



State of California

LITTLE HOOVER COMMISSION

December 8, 2015

Pedro Nava
Chairman

The Honorable Edmund G. Brown Jr.
Governor of California

Loren Kaye
Vice Chairman

The Honorable Kevin de León
President pro Tempore of the Senate
and members of the Senate

The Honorable Jean Fuller
Senate Minority Leader

David Beier
Anthony Cannella
Senator

Jack Flanigan

The Honorable Toni G. Atkins
Speaker of the Assembly
and members of the Assembly

The Honorable Kristin Olsen
Assembly Minority Leader

Chad Mayes
Assemblymember

Don Perata

Sebastian Ridley-Thomas
Assemblymember

Dear Governor and Members of the Legislature:

Richard Roth
Senator

With this letter, the Little Hoover Commission is taking an unprecedented step in drawing immediate attention to critical infrastructure issues raised in a current review of the California Department of Veterans Affairs (CalVet) that began with a public hearing in October 2015, followed by a November site visit to the Yountville Veterans Home. At the hearing and on the site visit, the Commission learned that the Yountville Veterans Home, through deferred maintenance and neglect, is failing to provide the safe and dignified living environment that California veterans deserve. There are critical infrastructure repairs requiring immediate and ongoing attention at this once crown jewel of the state's veterans home program.

David Schwarz

Jonathan Shapiro

Sumi Sousa

Carole D'Elia
Executive Director

On the day of the Commission's visit, only one of the five elevators in the N.M. Holderman building – a multi-story skilled nursing facility housing 230 veterans – was functional. According to residents, the elevators have been broken for many months. It is unconscionable that these veterans who served our nation and now require wheelchairs, scooters and walkers for mobility, are seemingly trapped indoors waiting for the sole functioning elevator while state bureaucracy fails to move on timely repairs. It is our understanding that the department is now addressing this issue, but the length of time required for action reflects a systemic issue with facility management.

The Commission also learned that the antiquated heating system was out in one building at the home for more than a month. Because the state has not invested in new equipment, repairs take longer when parts are hard to find or have to be custom built. It is unacceptable that the men and women who risked their lives for our freedom should have to face additional health and safety hazards while living in a California veterans home. For Yountville to remain a safe, viable home, repairs and infrastructure upgrades are desperately needed. The Commission urges immediate action.

The Commission's review of CalVet stems in part from the Commission's work two years ago. In its 2013 report, *An Agenda for Veterans: The State's Turn to Serve*, the Commission called on policymakers to improve outreach to the state's nearly two million veterans and assist the federal government in reducing an unreasonably excessive backlog in processing claims. The Commission convened the October 2015 public hearing to assess the progress that CalVet has made implementing the recommendations from its 2013 report. I am pleased to report significant progress has been made in reducing the backlog of claims and expanding outreach to veterans. Testimony provided at the October 2015 hearing indicates the CalVet strike teams' assistance in claims processing has brought in nearly \$87 million in one-time payments to California veterans and additional annual payments of \$141 million.

Additional state funding provided to the County Veterans Service Officers helped hire more than 60 additional county-level staff who assisted in submitting over 13,000 new claims for veterans. This resulted in \$32 million in new federal benefits. The Commission commends policymakers for making these investments and recommends the state continue to measure and report the results of these efforts to the Legislature.

The October 2015 hearing served another purpose – to respond to a letter from Assemblymember Jacqui Irwin, Chair of the Assembly Committee on Veterans Affairs, asking the Commission to conduct a new assessment and provide “much needed recommendations to guide CalVet toward the standards of excellence our veterans deserve.” She noted “the extremely high degree of turnover in the very leadership team noted by the Commission as critical to progress and the continued lack of a systemic approach” to managing the state’s veterans homes. She specifically asked the Commission to assess the veterans home and home loan programs.

Since the Commission’s 2013 report, two secretaries have stepped down, three undersecretaries have left and there has been significant turnover in top administrators at a majority of the state’s eight veterans homes. The Commission welcomes the September appointment of Vito Imbasciani as the new Secretary and commends his willingness to accept the difficult challenge in restoring leadership and confidence in the department, particularly in the veterans homes division.

At the October 2015 hearing, the Commission learned that the once-beleaguered home loan program has overcome various challenges, including low utilization during the Great Recession, and is now providing needed and valuable lending services to a growing number of veterans. It is a self-sufficient program that likely will need voter approval for additional bond funding to continue to provide affordable home loans to California veterans.

Clearly the state can and must do better with its veterans homes program, which has grown in the past several years from three to eight homes. The program consumes approximately 80 percent of the department’s \$426.6 million budget, yet serves less than one percent – approximately 2,500 – of the state’s 1.8 million veterans. Much of the budget for the homes, approximately two-thirds, comes from the state General Fund. More importantly, the Commission learned that the quality of care, as measured by the Centers for Medicaid and Medicare Services, has fallen at all three of the older skilled nursing facilities from four- and five-star ratings – the highest possible – to two- and three-star ratings. On the health inspection rating, the only portion of the rating system that is not self-reported, two facilities scored one star, the lowest possible rating, while the third facility scored a two-star rating. This is not acceptable. The Commission intends to continue its review of the veterans home program with additional research, site visits and another public hearing in the State Capitol in 2016 and will provide recommendations later next year. But the Commission could not stand by as the study proceeds without drawing attention to the urgent maintenance and infrastructure issues at the Yountville home.

The Commission looks forward to assisting the Administration and the Legislature as it continues its review of the veterans home program and particularly looks forward to a timely update on the progress on the urgently needed infrastructure repairs at the Yountville home.

Sincerely,



Pedro Nava
Chairman

c: Assemblymember Jacqui Irwin
Secretary Vito Imbasciani