



December 2020

# VA CONSTRUCTION

## VA Should Enhance the Lessons-Learned Process for Its Real- Property Donation Pilot Program

Accessible Version

# GAO Highlights

Highlights of [GAO-21-133](#), a report to congressional committees

## Why GAO Did This Study

VA has pressing infrastructure demands and a backlog of real property projects. VA can accept up to five real property donations through the CHIP-IN pilot program, which is authorized through 2021. GAO previously reported on the CHIP-IN pilot program in 2018.

The CHIP-IN Act includes a provision for GAO to report on donation agreements entered into under the pilot program. This report examines: (1) the status of VA's efforts to execute CHIP-IN partnerships and identify additional potential partners and (2) the extent to which VA has collected lessons learned from the pilot, among other objectives. GAO reviewed VA documents, including project plans and budget information, and interviewed VA officials, donor groups for projects in Omaha and Tulsa, and selected non-profits with experience in fundraising. GAO compared VA's efforts to collect lessons learned with key practices for an overall lessons-learned process.

## What GAO Recommends

GAO is making two recommendations to VA to implement a lessons-learned process. Recommendations include documenting and disseminating lessons learned from CHIP-IN pilot projects. VA concurred with GAO's recommendations.

View [GAO-21-133](#). For more information, contact Andrew Von Ah at (202) 512-2834 or [vonaha@gao.gov](mailto:vonaha@gao.gov).

December 2020

## VA CONSTRUCTION

### VA Should Enhance the Lessons-Learned Process for Its Real-Property Donation Pilot Program

## What GAO Found

The Department of Veterans Affairs (VA) has received one real property donation through a partnership pilot program authorized by the Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 (CHIP-IN Act) and is planning for a second. This Act authorized VA to accept donated real property—such as buildings or facility construction or improvements—and to contribute certain appropriated funds to donors that are entering into donation agreements with VA. Under VA's interpretation, its ability to contribute to such funds is limited to major construction projects (over \$20 million). The first CHIP-IN project—an ambulatory care center in Omaha, Nebraska—opened in August 2020. Pending requested appropriations for a second CHIP-IN project, VA intends to partner with another donor group to construct an inpatient medical center in Tulsa, Oklahoma. (See figure.) Other potential donors have approached VA about opportunities that could potentially fit the CHIP-IN pilot, but these project ideas have not proceeded for various reasons, including the large donations required. VA officials told us they have developed a draft legislative proposal that seeks to address a challenge in finding CHIP-IN partnerships. For example, officials anticipate that a modification allowing VA to make funding contributions to smaller projects of \$20 million and under would attract additional donors.

#### Completed Department of Veterans Affairs' (VA) Ambulatory Care Center in Omaha, NE, and Rendering of Proposed Inpatient Facility in Tulsa, OK



Sources (left to right): VA; Veterans Hospital in Tulsa, LLC by GH2 Architects, LLC of Tulsa, Oklahoma. | GAO-21-133

VA has discussed and documented some lessons learned from the Omaha project. For example, VA officials and the Omaha donor group identified and documented the benefits of a design review software that helped shorten timeframes and reduce costs compared to VA's typical review process. However, VA has not consistently followed a lessons-learned process, and as a result, other lessons, such as the decision-making that went into developing the Omaha project's donation agreement, have not been documented. Failure to document and disseminate lessons learned puts VA at risk of losing valuable insights from the CHIP-IN pilot that could inform future CHIP-IN projects or other VA construction efforts.

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# Contents

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|  |    |
|--|----|
| Letter   | 1  |
| Background   | 4  |
| One CHIP-IN Project Has Been Completed, While VA Is Planning for Another and Considering How to Address a Pilot Challenge  | 8  |
| According to VA and Stakeholders, Some Practices Used on CHIP-IN Projects Can Contribute to Construction Efficiencies  | 18 |
| VA Has Discussed Some Lessons Learned but Has Not Consistently Documented or Disseminated Them   | 24 |
| Conclusions  | 28 |
| Recommendation for Executive Action  | 29 |
| Agency Comments  | 29 |
| Appendix I: Comments from the Department of Veterans Affairs   | 31 |
| Appendix II: GAO Contact and Staff Acknowledgments   | 34 |
| Appendix III: Accessible Data  | 35 |
| Agency Comment Letter  | 35 |
| Figures  |    |
| Figure 1: Department of Veterans Affairs' (VA) Offices Primarily Involved with the Communities Helping Invest through Property and Improvements Needed for Veterans (CHIP-IN) Pilot Program Steering Committee | 7  |
| Figure 2: Department of Veterans Affairs' (VA) Ambulatory Care Center in Omaha, NE—Exterior and Interior Views   | 9  |
| Figure 3: Proposed Veterans Affairs' Inpatient Facility in Tulsa, OK—Planned Site and Rendering of Completed Facility  | 12 |
| Figure 4: Key Practices of a Lessons-Learned Process   | 25 |

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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 (also known as CHIP-IN for Vets Act of 2016) |

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|      |                                       |
|------|---------------------------------------|
| IT   | Information technology                |
| OSU  | Oklahoma State University             |
| SCIP | Strategic Capital Investment Planning |
| VA   | Department of Veterans Affairs        |

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December 10, 2020

The Honorable Jerry Moran  
Chairman  
The Honorable Jon Tester  
Ranking Member  
Committee on Veterans' Affairs  
United States Senate

The Honorable Mark Takano  
Chairman  
The Honorable Phil Roe  
Ranking Member  
Committee on Veterans' Affairs  
House of Representatives

The Department of Veterans Affairs (VA) operates the country's largest integrated health care system, with over 1,200 sites serving 9-million veterans as of 2020. VA has pressing infrastructure demands and estimates that fulfilling all of its priority infrastructure projects would cost approximately \$63-\$76 billion.<sup>1</sup> We have reported that VA has struggled with instances of cost overruns and time delays in constructing some facilities.<sup>2</sup>

In 2016, legislation was enacted to establish a pilot program with a new approach to help address VA's infrastructure needs—allowing donation partnerships for construction projects with non-federal entities. The Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 (CHIP-IN for Vets Act of 2016, or CHIP-IN Act) authorizes VA to accept up to five donations of real property—such as

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<sup>1</sup>According to the VA's fiscal year 2021 budget submission, full implementation of all the needs prioritized in VA's Strategic Capital Investment Planning process would require total resources of approximately \$62.5-\$76.4 billion.

<sup>2</sup>For 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).

buildings, facility construction, or facility improvements—from non-federal entities.<sup>3</sup> Donations can include an already-constructed facility or construction of a facility on either VA property or donated property. The CHIP-IN Act also authorizes VA to use certain appropriated funds to help a donating entity finance, design, or construct a facility in connection with real property and improvements donated under the pilot program.<sup>4</sup> This is different from a separate statutory authority<sup>5</sup> that also allows VA to accept non-federal donations of facilities but does not authorize the use of appropriated funds to help the donating entity with the project.<sup>6</sup> The pilot under this legislation concludes at the end of 2021.

The CHIP-IN Act includes a provision for us to report on pilot donation agreements on a biennial basis. We first reported on the CHIP-IN pilot program in 2018 and recommended that VA document the objectives of the pilot, develop an assessment methodology and an evaluation plan, document roles and responsibilities, and identify needed resources and expertise.<sup>7</sup> VA has implemented these recommendations. This report discusses:

1. The status of VA's efforts to execute donation partnerships for the CHIP-IN pilot program and identify additional partnerships for the program.
2. Project efficiencies that, according to VA or stakeholders, have been identified by using the CHIP-IN pilot program's donation approach.

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<sup>3</sup>Pub. L. No. 114-294, 130 Stat. 1504 (2016).

<sup>4</sup>According to VA officials, the CHIP-IN Act streamlined the funding process for CHIP-IN pilot projects by eliminating VA's need to seek additional authorization to use funds previously appropriated for a major medical facility construction project where the same facility is a CHIP-IN pilot project for which Congress has not previously provided authorization, and where the completed medical facility is consistent with the purpose of the previous appropriation.

<sup>5</sup>38 U.S.C. § 8103(a)(2).

<sup>6</sup>According to VA officials, along with this donation acceptance authority, VA can seek appropriated funds to make improvements to a donated facility by way of the appropriations process.

<sup>7</sup>GAO, *VA Construction: Strengthened Pilot Design and a Dedicated Team Could Improve Real-Property Donation Pilot Program*, [GAO-19-117](#) (Washington, DC: Dec. 13, 2018).

3. The extent to which VA has collected and documented lessons learned from the CHIP-IN pilot program.

To address these objectives, we reviewed the CHIP-IN Act and relevant VA documents, including a policy memorandum and evaluation tool developed for the CHIP-IN pilot program, budget documents, donation agreement documents, as well as project proposals, updates, and design plans. We interviewed VA officials and representatives of current and prospective CHIP-IN project donor groups and reviewed documents they provided to us. We also reviewed documentation and interviews from our prior review of the CHIP-IN pilot program. To determine resources that may be needed to help identify additional CHIP-IN donation partnerships, we reviewed nonprofit publications, published articles, and other relevant literature<sup>8</sup> and interviewed three veterans service organizations and a nonprofit hospital foundation.<sup>9</sup> We also considered information about this topic from interviews with the current and prospective CHIP-IN project donor groups. To determine project efficiencies from the CHIP-IN donation approach, we analyzed project proposals and plans, as well as information that VA officials and donor group representatives told us about their experiences and plans.

To evaluate how VA is collecting lessons learned, we compared VA's efforts to six key practices for collecting and using lessons learned, which

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<sup>8</sup>We conducted searches of various databases, such as EconLit, ERIC, ProQuest, and Social SciSearch, to identify publications related to best practices and resources needed for philanthropic donor recruitment.

<sup>9</sup>We spoke with representatives of Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars. We selected these organizations because of their knowledge of VA policy issues, including real property, and their status as nonprofits. We also spoke with a representative of Sibley Memorial Hospital Foundation in Washington, D.C., whom we selected because of the foundation's experience in hospital fundraising.

we identified in prior work.<sup>10</sup> We also found that a key principle of internal control, as outlined in *Standards for Internal Control in the Federal Government*, was significant to this objective—namely, that management should establish and operate monitoring activities and evaluate the results.<sup>11</sup> We assessed VA's efforts to document lessons learned against this principle.

We conducted this performance audit from January 2020 to December 2020 in accordance with generally accepted government auditing 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.

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## Background

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### CHIP-IN Act

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According to VA officials and the donor group for the first CHIP-IN project, two main factors were an impetus for the CHIP-IN Act, as we reported in 2018.<sup>12</sup>

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<sup>10</sup>We identified six lessons-learned key practices in GAO, *Telecommunications: GSA Needs to Share and Prioritize Lessons Learned to Avoid Future Transition Delays*, [GAO-14-63](#) (Washington, D.C.: Dec. 5, 2013). We identified and refined these practices in several prior reports. These identified key practices were based on lessons-learned practices we had identified in GAO, *Federal Real Property Security: Interagency Security Committee Should Implement a Lessons-Learned Process*, [GAO-12-901](#) (Washington, D.C.: Sept. 10, 2012); NASA: *Better Mechanisms Needed for Sharing Lessons Learned*, [GAO-02-195](#) (Washington, D.C.: Jan. 30, 2002); and a report from the Center for Army Lessons Learned. We also validated these key practices in GAO, *Project Management: DOE and NNSA Should Improve Their Lessons-Learned Process for Capital Asset Projects*, [GAO-19-25](#) (Washington, D.C.: Dec. 21, 2018), in which we identified key lessons-learned practices for program and project management based on our prior reports on lessons learned (for example, [GAO-14-63](#), [GAO-12-901](#), and [GAO-02-195](#)) and reports by both the Project Management Institute and the Center for Army Lessons Learned.

<sup>11</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

<sup>12</sup>[GAO-19-117](#).



- First, a donor group in Omaha, Nebraska, was interested in constructing an ambulatory care center that would serve veterans in the area, using both a private sector donation and VA funds that had been appropriated (but not used) for a VA project in Omaha.<sup>13</sup> This Omaha donor group—a nonprofit with a 30-year history of constructing and donating facilities to the community—wanted to build a facility for veterans, given uncertainty about when or whether VA would be able to build a planned replacement medical center.<sup>14</sup> VA officials and the Omaha donor group discussed a change in the scope of the project—from the original plan of a replacement medical center to a smaller-scope ambulatory care center—that could potentially be constructed using the existing appropriation of \$56 million plus a \$30 million donation from the Omaha donor group.<sup>15</sup>
- Second, Congress and VA were interested in testing innovative approaches to meeting VA's infrastructure needs. According to VA officials, the agency was also interested in constructing medical facilities in a more expeditious manner and developing legislation that allowed private money to help address VA's needs. The CHIP-IN Act additionally allows VA to provide to a donating entity those funds that have been appropriated for the facility as of the date of a formal agreement, to assist a donor with financing, designing, or constructing a facility.

The CHIP-IN Act places certain requirements on projects conducted under the pilot program.

- VA may accept CHIP-IN donations: (1) if VA has received appropriations for a VA facility project at the property's location, or (2) if the project 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 (SCIP) process

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<sup>13</sup>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, during our prior review, VA officials told us that given the agency's backlog of construction projects, the replacement medical center was not among its near-term projects.

<sup>14</sup>The Omaha donor group has constructed and donated numerous other facilities and public spaces, including museums, stadiums, and arenas.

<sup>15</sup>After the CHIP-IN Act was enacted, the Omaha donor group applied to participate in the pilot program for the construction of the ambulatory care center.

priority list provided in VA's most recent budget submission to Congress.<sup>16</sup>

- VA and the donor must enter into a formal agreement for each project, and the donor must use the construction standards required of VA, though the VA Secretary may permit exceptions “as permitted by applicable law.”
- VA may only provide funds that have been “appropriated for the facility” as of the date of the formal agreement with a donating entity. VA has interpreted “appropriated for the facility” to mean that VA may only provide funds to donating entities that are entering into agreements involving major construction (over \$20 million) because only major construction projects are specifically identified by Congress in the appropriations process.<sup>17</sup> As a result, VA officials told us that while minor construction (\$20 million and under) or nonrecurring maintenance projects may be accepted into the CHIP-IN program, VA may not provide funds to help donating entities complete these types of projects.

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## CHIP-IN Pilot Program

Several VA offices are involved in the pilot program. The Office of Construction and Facilities Management (CFM) leads the execution of VA's major construction projects, including any CHIP-IN projects. CFM has also taken a lead role in establishing the pilot and developing proposed projects. Local and regional Veterans Health Administration staff typically play a major role in efforts to identify needed facilities, including some potential CHIP-IN projects. Veterans Health

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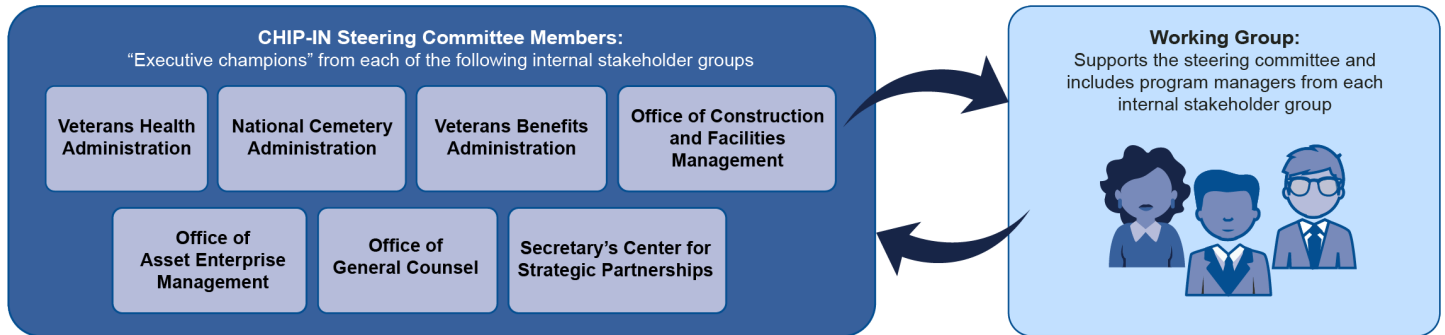
<sup>16</sup>VA prioritizes construction projects using the Strategic Capital Investment Planning process, which is an agency-wide-planning process that results in a prioritized list of potential budget year projects. This list includes all major construction, minor construction, lease, and nonrecurring maintenance projects reviewed in the budget year. VA updates the list annually.

<sup>17</sup>Major construction projects are typically itemized in a line-item fashion by Congress during the appropriations process—in, for example, conference committee reports or explanatory statements accompanying VA's appropriations acts. Appropriations act language for the VA's account for major construction projects typically provides, in pertinent part, that such projects may be approved by the Congress through statute, joint resolution, or in the explanatory statement accompanying the appropriations act.

Administration staff also lead the activation of completed facilities, including those constructed as CHIP-IN projects.<sup>18</sup>

In 2018, VA created a CHIP-IN steering committee to provide governance and direction for the pilot program. Members included leaders from relevant stakeholder groups within VA, who were supported by a working group of program managers. See figure 1.

**Figure 1: Department of Veterans Affairs' (VA) Offices Primarily Involved with the Communities Helping Invest through Property and Improvements Needed for Veterans (CHIP-IN) Pilot Program Steering Committee**



Source: GAO analysis of VA information. | GAO-21-133

In 2018, we found that the CHIP-IN donation approach and use of private sector practices could result in potential cost- and time-savings, based on the first project that was under way in Omaha.<sup>19</sup> However, identifying CHIP-IN donors presented challenges because of the large donations required and VA's lack of experience with donor recruitment. We also found challenges with the design of the pilot program and leadership for the pilot effort. We recommended that VA: (1) document clear, measurable objectives for the pilot; (2) develop an assessment methodology and an evaluation plan; and (3) document roles and responsibilities and identify needed resources and expertise. VA implemented the recommendations by developing a policy memo that documented objectives for the pilot program and the roles and

<sup>18</sup>Activation refers to the process of bringing a constructed facility into full operation, such as purchasing and installing furniture and medical equipment and hiring staff.

<sup>19</sup>[GAO-19-117](#).

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responsibilities of CHIP-IN steering committee members.<sup>20</sup> VA also developed an evaluation tool for the pilot but did not specify a timeframe for completing the evaluation.

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## One CHIP-IN Project Has Been Completed, While VA Is Planning for Another and Considering How to Address a Pilot Challenge

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### The First CHIP-IN Project Is Complete, and VA Plans to Begin a Second Potential Project

#### Completed CHIP-IN Project—Omaha Ambulatory Care Center

The Omaha donor group completed construction of the Omaha ambulatory care center on time and within its estimated \$86 million budget. In April 2017, VA and the Omaha donor group entered into a donation agreement that specified that the donor group—in consultation with VA—would complete the design and construction of the facility on the campus of the VA medical center in Omaha.<sup>21</sup> Construction began in April 2018, and VA began installing equipment and fixtures to activate the facility in April 2020 as construction was nearing completion. The donor group turned the facility over to VA in July 2020. VA opened the facility to patients in August 2020, as planned. As discussed earlier, VA has contributed \$56 million and the Omaha donor group contributed \$30 million in private sector donations.

The ambulatory care center is a three-story, 157,000 square foot facility that is connected to the existing medical center via an enclosed walkway. The facility is projected to serve up to an additional 400 outpatient visits per day. (See fig. 2.) The new center includes three primary medical clinics, five new dedicated ambulatory-surgical suites, radiology facilities,

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<sup>20</sup>VA's objectives for the pilot program are to: (1) establish a process to engage internal stakeholders, prioritize and manage projects, and facilitate projects; (2) engage potential donation partners to better understand how the private sector can contribute to meeting VA needs under this authority or otherwise; (3) evaluate any benefits or challenges of utilizing the authority; (4) determine whether this authority is a viable means of obtaining assets needed by VA; and (5) draft recommendations for continuation of the authority (including requested legislative changes) or, in the alternative, rationale for not requesting extension of the authority.

<sup>21</sup>The April 2017 agreement covers design and development.

and specialty clinics—for dermatology, neurology, infectious disease, endocrinology, and allergy. The facility also includes a dedicated clinic for women’s health care with a separate entrance. Numerous veteran-themed design aspects are part of the facility, such as front “flag wall” windows that depict an American flag as it unfurls after being raised from a flag pole and a connector “ribbon wall” that depicts various ribbons earned by military service members.

**Figure 2: Department of Veterans Affairs’ (VA) Ambulatory Care Center in Omaha, NE—Exterior and Interior Views**



Sources: VA. | GAO-21-133

Both VA and the Omaha donor group described an overall positive experience as they collaborated to plan and execute the project. The Omaha donor group’s representatives told us they drew on their experience managing private-sector construction projects as they completed the ambulatory care center. In developing the project, VA and the donor group negotiated a combination of VA and private sector construction standards, which we will discuss in more detail later in this report.

The project was executed via two main phases.

- First, the donor group created a separate nonprofit to lead the execution of the project’s design and construction. As part of its process, the donor group told us they developed a cost estimate for the project, which they said was crucial to understanding the financial commitment as they moved forward with the project. The donor group and the Omaha medical center’s director also told us that the estimate was on target with the final facility’s cost. The donor group’s nonprofit established a board of directors, which governed the project’s administration and communicated regularly

with VA.<sup>22</sup> The donor group hired the architect and general contractor, as well as a construction manager who provided overall supervision of the project, including on-site support. This construction manager communicated regularly with VA staff, according to donor group representatives. A VA senior resident engineer also provided on-site support and communicated with VA officials from the medical center and CFM about the project's progress, according to VA and the donor group. Other CFM staff also supported the project.

- VA managed the facility's activation. The Omaha VA medical center's director told us that he reassigned more local staff members to work on this activation than he typically would. The director said he made this choice he made to ensure a timely opening and to give the Omaha community and project donors a positive image of VA. The activation received additional support with planning and procurement from the Program Contracting Activity Central office within VA, according to VA officials. However, the project did encounter some challenges during the process. For example, VA officials said they did not have timely funding to install information technology equipment (e.g., switches and wires) required for activation.<sup>23</sup> While the project ultimately received the necessary funding and VA was able to order the equipment, it was not scheduled to arrive in time for the facility's opening. To prevent schedule delays, local VA staff identified some information technology equipment to use temporarily until new equipment arrived.

### Proposed CHIP-IN Project—Tulsa Inpatient Facility

VA has identified a second CHIP-IN donation partnership in Tulsa, Oklahoma—the potential construction of an inpatient facility, which was proposed by a Tulsa donor group in December 2018. Community discussions around the need to expand healthcare services in Tulsa had begun several years prior, according to the proposal. The donor group—led by representatives from a local foundation and the Oklahoma State University (OSU) Center for Health Services—told us that when they learned about the CHIP-IN pilot program they recognized an opportunity

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<sup>22</sup>The director of the Omaha VA medical center served as an ex-officio board member, and was included in board meetings and communications.

<sup>23</sup>Information technology(IT) equipment used for activation is funded from the budget of the VA Office of Information and Technology, which initially denied the Omaha project's IT activation-funding requests due to a budget shortfall, according to VA officials.

to meet VA's need for an inpatient hospital in Tulsa, while also locating the facility close to the OSU medical center. They proposed that this would increase veterans' access to care and further establish the area as a comprehensive academic health complex. The donor group subsequently brought together local, state, and private partners to develop the potential project and submit a proposal to VA.

The proposed project would renovate existing office buildings into a 260,000 gross square foot inpatient facility that includes 58 beds for medical/surgical care, intensive care, and medical rehabilitation—as well as an emergency department, operating rooms, radiology, and ancillary and support services. While VA currently operates an inpatient medical center in Muskogee, Oklahoma, that facility is nearly an hour's drive from Tulsa (approximately 50 miles). According to VA, relocating inpatient services to Tulsa would allow VA to better meet veterans' needs because Tulsa is closer to the majority of veterans served in the region.<sup>24</sup> The proposed facility would be adjacent to the OSU medical center, a large teaching hospital, and a new state-operated psychiatric hospital. VA expects that a medical center in this location would also strengthen its existing partnership with OSU and help VA recruit and retain healthcare providers.

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<sup>24</sup>According to headquarters, regional, and local VA officials, there has been discussion about the need for an inpatient facility in Tulsa for years. With the development of the proposed new inpatient facility, all medical, surgical, and rehabilitation beds would be moved from the medical center in Muskogee to Tulsa. VA plans to convert the Muskogee facility into a community living center and expand the existing inpatient mental health services through a subsequent project.

**Figure 3: Proposed Veterans Affairs' Inpatient Facility in Tulsa, OK—Planned Site and Rendering of Completed Facility**



Sources (left to right): Oklahoma Office of Management & Enterprise Services; Veterans Hospital in Tulsa, LLC by GH2 Architects, LLC of Tulsa, Oklahoma. | GAO-21-133

The proposed facility would be funded through VA appropriations and a private sector donation, along with a donation of land and existing buildings from the state of Oklahoma. The donor group estimates the project will cost \$165 million in total.<sup>25</sup>

- VA's fiscal year 2021 budget submission included a \$120 million request for the project.
- The Tulsa donor group would provide a \$10 million community donation, which donor group representatives told us they have already secured.
- The state of Oklahoma has committed to transfer land and existing office buildings (valued at \$35 million), provided that the proposed project receives federal appropriations.<sup>26</sup>

Pending the receipt of requested appropriations, VA intends to partner with the donor group, which would lead construction and donate the facility to VA upon completion. As of September 2020, VA and the donor

<sup>25</sup>In addition, according to the donor group, the city of Tulsa is providing \$8 million toward a new 436-space parking garage that will ultimately be owned by Oklahoma State University but will provide free veteran access in support of the new VA facility. We report this separately from the overall project cost because the parking garage will not be transferred to VA.

<sup>26</sup>This commitment by the state of Oklahoma was in the form of enacted legislation to transfer the land and buildings, provided that VA receives federal appropriations for the planned CHIP-IN facility. 2020 Okla. Sess. Laws 131.



group told us they intend to proceed with the initiation of a draft donation agreement so that the project would be ready to begin if the requested appropriations are received.<sup>27</sup> VA officials stated that if the Tulsa project does not receive the requested appropriations in fiscal year 2021, they would try to include the funding request in VA's budget submission for fiscal year 2022.

The donor group has worked with VA and invested in planning for the proposed Tulsa project. Donor group representatives told us they invested \$850,000 in design plans, cost estimates, and legal advice, which was privately funded. In developing the design plans, the donor group used VA information to determine the types and amount of space required.<sup>28</sup> The donor group also hired an architecture and engineering firm that was familiar with VA standards, according to donor group representatives, and requested other information from the local VA medical center to inform the plans, such as staffing and operating details. To determine the cost estimates, the donor group told us they used multiple sources of cost data, such as pricing data from a local construction firm and another construction firm that has completed projects of similar type and size.

Similar to the Omaha project, the Tulsa donor group has experience managing large construction projects and intends to use private sector practices in completing the project, such as modified VA construction standards, which are discussed in further detail below.<sup>29</sup> Due to these factors, donor group representatives expect to complete the facility for less money than it would cost VA to build it as a standard federal construction project. Specifically, VA estimated that it would cost more than \$220 million to construct the same facility as a VA-led project outside of the CHIP-IN program, according to the VA's fiscal year 2021 budget submission. As discussed above, the donor group estimated it could complete the facility for \$165 million.

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<sup>27</sup>The document will be a design and development agreement, according to the donor group.

<sup>28</sup>According to the donor group, they used VA's space requirements for a medical/surgical facility in northeastern Oklahoma that were previously developed and published.

<sup>29</sup>The nonprofit that is part of the Tulsa donor group recently renovated an existing building to construct office space for several local nonprofits, according to donor group representatives. In addition, the owner's representative hired by the donor group has experience with overseeing large construction projects, including hospitals that cost more than \$100 million.

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Both VA and the Tulsa donor group described an overall positive experience in the initial planning process. For example, donor group representatives have communicated periodically with headquarters VA officials, and have begun meeting on a biweekly basis with local VA officials, according to both the donor group and VA. Donor group representatives said that VA officials have been receptive to their plans. If the project proceeds, the donor group will lead the design and construction, with input from VA—similar to the Omaha project. VA would be responsible for activation.

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### VA Is Considering How to Address a Challenge to Identifying Donation Partners

VA has taken several actions to identify potential donation partners for the CHIP-IN pilot program.<sup>30</sup> For example, VA initially identified locations on its SCIP list where donations from private entities could assist VA in acquiring a medical facility. VA then issued two requests for information that listed eligible projects and sought responses from interested parties. However, VA officials said they found that this approach was attracting real estate developers that were seeking a profit, rather than philanthropic donors. Subsequently, VA officials revised their approach to focus on certain potential CHIP-IN locations and on ways to reach the philanthropic community. In addition, VA officials began to involve an internal office that works with private sector partners—the Secretary’s Center for Strategic Partnerships. VA officials also told us that local VA medical centers occasionally shared information about potential donation partnerships, and in some other cases, potential donors have come forward after hearing about the pilot program. According to VA officials, throughout this process, some interested parties have approached VA about opportunities that could potentially fit the CHIP-IN pilot, but these project ideas did not proceed under CHIP-IN for some of the reasons discussed below.

We previously reported that a main challenge to establishing pilot partnerships was the considerable size of the donations required.<sup>31</sup> VA officials told us they continue to face this challenge, which manifests itself

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<sup>30</sup>One of the objectives that VA developed for the pilot program is to engage potential donation partners to better understand how the private sector can contribute to meeting VA needs under this authority or otherwise.

<sup>31</sup>[GAO-19-117](#).

in several ways, according to our analysis of interviews with VA officials and representatives of the donor groups, as follows:

- Smaller projects such as minor construction (\$20 million and under) and nonrecurring maintenance can be accepted as CHIP-IN projects under certain circumstances, but under VA's interpretation of CHIP-IN Act language, VA cannot contribute funds to such projects. In such cases, the donor group would need to fund the entire project. VA officials cited one example of a donor group that was willing to contribute funds to a minor construction project that would restore buildings at a medical center, but the donor group could not fund the entire amount and VA was unable to contribute funding. The Omaha donor group also suggested to us that for future CHIP-IN projects, VA should focus on how smaller donations could expand or enhance work that is already planned.
- Potential donors may prefer projects that have funding by both VA and the donor to demonstrate VA's vested interest in the project. The Tulsa and Omaha donor groups told us that a financial contribution from VA would be helpful in showing VA's commitment to the project and raising community donations for any future CHIP-IN projects. However, as discussed above, under the CHIP-IN Act, VA may only contribute funding that has been "appropriated for the facility" as of the date of the formal agreement. VA interprets this phrasing to mean that VA may only provide funds to donating entities entering into agreements involving major construction (over \$20 million) because only major projects are specifically identified by Congress in the appropriations process. Donating to projects of this size may be out of reach for many philanthropic organizations, according to VA officials.
- VA cannot contribute funding before a CHIP-IN project receives appropriations<sup>32</sup>—meaning that a prospective donor must be willing and able to fund initial planning efforts if a project does not yet have appropriated funds. According to the Tulsa donor group, preliminary planning for a CHIP-IN project can require a

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<sup>32</sup>With respect to funds VA may provide to help a donating entity finance, design, or construct a facility under the CHIP-IN Act, VA may not provide such funds "that are in addition to the funds appropriated for the facility as of the date on which the Secretary and the entity enter into a formal agreement...." Pub. L. No. 114-294, § 2(e)(1)(A), 130 Stat. 1504, 1506 (2016).

substantial resource investment—approximately \$850,000 in the case of the potential Tulsa project. The Omaha donor group agreed, noting that their donors also spent money on the project before the agreement with VA was final and added that any future CHIP-IN donors should expect to invest in initial project planning.<sup>33</sup> Both the Omaha and Tulsa donor groups told us that making this early investment carries a risk for the donor, which does not know if the project will proceed. According to the Tulsa donor group, VA's inability to contribute funding to initial project planning could be a disincentive for other potential donors that are (1) unable to make such a large investment or (2) unwilling to invest without more certainty that the project will proceed.

In addition, we found other considerations are relevant in seeking additional donation partnerships.

- VA would need to invest resources, including time and staff, to actively recruit donors, according to our review of relevant literature and interviews with selected nonprofits. We previously found that VA generally does not possess marketing and philanthropic development experience, a lack that VA officials said makes the inherent challenge of finding donors more difficult.<sup>34</sup> Nonprofit representatives told us VA would need at minimum, one to three full-time and experienced donor development staff. Officials from the VA Secretary's Center for Strategic Partnerships told us they would need similar resources to lead vetting of potential donors. Nonprofit representatives from the Tulsa donor group agreed that dedicated VA staff would be helpful to actively recruit communities or community partnerships for future CHIP-IN projects. They suggested that VA should focus on finding a nexus between (1) projects on VA's SCIP list that would be good CHIP-IN candidates and (2) locations that could build the community partnerships necessary to advance a CHIP-IN project. These representatives also said that a larger-scale effort would require more staff resources—for example, if VA wanted to have multiple ongoing CHIP-IN projects.
- The number of communities and donor partners that could lead a CHIP-IN project may be limited. Specifically, the Omaha and Tulsa donor groups both have experience in managing large

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<sup>33</sup>The Omaha donor group was ultimately reimbursed for these expenses out of the final CHIP-IN project's budget, according to donor group representatives.

<sup>34</sup>[GAO-19-117](#).

construction projects, the ability to raise substantial donations, and the support of generous philanthropic communities. According to the Omaha donor group, it may be difficult for VA to find other similar donor groups. Similarly, the Tulsa donor group noted it may be difficult for VA to find other similar donors or communities without active recruiting or some up-front planning investment to determine a community's capacity to execute such a large capital project.

- The veterans service organizations we interviewed raised concerns about VA's seeking donations if the CHIP-IN pilot was scaled up or continued over the longer term. Specifically, these representatives said that if VA greatly expanded its donor recruitment efforts and began seeking private donations for several more CHIP-IN projects, VA may find itself competing with veterans service organizations and other charitable groups for the same donations. These representatives were also concerned with the optics of VA regularly seeking donations for projects that are typically taxpayer funded. They thought such optics would raise questions about why VA is not requesting additional funding from Congress to meet its responsibility of providing healthcare facilities to veterans. Finally, veterans service organization representatives questioned whether VA might prioritize funding for CHIP-IN projects over other needed projects because of the donations involved. These representatives told us that CHIP-IN was a creative way to address VA's infrastructure backlog but suggested that other public-private partnership models might be preferred, such as clinics that are jointly operated by VA and medical or nursing schools.

VA officials told us that given the challenges they identified in finding CHIP-IN partnerships, they have developed a draft legislative proposal that seeks to address some of the challenges. VA officials told us they still view CHIP-IN as a useful additional tool for addressing VA's real property demands, and that modifications to the pilot program's authority may be needed to find additional donation partners. According to VA officials, VA has developed an internal draft legislative proposal to request changes to the CHIP-IN authority so that VA could make funding contributions to minor construction and nonrecurring maintenance projects conducted through CHIP-IN. VA officials told us they hoped that their proposed modifications to the pilot program, if enacted, would potentially help attract additional donors. An official from VA's legislative affairs office told us that if this proposal received approval within VA, it would also need approval from the Office of Management and Budget and the White

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House before being sent to Congress. VA officials told us that the draft legislative proposal also requests an extension of the pilot authority for 5 additional years. If Congress were to make such a change, VA officials said they would renew efforts to reach out to potential donor communities.

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## According to VA and Stakeholders, Some Practices Used on CHIP-IN Projects Can Contribute to Construction Efficiencies

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### Constructed CHIP-IN Project—Omaha Ambulatory Care Center

The CHIP-IN donation approach and use of private sector practices resulted in various efficiencies on the Omaha project, including time and cost savings compared to a typical VA construction project, according to VA and the donor group. The donor group completed the facility in 26 months, according to donor group representatives, compared to the 36 months that they said VA estimated. In addition, VA estimated that building the facility as a CHIP-IN project achieved a potential \$34 million cost savings.<sup>35</sup> Many of the cost savings examples we discuss for the Omaha project occurred due to certain costs that were avoided based on the practices discussed below. According to VA officials, VA may be able to incorporate some, but not all, of the private sector practices that were leveraged in the Omaha project into typical VA-led construction projects.

The following practices contributed to cost and time savings, according to VA and the Omaha donor group.

- **Using private-sector construction standards in combination with VA standards.** We previously found that mutually agreed-

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<sup>35</sup>[GAO-19-117](#). VA estimated that the Omaha ambulatory care center would cost about \$120 million for VA to build outside of a donation partnership. However, under the CHIP-IN pilot, the total estimated cost was \$86 million. It is not possible to provide a firm estimate of the cost savings due to the use of CHIP-IN for the Omaha project because, as we have noted earlier, a variety of aspects of the project were modified since its original conception by VA. However, according to VA the final cost of the project came in somewhat below the estimated \$86 million. As such, it is likely that some proportion of the cost differential as well as the accelerated completion of the project was due to the CHIP-IN program process and inclusion of private-sector building methods with VA methods for this project.

upon construction standards, a practice that the CHIP-IN Act authorizes for CHIP-IN pilot projects, resulted in cost and time savings.<sup>36</sup> VA officials told us they developed the project beginning with a set of private sector standards and incorporated VA standards as needed.<sup>37</sup> According to VA officials, most of the project's cost savings came from flexibility with VA standards. VA officials said using combined standards did not compromise security but instead facilitated careful choices about the security standards that were required given the facility's particular characteristics. For example, VA and the donor group identified a location that minimized security risk.<sup>38</sup> A VA official told us that this approach encouraged the design team to think creatively about the risk assessment process and how to meet the intent of VA's standards. Some VA officials told us that for traditional VA projects, they tend to follow VA design criteria closely, but that they also conduct risk management analyses of all of their projects. However, going forward, these officials said it would be a good idea to incorporate more risk-based decision-making on other types of construction projects, as was done in the Omaha project.

- **Using electronic design reviews, with shorter review timeframes.** The Omaha donor group introduced VA to a design-review software package that was more efficient for sharing comments than VA's typical practices. This software plus virtual design review meetings, fewer rounds of design reviews, and shorter timeframes for each round resulted in cost and time savings, according to VA. As a result of the experience on the Omaha project, VA has obtained 100 licenses of this software, has used it for other construction projects, and is currently evaluating this software package against another system, according to VA officials. VA also estimated that conducting a

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<sup>36</sup>As discussed earlier, the CHIP-IN Act requires that a formal agreement provide that the donating entity shall use construction standards required of VA when designing, repairing, altering, or building the facility, except to the extent the Secretary determines otherwise as permitted by applicable law. Mutually agreed-upon standards were included in the Omaha project's donation agreement, which was approved by the VA Secretary.

<sup>37</sup>According to VA officials, it is possible to incorporate private sector standards on typical VA construction projects, but in such cases VA takes the opposite approach—beginning with the agency standards and then bringing in private sector standards as needed.

<sup>38</sup>Two sides of the facility do not have direct exposure to the public or roadway traffic, which meant they did not need to spend money to protect those sides of the facility against threats such as vehicular ramming.

similar electronic design review method for other VA projects could save tens of thousands of dollars for each project.

- **Involving the general contractor early, during the design phase.** This private sector practice helped VA and the donor group make cost-informed design choices and allowed the project to begin more quickly, according to VA and the donor group. VA officials told us that the donor group's early involvement of the general contractor saved at least a year in overall project time compared to a typical VA project. As a non-federal entity, the donor group was not required under the CHIP-IN Act to follow the same contracting practices as VA. According to VA officials, historically, VA has used the traditional design-bid-build delivery method, which does not allow a general construction contractor to participate in the design efforts. However, VA officials indicated they are working to introduce delivery methods used by other federal agencies. Some of those methods allow early general contractor involvement, so this practice could be possible on some future VA-led construction projects.
- **Beginning construction soon after completion of the project's design.** The Omaha donor group began physical construction of the facility immediately after completing the project's design. In contrast, according to VA officials, for many VA-led construction projects, design is initiated and completed years before construction funding is requested and approved. Because the process of funding VA-led construction is different than for CHIP-IN projects, this practice may not be possible on other VA projects.
- **Practices minimizing changes to the project's design.** VA officials and the donor group told us about certain practices that resulted in few changes to the project's design. For example, VA officials said the medical center director provided direction that they were seeking to avoid design changes. In addition, VA told us that medical center staff were consulted during several rounds of meetings before and during the design phase, a process that helped to provide information about the amount and type of space needed, in an effort to avoid design changes later in the project. VA construction officials told us that making changes to a project's design can be cumbersome and lengthy for typical construction projects, but that it was more streamlined in this case because of the donor group's involvement—partly because the donor group



was not required to follow federal contracting practices.<sup>39</sup> According to donor group's representatives, their intermediary role in the project also helped to minimize changes. Specifically, representatives said that hiring an independent construction manager was a good practice for CHIP-IN projects, because this person was able to assess any change requests against the overall project budget and timelines and decide what could be accommodated. For example, after operating rooms were designed and construction had begun, VA found that a newer version of certain medical equipment existed and initially requested changes to the project design to accommodate the newer equipment. The donor group's construction manager said he declined this change, noting that the equipment had already been agreed to and that the building had been designed around it. He said the change would require moving steel beams and raising ceiling heights, and thus would have added costs and jeopardized the overall timeline for the project.

- **Emphasizing schedule control and cost containment.** As the previous practices show, the donor group placed a strong emphasis on timeliness and staying within the project's budget, an approach that has been echoed by VA leadership and influenced the perspectives and actions of VA staff involved. In addition, VA officials said that they involved the activation office in these planning efforts so VA could get an early start on procuring equipment. The emphasis on a timely opening also led VA to dedicate more local staff to the facility's activation, and to find a temporary solution for information technology equipment, according to VA officials, as discussed above.

According to the Omaha donor group, because of efficiencies in how they managed the project, they were also able to incorporate additional features that were not in the original design. For example, the donor group added a nurse call system and lead linings in the walls of radiology

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<sup>39</sup>We previously found that VA's approval process for changes to the design of major construction projects required time-consuming reviews at multiple organizational levels that have resulted in delays and increased costs for some projects. In response to our recommendation, VA subsequently issued a handbook for construction contract modification processing and hired additional staff for this process. See [GAO-13-302](#). In our 2018 report, we also found that making changes to a project's design can be lengthy and laborious for minor and nonrecurring maintenance construction projects. See GAO, *VA Construction: Management of Minor Construction and Non-Recurring Maintenance Programs Could Be Improved*, [GAO-18-479](#) (Washington, D.C.: July 31, 2018).

operating rooms, which VA requested. The donor group also said they added other features—a garden, exterior benches and planters, artwork in the building’s public spaces, and a decorative limestone wall with military seals.

Further, completing the Omaha facility through the CHIP-IN donation approach—and changing the scope to an ambulatory care center—allowed VA to address the project more quickly than through the agency’s typical selection and funding process, as we have previously reported.<sup>40</sup> VA originally planned to build a replacement medical center in Omaha, which in 2011 was estimated to cost \$560 million, but the project was scoped to an \$86 million ambulatory care center that could be completed as a CHIP-IN project. Given VA’s backlog of construction projects, VA officials said that using the CHIP-IN approach allowed VA to begin work at least 5 years sooner than if the approach was not used. However, VA officials said that the ambulatory care center will meet some of the needs of local veterans in the area, but not all inpatient, mental-health, and long-term care services, as well as infrastructure needs in the existing medical center building. In VA’s fiscal year 2021 budget submission, VA described minor construction and non-recurring maintenance projects that are needed at the Omaha medical center over the short and long-term. These projects—which include construction of new inpatient surgical suites, renovation of several floors, and various building system replacements or upgrades—total an estimated \$84 million. VA has prioritized several of these projects for funding, and many others are listed as potential future projects.<sup>41</sup>

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<sup>40</sup>[GAO-19-117](#).

<sup>41</sup>VA’s budget submission lists the construction of an inpatient surgical suite as a priority minor construction project, at an estimated cost of \$18 million, though VA officials told us that the project did not rank high enough to be included in VA’s fiscal year 2021 funding request. VA also listed the following priority nonrecurring maintenance projects—(1) installing a new heating and air conditioning systems for clean storage room requirements in Omaha and Grand Island, at an estimated cost of \$1.2 million; (2) phase 2 of renovating a building to relocate radiology, at an estimated cost of \$9.4 million; and (3) renovating a building to relocate magnetic resonance imaging (MRI) at an estimated cost of \$3.2 million.

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## Proposed CHIP-IN Project—Tulsa Inpatient Medical Center

The Tulsa donor group is also seeking budget efficiencies that they expect to result in cost and time savings in constructing the proposed facility, as well as efficiencies in operating costs for the facility. Two approaches discussed below are similar to the Omaha project, while other efficiencies come from situations unique to the Tulsa project. These efficiencies include:

- **Flexibility in applying VA's construction standards.** The Tulsa donor group is looking to use VA's construction standards in conjunction with private sector standards, similar to those that the Omaha donor group used.<sup>42</sup> This includes reductions in space requirements, based on community hospital standards. VA officials told us they anticipated that private sector standards would be used for the project, rather than exclusively VA standards. However, VA officials said the process of developing negotiated standards would occur during the donation agreement process, which has not yet begun, and would require approval from the VA resident engineer and CHIP-IN steering committee before being considered by the VA Secretary.
- **Developing timelines to complete the design process and begin construction as soon as possible.** Similar to the Omaha project, the Tulsa donor group is looking to begin construction soon after VA receives requested appropriations and the design is finalized, to avoid or minimize the impact of inflation on project costs.
- **Sharing medical facilities and staff with the university.** Sharing certain services, staff, and space with the adjacent OSU facility could lead to cost savings, according to the donor group. For example, the facilities would share a catheter lab and helipad. The facility would also share some medical staff with the OSU facility, which the donor group said could provide operational cost savings to VA over the longer-term.

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<sup>42</sup>As previously discussed, the CHIP-IN Act requires formal agreements to provide that donating entities are to use construction standards required of VA when designing, repairing, altering, or building the facility, except to the extent that VA determines otherwise, as permitted by applicable law.

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## VA Has Discussed Some Lessons Learned but Has Not Consistently Documented or Disseminated Them

VA is seeking to understand how well the lessons learned from the CHIP-IN projects can be applied to other settings, including other VA construction projects, but VA has not consistently used key practices that we have identified for both program and project management. Specifically, it is important to identify and apply lessons learned from programs and projects to limit the chance of recurrence of previous failures or difficulties.<sup>43</sup> In prior work, we identified six individual key practices that can be used to identify and apply lessons learned.<sup>44</sup> These practices can be combined and considered steps in an overall lessons-learned process—that is, a systematic means for agencies to learn from specific events or day-to-day operations and make decisions about when and how to use that knowledge to change behavior. These six key practices are shown in figure 4.<sup>45</sup> Furthermore, *Standards for Internal Control in the Federal Government* states that documentation is a necessary part of an effective internal control system and that management should evaluate and document the results of ongoing monitoring and evaluations.<sup>46</sup>

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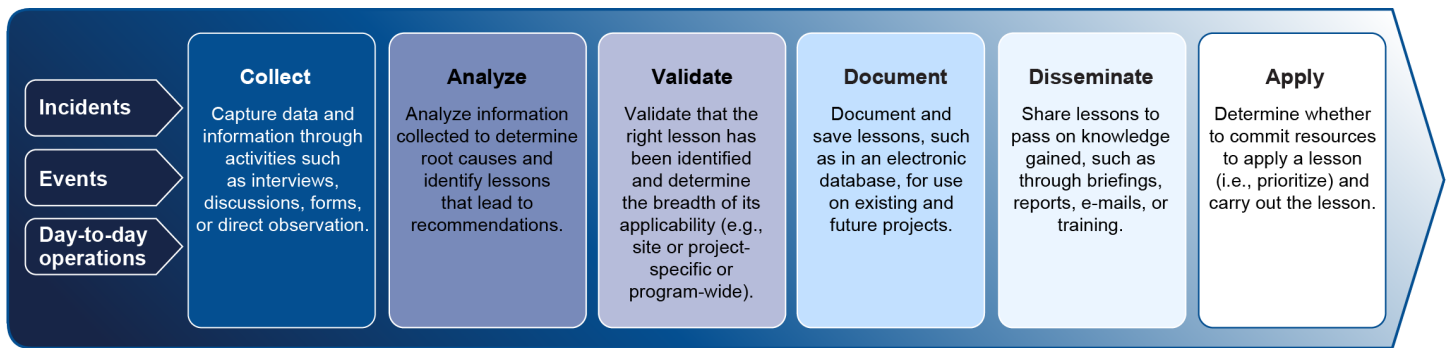
<sup>43</sup>[GAO-19-25](#). In this report we identified lessons-learned practices from our prior work and reports by both the Project Management Institute and the Center for Army Lessons Learned.

<sup>44</sup>[GAO-14-63](#). As noted earlier, the six key practices identified in [GAO-14-63](#) are based on lessons-learned practices we identified in [GAO-12-901](#), [GAO-02-195](#), and a report from the Center for Army Lessons Learned. We also validated these key lessons-learned practices in [GAO-19-25](#), in which we identified key lessons-learned practices for program and project management based on our prior reports (for example, [GAO-14-163](#), [GAO-12-901](#), and [GAO-02-195](#)) and reports by both the Project Management Institute and Center for Army Lessons Learned.

<sup>45</sup>While these practices comprise an overall lessons-learned process, in prior work we have found that not all agencies used all practices, and the application of the practices varied among agencies. See [GAO-12-901](#).

<sup>46</sup>[GAO-14-704G](#).

**Figure 4: Key Practices of a Lessons-Learned Process**



Source: Analysis of prior GAO reports and the Center for Army Lessons Learned report, *Establishing a Lessons Learned Program: Observations, Insights, and Lessons*. | GAO-21-133

VA has completed most of these practices for one identified efficiency from the CHIP-IN pilot program. Specifically, as discussed above, CFM officials told us they learned that using electronic design reviews on the Omaha project helped shorten timeframes and associated costs compared to VA’s typical design review process. To reach this conclusion, CFM officials first collected information about the design review process through facilitated discussion among several stakeholders involved in the project. Then they compiled the stakeholders’ feedback into themes and analyzed and validated the applicability of using an electronic review process for other VA construction projects. The officials documented this information in a white paper and stored and disseminated it within CFM. The white paper recommended that an electronic design review software be used to streamline future VA project reviews. CFM officials told us that as a result of this process, they have started using this software on some other VA projects and are evaluating it against a second electronic review system.

However, VA has not consistently completed the six lessons-learned practices for other potential efficiencies from the pilot program. VA officials and donor group representatives told us they have discussed potential lessons learned from the Omaha project to inform their approach to the Tulsa project and shared examples of some of the lessons that have been discussed. However, VA officials have not consistently followed key practices for lessons learned, such as documenting the information they have discussed and disseminating it with relevant stakeholders such as the CHIP-IN steering committee and local and regional VHA staff. For example:

- While VA officials and Omaha project stakeholders, including the donor group, told us they met in early 2020 to discuss the Omaha

project's status and included some discussion focused on lessons learned, VA officials did not document the discussion, and have not followed the other lessons-learned practices for the information discussed. Specifically, a VA official who attended the meeting said they discussed parts of the Omaha project that VA initially did not think would work but that were ultimately successful. For example, he told us the donor group requested shorter design review timeframes than VA typically uses, but VA officials found they were able to meet the shorter timeframes. Additionally, the VA officials told us that negotiating building standards for the project had been challenging, but that ultimately the mutually agreed-upon standards were successful and led to various efficiencies, as discussed earlier. In September 2020, VA officials told us that the group agreed that a final lessons-learned process would be conducted upon the Omaha project's completion.

- The lessons from developing the Omaha donation agreement were not collected in a formal manner. Specifically, VA officials told us they would like to use the Omaha CHIP-IN project's donation agreement as a template for developing a similar agreement for the proposed Tulsa project, but that they were having difficulty finding documentation of the process used to arrive at the donation agreement and the reasoning behind some of the decisions that were made. They also said that many of the VA officials who had been involved in drafting the agreement had since left VA.
- For certain other lessons from the Omaha project, VA has documented some information and begun to analyze it but has not fully carried out the lessons-learned practices. Specifically, CFM has worked on another white paper regarding the project's construction phase. This document captures some information about activities that were different from VA's typical process, such as the use of third party inspections to ensure quality control and environmental requirements were met. However, we found that the information was primarily a listing of differences and had not been fully analyzed to identify what lessons had been learned. Further, key details such as recommendations for future projects have not yet been included.

VA officials have not followed through on consistently documenting lessons learned and following other lessons-learned key practices for various reasons.

- VA officials from CFM and the Omaha medical center told us that lessons-learned discussions are not typically a priority during the course of a project and instead occur at the end of a project. CFM officials told us that during the project the focus is instead on completing the project. Additionally, a senior CFM official told us that while some lessons-learned discussions have occurred throughout the course of the Omaha project, final lessons-learned reports are typically done at the completion of a project. However, as of September 2020, soon after the project was completed, VA had not yet developed a final lessons-learned report. We and others have previously found that lessons learned should be submitted in a manner to ensure that key information is available to identify and address problems or incorporate successful activities as early and quickly in the process as possible.<sup>47</sup>
- In most cases, VA officials have been relying on discussions to share lessons learned instead of implementing the key practices described above. We have found that relying on person-to-person discussions to share lessons learned can be problematic because personal networks can dissolve—for example, through attrition or retirement—and informal information sharing does not ensure everyone involved in the current effort is benefitting from the lessons that are gleaned.<sup>48</sup> Further, by not documenting and saving lessons learned shared through in-person discussions, there is generally no way to ensure lessons are stored or shared with future project teams.
- Several VA staff who worked on the development of the CHIP-IN Act and the Omaha donation agreement have moved to new roles or left VA. While one VA official told us officials have access to staffs' archived emails, he said finding the information needed involves a search process. We have previously found that lessons learned should be stored in a manner—such as an electronic database—that allows users to perform information searches using key words and functional categories.<sup>49</sup>

Not consistently collecting lessons learned and following lessons-learned practices puts VA at risk of losing valuable insights from the CHIP-IN pilot

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<sup>47</sup>GAO-19-25, 35. In this report we identified timely submission of lessons learned to be important in a lessons-learned process based on our prior work and the Center for Army Lessons Learned.

<sup>48</sup>GAO-19-25, 33.

<sup>49</sup>GAO-14-63.

that could identify efficiencies for future projects under this pilot or other VA construction efforts. For example, as noted above, when VA followed lessons-learned key practices to analyze and document the use of electronic design reviews, VA officials found that broader use of electronic design reviews could yield cost and time savings on other VA projects. By not following key practices for lessons learned, VA may miss opportunities for cost and time savings that could benefit its overall construction program.

Additionally, by not collecting lessons learned as early and quickly in the process as possible, VA risks losing insights from staff who have moved to other roles or left the agency. Such individuals may no longer be available, not remember key information as clearly, or lack the time to review lessons because they have moved on to other work. For example, if lessons learned were collected at the end of each stage of the project, such as after agreement development, design, construction, and hand over, information and documentation of those lessons may be more readily available for future projects. Further, if lessons learned are not documented, VA may not be able to share them with the appropriate staff members if future CHIP-IN projects are carried out by different staff members or offices. Last, not following key practices for lessons learned, such as analyzing and documenting lessons, could also hinder VA's efforts to determine if the CHIP-IN approach should or could be part of VA's real property strategy in the future.

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## Conclusions

The CHIP-IN pilot program is an opportunity for VA to assess a new way of building needed facilities by using both donations and VA funds. VA's successful execution of the project in Omaha and identification of a second partnership opportunity in Tulsa indicate that the CHIP-IN approach can be a useful tool in specific circumstances and result in time and cost efficiencies. However, without a lessons-learned process, it is unclear if VA will collect and document lessons from the CHIP-IN projects consistently enough to help it make informed decisions about how to make the CHIP-IN approach as effective as possible. Establishing a lessons-learned process could not only help VA better execute CHIP-IN projects during the pilot, but it could also ensure VA does not lose valuable insights as the program proceeds and that may be applicable to VA projects outside of the pilot program. While CHIP-IN is a small pilot program, lessons learned could yield important insights—including



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strategies for potential cost and time savings—for any future CHIP-IN projects as well as other VA construction projects.

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## Recommendation for Executive Action

We are making the following two recommendations to VA.

- The Secretary of VA should ensure that relevant internal stakeholders—such as the CHIP-IN steering committee’s members and local and regional VHA staff—complete a lessons-learned process for the Omaha CHIP-IN project that aligns with lessons-learned key practices, including documentation and dissemination of lessons. (Recommendation 1)
- The Secretary of VA should ensure that relevant internal stakeholders—such as the CHIP-IN steering committee’s members and local and regional VHA staff—implement a lessons-learned process for future CHIP-IN projects that aligns with lessons-learned key practices, including documentation and dissemination of lessons. This process should include a clear plan for timing and execution. (Recommendation 2)

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## Agency Comments

We provided a draft of this report to VA for comment. In its comments, reproduced in appendix I, VA concurred with our recommendations.

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 (202) 512-2834 or [vonaha@gao.gov](mailto: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.

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Letter

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A handwritten signature in black ink, appearing to read 'Andrew Von Ah'. The signature is fluid and cursive, with the first name 'Andrew' being more prominent than the last name 'Von Ah'.

Andrew Von Ah  
Director, Physical Infrastructure Issues

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# Appendix I: Comments from the Department of Veterans Affairs

Appendix I: Comments from the Department of  
Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON

November 16, 2020

Mr. Andrew Von Ah  
Director  
Physical Infrastructure Team  
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 (GAO) draft report: **VA CONSTRUCTION: VA Should Enhance Lessons-Learned Process for its Real Property Donation Pilot Program** (GAO-21-133).

The enclosure contains the actions to be taken to address the draft report recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in blue ink that reads "Brooks D. Tucker".

Brooks D. Tucker  
Assistant Secretary for Congressional and  
Legislative Affairs, Performing the Delegable  
Duties of the Chief of Staff

Enclosure

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: VA Should Enhance Lessons-Learned Process for  
its Real Property Donation Pilot Program**  
(GAO-21-133)

**Recommendation 1:** The Secretary of VA should ensure that relevant internal stakeholders – such as the CHIP-IN steering committee members and local and regional VHA staff – complete a lessons-learned process for the Omaha CHIP-IN project that aligns with lessons-learned key practices, including documentation and dissemination of lessons.

**VA Response:** Concur. In collaboration with the Veterans Health Administration (VHA) and the CHIP-IN (Communities Helping Invest through Property and Improvements Needed) Steering Committee Members, the VA Office of Construction and Facilities Management (CFM) will complete a lessons-learned process for the Omaha CHIP-IN project that takes into account the 6 Key-Practices in the GAO report.

Target completion date: February 28, 2021.

**Recommendation 2:** The Secretary of VA should ensure that relevant internal stakeholders – such as the CHIP-IN steering committee members and local and regional VHA staff – implement a lessons-learned process for future CHIP-IN projects that aligns with lessons-learned key practices, including documentation and dissemination of lessons. This process should include a clear plan for timing and execution.

**VA Response:** Concur. In collaboration with VHA and the CHIP-IN Steering Committee Members, CFM will develop a lessons-learned process for future CHIP-IN projects that captures the 6 Key-Practices in the GAO report, including a plan for timing and execution.

Target completion date: February 28, 2021.

Department of Veterans Affairs  
November 2020

1 of 1

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# Appendix II: GAO Contact and Staff Acknowledgments

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## GAO Contact

Andrew Von Ah, (202) 512-2834 or [vonaha@gao.gov](mailto:vonaha@gao.gov)

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## Staff Acknowledgments

In addition to the individual named above, Cathy Colwell (Assistant Director); Kate Perl (Analyst in Charge); Amy Abramowitz; Melissa Bodeau; Geoffrey Hamilton; Malika Rice; Kelly Rubin; and April Yeaney made key contributions to this report.

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# Appendix III: Accessible Data

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## Agency Comment Letter

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### Accessible Text for Appendix I Comments from the Department of Veterans Affairs

#### Page 1

November 16, 2020

Mr. Andrew Von Ah  
Director  
Physical Infrastructure Team  
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 (GAO) draft report: VA CONSTRUCTION: VA Should Enhance Lessons-Learned Process for its Real Property Donation Pilot Program (GAO-21-133).

The enclosure contains the actions to be taken to address the draft report recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Brooks D. Tucker  
Assistant Secretary for Congressional and  
Legislative Affairs, Performing the Delegable  
Duties of the Chief of Staff

Enclosure

Page 2

Recommendation 1: The Secretary of VA should ensure that relevant internal stakeholders – such as the CHIP-IN steering committee members and local and regional VHA staff – complete a lessons-learned process for the Omaha CHIP-IN project that aligns with lessons-learned key practices, including documentation and dissemination of lessons.

VA Response: Concur. In collaboration with the Veterans Health Administration (VHA) and the CHIP-IN (Communities Helping Invest through Property and Improvements Needed) Steering Committee Members, the VA Office of Construction and Facilities Management (CFM) will complete a lessons-learned process for the Omaha CHIP-IN project that takes into account the 6 Key-Practices in the GAO report.

Target completion date: February 28, 2021.

Recommendation 2: The Secretary of VA should ensure that relevant internal stakeholders – such as the CHIP-IN steering committee members and local and regional VHA staff – implement a lessons-learned process for future CHIP-IN projects that aligns with lessons-learned key practices, including documentation and dissemination of lessons. This process should include a clear plan for timing and execution.

VA Response: Concur. In collaboration with VHA and the CHIP-IN Steering Committee Members, CFM will develop a lessons-learned process for future CHIP-IN projects that captures the 6 Key-Practices in the GAO report, including a plan for timing and execution.

Target completion date: February 28, 2021.

Department of Veterans Affairs  
November 2020



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