

Calendar No. 277

119TH CONGRESS
1ST SESSION**S. 1591****[Report No. 119–97]**

To amend title 38, United States Code, to reorganize the acquisition structure of the Department of Veterans Affairs and to establish the Director of Cost Assessment and Program Evaluation in the Department, and for other purposes.

 IN THE SENATE OF THE UNITED STATES

MAY 5, 2025

Mr. MORAN (for himself, Mr. BANKS, Mr. WARNER, Mr. KING, and Mr. ROUNDS) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

DECEMBER 2, 2025

Reported by Mr. MORAN, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italie*]

A BILL

To amend title 38, United States Code, to reorganize the acquisition structure of the Department of Veterans Affairs and to establish the Director of Cost Assessment and Program Evaluation in the Department, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Acquisition Reform and Cost Assessment Act of 2025”
 4 or the “ARCA Act of 2025”.

5 (b) **TABLE OF CONTENTS.**—The table of contents for
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Department of Veterans Affairs acquisition organization.
- Sec. 3. Department of Veterans Affairs major acquisition program managers.
- Sec. 4. Department of Veterans Affairs acquisition and procurement reorganization matters.
- Sec. 5. Independent verification and validation of major acquisition programs of Department of Veterans Affairs.
- Sec. 6. Department of Veterans Affairs cost assessment and program evaluation.
- Sec. 7. Department of Veterans Affairs other transaction authority and advance market commitments for technologies or services for provision of health care.
- Sec. 8. Development and expansion of an 1102 internship or development pipeline.
- Sec. 9. Clerical amendment.

7 **SEC. 2. DEPARTMENT OF VETERANS AFFAIRS ACQUISITION**
 8 **ORGANIZATION.**

9 (a) **DEFINITIONS.**—Chapter 81 of title 38, United
 10 States Code, is amended by inserting after subchapter VI
 11 the following new subchapter:

12 “SUBCHAPTER VII—ACQUISITION ORGANIZA-
 13 TION, COST ASSESSMENT, AND PROGRAM
 14 EVALUATION

15 **“§ 8181. Definitions**

16 “In this subchapter:

17 “(1) The term ‘major acquisition program’
 18 means a program of the Department to acquire

1 property, systems or technology, assets, supplies,
 2 services, or a combination thereof, with an estimated
 3 total program life-cycle cost of \$250,000,000 or
 4 more, as determined by the Secretary.

5 “(2) The term ‘non-major acquisition program’
 6 means a program of the Department to acquire
 7 property, systems or technology, assets, supplies,
 8 services, or a combination thereof, with an estimated
 9 total program life-cycle cost of less than
 10 \$250,000,000, as determined by the Secretary.”

11 (b) ASSISTANT SECRETARY FOR ACQUISITION AND
 12 INNOVATION.—Section 308 of such title is amended—

13 (1) in subsection (a)(1), by striking “seven”
 14 and inserting “eight”; and

15 (2) in subsection (b), by adding at the end the
 16 following new paragraph:

17 “(13) Acquisition and innovation.”

18 (c) ACQUISITION ORGANIZATION.—Subchapter VI of
 19 chapter 81 of such title, as added by subsection (a), is
 20 amended by adding at the end the following new section:

21 **“§ 8182. Acquisition organization**

22 “(a) ASSISTANT SECRETARY FOR ACQUISITION AND
 23 INNOVATION; CHIEF ACQUISITION OFFICER.—(1) The
 24 Secretary shall designate one of the Assistant Secretaries
 25 specified in subsection (a)(1) of section 308 of this title

1 as the Assistant Secretary of Veterans Affairs for Acquisi-
 2 tion and Innovation, who shall focus solely on the adminis-
 3 tration of functions specified in subsection (b)(13) of such
 4 section.

5 “(2) Pursuant to section 1702(a) of title 41, the Sec-
 6 retary shall designate the Assistant Secretary of Veterans
 7 Affairs for Acquisition and Innovations as the Chief Ac-
 8 quisition Officer of the Department.

9 “(b) OFFICE OF ACQUISITION AND INNOVATION.—
 10 (1) There is in the Department an Office of Acquisition
 11 and Innovation.

12 “(2) The head of the Office of Acquisition and Inno-
 13 vation shall be the Assistant Secretary of Veterans Affairs
 14 for Acquisition and Innovation designated pursuant to
 15 subsection (a).

16 “(3) The Secretary shall take such actions as may
 17 be necessary to ensure that major program offices of the
 18 Department align under the Office of Acquisition and In-
 19 novation and report directly to the Assistant Secretary of
 20 Veterans Affairs for Acquisition and Innovation.

21 “(4) The budget of the Office of Acquisition and In-
 22 novation shall be established in the budget justification
 23 materials submitted to Congress in support of the budget
 24 of the Department (as submitted with the budget of the
 25 President under section 1105(a) of title 31).

1 “(c) DEPUTY ASSISTANT SECRETARY FOR LOGIS-
 2 TICS.—(1) Pursuant to section 308(d) of this title, the
 3 Secretary shall appoint a Deputy Assistant Secretary of
 4 Veterans Affairs for Logistics, who shall report to the As-
 5 sistant Secretary for Acquisition and Innovation.

6 “(2) The Deputy Assistant Secretary of Veterans Af-
 7 fairs for Logistics shall be responsible for administration
 8 of logistics and supply chain operations of the Depart-
 9 ment.

10 “(d) DEPUTY ASSISTANT SECRETARY FOR INNOVA-
 11 TION.—(1) Pursuant to section 308(d) of this title, the
 12 Secretary shall appoint a Deputy Assistant Secretary of
 13 Veterans Affairs for Innovation, who shall report to the
 14 Assistant Secretary for Acquisition and Innovation.

15 “(2) The Deputy Assistant Secretary of Veterans Af-
 16 fairs for Innovation shall be responsible for all research,
 17 development, testing, and innovation development organi-
 18 zations of the Department, including the Veterans Health
 19 Administration Innovation Ecosystem.

20 “(e) DEPUTY ASSISTANT SECRETARY FOR PROCURE-
 21 MENT.—(1) Pursuant to section 308(d) of this title, the
 22 Secretary shall appoint a Deputy Assistant Secretary of
 23 Veterans Affairs for Procurement, who shall report to the
 24 Assistant Secretary for Acquisition and Innovation.

1 “(2) The Deputy Assistant Secretary of Veterans Af-
 2 fairs for Procurement shall be responsible for all procure-
 3 ment and contracting organizations of the Department.”.

4 **SEC. 3. DEPARTMENT OF VETERANS AFFAIRS MAJOR AC-**
 5 **QUISITION PROGRAM MANAGERS.**

6 Subchapter VI of chapter 81 of title 38, United
 7 States Code, as added by section 2, is amended by adding
 8 at the end the following new section:

9 **“§ 8183. Major acquisition program managers**

10 “(a) APPOINTMENTS.—Not later than 30 days after
 11 any date on which the Secretary approves a major acquisi-
 12 tion program to commence, the Deputy Secretary shall ap-
 13 point a manager to be responsible for administering such
 14 program.

15 “(b) DUTIES.—Each manager appointed pursuant to
 16 subsection (a) shall report to the Assistant Secretary for
 17 Acquisition and Innovation and shall be responsible for,
 18 with respect to the applicable major acquisition program—

19 “(1) developing, in coordination with the Assist-
 20 ant Secretary, and functional teams responsible for
 21 the program requirements, a plan to administer such
 22 program, to be known as the ‘program baseline’,
 23 that includes—

24 “(A) a description of each acquisition
 25 phase of such program;

1 “(B) for each such acquisition phase, re-
2 quirements for advancing such program to a
3 subsequent acquisition phase; and

4 “(C) estimates of the cost, schedule, and
5 performance of such program that account for
6 the entire life cycle of such program;

7 “(2) ensuring such program is in compliance
8 with such requirements;

9 “(3) securing funding necessary to satisfy such
10 requirements;

11 “(4) adopting standardized processes with es-
12 tablished success to support the progress of such
13 program, including—

14 “(A) milestones;

15 “(B) exit criteria; and

16 “(C) specific accomplishments;

17 “(5) to the extent practicable, ensuring that
18 personnel of the Department responsible for esti-
19 mating the budget and cost of such program are
20 provided with an opportunity to raise concerns relat-
21 ing to such budget and cost prior to the establish-
22 ment of the program baseline under paragraph (1);

23 “(6) on a continuous basis, assessing and man-
24 aging risks to satisfying the requirements of such
25 program baseline relating to cost and schedule;

1 “(7) ensure such program complies with cost
2 accounting standards, as applicable;

3 “(8) establishing a workforce for such program
4 that is qualified and sufficient to perform the nec-
5 essary functions of such program; and

6 “(9) ensuring such program has adequate tech-
7 nology and production capacity prior to commencing
8 an acquisition phase of such program related to
9 manufacturing, if applicable.

10 “(c) CONSIDERATION OF ALTERNATE REQUIRE-
11 MENTS.—Not later than 90 days after any date on which
12 a manager appointed pursuant to subsection (a) estab-
13 lishes a program baseline described in subsection (b)(1),
14 such manager shall submit to the program decision au-
15 thority under subsection (d) a certification that such man-
16 ager considered establishing alternate requirements in
17 such program baseline relating to the cost, schedule, and
18 performance of each acquisition phase of such program
19 prior to establishing such program baseline.

20 “(d) PROGRAM DECISION AUTHORITY.—The Sec-
21 retary shall ensure that—

22 “(1) program decision authority for oversight of
23 a major acquisition program of the Department is
24 the Assistant Secretary for Acquisition and Innova-
25 tion; and

1 “(2) program management offices for major ac-
 2 quisition programs are independent of the Veterans
 3 Benefits Administration, the Veterans Health Ad-
 4 ministration, the National Cemetery Administration
 5 and Department staff offices by reporting directly to
 6 the Assistant Secretary for Acquisition and Innova-
 7 tion.

8 “(e) PROGRAM DECISION AUTHORITY AUTHORIZA-
 9 TION REQUIRED.—(1) Not later than 30 days after any
 10 date on which a major acquisition program concludes an
 11 acquisition phase, the manager of such program appointed
 12 pursuant to subsection (a) shall notify the program deci-
 13 sion authority under subsection (d).

14 “(2) Such manager may not advance such program
 15 to a subsequent acquisition phase without the authoriza-
 16 tion of such program decision authority under subsection
 17 (d).”.

18 **SEC. 4. DEPARTMENT OF VETERANS AFFAIRS ACQUISITION**
 19 **AND PROCUREMENT REORGANIZATION MAT-**
 20 **TERS.**

21 “(a) CONTRACTING OFFICERS.—The Secretary of Vet-
 22 erans Affairs shall transfer all contracting officers and ac-
 23 quisition centers in the Department of Veterans Affairs
 24 to the Office of Acquisition and Innovation established by

1 section 8182(b) of title 38, United States Code, as added
2 by section 2(e).

3 (b) CONSOLIDATION OF LOGISTICS AND SUPPLY
4 CHAIN OPERATIONS.—The Secretary shall take such ac-
5 tions as may be necessary to consolidate all activities relat-
6 ing to the administration of logistics and supply chain op-
7 erations of the Department under the Deputy Assistant
8 Secretary of Veterans Affairs for Logistics appointed pur-
9 suant to section 8182(e) of such title, as added by section
10 2(e).

11 **SEC. 5. INDEPENDENT VERIFICATION AND VALIDATION OF**
12 **MAJOR ACQUISITION PROGRAMS OF DEPART-**
13 **MENT OF VETERANS AFFAIRS.**

14 (a) CONTRACTING AUTHORITY.—Not later than 120
15 days after the date of the enactment of this Act, the Sec-
16 retary of Veterans Affairs shall—

17 (1) review and take action to ensure that all
18 independent verification and validation, as well as
19 testing contracts in effect in the Department, com-
20 ply with the provisions of this Act and the amend-
21 ments made by this Act; and

22 (2) seek to enter into one or more contracts
23 using competitive procedures with one or more enti-
24 ties to carry out the functions described in sub-
25 section (c).

1 (b) ~~ELIGIBILITY.—~~

2 (1) ~~IN GENERAL.—~~An entity is not eligible to
3 be awarded a contract under this section unless the
4 Chief Acquisition Officer of the Department of Vet-
5 erans Affairs determines, at the time of evaluation
6 of offers submitted under subsection (a), that the
7 entity is currently performing or has performed, dur-
8 ing the preceding three-year period, not fewer than
9 three prime contracts for—

10 (A) the independent verification and vali-
11 dation or systems engineering and technical ad-
12 visory (SETA) support of major acquisition
13 programs or defense systems, in accordance
14 with guidance of the Department of Defense re-
15 lating to such acquisition programs or such
16 business systems; or

17 (B) the independent verification and vali-
18 dation or systems engineering and technical ad-
19 visory (SETA) support of the development or
20 acquisition of major acquisition programs or de-
21 fense systems, in accordance with guidance of
22 the Department of Defense relating to such ac-
23 quisition programs or such business systems.

24 (2) ~~LIMITATION.—~~The Secretary shall ensure
25 that an entity, including its subsidiaries, joint ven-

1 tures, subcontractors, teaming partners, invest-
 2 ments, and corporate officers, awarded a contract
 3 under this section does not perform the functions
 4 specified in subsection (c) with respect to a project
 5 or system of the Department or organizational sub-
 6 division of the Department if such entity is per-
 7 forming or has performed, during the three-year pe-
 8 riod preceding the date of such award, a covered
 9 contract—

10 (A) for such project or system; or

11 (B) for the Department or such organiza-
 12 tional subdivision of the Department.

13 (3) ~~CONSIDERATION REGARDING FUTURE PRO-~~
 14 ~~CUREMENTS.~~—A contracting officer of the Depart-
 15 ment shall consider the requirements of this sub-
 16 section when implementing the organizational con-
 17 flict of interest mitigation procedures under subpart
 18 of title 48, Code of Federal Regulations, or suc-
 19 cessor regulations, with respect to future procure-
 20 ments in which an entity awarded under subsection
 21 (a) is an offeror.

22 (c) ~~FUNCTIONS.~~—The functions specified in this sub-
 23 section are the following:

1 (1) The independent verification and validation
2 of each major acquisition program or major informa-
3 tion technology project—

4 (A) when such major program is initiated;
5 with respect to its design and the development
6 of its requirements and acquisition;

7 (B) at the conclusion of such project; and

8 (C) at any other intervals during such
9 project selected by the Chief Acquisition Officer
10 of the Department.

11 (2) The independent verification and validation
12 of other projects of the Department selected by the
13 Chief Acquisition Officer of the Department, at in-
14 tervals selected by the Chief Acquisition Officer.

15 (3) With respect to any project or system of the
16 Department selected by the Chief Acquisition Officer
17 of the Department the evaluation of—

18 (A) testing conducted by the Department
19 or other testing entity;

20 (B) technical architecture or design, in-
21 cluding data management;

22 (C) development processes;

23 (D) stability and resiliency;

1 ~~(E)~~ integration or interoperability with
2 other systems, including an assessment of data
3 quality;

4 ~~(F)~~ adoption and use;

5 ~~(G)~~ management, including governance,
6 costs, and schedules; and

7 ~~(H)~~ any other elements or processes as de-
8 termined by the Chief Acquisition Officer.

9 ~~(d) TRANSMITTAL TO CONGRESS.—~~

10 ~~(1) IN GENERAL.—~~Not later than 30 days after
11 the date on which an independent verification and
12 validation is performed pursuant to subsection
13 ~~(c)(1)~~, the Secretary shall transmit to Congress a
14 copy of such independent verification and validation.

15 ~~(2) VERIFICATION AND VALIDATION AND EVAL-~~
16 ~~UATIONS.—~~Not later than 30 days after the date on
17 which the Committee on Veterans' Affairs of the
18 Senate or the Committee on Veterans' Affairs of the
19 House of Representatives requests a copy of any
20 independent verification and validation under para-
21 graph ~~(2)~~ of subsection ~~(c)~~ or evaluation under para-
22 graph ~~(3)~~ of such subsection, the Secretary shall
23 transmit to such committee a copy of such
24 verification and validation or evaluation.

1 ~~(3) ORGANIZATIONAL CONFLICT OF INTEREST;~~
 2 ~~MITIGATION PLANS.—~~Not later than 30 days after
 3 the date on which the Committee on Veterans' Af-
 4 fairs of the Senate or the Committee on Veterans'
 5 Affairs of the House of Representatives requests a
 6 copy of any organizational conflict of interest mitiga-
 7 tion plan submitted by an offeror pursuant to sub-
 8 section ~~(b)(3)~~, the Secretary shall transmit to such
 9 committee a copy of such plan.

10 ~~(e) FUNDING.—~~The Chief Financial Officer of the
 11 Department shall ensure, to the extent practicable, that
 12 each organizational subdivision of the Department that
 13 enters into a contract under subsection (a) proportionally
 14 contributes amounts to fund each such contract.

15 ~~(f) DEFINITIONS.—~~In this section:

16 ~~(1) COVERED CONTRACT.—~~The term “covered
 17 contract” means a prime contract or subcontract
 18 for—

19 ~~(A)~~ information technology support or soft-
 20 ware or system design, development,
 21 sustainment, or maintenance services;

22 ~~(B)~~ professional or management consulting
 23 services; or

24 ~~(C)~~ advisory and assistance services.

1 ~~(2) INDEPENDENT VERIFICATION VALIDA-~~
 2 ~~TION.—The term “independent verification and vali-~~
 3 ~~dation” means a comprehensive inspection, a review,~~
 4 ~~analysis, and testing, or an assessment of systems,~~
 5 ~~software, or hardware, as applicable, performed by~~
 6 ~~an entity awarded a contract under subsection (a)—~~

7 ~~(A) to verify that the requirements of a~~
 8 ~~project or system, or a development phase of~~
 9 ~~such a project, are correctly defined;~~

10 ~~(B) to validate that the project or system,~~
 11 ~~or a product of a development phase of such a~~
 12 ~~project, correctly implements the required~~
 13 ~~functionality and applicable security require-~~
 14 ~~ments; and~~

15 ~~(C) verify that a project or system, or a~~
 16 ~~product of a development phase of such a~~
 17 ~~project, satisfies and conforms to the require-~~
 18 ~~ments, standards, and practices of each life~~
 19 ~~cycle phase and successfully completes each life~~
 20 ~~cycle activity.~~

21 ~~(3) MAJOR ACQUISITION PROGRAM.—The term~~
 22 ~~“major acquisition program” has the meaning given~~
 23 ~~such term in section 8181 of title 38, United States~~
 24 ~~Code, as added by section 2(a).~~

1 (4) MAJOR INFORMATION TECHNOLOGY
2 PROJECT.—The term “major information technology
3 project” has the meaning given such term in section
4 8171 of title 38, United States Code.

5 (5) MAJOR SYSTEM.—The term “major system”
6 has the meaning given such term in section 2.101 of
7 title 48, Code of Federal Regulations (or a successor
8 regulation).

9 **SEC. 6. DEPARTMENT OF VETERANS AFFAIRS COST AS-**
10 **SESSMENT AND PROGRAM EVALUATION.**

11 (a) IN GENERAL.—Subchapter VI of chapter 81 of
12 title 38, United States Code, as added by section 2 and
13 amended by section 3, is further amended by adding at
14 the end the following new section:

15 **“§ 8184. Cost assessment and program evaluation**

16 “(a) DIRECTOR OF COST ASSESSMENT AND PRO-
17 GRAM EVALUATION.—There is established a Director of
18 Cost Assessment and Program Evaluation, who shall re-
19 port directly to the Secretary.

20 “(b)(1) INDEPENDENT ADVICE TO SECRETARY OF
21 VETERANS AFFAIRS.—The Director of Cost Assessment
22 and Program Evaluation is the principal advisor to the
23 Secretary and other senior officials of the Department,
24 and shall provide independent analysis and advice to such
25 officials, on the following matters:

1 “(A) Matters assigned to the Director pursuant
2 to this section.

3 “(B) Matters assigned to the Director by the
4 Secretary pursuant to this section and to section
5 303 of this title.

6 “(2) The Director may communicate views on mat-
7 ters within the responsibility of the Director directly to
8 the Secretary and the Deputy Secretary of Veterans Af-
9 fairs without obtaining the approval or concurrence of any
10 other official within the Department.

11 “(c) DEPUTY DIRECTORS.—There are two Deputy
12 Directors within the Office of the Director of Cost Assess-
13 ment and Program Evaluation, as follows:

14 “(1) The Deputy Director for Cost Assessment.

15 “(2) The Deputy Director for Program Evalua-
16 tion.

17 “(d) RESPONSIBILITIES.—The Director of Cost As-
18 sessment and Program Evaluation shall serve as the prin-
19 cipal official within the senior management of the Depart-
20 ment for the following:

21 “(1) Cost estimation and cost analysis for ae-
22 quisition programs of the Department.

23 “(2) Analysis and advice on matters relating to
24 the planning and programming phases of the Plan-
25 ning, Programming, Budgeting, and Execution sys-

1 tem, and the preparation of materials and guidance
2 for such system, as directed by the Secretary, work-
3 ing in coordination with the Assistant Secretary for
4 Management and the Chief Financial Officer of the
5 Department.

6 “(3) Analysis and advice for resource discus-
7 sions relating to requirements under consideration in
8 the Veterans Health Administration, the Veterans
9 Benefits Administration, the National Cemetery Ad-
10 ministration, and all staff offices.

11 “(4) Formulation of study guidance for anal-
12 yses of alternatives for major acquisition programs
13 and performance of such analyses, as directed by the
14 Secretary.

15 “(5) Review, analysis, and evaluation of pro-
16 grams for executing approved strategies and policies;
17 ensuring that information on programs is presented
18 accurately and completely, and assessing the effect
19 of spending by the Department on the United States
20 economy.

21 “(6) Assessments of alternative plans, pro-
22 grams, and policies with respect to the acquisition
23 programs of the Department.

24 “(7) Leading the development of improved ana-
25 lytical skills and competencies within the cost assess-

1 ment and program evaluation workforce of the De-
 2 partment and improved tools, data, and methods to
 3 promote performance, economy, and efficiency in
 4 analyzing Department planning and the allocation of
 5 Department resources.

6 “(e) INDEPENDENT COST ESTIMATION AND COST
 7 ANALYSIS.—The Director of Cost Assessment and Pro-
 8 gram Evaluation shall ensure that the cost estimation and
 9 cost analysis processes of the Department provide accu-
 10 rate information and realistic estimates of cost for the ac-
 11 quisition programs of the Department. In carrying out
 12 that responsibility, the Director shall—

13 “(1) prescribe, by authority of the Secretary,
 14 policies and procedures for the conduct of cost esti-
 15 mation and cost analysis for the acquisition pro-
 16 grams of the Department;

17 “(2) provide guidance to and consult with the
 18 Secretary, the Chief Acquisition Officer, the Assist-
 19 ant Secretary for Management, the Chief Financial
 20 Officer of the Department, the Under Secretary for
 21 Health, the Under Secretary for Benefits, and the
 22 Under Secretary for Memorial Affairs with respect
 23 to cost estimation in the Department in general and
 24 with respect to specific cost estimates and cost anal-

yses to be conducted in connection with a major acquisition program;

“(3) issue guidance relating to the proper selection of confidence levels in cost estimates generally, and specifically, for the proper selection of confidence levels in cost estimates for major acquisition programs and major automated information system programs;

“(4) issue guidance relating to full consideration of life-cycle management and sustainability costs in major acquisition programs and major automated information system programs;

“(5) review all cost estimates and cost analyses conducted in connection with major acquisition programs and major automated information system programs;

“(6) conduct independent cost estimates and cost analyses for major acquisition programs and major automated information system programs for which the Chief Acquisition Officer is the Milestone Decision Authority—

“(A) in advance of—

“(i) any certification under this title;
and

1 “(ii) any decision to enter into prod-
 2 uct or system low-rate initial production;
 3 initial pilot implementation; or full-rate
 4 production or implementation; and

5 “(B) at any other time considered appro-
 6 priate by the Director or upon the request of
 7 the Chief Acquisition Officer; and

8 “(7) periodically assess and update the cost in-
 9 dexes used by the Department to ensure that such
 10 indexes have a sound basis and meet the Depart-
 11 ment’s needs for realistic cost estimation.

12 “(f) REVIEW OF COST ESTIMATES, COST ANALYSES,
 13 AND RECORDS OF THE DEPARTMENT.—The Secretary
 14 shall ensure that the Director—

15 “(1) promptly receives the results of all cost es-
 16 timates and cost analyses conducted by the Veterans
 17 Benefits Administration, the Veterans Health Ad-
 18 ministration, the National Cemetery Administration,
 19 or staff offices and all studies conducted by the Ad-
 20 ministration, in connection with such cost estimates
 21 and cost analyses for major acquisition programs
 22 and major automated information system programs
 23 of the Administrations; and

24 “(2) has timely access to any records and data
 25 in the Department (including the records and data

1 of each Administration that the Director considers
 2 necessary to review in order to carry out any duties
 3 under this section).

4 ~~“(g) PARTICIPATION, CONCURRENCE, AND AP-~~
 5 ~~PROVAL IN COST ESTIMATION.—~~The Director may—

6 ~~“(1) participate in the discussion of any dis-~~
 7 ~~crepancies between an independent cost estimate and~~
 8 ~~the cost estimate assessments of the Veterans Bene-~~
 9 ~~fits Administration, the Veterans Health Adminis-~~
 10 ~~tration, the National Cemetery Administration, and~~
 11 ~~staff offices for a major acquisition program or~~
 12 ~~major automated information system program of the~~
 13 ~~Department;~~

14 ~~“(2) comment on deficiencies in the method-~~
 15 ~~ology or execution of any cost estimate or cost anal-~~
 16 ~~ysis developed by the Veterans Benefits Administra-~~
 17 ~~tion, the Veterans Health Administration, the Na-~~
 18 ~~tional Cemetery Administration, or staff offices for~~
 19 ~~a major acquisition program or major automated in-~~
 20 ~~formation system program;~~

21 ~~“(3) concur in the choice of a cost estimate~~
 22 ~~within the baseline description or any other cost esti-~~
 23 ~~mate (including the confidence level for any such~~
 24 ~~cost estimate) for use at any event specified in sub-~~
 25 ~~section (e)(6); and~~

1 ~~“(4) participate in the consideration of any de-~~
 2 ~~cision to request authorization of a multi-year pro-~~
 3 ~~curement contract for a major acquisition program.~~

4 ~~“(h) ANNUAL REPORT ON COST ASSESSMENT AC-~~
 5 ~~TIVITIES.—(1) Each year, not later than 10 days after the~~
 6 ~~transmittal to Congress of the budget of the President for~~
 7 ~~a fiscal year pursuant to section 1105 of title 31, the Di-~~
 8 ~~rector shall submit to the Secretary, the Chief Acquisition~~
 9 ~~Officer of the Department, the Assistant Secretary for~~
 10 ~~Management, the Chief Financial Officer of the Depart-~~
 11 ~~ment, the Committee on Veterans’ Affairs of the Senate~~
 12 ~~and the Committee on Veterans’ Affairs of the House of~~
 13 ~~Representatives an annual report on the cost estimation~~
 14 ~~and cost analysis activities of the Department carried out~~
 15 ~~during the previous year.~~

16 ~~“(2) Each report submitted pursuant to paragraph~~
 17 ~~(1) shall include, for the period covered by the report, the~~
 18 ~~following:~~

19 ~~“(A) A summary of the cost estimation and~~
 20 ~~cost analysis activities of the Department.~~

21 ~~“(B) Assessments of the following:~~

22 ~~“(i) The progress of the Department in im-~~
 23 ~~proving the accuracy of its cost estimates and~~
 24 ~~analyses.~~

1 “(ii) The extent to which each of the Vet-
2 erans Benefits Administration, the Veterans
3 Health Administration, the National Cemetery
4 Administration, and staff offices have complied
5 with policies, procedures, and guidance issued
6 by the Director with regard to the preparation
7 of cost estimates for major acquisition pro-
8 grams and major automated information sys-
9 tems.

10 “(iii) The overall quality of cost estimates
11 prepared by each of the Administrations for
12 major acquisition programs and major auto-
13 mated information system programs.

14 “(iv) Any consistent differences in method-
15 ology or approach among the cost estimates
16 prepared by the Administrations and the Direc-
17 tor.

18 “(3)(A) The Director shall ensure that a report sub-
19 mitted to paragraph (1) does not include any information,
20 such as proprietary or source selection sensitive informa-
21 tion, that could undermine the integrity of the acquisition
22 process.

23 “(B) The report submitted pursuant to paragraph (1)
24 to the committees described in such paragraph shall be

1 posted on an internet website of the Department that is
 2 available to the public.

3 “(4) The Secretary may comment on any report of
 4 the Director submitted to the committees described in
 5 paragraph (1) pursuant to such paragraph.

6 “(i) STAFF.—The Secretary shall ensure that the Di-
 7 rector has sufficient professional staff to enable the Direc-
 8 tor to carry out the duties and responsibilities of the Di-
 9 rector under this section.”.

10 (b) REPORT ON MONITORING OF OPERATING AND
 11 SUPPORT COSTS FOR MAJOR ACQUISITION PROGRAMS.—

12 (1) REPORT TO SECRETARY OF VETERANS AF-
 13 FAIRS.—Not later than one year after the date of
 14 the enactment of this Act, the Director of Cost As-
 15 sessment and Program Evaluation established pur-
 16 suant to section 8184 of title 38, United States
 17 Code, as added by subsection (a), shall—

18 (A) review systems and methods of the De-
 19 partment of Veterans Affairs currently in effect
 20 for tracking and assessing operating and sup-
 21 port costs using cost-accounting standards and
 22 procedures, as appropriate, on major acquisition
 23 programs (as defined in section 8181 of such
 24 title, as added by subsection (a)); and

(B) submit to the Secretary of Veterans Affairs a report on such findings and recommendations as the Director may have as a result of the review conducted pursuant to subparagraph (A), including an assessment by the Director of the feasibility and advisability of establishing baselines for operating and support costs under such title.

(2) TRANSMITTAL TO CONGRESS.—Not later than 30 days after receiving the report required by paragraph (1)(A), the Secretary shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives the report received by the Secretary under paragraph (1)(B), together with such comments on the report as the Secretary considers appropriate.

SEC. 7. DEPARTMENT OF VETERANS AFFAIRS OTHER TRANSACTION AUTHORITY AND ADVANCE MARKET COMMITMENTS FOR TECHNOLOGIES OR SERVICES FOR PROVISION OF HEALTH CARE.

Subchapter VI of chapter 81 of title 38, United States Code, as added by section 2 and amended by sec-

1 tions 3 and 6, is further amended by adding at the end
2 the following new section:

3 **“§ 8185. Other transaction authority**

4 “(a) **AUTHORITY.**—The Secretary may enter into
5 transactions (other than contracts, cooperative agree-
6 ments, and grants) with nontraditional contractors to
7 carry out extramural basic or applied research, or innova-
8 tion development activities. Such authority may be exer-
9 cised by the Deputy Assistant Secretary for Innovation for
10 activities aligned with the mission of the Veterans Health
11 Administration Innovation Ecosystem.

12 “(b) **REQUIREMENTS.**—The Secretary may enter into
13 a transaction under subsection (a) to carry out extramural
14 basic or applied research if each of the following criteria
15 are met:

16 “(1) The research is not duplicative of other re-
17 search being conducted by the Department under
18 another program or through a contract, cooperative
19 agreement, or grant.

20 “(2) The senior procurement executive has de-
21 termined that entering into the transaction to carry
22 out the research is appropriate.

23 “(3) The transaction will not exceed \$5,000,000
24 (including all options), unless the senior procure-

ment executive determines that exceeding such amount is appropriate.

“(4) Not less than 33 percent of the total cost of the research (regardless of the percentage of such total cost for which the transaction is funding) is paid for, or provided through nonmonetary contributions, by sources other than the Federal Government, unless the senior procurement executive determines that—

“(A) meeting such threshold for non-Federal sources of funding or contributions is not possible; and

“(B) carrying out the research without meeting such threshold is in the public interest.

“(5) In the case of transactions supporting innovation development activities described in subsection (a), the Deputy Assistant Secretary for Innovation certifies that such activities align with the goals of improving the delivery of health care for veterans, operational efficiency, or technology adoption, and do not require approval of the Institutional Review Board unless involving human subjects research as defined in part 16 of title 38, Code of Federal Regulations, or successor regulations.

“(c) PROVISION OF INFORMATION.—

1 ~~“(1) CONGRESS.—~~

2 ~~“(A) NOTIFICATION.—Not later than 30~~
 3 ~~days after the date on which the Secretary en-~~
 4 ~~ters into a transaction under this section, the~~
 5 ~~Secretary shall notify the appropriate congres-~~
 6 ~~sional committees of such transaction, including~~
 7 ~~a copy of each determination made under sub-~~
 8 ~~section (b).~~

9 ~~“(B) BY REQUEST.—Upon the request of~~
 10 ~~an appropriate congressional committee, the~~
 11 ~~Secretary shall submit to the appropriate con-~~
 12 ~~gressional committees a copy of a transaction~~
 13 ~~under this section or performance or financial~~
 14 ~~information relating to such transaction.~~

15 ~~“(2) COMPTROLLER GENERAL OF THE UNITED~~
 16 ~~STATES.—With respect to transactions entered into~~
 17 ~~under this section, the Secretary shall ensure that,~~
 18 ~~upon request, the Comptroller General of the United~~
 19 ~~States may examine records of any party to the~~
 20 ~~transaction or any entity that participates in the~~
 21 ~~performance of the transaction if such records are~~
 22 ~~generated in the performance of the transaction or~~
 23 ~~are directly related to the transaction.~~

24 ~~“(d) REGULATIONS.—The Secretary shall prescribe~~
 25 ~~regulations to carry out this section.~~

1 ~~“(e) TERMINATION.—The authority to enter into~~
 2 ~~transactions under this section shall terminate on the date~~
 3 ~~that is three years after the date of the enactment of the~~
 4 ~~Acquisition Reform and Cost Assessment Act of 2025.~~

5 ~~“(f) DEFINITIONS.—In this section:~~

6 ~~“(1) The term ‘appropriate congressional com-~~
 7 ~~mittees’ means—~~

8 ~~“(A) the Committee on Veterans’ Affairs~~
 9 ~~and the Subcommittees on Military Construe-~~
 10 ~~tion, Veterans’ Affairs, and Related Agencies of~~
 11 ~~the Committees on Appropriations of the Sen-~~
 12 ~~ate; and~~

13 ~~“(B) the Committee on Veterans’ Affairs~~
 14 ~~and the Subcommittees on Military Construe-~~
 15 ~~tion, Veterans’ Affairs, and Related Agencies of~~
 16 ~~the Committees on Appropriations of the House~~
 17 ~~of Representatives.~~

18 ~~“(2) The term ‘entity’ means a for-profit cor-~~
 19 ~~poration, partnership, or single proprietorship, non-~~
 20 ~~profit organization, or university organized and hav-~~
 21 ~~ing principal operations in the United States.~~

22 ~~“(3) The terms ‘extramural budget’, ‘research’,~~
 23 ~~and ‘research and development’ have the meaning~~
 24 ~~given those terms in subsection (e) of section 9 of~~
 25 ~~the Small Business Act (15 U.S.C. 638).~~

1 “(4) The term ‘innovation development activi-
 2 ties’ means efforts to design, test, or implement new
 3 technologies, processes, or systems to improve health
 4 care delivery, operational efficiency, or veteran out-
 5 comes, including prototyping, pilot programs, and
 6 technology adoption initiatives, whether or not such
 7 efforts meet the definition of ‘research’ under part
 8 16 of title 38, Code of Federal Regulations, or suc-
 9 cessor regulations.

10 “(5) The term ‘nontraditional contractor’
 11 means an entity that is not currently performing
 12 and has never performed any contract or sub-
 13 contract for any department or agency of the Fed-
 14 eral Government.

15 “(6) The term ‘senior procurement executive’
 16 means the official of the Department designated
 17 under section 1702(e) of title 41.

18 **“§ 8186. Advance market commitments for tech-**
 19 **nologies or services for provision of**
 20 **health care**

21 “(a) ~~AUTHORITY.~~—The Secretary may enter into an
 22 advance market commitment under which the Secretary
 23 shall guarantee to purchase, for a predetermined price, a
 24 technology or service provided by an entity that addresses
 25 an unmet need in the provision of health care to veterans.

1 “(b) **REQUIREMENTS.**—An advance market commit-
 2 ment entered into under subsection (a) shall include the
 3 following:

4 “(1) Clearly defined and transparent rules.

5 “(2) A clear definition of the technology or
 6 service to be provided, to ensure safety, effective-
 7 ness, and feasible delivery.

8 “(3) Dispute settlement mechanisms.

9 “(4) The ability to modify the terms of the
 10 commitment on the basis of new information regard-
 11 ing the number of veterans to be served with such
 12 technology or service.

13 “(c) **REPORT.**—Not later than 120 days after exe-
 14 cuting an advance market commitment under subsection
 15 (a), the Secretary shall submit to the Committee on Vet-
 16 erans’ Affairs of the Senate and the Committee on Vet-
 17 erans’ Affairs of the House of Representatives a report
 18 on the status and efficacy of such commitment.”.

19 **SEC. 8. DEVELOPMENT AND EXPANSION OF AN 1102 IN-**
 20 **TERNSHIP OR DEVELOPMENT PIPELINE.**

21 The Secretary of Veterans Affairs shall monitor the
 22 training and experience gap of professionals and establish
 23 or expand any existing internship or development pipelines
 24 for 1102 contracting officers of the Department.

1 **SEC. 9. CLERICAL AMENDMENT.**

2 The table of sections at the beginning of chapter 81
3 of title 38, United States Code, is amended by adding at
4 the end the following:

~~“SUBCHAPTER VH—ACQUISITION REVIEW, COST ASSESSMENT, AND PROGRAM
EVALUATION~~

~~“8181. Definitions.~~

~~“8182. Acquisition reorganization.~~

~~“8183. Major acquisition program managers.~~

~~“8184. Cost assessment and program evaluation.~~

~~“8185. Other transaction authority.~~

~~“8186. Advance market commitments for technologies or services for provision
of health care.”.~~

5 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

6 (a) *SHORT TITLE.*—*This Act may be cited as the “Ac-*
7 *quisition Reform and Cost Assessment Act of 2025” or the*
8 *“ARCA Act of 2025”.*

9 (b) *TABLE OF CONTENTS.*—*The table of contents for*
10 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Department of Veterans Affairs acquisition organization.

Sec. 3. Department of Veterans Affairs major acquisition program managers.

Sec. 4. Department of Veterans Affairs acquisition and procurement reorganiza-
tion matters.

Sec. 5. Independent verification and validation of major acquisition programs of
Department of Veterans Affairs.

Sec. 6. Department of Veterans Affairs cost assessment and program evaluation.

Sec. 7. Improvements to hiring of entry-level acquisition positions in Depart-
ment of Veterans Affairs.

Sec. 8. Independent analysis of acquisition process of Department of Veterans Af-
fairs.

Sec. 9. Requirements development process.

Sec. 10. Conforming amendments.

Sec. 11. Clerical amendments.

1 **SEC. 2. DEPARTMENT OF VETERANS AFFAIRS ACQUISITION**

2 **ORGANIZATION.**

3 (a) *DEFINITIONS.*—Chapter 81 of title 38, United
4 States Code, is amended by inserting after subchapter VI
5 the following new subchapter:

6 **“Subchapter VII—Acquisition Organization,**
7 **Cost Assessment, and Program Evaluation**

8 **“SEC. 8181. DEFINITION OF MAJOR ACQUISITION PROGRAM.**

9 “In this subchapter, the term ‘major acquisition pro-
10 gram’ means a program of the Department to acquire serv-
11 ices, supplies, technology, systems, or a combination thereof,
12 with an estimated total program cost, estimated by the Sec-
13 retary, that exceeds—

14 “(1) \$1,000,000,000 (adjusted pursuant to sec-
15 tion 1908 of title 41) for the total life cycle cost of the
16 program; or

17 “(2) \$200,000,000 (adjusted pursuant to section
18 1908 of title 41) annually.”.

19 (b) *ASSISTANT SECRETARY FOR ACQUISITION.*—Sec-
20 tion 308 of such title is amended—

21 (1) in subsection (a)(1), by striking “seven” and
22 inserting “eight”; and

23 (2) in subsection (b)(10), by striking “Procure-
24 ment functions” and inserting “Acquisition func-
25 tions”.

1 (c) *ACQUISITION ORGANIZATION.*—Subchapter VI of
 2 chapter 81 of such title, as added by subsection (a), is
 3 amended by adding at the end the following new section:

4 **“SEC. 8182. ACQUISITION ORGANIZATION.**

5 “(a) *ASSISTANT SECRETARY FOR ACQUISITION; CHIEF*
 6 *ACQUISITION OFFICER.*—(1) *The Secretary shall designate*
 7 *one of the Assistant Secretaries specified in subsection*
 8 *(a)(1) of section 308 of this title as the Assistant Secretary*
 9 *of Veterans Affairs for Acquisition, who shall focus solely*
 10 *on the administration of functions specified in subsection*
 11 *(b)(10) of such section.*

12 “(2) *Pursuant to section 1702(a) of title 41, the Sec-*
 13 *retary shall designate the Assistant Secretary of Veterans*
 14 *Affairs for Acquisition as the Chief Acquisition Officer of*
 15 *the Department.*

16 “(b) *OFFICE OF ACQUISITION.*—(1) *There is in the De-*
 17 *partment an Office of Acquisition.*

18 “(2) *The head of the Office of Acquisition shall be the*
 19 *Assistant Secretary of Veterans Affairs for Acquisition des-*
 20 *ignated pursuant to subsection (a).*

21 “(3) *The Secretary shall take such actions as may be*
 22 *necessary to ensure that major acquisition program offices*
 23 *of the Department align under the Office of Acquisition and*
 24 *report directly to the Assistant Secretary of Veterans Affairs*
 25 *for Acquisition.*

1 “(4) *The budget of the Office of Acquisition, including*
 2 *budgets for major acquisition programs, shall be established*
 3 *in the budget justification materials submitted to Congress*
 4 *in support of the budget of the Department (as submitted*
 5 *with the budget of the President under section 1105(a) of*
 6 *title 31).*

7 “(c) *DEPUTY ASSISTANT SECRETARY FOR LOGIS-*
 8 *TICS.—(1) Pursuant to section 308(d) of this title, the Sec-*
 9 *retary shall appoint a Deputy Assistant Secretary of Vet-*
 10 *erans Affairs for Logistics, who shall report to the Assistant*
 11 *Secretary for Acquisition.*

12 “(2) *The Deputy Assistant Secretary of Veterans Af-*
 13 *fairs for Logistics shall be responsible for administration*
 14 *of logistics and supply chain operations of the Department.*

15 “(d) *DEPUTY ASSISTANT SECRETARY FOR PROCURE-*
 16 *MENT.—(1) Pursuant to section 308(d) of this title, the Sec-*
 17 *retary shall appoint a Deputy Assistant Secretary of Vet-*
 18 *erans Affairs for Procurement, who shall report to the As-*
 19 *stant Secretary for Acquisition.*

20 “(2) *The Deputy Assistant Secretary of Veterans Af-*
 21 *fairs for Procurement shall be responsible for all procure-*
 22 *ment and contracting organizations of the Department.*

23 “(e) *DEPUTY ASSISTANT SECRETARY FOR ACQUI-*
 24 *SITION, PROGRAM MANAGEMENT, AND PERFORMANCE.—(1)*
 25 *Pursuant to section 308(d) of this title, the Secretary shall*

1 *appoint a Deputy Assistant Secretary of Veterans Affairs*
 2 *for Acquisition, Program Management, and Performance,*
 3 *who shall report to the Assistant Secretary for Acquisition.*

4 “(2) *The Deputy Assistant Secretary for Acquisition,*
 5 *Program Management, and Performance shall be respon-*
 6 *sible for the following:*

7 “(A) *Lifecycle management.*

8 “(B) *Requirements planning.*

9 “(C) *Programming and budgeting.*

10 “(D) *Policy.*

11 “(E) *Performance standards.*

12 “(F) *Governance.*

13 “(G) *Enhancing the capabilities of the acquisi-*
 14 *tion workforce.*

15 “(f) *PROGRAM EXECUTIVE OFFICERS.—(1) The Assist-*
 16 *ant Secretary for Acquisition shall appoint no fewer than*
 17 *four Program Executive Officers, each responsible for over-*
 18 *seeing major acquisition programs in one of the following*
 19 *areas:*

20 “(A) *Medical.*

21 “(B) *Information technology.*

22 “(C) *Professional services.*

23 “(D) *Other areas not included in subparagraphs*
 24 *(A) through (C).*

1 “(2) *Each Program Executive Officer shall report di-*
 2 *rectly to the Assistant Secretary for Acquisition and shall*
 3 *supervise the managers of major acquisition programs with-*
 4 *in their respective area, as appointed under section 8183*
 5 *of this title.*

6 “(3) *Each Program Executive Officer shall be—*

7 “(A) *certified in project management at level*
 8 *three by—*

9 “(i) *the Department;*

10 “(ii) *the Federal Acquisition Institute pur-*
 11 *suant to section 1201 of title 41; or*

12 “(iii) *the Department of Defense pursuant*
 13 *to section 1701a of title 10; or*

14 “(B) *hold an equivalent certification by a pri-*
 15 *rate sector project management certification organiza-*
 16 *tion, as determined appropriate by the Secretary.”.*

17 **SEC. 3. DEPARTMENT OF VETERANS AFFAIRS MAJOR AC-**
 18 **QUISITION PROGRAM MANAGERS.**

19 *Subchapter VI of chapter 81 of title 38, United States*
 20 *Code, as added by section 2, is amended by adding at the*
 21 *end the following new section:*

22 **“§ 8183. Major acquisition program managers**

23 “(a) *APPOINTMENTS.—Not later than 30 days after*
 24 *any date on which the Secretary approves a major acquisi-*
 25 *tion program to commence, the applicable Program Execu-*

1 *tive Officer shall appoint a manager to be responsible for*
 2 *administering such program.*

3 “(b) *QUALIFICATIONS.—Each manager appointed pur-*
 4 *suant to subsection (a) shall be—*

5 “(1) *certified in project management at level*
 6 *three by—*

7 “(A) *the Department;*

8 “(B) *the Federal Acquisition Institute pur-*
 9 *suant to section 1201 of title 41; or*

10 “(C) *the Department of Defense pursuant to*
 11 *section 1701a of title 10; or*

12 “(2) *hold an equivalent certification by a private*
 13 *sector project management certification organization,*
 14 *as determined appropriate by the Secretary.*

15 “(c) *DUTIES.—Each manager appointed pursuant to*
 16 *subsection (a) for a major acquisition program shall—*

17 “(1) *report to the Assistant Secretary for Acqui-*
 18 *sition through the Program Executive Officer respon-*
 19 *sible for the major acquisition program; and*

20 “(2) *shall be responsible for, with respect to the*
 21 *major acquisition program—*

22 “(A) *developing, in coordination with the*
 23 *Program Executive Officer, a plan to administer*
 24 *major acquisition program, which shall be*

1 *known as the ‘program baseline’ for the major*
 2 *acquisition program, that includes—*

3 “(i) *a description of each acquisition*
 4 *phase of the major acquisition program;*

5 “(ii) *for each such acquisition phase,*
 6 *requirements for advancing the major ac-*
 7 *quisition program to a subsequent acquisi-*
 8 *tion phase; and*

9 “(iii) *estimates of the cost, schedule,*
 10 *and performance of the major acquisition*
 11 *program that account for the entire life*
 12 *cycle of the major acquisition program;*

13 “(B) *ensuring the major acquisition pro-*
 14 *gram is in compliance with such requirements*
 15 *and providing all program documentation, in-*
 16 *cluding program baseline documentation, cost,*
 17 *schedule, performance and risk assessments, and*
 18 *other relevant materials, to designated officials*
 19 *and relevant governance boards;*

20 “(C) *developing resource requests and jus-*
 21 *tifications necessary to satisfy such requirements;*
 22 *and*

23 “(D) *on a continuous basis, assessing and*
 24 *managing risks to satisfying the requirements of*

1 such program baseline relating to cost and sched-
2 ule.

3 “(d) *PROGRAM DECISION AUTHORITY.*—*The Secretary*
4 *shall ensure that—*

5 “(1) *program decision authority for oversight of*
6 *a major acquisition program is the Assistant Sec-*
7 *retary for Acquisition; and*

8 “(2) *program management offices for major ac-*
9 *quisition programs are independent of the Veterans*
10 *Benefits Administration, the Veterans Health Admin-*
11 *istration, the National Cemetery Administration, and*
12 *staff offices of the Department by reporting directly to*
13 *the Assistant Secretary for Acquisition.*

14 “(e) *PROGRAM DECISION AUTHORITY NOTIFICATION*
15 *REQUIRED.*—*Not later than 30 days after any date on*
16 *which a major acquisition program concludes an acquisi-*
17 *tion phase, the manager of such program appointed pursu-*
18 *ant to subsection (a) shall notify the program decision au-*
19 *thority under subsection (c).’’.*

20 **SEC. 4. DEPARTMENT OF VETERANS AFFAIRS ACQUISITION**
21 **AND PROCUREMENT REORGANIZATION MAT-**
22 **TERS.**

23 (a) *ORGANIZATIONAL CONSOLIDATION.*—*Not later*
24 *than one year after the date of the enactment of this Act,*
25 *the Secretary of Veterans Affairs shall organizationally con-*

1 *solidate under the Assistant Secretary of Veterans Affairs*
 2 *for Acquisition every activity of the Department of Veterans*
 3 *Affairs, including the Veterans Benefits Administration, the*
 4 *Veterans Health Administration, and the National Ceme-*
 5 *tery Administration, that relates to—*

6 (1) *acquisition;*

7 (2) *procurement and contracting; or*

8 (3) *logistics and supply chain.*

9 (b) *RELOCATION.*—Subsection (a) shall not be con-
 10 *strued to require the physical relocation of employees of the*
 11 *Department.*

12 (c) *PLAN AND BRIEFING.*—

13 (1) *IN GENERAL.*—Not later than 90 days after
 14 *commencing organizational consolidation under sub-*
 15 *section (a), the Secretary shall—*

16 (A) *submit to the Committee on Veterans’*
 17 *Affairs of the Senate and the Committee on Vet-*
 18 *erans’ Affairs of the House of Representatives a*
 19 *written plan to carry out such organizational*
 20 *consolidation; and*

21 (B) *provide such committees a briefing on*
 22 *such plan.*

23 (2) *CONTENTS.*—The plan submitted pursuant to
 24 *paragraph (1)(A) shall include the following:*

25 (A) *A timeline.*

1 (B) A plan for communication and train-
2 ing activities for relevant Department personnel.

3 (C) A plan for modification of relevant De-
4 partment policy and guidance.

5 (D) Such other matters as the Secretary
6 considers relevant and appropriate.

7 **SEC. 5. INDEPENDENT VERIFICATION AND VALIDATION OF**
8 **MAJOR ACQUISITION PROGRAMS OF DEPART-**
9 **MENT OF VETERANS AFFAIRS.**

10 (a) *CONTRACTING AUTHORITY.*—Not later than 120
11 days after the date of the enactment of this Act, the Sec-
12 retary of Veterans Affairs shall seek to enter into one or
13 more contracts using competitive procedures with one or
14 more entities to carry out the functions described in sub-
15 section (c).

16 (b) *ELIGIBILITY.*—

17 (1) *IN GENERAL.*—An entity is not eligible to be
18 awarded a contract under this section unless the Chief
19 Acquisition Officer of the Department of Veterans Af-
20 fairs determines, at the time of evaluation of offers
21 submitted under subsection (a), that the entity is cur-
22 rently performing or has performed, during the pre-
23 ceding three-year period, not fewer than three prime
24 contracts from either governmental or commercial
25 health care organizations for—

1 (A) the independent verification and valida-
2 tion services or equivalent services, including
3 systems engineering and technical advisory
4 (SETA) support of major acquisition programs;
5 or

6 (B) the independent verification and vali-
7 dation or systems engineering and technical ad-
8 visory (SETA) support of the development or ac-
9 quisition of major acquisition programs or de-
10 fense systems, in accordance with guidance of the
11 Department of Defense relating to such acquisi-
12 tion programs or such business systems.

13 (2) *PAST PERFORMANCE.*—For any contract used
14 to demonstrate eligibility under paragraph (1), an
15 entity must have performed the work at a satisfactory
16 or better level as indicated by the past performance
17 information in the Contractor Performance Assess-
18 ment Reporting System, or successor system.

19 (3) *DEMONSTRATION OF LACK OF CONFLICT OF*
20 *INTEREST.*—The Secretary shall revoke the eligibility
21 of an entity under this subsection if an entity does
22 not demonstrate clear and unmitigable evidence that
23 the entity does not have a conflict of interest with re-
24 spect to the effective performance of functions under
25 subsection (c).

1 (4) *NO MITIGATION PLANS ACCEPTABLE.*—*The*
 2 *Secretary may not accept from an entity a plan to*
 3 *mitigate a conflict of interest in order to ameliorate*
 4 *any limitation or prohibition under this subsection.*

5 (c) *FUNCTIONS.*—*The functions specified in this sub-*
 6 *section are the following:*

7 (1) *The independent verification and validation*
 8 *of each major acquisition program project—*

9 (A) *when such major acquisition program*
 10 *is initiated, with respect to its design and the*
 11 *development of its requirements and acquisition;*

12 (B) *at the conclusion of such program; and*

13 (C) *at any other intervals during such pro-*
 14 *gram selected by the Chief Acquisition Officer of*
 15 *the Department.*

16 (2) *The independent verification and validation*
 17 *of other programs or projects of the Department se-*
 18 *lected by the Chief Acquisition Officer of the Depart-*
 19 *ment, at intervals selected by the Chief Acquisition*
 20 *Officer.*

21 (d) *FUNDING.*—*The Chief Financial Officer of the De-*
 22 *partment shall ensure that each organizational subdivision*
 23 *of the Department that enters into a contract under sub-*
 24 *section (a) proportionally contributes amounts to fund each*
 25 *such contract.*

1 (e) *INDEPENDENT VERIFICATION VALIDATION DE-*
 2 *FINED.*—*The term “independent verification and valida-*
 3 *tion” means a comprehensive inspection, a review, analysis,*
 4 *and testing, or an assessment of systems, software, or hard-*
 5 *ware, as applicable, performed by an entity awarded a con-*
 6 *tract under subsection (a)—*

7 (1) *to verify that the requirements of a program,*
 8 *project or system, or a development phase of such a*
 9 *program or project, are correctly defined; and*

10 (2) *to validate cost, schedule, and performance*
 11 *baselines of current programs and measure program*
 12 *effectiveness.*

13 **SEC. 6. DEPARTMENT OF VETERANS AFFAIRS COST ASSESS-**
 14 **MENT AND PROGRAM EVALUATION.**

15 (a) *IN GENERAL.*—*Subchapter VI of chapter 81 of title*
 16 *38, United States Code, as added by section 2 and amended*
 17 *by section 3, is further amended by adding at the end the*
 18 *following new section:*

19 **“§ 8184. Cost assessment and program evaluation**

20 “(a) *DIRECTOR OF COST ASSESSMENT AND PROGRAM*
 21 *EVALUATION.*—*There is in the Department a Director of*
 22 *Cost Assessment and Program Evaluation, who shall report*
 23 *directly to the Secretary.*

24 “(b) *RESPONSIBILITIES.*—*The responsibilities of the*
 25 *Director are as follows:*

1 “(1) To develop policies and procedures for cost
2 estimation and analysis of major acquisition pro-
3 grams of the Department.

4 “(2) To conduct independent cost estimates and
5 analyses for major acquisition programs to support
6 acquisition decisions, or any other acquisitions as di-
7 rected by the Secretary,

8 “(3) To provide an independent cost estimate to
9 the Assistant Secretary for Acquisition in advance of
10 a decision to proceed with full-scale acquisition for a
11 major acquisition program or any other program as
12 directed by the Director.

13 “(4) To evaluate the effectiveness of major acqui-
14 sition programs in meeting Department objectives.

15 “(5) Not less frequently than once each year, to
16 submit to the Secretary and the Committee on Vet-
17 erans’ Affairs of the Senate and the Committee on
18 Veterans’ Affairs of the House of Representatives an
19 annual report on cost estimation and program eval-
20 uation activities, including recommendations to im-
21 prove acquisition efficiency. Such report shall include
22 a list of all acquisitions where the independent cost
23 estimate for a major acquisition program exceeded the
24 budget request for the program by more than 5 per-
25 cent.

1 “(c) *SUPPORT AND RESOURCES.*—*The Chief Financial*
 2 *Officer of the Department shall provide to the Secretary*
 3 *such support and resources as may be necessary for the Sec-*
 4 *retary to ensure the effective establishment and functioning*
 5 *of the Director of Cost Assessment and Program Evalua-*
 6 *tion.*”.

7 (b) *REPORT ON MONITORING OF OPERATING AND SUP-*
 8 *PORT COSTS FOR MAJOR ACQUISITION PROGRAMS.*—

9 (1) *REPORT TO SECRETARY OF VETERANS AF-*
 10 *FAIRS.*—*Not later than one year after the date of the*
 11 *enactment of this Act, and not less frequently than*
 12 *once each year thereafter until December 31, 2028, the*
 13 *Director of Cost Assessment and Program Evaluation*
 14 *of the Department of Veterans Affairs shall submit to*
 15 *the Secretary of Veterans Affairs a report on systems*
 16 *and methods for tracking and assessing operating and*
 17 *support costs of major acquisition programs (as de-*
 18 *finied in section 8181 of title 38, United States Code,*
 19 *as added by section 2), including recommendations*
 20 *for establishing cost baselines.*

21 (2) *TRANSMITTAL TO CONGRESS.*—*Not later than*
 22 *30 days after receiving a report pursuant to para-*
 23 *graph (1), the Secretary shall submit to the Com-*
 24 *mittee on Veterans’ Affairs of the Senate and the*

1 *Committee on Veterans' Affairs of the House of Rep-*
 2 *resentatives the report received by the Secretary.*

3 **SEC. 7. IMPROVEMENTS TO HIRING OF ENTRY-LEVEL AC-**
 4 **QUISITION POSITIONS IN DEPARTMENT OF**
 5 **VETERANS AFFAIRS.**

6 *(a) PRIORITY USE OF INTERNSHIP PROGRAMS FOR*
 7 *HIRING INTO ENTRY-LEVEL POSITIONS IN ACQUI-*
 8 *TIONS.—The Secretary of Veterans Affairs shall prioritize*
 9 *the use of acquisition internship programs to hire employees*
 10 *to entry-level positions relating to acquisition in the De-*
 11 *partment of Veterans Affairs.*

12 *(b) ANNUAL NUMBER OF PARTICIPANTS IN ACQUI-*
 13 *TION INTERNSHIP PROGRAMS.—*

14 *(1) IN GENERAL.—Not later than September 30*
 15 *of the first fiscal year beginning after the date of the*
 16 *enactment of this Act, the Secretary shall take such*
 17 *actions as may be necessary to ensure that the annual*
 18 *number of participants in acquisition internship pro-*
 19 *grams of the Department is—*

20 *(A) not fewer than twice the number of par-*
 21 *ticipants in such programs during fiscal year*
 22 *2025; and*

23 *(B) not more than 4 times the number of*
 24 *participants in such programs during such fiscal*
 25 *year.*

1 (2) *TERMINATION.*—*The requirements of para-*
 2 *graph (1) shall terminate on the date on which the*
 3 *Secretary certifies to the appropriate committees of*
 4 *Congress that the projected number of graduates of ac-*
 5 *quisition internship programs is sufficient to satisfy*
 6 *the human capital needs of the Department with re-*
 7 *spect to acquisition, taking into account the rate of*
 8 *attrition and projected retirements of personnel.*

9 (3) *APPROPRIATE COMMITTEES OF CONGRESS*
 10 *DEFINED.*—*In this subsection, the term “appropriate*
 11 *committees of Congress” means the Committee on Vet-*
 12 *erans’ Affairs of the Senate and the Committee on*
 13 *Veterans’ Affairs of the House of Representatives.*

14 **SEC. 8. INDEPENDENT ANALYSIS OF ACQUISITION PROCESS**
 15 **OF DEPARTMENT OF VETERANS AFFAIRS.**

16 (a) *SYSTEMS ENGINEERING ANALYSIS.*—*Not later*
 17 *than one year after the date of the enactment of this Act,*
 18 *the Secretary of Veterans’ Affairs shall seek to enter into*
 19 *a memorandum of understanding with the acquisition re-*
 20 *search center established under section 4142(a) of title 10,*
 21 *United States Code, to conduct a systems engineering anal-*
 22 *ysis of the acquisition process of the Department of Veterans*
 23 *Affairs.*

24 (b) *REPORT.*—*Not later than one year after the date*
 25 *in which the Secretary enters into the memorandum of un-*

1 *derstanding required by subsection (a), the Secretary shall*
 2 *submit to Committee on Veterans' Affairs of the Senate and*
 3 *the Committee on Veterans' Affairs of the House of Rep-*
 4 *resentatives a report on the findings of the acquisition re-*
 5 *search center with respect to the analysis conducted under*
 6 *such subsection.*

7 ***SEC. 9. REQUIREMENTS DEVELOPMENT PROCESS.***

8 *(a) IN GENERAL.—Subchapter VI of chapter 81 of title*
 9 *38, United States Code, as added by section 2 and amended*
 10 *by sections 3 and 6, is further amended by adding at the*
 11 *end the following new section:*

12 ***“SEC. 8185. REQUIREMENTS DEVELOPMENT PROCESS.***

13 *“(a) ESTABLISHMENT OF PROCESS.—(1) The Sec-*
 14 *retary shall establish a standardized requirements develop-*
 15 *ment process for major acquisition programs.*

16 *“(2) The process established pursuant to paragraph (1)*
 17 *shall—*

18 *“(A) define and validate mission-driven require-*
 19 *ments for major acquisition programs exceeding*
 20 *\$200,000,000 annually or \$1,000,000,000 in lifecycle*
 21 *costs, in coordination with the Assistant Secretary for*
 22 *Acquisition;*

23 *“(B) incorporate data-driven needs assessments,*
 24 *stakeholder input from relevant administrations, staff*
 25 *offices, and other elements of the Department and vet-*

1 *erans service organizations, and alignment with stat-*
2 *utory mandates, such as section 8121 of this title; and*

3 *“(C) ensure iterative validation of requirements*
4 *through independent verification and validation, as*
5 *described in section 8185 of this title, to confirm cost,*
6 *schedule, and performance baselines.*

7 *“(b) LIMITATION ON PERSONNEL.—The Secretary*
8 *shall implement the process established pursuant to sub-*
9 *section (a) using staff within the Office of Acquisition and*
10 *other relevant offices of the Department, as established*
11 *under section 8182 of this title, without creating new posi-*
12 *tions, unless a subsequent cost-benefit analysis, validated by*
13 *the Director of Cost Assessment and Program Evaluation,*
14 *justifies additional resources.”.*

15 *(b) REPORT.—Not later than 180 days after the date*
16 *of the enactment of this Act, the Secretary shall submit to*
17 *the Committee on Veterans’ Affairs of the Senate and the*
18 *Committee on Veterans’ Affairs of the House of Representa-*
19 *tives a report detailing the process established pursuant to*
20 *section 8185 of such title, as added by subsection (a), and*
21 *a plan for implementation of such process, including*
22 *timelines for integration with major acquisition program*
23 *baselines.*

1 **SEC. 10. CONFORMING AMENDMENTS.**

2 *Subchapter VI of chapter 81 of title 38, United States*
 3 *Code, is amended—*

4 *(1) in section 8171, by striking paragraphs (5)*

5 *and (6); and*

6 *(2) by striking section 8172.*

7 **SEC. 11. CLERICAL AMENDMENTS.**

8 *The table of sections at the beginning of chapter 81*
 9 *of title 38, United States Code, is amended—*

10 *(1) by striking the item relating to section 8172;*

11 *and*

12 *(2) by adding at the end the following:*

*“SUBCHAPTER VII—ACQUISITION ORGANIZATION, COST ASSESSMENT, AND
 PROGRAM EVALUATION*

“8181. Definition of major acquisition program.

“8182. Acquisition reorganization.

“8183. Major acquisition program managers.

“8184. Cost assessment and program evaluation.

“8185. Requirements development process.”.

Calendar No. 277

119TH CONGRESS
1ST Session

S. 1591

[Report No. 119-97]

A BILL

To amend title 38, United States Code, to reorganize the acquisition structure of the Department of Veterans Affairs and to establish the Director of Cost Assessment and Program Evaluation in the Department, and for other purposes.

DECEMBER 2, 2025

Reported with an amendment