

AMENDED IN ASSEMBLY SEPTEMBER 11, 2015

AMENDED IN ASSEMBLY JUNE 18, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE APRIL 15, 2015

**SENATE BILL**

**No. 543**

---

---

**Introduced by Senator Wolk**

February 26, 2015

---

---

An act to amend Sections ~~1010, 1048, 1010~~ and 1049 of, and to repeal and add ~~Section 1047~~ *Sections 1047 and 1048* of, the Military and Veterans Code, relating to veterans, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 543, as amended, 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.

This bill would clarify that veterans' homes include the Veterans' Homes of California located in Chula Vista, Fresno, Lancaster, Redding, Ventura, ~~and West Los Angeles~~. *West Los Angeles, and any future Veteran's Home of California that is established.*

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 also provide for additional funding for the MWR Fund from specified sources, such as operation of a canteen at a home and funds derived from the estates of deceased residents. 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 a separate account for the purpose of receiving donations and would require the department, in consultation with the residents of each home, to adopt regulations for expenditure of those funds. The bill would require the department, in consultation with the residents of each home, the Veterans' Home Allied Council, and the resident council of each home, to adopt regulations that govern the process by which each home may request an annual disbursement from the MWR Fund, and by which the secretary approves and acts upon a request. 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 homes for special projects for good cause, and 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 August 20 of each year to specified entities. The bill would authorize the department to invest moneys in the MWR Fund in the Surplus Money Investment 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 a separate account for the purpose of receiving donations and would require the department, in consultation with the residents of each home, to adopt regulations for expenditure of those funds.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation that accomplishes ~~both~~ *all*: of the following:
- 3 (a) Creates a statewide Veterans' Home Morale, Welfare, and
- 4 Recreation Fund.
- 5 (b) Authorizes *and directs* the Department of Veterans Affairs
- 6 to promulgate rules and regulations related to the statewide
- 7 Veterans' Home Morale, Welfare, and Recreation Fund through
- 8 a stakeholder process that includes ~~residents~~ *members* of the
- 9 Veterans' Homes of California. It is further the intent of the
- 10 Legislature that these rules and regulations include, but not be
- 11 limited to, a yearly budgeting process for moneys to be expended
- 12 in each home.
- 13 (c) *Maintains the highest possible degree of transparent*
- 14 *administration and resident involvement.*

SEC. 2. Section 1010 of the Military and Veterans Code is amended to read:

1010. As used in this chapter:

(a) “Home” means the Veterans’ Home of California, Barstow, the Veterans’ Home of California, Chula Vista, the Veterans’ Home of California, Fresno, the Veterans’ Home of California, Lancaster, the Veterans’ Home of California, Redding, the Veterans’ Home of California, Ventura, the Veterans’ Home of California, West Los Angeles, and the Veterans’ Home of California, ~~Yountville~~. *Yountville, and any future Veterans’ Home of California which may be established on and after January 1, 2016.*

(b) “Administrator” means the Administrator of the Veterans’ Home of California, Barstow, the Administrator of the Veterans’ Home of California, Chula Vista, the Administrator of the Veterans’ Home of California, Fresno, the Administrator of the Veterans’ Home of California, Lancaster, the Administrator of the Veterans’ Home of California, Redding, the Administrator of the Veterans’ Home of California, Ventura, the Administrator of the Veterans’ Home of California, West Los Angeles, and the Administrator of the Veterans’ Home of California, ~~Yountville~~. *Yountville, and the Administrator of any future Veterans’ Home of California which may be established on and after January 1, 2016.*

(c) “Department” means the Department of Veterans Affairs.

(d) “Director” means the Director of Veterans Affairs.

(e) “Veteran” means a member of the home.

SEC. 3. Section 1047 of the Military and Veterans Code is repealed.

SEC. 4. 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.

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

6     ~~(3) A Morale, Welfare, and Recreation Operating Fund (MWRO~~  
7 ~~Fund) shall be created by the administrator of each home to~~  
8 ~~administer quality of life activities for the general welfare of the~~  
9 ~~residents, pursuant to the annual allocation from the MWR Fund.~~  
10 ~~The annual allocations from the MWR Fund and any other quality~~  
11 ~~of life moneys received shall be deposited in a local bank account~~  
12 ~~established for this purpose.~~

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

16     ~~(3) For the purposes of this subdivision, providing for the~~  
17 ~~general welfare of the members of a home includes, but is not~~  
18 ~~limited to, operating a canteen, hobby shop, theater, library, or~~  
19 ~~band, and payment for newspapers, chapel expenses, entertainment~~  
20 ~~expenses, sports activities, celebrations, capital improvements that~~  
21 ~~directly enhance the quality of life, or any other function or activity~~  
22 ~~that is related to the morale, welfare, and recreation of the~~  
23 ~~residents that would not otherwise be paid for by the General~~  
24 ~~Fund.~~

25     ~~(4) The administrator of a home shall deposit all moneys~~  
26 ~~maintained by the administrator in a Morale, Welfare, and~~  
27 ~~Recreation Fund pursuant to this section as it read on January 1,~~  
28 ~~2015, into the Veterans' Home Morale, Welfare, and Recreation~~  
29 ~~Special Fund created by paragraph (1).~~

30     ~~(4)~~

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

34     ~~(5) The~~

35     ~~(6) On or before July 1, 2017, the department, in consultation~~  
36 ~~with the residents members at each home, the Veterans' Home~~  
37 ~~Allied Council, and the resident council at each home, shall adopt~~  
38 ~~regulations that govern the process by which a home may make~~  
39 ~~an annual request for a disbursement from the MWR Fund and the~~  
40 ~~process by which the Secretary of Veterans Affairs shall review~~

1 ~~and act upon the request.~~ *carry out the intent of this section,*  
2 *including, but not limited to, the administration of the MWR Fund*  
3 *and Morale, Welfare, and Recreation Operating Funds (MWRO*  
4 *Funds), the process by which the homes submit annual budgets*  
5 *and receive allocations, the process by which the secretary shall*  
6 *review and act upon the allocation requests and requests for*  
7 *augmentation of those allocations.*

8 ~~-(6)~~

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

13 ~~(b) (1) The department may distribute moneys in the MWR~~  
14 ~~Fund to the homes to provide for the general welfare of the~~  
15 ~~residents of the homes.~~

16 ~~-(2)~~

17 (b) (1) ~~The department~~ *department, upon the recommendation*  
18 *of the board, shall annually determine the total amount for*  
19 *disbursement from the MWR Fund to the homes. This amount*  
20 *shall be disbursed proportionally by each home's relative share of*  
21 *the total population of the entire-veterans veterans' home system.*  
22 *All annual allocation requests and annual allocations, as well as*  
23 *any augmentations or additional allocations, shall be made known*  
24 *to the members of the homes. In making allocation decisions, the*  
25 *department shall consider whether there are economies of scale*  
26 *or other savings which may be realized by aggregating home*  
27 *requests or otherwise while still meeting the intent of the homes'*  
28 *requests.*

29 ~~-(3)~~

30 (2) In addition to the annual disbursement to a home from the  
31 MWR Fund, ~~the Secretary of Veterans Affairs~~ *secretary* may, on  
32 an annual basis and in his or her discretion, allow for an additional  
33 one-time allocation of moneys in an amount no greater than 5  
34 percent of that annual disbursement for a special project if the  
35 administrator of the home submits a proposal to the secretary that  
36 shows good cause for the allocation. In developing the proposal,  
37 the administrator shall consult with the ~~residents~~ *members* of the  
38 home, the Veterans' Home Allied Council, or the resident council  
39 at the home.

40 ~~-(4)~~

1     (3) ~~The Secretary of Veterans Affairs~~ *secretary* may augment  
2 the allocation from the MWR Fund to any veterans' home after  
3 making a determination that this action is appropriate on the basis  
4 of the *factors including, but not limited to, the* home's unique age,  
5 size, population, and historical significance.

6     ~~(5)~~

7     (4) ~~The California Veterans Board~~ *board* shall review any  
8 proposed allocation pursuant to ~~paragraph (3) or (4); paragraph~~  
9 ~~(1), (2), or (3).~~ This review shall include receiving public comment  
10 and soliciting comments from the Veterans' Home Allied Council  
11 or other resident representative body of each home. The board  
12 shall consider and adopt its advice at a publicly noticed meeting  
13 before providing that advice to the secretary. The secretary may  
14 act contrary to the board's advice, but ~~must~~ *shall* provide the board  
15 with an explanation of why the advice was not the basis for the  
16 secretary's chosen action.

17     ~~(6) For the purposes of this subdivision, providing for the~~  
18 ~~general welfare of the residents of a home includes, but is not~~  
19 ~~limited to, operating a canteen, hobby shop, theater, library, or~~  
20 ~~band, and payment for newspapers, chapel expenses, entertainment~~  
21 ~~expenses, sports activities, celebrations, capital improvements that~~  
22 ~~directly enhance the quality of life, or any other function or activity~~  
23 ~~that is related to the morale, welfare, and recreation of the residents~~  
24 ~~that would not otherwise be paid for by the General Fund.~~

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

27     (1) A medical treatment or a treatment related to a medical  
28 treatment.

29     (2) The maintenance of the physical plant of a home.

30     (3) A function, operation, or activity that is not directly related  
31 to the morale, welfare, or recreation of the ~~residents~~ *members* of  
32 the home.

33     (d) Appropriations from the General Fund for the purposes  
34 described in ~~paragraph (4)~~ (3) of subdivision (b) may not be  
35 reduced for the purpose of, or to have the effect of, requiring  
36 increased expenditures from the MWR Fund for those described  
37 purposes.

38     (e) *The department shall adopt, use, and require the homes to*  
39 *use uniform accounting procedures for the MWR Fund and the*  
40 *MWRO Funds.* The department shall prepare an itemized report

1 that is organized by ~~category~~ *category, includes a sufficient detail*  
2 *to allow legislative oversight*, and accounts for all expenditures  
3 from, and all funds deposited into, the MWR Fund for the previous  
4 fiscal ~~year, and year.~~ *The department* shall submit the report on  
5 or before August 20, ~~2016, 2017,~~ and annually on or before August  
6 20 thereafter, to the following:

7 (1) The Department of Finance.  
8 (2) The fiscal committees of the Assembly and Senate.  
9 (3) The committees of the Assembly and the Senate that have  
10 subject matter jurisdiction over veterans' affairs.

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

13 (5) *The administrator of each home.*

14 (f) The department shall maintain a reserve in the MWR Fund  
15 of *not less than* two million dollars (\$2,000,000).

16 (g) The department may transfer funds from the MWR Fund to  
17 the Surplus Money Investment Fund for investment pursuant to  
18 Article 4 (commencing with Section 16470) of Chapter 3 of Part  
19 2 of Division 4 of Title 2 of the Government Code. The amount  
20 invested and the accrued interest or earnings shall be credited to  
21 the MWR Fund for allocation by the department.

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

29 (i) ~~(1) Each home shall establish an account separate from the~~  
30 ~~MWR Fund and the MWRO Fund for the purpose of receiving~~  
31 ~~donations.~~

32 ~~(2) The department, in consultation with the residents of the~~  
33 ~~home, shall adopt regulations that govern expenditures from the~~  
34 ~~donation account described in paragraph (1).~~

35 SEC. 5. ~~Section 1048 of the Military and Veterans Code is~~  
36 ~~amended to read:~~

37 ~~1048. The Morale, Welfare, and Recreation Fund shall include~~  
38 ~~proceeds from the operation of a canteen, revenue derived from~~  
39 ~~the issuance of prisoner-of-war special license plates pursuant to~~  
40 ~~Section 5101.5 of the Vehicle Code, interest earned on invested~~



1 funds, funds derived from the estates of deceased residents, and  
2 any other moneys or property described in this chapter, including,  
3 but not limited to, moneys and properties received by the home  
4 from estate assets located outside the home, regardless of amount.  
5 Any moneys derived from golf course green fees, range ball fees,  
6 and operations of activities specifically at the Veterans' Home of  
7 California, Yountville, shall be credited to the MWR Fund  
8 allocation for that home.

9 *SEC. 5. Section 1048 of the Military and Veterans Code is*  
10 *repealed.*

11 1048. (a) The Morale, Welfare, and Recreation Fund shall  
12 include proceeds from the California Veterans Homes Fund,  
13 operations of the Veterans' Home Exchange, revenue derived from  
14 the issuance of prisoner-of-war special license plates pursuant to  
15 Section 5101.5 of the Vehicle Code, all funds derived from golf  
16 course green fees and range ball fees, all donations to the fund,  
17 interest earned on invested funds, funds derived from the estates  
18 of deceased members, and any other moneys or property described  
19 in this chapter, including, but not limited to, moneys and properties  
20 received by the home from estate assets located outside the home,  
21 regardless of amount.

22 (b) The administrator shall prepare an itemized report that is  
23 organized by category and accounts for all funds deposited into  
24 the Morale, Welfare, and Recreation Fund and transmitted to the  
25 Controller under Section 1047 during the previous fiscal year and  
26 shall submit the report on or before August 20 of each year to all  
27 of the following:

- 28 (1) The secretary.  
29 (2) The fiscal committees of the Assembly and the Senate.  
30 (3) The committees of the Assembly and the Senate that have  
31 subject matter jurisdiction over veterans affairs.  
32 (4) The Veterans' Home Allied Council.

33 *SEC. 6. Section 1048 is added to the Military and Veterans*  
34 *Code, to read:*

35 1048. (a) A Morale, Welfare, Recreation Operating Fund  
36 (MWRO Fund) shall be maintained by the administrator of each  
37 home to administer quality of life activities for the general welfare  
38 of the members, pursuant to the annual allocation from the MWR  
39 Fund.

1     **(b)** *The annual allocations from the MWR Fund and any other*  
2 *quality of life moneys received shall be deposited in a local bank*  
3 *account established for this purpose.*

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

6     **(1)** *Medical treatment or a treatment related to a medical*  
7 *treatment.*

8     **(2)** *The maintenance of the physical plant.*

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

11     ~~SEC. 6.~~

12     SEC. 7. Section 1049 of the Military and Veterans Code is  
13 amended to read:

14     1049. **(a)** Moneys in the Morale, Welfare, and Recreation  
15 Fund maintained under subdivision (a) of Section 1047 may be  
16 used, subject to approval by the ~~Secretary of Veterans Affairs,~~  
17 *secretary*, to establish or operate a canteen at each home location.  
18 The canteen may sell goods at a profit.

19     **(b)** **(1)** *Each home shall establish an account separate from the*  
20 *MWR Fund and the MWRO Fund for the purpose of receiving*  
21 *donations.*

22     **(2)** *On or before July 1, 2017, the department, in consultation*  
23 *with the residents of the home, shall adopt regulations that govern*  
24 *expenditures from the donation account described in paragraph*  
25 *(1).*

26     **(c)** *The MWRO Fund of each home shall include proceeds from*  
27 *the operation of a canteen, revenue derived from the issuance of*  
28 *prisoner-of-war special license plates pursuant to Section 5101.5*  
29 *of the Vehicle Code, interest earned on invested funds, funds*  
30 *derived from the estates of deceased residents, and any other*  
31 *moneys or property described in this chapter, including, but not*  
32 *limited to, moneys and properties received by the home from estate*  
33 *assets located outside the home, regardless of amount. Any moneys*  
34 *derived from golf course green fees, range ball fees, and operations*  
35 *of activities specifically at the Veterans' Home of California,*  
36 *Yountville, shall be credited to the MWRO Fund allocation for*  
37 *that home.*