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ACQUISITION REFORM AND COST ASSESSMENT ACT OF 2025

DECEMBER 2, 2025.—ordered to be printed

Mr. MORAN, from the Committee on Veteran's Affairs,
submitted the following

R E P O R T

[To accompany S. 1591]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to which was referred the bill (S. 1591) to amend title 38, United States Code, to reorganize the acquisition structure of the Department of Veterans Affairs and to establish the Director of Cost Assessment and Program Evaluation in the Department, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

INTRODUCTION

On May 5, 2025, Senator Jerry Moran from Kansas introduced S. 1591, the Acquisition Reform and Cost Assessment Act of 2025 (ARCA Act of 2025). Senators Jim Banks from Indiana, Mark Warner from Virginia, Angus King from Maine, and Mike Rounds from South Dakota were later added as cosponsors to the bill. The bill was referred to the Committee on Veterans' Affairs (hereinafter, "Committee").

COMMITTEE HEARINGS

On May 21, 2025, the Committee held a hearing on legislation pending before the Committee, including S. 1591. Testimony was received from: Thomas O'Toole, MD, Acting Assistant Under Secretary for Health for Clinical Services, Veterans Health Adminis-

tration, U.S. Department of Veterans Affairs; Morgan Brown, National Legislative Director, Paralyzed Veterans of America; Brian Dempsey, Director, Government Affairs, Wounded Warrior Project; and Jon Retzer, Deputy National Legislative Director for Health, Disabled American Veterans.

COMMITTEE MEETING

After reviewing the testimony from the foregoing hearing, the Committee met in open session on July 30, 2025, to consider the Committee Print to S. 1591. The Committee, by voice vote, voted to favorably report S.1591, as amended, en bloc with other measures, to the Senate.

SUMMARY OF THE COMMITTEE BILL AS REPORTED

S. 1591, as reported (hereinafter, “the Committee bill”), consists of eleven sections, summarized below.

Section 1 provides the short title, the Acquisition Reform and Cost Assessment Act of 2025 (ARCA Act of 2025), and a table of contents.

Section 2 would amend title 38, United States Code, by adding Subchapter VII to Chapter 81, defining “major acquisition program” as one with a life-cycle cost exceeding \$1,000,000,000 or annual cost exceeding \$200,000,000 (adjusted per section 1908 of title 41). It would also increase the number of Assistant Secretaries authorized at the Department of Veterans Affairs (VA) from seven to eight, designating one as the Assistant Secretary for Acquisition to serve as the Chief Acquisition Officer and lead the Office of Acquisition. It would also establish Deputy Assistant Secretaries for Logistics, Procurement, and Acquisition, Program Management, and Performance, and appoint at least four Program Executive Officers for medical, IT, professional services, and other areas.

Section 3 would require Program Executive Officers to appoint managers for major acquisition programs within 30 days of approval, with level-three project management certification, to develop program baselines, ensure compliance, and manage risks, reporting through the Assistant Secretary for Acquisition.

Section 4 would mandate organizational consolidation of acquisition, procurement, and logistics activities under the Assistant Secretary for Acquisition within one year, with a plan and briefing to Congress within 90 days.

Section 5 would require VA to contract for Independent Verification and Validation (IV&V) of major acquisition programs within 120 days, with strict eligibility criteria (i.e., three prime contracts from governmental or commercial health care organizations, satisfactory past performance, no conflict of interest) and proportional funding from VA subdivisions.

Section 6 would establish the Director of Cost Assessment and Program Evaluation to develop cost estimation policies, conduct independent cost estimates, evaluate program effectiveness, and submit annual reports to Congress.

Section 7 would prioritize acquisition internship programs for entry-level hiring, requiring the number of participants to not be fewer than twice the number of participants during fiscal year 2025

and not more than four times the number of participants during such fiscal year until human capital needs are met.

Section 8 would require a systems engineering analysis of VA's acquisition process by the Acquisition Innovation Research Center, chartered by the Department of Defense, with a report to Congress within one year.

Section 9 would establish a standardized requirements development process for VA major acquisition programs, incorporating data-driven assessments and stakeholder input, with a report to Congress within 180 days.

Section 10 would make conforming amendments, striking section 8171(5) and (6) and section 8172 of title 38 USC.

Section 11 would update the table of sections in title 38 USC to reflect the new subchapter, titled "Acquisition Organization, Cost Assessment, and Program Evaluation."

BACKGROUND AND DISCUSSION

Sec. 2. Department of Veterans Affairs Acquisition Organization

This section would improve oversight of VA's key acquisition programs, which provide essential services and technology for veterans. It would redefine "major acquisition program" as those with life-cycle costs over \$1 billion or annual costs above \$200 million, addressing issues like cost overruns and delays in high-cost initiatives. It would further establish a central Office of Acquisition under an Assistant Secretary, including Program Executive Officers and Deputy Assistant Secretaries, for better coordination and require independent analysis and requirements development. These changes would improve efficiency and accountability, supporting VA's current reforms.

Background

VA manages significant acquisition programs to procure services, supplies, technology, and systems critical to delivering timely and high-quality care, benefits, and services to eligible veterans and other beneficiaries. The Committee bill would redefine "major acquisition program" to focus oversight on high-cost initiatives (defined as those with life-cycle costs exceeding \$1,000,000,000 or annual costs exceeding \$200,000,000), addressing concerns about cost overruns and delays in programs like the Electronic Health Record Modernization (EHRM).

Committee Bill

The Committee bill would establish the Office of Acquisition under an Assistant Secretary, with Program Executive Officers and Deputy Assistant Secretaries to centralize oversight. It would further add provisions for independent analysis and requirements development to enhance efficiency and accountability, complementing VA's ongoing acquisition reforms.

Section 3: Department of Veterans Affairs Major Acquisition Program Managers

Major VA programs have faced delays and failures due to weak early oversight and leadership. GAO reviewed VA's major acquisition programs and found that nearly all (approximately 90 percent)

did not use the department’s official Acquisition Program Management Framework (in place since 2017), which is designed to enforce early oversight, including setting baselines for costs, schedules, and performance. Instead, these programs relied on ad-hoc, program-specific approaches that “vary widely in robustness.”¹ This section would require VA to appoint level-three certified project managers for all major programs under the Assistant Secretary for Acquisition. These managers will set firm baselines for costs and schedules, ensure compliance, and manage risks, helping to avoid past problems.

Background

VA’s Electronic Health Record Modernization (EHRM) program, launched in 2018, ballooned from \$10 billion to over \$16 billion with repeated delays and site failures by 2023, exposing chronic gaps in early program oversight and unqualified leadership.²

Committee Bill

The Committee bill would mandate VA to appoint level-three certified project managers to all major acquisition programs to lock in baselines, enforce compliance, and mitigate risks under the Assistant Secretary, directly addressing GAO findings that 70 percent of major VA acquisitions lacked disciplined management from inception.

Section 4: Department of Veterans Affairs Acquisition and Procurement Reorganization Matters

Background

Section 4 of the Committee bill would require unification within one year—with a 90-day congressional plan—to eliminate silos, streamline decision-making, and have a consolidated model.

VA’s three main administrations—the Veterans Health Administration, the Veterans Benefits Administration, and the National Cemetery Administration—have separate acquisition, procurement, and logistics operations, leading to repeated contracts, mismatched systems, and yearly waste. To address that, the Committee bill orders full consolidation under the Assistant Secretary for Acquisition within one year, including a plan and briefing to Congress within 90 days. This will reduce duplication, improve decision-making, and create a single system for better operations, oversight, and cost control.

Committee Bill

The Committee bill would mandate organizational consolidation of acquisition, procurement, and logistics activities under the Assistant Secretary for Acquisition within one year, with a plan and briefing to Congress within 90 days.

¹U.S. Government Accountability Office, GAO–22–105195, VA Acquisition Management: Action Needed to Ensure Success of New Oversight Framework (August 2022).

²U.S. Government Accountability Office, GAO–25–108091, Electronic Health Record Modernization: VA Is Making Incremental Improvements, but Much More Remains to Be Done (February 2025).

Section 5: Independent Verification and Validation (IV&V) of Major Acquisition Programs of Department of Veterans Affairs

VA program launches have missed early problems with usability, causing safety issues and restarts, due to reliance on contractor self-reports. The Committee bill would require VA to hire IV&V contractors for major programs within 120 days. It would further stipulate that contractors have at least three health-sector contracts, good past performance, and no conflicts. Costs would be shared across VA units for neutral reviews of technical aspects like usability and integration.

Background

VA's 2020 EHRM rollout ignored early warnings of usability flaws, leading to patient safety incidents and a 2023 program reset. The Committee bill would require contracted IV&V within 120 days with rigorous vendor criteria (three health-sector primes, clean past performance, no conflicts) and cost-sharing to ensure unbiased technical scrutiny, ending reliance on self-certified contractor reports that masked critical defects.

Committee Bill

The Committee bill would require VA to contract for IV&V of major acquisition programs within 120 days, with strict eligibility criteria (i.e., three prime contracts from governmental or commercial health care organizations, satisfactory past performance, no conflict of interest) and proportional funding from VA subdivisions.

Section 6: Department of Veterans Affairs Cost Assessment and Program Evaluation

VA often underestimates costs in major programs, without independent checks, leading to funding delays. The Committee bill would create a Director of Cost Assessment and Program Evaluation to set cost policies, make independent estimates, review program results, and send annual reports to Congress.

Background

VA consistently underestimated major program costs—EHRM by 60 percent, VHA facility leases by 300 percent—due to absent independent cost modeling, triggering congressional holds on funding.

Committee Bill

The Committee bill would establish the Director of Cost Assessment and Program Evaluation to develop cost estimation policies, conduct independent cost estimates, evaluate program effectiveness, and submit annual reports to Congress, with simplified responsibilities compared to the original bill.

Section 7: Improvement to Hiring of Entry-Level Acquisition Position in Department of Veterans Affairs

The Department of Veterans Affairs faces persistent challenges in maintaining a robust and experienced acquisition workforce, a critical capability for overseeing complex contracts and ensuring taxpayer dollars are spent effectively on veteran services. A 2024 VA Office of the Inspector General report highlighted severe staffing shortfalls.

Background

A 2024 VA Office of the Inspector General report revealed the VA could not provide data on its acquisition workforce's education levels, years of experience, retirement eligibility, and hiring.³ The Committee bill would require internship growth of two to four times the FY 2025 levels until needs are met to rebuild a pipeline of certified professionals and ensure institutional knowledge retention.

Committee Bill

The Committee bill would prioritize acquisition internship programs for entry-level hiring, requiring the number of participants to not be fewer than twice the number of participants during fiscal year 2025 and not more than four times the number of participants during such fiscal year until human capital needs are met. By requiring participation to fall between two and four times the fiscal year 2025 level, the bill aims to expand the internship program at a pace that is both impactful, while helping to resolve staffing gaps, and manageable for the department's supervision, training, and budget structures.

Section 8: Independent Analysis of Acquisition Process of Department of Veterans Affairs

VA's uneven acquisition methods have caused incompatible IT systems and extra costs, with 2023 testimony noting no standard engineering approach. Section 8 of the Committee bill would require the Acquisition Innovation Research Center, a DoD group, to analyze VA processes over one year and report to Congress. The review will suggest engineering methods to improve workflows.

Background

VA's ad-hoc acquisition processes produced incompatible information technology (IT) systems and redundant infrastructure, with 2023 testimony citing "no systems engineering discipline."

Committee Bill

The Committee bill would require a systems engineering analysis of VA's acquisition process by the Acquisition Innovation Research Center, chartered by the Department of Defense (DoD), with a report to Congress within one year.

Section 9: Requirements Development Process

VA program costs have consistently increased because of poorly written requirements. GAO says VA IT issues come from poorly defined requirements. Section 9 of the Committee bill would set a standard process for major programs using data and input from stakeholders like clinicians and require VA to report to Congress within 180 days to clarify needs and cut changes.

Background

EHRM requirements were rewritten 17 times after contract award because of the vague initial specifications, locking VA into

³ U.S. Government Accountability Office, GAO-22-105031, VA Acquisition Management: Actions Needed to Better Manage the Acquisition Workforce (September 2022).

costly change orders. Because key functional needs, interfaces, and performance expectations were not clearly defined before EHRM contract award, each adjustment to the program had to be processed as a formal change order. As a result, these repeated rewrites increased costs, delayed the schedule, and revealed that the program's requirements were not properly defined. Section 9 enforces data-driven, stakeholder-inclusive requirements within 180 days to front-load clarity, reduce scope creep, and align acquisitions with clinical and operational realities.⁴

Committee Bill

The Committee bill establishes a standardized requirements development process for major acquisition programs, incorporating data-driven assessments and stakeholder input, with a report to Congress within 180 days. This would address GAO's findings that the VA's history of IT failures are often tied to poorly defined or changing requirements and its recommendation for VA to establish an enterprise requirements management process.⁵

Section 10: Conforming Amendments

Section 10 of the Committee bill would update laws in 38 U.S.C. §§ 8171–8175 by removing extra definitions, like “major information technology project” from § 8171(5)–(6), while keeping those needed for §§ 8173–8175. It would further delete all of § 8172 but moves its project manager rules here. These changes ensure the bill fits with current law without adding new rules.

Background

To harmonize the improvements needed with 38 USC 8171, 8172, 8173 the definitions for “major information technology project” from 8171 and “major acquisition program” were removed.

Committee Bill

The Committee bill makes conforming amendments, striking section 8171(5) and (6) and section 8172 of title 38. Section 10 would strike paragraphs (5) and (6) in 8171 but kept the definitions still needed for 8173, 8174, 8175. All of 8172 was stricken but moved the project manager qualifications into this bill.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 402 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

⁴U.S. Government Accountability Office, GAO–25–106874, *Electronic Health Records: VA Is Making Incremental Improvements in New System but Needs Updated Cost Estimate and Schedule* (March 2025).

⁵U.S. Government Accountability Office, GAO–20–719T, *Veterans Affairs: VA Needs to Address Persistent IT Modernization and Cybersecurity Challenges* (September 2020).

S. 1591, Acquisition Reform and Cost Assessment Act of 2025			
As ordered reported by the Senate Committee on Veterans' Affairs on July 30, 2025			
By Fiscal Year, Millions of Dollars	2026	2026-2030	2026-2035
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	1	24	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2036?	No	Statutory pay-as-you-go procedures apply? No	
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2036?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

S. 1591 would make changes to acquisition and contracting processes used by the Department of Veterans Affairs (VA). Specifically, the bill would:

- Establish a new office to evaluate the cost of major acquisition programs;
- Require several studies and reports on how VA acquires products and services;
- Reorganize VA's current acquisition workforce; and
- Establish new rules for vendors that test VA programs, such as those dealing with information technology.

In total, implementing S. 1591 would cost \$24 million over the 2026–2030 period, CBO estimates. Such spending would be subject to the availability of appropriated funds.

The costs of the legislation, detailed in Table 1, fall within budget function 700 (veterans benefits and services).

Table 1.—Estimated Increases in Spending Subject to Appropriation Under S. 1591

	By fiscal year, millions of dollars—					
	2026	2027	2028	2029	2030	2026–2030
Cost Assessment Office:						
Estimated Authorization	2	5	5	5	5	22
Estimated Outlays	2	5	5	5	5	22
Studies and Reports:						
Estimated Authorization	1	1	*	*	*	2
Estimated Outlays	*	1	1	*	*	2
Total Changes:						
Estimated Authorization	2	3	3	5	5	24
Estimated Outlays	1	3	4	5	5	24

* = between zero and \$500,000.

Cost assessment office. S. 1591 would establish a new Director of Cost Assessment and Program Evaluation. The director would lead a team responsible for estimating the cost of new major acquisition programs and evaluating the effectiveness of existing ones. Using information on similar offices at other agencies, CBO estimates that VA would eventually require 25 full-time equivalent employees to perform the office's duties. Those employees would receive an average annual compensation of about \$200,000. As a re-

sult, establishing the new office would cost \$22 million over the 2026–2030 period, CBO estimates.

Studies and reports. The bill would require VA to contract with the Department of Defense’s Acquisition Research Center to conduct a study of VA’s acquisition processes. Using information from VA, CBO estimates that satisfying that requirement would cost \$1 million. The bill also would require four other studies and reports. Using information on the cost of similar efforts, CBO estimates that satisfying those requirements would cost \$1 million. In total, the bill’s study and reporting requirements would cost \$2 million over the 2026–2030 period, CBO estimates.

Acquisition reorganization. S. 1591 would reorganize VA’s existing acquisition workforce and processes under a new Assistant Secretary for Acquisition. VA currently employs people who would fill positions under the reorganization and meet the bill’s requirements for acquisition processes (such as appointing managers for major programs). Thus, CBO estimates that any associated costs would be less than \$500,000.

Program testing. The bill would direct VA to contract for independent verification and validation (IV&V) services, including for testing information technology systems to ensure they function properly and meet VA’s requirements. Any such contract must ensure that the vendor has experience performing IV&V services at other agencies and has no conflict of interest that would prevent independent testing. VA currently contracts for IV&V services for major acquisition programs. CBO estimates that the cost of modifying those contracts to meet the bill’s requirements would be less than \$500,000.

The CBO staff contact for this estimate is Logan Smith. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans’ Affairs has made an evaluation of the regulatory impact that would be incurred in carrying out the Committee bill. The Committee finds that the Committee bill would not entail any regulation of individuals or businesses, result in any impact on the personal privacy of any individuals, and that the paperwork resulting from enactment would be minimal.

TABULATION OF VOTES CAST IN COMMITTEE

In compliance with paragraph 7(b) of rule XXVI of the Standing Rules of the Senate, the following is a tabulation of votes cast by members of the Committee on Veterans’ Affairs at its July 30, 2025, meeting.

During this meeting, Chairman Moran called up 23 bills, including S. 1591, to be considered en bloc. The bills were reported favorably by voice vote en bloc.

AGENCY REPORT

On May 21, 2025, Thomas O'Toole, M.D., Acting Assistant Under Secretary for Health for Clinical Services, Veterans Health Administration, U.S. Department of Veterans Affairs, appeared before the Committee and submitted testimony on S. 1591. An excerpt from that testimony is reprinted below:

STATEMENT OF THOMAS O'TOOLE, M.D., ACTING ASSISTANT
UNDER SECRETARY FOR HEALTH FOR CLINICAL SERVICES,
VETERANS HEALTH ADMINISTRATION (VHA), DEPARTMENT
OF VETERANS AFFAIRS BEFORE THE SENATE COMMITTEE
ON VETERANS' AFFAIRS

ACQUISITION REFORM AND COST ASSESSMENT ACT OF 2025 (S.
1591)

This bill includes nine total sections, with section 1 providing a short title and table of contents.

Section 2(a) would add new subchapter VII, "Acquisition Organization, Cost Assessment, and Program Evaluation," to chapter 81 of title 38, U.S.C. The new subchapter would include section 8181, "Definitions," which would add definitions for the terms "major acquisition program" and "non-major acquisition program" that would apply throughout the subchapter. Section 2(b) would amend 38 U.S.C. § 308 to increase the number of Assistant Secretaries from seven to eight, including the addition of an Assistant Secretary for "Acquisition and innovation".

Section 2(c) would add a new section 8182, "Acquisition organization," to title 38, U.S.C., which would direct the Secretary to designate an Assistant Secretary for Acquisition and Innovation, who would also be the Chief Acquisition Officer (CAO). The Assistant Secretary would be the head of the Office of Acquisition and Innovation, and major program offices would align under the Office. The budget for the Office would be established in VA's budget justification materials submitted to Congress. The Secretary would appoint three Deputy Assistant Secretaries (DAS), who would report to the Assistant Secretary for Acquisition and Innovation—a DAS for Logistics, a DAS for Innovation, and a DAS for Procurement. The DAS for Logistics would be responsible for the administration of logistics and supply chain operations. The DAS for Innovation would be responsible for all research development, testing, and innovation development organizations, including the VHA Innovation Ecosystem. The DAS for Procurement would be responsible for all VA procurement and contracting organizations.

VA supports the intent of this section, subject to amendments and the availability of appropriations

VA supports the intent of this section, subject to amendments, because it enhances the focus on and coordination of acquisition and innovation activities, ensuring they align with Presidential priorities to streamline processes, improve efficiency, and foster a more innovative approach

to acquiring and developing capabilities. This new role and organization better support and reflect the CAO's responsibilities and the increasing complexity of VA's acquisition needs. The CAO serves as the primary advisor to the Secretary for all major acquisitions, manages 17,000 acquisition professionals, and is responsible for providing oversight of approximately \$100 billion in VA's major acquisition programs. VA believes additional amendments are needed to give effect to the intent of this section, particularly with revising the dollar value for major/non-major acquisition programs to align with the definition of "Major Information Technology Project" in 38 U.S.C. § 8171(5) (as added by the Department of Veterans Affairs Information Technology Reform Act of 2022 (section 403 of the Joseph Maxwell Cleland and Robert Joseph Dole Memorial Veterans Benefits and Health Care Improvement Act of 2022; P.L. 117-328, Div. U)). VA also recommends adding a DAS for Acquisition, Program Management, and Performance, who would report to the Assistant Secretary for Acquisition and Innovation. This additional DAS role would focus on the critical aspects of VA's "Big A" acquisitions. This role would transcend mere procurement, placing a strong emphasis on lifecycle management that is intricately structured around vital elements: requirements planning, programming and budgeting, policy innovation, performance standards, governance, and enhancing the capabilities of the acquisition workforce. This comprehensive approach would ensure that our major acquisitions are both effective and forward-thinking, paving the way for successful outcomes.

VA does not have a cost estimate for this section.

Section 3 would add a new section 8183, "Major acquisition program managers." The new section would direct the Deputy Secretary to appoint a manager to administer a major acquisition program not later than 30 days after the Secretary approves commencement of the program. Each appointed manager would report to the Assistant Secretary for Acquisition and Innovation and be responsible for developing a "program baseline." The program baseline would include a description of each acquisition phase; requirements for advancing the program; and estimates for cost, schedule, and performance for the lifecycle of the program. The manager would be responsible for ensuring that the program is in compliance with such requirements, securing funding, adopting standardized processes, and ensuring personnel responsible for estimating the budget for the program are able to raise concerns prior to the establishment of the program baseline. The manager would be responsible for ensuring that: the program complies with cost accounting standards as applicable; the program has a qualified workforce; and the program has adequate technology and production capacity prior to commencing if the program is related to manufacturing.

The manager would be required to submit a certification, within 90 days of establishing the program baseline, stat-

ing that alternative requirements were considered prior to establishing the program baseline. The certification would be submitted to the program decision authority (the Assistant Secretary for Acquisition and Innovation). The Secretary would ensure that the program management offices for the major acquisition programs are independent of VBA, VHA, and the National Cemetery Administration (NCA), and other staff offices by reporting directly to the Assistant Secretary for Acquisition and Innovation. The manager would be required to notify the program decision authority within 30 days of the conclusion of an acquisition phase of a major acquisition program. The manager would not be allowed to proceed to a subsequent acquisition phase without the authorization of the program decision authority.

VA supports the intent of this section, subject to amendments

VA supports the intent of this section, subject to minor amendments, as VA has taken action to establish a policy that major acquisition programs require certified program managers and teams appointed by the Deputy Secretary to ensure efficient planning, execution, and oversight of VA's most complex and high-stakes programs. VA also seeks to ensure that Assistant Secretary for Acquisition and Innovation would align and seek input from other senior functional areas regarding statutory requirements for program oversight.

VA does not have a cost estimate for this section.

Section 4 would transfer all contracting officers and acquisition centers to the Office of Acquisition and Innovation. All activities related to the administration of logistics and supply chain operation would be consolidated under the DAS for Logistics.

VA supports the intent of this section

VA does not have a cost estimate for this section.

Section 5 would require the Secretary to enter into one or more contracts for the independent verification and validation (IV&V) of a major acquisition program or major information technology project. To be awarded a contract, the CAO would have to determine that the entity performs or has performed, within a 3-year period as prime contractor, IV&V or systems engineering and technical advisory support of major acquisition programs or defense systems. The entity, including its subsidiaries, subcontractors, and investments, would be precluded from receiving an award if it was performing or had performed within a 3-year period a covered contract for the project or system involved or for VA. If requested by Congress, contracting officers would be required to submit an organizational conflict of interest mitigation plan submitted by the entity within 30 days from the request. VA would send a copy of the IV&V to Congress not later than 30 days after it was performed. The Chief Financial Officer would need to en-

sure, to the extent practicable, that each organizational subdivision that enters into a contract for IV&V proportionally contributes to the funding of each contract.

VA supports the intent of this section, subject to amendments

VA supports the intent of this section, subject to amendments. With the exclusive mandate for IV&V by external contractors, the Department would need to carefully review existing IV&V and testing-related contracts for compliance while ensuring continuity. This shift may unintentionally exclude experienced VA contractors who lack the required DoD-related contract experience; therefore, VA believes refining the proposed legislative language for clarity and proactively addressing these exclusions would be crucial to mitigating operational disruptions. To preserve operational integrity and effectiveness, leveraging both governmental expertise and external contractor support in IV&V processes is vital, and adhering to industry standards such as IEEE Std. 1012 while maintaining flexibility in IV&V implementation will ensure comprehensive oversight without compromising quality.

VA does not have a cost estimate for this section.

Section 6 would add a new section 8184, "Cost assessment and program evaluation." This new section would establish a Director of Cost Assessment and Program Evaluation (CAPE) who would report directly to the Secretary. The CAPE Director would provide independent analysis and advice to the Secretary and other senior VA officials on matters assigned to the Director pursuant to this section and to 38 U.S.C. § 303. Proposed section 8184(c) would establish two Deputy Directors within the CAPE Office, one for Cost Assessment and one for Program Evaluation. Proposed section 8184(d) would define the responsibilities of the CAPE Director. The Secretary would have to ensure that the Director promptly received the results of all cost estimates and cost analyses conducted by VBA, VHA, NCA, or staff offices and all studies conducted by the Administration, in connection with such cost estimates and cost analyses for major acquisition programs and major automated information system programs of the Administrations. The Director also would have to have timely access to any records and data in the Department. Proposed section 8184(h) and section 6(b) of the bill would define VA's annual reporting requirements. Finally, section 6(b) would define reporting requirements on the monitoring of operating and support costs for major acquisition programs.

VA does not support this section

While VA agrees with the intent behind establishing a CAPE Director function to enhance oversight, VA does not support this section. VA does not believe that establishing the function and roles in law is necessary. VA seeks the flexibility to develop and expand existing capabilities with-

in the Office of Management without the additional constraints prescribed in this section.

VA does not have a cost estimate for this section.

Section 7 would add two new sections, 8185 and 8186, titled “Other transaction authority” and “Advance market commitments for technologies or services for provision of health care,” respectively. Proposed section 8185 would establish another transaction authority (OTA) that would permit VA to enter into transactions with non-traditional contractors to perform certain types of research or innovation development activities. The authority could also be exercised by the Deputy Assistant Secretary for Innovation for activities that align with the mission of the VHA Innovation Ecosystem, provided certain requirements are met. The criteria include research that is not duplicative, a determination by the senior procurement executive that the research is appropriate, that the transaction will not exceed \$5 million to include all options (unless a determination is made to exceed such limits), and other details and limitations. It also would specify notice and reporting requirements to Congress, require VA prescribe regulations to carry out the section, and limit authority under this section to a term of 3 years after the date of enactment. Finally, it would define various terms.

Proposed section 8186 would grant VA authority to enter into advance market commitments by guaranteeing VA purchase, at a predetermined price, a technology or service provided by an entity that addresses an unmet need in the provision of health care to Veterans. It further would specify criteria that must be met prior to entering into an advanced market commitment, to include clearly defined and transparent rules, clear definitions, defined dispute settlement mechanisms, and the ability to modify under certain conditions. The section also would outline a reporting requirement to notify Congress within 120 days of execution of an advanced market commitment.

VA supports the intent of this section

VA supports the intent of this section because it would provide VA with the tools to drive rapid innovation. OTA would minimize barriers, facilitate more streamlined bidirectional collaborations with industry, and help VA attract new, private sector entities that do not traditionally engage with VA. Having OTA, including for research, prototyping, and follow-on production, as a flexible acquisition tool would enable VA to address its immediate challenges today and prepare us to tackle future challenges to modernize VA rapidly in the years to come.

VA does not have a cost estimate for this section.

Section 8 would require VA to monitor the training and experience gap of professionals and establish or expand any existing internship or development pipelines for 1102 contracting officers at VA.

VA supports the intent of this section

VA supports the intent of this section because it underscores VA's need to expand internship and development pipelines for 1102 contracting officers to address training and experience gaps. VA has initiatives underway and will continue to prioritize improving the skills and competencies of its acquisition workforce, thereby enhancing the Department's long-term operational efficiency and effectiveness in managing acquisitions.

VA does not have a cost estimate for this section.

Section 9 is a clerical amendment to amend the table of sections to add subchapter VII and sections 8181–8186 to 38 U.S.C.

VA supports the intent of this section

VA welcomes the opportunity to work with the Committee on technical assistance, including necessary conforming amendments.

There is no cost associated with this section.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the Committee bill are shown as follows: (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 38. VETERANS' BENEFITS

* * * * *

PART I. GENERAL PROVISIONS

* * * * *

CHAPTER 3. DEPARTMENT OF VETERANS AFFAIRS

* * * * *

Sec. 308. Assistant Secretaries; Deputy Assistant Secretaries

(a)(1) There shall be in the Department not more than **[seven]** *eight* Assistant Secretaries.

(2) Except as provided in paragraph (3), each Assistant Secretary appointed under paragraph (1) shall be appointed by the President, by and with the advice and consent of the Senate.

(3) The following Assistant Secretaries may be appointed without the advice and consent of the Senate:

(A) The Assistant Secretary for Management.

(B) The Assistant Secretary for Human Resources and Administration.

(C) The Assistant Secretary for Public and Intergovernmental Affairs.

(D) The Assistant Secretary for Operations, Security, and Preparedness.

(b) The Secretary shall assign to the Assistant Secretaries responsibility for the administration of such functions and duties as the Secretary considers appropriate, including the following functions:

- (1) Budgetary and financial functions.
- (2) Personnel management and labor relations functions.
- (3) Planning, studies, and evaluations.
- (4) Management, productivity, and logistic support functions.
- (5) Information management functions as required by section 3506 of title 44.
- (6) Capital facilities and real property program functions.
- (7) Equal opportunity functions.
- (8) Functions regarding the investigation of complaints of employment discrimination within the Department.
- (9) Functions regarding intergovernmental, public, and consumer information and affairs.
- (10) **[Procurement functions.]** *Acquisition functions.*
- (11) Operations, preparedness, security, and law enforcement functions.
- (12) The functions set forth in section 323(c) of this title.

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PART VI. ACQUISITION AND DISPOSITION OF PROPERTY

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CHAPTER 81. ACQUISITION AND OPER- ATION OF HOSPITAL AND DOMI- CILIARY FACILITIES; PROCUREMENT AND SUPPLY; ENHANCED-USE LEASES OF REAL PROPERTY

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CHAPTER 81. DEPARTMENT OF VETERANS AFFAIRS

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Subchapter VI—Information Technology Projects and Activities

Sec. 8171. Definitions

In this subchapter:

- (1) The term “appropriate congressional committees” means—
 - (A) the Committee on Veterans’ Affairs and the Committee on Appropriations of the Senate; and
 - (B) the Committee on Veterans’ Affairs and the Committee on Appropriations of the House of Representatives.
- (2) The term “information technology” has the meaning given that term in section 11101 of title 40.

(3)(A) The term “information technology project” means a project or program of the Department (including a project or program of any element of the Department) for, or including, the acquisition or implementation of information technology.

(B) In cases where the Secretary transmits to the Director of the Office of Management and Budget information regarding information technology investments, which may consist of individual or multiple projects, the term “information technology project” refers to an individual project or program or a grouping of multiple projects or programs resulting in the acquisition or implementation of discrete information technology.

(4) The term “life cycle costs” means all direct and indirect costs to acquire, implement, operate, and maintain information technology, including with respect to costs of any element of the Department.

[(5) The term “major information technology project” means an information technology project if—]

[(A) the project is designated by the Secretary, the Chief Information Officer of the Department, or the Director of the Office of Management and Budget as a major information technology investment, as defined in section 11302 of title 40; or]

[(B) the dollar value of the project is estimated by the Secretary to exceed—]

[(i) \$1,000,000,000 (as adjusted for inflation pursuant to section 1908 of title 41) for the total life cycle costs of the project; or]

[(ii) \$200,000,000 (as adjusted for inflation pursuant to section 1908 of title 41) annually.]

[(6) The term “business owner” means, with respect to an information technology project, the program manager, project manager, or other supervisory official of the Department responsible for the project.]

[Sec. 8172. Management of major information technology projects]

[(a) COST, SCHEDULE, AND PERFORMANCE INFORMATION.—]

[(1) The Secretary shall, acting through the Chief Information Officer of the Department, submit to the appropriate congressional committees a report containing information on the cost, schedule, and performance of each major information technology project that begins after the date of the enactment of the Joseph Maxwell Cleland and Robert Joseph Dole Memorial Veterans Benefits and Health Care Improvement Act of 2022, as generated by the business owner of the project, prior to the commencement of such project.]

[(2) Each report submitted under paragraph (1) for a project shall include, with respect to such project, the following:]

[(A) An estimate of acquisition costs, implementation costs, and life cycle costs.]

[(B) An intended implementation schedule indicating significant milestones, initial operating capability, and full operating capability or completion.]

[(C) Key business, functional, and performance objectives.]

[(b) BASELINE.—]

[(1) The Secretary shall use the information on the cost, schedule, and performance of a major information technology project included in the report under subsection (a) as the baseline against which changes or variances are measured during the life cycle of such project.]

[(2) The Secretary shall—]

[(A) annually update the baseline of a major information technology project pursuant to subsection (c); and]

[(B) include such updated baseline in the documents providing detailed information on the budget for the Department that the Secretary submits to Congress in conjunction with the President's budget submission pursuant to section 1105 of title 31.]

[(c) CHANGES AND VARIANCES.—]

[(1) Not later than 60 days after the date on which the Secretary identifies a change or variance described in paragraph (2) in the cost, schedule, or performance of a major information technology project, the Secretary, acting through the Chief Information Officer, shall submit to the appropriate congressional committees a notification of such change or variance, including a description and explanation for such change or variance.]

[(2) A change or variance in the cost, schedule, or performance of a major information technology project described in this paragraph is—]

[(A) with respect to the acquisition, implementation, or life cycle cost of the project, or development increment therein, a change or variance that is 10 percent or greater compared to the baseline;]

[(B) with respect to the schedule for a development increment or for achieving a significant milestone, initial operating capability, or full operating capability, or for the final completion of the project, a change or variance that is 180 days or greater compared to the baseline; or]

[(C) with respect to the performance, an instance where a key business, functional, or performance objective is not attained, or is not anticipated to be attained, in whole or in part.]

[(d) MANAGEMENT.—The Secretary shall ensure that each major information technology project is managed by an interdisciplinary team consisting of the following:]

[(1) A project manager who—]

[(A)(i) is certified in project management at level three by—]

[(I) the Department;]

[(II) the Federal Acquisition Institute pursuant to section 1201 of title 41; or]

[(III) the Department of Defense pursuant to section 1701a of title 10; or]

[(ii) holds an equivalent certification by a private sector project management certification organization, as determined appropriate by the Secretary; and]

[(B) is an employee of the Office of Information and Technology of the Department or an employee of an element of the Department at which the project originates.]

[(2) A functional lead who is an employee of the element of the Department at which the project originates.]

[(3) A technical lead who is an employee of the Office of Information and Technology of the Department.]

[(4) A contracting officer.]

[(5) Sufficient other project management, functional, technical, and procurement personnel as the Secretary determines appropriate.]

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Subchapter VII—Acquisition Organization, Cost Assessment, and Program Evaluation

SEC. 8181. DEFINITION OF MAJOR ACQUISITION PROGRAM

In this subchapter, the term “major acquisition program” means a program of the Department to acquire services, supplies, technology, systems, or a combination thereof, with an estimated total program cost, estimated by the Secretary, that exceeds—

- (1) \$1,000,000,000 (adjusted pursuant to section 1908 of title 41) for the total life cycle cost of the program; or*
- (2) \$200,000,000 (adjusted pursuant to section 1908 of title 41) annually.*

SEC. 8182. ACQUISITION ORGANIZATION

(a) ASSISTANT SECRETARY FOR ACQUISITION; CHIEF ACQUISITION OFFICER.—(1) The Secretary shall designate one of the Assistant Secretaries specified in subsection (a)(1) of section 308 of this title as the Assistant Secretary of Veterans Affairs for Acquisition, who shall focus solely on the administration of functions specified in subsection (b)(10) of such section.

(2) Pursuant to section 1702(a) of title 41, the Secretary shall designate the Assistant Secretary of Veterans Affairs for Acquisition as the Chief Acquisition Officer of the Department.

(b) OFFICE OF ACQUISITION.—(1) There is in the Department an Office of Acquisition.

(2) The head of the Office of Acquisition shall be the Assistant Secretary of Veterans Affairs for Acquisition designated pursuant to subsection (a).

(3) The Secretary shall take such actions as may be necessary to ensure that major acquisition program offices of the Department align under the Office of Acquisition and report directly to the Assistant Secretary of Veterans Affairs for Acquisition.

(4) The budget of the Office of Acquisition, including budgets for major acquisition programs, shall be established in the budget justification materials submitted to Congress in support of the budget of the Department (as submitted with the budget of the President under section 1105(a) of title 31).

(c) DEPUTY ASSISTANT SECRETARY FOR LOGISTICS.—(1) Pursuant to section 308(d) of this title, the Secretary shall appoint a Deputy Assistant Secretary of Veterans Affairs for Logistics, who shall report to the Assistant Secretary for Acquisition.

(2) The Deputy Assistant Secretary of Veterans Affairs for Logistics shall be responsible for administration of logistics and supply chain operations of the Department.

(d) DEPUTY ASSISTANT SECRETARY FOR PROCUREMENT.—(1) Pursuant to section 308(d) of this title, the Secretary shall appoint a

Deputy Assistant Secretary of Veterans Affairs for Procurement, who shall report to the Assistant Secretary for Acquisition.

(2) The Deputy Assistant Secretary of Veterans Affairs for Procurement shall be responsible for all procurement and contracting organizations of the Department.

(e) DEPUTY ASSISTANT SECRETARY FOR ACQUISITION, PROGRAM MANAGEMENT, AND PERFORMANCE.—(1) Pursuant to section 308(d) of this title, the Secretary shall appoint a Deputy Assistant Secretary of Veterans Affairs for Acquisition, Program Management, and Performance, who shall report to the Assistant Secretary for Acquisition.

(2) The Deputy Assistant Secretary for Acquisition, Program Management, and Performance shall be responsible for the following:

- (A) Lifecycle management.*
- (B) Requirements planning.*
- (C) Programming and budgeting.*
- (D) Policy.*
- (E) Performance standards.*
- (F) Governance.*
- (G) Enhancing the capabilities of the acquisition workforce.*

(f) Program Executive Officers.—

(1) The Assistant Secretary for Acquisition shall appoint no fewer than four Program Executive Officers, each responsible for overseeing major acquisition programs in one of the following areas:

- (A) Medical.*
- (B) Information technology.*
- (C) Professional services.*
- (D) Other areas not included in subparagraphs (A) through (C).*

(2) Each Program Executive Officer shall report directly to the Assistant Secretary for Acquisition and shall supervise the managers of major acquisition programs within their respective area, as appointed under section 8183 of this title.

(3) Each Program Executive Officer shall be—

- (A) certified in project management at level three by—*
 - (i) the Department;*
 - (ii) the Federal Acquisition Institute pursuant to section 2101 of title 41; or*
 - (iii) the Department of Defense pursuant to section 1701a of title 10; or*

(B) hold an equivalent certification by a private sector project management certification organization, as determined appropriate by the Secretary.

Sec. 8183. Major acquisition program managers

(a) APPOINTMENTS.—Not later than 30 days after any date on which the Secretary approves a major acquisition program to commence, the applicable Program Executive Officer shall appoint a manager to be responsible for administering such program.

(b) QUALIFICATIONS.—Each manager appointed pursuant to subsection (a) shall be— (1) certified in project management at level three by—

- (A) the Department;*
- (B) the Federal Acquisition Institute pursuant to section 1201 of title 41; or*

(C) the Department of Defense pursuant to section 1701a of title 10; or
 (2) hold an equivalent certification by a private sector project management certification organization, as determined appropriate by the Secretary.

(c) *DUTIES.*—Each manager appointed pursuant to subsection (a) for a major acquisition program shall—

(1) report to the Assistant Secretary for Acquisition through the Program Executive Officer responsible for the major acquisition program; and

(2) shall be responsible for, with respect to the major acquisition program—

(A) developing, in coordination with the Program Executive Officer, a plan to administer major acquisition program, which shall be known as the ‘program baseline’ for the major acquisition program, that includes—

(i) a description of each acquisition phase of the major acquisition program;

(ii) for each such acquisition phase, requirements for advancing the major acquisition program to a subsequent acquisition phase; and

(iii) estimates of the cost, schedule, and performance of the major acquisition program that account for the entire life cycle of the major acquisition program;

(B) ensuring the major acquisition program is in compliance with such requirements and providing all program documentation, including program baseline documentation, cost, schedule, performance and risk assessments, and other relevant materials, to designated officials and relevant governance boards;

(C) developing resource requests and justifications necessary to satisfy such requirements; and

(D) on a continuous basis, assessing and managing risks to satisfying the requirements of such program baseline relating to cost and schedule.

(d) *PROGRAM DECISION AUTHORITY.*—The Secretary shall ensure that—

(1) program decision authority for oversight of a major acquisition program is the Assistant Secretary for Acquisition; and

(2) program management offices for major acquisition programs are independent of the Veterans Benefits Administration, the Veterans Health Administration, the National Cemetery Administration, and staff offices of the Department by reporting directly to the Assistant Secretary for Acquisition.

(e) *PROGRAM DECISION AUTHORITY NOTIFICATION REQUIRED.*—Not later than 30 days after any date on which a major acquisition program concludes an acquisition phase, the manager of such program appointed pursuant to subsection (a) shall notify the program decision authority under subsection (c).

Sec. 8184. Cost assessment and program evaluation

(a) *DIRECTOR OF COST ASSESSMENT AND PROGRAM EVALUATION.*—There is in the Department a Director of Cost Assessment and Program Evaluation, who shall report directly to the Secretary.

(b) *RESPONSIBILITIES.*—The responsibilities of the Director are as follows:

(1) *To develop policies and procedures for cost estimation and analysis of major acquisition programs of the Department.*

(2) *To conduct independent cost estimates and analyses for major acquisition programs to support acquisition decisions, or any other acquisitions as directed by the Secretary,*

(3) *To provide an independent cost estimate to the Assistant Secretary for Acquisition in advance of a decision to proceed with full-scale acquisition for a major acquisition program or any other program as directed by the Director.*

(4) *To evaluate the effectiveness of major acquisition programs in meeting Department objectives.*

(5) *Not less frequently than once each year, to submit to the Secretary and the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives an annual report on cost estimation and program evaluation activities, including recommendations to improve acquisition efficiency. Such report shall include a list of all acquisitions where the independent cost estimate for a major acquisition program exceeded the budget request for the program by more than 5 percent.*

(c) **SUPPORT AND RESOURCES.**—*The Chief Financial Officer of the Department shall provide to the Secretary such support and resources as may be necessary for the Secretary to ensure the effective establishment and functioning of the Director of Cost Assessment and Program Evaluation.*

SEC. 8185. Requirements Development Process.

(a) **ESTABLISHMENT OF PROCESS.**—(1) *The Secretary shall establish a standardized requirements development process for major acquisition programs.*

(2) *The process established pursuant to paragraph (1) shall—*

(A) *define and validate mission-driven requirements for major acquisition programs exceeding \$200,000,000 annually or \$1,000,000,000 in lifecycle costs, in coordination with the Assistant Secretary for Acquisition;*

(B) *incorporate data-driven needs assessments, stakeholder input from relevant administrations, staff offices, and other elements of the Department and veterans service organizations, and alignment with statutory mandates, such as section 8121 of this title; and*

(C) *ensure iterative validation of requirements through independent verification and validation, as described in section 8185 of this title, to confirm cost, schedule, and performance baselines.*

(b) **LIMITATION ON PERSONNEL.**—*The Secretary shall implement the process established pursuant to subsection (a) using staff within the Office of Acquisition and other relevant offices of the Department, as established under section 8182 of this title, without creating new positions, unless a subsequent cost-benefit analysis, validated by the Director of Cost Assessment and Program Evaluation, justifies additional resources.*

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Clerical Amendment

The table of sections at the beginning of chapter 81 of title 38, United States Code, is amended by adding at the end the following:

“Subchapter VII—Acquisition Organization, Cost Assessment, and Program Evaluation”

“8181. Definition of major acquisition program.

“8182. Acquisition reorganization.

“8183. Major acquisition program managers.

“8184. Cost assessment and program evaluation.

“8185. Requirements development process.”

