



December 2018

VA CONSTRUCTION

Strengthened Pilot Design and a Dedicated Team Could Improve Real- Property Donation Pilot Program

Accessible Version

GAO Highlights

Highlights of [GAO-19-117](#), a report to congressional committees

Why GAO Did This Study

VA has pressing infrastructure needs. The Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 (CHIP-IN Act) authorized VA to accept donated real property—such as buildings or facility construction or improvements—through a pilot program. VA has initiated one project in Omaha, Nebraska, through a partnership with a donor group. VA can accept up to five donations through the pilot program, which is authorized through 2021.

The CHIP-IN Act includes a provision for GAO to report on donation agreements. This report (1) examines the extent to which the VA's pilot design aligns with leading practices and (2) discusses what VA has learned from the pilot to date. GAO reviewed VA documents, including plans for the pilot program, and visited the Omaha pilot project. GAO interviewed VA officials, the Omaha donor group, and three non-federal entities that responded to VA's request seeking donors. GAO compared implementation of VA's pilot to leading practices for pilot design, organizational transformation, and cross-functional teams.

What GAO Recommends

GAO is recommending that VA: (1) establish pilot program objectives, (2) develop an assessment methodology and an evaluation plan, and (3) document roles and responsibilities and identify available and needed staff resources. VA concurred with GAO's recommendations.

View [GAO-19-117](#). For more information, contact Andrew Von Ah at (213) 830-1011 or vonaha@gao.gov.

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Strengthened Pilot Design and a Dedicated Team Could Improve Real-Property Donation Pilot Program

What GAO Found

The Department of Veterans Affairs (VA) is conducting a pilot program, called CHIP-IN, that allows VA to partner with non-federal entities and accept real property donations from them as a way to help address VA's infrastructure needs. Although VA signed its first project agreement under the program in April 2017, VA has not yet established a framework for effective design of the pilot program. Specifically, VA's pilot program design is not aligned with four of five leading practices for designing a well-developed and documented pilot program. VA has begun to implement one leading practice by improving its efforts to communicate with relevant stakeholders, such as including external stakeholders in key meetings. However, the VA offices involved have not agreed upon and documented clear, measurable objectives for the pilot program, which is a leading practice. Further, VA has not developed an assessment methodology or an evaluation plan that would help inform decisions about whether or how the pilot approach could be expanded. While VA officials said they intend to develop these items as tasks for the newly formed CHIP-IN steering committee, they have no timeline for doing so. Without clear objectives and assessment and evaluation plans, VA and Congress may have difficulty determining whether the pilot approach is an effective way to help address VA's infrastructure needs.

To date, the CHIP-IN pilot suggests that donation partnerships could improve construction projects, but identifying donors and establishing a team for the pilot program have presented challenges. Officials from VA and the donor group for the first pilot project—an ambulatory care center in Omaha, Nebraska—said they are completing the project faster than if it had been a standard federal construction project, while achieving potential cost savings by using private sector practices. However, VA officials said it is challenging to find partners to make large donations with no financial return, and VA's lack of marketing and philanthropic development experience exacerbates that challenge. VA and the donor group agreed that a dedicated team of individuals with relevant expertise could facilitate the pilot's implementation. The new CHIP-IN steering committee could serve this purpose, but it lacks documented roles and responsibilities. Establishing a team with clear roles and responsibilities and identifying both available and needed staff resources could assist VA in partnering with additional donors and creating new opportunities to meet veterans' needs.

Department of Veterans Affairs' Ambulatory Care Center in Omaha, NE—Construction Site and Rendering of the Completed Facility



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Abbreviations

CFM	Office of Construction and Facilities Management
CHIP-IN Act	Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016
ORP	Office of Real Property
RFI	request for information
VA	Department of Veterans Affairs
VHA	Veterans Health Administration

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December 13, 2018

The Honorable Johnny Isakson
Chairman
The Honorable Jon Tester
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Phil Roe
Chairman
The Honorable Tim Walz
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Department of Veterans Affairs (VA) operates one of the largest health care systems in the country with over 1,200 sites serving 9-million veterans each year, as VA reported in 2018. However, VA's infrastructure is aging and many facilities, designed for an inpatient health care system, do not align with VA's current and future needs—such as providing more care in outpatient settings, similar to trends in the health care industry overall. Further, our prior work has identified instances of VA facility construction experiencing cost overruns totaling hundreds of millions of dollars and schedule delays exceeding several years.¹

In December 2016, a pilot program was enacted that helps to address VA's infrastructure needs by allowing VA to partner with and accept donations from non-federal entities to construct or improve some facilities. Specifically, the Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 (CHIP-IN Act) authorizes VA to accept donated real property, such as buildings, from non-federal

¹For example, see GAO, *VA Construction: Actions Taken to Improve Denver Medical Center and Other Large Projects' Cost Estimates and Schedules*, [GAO-18-329T](#) (Washington, D.C.: Jan. 17, 2018); *VA Construction: Improved Processes Needed to Monitor Contract Modifications, Develop Schedules, and Estimate Costs*, [GAO-17-70](#) (Washington, D.C.: Mar. 7, 2017); and *VA Construction: Additional Actions Needed to Decrease Delays and Lower Costs of Major Medical-Facility Projects*, [GAO-13-302](#) (Washington, D.C.: Apr. 4, 2013).

entities.² The legislative history suggests that Congress was seeking innovative ways to help VA meet its pressing infrastructure needs.³ CHIP-IN donations can include an already constructed facility or construction of a facility on either VA property or donated property. Examples of non-federal entities that can make donations under the pilot include state or local authorities, a donor or donor group, limited liability corporations, or tax-exempt organizations. The CHIP-IN Act allows VA to use funds that have already been appropriated for a particular facility's construction project to assist a donor of real property and improvements with financing, designing, or constructing the facility.⁴ VA may accept up to five donations through the pilot program, which is authorized through 2021. As of September 2018, VA has entered into a formal agreement for one CHIP-IN project—the construction of an ambulatory care center on the VA medical center's campus in Omaha, Nebraska (Omaha project). This agreement created a partnership between VA and a nonprofit corporation formed by a donor group in Omaha (Omaha donor group). In this case, the donor, in consultation with VA, is leading the project's design and construction efforts and will donate the completed facility to VA. VA plans to use this facility to provide various outpatient services, including primary care and certain surgical services. Additionally, according to agency officials, VA has engaged in discussions with potential partners regarding CHIP-IN donation opportunities in locations across the country but has not signed any other formal agreements as of September 2018.

The CHIP-IN Act included a provision for us to report on the pilot's donation agreements on a biennial basis. This report (1) examines the extent to which VA's CHIP-IN pilot program design aligns with leading practices and (2) discusses what VA has learned from the pilot program to date.

²Pub. L. No. 114-294 (2016).

³See H.R. Rpt. 114-814 (2016).

⁴VA is authorized to accept donations of completed real property for use as a medical facility. 38 U.S.C. § 8103. According to VA officials, the CHIP-IN Act streamlined the funding process by eliminating VA's need to seek authorization to use funds already appropriated for major construction projects for which Congress has not provided authorization, and where the completed medical facility is consistent with the purpose of the previous appropriation. As we have previously reported, the Department of Defense has construction projects obtained through private financing, including donations. See GAO, *Defense Infrastructure: DOD Needs Clearer Guidance on Notifying Congress of Privately Financed Construction Projects*, [GAO-17-76](#) (Washington, D.C.: Jan. 31, 2017).

To address both objectives, we reviewed statutes, journal articles and published reports on real property donations, and VA documents, including plans for the pilot program and the donation agreement for the Omaha project. We visited the Omaha project, where we toured the construction site. We interviewed VA officials, representatives from the Omaha donor group,⁵ and three of the five non-federal entities that responded to VA's request for information (RFI) seeking CHIP-IN donations but that had not met the CHIP-IN Act requirements.⁶ To determine the extent to which VA's pilot design aligns with leading practices, we compared steps VA has taken in developing the pilot to a set of leading practices that we developed and identified in 2016.⁷ We also reviewed the pilot's design in comparison to relevant federal standards for internal control.⁸ In determining what VA has learned from the pilot program to date, we reviewed the CHIP-IN pilot's implementation as compared to several relevant leading practices, including our prior work on organizational transformation,⁹ collaboration,¹⁰ and effective cross-functional teams.¹¹

We conducted this performance audit from March 2018 to December 2018 in accordance with generally accepted government auditing

⁵We spoke with the president, legal counsel, and three board members of the Omaha donor group.

⁶According to VA officials, five non-federal entities responded to the agency's RFI, but none of them met the CHIP-IN Act requirements because they were seeking some sort of return on their contribution to the pilot. We did not speak with one of the five because it resubmitted its proposal to VA after it better understood the pilot's purpose. Since VA was negotiating with that respondent during our review, we did not talk with its staff so as not to affect the ongoing negotiations. We made multiple attempts to contact the other entity but did not receive a response.

⁷GAO, *DATA Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, [GAO-16-438](#) (Washington, D.C.: Apr. 19, 2016).

⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁹GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

¹⁰GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

¹¹Cross-functional teams are established to support objectives that span multiple functional boundaries within an organization. GAO, *Defense Management: DOD Needs to Take Additional Actions to Promote Department-Wide Collaboration*, [GAO-18-194](#) (Washington, D.C.: Feb. 28, 2018).

standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

CHIP-IN Act

According to VA officials and Omaha donor group representatives, two main factors coalesced to become the impetus for the CHIP-IN Act.

- One factor was an Omaha donor group's interest in constructing an ambulatory care center that could help address the needs of veterans in the area, given uncertainty about when or whether VA would be able to build a planned replacement medical center.¹² In 2011, VA allocated \$56 million for the design of the replacement medical center in Omaha, which had a total estimated cost of \$560 million. However, VA officials told us that given the agency's backlog of construction projects, the replacement medical center was not among its near-term projects. In the meantime, according to VA officials and the Omaha donor group, they discussed a change in the scope of the project—from the original plan of a replacement medical center to a smaller-scope project for a new ambulatory care center—that could potentially be constructed using the existing appropriation of \$56 million plus a donation from the Omaha donor group.¹³
- Another factor was the Congress's and VA's broader interest in testing innovative approaches to meeting VA's infrastructure needs. According to VA officials, the agency was interested in constructing medical facilities in a more expeditious manner and developing legislation that allowed private money to help address VA's needs.

¹²The Omaha donor group—a nonprofit with a 20-plus year history of constructing and donating facilities such as museums, stadiums, arenas, and other public spaces to the local community—was interested in raising private sector donations and leading a project that could help address veterans' needs.

¹³VA officials told us that future construction projects will be needed to address some needs that were part of the original replacement medical center plan, including inpatient, mental-health, and long-term care needs, as well as building infrastructure needs in the existing medical center.

The CHIP-IN Act authorized a total of five pilot projects but did not name any specific project locations. Subsequently, the Omaha donor group applied to participate in the pilot program—with the construction of an ambulatory care center—and VA executed a donation agreement in April 2017. VA may accept up to four more real property donations under the pilot program, which is authorized through 2021.¹⁴

The CHIP-IN Act places certain requirements on donations under the pilot program. VA may accept CHIP-IN donations only if the property: (1) has already received appropriations for a VA facility project, or (2) has been identified as a need as part of VA's long-range capital planning process and the location is included on the Strategic Capital Investment Planning process priority list provided in VA's most recent budget submission to Congress.¹⁵ The CHIP-IN Act also requires that a formal agreement between VA and the non-federal entity provide that the entity conduct necessary environmental and historic preservation due diligence, obtain permits, and use construction standards required of VA, though the VA Secretary may permit exceptions.¹⁶

Omaha Project

VA entered into an agreement with the Omaha donor group for the design and construction of an ambulatory care center in April 2017—4 months after enactment of the CHIP-IN Act. According to this agreement, which establishes the terms of the donation, the Omaha donor group will complete the design and construction of the facility and consult with VA. The facility will provide approximately 158,000 gross square feet of outpatient clinical functions, including primary care, an eye clinic, general

¹⁴According to VA officials, all formal donation agreements under the CHIP-IN pilot must be signed by December 16, 2021, but projects' completions can occur after that date.

¹⁵VA prioritizes construction projects using the Strategic Capital Investment Planning process, which is an agency-wide planning process that results in the creation of a single, integrated prioritized list of projects from the following capital investment accounts: major construction, minor construction, and leases.

¹⁶Under the CHIP-IN Act, the non-federal entity shall use construction standards required of VA when designing, repairing, altering, or building the facility, except to the extent the Secretary of VA determines otherwise, as permitted by applicable law.

purpose radiology and ambulatory surgery, specialty care, and mental health care.¹⁷

According to VA officials, planning for the facility began in April 2017, after the donation agreement was executed, and the project broke ground in April 2018. This donation agreement includes the mutually agreed-upon design and construction standards, which incorporate both VA's standards and private sector building standards. The donation agreement also sets the terms of VA's review of the design and construction documents and establishes escrow operations for the holding and disbursement of federal funds.¹⁸ Upon the Omaha donor group's completion of the facility (scheduled for summer 2020) and VA's acceptance, the Omaha donor group will turn the facility over to VA. The total estimated project cost is approximately \$86 million. VA is contributing the \$56 million that had already been appropriated for the design of the replacement medical facility. The Omaha donor group will donate the remaining approximately \$30 million in private sector donations needed to build the facility.

Figure 1: Department of Veterans Affairs' Ambulatory Care Center in Omaha, NE—Construction Site and Rendering of Completed Facility



Sources (left to right): GAO and © 2018 Veterans Ambulatory Center Development Corporation. All rights reserved. | GAO-19-117

¹⁷Gross square feet is the total area of a building enclosed by the exterior face of the perimeter walls, calculated on a floor-by-floor basis.

¹⁸VA and the donor agreed to establish an escrow account for the purpose of holding previously appropriated funds to be used for the facility. The escrow agreement sets a schedule by which VA will transfer the appropriated funds into the escrow account.

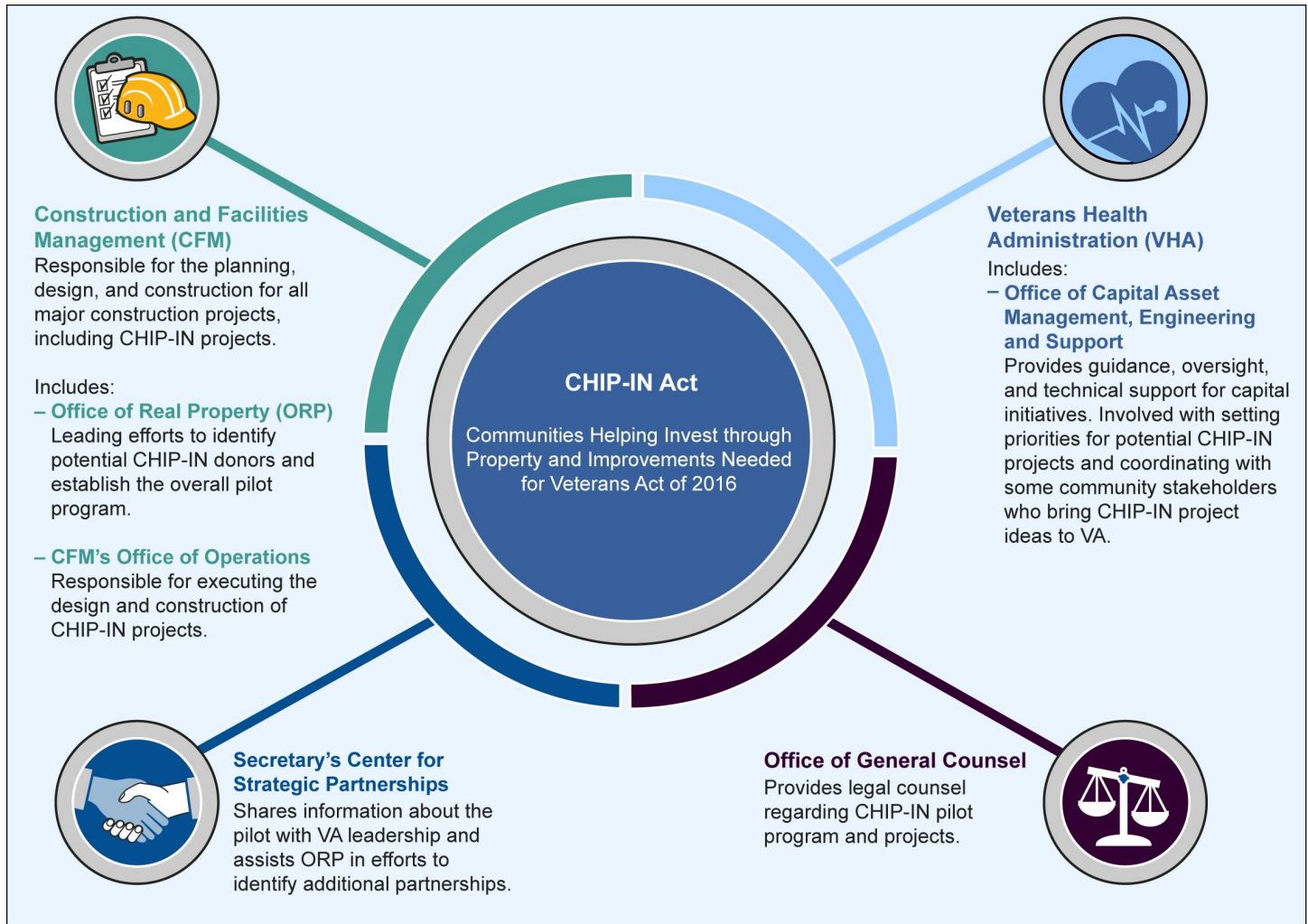
Pilot Program

As shown in figure 2 and described below, VA officials told us that several offices are involved in various aspects of the CHIP-IN pilot—such as executing the Omaha project, seeking additional partnerships, and establishing the overall pilot program effort. The VA Office of Construction and Facilities Management (CFM) includes its Office of Real Property (ORP) and Office of Operations. ORP has taken a lead role in establishing the pilot program, while CFM Operations has led the execution of the Omaha project. Other VA offices that have been involved at different stages include the Office of General Counsel and the Secretary's Center for Strategic Partnerships.¹⁹ Within the Veterans Health Administration (VHA), the local medical-center leadership was involved with developing the Omaha project, and the Office of Capital Asset Management, Engineering, and Support (Capital Asset Management Office) has contributed to efforts to identify additional projects.²⁰ Some of these offices are involved with a steering committee created to implement the CHIP-IN Act (CHIP-IN steering committee). This steering committee met for the first time in September 2018.

¹⁹Also, VA's Office of Finance contributed to the review of the financial terms and conditions of the Omaha donation agreement, according to a VA official.

²⁰In its written comments on our draft report, VA noted that VHA's Capital Asset Management Office has provided guidance to VA medical centers and Veterans Integrated Service Networks on acceptable CHIP-IN projects and subsequent steps for the Strategic Capital Investment Planning cycle, provided potential sites and associated projects to the Center for Strategic Partnerships and ORP, and communicated potential project statuses to VHA's leadership.

Figure 2: Department of Veterans Affairs' (VA) Offices Primarily Involved with the CHIP-IN Pilot Program



Source: GAO. | GAO-19-117

VA Has Not Yet Established a Framework for Effective Pilot Design for the CHIP-IN Pilot Program






In 2016, we identified five leading practices for designing a well-developed and documented pilot program:

- establishing objectives,

- articulating an assessment methodology,
- developing an evaluation plan,
- assessing scalability, and
- ensuring stakeholder communication.²¹ (See fig. 3.)

These practices enhance the quality, credibility, and usefulness of pilot program evaluations and help ensure that time and resources are used effectively. While each of the five practices serves a purpose on its own, taken together, they form a framework for effective pilot design.

Figure 3: Summary of Leading Practices for a Pilot Program’s Design

Leading practice	Description
Objectives 	Establish well-defined, appropriate, clear, and measurable objectives.
Assessment 	Articulate an assessment methodology that details the type and source of the information necessary to evaluate the pilot, and methods for collecting that information, including timing and frequency.
Evaluation 	Develop a plan that defines how the information collected will be analyzed, to evaluate the pilot’s implementation and performance.
Scalability 	Assess scalability of pilot design to inform a decision on whether and how to implement a new approach in a broader context.
Stakeholder communication 	Appropriate two-way stakeholder communication and input should occur at all stages of the pilot. Relevant stakeholders should be identified and involved.

Source: GAO. | GAO-19-117

VA officials have worked to communicate with relevant stakeholders, but have not yet established objectives, developed an assessment methodology and evaluation plan, or documented how they will make decisions about scalability of the pilot program.

VA Has Not Established Clear Objectives

In 2016, we reported that clear, measurable objectives can help ensure that appropriate evaluation data are collected from the outset of a pilot

²¹ [GAO-16-438](#).

program.²² Measurable objectives should be defined in qualitative or quantitative terms, so that performance toward achieving the objectives can be assessed, according to federal standards for internal control.²³ For example, broad pilot objectives should be translated into specific researchable questions that articulate what will be assessed. Establishing well-defined objectives is critical to effectively implementing the other leading practices for a pilot program's design. Objectives are needed to develop an assessment methodology to help determine the data and information that will be collected. Objectives also inform the evaluation plan because performance of the pilot should be evaluated against these objectives. In addition, objectives are needed to assess the scalability of the pilot, to help inform decisions on whether and how to implement a new approach in a broader context (i.e., whether the approach could be replicable in other settings).

Relevant VA stakeholders have not yet collectively agreed upon and documented overall objectives for the CHIP-IN pilot program, but the stakeholders said they are planning to do so. However, at the time of our review, each of the VA offices we interviewed presented various ideas of what the objectives for the pilot should be, reflecting their varied missions and roles in the CHIP-IN pilot. For example,

- A senior VHA official said the objectives should include (1) determining whether the CHIP-IN donation partnership approach is an effective use of VA resources and (2) defining general principles for the pilot, including a repeatable process for future CHIP-IN projects.
- A senior VA official who has been closely involved with the pilot said one objective should be determining how VA can partner with the private sector for future construction projects, whether through donation partnerships or other means.
- Officials from ORP, who have taken a lead role in establishing the pilot, told us their objectives include identifying the four additional projects authorized by the CHIP-IN Act, developing a process to undertake potential projects, and determining whether a recommendation should be made that Congress extend VA's CHIP-IN authority beyond the 5-year pilot. ORP officials said they have written some of these objectives in an early draft of plans for the CHIP-IN

²²GAO-16-438.

²³GAO-14-704G.

steering committee, but they have also discussed other objectives that are not yet documented.

While the various VA offices involved may have somewhat different interests in the pilot program, developing a set of clear, measureable objectives is an important part of a good pilot design. For example, several VA officials who are involved in the pilot told us that it would be useful for relevant internal stakeholders to collectively agree upon and document overall objectives. ORP officials told us that the newly formed CHIP-IN steering committee will discuss and formalize objectives for the pilot. However, at the time of our review, a draft of these objectives had not been developed and a timeline for developing objectives was not yet established. A discussion of objectives was planned for the steering committee's first meeting in September but had been rescheduled for the next meeting in October 2018.

VA officials told us that they did not immediately move to establish a framework for the pilot program—which would include objectives for the pilot—for various reasons. Some officials said that VA and the Omaha donor group entered into formal discussions shortly after the CHIP-IN Act was enacted, and that their focus at the time was on negotiating and then executing a donation agreement for that particular project. As such, formal efforts to establish the framework for the overall pilot effort were in initial stages at the time of our review. ORP officials also said that the enactment of the CHIP-IN Act was not anticipated at the time CFM was planning and budgeting its resources for fiscal years 2017 and 2018, so work on the pilot had to be managed within available resources, largely as an additional duty for staff. In addition, a senior VHA official said a meeting to agree upon the pilot program's objectives was needed but had not been held yet, noting that VA has competing priorities and vacancies at the senior executive level. ORP officials said they are now following project management principles in implementing the pilot. As part of this effort, they said that they intend to develop foundational documents for review by the CHIP-IN steering committee—such as a program plan containing objectives—but they have not done so yet.²⁴

²⁴ORP officials said that as certified project managers, they will follow the Federal Acquisition Institute's project management principles in implementing the pilot. ORP officials said that they are following the standard project lifecycle model that is part of these principles and are currently in the concept definition phase. According to the Federal Acquisition Institute's project manager's guidebook, concept definition is the first phase of the project's life-cycle and involves defining the problem that needs to be solved—similar to defining objectives, as described on our pilot design leading practices.

Without clearly defined and agreed-upon objectives, stakeholders within VA may have different understandings of the pilot's purpose and intended outcomes. As a result, the agency risks pursuing projects that may not contribute to what VA hopes to learn or gain from the pilot. While VA officials are planning to establish objectives as they formalize the CHIP-IN steering committee, at the time of our review these objectives had not been documented and no timeline has been established for when they would be. Without clear, measurable objectives, VA will be unable to implement other leading practices for pilot design, such as determining how to make decisions about scalability. Further, not defining objectives in the near future would ultimately affect VA's ability to evaluate the pilot and provide information to Congress about its results.

VA Has Not Developed and Documented an Assessment Methodology or Evaluation Plan

We have reported that developing a clearly articulated assessment methodology and a detailed evaluation plan are leading practices for pilot design.²⁵ The assessment methodology and evaluation plan should be linked to the pilot's objectives so that evaluation results will show successes and challenges of the pilot, to help the agency draw conclusions about whether the pilot met its objectives. The assessment methodology and evaluation plan are also needed to determine scalability, because evaluation results will show whether and how the pilot can be expanded or incorporated into broader efforts. Given that several VA offices are involved in the pilot's implementation, it is important for relevant stakeholders to be involved with defining and agreeing upon the assessment methodology and evaluation plan.

VA has not yet fully developed and documented either an assessment methodology or evaluation plan for the pilot, but VA officials told us they plan to do so. For example, ORP officials said they intend to collect lessons learned and then evaluate the pilot at its end in 2021 by reviewing this information with relevant stakeholders. However, more specific details for this assessment methodology have not been defined in accordance with this leading practice. For example, we found that ORP has not yet determined which offices will contribute lessons learned, how frequently that information will be collected, or who will collect it. Similarly,

²⁵[GAO-16-438](#). Because an evaluation plan is dependent upon an assessment methodology, we discuss them together.

details for an evaluation plan have not been defined, including who will participate in the evaluation and how information will be analyzed to evaluate the pilot's implementation and performance. Now that the CHIP-IN steering committee has met for the first time, this group intends to discuss assessment of the pilot at a future meeting, but it is not clear when that discussion will occur, what leading practices will be considered, and when plans will be defined and documented.

According to VA officials, an assessment methodology and evaluation plan have not been developed because, as discussed above, after the CHIP-IN Act was enacted, efforts were focused on negotiating the Omaha donation agreement and then executing that project. As such, formal efforts to establish the pilot through the CHIP-IN steering committee were in initial stages at the time of our review. Further, until VA has agreed-upon and documented objectives for the pilot program, it may be difficult to determine what information is needed for an assessment methodology and how the pilot will be evaluated.

Unless VA establishes a clear assessment methodology that articulates responsibilities for contributing and documenting lessons learned, VA may miss opportunities to gather this information from the pilot. For example, while some stakeholders are documenting lessons learned relevant to their roles in the pilot, others are not. Specifically, ORP and CFM Operations are documenting lessons learned, but other VA offices and the Omaha donor group have not, though some told us they would be willing to share lessons learned if asked. Without an assessment methodology, there may also be confusion about who is responsible for documenting lessons learned. For example, a senior CFM official said that the Omaha donor group was compiling lessons learned from the pilot overall and would subsequently share those with VA. However, representatives from the donor group told us they have not been asked to share lessons learned with VA, but they would be willing to do so. When key individuals leave their positions—a situation that has occurred a number of times during implementation of the CHIP-IN pilot—their lessons learned may not be captured. For example, VA officials and donor group representatives told us that two VA officials who were involved in developing the pilot have since left the agency. In addition, stakeholders' memories of lessons learned may fade unless they record them. Waiting to develop an evaluation plan—which should include details about how lessons learned will be used to measure the pilot's performance—may ultimately affect VA's preparedness to evaluate the pilot and provide information to Congress about its results.

VA Has Not Documented Plans to Assess Scalability

The purpose of a pilot is to generally inform a decision on whether and how to implement a new approach in a broader context—or in other words, whether the pilot can be scaled up or increased in size to a larger number of projects over the long term. Our prior work has found that it is important to determine how scalability will be assessed and the information needed to inform decisions about scalability.²⁶ Scalability is connected to other leading practices for pilot design, as discussed above. For example, criteria to measure scalability should provide evidence that the pilot objectives have been met, and the evaluation's results should inform scalability by showing whether and how the pilot could be expanded or how well lessons learned from the pilot can be incorporated into broader efforts.

VA officials have begun to implement this leading practice by considering the pilot as a means of testing the viability of the donation partnership approach; however, plans for assessing scalability have not been fully defined and documented. A senior VA official said scalability is seen as a way to determine if the donation approach or other types of private sector partnerships are a viable way to address VA's infrastructure needs. Similarly, ORP officials told us they are first considering scalability in terms of whether the CHIP-IN donation approach is an effective or feasible way of delivering VA projects. These officials said scalability will be largely determined by whether all five authorized projects can be executed before authorization for the CHIP-IN pilot program sunsets. For example, if VA can find four additional projects and execute donation agreements before the pilot's authority expires, then potentially VA could seek congressional reauthorization to extend the program beyond the 5-year pilot. ORP officials are also considering scalability in terms of any changes to the program, such as incentives for donors, that could potentially increase its effectiveness. However, ORP officials explained that scalability may be limited because the types of projects that can be accomplished with the CHIP-IN donation approach may not be the projects that are most needed by VA. Along with other pilot design topics, the CHIP-IN steering committee intends to discuss scalability at a future meeting, but it is not clear when that discussion will occur. Thus, while VA officials have considered what scalability might look like, they have not

²⁶[GAO-16-438](#).

fully determined and documented how to make decisions about whether the pilot is scalable.

Since VA has not defined and documented the pilot's objectives and its evaluation plans, it may be more difficult to determine how to make decisions about scalability. Considering how the pilot's objectives and evaluation plans will inform decisions about scalability is critical to providing information about the pilot's results. For example, at the end of the pilot, VA and Congress will need clear information to make decisions about whether the CHIP-IN donation approach could be extended beyond a pilot program, if any changes could enhance the program's effectiveness, or if particular lessons learned could be applied to VA construction projects more broadly. Without clear information about scalability, VA may be limited in its ability to communicate quality information about the achievement of its objectives. Such communication is part of the federal standards for internal control.²⁷

VA Is Making Efforts to Improve Communication with Relevant Stakeholders

We have reported that appropriate two-way stakeholder communication and input should occur at all stages of the pilot, including design, implementation, data gathering, and assessment.²⁸ To that end, it is critical that agencies identify who or what entities the relevant stakeholders are and communicate with them early and often. This process may include communication with external stakeholders and among internal stakeholders. Communicating quality information both externally and internally is also consistent with federal standards for internal control.²⁹

VA has begun to implement this practice, with generally successful communication with the Omaha donor group. While VA has experienced some external and internal communication challenges about the pilot, officials have taken steps to help resolve some of these challenges.

²⁷ [GAO-14-704G](#).

²⁸ [GAO-16-438](#).

²⁹ [GAO-14-704G](#).

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- **External communication.** VA officials and representatives from the Omaha donor group generally described excellent communication between their two parties. For example, donor group representatives told us that in-person meetings helped to establish a strong relationship that has been useful in negotiating the donation agreement and executing the project to date. Further, VA officials and donor group representatives said that all relevant stakeholders—such as the donor group’s construction manager, general contractor, and architect, as well VA’s engineer, project manager, and medical center director—were included in key meetings once the Omaha project began, and said that this practice has continued during the construction phase.

Although the Omaha donor group reported overall effective relations and communications with VA, donor group representatives noted that additional public relations support from VA would have been helpful. For example, after the CHIP-IN project was initiated in Omaha, the donor group encountered a public relations challenge when news reports about unauthorized waiting lists at the Omaha medical center jeopardized some donors’ willingness to contribute to the project. While donor group representatives said this challenge was addressed when the donor group hired a public relations firm, they also explained that it would be helpful for VA headquarters to provide more proactive public relations support to the local areas where future CHIP-IN projects are located.

VA officials stated that they experienced some initial challenges communicating pilot requirements to external entities that are interested in CHIP-IN donation partnerships, but officials said that in response the agency has changed its outreach approach. As discussed below, the donation commitment aspect of the pilot can be a challenge. When interested entities contact VA to request information on the CHIP-IN pilot, VA officials told us they find the entities are often surprised by the donation commitment. For example, two entities that responded to VA’s RFI told us they were not clear about the donation requirement or the expected level of donation, or both.³⁰ One respondent did not understand the pilot required a donation and would not provide an opportunity for a financial return on investment. Another respondent indicated that when they asked VA

³⁰As discussed earlier, we spoke with three of the five entities that responded to VA’s RFI about the CHIP-IN pilot but that had not meet CHIP-IN requirements.

for clarification about the expected project's scope, personnel from a headquarters office and the local VA medical center could not fully answer their questions. VA officials acknowledged these challenges and said they have changed their outreach efforts to focus on certain potential CHIP-IN locations, rather than RFIs aimed at a broader audience. Further, VA officials said that when speaking with potential donors going forward, they plan to involve a small group of officials who are knowledgeable about the pilot and its donation approach.

- **Internal communication.** While VA initially experienced some challenges in ensuring that all relevant internal stakeholders have been included in the pilot's implementation, according to officials, the agency has taken recent steps to address this concern and involve appropriate internal offices. For example, officials from the Capital Asset Management Office said they could have assisted ORP in narrowing the list of potential projects in the RFIs but were not consulted. Later, after revising the marketing approach, ORP reached out to the Capital Asset Management Office and other relevant offices for help in determining priority locations for additional CHIP-IN projects, according to an ORP official. Officials from the Capital Asset Management Office told us that with improved engagement they were able to participate more actively in discussions about the pilot. In addition, initial plans for the CHIP-IN steering committee did not include VHA representation.³¹ However, in summer 2018 ORP expanded the planned steering committee to include VHA representatives, a plan that some other VA offices told us is needed to ensure that the pilot addresses the agency's healthcare needs and that VHA offices are informed about pilot efforts.

³¹ORP officials have noted that while preliminary plans did not include VHA, it was not their intention to exclude VHA offices from the process or from CHIP-IN steering committee membership.

CHIP-IN Pilot Suggests That Donation Partnerships Can Improve Project Implementation, but Challenges Include Identifying Donors and Establishing Responsibilities

VA and Omaha Donor Group Agree That the CHIP-IN Donation Approach and Private Sector Practices Have Improved the Omaha Project's Implementation

Based on the experience with the Omaha project, the CHIP-IN donation approach can result in potential cost and time savings—through the leveraging of private-sector funding, contracting, and construction practices—according to VA officials and the Omaha donor group. Regarding cost savings, one VA official stated that using donations makes VA's appropriated funds available to cover other costs. In addition, based on the experience with the Omaha project, other VA officials told us that a CHIP-IN project can potentially be completed for a lower cost because of practices resulting from private sector leadership. Specifically, VA estimated that the Omaha ambulatory care center would cost about \$120 million for VA to build outside of a donation partnership—as a standard federal construction project. Under the CHIP-IN pilot, however, the total estimated cost of the Omaha facility is \$86 million—achieving a potential \$34 million cost savings.³² Regarding time savings, CHIP-IN projects can potentially be completed at a faster pace because of the use of certain private sector practices and because projects can be addressed earlier than they otherwise would be, according to VA officials.

The use of private-sector building practices can result in cost and time savings in a number of ways, according to VA officials and the Omaha donor group, as follows:

³²VA officials told us they did not complete an economic analysis such as cost-benefit analysis to derive their cost savings estimate. Therefore, the actual cost savings may differ from the estimated \$34 million because estimating cost savings requires information such as the original and new design of the facility, change to the scope of service, and the corresponding changes in the lifetime costs of operation and maintenance. Also, additional expected costs of safety risks due to less stringent design and construction standards should be included in the estimation.

-
- The use of private-sector building standards contributed to cost savings for the Omaha project, according to VA officials and donor group representatives. VA and the donor group negotiated a combination of industry and VA building standards. A CFM official told us that using this approach and working with the private sector donor group encouraged the design team to think creatively about the risk assessment process and about how to meet the intent of VA's physical security standards, but at a lower cost than if they were required to build a facility using all of VA's building standards as written. For example, when assessing the safety and physical-security risk, the donor group and VA identified a location where two sides of the facility will not have direct exposure to the public or roadway traffic. Prohibiting exposure to roadways on two sides of the facility will mean spending less money to harden (i.e., protect) the facility against threats such as vehicular ramming. According to VA officials, using the combined standards did not compromise security on the Omaha project.
 - Involving the general contractor early on in the design for the Omaha project, an approach VA does not typically take, contributed to both time and cost savings. VA officials told us that engaging the general contractor during the project's design stage allowed the project to begin more quickly and was also helpful in obtaining information about costs and keeping the project within budget. However, VA officials said that depending on the project and contracting method used, it might not be possible to apply this contracting practice to VA construction projects outside of the pilot program.
 - A private-sector design review method helped to save time. The Omaha donor group used a software package that allowed all design-document reviewers to simultaneously review design documents and then store their comments in a single place. VA officials said this approach was more efficient than VA's typical review method and cut about 18 weeks from the project's timeline. VA officials also said use of this software was a best practice that could be applied to VA construction projects more broadly. In addition, the donor group and VA employed fewer rounds of design reviews than VA typically uses; this streamlining also helped to save time during the design process, according to VA officials.

Further, VA officials said that the CHIP-IN donation approach can allow VA to address projects more quickly because they are addressed outside of VA's typical selection and funding process. For example, VA officials told us that because of the agency's current major construction backlog, using the CHIP-IN donation approach allowed work on the Omaha project

to begin at least 5 years sooner than if the CHIP-IN approach had not been used. The Omaha project's priority was low relative to other potential projects, so that it was unlikely to receive additional funding for construction for several years. For example, one agency official noted that even if the project was at the top of VA's priorities, there is a backlog of 20 major construction projects worth \$5 billion ahead of it—meaning the Omaha project would probably not be addressed for at least 5 years. VA officials also told us that as they consider future CHIP-IN projects, they are looking for other projects that, like the one in Omaha, are needed, but may not be a top priority given available funding and could be moved forward with a private sector donation. In addition, use of the CHIP-IN donation approach and decision to pursue an ambulatory care center contributed to an earlier start on a project to address veterans' needs.³³ However, as mentioned earlier, VA officials said that future construction projects will be necessary to address some needs that were part of the original replacement medical center plan.

Stakeholders Agreed That Relying on Philanthropic Donations and Identifying Donors Is a Challenge to Establishing Pilot Partnerships

A main challenge to establishing pilot partnerships is the reliance on large philanthropic donations, according to VA officials, the Omaha donor group, and RFI respondents. In general, the potential donor pool may not be extensive given the size of the expected donations—in some cases tens or hundreds of millions of dollars—and the conditions under which the donations must be made. For example, as discussed earlier, VA officials said that when interested entities contact them about the pilot, they are often surprised by the donation commitment. When we spoke with two entities that responded to VA's RFI, one told us that they "could not afford to work for free" under the pilot while another told us that developers are more likely to participate in the pilot if they see an incentive, or a return on their financial contribution. Also, VA officials told us that some potential project locations have not received any appropriations—making the projects' implementation less appealing to potential donors. The Omaha donor group noted that a VA financial

³³As discussed earlier, according to VA officials, the CHIP-IN Act eliminates VA's need to seek authorization to use funds already appropriated for major construction projects for which Congress has not provided authorization, and where the completed medical facility is consistent with the purpose of the previous appropriation.

contribution at or above 50 percent of a project's estimated cost is essential for demonstrating the agency's commitment and for leveraging private-sector donations.

To address challenges involving the philanthropic nature of the pilot, ORP officials told us that VA has tried to identify strategies or incentives that could encourage donor involvement. For example, the CHIP-IN steering committee is considering what incentives might be effective to encourage greater participation. One ORP official told us that such incentives could include potential naming opportunities (that is, authority to name items such as facility floors, wings, or the actual facility), although offering such incentives may require changes in VA's authority.³⁴ Further, because it may be difficult to secure donations for larger, more costly projects, some VA officials, donor group representatives, and one RFI respondent we spoke to suggested that VA consider developing less costly CHIP-IN projects—giving VA a better chance of serving veterans by filling gaps in service needs. Other VA officials, however, said they wanted to focus on larger projects because the pilot allows only five projects.

Another challenge is that VA generally does not possess marketing and philanthropic development experience. VA officials told us that this makes the inherent challenge of finding donors more difficult. While VA officials have used the assistance of a nonprofit entity that has marketing expertise, they also said that going forward it would be helpful to have staff with relevant marketing and philanthropic development experience to assist with identifying donors. VA officials said this expertise could possibly be acquired through hiring a contractor, but funding such a hire may be difficult within their existing resources.

CHIP-IN Team Lacks Documented Roles and Responsibilities and Has Limited Available Staffing

As discussed above, the CHIP-IN pilot presents an uncharted approach to VA's implementation of projects, and using CHIP-IN has aspects of an organizational transformation in property acquisition for the agency because it leverages donation partnerships and streamlines VA's typical

³⁴With limited exceptions, a facility, structure, or real property of the Department of Veterans Affairs, and a major portion (such as a wing or floor) of any such facility, structure, or real property, may be named only for the geographic area in which the facility, structure, or real property is located. 38 U.S.C. § 531.

funding process. We have found that a key practice of organizational transformation includes a dedicated implementation team to manage the transformation process³⁵ and that leading practices for cross-functional teams include clear roles and responsibilities, and committed members with relevant expertise.³⁶ VA officials and Omaha donor group representatives acknowledged that a dedicated CHIP-IN team could help focus pilot implementation—and that no such team existed within the agency. ORP officials told us that the newly formed CHIP-IN steering committee would provide the necessary leadership for pilot implementation. They anticipate that a working group will be part of the committee and serve as a dedicated team for the pilot. However, as discussed below, roles and responsibilities have not been defined and staff resource decisions have not been made.

Clear and documented roles and responsibilities. Several VA officials told us that responsibility for managing the overall pilot effort had not been assigned, and that they had different interpretations of which office had responsibility for leading the pilot. Some officials identified ORP as the leader, while others thought it was CFM or the Center for Strategic Partnerships. One CFM official told us that a clear definition of responsibilities is needed under the pilot along with a dedicated office or person with the ability to make decisions when an impasse across offices exists. Similarly, a senior VHA official told us that leadership roles and responsibilities for the pilot are not fully understood within the agency, which has made establishing partnerships under the pilot a challenge. For example, both VA officials and Omaha donor group representatives identified the lack of a senior-level leader for the pilot as a challenge and emphasized the need for strong pilot leadership going forward. Now that a CHIP-IN steering committee is being formed to provide pilot leadership, ORP officials intend to discuss committee members' roles and responsibilities. This discussion was planned for the first committee meeting but was rescheduled for the next meeting in October 2018. ORP officials, however, told us that they do not expect to assign individual members' roles and responsibilities until a future date. VA officials did not have a timeline for when committee or individual members' roles and responsibilities would be formally documented.

³⁵[GAO-03-669](#).

³⁶[GAO-18-194](#).

ORP officials said that roles and responsibilities for the pilot have not been defined because after enactment of the CHIP-IN Act, their first priority was to engage the Omaha donor group and negotiate an agreement. Later, after the Omaha project was progressing, ORP officials said they turned their attention to formalizing the pilot program and identifying additional donation partnerships. While it is important to concentrate on completion of individual projects, it is also important to plan for the overall pilot's implementation—to help ensure that the pilot's purpose and goals are met and in a timely manner. We have found that clarifying roles and responsibilities is an important activity in facilitating strong collaboration and building effective cross-functional teams.³⁷ In addition, we have found that articulating roles and responsibilities is a powerful tool in collaboration and that it is beneficial to detail such collaborations in a formal, written document.³⁸

Committed team members. Various VA offices and staff members have worked on the CHIP-IN pilot in addition to their other responsibilities, but several VA officials told us the resources currently dedicated to the pilot are insufficient. During our review, an ORP official told us that two ORP staff each spent about 4 to 6 hours per week on the pilot, as collateral duties. However, since that time, one of these two staff members has left the agency. A senior VA official told us that ORP and the Center for Strategic Partnerships could each use two to three more dedicated staff members to work solely on the pilot. While one ORP official said that additional staff would likely be assigned after other CHIP-IN projects are identified, a Center for Strategic Partnerships official said a specified percentage of staff time should be dedicated now to identifying potential donors. As mentioned above, VA officials told us they anticipate a working group will be part of the CHIP-IN steering committee and will serve as the dedicated team to implement the pilot. However, VA has not yet documented how it will staff the working group, including how it will obtain the needed expertise within its existing resources.

According to one VA official, staff had not been initially dedicated to the pilot because the CHIP-IN Act did not provide resources to fund a dedicated team for the pilot, so VA has needed to implement the pilot within its existing resources. This VA official also told us that they were not certain VA could support a dedicated team with existing resources.

³⁷ [GAO-18-194](#).

³⁸ [GAO-12-1022](#).

Another official indicated that VA would need to consider how to incorporate CHIP-IN into the agency's operations if the pilot program were expanded beyond the initial pilot and then dedicate needed resources. Dedicating a strong and stable implementation team is important to ensuring that the effort receives the focused, full-time attention needed.³⁹

Team members with relevant knowledge and expertise. As previously discussed, VA officials told us that it would be helpful for a CHIP-IN team to include stakeholders with certain expertise, such as marketing and philanthropic development experience. In addition, representatives from the Omaha donor group said going forward, proactive public relations expertise is needed from VA headquarters (in particular, for external communications outside of the partnership) to quickly and positively address any incidents that could negatively impact VA's ability to encourage donor participation in the pilot at the local level. For example, in the event of critical news reports about a local VA facility, such as what occurred in Omaha, donor group representatives said that additional public relations support would be helpful. VA officials also told us that a CHIP-IN team should be a collaborative effort across several offices. Specifically, one senior VA official said a cross-functional team with representation from ORP, CFM Operations, the Center for Strategic Partnerships, VHA, and the Office of Asset Enterprise Management (which has budget and finance expertise) would be useful in focusing and implementing the pilot. Leading practices for cross-functional teams include having members with a wide diversity of knowledge and expertise.⁴⁰

Having a dedicated team or working group that consists of committed members with clear roles and responsibilities could assist VA in implementing the CHIP-IN pilot. For example, the working group could focus time and attention on strengthening design of the pilot program as a whole, instead of implementing projects on a piecemeal basis. Further, clearly identifying and documenting roles and responsibilities could help relevant stakeholders define and agree upon pilot objectives as well as an assessment methodology and evaluation plan. In addition, including stakeholders with relevant expertise on the dedicated team may assist VA

³⁹GAO-18-194.

⁴⁰GAO-18-194.

in identifying viable projects and negotiating partnership agreements more readily.

Conclusions

The CHIP-IN pilot is a unique, time-limited opportunity for VA to test a new way of building needed medical facilities by using non-federal funding sources—donors—to leverage federal funds. Though the first project is still under way, stakeholders have already noted benefits of the donation partnership approach, including potential cost and time savings as well as learning about private sector practices that could be applied more broadly to VA construction. However, VA is not yet collecting the information it needs to support decisions by VA or Congress about the pilot. Without a strengthened pilot design—including measurable objectives, an assessment methodology, and an evaluation plan—that can help inform decisions about the scalability of the pilot, it may not be clear to VA and Congress whether the CHIP-IN approach could be part of a longer-term strategy or how lessons learned could enhance other VA construction efforts. While leadership for the pilot had not been previously assigned, a newly formed CHIP-IN steering committee is meant to focus on the pilot's implementation. Defining and documenting roles and responsibilities for this committee—and identifying the resources needed to effectively implement the pilot—could assist VA in partnering with additional donors and creating new opportunities to meet the urgent needs of veterans.

Recommendations for Executive Action

We are making the following three recommendations to VA.

- The Secretary of VA should ensure that internal stakeholders—such as the CHIP-IN steering committee's members—agree to and document clear, measurable objectives for the CHIP-IN pilot that will help inform decisions about whether and how to scale the program. (Recommendation 1)
- The Secretary of VA should ensure that internal stakeholders—such as the CHIP-IN steering committee's members—develop an assessment methodology and an evaluation plan that are linked to objectives for the CHIP-IN pilot and that help inform decisions about whether and how to scale the program. (Recommendation 2)

- The Secretary of VA should ensure that the CHIP-IN steering committee documents the roles and responsibilities of its members and identifies available staff resources, including any additional expertise and skills that are needed to implement the CHIP-IN pilot program. (Recommendation 3)

Agency Comments

We provided a draft of this report to VA for comment. In its written comments, reproduced in appendix I, VA concurred with our recommendations and stated that it has begun or is planning to take actions to address them. VA also provided a general comment on the role of VHA in the CHIP-IN pilot, which we incorporated in our report.

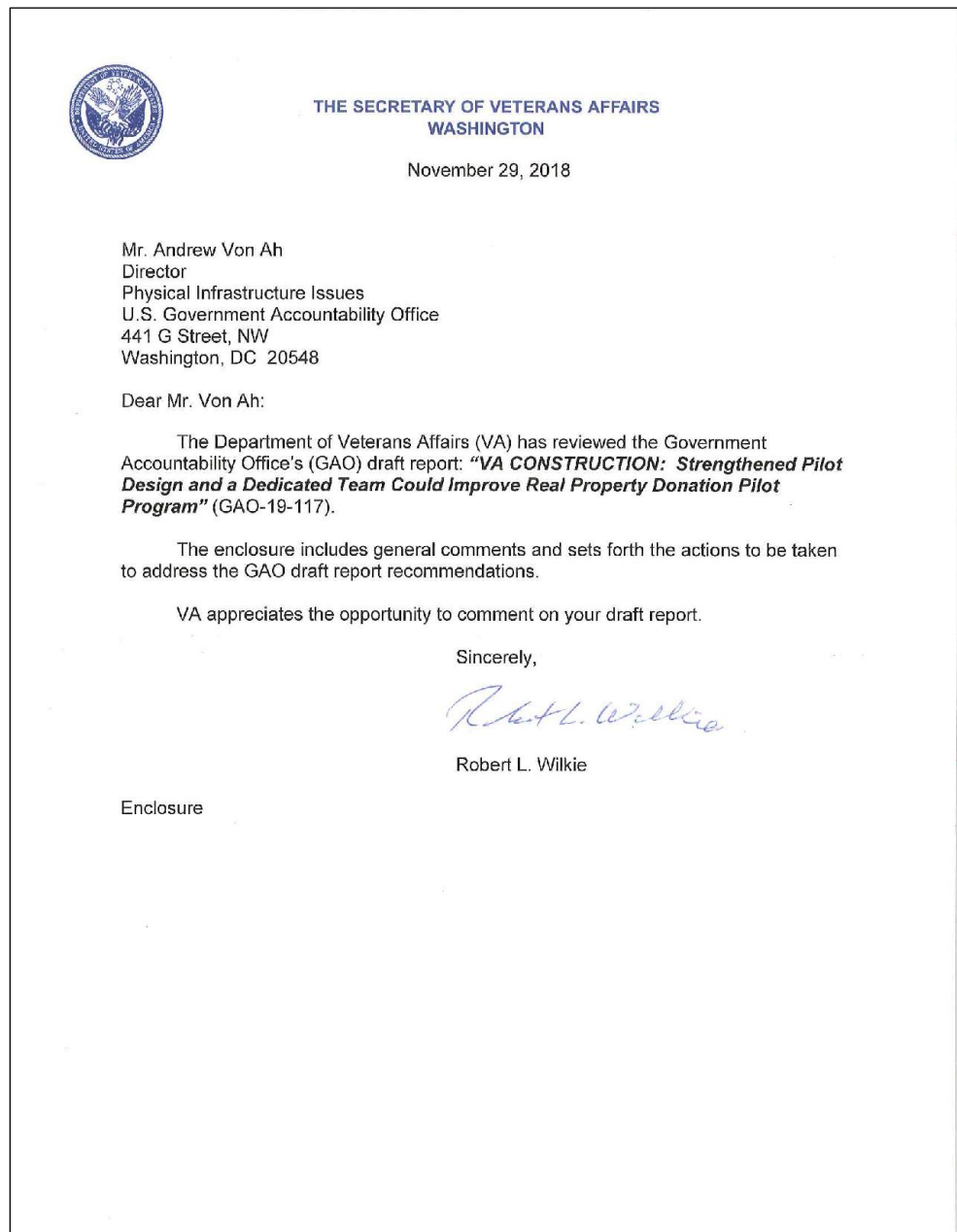
We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (213) 830-1011 or vonaha@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

A handwritten signature in black ink, appearing to read 'Andrew Von Ah', with a stylized, cursive script.

Andrew Von Ah
Director, Physical Infrastructure Issues

Appendix I: Comments from the Department of Veterans Affairs



Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“VA CONSTRUCTION: Strengthened Pilot Design and a Dedicated
Team Could Improve Real Property Donation Pilot Program”***
(GAO-19-117)

General Comment:

The Veterans Health Administration (VHA) Office of Capital Asset Management, Engineering and Support's (OCAMES) involvement with The Communities Helping Invest through Property Improvements Needed for Veterans Act of 2016 (CHIP-IN) has been to provide guidance to VA medical centers and Veterans Integrated Service Networks on acceptable projects and subsequent steps to take through the Strategic Capital Investment Planning cycle. It provides potential sites with associated projects to VA's Office for Strategic Partnership and Office of Construction and Facilities Management's Real Property Service and communicates potential project statuses to VHA's leadership.

In the summer 2018, VHA was invited to be part of the upcoming VA's Steering Committee for the CHIP-IN program; however, progress has been delayed due to reformulation of the charter. Within this charter, VHA's Assistant Deputy Under Secretary for Administrative Operations and OCAMES are members.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***"VA CONSTRUCTION: Strengthened Pilot Design and a Dedicated
Team Could Improve Real Property Donation Pilot Program"***
(GAO-19-117)

Recommendation 1: The Secretary of VA should ensure that internal stakeholders – such as CHIP-IN steering committee members – agree to and document clear, measurable objectives for the CHIP-IN pilot that will help inform decisions about whether and how to scale the program.

VA Comment: Concur. The CHIP-IN steering committee members are planning to document clear and measurable program objectives upon the steering committee's executive approval. Defining these program objectives will help to inform decisions about whether and how to scale the program. VA's Office of Acquisition, Logistics, and Construction commits to clearly defining these program objectives by the end of December 2018.

Recommendation 2: The Secretary of VA should ensure that internal stakeholders – such as CHIP-IN steering committee members – develop an assessment methodology and an evaluation plan that are linked to the objectives for the CHIP-IN pilot and help inform decisions about whether and how to scale the program.

VA Comment: Concur. The development of an assessment methodology and an evaluation plan that are linked to the program objectives is underway and will be addressed by the steering committee in the coming months with a projected completion date of June 2019.

Recommendation 3: The Secretary of VA should ensure that the CHIP-IN steering committee documents the roles and responsibilities of its members, and identifies available staff resources, including any additional expertise and skills that are needed to implement the CHIP-IN pilot program.

VA Comment: Concur. In an effort to facilitate pilot implementation, the CHIP-IN steering committee will document the roles and responsibilities of its members and identify available resources, including any additional expertise and skills that are needed to implement the CHIP-IN pilot program. These efforts will be addressed in the coming months with a projected completion date of June 2019.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Andrew Von Ah, (213) 830-1011 or vonaha@gao.gov

Staff Acknowledgments

In addition to the contact named above, Cathy Colwell (Assistant Director), Kate Perl (Analyst in Charge), Melissa Bodeau, Jennifer Clayborne, Peter Del Toro, Shirley Hwang, Terence Lam, Malika Rice, Crystal Wesco, and Elizabeth Wood made key contributions to this report.

Appendix V: Accessible Data

Agency Comment Letter

Text of Appendix I:

Page 1

November 29, 2018

Mr. Andrew Von Ah
Director
Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Von Ah:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report: "VA CONSTRUCTION: Strengthened Pilot Design and a Dedicated Team Could Improve Real Property Donation Pilot Program" (GAO-19-117).

The enclosure includes general comments and sets forth the actions to be taken to address the GAO draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

Robert L. Wilkie

Enclosure

Page 2

**"VA CONSTRUCTION: Strengthened Pilot Design and a Dedicated Team Could Improve Real Property Donation Pilot Program"
(GAO-19-117)**

General Comment:

The Veterans Health Administration (VHA) Office of Capital Asset Management, Engineering and Support's (OCAMES) involvement with The Communities Helping Invest through Property Improvements Needed for Veterans Act of 2016 (CHIP-IN) has been to provide guidance to VA medical centers and Veterans Integrated Service Networks on acceptable projects and subsequent steps to take through the Strategic Capital Investment Planning cycle. It provides potential sites with associated projects to VA's Office for Strategic Partnership and Office of Construction and Facilities Management's Real Property Service and communicates potential project statuses to VHA's leadership.

In the summer 2018, VHA was invited to be part of the upcoming VA's Steering Committee for the CHIP-IN program; however, progress has been delayed due to reformulation of the charter. Within this charter, VHA's Assistant Deputy Under Secretary for Administrative Operations and OCAMES are members.

Page 3

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The Secretary of VA should ensure that internal stakeholders - such as CHIP-IN steering committee members - agree to and document clear, measurable objectives for the CHIP-IN pilot that will help inform decisions about whether and how to scale the program.

VA Comment:

Concur. The CHIP-IN steering committee members are planning to document clear and measurable program objectives upon the steering committee's executive approval. Defining these program objectives will help to inform decisions about whether and how to scale the program. VA's Office of Acquisition, Logistics, and Construction commits to clearly defining these program objectives by the end of December 2018.

Recommendation 2:

The Secretary of VA should ensure that internal stakeholders - such as CHIP-IN steering committee members - develop an assessment methodology and an evaluation plan that are linked to the objectives for the CHIP-IN pilot and help inform decisions about whether and how to scale the program.

VA Comment:

Concur. The development of an assessment methodology and an evaluation plan that are linked to the program objectives is underway and will be addressed by the steering committee in the coming months with a projected completion date of June 2019.

Recommendation 3:

The Secretary of VA should ensure that the CHIP-IN steering committee documents the roles and responsibilities of its members, and identifies available staff resources, including any additional expertise and skills that are needed to implement the CHIP-IN pilot program.

VA Comment:

Concur. In an effort to facilitate pilot implementation, the CHIP-IN steering committee will document the roles and responsibilities of its members and identify available resources, including any additional expertise and skills that are needed to implement the CHIP-IN pilot program. These efforts will be addressed in the coming months with a projected completion date of June 2019.

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