

## **AGENDA**

### **ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION**

**Assemblymember Joan Buchanan, Chair**

**Tuesday, February 28, 2012**

**10:00 a.m. – State Capitol Room 444**

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### ***Oversight Hearing*** ***Subject: Improving Services to Veterans***

**1. Opening Comments**

**2. California Department of Veterans Affairs**

- ❖ Mark Lennon, Deputy Secretary of Administration, California Department of Veterans Affairs

**3. County Veterans Service Officers**

- ❖ Pete Conaty, California Association of County Veterans Service Officers
- ❖ Ted Puntillo, Director of Veterans Services, Solano County Veterans Service Office

**4. Employment Development Department**

- ❖ Dennis Petrie, Deputy Director, Workforce Development Branch, Employment Development Department

**5. Department of Health Care Services**

- ❖ Rene Mollow, Chief, Medi-Cal Eligibility Division, Department of Health Care Services

**6. Public Comment**

## **Overview of Veterans' Services/Key Issues for Hearing**

California is home to approximately 2 million veterans, and as the nation's two current wars wind down, it is estimated that more than 37,000 veterans will return annually from military service to California. State and local agencies working to help connect veterans to federal benefits, employment, health care, housing and other services will likely face growing demand during coming years, requiring improved efficiencies and efficacy.

Veterans programs in California are dispersed through multiple state and local agencies, with funding from federal, state and local sources. The main agencies serving veterans that are the subject of this hearing are:

***The California Department of Veterans Affairs (CDVA).*** CDVA provides services to California Veterans and their dependents, and to eligible members of the California National Guard. The principle activities of the CDVA include:

- ❖ Providing home and farm loans through the Cal-Vet Farm and Home Purchase to qualifying veterans using proceeds from the sale of general obligation and revenue bonds;
- ❖ Assisting eligible veterans and their dependents to obtain federal and state benefits by providing claims representation, subventions to county veterans service officers, and direct educational assistance to qualifying dependents; and,
- ❖ Operating veterans' homes in Yountville, Barstow, Chula Vista and Greater Los Angeles and Ventura County with several levels of medical rehabilitation services, as well as residential services.

About 68 percent of CDVA's budget expenditures are spent on operating veterans homes, which are budgeted to house 1,742 veterans in the current fiscal year. Proposed CDVA expenditures and positions in the department's four main budget categories for 2012-13 are as follows:

<b>Program</b>	<b>Personnel Years</b>	<b>Expenditures</b>
Farm and Home Loans	107.4	\$103.9 million
Veterans Claims/Rights	40.7	\$12 million
Veterans Homes	1,922.9	\$246 million
General Administration	179.4	\$26.2 million
<b>Total</b>	<b>2,250.4</b>	<b>\$362.3 million</b>

***County Veterans Service Officers (CVSO).*** Fifty four of California's 58 counties have a County Veterans Service Officer. CVSO's are created and controlled by county boards of supervisors and often receive a majority of their funding from counties. CDVA has traditionally contributed \$2.6 million in state General Fund annually for CVSO operations. CVSOs are often the main point of contact for veterans seeking assistance, and assist veterans in completing applications for federal benefits, such as disability and

compensation benefits, and educational benefits. In 2010, an informal survey by CDVA showed that there were 220 positions in CVSOs across the state, with a total budget of \$21 million.

**Employment Development Department (EDD).** The Employment Development Department oversees several federally-funded programs aimed at assisting veterans as they seek employment. Most services are provided by EDD staff at more than 200 one-stop career centers located across the state. The table below describes EDD programs that impact veterans and the program budgets for 2011-12:

Program	Description	2011-12 Funding
Jobs for Veterans State Grant Program	Staff perform outreach and case management for veterans seeking employment	\$19.4 million
Workforce Investment Act Honor a Hero-Hire a Vet Job Fairs	Staff perform 10-12 jobs fairs per year	\$250,000
Workforce Investment Act Veterans Programs through Competitive Procurements	Veterans Service Organizations provide services to veterans seeking employment	\$3 million (proposed)
Wagner-Peyser Act	Not dedicated exclusively to veterans, staff provide labor exchange services to all job seekers, giving priority to veterans	\$84 million
Unemployment Insurance for Ex-Service members	Unemployment Insurance Benefits for qualifying veterans	\$109.7 million

Among the issues to be discussed in today's hearing are the following:

- ❖ A 2009 review of CDVA by the State Auditor noted that CDVA provides few direct services to veterans, instead relying on other entities to provide services as it seeks to collaborate with these entities. The report noted that a key CDVA goal, to increase veterans' access to federal benefits, is hampered by multiple barriers, and better coordination with CVSOs and a better data system would help it achieve this goal.
- ❖ Performance outcomes for California's veterans job programs show the state is below the national average for veterans entering employment.
- ❖ Based on a recommendation from the Legislative Analyst's Office, the Department of Health Care Services carried out a pilot project from 2009 to 2011 seeking to use a federal database to, among other things, identify veterans who are using Medi-Cal for health care services and alert them to their right to federally-funded health care through the U.S. Department of Veterans Affairs (VA).

## **Accessing Federal Benefits**

Many California veterans are eligible for federal disability compensation and pension benefits, but the state has for years lagged behind other states in the percentage of veterans receiving these benefits and the amount of money they receive. CDVA has targeted increasing benefits to California veterans as a key goal for an obvious reason: more federal dollars flowing into the state is a clear boost to the state's economy. One estimate provided by CDVA suggests California veterans may be forgoing as much as \$1.5 billion in benefits they are entitled to.

Current data show that 15.06 percent of California veterans receive federal compensation and pension benefits, averaging \$1,929 per month per veteran. The percentage of California veterans receiving veterans has improved significantly in the past several years, as the 2009 review by the State Auditor found that only 12.86 percent of state veterans received benefits. Despite the improvement, the state remains below the national average in both percentage of veterans receiving benefits and the amount they receive. Below is a comparison of California and two other states – Texas and Florida – with a large veteran population versus the national average:

State	% of Veterans Receiving Benefits	Average Amount per Month
Texas	18.53	\$2,634
Florida	16.82	\$2,222
California	15.06	\$1,929
National Average	15.72	\$2,104

Applying for federal compensation and pension benefits is a difficult process, requiring numerous documents, and many veterans seek help in completing their application. Multiple organizations in California aid veterans in applying for benefits, most notably CVSOs and local veterans service organizations. CDVA has only 40 personnel years out of its 2,250 PYs assigned to the division charged with increasing benefits for veterans.

The state has traditionally allocated \$2.6 million annually to CVSOs, in part to help CVSOs complete benefits applications for veterans. CVSOs access the state money by submitting reports to the state showing their workload; they receive a share of the appropriation based on the number of "workload units" performed. Workload units can include applications for federal compensation and pension benefits in addition to other services, such as education benefits. CDVA is currently considering altering this funding formula to further incentivize CVSOs to complete federal benefits applications.

Based on data compiled by the counties and state, there is considerable variation among counties in their success in helping veterans receive federal benefits. The chart on the next page shows a list of counties' veterans populations and the amount of federal benefit dollars that flowed into each county in Fiscal Year 2009-10. The chart lists the counties in order of annual payouts.

County	Vet Population	Annual payouts	County	Vet Population	Annual Payouts
Placer	32,690	\$ 26,289,384.00	Alameda	71,924	\$1,806,096
San Bernardino	121,684	\$ 14,559,720.00	Mendocino	7,917	\$ 1,773,636.00
Riverside	135,219	\$ 14,530,752.00	Napa	9,707	\$ 1,673,244.00
San Diego	244,104	\$ 9,279,720.00	Butte	19,569	\$ 1,584,024.00
Los Angeles	374,518	\$ 7,942,188.00	Kings	10,670	\$ 1,548,420.00
Stanislaus	28,186	\$ 6,820,452.00	Siskiyou	4,861	\$ 1,527,792.00
Kern	48,231	\$ 6,746,604.00	Marin	16,972	\$ 1,504,668.00
Orange	148,915	\$ 6,154,200.00	Lake	7,816	\$ 1,495,740.00
Santa Clara	75,196	\$ 6,109,944.00	El Dorado	16,096	\$ 1,440,948.00
Contra Costa	65,515	\$ 5,587,620.00	Yolo	9,066	\$ 1,297,080.00
Solano	40,327	\$ 5,186,388.00	Merced	13,537	\$ 1,156,068.00
Sonoma	34,826	\$ 4,800,504.00	Del Norte	3,124	\$ 838,944.00
San Joaquin	39,250	\$ 4,624,488.00	Madera	9,458	\$ 773,700.00
Monterey	23,993	\$ 4,354,140.00	Imperial	7,202	\$ 642,492.00
San Francisco	30,719	\$ 3,941,088.00	San Benito	3,100	\$ 531,444.00
Shasta	18,578	\$ 3,829,248.00	Tehama	6,593	\$ 416,376.00
Sacramento	103,229	\$ 3,777,312.00	Lassen	3,842	\$ 325,248.00
Santa Barbara	28,285	\$ 3,262,200.00	Amador	4,651	\$ 315,960.00
San Luis Obispo	23,410	\$ 3,175,392.00	Inyo	1,671	\$ 216,504.00
San Mateo	34,704	\$ 3,006,732.00	Modoc	906	\$ 183,180.00
Humboldt	11,956	\$ 2,879,076.00	Trinity	1,663	\$ 150,612.00
Yuba-Sutter	12,876	\$ 2,637,528.00	Glenn	1,830	\$ 124,296.00
Fresno	49,175	\$ 2,542,068.00	Plumas	2,507	\$ 123,420.00
Ventura	53,681	\$ 2,346,864.00	Colusa	1,460	\$ 76,560.00
Tulare	19,404	\$ 2,111,124.00	Mono	853	\$ 59,112.00
Nevada	11,460	\$ 1,992,384.00	Calaveras	5,938	\$ 58,812.00
Tuolumne	7,453	\$ 1,990,608.00	Mariposa	2,436	\$ 42,624.00
Santa Cruz	14,811	\$ 1,881,168.00			

In its 2009 report, the State Auditor made five recommendations to CDVA to help it achieve its goal of increasing the number of California veterans who receive federal benefits. Among the recommendations were to improve communication with CVSOs, require CVSOs to provide specific information about the number of claims filed for federal disability compensation and pension benefits, and improve its use of data to focus efforts in counties with the highest potential for increasing benefits participation rates.

During the past two budget cycles, the Assembly has sought to improve the state's veteran benefits participation through at least two direct actions. In 2011, the Assembly used legislative savings to provide CDVA with funding to begin a Veterans Service Representative Academy, which will train personnel to submit federal benefits claims.

And through the 2010 Budget Act, the Assembly Budget Committee directed CDVA and the Department of Motor Vehicles to develop a partnership that allows Californians to identify themselves as veterans when they apply for a driver's license. The veterans' information is transferred from DMV to CDVA, allowing CDVA to build a larger database of veterans, which in turn will allow it to better assist veterans who might qualify for federal benefits. Information began flowing between the agencies in January, and CDVA reports that it has received 4,000 names so far.

As the State Auditor noted, improving its use of data can help CDVA and the state increase the number of California veterans receiving federal benefits. CDVA is in the process of beginning an information technology project that it envisions as a key to allowing veterans easier computer access to services and to allow the department to build a more significant database of veterans' information. Currently CDVA has a very limited database of veterans' information, containing only 60,000 names.

**Potential questions.** The Subcommittee may wish to ask CDVA about how the arrangement with DMV is functioning, what CDVA is doing with the increased data, and what other plans CDVA has to increase federal benefits to veterans. The Committee could ask CDVA and CVSIO representatives about the strategies used by the highest-performing counties, and whether those strategies could be replicated in other counties, and whether there are other ways to incentivize CVSIOs to complete more benefits applications.

## **Veterans Employment Services**

According to data compiled by the Employment Development Department, the unemployment rate for California veterans is roughly the same as the overall state unemployment rate: In November 2011, the state unemployment rate was 11 percent, while the rate for veterans was 10.8 percent.

A breakdown of this unemployment data by age shows alarmingly high unemployment among younger veterans:

<b>Age</b>	<b>All Persons</b>	<b>Veterans Only</b>
All Ages	11%	10.8 %
Age 20-24	17.7%	34%
Age 25-34	11.6%	18.7%
Age 35-44	9.5%	11.2%
Age 45-54	10%	8.7%
Age 55-64	9.3%	9.3%
Age 65+	9.5%	7.2%

EDD oversees multiple federally-funded programs aimed at helping veterans find jobs or receive training to help them become employable. The largest source of veteran-specific funding comes from the federal Jobs for Veterans State Grant Program, which funds Disabled Veterans Outreach Program Specialists (DVOPs) and Local Veterans Employment Representatives (LVERs). California has 149 DVOP and 76 LVER positions. These positions work in EDD's one-stop career centers, and they provide outreach and case management for veterans seeking employment. Another large source of veterans employment funds is the Workforce Investment Act (WIA), although funding for the state's portion of WIA has decreased dramatically during the past two years. The Brown administration seeks to use \$3 million in WIA funds for competitive grants in the current budget year.

Performance outcomes for federally-funded veterans employment services indicate California lags behind other states in helping veterans find jobs. According to the most recent federal report, with results from the quarter ending in December 2010, 33 percent of veterans who came into contact with an EDD program found a job, compared to the national average of 45 percent. Once employed, 73 percent of California veterans remained employed, which is similar to the national average of 76 percent. Below is a chart comparing California, Texas, Florida and the national averages:

<b>State</b>	<b>Entered Employment Rate</b>	<b>Employment Retention Rate</b>	<b>Average Earnings</b>
Texas	50%	80%	\$17,737
Florida	44%	77%	\$15,047
California	33%	73%	\$21,597
National Average	45%	76%	\$16,055

Texas, which has superior outcomes to California in employment and many veterans services, has a different administrative structure for its veterans employment programs. Instead of administering the programs through its state workforce agency, veterans jobs programs are administered by the Texas Veterans Commission, a state agency focused on veterans. Texas officials believe their veterans employment programs have better outcomes because the Veterans Commission has a singular focus on veterans. This singular focus has allowed the Commission to create such things as an easy-to-use website, the Texas Veterans Portal, which allows veterans to find job postings from around the state, and four new positions that act as liaisons with the business community to improve veterans' access to higher-paying jobs.

According to a March 2011 report to the Legislature, EDD is seeking to improve its veterans programs by reengineering job duties for DVOPs and LVERs, establishing performance benchmarks for case managers, improving coordination with veterans service organizations, and improving the scoring rubric for competitive grants. EDD will provide an overview of its efforts at the hearing.

As EDD seeks to improve its services, the federal government has initiated several reforms to help veterans employment programs. During the past four months, President Obama has announced multiple federal strategies to aid veterans that could help California improve its outcomes. Among Obama's initiatives are:

- ❖ ***Tax credits for employers.*** In November 2011, the President signed legislation providing two tax credits for employers who hire unemployed veterans.
- ❖ ***The Veteran Gold Card.*** Veterans active since 9/11 can access six months of personalized case management through the Veteran Gold Card, which can be downloaded from a federal government website.
- ❖ ***The Veterans Jobs Bank.*** The federal government launched a website allowing veterans to search job postings from companies looking to hire veterans.
- ❖ ***Proposed grant funding.*** The President has proposed multiple grants in his Fiscal Year 2013 budget to encourage veterans employment programs, including \$4 billion to hire veterans for police officer positions and \$1 billion for a veterans conservation program.

***Potential questions.*** The Subcommittee may wish to ask EDD how it is working to take advantage of these new federal programs and proposals, and whether a major structural change, such as the Texas model, could benefit the state. The Committee also could ask about how EDD and CDVA work together to improve services to veterans, and how EDD does outreach to employers.



## **PARIS Pilot Project**

The Public Assistance Reporting Information System (PARIS) is a federally-run data system that compiles the Social Security numbers of individuals receiving public services such as Medicaid (Medi-Cal in California), food stamps, veterans' benefits and pensions. The system was originally created to prevent welfare recipients from receiving benefits in more than one state, but its use has been expanded in recent years.

In a 2007 report, the Legislative Analyst's Office (LAO) found that approximately 144,000 veterans in California who could be eligible for health care services fully funded by the U.S. Veterans Administration (VA) were instead enrolled in the Medi-Cal program, which is partially funded by the state. The LAO suggested that if all of these veterans were informed of their right to VA-funded health care and made the switch, the state would save \$250 million. They noted even if 10 percent of veterans changed providers, the state would save \$25 million.

Other states, such as Washington and Pennsylvania, have used the PARIS system to identify veterans who are eligible for health care or other federally-funded services. For example, in Washington, the state focused on veterans who were in Medicaid-funded long-term care, which requires the family to repay some public funds after the patient's death. By switching some of these veterans to the VA system, the state saved money and helped veterans' families avoid having to repay some of the expenses.

Through 2008 budget legislation, the California Department of Health Care Services (DHCS) was directed by the Legislature to begin a two-year PARIS pilot project to identify veterans and their dependents who were enrolled in Medi-Cal and inform the veterans of their right to VA-funded health care. There is no requirement that a veteran must change; it is a voluntary process. Also, some veterans could obtain VA-funded benefits that can supplement health care services funded by the state or other sources.

To enact the pilot project, DHCS and the Department of Veterans Affairs (CDVA) signed a memorandum of understanding to identify veterans in Medi-Cal and conduct an outreach effort to make them aware of VA benefits. DHCS ran data matches from select counties in the state to conduct the project. The project ran from July 2009 to June 2011. As part of the legislation, DHCS was required to submit a report to the Legislature by November 1, 2011 on the outcomes of the pilot project. DHCS has not submitted the report, but will testify at the hearing regarding the project's results.

***Potential questions.*** The Subcommittee may wish to ask DHCS and CDVA about the benefits or drawbacks of enacting this as a permanent, statewide system, what kinds of savings could be expected, and how those savings could be used.