

## VHA ACTIVATIONS PROGRAM

- 1. SUMMARY OF CONTENT:** This is a new directive establishing policy, responsibilities, standards and an activation funding overview for the Veterans Health Administration (VHA) Activations Program.
- 2. RELATED ISSUES:** VHA Directive 7701, Comprehensive Occupational Safety and Health Program, dated December 12, 2022; VHA Directive 7715(1), Safety and Health During Construction, dated June 22, 2023; VHA Directive 1002.02, VHA Minor Construction Program, dated August 23, 2022.
- 3. POLICY OWNER:** The Office of Capital Asset Management (OCAM) (19HEFF) is responsible for the content of this directive. Questions may be addressed to the Director, OCAM at [VHAOCAMSAction@va.gov](mailto:VHAOCAMSAction@va.gov).
- 4. RESCISSIONS:** None.
- 5. RECERTIFICATION:** This VHA directive is scheduled for recertification on or before the last working day of October, 2028. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.
- 6. IMPLEMENTATION SCHEDULE:** This directive is effective upon publication.

**BY DIRECTION OF THE OFFICE OF THE  
UNDER SECRETARY FOR HEALTH:**

/s/ Alfred A. Montoya Jr., MHA, FACHE  
Acting Assistant Under Secretary for Health  
for Support

**DISTRIBUTION:** Emailed to the VHA Publications Distribution List on October 26, 2023.

**NOTE:** All references herein to Department of Veterans Affairs (VA) and VHA documents incorporate by reference subsequent VA and VHA documents on the same or similar subject matter.

**CONTENTS**

**ACTIVATIONS PROGRAM**

1. POLICY ..... 1

2. RESPONSIBILITIES ..... 1

3. ACTIVATIONS FUNDING OVERVIEW..... 6

4. TRAINING ..... 8

5. RECORDS MANAGEMENT ..... 8

6. BACKGROUND ..... 8

7. DEFINITIONS ..... 9

8. REFERENCES ..... 10

APPENDIX A

EQUIPMENT/ACTIVATION FUNDS VERSUS CONSTRUCTION FUNDS GUIDE ..A-1

## ACTIVATIONS PROGRAM

### 1. POLICY

It is Veterans Health Administration (VHA) policy that the VHA Activations Program is used for activation of Major Construction Projects or Major or Mid-Level leases, which create or renovate Department of Veterans Affairs (VA) medical facilities and other types of spaces to serve VHA functions. **AUTHORITY:** 38 U.S.C. §§ 7301(b), 8104.

### 2. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health is responsible for ensuring overall VHA compliance with this directive.

b. **Assistant Under Secretary for Health for Support.** The Assistant Under Secretary for Health for Support is responsible for establishing policy and providing guidance and oversight as necessary to ensure the timely and successful implementation of this directive.

c. **Assistant Under Secretary for Health for Operations.** The Assistant Under Secretary for Health for Operations is responsible for:

(1) Communicating the contents of this directive to each of the Veterans Integrated Services Networks (VISNs).

(2) Assisting VISN Directors to resolve implementation and compliance challenges in all VA medical facilities within that VISN.

(3) Providing oversight of VISNs to ensure compliance with this directive and its effectiveness.

d. **Executive Director, Healthcare Environment and Facilities Program.** The Executive Director, Healthcare Environment and Facilities Program is responsible for:

(1) Overseeing the VHA Activations Program.

(2) Periodically assessing the VHA Activations Program for continued need, currency and effectiveness.

(3) Coordinating with the Assistant Under Secretary for Health for Operations, VISN Directors and VA medical facility Directors to ensure all necessary action is taken and funding is obtained to address VHA Activations Program performance in a manner that meets the requirements of Federal, State and local statutes and regulations; applicable Executive Orders; and VA and VHA directives.

e. **Director, Office of Capital Asset Management.** The Director, Office of Capital Asset Management (OCAM) is responsible for overseeing the VHA Activations Program, including:

(1) Providing oversight for VISN and VA medical facility compliance with this directive and ensuring corrective action is taken when non-compliance is identified.

(2) Responding to external oversight group inquiries, including those from the Office of Inspector General, Government Accountability Office and other non-VHA offices.

**f. Director, Capital Program Management, Office of Capital Asset Management.**

The Director of Capital Program Management, OCAM, is responsible for:

(1) Documenting a process for estimating total activation costs.

(2) Developing and documenting a process of comparing actual activation costs to estimated costs.

(3) Defining what items and services can be purchased with activation funds.

(4) Approving budget requests for non-recurring activations and recurring activations received from the VHA Activation Program Manager, in close coordination with stakeholders, to develop future activation budgets for inclusion in the President's annual budget submission.

(5) Developing fiscal year (FY) operating plans based on the budget submission and the life cycle estimates.

**g. Activation Program Manager, Office of Capital Asset Management.** The Activation Program Manager in OCAM, is responsible for:

(1) Developing and documenting estimates of total activation costs and updating as needed.

(2) Tracking activation funding sent and obligated as outlined in paragraph 3.b.

(3) Auditing the baseline estimates for activation and each space change thereafter to ensure items are correctly accounted for with proper funding. See paragraph 3 for additional information.

(4) Monitoring activation funding expenditure rates using unique accounting codes assigned to each Major Construction Project or Major or Mid-Level lease.

(5) Reporting on activation funding expenditures monthly and reallocating funding as necessary; sharing these reports with the VISN Capital Asset Manager (CAM) when requested.

(6) Reviewing and approving or disapproving changes to the approved operating plan.

(7) Reviewing and processing all Transfer of Disbursing Authority (TDA) requests received from the VISN CAM.

(8) Reviewing and validating Space and Equipment Planning System (SEPS) content plan and staffing plans for each Major Construction Project or Major or Mid-Level lease and reviewing updates to the plans as needed.

(9) Reviewing budget requests for non-recurring activations and recurring activations, received from VA medical facilities, and submitting budget requests to the Director of Capital Program Management, OCAM for approval.

(10) Collaborating with Program Contracting Activity Central (PCAC) to initiate all Initial Outfitting, Transition and Activation (IOT&A).

(11) Completing the Annual Activations Operating Budget review as outlined in paragraph 3.

(12) Publishing project amounts and availability dates for activation funding for informational purposes and use as outlined in paragraph 3.

(13) Developing and disseminating virtual training pertaining to VHA activation funding when changes to Activation Program requirements or policy change.

h. **Veterans Integrated Service Network Director.** The VISN Director is responsible for:

(1) Ensuring that all VA medical facilities within the VISN comply with this directive and informing leadership when barriers to compliance are identified.

(2) Ensuring that the VISN Chief Financial Officer (CFO) oversees activation funding for each Major Construction Project or Major or Mid-Level lease in a manner that achieves obligation of funds within program guidance, planned FYs and results in funding and program integrity.

(3) Initiating requests for additional activation funding.

(4) Ensuring the project amounts and availability dates for funding for informational purposes published by the Activation Program Manager are used to prepare the VISN in advance to receive activation funding and to prepare for obligations.

i. **Veterans Integrated Service Network Chief Financial Officer.** The VISN CFO is responsible for:

(1) Overseeing activation funding for each Major Construction Project or Major or Mid-Level lease and achieving obligation of funds within program guidance, planned FYs and results in funding and program integrity.

(2) Collaborating with the VISN CAM to review TDA requests submitted by the VA medical facility CFO and submitting them to the VHA Activation Program Manager, OCAM, for review and approval.

j. **Veterans Integrated Service Network Capital Asset Manager.** The VISN CAM is responsible for:

(1) Collaborating with the VISN CFO to review TDA requests from the VA medical facility CFO for compliance with the operating plan and submitting them to the VHA Activation Program Manager, OCAM, for review and approval.

(2) Reviewing operating plan change requests submitted by the VA medical facility for necessity and compliance with this directive.

k. **VA Medical Facility Director.** The VA medical facility Director is responsible for:

(1) Ensuring VA medical facility compliance with this directive and taking corrective action when noncompliance is identified.

(2) Assigning a VA medical facility Activation Project Manager to head the activation of the Major Construction project or Major or Mid-Level lease and serve as the liaison between the VA medical facility and the VA Office of Construction and Facilities Management (OCFM) planners, project managers and resident engineers. **NOTE:** *When activating spaces other than VA medical facilities, activation assignments depend on the type of space and expertise in activating spaces.*

(3) Ensuring that activation funds are obligated and expended on only items and staff pertaining to the specific Major Construction project or Major or Mid-Level lease. **NOTE:** *The VA medical facility Director must also ensure that non-recurring activation funds are provided in accordance with the Bona Fide Need rule. See paragraph 3.b. for additional information.*

(4) Ensuring funds for the activation of the Major Construction Project or Major or Mid-Level lease are committed or expended within the quarter received.

(5) Overseeing the appointment of staff to manage the activities required for activation and ensuring the appropriate individuals are included in the project Activation Integrated Project Team (IPT); activation activities include, but are not limited to, ensuring budget requests for non-recurring activations and recurring activations are developed and submitted to the VHA Activation Program Manager. **NOTE:** *The staff on the Activation IPT include, but are not limited to, the VA medical facility Activation Project Manager, financial officers and subject matter experts like interior designers, Biomedical Engineers, Office of Information and Technology (OI&T) staff and other relevant administrative and clinical service staff. The team is responsible for developing technical and operational requirements, creating risk mitigation strategies and deciding key acquisition dates, among other tasks. Additional information on Activation IPTs is available in the Activations Process Guide, available at: <http://vaww.hefp.va.gov/guidebooks/activation-process-guide>. This is an internal VA website that is not available to the public.*

(6) Ensuring the project amounts and availability dates for funding for informational purposes, published by the VHA Activation Program Manager, are used to prepare the

VA medical facility in advance to receive activation funding and to prepare for obligations.

(7) Identifying and submitting changes to approved operating plans.

(8) Responding to VHA Activation Program Manager, OCAM information requests related to budget development, implementation and execution.

(9) Ensuring the Full-Time Equivalent Employee (FTEE) hiring process is initiated prior to activation funding delivery, when necessary.

(10) Ensuring operating plan change requests are submitted to the VISN CAM for review and approval.

(11) Ensuring a clinical restructuring request has been submitted for projects with changes to clinical programs, as necessary. Additional information on clinical restructuring requests is available in VHA Directive 1043, Restructuring of Clinical Programs, dated November 2, 2016.

I. **VA Medical Facility Chief Financial Officer.** The VA medical facility CFO is responsible for submitting TDA requests to the VISN CFO or VISN CAM for review.

m. **VA Medical Facility Activation Project Manager.** ***NOTE:** The VA medical facility Activation Program Manager must be Level 1 Contracting Officer Representative certified.* The VA medical facility Activation Project Manager is responsible for:

(1) Coordinating with VA national offices such as Central Office personnel, VA and VHA Program Offices or their local components, OCFM, OI&T, National Acquisition Center, PCAC and respective Contracting Offices on activation projects. ***NOTE:** The VA medical facility Activation Project Manager must also coordinate with external stakeholders such as U.S. Army Corps of Engineers, accreditation organizations, local and State government agencies, regulatory agencies, and local, State and national elected officials and representatives.*

(2) Coordinating with the respective VA medical facility Public Affairs Office to develop responses to press inquiries and press releases regarding activations projects.

(3) Attending government and public events to deliver presentations and answer questions regarding activations projects on behalf of VHA.

(4) Ensuring purchases of furniture, fixtures and equipment (FF&E) are compliant with the Equipment guide list in PG18-5 of the Technical Information Library and the established Equipment/Activation Funds Versus Construction Funds Guide in Appendix A.

(5) Collaborating as needed with the appropriate Clinical National Program offices regarding activation. This includes but is not limited to providing subject matter expertise

and additional information needed to establish and activate clinical services at a new VHA site of care.

(6) Ensuring any required clinical restructuring request approval memorandum has been satisfied prior to activation; additional information on clinical restructuring requests is available in VHA Directive 1043.

(7) Ensuring functional and operational readiness, including training of staff in operations of the new VA medical facility and attainment of necessary competencies.

(8) Providing day-to-day direction to VA medical facility leadership, staff and FF&E contractors and suppliers for activities related to activation.

(9) Identifying and ensuring FF&E and recurring expenses are related to the activation of the Major Construction Project or Major or Mid-Level lease. **NOTE:** *Expenses not related to activation must be removed and paid for using operational funding.*

(10) Revising estimates for activation at the time of construction or lease requirements package development, design completion and after each significant space-related scope change.

### 3. ACTIVATION FUNDING OVERVIEW

#### a. Activation Funding.

(1) **Activations Budget Formulation.** The budget for non-recurring activations is formulated using the SEPS content plan for each Major Construction Project or Major or Mid-Level lease. The content plan is the baseline budget for FF&E and must be validated by the VHA Activation Program Manager. All new Major Construction Projects and Major or Mid-Level leases must have a life cycle estimate for FF&E items. See paragraph 7 for additional information on SEPS.

(2) Activation funding is provided based on the content plan value and the Annual Activations Operating Budget review by the VHA Activation Program Manager.

(a) The budget request for non-recurring activations and recurring activations must be submitted to the Director of Capital Program Management, OCAM, by the VHA Activation Program Manager, using the current content plans and staffing projections. See the Equipment guide list in PG18-5 of the TIL and Appendix A for a guide for determining when items should be funded using activation or construction funds.

(b) Estimates for activations must be revised by the VA medical facility Activation Project Manager at the time of construction or lease requirements package development, design completion and after each significant space-related scope change.

(c) Estimates for activations must be audited by the VHA Activation Program Manager at construction or lease requirements package development, design completion and each space change thereafter.

(d) The VHA Activation Program Manager publishes project amounts and availability dates for funding for informational purposes and use at least twice annually. **NOTE:** *VA medical facilities and VISNs are expected to use this information to prepare for activation funds obligation early in the FY that they are projected to be provided. This means significant work must be done in advance of receiving the activation funding to prepare for obligations.*

**b. Management of Activation Funds.**

(1) Activation funds must be used to procure FF&E, IOT&A contracted support services, operating supplies and salaries so the Major Construction Project or activation-funded lease is fully functional upon completion of the construction project or lease.

(2) The VA medical facility Activation Project Manager reviews and audits acquisition plans that show detailed line items of what is being purchased. Planned acquisitions inconsistent with this directive will be removed from the plan and associated funding returned via TDA requests. VISNs or VA medical facilities are responsible for any charges associated with improper purchases.

(3) The VHA Activation Program Manager tracks and manages the distribution and reallocation of activation funds.

(4) Non-recurring activation funds are provided in accordance with the Bona Fide Need rule. Commitment of non-recurring funds is expected to occur within the quarter of funds receipt. **NOTE:** *As outlined in 31 U.S.C. § 1502(a), the Bona Fide Need Rule is the balance of an appropriation or fund limited for obligation to a definite period being available only for payment of expenses properly incurred during the period of availability.*

(5) VA medical facilities must be ready to initiate the FTEE hiring process prior to activation funding delivery, if necessary. Staffing includes FTEE for activation tasks on a temporary basis or FTEE for expanded operations, once space is operational.

(6) Recurring activation funds are provided as stated in the operating plan. Funding for FTEEs is staggered as follows to allow for the Veterans Equitable Resource Allocation (VERA)/Managerial Cost Accounting (MCA) process to catch up:

(a) Activation staffing, to ensure ability to properly activate space.

(b) New staff with long training lead times.

(c) New staff to support additional workload because of expanded program space directly resulting from the project.

(7) In general, activation funds follow the construction progress. Non-recurring activation funds must not be anticipated following 1-year post-acceptance date. Recurring activation funds must not be anticipated beyond 2 full FYs post-1<sup>st</sup> patient day, as detailed in paragraph 3.b.(6).

(8) Waivers and deviation requests to this directive must follow the process outlined in VHA Notice 2023-02, Waivers to VHA National Policy, dated March 29, 2023. Standards for granting waivers are based on project schedules and approved scope of work.

#### 4. TRAINING

There are no formal training requirements associated with this directive. OCAM provides virtual training regularly and as needed. It is strongly recommended for all VISN CAMs and VA medical facility Activation Project Managers to ensure knowledge of the latest policy, changes and requirements pertaining to VHA's Activations Program.

#### 5. RECORDS MANAGEMENT

All records regardless of format (for example, paper, electronic, electronic systems) created by this directive must be managed as required by the National Archives and Records Administration (NARA) approved records schedules found in VHA Records Control Schedule 10-1. Questions regarding any aspect of records management can be addressed to the appropriate Records Officer.

#### 6. BACKGROUND

a. An activation of a Major Construction Project or Major or Mid-Level lease includes all actions taken to identify, plan for and execute the necessary logistical and operational steps to convert VA building(s) into operational spaces for VHA programs that provide planned services and functions.

b. Each project or lease has an approved scope of services to be provided, defined gap in services to be addressed, cost of the total project and an estimated schedule for completion. The activation determines the pre-planning steps taken, the sequencing of steps taken and the detailed schedule to complete the activation to achieve the overall goals.

c. VA's SCIP Process must be followed for all projects and leases receiving activation funding to ensure coordination of lease planning, acquisition and budgetary efforts. **NOTE:** For additional information on SCIP; see VA Directive 4085, *Capital Asset Management*, dated December 2, 2020.

d. Activation for Major Construction Projects and leases with a SCIP estimated base rent equal to or greater than \$1 million includes a partnership for completion between OCAM; United States Army Corps of Engineers, where applicable; and VISNs and VA medical facility leadership. OCFM and Office of Acquisition, Logistics and Construction are other critical partners for a successful activation. The VA medical facility provides an

Activation Project Manager who provides day-to-day direction clearly defining a managed process to plan to supply and equip a new or renovated facility with the appropriate FF&E and staff to enable the completed Major Construction Project or Major or Mid-Level lease to perform the function for which it was designed.

e. Funding for the VHA Activations Program is specific-purpose funding included in the President's annual budget submission. Activation funding is for Major Construction Projects and leases with SCIP estimated base rent equal to or greater than \$1 million. All other projects or leases must be activated with VA medical facility-level funds through VERA.

## 7. DEFINITIONS

a. **Activation.** Activation is the identification, planning, management and execution of logistical and operational requirements to bring a new VA medical facility or other space, via construction or lease, into full planned operations. Activation activities include planning for, purchasing and installing new FF&E; ordering supplies; hiring staff; and executing moves. Activation activities begin at project approval, continue through contractor package development, construction and taper off as the new facility begins operations. Activation expenses are either one-time purchases (referred to as non-recurring activation expenses) or ongoing expenditures (referred to as recurring activation expenses).

b. **Annual Activations Operating Plan.** The annual activations operating plan is based on the SEPS content plan, with updates projected 2 years from the current FY. The projected number is shared and vetted through VHA Finance for inclusion in the President's budget.

c. **Initial Outfitting Transition and Activation.** An IOT&A is a contract for an activation company or contractor to perform activities or provide services to ensure proper activation of spaces to include, but not limited to developing acquisition packages and coordinating physical moves.

d. **Major Construction Project.** For purposes of this directive, a Major Construction Project is a project for the construction, alteration or acquisition of a VA medical facility involving a total expenditure of more than \$20 million. ***NOTE: This does not include acquisition by exchange, non-recurring maintenance projects or the construction, alteration, or acquisition of a shared Federal medical facility for which VA's estimated share of the project cost does not exceed \$20 million.***

e. **Major Lease.** A Major Lease is a lease which exceeds the GSA base rental threshold.

f. **Managerial Cost Accounting System.** The MCA System is an activity-based cost allocation system that accumulates cost and workload from various agency feeder systems and produces reliable cost per product.

g. **Mid-Level Lease.** A Mid-Level lease has a SCIP estimated base rent between \$1 million and the GSA threshold.

h. **Non-Recurring Activation Funding.** Non-recurring activation funding is funding for one-time procurements, typically for FF&E.

i. **Operating Plan Change Request.** An operating plan change request is a request for funds, which exceed the current fiscal year budgeted activation cost.

j. **Recurring Activation Funding.** Recurring activation funding is funding that is needed on an annual basis from first patient day through the end of the fiscal year, plus 2 full FYs of the Major Construction Project or Major or Mid-Level lease. Typically, recurring activation funding is for salaries or operating expenses over status quo.

k. **Space and Equipment Planning Software.** SEPS is software that details space and equipment for each type of space. All Major Construction Projects and Major or Mid-Level leases are required to upload a SEPS program for design (PFD) as part of the SCIP submission. The contents of the PFD are the basis for initial FF&E costs.

## 8. REFERENCES

a. 31 U.S.C. § 1502(a).

b. 38 U.S.C. §§ 7301(b), 8104.

c. VA Directive 4085, Capital Asset Management, dated December 2, 2020.

d. VHA Directive 1043, Restructuring of Clinical Programs, dated November 2, 2016.

e. VHA Notice 2023-02, Waivers to VHA National Policy, dated March 29, 2023.

f. VA OCFM's Master Construction Specifications.

<https://www.cfm.va.gov/TIL/spec.asp>.

g. VA OCFM's Technical Information Library, Equipment Guide List PG18-5.

<https://www.cfm.va.gov/til/>.

h. VHA HEFP Activation Process Guide.

<http://vaww.hefp.va.gov/guidebooks/activation-process-guide>. **NOTE:** *This is an internal VA website that is not available to the public.*

## EQUIPMENT/ACTIVATION FUNDS VERSUS CONSTRUCTION FUNDS GUIDE

The following provides a guide to determine equipment/activation funds versus construction funds:

### 1. QUESTION 1

Is the item necessary to meet requirements for an occupied building? All code required items, such as fire alarms, are required to be part of the construction project. If no, proceed to Question 2.

### 2. QUESTION 2

Is the item covered by the Office of Construction and Facilities Management's (OCFM's) Master Construction Specifications PG-18-1 Divisions 1 through 10, 13 through 26 or 28 through 48? If yes, the equipment is to be funded within the construction project. If no, go to Question 3. **NOTE:** OCFM's Master Construction Specifications are located at <https://www.cfm.va.gov/TIL/spec.asp>.

### 3. QUESTION 3

Is the item covered in OCFM's Master Construction Specifications PG-18-1 Division 27 and not IT equipment? If yes, the equipment is funded within the construction project. If no, go to Question 4.

### 4. QUESTION 4

Is the item covered in OCFM's Master Construction Specifications PG-18-1 Specification Number 12 31 00, 12 32 00, 12 34 00 or 12 36 00? If yes, the equipment is funded within the construction project. If no, then the equipment must be funded by the respective equipment fund from medical care appropriations.