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INFORMATIONAL HEARING

Changing Landscape of Veterans Benefits in California

Tuesday March 25, 2025 – 3 PM to 5 PM
State Capitol, Room 127

BACKGROUND

INTRODUCTION

California's veterans deserve more than just our gratitude; they deserve a nation that actively supports their well-being and ensures they have the resources to thrive after service. Moving from military service to civilian life can be a challenging process, for many that includes unique physical and mental health complications. All at once when separating from the military, a veteran loses their home, job, camaraderie, and community and many lose access to health care benefits. Struggles in transition can cause serious problems, including depression, homelessness, and increased risk of crisis. Programs offering essential support in areas like job training, education, mental health, and community integration are vital to help veterans not only transition to civilian life but thrive in it.

History of Veterans Benefits in the U.S.

The support for veteran's benefits can be traced back to the Continental Congress of 1776, who enacted pensions for disabled soldiers during the Revolutionary War. In the 19th century, support was extended to widows and dependents of veterans. Founded at the height of the Great Depression, the Veterans Administration was formerly an independent government agency. It was elevated to a cabinet department in 1989 and renamed to the U.S. Department of Veterans Affairs (VA). The organization provided and continues to provide medical care, benefits, and essential services to veterans of the U.S. Armed Forces and their families.

The VA has a long history of achievements and persistent challenges, including scandals, mismanagement, and concerns about access to care and benefits. They have faced criticism for their long wait times for appointments and slow processing of benefits. The VA Inspector General found that appointment scheduling issues were a nationwide problem, with issues found at 77 VA facilities. Experts have highlighted inadequate mental health staffing, outdated policies, and the inability to enforce high standards across a large, decentralized healthcare network as contributing to VA's failures in serving veterans' mental health needs. Congress passed the Choice Act in 2014 and the Mission Act in 2018, allowing veterans to seek care outside the VA system under certain conditions to address access to care. In addition to providing some health care services and

disability compensation, the VA also provides vocational rehabilitation, education assistance, home loans, life insurance, and burial benefits to eligible veterans.

Veterans in California

Approximately 8% of all U.S. veterans live in California. California is home to the nation's largest concentration of military personnel and other national security activity. Some 161,000 active-duty military personnel are stationed at more than 30 military installations across California.¹ The military significantly impacts California's economy through defense spending, supporting jobs, and fostering innovation, particularly in sectors like aerospace, manufacturing, and technology, contributing billions to the state. National security agencies employ an additional 122,000 civilians in California.² In fiscal year 2023, military and other national security activity in the state generated an estimated \$196.7 billion in economic activity, approximately 5.1% of California's economy.³

Over the past 20 years, we have seen a significant shift in our veteran population. While we have the largest number of active duty personnel, we have slipped from having the most veterans of any state to now holding the third position. In fact, in the last decade, half of California veterans have chosen to relocate to other states. The benefits of military retirees have prompted many states to exempt military retirement pay from state income tax. California is the only state that does not, at least partially, exempt military retirement pay. Which could be why California has lost half of their veteran population.

California Military Department

The California Military Department (CMD), or Cal Guard, is responsible for the command, leadership and management of the California Army National Guard, California Air National Guard, California State Guard, and Youth and Community Program Task Force. The CMD is headed by The Adjutant General, Major General Matthew P. Beevers. Under proper authority, the CMD organizes, resources, and trains forces with unique capabilities to serve the community, state, and nation. Federal missions include warfighting operations and homeland defense. State missions include civil support operations, Counterdrug Task Force, State Cyber Operations, Joint Task Force Rattlesnake, and the Work for Warriors program.

The California National Guard (CNG) provides mission ready forces to the federal government as directed by the President, emergency public safety support to civil authorities as directed by the Governor, and support to our local communities. The Army National Guard and Air National Guard are organized, manned, and funded in accordance with federal Departments of the Army and Air Force regulatory guidance. The California State Guard is an all-volunteer strategic force that provides trained and organized state military forces and capabilities under the exclusive control of

¹ Defense Manpower Data Center (Sept. 2023). [Department of Defense Personnel, Workforce Reports & Publications](#).

² Department of Defense, Department of Homeland Security and Department of Veterans Affairs.

³ CRB calculation based on the [California Department of Finance's estimate](#) of California state Gross Domestic Product (GDP) of \$3,862,171,400,000 for 2023.

the Governor. Typically, those additional military duties include assisting civil authorities during domestic emergencies and assisting in the mobilization and demobilization process of the CNG

Cal Guard Total Strength¶ 18,498α			
Army Guard¶ 12,627α	Air Guard¶ 4,749α		State Guard¶ 1,122α
Total - Federally Deployed¶ 762α			
Army Guard¶ 379α	Air Guard¶ 383 α		Training / Exercise · Deployments¶ 0α
Civil Support Missions (Including ESAD)¶ 1,261α			
JTF Rattlesnake (SAD/ESAD)¶ 359α	CounterDrug · TF (T32) ¶ 334*α	CounterDrug · TF (ESAD) ¶ 133α	State Emergency · Missions¶ 435α

CMD Work for Warriors

California is home to 1.5 million veterans, representing 8% of the total U.S. veteran population. There are over 156,418 active-duty personnel, reserve personnel, and military civilians stationed in California. Approximately, thirty thousand of these active duty and reserve personnel are discharged each year and become new veterans. California has 39,000 unemployed veterans.

The Work for Warriors (WFW) program was established in 2012 with a \$500,000 grant from the California State Speaker of the Assembly. The charter mission of the WFW program was to reduce unemployment in the CNG by 25% by June 2013. When this goal was accomplished, the WFW program expanded to serve all Veterans and their spouses throughout California.

WFW receives \$1.4 million in federal grant money each year from the Department of Defense (DoD). The federal money pays for 11 contractors that work alongside the military WFW staff. WFW received permanent state baseline funding of \$670,000 (General Fund) and six permanent positions in the 2019-20 state budget. California's WFW program is one of the most effective veteran job placement programs in the country, remaining consistent with averaging one job placement per day (Over 8,727 total placements). Over 1,000 private and public organizations have partnered with the WFW program. Additionally, WFW has partnered with dozens of non-profits such as The Gary Sinise Foundation and Veteran Service Organizations.

WFW team members on State Active Duty serve in the military and wear a military uniform. This allows WFW to establish a direct connection to the service member or newly discharged veteran, facilitating effective communication and trusted relationships with those we place into jobs. Military WFW members access active duty military installations and meet with active duty military base Commanders to integrate WFW into the base's service member transition program; ensuring

that Service members leaving the military from a California military base have the opportunity to stay in California and move immediately from military to civilian employment.

The methodology of WFW is also unique. The program uses a civilian “headhunter” business model rather than a job fair or website based employment assistance method. Each business partner and veteran is communicated with and managed personally, like a business client. Candidates are aligned with the right job from a pool of hundreds of positions given to WFW by business partners and individually prepped and positioned to succeed during the job application and interviewing process.

The WFW program supports CNG and Reserve readiness by ensuring that Service members have meaningful careers that allow them to focus on fulfilling their military service to the state. Employed Service members are more likely to attend training and prepare for Civil Support Missions. Unemployment increases the risk of suicide, substance abuse, and domestic violence.

Role of CalVet in Veterans Benefits

CalVet provides benefits and services to veterans in the state, as well as to their dependents and survivors. It also acts as the agency advocate for veterans’ programs managed by other departments, such as the Veterans Housing and Homelessness Prevention Program under the Department of Housing and Community Development (HCD) and the Disabled Veteran Business Enterprise Program administered by the Department of General Services. Under the authority and funding of the U.S. Dept. of Veterans Affairs, CalVet operates a State Approving Agency for Veterans Education, which verifies educational institutions and programs for purposes of Title 38 eligibility. Title 38 is commonly referred to as the GI Bill. CalVet has approximately 3,600 employees and an annual budget for fiscal year 2024/25 of about \$679 million, down from \$721 million for 2023/24.

CalVet helps with educational benefits, employment programs like the California Transition Assistance Program (CalTAP) and the Disabled Veteran Business Enterprise Program, assists with healthcare benefits and administers the CalVet Veteran Homes and the California Veterans Health Initiative (CVHI), and housing through CalVet Home Loans. CalVet has three district offices to assist veterans and their families access federal and state veteran benefits at no cost.

In 2014, Proposition 41 created the Veterans Homes and the Veterans Housing and Homelessness Prevention (VHHP) Program and allowed for the issuance of \$600 million in bonds to provide funding to build multifamily affordable housing, transitional housing, and supportive housing for veterans. Together, CalVet, the Department of Housing and Community Development, and the California Housing Finance Agency administered the VHHP Program to provide housing and supportive services to veterans experiencing homelessness or struggling with very low income to attain stable housing and improve self-sufficiency. VHHP Program funds have been nearly all awarded and integrated with Project Homekey+. Homekey+ allocates \$1.065 billion towards housing investments aimed at supporting veterans vulnerable to homelessness, including those currently homeless or facing chronic homelessness, with a focus on individuals struggling with behavioral health issues or substance use disorders. CalVet and HCD have been working together to determine how best to allocate these funds.

The Veterans Support to Self-Reliance is a pilot grant-based program to fund provision of supportive services for veterans aged 55 and over who reside in permanent supportive housing projects throughout California. Expanded on-site supportive services may include, but are not limited to skilled nursing care, medication management, peer specialists, and geriatric social workers. The pilot program will serve to test whether with these enhanced supportive services, and within the construct of Housing First and evidence-based practices, that aging veterans experiencing chronic homelessness will be able to age in place and enjoy the stable and thriving quality of life that they deserve.

The California Veterans Health Initiative Mental Health Support Grant Program (MHSGP) is a pilot grant-based program to improve access to mental health care for veterans and their families. CalVet has awarded \$33.2 million in grants to community organizations providing services to 45 of California's 58 counties through the CVHI-MHSGP. This funding will enable community-based organizations to expand access to outpatient mental health treatment options for California's veterans and their families. In addition, the community-based providers awarded CVHI grants will use the funding to expand statewide telehealth and other accessible mental health services to veterans and their families. The grants will also work to increase California's mental health workforce specializing in the veteran population by providing training and clinical supervision to the next generation of mental health professionals.

CalVet Veterans Homes of California

The largest division within CalVet is the Veterans Homes division, which accounts for approximately 3,072 of the department's employees and \$472.5 million of its fiscal year 2024/25 operating budget. General Fund expenditures to operate the Homes are partially offset by revenues from Medicare, Medi-Cal, member fees, and a per diem rate paid by the VA for each eligible veteran resident in the Homes. Per diem payments amounted to about \$77.1 million returned to the General Fund in 2023/24.

There are eight Veterans Homes in California, by order of their establishment, these are in Yountville (1884), Barstow (1996), Chula Vista (2000), Lancaster (2009), Ventura (2009), West Los Angeles (2010), Fresno (2013), and Redding (2013). There are five levels of care provided at the Homes. From least to most intensive, those are domiciliary, Residential Care Facility for the Elderly (RCFE), Intermediate Care Facility (ICF), Skilled Nursing (SNF), and Skilled Nursing – Memory Care (SNF-MC).

Six of the eight Veterans' Homes operate SNFs/SNF-MCs, which are federally regulated. The Centers for Medicare and Medicaid Services regularly inspects healthcare facilities under its jurisdiction and rates them on a five-star scale. Three of the California Veterans Homes with a SNF have five-star ratings and three have a four-star rating. With recent survey results still pending, they anticipate that some of the Homes will increase their star rating.

Role of CVSOs in Veterans Benefits

County Veteran Service Offices (CVSO) play a critical role in the veteran's advocacy system and are often the initial contact in the community for veteran services. CalVet and CVSOs are partners

in California, with CVSOs serving as the front-line support for veterans and their families, while CalVet assists with claims development, representation, and appeals, ensuring veterans receive the benefits they earned through their service. CVSOs are a critical component in the state's efforts to work directly with individual veterans and their families to ensure our veterans receive the benefits they earned through their service to our nation. CVSOs, through claims initiation and development, assist veterans and their families in preparing and submitting claims and in representing claimants before the federal, state, and local agencies providing veterans benefits.

Government-funded Nonprofits in California

The California Association of Veteran Service Agencies (CAVSA) is a consortium of six non-profit veteran service providers working in partnership to address the needs of California's veterans. CAVSA agencies serve veterans throughout the state with behavioral health programs, housing support, employment services, and helping with medical needs. These agencies also depend on financial support from various state and local government and private sources, including foundations, health systems, endowments, public contracts, and grants. CAVSA indicates in their 2024 Annual Report that their agencies have lost or had drastic reductions in funding sources they once depended on. On January 28, 2025, the White House issued a memo to "temporarily pause all activities related to obligation or disbursement of all Federal financial assistance, and other relevant agency activities." This pause threatened the continuation of payments for all the veteran programs, jeopardizing their ability to provide services. If federal funding was cut or reduced, many of these and other veteran service providers would be just a payroll or two away from shutting their doors.

Veteran Homelessness

On an average night in 2024, roughly 32,000 veterans were experiencing homelessness in the United States. Whilst this may feel like a high number, it proves the success of providing targeted and sustained funding to reduce veteran homelessness. The latest 2024 Point-in-Time Count has shown us a 10 % reduction in unsheltered veterans. The Annual Homelessness Assessment Report – Part 1 published in December 2024 states that four out of 10 veterans were unsheltered. California has made incredible strides in the last few years in its efforts to reduce the homeless veteran population. Through programs like the Veterans Housing and Homelessness Prevention Program and Housing and Urban Development VA Support Housing the implementation of a more holistic approach to reduce veteran homelessness in California has proven successful. Before its sunset, the VHHP program provided funding to developers capable of building affordable, transitional, and supportive housing. These developers then offered priority consideration to veterans experiencing mental health challenges. The VHHP program has since been used as a blueprint for supportive housing efforts under Proposition 1. In March 2024, Californians passed Proposition 1 which allocated 1.5 billion dollars in funding for housing veterans with behavioral needs.

Severe Staffing Shortages at the VA

The VA Office of Inspector General (OIG) must annually identify clinical and nonclinical staffing shortages at each Veterans Health Administration (VHA) medical facility. The OIG conducted a review to identify staffing shortages by occupation for fiscal year 2024. Collectively, facilities faced

2,959 severe staffing shortages and 20% reported 30 occupations were critically understaffed. Every year since 2014, medical officer and nurse occupations were identified as having severe shortages and for 2024, 86% reported severe shortages for medical officers and 82% reported severe shortages for nurses. Psychology was the most frequently reported clinical occupation with severe staffing shortages. Of the 139 facilities surveyed, 137 reported at least one severe occupational staffing shortage.⁴ These shortages lead to longer wait times for veterans seeking care and can even result in some VA clinics being unable to take new patients for primary care or mental health needs. The VA is planning to cut 83,000 jobs, which would reduce the workforce by over 17%. These cuts are expected to exacerbate existing staffing shortages and negatively impact veterans' access to care.

Disability Claims through the VA

Filing for VA benefits involves a complex, highly technical process. The Code of Federal Regulations Title 38, which governs veterans' claims, contains more than 1,600 pages of fine print, and the accompanying manual also is over 1,600 pages in length. The Veterans Benefits Administration (VBA), a component of the VA, processes disability claims and administers all aspects of the VA disability program. VA disability compensation is paid to honorably discharged veterans with disabilities that are the result of a disease or injury incurred or aggravated during active military service. Veterans may apply in person, by mail or electronically through the VA eBenefits portal. Disability claims require an analysis and review by the VBA and usually take between 90 to 120 days for a decision. The VA claims process is arduous, cumbersome, extensive, stressful, and time consuming.

The VA is well known for its historically large numbers of backlogged claims. The VA defines backlog as disability benefits cases, claims, and appeals that the VA still needs to process, and have been over 125 days. In March 2013, the VA had a backlog of more than 611,000 and in 2023 the backlog was reduced to 420,000. If a Veteran appeals a benefits decision, the appealed claim is tracked separately.

The 2013 California Budget contained \$3 million for a "strike force" concept to place CalVet employees in the VA Regional Offices to assist in reducing the disability claims backlog. The Strike Teams have not only significantly contributed to reducing the claims backlog, but the CalVet/VA teams have also developed a proven method of expediting emergency claims through the strike teams.

The Honoring Our PACT Act of 2022, also known as the Sergeant First Class Heath Robinson Honoring Our Promise to Address Comprehensive Toxics Act, expands VA health care and benefits for veterans exposed to toxic substances like burn pits and Agent Orange, and provides retroactive pay for certain conditions. To meet the demand of newly eligible PACT Act claims, the VA gradually increased its workforce by 61,000. Between the increase in staffing and the strike force teams from CalVet, the current VA backlog is just over 245,000.

⁴ [OIG Determination of Veterans Health Administration's Severe Occupational Staffing Shortages Fiscal Year 2024](#)

Veterans in the workforce

In February 2025, the veteran unemployment rate was 4.1%, up from 3.8% in January, and up from 2.8% the prior year. (U.S. Bureau of Labor Statistics March 7, 2025⁵) In 2024, there were nearly 18 million veterans, of those veterans, 8.19 million were employed. The annual average unemployment rate for veterans was 3% in 2024 compared to 2.8% in 2023. Many veterans, after serving in the military find ways to continue serving the country. One of which is by becoming part of the federal workforce. Veterans make up one-third of the federal workforce and veterans account for 46% of personnel at the DoD. (U.S. Office of Personnel Management⁶) It's estimated that since January 20, 2025, more than 220,000 federal employees have been fired, approximately 66,000 of those are veterans and about 75,000 federal employees have accepted the offer of deferred resignation, 23,000 of those would be veterans. According to the Congressional Research Service, as of December 20, 2024, there were 174,000 federal employees in California.

For the past month, the Trump administration has been cutting federal spending, causing numerous hardships for government employees, the agencies they work for, and the people they serve. Veterans are among those hardest hit, and the impact goes well beyond job loss. Cuts to the federal workforce are also affecting medical care for veterans. The VHA workforce constitutes 90% of the VA's 482,000 workers, so cuts to VA workers mean cuts to health care. In January, there was a federal hiring freeze, leading the VA to rescind job offers, remove postings for job openings, and fired 2,400 probationary workers. Some of the rescinded offers were later reinstated and some of the postings for vacancies were re-initiated. Now, the VA faces an additional loss of 83,000 jobs which would be 17% of the total VA workforce. These cuts will contribute to veterans losing timely access to healthcare.

CONCLUSION

On Friday, March 14, 2025, thousands of protesters, including veterans, gathered on the National Mall in Washington, D.C. and at every state capitol to oppose the Trump Administration's drastic cuts to federal agencies including cuts to the VA. The VA's mission is to fulfill the promise to care for those who have served in our nation's military and for their families, caregivers, and survivors. The demand for VA healthcare is not decreasing and this is one reason why cutting back to pre-pandemic staffing levels will be catastrophic. Veterans already face alarming suicide rates, an estimated 17 veterans die by suicide every day.⁷ When we abandon our veterans, we abandon the very values this nation claims to uphold—duty, honor, and commitment. This is not just about policy; it is about the people who have risked everything in service to this country.

⁵ <https://www.bls.gov/news.release/empsit.t05.htm>

⁶ <https://www.opm.gov/fedshirevets/hiring-officials/veteran-employment-data/>

⁷ https://www.mentalhealth.va.gov/suicide_prevention/data.asp