

GAO

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

December 1999

VA HEALTH CARE

Laundry Service Operations and Costs



**Health, Education, and
Human Services Division**

B-283006

December 21, 1999

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

Dear Mr. Chairman:

The Department of Veterans Affairs (VA) health care system requires a number of nonclinical services, such as food services, laundry, and housekeeping, to support the delivery of clinical care. About one-third of VA's health budget is spent on support services. Because support services make up a large share of health care operating expenses, one focus of health care systems in the 1990s was on reinventing the way they provided support services within their overall efforts to increase the efficiency of health care delivery. Health care systems have used a variety of methods to increase efficiency, such as consolidating services, changing technology, and outsourcing services.

VA provides many of these support services to inpatients. VA spent approximately \$8.4 billion on inpatient services—which included clinical and support services—for about 650,000 inpatients admitted to its facilities in fiscal year 1998. VA provides inpatient health care in 175 locations in its hospitals, nursing homes, and domiciliaries.¹

You have expressed concern that VA may not have focused adequately on increasing the efficiency of services that support its delivery of patient care. To address this concern, you asked us to develop a body of work providing baseline data on major VA support services and assessing options for increasing their efficiency. This is the second report in a series on VA support services; the first report described VA food service operations.² As requested, this report provides fiscal year 1998 baseline information on (1) the type and volume of laundry service VA provides, (2) how VA provides laundry services, (3) the cost VA incurs, and (4) the revenue VA generates from selling laundry services. We will examine

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

²VA Health Care: Food Service Operations and Costs at Inpatient Facilities (GAO/HEHS-00-17, Nov. 19, 1999).

options for increasing the efficiency of VA laundry services in a subsequent review.

To perform our work, we interviewed VA headquarters officials, conducted site visits with local VA officials and telephone interviews with officials from all 22 Veterans Integrated Service Networks (VISN), and surveyed VA officials who were associated with laundry operations at local VA facilities. Through this survey, we identified 210 VA Health Care Delivery Locations (HCDL) that required laundry service, including hospitals, nursing homes, domiciliaries, outpatient clinics, or some combination of these types of facilities. See appendix I for a complete description of our scope and methodology. We performed our work between May 1999 and October 1999 in accordance with generally accepted government auditing standards.

Results in Brief

VA's 210 HCDLs generated nearly 159 million pounds of laundry in fiscal year 1998. Most of VA's laundry services involved the routine cleaning of textiles, although some also included specialized work, such as laundering operating room textiles and uniforms and making textile repairs. The amount of laundry that HCDLs used varied greatly among locations, ranging from 116 pounds at a small outpatient clinic to nearly 3 million pounds at a large health care facility.

Sixty-eight VA-owned and VA-operated laundries processed 91 percent (145 million pounds) of VA HCDLs' total laundry poundage. Laundries varied in the amount of pounds processed, with the larger facilities serving multiple HCDLs. Private vendors operating VA-owned laundries or vendor-owned laundries processed about 9 percent (14 million pounds) of VA's laundry poundage.

In fiscal year 1998, VA spent about \$78 million on laundry services. Of this cost, 89 percent was for VA-owned and VA-operated laundries that employed a total of 1,462 full-time-equivalent employees (FTEE). The other 11 percent was for services that vendor-operated laundries provided. VA's average total cost per pound to process laundry was 50 cents, but VA's unit costs varied from 23 cents to \$1.04 per pound. Since 1982, VA also incurred modernization costs totaling nearly \$256 million for its laundries.

Thirty-six VA laundries also sold laundry service to 74 non-VA customers, primarily other public agencies. VA laundries processed almost 11 million pounds for non-VA organizations in fiscal year 1998, generating nearly

\$4 million in gross revenue while incurring costs of about \$3.7 million. More than half of the non-VA customers were federal facilities such as Department of Defense (DOD) installations and federal prisons. The others were state and local, private nonprofit, and private for-profit organizations.

Background

VA's health care delivery locations include hospitals, nursing homes, domiciliaries, outpatient clinics, or some combination of these facilities. Overall, VA operates 172 hospitals, 131 nursing homes, and 40 domiciliaries. Over the past decade, VA has dramatically decreased inpatient hospital care by about 58 percent, most of the decline in the past 3 years. At the same time, VA increased its emphasis on outpatient care by establishing community-based clinics and increasing outpatient care at its existing delivery locations. The downsizing of inpatient care has created additional pressures to minimize the costs of support services because fewer patients need these services in most locations.³

As a support service, VA laundries provide clean laundry for VA patients in a variety of settings. The volume of services can be as little as laundering an examination gown for an outpatient visit to a VA clinic to laundering bedding for pre-operation, surgical, recovery, and patient beds and all the necessary textiles surgical staff use in an operating room for a patient undergoing surgery.

In fiscal year 1996, VA consolidated the management of its inpatient delivery locations into 22 VISNS. These VISNS are responsible for making basic budgetary, planning, and operating decisions to meet the health care needs of veterans within specified geographic areas. VISNS vary in the extent to which they delegate or direct initiatives regarding VA laundry operations at their HCDLS.

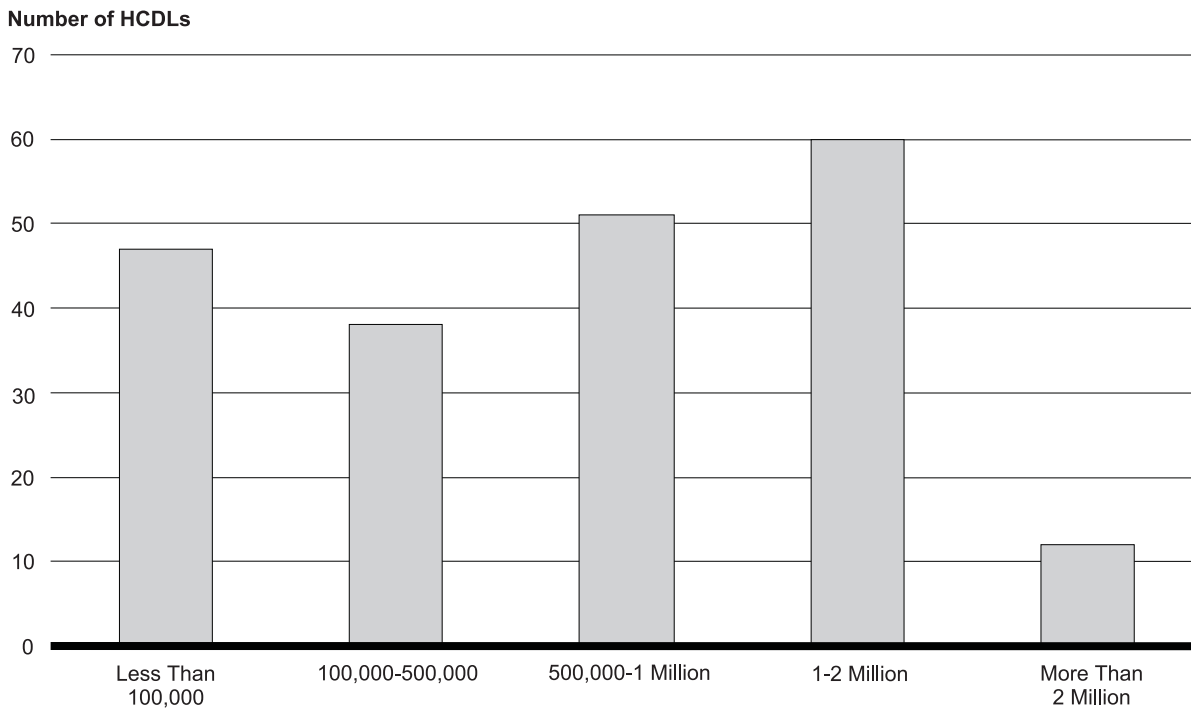
VA's Laundry Services Are Primarily for Routine Cleaning

Routine cleaning accounts for about 70 percent of VA's total laundry services. VA's 210 HCDLS require laundry services primarily for the routine cleaning of such textiles as sheets, blankets, towels, and pajamas. They also require cleaning for specialized items such as operating room textiles and uniforms. In addition, laundry locations need services to mend damaged textiles and replace buttons and zippers.

³See VA Health Care: Challenges Facing VA in Developing an Asset Realignment Process (GAO/T-HEHS-99-173, July 22, 1999).

Routine cleaning among VA HCDLs ranged from 116 pounds at an outpatient clinic in Lorain, Ohio, to 2.7 million pounds at a large medical center in Houston, Texas. The average amount of laundry generated by HCDLs was about 757,000 pounds, with most HCDLs totaling less than 1 million pounds, as shown in figure 1.

Figure 1: Pounds of Laundry VA HCDLs Generated in Fiscal Year 1998



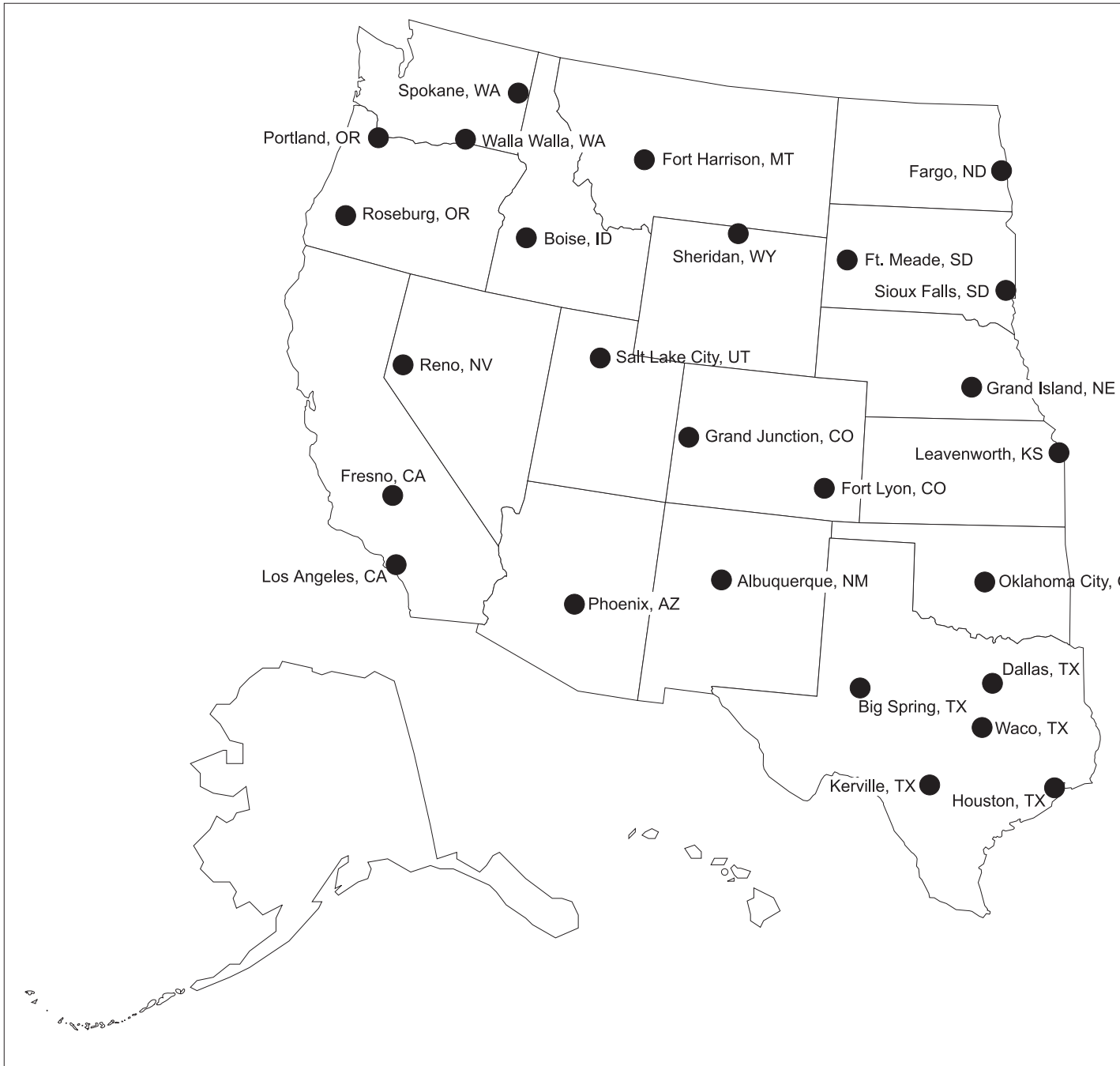
VA-Operated Laundries Served Most Delivery Locations

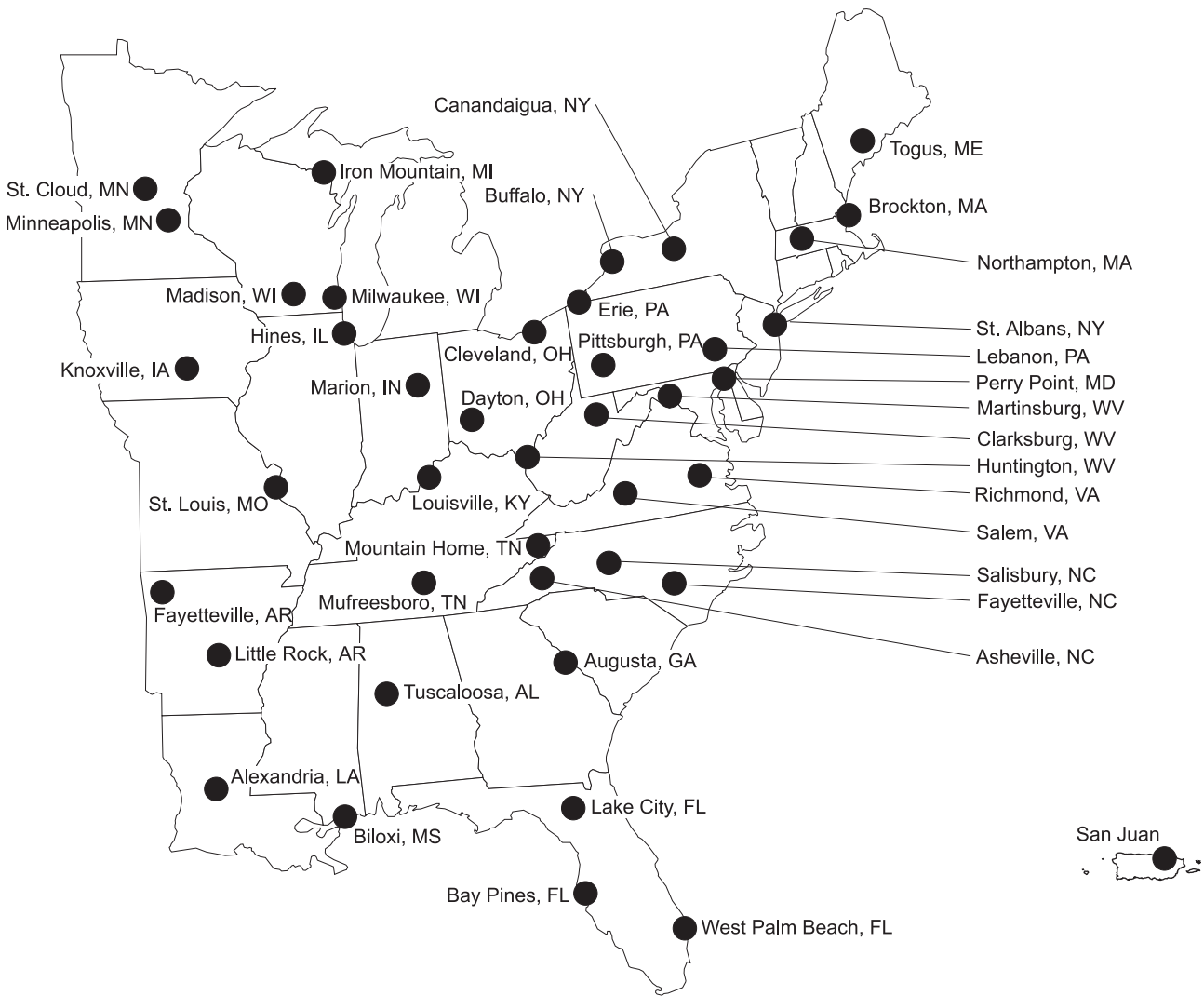
In fiscal year 1998, 68 VA-owned and VA-operated laundries served most of VA's HCDLs, but two other types of laundries also served HCDLs. VA owned 3 laundries whose space and equipment contractors used to process laundry onsite, while 13 off-site contractor-owned and contractor-operated laundries also processed laundry for HCDLs.

**VA Owns and Operates 68
Laundries**

The 68 VA-owned and VA-operated laundries provided 91 percent of VA's laundry service in fiscal year 1998. These laundries are widely dispersed throughout the country (see figure 2).

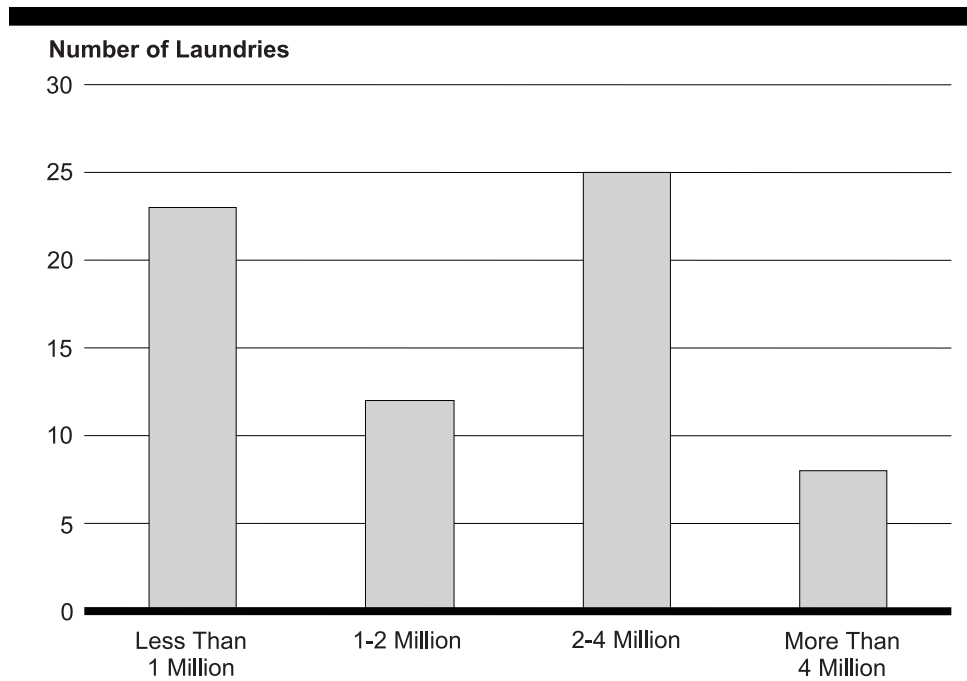
Figure 2: Locations of 68 VA-Owned and VA-Operated Laundries in Fiscal Year 1998





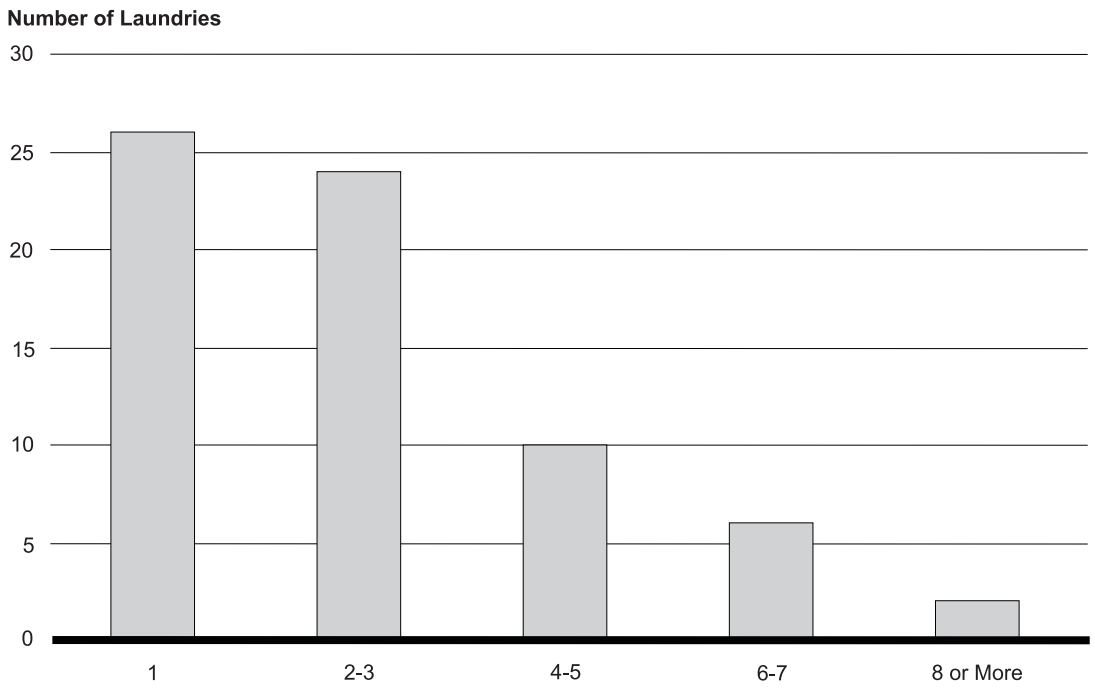
Amounts of processed laundry ranged from about 270,000 pounds in Grand Junction, Colorado, to approximately 11.4 million pounds in St. Albans, New York. More than half of VA-operated laundries processed 2 million pounds or less (see figure 3).

Figure 3: Pounds of Laundry Processed at VA-Owned and VA-Operated Laundries in Fiscal Year 1998



Almost two-thirds of VA-owned and VA-operated laundries serve between two and nine HCDLs. Twenty-six VA-operated laundries serve a single HCDL. (See figure 4.)

Figure 4: Number of HCDLs VA-Owned and VA-Operated Laundries Served in Fiscal Year 1998

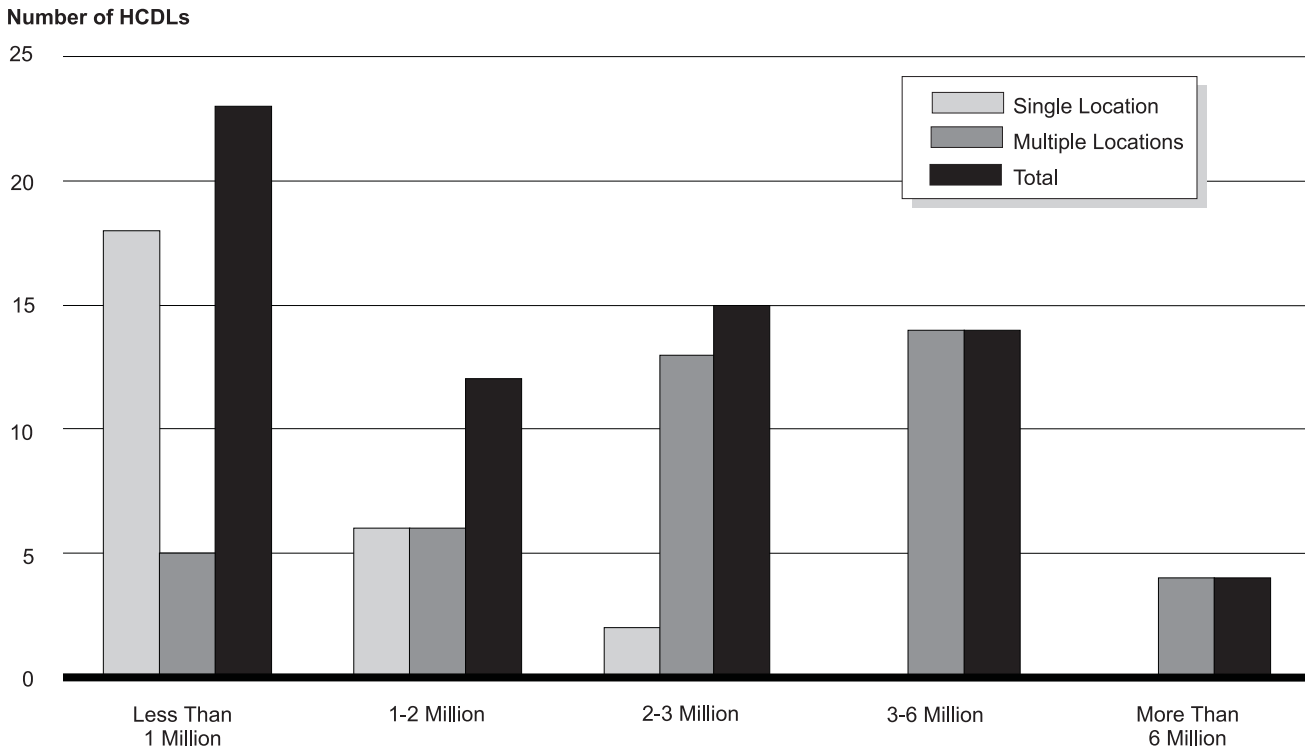


The laundry in St. Albans, New York, is the largest that serves two or more HCDLs. In fiscal year 1998, the St. Albans laundry served all nine of the major health care facilities in VISN 3. The farthest that the St. Albans facility transported laundry was the 65 miles to Castlepoint, New York, the roundtrip driving time taking approximately 3 hours.

Several VA laundries that serve only one HCDL are hundreds of miles away from any other HCDL. For example, the HCDL nearest to Albuquerque, New Mexico, is El Paso, Texas, and the distance between the two is 263 miles.

Most laundries that served one location processed less than 1 million pounds of laundry in fiscal year 1998, whereas most laundries that served more than one location processed more than 3 million pounds (see figure 5).

Figure 5: Pounds of Laundry Processed for Single HCDLs and Multiple HCDLs in Fiscal Year 1998



The size of VA laundry facilities varied from about 3,300 square feet in Fort Harrison, Montana, to 71,000 square feet in Hines, Illinois. Of the 68 VA-owned and VA-operated laundries, 52 are located in a separate structure near the main health care delivery building. The remaining 16 occupy space within the main health care building.

VA-owned and VA-operated laundries employed 1,462 FTEES in fiscal year 1998. All wage rate employees were represented by unions and received hourly wages from \$5.25 to \$22.65. The number of FTEES ranged from 4 at the laundry in Iron Mountain, Michigan, to 78 in St. Albans, New York. The average number of FTEES employed by VA-operated laundries was 21.

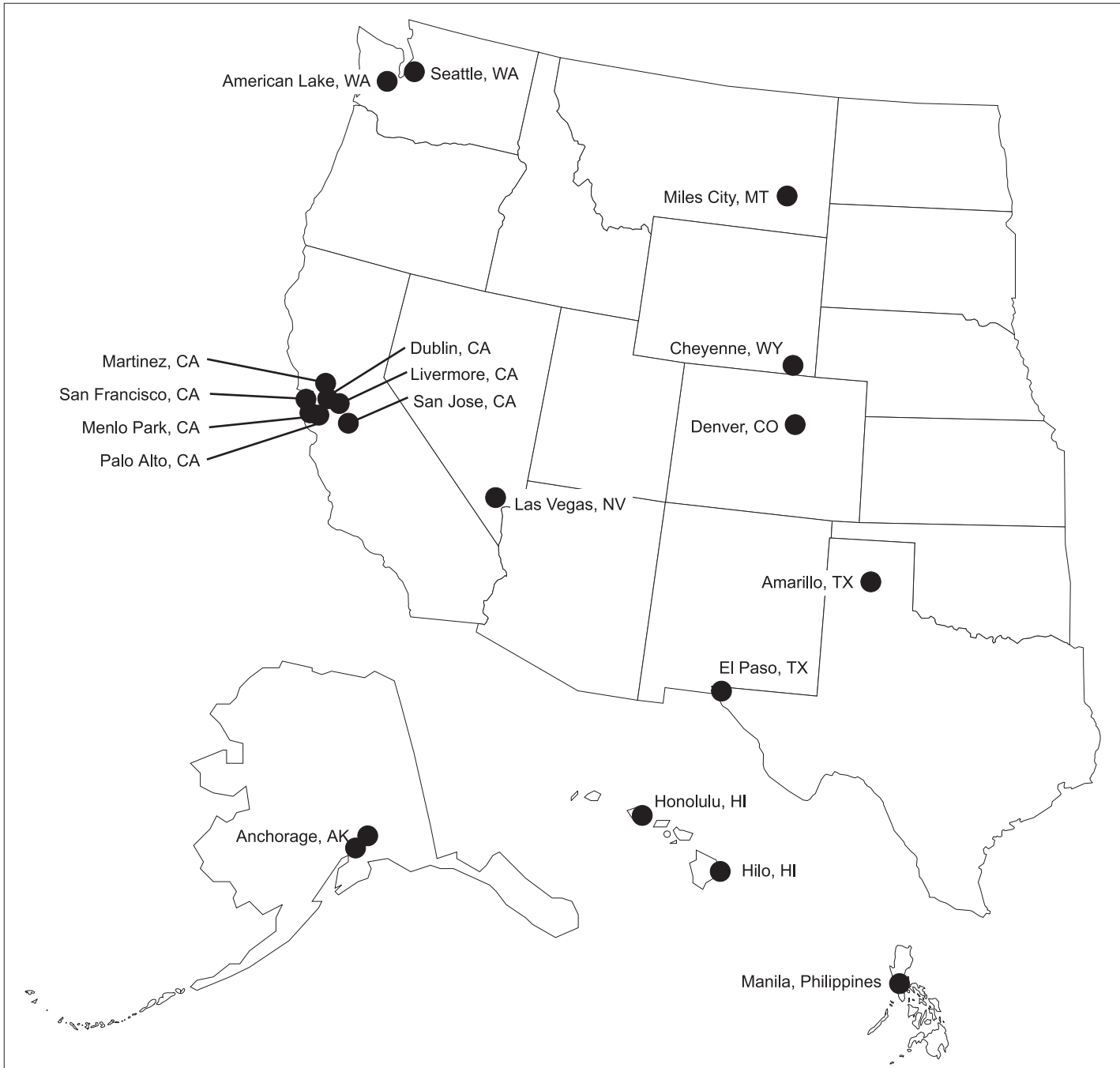
VA Owns Three Laundries That Contractors Operated

In fiscal year 1998, VA owned three laundries in which contractors provided production labor and used VA's laundry facility and equipment. These laundries provided about 3.6 percent of VA's service. The one in Battle Creek, Michigan, was the largest, processing a total of about 2.8 million pounds for four HCDLS. The laundries in Albany and Bath, New York, processed nearly 2.2 million and about 729,000 pounds, respectively.

VA Used 13 Laundries That Contractors Owned and Operated

VA contracted with 13 commercial laundries to provide laundry service offsite for 21 HCDLS in fiscal year 1998. These commercial laundries provided about 5.8 percent of VA's laundry services. The largest amount of laundry processed by a contractor was in Palo Alto, California—about 2.6 million pounds for five HCDLS. The Anchorage, Alaska, domiciliary had the smallest amount processed by a contractor—nearly 19,000 pounds. In fiscal year 1998, the HCDLS that contracted out laundry services were located primarily in the western part of the United States (see figure 6).

Figure 6: Locations of the 21 HCDLs That Contracted Out Laundry Services in Fiscal Year 1998

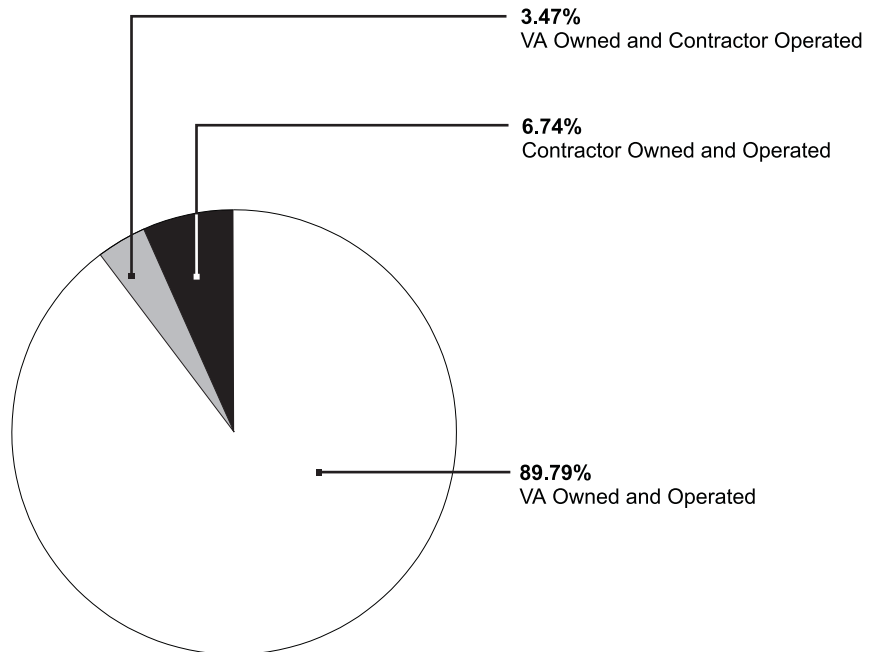




VA-Operated Laundries Accounted for the Majority of Costs

In fiscal year 1998, VA spent about \$78 million to meet its annual operating costs for laundry services and employed a total of 1,497 FTEES. VA spent \$70.4 million to provide services at laundries it owns and operates with production costs—direct and administrative labor, supplies, and utilities—accounting for the majority of VA’s laundry expenditures. Additionally, VA spent \$8 million at contractor-operated laundries, including three that VA owned. The total cost per pound to process laundry at VA-operated laundries ranged from 23 cents to \$1.04 per pound, while the cost per pound at contractor-operated laundries ranged from 36 cents to \$1.01. Since 1982, VA has incurred modernization costs totaling about \$256 million to equip, renovate, or construct new laundry facilities or do some combination of these. (See figure 7 for the percentage of costs accounted for by the three types of laundries.)

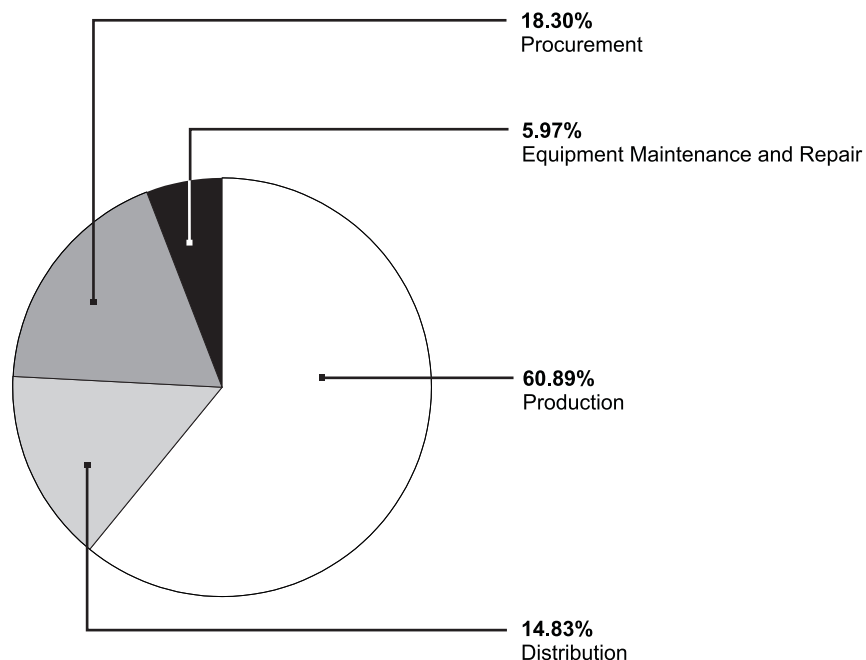
Figure 7: Percentages of Total Laundry Costs by Type of Laundry in Fiscal Year 1998



VA’s Costs to Own and Operate 68 Laundries

Annual operating costs for VA-owned and VA-operated laundries totaled \$70.4 million in fiscal year 1998. Operating costs covered four primary functions: (1) production, (2) distribution, (3) procurement, and (4) equipment maintenance and repair. Production accounted for the majority of operating costs. (See figure 8.)

Figure 8: Percentages of Laundry Facility Operating Costs by Function in Fiscal Year 1998



VA's production costs included all costs that were directly related to processing laundry: direct and administrative labor, supplies, and utilities. Production costs for VA-operated laundries totaled almost \$43 million. Of this amount, direct labor accounted for 62 percent and involved 965 FTEES.

VA's laundry distribution costs totaled slightly more than \$10.4 million, which consisted of external transportation and internal distribution. External transportation is the shipment of soiled laundry from an HCDL to the laundry plant and the shipment of the clean laundry back to the HCDL. External transportation costs include FTEES' salaries, vehicle leases and purchases, fuel, and vehicle maintenance and repair and totaled approximately \$4.5 million in 1998. Internal distribution costs include the number of FTEES required to collect soiled laundry and distribute the clean laundry within the HCDLS. In total, 204 FTEES distributed laundry at an annual cost of \$5.9 million.

VA laundry service also incurs procurement costs primarily for purchasing new textiles. Procurement costs at VA-operated laundries totaled nearly

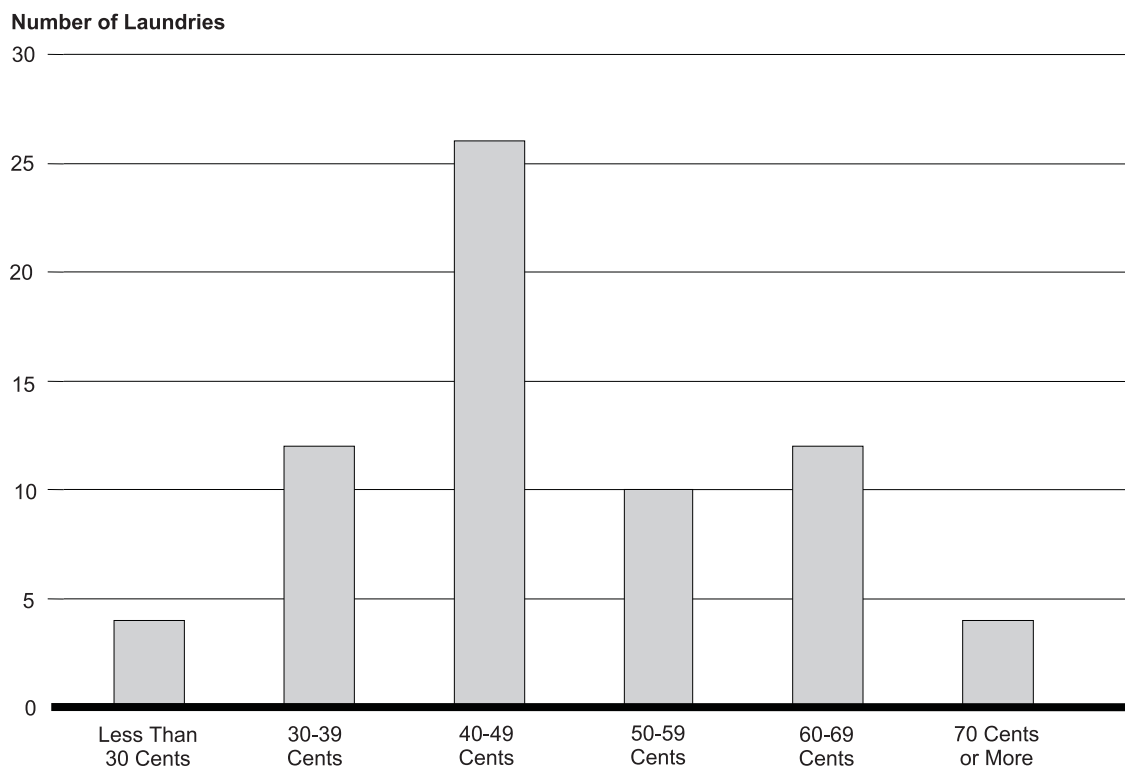
\$12.9 million, of which 89 percent was spent to purchase new textiles. Thirty-nine FTEES repaired damaged textiles at a cost of \$1.2 million.

VA's equipment maintenance and repair costs totaled \$4.2 million at VA-operated laundries. A total of 58 FTEES maintained and repaired VA's laundry equipment at an annual cost of nearly \$2.4 million.

The total cost per pound at VA-owned and VA-operated laundries ranged from 23 cents in Buffalo, New York, to \$1.04 in Big Springs, Texas. In fiscal year 1998, the Buffalo facility employed 14 direct labor FTEES to process nearly 3.4 million pounds of laundry, while the Big Springs facility employed 6 direct labor FTEES to process about 300,000 pounds. The ratio of direct labor FTEES to pounds processed in a year was 1 to nearly 240,000 in Buffalo and 1 to about 50,000 in Big Springs. Overall, total costs averaged 50 cents per pound at VA-operated facilities. (See figure 9 for the total cost per pound at VA-owned and VA-operated laundries.)⁴

⁴Appendixes II and III provide additional information regarding the 68 VA-owned and VA-operated laundries.

Figure 9: Laundry Costs Per Pound at VA-Owned and VA-Operated Laundries in Fiscal Year 1998



VA's Costs for the Three VA-Owned and Contractor-Operated Laundries

In fiscal year 1998, three VA-owned and contractor-operated laundry facilities in Battle Creek, Michigan, Albany, New York, and Bath, New York, incurred total operating costs of about \$2.7 million. Of these costs, approximately \$1.3 million, slightly less than half, were solely for laundry production the contractors performed. VA spent the remaining \$1.4 million for oversight, supplies and utilities, distribution of laundry, procurement of textiles, and maintenance and repair of laundry equipment. The total cost for laundry service was 36, 54, and 55 cents per pound in Albany, Bath, and Battle Creek, respectively.

The Battle Creek laundry, which provided laundry service for Battle Creek, Ann Arbor, Detroit, and Saginaw, Michigan, HCDLS, had total laundry operating costs of approximately \$1.5 million to process 2.8 million pounds. The Albany, New York, laundry facility, which provided laundry service to the Albany HCDL only, incurred total operating

costs of approximately \$795,000 to process 2.2 million pounds. The Bath, New York, laundry facility, which provided laundry service only to the Bath HCDL, incurred total laundry operating costs of approximately \$392,000 to process almost 729,000 pounds.

The Battle Creek laundry facility contracted with a nonprofit entity to process its laundry while Albany and Bath contracted with for-profit organizations. All three contracts were based on a negotiated price per pound. The contract costs amounted to approximately \$453,000, \$137,000, and \$690,000 for the Albany, Bath, and Battle Creek facilities, respectively.

Since all three facilities process laundry onsite, VA incurred additional operating costs for equipment maintenance and repair, utilities, and procurement of textiles that the contractor did not provide. These costs amounted to \$342,000, \$254,000, and \$840,000 for Albany, Bath, and Battle Creek, respectively. VA incurred slightly more than half of the total laundry costs. All three facilities retained a total of 10.4 FTEES to provide services not covered by their contracts.

VA's Costs for Contractor-Provided Laundry Service

In fiscal year 1998, 21 HCDLs purchased services from 13 commercial laundries, paying about \$3.4 million to contractors and incurring almost \$1.9 million in additional VA operating costs. Contract costs accounted for approximately two-thirds of total costs. Services that contractors provided varied widely. For example, contractors transported laundry to and from the facilities for 18 of the 21 HCDLs.

Most contracts did not include a provision for contractors to distribute laundry at the HCDL or to procure new textiles. As a result, VA provided these and other services at a total cost of about \$1.9 million. VA staff engaged in these activities totaled about 25.3 FTEES in 1998. The total cost per pound for HCDLs served by contractor-owned and contractor-operated laundries ranged from 39 cents per pound in San Francisco, California, to \$1.01 per pound at the Anchorage, Alaska, domiciliary. Of the 21 HCDLs that contracted out for laundry services, 11 had contracts that calculated laundry costs by the pound. Ten HCDLs entered into contracts in which laundry costs were calculated from a fixed price, from a combination of a fixed price and price per pound, or by the piece.

VA's Costs Incurred From Modernizing Its Laundries

In addition to its annual operating costs, VA made significant capital investments to modernize its laundries. The laundry modernization

program that VA began in 1982 cost a total of \$256 million. Construction costs totaled \$120 million, and equipment costs amounted to \$106 million. Associated central office support costs amounted to about \$30 million. Support that the central office provided included managing project development, prioritizing funding, providing equipment funding, preparing specifications, and serving as project manager for the National Acquisition Center.

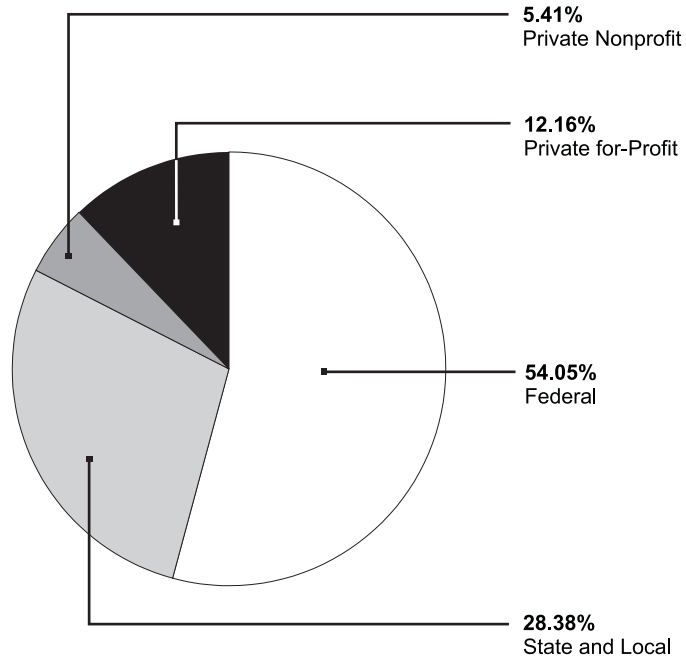
In fiscal year 1998, Battle Creek's laundry, one of the more recent projects, was modernized at a cost of \$7.1 million dollars. It cost VA \$1.9 million dollars to purchase and renovate the building where the laundry is located and another \$5.2 million for new equipment. According to Battle Creek officials, the useful life expectancy of the equipment is about 15 years.

VA Generates Revenue by Selling Laundry Service to Non-VA Customers

In fiscal year 1998, 36 VA laundries sold laundry service to 74 non-VA customers. (See appendix IV for summary information about the 36 VA laundries that sell service to non-VA customers.) Gross revenue amounted to approximately \$4 million, with processing costs totaling \$3.7 million, resulting in net revenue of about \$300,000. Gross revenue generated by VA laundries varied from \$255 in Fort Lyon, Colorado, to \$992,000 in Richmond, Virginia.

At the 36 laundries that sold services in fiscal year 1998, 11.5 percent of pounds processed was for non-VA customers and 88.5 percent was for VA customers. VA sold laundry service to federal, state, local, and private entities. Of the 74 contracts with non-VA customers, 13 involved competitive bids and 61 did not. About half of the 61 contracts that were not competitively bid were the result of VA and DOD sharing agreements, and the rest combined other types of arrangements. Slightly more than half of these non-VA customers were federal facilities such as DOD installations and federal prisons, as figure 10 shows.

Figure 10: Percentages of Non-VA Laundry Contracts in Fiscal Year 1998



Agency Comments

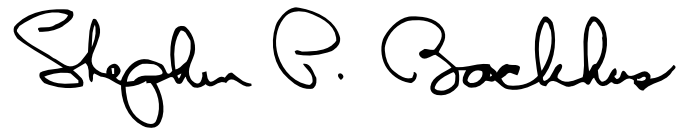
In a November 29, 1999, letter printed in appendix V, VA said that our report provides an accurate description of laundry service delivery in the Veterans Health Administration. VA also provided technical comments that we incorporated as appropriate.

As we arranged with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days after its date. We will then send copies to the Secretary of Veterans Affairs, interested congressional committees, and others who are interested. We will also make copies of the report available to others upon request.

If you have any questions about the report, please call me at (202) 512-7101 or Paul R. Reynolds, Assistant Director, at (202) 512-7109. Other major

contributors to this report were Jean N. Harker, Senior Evaluator; Michael Gorin, Evaluator; Richard Geiger, Evaluator; and Susan Lawes, Senior Social Science Analyst.

Sincerely yours,

A handwritten signature in black ink that reads "Stephen P. Backhus". The signature is written in a cursive style with a large, looped initial "S".

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

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Abbreviations

DOD	Department of Defense
FTEE	full-time-equivalent employee
HCDL	Health Care Delivery Location
VA	Department of Veterans Affairs
VISN	Veterans Integrated Service Network

Scope and Methodology

We focused our work on the Department of Veterans Affairs (VA) laundry operations for fiscal year 1998 in order to provide baseline information on (1) the type and volume of laundry service that VA provides, (2) how VA provides laundry services, (3) the cost VA incurs, and (4) the revenue VA generates from selling laundry services.

To obtain this information, we interviewed VA headquarters officials in the Environmental Program Service and Facilities Management Service. We obtained documents from VA headquarters officials on VA's textile care program, its laundry modernization efforts, the locations of laundry facilities, and the different ownership categories of laundries.

We obtained information about specific locations through site visits, interviews, a telephone survey, and a mail survey to VA officials who were associated with laundry operations. We also interviewed private sector laundry contractors. We visited and interviewed officials at Richmond, Virginia, Battle Creek, Michigan, and Denver, Colorado, VA laundry facilities. We obtained relevant documents on the laundry operations at these site visits. We visited and interviewed a laundry contractor for the Denver Health Care Delivery Location (HCDL) and interviewed by telephone another laundry contractor for the Palo Alto, San Francisco, and Martinez HCDLs in California.

The telephone survey of officials from all 22 Veterans Integrated Service Networks (VISN) identified health care delivery locations that required laundry service. From this information, we prepared and sent a mail survey to 68 VA-owned and VA-operated laundries, 3 VA-owned and contractor-operated laundries, and 16 VA contract specialists that represent the 21 HCDLs served by 13 contractor-owned and contractor-operated laundries. We obtained data from the survey on the type and volume of laundry service VA provides, how VA provides this service, the cost VA incurs, and the revenue VA generates from selling laundry service. We analyzed and summarized data categories such as pounds processed, total costs, and revenue generated for fiscal year 1998. We compared data from the facilities in order to establish high and low ranges. We examined the data as we received them and conducted followup telephone calls when we found discrepancies and inconsistencies.

We performed our review between May 1999 and October 1999 in accordance with generally accepted government auditing standards.

68 VA-Owned and VA-Operated Laundries

Laundry	State	Total pounds processed	Number of HCDLs served	Total cost per pound
Albuquerque VAMC	N. Mex.	908,808	1	\$0.67
Alexandria VAMC	La.	1,527,241	3	0.69
Asheville VAMC	N.C.	1,082,075	1	0.59
Augusta VAMC	Ga.	6,148,110	5	0.49
Bay Pines VAMC	Fla.	3,644,281	2	0.37
Big Springs VAMC	Tex.	299,539	1	1.04
Biloxi VAMC	Miss.	5,151,537	6	0.35
Boise VAMC	Idaho	451,824	1	0.52
Brockton VAMC	Mass.	6,560,796	9	0.42
Buffalo Division	N.Y.	3,358,110	2	0.23
Canandaigua VAMC	N.Y.	2,157,399	2	0.46
Clarksburg VAMC	W. Va.	600,000	1	0.47
Cleveland HCS	Ohio	1,761,996	7	1.00
Dallas VAMC	Tex.	2,528,435	3	0.44
Dayton VAMC	Ohio	3,161,183	4	0.48
Erie VAMC	Pa.	945,503	1	0.45
Fargo VAMROC	N. Dak.	740,325	1	0.44
Fayetteville VAMC	Ark.	686,997	2	0.64
Fayetteville VAMC	N.C.	2,058,096	1	0.39
Fort Harrison VAMROC	Mont.	280,850	1	0.82
Fort Lyon HCS	Colo.	572,041	1	0.58
Fort Meade VAMC	S. Dak.	950,381	2	0.41
Fresno HCS	Calif.	393,690	1	0.68
Grand Island VAMC	Nebr.	627,174	2	0.38
Grand Junction VAMC	Colo.	270,178	1	0.66
Hines VAH	Ill.	3,301,808	3	0.44
Houston VAMC	Tex.	2,745,911	3	0.40
Huntington VAMC	W. Va.	729,174	2	0.43
Iron Mountain VAMC	Mich.	316,829	1	0.60
Kerrville VAMC	Tex.	2,755,074	7	0.39
Knoxville Division	Iowa	3,050,992	4	0.47
Lake City Division	Fla.	2,708,491	6	0.31
Leavenworth VAMC	Kans.	2,808,612	4	0.46
Lebanon VAMC	Pa.	857,788	2	0.68
Little Rock VAH	Ark.	3,905,166	2	0.54
Louisville VAMC	Ky.	1,537,487	2	0.60

(continued)

**Appendix II
68 VA-Owned and VA-Operated Laundries**

Laundry	State	Total pounds processed	Number of HCDLs served	Total cost per pound
Madison VAH	Wis.	3,127,783	3	0.43
Marion Campus	Ind.	2,662,157	3	0.36
Martinsburg VAMC	W. Va.	1,005,079	3	0.83
Milwaukee VAMC	Wis.	3,973,525	3	0.44
Minneapolis VAMC	Minn.	2,716,965	1	0.52
Mountain Home VAMC	Tenn.	1,500,000	1	0.48
Mufreesboro VAMC	Tenn.	2,349,619	3	0.31
Northhampton VAMC	Mass.	1,580,020	2	0.36
Oklahoma City VAMC	Okla.	1,066,475	1	0.51
Perry Point VAMC	Md.	5,162,798	4	0.57
Phoenix VAMC	Ariz.	2,722,388	3	0.45
Pittsburgh HCS	Pa.	6,372,277	7	0.45
Portland VAMC	Oreg.	1,997,355	1	0.36
Reno VAMC	Nev.	532,223	1	0.64
Richmond VAMC	Va.	5,176,184	2	0.46
Roseburg HCS	Oreg.	1,469,564	4	0.49
Salem VAMC	Va.	1,551,260	1	0.49
Salisbury VAMC	N.C.	2,368,776	2	0.46
Salt Lake City VAMC	Utah	965,588	1	0.46
San Juan VAMC	P. R.	2,465,373	3	0.26
Sheridan VAMC	Wyo.	384,617	1	0.68
Sioux Falls VAMC	S. Dak.	997,103	1	0.27
Spokane VAMC	Wash.	586,644	1	0.43
St. Albans Extended Care Center	N.Y.	11,353,047	9	0.37
St. Cloud VAMC	Minn.	1,083,939	1	0.54
St. Louis VAMC	Mo.	3,305,727	4	0.61
Togus VAMROC	Maine	971,172	1	0.41
Tuscaloosa VAMC	Ala.	2,580,361	4	0.64
Waco VAMC	Tex.	2,897,905	4	0.31
Walla Walla VAMC	Wash.	361,190	1	0.56
West Los Angeles VAMC	Calif.	5,160,816	6	0.51
West Palm Beach VAMC	Fla.	3,838,411	5	0.25

VA Laundry Operating Costs Per Pound by Function

Laundry	State	Production	Distribution	Procurement	Maintenance and repair	Total operating cost per pound
Albuquerque VAMC	N. Mex.	\$0.33	\$0.15	\$0.14	\$0.04	\$0.67
Alexandria VAMC	La.	0.37	0.24	0.07	0.01	0.69
Asheville VAMC	N.C.	0.36	0.11	0.09	0.04	0.59
Augusta VAMC	Ga.	0.26	0.06	0.13	0.04	0.49
Bay Pines VAMC	Fla.	0.20	0.04	0.12	0.01	0.37
Big Springs VAMC	Tex.	0.85	0.02	0.14	0.03	1.04
Biloxi VAMC	Miss.	0.24	0.04	0.05	0.02	0.35
Boise VAMC	Idaho	0.35	0.05	0.05	0.07	0.52
Brockton VAMC	Mass.	0.24	0.05	0.10	0.03	0.42
Buffalo Division	N.Y.	0.16	0.02	0.03	0.02	0.23
Canandaigua VAMC	N.Y.	0.32	0.06	0.05	0.02	0.46
Clarksburg VAMC	W. Va.	0.28	0.05	0.08	0.07	0.47
Cleveland HCS	Ohio	0.71	0.06	0.19	0.05	1.00
Dallas VAMC	Tex.	0.25	0.06	0.09	0.04	0.44
Dayton VAMC	Ohio	0.27	0.13	0.06	0.01	0.48
Erie VAMC	Pa.	0.34	0.04	0.05	0.02	0.45
Fargo VAMROC	N. Dak.	0.27	0.05	0.10	0.02	0.44
Fayetteville VAMC	Ark.	0.36	0.12	0.13	0.02	0.64
Fayetteville VAMC	N.C.	0.31	0.04	0.03	0.02	0.39
Fort Harrison VAMROC	Mont.	0.51	0.10	0.17	0.03	0.82
Fort Lyon HCS	Colo.	0.45	0.05	0.03	0.04	0.58
Fort Meade VAMC	S. Dak.	0.27	0.08	0.04	0.02	0.41
Fresno HCS	Calif.	0.46	0.06	0.17	0.00	0.68
Grand Island VAMC	Nebr.	0.30	0.05	0.02	0.01	0.38
Grand Junction VAMC	Colo.	0.45	0.07	0.10	0.03	0.66
Hines VAH	Ill.	0.24	0.03	0.10	0.06	0.44
Houston VAMC	Tex.	0.24	0.01	0.12	0.03	0.40
Huntington VAMC	W. Va.	0.32	0.04	0.06	0.01	0.43
Iron Mountain VAMC	Mich.	0.43	0.06	0.07	0.04	0.60
Kerrville VAMC	Tex.	0.27	0.04	0.07	0.02	0.39
Knoxville Division	Iowa	0.33	0.07	0.05	0.01	0.47
Lake City Division	Fla.	0.26	0.03	0.01	0.01	0.31
Leavenworth VAMC	Kans.	0.24	0.11	0.07	0.05	0.46
Lebanon VAMC	Pa.	0.44	0.12	0.11	0.02	0.68
Little Rock VAH	Ark.	0.29	0.13	0.10	0.01	0.54
Louisville VAMC	Ky.	0.38	0.09	0.11	0.02	0.60
Madison VAH	Wis.	0.26	0.07	0.09	0.01	0.43

(continued)

**Appendix III
VA Laundry Operating Costs Per Pound by
Function**

Laundry	State	Production	Distribution	Procurement	Maintenance and repair	Total operating cost per pound
Marion Campus	Ind.	0.21	0.08	0.03	0.03	0.36
Martinsburg VAMC	W. Va.	0.58	0.03	0.15	0.08	0.83
Milwaukee VAMC	Wis.	0.27	0.08	0.06	0.03	0.44
Minneapolis VAMC	Minn.	0.35	0.08	0.06	0.03	0.52
Mountain Home VAMC	Tenn.	0.32	0.07	0.07	0.02	0.48
Mufreesboro VAMC	Tenn.	0.18	0.07	0.04	0.01	0.31
Northhampton VAMC	Mass.	0.27	0.03	0.03	0.03	0.36
Oklahoma City VAMC	Okla.	0.27	0.13	0.10	0.01	0.51
Perry Point VAMC	Md.	0.32	0.06	0.10	0.09	0.57
Phoenix VAMC	Ariz.	0.32	0.04	0.06	0.03	0.45
Pittsburgh HCS	Pa.	0.30	0.05	0.09	0.01	0.45
Portland VAMC	Oreg.	0.22	0.02	0.10	0.02	0.36
Reno VAMC	Nev.	0.43	0.06	0.08	0.08	0.64
Richmond VAMC	Va.	0.25	0.09	0.09	0.02	0.46
Roseburg HCS	Oreg.	0.34	0.08	0.07	0.00	0.49
Salem VAMC	Va.	0.24	0.15	0.08	0.02	0.49
Salisbury VAMC	N.C.	0.25	0.07	0.11	0.03	0.46
Salt Lake City VAMC	Utah	0.26	0.13	0.07	0.00	0.46
San Juan VAMC	P. R.	0.22	0.03	0.00	0.00	0.26
Sheridan VAMC	Wyo.	0.47	0.06	0.11	0.04	0.68
Sioux Falls VAMC	S. Dak.	0.19	0.05	0.02	0.01	0.27
Spokane VAMC	Wash.	0.27	0.07	0.08	0.01	0.43
St. Albans Extended Care Center	N.Y.	0.20	0.05	0.09	0.03	0.37
St. Cloud VAMC	Minn.	0.32	0.12	0.08	0.01	0.54
St. Louis VAMC	Mo.	0.26	0.17	0.16	0.02	0.61
Togus VAMROC	Maine	0.26	0.06	0.07	0.02	0.41
Tuscaloosa VAMC	Ala.	0.41	0.11	0.10	0.02	0.64
Waco VAMC	Tex.	0.20	0.04	0.05	0.02	0.31
Walla Walla VAMC	Wash.	0.35	0.06	0.09	0.06	0.56
West Los Angeles VAMC	Calif.	0.29	0.08	0.10	0.03	0.51
West Palm Beach VAMC	Fla.	0.17	0.02	0.06	0.01	0.25

Note: Some functions do not add up to the total operating cost per pound because of rounding.

36 VA-Owned and VA-Operated Laundries That Sell Laundry Service to Non-VA Customers

Laundry	State	Number of agreements	Customer				Gross revenue
			Federal	State or local	Private nonprofit	Private for profit	
Albuquerque VAMC	N. Mex.	1	X				\$40,583
Alexandria VAMC	La.	2	XX				71,285
Biloxi VAMC	Miss.	5	XXXX	X			295,182
Brockton VAMC	Mass.	2	XX				59,429
Buffalo Division	N.Y.	2	X	X			120,684
Dallas VAMC	Tex.	2	XX				85,078
Erie VAMC	Pa.	1		X			141,900
Fargo VAMROC	N. Dak.	3	X			XX	24,508
Fayetteville VAMC	Ark.	1				X	1,980
Fayetteville VAMC	N.C.	1	X				338,639
Fort Harrison VAMROC	Mont.	1				X	476
Fort Lyon HCS	Colo.	1		X			255
Fort Meade VAMC	S. Dak.	5	XX	XXX			26,240
Grand Island VAMC	Nebr.	1		X			12,298
Iron Mountain VAMC	Mich.	1		X			0
Kerrville VAMC	Tex.	2		X	X		4,874
Knoxville Division	Iowa	1				X	4,397
Lake City Division	Fla.	1				X	2,784
Little Rock VAH	Ark.	6	XXXX	XX			109,259
Madison VAH	Wis.	2		X		X	384,555
Martinsburg VAMC	W. Va.	2	XX				3,172
Milwaukee VAMC	Wis.	1	X				142,054
Minneapolis VAMC	Minn.	1		X			158,650
Murfreesboro VAMC	Tenn.	1		X			510
Northampton VAMC	Mass.	4	XXX	X			196,014
Perry Point VAMC	Md.	2	XX				120,892
Phoenix VAMC	Ariz.	1		X			143,259
Pittsburgh HCS	Pa.	1		X			60,950
Richmond VAMC	Va.	4	XXXX				991,790
Roseburg HCS	Oreg.	5	XX	XX		X	123,969
Sioux Falls VAMC	S. Dak.	2	X	X			61,242
Spokane VAMC	Wash.	2	X			X	93,653
St. Albans Extended Care Center	N.Y.	3	X		XX		39,689
Togus VAMROC	Maine	1	X				2,403
Tuscaloosa VAMC	Ala.	2	XX				33,537
West Palm Beach VAMC	Fla.	1			X		30,010

Comments From the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

NOV 29 1999

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

Dear Mr. Backhus:

We have reviewed your draft report **VA HEALTH CARE: Laundry Service Operations and Costs**, GAO/HEHS-00-16, and generally agree in the overall accuracy of factual details. The report should provide valid baseline data for GAO's current follow-up assessment of specific textile care operations efficiency options. Under separate cover, we have provided several suggested edits to the report that we believe will clarify some potentially misleading statements.

We anticipate that GAO's current efficiency review of textile care operations will focus in more detail on the wide variance in costs associated with contract vs. in-house laundry processing, since this initial draft provides only an overview of the total picture. We look forward to working closely with GAO evaluators to assure their access to comprehensive information about related issues.

Thank you for the opportunity to review and comment on your draft report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Duffy", written over a faint, larger signature.

Dennis Duffy
Assistant Secretary for
Planning and Analysis

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