

AMENDED IN ASSEMBLY AUGUST 1, 2016
AMENDED IN ASSEMBLY JUNE 8, 2016
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 and~~ *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.

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, West Los Angeles, and any future Veterans' 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 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.

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 all of the following:

3 (a) Creates a statewide Veterans' Home Morale, Welfare, and
4 Recreation Fund.

5 (b) Creates a Morale, Welfare, and Recreation Operating Fund
6 at each veterans' home.

7 (c) Authorizes and directs the Department of Veterans Affairs
8 to promulgate rules and regulations related to the statewide
9 Veterans' Home Morale, Welfare, and Recreation Fund through
10 a stakeholder process that includes members of the Veterans'
11 Homes of California. It is further the intent of the Legislature that
12 these rules and regulations include, but not be limited to, a yearly
13 allocation process for moneys to be expended in each home.

14 (d) Maintains the highest possible degree of transparent
15 administration and resident involvement.

16 (e) Encourages identical Morale, Welfare, and Recreation Fund
17 policies and procedures to be established, documented, and
18 implemented at each veterans' home.

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

21 ~~1010. As used in this chapter:~~

1 (a) ~~“Home” means the Veterans’ Home of California System,~~
 2 ~~which includes the Veterans’ Home of California, Barstow, the~~
 3 ~~Veterans’ Home of California, Chula Vista, the Veterans’ Home~~
 4 ~~of California, Fresno, the Veterans’ Home of California, Lancaster,~~
 5 ~~the Veterans’ Home of California, Redding, the Veterans’ Home~~
 6 ~~of California, Ventura, the Veterans’ Home of California, West~~
 7 ~~Los Angeles, and the Veterans’ Home of California, Yountville,~~
 8 ~~and any future Veterans’ Home of California which may be~~
 9 ~~established on and after January 1, 2016.~~

10 (b) ~~“Administrator” means the Administrator of the Veterans’~~
 11 ~~Home of California, Barstow, the Administrator of the Veterans’~~
 12 ~~Home of California, Chula Vista, the Administrator of the~~
 13 ~~Veterans’ Home of California, Fresno, the Administrator of the~~
 14 ~~Veterans’ Home of California, Lancaster, the Administrator of the~~
 15 ~~Veterans’ Home of California, Redding, the Administrator of the~~
 16 ~~Veterans’ Home of California, Ventura, the Administrator of the~~
 17 ~~Veterans’ Home of California, West Los Angeles, and the~~
 18 ~~Administrator of the Veterans’ Home of California, Yountville,~~
 19 ~~and the administrator of any future Veterans’ Home of California~~
 20 ~~which may be established on and after January 1, 2016.~~

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

22 (d) ~~“Secretary” means the Secretary of Veterans Affairs.~~

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

24 ~~SEC. 3.~~

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

27 ~~SEC. 4.~~

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

30 1047. (a) (1) The Veterans’ Home Morale, Welfare, and
 31 Recreation Special Fund (MWR Fund) is hereby created in the
 32 State Treasury. Notwithstanding Section 13340 of the Government
 33 Code, all funds deposited in the MWR Fund as authorized by this
 34 section shall be continuously appropriated to the department,
 35 without regard to fiscal year. All references in this chapter to the
 36 “Morale, Welfare, and Recreation Fund” or “MWR Fund” are
 37 deemed to refer to the fund created by this paragraph.

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

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

9 (4) The administrator of a home shall deposit all moneys
10 maintained by the administrator in a Morale, Welfare, and
11 Recreation Fund pursuant to this section as it read on January 1,
12 2015, into the Veterans' Home Morale, Welfare, and Recreation
13 Special Fund created by paragraph (1).

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

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

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

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

37 (b) (1) The department shall annually determine the amount
38 for disbursement from the MWR Fund to the homes. This amount
39 shall be disbursed proportionally by each home's relative share of
40 the total population of the entire veterans' home system. All annual

1 allocation requests and annual allocations, as well as any
2 augmentations to those allocations, shall be made known to the
3 members of the homes. In making allocation decisions, the
4 department shall consider whether there are economies of scale or
5 other savings which may be realized by aggregating home requests
6 or otherwise while still meeting the intent of the homes' requests.

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

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

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

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

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

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

23 (e) The department shall adopt, use, and require the homes to
24 use uniform accounting procedures for the MWR Fund and the
25 MWRO Funds subject to the department's oversight and audit as
26 needed. The department shall prepare an itemized report that is
27 organized by category, including sufficient detail to allow
28 legislative oversight, and accounts for all expenditures from, and
29 all funds deposited into, the MWR Fund and the MWRO Funds
30 for the previous fiscal year. The department shall submit the report
31 on or before December 31, 2018, and annually on or before August
32 20 thereafter, to the following:

33 (1) The Department of Finance.

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

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

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

39 (5) The administrator of each home.

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

3 (g) The department may transfer funds from the MWR Fund to
4 the Surplus Money Investment Fund for investment pursuant to
5 Article 4 (commencing with Section 16470) of Chapter 3 of Part
6 2 of Division 4 of Title 2 of the Government Code or may hire a
7 third-party investment broker to invest moneys from the MWR
8 Fund consistent with Section 16480.2 of the Government Code
9 and any regulations regarding selecting prudent, approved
10 investment types. The amount invested and the accrued interest
11 or earnings shall be credited to the MWR Fund for allocation by
12 the department.

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

20 ~~SEC. 5.~~

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

23 ~~SEC. 6.~~

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

26 1048. (a) A Morale, Welfare, and Recreation Operating Fund
27 (MWRO Fund) shall be maintained by the administrator of each
28 home to administer quality of life activities for the general welfare
29 of the members, pursuant to the annual allocation, including any
30 augmentation provided by the Secretary, from the MWR Fund.

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

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

- 37 (1) Medical treatment or medical care for a member.
- 38 (2) The maintenance or major capital improvement of the
39 Home's physical plant.

1 (3) A function, operation, or activity that is not directly related
2 to the morale, welfare, or recreation of the members of the home.
3 ~~SEC. 7.~~
4 *SEC. 6.* Section 1049 of the Military and Veterans Code is
5 amended to read:
6 1049. (a) Moneys in the Morale, Welfare, and Recreation Fund
7 maintained under subdivision (a) of Section 1047 may be used,
8 subject to approval by the secretary, to establish or operate a
9 canteen and base exchange at each home location. The canteen
10 may sell goods at a profit.
11 (b) The MWRO Fund of each home shall include proceeds from
12 the operation of a canteen, or base exchange. Any moneys derived
13 from golf course green fees, range ball fees, and operations of
14 activities unique to each Veterans' Home of California shall be
15 deposited in the MWRO Fund allocation for that home after
16 appropriate state costs, fees, and rent are deducted from the revenue
17 received for those operations.

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