



Highlights of [GAO-09-686T](#), a report to Subcommittee on Health, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

Through its Veterans Health Administration (VHA), the Department of Veterans Affairs (VA) operates one of the largest integrated health care systems in the country. In 1999, GAO reported that better management of VA's large inventory of aged capital assets could result in savings that could be used to enhance health care services for veterans. In response, VA initiated a process known as Capital Asset Realignment for Enhanced Services (CARES). Through CARES, VA sought to determine the future resources needed to provide health care to our nation's veterans.

This testimony describes (1) how CARES contributes to VHA's capital planning process, (2) the extent to which VA has implemented CARES decisions, and (3) the types of legal authorities that VA has to manage its real property and the extent to which VA has used these authorities. The testimony is based on GAO's body of work on VA's management of its capital assets, including GAO's 2007 report on VA's implementation of CARES (GAO-07-408).

What GAO Recommends

GAO is not making recommendations in this testimony, but has previously made a number of recommendations regarding VA's capital asset management. VA is at various stages of implementing those recommendations.

View [GAO-09-686T](#) or [key components](#). For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

VA HEALTH CARE

Overview of VA's Capital Asset Management

What GAO Found

The CARES process provides VA with a blueprint that drives VHA's capital planning efforts. As part of the CARES process, VA adapted a model to estimate demand for health care services and to determine the capacity of its current infrastructure to meet this demand. VA continues to use this model in its capital planning process. The CARES process resulted in capital alignment decisions intended to address gaps in services or infrastructure. These decisions serve as the foundation for VA's capital planning process. According to VA officials, all capital projects must be based on demand projections that use the planning model developed through CARES.

VA has started implementing some CARES decisions, but does not centrally track their implementation or monitor the impact of their implementation on its mission. VA is in varying stages (e.g., planning or construction) of implementing 34 of the major capital projects that were identified in the CARES process and has completed 8 projects. Our past work found that, while VA had over 100 performance measures to monitor other agency programs and activities, these measures either did not directly link to the CARES goals or VA did not use them to centrally monitor the implementation and impact of CARES decisions. Without this information, VA could not readily assess the implementation status of CARES decisions, determine the impact of such decisions, or be held accountable for achieving the intended results of CARES. VA has recently created the CARES Implementation Working Group, which has identified performance measures for CARES and will monitor the implementation and impact of CARES decisions in the future.

VA has a variety of legal authorities available, such as enhanced-use leases, sharing agreements, and others, to help it manage real property. However, legal restrictions and administrative- and budget-related disincentives associated with implementing some authorities affect VA's ability to dispose and reuse property in some locations. For example, legal restrictions limit VA's ability to dispose of and reuse property in West Los Angeles and Sepulveda. Despite these challenges, VA has used these legal authorities to help reduce underutilized space (i.e., space not used to full capacity). In 2008, we reported that VA reduced underutilized space in its buildings by approximately 64 percent from 15.4 million square feet in fiscal year 2005 to 5.6 million square feet in fiscal year 2007. While VA's use of various legal authorities likely contributed to VA's overall reduction of underutilized space since fiscal year 2005, VA does not track the overall effect of using these authorities on space reductions. Not having such information precludes VA from knowing what effect these authorities are having on reducing underutilized or vacant space or knowing which types of authorities have the greatest effect. According to VA officials, VA will institute a system in 2009 that will track square footage reductions at the building level.