

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 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 ~~Veteran's~~ *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 ~~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.~~ *an MWR Advisory Committee, as specified.* The bill would require the department, in consultation with ~~the residents of each home, MWR Advisory Committee, the Veterans' Home Allied Council, and Council or~~ the resident council of each home, to adopt regulations related to, among other things, administering the MWR Fund and the MWRO ~~Funds, 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~~ *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~~. *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~~ *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 ~~(b)~~
- 8 (c) Authorizes and directs the Department of Veterans Affairs
- 9 to promulgate rules and regulations related to the statewide
- 10 Veterans' Home Morale, Welfare, and Recreation Fund through
- 11 a stakeholder process that includes members of the Veterans'
- 12 Homes of California. It is further the intent of the Legislature that
- 13 these rules and regulations include, but not be limited to, a yearly
- 14 ~~budgeting~~ *allocation* process for moneys to be expended in each
- 15 home.
- 16 ~~(e)~~
- 17 (d) Maintains the highest possible degree of transparent
- 18 administration and resident involvement.

1 (e) *Encourages identical Morale, Welfare, and Recreation Fund*
2 *policies and procedures to be established, documented, and*
3 *implemented at each veterans' home.*

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

6 1010. As used in this chapter:

7 (a) "Home" means the *Veterans' Home of California System,*
8 *which includes the Veterans' Home of California, Barstow, the*
9 *Veterans' Home of California, Chula Vista, the Veterans' Home*
10 *of California, Fresno, the Veterans' Home of California, Lancaster,*
11 *the Veterans' Home of California, Redding, the Veterans' Home*
12 *of California, Ventura, the Veterans' Home of California, West*
13 *Los Angeles, and the Veterans' Home of California, Yountville,*
14 *and any future Veterans' Home of California which may be*
15 *established on and after January 1, 2016.*

16 (b) "Administrator" means the Administrator of the Veterans'
17 Home of California, Barstow, the Administrator of the Veterans'
18 Home of California, Chula Vista, the Administrator of the
19 Veterans' Home of California, Fresno, the Administrator of the
20 Veterans' Home of California, Lancaster, the Administrator of the
21 Veterans' Home of California, Redding, the Administrator of the
22 Veterans' Home of California, Ventura, the Administrator of the
23 Veterans' Home of California, West Los Angeles, and the
24 Administrator of the Veterans' Home of California, Yountville,
25 and the administrator of any future Veterans' Home of California
26 which may be established on and after January 1, 2016.

27 (c) "Department" means the Department of Veterans Affairs.

28 (d) ~~"Director" means the Director~~ "*Secretary*" means the
29 *Secretary* of Veterans Affairs.

30 (e) "Veteran" means a member of the home.

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

33 SEC. 4. Section 1047 is added to the Military and Veterans
34 Code, to read:

35 1047. (a) (1) The Veterans' Home Morale, Welfare, and
36 Recreation Special Fund (MWR Fund) is hereby created in the
37 State Treasury. Notwithstanding Section 13340 of the Government
38 Code, all funds deposited in the MWR Fund as authorized by this
39 section shall be continuously appropriated to the department,
40 without regard to fiscal year. All references in this chapter to the

1 “Morale, Welfare, and Recreation Fund” or “MWR Fund” are
2 deemed to refer to the fund created by this paragraph.

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

6 (3) For the purposes of this subdivision, providing for the
7 general welfare of the members of a home includes, but is not
8 limited to, operating a canteen, *base exchange*, hobby shop, theater,
9 library, or band, and payment for newspapers, chapel expenses,
10 entertainment expenses, sports activities, celebrations, ~~capital~~
11 ~~improvements that directly enhance the quality of life~~, or any other
12 function or activity that is related to the morale, welfare, and
13 recreation of the residents that would not otherwise be paid for by
14 the General Fund.

15 (4) The administrator of a home shall deposit all moneys
16 maintained by the administrator in a Morale, Welfare, and
17 Recreation Fund pursuant to this section as it read on January 1,
18 2015, into the Veterans’ Home Morale, Welfare, and Recreation
19 Special Fund created by paragraph (1).

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

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

29 ~~(6)~~

30 (7) On or before July 1, ~~2017~~, 2018, the department, in
31 consultation with the ~~members at MWR Advisory Committee in~~
32 each home, the Veterans’ Home Allied Council, ~~and~~ or the resident
33 council at each home, shall adopt regulations that carry out the
34 intent of this section, including, but not limited to, the
35 administration of the MWR Fund and Morale, Welfare, and
36 Recreation Operating Funds (MWRO Funds), the process by which
37 the homes submit annual budgets and receive allocations, the
38 process by which the secretary shall review and act upon the
39 allocation requests and requests for augmentation of those
40 allocations.

1 ~~(7)~~

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

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

17 ~~(2) In addition to the annual disbursement to a home from the~~
18 ~~MWR Fund, the secretary may, on an annual basis and in his or~~
19 ~~her discretion, allow for an additional one-time allocation of~~
20 ~~moneys in an amount no greater than 5 percent of that annual~~
21 ~~disbursement for a special project if the administrator of the home~~
22 ~~submits a proposal to the secretary that shows good cause for the~~
23 ~~allocation. In developing the proposal, the administrator shall~~
24 ~~consult with the members of the home, the Veterans' Home Allied~~
25 ~~Council, or the resident council at the home.~~

26 ~~(3)~~

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

33 ~~(4) The board shall review any proposed allocation pursuant to~~
34 ~~paragraph (1), (2), or (3). This review shall include receiving public~~
35 ~~comment and soliciting comments from the Veterans' Home Allied~~
36 ~~Council or other resident representative body of each home. The~~
37 ~~board shall consider and adopt its advice at a publicly noticed~~
38 ~~meeting before providing that advice to the secretary. The secretary~~
39 ~~may act contrary to the board's advice, but shall provide the board~~

1 ~~with an explanation of why the advice was not the basis for the~~
2 ~~secretary's chosen action.~~

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

5 (1) A medical treatment or ~~a treatment related to a medical~~
6 ~~treatment.~~ *medical care of a member of a home.*

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

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

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

16 (e) The department shall adopt, use, and require the homes to
17 use uniform accounting procedures for the MWR Fund and the
18 ~~MWRO Funds.~~ *Funds subject to the department's oversight and*
19 *audit as needed.* The department shall prepare an itemized report
20 that is organized by category, ~~includes a~~ *including* sufficient detail
21 to allow legislative oversight, and accounts for all expenditures
22 from, and all funds deposited into, the MWR Fund *and the MWRO*
23 *Funds* for the previous fiscal year. The department shall submit
24 the report on or before ~~August 20, 2017,~~ *December 31, 2018,* and
25 annually on or before August 20 thereafter, to the following:

26 (1) The Department of Finance.

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

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

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

32 (5) The administrator of each home.

33 (f) The department shall maintain a reserve in the MWR Fund
34 of not less than ~~two~~ *three* million dollars ~~—(\$2,000,000).~~
35 *(\$3,000,000).*

36 (g) The department may transfer funds from the MWR Fund to
37 the Surplus Money Investment Fund for investment pursuant to
38 Article 4 (commencing with Section 16470) of Chapter 3 of Part
39 2 of Division 4 of Title 2 of the Government ~~Code.~~ *Code or may*
40 *hire a third-party investment broker to invest moneys from the*

1 *MWR Fund consistent with Section 16480.2 of the Government*
 2 *Code and any regulations regarding selecting prudent, approved*
 3 *investment types.* The amount invested and the accrued interest or
 4 earnings shall be credited to the MWR Fund for allocation by the
 5 department.

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

13 SEC. 5. Section 1048 of the Military and Veterans Code is
 14 repealed.

15 SEC. 6. Section 1048 is added to the Military and Veterans
 16 Code, to read:

17 1048. (a) A Morale, Welfare, *and* Recreation Operating Fund
 18 (MWRO Fund) shall be maintained by the administrator of each
 19 home to administer quality of life activities for the general welfare
 20 of the members, pursuant to the annual ~~allocation~~ *allocation,*
 21 *including any augmentation provided by the Secretary,* from the
 22 MWR Fund.

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

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

29 (1) Medical treatment or ~~a treatment related to a medical~~
 30 ~~treatment.~~ *medical care for a member.*

31 (2) The maintenance *or major capital improvement* of the
 32 *Home’s* physical plant.

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

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

37 1049. (a) Moneys in the Morale, Welfare, and Recreation Fund
 38 maintained under subdivision (a) of Section 1047 may be used,
 39 subject to approval by the secretary, to establish or operate a

1 canteen *and base exchange* at each home location. The canteen
2 may sell goods at a profit.

3 ~~(b) (1) Each home shall establish an account separate from the~~
4 ~~MWR Fund and the MWRO Fund for the purpose of receiving~~
5 ~~donations.~~

6 ~~(2) On or before July 1, 2017, the department, in consultation~~
7 ~~with the residents of the home, shall adopt regulations that govern~~
8 ~~expenditures from the donation account described in paragraph~~
9 ~~(1).~~

10 (e)

11 (b) The MWRO Fund of each home shall include proceeds from
12 the operation of a canteen, ~~revenue derived from the issuance of~~
13 ~~prisoner-of-war special license plates pursuant to Section 5101.5~~
14 ~~of the Vehicle Code, interest earned on invested funds, funds~~
15 ~~derived from the estates of deceased residents, and any other~~
16 ~~moneys or property described in this chapter, including, but not~~
17 ~~limited to, moneys and properties received by the home from estate~~
18 ~~assets located outside the home, regardless of amount. or base~~
19 ~~exchange.~~ Any moneys derived from golf course green fees, range
20 ball fees, and operations of activities ~~specifically at the unique to~~
21 ~~each Veterans' Home of California, Yountville, California shall~~
22 ~~be credited to deposited in the MWRO Fund allocation for that~~
23 ~~home: home after appropriate state costs, fees, and rent are~~
24 ~~deducted from the revenue received for those operations.~~