

## STRATEGIC CAPITAL INVESTMENT PLANNING PROCESS

1. **REASON FOR ISSUE.** To provide guidance and procedures for the Department of Veterans Affairs' (VA) corporate capital portfolio strategy — the Strategic Capital Investment Planning (SCIP) process.
2. **SUMMARY OF CONTENTS/MAJOR CHANGES.** This handbook is intended to communicate SCIP requirements by providing specific information regarding:
  - a. SCIP Purpose and Goals.
  - b. SCIP Components.
  - c. SCIP Gaps, Targets, and Thresholds.
  - d. Governance.
  - e. Investment Decision Criteria Development Process.
  - f. Project Submission Review Process.
  - g. Business Case Justification Requirements Review Process.Major changes include:
  - a. Exception for business case justification requirements for Office of Inspector General projects.
  - b. Inclusion of new Mid-Level Lease project type.
  - c. Updates to program thresholds.
3. **RESPONSIBLE OFFICE.** Office of Management (OM) (004), Office of Asset Enterprise Management (OAEM) (044).
4. **RELATED DIRECTIVE.** VA Directive 0011, Strategic Capital Investment Planning Process.
5. **RESCISSIONS.** VA Handbook 0011, dated August 20, 2021.

Department of Veterans Affairs  
Washington, DC 20420

VA HANDBOOK 0011  
Transmittal Sheet  
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## STRATEGIC CAPITAL INVESTMENT PLANNING (SCIP) PROCESS

1. **SCIP PURPOSE AND GOALS.** The annual SCIP process enables the Department of Veterans Affairs (VA) to continually adapt to changes in demographics, medical and information technology, and health care delivery, while at the same time incorporating green building technology and other infrastructure enhancements. The SCIP process includes all capital programs (see Paragraph 3 of this handbook): Major Construction, Minor Construction, Non-Recurring Maintenance (NRM), and leases, with an exception for information technology (IT) non-construction projects. This continually evolving process allows VA to deliver the highest quality health care, benefits, and memorial services to our Nation's Veterans. Specifically, SCIP aims to:
  - a. Improve the quality, access, and cost efficiency of the delivery of VA benefits and services through modern facilities that match the location of current and future demand.
  - b. Adopt a future-oriented view of our capital needs within a 10-year planning horizon, which will form the basis of annual budget requests.
  - c. Significantly reduce gaps in access, space, workload/utilization, safety, security, and other performance gaps within 10 years.
  - d. Provide an integrated, comprehensive planning process for capital programs (Major Construction, Minor Construction, NRM and leases) across the Department.
  - e. Produce a data-driven, rational, and defensible capital plan that supports VA's annual capital budget request to Office of Management and Budget (OMB) and Congress.
  - f. Create and execute a long-range capital plan to close Departmental gaps in infrastructure that supports the delivery of benefits and services to Veterans.
  - g. Ensure compliance to VA's Capital Program Requirements Management Process (CPRMP), an internal control process designed to address changes to Major Construction and Major Lease projects that have been approved through the SCIP process. CPRMP was put in place to ensure projects are not executed with changes in scope (cost, space, and critical programs) exceeding thresholds established in CPRMP policy without prior approval from VA leadership.

- 2. SCIP COMPONENTS.** Development of a strategic capital investment plan using a corporate portfolio approach requires determining where infrastructure gaps exist (or are projected to be) and developing appropriate solutions to meet them over a 10-year timeframe. The four main components of the SCIP Process are: gap analyses; strategic capital assessments (SCAs); long-range capital plans; and business case justification requirements.
- a. Gap analyses will be completed with facility level data where possible and rolled up to the appropriate Veteran's Integrated Service Network (VISN), Memorial Service Network (MSN), Region, or Area level. A call for updates to infrastructure or service gap data, including definitions, shall be issued annually by the Office of Asset Enterprise Management (OAEM).
  - b. SCA: Based on VA's strategic priorities that inform capital investments and the gap analysis, this annually updated narrative document shall be maintained at the VISN, MSN, Region, or Area level. The SCA describes the strategic approach taken to close infrastructure and service gaps through SCIP, why certain investments were chosen, and how capital investments were prioritized. Guidance for completing the SCA shall be provided through the annual SCIP call memorandum(s).
  - c. Long-range capital plans: Annually updated plans that are developed for each facility and contain the portfolio of capital investments necessary to address identified infrastructure and service gaps over a 10-year planning horizon. Depending on the capital program, projects necessary to reduce gaps are listed for three, five, or 10 years. For the remaining years, where specific capital investment projects cannot be accurately forecasted, estimated resource requirements known as "lump sums" are required. Further instructions for project submission reporting shall be provided through the annual SCIP call memorandum(s).
  - d. Business case justification requirements: Investments for specific capital programs that are individually identified in the annual long-range capital plan and are seeking current budget planning year consideration (and meet established thresholds) require completion of business case justification questions and compliance documents. Depending on the capital program category, additional compliance documentation may be required for the project to be considered for funding. The series of business case justification questions are designed to ascertain how well a proposed project aligns to the Department-wide SCIP decision criteria. Responses to the business cases justification questions shall be evaluated and prioritized based on how well the project contributes to the decision criteria. The SCIP call memorandum(s) issued each year shall include specific guidance for capital programs which require completion of business case justifications and compliance documents, thresholds, and any additional requirements.

### 3. SCIP GAPS, TARGETS, AND THRESHOLDS.

- a. Performance gaps (SCIP gaps) identified at the corporate level are expected to have projects and lump sum resources identified with the intent of reducing the SCIP gaps by a specific percentage goal over a 10-year period, subject to funding availability. Gaps and targets shall be reviewed and updated each year as necessary.
- b. SCIP gaps and associated targets are subject to change with the issuance of the budget year SCIP call memorandum(s). SCIP gaps currently include:
  - (1) Access.
  - (2) Utilization.
  - (3) Workload.
  - (4) Space.
  - (5) Condition.
  - (6) Energy.
  - (7) Security.
  - (8) Emergency Preparedness.
- c. The SCIP project submission thresholds for listing individual projects and/or lump sum resource requirements in the Projects and Resources section of the 10-year capital plan are provided below. Thresholds are subject to change with the issuance of the budget year SCIP call memorandum(s).
  - (1) Major Construction (construction projects that are expected to cost more than the established threshold): All new projects listed individually for all 10 years of the long-range plan.
  - (2) Minor Construction (construction projects that are expected to cost equal to or less than the established threshold): All new projects will be listed individually for years one through five; project resources will be included in the lump sum category for years six through 10.
  - (3) Major Leases (facility lease procurements expected to have annual rent expenses greater than the General Services Administration (GSA) annual prospectus lease threshold, as defined by 40 U.S.C. § 3307 ([www.gsa.gov/annualprospectusthreshold](http://www.gsa.gov/annualprospectusthreshold))): All new and replacement leases by VA or GSA must be provided and individual projects must be identified for all 10 years of the long-range plan.

- (4) Mid-Level Leases (facility lease procurements expected to have annual rent expenses greater \$1 million and less than the GSA annual prospectus lease threshold, as defined by 40 U.S.C. § 3307 ([www.gsa.gov/annualprospectusthreshold](http://www.gsa.gov/annualprospectusthreshold))): All new and replacement/renewal leases by VA or GSA must be provided and individual projects must be listed for all 10 years of the long-range plan.
- (5) Minor Leases (facility lease procurements expected to have annual rent expenses less than or equal to \$1 million): All new and replacement leases by VA or GSA must be provided. Specific projects must be identified for the first five years of the long-range plan and the lump sum category should be used to identify remaining requirements for years six through 10.
- (6) VHA NRM: No threshold. Specific projects must be identified for the first three years of the long-range plan and the lump sum category should be used to identify remaining requirements for years four through 10.
- (7) NCA NRM: All new projects \$1 million or greater must be listed. The lump sum category should be used to identify projects for the first three years only of the long-range plan.
- (8) Enhanced-Use Leases: No threshold; all new projects are required. List individual projects beginning in the first five years and use the lump sum category to identify requirements for years six through 10.
- (9) Sharing of Space: No threshold; all new projects required. List individual projects for the first five years of the long-range plan and use the lump sum category to identify requirements for years six through 10.
- (10) VA/Department of Defense (DoD) collaboration: All joint DoD/VA capital projects, including Joint Incentive Fund projects that result in new leases or capital investments, along with their respective sharing agreements, if applicable, are required to be submitted and approved through SCIP.
- (11) Seismic projects: Seismic structural corrections of buildings are required to be entered as stand-alone projects and should not be combined with other non-seismic structural investments. Individual project reporting years and lump sum category requirements for Seismic projects are based on how the project would otherwise be categorized (i.e., a Major Construction, Minor Construction, or NRM project).

**4. GOVERNANCE.** Approvals of capital plans, decision criteria, priority weights, and capital projects included in the annual prioritized lists (and further used to develop annual OMB capital requests) must be conducted through the SCIP Governance process. Staffed and overseen by OAEM, the SCIP process shall be governed by both a Panel and Board comprised and staffed respectively by VA staff officials and leadership officials representing each of the Staff Offices and Administrations with substantive interests in capital decision outcomes. Operational recommendations and decisions regarding SCIP inputs and outputs shall be developed at the SCIP Panel level. For activities impacting SCIP outputs, the SCIP Panel shall provide recommendations to the SCIP Board for approval including (but not limited to) final project submissions, major process changes, criteria, criteria weights, and prioritized project lists. The SCIP Board shall provide final recommendations of SCIP major criteria and weights to the Secretary for approval. Prioritized project selections will be staffed via the annual budget submission process.

**5. SCIP INVESTMENT DECISION CRITERIA DEVELOPMENT PROCESS.**

- a. Decision criteria are developed to address the various priorities of the Department such as safety, security, facility condition, client and customer access, space needs, and alignment to the Strategic Plan. Each year the SCIP Board evaluates the current decision criteria to determine if adjustments are necessary. Priority weights for each criterion are also developed and evaluated by the SCIP Board on an annual basis.
- b. A multi-attribute decision methodology that utilizes priority weights is used to generate prioritized capital project lists to support the development of VA's annual capital budget requests. This methodology facilitates complex decision making by allowing multiple evaluators to consider diverse (quantitative and qualitative) criteria to make decisions.

**6. PROJECT SUBMISSION REVIEW PROCESS.** Each project submission goes through a multi-stage validation and review process. At each phase, results are communicated back to the submitter, who is then given the opportunity to revise their submissions. The SCIP project submission review process is as follows:

- a. Initial validation check: Staff review of capital plan and project submissions for completeness and general compliance with call memorandum(s) requirements.
- b. SCIP Panel Review: The SCIP Panel reviews plan and project submissions for compliance, reasonableness, feasibility, inclusion of non-capital solutions, and consistency.
- c. SCIP Board Review: The SCIP Board reviews Panel recommendations related to projects and plans that appear to have compliance issues.
- d. Subject Matter Expert (SME) Review: SMEs review and evaluate plans and project submissions based on their specialized criteria in the following subject areas: construction and leasing standards, security, energy, strategic planning,



VA/DoD collaboration, research, and IT matters. Other SME teams or reviewers may be added as deemed appropriate.

## **7. BUSINESS CASE JUSTIFICATION REQUIREMENTS REVIEW AND PRIORITIZATION PROCESS.**

- a. Business case justification must be completed for the following project types in order to be considered for inclusion in the current year budget request: 1) Major Construction; 2) Minor Construction; 3) Major Lease (new presence and replacement); 4) Mid-Level Lease (new presence and replacement) 5); new presence Minor Lease greater than 5,000 net usable square feet (NUSF); and 6) replacement Minor Lease greater than 5,000 NUSF with expansion that increases in size greater than 10% . Lease projects include both clinical or non-clinical functions, regardless of size and annual rent.
- b. Each applicable project's business case justification is evaluated using a two-step process.
  - (1) Validation: The first step is validation. This step ensures that the project is included in the long-range capital plan for the budget year being developed. The validation step also ensures the project is within SCIP goal targets and meets all guidance and direction in the SCIP call memorandum(s).
  - (2) Prioritization: The second step is prioritization, which involves the SCIP Panel and auxiliary Panel members if necessary. The SCIP Panel evaluates each project on how well it addresses or contributes to the decision criteria. Ratings for each criterion are entered into decision software that automates the calculations required by the multi-attribute decision methodology. A project's score is a combination of the ratings for each criterion and the priority weights for those criteria, times the number of Panel members. The result is a listing of capital projects ranked in priority order. This prioritized listing of capital projects is then used to formulate the annual capital budget request to OMB, which is granted final approval through the Governance process.
- c. Business case justifications are not required for Minor Leases that do not meet the thresholds discussed above, nor for NRM projects. These Minor Leases are not scored or prioritized but are considered SCIP-approved. NRM projects are scored and prioritized in SCIP based on project submission data.

## **8. CAPITAL PROGRAM REQUIREMENTS MANAGEMENT PROCESS.**

- a. The CPRMP was established to ensure projects are not executed with changes in scope (cost, space, and programs) above thresholds established in CPRMP policy without prior approval from VA leadership. It also addresses stakeholders' concerns, including OMB and Congress, regarding increases in project scope and costs for VA's Major Construction programs,

- b. The CPRMP was approved by the Secretary on August 20, 2013. Implementation guidance was issued via the memorandum originally signed by the Principal Executive Director, Office of Acquisition, Logistics, and Construction (003) and the Executive in Charge of the Office of Management and Chief Financial Officer (004) on February 19, 2014. The latest approved revision to the CPRMP guidance shall supersede all prior versions.
- c. Projects subject to the CPRMP guidance include all in-process projects since SCIP 2012, including Major Construction and authorization-level leases (Major Leases). CPRMP project reviews shall be in accordance with the latest approved policy, requirements, which include project change approval thresholds.
- d. Capital planners and those executing VA's major programs are responsible for compliance with VA's most current change management policies, including the CPRMP.

## **9. SCIP OUT OF CYCLE PROCESS.**

- a. Capital project requirements not previously approved through SCIP but deemed urgent need are required to complete an Out of Cycle (OOC) submission in the SCIP Automated Tool (SAT). OOC submissions must receive approval before proceeding.
- b. Specific guidance on how to submit new OOC project requirements is provided by OM's annually issued call memorandum(s) to the Under Secretaries, Assistant Secretaries, and Other Key Officials of all Administrations and Staff offices for submission of their operating budget and performance plans for construction and leasing programs.
- c. Emergency projects necessary for the protection of life and/or property do not require SCIP approval prior to execution and may proceed immediately, followed by appropriate OOC approval for above-threshold requirements.

## **10. OFFICE OF INSPECTOR GENERAL EXCEPTION.**

- a. Office of Inspector General (OIG) projects shall be submitted in SCIP to capture gap closure and cost information only and do not require completion of business case justification requirements.
- b. OIG SCIP budget year project submittals will include the following footnote in the applicable President's Budget requests, Volume IV: "Office of Inspector General (OIG) projects are submitted in SCIP to capture gap closure and cost information. This OIG project has completed the necessary requirements in accordance with the Inspector General Empowerment Act of 2016 (Public Law 114-317)."