

AMENDED IN ASSEMBLY JUNE 22, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE APRIL 26, 2016

**SENATE BILL**

**No. 980**

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**Introduced by Senator Nielsen**

February 10, 2016

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An act to amend Sections 1010, 1012, 1012.1, 1012.2, 1012.3, 1023, 1034, 1035.3, 1038, 1038.5, and 1044 of, to add Sections 79.3, 79.4, 1011.1, 1011.2, 1011.3, and 1011.4 to, to repeal Sections ~~1012.4~~, 1012.6, 1014, 1015, 1024, 1033.2, and 1051 of, and to repeal and add ~~Section 1011~~ ~~Sections 1011 and 1012.4~~ of, the Military and Veterans Code, relating to ~~veterans, and making an appropriation therefor.~~ *veterans.*

LEGISLATIVE COUNSEL'S DIGEST

SB 980, as amended, Nielsen. Veterans' homes.

Existing law provides for the establishment and operation of veterans' homes at various sites, and provides for an administrator of each home, as specified. Existing law establishes the duties of the Department of Veterans Affairs with regard to the establishment and regulation of veterans' homes.

This bill would revise and recast those provisions. Among other things, the bill would provide that the administrator is the senior executive appointed to oversee the operations of a veterans' home. The bill would specify which veterans' homes are administered by the Department of Veterans Affairs. The bill would require the Secretary of Veterans Affairs to adopt uniform statewide policies and procedures, by regulation, for the operation of those veterans' homes, as specified. The bill would require the secretary to implement a statewide electronic

medical record system for veterans' homes by a specified date. The bill would require the secretary to annually report to the Senate and Assembly Committees on Veterans Affairs, as specified.

Existing law establishes the criteria for admission to a veterans' home, as specified. Existing law establishes the fees and charges for residency, as established by each administrator of a home, and requires each administrator to adopt rules and regulations for the administration of the homes.

This bill would instead require that the fees and charges be established by the secretary, rather than by each administrator, and that the secretary adopt rules and regulations that apply to the homes and the criteria for admission. The bill would authorize the secretary to establish needs-based criteria for admission to veterans' ~~homes~~, *homes and to prioritize admission for veterans with service-related disabilities*, as specified.

Existing law authorizes a resident spouse to continue his or her residency after a veteran spouse's death.

This bill would require a resident spouse who continues residency after a veteran spouse's death to continue to pay all applicable fees and to comply with all department ~~regulations~~, *regulations, and would expand those provisions to include domestic partners*.

Existing law authorizes the department to investigate a veteran's financial status for admission purposes.

This bill would further authorize the department to determine ~~the total worth of any member's property or assets for purposes of admission, including to validate income levels for purposes of establishing fees~~, *a resident's or applicant's income or suitability for residence at a veterans' home and would provide that providing false information or failure to pay fees is grounds for financial penalties or discharge from a veterans' home*.

Existing law requires 100% of the moneys received by a veterans' home from veterans receiving federal aid to be placed to the credit of the home to augment the current appropriation for the support of the home.

This bill would delete that ~~provision, and would instead require moneys received by a veterans' home from those veterans to be deposited into the Federal Trust Fund, a continuously appropriated fund, to be used for the operating costs of the home. Because the moneys would be continuously appropriated for those purposes, the bill would make an appropriation~~, *provision*.

Existing law requires members of a veterans' home to pay fees and charges as determined by the department, subject to a specified fee schedule.

This bill would ~~prohibit the fees paid by a member from exceeding the average costs of care for the level of care in which the member currently resides.~~ *provide that failure to pay fees is cause for the administrator to refer the resident to collections or dismiss the resident from the home.*

Existing law, upon the death of a veteran in a home, requires any moneys not in excess of \$3,000 held by the home for the veteran to be paid to the home's Morale, Welfare, and Recreation Fund, if no will or heir or other family member is discovered within a specified number of years after his or her death.

This bill would increase the amount that may be transferred to \$15,000.

Existing law, upon the departure of a veteran from a home, requires any moneys not in excess of \$3,000 held by the home for the veteran to be paid to the home's Morale, Welfare, and Recreation Fund, if the money is not requested by the veteran within a specified number of years after his or her departure.

This bill would increase the amount that may be transferred to \$5,000.

This bill would make other conforming changes and would delete obsolete provisions and references, as specified.

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

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

- 1     SECTION 1. Section 79.3 is added to the Military and Veterans
- 2     Code, to read:
- 3     79.3. (a) Notwithstanding any other law, the department may
- 4     adopt, amend, or repeal regulations concerning the administration
- 5     and operation of the Veterans' Home of California. Except as
- 6     otherwise provided, these regulations shall be adopted pursuant
- 7     to the Administrative Procedure Act (Chapter 3.5 (commencing
- 8     with Section 11340) of Part 1 of Division 3 of Title 2 of the
- 9     Government Code).
- 10    (b) The department may adopt, amend, and repeal emergency
- 11    regulations concerning the administration and operation of the
- 12    Veterans' Home of California in compliance with Section 11346.1

1 of the Government Code. However, if special circumstances, as  
2 defined in subdivision (c), are present, then those regulations shall  
3 not be subject to the requirements regarding findings of emergency  
4 in paragraph (2) of subdivision (b) of Section 11346.1 of the  
5 Government Code.

6 (c) Special circumstances shall be deemed to exist if the  
7 Secretary of Veterans Affairs states in writing that the adoption,  
8 amendment, or repeal is necessary for one or more of the following  
9 reasons:

10 (1) The possible loss or delay in the receipt of federal, state, or  
11 local funding.

12 (2) The need to maintain licensing or certification by any state  
13 or federal agency for any Veterans' Home of California facility  
14 or program.

15 (3) The need to protect against a serious and immediate threat  
16 to the health or safety of residents or staff in one or more of the  
17 facilities of the Veterans' Home of California.

18 (4) The urgent need to comply immediately with  
19 recommendations of the Department of Finance or the California  
20 State Auditor.

21 SEC. 2. Section 79.4 is added to the Military and Veterans  
22 Code, to read:

23 79.4. (a) The department shall do all of the following  
24 concerning the operation and administration of the veterans'  
25 homes:

26 (1) Take the necessary steps to ensure that all medical or other  
27 facilities under its jurisdiction satisfy all applicable federal and  
28 state licensing, certification, and other approval requirements,  
29 including, but not limited to, the requirements of the United States  
30 Department of Veterans Affairs, the federal Centers for Medicare  
31 and Medicaid Services, the State Department of Public Health,  
32 the State Department of Social Services, and the California State  
33 Board of Pharmacy, including preparation of plans of correction  
34 as required.

35 (2) Develop and maintain clinical policies and procedures,  
36 including both of the following:

37 (A) Community standards for best clinical practices, including,  
38 but not limited to, practices recommended by the federal Centers  
39 for Disease Control and Prevention and the federal Centers for  
40 Medicare and Medicaid Services.

1 (B) *The appropriate clinical standard of practice.*  
2 (3) *Adopt fire and life safety policies and procedures consistent*  
3 *with the requirements of the State Fire Marshal and other*  
4 *applicable regulatory and licensing agencies.*  
5 (4) *Adopt earthquake and environmental protection policies*  
6 *and procedures.*  
7 (b) *The department may adopt regulations to implement this*  
8 *section. The adoption, amendment, or repeal of a regulation*  
9 *authorized by this section is hereby exempted from the rulemaking*  
10 *provisions of the Administrative Procedure Act (Chapter 3.5*  
11 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
12 *2 of the Government Code).*

13 ~~SECTION 1.~~

14 SEC. 3. Section 1010 of the Military and Veterans Code is  
15 amended to read:

16 1010. As used in this chapter, the following terms have the  
17 following meanings:

18 (a) "Administrator" means the senior executive appointed to  
19 oversee the operations of a home.

20 (b) "Department" means the Department of Veterans Affairs.

21 (c) "Deputy secretary" means the Deputy Secretary of Veterans  
22 ~~Homes Affairs.~~

23 (d) "Director" or "secretary" means the Secretary of Veterans  
24 Affairs.

25 (e) "Home" means any facility operated by the department for  
26 the provision of long-term care, assisted living, adult day health,  
27 independent living, or other health care services to eligible  
28 veterans.

29 (f) "Member" means any veteran or nonveteran spouse *or*  
30 *domestic partner* who has been admitted to residency at any home.

31 (g) "Veteran" means a person who is eligible for benefits under  
32 this chapter.

33 ~~SEC. 2.~~

34 SEC. 4. Section 1011 of the Military and Veterans Code is  
35 repealed.

36 ~~SEC. 3.~~

37 SEC. 5. Section 1011 is added to the Military and Veterans  
38 Code, to read:

39 1011. There is in the department a Veterans' Home of  
40 California, which the department shall administer. The Veterans'

1 Home of California is a system comprising the following subsidiary  
2 home locations:

3 (a) The Veterans' Home of California, Yountville, in Napa  
4 County.

5 (b) The Veterans' Home of California, Barstow, in San  
6 Bernardino County.

7 (c) The Veterans' Home of California, Chula Vista, in San Diego  
8 County.

9 (d) The Veterans' Home of California, West Los Angeles, in  
10 Los Angeles County.

11 (e) The Veterans' Home of California, Lancaster, in Los Angeles  
12 County.

13 (f) The Veterans' Home of California, Ventura, in Santa Barbara  
14 County.

15 (g) The Veterans' Home of California, Fresno, in Fresno County.

16 (h) The Veterans' Home of California, Redding, in Shasta  
17 County.

18 ~~SEC. 4.~~

19 *SEC. 6.* Section 1011.1 is added to the Military and Veterans  
20 Code, to read:

21 1011.1. (a) The secretary shall adopt uniform statewide policies  
22 and procedures, by regulation, in accordance with the  
23 Administrative Procedure Act (Chapter 3.5 (commencing with  
24 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
25 Code), for the operation of the homes. The policies and procedures  
26 shall be in conformity, as nearly as possible, ~~to the rules and~~  
27 ~~regulations of the~~ *with all relevant licensing and certification*  
28 *agencies, including, but not limited to, the United States*  
29 ~~Department of Veterans Affairs for their facilities and Affairs, the~~  
30 ~~federal Centers for Medicare and Medicaid Services, the State~~  
31 ~~Department of Social Services, and the State Department of Public~~  
32 *Health* to ensure that adequate care and a homelike environment  
33 is provided in a cost-effective manner for members of the homes.

34 (b) These policies and procedures shall implement the  
35 requirements to obtain and maintain required licenses and  
36 accreditations, as well as to ensure members in all homes  
37 throughout the state, to the extent possible, receive equitable  
38 treatment, benefits, and services, and to ensure that high-quality  
39 care is provided.

1 (c) These policies and procedures shall include, but are not  
2 limited to, all of the following:

- 3 (1) The admission of applicants.
- 4 (2) The conditions upon which members may enter and remain  
5 in the home.
- 6 (3) Resident disciplinary procedures.
- 7 (4) Quality of care standards.
- 8 (5) An internal quality of care review process.
- 9 (6) Delineating which services will be provided to members by  
10 the state.
- 11 (7) Setting staffing standards.
- 12 (8) Staff training requirements.
- 13 ~~(9) Establishment and operation of allied councils.~~
- 14 (9) *Clarifying the relationship between the department and*  
15 *allied councils.*
- 16 (10) Any other policies and procedures to ensure the safe and  
17 effective operation of the homes.

18 ~~SEC. 5.~~

19 SEC. 7. Section 1011.2 is added to the Military and Veterans  
20 Code, to read:

21 1011.2. (a) There shall be an administrator for each home,  
22 who shall be recommended by the secretary and appointed by the  
23 Governor, and who shall be located at that home. The salary for  
24 each administrator shall be subject to the approval of the  
25 Department of Human Resources.

26 (b) The administrator shall be responsible for ensuring  
27 compliance with all state and federal statutes and regulations  
28 related to the operation of the home and for implementation of all  
29 statewide policies and procedures, as specified in Section 1011.1.

30 ~~SEC. 6.~~

31 SEC. 8. Section 1011.3 is added to the Military and Veterans  
32 Code, to read:

33 1011.3. ~~The~~

34 (a) *It is the intent of the Legislature that the department submit*  
35 *the report required pursuant to this section at a level of detail that*  
36 *will provide the Legislature and the public with indicators of the*  
37 *quality of both the health care and the management of facilities*  
38 *of the Veterans' Home of California without compromising*  
39 *members' privacy while still in compliance with applicable law*  
40 *and regulation. By submitting consistent indicators over the long*

1 *term, the Legislature will be able to readily see significant changes*  
 2 *and more effectively perform its oversight functions.*

3 (b) *The secretary shall make an annual report to the Senate and*  
 4 *Assembly Committees on Veterans Affairs by January 1 of each*  
 5 *year, beginning January 1, 2018, reporting on April 1 of each year,*  
 6 *beginning April 1, 2018. This report shall be in compliance with*  
 7 *the federal Health Insurance Portability and Accountability Act*  
 8 *(HIPAA) (Public Law 104-191) and all relevant laws and*  
 9 *regulations related to patient privacy or other protected*  
 10 *information. This report shall reflect significant veterans' veterans'*  
 11 *home-related performance issues, which shall include, but are not*  
 12 *limited to, all of the following:*

13 (a)

14 (1) *Current census and census changes since last report.*

15 (b)

16 (2) *Any major changes to home policy and the impact of those*  
 17 *changes on the residents.*

18 (c)

19 (3) *Changes in provision of care, including licensure changes.*

20 (d)

21 (4) *Significant events that impacted the operations of the home.*

22 (e) ~~*Results of regulatory agency inspections or reviews and*~~  
 23 ~~*corrective action taken to address findings.*~~

24 (5) *Copies of annual licensing survey records.*

25 (f)

26 (6) *Significant patient care complaints, results of any*  
 27 *investigations into those complaints, and any corrective action*  
 28 *taken to address validated complaints.*

29 (g) ~~*Results of internal quality of care reviews.*~~

30 (h) ~~*A comparison of veterans home quality of care metrics to*~~  
 31 ~~*industry averages.*~~

32 (7) *Copies of available data from licensing agencies comparing*  
 33 *veterans' home quality of care metrics to industry averages.*

34 (i)

35 (8) *Other significant issues that may be of interest to the*  
 36 *committee members.*

37 ~~**SEC. 7.**~~

38 **SEC. 9.** *Section 1011.4 is added to the Military and Veterans*  
 39 *Code, to read:*

1 1011.4. (a) On or before January 1, ~~2018~~, 2019, the secretary  
2 shall implement an electronic medical record system. The usage  
3 of the electronic medical record system shall be standardized in  
4 all homes.

5 (b) The electronic medical record system required by this  
6 section, and all transactions made in that system, shall comply  
7 with the Confidentiality of Medical Information Act (Part 2.6  
8 (commencing with Section 56) of Division 1 of the Civil Code),  
9 Chapter 1 (commencing with Section 123100) of Part 1 of Division  
10 106 of the Health and Safety Code, the Information Practices Act  
11 of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8  
12 of Part 4 of Division 3 of the Civil Code), the federal Health  
13 Insurance Portability and Accountability Act ~~(HIPAA)~~ (Public  
14 ~~(HIPAA)~~ (Public Law 104-191), the federal Health Information  
15 Technology for Economic and Clinical Health Act (HITECH)  
16 (Public Law 111-005), and all corresponding regulations relating  
17 to privacy and security.

18 ~~SEC. 8.~~

19 *SEC. 10.* Section 1012 of the Military and Veterans Code is  
20 amended to read:

21 1012. (a) The home is for aged and disabled persons who  
22 served in the Armed Forces of the United States, who were  
23 discharged or released from active duty under honorable conditions  
24 from service, who are eligible for hospitalization or domiciliary  
25 care in a veterans' facility in accordance with the rules and  
26 regulations of the United States Department of Veterans Affairs,  
27 ~~are unable to pay for necessary domiciliary and licensed long-term~~  
28 ~~care outside the home~~, and who are bona fide residents of this state  
29 at the time of application; and for the spouses of these persons if  
30 all of the following conditions, as are applicable, are satisfied:

31 (1) Space is available.

32 (2) Joint residency will be in the best interests of the home  
33 member, as determined by the administrator.

34 (3) The spouse is a bona fide resident of this state at the time  
35 of application for admission to the home and either is married to,  
36 and has resided with, the home member for at least one year, or is  
37 the widow or widower of a recipient of the Medal of Honor or a  
38 former prisoner of war (POW).

1 (4) The home member and spouse agree to pay the fees and  
 2 charges for joint residency, or for a widow or widower, that the  
 3 secretary may establish.

4 (b) (1) Veterans who qualify for benefits under this chapter due  
 5 to service during a time of war shall be given priority over veterans  
 6 who qualify due to service during a time of peace.

7 (2) Veterans who qualify for benefits under this chapter who  
 8 are recipients of the Medal of Honor or who were prisoners of war  
 9 (POWs) shall be given priority over all other qualified veterans,  
 10 regardless of the level of care required.

11 ~~(3)~~  
 12 (3) *Veterans who qualify for benefits under this chapter who*  
 13 *have disability ratings that have been rated by the United States*  
 14 *Department of Veterans Affairs as being service-connected, as*  
 15 *determined under Part 4 of Title 38 of the Code of Federal*  
 16 *Regulations, may be given priority over other veterans.*

17 (4) The secretary may establish needs-based criteria for  
 18 admission to the homes, and any veteran meeting those criteria  
 19 shall be given priority over veterans who *do not qualify for*  
 20 *prioritization under paragraph (2) or (3) and can afford to provide*  
 21 *for their own care elsewhere.*

22 (c) A resident spouse *or domestic partner* may continue  
 23 residence after the veteran's death, so long as he or she continues  
 24 to pay all applicable fees and comply with the department's  
 25 policies, procedures, and regulations.

26 (d) The property of the home shall be used for this purpose.

27 ~~SEC. 9.~~

28 *SEC. 11.* Section 1012.1 of the Military and Veterans Code is  
 29 amended to read:

30 1012.1. (a) Prior to the admission of ~~a veteran~~ *an applicant*  
 31 ~~as a member of the a veterans'~~

32 ~~home, and at any time during which a veteran person is a member~~  
 33 ~~of the a veterans' home, the department may investigate any~~  
 34 ~~applicant's or member's financial status and personal background~~  
 35 ~~to determine the total value of the property and assets of any~~  
 36 ~~veteran applying for admission to the home, or to ensure that the~~  
 37 ~~member is unable to pay for necessary care outside of the home,~~  
 38 ~~or to validate income levels for the purposes of establishing fees.~~  
 39 *the member's or applicant's income and suitability for residence*  
 40 *at a veterans' home.* The department may contract with any other

1 state or federal agency or private entity to conduct such an  
2 investigation ~~in~~ on its behalf.

3 (b) Providing false financial and other information by an  
4 applicant or member or nonpayment of fees may be grounds for  
5 financial penalties or denial of admission to, or discharge from,  
6 a veterans' home.

7 ~~SEC. 10.~~

8 SEC. 12. Section 1012.2 of the Military and Veterans Code is  
9 amended to read:

10 1012.2. (a) ~~(1)~~ Notwithstanding any other law, any member  
11 of the home who is receiving an aid and attendance allowance  
12 from the United States Department of Veterans Affairs ~~and who~~  
13 ~~has no dependent spouse, child, grandchild, father, or mother~~ shall  
14 pay to the home an amount equal to that allowance in all levels of  
15 care excluding domiciliary.

16 ~~(2) Paragraph (1)~~

17 (b) Subdivision (a) shall not apply to a member of the home  
18 who is in intermediate care or skilled nursing care and has a  
19 disability that has been rated by the United States Department of  
20 Veterans Affairs as being 70 percent or more service-connected,  
21 as determined under Part 4 of Title 38 of the Code of Federal  
22 Regulations.

23 ~~(b) Moneys received by a home under this section shall be~~  
24 ~~deposited into the Federal Trust Fund and shall be used for the~~  
25 ~~operating costs of the home.~~

26 ~~SEC. 11.~~

27 SEC. 13. Section 1012.3 of the Military and Veterans Code is  
28 amended to read:

29 1012.3. (a) Members of the home, including members who  
30 are nonveteran ~~spouses,~~ spouses or domestic partners, shall pay  
31 fees and charges as determined by the ~~department,~~ department to  
32 cover room and board, except that the total of the individual  
33 member's fees and charges for any fiscal year shall not be greater  
34 than as set forth in the following schedule:

35 (1) Forty-seven and one-half percent of the member's annual  
36 income for domiciliary care.

37 (2) Fifty-five percent of the member's annual income for  
38 residential care for the elderly or assisted living.

39 (3) Sixty-five percent of the member's annual income for  
40 intermediate care.

1 (4) Seventy percent of the member's annual income for skilled  
2 nursing care.

3 (b) Subdivision (a) shall not apply to a member of the home  
4 who is in intermediate care or skilled nursing care and has a  
5 disability that has been rated by the United States Department of  
6 Veterans Affairs as being 70 percent or more service-connected,  
7 as determined under Part 4 of Title 38 of the Code of Federal  
8 Regulations and whose related payments made under Section 51.41  
9 of Title 38 of the Code of Federal Regulations are considered by  
10 the United States Department of Veterans Affairs as payment in  
11 full for the member's care.

12 ~~(e) Fees paid by a member shall not exceed the average cost of~~  
13 ~~care for the level of care in which the member currently resides.~~

14 (c) *Subdivision (a) shall not apply to penalties for late fee*  
15 *payment.*

16 (d) *Failure to pay the required fees shall be cause for the*  
17 *administrator to refer the resident to collections or dismiss the*  
18 *resident from the home.*

19 (e) *Retroactive benefit payments from the United States*  
20 *Department of Veterans Affairs shall be subject to subdivision (a)*  
21 *for the period of the time covered by the benefit award that the*  
22 *veteran resided at a veterans' home. The veterans' home shall*  
23 *recompute the fees and charges previously determined for the*  
24 *benefit period, and the resident shall be billed for the full amount*  
25 *of fees and charges due for the benefit period.*

26 ~~SEC. 12.~~

27 *SEC. 14.* Section 1012.4 of the Military and Veterans Code is  
28 repealed.

29 *SEC. 15.* *Section 1012.4 is added to the Military and Veterans*  
30 *Code, to read:*

31 *1012.4. Notwithstanding Section 1012, the department may*  
32 *arrange by contract or any other form of agreement with the United*  
33 *States Department of Veterans Affairs to leverage federal contracts*  
34 *for the procurement of goods and services.*

35 ~~SEC. 13.~~

36 *SEC. 16.* Section 1012.6 of the Military and Veterans Code is  
37 repealed.

38 ~~SEC. 14.~~

39 *SEC. 17.* Section 1014 of the Military and Veterans Code is  
40 repealed.

1 ~~SEC. 15.~~

2 *SEC. 18.* Section 1015 of the Military and Veterans Code is  
3 repealed.

4 ~~SEC. 16.~~

5 *SEC. 19.* Section 1023 of the Military and Veterans Code is  
6 amended to read:

7 1023. (a) The department may sue and be sued in any of the  
8 courts of this state. All property held by the department for the  
9 home shall be held in trust for the state and for the use and benefit  
10 of the home. The secretary shall adopt rules and regulations for  
11 the administration of the homes conforming as nearly as possible  
12 to the rules and regulations of the United States Department of  
13 Veterans Affairs and those of other states with veterans' homes.

14 (b) The Director of General Services may lease or let any real  
15 property held by the department for the home, and not needed for  
16 any direct or immediate purpose of the home, to any entity or  
17 person upon terms and conditions determined to be in the best  
18 interests of the home. All moneys received in connection therewith  
19 shall be deposited in the General Fund as a reimbursement for  
20 operating costs of the home.

21 ~~SEC. 17.~~

22 *SEC. 20.* Section 1024 of the Military and Veterans Code is  
23 repealed.

24 ~~SEC. 18.~~

25 *SEC. 21.* Section 1033.2 of the Military and Veterans Code is  
26 repealed.

27 ~~SEC. 19.~~

28 *SEC. 22.* Section 1034 of the Military and Veterans Code is  
29 amended to read:

30 1034. Except money received from this state for disbursement,  
31 all moneys received by the home, or by any officer of the home,  
32 including pension and other moneys belonging to veterans and  
33 other trust moneys, shall be immediately paid to the administrator  
34 of the home. On or before the 10th day of each month, the  
35 administrator of the home shall forward to the Treasurer all moneys  
36 in his or her possession, except pension and other moneys  
37 belonging to veterans, trust moneys, the post funds, the emergency  
38 fund, and donations made to each home, hereinafter mentioned,  
39 together with a statement of the sources from which the moneys  
40 have been received. The moneys shall be deposited by the Treasurer

1 to the credit of the General Fund; provided, however, that  
2 abatements of support expenditures shall be credited to the support  
3 appropriation current at the time of collection.

4 ~~SEC. 20.~~

5 *SEC. 23.* Section 1035.3 of the Military and Veterans Code is  
6 amended to read:

7 1035.3. (a) If no will or heir is discovered within two years  
8 after the death of the veteran, any moneys not exceeding fifteen  
9 thousand dollars (\$15,000) held by the home pursuant to Section  
10 1035 and not paid or otherwise delivered to the heir or heirs or  
11 pursuant to the will of the deceased veteran, or otherwise disbursed  
12 by the administrator pursuant to Section 1035, shall be paid to the  
13 Morale, Welfare, and Recreation Fund.

14 If no will or heir is discovered within five years after the death  
15 of the veteran, any moneys exceeding fifteen thousand dollars  
16 (\$15,000) held by the home pursuant to Section 1035 and not paid  
17 or otherwise delivered to the heir or heirs or pursuant to the will  
18 of the deceased veteran, or otherwise disbursed by the administrator  
19 pursuant to Section 1035, shall be paid to the Morale, Welfare,  
20 and Recreation Fund.

21 This subdivision applies only to veterans becoming members of  
22 the home on or after January 1, 1984.

23 (b) If no spouse, child, grandchild, or father or mother is  
24 discovered within two years after the death of the veteran, any  
25 moneys not exceeding fifteen thousand dollars (\$15,000) held by  
26 the home pursuant to Section 1035 and not paid or otherwise  
27 delivered to the spouse, children, grandchildren, or father or  
28 mother, or otherwise disbursed by the administrator pursuant to  
29 Section 1035, shall be paid to the Morale, Welfare, and Recreation  
30 Fund.

31 If no spouse, child, grandchild, or father or mother is discovered  
32 within five years after the death of the veteran, any moneys  
33 exceeding fifteen thousand dollars (\$15,000) held by the home  
34 pursuant to Section 1035 and not paid or otherwise delivered to  
35 the spouse, children, grandchildren, or father or mother, or  
36 otherwise disbursed by the administrator pursuant to Section 1035,  
37 shall be paid to the Morale, Welfare, and Recreation Fund.

38 This subdivision applies only to veterans who have become  
39 members of the home prior to January 1, 1984.

1 ~~SEC. 21.~~

2 *SEC. 24.* Section 1038 of the Military and Veterans Code is  
3 amended to read:

4 1038. All money deposited with the home for a veteran shall  
5 be paid to him or her on demand, upon his or her discharge or  
6 voluntary departure from the home. If the money is not so  
7 demanded at the time of his or her discharge or departure or within  
8 a period of two years thereafter, if the amount does not exceed  
9 five thousand dollars (\$5,000), or within a period of five years  
10 thereafter, if the amount exceeds five thousand dollars (\$5,000)  
11 either by the veteran, or, in the event of the veteran's death after  
12 his or her discharge or departure, by the veteran's heirs, devisees,  
13 legatees, or qualified executor or administrator of his or her estate,  
14 the money shall be paid to the Morale, Welfare, and Recreation  
15 Fund.

16 *SEC. 25.* *Section 1038.5 of the Military and Veterans Code is*  
17 *amended to read:*

18 1038.5. Any money deposited with the home by a ~~veteran~~  
19 ~~member~~ shall be credited with ~~interest at no more than the State~~  
20 ~~Monetary Investment Fund rate, less 0.75 percent, interest,~~  
21 *pursuant to Section 51.60 of Title 38 and Section 483.10 of Title*  
22 *42 of the Code of Federal Regulations,* and shall be paid to the  
23 ~~veteran member~~ or to his or her heirs, devisees, legatees, or the  
24 qualified executor or the administrator of his or her estate pursuant  
25 to Section 1037 or Section 1038.

26 ~~SEC. 22.~~

27 *SEC. 26.* Section 1044 of the Military and Veterans Code is  
28 amended to read:

29 1044. The secretary may adopt rules and regulations governing  
30 the admission of applicants and may prescribe the conditions upon  
31 which they may enter and remain with the home.

32 ~~SEC. 23.~~

33 *SEC. 27.* Section 1051 of the Military and Veterans Code is  
34 repealed.