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House of Representatives

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Opening Statement Ranking Member Stephen F. Lynch Subcommittee on National Security

Hearing on "A Review of Veterans Affairs Major Lease Procurement" June 25, 2015

Thank you, Mr. Chairman. I'd like to thank you for holding this hearing to examine waste and inefficiency in major lease projects undertaken by the Department of Veterans Affairs. I'd also like to welcome our witnesses and thank you for helping this subcommittee with its work.

It is my understanding that one specific focus of today's hearing will be the significant delay in securing a new site for the V.A. community based outpatient clinic located in St. Augustine, Florida within Chairman DeSantis' district. In the absence of the V.A.'s ability to find a permanent location for this facility, the clinic has overextended its existing lease at an extra monthly cost to the American taxpayer of nearly \$55,000 dollars.

More importantly, the extent of uncertainty regarding the clinic's status and location has not proven very reassuring to the approximately 5,000 acute and chronically-ill veterans who rely on its medical, psychiatric, women's health and social work services.

Regrettably, the bureaucratic challenges facing the St. Augustine outpatient clinic are reflective of broader inefficient practices employed by the V.A. in its leasing of medical facilities. As reported by the Government Accountability Office in April of 2014, the majority of new V.A. outpatient lease projects have experienced significant schedule delays and cost overruns.

Out of the forty-one outpatient projects reviewed by G.A.O., thirty-nine of them, or 95%, experienced schedule delays ranging from 6 months to 13.3 years. Chief among the reasons for major delays were the submission of so-called "late or changing requirements" regarding project size and scope; difficulties in identifying and securing suitable property sites; and the use of inconsistent procurement guidance.

It is not surprising that many of these lease projects also far exceeded their initial budgets. G.A.O. reviewed the projected costs of thirty-one new V.A. outpatient clinics with complete cost data and found a \$34.5 million dollar increase, or 59%, between their expected and actual first-year rent. As noted by G.A.O., these cost overruns will only increase exponentially as the V.A. will have to pay higher rents over the lifetime of its lease agreements.

The Office of the V.A. Inspector General has similarly found evidence of waste and mismanagement in its review of V.A. health care center leasing. In October of 2013, the Inspector General reported that "V.A.'s management of timeliness and costs in the health care center lease procurement process has not been

effective.” While Congress authorized over \$150 million dollars in 2009 for the V.A. to lease seven health care centers across the country, only four of these leases had even been awarded as of August of 2013. While the V.A. initially set a target completion date for all seven facilities of June 2012, the Department had not built or occupied a single health care center more than one year after this target date had passed.

Mr. Chairman, it is the mission of the Department of Veterans Affairs to “fulfill President Lincoln’s promise ‘to care for him who shall have borne the battle, and for his widow, and his orphan by serving and honoring the men and women who are America’s veterans.’” To this end, we must make every effort to better ensure that the quality and timeliness of the health care services that the V.A. provides to America’s veterans mirrors the nobility of their service, dedication, and sacrifice on behalf of our nation.

Inefficiency in the development of health care facilities that are designed to care for our returning service men and women stands in the way of this critical mission. It delays and confuses the distribution of essential veterans medical services and it wastes already-scarce resources that could be put to much better use within the V.A. health care system.

Thank you, Mr. Chairman.

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