

Date of Hearing: March 10, 2015

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS

Irwin, Chair

AB 171 (Irwin) – As Introduced January 22, 2015

**SUBJECT:** Department of Veterans Affairs: veterans' services.

Appropriates money to the California Department of Veterans Affairs (CDVA) for allocation to the County Veterans Service Officers (CVSOs) as specified. There are currently two Military and Veterans Code sections 972.1, one is applicable until the end of 2015, another applies January 1, 2016. As to the current section, this bill deletes language pertaining to a \$500,000 appropriation and other obsolete references that would conflict with the intent to raise the appropriation to \$5.6 million dollars.

Specifically, this bill:

- 1) As to the section 972.1 taking effect January 1, 2016, deletes conflicting or obsolete references and raises the annual appropriation minimum to \$5.6 million.
- 2) Adds section 972.3. This new section:
  - a) Continuously appropriates five million six hundred thousand dollars (\$5,600,000) annually from the General Fund to CDVA for allocation to counties to fund the activities of county veterans service officers pursuant to subdivision (a) of Section 972.1.
  - b) Directs the Department of Veterans Affairs to, no later than July 1, 2016, develop an allocation formula based upon performance standards that encourage innovation and reward outstanding service by county veterans service officers. Moneys appropriated for this purpose shall be allocated each fiscal year in accordance with that formula among those counties that have established and maintained a county veterans service officer pursuant to Section 970.
  - c) Contains an urgency clause. The basis for the urgency is stated as : "Approximately 50 percent of the current General Fund appropriation in support of county veteran service offices operations expires on June 30, 2015. In order to provide for continuity of services critical to the successful reintegration of California's veterans, to increase California's utilization of veteran benefits, and to ensure veteran's claims for benefits are processed in a timely manner, it is necessary that this act take effect immediately."

EXISTING LAW:

- 1) Provides for annual appropriation to the CVSOs as determined in each year's Budget Act.
- 2) Requires annual reporting by CDVA to the Department of Finance The department must annually determine the amount of new or increased monetary benefits paid to eligible veterans by the federal government attributable to the assistance of county veterans service officers.

- 3) Mandates that CDVA must, on or before October 1 of each year, prepare and transmit its determination for the preceding fiscal year to the Department of Finance and the Legislature.
- 4) Directs the Department of Finance to review CDVA's determination in time to use the information in the annual Budget Act for the budget of CDVA for the next fiscal year.

FISCAL EFFECT: Unknown at this time.

COMMENTS:

CVSOs are local agencies established in 1946 to assist veterans and their families in obtaining benefits and services accrued through military service. They act as the department's network for claim initiation and development and draw down significant federal dollars annually.

The cost of maintaining a CVSO is primarily a county general fund expense; however, counties with an established CVSO receive some State reimbursement funds as authorized by the California Military and Veterans Code. Depending on the revenue source, these funds are distributed either based on specific performance measurements or as a percentage of net county cost. It is important to emphasize that while state general funds and federal pass-through funds distributed by the California Department of Veterans Affairs (CalVet) assists counties in maintaining their CVSOs, the primary cost of the CVSO program statewide is a county expense, as opposed to a State expense. Funds received by CVSOs are subject to both internal county audits and regular audits by the CalVet in accordance with the California Code of Regulations.

According to the California Association of County Veterans Service Officers 2015 Annual Report and Directory, in FY 2013-14, when CVSO state local assistance funding was temporarily increased from \$2.6 million to \$5.6 million, the CVSO's were able to increase federal benefits to California veterans by over \$100 million.

The total state audited amount of federal compensation and pension payments to veterans and their families rose from \$445 million in FY 2012-13 to \$545 million in FY 2013-14. The majority of those payments are paid monthly to the veteran over his or her lifetime.

### **CALIFORNIA'S UTILIZATION OF VETERAN BENEFITS**

California's utilization of the primary monetary veteran benefits, referred to as compensation and pension (C&P), has historically lagged behind the nation as a whole. Recently, however, California has improved its utilization rates though there is still work to be done.

In 2007 CalVet recommended several strategies to correct the underutilization including:

“... providing resources in support of additional full time professional service representative staff with a focus on areas with large veteran population and lower than average benefit participation rates.

- a. Subvention funding for county veteran service offices should be increased to support an expansion of county veterans service office staffing. The additional funding shall be directed to expanding the staff dedicated to full time outreach and claims work.

b. Resources are needed to fund additional professional service representative staff at CalVet district offices in support of claims representation (appeals), local training, and local outreach. Outreach should specifically increase in areas where the State can provide economy of scale.”

Currently subvention funding in support of CVSO operations is temporarily at \$5.6 million but is scheduled to revert to the historic level of \$2.6 million unless action is taken to set a new minimum funding level. Many counties used this temporary increase to add additional staff but also report that those positions are temporary and most will be eliminated if the funding is not made permanent.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

American Legion, Department of California  
AMVETS, Department of California  
California State Commanders Veterans Council  
County of Butte  
County of Del Norte  
County of El Dorado  
County of Fresno  
County of Kern  
County of Mariposa  
County of Plumas  
County of Santa Barbara  
County of Shasta  
County of Sierra  
County of Tehama  
County of Ventura  
County of Yuba  
Military Officers Association of America, California Council of Chapters  
Shan Yue, Assistant CVSO, SF County  
Veterans of Foreign Wars, Department of California  
Vietnam Veterans of America, California State Council

**Opposition**

None on File

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