VA REAL PROPERTY

Realignment Progressing, but Greater Transparency about Future Priorities Is Needed

Why GAO Did This Study

The Department of Veterans Affairs (VA) has undertaken various planning efforts to realign its real property portfolio, including the Capital Asset Realignment for Enhanced Services (CARES), creation of a 5-year capital plan, and its newest effort, the Strategic Capital Investment Planning process (SCIP). Through these efforts, VA has identified numerous real property priorities it believes should be completed if the agency’s facilities are to meet veterans’ needs for services now and in the future.

This congressionally requested report addresses the extent to which VA’s capital planning efforts (1) have resulted in changes to its real property portfolio and (2) follow leading practices and provide information for informed decision making. To perform this work, GAO reviewed leading capital planning practices and data on VA’s real property portfolio and future priorities. GAO also interviewed VA officials and veterans service organizations, and visited sites in 5 of VA’s 21 veterans integrated service networks.

What GAO Recommends

GAO recommends that VA annually provide to Congress the full results of its SCIP process and any subsequent capital planning efforts, including details on estimated cost of future projects. VA concurred with this recommendation.

What GAO Found

Through its capital planning efforts, VA has taken steps to realign its real property portfolio from hospital based, inpatient care to outpatient care, but a substantial number of costly projects and other long-standing challenges also remain. Several of VA’s most recent capital projects—such as community based outpatient clinics, rehabilitation centers for blind veterans and spinal cord injury center—were based on its CARES efforts and subsequent capital planning. VA officials and veterans service organizations GAO contacted agreed that these facilities have had a positive effect on veterans’ access to services. However, VA has identified several high-cost priorities such as facility repairs and projects that have not yet been funded. For example, VA reported in its 5-year capital plan for fiscal years 2010-2015 that it had a backlog of $9.4 billion of facility repairs. The 5-year plan further identified an additional $4.4 billion in funding to complete 24 of the 69 ongoing major construction projects. Besides substantial funding priorities, VA, like other agencies, has faced underlying obstacles that have exacerbated its real property management challenges and can also impact its ability to fully realign its real property portfolio. GAO has previously reported that such challenges include competing stakeholder interests, legal and budgetary limitations, and capital planning processes that did not always adequately address such issues as excess and underutilized property.

VA’s capital planning efforts generally reflect leading practices, but lack transparency about the cost of future priorities that could better inform decision making. For example, GAO found that VA’s 5-year capital plan links its investments with its strategic goals, assesses the agency’s capital priorities, and evaluates various alternatives. Also, SCIP strengthens VA’s capital planning efforts by extending the horizon of its 5-year plan to 10 years, and providing VA with a longer range picture of the agency’s future real property priorities. While these are positive steps, VA’s planning efforts lack transparency regarding the magnitude of costs of the agency’s future real property priorities, which may limit the ability of VA and Congress to make informed funding decisions among competing priorities. For example, for potential future projects, VA’s 5-year capital plan only lists project name and contains no information on what these projects are estimated to cost or the priority VA has assigned to them beyond the current budget year. VA officials said during the review that they are considering the release of future year capital cost estimates to Congress. Transparency about future requirements would benefit congressional decision makers by putting individual project decisions in a long-term, strategic context, and placing VA’s fiscal situation within the context of the overall fiscal condition of the U.S. government.

Providing future cost estimates to Congress for urgent, major capital programs is not without precedent in the federal government. Other federal agencies, such as the Department of Defense, have provided more transparent estimates to Congress regarding the magnitude of its future capital priorities beyond immediate budget priorities.

View GAO-11-197 or key components. For more information, contact Lorelei St. James at (202) 512-2834 or stjamesl@gao.gov.