United States General Accounting Office

GAO

Chairman, Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

November 2000

VA LAUNDRY SERVICE

Consolidations and Competitive Sourcing Could Save Millions

GAO

Accountability * Integrity * Reliability

GAO-01-61

Contents

Abbreviations

AFGE	American Federation of Government Employees
OMB	Office of Management and Budget
VA	Department of Veterans Affairs

GAO

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, D.C. 20548

November 30, 2000

The Honorable Terry Everett
Chairman, Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Chairman:

The Department of Veterans Affairs (VA) operates 67 laundries that serve more than 36,000 inpatients a day in its hospitals, nursing homes, and domiciliaries.[1] In fiscal year 1999, VA spent about $52 million to process more than 166 million pounds of laundry.[2] Most of these expenditures are for the cost of labor of approximately 1,100 employees[3] who sort, wash, dry, fold, iron, and transport laundry for 177 inpatient locations.[4]

As agreed with your office, we assessed major initiatives VA has taken to reduce inpatient laundry service costs by (1) consolidating laundry workloads and (2) competitively sourcing to determine if it is more cost effective to use VA-owned and -operated laundries or to contract with the private sector. We assessed the extent to which these initiatives have reduced costs for some inpatient locations and what additional savings may be possible if they are implemented in other locations.

We conducted a nationwide survey to obtain data on operating practices from all of VA's laundries for fiscal year 1999.[5] We also obtained data from all locations that were consolidated or used competitive sourcing in fiscal year 1999. We interviewed VA headquarters officials, local VA officials, and private-sector laundry companies. We conducted site visits to locations

[1]A VA domiciliary is a residential rehabilitation and health maintenance center for veterans who do not require hospital or nursing home care but are unable to live independently because of medical or psychiatric disabilities.

[2]The costs of purchasing and repairing textiles and internal distribution of laundry within inpatient locations are excluded from this analysis.

[3]Numbers of employees in this report refer to full-time equivalent employees.

[4]This includes about 700,000 pounds of laundry that VA laundries process for 47 outpatient clinics.

[5]For baseline data on VA's laundry services, see *VA Health Care: Laundry Service Operations and Costs* (GAO/HEHS-00-16, Dec. 21, 1999).

that had consolidated or used competitive sourcing. In our review of one of these sites—VA's laundry in Albany, New York—we questioned certain contractor practices and subsequently conducted a special investigation. Our overall evaluation was performed between January and November 2000 in accordance with generally accepted government auditing standards, and our special investigation of the VA Albany laundry was conducted in June and July 2000 in accordance with quality standards for investigations established by the President's Council on Integrity and Efficiency. (See app. I for a complete description of our scope and methodology.)

Results in Brief

VA has the opportunity to reduce costs by closing 13 of its 67 laundries and moving their workloads to other, underused VA laundries. VA has already closed 49 laundries over the last two decades through consolidations. The additional consolidations would require transporting laundry to inpatient locations that are generally within a 4-hour or less (one-way) drive, which is comparable to the driving times required as a result of VA's previous consolidations. If those consolidations occurred, VA would operate only 54 laundries and could potentially reduce operating costs by $2 million or more annually. By taking this action, VA could avoid about $9 million in one-time costs for equipment and building renovations that would otherwise be required for the continued operation of the 13 laundries, most of which have aged equipment or buildings.

In addition, VA has the opportunity to further reduce costs by greater use of competitive sourcing, which would involve comparing VA operation of its laundries to private-sector operation of VA laundries or use of commercial laundries off-site. VA currently uses private-sector companies to operate 2 of the 54 laundries that would remain if the 13 laundries closed. VA also uses 10 commercial laundries to provide off-site laundry service. Our review of three of these laundry operations (two VA laundries operated by contractors and one off-site commercial laundry used by VA) found that competitive sourcing resulted in lower costs because these three laundries had higher labor costs or aged equipment compared to the contractors.

Our assessment of the 52 VA-operated laundries that would remain after consolidation shows that many of these laundries have some of VA's highest labor costs and also have aged equipment. Achieving savings from competitive sourcing of laundry workload at these locations would depend on factors such as the availability of interested contractors, the price of contractor services, and VA's ability to decrease the cost of its in-house service delivery as a result of a competitive process. When competitive sourcing results in contracting out, VA must monitor contractor performance effectively to ensure that payments and service quality are consistent with contract terms. For instance, weaknesses in VA's contract monitoring at its Albany laundry appear to have resulted in overpayments that reduced savings.

We recommend that VA assess its laundry operations to determine where consolidations, competitive sourcing, or both would reduce costs while maintaining quality, and implement the most cost-effective option identified. VA agreed with our recommendations, although it did not provide a plan or timetable for implementing the least-costly options.

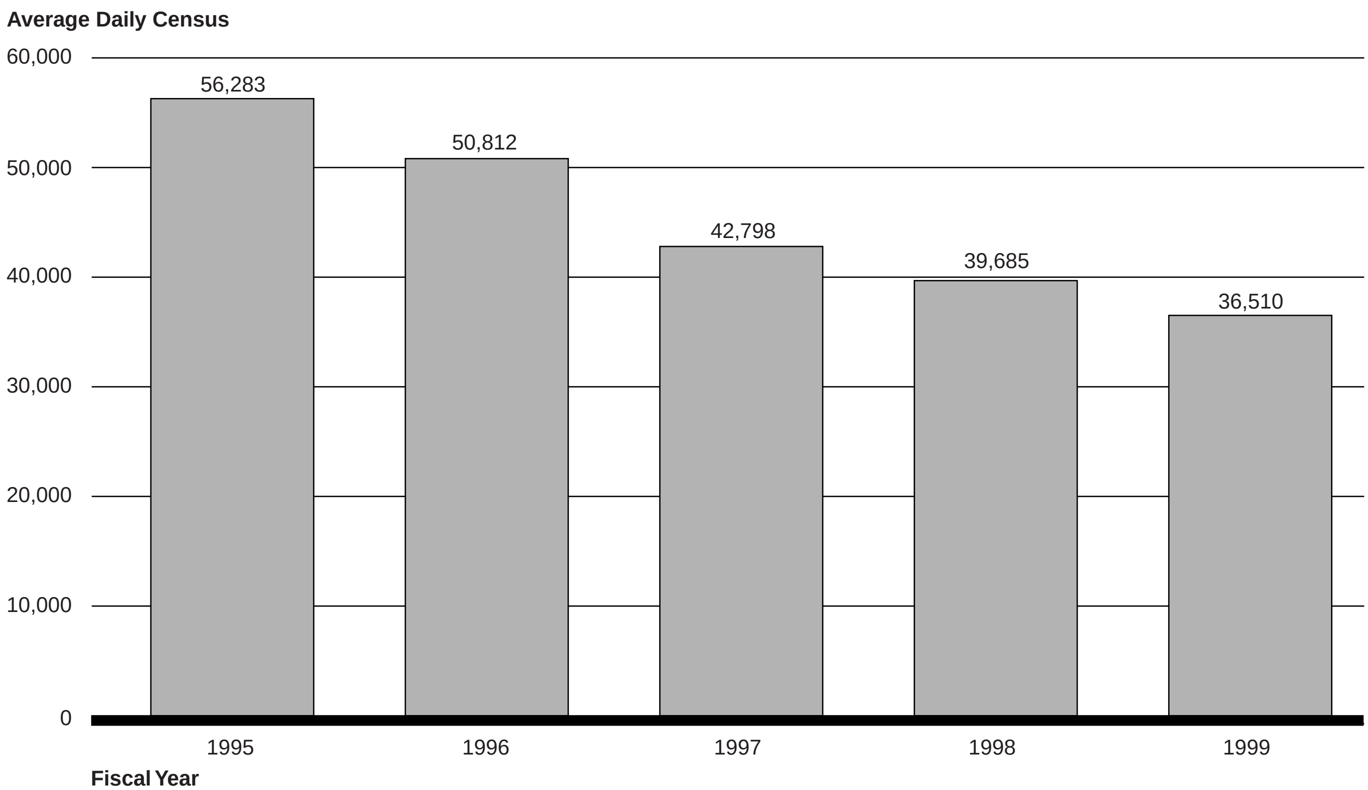
By contrast, the American Federation of Government Employees, AFL-CIO (AFGE) disagreed with our recommendations, citing a number of concerns. AFGE contended that the options we recommend VA assess (consolidations and competitive sourcing) would, in its view, exploit our nation's most vulnerable workers and undermine their living standard by either reducing their wages or eliminating their jobs. While we understand and appreciate AFGE's legitimate concerns about current workers' wages and employment, we believe VA can adequately address these concerns when implementing our recommendations.

Background

In 1995, VA began transforming the delivery and management of health care to expand access to care and to increase efficiency. VA's transformation included decentralization of decision-making and budgeting authority to 22 Veterans Integrated Service Networks, which are responsible for managing all VA health care. As a result, networks and their health care locations became responsible for responding to laundry service needs.

Since 1995, networks have focused on providing health care in the most appropriate setting by following headquarters' guidance and responding to performance measurement incentives. This has resulted in an increase in outpatient care and a decrease in inpatient care. The inpatient average daily census declined by 35 percent during this period (see fig. 1).

Figure 1: Reduction in Average Daily Inpatient Census, FY 1995–FY 1999



Source: VA.

The amount of laundry processed by VA decreased by 16 percent from fiscal year 1994 to fiscal year 1999. VA considers the current average for laundry usage per inpatient to be about 12.9 pounds of laundry per day.

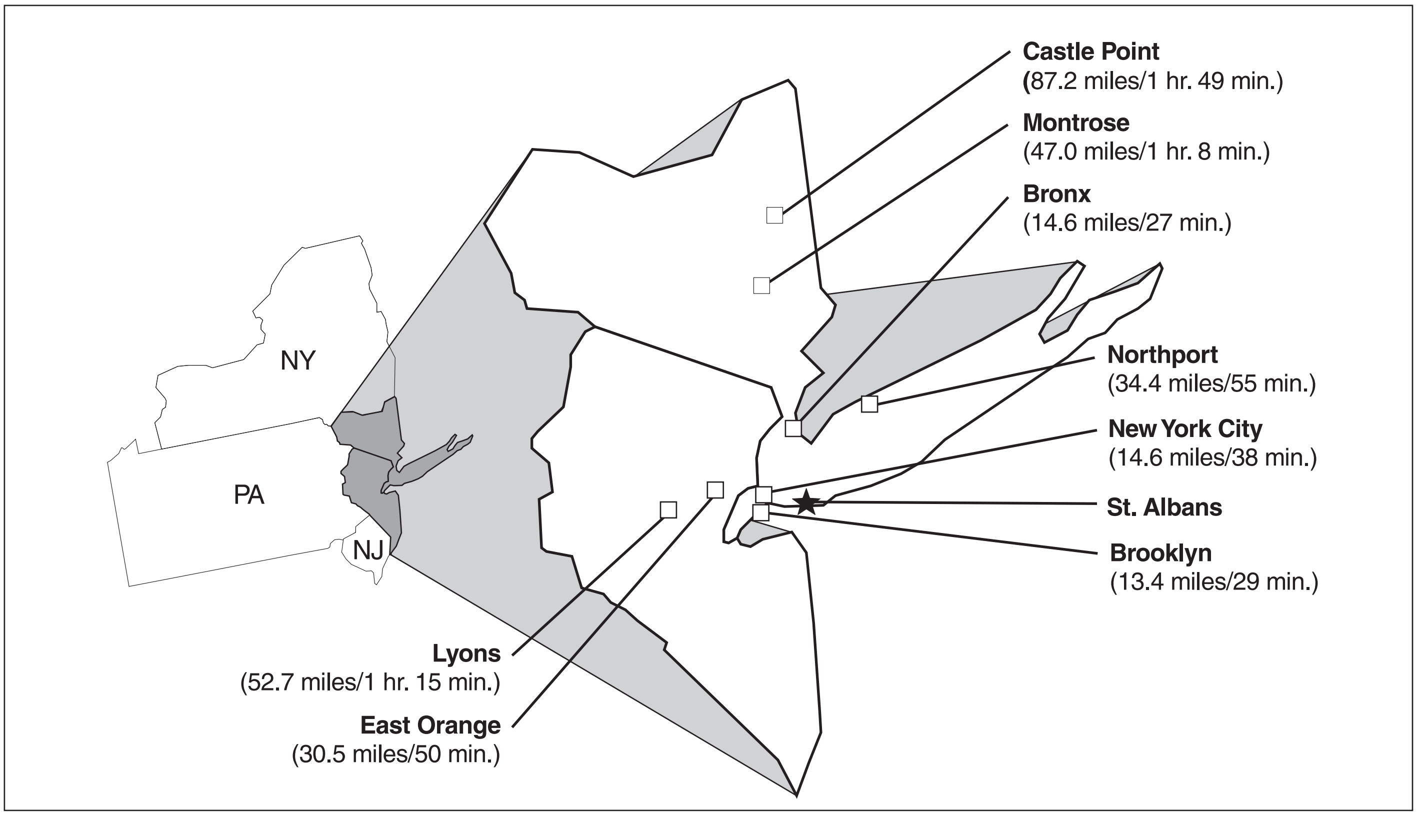
As with direct health care services, VA's networks have also explored ways to improve health care support services such as laundry operations. While VA networks have the option to focus exclusively on improving the efficiency of their in-house laundry operations, they also have the option of competing their in-house operations with the private sector to improve efficiency. VA could do this through the Office of Management and Budget (OMB) Circular A-76 process. In the A-76 process, the government describes the work to be performed in the performance work statement, prepares an in-house cost estimate based on its most efficient organization, and compares it with the best offer from the private sector.

Additional Consolidation of Laundries Could Save Millions of Dollars

Our analysis suggests that VA could reduce costs by additional laundry consolidations. While VA has already enhanced the efficiency of laundry services by reducing through consolidations the number of laundries (from 116 to 67 between 1979 and 2000), there are still 24 laundries in multi-laundry markets—that is, located within 4 hours' drive time of one or more other VA laundries. According to a VA headquarters official, VA policy provides that a one-way 4-hour drive time is reasonable when considering consolidation. (See app. II for summary information on VA's 67 laundries.)

The VA laundry at St. Albans (Queens), New York, illustrates how consolidation can result in more efficient operations in multi-laundry markets. During a 10-year period, VA consolidated six laundries into one. In 1988 and 1989, the Brooklyn, Northport, and New York laundries were closed and their workload transferred to St. Albans. In 1997, the other two laundries (Montrose and Lyons) in the St. Albans laundry market were also consolidated. These two annually processed 3.2 million and 3.5 million pounds of laundry, respectively, prior to consolidation. The St. Albans laundry now provides laundry service—a total of over 13 million pounds annually—for all of the facilities in Veterans Integrated Service Network 3 (Bronx) (see fig. 2).

Figure 2: Map of Inpatient Locations Served by the St. Albans Laundry



Note: Mileage and driving time are one-way from St. Albans in Queens, NY.

Source: GAO analysis.

VA consolidated laundry processing at St. Albans because adequate space was available there and transport distances made consolidation feasible. Driving distances to St. Albans ranged from 13 to 87 miles one way, and drive times ranged from 27 minutes to 1 hour and 49 minutes. The St. Albans management stated that based on quarterly surveys sent to all inpatient locations served by the laundry, nurses and patients at those locations report that the quality of laundry service has improved since the consolidations.

The consolidations of the Montrose and Lyons laundries with St. Albans resulted in annual savings totaling about $2 million through cost reductions in labor, supplies, and utilities. Prior to consolidation the Montrose and

Lyons laundries employed a total of 51 employees. Following the consolidations most of these employees either transferred to other VA positions at their inpatient locations or retired, while employment at the St. Albans laundry increased by 20 employees.

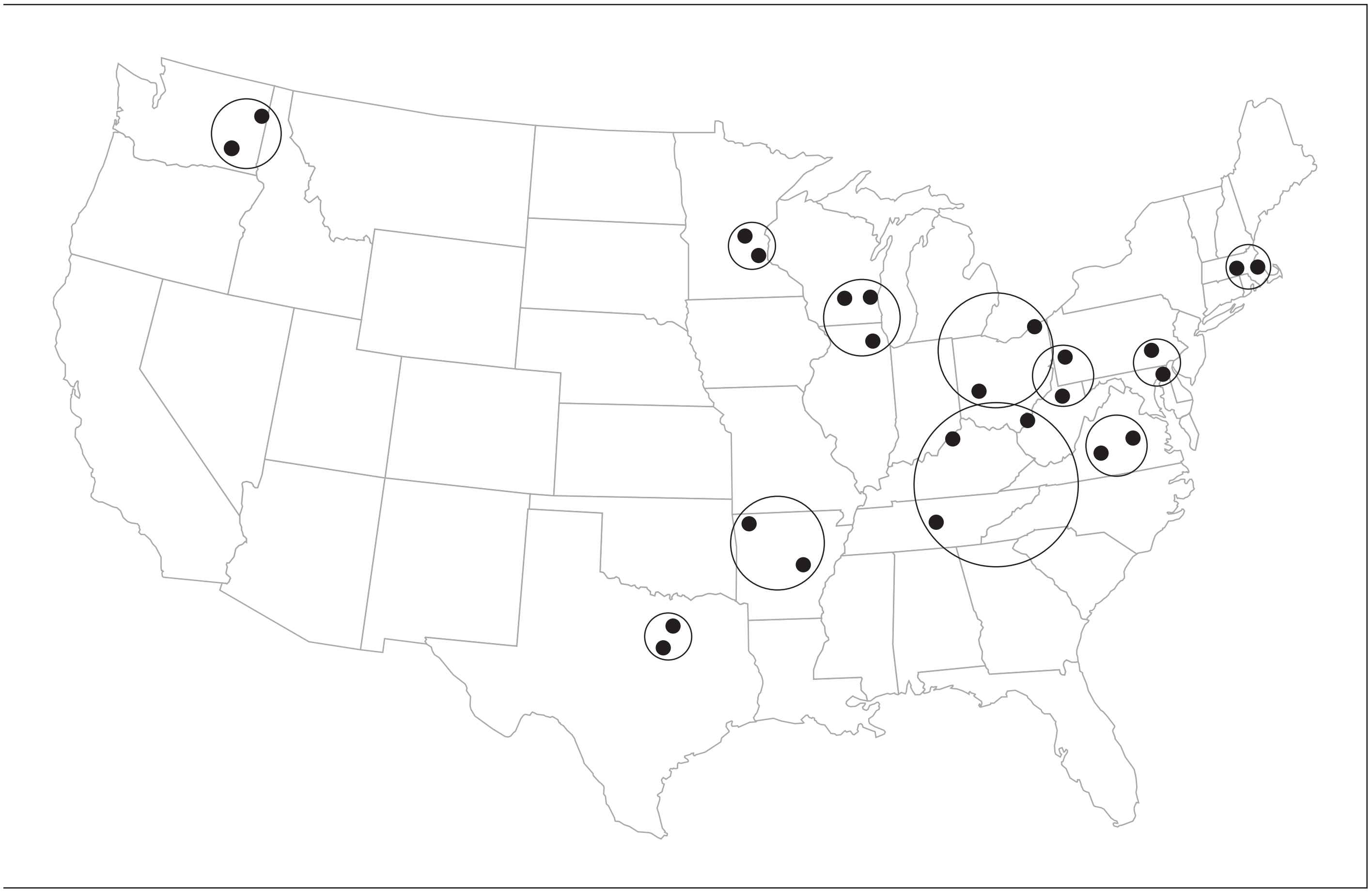
To handle the increased workload resulting from the last two consolidations, St. Albans spent $6.3 million for capital improvements. By contrast, continuing laundry processing at Montrose and Lyons would have required about $18 million in capital improvements. As a result, the consolidation allowed VA to avoid spending about $11.7 million for one-time capital improvements.

Our analysis suggests that VA could further increase the efficiency of its laundry operations by closing at least one laundry in 11 markets (see fig. 3). Our analysis showed that such consolidations could reduce costs because a single large laundry can operate more efficiently than multiple laundries by using fewer employees to process comparable amounts of laundry. In addition, such consolidations could reduce spending for equipment and building renovations that would otherwise be required for the continued operation of laundries that have aged equipment and buildings.

VA could potentially save over $2 million annually and avoid about $9 million in one-time capital investments by closing 13 of the 24 laundries currently located in the 11 multi-laundry markets that we reviewed.[6] (See app. III for summary information about laundries located in multi-laundry markets.) Currently these 13 laundries employ a total of approximately 150 employees, ranging from about 3 to 26 per location. We made certain assumptions to illustrate the potential savings from closing these laundries. We assumed that in most instances the workloads of smaller laundries could be handled by larger laundries and that laundries needing capital improvements in the near future could send their workloads to laundries with newer equipment. However, our savings are for illustrative purposes; VA's assessment, based on more detailed information, could determine that another location would better meet VA's needs as a consolidation site.

[6]Some consolidated locations may need to purchase additional textiles depending on the frequency with which they deliver laundry. One-time additional costs (for these purchases) could range from $345,000 to $690,000.

Figure 3: VA Laundries in Multi-Laundry Markets



Source: GAO analysis.

VA's actual consolidation savings may differ from our estimates. For example, our estimate assumes that each laundry, once consolidated, can meet VA's production standard of 160,000 pounds of laundry annually per employee. Some laundries, however, may not be able to achieve this level due to building configuration or other factors. Such laundries may need more employees than we estimated, which would reduce potential cost savings.

The 24 laundries in multi-laundry markets are located in 11 networks. We surveyed these 11 networks to determine what actions they had taken to study laundry consolidations. We found that all networks plan to study laundry consolidation in the future as the workload at individual facilities decreases and laundry equipment reaches the end of its useful life.[7] Three are currently studying potential consolidations.

Expanded Use of Competitive Sourcing Could Reduce Costs

VA currently has 12 contracts for inpatient laundry service. VA contracting has reduced costs by lowering labor costs[8] and avoiding capital investments to replace aged laundry equipment or renovate buildings. Our analysis suggests that expanded competitive sourcing could achieve lower-cost laundry service—either by maintaining services in house, possibly with enhanced efficiency, or by contracting with the private sector.

VA Laundry Competitive Sourcing Initiatives

VA uses contractors to operate VA-owned laundries and to process VA laundry at off-site commercial laundries. Two VA laundries accounting for about 3 percent of VA's total laundry needs are currently operated by contractors; one is a for-profit contractor, while the other is a nonprofit contractor. In addition, VA currently contracts with 10 commercial laundries to provide laundry service for inpatient locations. Three commercial laundries serve from two to four inpatient locations each and seven serve single inpatient locations. Commercial laundries account for nearly 5 percent of VA's total laundry needs. (See app. IV for summary information about these 10 commercial laundries.)

To determine whether costs were reduced, we reviewed several VA laundries. In one case, VA's Albany laundry was able to reduce labor costs because the contractor employed significantly fewer workers to process a comparable workload. In 1995, using the A-76 process, VA's Albany laundry determined it was more cost effective to contract with Universal Linen, a for-profit contractor, to operate the laundry. Albany paid nearly $350,000 in wages and benefits to 12 VA employees the last year the laundry was operated by VA and the following year paid about $270,000—a 23 percent savings—to Universal Linen to operate the laundry with 6 employees. As

[7] VA's official guidance on equipment useful life ranges from 13 to 30 years; actual useful life varies greatly depending on maintenance and workload levels.

[8] Higher labor costs can result from low employee productivity, higher wages, or both.

shown below, these $80,000 in savings could have been increased if the contract had been properly managed.

VA's Battle Creek laundry was also able to reduce labor costs by contracting for services. In 1998, VA's Battle Creek laundry contracted with Summit Point, a nonprofit contractor, to operate VA's new laundry plant. Summit Point provides rehabilitation services through employment for disabled workers. These employees' wages and benefits are established by the Department of Labor and must not be less than the prevailing wage for a laundry worker in the Battle Creek area. VA administrators at the Battle Creek laundry estimated that on an annualized basis VA saved about $340,000, or 24 percent, by using workers provided by Summit Point.

In Palo Alto it was more advantageous to VA to close its laundry and have a commercial laundry provide laundry service. Before contracting with a commercial laundry, Palo Alto processed laundry for its own inpatient location, as well as inpatient locations at San Francisco, Menlo Park, and Livermore. The Palo Alto laundry was facing capital improvement costs in 1995 amounting to nearly $5 million and had relatively high operating costs of about 49 cents per pound because it had a large number of laundry employees for the amount of laundry processed.[9]

Using the A-76 process, Palo Alto determined it was more cost effective to contract with Sodexho Marriott to provide laundry service for the four inpatient locations served by the Palo Alto laundry. The contract price was 29 cents per pound in fiscal year 1996 and gradually increased to 32.7 cents for fiscal year 1999. This contract resulted in avoidance of one-time capital costs of nearly $5 million. In addition, annual operating costs were 60 percent lower, decreasing from over $2 million to less than $800,000 for a comparable workload of laundry services.[10] VA officials in Palo Alto told us that nurses and patients are satisfied with the quality of laundry service provided by Sodexho Marriott. VA oversight includes unannounced monthly site visits to check on quality.

[9]In fiscal year 1995, Palo Alto's 45 employees processed about 4.5 million pounds of laundry or about 100,000 pounds per employee per year, which was well below the VA standard of 160,000 pounds.

[10]Operating costs include direct and administrative labor, supplies, utilities, maintenance and repair, and transportation.

VA oversight is critical to ensure that the government receives all the services paid for under contract arrangements. Our Office of Special Investigations found that VA failed to properly oversee the Albany laundry contract with Universal Linen. First, contrary to the contract, the contractor's payments were based on estimated laundry weights instead of actual weights. Second, invoices for payment were submitted by a government employee instead of the contractor as called for by the contract. As a result of the poor management of this contract, the contractor was likely overpaid for the services provided.[11] VA's Inspector General is reviewing this situation, and Albany's laundry has taken steps to improve its internal controls.

Opportunities to Reduce Costs at 52 VA Laundries

VA may be able to lower costs by competing in-house against private-sector laundry services. Our work at the Department of Defense shows that competitive sourcing under OMB Circular A-76 leads to cost reductions through increased efficiencies whether the government or the private sector wins the competition to provide services.[12] This indicates that savings are probable for VA, but the magnitude of savings from competitive sourcing depends on factors such as the availability of interested contractors at each location, the price of contractor services, and the extent to which VA laundries are able to decrease their operating costs in a competitive process.[13] Some markets, for example, may have many contractors competing for contracts and offer greater opportunities for VA. VA might realize greater savings in such markets. On the other hand, some VA laundries may increase efficiency by such means as reducing the number of laundry employees, and thereby offer lower prices than contractors. While the numbers have varied over time, historically government agencies have won a large portion of the A-76 competitions.

[11]See *Inadequate Oversight of Laundry Facility at the Department of Veterans Affairs, Albany, New York, Medical Center* (GAO-01-207R, Nov. 30, 2000) for further details on VA oversight of the Albany laundry contract with Universal Linen.

[12]See *DOD Competitive Sourcing: Some Progress but Continuing Challenges Remain in Meeting Program Goals* (GAO/NSIAD-00-106, Aug. 8, 2000) for a discussion of the benefits of using the OMB Circular A-76 process.

[13]See *DOD Competitive Sourcing: Savings Are Occurring, but Actions Are Needed to Improve Accuracy of Savings Estimates* (GAO/NSIAD-00-107, Aug. 8, 2000) for a discussion of calculating savings under the OMB Circular A-76 process.

Our analysis of VA laundries suggests that VA has opportunities to reduce costs further through competitive sourcing. Thirty-four of VA's 52 remaining laundries appear to be prime candidates for achieving savings through competitive sourcing (not including the 13 laundries that could be closed following consolidation and the 2 that could continue to use private contractors to operate VA laundries). This is because their labor use does not meet VA's labor productivity standard of 160,000 pounds per employee per year, indicating that there are efficiencies to be realized. If VA's productivity standard were met at all locations, an estimated $2 million could be saved annually. This savings estimate is based on reducing the number of employees to meet the standard and then applying the average wage rate at each laundry.

Using the competitive sourcing process could help VA overcome difficulties in meeting the productivity standard. According to VA officials, for example, some laundries were not meeting the productivity standard because they are not managed as well as others. In addition, the design of some laundry plants limits productivity and more employees are needed to operate them than the productivity standard allows.

In addition, competitive sourcing might help avoid capital investment costs. Thirteen of the 52 laundries reported that they are facing major capital investments within the next 5 years to replace aged equipment or to renovate buildings. Capital investment needs at the 13 laundries range from $200,000 to $3 million, with an average cost of $1.2 million.

To achieve savings through competitive sourcing, VA would need to conduct studies of each laundry to weigh alternatives for providing the lowest-cost laundry service while maintaining quality. In these studies, VA would need to consider the effect such changes could have on its career workforce. VA could foster competition among government and contractors to provide laundry service by using the competitive process under OMB's Circular A-76. Although fostering competition among government and contractors to provide laundry service can be a time-consuming process, it offers management opportunities to create more-efficient and less-costly operations when in-house organizations win the competition, or to realize savings when private competitors win. Management could consider competitive sourcing in combination with consolidation, which we discussed earlier. This process can be demanding, however, and requires strong management commitment.

Conclusions

VA has made good progress in consolidating laundries, but more remains to be done. VA has the opportunity to save millions of dollars by systematically assessing where it could consolidate laundries, obtain laundry services through competitive sourcing, or both. VA already has experience in consolidating laundries and implementing competitive sourcing at a number of locations. VA has not maximized its cost savings potential, however, because it has not systematically compared options for all 67 laundries. Such comparisons, in effect, establish a competition between VA laundries and contractors to provide laundry service for the lowest cost. The resulting competition is likely to increase efficiency no matter which competitor wins—VA or private-sector laundries.

Recommendations for Executive Action

We recommend that the Acting Secretary for Veterans Affairs require the Under Secretary for Health to direct the 22 networks to (1) systematically assess each laundry to determine which option or combination of options—consolidation and competitive sourcing—would reduce costs while maintaining or improving quality, and (2) implement the most cost-effective option in a timely manner.

Agency Comments and Our Evaluation

We received written comments on a draft of this report from VA's Acting Secretary and from the National President of AFGE. Their comments and our responses are described in the following sections. The comments in their entirety from VA and AFGE are in appendixes V and VI, respectively.

Department of Veterans Affairs

VA concurred with our recommendation to systematically assess each laundry to determine which option or combination of options—consolidation and competitive sourcing—would reduce costs while maintaining or improving quality. In addition, VA stated that selling laundry services to non-VA facilities could create additional savings by offsetting VA's costs. We agree this is a significant factor that should be considered when assessing consolidation and competitive sourcing.

Also, VA agreed to implement the most cost-effective option in a timely manner, although no plan or timetable was provided. VA stated that it is in the process of developing program oversight policy and reporting systems to be used to obtain comparative information for operational and opportunity improvement. While VA is to be commended for taking this action, we believe that it should move as quickly as possible to develop a plan and timetable to conduct the comprehensive assessments we recommended at each laundry. Delaying these assessments could result in unnecessarily spending millions of dollars a year on laundry services.

AFGE

AFGE opposed both options we included for study in our recommendations. AFGE contended that implementing the options we recommend that VA assess would, in its view, exploit our nation's most vulnerable workers and undermine their living standard by either reducing their wages or eliminating their jobs. While we understand and appreciate AFGE's legitimate concerns about workers' wages and employment, we believe that VA can adequately address these concerns when implementing our recommendations. In the past, VA has demonstrated the ability to implement comparable options without adversely affecting laundry service workers. Further, our discussions with VA officials indicate that they remain sensitive to the importance of taking appropriate steps to prevent adverse effects on current laundry service workers.

We discuss AFGE's specific concerns below.

Competitive Sourcing

AFGE expressed eight concerns about the increased use of competitive sourcing. First, AFGE stated that VA might contract out without the benefit of a public-private competition as set forth in OMB's Circular A-76. We agree that VA could, under limited circumstances specified in OMB's Circular A-76, contract rather than use in-house service provision without using competitive sourcing. However, our recommendation is to consider competitive sourcing rather than to contract out. VA agreed with our recommendation to assess competitive sourcing. Competitive sourcing is not new to VA laundries. For example, 43 of its 67 laundries have used the A-76 process over the past 15 years.

Second, AFGE expressed concern that federal workers currently employed in VA's in-house laundry processing could lose their jobs if a contractor wins the competition. We agree this is possible. As stated in the report, we believe that VA should include this as a consideration in its assessments of laundry service at each location. We note, however, that government employees adversely affected by decisions under the OMB A-76 process competition often are offered positions with winning contractors. VA could specify, as other agencies have, that a contractor hire such employees if it wins the competitive sourcing competition.

Third, AFGE stated that cost savings are unlikely to be achieved through privatization, competitive or otherwise. We believe it is important to distinguish between an objective to privatize or contract out which is an end in itself, and an objective to compete government service provision versus private service provision. Our recommendation is that VA consider competitive sourcing of laundry service operations, which can result in either the government retaining its service provision role or in contractors providing services. Either way, competitive sourcing reduces costs through the increased efficiency that results from competition between the government and the private sector. For example, over half of VA's laundries do not meet VA's productivity standard of 160,000 pounds of laundry processed annually per employee. Competition between the government and the private sector could increase efficiency, whichever competitor wins, and reduce costs accordingly.

Fourth, AFGE stated that cost savings are achieved by paying lower wages. We agree that some cost savings may be attributable to lower wages. However, cost savings are often achieved through increased efficiency rather than paying workers less. For example, over half of VA's laundries use more labor than called for by VA's productivity standard of 160,000 pounds of laundry annually per employee. Increasing productivity to the standard could achieve $2 million in savings. Competitive sourcing could be used to increase productivity to the standard and to achieve savings.

Fifth, AFGE stated that VA laundries with high labor costs were targeted for competitive sourcing. AFGE further states that these higher labor costs can only derive from a federal system that pays a premium for longevity to its workers and that our analysis penalizes a loyal, career workforce. While we did state that VA laundries with high labor costs could realize savings from competitive sourcing, we do not agree with the reasons for this cited by AFGE. The higher labor costs to which we refer are often the result of low productivity. For example, before the Albany laundry used the competitive sourcing process it employed 12 people. A contractor won the competitive sourcing process, and was able to process a workload of similar size with six employees.

Sixth, AFGE stated that VA laundries with aged equipment were targeted for competitive sourcing. AFGE further stated that aged equipment reflects management's failure to upgrade and maintain equipment. While we did state that VA laundries with aged equipment could realize savings from competitive sourcing, we do not agree with the reasons for this cited by AFGE. Aged equipment is the natural outgrowth of capital depreciation as equipment wears out over its useful life. VA management replaced much of its laundry equipment throughout the system during the 1980s and, given a 13–30 year useful life, it is understandable that many laundries' equipment is nearing the end of its useful life. Capital equipment, such as laundry machines, will need to be replaced at some point, but greatly reduced workloads in some locations make this a poor investment of capital. Sending workloads to commercial laundries or combining the workloads of two or more locations to be processed by one laundry could be a better business decision.

Seventh, AFGE stated that privatization could be avoided through better management of VA laundries. We agree. Competitive sourcing can provide an incentive to increase productivity and correct management deficiencies. Our report cited VA officials' acknowledgement that some laundries are not managed as well as others. Improving management performance may result in laundries staffed with fewer employees, but the government retaining its service provision role.

Eighth, AFGE stated that VA has a poor record of contract oversight. We agree that the Albany contract was poorly managed and likely resulted in overpaying the contractor. VA's Inspector General is reviewing this matter. VA oversight is critical to ensure that the government receives all the services it pays for under contract arrangements.

Consolidation

AFGE expressed four concerns about consolidating VA laundries. First, AFGE stated that our projected savings are unrealistic because transportation costs are not included. We do not agree. Our estimated savings reflect the increased cost of transportation, which we obtained from local VA officials, for each potential laundry consolidation.

Second, AFGE stated that consolidation should not occur without considering the revenue potential of providing laundry service to other federal and nonfederal sources. As stated in our response to VA's comments, we agree that potential revenue is a significant factor that should be considered when assessing consolidation and competitive sourcing. We already had incorporated revenue earned by VA laundries in our analysis of consolidation options.

Third, AFGE stated that our work targeted laundries with high labor costs for consolidation, which raises concerns about age discrimination. Our draft report did not characterize laundries with high labor costs as candidates for consolidation, but as candidates for competitive sourcing.

See our responses above under competitive sourcing regarding high labor costs.

Fourth, AFGE stated that our work targeted laundries with aged equipment for consolidation, which raises concerns about proper management. We disagree. As stated above under competitive sourcing, aged equipment is the natural outgrowth of capital depreciation as equipment wears out over its useful life.

As arranged with your staff, we are sending copies of this report to the Honorable Hershel W. Gober, Acting Secretary of Veterans Affairs; interested congressional committees; and other interested parties. We will make copies of the report available to others upon request.

If you have any questions about this report, please call me at (202) 512-7101 or Paul Reynolds at (202) 512-7109. Other major contributors are listed in appendix VII.

Sincerely yours,

Stephen P. Backhus
Director, Health Care—Veterans' and
Military Health Care Issues

Scope and Methodology

We reviewed the Department of Veterans Affairs (VA) laundry services for fiscal year 1999 to assess major initiatives it has taken to reduce laundry service costs by consolidating laundry workloads and by using competitive sourcing to determine if it is more cost-effective for VA to operate its own laundries or to contract with the private sector. We estimated potential savings if VA were to consolidate laundry workloads and conducted case studies to illustrate savings that have been realized by laundries that have used competitive sourcing. Savings from competitive sourcing at each location depend on a number of factors including the availability of interested contractors, the price of contractor services, and VA's ability to decrease the cost of its in-house delivery as part of a competitive process.

We interviewed VA headquarters officials in the Environmental Program Service, the Office of General Counsel, and other offices, and obtained historical documents from headquarters on the consolidation of laundry service and competitive sourcing. We also conducted a nationwide survey of all VA laundries to obtain data about fiscal year 1999 laundry service needs, how VA provides services, its costs, and the amount of laundry processed at each VA laundry. VA laundries also provided us with current information on consolidating laundries and competitive sourcing. We obtained fiscal year 1999 data from each of the VA inpatient locations that use commercial laundries.

We also obtained additional information through interviews, documents, and physical inspections of VA laundries and commercial laundries that provide service for VA. For this report we visited VA laundries in St. Albans and Albany, New York; the VA inpatient location in Palo Alto, California; and the commercial laundry that provides laundry service for Palo Alto and three other inpatient locations. For our December 1999 report on VA laundries, we visited VA laundries in Richmond, Virginia, and Battle Creek, Michigan. We also visited the VA inpatient location in Denver, Colorado, and the commercial laundry that provides laundry service for VA inpatients in Denver and in Cheyenne, Wyoming.

In our review of VA's laundry in Albany we questioned certain contractor practices and asked our Office of Special Investigations to investigate. Their objectives were to (1) observe the weighing and processing of laundry, and (2) determine whether the contractor was billing VA for services not provided.

For our analysis of potential savings from consolidation, we identified multi-laundry markets using VA's criterion that two or more laundries be within 4 hours' (one-way) driving distance of each other. To select the potential consolidation site, we interviewed laundry managers in these markets to determine whether existing equipment could handle the additional workload.

To determine the number of employees required to process the combined laundry workload, we used VA's productivity standard of 160,000 pounds per direct-labor employee for the potential consolidation sites that were below the standard, and current productivity rates for the potential consolidation sites that exceeded the standard. We multiplied the average direct-labor wage of the potential consolidation site by the total number of direct-labor employees to determine the consolidated direct-labor costs.

To determine the number of supervisors needed to manage the consolidated laundries, we used VA's criterion of one administrative employee per 25 direct-labor employees. The average administrative labor salary at potential consolidation sites was multiplied by the number of administrative employees to determine consolidated administrative costs.

Because transportation costs due to consolidation vary by market, we contacted each of the laundry managers at potential consolidation sites to obtain their consolidated transportation cost estimates (based on their knowledge and experience). We estimated the costs of additional supplies, utilities, and maintenance and repair costs that would be incurred by the potential consolidation sites, based on preconsolidation costs per pound of these elements.

Recurring annual savings from consolidation were computed by subtracting the estimated consolidation costs from the combined costs of the unconsolidated laundries.[1] A net cost-per-pound savings was computed by dividing the total consolidated estimated costs by the total consolidated pounds. We aggregated savings from each laundry to determine total annual savings from consolidation.

We surveyed each of the laundries to determine whether they need to make major capital improvements within the next 5 years. A VA headquarters laundry expert verified that the capital improvement costs the laundries

[1]Consolidation costs used to calculate recurring savings do not include the allocation of capital improvement costs because we accounted for these costs as a one-time cost avoidance.

reported were reasonable and needed within the next 5 years. To determine one-time cost avoidances from consolidation, we totaled capital improvement costs for the laundries that could close and subtracted capital improvement costs for the potential consolidation sites.

We performed our review between January 2000 and November 2000 in accordance with generally accepted government auditing standards.

Fiscal Year 1999 Data for VA's 67 Laundries

Laundry	State	Total pounds processed	VA employees	Operating cost per pound[a]
Albany	N.Y.	2,250,962[b]	1.20[c]	$0.254
Albuquerque	N. Mex.	871,213	9.03	0.369
Alexandria	La.	1,526,292	11.55	0.429
Augusta	Ga.	5,969,548	52.00	0.376
Battle Creek	Mich.	3,295,828	1.00[c]	0.382
Bay Pines	Fla.	3,724,402	21.03	0.226
Big Springs	Tex.	310,979	7.90	1.037
Biloxi	Miss.	5,264,728	41.00	0.334
Boise	Idaho	427,450	3.75	0.416
Brockton	Mass.	4,806,152	40.00	0.383
Buffalo	N.Y.	2,891,771	19.10	0.244
Canandaigua	N.Y.	2,101,962	15.55	0.382
Clarksburg	W. Va.	600,000	4.75	0.376
Cleveland	Ohio	2,985,434	17.00	0.270
Dallas	Tex.	2,759,125	18.00	0.319
Dayton	Ohio	2,929,043	26.00	0.337
Erie	Pa.	854,265	8.10	0.401
Fargo	N. Dak.	818,245	6.70	0.301
Fayetteville	Ark.	676,379	9.30	0.538
Fayetteville	N.C.	2,384,205	20.60	0.318
Fort Harrison	Mont.	286,692	3.03	0.541
Fort Lyon	Colo.	592,642	6.75	0.433
Fort Meade	S. Dak.	1,035,766	8.77	0.387
Fresno	Calif.	457,315	5.03	0.317
Grand Island	Nebr.	924,823	8.00	0.329
Grand Junction	Colo.	264,427	3.52	0.556
Hines	Ill.	3,339,727	26.00	0.355
Houston	Tex.	3,303,180	21.80	0.222
Huntington	W. Va.	740,087	5.40	0.338
Iron Mountain	Mich.	328,519	3.49	0.471
Kerrville	Tex.	2,295,389	17.60	0.317
Knoxville	Iowa	2,718,455	24.56	0.407
Lake City	Fla.	2,536,801	18.40	0.270
Leavenworth	Kans.	2,985,505	20.70	0.346
Lebanon	Pa.	725,987	10.00	0.564

Laundry	State	Total pounds processed	VA employees	Operating cost per pound[a]
Little Rock	Ark.	3,915,302	31.50	$0.396
Louisville	Ky.	1,457,539	21.50	0.545
Madison	Wis.	3,203,347	15.90	0.250
Martinsburg	W. Va.	1,337,473	13.50	0.465
Milwaukee	Wis.	4,185,076	24.50	0.218
Minneapolis	Minn.	2,991,134	22.58	0.333
Mountain Home[d]	Tenn.	1,411,798	12.00	0.352
Murfreesboro	Tenn.	2,187,278	12.50	0.255
Northampton	Mass.	1,608,835	12.60	0.367
Oklahoma City	Okla.	1,315,468	13.00	0.348
Perry Point	Md.	4,903,741	39.90	0.424
Phoenix	Ariz.	2,941,250	22.60	0.326
Pittsburgh	Pa.	6,033,288	42.50	0.362
Portland	Oreg.	1,771,952	14.10	0.305
Reno	Nev.	508,330	3.75	0.393
Richmond	Va.	5,224,632	44.00	0.331
Roseburg	Oreg.	1,353,042	14.18	0.461
Salem	Va.	1,473,597	9.40	0.321
Salt Lake City	Utah	931,272	9.00	0.383
San Juan	P.R.	3,329,245	12.25	0.209
Sheridan	Wyo.	363,913	3.75	0.497
Sioux Falls	S. Dak.	800,000	8.00	0.336
Spokane	Wash.	649,998	7.50	0.325
St. Albans	N.Y.	13,113,432	69.00	0.245
St. Cloud	Minn.	1,055,064	7.25	0.373
St. Louis	Mo.	2,881,664	20.80	0.394
Togus	Maine	866,754	6.10	0.327
Tuscaloosa	Ala.	2,358,523	29.00	0.453
Waco	Tex.	2,327,006	24.00	0.340
Walla Walla	Wash.	301,210	2.75	0.432
West Los Angeles	Calif.	4,947,378	55.00	0.332
West Palm Beach	Fla.	3,686,858	22.35	0.224

[a]Operating costs include direct labor, administration, supplies, utilities, and transportation of laundry to other locations.

[b]VA paid the contractor for processing this amount of laundry, but this was an estimated amount and likely resulted in overpayments.

[c]These numbers do not include the number of private contractor employees who operate these laundries.

[d]VA laundries in Asheville and Salisbury, North Carolina, are not listed in this table because they both recently closed and consolidated with the VA laundry in Mountain Home, Tennessee.

Laundries Located in Multi-Laundry Markets, Fiscal Year 1999

Number of laundries in market	Laundries	Employees[a]	One-way drive time[b]
2	Lebanon, Pa. Perry Point, Md.[c]	10.00 39.90	1 hour and 42 minutes
2	Clarksburg, W. Va. Pittsburgh, Pa.[c]	4.75 42.50	2 hours and 9 minutes
2	Salem, Va. Richmond, Va.[c]	9.40 44.00	3 hours and 44 minutes
2	St. Cloud, Minn. Minneapolis, Minn.[c]	7.25 22.58	1 hour and 16 minutes
2	Walla Walla , Wash. Spokane, Wash.[c]	2.75 7.50	3 hours and 5 minutes
2	Northampton, Mass. Brockton, Mass.[c]	12.60 40.00	2 hours and 7 minutes
3	Huntington, W. Va. Murfreesboro, Tenn. Louisville, Ky.[c]	5.40 12.50 21.50	3 hours and 43 minutes from Huntington to Louisville 3 hours and 54 minutes from Murfreesboro to Louisville
2	Cleveland, Ohio Dayton, Ohio[c]	17.00 26.00	4 hours and 1 minute
3	Hines, Ill. Madison, Wis. Milwaukee, Wis.[c]	26.00 15.90 24.50	1 hour and 42 minutes from Hines to Milwaukee 1 hour and 33 minutes from Madison to Milwaukee
2	Fayetteville, Ark. Little Rock, Ark.[c]	9.30 31.50	3 hours
2	Dallas, Tex. Waco, Tex.[c]	18.00 24.00	1 hour and 42 minutes

[a]As stated earlier, numbers of employees in this report refer to full-time equivalent employees.

[b]MapQuest was used to compute drive time.

[c]Indicates the laundry used in our assessment to take on additional workload. However, VA's assessment, based on more detailed information, could determine that another location would better meet VA's needs as the consolidation site.

Commercial Laundries Used by VA

VA facility	Contractor	Type of patients	FY 1999 pounds processed	Price basis	FY 1999 total cost
Amarillo, Tex.	Panhandle Laundry	Inpatient	Not available	Per piece	$303,000
Anchorage, AK[a]	Portland Rehabilitation Center	Inpatient	18,814	Per pound	14,111
Danville, Ill.	Human Resource Center of Edgar and Clark Counties	Inpatient/ outpatient	1,200,000	Per pound	399,600
Denver, Colo. Cheyenne, Wyo.	Proserve Laundry	Inpatient/ outpatient	1,039,938	Per pound	450,522
Hilo, HI	Tykes Laundry	Inpatient	Not available	Per piece	2,490
Honolulu, HI	Queens Medical Center Health Care Linen	Inpatient	123,843	Per pound	83,000
Miles City, Mont.	Miles City Laundry and Cleaners	Inpatient/ outpatient	86,800	Per pound/piece	65,000
Palo Alto, Calif.[b]	Sodexho Marriott	Inpatient/ outpatient	3,602,970	Per pound	1,124,049
Seattle, Wash. American Lake, Wash.	University of Washington Hospital Laundry	Inpatient	1,637,396	Per pound/piece	852,907
Wilmington, Del.	General Healthcare Laundry	Inpatient	300,000	Per pound	90,000
Total			**8,009,401**		**$3,334,679**

[a]All data for this location are for fiscal year 1998.

[b]This contract also serves VA inpatient locations in San Francisco, Menlo Park, and Livermore.

Comments From the Department of Veterans Affairs

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

OCT 27 2000

Mr. Stephen P. Backhus
Director, Health Care – Veterans and Military
Health Issues
U. S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Backhus:

The Department of Veterans Affairs has reviewed your draft report, ***VA HEALTH CARE: Consolidations and Competitive Sourcing of Laundry Service Could Save Millions*** (GAO-01-61) and concurs with your recommendations.

We agree with GAO that the Veterans Health Administration's (VHA) laundry consolidations and outsourcing have improved efficiencies and have resulted in significant cost avoidance. In addition to these benefits, we believe that a potential for future savings exists that is not addressed in the report. VA laundry facilities have become potential sharing instruments and/or resource generators that could not only enhance quality service to veterans, but also meet VHA's goal of increasing its operating budget from not-appropriated sources.

In implementing GAO's recommendations, we will include these options along with those in the report. The enclosure discusses further our plans to achieve these efficiency and economic benefits. Thank you for the opportunity to comment on your draft report.

Sincerely

Hershel W. Gober
Acting

Enclosure

Enclosure

DEPARTMENT OF VETERANS AFFAIRS
COMMENTS TO GAO DRAFT REPORT,
VA HEALTH CARE: Consolidations and Competitive Sourcing of Laundry Service Could Save Millions
(GAO-01-61)

GAO recommends that I require the Under Secretary for Health to direct the 22 networks to (1) systematically assess each laundry to determine which option or combination of options—consolidation and competitive sourcing—would reduce costs while maintaining or improving quality, and (2) implement the most cost effective option in a timely manner.

Concur - In implementing GAO's recommendations, VHA will include those options identified in the report, as well as the additional options discussed in our cover letter. The Office of Facilities Management (OFM) will develop and maintain program oversight policy and reporting systems through which VHA textile care key business elements can be evaluated. OFM will provide an annual report to Headquarters and field managers with comparative information for operational and opportunity improvement. We anticipate assessment and implementation will occur in concert with these reviews and as other priorities are met.

The Veterans' Health Care Eligibility Reform Act of 1996, Public Law 104-262, and VA and Department of Defense agreements under 38 U.S.C. section 8111 permit health care resource sharing and selling. Through these authorities, VA laundry facilities have become potential sharing instruments and/or resource generators that could not only enhance quality service to veterans, but also meet VHA's goal of increasing its operating budget from non-appropriated sources.

Decentralization of laundry equipment replacement capital and of operational responsibility to the VISN level further enhances the strategies for local market sharing and selling of these resources. The potential for enhanced use partners to provide capital investment for laundry equipment replacement in VHA with both partners benefiting adds attractive incentives to such options. We believe the interest that power companies have shown in providing funding for laundry equipment with length of life and/or interest-free payback will be an attractive incentive as well.

Comments From the American Federation of Government Employees

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

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6s/98251

October 31, 2000

Mr. Stephen P. Backhus, Director
Veterans' Affairs and Military Health Care Issues
United States General Accounting Office
Washington, DC 20548

Dear Mr. Backhus:

I am writing to respond to GAO's draft report to the House committee on Veterans' Affairs Subcommittee on Oversight and Investigations entitled VA Health Care: Consolidations and Competitive Sourcing of Laundry Services. The American Federation of Government Employees, AFL-CIO (AFGE) represents 125,000 workers at the Department of Veterans' Affairs, including many of those whose jobs are the subject of your report. It is on their behalf and to represent their views that I offer the following comments.

Consolidation

AFGE opposes the GAO's recommendation to close up to 20 percent of DVA's remaining laundries. We believe that the projected savings are unrealistic, in part because transportation costs will consume the hoped for economies of scale described in the draft report. In addition, we believe that consolidation should not occur without further exploration of the potential to improve the economic viability of the existing facilities by contracting –in laundry service from other federal and non-federal sources.

The GAO draft's reference to the consolidation targets' being characterized by "some of the highest labor costs or aged equipment" raises questions of age discrimination and the proper management response to the need to refurbish equipment. Labor cost differences among DVA laundries can only derive from the fact that the federal pay system pays a premium for longevity. To target a laundry service for closure and consolidation because its workforce has demonstrated its loyalty through career service and thereby made itself "high cost" is abhorrent to us. The reward for career service to our nation's veterans should not be job elimination. Yet that is the heart of the argument GAO has advanced in its proposed targeting for consolidation of DVA's laundry service.

To Do For All That Which None Can Do For Oneself

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Competitive Sourcing

The GAO draft projects savings from an increased use of competitive sourcing. AFGE opposes this for three reasons: First, a GAO recommendation of "competitive sourcing" is likely to mean non-competitive privatization. Second, the objective of cost savings is unlikely to be achieved through privatization, competitive or otherwise. Third, any cost advantage shown by a private laundry service firm will derive from paying an already poorly paid workforce even lower wages and fewer benefits, and AFGE objects strenuously to any privatization plan that seeks to save the government money by exploitation of our nation's most vulnerable workers.

Although GAO insists its proposal regarding contracting out is a proposal to pursue competitive cost comparisons, the reality of contracting out in the DVA as well as the rest of government suggests that this will not occur. In the vast majority of federal cases, contracting out and privatization goes forward without the benefit of a public-private competition held according to the terms set forth in OMB's Circular A-76.

Indeed, the GAO draft states that VA might exercise "the option" of cost comparisons through the A-76 process. As long as A-76 competitions are treated as an *option*, AFGE's long and bitter experience has shown us that no public-private competition, let alone an A-76 competitive process, will take place. Instead, an administrative justification for non-competitive contracting out will be offered, and privatization will go forward. In the case of laundry service for VA Medical facilities, the argument will be that laundry services are administrative support and thus the DVA would be under no obligation to use A-76. Although we consider such arguments to be without merit, they suffice in the current "privatize at any cost" environment which pervades the federal government.

As a result, hard working federal workers who have devoted their careers to the DVA will not only lose their jobs, they will also have been denied even the opportunity to prove that maintaining in-house performance could have saved the DVA money as well.

Privatization and contracting out do not save money in a mystical way apparent only to those who inhabit the private sector. Private sector firms face the same set of costs of production or service provision as do public sector enterprises. In the case of laundry services, the costs derive from equipment, management, and direct labor costs. Private sector laundry contracts include additional costs for debt service and profit to shareholders or investors, and the "freedom" and "flexibility" to pay only the federal minimum wage and offer no retirement or health insurance benefits. In-house provision has the cost advantage of being non-profit, but the cost disadvantage of a requirement to pay a living wage and offer a modest fringe benefit package. Thus in the same cases

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where agencies conduct truly fair cost comparisons through the A-76 process, and the sole objective is not to impoverish further the working poor, we believe that in a majority of cases the in-house bid would be superior.

The GAO study draws the conclusion from its surveys that competitive sourcing would result in savings "because VA's laundries had high labor costs or aged equipment compared to the private sector." This conclusion is striking. AFGE strongly objects that to the view that these two observations form the basis for an argument in favor of privatization of VA laundry services.

Although GAO admits that labor costs are a relatively small component of the total costs of laundry service provision, the draft report is prepared to recommend actions which would put several hundred workers out on the street who have devoted their careers to federal service and the care of our nation's veterans. It is important to repeat: The only reason that DVA's laundry service has *relatively* "high labor costs" is the federal government's pay and benefit structure that require payment of a living wage and modest benefit package, in addition to a very small premium to career service. Because so many private sector laundry service firms fail to uphold these modest standards, they may be able to present bids which promise savings to the government. AFGE does not believe that the GAO should base its recommendations on schemes to undermine the living standards of the working poor.

The second half of the quote regarding "aged equipment" is equally troubling. Again the GAO is in effect recommending that the DVA's front-line laundry service workers pay the price for management's failure to upgrade and maintain equipment so that on a cost-per-pound basis, in-house provision could compete successfully with industry standards. The DVA will pay the price of new and efficient equipment regardless of whether in-house laundry service is continued or whether privatization carries the day. The existence of old, inefficient equipment does not constitute a rationale for contracting out. It constitutes a rationale for investment in new equipment.

A further point related to the issue of victimizing front-line workers for the mistakes of management is cited in the GAO draft. GAO cites the case of Albany where DVA in-house bids lost to private contract bidders, and the loss was due to poor quality management at the DVA. Again we must ask: why should hard working, devoted federal employees – the workers AFGE represents – pay the price for poor quality management at DVA? Why should privatization be the solution to poor management? Why has GAO not recommended replacement of incompetent management with competent in-house management?

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Further, incompetent management is not a monopoly of the public sector, as numerous examples of contractor mismanagement and fraud uncovered by the GAO and most recently the Defense Department's Inspector General have demonstrated. In addition to neglecting to upgrade and maintain equipment, the GAO draft notes that the DVA itself has a poor record of contract oversight, which in the particular case cited has led to overpayments to contractors. DVA's own problems with oversight and incompetent quality control argue for suspension of service contracting, rather than an expansion, at least until these deficiencies are rectified.

The common thread which runs through both the consolidation and the contracting out recommendations in the GAO draft is that the DVA might save roughly $2 million per year if it pursued avenues to lower its labor costs. The DVA's laundry service workforce is an extremely low paid workforce. AFGE believes that it is unconscionable to focus on efforts which would eliminate some or all of these federal employees' jobs given the existence of alternatives such as contracting in, in-house equipment upgrades and improved management. DVA's laundry service workers are paid a living wage and have access to a modest set of fringe benefits. To squeeze savings out of this group of workers and in the process demonstrate a thorough lack of appreciation for their career service to veterans and to our nation is insupportable.

I thank you for the opportunity to comment on the GAO's draft report. If you have further questions on these comments, please feel free to contact either Jacqueline Simon of AFGE's Public Policy Department at (202) 639-6408, or Linda Bennett of AFGE's Legislative Department at (202) 639-6456.

Sincerely,

Bobby L. Harnage, Sr.
National President

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Staff Acknowledgments

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Related GAO Products

Inadequate Oversight of Laundry Facility at the Department of Veterans Affairs, Albany, New York, Medical Center (GAO-01-207R, Nov. 30, 2000).

VA Health Care: Expanding Food Service Initiatives Could Save Millions (GAO/01-64, Nov. 30, 2000).

VA Health Care: VA Is Struggling to Respond to Asset Realignment Challenges (GAO/T-HEHS-00-91, Apr. 6, 2000).

VA Health Care: VA Is Struggling to Address Asset Realignment Challenges (GAO/T-HEHS-00-88, Apr. 5, 2000).

VA Health Care: Laundry Service Operations and Costs (GAO/HEHS-00-16, Dec. 21, 1999).

VA Health Care: Food Service Operations and Costs at Inpatient Facilities (GAO/HEHS-00-17, Nov. 19, 1999).

Veterans' Health Care: Fiscal Year 2000 Budget (GAO/HEHS-99-189R, Sept. 14, 1999).

VA Health Care: Challenges Facing VA in Developing an Asset Realignment Process (GAO/T-HEHS-99-173, July 22, 1999).

VA Health Care: Progress and Challenges in Providing Care to Veterans (GAO/T-HEHS-99-158, July 15, 1999).

VA Health Care: Improvements Needed in Capital Asset Planning and Budgeting (GAO/HEHS-99-145, Aug. 13, 1999).

Veterans' Affairs: Progress and Challenges in Transforming Health Care (GAO/T-HEHS-99-109, Apr. 15, 1999).

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