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SB-543 Veterans: Veterans' Home of California. (2015-2016)

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Senate Bill No. 543

CHAPTER 424

An act to amend Section 1049 of, and to repeal and add Sections 1047 and 1048 of, the Military and Veterans Code, relating to veterans, and making an appropriation therefor.

[Approved by Governor September 21, 2016. Filed with Secretary of State September 21, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 543, Wolk. Veterans: Veterans' Home of California.

Existing law provides for the establishment and operation of the Veterans' Home of California at various sites, including homes in Barstow, Chula Vista, Lancaster, Ventura, and Yountville, and provides for an administrator for each home or homesite. Existing law defines "home" and "administrator" for these purposes. Existing law establishes the Veterans' Home Fund in the State Treasury, which includes the proceeds of certain bonds. Existing law requires, upon appropriation of the Legislature, the Department of Veterans Affairs to use money in the fund for the purpose of designing and constructing veterans' homes in California.

Existing law requires the administrator of a veterans' home to maintain a Morale, Welfare, and Recreation Fund, which is required to be used, at the discretion of the administrator and subject to the approval of the Secretary of Veterans Affairs, to provide for the general welfare of the veterans. Existing law specifies the moneys required to be deposited into the fund, and requires the administrator to prepare an itemized report for the expenditures made out of, and deposits made into, the fund. Under existing law, those reports are required to be submitted to the secretary, the fiscal committees of the Assembly and Senate, the committees of the Assembly and the Senate that have subject matter jurisdiction over veterans' affairs, and the Veterans' Home Allied Council on or before August 20 of each year.

This bill would create the Veterans' Home Morale, Welfare, and Recreation Special Fund (MWR Fund), a continuously appropriated fund, in the State Treasury. The bill would require the administrator of a veterans' home to deposit all moneys maintained by the administrator in an existing Morale, Welfare, and Recreation Fund into the statewide MWR Fund. The bill would require the administrator of each home to establish a Morale, Welfare, and Recreation Operating Fund (MWRO Fund) to administer quality of life activities for the general welfare of the residents and receive funds from the MWR Fund, as specified, and to establish an MWR Advisory Committee, as specified. The bill would require the department, in consultation with the MWR Advisory Committee, the Veterans' Home Allied Council or the resident council of each home, to adopt regulations related to, among other things, administering the MWR Fund and the MWRO Funds and the process by which the homes submit and receive budget allocations. The bill would authorize the use of funds in the MWR Fund to provide for the general welfare of the residents of a home, as specified, and would specify restrictions on the use of those funds. The bill would require the department to annually determine the total amount for disbursement from the MWR Fund, and for that disbursement to be allocated proportionally to each home's relative share of the total population of the entire veterans' home system. The bill would authorize additional allocations to any veterans' home if it is appropriate on the basis of factors including, but not limited to, the home's

unique age, size, population, and historical significance. The bill would authorize the administrator of a home to enter into an agreement with the Veterans' Home Allied Council to operate facilities and activities that are related to authorized expenditures from the MWR Fund, as specified. The bill would require the department to prepare annual reports regarding moneys deposited into the MWR Fund and expenditure of those funds, as specified, and to submit the report on or before December 31 of each year to specified entities. The bill would require the department to maintain a \$3,000,000 reserve in the MWR Fund and would authorize the department to invest moneys in the MWR Fund in the Surplus Money Investment Fund or by contracting with a third-party investment broker consistent with laws and regulations regarding selecting prudent, approved investment types.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. It is the intent of the Legislature to enact legislation that accomplishes all of the following:

- (a) Creates a statewide Veterans' Home Morale, Welfare, and Recreation Fund.
- (b) Creates a Morale, Welfare, and Recreation Operating Fund at each veterans' home.
- (c) Authorizes and directs the Department of Veterans Affairs to promulgate rules and regulations related to the statewide Veterans' Home Morale, Welfare, and Recreation Fund through a stakeholder process that includes members of the Veterans' Homes of California. It is further the intent of the Legislature that these rules and regulations include, but not be limited to, a yearly allocation process for moneys to be expended in each home.
- (d) Maintains the highest possible degree of transparent administration and resident involvement.
- (e) Encourages identical Morale, Welfare, and Recreation Fund policies and procedures to be established, documented, and implemented at each veterans' home.

SEC. 2. Section 1047 of the Military and Veterans Code is repealed.

SEC. 3. Section 1047 is added to the Military and Veterans Code, to read:

1047. (a) (1) The Veterans' Home Morale, Welfare, and Recreation Special Fund (MWR Fund) is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, all funds deposited in the MWR Fund as authorized by this section shall be continuously appropriated to the department, without regard to fiscal year. All references in this chapter to the "Morale, Welfare, and Recreation Fund" or "MWR Fund" are deemed to refer to the fund created by this paragraph.

(2) The department shall distribute moneys in the MWR Fund to the homes to provide for the general welfare of the members of the homes.

(3) For the purposes of this subdivision, providing for the general welfare of the members of a home includes, but is not limited to, operating a canteen, base exchange, hobby shop, theater, library, or band, and payment for newspapers, chapel expenses, entertainment expenses, sports activities, celebrations, or any other function or activity that is related to the morale, welfare, and recreation of the residents that would not otherwise be paid for by the General Fund.

(4) The administrator of a home shall deposit all moneys maintained by the administrator in a Morale, Welfare, and Recreation Fund pursuant to this section as it read on January 1, 2015, into the Veterans' Home Morale, Welfare, and Recreation Special Fund created by paragraph (1).

(5) All future moneys collected as a result of unreimbursed costs of care determinations are special state funds and shall be deposited in the MWR Fund.

(6) Each home shall establish an MWR Advisory Committee to provide ongoing guidance for the MWR Fund processes, including, but not limited to, budgeting, contracts, investments, expenditures, and revenues. The committee shall be comprised of the administrator or a representative and representatives of the Veterans' Home Allied Council or resident council.

(7) On or before July 1, 2018, the department, in consultation with the MWR Advisory Committee in each home, the Veterans' Home Allied Council, or the resident council at each home, shall adopt regulations that carry out the intent of this section, including, but not limited to, the administration of the MWR Fund and Morale, Welfare, and Recreation Operating Funds (MWRO Funds), the process by which the homes submit annual budgets and receive allocations, the process by which the secretary shall review and act upon the allocation requests and requests for augmentation of those allocations.

(8) Moneys deposited in the MWR Fund are exempt from the requirements of Article 2 (commencing with Section 11270) of Chapter 3 of Part 1 of Division 3 of Title 2 of the Government Code.

(b) (1) The department shall annually determine the amount for disbursement from the MWR Fund to the homes. This amount shall be disbursed proportionally by each home's relative share of the total population of the entire veterans' home system. All annual allocation requests and annual allocations, as well as any augmentations to those allocations, shall be made known to the members of the homes. In making allocation decisions, the department shall consider whether there are economies of scale or other savings which may be realized by aggregating home requests or otherwise while still meeting the intent of the homes' requests.

(2) The secretary, in consultation with the administrator of the affected home, may augment the allocation from the MWR Fund to any veterans' home after making a determination that this action is appropriate on the basis of factors including, but not limited to, the home's unique age, size, population, and historical significance.

(c) Moneys in the MWR Fund shall not be expended for the following:

(1) A medical treatment or medical care of a member of a home.

(2) The maintenance or major capital improvement of the physical plant of a home.

(3) Any function, operation, or activity that is not directly related to the morale, welfare, or recreation of the members of the home.

(d) Appropriations from the General Fund for the purposes described in paragraph (3) of subdivision (b) may not be reduced for the purpose of, or to have the effect of, requiring increased expenditures from the MWR Fund for those described purposes.

(e) The department shall adopt, use, and require the homes to use uniform accounting procedures for the MWR Fund and the MWRO Funds subject to the department's oversight and audit as needed. The department shall prepare an itemized report that is organized by category, including sufficient detail to allow legislative oversight, and accounts for all expenditures from, and all funds deposited into, the MWR Fund and the MWRO Funds for the previous fiscal year. The department shall submit the report on or before December 31, 2018, and annually on or before August 20 thereafter, to the following:

(1) The Department of Finance.

(2) The fiscal committees of the Assembly and Senate.

(3) The committees of the Assembly and the Senate that have subject matter jurisdiction over veterans' affairs.

(4) The Veterans' Home Allied Council or the resident council of each home.

(5) The administrator of each home.

(f) The department shall maintain a reserve in the MWR Fund of not less than three million dollars (\$3,000,000).

(g) The department may transfer funds from the MWR Fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code or may hire a third-party investment broker to invest moneys from the MWR Fund consistent with Section 16480.2 of the Government Code and any regulations regarding selecting prudent, approved investment types. The amount invested and the accrued interest or earnings shall be credited to the MWR Fund for allocation by the department.

(h) The administrator of a home may enter into an agreement with the Veterans' Home Allied Council that authorizes the council to operate facilities and engage in activities that are authorized by subdivision (b). The agreement shall be in the form and manner specified by the administrator and in conformity with applicable California law and regulations, including, but not limited to, the state procurement and contracting process.

SEC. 4. Section 1048 of the Military and Veterans Code is repealed.

SEC. 5. Section 1048 is added to the Military and Veterans Code, to read:

1048. (a) A Morale, Welfare, and Recreation Operating Fund (MWRO Fund) shall be maintained by the administrator of each home to administer quality of life activities for the general welfare of the members, pursuant to the annual allocation, including any augmentation provided by the secretary, from the MWR Fund.

(b) The annual allocations from the MWR Fund, including any augmentations provided by the secretary, and any other quality of life moneys received shall be deposited in a local bank account established for this purpose.

(c) Moneys in the MWRO Fund shall not be expended for the following:

(1) Medical treatment or medical care for a member.

(2) The maintenance or major capital improvement of the Home's physical plant.

(3) A function, operation, or activity that is not directly related to the morale, welfare, or recreation of the members of the home.

SEC. 6. Section 1049 of the Military and Veterans Code is amended to read:

1049. (a) Moneys in the Morale, Welfare, and Recreation Fund maintained under subdivision (a) of Section 1047 may be used, subject to approval by the secretary, to establish or operate a canteen and base exchange at each home location. The canteen may sell goods at a profit.

(b) The MWRO Fund of each home shall include proceeds from the operation of a canteen, or base exchange. Any moneys derived from golf course green fees, range ball fees, and operations of activities unique to each Veterans' Home of California shall be deposited in the MWRO Fund allocation for that home after appropriate state costs, fees, and rent are deducted from the revenue received for those operations.