Date of Hearing: March 26, 2019

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS
Jacqui Irwin, Chair
AB 55 (Eduardo Garcia) – As Amended March 6, 2019

SUBJECT: Department of Veterans Affairs: veterans' services

SUMMARY: Establishes a continuous appropriation – for each fiscal year commencing July 1, 2019 – of $11 million from the General Fund to the Department of Veterans Affairs (CalVet) and makes it available for allocation to counties to fund the activities of county veterans service officers (CVSOs). The bill also designates its provisions as an urgency statute. Specifically, **this bill**:

1) Makes findings and declarations regarding the size, evolving demographic profile, and emerging needs of California's veteran population, the responsibilities of CVSOs in meeting those needs, and the recent history of state funding of CVSO operations;

2) Defines the term "workload unit" to mean a specific claim activity used to allocate subvention funds to counties, which is approved by CalVet, and performed by CVSOs;

3) Establishes a continuous appropriation – for each fiscal year commencing July 1, 2019 – of $11 million from the General Fund to CalVet to be available for allocation to counties to fund CVSO activities;

4) Deletes other provisions, makes conforming changes and other code cleanup;

5) Designates its provisions as an urgency statute.

EXISTING LAW:

1) Provides for CVSOs, who assist veterans in making claims for veterans benefits (federal/state/local), and who perform other veteran-related services requested by the board of supervisors.

2) Provides that the compensation and expenses of the CVSO shall be a county charge, but CalVet, out of state moneys made available, shall pay each county a portion of those costs in an amount determined by CalVet.

3) Provides for an annual state appropriation for the CVSOs as determined in each year's Budget Act, currently funded at $5.6 million.

4) Requires CalVet to determine and report to the Department of Finance (DOF):

    a) The number of claims filed to achieve benefits such as pension, disability compensation, and health care on behalf of veterans and their dependents.
    b) The annualized monetary value of benefits received by veterans and their dependents as a result of the efforts of CVSOs, broken down by type of benefit.
    c) A summary of other services provided by CVSOs and participation in outreach activities, such as homeless veteran "Stand Downs," and job fairs.

5) Requires CalVet, on or before October 1 of each year, to prepare and transmit its determination for the preceding fiscal year to DOF and the Legislature.

6) Directs DOF to review CalVet's determination in time to use the information in the annual Budget Act with regard to CalVet's budget for the next fiscal year.

7) Provides that state subvention funds shall be disbursed each fiscal year on a pro rata basis to counties that have established and maintain a CVSO in accordance with the staffing level and workload of each CVSO under a formula based upon performance, as specified, developed by CalVet.

8) Provides for a current budget allocation cap of $11 million of state funds and the consideration for the annual budget to not exceed $5 million.

FISCAL EFFECT: Though this bill has not been analyzed in a fiscal committee, it would establish an ongoing appropriation from the general fund to CalVet, for allocation to CVSOs, of $11 million annually, an increase from the previous year's budget of $5.6 million.

COMMENTS: According to the author:

"It is critical that the county veterans service officers receive a steady stream of funding because there continues to be a large number of underserved veterans and dependents who are not aware of the federal benefits available to them as a result of their military service. Studies from other states show that increases in county veterans service officers result in larger amounts of federal moneys to veterans. These new federal moneys and benefits are paid directly from the United States Department of Veterans Affairs to the qualifying veterans or their dependents and are used in the local economy."

Benefits.

There are a variety of federal benefits available to eligible veterans of the U.S. Armed Forces. These include, but are not limited to, the G.I. Bill and the V.A. home loan program. Determining eligibility for some of these benefits can be as simple as providing a copy of one's discharge document. Others, particularly medical benefits, can be significantly more complicated. In particular, if a veteran has left military service with an undocumented health or mental health problem, substantiating that it is service-related, applying for medical benefits, and then waiting for a response from the USDVA can take a very long time. Sometimes it is surviving family members who are pursuing an earned benefit, often without the benefit of documentation. This is complicated and arduous, and can prove burdensome enough that many forgo securing the benefits they, or their family members, have earned.

To help with this process, California uses CVSOs, subject matter experts who assist veterans and their family members navigate this process.

CVSOs, through claims initiation and development, and CalVet, through claims development and representation, provide assistance to veterans and their dependents in preparing and submitting claims and in representing claimants before the federal, state and local agencies providing veterans benefits. CVSOs use CalVet-sponsored VetPro software to enhance their claims reporting and tracking.

Funding.

While CVSOs are independent local agencies, they are funded from a combination of local and state resources. The state provides limited local assistance funding from various sources, including the General Fund (subvention), Veterans Service Office Fund, and reimbursements (Medi-Cal cost avoidance). The subvention funding is appropriated to CalVet, which allocates the funds to the CVSOs.

From 2004 until recently, the state's annual contribution to CVSO funding held at $2.6 million. The Legislature enacted consecutive "one-time" augmentations of $3 million, which were included, respectively, in the 2013-14 and 2014-15 Budget Bills. The 2015-16 state budget process established the level of $5.6 as a new budgetary baseline.

Performance.

The CVSOs are generally regarded as providing a good return on investment. According to the California Association of Veterans Services Officers, in fiscal year 2016/2017, claims filed with the assistance of CVSOs resulted in the return of approximately $436 million in benefits to California veterans and their families, against a combined operating cost for the state's 54 CVSOs of $41.3 million.

It is difficult to project, however, how that return would scale with increased investment. The proportion of veterans who receive compensation or benefits in a given county is expressed in annual reporting as the "utilization rate," and those rates vary from between 36.1 percent in Solano County to 5.5 percent in San Benito County. A low utilization rate does not necessarily mean a given CVSO is underperforming, and may accurately reflect the eligibility status of a county's veteran population. Not all veterans are eligible, and CVSOs may encounter diminishing returns as their given veteran populations max out their available benefits. At what point that would happen, however, is unclear.

Prior legislation.

AB 171 (Quirk-Silva, 2015) would have modified the formula by which CalVet allocates state funds to county veterans service officers (CVSOs), and adds reporting requirements to help determine how effectively and efficiently state funds are being spent. (Died, Senate Inactive File)

AB 2703 (Irwin, 2014) (1) would have required CalVet, no later than January 1, 2015, to develop an allocation formula based upon performance standards that incentivize CVSO performance; and (2) would have declared the Legislature's intent to fund specified CVSO activities and to provide an additional $400,000 for disbursement to the counties to encourage innovation and reward outstanding service by CVSOs. (Held, suspense, Senate Committee on Appropriations)

SB 419 (Committee on Veterans Affairs, Chapter 48, Statutes of 2009) (1) revises findings and declarations in existing law by declaring that 50 percent of the amount annually budgeted for CVSOs is (should be) approximately $11 million (rather than the existing $5 million), and (2) sunsets after January 1, 2016.

SB 418 (Committee on Veterans Affairs, Chapter 48, Statutes of 2009) revises existing legislative findings and declarations with regard to the use of General Fund moneys for services

provided by veterans service organizations by clarifying that the General Fund monies shall not be allocated until the annual budget for CVSOs reaches $5 million.

SB 608 (Johannessen, Chapter 318, Statutes of 1997) requires an annual report from CalVet to Department of Finance (DOF) concerning the monetary benefits obtained for veterans from the federal government by county veteran services officers. The bill requires DOF to consider the reported data in constructing the annual budget of funding increases for CVSOs. The bill places a limit on any increase based on this report of no more than $5 million from the General Fund for this purpose.

SB 1043 (Newman, 2018) would have done the same as this bill, but the amount of the continuous appropriation was $7 million. (Died without an author in Assembly Veterans Affairs following the senator's recall from office.)

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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