

119TH CONGRESS
1ST SESSION

S. 1591

AN ACT

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. Improvements to hiring of entry-level acquisition positions in Department of Veterans Affairs.
- Sec. 8. Independent analysis of acquisition process of Department of Veterans Affairs.
- Sec. 9. Requirements development process.
- Sec. 10. Conforming amendments.
- Sec. 11. Clerical amendments.

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 Organization,**
 13 **Cost Assessment, and Program Evaluation**

14 **“SEC. 8181. DEFINITION OF MAJOR ACQUISITION PRO-**
 15 **GRAM.**

16 “In this subchapter, the term ‘major acquisition pro-
 17 gram’ means a program of the Department to acquire
 18 services, supplies, technology, systems, or a combination

1 thereof, with an estimated total program cost, estimated
 2 by the Secretary, that exceeds—

3 “(1) \$1,000,000,000 (adjusted pursuant to sec-
 4 tion 1908 of title 41) for the total life cycle cost of
 5 the program; or

6 “(2) \$200,000,000 (adjusted pursuant to sec-
 7 tion 1908 of title 41) annually.”.

8 (b) ASSISTANT SECRETARY FOR ACQUISITION.—Sec-
 9 tion 308 of such title is amended—

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

12 (2) in subsection (b)(10), by striking “Procure-
 13 ment functions” and inserting “Acquisition func-
 14 tions”.

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

18 **“SEC. 8182. ACQUISITION ORGANIZATION.**

19 “(a) ASSISTANT SECRETARY FOR ACQUISITION;
 20 CHIEF ACQUISITION OFFICER.—(1) The Secretary shall
 21 designate one of the Assistant Secretaries specified in sub-
 22 section (a)(1) of section 308 of this title as the Assistant
 23 Secretary of Veterans Affairs for Acquisition, who shall
 24 focus solely on the administration of functions specified
 25 in subsection (b)(10) of such section.

1 “(2) Pursuant to section 1702(a) of title 41, the Sec-
2 retary shall designate the Assistant Secretary of Veterans
3 Affairs for Acquisition as the Chief Acquisition Officer of
4 the Department.

5 “(b) OFFICE OF ACQUISITION.—(1) There is in the
6 Department an Office of Acquisition.

7 “(2) The head of the Office of Acquisition shall be
8 the Assistant Secretary of Veterans Affairs for Acquisition
9 designated pursuant to subsection (a).

10 “(3) The Secretary shall take such actions as may
11 be necessary to ensure that major acquisition program of-
12 fices of the Department align under the Office of Acquisi-
13 tion and report directly to the Assistant Secretary of Vet-
14 erans Affairs for Acquisition.

15 “(4) The budget of the Office of Acquisition, includ-
16 ing budgets for major acquisition programs, shall be es-
17 tablished in the budget justification materials submitted
18 to Congress in support of the budget of the Department
19 (as submitted with the budget of the President under sec-
20 tion 1105(a) of title 31).

21 “(c) DEPUTY ASSISTANT SECRETARY FOR LOGIS-
22 TICS.—(1) Pursuant to section 308(d) of this title, the
23 Secretary shall appoint a Deputy Assistant Secretary of
24 Veterans Affairs for Logistics, who shall report to the As-
25 sistant Secretary for Acquisition.

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

5 “(d) DEPUTY ASSISTANT SECRETARY FOR PROCURE-
6 MENT.—(1) Pursuant to section 308(d) of this title, the
7 Secretary shall appoint a Deputy Assistant Secretary of
8 Veterans Affairs for Procurement, who shall report to the
9 Assistant Secretary for Acquisition.

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

13 “(e) DEPUTY ASSISTANT SECRETARY FOR ACQUISI-
14 TION, PROGRAM MANAGEMENT, AND PERFORMANCE.—
15 (1) Pursuant to section 308(d) of this title, the Secretary
16 shall appoint a Deputy Assistant Secretary of Veterans
17 Affairs for Acquisition, Program Management, and Per-
18 formance, who shall report to the Assistant Secretary for
19 Acquisition.

20 “(2) The Deputy Assistant Secretary for Acquisition,
21 Program Management, and Performance shall be respon-
22 sible for the following:

23 “(A) Lifecycle management.

24 “(B) Requirements planning.

25 “(C) Programming and budgeting.

1 “(D) Policy.

2 “(E) Performance standards.

3 “(F) Governance.

4 “(G) Enhancing the capabilities of the acquisition workforce.

6 “(f) PROGRAM EXECUTIVE OFFICERS.—(1) The Assistant Secretary for Acquisition shall appoint no fewer than four Program Executive Officers, each responsible for overseeing major acquisition programs in one of the following areas:

11 “(A) Medical.

12 “(B) Information technology.

13 “(C) Professional services.

14 “(D) Other areas not included in subparagraphs (A) through (C).

16 “(2) Each Program Executive Officer shall report directly to the Assistant Secretary for Acquisition and shall supervise the managers of major acquisition programs within their respective area, as appointed under section 8183 of this title.

21 “(3) Each Program Executive Officer shall be—

22 “(A) certified in project management at level three by—

24 “(i) the Department;

1 “(ii) the Federal Acquisition Institute pur-
 2 suant to section 1201 of title 41; or

3 “(iii) the Department of Defense pursuant
 4 to section 1701a of title 10; or

5 “(B) hold an equivalent certification by a pri-
 6 vate sector project management certification organi-
 7 zation, as determined appropriate by the Sec-
 8 retary.”.

9 **SEC. 3. DEPARTMENT OF VETERANS AFFAIRS MAJOR AC-**
 10 **QUISITION PROGRAM MANAGERS.**

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

14 **“§ 8183. Major acquisition program managers**

15 “(a) APPOINTMENTS.—Not later than 30 days after
 16 any date on which the Secretary approves a major acquisi-
 17 tion program to commence, the applicable Program Exec-
 18 utive Officer shall appoint a manager to be responsible
 19 for administering such program.

20 “(b) QUALIFICATIONS.—Each manager appointed
 21 pursuant to subsection (a) shall be—

22 “(1) certified in project management at level
 23 three by—

24 “(A) the Department;

1 “(B) the Federal Acquisition Institute pur-
2 suant to section 1201 of title 41; or

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

5 “(2) hold an equivalent certification by a pri-
6 vate sector project management certification organi-
7 zation, as determined appropriate by the Secretary.

8 “(c) DUTIES.—Each manager appointed pursuant to
9 subsection (a) for a major acquisition program shall—

10 “(1) report to the Assistant Secretary for Ac-
11 quisition through the Program Executive Officer re-
12 sponsible for the major acquisition program; and

13 “(2) shall be responsible for, with respect to the
14 major acquisition program—

15 “(A) developing, in coordination with the
16 Program Executive Officer, a plan to admin-
17 ister major acquisition program, which shall be
18 known as the ‘program baseline’ for the major
19 acquisition program, that includes—

20 “(i) a description of each acquisition
21 phase of the major acquisition program;

22 “(ii) for each such acquisition phase,
23 requirements for advancing the major ac-
24 quisition program to a subsequent acquisi-
25 tion phase; and

1 “(iii) estimates of the cost, schedule,
2 and performance of the major acquisition
3 program that account for the entire life
4 cycle of the major acquisition program;

5 “(B) ensuring the major acquisition pro-
6 gram is in compliance with such requirements
7 and providing all program documentation, in-
8 cluding program baseline documentation, cost,
9 schedule, performance and risk assessments,
10 and other relevant materials, to designated offi-
11 cials and relevant governance boards;

12 “(C) developing resource requests and jus-
13 tifications necessary to satisfy such require-
14 ments; and

15 “(D) on a continuous basis, assessing and
16 managing risks to satisfying the requirements
17 of such program baseline relating to cost and
18 schedule.

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

21 “(1) program decision authority for oversight of
22 a major acquisition program is the Assistant Sec-
23 retary for Acquisition; and

24 “(2) program management offices for major ac-
25 quisition programs are independent of the Veterans

Benefits Administration, the Veterans Health Administration, the National Cemetery Administration, and staff offices of the Department by reporting directly to the Assistant Secretary for Acquisition.

“(e) PROGRAM DECISION AUTHORITY NOTIFICATION REQUIRED.—Not later than 30 days after any date on which a major acquisition program concludes an acquisition phase, the manager of such program appointed pursuant to subsection (a) shall notify the program decision authority under subsection (c).”.

SEC. 4. DEPARTMENT OF VETERANS AFFAIRS ACQUISITION AND PROCUREMENT REORGANIZATION MATTERS.

(a) ORGANIZATIONAL CONSOLIDATION.—Not later than one year after the date of the enactment of this Act, the Secretary of Veterans Affairs shall organizationally consolidate under the Assistant Secretary of Veterans Affairs for Acquisition every activity of the Department of Veterans Affairs, including the Veterans Benefits Administration, the Veterans Health Administration, and the National Cemetery Administration, that relates to—

(1) acquisition;

(2) procurement and contracting; or

(3) logistics and supply chain.

1 (b) RELOCATION.—Subsection (a) shall not be con-
2 strued to require the physical relocation of employees of
3 the Department.

4 (c) PLAN AND BRIEFING.—

5 (1) IN GENERAL.—Not later than 90 days after
6 commencing organizational consolidation under sub-
7 section (a), the Secretary shall—

8 (A) submit to the Committee on Veterans’
9 Affairs of the Senate and the Committee on
10 Veterans’ Affairs of the House of Representa-
11 tives a written plan to carry out such organiza-
12 tional consolidation; and

13 (B) provide such committees a briefing on
14 such plan.

15 (2) CONTENTS.—The plan submitted pursuant
16 to paragraph (1)(A) shall include the following:

17 (A) A timeline.

18 (B) A plan for communication and training
19 activities for relevant Department personnel.

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

22 (D) Such other matters as the Secretary
23 considers relevant and appropriate.

1 **SEC. 5. INDEPENDENT VERIFICATION AND VALIDATION OF**
2 **MAJOR ACQUISITION PROGRAMS OF DEPART-**
3 **MENT OF VETERANS AFFAIRS.**

4 (a) CONTRACTING AUTHORITY.—Not later than 120
5 days after the date of the enactment of this Act, the Sec-
6 retary of Veterans Affairs shall seek to enter into one or
7 more contracts using competitive procedures with one or
8 more entities to carry out the functions described in sub-
9 section (c).

10 (b) ELIGIBILITY.—

11 (1) IN GENERAL.—An entity is not eligible to
12 be awarded a contract under this section unless the
13 Chief Acquisition Officer of the Department of Vet-
14 erans Affairs determines, at the time of evaluation
15 of offers submitted under subsection (a), that the
16 entity is currently performing or has performed, dur-
17 ing the preceding three-year period, not fewer than
18 three prime contracts from either governmental or
19 commercial health care organizations for—

20 (A) the independent verification and vali-
21 dation services or equivalent services, including
22 systems engineering and technical advisory
23 (SETA) support of major acquisition programs;
24 or

25 (B) the independent verification and vali-
26 dation or systems engineering and technical ad-

visory (SETA) support of the development or acquisition of major acquisition programs or defense systems, in accordance with guidance of the Department of Defense relating to such acquisition programs or such business systems.

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

(3) DEMONSTRATION OF LACK OF CONFLICT OF INTEREST.—The Secretary shall revoke the eligibility of an entity under this subsection if an entity does not demonstrate clear and unmitigable evidence that the entity does not have a conflict of interest with respect to the effective performance of functions under subsection (c).

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

(c) FUNCTIONS.—The functions specified in this subsection are the following:

1 (1) The independent verification and validation
2 of each major acquisition program project—

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

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

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

11 (2) The independent verification and validation
12 of other programs or projects of the Department se-
13 lected by the Chief Acquisition Officer of the De-
14 partment, at intervals selected by the Chief Acquisi-
15 tion Officer.

16 (d) FUNDING.—The Chief Financial Officer of the
17 Department shall ensure that each organizational subdivi-
18 sion of the Department that enters into a contract under
19 subsection (a) proportionally contributes amounts to fund
20 each such contract.

21 (e) INDEPENDENT VERIFICATION VALIDATION DE-
22 FINED.—The term “independent verification and valida-
23 tion” means a comprehensive inspection, a review, anal-
24 ysis, and testing, or an assessment of systems, software,

1 or hardware, as applicable, performed by an entity award-
 2 ed a contract under subsection (a)—

3 (1) to verify that the requirements of a pro-
 4 gram, project or system, or a development phase of
 5 such a program or project, are correctly defined; and

6 (2) to validate cost, schedule, and performance
 7 baselines of current programs and measure program
 8 effectiveness.

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 in the Department a Direc-
 18 tor of Cost Assessment and Program Evaluation, who
 19 shall report directly to the Secretary.

20 “(b) RESPONSIBILITIES.—The responsibilities of the
 21 Director are as follows:

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

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

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

10 “(4) To evaluate the effectiveness of major ac-
11 quisition programs in meeting Department objec-
12 tives.

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

24 “(c) SUPPORT AND RESOURCES.—The Chief Finan-
25 cial Officer of the Department shall provide to the Sec-

1 retary such support and resources as may be necessary
2 for the Secretary to ensure the effective establishment and
3 functioning of the Director of Cost Assessment and Pro-
4 gram Evaluation.”.

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

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

20 (2) TRANSMITTAL TO CONGRESS.—Not later
21 than 30 days after receiving a report pursuant to
22 paragraph (1), the Secretary shall submit to the
23 Committee on Veterans’ Affairs of the Senate and
24 the Committee on Veterans’ Affairs of the House of
25 Representatives the report received by the Secretary.

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

4 (a) PRIORITY USE OF INTERNSHIP PROGRAMS FOR
5 HIRING INTO ENTRY-LEVEL POSITIONS IN ACQUISITION.—The Secretary of Veterans Affairs shall prioritize
6 the use of acquisition internship programs to hire employ-
7 ees to entry-level positions relating to acquisition in the
8 Department of Veterans Affairs.

10 (b) ANNUAL NUMBER OF PARTICIPANTS IN ACQUISITION INTERNSHIP PROGRAMS.—

12 (1) IN GENERAL.—Not later than September
13 30 of the first fiscal year beginning after the date
14 of the enactment of this Act, the Secretary shall
15 take such actions as may be necessary to ensure that
16 the annual number of participants in acquisition in-
17 ternship programs of the Department is—

18 (A) not fewer than twice the number of
19 participants in such programs during fiscal year
20 2025; and

21 (B) not more than 4 times the number of
22 participants in such programs during such fis-
23 cal year.

24 (2) TERMINATION.—The requirements of para-
25 graph (1) shall terminate on the date on which the
26 Secretary certifies to the appropriate committees of

Congress that the projected number of graduates of acquisition internship programs is sufficient to satisfy the human capital needs of the Department with respect to acquisition, taking into account the rate of attrition and projected retirements of personnel.

(3) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this subsection, the term “appropriate committees of Congress” means the Committee on Veterans’ Affairs of the Senate and the Committee on Veterans’ Affairs of the House of Representatives.

SEC. 8. INDEPENDENT ANALYSIS OF ACQUISITION PROCESS OF DEPARTMENT OF VETERANS AFFAIRS.

(a) SYSTEMS ENGINEERING ANALYSIS.—Not later than one year after the date of the enactment of this Act, the Secretary of Veterans’ Affairs shall seek to enter into a memorandum of understanding with the acquisition research center established under section 4142(a) of title 10, United States Code, to conduct a systems engineering analysis of the acquisition process of the Department of Veterans Affairs.

(b) REPORT.—Not later than one year after the date in which the Secretary enters into the memorandum of understanding required by subsection (a), the Secretary

1 shall submit to Committee on Veterans’ Affairs of the Sen-
 2 ate and the Committee on Veterans’ Affairs of the House
 3 of Representatives a report on the findings of the acquisi-
 4 tion research center with respect to the analysis conducted
 5 under such subsection.

6 **SEC. 9. REQUIREMENTS DEVELOPMENT PROCESS.**

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

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

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

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

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

22 “(B) incorporate data-driven needs assess-
 23 ments, stakeholder input from relevant administra-
 24 tions, staff offices, and other elements of the De-
 25 partment and veterans service organizations, and

1 alignment with statutory mandates, such as section
2 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
6 cost, 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
13 by the Director of Cost Assessment and Program Evalua-
14 tion, 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
17 to the Committee on Veterans’ Affairs of the Senate and
18 the Committee on Veterans’ Affairs of the House of Rep-
19 resentatives a report detailing the process established pur-
20 suant to section 8185 of such title, as added by subsection
21 (a), and a plan for implementation of such process, includ-
22 ing timelines for integration with major acquisition pro-
23 gram baselines.

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

2 Subchapter VI of chapter 81 of title 38, United
3 States 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
11 8172; 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.”.

Passed the Senate December 11, 2025.

Attest:

Secretary.

119TH CONGRESS
1ST SESSION

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AN ACT

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.