five to thirty locations where donations from private entities could assist the Department in acquiring a needed facility. One such location is Omaha, Nebraska. VA first proposed building a new medical facility in Omaha in the FY 2011 budget submission. According to the Omaha project prospectus found in the FY 2011 budget submission, “[a]fter 60 years, the electrical distribution system, the heating, ventilation and air condition systems, and the piping systems [in the existing Omaha facility] are failing.” Furthermore, the existing facility is space constrained and has life-safety and infectious disease issues in inpatient and support units. The proposed project would correct these issues and ensure sufficient space in a modern facility is available to treat veteran patients. The proposed project received $56 million in appropriated funds in 2011 but has not received additional funding in the five years since. However, VA has been approached by private entities in the Omaha area that would be interested in donating a privately funded facility to meet the needs of veteran patients in Omaha without additional Federal funding or a VA construction project.

Section 1 of this bill would allow VA to carry out a five-year pilot program in order to assess the feasibility of accepting up to five donations of real property from an outside entity, including a State or local authority, non-profit, LLC, private entity, donor/donor group, or other non-Federal entity. VA would be authorized to select property for the pilot only if an entity has entered into or is willing to enter into a formal agreement with VA to independently donate real property in an amount deemed acceptable by VA and the property in question: has received appropriated funds; has been identified, through long-range capital planning, as meeting a need; and is included in the SCIP priority list in the most recent VA budget submission. The department would be required to enter into formal agreements to provide for the donation of real property that include: a constructed facility; the construction by the entity of a facility on VA property or real property donated to VA by an entity; compliance with local zoning requirements, permits, and VA construction standards; and any necessary items needed to complete construction at no additional cost to the Federal government. VA would be prohibited from paying rent, usage fees, or in any other way compensating an entity for the use of the donated property. VA would also be prohibited from providing funds to an entity to help finance, design, or construct a facility in connection with a donation, beyond funds already appropriated for the facility. Furthermore, any donation received under this pilot program would be considered an unconditional donation, with no possibility for payments, lease-backs, or any other form of compensation to the donor.

5 Staff briefing provided by VA regarding how the Department would implement H.R. 5099, as amended; October 27, 2016.
7 Ibid. 2–35.
8 Ibid.
9 Ibid.
10 Full Committee Markup of H.R. 5047; H.R. 5428; H.R. 4757; H.R. 5166; H.R. 3216; H.R. 4150; H.R. 5099; H.R. 5162; H.R. 5392; H.R. 5399; and, H.R. 5600. September 21, 2016.
HEARINGS

There were no Full Committee or Subcommittee hearings on H.R. 5099, as amended.

SUBCOMMITTEE CONSIDERATION

There was no Subcommittee markup of H.R. 5099, as amended.

COMMITTEE CONSIDERATION

On September 21, 2016, the Full Committee met in open markup session, a quorum being present, and ordered H.R. 5099, as amended, reported favorably to the House of Representatives by voice vote. During consideration of the bill, the following amendment in the nature of a substitute was considered and agreed to by voice vote:

An Amendment in the Nature of a Substitute to H.R. 5099 offered by Representative Tim Walz of Minnesota.

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. 5099, as amended, reported to the House. A motion by Representative Mark Takano of California to favorably report H.R. 5099, as amended, 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 to create a pilot program to assess the feasibility and advisability of accepting not more than five real property donations from certain entities, such as a State or local authority, or a non-Federal entity.

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. 5099, 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. 5099, 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(e)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 5099, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:


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. 5099, the Communities Helping Invest through Property Improvements Needed for Veterans Act of 2016.

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

Sincerely,

Keith Hall.

Enclosure.

H.R. 5099—Communities Helping Invest through Property Improvements Needed for Veterans Act of 2016

H.R. 5099 would authorize the Department of Veterans Affairs (VA) to accept up to five donations of real property such as land or facilities from nonfederal entities for a pilot program to construct VA facilities. Any such donated property would need to meet a requirement for capital improvements that VA had previously identified as necessary to provide services or benefits to veterans. The department could help finance such a project using any amounts that had been appropriated for that project before it entered into an agreement with the nonfederal entity. The bill would prohibit VA from spending any funds from a subsequent appropriation to complete construction of a donated facility or to pay for the use of such a facility once it is complete. The authority to accept such donations would expire five years after enactment of the bill.

VA is authorized to accept certain donations of land or facilities under current law. The department can also accept in-kind compensation rather than cash—such as the use of facilities—as part of its authority to enter enhanced-use leases. In some instances when VA has accepted facilities as in-kind compensation, the department has explicitly or implicitly committed to making payments from subsequent appropriations for the use of those facilities. Such commitments constitute contract authority, a form of di-

1 For additional information on enhanced-use leases see Congressional Budget Office, cost estimate for H.R. 3484, the Los Angeles Homeless Veterans Leasing Act of 2016 (May 17, 2016), https://www.cbo.gov/publication/51583.
rect spending. If VA entered into such commitments, the increase in direct spending would be significant.

H.R. 5099 includes provisions that are intended to prevent VA from making similar commitments. However, the legislative language would be subject to interpretation by the implementing agency. Thus, despite those provisions, CBO believes that in some circumstances VA could still make such commitments under the bill. On the basis of conversations with department officials CBO expects that VA is unlikely to do so. However, because there is some probability of VA entering into such commitments, CBO estimates that enacting the bill—on a probabilistic basis—would increase direct spending by an insignificant amount.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the bill would not affect revenues. CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5099 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Any costs incurred by state, local, or tribal governments to fund construction projects for the benefit of veterans would result from participation in a voluntary federal program.

The CBO staff contact for this estimate is David Newman. The estimate was 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. 5099, 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. 5099, as amended.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, H.R. 5099, 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. 5099, 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. 5099, 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. 5099, 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. 5099, as amended, as the “Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016,” or the “CHIP IN for Vets Act of 2016.”

Section 2. Pilot program on acceptance by the Department of Veterans Affairs of donated facilities and related improvements

Section 2(a) of the bill would authorize the Secretary to carry out a pilot program to accept not more than five donations from certain entities of real property (to include structures and associated equipment) that includes a constructed facility or is to be used as the site of a facility constructed by an entity; or a facility to be constructed by an entity on VA-owned real property. Permissible entities are defined as: (A) a State or local authority; (B) an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and is exempt from taxation under section 501(a) of that Code; (C) a limited liability company; (D) a private entity; (E) a donor or donor group; or (F) any other non-Federal government entity.

Section 2(b) of the bill would authorize the Secretary to accept real property donations under the pilot program described in Section 2(a) of the bill only if the property is one: (1) for which funds have already been appropriated; (2) that meets a need identified in VA's long-range capital planning process; and that is located in an area already on VA's Strategic Capital Investment Planning process priority list in the President's most recent budget submission. Further, the donating entity must be one that has entered into or is willing to enter into a formal agreement with VA under which the entity agrees to independently donate the real property, improvements, goods, or services for the VA facility project in an amount acceptable to the Secretary and at no additional cost to the Federal government.

Section 2(c) of the bill would authorize the Secretary to accept real property and improvements by an entity described in Section 2(a) of the bill only if the entity enters into a formal agreement with the Secretary that provides for the donation of real property and improvements (including structures and equipment) that includes a constructed facility or the construction by the entity of a facility on VA owned or donated property. Section 2(c) of the bill would further require that an entity described in Section 2(a) that seeks to enter into a formal agreement that includes the construc-
tion by the entity of a facility to provide for: (A) all necessary environmental and historic preservation due diligence, compliance with all local zoning requirements, and all permits required in connection with the facility’s construction; (B) adherence to all construction standards required of VA when designing and building the facility; and (C) donations sufficient to complete the construction of the facility, at no additional cost to the Federal government.

Section 2(d) of the bill would prohibit the Secretary from paying rent, usage fees, or any other amounts to an entity described in section 2(a) of the bill or any other amounts to an entity for the use or occupancy of real property or improvements donated under this Section.

Section 2(e) of the bill would prohibit the Secretary from providing funds that are in addition to the funds appropriated as of the date on which the Secretary and the entity described in Section 2(a) of the bill enter into a formal agreement to help an entity described in Section 2(a) of the bill finance, design, or construct a facility in connection with real property and improvements donated. Section 2(e) of the bill would further require that the Secretary provide such funds under such terms, conditions, and schedule as the Secretary determines appropriate, and that an entity described in Section 2(a) of the bill that is donating a facility constructed by the entity shall be required to provide other funds in addition to the amounts provided by the department that are needed to complete construction of the facility.

Section 2(f) of the bill would require that an entity described in Section 2(a) of the bill that seeks to donate real property and improvements to VA submit an application to address needs relating to VA facilities, identified in the VA Construction and Long-Range Capital Plan at such time and in such manner as the Secretary may require.

Section 2(g) of the bill would require the Secretary to include in the President’s budget submitted to Congress pursuant to section 1105(a) of title 31, U.S.C., information regarding any real property and improvements donated under the pilot program established by Section 2(a) of the bill during the year preceding that budget’s submittal. That information must contain the status of any facility projects relating to that property to include a detailed status of donations of real property and improvements conducted under the pilot program and facility projects relating to that property such as the percentage completion of the donations and projects.

Section 2(h) of the bill would require the Comptroller General of the United States to submit a report to Congress on the donation agreements entered into under the pilot program established by Section 2(a) of the bill no less frequently than once every two years until the termination date provided in Section 2(i) of the bill.

Section 2(i) of the bill would stipulate that the Secretary’s authority to accept donations under the pilot program established by Section 2(a) of the bill is terminated five years after the date of the enactment of this Act.

Section 2(j) of the bill would stipulate that nothing in Section 2 of the bill limits the authority of the Secretary to enter into other arrangements or agreements that are authorized by law and not inconsistent with this Act.
CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

If enacted, this bill would make no changes in existing law.