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MILITARY ASSOCIATIONS' LEGISLATIVE PRIORITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

HEARING HELD
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[There were no Questions submitted post hearing.]

MILITARY ASSOCIATIONS' LEGISLATIVE PRIORITIES

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MILITARY PERSONNEL,
Washington, DC, Tuesday, March 23, 2010.

The subcommittee met, pursuant to call, at 9:30 a.m., in room HVC–210, Capitol Visitor Center, Hon. Susan A. Davis (chairwoman of the subcommittee) presiding.

OPENING STATEMENT OF HON. SUSAN A. DAVIS, A REPRESENTATIVE FROM CALIFORNIA, CHAIRWOMAN, SUBCOMMITTEE ON MILITARY PERSONNEL

Mrs. DAVIS. Good morning. The subcommittee will come to order. We want to welcome our panels here today and thank you very much for being with us.

The subcommittee today will be focusing on the legislative priorities of military associations and the implications of direct spending on the ability of the Congress to meet these priorities.

It has been a tradition of the subcommittee to hear from the beneficiary and the advocacy organizations at the start of the legislative season so that the subcommittee has a better understanding of the many issues of interest to service members and their families. Much of the testimony we will hear today will address the challenges—and we know there are many, many challenges—the challenges facing our military families, and that is an area of great interest to me because the evidence that has been presented to the subcommittee has confirmed that our military families are under great stress.

As we observed last year, the current economic climate remains a challenge to all Americans, and our service members and their families are certainly not immune to its effects. It is also fair to say that we in the Congress are also feeling the pinch of tightening budgets. As such, the ability of the subcommittee to enhance and to reform the many important personnel programs that we review each year will continue to be very difficult during fiscal year 2011. That reality will be particularly true for health care programs and those initiatives that involve mandatory accounts.

Identifying the legislative priorities of these organizations provides the members of the subcommittee a better appreciation of the many competing requirements and where the attention of the Congress should be targeted. Their input on a wide range of personnel programs and policies that impact service members, their families and retirees will help form this year's National Defense Authorization Act.

I want to welcome our first panel: Master Chief Petty Officer Joseph Barnes, retired, from the U.S. Navy. He is the national Executive Director of the Fleet Reserve Association; Master Sergeant Michael Cline, U.S. Army, retired, Executive Director of the Enlisted Association of the National Guard of the United States; Mrs. Deirdre Parke Holleman, Executive Director of the Retired Enlisted Association; Colonel Steve Strobridge, the U.S. Air Force, retired, Director, Government Relations, Military Officers Association of America; and Ms. Sarah Jennings, the Unit Chief of Budget Analysis Division of the Congressional Budget Office (CBO).

We will also have a second panel. We want to welcome them as well, and they are Ms. Suzanne Stack of the Gold Star Wives and Ms. Margaret McCloud, also of the Gold Star Wives. We look forward to their testimony after the first panel.

Ms. Jennings is here testifying on behalf of the Congressional Budget Office, which provides information and estimates required for the congressional budget process.

I greatly appreciate your joining this discussion. We need you. So thank you so much for being here. I know you have particular insight into mandatory, entitlement and direct spending issues that limit Congress' ability to provide solutions for some of the highest-priority programs we will hear about today.

So, too, to all of you, welcome. I would ask that you testify in the order that I stated. And without objection, all written statements will be included in the record, and, Mr. Wilson, I certainly welcome any comments that you have.

[The prepared statement of Mrs. Davis can be found in the Appendix on page 29.]

STATEMENT OF HON. JOE WILSON, A REPRESENTATIVE FROM SOUTH CAROLINA, RANKING MEMBER, SUBCOMMITTEE ON MILITARY PERSONNEL

Mr. WILSON. Thank you, Chairwoman Davis, for holding this hearing. It is important for us to hear the views of our witnesses on their priorities for legislative action. And I particularly appreciate that you are here. I am part of a military family. I am very grateful my dad served with the Flying Tigers in World War II, my late father-in-law received the Navy Cross for service on Okinawa as a Marine, and then I am very grateful my wife helped train our four sons and give them the opportunities and challenge of military service. We have got four sons in the military, three in the Army National Guard, one in the Navy, and two have served in Iraq. Another served in Egypt with the National Guard, and the fourth guy is Army Reserve Officers' Training Corps (ROTC) and simultaneous National Guard engineer. Additionally, I am very grateful I have a nephew who just is concluding his service in the Air Force this week serving in Iraq. And so I take very personally what you do and how much you mean to our country, and so I am honored to be here with Chairwoman Davis.

I am especially grateful to you for honoring my request that we have testimony from the Gold Star Wives on the imperative that Congress repeal the widow's tax, the mandated reduction of service survivor benefit annuities when receiving dependency and indemnity compensation (DIC). Both witnesses on the second panel have

suffered the loss of a spouse on active duty and can talk directly about the need for repeal.

As many of you know, the husband of one of those witnesses, Maggie McCloud, was Lieutenant Colonel Trane McCloud, who was killed in action in Iraq. Trane was an active duty Marine and served as a defense legislative fellow in 2003 in the Office of the Second District of South Carolina. I learned firsthand of what a dedicated Marine Trane was and as a devoted husband and father.

I am also glad we will be hearing from an expert from the Congressional Budget Office regarding mandatory spending and the pay-as-you-go (PAYGO) rules that affect how offsets to mandatory spending can be achieved. We need to understand those rules and why it is nearly impossible for Chairman Skelton and others to pass legislation with mandatory spending costs.

What our CBO witness is probably not going to be able to address or explain, however, is what many of our witnesses today and most Americans see, and that is when House leadership deems it a priority, the rules can, and are set aside. Thus, for example, Congress and the President have committed to spending trillions of dollars to spend on the economy without any seeming concern for mandatory spending offsets. Cash for Clunkers was funded, $1 billion, in a matter of hours, with additional funding provided immediately when it ran out of money. It is my view, as I know it is yours, that we and our constituents must make it clear to House leadership that addressing the numerous concurrent receipt and mandatory spending issues are a priority and worthy of their support.

Again, thank you for holding this hearing, and I look forward to the testimony of our witnesses.

Mrs. DAVIS. Thank you, Mr. Wilson.

[The prepared statement of Mr. Wilson can be found in the Appendix on page 31.]

Mrs. DAVIS. And please begin, Mr. Barnes.

STATEMENT OF MASTER CHIEF JOSEPH L. BARNES, USN (RET.), NATIONAL EXECUTIVE DIRECTOR, THE FLEET RESERVE ASSOCIATION, AND COCHAIRMAN, THE MILITARY COALITION

Master Chief BARNES. Madam Chairwoman, Ranking Member Wilson and members of the subcommittee, thank you for the opportunity to appear before you today. The Military Coalition statement reflects the consensus of 34 coalition organizations on a broad range of important personnel issues. Four of us will address key issues important to the active, Guard and Reserve, retiree and survivor communities, and we will conclude with health care concerns which impact everyone within these groups.

First, I thank you and the entire subcommittee and your outstanding staff for effective leadership and strong support of essential pay and benefit program enhancements. Adequate service end strengths are essential to success in Iraq and Afghanistan and to sustaining other operations. And the coalition strongly supports proposed Army and Navy end strengths in 2011.

The strain of repeated deployments continues, and we are tracking disturbing indicators of the effects, which include increased use

of alcohol and drugs, more mental health care appointments, alarming suicide rates, plus more military divorces. Continuing stress can lead to serious morale, readiness, and retention challenges.

Pay comparability remains a top priority, and the coalition strongly supports authorization of a 1.9 percent 2011 active duty pay hike. We appreciate your past support for higher-than-employment-cost-index (ECI) pay increases, which has collectively reduced the pay gap to 2.4 percent. Adequate funding for military recruiting efforts is important, and sufficient resources are essential to ensure continuing recruiting success despite the small percentage of recruiting-age people who qualify for military service.

The coalition strongly supports the authorization to ship two personal vehicles in conjunction with Permanent Change of Station (PCS) moves, along with long overdue increases in PCS mileage rates. Adequate programs, facilities and support services for personnel impacted by Base Closure and Realignment (BRAC) actions, rebasing and global repositioning is very important. And the coalition notes with concern the 19-plus percent reductions in military construction and family housing accounts in the 2011 budget request.

Finally, the coalition remains committed to adequate funding to ensure access to the commissary benefits for all beneficiaries. This is an essential benefit, and the Defense Commissary Agency is to be commended for highly cost-effective management of 255 stores stores in 13 countries.

Thank you again for the opportunity to present our recommendations.

STATEMENT OF MASTER SGT. MICHAEL P. CLINE, USA (RET.), EXECUTIVE DIRECTOR, ENLISTED ASSOCIATION OF THE NATIONAL GUARD OF THE UNITED STATES, AND PRESIDENT, THE MILITARY COALITION

Master Sergeant CLINE. Madam Chairwoman, distinguished members of the subcommittee, we thank you for allowing us to present the views of our National Guard and Reserve members.

I would like to take the opportunity to thank some of your professional staff members, especially Mike Higgins and John Chapla. They have always been open to sit down with us and talk to us about our concerns.

Currently over 142,000 Guard and Reserve members are serving on active duty. Since 9/11, more than 752,000 Guard and Reserve members have been mobilized, including well over 200,000 who have served multiple tours.

Congress took the first steps in modernizing the Reserve Component Compensation System with enactment of the early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008. This change validates the principle that compensation should keep pace with service expectations and work as an inducement to retention and sustainment of the operational reserve force.

For the near term, we have placed particular priority on authorizing early retirement credit for all qualifying post-9/11 active duty service performed by Guard and Reserve service members, and

eliminating the fiscal-year-specific accumulator that bars equal credit for members deploying equal periods during different months of the year.

Congress must move forward in providing a reduced-age entitlement for retired pay and health coverage for all Reserve Component members. This is an age/service formula for outright eligibility if otherwise qualified at age 55.

Further we urge repeal of the annual cap of 130 days of inactive duty training points that may be credited towards a Reserve retirement. We understand the financial burden, but you must also realize the burden on Operational Reserve members and their families.

Yellow Ribbon readjustment—We urge the subcommittee to hold oversight hearings and to direct additional improvement in coordination, collaboration and consistency of Yellow Ribbon services. The Department of Defense (DOD) must ensure that state-level best practices such as those in Maryland, Minnesota and New Hampshire are applied for all Operational Reserve Force members and their families.

The Guard and Reserve GI bill—We urge the subcommittee to work with the Veterans Affairs Committee to include title 32 Active Guard and Reserves (AGRs) in a post-9/11 statute.

Based on the DOD and services' 10-year record of indifference to the basic Selected Reserve GI bill under chapter 1606, 10 United States Code (USC), we recommend either restoring Reserve benefits to the 47 or 50 percent of active duty benefits or transferring the chapter 1606 statute from title 10 to title 38 so that it can be coordinated with other educational benefit programs in a 21st century GI bill architecture.

We also support assured academic reinstatement, including guaranteed reenrollment for returning operational reservists.

That concludes my statement. I will be happy to answer any questions you may have. Thank you.

STATEMENT OF DEIRDRE PARKE HOLLEMAN, ESQ., EXECUTIVE DIRECTOR, THE RETIRED ENLISTED ASSOCIATION, AND COCHAIR, TMC SURVIVOR COMMITTEE

Ms. HOLLEMAN. Chairwoman Davis, Ranking Member Wilson, it is an honor to speak to you on our legislative goals concerning military retirees and military survivors.

We urge you, once again, to end the unfair offset of military retired pay by Veterans Affairs (VA) disability pay. We are grateful for the great strides that have been made in ending this terribly unfair practice. There are two groups of valiant retirees who are not getting the relief that you ordered for the others. One group is those longevity retirees with VA disability of 10 to 40 percent. The second are those service members who were forced to medically retire with less than 20 years due to an injury or medical condition that is not deemed combat-related under the Combat-Related Special Compensation (CRSC) program.

Both policies should be immediately ended. But the President for the second year has proposed in his budget to end the offset for medical retirees. To have the Administration propose a change that in the past was a goal of only you and Congress is an historic op-

portunity. We strongly urge you to join the President in this laudable goal and end the offset for the medical retirees now.

You will hear more, but it is also clearly time to finally end the unfair and unwise dollar-for-dollar Survivor Benefits Plan-Dependency and Indemnity Compensation (SBP–DIC) offset. SBP, as, of course, you all know, is an employment benefit, while DIC is an indemnity program for survivors of those who died because of their service in the military. Legislation to end this offset is pending in both Houses of Congress. Now that Senator Bill Nelson's S. 535 has 55 cosponsors and Representative Ortiz's H.R. 775 has 325 cosponsors, it is clear that a majority of the Members of Congress agree that this offset should now end.

There are other critical issues pending. We urge that you support Representative Walter Jones' H.R. 613. It would authorize the retention of the full month's retired pay of the last month of a retiree's life. Presently Defense Finance and Accounting Service (DFAS) removes the month's retired pay from the retiree account and returns the prorated share to the survivor. This method can cause confusion and even bounced checks during a tremendously tense and sorrowful time. This bill would stop this and treat military retirees and survivors the same way as disabled veteran survivors are treated concerning their disability payments.

The Uniformed Services Former Spouses' Protection Act desperately needs improvement. While some organizations want dramatic fundamental changes, and other groups adamantly do not, it truly is time that we had a hearing on this emotional issue. There are several improvements that DOD has supported for years that could be passed this year. A full list of our suggestions can be found in our written testimony.

Finally, we urge that DFAS be allowed to make SBP payments into a special needs trust. Presently they may only pay SBP to a person. This means that a permanently disabled survivor cannot make use of this state-created legal device that allows a disabled person to protect their eligibility for Supplemental Security Income (SSI), Medicaid, and state means-tested programs.

Thank you very much for your time, and I am happy to answer any questions.

Mr. Strobridge.

STATEMENT OF COL. STEVEN P. STROBRIDGE, USAF (RET.), DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA (MOAA), AND COCHAIRMAN, THE MILITARY COALITION

Colonel STROBRIDGE. Madam Chair, Congressman Wilson, distinguished members of the subcommittee, my portion of the testimony will focus on health care and wounded warrior issues.

The primary issue for all beneficiaries is access, and the primary threat to access continues to be the perpetual threat of major cuts in Medicare and TRICARE payments to doctors. On national health reform, the principal issues are ensuring protection in military-unique health benefits and protection from taxation on the value of those benefits. And we are very grateful for the subcommittee's and the full committee's support on both of those needs.

On TRICARE fees, we are grateful that the Administration proposed no fee increases this year, but without congressional action, the TRICARE standard outpatient deductible will be increased administratively by more than $110 per day as of October 1. Last October, the subcommittee acted to stop that change in conference. We urge you to put a provision in law capping the outpatient deductible at the current $535 a day, which the coalition believes is plenty high enough.

We also ask you to put a sense of Congress provision in the Defense Authorization Act highlighting the importance of military health benefits, and offsetting the adverse conditions of service, and recognizing that military people pay large upfront premiums through decades of service and sacrifice over and above their cash fees.

On wounded warriors we are concerned that the change of Administration has left many senior positions vacant for more than a year, and that close joint oversight previously provided by top leaders of both departments has been delegated and diffused back along agency-centric lines. We urge revitalization of the Senior Oversight Committee or a similar joint agency staffed with senior officials with full-time oversight responsibilities for seamless transition.

We appreciate the subcommittee's effort last year to provide caregiver benefits on a par with what is provided by the VA. The Veterans Affairs Committees are now finalizing significant upgrades for caregivers, and we hope you will reestablish comparability of DOD programs once that happens.

Regarding psychological health, Post-Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury (TBI), we know there are many initiatives to enhance access to care and counseling and to remove the stigma from seeking care, but many who suffer the after-effects of combat continue being barred from reenlisting or separated for other reasons because service, disciplinary and administrative systems are less flexible and resilient than we are asking our troops to be. We hope the subcommittee will continue its efforts to protect returnees from these secondary effects of war.

Madam Chair, that concludes my remarks.

[The prepared statement of The Military Coalition can be found in the Appendix on page 33.]

[The prepared statement of The Fleet Reserve Association can be found in the Appendix on page 76.]

[The prepared statement of the Enlisted Association of the National Guard of the United States can be found in the Appendix on page 86.]

STATEMENT OF SARAH JENNINGS, CHIEF, DEFENSE, INTERNATIONAL AFFAIRS, AND VETERANS' AFFAIRS COST ESTIMATES UNIT, CONGRESSIONAL BUDGET OFFICE

Ms. JENNINGS. Chairwoman Davis, Congressman Wilson and members of the subcommittee, I appreciate the invitation to appear before you today to discuss the budgetary treatment of direct spending programs.

My statement is based on CBO's understanding of the laws and rules used to enforce the budget and the agency's experience with cost estimates that involve direct spending.

Direct spending is the budget authority provided by laws other than appropriation acts and the outlays that result from that budget authority. Annual appropriations acts generally set specific amounts that can be obligated for each program in a particular year. The laws governing direct spending, however, usually specify benefit formulas and eligibility criteria that determine spending over time and require no further action by the Congress in future years. Direct spending, which is also known as mandatory spending, includes programs such as Social Security, Medicare, and Medicaid. Military Retirement is also a mandatory program; therefore, any change in spending for that program caused by an authorization bill would affect direct spending.

Proposed changes to direct spending programs receive special scrutiny under various budget enforcement rules. The House has a pay-as-you-go rule specifying that any legislation that would increase spending or decrease revenues over certain time periods is subject to a point of order unless such costs are offset within the bill.

In addition, the Congress recently enacted the Statutory Pay-As-You-Go Act, which automatically will reduce mandatory spending when legislation, on a cumulative basis over the year, would increase direct spending or reduce revenues.

Most spending related to national defense, which totals $700 billion in fiscal year 2010, is discretionary and therefore is allocated annually to the Appropriations Committees. Spending for mandatory programs related to defense is mostly under the jurisdiction of the House and Senate Armed Service Committees. The two largest mandatory programs under the House Committee on Armed Services (HASC) jurisdiction are Military Retirement and Medicare-Eligible Retiree Health Fund, which includes the TRICARE for Life program. Together those two programs pay about $60 billion in benefits each year.

When a bill or amendment would increase direct spending, the authorizing committee has several options to offset the costs; however, each of those options has its own set of obstacles.

First, the authorizing committee can find an offset within the direct spending programs under its jurisdiction.

Besides Military Retirement and Retiree Health, the HASC also has about $3 billion in other programs under its jurisdiction, although this includes additional benefit-type programs such as benefits for disabled atomic energy workers.

A second option would be to increase federal revenues through changes in tax policy. Unfortunately, the HASC does not have jurisdiction over changes to the Tax Code. Those changes are under the purview of the House Committee on Ways and Means and the Senate Committee on Finance.

A third possibility would be to increase federal receipts through the sale of federal assets. Identifying such assets can be difficult, however, and may not produce receipts that are large enough to cover the benefits desired.

During the committee's consideration of the defense authorization proposals, there are often proposals that seek to offset increases in direct spending with reductions in discretionary authorizations found elsewhere in the bill. However, such authorizations provide guidelines for future appropriation action, but do not result in spending until appropriations are provided in the annual Defense Appropriations Act, which is a separate piece of legislation. Consequently, reductions to amounts authorized in the authorization bill for discretionary appropriations cannot be used to offset increases in direct spending proposed in other parts of the bill for purposes of enforcing the congressional budget resolution or pay-as-you-go procedures.

The House Committee on the Budget is the official scorekeeper for the House of Representatives and is responsible for enforcement of the congressional budget resolution within the House. Questions about spending jurisdiction, budget enforcement procedures, or options for dealing with legislation that would increase direct spending should be addressed to that committee.

This concludes my opening statement. We have submitted a copy of our official statement to the committee for inclusion in the record. I thank you for the invitation to appear before the committee, and I will try to answer any questions you may have.

Mrs. DAVIS. Thank you very much.

[The prepared statement of Ms. Jennings can be found in the Appendix on page 95.]

Mrs. DAVIS. Thank you to all of you for your presentations.

I think that, Ms. Jennings, I appreciate your trying to lay out why this is such a difficult task and why the Congress has struggled with this over a number of years, despite the fact that I think people really would like to be able to move forward, and we have certainly in the number of areas, incrementally, for certain, but nevertheless trying to address these issues.

Perhaps I might just start with asking you from—and I know that this—none of this is new to any of you; you understand the difficulties involved. But what would you suggest? Where do you think we ought to be doing as we address these very difficult issues? Any thoughts about how? It is not so much in the prioritization, I think, as much as almost the mechanics, since while we are authorizing, we don't have the ability to take out a plane or an aircraft carrier to make this happen. And so, Colonel.

Colonel STROBRIDGE. I think, Madam Chair, we are very—we empathize with the subcommittee on this. We realize the challenges that you face in trying to identify mandatory spending offsets. I think we are fortunate that at times in the past there have been things that have popped up unexpectedly that created opportunities. We are very appreciative about the effort last year to make some progress on the SBP offset as a result of some funds that came available from the tobacco bill.

One of the things that the coalition prides itself on is working with the subcommittee and the staff, recognizing that, limited though it may be, any amount of mandatory spending opportunity that you have, we are always more than willing to try to work with you to identify what could be done within that amount. Obviously, we would love to see—as Congressman Wilson acknowledged, there

have been occasions when the rules get waived, and the rules have been waived, frankly, in candor, on a lot of military things, including TRICARE for Life and GI bill. So we have benefited from that in the past.

I think it is disappointing that when we have things that don't cost that much relatively compared to some of the other things, such as the Chapter 61 concurrent receipt and SBP–DIC offset, that we can't find a way to address those relatively modest issues. And maybe it is because they affect a relatively small number that they don't get the publicity for some of the bigger things, but to us we feel an obligation to continue making that case: The person who is disadvantaged significantly is no less disadvantaged because there is a small number of them.

Mrs. DAVIS. Thank you.

Master Chief BARNES. Madam Chair, thanks for the question here, and, again, to reiterate, we appreciate Chairman Skelton's and your leadership and the full subcommittee's great work on pay and benefits. The past 10 years have been really significant in this arena, and it is very much appreciated.

Just an observation about the percentage of funds that are allocated to the defense budget. During time of war, historically it has been much lower than at different periods in the past. The coalition is supporting a higher benchmark, perhaps at five percent of Gross Domestic Product (GDP), which relates to that.

And regarding the challenge of prioritizing these issues, as you have heard the four of us summarize here, and also we appreciate the hearing last week on family readiness issues and speaking specifically to those challenges, but I think balancing across, we try to look for balance here and equity. And there are some issues that we are speaking to that have been inequities for significantly longer periods than some others.

I would echo Steve's comments with regard to the challenges with the funding and a pledge to try to work with you and help identify. I am not sure that I have helped much there. But I just wanted to clarify the fact that we are very mindful and appreciative of the pay benefit and enhancements, but also to reiterate the fact that the percentage of funding for DOD during a wartime is significantly lower than it has been in past periods of wartime.

Master Sergeant CLINE. Madam Chairwoman, the Guard and Reserve are unique. A lot of the benefit programs that are in place for them, even though they have improved over the last 10 years, are still relics of the Cold War. And as we rely more and more on the Guard and Reserve to be an operational force, we have already been told from fairly high-ranking officers that the Guard's mission in Iraq is going to continue well into the future. We will become the peacekeepers in Iraq. Not only that, but we have the Sinai mission, Africa, Bosnia, you name it, we are there, along with the Afghan mission. And 90 percent of the air sovereignty of the United States is flown by Air National Guard pilots. And if we don't do something to retain these people, and as the economy gets better, we are going to start losing real good people. And then what is going to happen is recruiting and retention budgets are going to go up, and then we are going to have to spend $100,000 per soldier or airman to get them retrained.

So we have to find a balance. We have to bring the Operational Reserve Force into the 21st century with pay and benefits. And when we—when Congress gave the Reserve retirement program, they started it on January 28 of 2008. You said to those people that served from 9/11 to that time, your service doesn't count, and yet you still want them to go. We have units right now in Minnesota that are on their fourth rotation to either Iraq, Afghanistan, or Bosnia, and these people are being taken away from their civilian jobs. They are losing their 401(k)s, putting stress on the families. Bankruptcy is becoming an important thing in the Guard and Reserve community.

So things have to change. We realize it is stretching the budget, but it is not uncommon to see the rules waived to provide things. We have seen it with the GI bill. We have seen it with TRICARE for Life.

Thank you.

Ms. HOLLEMAN. To reinforce what particularly Steve has said, when I first had the honor to come here and start working on these issues, it was 1997, and I started SBP–DIC. It is good I am cheerful by nature because it just keeps coming. And people who train me have been working on this a great deal longer.

We do understand the byzantine difficulties of getting through mandatory funding on this issue, but as Steve said, part of the problem is that it is a smaller group than some of the others, TRICARE for Life and the GI bill. But they have been massively disadvantaged. And as difficult as it is, and how appreciative of the trouble we are asking you to go through, it is only fair. It is only right. And these ladies have given a huge amount.

In the great scheme of things, as Steve said, when you consider the hugeness of our budget, it is not the type of money that indeed gets almost the focus that is part of the problem. When you are having mandatory funding for programs that are small amounts—I am working on one that looks like it is $5 million in it—and before someone else—and it is completely stymying us in a different committee because of this. But these ladies who you will hear more from should be the focus, and should be the focus before the end of the year, before the end of the war if this is at all possible.

Mrs. DAVIS. Thank you. I appreciate that. This is difficult, as we know, and I don't hear any of you saying, well, then take it out of this other program; we don't think you should have moved ahead with the GI bill, or we don't think you should have done TRICARE for Life. So we know that those are tough issues. We will come back and we will talk about a few others.

Mr. Wilson.

Mr. WILSON. Again, thank you, Chairwoman Davis, for having the hearing, and I want to thank all of you. You really are making a difference by raising these issues. The question of the pay increase, the retirement points, the issue of the SBP–DIC offset, the situation with access to TRICARE. What you are doing is you are raising consciousness with Members of Congress, but also the public. And so I just want to thank you for what you are doing.

And also, on retirement, Sergeant Cline, I am so grateful for the National Guard and its service overseas. As a former guardsman myself, I have never been prouder of the Guard. And when I visit—

I have been 11 times to Iraq and 9 times to Afghanistan—when I go, it is just startling to me to run into people and not know if they are active, Reserve, or Guard. And actually when I leave, sometimes somebody will point and say, he is a Guard guy or a Guard lady.

And so it is just wonderful. It is so seamless except on what you pointed out, retirement. We note that the active duty has the 20-year retirement. Obviously that would be terrific if we could get that. But we have proposed a 25-year retirement. Then I have proposed a 25-year retirement based on 1 year for every 2 years after 20. We did make and you all made a difference on this; that there is credit now for overseas deployment of 90 days, every 90-day increment after January 28, 2008. And so with that little wedge that has occurred, we now have a bill relative to—retroactive to 9/11.

What is your view about retirement in general, but what we could do to promote recognition of the seamless nature of our Guard, Reserve, and active duty with retroactive to September 11, 2001?

Master Sergeant CLINE. I think it would go a long way in solving any future retention problems that we have. Every time we have a deployment, we have soldiers that come home, airmen that come home, sailors and marines that come home, and their families said, I have had enough, I am tired of you being gone. The employers are starting to get riled up. These service members are looking at their civilian careers, and they are saying, every time I am deployed, I am losing money out of my 401(k). I am losing part of my future retirement. The start in January 28, 2008, for retroactivity, that was a great start. Your idea of for every two years of service, you get a year early retirement——

Mr. WILSON. Over 20.

Master Sergeant CLINE. I have been doing this for 21 years, and for 21 years we have been trying to get the age 55 retirement. Every place you go—in fact, I talked to a group of chief master sergeants yesterday, and that is the first thing out of their mouth is, the retroactivity or the early retirement, when are we going to see this?

And unfortunately, the public doesn't understand mandatory spending and discretionary spending. When they see $750 billion given to banks and automakers or $3 billion in three weeks to clear car lots, $1 trillion for health care, they don't understand that it is a different pot of money. We do because we work it every day. We try to explain it to our members. But they are the taxpayer. They are the voter. They are sitting there saying, hey, I have gone, I have done my service, but you are not recognizing me. I have rotated twice before January 28, 2008, and you are not recognizing my service? It is like you are sticking them in the side with an ice pick.

Mr. WILSON. You say you have been working on this 21 years. Your enthusiasm is infectious, and so you are not wearing out. This is good. And the same for Ms. Holleman.

And I can't imagine you have been working on these issues for so long, but we need to keep pressing, because last week Dr. Stanley testified that the Department of Defense continues to oppose the repeal of the widow's tax, that is, the required offset between

the annuities received from the Survivor Benefit Plan and the Veterans Administration payment for the dependency and indemnity compensation, because repeal would, quote, "create inequity." The inequity would be that a select group of survivors would receive two annuities, while survivors of most military retirements would receive only one.

What do you think about this rationale? And again, I appreciate your active involvement.

Ms. HOLLEMAN. Well, I don't agree with that rationale. I was there when it was said, so I am not wildly surprised this moment about it.

When I first started, it took me a long time to really believe that I understood the SBP–DIC offset. Now, perhaps this was just because I had a different non-Federal Government background. But the idea of offsets, these seemed to a lawyer completely different programs; not just different departments, but completely different purposes. One obviously was economic, an employee benefit, one that was paid for in large part, and one that we wanted to reinforce. We want people to do this. We want them to plan ahead. So much of the public focus now is asking people to plan ahead, trying to make it possible for them to take advantage of all the changes, or to do that, to have the retiree make those plans for protection of their loved ones.

The DIC is an indemnity. That is what it says. It is not an employee benefit, it is a benefit—if you call it a benefit, it is to indemnify people for a loss. It is a totally different purpose. And I hardly think—I think failing to do that is what is unfair, not the other way around.

May I also say just to add, so many of the improvements—and I will say and want to reinforce how many improvements have happened to the greater military families in the last several years, and we are very grateful for them. But they do go back to September 11. Almost all of them have gone back to September 11. So may I reinforce Sergeant Cline's emphasis that really the 90-day active duty program should at least go back to September 11? Then they would feel that they are being treated the same as beneficiaries in many other military programs.

Colonel STROBRIDGE. Congressman Wilson, if I could just add to your comment about the DOD opposition. Back in 1985, the Department of Defense opposed giving dental benefits to active duty family members. In 2001, the Department of Defense opposed TRICARE for Life. Until last year the Department of Defense opposed anything on concurrent receipt. In that vein, the Department of Defense has been the wallet, this subcommittee has been the conscience. And the conscience has won over time, and I am very sure that at some point, just as has happened in the past—the Department of Defense now thinks family dental benefits are wonderful, TRICARE for Life is wonderful, concurrent receipt is the right thing to do—there will be a point in the future when they say providing dual SBP–DIC was the right thing to do, and we will try to forget that they ever opposed it.

Mr. WILSON. And I agree with the calm rationale that you provide.

One final question for Colonel Strobridge, the question that we have about the TRICARE, and certainly Veterans of Foreign Wars (VFW) has been so concerned. The Senate health care reform bill does not explicitly define the TRICARE program as meeting the minimum essential coverage standard, nor does the Senate bill specifically leave the Secretary of Defense with sole control over the defense health program. My read is that the Secretary of Health and Human Services has as much control over defense federal health programs as does the Secretary of Defense. The White House in August 2009 asserted that the final health care bill would include these measures. Would you support efforts to make the final bill more explicit on both of these points?

Colonel STROBRIDGE. Well, when the Senate bill first came out, sir, we identified that as a potential concern. We spent a lot of time talking with the Senate Budget Committee staff about it. The Senate Budget Committee staff believes that even with the current language, there is no way that TRICARE would ever be deemed as not qualifying. We said it would be very nice to make that explicit, would you do that? At that at that time when the Senate was passing, the rationale we got was this is the 11th hour; if we make this change, I have 500 people lined up saying, okay, you made this one, I want to make mine, too. And they assured us it would get taken care of.

Now, over on the House side, as everyone very well knows, Chairman Skelton introduced a bill to make that explicit. We have learned from Senator Webb that Senator Webb has introduced an identical bill on the Senate side. It has gotten very strong bipartisan support. We have talked with the Budget Committee staff again, and they assured us that this is going to come up; it is going to get passed unanimously like it did in the House.

Our view is we know that everybody in the Administration, everybody in the House, everybody in the Senate, people of both parties all want the same thing, and that is to make sure that TRICARE beneficiaries and VA programs are protected. We are happy to work with anybody and everybody to make sure that happens.

Mrs. DAVIS. Thank you.

Mr. Kline.

Mr. KLINE. Thank you, Madam Chair.

Thanks to the witnesses for being here today.

Master Sergeant Cline, I have got to work with you on the spelling of your name, but it is nice to have you with us here today. And I appreciate the shout-out for members of the Minnesota Guard. The Red Bulls have just been serving and serving and serving. And I visited with them in Bosnia, and I visited with them in Iraq, and they are being tasked very heavily.

And we all know on this subcommittee and in the Armed Services Committee and, I think, mostly in Congress, we know that we have shrunk the size of the active forces too small, and we are leaning too heavily on the Reserve Component, and so you are getting those families having to go back and forth. And they are not on active duty except when they are mobilized, so they do have that challenge of moving back and forth between civilian employment and mobilization.

And I think this subcommittee and the Congress has been working pretty hard to try to make some of those adjustments—because, as you point out, if we are going to treat them like they are active duty, if we are going to treat them and use them like they are part of the operational force and not a strategic reserve, then we have to start compensating them for that. But as the discussion has been, we are working in a box here.

And so, Ms. Jennings, I want to go back to you and make sure we are all clear about that this. Once the President's budget has been submitted, and the Congress has acted and passed or deemed or put a budget into place, we then are—we are forced to live inside that box, because, as you say, you can't rely on changes to discretionary spending. You can't cancel—I am not suggesting we do this, by the way—we can't cancel an aircraft carrier and suddenly have more personnel money. So the battle for a lot of the issues that you are here talking to us about needs to occur right from the beginning when the President submits his budget as the starting point. If you are going to shift that money, you have got to do it at that that point, and then Congress has got to make those adjustments and shift the money from education or from Health and Human Services or from an aircraft carrier before they get put into these boxes. Is that correct?

Ms. JENNINGS. Partially. You still have the concern about direct spending. So even if the President requests an increase in direct spending program in his budget, that will not get you past the PAYGO rules. You will still have to find an offset somewhere.

Mr. KLINE. Who will have to find the offset?

Ms. JENNINGS. Whoever has proposed——

Mr. KLINE. If the President has prepared the budget, presumably he has provided the offset, because he has decided to spend more money on direct spending for concurrent receipt than he has for Health and Human Services or education or labor or something. Hasn't the offset already been provided when he submits that budget?

Ms. JENNINGS. In this year's budget he submitted a proposal relating to concurrent receipt, but he did not include any offsets for it.

Mr. KLINE. I understand. That budget has already been presented, so too late. That one is done, and now Congress is going to come forward and put forth the budget.

But my point is that when the President submits his budget annually, when the new budget comes forward, if at that point as a starting point those shifts have been made, then the PAYGO, that unfortunate terminology, is already taken care of, and then Congress can either pass the President's budget or make its adjustments, and then there is a budget that is provided a different box for this subcommittee to work in. Is that correct?

Ms. JENNINGS. If he shifts money from a mandatory program, another mandatory program, over to these when he requests his budget, and the Congress enacts those changes, then, yes, that would take care of it.

Mr. KLINE. Thank you. I think the people, the panel here, sort of know, because they have been working at this, as has been pointed out, for a long time, that once this subcommittee gets the

box, it is very, very difficult, and the subcommittee cannot change the rules. Rules can be changed, as has been pointed out, but it is very frustrating, I think, for many of us. And I have been on the Personnel Subcommittee for most of the years I have been here, and it is always frustrating for us to try to make adjustments and meet some of the requests that you have brought forth over the years to address survivor benefits and concurrent receipt and lowering retirement age for the Guard because it puts us out of that box.

I yield back.

Mrs. DAVIS. Thank you, Mr. Kline.

And perhaps following up with my colleagues as well, one of the things I didn't ask you—and I know this is a really difficult question, and I actually don't expect an answer from you, but I wonder if you have some thoughts about it without it being conclusive on your parts. Is there a program that you are aware of within the budget that you actually think perhaps is not working as it should and that we ought to look at?

Colonel STROBRIDGE. Madam Chair, I think probably if that is aimed at mandatory spending programs, which I am presuming it is, I think we face the same difficulty that you do. It is very difficult to say we need to cut back on TRICARE for Life, or retirees deserve a smaller Cost of Living Adjustment (COLA). You can't get smaller than zero, I guess, but those trading—cutting one group's earned benefit to fund another group's earned benefit is not a route that we think is appropriate.

Master Chief BARNES. Madam Chairman, just an observation in the discussion here and the challenges we are facing, there is an interconnectivity among all of these benefits. And I referenced balance and the challenge. Looking at active issues compared to Guard/Reserve issues, retiree survivor issues, veterans issue, different oversight, whatever, but there is a connectivity with all of this, and it is related to service to our country. And I think that is an important part.

The second point to follow on the discussions about health care, there is tremendous anxiety in our membership and our sister organizations' memberships about the impact of the health care reform. There is carryover from the past based on commitments that were made for service to our country that were not fulfilled. That has been echoed here in some of the discussions on some of these other issues, how we are taking care of our widows and so on. The tremendous back and forth in using the Internet and communications, we are responding to a tremendous number of messages about misinformation, misunderstanding, inaccurate information about CBO options which have not been introduced as legislation. We try to be reassuring and whatever, but a very, very challenging time. And I just want to say that because it is related to—it is very timely, given everything that has been going on here with regard to health care reform.

But the key aspect of the TRICARE for Life, in particular, beneficiaries and TRICARE beneficiaries, are Medicare reimbursement rates. I don't want to get too far into this, but we are talking about a full range of issues here. And many of these issues impact everyone, and many of the issues impact certain groups and whatever.

But I will just wind up by saying there is an interconnectivity in here, and in looking at these with the challenges we face, I think it is important to keep that in mind and try to identify resources, the challenges, understanding the challenges and how difficult that is. But that is a key point, and I just wanted to, for the record, mention the anxiety that is out there with regard to the health care reform, and we appreciate the chairman's and your leadership on this trying to clarify.

Mrs. DAVIS. I appreciate that. Getting good information out there, accurate information is difficult. We have tried. And we are in a new era now where it is hard to control all the information that is out there for everybody, and it becomes just a massive task. I appreciate the fact that you are getting a lot of that, that it is coming your way; and I would certainly hope that we could make sure that the information that you have is always accurate.

I know we had a situation that occurred just the other day where we had some local organizations that had no idea what their national organization was saying. Nor did they necessarily think that it was an appropriate message. And so we have to work with that.

One other question along these lines. With all of you here, it is so difficult—and you are not vying against one another. If we were to find an offset, if we were to find a sizable enough offset that we could work with, what would you suggest among the competing needs that you all represent? How do you go about that? Is it better to have little pieces or a big piece with the hope that the next big piece comes along?

Colonel STROBRIDGE. As you can imagine here, we are here representing 34 associations——

Mrs. DAVIS. Of course.

Colonel STROBRIDGE [continuing]. Many of which have competing priorities. But one of the good things about the coalition is that, over the years, we have been able to do precisely that. If we know what the bogey is that we have to meet, we work together to try to come up with a consensus on what the right thing to do is. I wouldn't presume to try to speculate what that would be now, but I am confident that we could get a consensus within the coalition on priorities to address to whatever extent the subcommittee is able to do that. And we have done that in the past.

Mrs. DAVIS. Yeah. I certainly appreciate that. We really look to you all. You are a great resource, all of you.

Mrs. HOLLEMAN. We certainly have done it in the past. The most dramatic one was starting with concurrent receipt that I was involved with, and it started with little steps and kept growing and we hope will continue to do so. But we are able, we have been able as a group to do that.

Mrs. DAVIS. Thank you.

Some people would question whether we don't just need to increase the size of the pot. I think what you are saying is increase the size of the defense budget or share responsibility across the country actually when it comes to these issues. It certainly would behoove all of us to feel that there is a responsibility there for everybody. And that raises the question of additional revenues, which you know that people don't even want to go and enter into that discussion. It is a difficult one. But we certainly appreciate that.

One just follow-up question, and then we will go onto the next panel, is that you have all I think identified the problem with mental health today among the men and women who are serving and even among providers who are serving, the members who are serving. And I am wondering if there are any particular ideas that you have or that haven't been expressed that you care to articulate about what your organizations might do to help contribute to our facing this issue as a country.

Sergeant CLINE. I think one of the problems that we face, especially in the Guard and Reserve community, is the fact that the majority of our veterans returning live in rural areas and that access is not there for them. You know, they don't live around active duty military bases, where they can get care easily. That is a big problem that faces the Guard and Reserve.

Mrs. DAVIS. Thank you.

Colonel STROBRIDGE. One of the things that the Military Officers Association does every year is we have—for the last three years we have had a Wounded Warrior Forum, a day-long forum where we have had Members of Congress come over, congressional staffers, people from DOD, VA, and the private sector to talk about those very things.

And I think the big challenge is, as I alluded to in my oral remarks, our systems have not caught up with the situations our service members and their families are facing. We have a terrible situation with people who are reluctant to come forward to get treatment because they are afraid it will affect their careers. They are afraid it will affect their security clearance. They are afraid it will affect the way their peers view them.

We talk a lot about—the senior leaders talk a lot about destigmatization and how important it is, but when you get down to that unit and organizational level, there are a lot of impediments for that to happen.

We are also extremely concerned that the systems aren't talking to each other. After the Walter Reed problem, we get a lot of very senior officials involved, we had a lot of studies, and they all basically said the same thing, we need to reorient our bureaucracies.

And this subcommittee has struggled very hard to do that. But even on the congressional side with the House and Senate Armed Services Committees, with the House and Senate Veterans Affairs Committees, with the Appropriations Committees, a lot of people have different views and a lot of people have concerns about where money is going to come from. And it becomes a real challenge to make sure not only that these programs are administered properly by DOD and VA, who in a lot of cases have gone back to their offices on their respective sides of the river and aren't working together that well anymore. When you combine that with the jurisdiction issues and the funding issues, we really have a lot of people who are left facing a lot of well-intended programs that aren't working well together. And that is a huge problem.

To us, a big priority is to get something back like the Senior Oversight Committee, where you actually have some full-time people in charge of trying to make that thing work. Unfortunately, the Senior Oversight Committee has been marginalized at this point

and a lot of the functions have been taken back by service-specific people and they are not even meeting anymore. That is difficult.

Mrs. DAVIS. Thank you. We will certainly take that under advisement. I appreciate that.

There are a lot of programs out there, and my concern is that they haven't been talking to each other as much. And it is difficult then to determine what is really working out there. We have to do a better job at that.

Thank you all so much. We certainly appreciate your presence here, your candor; and we look forward to working with you on these really tough issues. Thank you very much.

If the next panel could come up, I just want to ask unanimous consent to enter into the record the written statement of the Reserve Officers Association and the Reserve Enlisted Association, their statement. Thank you very much.

[The information referred to can be found in the Appendix on page 113.]

Mrs. DAVIS. Now we have Ms. Suzanne Stack, a member of the Gold Star Wives, and Ms. Margaret McCloud, also a member of the Gold Star Wives.

I know that you have had an opportunity to participate in a panel by yourselves before. I guess in some ways it has been kind of unique. And I know that Mr. Wilson particularly requested that, and we look forward to your testimony. Thank you.

STATEMENT OF SUZANNE STACK, MEMBER, GOVERNMENT RELATIONS COMMITTEE, GOLD STAR WIVES

Ms. STACK. Thank you so much.

Good morning, Chairwoman Davis, Ranking Member Wilson, and the subcommittee members. Thank you for this very unique opportunity to come before you today. My name is Suzanne Stack, and I am a member of the Gold Star Wives Government Relations Committee.

Easter Sunday, April 11th, 2004, my husband, U.S. Army Special Forces Sergeant Major Michael Stack, a 28-year soldier and a native South Carolinian, was involved in multiple encounters with insurgents in the Anbar Province, Iraq. The last encounter brought his team into direct conflict with insurgents hidden in the highway overpass. My husband drew fire to himself, allowing the three remaining vehicles to move to safety. An insurgent rocket-propelled grenade (RPG) explosion ended the fire fight, and my husband was dead.

Many positive changes have occurred in military survivor benefits since I became a military widow and member of Gold Star Wives in 2004. But the biggest priority for the last 11 years or maybe longer is the elimination of the SBP/DIC offset, which affects 54,000 widows and widowers intimately.

H.R. 775 has 325 cosponsors as of today. The offset impact often means these survivors can't pay their utility bills, rent payments, or afford needed groceries or medication.

An active duty Marine sergeant with 11 years in service killed in Iraq leaves his widow receiving an SBP annuity of $14 after the offset. A widow in Florida of a retired Air Force tech sergeant finds her SBP completely offset by the SBP/DIC offset. A Virginia widow

whose National Guard husband was killed in Afghanistan receives only a $4 SBP annuity due to the offset.

A retired Air Force officer very close to me purchased SBP for his wife at retirement and paid into the plan for 30 years. He then learned that if he should die as a result of a service-connected illness, his wife would be subject to the offset.

The offset is more often an unwelcome and unknown surprise to survivors receiving both SBP and DIC.

Many solid arguments are presented in favor of the SBP/DIC offset elimination. We reference them in our written statement. However, the one most perplexing to Gold Star Wives is why 54,000 widows and widowers remain affected by the offset when others are not. Children, parents, former spouses, and other designees who receive SBP do not suffer the SBP/DIC offset. Surviving federal civilian employees who receive benefits from their Federal Civil Service Survivor Benefit Plan and DIC do not suffer this offset. Remarried military widows and widowers who remarry after age 57 do not suffer this offset. Ms. Kozak of Jacksonville, Florida, needs to receive her SBP in full but does not want to start dating and remarry at age 85.

We again bring this issue to you today and ask you to honor our service to this great Nation by eliminating the offset once and for all. Please sign the discharge petition introduced on March 15th by your colleague and our friend, Congressman Walter Jones of North Carolina. Please do not let another military widow die lacking in needed necessities and disappointed in our government.

Thank you for this unique opportunity to come before you and share my story and others. I welcome any questions you might have.

[The prepared statement of the Gold Star Wives of America can be found in the Appendix on page 102.]

STATEMENT OF MARGARET MCCLOUD, MEMBER, GOLD STAR WIVES

Ms. MCCLOUD. Good morning. I am Maggie McCloud, proud widow of Marine Lt. Col. Joseph Trane McCloud, who was killed in Iraq over three years ago.

Thank you very much, Madam Chairwoman, Congressman Wilson, and members of the committee for allowing us to speak to you today regarding our personal narrative regarding elimination of the offset which affects 54,000 military surviving spouses, 94 percent of whom are survivors of retirees who paid premiums for SBP, and 6 percent, like me, who are survivors of active duty deaths. My husband paid for it with his life, the retiree paid for it with premiums, and now we are both being denied it.

As Suzanne has said and I will echo, Congress has set precedent in removing offsets to military retired pay such as the penalty for military retirees working as federal civilians, concurrent receipt of disability compensation and retirement pay for severely disabled retirees, and the Social Security offset to SBP at age 62.

The President's budget restores full military retired pay to all other disabled retirees, and therein lies my confusion. Why can't we find the money to fund this offset, one that affects 54,000 mili-

tary widows, if we are able to find the money to fund these other, most worthy benefits?

We are told over and over again, year after year, that the issue is cost, not the principle, but the reality has been that finding the funding has not been a priority. Elimination of this widows' tax was included in the GI Bill of Rights for the 21st Century. Congress acknowledged this inequity by creating the Special Survivors Indemnity Allowance. Additional money was found last year with the tobacco legislation, small progress for which we are grateful, but recognition of the injustice created by the offset.

In explaining its opposition to removal of the offset, the Office of the Secretary of Defense (OSD) has stated an inequity would be created with one select group receiving two survivor annuities. There are already groups receiving two benefits: widows who remarry after age 57, widows like me who forfeited their SBP annuity to their children to ensure adequate resources to raise our families now, and surviving spouses of federal civilians.

The vast majority of military retirees did not die of their service but, rather, they retired and went on to have second careers. My husband did not enjoy the opportunity to have the second career and help raise his children; and the DIC should be added to, not subtracted from, his retirement annuity.

As it should, the Administration has shown its strong support for our military members and our veterans for whom the fighting has ended. Well, the fighting has ended for our loved ones as well, whether they fought on the beaches of Normandy, the jungles of Vietnam, the deserts of Iraq, or the countless other places where brave Americans have fought and died.

But we, their survivors, are still struggling every day. And now I also have to answer such questions as, mom, does it hurt to drown? Why couldn't the Marines save daddy if they could save the others? And was I the last thing he thought of? These are the questions the families of the fallen have to face while carrying on and holding our families together.

In conclusion, my family continues to support our military service members in any way we can. You need only look at my living room in December, when it was filled with Boy Scout popcorn to send to our troops, or currently the hundreds of boxes of Girl Scout cookies that I have yet to mail.

It is very important to me to show our support for our military service members who willingly leave their families and lay their lives on the line every day to protect and defend our freedom. As a country, don't we have the responsibility to support their survivors when they don't come home or when they die later from that service? How can't our government find the money to fix this widows' tax?

Thank you so very much.

Mrs. DAVIS. Thank you very much.

I want to just personally, and I know on behalf of the members of this committee, express to you our deep, long-time condolences for your losses and for what that has meant to your family and your children. It is hard to just think about what it would have been for them had that not occurred, had your sacrifices not been felt by your family, which is the closest of all those who knew your

loved ones. And so I just want to let you know that that does make a great deal of difference, which is why we always appreciate the very articulate and passionate remarks that you bring to the committee. I want to thank you for that.

Ms. MCCLOUD. Thank you.

Mrs. DAVIS. I wish I could answer all those questions for you. They are good questions, and I think that they are ones that we grapple with all the time.

I am certainly not going to ask you where you would necessarily cut, but we know that that is an issue. And I think there is also an additional issue of shared sacrifice, that I know in talking to so many of our families that they haven't necessarily felt in the country. And that is an important issue that we all have to address.

Mr. Wilson, I know you had a few specific questions.

Mr. WILSON. I do.

Again, thank both of you. The Gold Star Wives are such an extraordinary organization, the widows of members of our service who have given their lives. Every year you give us inspiration, and I want to join Chairwoman Davis in thanking you.

I also have to tell you, you are making a difference getting the information out. The American people need to know what the widows' tax is. Ms. Stack, you did an extraordinary job explaining the net. That is horrifying to think that somebody would get a $4 check, a $14 check.

We have a time constraint here, but I really am interested if you could, both of you, explain again what the Survivor Benefit Plan is briefly and who administers it, what its intent, and then the Dependency and Indemnity Compensation, who administers that. And then, without being totally specific, you take a number and then you subtract the number and then you come back. The American people need to know this.

Ms. STACK. I will start. Thank you so much.

It is hard to begin. The SBP is an annuity. It is something that is purchased at retirement when a military person does retire, and they make a choice to have a certain portion of their retirement income provided to their spouse if they should die.

It also has now been opened up to active duty deaths, which is where both Ms. McCloud and I will fall; and we receive that same benefit.

That is usually figured as a percentage. Our husbands would be considered 100 percent disabled at a 30-year mark. My husband entered the service earlier than 1980, so his retirement pay would be based on the last base pay that he had received. I think Ms. McCloud's started after that period, so hers would be based on the high three. And then there is an average, and you take 75 percent of that and then 55 percent of that, and that is what the SBP is based on.

I don't know if that is clear. It is easier when you have a chalkboard.

Mr. WILSON. No, no, that is good.

And then the offset.

Ms. STACK. Well, the SBP comes from the DOD. The DIC comes from the VA.

Mr. WILSON. VA.

Ms. STACK. And for both of the two of us, we are provided the DIC on a flat-rate amount. Again, prior to that, it would be rank-based. And if you receive both of SBP and DIC, then you are offset by the—the SBP is offset by the DIC.

For some people, as you saw in my remarks, they receive nothing. There is a great number that receive absolutely nothing, and that tends to be the E6 and below widows and widowers. We do have some widowers. And that can be very, very difficult and very much a hardship on their families.

Can you think of anything I have left off?

Ms. MCCLOUD. What I would like to add—and I appreciate your comment about trying to get the story out—first of all, to all the people from the first panel who spoke so strongly and eloquently on our behalf this morning, thank you so very much.

Ms. STACK. Yes.

Ms. MCCLOUD. The Military Coalition has been a wonderful advocate on our behalf for years now. But the fact remains as far as who this offset truly affects, it is 54,000 military widows, largely elderly women scattered across the country. And they keep telling me I am a young woman; I am a young widow. I have to say I feel like I have aged in dog years the past three years.

So you are asking elderly ladies throughout the country who are in frail health themselves—they gave up so much over the years during their own spouses' military careers. They followed them around. They gave up their opportunity frequently to work themselves and generate their own retirement income. Then their spouse became ill. They spent year after year after year caring for them at great physical cost to themselves.

And then you have the young widow such as myself. I am not a whiner, but our plates are very full. We hold down jobs. We do the work of both parents.

My husband was an operational officer. He was an operations officer for the Second Battalion, Third Marine Regiment, out of Kaneohe Bay, Hawaii. And I would like to think he would be in awe of the operational plan I have to have in effect every day——

Mr. WILSON. Yes.

Ms. MCCLOUD [continuing]. To raise three children by myself, get them to school, Scouts, church, after-school requirements, band.

For fun last week, I just had to do a wonderful father-daughter event with my 5-year-old daughter because I didn't want her to be there alone.

That is what we have to do. Our plates are very full.

And then we are told Congress has agreed the benefit, in principle, this is wrong. It is simply a matter of funding, and we need to get the word out. Well, we are trying, but it is very discouraging and hard to keep coming at this year after year after year and hear we support you in principle, but we just can't find the money.

Mr. WILSON. And something—and my final point is this affects a family like $1,000 a month.

Ms. MCCLOUD. Yes.

Mr. WILSON. So raising small children or people of age, hey, that is a lot of money, and it can be quality of life. So thank you very much for being here today.

Ms. MCCLOUD. Thank you both.

Mrs. DAVIS. I would say it is not just the dollars, as you say. It is also the idea that you are fighting for, and that I think that we certainly acknowledge and recognize.

If you could for the record, just as I asked the other panel, if there are some programs, other retirement benefits, if you have some thoughts about where we might look and what we might do, we certainly welcome those. And if you would like to submit that for the record, we would welcome those comments as well.

[No additional information was submitted for the record.]

Mrs. DAVIS. Thank you so much. We appreciate your being here. We appreciate your having presented in the past. And you are making a difference, not just obviously for your own families, you are making a tremendous difference for other families. I know that the Gold Star Wives look to you, and they are rooting for you every day, and we are, too.

Thank you very much.

[Whereupon, at 10:54 a.m., the subcommittee was adjourned.]

A P P E N D I X

March 23, 2010

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 23, 2010

Statement of Chairwoman Susan Davis
Military Personnel Subcommittee Hearing on
Military Associations' Legislative Priorities

March 23, 2010

"The hearing will come to order. Today the subcommittee will focus on the legislative priorities of military associations and the implications of direct spending on the ability of the Congress to meet these priorities.

"It has been the tradition of this subcommittee to hear from the beneficiary and advocacy organizations at the start of the legislative season so that the subcommittee has a better understanding of the many issues of interest to service members and their families. Much of the testimony we will hear today will address the challenges facing our military families and that is an area of great interest to me because the evidence that has been presented to the subcommittee has confirmed that military families are under great stress.

"As we observed last year, the current economic climate remains a challenge to all Americans, and our service members and their families are not immune to its effects. It is also fair to say that we in the Congress are also feeling the pinch of tightening budgets. As such, the ability of the subcommittee to enhance and reform the many important personnel programs that we review each year will continue to be very difficult during fiscal year 2011. That reality will be particularly true for health care programs and those initiatives that involve mandatory accounts.

"Identifying the legislative priorities of these organizations provides the members of the subcommittee a better appreciation of the many competing requirements and where the attention of the Congress should be targeted. Their input on a wide range of personnel programs and

policies that impact service members, their families and retirees will help form this year's National Defense Authorization Act.

"Let me welcome our witnesses:

Master Chief Petty Officer Joseph Barnes, USN, Retired
National Executive Director
Fleet Reserve Association

Master Sergeant Michael Cline, USA, Retired
Executive Director
Enlisted Association of the National Guard of the United States

Mrs. Deirdre Parke Holleman, Esq.
Executive Director
The Retired Enlisted Association

Colonel Steve Strobridge, USAF, Retired
Director, Government Relations
Military Officers Association of America

Ms. Sarah Jennings
Unit Chief of Budget Analyst Division
Congressional Budget Office

"Ms. Jennings is here testifying on behalf of the Congressional Budget Office which provides information and estimates required for the Congressional budget process. I appreciate you joining this discussion. I know you have particular insight into mandatory, entitlement, and direct spending issues that limit Congress' ability to provide solutions for some of the highest priority programs we will hear about today.

Opening Remarks – Rep. Joe Wilson
Military Personnel Subcommittee Hearing
Legislative Priorities of Military Associations
23 March 2010

Thank you, Chairwoman Davis, for holding this hearing. It's important for us to hear the views of our witnesses on their priorities for legislative action.

I am especially grateful to you for honoring my request that we hear testimony from the Gold Star Wives on the imperative that Congress repeal the widow's tax – the mandated reduction of Survivor Benefits annuities when receiving Dependency and Indemnity Compensation. Both witnesses on the second panel have suffered the loss of a spouse on active duty and can talk directly and about the need for repeal.

As you know, the husband of one of those witnesses, Margaret McCloud, was Lieutenant Colonel Trane McCloud, who was killed in action in Iraq. Trane was an active duty Marine and served as a Defense Legislative Fellow in 2003 in the office of the Second District of South Carolina. I learned firsthand of what a dedicated Marine Trane was as a devoted husband and father.

I am also glad we will be hearing from an expert from the Congressional Budget Office regarding mandatory spending and pay-as-you go rules that affect how offsets to mandatory spending can be achieved. We need to understand those rules and why it is nearly impossible for Chairman Skelton and others on this committee to pass legislation with mandatory spending costs.

What our CBO witness is probably not going to be able to address or explain, however, is what many of our witnesses today and most of America sees. And that is when House leadership deems it a priority, the rules can, and are, set aside. Thus, for example, the Congress and the President have committed to spending trillions of dollars to rescue the economy, without any seeming concern for mandatory spending offsets.

"Cash for Clunkers" was funded a billion dollars in a matter of hours, with additional funding provided immediately when it ran out of money.

It is my view, as I know it is yours, that we and our constituents must make it clear to House leadership that addressing the numerous concurrent receipt and mandatory spending issue issues are a priority and worthy of their support.

T H E M I L I T A R Y C O A L I T I O N
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Alexandria, Virginia 22314
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STATEMENT OF

THE MILITARY COALITION (TMC)

before the

HOUSE ARMED SERVICES
SUBCOMMITTEE ON PERSONNEL

March 23, 2010

Presented by

Master Chief Joseph L. Barnes, USN (Retired)
National Executive Director, Fleet Reserve Association; and
Co-Chairman, The Military Coalition

Master Sergeant Michael P. Cline, USA (Retired)
Executive Director, Enlisted Association of the National Guard; and
President, The Military Coalition

Deirdre Parke Holleman, Esq.
Executive Director, The Retired Enlisted Association; and
Co-Chair, TMC Survivor Committee

Colonel Steven P. Strobridge, USAF (Retired)
Director, Government Relations, Military Officers Association of America (MOAA); and
Co-Chairman, The Military Coalition

MADAM CHAIRWOMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. On behalf of The Military Coalition (TMC), a consortium of nationally prominent uniformed services and veterans' organizations, we are grateful to the committee for this opportunity to express our views concerning issues affecting the uniformed services community. This testimony provides the collective views of the following military and veterans' organizations, which represent approximately 5.5 million current and former members of the seven uniformed services, plus their families and survivors.

Air Force Association
Air Force Sergeants Association
Air Force Women Officers Associated
American Logistics Association
AMVETS (American Veterans)
Army Aviation Association of America
Association of Military Surgeons of the United States
Association of the United States Army
Association of the United States Navy
Chief Warrant Officer and Warrant Officer Association, U.S. Coast Guard
Commissioned Officers Association of the U.S. Public Health Service, Inc.
Enlisted Association of the National Guard of the United States
Fleet Reserve Association
Gold Star Wives of America, Inc.
Iraq and Afghanistan Veterans of America
Jewish War Veterans of the United States of America
Marine Corps League
Marine Corps Reserve Association
Military Chaplains Association of the United States of America
Military Officers Association of America
Military Order of the Purple Heart
National Association for Uniformed Services
National Guard Association of the United States
National Military Family Association
National Order of Battlefield Commissions
Naval Enlisted Reserve Association
Non Commissioned Officers Association
Reserve Enlisted Association
Reserve Officers Association
Society of Medical Consultants to the Armed Forces
The Retired Enlisted Association
United States Army Warrant Officers Association
United States Coast Guard Chief Petty Officers Association
Veterans of Foreign Wars of the United States

The Military Coalition, Inc., does not receive any grants or contracts from the federal government.

Executive Summary

Wounded Warrior Care

Institutional Oversight – The Coalition believes there's no substitute for a permanent Department of Defense (DoD)-Department of Veterans Affairs (VA) Senior Oversight Committee or other Joint Seamless Transition Office, staffed with senior officials working together full-time and charged with innovation and daily oversight of initiatives to institutionalize and sustain a culture of cross-department seamless transition.

Continuity of Health Care – The Coalition recommends:

- Authorizing active-duty-level TRICARE benefits, independent of availability of VA care, for three years after medical retirement to help ease transition from DoD to VA;
- Authorizing blanket waiver authority for VA physicians treating active duty patients with multiple medical trauma conditions for all aspects of the member's treatment, including referral outside the VA/TRICARE system if needed; and
- Either exempting severely wounded, ill, or injured members who must be medically retired from paying Medicare Part B premiums until age 65 or authorizing a special DoD allowance to help offset the cost of such premiums until age 65.

Mental/Behavioral Health Issues – TMC recommends:

- Increased efforts to promote the de-stigmatization on all levels in service/unit administrative and strict accountability programs with outlined and enforced consequences to non-compliancy to ensure unit actions are consistent with leadership pronouncements;
- Continuing priority efforts to deliver information and assistance on-line, confidential options for counseling and uniformed access and availability to tele-medicine services;
- Substantial increases in outreach efforts to provide such services and resources to Guard and Reserve members, rural populations and all families who don't live near military or VA facilities;
- Priority efforts to educate private sector providers on the unique needs of military and veteran patients and family members, and deliver needed information via on-line services, including contact points for discussion/consultation with military and VA providers;
- Consistent implementation of pre- and post-deployment evaluations and follow-up programs, particularly for Guard and Reserve members who may be leaving active duty;
- Establishing common DoD and VA protocols for diagnosis, treatment, and rehabilitation for Traumatic Brain Injury (TBI) conditions, as well as an electronic system to share and exchange a patient's medical history and other key medical information;
- Expanding Traumatic Servicemember Group Life Insurance (TSGLI) criteria to include moderate and severe TBI, without onerous "functions of daily living" standards that aren't required for other (and often much more functional) TSGLI-eligibles;
- Increasing availability and outreach on substance abuse counseling options;
- Pursuing aggressive medication reconciliation and management programs to protect against inadvertent overmedication and adverse reactions and or accidental or intentional overdose;
- Requiring TBI and psychological health assessments for members who have been deployed to a combat zone as part of the disciplinary process prior to a decision concerning non-medical separation; and

- Implementing recommendations from the 2008 RAND report ("Invisible Wounds of War, Psychological and Cognitive Injuries, Their Consequences, and Services to Assist Recovery").

DoD-VA Disability Evaluation Systems (DES) – TMC recommends:
- Barring "fit, but unsuitable" separations when a member's medical condition prevents continued service;
- Authorizing automatic enrollment in the VA health care system for any medically separated or medically retired service member (Chapter 61);
- Ending distinctions between disabilities incurred in combat vice non-combat;
- Monitoring the effectiveness of recent DoD compensation for catastrophically injured or ill service members requiring assistance with activities of daily living authorized in the 2010 NDAA;
- Ensuring benefits afforded members wounded, ill or disabled in the line of duty are applied equally for all uniformed services;
- Ensuring that the VA is the single authority for rating service-connected disabilities for military disability retirements and separations;
- Preserving the statutory 30 percent disability threshold for medical retirement and lifetime TRICARE coverage for members injured while on active duty;
- Continued monitoring of Service/DoD Medical-Physical Evaluation Boards, DoD DES Pilot Project, and the Physical Disability Board of Review, to assess needed DES changes;
- Eliminating member premiums for TSGLI;
- Barring "pre-existing condition" determinations for any member who deploys to a combat zone;
- Ensuring that any adjustment to the disability retirement system does not result in a member receiving less disability retired pay than he or she would receive under the current system; and
- Ensuring that members electing accelerated disability retirement/separation are fully counseled on any possible negative changes in compensation, health care and other benefits, with consideration to allowing a limited time to reverse a regrettable decision.

Caregiver/Family Support Services – The Coalition recommends:
- Upgraded compensation and assistance for caregivers of severely disabled active duty members, consistent with pending legislative action to improve compensation/assistance for caregivers of veterans; and
- Authorizing up to one year of continued residence in on-base housing facilities for medically retired, severely wounded servicemembers and their families.

Active Forces and Their Families

Military End Strength – The Coalition urges the Subcommittee to:
- Continue end strength growth as needed to sustain the war and other operational commitments while materially increasing dwell time for servicemembers and families;
- Sustain adequate recruiting and retention resources to enable the uniformed services to achieve required optimum-quality personnel strength; and
- Seek a 2011 defense budget of at least 5% of Gross Domestic Product that funds both people and weapons needs.

Military Pay Comparability – The Coalition believes a basic pay raise of at least 1.9% – .5% above the Employment Cost Index (ECI) standard – is the bare minimum the nation should do to sustain its military pay comparability commitment for 2011.

Family Readiness and Support – The Coalition recommends that the Subcommittee:

- Press DoD to assess the effectiveness of programs and support mechanisms to assist military families with deployment readiness, responsiveness, and reintegration;
- Ensure that effective programs – including the Family Readiness Council – are fully funded and their costs are included in the annual budget process;
- Provide authorization and funding to accelerate increases in availability of child care to meet both active and Reserve Component requirements;
- Insist DoD implement flexible spending accounts to let active duty and Selected Reserve families pay out-of-pocket dependent and health care expenses with pre-tax dollars;
- Monitor and continue to expand family access to mental health counseling;
- Promote expansion of military spouse opportunities to further educational and career goals;
- Ensure additional and timely funding of Impact Aid plus continued DoD supplemental funding for highly-impacted military schools; and
- Mitigate the impact of Service transformation, overseas rebasing initiatives, housing privatization and base realignment on school facility needs and educational programs affecting military children.

Permanent Change of Station (PCS) Allowances – The Coalition urges the Subcommittee to continue its efforts to upgrade permanent change-of-station allowances to better reflect expenses imposed on servicemembers, with priority on:

- Shipping a second vehicle on overseas accompanied assignments;
- Authorizing at least some reimbursement for house-hunting trip expenses; and
- Increasing PCS mileage rates to more accurately reflect members' actual transportation costs.

Education Enhancements – The Coalition urges the Subcommittee to support amending the statute to authorize all otherwise-qualifying members of the "uniformed services" to transfer Post-9/11 GI Bill benefits to family members.

Morale, Welfare, and Recreation (MWR) and Quality of Life (QoL) Programs – TMC urges the Subcommittee to:

- Protect funding for critical family support and QoL programs and services to meet the emerging needs of beneficiaries and the timelines of the Services' transformation plans;
- Oppose any initiative to withhold or reduce appropriated support for family support and QoL programs to include: recreation facilities, child care, exchanges and commissaries, housing, health care, education, family centers, and other traditional and innovative support services;
- Prevent any attempts to consolidate or civilianize military service exchange and commissary programs; and
- Sustain funding for support services and infrastructure at both closing and gaining installations throughout the entire transformation process, including exchange, commissary, and TRICARE programs.

National Guard and Reserve

Operational Reserve Sustainment and Reserve Retirement – For the near term, the Military Coalition places particular priority on authorizing early retirement credit for all qualifying post-9/11 active duty service performed by Guard/Reserve servicemembers and eliminating the fiscal-year-specific accumulator that bars equal credit for members deploying for equal periods during different months of the year.

Ultimately, TMC believes we must move forward to provide a reduced age entitlement for retired pay and health coverage for all Reserve Component members – that is, an age/service formula or outright eligibility, if otherwise qualified, at age 55.

Further, TMC urges repeal of the annual cap of 130 days of inactive duty training points that may be credited towards a reserve retirement.

Guard and Reserve Yellow Ribbon Readjustment – TMC urges the Subcommittee to hold oversight hearings and to direct additional improvements in coordination, collaboration and consistency of Yellow Ribbon services. DoD must ensure that state-level best practices – such as those in Maryland, Minnesota and New Hampshire – are applied for all operational reserve force members and their families, and that Federal Reserve veterans have equal access to services and support available to National Guard veterans. Community groups, employers and service organization efforts need to be encouraged and better coordinated to supplement unit, component, Service and VA outreach and services.

Guard/Reserve GI Bill – TMC urges the Subcommittee to work with the Veterans Affairs Committee to include Title 32 AGRs in the Post-9/11 statute.

Based on the DoD/Services' 10-year record of indifference to the basic Selected Reserve GI Bill under Chapter 1606, 10 USC, TMC recommends either: restoring Reserve benefits to 47 – 50% of active duty benefits or transferring the Chapter 1606 statute from Title 10 to Title 38 so that it can be coordinated with other educational benefits programs in a 21st century GI Bill architecture. TMC also supports assured academic reinstatement, including guaranteed re-enrollment, for returning operational reservists.

Special and Incentive Pays – The Coalition urges the Subcommittee to ensure equitable treatment of Guard and Reserve vs. active duty members for the full range of special and incentive pays.

Retiree Issues

Concurrent Receipt – The Coalition's continuing goal is to fully eliminate the deduction of VA disability compensation from earned military retired pay for all disabled retirees. In pursuit of that goal, the Coalition's immediate priorities include:

- Phasing out the disability offset for all Chapter 61 (medical) retirees; and
- Correcting the Combat-Related Special Compensation (CRSC) formula to ensure the intended compensation is delivered.

Proposed Military Retirement Changes – TMC urges the Subcommittee to:

- Reject any initiatives to "civilianize" the military system without adequate consideration of the unique and extraordinary demands and sacrifices inherent in a military vs. a civilian career; and
- Eliminate the Career Status Bonus for service members as it significantly devalues their retirement over time. In the short term, the services should be required to better educate eligible members on the severe long-term financial penalty inherent in accepting the REDUX option.

Disability Severance Pay – The Coalition urges the Subcommittee to amend the eligibility rules for disability severance pay to include all combat- or operations-related injuries, using same definition as CRSC. For the longer term, the Coalition believes the offset should be ended for all members separated for service-caused disabilities.

Former Spouse Issues – The Coalition requests a hearing to address Uniformed Services Former Spouse Protection Act (USFSPA) inequities. In addition, we recommend legislation to include all of the following:

- Base the award amount to the former spouse on the grade and years of service of the member at time of divorce (and not retirement);
- Prohibit the award of imputed income, which effectively forces active duty members into retirement;
- Extend 20/20/20 benefits to 20/20/15 former spouses;
- Permit the designation of multiple Survivor Benefit Plan (SBP) beneficiaries with the presumption that SBP benefits must be proportionate to the allocation of retired pay;
- Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS);
- Permit SBP premiums to be withheld from the former spouse's share of retired pay if directed by court order;
- Permit a former spouse to waive SBP coverage;
- Repeal the one-year deemed election requirement for SBP; and
- Assist DoD and Services with greater outreach and expanded awareness to members and former spouses of their rights, responsibilities, and benefits upon divorce.

Survivor Issues

SBP-DIC Offset – The Coalition urges repeal of the SBP-DIC offset. TMC further recommends:

- Authorizing payment of SBP annuities for disabled survivors into a Special Needs Trust;
- Allowing SBP eligibility to switch to children if a surviving spouse is convicted of complicity in the member's death; and
- Reinstating SBP for survivors who previously transferred payments to their children at such time as the youngest child attains majority, or upon termination of a second or subsequent marriage.

Final Retired Pay Check – TMC urges the Subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies.

Health Care Issues

Defense Health Program Cost Requirements – The Coalition urges the Subcommittee to take all possible steps to ensure continued full funding for Defense Health Program needs.

National Health Reform – TMC urges that any national health reform legislation must:

- Protect the unique TRICARE, TRICARE For Life (TFL), and VA health care benefits from unintended consequences such as reduced access to care;
- Bar any form of taxation of TRICARE, TFL, or VA health care benefits, including those provided in non-governmental venues; and
- Preserve military and VA beneficiaries' choices.

TRICARE Fees – Establish a "Sense of the Congress" which recognizes that military retiree health benefits are an essential offset to arduous service conditions which have been paid for upfront.

Military vs. Civilian Cost-Sharing Measurement – The Coalition believes that military beneficiaries from whom America has demanded decades of extraordinary service and sacrifice have earned coverage that is the best America has to offer.

Large Retiree Fee Increases Can Only Hurt Retention – Reducing military retirement benefits would be particularly ill-advised when an overstressed force already is at increasing retention risk despite the current downturn of the economy and current recruiting successes.

Pharmacy – The Coalition urges the Subcommittee to ensure continued availability of a broad range of medications, including the most-prescribed medications, in the TRICARE pharmacy system, and to ensure that the first focus on cost containment should be on initiatives that encourage beneficiaries to take needed medications and reduce program costs without shifting costs to beneficiaries.

Alternative Options to Make TRICARE More Cost-Efficient – The Coalition has offered a long list of alternative cost-saving possibilities, including:

- Positive incentives to encourage beneficiaries to seek care in the most appropriate and cost effective venue;
- Encouraging improved collaboration between the direct and purchased care systems and implementing best business practices and effective quality clinical models;
- Focusing the military health system, health care providers, and beneficiaries on quality measured outcomes;
- Improving MHS financial controls and avoiding overseas fraud by establishing TRICARE networks in areas fraught with fraud;
- Establishing TRICARE networks in areas of high TRICARE Standard utilization to take full advantage of network discounts;
- Promoting retention of other health insurance by making TRICARE a true second-payer to other insurance (far cheaper to pay another insurance's co-pay than have the beneficiary migrate to TRICARE);
- Encouraging DoD to effectively utilize their data from their electronic health record to better monitor beneficiary utilization patterns to design programs which truly match beneficiaries needs;
- Sizing and staffing military treatment facilities to reduce reliance on network providers and develop effective staffing models which support enrolled capacities;
- Reducing long-term TRICARE Reserve Select (TRS) costs by allowing service members the option of a government subsidy of civilian employer premiums during periods of mobilization;

- Doing far more to promote use of mail-order pharmacy system and formulary medications via mailings to users of maintenance medications, highlighting the convenience and individual expected cost savings; and
- Encouraging retirees to use lowest-cost-venue military pharmacies at no charge, rather than discouraging such use by limiting formularies, curtailing courier initiatives, etc.

TMC Healthcare Cost Principles – The Coalition strongly recommends that Congress establish statutory findings, a sense of Congress on the purpose and principles of military health care benefits earned by a career of uniformed service that states:

- Active duty members and families should be charged no fees except retail pharmacy co-payments, except to the extent they make the choice to participate in TRICARE Standard or use out-of-network providers under TRICARE Prime;
- The TRICARE Standard inpatient copay should not be increased further for the foreseeable future. At $535 per day, it already far exceeds inpatient copays for virtually any private sector health plan;
- There should be no enrollment fee for TRICARE Standard or TFL, since neither offers assured access to TRICARE-participating providers. An enrollment fee implies enrollees will receive additional services, as Prime enrollees are guaranteed access to participating providers in return for their fee. Congress already has required TFL beneficiaries to pay substantial Medicare Part B fees to gain TFL coverage;
- All retired service members earned equal health care coverage by virtue of their service; and
- DoD should make all efforts to provide the most efficient use of allocated resources and cut waste prior to proposing additional or increased fees on eligible beneficiaries.

TRICARE Prime – The Military Coalition urges the Subcommittee to require reports from DoD and from the managed care support contractors, on actions being taken to improve Prime patient satisfaction, provide assured appointments within Prime access standards, reduce delays in preauthorization and referral appointments, and provide quality information to assist beneficiaries in making informed decisions.

TRICARE Standard

TRICARE Standard Provider Participation – The Coalition urges the Subcommittee to insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation. The Coalition also recommends requiring a specific report on participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.

TRICARE Reimbursement Rates – The Coalition places primary importance on securing a permanent fix to the flawed statutory formula for setting Medicare and TRICARE payments to doctors.

To the extent a Medicare rate freeze continues, we urge the Subcommittee to encourage DoD to use its reimbursement rate adjustment authority as needed to sustain provider acceptance.

The Coalition urges the Subcommittee to require a Comptroller General report on the relative propensity of physicians to participate in Medicare vs. TRICARE, and the likely effect on such relative

participation of a further freeze in Medicare/TRICARE physician payments along with the effect of an absence of bonus payments.

Dental Care

Active Duty Dependent Dental Plan – The Coalition recommends increasing the DoD subsidy for the Active Duty Dependent Dental Plan to 72% and increasing the cap on orthodontia payments to $2,000.

Guard and Reserve Healthcare

Continuum of Health Care Insurance Options for The Guard and Reserve – The Coalition recommends the Subcommittee:

- Require a GAO review of DoD's methodology for determining TRS costs for premium adjustment purposes to assess whether it includes any costs of maintaining readiness or "costs of doing business" for the Defense Department that don't contribute to beneficiary benefit value and thus should be excluded from cost/premium calculations;
- Authorize development of a cost-effective option to have DoD subsidize premiums for continuation of a Reserve employer's private family health insurance during periods of deployment as an alternative to ongoing TRS coverage;
- Allow eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS;
- Authorize members of the IRR who qualify for a reserve retirement at age 60 to participate in TRICARE Retired Reserve (TRR) as an incentive for continued service (and higher liability for recall to active duty);
- Monitor implementation of the new TRR authority to ensure timely action and that premiums do not exceed 100 percent of the TRS premium; and
- Allow FEHB plan beneficiaries who are Selected Reservists the option of participating in TRS.

Guard and Reserve Mental Health – TMC believes that Guard and Reserve members and their families should have access to evidence-based treatment for PTSD, TBI, depression, and other combat-related stress conditions. Further, Post Deployment Health examinations should be offered at the member's home station, with the member retained on active duty orders until completion of the exam.

Guard and Reserve Health Information – The Coalition believes there should be an effort to improve the electronic capture of non-military health information into the service member's medical record.

TRICARE For Life – Coalition priorities for TFL-eligibles include:

- Securing a permanent fix to the flawed formula for setting Medicare/TRICARE payments to providers;
- Resisting any effort to establish an enrollment fee for TFL, given that many beneficiaries already experience difficulties finding providers who will accept Medicare patients; and
- Including TFL beneficiaries in DoD programs to incentivize compliance with preventive care and healthy lifestyles.

Restoration of Survivors' TRICARE Coverage – The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

Base Realignment and Closure (BRAC) and Re-basing – The Coalition recommends requiring an annual DoD report on the adequacy of health resources, funding, services, quality and access to care for beneficiaries affected by BRAC/re-basing.

Overview

Madam Chairwoman, The Military Coalition extends our thanks to you and the entire Subcommittee for your steadfast support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services and their families and survivors. Your efforts have had a dramatic, positive impact in the lives of the entire uniformed services community.

Last year was an extremely tumultuous, difficult year. As our service members continued to fight terror on two separate fronts, our nation slowly started to recover from an economic crisis, the worst seen since the great depression. Congress and the Administration had difficult choices to make as they attempted to "jump start" the economy while faced with a record budget deficit.

We are grateful that both the Defense Department and Congress put top priority on personnel issues last year. As we enter the ninth year of extremely stressful wartime conditions, the Coalition believes that this prioritization should continue for FY2011.

Despite ever-increasing pressures on them at home and abroad, men and women in uniform are still answering the call – thanks in no small measure to the Subcommittee's strong and consistent support – but only at the cost of ever-greater sacrifices.

Troubling indicators such as dramatic increases in suicide and divorce rates may reflect the effects of the long-term consequences we know are coming as we require the same people to return to combat again and again – and yet again.

In these times of growing political and economic pressures, the Coalition relies on the continued good judgment of the Armed Services Committees to ensure the Nation allocates the required resources to sustain a strong national defense, and in particular, to properly meet the pressing needs of the less than one percent of the American population – service members and their families – who protect the freedoms of the remaining 99 percent.

In this testimony, The Coalition offers our collective recommendations on what needs to be done to meet these essential needs.

Wounded Warrior Care

Much has been done in the last three years to address the grievous and negligent conditions that were brought to light since the tragic incident at Walter Reed Army Medical Center, where wounded and disabled troops and their families had fallen through the cracks as they transitioned from the military to VA health care and benefits systems.

Subsequently, the Subcommittee has worked hard to address these difficulties, and significant progress has been made on that score.

But the extent and complexity of the challenges remain daunting, requiring continuing coordination of effort between the military services; the Department of Defense (DoD); the Department of Veterans

Affairs (VA); several Centers of Excellence; a multitude of civilian contractors and non-governmental agencies; and the two Armed Services, two Veterans Affairs, and two Appropriations Committees.

The Coalition looks forward to working with the Subcommittee this year in its ongoing efforts to identify and ease significant remaining problems.

DoD – VA Seamless Transition

Institutional Oversight – While many legislative and fiscal changes have improved the care and support of our wounded and disabled members, the Coalition is concerned that the recent dissolution of the Senior Oversight Committee (SOC) poses significant risks for effective day-to-day leadership and coordination of DoD and VA seamless transition efforts.

Last year, the Coalition expressed concern that the change of Administration would pose a significant challenge to the two departments' continuity of joint effort, as senior leaders whose personal involvement had put interdepartmental efforts back on track left their positions and were replaced by new appointees who had no experience with past problems and no personal stake in ongoing initiatives.

Unfortunately, those concerns are being realized, as many appointive positions in both departments have gone unfilled for a year, responsibilities have been reorganized, and oversight duties previously assumed by senior officials have been divested to lower-level administrators who are less regularly engaged with their cross-department counterparts.

The result has been more uncertainty and degradation of cooperation, communication, and collaboration between the two departments over the last year.

The Coalition is concerned that, having exerted major efforts to address the most egregious problems, there is a significant potential to fall victim to a "business as usual" operating mode, even though the difficult journey to true seamless transition between the departments has just begun.

While many well-meaning and hard working military and civilians are doing their best to keep pushing progress forward, transitions in leadership and mission changes clearly are challenging and require formal and more standardized structures, policies, and programs that won't be as subject to disruption by one participant's unilateral organizational changes.

It sends a message about departmental priorities when these responsibilities are pushed to lower-level officials.

The Coalition believes there's no substitute for a permanent DoD-VA Senior Oversight Committee or other Joint Seamless Transition Office, staffed with senior officials working together full-time and charged with innovation and daily oversight of initiatives to institutionalize and sustain a culture of cross-department seamless transition.

Continuity of Health Care – Transitioning between DoD and VA health care systems remains challenging, confusing, and overwhelming to those trying to navigate and use these systems. Systemic, cultural, and bureaucratic barriers often prevent the service member or veteran from receiving the

necessary continuity of care they need to heal and have productive and a high level of quality of life they so desperately need and desire.

While service members and their families tell us that DoD has done much to address trauma care, acute rehabilitation, and basic short-term rehabilitation, they are less satisfied with their transition from the military health care systems to longer-term care and support in military and veterans medical systems.

We hear regularly from members who experienced significant disruptions of care upon separation or medical retirement from service.

One is in the area of cognitive therapy, which is available to retired members under TRICARE only if it is not available through the VA. Unfortunately, members are caught in the middle because of differences between DoD and VA authorities on what constitutes cognitive therapy and the degree to which effective, evidenced-based therapy is available.

The FY2010 NDAA requires a report on such issues, but action is needed to protect the wounded and disabled. The Subcommittee has acted previously to authorize three years of active-duty-level TRICARE coverage for the family members of those who die on active duty. The Coalition believes we owe equal transition care continuity to those whose service-caused illnesses or injuries force their retirement from service.

Another significant issue faced by many members forced from active duty by severe service-caused disabilities is that the severity of their disability qualifies them for Medicare. In such cases, TRICARE is second-payer to Medicare.

Under laws that were designed for elderly retirees but apply equally to all Medicare-eligible military beneficiaries, these younger disabled warriors must pay Medicare Part B premiums ($110 per month in 2010) to retain any coverage under TRICARE.

The Coalition believes it's wrong that members whose service caused them to become severely wounded, ill or injured should have to pay more for their care than they would if not injured by service, and believes they should either be exempt from paying the Part B premium until age 65 or DoD should help them offset the cost of such payments.

Finally, doctors at VA polytrauma centers indicate that one of their biggest problems is the requirement to get multiple authorizations from DoD to provide a variety of specialty care for active duty members with multiple medical problems.

When an active duty member is referred to VA facility for care, DoD should grant an automatic waiver of preauthorization/referral requirements to allow the VA providers to deliver needed care without bureaucratic delays.

The Coalition recommends:

- ***Authorizing active-duty-level TRICARE benefits, independent of availability of VA care, for three years after medical retirement to help ease transition from DoD to VA;***

- ***Authorizing blanket waiver authority for VA physicians treating active duty patients with multiple medical trauma conditions for all aspects of the member's treatment, including referral outside the VA/TRICARE system if needed; and***
- ***Either exempting severely wounded, ill, or injured members who must be medically retired from paying Medicare Part B premiums until age 65 or authorizing a special DoD allowance to help offset the cost of such premiums until age 65.***

Mental/Behavioral Health Issues – The military community is experiencing a crisis of demand for mental/behavior health care, both for servicemembers and their spouses and children.

The Subcommittee included several initiatives in the FY2010 NDAA aimed at increasing the number of military providers in this field and improving access for members and families.

While the Coalition is very grateful for these initiatives, we respectfully request that the Subcommittee continue, and more importantly expand, its efforts in addressing the growing epidemic of difficulties regarding post-traumatic stress disorder (PTSD), traumatic brain injuries (TBI), depression and other mental/behavioral health issues disproportionally plaguing our military and veteran communities.

Today our servicemembers, their spouses and children are facing immense stresses and uncertainties associated with repeated deployments and protracted separations. Our country is at war on multiple fronts and we must take all the necessary actions to ensure the mental well being of all those involved, at home and those on the frontlines.

One of the most prevalent obstacles in successfully identifying and treating mental/behavioral health conditions is the stigma which the military's warrior culture continues to associate with such conditions and the threat or fear that admission of experiencing them may affect one's peer standing, security clearance, promotions, or ability to remain in service.

Despite the continued efforts by senior leaders to reduce the stigmas associated with mental health issues, the unit-level reality is far different. The reality is that many officers, NCOs, and peers continue to view these conditions as signs of weakness or inability to coup.

Furthermore, many servicemembers are deterred from seeking care by cases of friends who have been disciplined or separated as a result of using the available support systems the military has implemented.

As a direct result, the suicide and divorce rates, as well as childhood depression diagnosis' continue to climb within the military and veteran communities. DoD openly acknowledges that stigmas remain within the ranks, despite their efforts of significantly ramping up efforts and outreach programs composed of anti-stigma campaigns, upper-level training programs, and easier access to mental health providers.

The Coalition stresses our grave concerns to the subcommittee regarding the current state of DoD's inability to effectively handle the increasing demands/need for mental health services and outreach to all demographics of today's military forces. And while our forces and their families display extraordinary strengths, resiliency and undaunted tenacity in the face of all stresses associated with service; it is vital

that we never forget that these same stressors of service to this country are in all likelihood, leading to untreated mental and physical health conditions.

The Coalition believes that due to the numerous unrealistic standards and high expectations of resiliency and coping abilities we have somehow come to expect from our servicemembers and their families, that the current military administrative and disciplinary systems being used are not effectively meeting the mental health needs, whether proactive or reactive, of the same people to whom we expect so much. DoD and VA have an obligation to provide the best care available to any servicemember who sustains an injury as a result of their service.

Unfortunately, many of today's servicemembers have mental wounds that are undiagnosed and thus untreated. This lack of care or treatment for PTSD, TBI, or any one of the numerous stressors associated with service, is leading to an increased number of early separations or even more alarming, being barred from reenlisting due to a charge of misconduct, such as a DUI or other such incident, by a servicemember who has never previously displayed any such behaviors. These uncharacteristic behaviors are only one of the symptoms associated with untreated mental/behavioral health conditions. Ironically, some civil authorities often are more tolerant and offer more assistance in dealing with such cases involving combat veterans than military authorities.

As a result of such circumstances, thousands, if not countless, of affected servicemembers, veterans and their family members have gone unidentified, untreated, or deterred from being given the opportunity to seek the care they deserve. Moreover, many have difficulty accessing and utilizing programs that are in place.

In addition to expanding the availability of providers, the Coalition believes that two keys elements will be in expanding the opportunities for confidential access to counseling or treatments and achieving more consistency between leadership campaigns for destigmatization/individual resiliency and the practical demonstration of greater resiliency and rehabilitation initiatives at the unit/administrative level.

TMC recommends:

- ***Increased efforts to promote the de-stigmatization on all levels in service/unit administrative and strict accountability programs with outlined and enforced consequences to non-compliancy to ensure unit actions are consistent with leadership pronouncements;***
- ***Continuing priority efforts to deliver information and assistance on-line, confidential options for counseling and uniformed access and availability to tele-medicine services;***
- ***Substantial increases in outreach efforts to provide such services and resources to Guard and Reserve members, rural populations and all families who don't live near military or VA facilities;***
- ***Priority efforts to educate private sector providers on the unique needs of military and veteran patients and family members, and deliver needed information via on-line services, including contact points for discussion/consultation with military and VA providers;***
- ***Consistent implementation of pre- and post-deployment evaluations and follow-up programs, particularly for Guard and Reserve members who may be leaving active duty;***
- ***Establishing common DoD and VA protocols for diagnosis, treatment, and rehabilitation for TBI conditions, as well as an electronic system to share and exchange a patient's medical history and other key medical information;***

- ***Expanding Traumatic Servicemember Group Life Insurance (TSGLI) criteria to include moderate and severe TBI, without onerous "functions of daily living" standards that aren't required for other (and often much more functional) TSGLI-eligibles;***
- ***Increasing availability and outreach on substance abuse counseling options;***
- ***Pursuing aggressive medication reconciliation and management programs to protect against inadvertent overmedication and adverse reactions and or accidental or intentional overdose;***
- ***Requiring TBI and psychological health assessments for members who have been deployed to a combat zone as part of the disciplinary process prior to a decision concerning non-medical separation; and***
- ***Implementing recommendations from the 2008 RAND report ("Invisible Wounds of War, Psychological and Cognitive Injuries, Their Consequences, and Services to Assist Recovery").***

DoD-VA Disability Evaluation Systems (DES) – Several recommendations made by various commissions, task forces and committees were addressed in the FY 2008, 2009, and 2010 National Defense Authorization Acts; however, more needs to be done.

One of the most emotional issues that emerged from the Walter Reed scandal was the finding that services were "low-balling" disabled servicemembers' disability ratings, with the result that many significantly disabled members were being separated and turned over to the VA rather than being medically retired (which requires a 30% or higher disability rating).

Encouraging rhetoric was heard from leadership in both the DoD and VA that this would be addressed by having DoD accept the (usually higher) disability ratings awarded by the VA.

Congress has taken positive steps to correct previous "low-ball" ratings and streamline the DES. Congress created the Physical Disability Board of Review (PDBR) to give previously separated servicemembers an opportunity to appeal their "low-balled" disability rating.

They also authorized a jointly executed DoD-VA DES pilot in the 2008 NDAA, and feedback from members and families who participated in the pilot program is that it has simplified the process and provided a more standardized disability rating outcome.

TMC was further encouraged that wounded, ill, and injured members would benefit from the 19 Dec 07 Under Secretary of Defense (Personnel and Readiness) Directive Type Memorandum (DTM) which added "deployability" as a consideration in the DES decision process – permitting medical separation/retirement based on a medical condition that renders a member non-deployable.

Unfortunately, several cases have surfaced indicating the Services have failed to incorporate the DTM in their DES process.

In this regard, the services continue to issue findings that a member is "fit, but unsuitable" for service. Under this system, a member found "fit" by the PEB, is deemed by the service to be "unsuitable" for continued service – and administratively separated – because the member's medical condition prevents them from being able to deploy or maintain their current occupational skill.

The Coalition believes strongly that medical conditions which preclude servicemembers from continuing to serve should be deemed "unfitting" – not "unsuitable."

In addition, we remain concerned about language used by some indicating a wish to remove DoD from the DES process (i.e., DoD determines fitness and VA determines disability). This simplified process could result in neglect of DoD's employer responsibilities, such as TRICARE eligibility for disabled members and their families.

The Coalition believes strongly that members determined by parent service to be 30 percent or more disabled should continue to be eligible for a military disability retirement with all attendant benefits, including lifetime TRICARE eligibility for the member and his/her family. We do not support efforts to disconnect health care eligibility from disability retired pay eligibility. The Coalition also agrees with the opinion expressed by Secretary Gates that a member forced from service for wartime injuries should not be separated, but should be awarded a high enough rating to be retired for disability.

TMC recommends:

- ***Barring "fit, but unsuitable" separations when a member's medical condition prevents continued service;***
- ***Authorizing automatic enrollment in the VA health care system for any medically separated or medically retired service member (Chapter 61);***
- ***Ending distinctions between disabilities incurred in combat vice non-combat;***
- ***Monitoring the effectiveness of recent DoD compensation for catastrophically injured or ill service members requiring assistance with activities of daily living authorized in the 2010 NDAA;***
- ***Ensuring benefits afforded members wounded, ill or disabled in the line of duty are applied equally for all uniformed services;***
- ***Ensuring that the VA is the single authority for rating service-connected disabilities for military disability retirements and separations;***
- ***Preserving the statutory 30 percent disability threshold for medical retirement and lifetime TRICARE coverage for members injured while on active duty;***
- ***Continued monitoring of Service/DoD Medical-Physical Evaluation Boards, DoD DES Pilot Project, and the Physical Disability Board of Review, to assess needed DES changes;***
- ***Eliminating member premiums for Traumatic Servicemember Group Life Insurance (TSGLI);***
- ***Barring "pre-existing condition" determinations for any member who deploys to a combat zone;***
- ***Ensuring that any adjustment to the disability retirement system does not result in a member receiving less disability retired pay than he or she would receive under the current system; and***
- ***Ensuring that members electing accelerated disability retirement/separation are fully counseled on any possible negative changes in compensation, health care and other benefits, with consideration to allowing a limited time to reverse a regrettable decision.***

Caregiver/Family Support Services – The sad reality is that, for the most severely injured servicemembers, family members or other loved ones are often required to become full-time caregivers. Many have lost their jobs, homes, and savings in order to meet caregiver needs of a servicemember who has become incapacitated due to service-caused wounds, injuries or illness.

The Coalition believes the government has an obligation to provide reasonable compensation and training for such caregivers, who never dreamed that their own well-being, careers, and futures would be devastated by military-caused injuries to their servicemembers.

Last year, the Subcommittee authorized a special payment to an active duty servicemember to allow compensation of a family member or professional caregiver. The authorized payment was in the same amount authorized by the VA for veterans' aid-and-attendance needs, reflecting the Subcommittee's thinking that caregiver compensation should be seamless when the member transitions from active duty to VA care, as long as the caregiver requirements remain the same.

The Coalition supported this initiative, but recognizes that both chambers have since approved legislation to authorize more significant VA assistance and compensation for caregivers.

Once the House and Senate versions of the VA caregiver legislation have been reconciled in conference, the Coalition hopes the Subcommittee will propose similar upgrades for caregivers of members while on active duty, consistent with the "seamless transition" philosophy adopted last year.

In a similar vein, many wounded or otherwise-disabled members experience significant difficulty transitioning to medical retirement status. To assist in this process, consideration should be given to authorizing medically retired members and their families to remain in on-base housing for up to one year after retirement, in the same way that families are allowed to do so when a member dies on active duty.

The Coalition recommends:

- ***Upgraded compensation and assistance for caregivers of severely disabled active duty members, consistent with pending legislative action to improve compensation/assistance for caregivers of veterans; and***
- ***Authorizing up to one year of continued residence in on-base housing facilities for medically retired, severely wounded servicemembers and their families.***

Active Forces and Their Families

In our overview, the Coalition expressed our collective concern over the stressors our service members and their families are experiencing due to the long, repeated deployments and unrelenting operations tempo. In order to sustain a sufficient, highly trained and highly capable active force, the continuing overriding requirement is to find additional ways to ease the terrible burden of stress on servicemembers and their families.

Military End Strength – Increased end strength is the only effective way to reduce stress on forces and families as long as deployment requirements not only continue, but actually increase.

The creators of the all-volunteer force never envisioned that the force would be deployed into combat one year out of three – let alone every other year, as has been the case with many ground units.

Regrettably, the scenario faced by today's forces is not unlike the World War II "Catch-22" situation described by Joseph Heller, in which aircrews braving horrendous enemy flak had their wartime mission

requirements increased again and again, until they perceived that the terrible sacrifices being demanded of them would never end.

Unfortunately, many in government and among the public seem to have become desensitized to the truly terrible sacrifices that the current mismatch between missions and force levels has already imposed on those in uniform. They acknowledge the problem, but most assume that servicemembers and families will simply continue to accept these – or even greater – levels of sacrifice indefinitely.

Many point to the achievement of service recruiting and retention goals as indicators that all is well.

Such perceptions grossly underestimate the current stresses on the force and the risk that poses for readiness and national security. The Coalition believes any complacency about retention is sadly misplaced, and that the status of the current force should be viewed in the context of a rubber band that has been stretched to its limit. The fact that it has not yet broken is of little comfort.

Well-respected studies have shown that 20 to 30 percent of combat returnees have experienced PTSD, TBI, or depression, and that the likelihood of a servicemember returning as a changed person rises with each subsequent deployment. Other studies have shown that rising cumulative family separations are having significant negative effects on servicemembers' children.

These are not mere academic exercises. They are well-known facts of life to those who are alone in actually experiencing them.

A far truer, and truly tragic, indicator of these extremely troubling circumstances has been the significant rise in servicemembers' suicide and divorce rates.

So the Coalition is very grateful for the subcommittee's support for end strength increases for all services in the FY2010 Defense Authorization Act, and for fending off the efforts of those who proposed cutting force levels to fund hardware needs.

But we must not understate the reality that the increases approved to date will not significantly improve dwell time for military families anytime in the near future, given increasing operational requirements in Afghanistan.

And new requirements for massive humanitarian aid in Haiti and elsewhere only exacerbate the already grievous situation.

The Coalition is relieved that the Administration is requesting an increase to the overall defense budget by $100 billion over the next five 5 years – we just hope it's enough.

The Coalition urges the Subcommittee to:

- ***Continue end strength growth as needed to sustain the war and other operational commitments while materially increasing dwell time for servicemembers and families;***
- ***Sustain adequate recruiting and retention resources to enable the uniformed services to achieve required optimum-quality personnel strength; and***

- ***Seek a 2011 defense budget of at least 5% of Gross Domestic Product that funds both people and weapons needs.***

Military Pay Raise – The Coalition thanks the Subcommittee for its sustained commitment to restoring full military pay comparability – a fundamental underpinning of the All-Volunteer Force.

To that end, we are grateful for the committee's leadership in approving a 3.4% military pay raise for 2010 – vs. the 2.9% proposed in the defense budget submission.

Throughout the 1980s and '90s, military pay raises consistently were capped below private sector pay growth, causing a "pay comparability gap" that reached 13.5% in 1998-99, and contributed significantly to serious retention problems.

Every year since then, the Subcommittee has acted to pare the gap by approving military raises that have been at least .5% above private sector pay growth.

Now that significant progress has been made and the "erosion of pay and benefits" retention-related problems have abated, some have renewed calls to cut back on military raises, create a new comparability standard, or substitute more bonuses for pay raises in the interests of "efficiency."

The Defense Department has proposed a new comparability standard under which each pay and longevity cell would represent the 70th percentile of compensation for similarly-educated civilians. A recent Congressional Budget Office report asserted that, considering adjustments in housing allowances, military people actually are paid 10% more than their civilian counterparts in terms of Regular Military Compensation (RMC), composed of basic pay, food and housing allowances, and the tax advantage that accrues because the allowances are tax-free.

The Coalition believes such assertions are fundamentally flawed.

First, the RMC concept was developed in the 1960s, when all servicemembers received the same allowances, regardless of location, and the allowances were arbitrary figures that weren't actually based on anything. In the interim, Congress has transformed the allowances into reimbursements for actual food costs and median locality-based housing costs.

If one were to use the RMC comparability methodology in this scenario, basic pay – the largest element of military pay and the one that drives retired pay – would become "flex" compensation element. With tax rates and allowances figures set independently, a year in which average housing allowances rose (e.g., based on growth in high-cost areas) and taxes increased could actually yield a requirement to cut basic pay (and future retirement value) to restore "comparability."

Second, the Coalition is not convinced that the civilian comparison cohort or percentile comparison point proposed by DoD are the proper ones, given that the military:

- Recruits from the top half of the civilian aptitude population;
- Finds that only about 25% of America's youth qualify for entry;
- Requires career-long education and training advancement;
- Enforces a competitive "up-or-out" promotion system; and

- Imposes severe limits on personal freedoms (e.g., not being able to quit when you want; risking a felony conviction for refusing an order).

A fundamental requirement for any pay comparability standard is that it should be transparent and understandable. The Coalition has asked for, but has never been provided by DoD, any data on what civilian comparison cohort was selected and why, and what rationale was used to establish a specific percentile comparison point.

Third, the Coalition believes it is essential to recognize that compensation is not simply the amount one is paid. It is pay divided by what's required of the recipient to earn that pay. If we increase pay 25% but require 100% more sacrifice to earn it, that's not a pay raise.

In that context, today's conditions of service are far more arduous than anything envisioned 40 years ago by the creators of the all-volunteer force, who believed a protracted war would require reinstitution of the draft.

Finally, private sector pay growth between 2008 and 2009 would set the military pay raise for 2011 at 1.4% – the smallest military pay raise in almost 50 years, even while servicemembers are being asked to endure the most arduous service conditions in more than 60 years. Further, the Coalition observes that there is a lag of more than a year between the time the civilian pay growth is measured and the time it is applied to the military.

The Coalition agrees with the approach the Subcommittee has taken consistently – that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth in the ECI.

The government uses the ECI for every other measure of private pay growth, and it's very transparent to government leaders and servicemembers alike. As of 2010, cumulative military basic pay increases lag cumulative private sector pay growth by 2.4% since 1982 – the last time it was generally agreed that a state of comparability existed.

Given the historic low raise produced by the ECI for 2011, the historic sacrifices being asked of servicemembers in this time of protracted war, and the dubious rationale for alternative pay raise proposals, any assertion that military people are overpaid is grossly off the mark.

The Coalition believes a basic pay raise of at least 1.9% – .5% above the ECI standard – is the bare minimum the nation should do to sustain its military pay comparability commitment for 2011.

Family Readiness and Support – A fully funded, robust family readiness program continues to be crucial to overall readiness of our military, especially with the demands of frequent and extended deployments.

Resource issues continue to plague basic installation support programs. At a time when families are dealing with increased deployments, they often are being asked to do without in other important areas. We are grateful that the Subcommittee included a provision in last year's defense bill that will help improve family readiness and support though greater outreach. The Department's establishment of a

comprehensive benefits website for servicemembers and their families will help provide virtual assistance regardless of their physical proximity to installation-supported networks.

Additionally, we could not agree more with last year's "Sense of Congress" regarding the establishment of flexible spending accounts (FSAs) for members of the uniformed services. We urge the Subcommittee to continue to press the Defense Department until servicemembers are provided the same eligibility to participate in FSAs that all other federal employees enjoy.

Quality education is a top priority to military families. Servicemembers are assigned all across the United States and the world. Providing appropriate and timely funding of Impact Aid through the Department of Education is critical to ensuring quality education military children deserve, regardless of where they live.

The Coalition believes that several initiatives could have unintended negative consequences on school facility needs and educational programs affecting military children. Service transformation, overseas rebasing initiatives, housing privatization, base realignment and closure actions all have the potential to affect the military family and their access to quality education programs.

The Coalition recommends that the Subcommittee:

- ***Press DoD to assess the effectiveness of programs and support mechanisms to assist military families with deployment readiness, responsiveness, and reintegration;***
- ***Ensure that effective programs – including the Family Readiness Council – are fully funded and their costs are included in the annual budget process;***
- ***Provide authorization and funding to accelerate increases in availability of child care to meet both active and Reserve Component requirements;***
- ***Insist DoD implement flexible spending accounts to let active duty and Selected Reserve families pay out-of-pocket dependent and health care expenses with pre-tax dollars;***
- ***Monitor and continue to expand family access to mental health counseling;***
- ***Promote expansion of military spouse opportunities to further educational and career goals;***
- ***Ensure additional and timely funding of Impact Aid plus continued DoD supplemental funding for highly-impacted military schools; and***
- ***Mitigate the impact of Service transformation, overseas rebasing initiatives, housing privatization and base realignment on school facility needs and educational programs affecting military children.***

Permanent Change of Station (PCS) Allowances – It's an unfortunate fact that members and their families are forced to incur significant out-of-pocket expenses when complying with government-directed moves.

For example, the current Monetary Allowance in Lieu of Transportation (MALT) rate used for PCS moves still fall significantly short of meeting members' actual travel costs. The current rate of 24 cents per mile is less than half of the 50 cents per mile authorized for temporary duty travel. Also, military members must make any advance house-hunting trips at personal expense, without any government reimbursements such as federal civilians receive.

DoD states that the MALT rate was not intended to reimburse servicemembers for travel by automobile, but simply a payment in lieu of providing transportation in-kind.

The Coalition believes strongly that the MALT concept is an outdated one, having been designed for a conscripted, single, non-mobile force.

Travel reimbursements should be adjusted to reflect the reality that today's all-volunteer servicemembers do, in fact, own cars and that it is unreasonable not to reimburse them for the cost of driving to their next duty stations in conjunction with PCS orders.

Simply put, PCS travel is no less government-ordered than is TDY travel, and there is simply no justification for paying less than half the TDY travel rate when personal vehicle use is virtually essential.

Additionally, the government should acknowledge that reassigning married servicemembers within the United States (including overseas locations) usually requires relocation of two personal vehicles. In that regard, the overwhelming majority of service families consist of two working spouses, making two privately owned vehicles a necessity. Yet the military pays for shipment of only one vehicle on overseas moves, including moves to Hawaii and Alaska, which forces relocating families into large out-of-pocket expenses, either by shipping a second vehicle at their own expense or selling one car before leaving the states and buying another upon arrival.

At a minimum, the Coalition believes military families being relocated to Alaska, Hawaii, and U.S. territories should be authorized to ship a second personal vehicle, as the Subcommittee has rightly supported in the past.

The Coalition urges the Subcommittee to continue its efforts to upgrade permanent change-of-station allowances to better reflect expenses imposed on servicemembers, with priority on:

- ***Shipping a second vehicle on overseas accompanied assignments;***
- ***Authorizing at least some reimbursement for house-hunting trip expenses; and***
- ***Increasing PCS mileage rates to more accurately reflect members' actual transportation costs.***

Education Enhancements – The Post 9/11 GI Bill was a truly historic achievement that will provide major long-term benefits for military people and for America; however, the Coalition remains sensitive that transferability of the benefit to family members was restricted to members of the "Armed Forces."

The Coalition believes all members of the uniformed services, including commissioned officers of the US Public Health Service and NOAA Corps, should be able to transfer their benefit to family members. All previous GI Bill provisions have applied equally to all uniformed services, and the Post-9/11 GI Bill should not be an exception.

The Coalition urges the Subcommittee to support amending the statute to authorize all otherwise-qualifying members of the "uniformed services" to transfer Post-9/11 GI Bill benefits to family members.

Morale, Welfare, and Recreation (MWR) and Quality of Life (QoL) Programs – MWR activities and QoL programs have become ever more critical in helping servicemembers and their families cope with the extended deployments and constant changes going on in the force.

The availability of appropriated funds to support MWR activities is an area of continuing concern for the Coalition. We are especially apprehensive that additional reductions in funding or support services may occur due to slow economic recovery and record budget deficits.

BRAC actions pose an additional concern as DoD is struggling to meet the 2011 deadline at many BRAC locations. Two reports issued by the Government Accountability Office indicate significant challenges remain in areas of funding, facilities, and overall management.

The Coalition is very concerned whether needed infrastructure and support programs will be in place in time to meet families' needs.

TMC urges the Subcommittee to:

- ***Protect funding for critical family support and QoL programs and services to meet the emerging needs of beneficiaries and the timelines of the Services' transformation plans;***
- ***Oppose any initiative to withhold or reduce appropriated support for family support and QoL programs to include: recreation facilities, child care, exchanges and commissaries, housing, health care, education, family centers, and other traditional and innovative support services;***
- ***Prevent any attempts to consolidate or civilianize military service exchange and commissary programs; and***
- ***Sustain funding for support services and infrastructure at both closing and gaining installations throughout the entire transformation process, including exchange, commissary and TRICARE programs.***

National Guard and Reserve

Over 142,000 Guard and Reserve service men and women members are serving on active duty.

Since Sept. 11, 2001, more than 752,000 Guard and Reserve service men and women have been called up, including well over 200,000 who have served multiple tours. There is no precedent in American history for this sustained reliance on citizen-soldiers and their families. To their credit, Guard and Reserve combat veterans continue to reenlist, but the current pace of routine, recurring deployments cannot be sustained indefinitely.

Guard and Reserve members and families face unique challenges in their readjustment following active duty service. Unlike active duty personnel, many Guard and Reserve members return to employers who question their contributions in the civilian workplace, especially as multiple deployments have become the norm. Many Guard-Reserve troops return with varying degrees of combat-related injuries and stress disorders, and encounter additional difficulties after they return that can cost them their jobs, careers and families.

Despite the continuing efforts of the Services and Congress, most Guard and Reserve families do not have access to the same level of counseling and support that active duty members have. In short, the

Reserve components face increasing challenges virtually across the board, including major equipment shortages, end-strength requirements, wounded-warrior health care, and pre- and post-deployment assistance and counseling.

Operational Reserve Retention and Retirement Reform – Congress took the first step in modernizing the reserve compensation system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008. This change validates the principle that compensation should keep pace with service expectations and work as an inducement to retention and sustainment of the operational reserve force.

Guard/Reserve mission increases and a smaller active duty force mean Guard/Reserve members must devote a much more substantial portion of their working lives to military service than ever envisioned when the current retirement system was developed in 1948.

Repeated, extended activations make it more difficult to sustain a full civilian career and impede Reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory protections, periodic long-term absences from the civilian workplace can only limit Guard/Reserve members' upward mobility, employability and financial security. Further, strengthening the reserve retirement system will serve as an incentive to retaining critical mid-career officers and NCOs for continued service and thereby enhance readiness.

As a minimum, the next step in modernizing the reserve retirement system is to provide equal retirement-age-reduction credit for all activated service rendered since Sept. 11, 2001. The current law that credits only active service since January 28, 2008 disenfranchises and devalues the service of hundreds of thousands of Guard/Reserve members who served combat tours (multiple tours, in thousands of cases) between 2001 and 2008.

The statute also must be amended to eliminate the inequity inherent in the current fiscal year retirement calculation, which only credits 90 days of active service for early retirement purposes if it occurs within the same fiscal year. The current rule significantly penalizes members who deploy in July or August vs. those deploying earlier in the fiscal year.

It is patently unfair, as the current law requires, to give three months retirement age credit for a 90-day tour served from January through March, but only half credit for a 120-day tour served from August through November (because the latter covers 60 days in each of two fiscal years).

For the near term, the Military Coalition places particular priority on authorizing early retirement credit for all qualifying post-9/11 active duty service performed by Guard/Reserve servicemembers and eliminating the fiscal-year-specific accumulator that bars equal credit for members deploying for equal periods during different months of the year.

Ultimately, TMC believes we must move forward to provide a reduced age entitlement for retired pay and health coverage for all Reserve Component members – that is, an age/service formula or outright eligibility, if otherwise qualified, at age 55.

Further, TMC urges repeal of the annual cap of 130 days of inactive duty training points that may be credited towards a reserve retirement.

Guard and Reserve Yellow Ribbon Readjustment – Congress has provided increased resources to support the transition of warrior-citizens back into the community. But program execution remains spotty from state to state and falls short for returning Federal Reserve warriors in widely dispersed regional commands. Military and civilian leaders at all levels must improve the coordination and delivery of services for the entire operational reserve force. Many communities are eager to support and many do that well. But, yellow ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

TMC is grateful for the Subcommittee's attention to this issue and for including reporting requirements on progress in the FY2010 Defense Authorization Act.

Making Yellow Ribbon work effectively is a major Coalition priority, and our hope is that the NDAA-required reports will point the way for further Subcommittee action in this important area.

TMC urges the Subcommittee to hold oversight hearings and to direct additional improvements in coordination, collaboration and consistency of Yellow Ribbon services. DoD must ensure that state-level best practices – such as those in Maryland, Minnesota and New Hampshire – are applied for all operational reserve force members and their families, and that Federal Reserve veterans have equal access to services and support available to National Guard veterans. Community groups, employers and service organization efforts need to be encouraged and better coordinated to supplement unit, component, Service and VA outreach and services.

Guard/Reserve GI Bill – TMC is grateful to Congress for inclusion of a critical "earn as you serve" principle in the new Post-9/11 GI Bill, which allows operational reservists to accrue educational benefits for each aggregate call-up of 90 days or more active duty. Inexplicably, however, active duty members of the National Guard serving under Title 32 orders were not included in the new program despite their critical role in homeland defense, counter-drug, border control and other missions.

TMC urges the Subcommittee to work with the Veterans Affairs Committee to include Title 32 AGRs in the Post-9/11 statute.

TMC's longstanding recommendation of coordinating and integrating various educational benefit programs has been made more challenging with the Post-9/11 GI Bill.

For example, benefits for initially joining the Guard or Reserve as authorized in Chapter 1606, 10 USC continue to decline in proportion to the active duty Montgomery GI Bill (Chap. 30, 38 USC) and the new Post-9/11 GI Bill. Reserve MGIB benefit levels have slid to 24% of the active duty MGIB benefit, compared to 47-50% during the first 15 years of the program. Restoration of the original ratio would raise basic reserve rates from the current $333 per month to $643 - $684 per month for full-time study.

TMC maintains that restoring the ratio is not only a matter of equity, but essential to long-term success of Guard and Reserve recruiting programs.

Based on the DoD / Services' 10-year record of indifference to the basic Selected Reserve GI Bill under Chapter 1606, 10 USC, TMC recommends either: restoring Reserve benefits to 47-50% of active duty benefits or transferring the Chapter 1606 statute from Title 10 to Title 38 so that it can be coordinated with other educational benefits programs in a 21st century GI Bill architecture. TMC also supports assured academic reinstatement, including guaranteed re-enrollment, for returning operational reservists.

Special and Incentive Pays – Increased reliance on Guard and Reserve forces to perform active duty missions has highlighted differentials and inconsistencies between treatment of active duty vs. Guard and Reserve members on a range of special and incentive pays. Congress has acted to address some of these disparities, but more work is needed.

The Coalition urges the Subcommittee to ensure equitable treatment of Guard and Reserve vs. active duty members for the full range of special and incentive pays.

Retiree Issues

The Military Coalition remains grateful to the Subcommittee for its support of maintaining a strong military retirement system to help offset the extraordinary demands and sacrifices inherent in a career of uniformed service.

Concurrent Receipt – In the FY2003 and FY2004 NDAA, Congress acknowledged the inequity of the disability offset to earned retired pay and established a process to end or phase out the offset for many disabled retirees. The Coalition is extremely grateful with the Subcommittee's efforts to continue progress in easing the adverse effects of the offset.

Last year we were very optimistic that another very deserving group of disabled retirees would become eligible for concurrent receipt when the White House included a concurrent receipt proposal in the Budget Resolution – the first time in history any Administration had ever proposed such a fix.

The Administration's proposal, again submitted in this year's budget, would expand concurrent receipt eligibility over a five year period to all those forced to retire early from Service due to a disability, injury, or illness that was service-connected (chapter 61 retirees).

Thanks to the strong support of Armed Services Committee leaders, the proposal was included in the House version of the FY2010 NDAA. The Coalition was dismayed that, despite your leadership efforts and White House support, the provision failed to survive conference – an extremely disappointing outcome for a most deserving group of disabled retirees.

Our fervent hope is that the Subcommittee will redouble its efforts to authorize this initiative for FY2011.

Additionally, the Coalition is concerned that an inadvertent problem exists in the statutory Combat-Related Special Compensation (CRSC) computation formula causes many seriously disabled and clearly eligible members to receive little or nothing in the way of CRSC. The Defense Department has

acknowledged the problem in discussions with the Subcommittee staff, and the Coalition urges the Subcommittee to correct this technical problem.

The Coalition believes strongly in the principle that career military members earn their retired pay by service alone, and that those unfortunate enough to suffer a service-caused disability in the process should have any VA disability compensation from the VA added to, not subtracted from their service-earned military retired pay and this remains a key goal in 2010 – regardless of years of service or severity of their disability rating.

The Coalition's continuing goal is to fully eliminate the deduction of VA disability compensation from earned military retired pay for all disabled retirees. In pursuit of that goal, the Coalition's immediate priorities include:

- ***Phasing out the disability offset for all Chapter 61 (medical) retirees; and***
- ***Correcting the CRSC formula to ensure the intended compensation is delivered.***

Proposed Military Retirement Changes – The Coalition remains concerned that as budgets get tighter and calls to establish a new entitlement or debt-reduction commission grow louder, the military retirement system may come under greater scrutiny to seek savings or "efficiencies."

Our concern is based on past experience that seeking to wring savings from military retirement programs poses a significant threat to long-term retention and readiness by decreasing the attractiveness of serving for two or three decades in uniform, with all of the extraordinary demands and sacrifice inherent in such extended career service.

For example, the Coalition is very concerned that proposals to "civilianize" military retirement benefits, such as the changes recommended by the 10th Quadrennial Review of Military Compensation (QRMC) fail utterly to recognize the fundamental purpose of the military retirement system in offsetting service conditions that are radically more severe than those experienced by the civilian workforce.

The QRMC proposed converting the military retirement system to a civilian-style plan under which full retired pay wouldn't be paid until age 57-60; vesting retirement benefits after 10 years of service; and using flexible "gate pays" and separation pay at certain points of service to encourage continued service in certain age groups or skills and encourage others to leave, depending on service needs for certain kinds of people at the time.

Reduced to its essence, this admittedly cost-neutral plan would take money from people who stay for a career in order to pay additional benefits to those who leave the military short of a career.

If this system were in place today, a 10-year infantryman facing his or her fourth combat tour would be offered a choice between (a) allowing immediate departure with a vested retirement vs. (b) continuing under current service conditions for another 10-20 years and having to wait until age 58 for immediate retired pay.

The Coalition believes strongly that, if such a system existed for today's force under today's service conditions, the military services would already be mired in a deep and traumatic retention crisis.

Further, the QRMC proposal is so complicated that people evaluating career decisions at the 4-to-10 year point would have no way to project their future military retirement benefits. Gate pays available at the beginning of a career could be cut back radically if the force happened to be undergoing a strength reduction later in a member's career.

In contrast, the current military retirement system makes it very clear from the pay table what level of retired pay would be payable, depending how long one served and how well one progressed in grade.

The sustained drawing power of the 20-year retirement system provides an essential long-term moderating influence that keeps force managers from over-reacting to short-term circumstances. Had force planners had such a system in effect during the drawdown-oriented 1990s, the services would have been far less prepared for the post 9/11 wartime environment.

Many such proposals have been offered in the past, and have been discarded for good reasons. The only initiative to substantially curtail/delay military retired pay that was enacted – the 1986 REDUX plan – and only a remnant remain as the mandatory REDUX was scrapped 13 years later after it began inhibiting retention.

The only remnant that remains – and has been in place unchanged since 1999 – is a voluntary program known as the Career Status Bonus – a $30,000 "bonus" bait and switch – where the servicemember is can receive $30,000 at their 15 year point as long as they accept REDUX.

That "bonus" was a bad deal at the time and it gets worse with every passing year as pay (and retired pay) increases.

After taxes, the so-called bonus is more like $22,000 or $23,000. And to get that, the typical NCO who retires with 20 years of service must agree to sacrifice more than $300,000 in future retired pay (those who live longer than average sacrifice far more). That's how much less REDUX is worth compared to the normal system.

TMC urges the Subcommittee to:

- ***Reject any initiatives to "civilianize" the military system without adequate consideration of the unique and extraordinary demands and sacrifices inherent in a military vs. a civilian career; and***
- ***Eliminate the Career Status Bonus for service members as it significantly devalues their retirement over time. In the short term, the services should be required to better educate eligible members on the severe long-term financial penalty inherent in accepting the REDUX option.***

Disability Severance Pay – The Coalition is grateful for the Subcommittee's inclusion of a provision in the FY08 NDAA that ended the VA compensation offset of a service member's disability severance for people injured in the combat zone.

However, we are concerned that the language of this provision imposes much stricter eligibility than that used for Combat-Related Special Compensation.

The Coalition urges the Subcommittee to amend the eligibility rules for disability severance pay to include all combat- or operations-related injuries, using same definition as CRSC. For the longer

term, the Coalition believes the offset should be ended for all members separated for service-caused disabilities.

Former Spouse Issues – For nearly a decade the recommendations of the Defense Department's September 2001 report to Congress on the Uniformed Services Former Spouse Protection Act (USFSPA) have gone nowhere. For several years, DoD submitted many of the report's recommendations annually to Congress only to have one or two supported by the Subcommittee while many others were dropped.

The USFSPA is a very emotional topic with two distinct sides to the issue – just as any divorce has two distinct parties affected. The Coalition believes strongly that there are several inequities in the Act that need to be addressed and corrected that could benefit both affected parties – the servicemember and the former spouse.

But in order to make progress, we believe Congress cannot piecemeal DoD's recommendations. We support a collective grouping of legislation that would provide benefit to both affected parties. Absent this approach, the legislation will be perceived as supporting one party over the other and go nowhere.

To fairly address the problems with the Act, all affected parties need to be heard – and the Coalition would greatly appreciate the opportunity to address the inequities in a hearing before the Subcommittee.

The Coalition requests a hearing to address USFSPA inequities. In addition, we recommend legislation to include all of the following:

- ***Base the award amount to the former spouse on the grade and years of service of the member at time of divorce (and not retirement);***
- ***Prohibit the award of imputed income, which effectively forces active duty members into retirement;***
- ***Extend 20/20/20 benefits to 20/20/15 former spouses;***
- ***Permit the designation of multiple Survivor Benefit Plan (SBP) beneficiaries with the presumption that SBP benefits must be proportionate to the allocation of retired pay;***
- ***Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS);***
- ***Permit SBP premiums to be withheld from the former spouse's share of retired pay if directed by court order;***
- ***Permit a former spouse to waive SBP coverage;***
- ***Repeal the one-year deemed election requirement for SBP; and***
- ***Assist the DoD and Services with greater outreach and expanded awareness to members and former spouses of their rights, responsibilities, and benefits upon divorce.***

Survivor Issues

The Coalition is grateful to the Subcommittee for its significant efforts in recent years to improve the Survivor Benefit Plan (SBP), especially its major achievement in eliminating the significant benefit reduction previously experienced by SBP survivors upon attaining age 62.

SBP-DIC Offset – The Coalition believes strongly that current law is unfair in reducing military SBP annuities by the amount of any survivor benefits payable from the DIC program.

If the surviving spouse of a retiree who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs and if the retiree was also enrolled in SBP, the surviving spouse's SBP annuity is reduced by the amount of DIC. A pro-rata share of the SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. This offset also affects all survivors of members who are killed on active duty.

The Coalition believes SBP and DIC payments are paid for different reasons. SBP is insurance purchased by the retiree and is intended to provide a portion of retired pay to the survivor. DIC is a special indemnity compensation paid to the survivor when a member's service causes his or her premature death. In such cases, the VA indemnity compensation should be added to the SBP annuity the retiree paid for, not substituted for it.

It should be noted as a matter of equity that surviving spouses of federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their federal civilian SBP benefits.

The reality is that, in every SBP-DIC case, active duty or retired, the true premium extracted by the service from both the member and the survivor was the ultimate one -- the very life of the member. This reality was underscored by the August 2009 Federal Court of Appeals ruling in *Sharp v. U.S.* which found "After all the servicemember paid for both benefits: SBP with premiums; DIC with his life."

The Veterans Disability Benefits Commission (VDBC) was tasked to review the SBP-DIC issue, among other DoD/VA benefit topics. The VDBC's final report to Congress agreed with the Coalition in finding that the offset is inappropriate and should be eliminated.

In 2005 Speaker Pelosi and all House leaders made repeal of the SBP-DIC offset a centerpiece of their GI Bill of Rights for the 21st Century. Leadership has made great progress in delivering on other elements of that plan, but the only progress to date on the SBP-DIC offset has been the enactment a small monthly Special Survivor Indemnity Allowance (SSIA).

The Coalition recognizes that the Subcommittee's initiative in the FY2008 defense bill to establish a special survivor indemnity allowance (SSIA) was intended as a first, admittedly very modest, step in a longer-term effort to phase out the Dependency and Indemnity Compensation (DIC) offset to SBP.

We appreciate the Subcommittee's subsequent work to extend the SSIA to survivors of members who died while on active duty in the FY2009 NDAA, as well as the its good-faith effort to provide a substantial increase in SSIA payments as part of the *Family Smoking Prevention and Tobacco Control Act.*

The Coalition was extremely disappointed that the final version of that legislation greatly diluted the House-passed provision and authorized only very modest increases several years in the future.

While fully acknowledging the Subcommittee's and full Committee's good-faith efforts to win more substantive progress, the Coalition shares the extreme disappointment and sense of abandonment of the SBP-DIC widows who are being forced to sacrifice up to $1,110 each month and being asked to be satisfied with a $60 monthly rebate.

For years, legislative leaders touted elimination of this "widow's tax" as a top priority. The Coalition understands the mandatory-spending constraints the Subcommittee has faced in seeking redress, but also points out that those constraints have been waived for many, many far more expensive initiatives. The Coalition believes widows whose sponsors' deaths were caused by military service should not be last in line for redress.

The Coalition urges repeal of the SBP-DIC offset. TMC further recommends:

- ***Authorizing payment of SBP annuities for disabled survivors into a Special Needs Trust;*** (Certain permanently disabled survivors can lose eligibility for Supplemental Security Income (SSI) and Medicaid and access to means-tested state programs because of receipt of SBP. This initiative is essential to put disabled SBP annuitants on an equal footing with other SSI/Medicaid-eligibles who have use of special needs trusts to protect disabled survivors.)
- ***Allowing SBP eligibility to switch to children if a surviving spouse is convicted of complicity in the member's death; and***
- ***Reinstating SBP for survivors who previously transferred payments to their children at such time as the youngest child attains majority, or upon termination of a second or subsequent marriage.***

Final Retired Pay Check – Under current law, DFAS recoups from military widows' bank accounts all retired pay for the month in which a retiree dies. Subsequently, DFAS pays the survivor a pro-rated amount for the number of days of that month in which the retiree was alive. This often creates hardships for survivors who have already spent that pay on rent, food, etc., and who routinely are required to wait several months for DFAS to start paying SBP benefits.

The Coalition believes this is an extremely insensitive policy imposed by the government at the most traumatic time for a deceased member's next of kin. Unlike his or her active duty counterpart, a retiree's survivor receives no death gratuity. Many older retirees do not have adequate insurance to provide even a moderate financial cushion for surviving spouses.

The VA is required by law to make full payment of the final month's VA disability compensation to the survivor of a disabled veteran. The disparity between DoD and VA policy on this matter is simply indefensible. Congress should do for retirees' widows the same thing it did ten years ago to protect veterans' widows.

TMC urges the Subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies.

Health Care Issues

The Coalition appreciates the Subcommittee's strong and continuing interest in keeping health care commitments to military beneficiaries. We are particularly grateful for your support for the last few

years in refusing to allow the Department of Defense to implement disproportional beneficiary health care fee increases.

The Coalition is encouraged that the current Administration so far has declined to pursue such increases, but has worked to reestablish a mutually constructive dialogue with beneficiary representatives.

The unique package of military retirement benefits – of which a key component is a top-of-the-line health care benefit – is the primary offset afforded uniformed service members for enduring a career of unique and extraordinary sacrifices that few Americans are willing to accept for one year, let alone 20 or 30. It is an unusual, and essential, compensation package that a grateful Nation provides for a relatively small fraction of the US population who agree to subordinate their personal and family lives to protecting our national interests for so many years. This sacrifice, in a very real sense, constitutes a pre-paid premium for their future healthcare.

Defense Health Program Cost Requirements – The Coalition is grateful for the Subcommittee's support for maintaining – and expanding where needed – the healthcare benefit for all military beneficiaries and especially for the Guard, Reserve and military children, consistent with the demands imposed upon them.

It's true that many private sector employers are choosing to shift an ever-greater share of health care costs to their employees and retirees, and that's causing many still-working military retirees to fall back on their service-earned TRICARE coverage. Fallout from the recent economic recession is likely to reinforce this trend.

In the bottom-line-oriented corporate world, many firms see their employees as another form of capital, from which maximum utility is to be extracted at minimum cost, and those who quit are replaceable by similarly experienced new hires. But that can't be the culture in the military's closed, all-volunteer personnel system, whose long-term effectiveness is dependent on establishing a sense of mutual, long-term commitment between the service member and his/her country.

The Coalition believes it's essential to bear other considerations in mind when considering the extent to which military beneficiaries should share in military health care costs.

First and foremost, the military health system is not built for the beneficiary, but to sustain military readiness. Each Service maintains its unique facilities and systems to meet its unique needs, and its primary mission is to sustain readiness by keeping a healthy force and to be able to treat casualties from military actions. That model is built neither for cost efficiency nor beneficiary welfare. It's built for military readiness requirements.

When military forces deploy, the military medical force goes with them, and that forces families, retirees and survivors to use the more expensive civilian health care system in the absence of so many uniformed health care providers.

These military-unique requirements have significantly increased readiness costs. But those added costs were incurred for the convenience of the military, not for any beneficiary consideration, and beneficiaries should not be expected to bear any share of that cost – particularly in wartime.

The Coalition urges the Subcommittee to take all possible steps to ensure continued full funding for Defense Health Program needs.

National Health Reform – The Coalition opposes any effort to integrate TRICARE and VA health care systems in any proposal that Congress may develop as part of national health care reform. These two programs are integral to military readiness and are designed expressly to meet the unique needs of service members, military retirees, veterans, wounded service members, Guardsmen and Reservists, their families and survivors.

TMC urges that any national health reform legislation must:

- ***Protect the unique TRICARE, TRICARE For Life, and VA health care benefits from unintended consequences such as reduced access to care;***
- ***Bar any form of taxation of TRICARE, TRICARE For Life, or VA health care benefits, including those provided in non-governmental venues; and***
- ***Preserve military and VA beneficiaries' choices.***

Military vs. Civilian Cost-Sharing Measurement – Defense leaders have in the past, and may in the future, assert that substantial military fee increases are needed to bring military beneficiary health care costs more in line with civilian practices. But merely contrasting military vs. civilian cash cost-shares is a grossly misleading, "apple-to-orange" comparison.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year pre-payment plan that they must complete to earn lifetime health coverage. In this regard, military retirees and their families paid enormous "up-front" premiums for that coverage through their decades of service and sacrifice. Once that pre-payment is already rendered, the government cannot simply pretend it was never paid, and focus only on post-service cash payments.

DoD and the Nation – as good-faith employers of the trusting members from whom they demand such extraordinary commitment and sacrifice – have a reciprocal health care obligation to retired service members and their families and survivors that far exceeds any civilian employer's to its workers and retirees.

The Coalition believes that military beneficiaries from whom America has demanded decades of extraordinary service and sacrifice have earned coverage that is the best America has to offer.

Large Retiree Fee Increases Can Only Hurt Retention – The reciprocal obligation of the government to maintain an extraordinary benefit package to offset the extraordinary sacrifices of career military service members is a practical as well as moral obligation. Mid-career military losses can't be replaced like civilians can.

Eroding benefits for career service can only undermine long-term retention/readiness. Today's service members are very conscious of Congress' actions toward those who preceded them in service. One reason Congress enacted TRICARE For Life in 2000 is because the Joint Chiefs of Staff at that time said inadequate retiree health care was affecting attitudes among active duty service members.

That's more than backed up by two independent Coalition surveys. A 2006 Military Officers Association of America survey drew 40,000 responses, including more than 6,500 from active duty service members. Over 92% in all categories of respondents opposed the DoD-proposed fee hikes. There was virtually no difference between the responses of active duty service members (96% opposed) and retirees under 65 (97% opposed). A Fleet Reserve Association survey showed similar results.

Reducing military retirement benefits would be particularly ill-advised when an overstressed force already is at increasing retention risk despite the current downturn of the economy and current recruiting successes.

Pharmacy – The Coalition supports a strong TRICARE pharmacy benefit which is affordable and continues to meet the pharmaceutical needs of millions of eligible beneficiaries through proper education and trust. The TMC will oppose any degradation of current pharmacy benefits, including any effort to charge fees or copayments for use of military treatment facilities.

The Coalition would oppose the need for pharmacy co-pay increases now that Congress has approved federal pricing for the TRICARE retail pharmacy system. The Coalition notes that due to continued legal maneuvering, federal pricing still has not been implemented by the Executive Branch, and this failure is costing DoD tens of millions of dollars with every passing month. This is an excellent example of why the Coalition objects to basing beneficiary fees on a percentage of DoD costs – because DoD all-too-frequently does not act, or is not allowed to act, in a prudent way to hold costs down.

The Coalition has volunteered to conduct a joint campaign with DoD to promote beneficiary use of lower-cost medications and distribution venues – a "win-win" opportunity that will reduce costs for beneficiaries and the government alike.

The Coalition also believes that positive incentives are the best way to encourage beneficiaries to continue medication regimens that are proven to hold down long-term health costs. In this regard, TMC believes eliminating copays for medications to control chronic conditions (e.g., diabetes, asthma, high blood pressure, and cholesterol) are more effective than negative ones such as copayment increases.

The Coalition urges the Subcommittee to ensure continued availability of a broad range of medications, including the most-prescribed medications, in the TRICARE pharmacy system, and to ensure that the first focus on cost containment should be on initiatives that encourage beneficiaries to take needed medications and reduce program costs without shifting costs to beneficiaries.

Alternative Options to Make TRICARE More Cost-Efficient – TMC continues to believe strongly that DoD has not sufficiently investigated options to make TRICARE more cost-efficient without shifting costs to beneficiaries. The Coalition has offered a long list of alternative cost-saving possibilities, including:

- ***Positive incentives to encourage beneficiaries to seek care in the most appropriate and cost effective venue;***
- ***Encouraging improved collaboration between the direct and purchased care systems and implementing best business practices and effective quality clinical models;***
- ***Focusing the military health system, health care providers, and beneficiaries on quality measured outcomes;***

- ***Improving MHS financial controls and avoiding overseas fraud by establishing TRICARE networks in areas fraught with fraud;***
- ***Establishing TRICARE networks in areas of high TRICARE Standard utilization to take full advantage of network discounts;***
- ***Promoting retention of other health insurance by making TRICARE a true second-payer to other insurance (far cheaper to pay another insurance's co-pay than have the beneficiary migrate to TRICARE);***
- ***Encouraging DoD to effectively utilize their data from their electronic health record to better monitor beneficiary utilization patterns to design programs which truly match beneficiaries needs;***
- ***Sizing and staffing military treatment facilities to reduce reliance on network providers and develop effective staffing models which support enrolled capacities;***
- ***Reducing long-term TRICARE Reserve Select (TRS) costs by allowing service members the option of a government subsidy of civilian employer premiums during periods of mobilization;***
- ***Doing far more to promote use of mail-order pharmacy system and formulary medications via mailings to users of maintenance medications, highlighting the convenience and individual expected cost savings; and***
- ***Encouraging retirees to use lowest-cost-venue military pharmacies at no charge, rather than discouraging such use by limiting formularies, curtailing courier initiatives, etc.***

The Coalition is pleased that DoD has begun to implement some of our suggestions, and stands ready to partner with DoD to investigate and jointly pursue these and other options that offer potential for reducing costs.

TMC Healthcare Cost Principles – The Military Coalition believes strongly that the recent fee controversy is caused in part by the lack of any statutory record of the purpose of military health care benefits and the specific benefit levels earned by a career of service in uniform. Under current law, the Secretary of Defense has broad latitude to make administrative adjustments to fees for TRICARE Prime and the pharmacy systems. Absent congressional intervention, the Secretary can choose not to increase fees for years at a time or can choose to quadruple fees in one year.

Until a few years ago, this was not a particular matter of concern, as no Secretary had previously proposed dramatic fee increases. Given recent years' unsettling experience, the Coalition believes strongly that the Subcommittee needs to establish more specific and permanent principles, guidelines, and prohibitions to protect against dramatic budget-driven fluctuations in this most vital element of service members' career compensation incentive package.

The Coalition strongly recommends that Congress establish statutory findings, a sense of Congress on the purpose and principles of military health care benefits earned by a career of uniformed service that states:

- ***Active duty members and families should be charged no fees except retail pharmacy co-payments, except to the extent they make the choice to participate in TRICARE Standard or use out-of-network providers under TRICARE Prime;***
- ***The TRICARE Standard inpatient copay should not be increased further for the foreseeable future. At $535 per day, it already far exceeds inpatient copays for virtually any private sector health plan;***

- ***There should be no enrollment fee for TRICARE Standard or TRICARE For Life (TFL), since neither offers assured access to TRICARE-participating providers. An enrollment fee implies enrollees will receive additional services, as Prime enrollees are guaranteed access to participating providers in return for their fee. Congress already has required TFL beneficiaries to pay substantial Medicare Part B fees to gain TFL coverage;***
- ***All retired service members earned equal health care coverage by virtue of their service; and***
- ***DoD should make all efforts to provide the most efficient use of allocated resources and cut waste prior to proposing additional or increased fees on eligible beneficiaries.***

TRICARE Prime – The Coalition is very concerned about growing dissatisfaction among TRICARE Prime enrollees – which is actually higher among active duty families than among retired families. The dissatisfaction arises from increasing difficulties experienced by beneficiaries in getting appointments, referrals to specialists, and sustaining continuity of care from specific providers.

Increasingly, beneficiaries with a primary care manager in a military treatment facility find they are unable to get appointments because so many providers have deployed, PCSed, or are otherwise understaffed/unavailable.

The Coalition supports the implementation of a pilot study by TMA in each of the three TRICARE Regions to study the efficacy of revitalizing the resource sharing program used prior to the implementation of the TRICARE-The Next Generation (T-NEX) contracts under the current Managed Care Support contract program.

The Coalition supports adoption of the "Medical Home" patient-centered model to help ease such problems.

But the new TRICARE contracts and the attendant reduction of Prime service areas outside the vicinity of military installations will exacerbate anxieties by forcing disenrollment of many thousands of current Prime beneficiaries.

The Coalition strongly advocates the transparency of healthcare information via the patient electronic record between both the MTF provider and network providers. Additionally, institutional and provider healthcare quality information should be available to all beneficiaries so that they can make better informed decisions.

The Military Coalition urges the Subcommittee to require reports from DoD and from the managed care support contractors, on actions being taken to improve Prime patient satisfaction, provide assured appointments within Prime access standards, reduce delays in preauthorization and referral appointments, and provide quality information to assist beneficiaries in making informed decisions.

TRICARE Standard

TRICARE Standard Provider Participation – The Coalition appreciates the Subcommittee's continuing interest in the specific problems unique to TRICARE Standard beneficiaries. TRICARE Standard beneficiaries need assistance in finding participating providers within a reasonable time and distance from their home. This is particularly important with the expansion of TRICARE Reserve

Select and the upcoming change in the Prime Service Areas, which will place thousands more beneficiaries into TRICARE Standard.

The Coalition is concerned that DoD has not yet established any standard for adequacy of provider participation, as required by section 711(a)(2) of the FY2008 NDAA. Participation by half of the providers in a locality may suffice if there is not a large Standard beneficiary population. The Coalition hopes to see an objective participation standard (perhaps number of beneficiaries per provider) that would help shed more light on which locations have participation shortfalls of Primary Care Managers and Specialists that require positive action.

The Coalition urges the Subcommittee to insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation. The Coalition also recommends requiring a specific report on participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.

TRICARE Reimbursement Rates – Physicians consistently report that TRICARE is virtually the lowest-paying insurance plan in America. Other national plans typically pay providers 25-33% more. In some cases the difference is even higher.

While TRICARE rates are tied to Medicare rates, TRICARE Managed Care Support Contractors make concerted efforts to persuade providers to participate in TRICARE Prime networks at a further discounted rate. Since this is the only information providers receive about TRICARE, they see TRICARE as lower-paying than Medicare.

This is exacerbated by annual threats of further reductions in TRICARE rates due to the statutory Medicare rate-setting formula. Physicians may not be able to afford turning away Medicare patients, but many are willing to turn away a small number of patients who have low-paying, high-administrative-hassle TRICARE coverage.

The TRICARE Management Activity has the authority to increase the reimbursement rates when there is a provider shortage or extremely low reimbursement rate for a specialty in a certain area and providers are not willing to accept the low rates. In some cases, a state Medicaid reimbursement for a similar service is higher than that of TRICARE. But the Department has been reluctant to establish a standard for adequacy of participation to trigger higher payments.

The Coalition places primary importance on securing a permanent fix to the flawed statutory formula for setting Medicare and TRICARE payments to doctors.

To the extent a Medicare rate freeze continues, we urge the Subcommittee to encourage DoD to use its reimbursement rate adjustment authority as needed to sustain provider acceptance.

The Coalition urges the Subcommittee to require a Comptroller General report on the relative propensity of physicians to participate in Medicare vs. TRICARE, and the likely effect on such relative participation of a further freeze in Medicare/TRICARE physician payments along with the effect of an absence of bonus payments.

Dental Care

The Coalition appreciates the subcommittee's action in continuing active duty-level dental coverage for dependent survivors and allowing transitional dental care for Reserve members who separate after supporting contingency missions.

Active Duty Dependent Dental Plan – TMC is sensitive to beneficiary concerns that Active Duty Dental Plan coverage for orthodontia has been eroded by inflation over a number of years.

The current orthodontia payment cap is $1,500, which has not been changed since 2001. In the intervening years, the orthodontia cost has risen from an average of $4,000 to more than $5,000.

The Coalition understands that, under current law, increasing this benefit could require a reduction in some other portion of the benefit, which we do not support.

The Coalition notes that current law assumes a 60% DoD subsidy for the active duty dental plan, whereas other federal health programs (e.g., FEHB Plan and TRS) are subsidized at 72%.

The Coalition recommends increasing the DoD subsidy for the Active Duty Dependent Dental Plan to 72% and increasing the cap on orthodontia payments to $2,000.

Guard and Reserve Healthcare

Continuum of Health Care Insurance Options for The Guard and Reserve – The Coalition is very grateful for passage of TRICARE Retired Reserve (TRR) coverage for "gray area" reservists in the FY2010 NDAA.

The Coalition notes that DoD complied with direction from Congress to reduce TRICARE Reserve Select (TRS) premiums to the actual cost of coverage. For 2009, monthly TRS premiums were reduced to $47.51 (vs. $81) for member-only coverage and to $180.17 (vs. $253) for family coverage.

TMC believes a review of the current statutory methodology for adjusting premiums based on program costs should be conducted to assess whether any of the costs currently included are in fact costs of maintaining readiness or "costs of doing business" for the Defense Department that don't contribute to delivering benefit value to beneficiaries (and therefore should be excluded, with the expected result that premiums would go down). In principle, TMC believes Congress should establish a moratorium on TRS premium increases and direct DoD to make a determined effort for the most efficient use of resources allocated and to cut waste prior to the consideration of any adjustment in such premiums.

Moreover, TMC believes that holding the line on TRS premiums will encourage more families to enroll. DoD, the Services, and the Reserve Components must do much more to advertise the TRS program which stands at only 6-7% of eligible beneficiaries.

The Coalition also believes Congress is missing an opportunity to reduce long-term health care costs and increase beneficiary satisfaction by authorizing eligible members the option of electing a DoD subsidy of their civilian insurance premiums during periods of activation.

Current law already authorizes payment of up to 24 months of FEHBP premiums for activated members who are civilian employees of the Defense Department. The Coalition believes all members of the Selected Reserve should have a similar option to have continuity of their civilian family coverage.

Over the long term, when Guard and Reserve activations can be expected at a reduced pace, this option would offer considerable savings opportunity relative to funding permanent, year-round TRICARE coverage.

DoD could calculate a maximum monthly subsidy level that would represent a cost savings to the government, so that each member who elected that option would reduce TRICARE costs.

The Coalition recommends the Subcommittee:

- ***Require a GAO review of DoD's methodology for determining TRS costs for premium adjustment purposes to assess whether it includes any costs of maintaining readiness or "costs of doing business" for the Defense Department that don't contribute to beneficiary benefit value and thus should be excluded from cost/premium calculations;***
- ***Authorize development of a cost-effective option to have DoD subsidize premiums for continuation of a Reserve employer's private family health insurance during periods of deployment as an alternative to ongoing TRS coverage;***
- ***Allow eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS;***
- ***Authorize members of the IRR who qualify for a reserve retirement at age 60 to participate in TRR as an incentive for continued service (and higher liability for recall to active duty);***
- ***Monitor implementation of the new TRR authority to ensure timely action and that premiums do not exceed 100 percent of the TRS premium; and***
- ***Allow FEHB plan beneficiaries who are Selected Reservists the option of participating in TRS.***

Guard and Reserve Mental Health – The Coalition is concerned that Guard and Reserve members and their families are at particular risk for undetected effects of the unseen injuries of war. The risk is compounded by Reserve Component members' anxiety to return to their families as soon as possible, which typically entails expedited departure from active duty and return to a community where military health care and other support systems are limited.

Unfortunately, most such members view the current post deployment health self-assessment program at demobilization sites as an impediment to prompt return to their families. Under this scenario, strong disincentives for self-reporting exacerbate an already wide variation in the diagnosis and treatment of post traumatic stress disorder (PTSD), traumatic brain injury (TBI), depression, and other combat-related stress conditions.

The Coalition believes redeploying Reserve Component members should be allowed to proceed to their home station and retained on active duty orders to complete post-deployment examination requirements at the home station. This change is important to improve proper diagnosis, reporting and treatment of physical and mental injuries; to help perfect potential service connected disability claims with the VA; and to help correct the non-reporting of injuries at the demobilization site.

The Coalition believes that Guard and Reserve members and their families should have access to evidence-based treatment for PTSD, TBI, depression, and other combat-related stress conditions. Further, Post Deployment Health examinations should be offered at the member's home station, with the member retained on active duty orders until completion of the exam.

Guard and Reserve Health Information – The Coalition is concerned that the current health records for many Guard and Reserve members do not contain treatment information that could be vital for diagnosis and treatment of a condition while on active duty. The capture of non-military treatment is an integral part of the member's overall health status.

The Coalition believes there should be an effort to improve the electronic capture of non-military health information into the service member's medical record.

TRICARE For Life (TFL)

When Congress enacted TFL in 2000, it explicitly recognized that this coverage was fully earned by career service members' decades of sacrifice, and that the Medicare Part B premium would serve as the cash portion of the beneficiary premium payment. The Coalition believes that this remains true today and will oppose any new additional fees. Additionally, the Coalition believes that means-testing has no place in setting military health fees.

The Coalition is aware of the challenges imposed by Congress' mandatory spending rules, and appreciates the Subcommittee's efforts to include TFL-eligibles in the preventive care pilot programs included in the FY2009 NDAA. We believe their inclusion would, in fact, save the government money and hope the Subcommittee will be able to find a more certain way to include them than the current discretionary authority, which DoD has declined to implement.

The Coalition also hopes the subcommittee can find a way to resolve the discrepancy between Medicare and TRICARE treatment of medications such as the shingles vaccine, which Medicare covers under pharmacy benefits and TRICARE covers under doctor visits. This mismatch, which requires TFL patients to absorb the cost in a TRICARE deductible or purchase duplicative Part D coverage, deters beneficiaries from seeking this preventive medication.

Coalition priorities for TFL-eligibles include:

- ***Securing a permanent fix to the flawed formula for setting Medicare/TRICARE payments to providers;***
- ***Resisting any effort to establish an enrollment fee for TFL, given that many beneficiaries already experience difficulties finding providers who will accept Medicare patients; and***
- ***Including TFL beneficiaries in DoD programs to incentivize compliance with preventive care and healthy lifestyles.***

Restoration of Survivors' TRICARE Coverage

When a TRICARE-eligible widow/widower remarries, he/she loses TRICARE benefits. When that individual's second marriage ends in death or divorce, the individual has eligibility restored for military

ID card benefits, including SBP coverage, commissary/exchange privileges, etc. – with the sole exception that TRICARE eligibility is not restored.

This is out of line with other federal health program practices, such as the restoration of CHAMPVA eligibility for survivors of veterans who died of service-connected causes. In those cases, VA survivor benefits and health care are restored upon termination of the remarriage. Remarried surviving spouses deserve equal treatment.

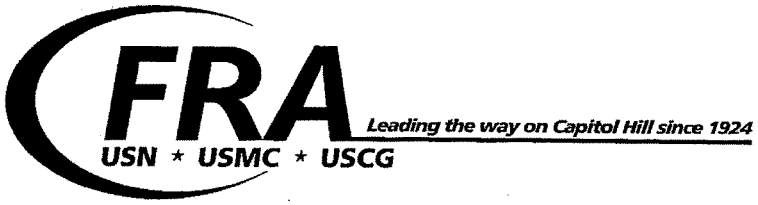
The Coalition recommends restoration of TRICARE benefits to previously eligible survivors whose second or subsequent marriage ends in death or divorce.

Base Realignment and Closure (BRAC) and Re-basing

Military transformation and BRAC become more pressing issues as the Pentagon approaches the BRAC deadline set for September 15, 2011. The impact on the MHP is significant and concern about the impact on beneficiaries is of high priority to TMC. Specific areas of interest to the TMC include:

- Supporting a Health Facilities Program that uses evidenced-based design to update or replace Military Treatment Facilities (MTFs) to maintain world-class health care delivery capability in support of all eligible beneficiaries;
- Protecting full access, availability and services to beneficiaries and their families during the entire military transformation (BRAC and global re-basing) process, with added focus on Walter Reed Army Medical Center, Bethesda National Naval Medical Center, DeWitt Healthcare Network, and San Antonio Army Medical Center, while seeking full and timely funding for these world-class projects;
- Encouraging DoD to establish and sustain provider networks and capacity at both closing and gaining installations and units impacted by transformation;
- Promoting the coordination of efforts between Managed Care Support Contractors to ensure smooth beneficiary transition from one geographic area to another;
- Codifying the requirement to continue Prime benefits and assistance in localities affected by realignment and closure actions; and
- Monitoring the National Capitol Region Medical Joint Task Force activities to ensure the most effective use of resources to improve access and quality.

The Coalition recommends requiring an annual DoD report on the adequacy of health resources, funding, services, quality and access to care for beneficiaries affected by BRAC/re-basing.



Statement of
The Fleet Reserve Association
on
Military Personnel Policy, Benefits, and Compensation

Presented to:
House Armed Services Committee
Military Personnel Subcommittee
By

Master Chief Joseph L. Barnes, USN (Ret.)
National Executive Director
Fleet Reserve Association

March 23, 2010

THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest enlisted organization serving active duty, Reserves, retired and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. FRA is a leading advocate on Capitol Hill for enlisted active duty, Reserve, retired and veterans of the Sea Services. The Association also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the newly established FRA Education Foundation oversees the Association's scholarship program that presents awards totaling nearly $100,000 to deserving students each year.

The Association is also a founding member of The Military Coalition (TMC), a 34-member consortium of military and veteran's organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA celebrated 85 years of service in November 2009. For over eight decades, dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, other members of the uniformed services plus their families and survivors, while protecting their rights and privileges. CHAMPUS, now TRICARE, was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (USSBP). More recently, FRA led the way in reforming the REDUX Retirement Plan, obtaining targeted pay increases for mid-level enlisted personnel, and sea pay for junior enlisted sailors. FRA also played a leading role in advocating recently enacted predatory lending protections and absentee voting reform for service members and their dependents.

FRA's motto is: "Loyalty, Protection, and Service."

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

SYNOPSIS

The Fleet Reserve Association (FRA) is an active participant and leading organization in The Military Coalition (TMC) and strongly supports the recommendations addressed in the more extensive TMC testimony prepared for this hearing. The intent of this statement is to address other issues of particular importance to FRA's membership and the Sea Services enlisted communities.

INTRODUCTION

Madame Chairwoman, the Fleet Reserve Association salutes you, members of the Subcommittee, and your staff for the strong and unwavering support of programs essential to active duty, Reserve Component, and retired members of the uniformed services, their families, and survivors. The Subcommittee's work has greatly enhanced care and support for our wounded warriors and significantly improved military pay, and other benefits and enhanced other personnel, retirement and survivor programs. This support is critical in maintaining readiness and is invaluable to our uniformed services engaged throughout the world fighting the global War on Terror, sustaining other operational commitments and fulfilling commitments to those who've served in the past.

HEALTH CARE

Health care is exceptionally significant to all FRA Shipmates regardless of their status and protecting and/or enhancing this benefit is the Association's top legislative priority. A recently released FRA survey indicates that nearly 90 percent of all active duty, Reserve, retired, and veteran respondents cited health care access as a critically important quality-of-life benefit associated with their military service. From 2006-2008 retirees under age 65 were targeted by DoD to pay significantly higher health care fees. Many of these retirees served before the recent pay and benefit enhancements were enacted and receive significantly less retired pay than those serving and retiring in the same pay grade with the same years of service today. Promises were made to them about health care for life in return for a career in the military with low pay and challenging duty assignments and many believe they are entitled to free health care for life.

Efforts to enact a national health care reform coupled with inaccurate and widespread information on the associated impact on retiree health care benefits has created unease and a sense of uncertainty for our members. FRA opposes any effort to integrate TRICARE and VA health care into any national health care program and appreciates the exclusion of TRICARE and VA health care in the House version of the national health care proposal. Military and VA health care services are fundamental to military readiness and serve the unique needs of current and former service members, their families and survivors. Merging these programs into a colossal bureaucracy designed to provide health care to all Americans would broaden their focus and reduce their effectiveness. That said, the Association is concerned about proposed Medicare spending cuts associated with reform initiatives which may negatively impact physician reimbursement rates and access to care for Medicare and TRICARE beneficiaries.

FRA strongly supports Representatives Chet Edwards (Tex.) and Walter Jones (N.C.) legislation, "The Military Retirees' Health Care Protection Act" (H.R. 816) that would prohibit DoD from

increasing TRICARE fees, specifying that the authority to increase TRICARE fees exists only in Congress.

FRA thanks this Subcommittee for resisting past efforts to shift increasing health care cost to beneficiaries and ensuring adequate funding for the Defense Health Program (DHP) in order to meet readiness needs, fully fund TRICARE, and improve access for all beneficiaries regardless of age, status or location. Adequately funding health care benefits for all beneficiaries is part of the cost of defending our Nation.

CONCURRENT RECEIPT

The Association appreciates President Obama's support for authorizing Chapter 61 retirees to receive their full military retired pay and veteran's disability compensation and continues to seek timely and comprehensive implementation of legislation that authorizes the full concurrent receipt for all disabled retirees. As with last year's budget, the proposed FY 2011 budget does not provide funding or identity spending offsets for these improvements and does not comply with House budgeting rules. The above referenced FRA survey indicates that more than 70 percent of military retirees cite concurrent receipt among their top priorities. Despite House budget rules, the Association strongly supports the FY 2011 budget request of $408 million to cover the first phase of the five-year cost for concurrent receipt for Chapter 61 beneficiaries that are 90 percent or more disabled. FRA salutes House Armed Services Committee Chairman Ike Skelton for his noteworthy efforts to find funding for these proposed improvements last year.

WOUNDED WARRIORS

FRA appreciates the substantial Wounded Warriors legislation in the FY 2008 National Defense Authorization Act (NDAA). Despite jurisdictional challenges, considerable progress has been made in this area. However, the enactment of legislation is only the first step in helping wounded warriors. Effective oversight and sustained funding are also critical for successful implementation and FRA supports the following substantive changes:

- Establish a permanent and independent office for the DoD/VA Interagency program and expand it's authority to include oversight of all components of achieving a true seamless transition;
- Authorizing full active duty TRICARE benefits, regardless of accessibility of VA care, for three years after medical retirement to help ease transition from DoD to VA;
- Extend and make permanent the charter of the "Special Oversight Committee" to ensure improved coordination with DoD and VA initiatives to help wounded warriors;
- Exempt severely wounded medically retired Medicare part B premiums until age 65;
- Providing up to one year of continuous habitation in on-base housing facilities for medically retired, severely wounded and their families;

- Eliminate the service member' s premium for the Traumatic Service Member Group life Insurance (TSGLI);
- Ensure the creation and full implementation of a joint electronic health record that will help ensure a seamless transition from DoD to VA for wounded warriors; and
- Establishment of the Wounded Warriors Resource Center as a single point of contact for service members, their family members, and primary care givers.

Achieving an effective delivery system between DoD and VA to guarantee seamless transition and quality services for wounded personnel, particularly those suffering from Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injuries (TBI) is very important to our membership. DoD should also make every effort to de-stigmatize mental health conditions that should include outreach, counseling, and mental health assessment for all service members returning from the combat zone. Family support is also critical for success, and should include compensation, training, and certification, and respite care for family members functioning as full-time caregivers for wounded warriors. FRA supports "The Caregivers and Veterans Omnibus Health Services Act" (S. 1963), and parallel legislation to improve compensation, training and assistance for caregivers of severally disabled active-duty service members.

SUICIDE RATES

FRA is deeply concerned that more service members have taken their own lives by November 2009 than have been killed in either the Afghanistan or Iraq wars. Congressional Quarterly reports that as of November 24, 334 service members have committed suicide in 2009, compared with 297 killed in Afghanistan and 144 who died in Iraq. In response to this, Congress has significantly increased funding for mental health in the DoD and VA budgets that established a suicide hotline. DoD and VA also sponsor annual conferences on this issue. Jurisdictional challenges notwithstanding, it is critically important that Congress further respond and enhanced coordination between the Veterans Affairs and Armed Services Committees is key to addressing this. As of the above date the Army has had 211 of the 334 suicides, while the Navy had 47, the Air Force had 34 and the Marine Corps (active duty only) had 42. Increases in the number of suicides are not limited to active duty members only; the Department of Veterans Affairs (VA) has indicated that veterans' suicides have also been increasing at an alarming rate.

USFSPA REFORM

The Association believes that the increasing divorce rates among active duty personnel and Reservists is related to stress caused by repeated deployments in conjunction with eight years of fighting a two-front war. According to the *Los Angeles Times*, "The 3.6% rate is a full percentage point above the 2.6% reported in late 2001, when the U.S. began sending troops to Afghanistan in response to the terrorist attacks. As in previous years, women in uniform suffered much higher divorce rates than their male counterparts 7.7% in 2009. An Army 2009 battlefield survey indicated that 22 percent of married soldiers were considering divorce, compared to 12.4 percent in 2003[1]" The divorce rate for women in uniform is especially troubling, and these numbers do

[1] Associated Press, November 28, 2009, "Divorce Rate Rises in Military," *Los Angeles Times*

not take into account divorce rates for veterans. The FRA has long advocated introduction of legislation addressing the inequities of the Uniform Services Former Spouses Protection Act (USFSPA) and associated hearings on this issue. The Association believes that this law should be more balanced in its protection for both the service member and the former spouse.

The recommendations in the Department of Defense's September 2001 report, which assessed USFSPA inequities and offered recommendations for improvement is a good starting point for considering badly needed reform of this onerous law.

Few provisions of the USFSPA protect the rights of the service member and none are enforceable by the Department of Justice or DoD. If a state court violates the right of the service member under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the Act fails to have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the service member to appeal to the court, which in many cases gives that court jurisdiction over the member. Another infraction is committed by some state courts awarding a percentage of veterans' compensation to ex-spouses, a clear violation of U. S. law; yet, the federal government does nothing to stop this transgression.

FRA believes Congress needs to take a hard look at the USFSPA with the intent to amend it so that the federal government is required to protect its service members against state courts that ignore provisions of the Act. Other provisions also weigh heavily in favor of former spouses. For example, when a divorce is granted and the former spouse is awarded a percentage of the service member's retired pay, this should be based on the member's pay grade at the time of the divorce and not at a higher grade that may be held upon retirement. The former spouse has done nothing to assist or enhance the member's advancements subsequent to the divorce; therefore, the former spouse should not be entitled to a percentage of the retirement pay earned as a result of service after the decree is awarded. Additionally, Congress should review other provisions considered inequitable or inconsistent.

ADEQUATE PERSONNEL END STRENGTH

Adequate service end strengths are essential to success in Iraq and Afghanistan and to sustaining other operations vital to our National security, and FRA strongly supports proposed Navy end strength levels in 2011. A recent Navy Times story entitled "Sailor shortage," cites too much work to do in the Navy and not enough people to do it – and lists the associated effects which include little time for rest, fewer people to maintain and repair shipboard equipment, crew members with valuable skills being pulled for other jobs and not replaced and lower material ship readiness.

The strain of repeated deployments continues and is also related to the adequacy of end strengths – and FRA is tracking disturbing indicators of the effects which include increased prescription drug and alcohol use, increasing mental health care appointments, alarming suicide rates plus more military divorces. The stress on service members and their families was addressed during a recent Senate Personnel Subcommittee hearing along with serious and continuing concerns about associated effects which can include morale, readiness and retention challenges. FRA urges this distinguished Subcommittee to ensure funding for adequate end strengths and people programs

consistent with the Association's DoD funding goal of at least five percent of the GDP for FY 2011.

ACTIVE DUTY PAY IMPROVEMENTS

Our Nation is at war and there is no more critical morale issue for active duty warriors than adequate pay. This is reflected in the more than 96 percent of active duty respondents to FRA's recent survey indicating that pay is "very important." The Employment Cost Index for FY 2011 is 1.4 percent and based on statistics from 15 months before the effective date of the proposed active duty pay increase. The Association appreciates the strong support from this distinguished Subcommittee in reducing the 13.5% pay gap to the current level during the past decade. In addition, FRA notes that even with a FY 2011 pay increase that is 0.5 percent above the ECI, the result will be the smallest pay hike since 1958. FRA urges the Subcommittee to continue the increases at least 0.5 percent above the ECI until the remaining 2.4 percent pay gap is eliminated.

RESERVE EARLY RETIREMENT

The effective date of a key provision in the FY 2008 NDAA, the Reserve retirement age provision that reduces the age requirement by three months for each cumulative 90-days ordered to active duty is effective upon the enactment of the legislation and NOT retroactive to October 7, 2001. Accordingly the Association supports "The National Guardsmen and Reservists Parity for Patriots Act " (H.R. 208) sponsored by the Subcommittee's Ranking Member Representative Joe Wilson (S.C.), to authorize Reservists mobilized since October 7, 2001, to receive credit in determining eligibility for receipt of early retired pay. Since 9/11/2001 the Reserve Component has changed from a strategic Reserve to an operational Reserve that now plays a vital role in prosecuting the war efforts and other operational commitments. This has resulted in more frequent and longer deployments impacting individual Reservist's careers. Changing the effective date of the Reserve early retirement would help partially offset lost salary increases, lost promotions, lost 401(k) and other benefit contributions. The Association urges the Subcommittee to support this important legislation.

PAID-UP SBP

Under current law, retirees are no longer required to pay SBP premiums after they have paid for 30 years and reach age 70. This is an inequity for those who may have entered the service at age 17 or 18 and will be required to pay for 33 or 32 years respectively until attaining paid-up SBP status. Therefore, FRA supports changing the minimum age for paid-up SBP from age 70 to age 67 to ensure that those who joined the military at age 17, 18 or 19 and serve 20 years will only have to pay SBP premiums for 30 years.

RETENTION OF FINAL FULL MONTH'S RETIRED PAY

FRA urges the Subcommittee to authorize the retention of the full final month's retired pay by the surviving spouse (or other designated survivor) of a military retiree for the month in which the member was alive for at least 24 hours. FRA strongly supports "The Military Retiree Survi-

vor Comfort Act" (H.R. 613), introduced by Rep. Walter Jones (N.C.) and Senate companion bill soon to be introduced by Senator Blanche Lincoln (Ark.) which addresses this issue.

Current regulations require survivors of deceased military retirees to return any retirement payment received in the month the retiree passes away or any subsequent month thereafter if there is a processing delay. Upon the demise of a retiree, the surviving spouse is required to notify the Defense Finance and Accounting Service (DFAS) of the death. DFAS then stops payment on the retirement account, recalculates the final payment to cover only the days in the month the retiree was alive, forwards a check for those days to the surviving spouse or beneficiary. If not reported in a timely manner, DFAS recoups any payment(s) made covering periods subsequent to the retiree's death.

The measure is related to a similar Department of Veterans Affairs policy. Congress passed a law in 1996 that allows a surviving spouse to retain the veteran's disability and VA pension payments issued for the month of the veteran's death. FRA believes military retired pay should be no different. This proposal is also in response to complaints from surviving spouses who were unaware of the notification requirement and those with joint bank accounts, in which retirement payments were made electronically, who gave little if any thought that DFAS could access the joint account and recoup overpayments of retirement pay. This action could easily clear the account of any funds remaining whether they were retirement payments or money from other sources.

To offset some of the costs, if the spouse is entitled to survivor benefit annuities (SBP) on the retiree's death, there will be no payment of the annuity for the month the retirement payment is provided the surviving spouse.

MANDATE TRAVEL COST RE-IMBURSEMENT

FRA appreciates the FY 2008 NDAA provision (Section 631) that permits travel reimbursement for Reservist's weekend drills, not to exceed $300, if the commute is outside the normal commuting distance. The Association urges the Subcommittee to make this a mandatory provision. This is a priority issue with many enlisted Reservists who are forced to travel lengthy distances to participate in weekend drills without reimbursement for travel costs. Providing this travel reimbursement would assist with retention and recruitment for the Reserves – something particularly important to increased reliance on these personnel in order to sustain our war and other operational commitments.

FAMILY READINESS

Madame Chairwoman, the Fleet Reserve Association salutes you, members of the Subcommittee, and your staff for scheduling separate hearings on programs for military families for a second year as referenced above, military deployments generate exceptional stresses on families due to separation, uncertainties of each assignment and associated dangers of injury or death for the deployed service member. Further, adapting to new living arrangements and routines adds to the stress, particularly for children.

Fortunately men and women in uniform continue to answer the calls to support repeated deployments – but only at a cost of ever-greater sacrifices for them and their families. Now more than ever before the support of their families is essential to enduring the mounting stresses of the war effort and other operational commitments. This stress has resulted in doubling the number of outpatient mental health visits (1 million in 2003 to 2 million in 2008) for children with an active duty parent.[2] It's most important that DoD and the military services concentrate on providing programs for the families of our service members. DoD should improve programs to assist military families with deployment readiness, responsiveness, and reintegration. There are a number of existing spousal and family programs that have been fine tuned and are successfully contributing to the well-being of this community. The Navy's Fleet and Family Centers and the Marines' Marine Corps Community Services (MCCS) and Family Services programs are providing comprehensive, 24/7 information and referral services to the service member and family through its One Source links. One Source is particularly beneficial to mobilized Reservists and families who are unfamiliar with varied benefits and services available to them.

It's true that "the service member enlists in the military service – but it's the family that re-enlists." To ensure the family opts for a uniformed career, the family must be satisfied with life in the military.

CONCLUSION

FRA is grateful for the opportunity to present these recommendations to this distinguished Subcommittee. The Association reiterates its profound gratitude for the extraordinary progress this Subcommittee has made in advancing a wide range of military personnel and retiree benefits and quality-of-life programs for all uniformed services personnel and their families and survivors. Thank you again for the opportunity to present the FRA's views on these critically important topics.

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[2] Military.Com *More Troops' Kids Seeking Counseling*, Associated Press, July 8, 2009

MASTER CHIEF JOSEPH L. BARNES, USN (RETIRED)
NATIONAL EXECUTIVE DIRECTOR, FLEET RESERVE ASSOCIATION AND
CO-CHAIRMAN, THE MILITARY COALITION

Joseph L. (Joe) Barnes is a retired Navy Master Chief and serves as the Fleet Reserve Association's (FRA's) National Executive Director. He is a member of FRA's National Board of Directors, chairs the Association's National Committee on Legislative Service, and is responsible for managing the organization's National Headquarters in Alexandria, VA. In addition, he is president of the newly established FRA Education Foundation which oversees the Association's scholarship program that presents awards totaling nearly $100,000 to deserving students each year.

Barnes joined FRA's National Headquarters team in 1993 and prior to assuming his current position in 2002, he served as FRA's Director of Legislative Programs. During his tenure, the Association realized significant legislative gains, and was recognized with a certificate award for excellence in government relations from the American Society of Association Executives (ASAE).

In addition to his FRA duties, Barnes is Co-Chairman of the Military Coalition (TMC) and co-chairs TMC's Personnel, Compensation and Commissaries Committee. He is also a member of the Defense Commissary Agency's Patron Council and an ex-officio member of the U.S. Navy Memorial Foundation's Board of Directors.

He received the U.S. Coast Guard's Meritorious Public Service Award and was appointed an Honorary Member of the U.S. Coast Guard by then Commandant of the Coast Guard Adm. James Loy, and former Master Chief Petty Officer of the Coast Guard Vince Patton.

While on active duty, he was the public affairs director for the U.S. Navy Band in Washington, DC, and directed marketing and promotional efforts for national tours, network radio and television appearances, and major special events in the nation's capital. His awards include the Defense Meritorious Service and Navy Commendation Medals.

Barnes holds a bachelor's degree in education and a master's degree in public relations management from The American University, Washington, DC. He earned the Certified Association Executive (CAE) designation from ASAE in 2003 and is an accredited member of the International Association of Business Communicators (IABC).

STATEMENT OF

Enlisted Association of the National Guard of the United States

Before the

HOUSE COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON Military ERSONNEL

March 23, 2010

Presented by

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MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE. On behalf of The Enlisted Association of the National Guard of the United States and The Military Coalition (TMC), we thank you for allowing us to present the views of our National Guard and Reserve members. Neither EANGUS nor The Military Coalition receives or has received funds from any government agency or program to include grants or contracts for the past three fiscal years.

National Guard and Reserve

Currently over 142,000 National Guard and Reserve service men and women are serving on active duty. Since Sept. 11, 2001, more than 752,000 Guard and Reserve service men and women have been called up, including well over 200,000 who have served multiple tours. There is no precedent in American history for this sustained reliance on citizen-soldiers and their families. To their credit, National Guard and Reserve combat veterans continue to re-enlist, but with the current pace of routine, recurring deployments cannot be sustained indefinitely.

Guard and Reserve members and families face unique challenges in their readjustment following active duty service. Unlike active duty personnel, many Guard and Reserve members return to employers who question their contributions in the civilian workplace, especially as multiple deployments have become the norm. Many Guard-Reserve troops return from deployment with varying degrees of combat-related injuries and stress disorders which can lead to complications which prove to be detrimental to their families, careers and their overall quality of life.

Despite the continuing efforts of the Armed Services and Congress, most Guard and Reserve families do not have access to the same level of counseling and support that active duty members have. In short, the Reserve Components face increasing challenges virtually across the board, including major equipment shortages, end-strength requirements, wounded-warrior health care, as well as, pre- and post-deployment assistance and counseling.

Operational Reserve Retention and Retirement Reform – Congress took the first step in modernizing the Reserve Compensation System with enactment of early retirement eligibility for certain Reservists activated for at least 90 continuous days who have served since January 28, 2008. This change validates the principle that compensation should keep pace with service expectations and works as an inducement to retention and sustainment of the Operational Reserve Force.

Since Guard/Reserve operational missions continue to increase, Guard/Reserve members are forced to devote a much more substantial portion of their working lives to military service than ever envisioned when the current retirement system was developed in 1948.

Repeated, extended activations make it more difficult for Guard/Reserve members to sustain a full civilian career and also impedes Reservists' ability to build a full civilian retirement, 401(k), etc. Regardless of statutory protections, periodic long-term absences from the civilian workplace can be detrimental to Guard/Reserve members' upward mobility, employability, financial security and quality of life. Further, strengthening the Reserve Retirement System will serve as an incentive to retaining critical mid-career officers and NCOs for continued service and thereby enhance readiness.

As a minimum, the next step in modernizing the Reserve Retirement System is to provide equal retirement-age-reduction credit for all activated service rendered since Sept. 11, 2001. The current law which only credits active service since January 28, 2008, not only disenfranchises, but devalues, the service of hundreds of thousands of Guard/Reserve members who have served one or more combat tours between 2001 and 2008.

The statute also must be amended to eliminate the inequity inherent in the current fiscal year retirement calculation, which only credits 90 days of active service for early retirement purposes if that service occurs within the same fiscal year. The current rule is patently unfair because it significantly penalizes members who deploy in July or August, giving three month's retirement age credit for a 90-

day tour served from January through March, but only half credit for a 120-day tour served from August through November (as the time served is split between two fiscal years).

Mr. Chairman, we fully understand the budgetary problems facing our country, but we are also aware that more than 700 billion dollars has been given to banks, financial institutions and automakers as either bail-outs or stimulus funding. In only three weeks, 3 billion dollars was spent on the 'Cash for Clunkers' program that did nothing more than reduce the inventory for auto dealers. The American people, many which are the very veterans who have been passed by, are looking at a trillion dollar Health Care Bill. If CBO figures are accurate, it will cost only 2.1 billion dollars over ten years or just about 21 million dollars a year to provide retro-activity for early retirement for those who have protected our freedom. It's the right thing to do to honor the unselfish heroes and their families who have given up so much to protect us and our way of life.

For the near term, we place particular priority on authorizing early retirement credit for all Qualifying post-9/11 active duty service performed by Guard/Reserve service members and eliminating the fiscal-year-specific accumulator that bars equal retirement credit for members deploying for equal periods during different months of the year.

Ultimately, we believe we must move forward to provide a reduced age entitlement for retired pay and health coverage for all Reserve Component members – that is, an age/service formula or outright eligibility, if otherwise qualified, at age 55.

Further, we urge repeal of the annual cap of 130 days of inactive duty training points that may be credited towards a reserve retirement.

Guard and Reserve Yellow Ribbon Readjustment – Congress has provided increased resources to support the transition of warrior-citizens back into the community. Unfortunately, program execution and content remains inconsistent from state to state often falling short for returning Guard/Reserve warriors in widely dispersed regional commands. Military and civilian leaders, at all

levels, must improve the coordination and delivery of services to the entire operational reserve force. Many communities are eager to support their returning Guardsmen and the Yellow Ribbon Program and they do it well. Sadly, yellow ribbon efforts in numerous locations amount to little more than PowerPoint slides with little or no active involvement or actual implementation.

Making Yellow Ribbon work effectively is a major Coalition priority, and our hope is that the NDAA required reports will point the way for further Subcommittee action in this important area.

We urge the Subcommittee to hold oversight hearings and to direct additional improvements in the coordination, collaboration and consistency of Yellow Ribbon Program services. DoD must ensure that state-level best practices – such as those in Maryland, Minnesota and New Hampshire – are applied for all operational reserve force members and their families, and that Federal Reserve veterans have equal access to the same services and support available to National Guard veterans. Community groups, employers and service organization efforts need to be encouraged and better coordinated to supplement unit, component, Service and VA outreach and services.

Guard/Reserve GI Bill – We are grateful to Congress for inclusion of a critical "earn as you serve" principle in the new Post-9/11 GI Bill, which allows Operational Reservists to accrue educational benefits for each aggregate call-up of 90 or more days of active duty. Inexplicably, however, active duty members of the National Guard serving under Title 32 orders were not included in the new program despite their critical role in homeland defense, counter-drug activity, border control and other missions.

We urge the Subcommittee to work with the Veterans Affairs Committee to include Title 32 AGRs in the Post-9/11 statute.

TMC's longstanding recommendation of coordinating and integrating various educational benefit programs has been made more challenging with the Post-9/11 GI Bill. For example, benefits for initially joining the Guard or Reserve as authorized in Chapter 1606, 10 USC continue to decline in proportion to the active duty Montgomery GI Bill (Chap. 30, 38 USC) and the new Post-9/11 GI Bill.

Reserve MGIB benefit levels have slid to only 24% of the active duty MGIB benefit in comparison to the 47-50% level during the first 15 years of the program. Restoration of the original ratio would raise basic Reserve rates from the current $333 per month to $643 - $684 per month for full-time study.

TMC maintains that restoring this ratio is not only a matter of equity, but is essential to the long-term success of Guard and Reserve recruiting programs.

Based on the DoD / Services' 10-year record of indifference to the basic Selected Reserve GI Bill under Chapter 1606, 10 USC, TMC recommends either: restoring Reserve benefits to 47-50% of active duty benefits or transferring the Chapter 1606 statute from Title 10 to Title 38 so that it can be coordinated, with other educational benefits programs, in a 21st century GI Bill architecture. We also support assured academic reinstatement, including guaranteed re-enrollment, for returning operational reservists.

Guard and Reserve Healthcare

Continuum of Health Care Insurance Options for The Guard and Reserve – The Coalition is very grateful for passage of TRICARE Retired Reserve (TRR) coverage for "gray area" Reservists in the FY2010 NDAA.

The Coalition notes that DoD complied with direction from Congress to reduce TRICARE Reserve Select (TRS) premiums to the actual cost of coverage. For 2009, monthly TRS premiums were reduced from $81 to $47.51 for member-only coverage and from $253 to $180.17 for family coverage.

We believe a review of the current statutory methodology for adjusting premiums based on program costs should be conducted to determine whether any of the costs currently included are in fact costs of maintaining readiness or "costs of doing business" for the Defense Department that don't contribute to delivering benefit value to beneficiaries (and therefore should be excluded, with the expected result that premiums would go down). In principle, Congress should establish a moratorium

on it.

TRS premium increases and direct DoD to make a determined effort for the most efficient use of resources allocated and to cut waste prior to the consideration of any adjustment in such premiums. Moreover, we believes that holding the line on TRS premiums will encourage many more families to enroll. DoD, the Services, and the Reserve Components must actively and jointly work to appropriately market the TRS program which currently has only 6-7% of eligible beneficiaries enrolled.

EANGUS and the Coalition also believe Congress is missing an opportunity to reduce long-term health care costs and increase beneficiary satisfaction by authorizing eligible members the option of electing a DoD subsidy of their civilian insurance premiums during periods of activation. Current law already authorizes payment of up to 24 months of FEHBP premiums for activated members who are civilian employees of the Defense Department. The Coalition believes all members of the Selected Reserve should have a similar option to have continuity in their civilian family coverage. Over the long term, when Guard and Reserve activations can be expected at a reduced pace, this option would offer considerable savings opportunity relative to funding permanent, year-round TRICARE coverage.

DoD could calculate a maximum monthly subsidy level that would represent a cost savings to the government by reducing TRICARE costs.

We recommend the Subcommittee:

Require a GAO review of DoD's methodology for determining TRS costs for premium adjustment purposes to assess whether it includes any costs of maintaining readiness or "costs of doing business" for the Defense Department that don't contribute to beneficiary benefit value and thus should be excluded from cost/premium calculations; Authorize development of a cost-effective option to have DoD subsidize premiums for continuation of a Reserve employer's private family

health insurance during periods of deployment as an alternative to ongoing TRS coverage; Allow eligibility in Continued Health Care Benefits Program (CHCBP) for Selected Reservists who are voluntarily separating and subject to disenrollment from TRS; Authorize members of the IRR who qualify for a Reserve Retirement at age 60 to participate in TRR as an incentive for continued service (and higher liability for recall to active duty); Monitor implementation of the new TRR authority to ensure timely action and that premiums do not exceed 100 percent of the TRS premium; Allow FEHB plan beneficiaries who are Selected Reservists the option of participating in TRS.

Guard and Reserve Mental Health – We are concerned that Guard and Reserve members and their families are at particular risk for undetected effects of the unseen injuries of war. The risk is compounded by Reserve Component members' anxiety to return to their families as soon as possible, which typically entails expedited departure from active duty and return to a community where military health care and other support systems are limited or non-existent.

Unfortunately, most such members view the current post deployment health self-assessment program at demobilization sites as an impediment to prompt return to their families. Under this scenario, strong disincentives for self-reporting exacerbate an already wide variation in the diagnosis and treatment of post traumatic stress disorder (PTSD), traumatic brain injury (TBI), depression, and other combat-related stress conditions.

EANGUS and the TMC believe redeploying Reserve Component members should be allowed to proceed to their home station and be retained on active duty orders to complete post-deployment examination requirements at the home station. This change is important to improve proper diagnosis, reporting and treatment of physical and mental injuries; to help perfect potential service connected disability claims with the VA; and to help correct the non-reporting of injuries at the demobilization site.

We believe that Guard and Reserve members and their families should have access to evidence-based treatment for PTSD, TBI, depression, and other combat-related stress conditions. Further, Post Deployment Health examinations should be offered at the member's home station, with the member retained on active duty orders until completion of the exam.

Guard and Reserve Health Information – We are concerned that the current health records for many Guard and Reserve members do not contain treatment information that could be vital for diagnosis and treatment of a condition while on active duty. The capture of non-military treatment is an integral part of the member's overall health status.

We believe there should be an effort to improve the electronic capture of non-military health information into the service member's medical record.

Congressional Budget Office

Testimony

Statement of
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Direct Spending and Defense Programs

before the
Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives

March 23, 2010

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Chairwoman Davis, Congressman Wilson, and Members of the Subcommittee, I appreciate the invitation to appear before you today to discuss the budgetary treatment of direct spending programs (as well as discretionary spending). My statement is based on the Congressional Budget Office's (CBO's) understanding of the laws and rules used to enforce the budget and the agency's experience with cost estimates that involve direct spending. However, CBO is neither expert in, nor responsible for, the procedures for enforcing the Congressional budget resolution and the rules of the House of Representatives; that expertise and responsibility lie with the Committee on the Budget and the Committee on Rules.

Many policy proposals that would result in additional spending on entitlement programs, such as the Military Retirement program, encounter difficulties during the legislative process because they would increase direct spending. In contrast, authorizations of discretionary appropriations (for instance, most of the provisions in the annual defense authorization act) require future appropriation legislation to implement; they are not subject to the same constraints, nor can they be used to offset additional entitlement spending. In my testimony, I hope to clarify these issues.

Direct Spending

Direct spending is the budget authority provided by laws other than appropriation acts and the outlays that result from that budget authority.[1] Unlike annual appropriation acts, which generally set specific amounts that can be obligated for each program in a particular year, the laws governing direct spending often specify benefit formulas and eligibility criteria that determine spending year after year without further action by the Congress. Synonymous with mandatory spending, direct spending includes expenditures for the three largest entitlement programs: Social Security, Medicare, and Medicaid.[2] Military Retirement is another mandatory program; therefore, any change in spending for that program caused by an authorization bill would affect direct spending. Numerous other programs, including many that are not entitlements, are funded through direct spending authority.

For 2010, CBO estimates that total federal spending, under an assumption that current laws and policies remain unchanged, will be about $3.5 trillion (see Table 1). Of that amount, about $1.4 trillion (40 percent) will be discretionary spending—that is, spending derived from annual appropriation acts. The remaining 60 percent will be direct spending for either mandatory programs or interest on the debt held by the public.

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1. Budget authority is the authority provided by law to incur financial obligations that will result in immediate or future outlays of federal government funds. Budget authority may be provided in an appropriation act (for discretionary spending) or an authorization act (for direct spending).

2. An entitlement is a legal obligation of the federal government to make payments to a person, group of people, business, unit of government, or similar entity that meets the eligibility criteria set in law and for which the budget authority is not provided in advance in an appropriation act. Spending for entitlement programs is controlled through those programs' eligibility criteria and benefit or payment rules.

Table 1.

CBO's March 2010 Projections of Spending Under the Assumptions for Its Baseline

(Billions of dollars)

	Outlays, by Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mandatory Spending											
Social Security	702	728	761	799	837	880	929	984	1,043	1,107	1,174
Medicare	531	574	579	637	711	739	800	836	874	970	1,046
Medicaid	277	263	264	275	291	311	335	360	386	414	444
Other spending	633	686	582	568	565	572	595	604	606	634	647
Offsetting receipts	-181	-194	-205	-216	-227	-235	-247	-262	-275	-290	-307
Subtotal	1,961	2,058	1,982	2,063	2,177	2,267	2,412	2,523	2,633	2,834	3,005
Discretionary Spending											
Defense	689	701	695	706	716	730	749	761	773	795	813
Nondefense	677	672	649	639	639	643	652	664	676	689	704
Subtotal	1,367	1,373	1,344	1,345	1,356	1,372	1,401	1,425	1,449	1,484	1,517
Net Interest	209	238	282	337	399	461	517	572	625	677	728
Total	**3,537**	**3,668**	**3,608**	**3,746**	**3,931**	**4,100**	**4,330**	**4,520**	**4,707**	**4,996**	**5,250**

Source: Congressional Budget Office.

Direct Spending and Budget Enforcement

Proposed changes to direct spending programs receive special scrutiny under various budget enforcement rules. The House has a "pay-as-you go" rule specifying that any legislation that would increase direct spending or decrease revenues over certain time periods is subject to a point of order unless such costs are offset by other provisions in the legislation that decrease direct spending or increase revenues by a corresponding amount. In addition, the Congress recently enacted the Statutory Pay-As-You-Go Act of 2010, which establishes a procedure (called sequestration) for automatically reducing mandatory spending when legislation, on a cumulative basis, would increase direct spending or reduce revenues.[3]

There can be exceptions to the application of the House pay-as-you-go rule or the implications of the new statutory pay-as-you-go process. For example, the Congress can designate direct spending as an "emergency requirement," thereby allowing legislation providing such spending to be considered and enacted without being subject to the pay-as-you-go requirements. Those exceptions and procedures for considering

3. Under the Statutory Pay-As-You-Go Act of 2010 (title I of Public Law 111-139), estimated changes in the deficit from direct spending and revenues are recorded on 5-year and 10-year "scorecards" by the Office of Management and Budget. If either scorecard reflects a net cost in the budget year at the end of a Congressional session, that agency is required to order a sequestration of certain direct spending.

legislation in the House (or the Senate) can change from year to year—for example, when the House adopts its rules at the beginning of each Congress or pursuant to provisions incorporated in annual budget resolutions.

Although CBO provides cost estimates for various legislative initiatives and determines whether proposed legislation would result in direct spending, it is the House and Senate Budget Committees and the Parliamentarians who interpret and enforce the budget rules.

The Budget Process and Spending Allocations

The Congressional budget cycle typically begins each year when the House and Senate Budget Committees formulate and the Congress adopts an annual budget resolution, which establishes a blueprint for federal spending and revenues for the coming "budget year" and several subsequent years; the budget resolution for fiscal year 2010 also covered fiscal years 2011 through 2014. Spending levels specified in the budget resolution are divided among the various committees of jurisdiction. For example, all discretionary spending assumed in the budget resolution is allocated to the House and Senate Committees on Appropriations, while direct spending components, with some exceptions, are allocated to authorizing committees. If a committee approves a bill that would increase spending above its allocation, it runs the risk that such legislation will face procedural hurdles for House and Senate consideration, including being subject to a point of order during floor consideration.

Most spending related to national defense (totaling about $700 billion in fiscal year 2010) is discretionary and therefore is allocated annually to the appropriations committees. Spending for mandatory programs related to defense is mostly under the jurisdiction of the House and Senate Committees on Armed Services (the HASC and the SASC). Such direct spending under the jurisdiction of the HASC totals about $136 billion for 2010[4]—equal to the amount in CBO's March 2009 baseline (which assumes that current law for such mandatory programs continues unchanged). The amounts used for budget enforcement purposes for fiscal year 2011 will be set by the House when it considers a new budget resolution for that year.

Mandatory spending allocated to the HASC is concentrated in several accounts. Over half is related to contributions to the Military Retirement Trust Fund and the Department of Defense's Medicare-Eligible Retiree Health Care Fund (MERHCF), which, among other things, funds the TRICARE for Life health care program (see Table 2). Those contributions, which CBO estimates will total $73 billion in 2010, are intragovernmental transfers; that is, they are payments from one budget account to another. Therefore, for every dollar disbursed from the budget account that shows the

4. H. Rept. 111-89, Conference Report to Accompany S. Con. Res. 13, Concurrent Resolution on the Budget for Fiscal Year 2010, p. 146 (Allocations of Spending Authority to House Committees Other Than Appropriations).

Table 2.

Mandatory Spending in CBO's March 2010 Baseline Under the Jurisdiction of the House Committee on Armed Services

(Billions of dollars)

	Outlays, by Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mandatory Trust Fund Contributions[a]	76	79	82	84	88	91	94	98	101	105
Benefits Paid from the Military Retirement Fund	51	52	53	54	55	56	58	59	61	63
Benefits Paid from the MERHCF[b]	9	9	10	11	12	12	13	14	16	17
Other	3	3	2	2	2	2	2	2	2	2
Total	**139**	**143**	**147**	**152**	**156**	**162**	**168**	**174**	**180**	**187**

Source: Congressional Budget Office.

Note: The figures in this table, based on CBO's March 2010 baseline, are slightly different from the House Armed Services Committee's allocations in S. Con. Res. 13, the Concurrent Resolution on the Budget for Fiscal Year 2010, which was based on CBO's March 2009 baseline.

a. The Mandatory Trust Fund Contributions represent intragovernmental transfers that are offset by receipts recorded in other parts of the federal budget. As a result, those payments have no net effect on federal spending

b. The Department of Defense's Medicare-Eligible Retiree Health Care Fund (MERHCF) includes the department's TRICARE for Life program.

payments to those funds, a dollar of receipts is recorded elsewhere in the federal budget. As a result, those intragovernmental payments have no net effect on federal spending. Another $60 billion is for the benefit payments from the Military Retirement Fund and the MERHCF, and about $3 billion is for other programs, which provide for, among other things, the spending of contributions from overseas allies for the operation of overseas bases, benefits and compensation for personnel who worked in the production and testing of atomic weapons, and education benefits for certain reserve personnel.

Options When Legislation Would Affect Direct Spending

When a bill or amendment would increase direct spending (as is often the case with proposals that would increase military retirement benefits or health care benefits for retirees), the authorizing committee working on such legislation has several avenues available to offset those costs. However, each of those options has its own set of obstacles.

The authorizing committee proposing an increase in direct spending can find an offset within the direct spending programs under its jurisdiction, but doing so can be difficult for a number of reasons. In the case of the HASC, for example, proposals to expand payments for concurrent receipt of retirement and disability pay or for survi-

vor benefits would often result in direct spending in the billions of dollars over the 10-year budget window. Although the HASC has about $136 billion in spending for 2010 under its jurisdiction, it is difficult to find offsets within those funds that will not affect other benefits for military retirees. Almost half of the spending in the committee's jurisdiction consists of trust fund contributions, which are intragovernmental transactions; any reductions in them would cause corresponding losses of offsetting receipts and, therefore, would provide no net savings. The accounts providing benefit payments from the Military Retirement Fund and the MERHCF are the only places under the HASC's jurisdiction where sizable offsets could be found. Most other programs under the committee's jurisdiction are too small to provide the needed savings or cannot be changed without affecting other benefits (such as benefits for disabled atomic energy workers).

Another option would be to increase federal revenues through changes in tax policy. The difficulty with this option is that the HASC does not have jurisdiction over changes to the tax code because such changes are within the purview of the House Committee on Ways and Means and the Senate Committee on Finance.

Another possibility would be to increase federal receipts through the sale of federal assets. The HASC has frequently used that method to offset direct spending in the annual National Defense Authorization Act (NDAA), but identifying such assets can be difficult and may not produce receipts in sufficient amounts to offset the cost of the desired change in benefits. For instance, section 1412 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84) authorized the sale of cobalt currently stockpiled by the Department of Defense; according to CBO's estimates, those sales will produce receipts of about $10 million over the 2010–2011 period.

During the committee's consideration of the NDAA, there are often proposals that seek to offset increases in direct spending with reductions in discretionary authorizations found elsewhere in the bill. However, such authorizations provide guidelines for future appropriation action but do not result in spending by the federal government until appropriations are provided in the annual Department of Defense Appropriations Act, a separate piece of legislation. Consequently, reductions to the amounts authorized in the NDAA for discretionary appropriations cannot be used to offset increases in direct spending proposed in other parts of the bill for the purposes of enforcing the Congressional budget resolution or pay-as-you-go procedures. For example, reducing the number of warships or fighter aircraft authorized for purchase by the NDAA would not result in savings that could be used to offset direct spending proposed in the bill, because the funding source of those weapons would be a subsequent appropriation act, not the NDAA.

The options discussed above for offsetting the cost when a bill or amendment would increase direct spending represent some of the more common strategies, but other options may be available. In addition, authorizing committees sometimes work directly with the Committee on Appropriations to identify ways to reallocate existing

funding or to develop priorities for new funding. As one type of such coordination, the committees could identify existing discretionary funding that could be rescinded in an authorizing bill in order to cover the cost of some new desired spending. In the Congressional budget process, the budgetary impact of such a rescission is credited to the committee that takes the action—in this example, the authorizing committee—even though the affected spending was originally categorized as discretionary.

The House Committee on the Budget is the official scorekeeper for the House of Representatives and the entity responsible for enforcement of the Congressional budget resolution within the House. Questions about spending jurisdiction, budget enforcement procedures, or options for dealing with legislation that would increase direct spending should be addressed to that committee.

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Statement
of
Gold Star Wives of America, Inc.
Before the
House Armed Services Committee
Military Personnel Subcommittee

on
March 23, 2010

Presented by
Suzanne Stack
Member, Government Relations Committee

"*With malice toward none; with charity for all; with firmness in the right, as God gives us to see right, let us strive to finish the work we are in; to bind up the nation's wounds, to care for him who has borne the battle, his widow and his orphan."*

...President Abraham Lincoln, Second Inaugural Address, March 4, 1865

Not for publication
until released by the committee

Chairwoman Davis, Ranking Member Wilson and Members of the Military Personnel Subcommittee, I am pleased to be here today on behalf of Gold Star Wives testifying on legislative issues necessary for our nation's military widows and widowers. My name is Suzanne Stack, Member of the Gold Star Wives' Government Relations Committee. I am the widow of SGM Michael Stack, Army Special Forces and native of South Carolina, who served 28 years in service and died in a convoy ambush on Easter Sunday, April 11, 2004 in the An Bar Province, Iraq.

Gold Star Wives of America, Incorporated (GSW), founded in 1945, is a Congressionally Chartered organization of spouses of military members who died while serving on active duty or as a result of a service-connected disability. GSW is an all-volunteer organization. We could begin with no better advocate than Mrs. Eleanor Roosevelt, at the time newly widowed, who helped make Gold Star Wives a truly "national" organization. Mrs. Roosevelt was an original signer of our Certificate of Incorporation as a member of our Board of Directors. Our current members are widows and widowers of military members who served during World War II, the Korean War, the Vietnam War, the Gulf War, the conflicts in both Iraq and Afghanistan, and every period in between. The following are GSW's most important legislative issues:

ELIMINATION OF THE DEPENDENCY AND INDEMNITY COMPENSATION (DIC) OFFSET TO THE SURVIVOR BENEFIT PLAN (SBP)

GSW strongly supports the complete elimination of the SBP/DIC offset. We are grateful for the support of many Members of Congress as this issue has been brought before Congress for the past eleven years. We respectfully request Congress eliminate the SBP/DIC offset immediately.

Survivor Programs

Congress created programs for widows and widowers of our military members. In 1956, Dependency and Indemnity Compensation (DIC) was established by the Servicemen's and Veteran's Survivor Benefit Act. According to David Burrelli (2004)[i] CRS Report, "Under this Act, as amended, DIC is paid to the survivors … of servicemen or veterans who died on or after January 1, 1957, from: (1) a disease or injury incurred or aggravated in line of duty while on active duty or active duty training; or (2) an injury incurred or aggravated in line of duty while

on inactive duty training; or (3) a disability compensable under laws administered by the VA." The purpose of DIC is an indemnity payable to widows and widowers when a military member dies as a result of a service connected cause.

In 1972, Congress created the Survivor Benefit Plan (SBP). According to Burrell (2004), SBP replaced the Retired Serviceman's Family Protection Plan (RSFPP) to provide improvements and "increase participation rates, reduce costs to the retiree, and benefits for the survivors." The purpose of SBP is to ensure that a portion of the military member's retirement will be provided to the widow or widower after the military member's death.

Stated simply, DIC, created in 1956, is an indemnity payable to widows and widowers when a military member dies as a result of a service connected cause. SBP, created in 1972, is an annuity paid to a military member's widow or widower to ensure a portion of the military member's retirement pay will be provided to the widow or widower after the military member's death. ***SBP and DIC are two very different plans with two very different purposes.***

GSW Membership and SBP

GSW is made up of approximately 10,000 members all receiving DIC. Some members are also eligible for and receive SBP. For those widows and widowers receiving SBP, either their military member chose to purchase SBP at retirement or, the military member died while on active duty.

SBP has complex eligibility requirements creating several subgroups. Active duty survivors whose military spouse died before September 11, 2001 and were retirement eligible when they died were eligible for SBP. All other active duty survivors whose military spouse died before September 11, 2001 were not eligible for SBP. Any active duty death occurring after September 11, 2001, resulted in the survivor's automatic enrollment into SBP at the time of their military member's death. P.L. 107-107 authorizes 100% disability retirement be granted posthumously for members of the armed forces who die in the line of duty while on active duty post September 11, 2001.

The SBP/DIC Offset

A widow or widower eligible for both SBP and DIC becomes subject to the "widow's tax" -- a dollar-for-dollar reduction in the SBP by the amount of DIC received. Remember, a retired military member chooses to purchase SBP and pays premiums with hard-earned retirement. The retired military member most often is not made aware that the SBP being purchased will be subject to an offset if he/she dies as a result of a service connected cause, thus, reducing the expected annuity by the DIC received. If the retired military member is made aware of the offset and resulting reduction in annuity when purchasing SBP, it is unclear if that military member would continue the purchase of SBP.

After the 9/11 terrorist attacks, P.L. 107-107 opened eligibility of SBP to widows and widowers of all active duty deaths regardless of years in service. These newly eligible SBP recipients also become subject to the SBP/DIC offset and many find their SBP completely eliminated. The offset often negates the original purpose of P.L. 107-107.

In 2003, P.L. 108-136 authorized widows and widowers of active duty personnel to reassign the SBP annuity to the children, if any, and thus, permanently forfeiting their own right to SBP. This reassignment allows full receipt of SBP by the children without offset. Complications from this new law often require the widow or widower be granted guardianship of their own children by a court of law. In addition, income tax returns must be filed for each child who receives an SBP annuity.

GSW understands that Congress does not permit private sector and other Federal survivor benefit programs to reduce or terminate retired annuities because the widow or widower is also eligible for DIC. GSW questions why military widows and widowers continue to be subject to reduction of retired annuities by the SBP/DIC offset when others are not.

Sharp Case

In August 2009, the U.S. Court of Appeals in the matter of Sharp, et.al. v. The United States, 82 Fed. Cl. 222 (2008), ruled that DIC payments may not be deducted from SBP annuities if a person is entitled to both benefits has remarried after age 57. A widow or widower who remains un-remarried continues to be subject to the SBP/DIC offset while their remarried counterpart is not subject to the offset. GSW questions the intent of the government in now requiring widows and widowers of our military members to remarry just to be eligible to receive

full SBP and DIC without offset.

VDBC Recommendation and Concurrent Receipt

Approximately 54,000 widows and widowers are eligible for both SBP and DIC. The Veterans Disability Benefits Commission, created by Congress in 2004 to review the benefits provided to disabled veterans and their survivors, recommended the elimination of the DIC offset to SBP as one of their top priorities for Congress -- and referred to this issue as "survivor concurrent receipt".

Five years ago, concurrent receipt was applied to retired military members rated by the VA as 100% disabled, enabling them to receive both VA Compensation and military retirement pay in full. Logically, concurrent receipt should also have been applied to their widows and widowers.

Burrelli (2004) states, "some have claimed that if concurrent receipt or 'special pays' for military retirees are allowed, such should also be afforded their survivors. Under this reasoning, if a military retiree is allowed to receive both military retired pay and VA disability payments or other 'special pay', it is only fair that the surviving spouse also receive both the SBP annuity and DIC benefits. Critics contend that concurrent receipt was originally barred because Congress viewed it as 'double dipping' or paying someone twice for the same period of service."

Full receipt of SBP and DIC cannot be considered double dipping when in 2004 it was determined by Congress that the100% disabled veterans who were also retired military members would receive both full retirement and disability compensation payments. Survivor compensation is provided to widows and widowers based on the military member who is rated at 100% disabled. These military members and their survivors should be treated alike and be allowed to receive concurrent receipt and survivor concurrent receipt. There is no greater disability than death.

Accuracy of Information

Testimony provided to Congressional committees and subcommittees from various sources concerning the SBP and DIC is not always accurate. GSW feels these inaccuracies may negatively effect or distort the original purpose of each plan. As widows and widowers, we live with SBP and DIC daily and can speak with some authority as to the adequacy of these two

Congressionally created plans. Unfortunately, we can also speak with authority that some governmental agencies and Congress, with governing authority over these plans, do not always fully understand the complexities of either plan. It is no more evident that confusion persists when reading recent testimony provided to the Senate Armed Services Personnel Subcommittee on March 20, 2010 by the Honorable Clifford L. Stanley, Under Secretary of Defense (Personnel and Readiness). In his testimony on page 14, he clearly states that DoD continues to oppose the elimination of the SBP/DIC offset because the elimination would "create an inequity with one select group receiving two survivor annuities, while survivors of most military retirees and survivors of veterans who died of service connected cause, but were not retired, would receive only one or the other."

The inaccuracy of this statement is a good example of problems within governing agencies which do not fully understand the issue of the elimination of the SBP/DIC offset. For example, at present, there are more than two groups of survivors receiving both SBP and DIC already in existence within GSW. The elimination of the offset would reduce the number of these subgroups.

Conclusion

SBP and DIC are two very different plans with two very different purposes. Subgroups of recipients of SBP persist even with laws put forth to streamline the SBP and increase the ability to reach out to military families after the death of their military member. There are concerns about the SBP/DIC offset reducing military widows and widowers annuities when other private and Federal survivor benefit plans are not permitted by Congress to impose reductions in retirement annuities. Are military widows and widowers being penalized unjustly? The Sharp case, based on U.S. law, makes clear that widows and widowers can remarry and receive SBP without offset while their un-remarried counterparts remain subject to the offset. Clearly, the Congressionally created VDBC recommended the elimination of the SBP/DIC offset and even cited it as a top priority for Congress. Concurrent receipt was determined by Congress in 2004 for 100% retired disabled veterans. It should also have been applied to their widows and widowers.

For eleven years, the SBP/DIC offset has been before Congress for elimination. The 54,000 widows and widowers affected need to know they are not being penalized or forgotten

just because their military member has died. These same widows and widowers served beside their military member silently, determined and unwavering despite hazardous duty, multiple deployments, numerous family moves, serving as both parents to their children, and through the loss of longevity in their own chosen careers. Many widows and widowers were full-time caretakers for their military members. Often back-breaking work and enduring financial hardships, these caretakers saved the government untold millions in nursing and hospital care, usually to the detriment of their own health. It is a shame these same selfless widows and widowers do not receive accolades or honorable mentions in speeches or written statements made by our political or military leaders. It is our job to care for them as was told to their military member who served to protect the freedom we so enjoy.

Senator Bill Nelson stated simply for the record before the Senate Armed Services Committee Personnel Subcommittee Hearing on March 10, 2010, "To truly honor our service members, we all agree that the U.S. Government must take care of our veterans, their widows and orphans. In keeping with that moral principle, we must repeal the unjust offset that denies widows and orphans the annuity their deceased loved ones have earned on active duty or purchased for them…Our efforts have been important steps in the right direction, but they are not enough. We must meet our obligation to the widow and orphan with this same sense of honor as was the service their loved one had rendered. We must completely eliminate the SBP-DIC offset."

GSW is heartened by all the support and legislation introduced to fix the "widow's tax" over the last 11 years; however, we are perplexed that none of this support has lead to the needed change -- the complete elimination of the SBP/DIC offset. It is now time to do the right thing.

INCREASE DEPENDENCY AND
INDEMNITY COMPENSATION (DIC)

GSW strongly supports legislation to increase the basic amount of DIC from 43% to 55% of the VA Compensation received by veterans rated with a 100% service-connected disability.

DIC is currently paid to widows and widowers at the rate of only 43% of the VA Compensation received by a veteran with a 100% service-connected disability. Other Federal survivor programs provide 55% of the retirement pay to the surviving spouse. DIC should match other Federal survivor programs.

Calculating DIC at 55% would increase DIC by approximately $300 per month. Simply stated, an increase in DIC would bring that indemnity in line with all other Federal survivor programs -- from 43% to 55% of the disability compensation.

Why military widows and widowers are forced to accept a lower percentage is incomprehensible. Additionally, no increase occurred in DIC since 1993, 16 years since the flat-rate DIC replaced the ranked-based DIC. With the economic stresses the country is now enduring, many widows and widowers worry about losing their jobs or worry whether or not they will have the ability to retire. Many are one step away from a car that stops running or an unpaid house payment or utility bill.

Equalizing DIC offers some relief from worry and would improve financial independence and confidence. Many of our elderly widows are in financial distress and must choose between paying for food or paying the utility bills.

REMARRIAGE AT 55

GSW supports legislation to reduce the marriage age from 57 to 55 to be consistent with other Federal survivor programs.

In 2003, Congress approved legislation allowing widows and widowers who remarried after the age of 57 to retain their DIC benefits. A reduction in the age from 57 to 55 will be consistent with other Federal survivor programs.

In addition, widows and widowers who remarry at age 55 retain CHAMPVA – the VA's health insurance program. Both the DoD Survivor Benefit Plan and the Federal Employee Survivor Benefit Plan allow widows and widowers to remarry at age 55 and retain their benefits.

CHAMPVA DENTIAL AND
VISION INSURANCE PLANS

GSW seeks dental and vision insurance plans for CHAMPVA widows and widowers. The Department of Veterans Affairs does not currently provide access to dental and vision insurance plans through the CHAMPVA health insurance program. TRICARE, the military health insurance plan, and the Federal Employees Health Benefit Plan (FEHBP) both provide access to dental insurance, and FEHBP additionally provides access to vision insurance. These plans are funded by the premiums paid by the participants with little or no cost to the

Government.

CHAPTER 35 EDUCATION BENEFITS

GSW seeks an increase in the monthly stipend for Chapter 35 benefits as it has not kept current with the increases in educational tuition and fees. While tuition increases vary state-by-state, all have increased, some dramatically. A housing allowance also should be included with the Chapter 35 education benefits.

We further request that the new G.I. Bill allow the transfer of benefits to a qualified surviving spouse or child upon the death of the military member.

We are greatly encouraged by the Gunnery Sergeant John David Fry Scholarship Program and request this program be included in the Yellow Ribbon Education Program. The Yellow Ribbon Education Program does not currently apply to children of the Fallen; we believe this was an oversight when the Fry Scholarship was created with the intention of matching education benefits to mirror the New GI Bill.

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This written statement began with one of GSW's most critical issues -- the elimination of the SBP/DIC offset. Included are several other priority issues for GSW. Please find ways to care for our widows and widowers. Surviving spouses look to us as their voice in Congress as we are the vanguards with changing the inequities of survivor benefits, educating the public as well as elected officials. However, this cannot be accomplished without your support. We are that military family minus one -- we're spouses and children, all having suffered an unbearable loss.

Secretary of Veterans Affairs Eric K. Shinseki has said, "Taking care of survivors is as essential as taking care of our Veterans and military personnel. By taking care of survivors, we are honoring a commitment…" made to them. I believe you who serve on these two committees feel similarly. Let us work together to make this written statement one of action not just rhetoric.

I appreciate the opportunity to be here and am happy to answer any and all-questions. Thank you.

DOCUMENTS SUBMITTED FOR THE RECORD

MARCH 23, 2010

Statement for the Record

Reserve Officers Association and Reserve Enlisted Association

for the Subcommittee on Military Personnel
House Armed Services Committee

March 23, 2010

"Serving Citizen Warriors through Advocacy and Education since 1922."™

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Reserve Officers and Reserve Enlisted Associations are member-supported organizations. Neither ROA nor REA have received grants, sub-grants, contracts, or subcontracts from the federal government in the past three years. All other activities and services of the associations are accomplished free of any direct federal funding.

The Reserve Officers Association of the United States (ROA) is a professional association representing our nation's seven uniformed services. Founded in 1922, ROA was formed as a permanent institution dedicated to National Defense, with a goal to teach America about the dangers of unpreparedness. Chartered by Congress in 1950, ROA's objective is to: "...support and promote the development and execution of a military policy for the United States that will provide adequate National Security." The mission of ROA is to advocate strong Reserve Components and national security, and to support Reservists and their families in their military and civilian lives.

The Reserve Enlisted Association is an advocate for the enlisted men and women of the United States Military Reserve Components in support of National Security and Homeland Defense, with emphasis on the readiness, training, and quality of life issues affecting their welfare and that of their families and survivors. REA is the only Joint Reserve association representing enlisted reservists – all ranks from all five branches of the military.

ROA and REA are members of The Military Coalition, where ROA co-chairs the Tax and Social Security Committee. Both are also members of the National Military and Veterans Alliance, and the Associations for America's Defense.

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On behalf of our members, the Reserve Officers and the Reserve Enlisted Associations thank the committee for the opportunity to submit testimony on military personnel issues. ROA and REA applaud the ongoing efforts by Congress to address readiness, recruiting and retention as evidenced by incentives in several provisions included in the FY-2010 National Defense Authorization Act (NDAA).

EXECUTIVE SUMMARY

Issues supported by the Reserve Officers and Reserve Enlisted Associations not covered by the TMC include:

Changes to retention policies to:

- Permit service beyond the current Reserve Officers Personnel Management Act (ROPMA) limitations.
- Support incentives for affiliation, reenlistment, retention and continuation in the Reserve Component.

Education:

- Include 4-year reenlistment contracts to qualify for MGIB-SR.
- Extend MGIB-SR eligibility for 10 years beyond separation or transfer from a paid billet

Mobilization

- Permit Reservists the option of accumulating leave between active duty orders, as well as selling it back.

Pay and Compensation:

- Reimburse a Reserve Component member for expenses incurred in connection with round-trip travel in excess of 100 miles to an inactive training location, including mileage traveled, lodging and subsistence.
- Obtain professional pay for Reserve Component medical professionals, consistent with the Active Component.
- Simplify the Reserve duty order system without compromising drill compensation.

Health Care:

- Improve continuity of health care for all drilling Reservists and their families by:
  - Allowing gray-area retirees to buy-in to TRICARE by mid-2010.
  - Providing Continuing Health Benefit Plan to traditional Drilling Reservists who are beneficiaries of TRICARE Reserve Select but are separated from the Selected Reserve to provide COBRA protections.
  - Permitting active members in the Individual Ready Reserve (IRR) who qualify for a 20-year retirement to buy-into TRICARE.
  - Allowing demobilized Retirees and Reservists involuntarily returning to IRR to qualify for subsidized TRS coverage.
  - Providing TRS coverage to mobilization ready IRR members; levels of subsidy would vary for different levels of readiness.
  - Improving post deployment medical and mental health evaluations of returning Reserve Component members.
  - Providing an option for Reservists where DoD pays a stipend to employers.
- Extend military coverage for restorative dental care following deployment to 90 days.
- Encourage a discussion on health care costs between Congress, DoD and non-profits to include TRICARE fees.

READINESS DISCUSSION

Operational versus strategic missions for the Reserve Component: In an era of constrained budgets, a capable and sustainable Reserve and National Guard is a cost-effective element of national security. National security demands both a strategic and an operational reserve. The operational reserve requires a more significant investment of training and equipment resources, and places greater demands on its personnel as compared to the strategic reserve. Those serving in operational reserve units must be fully aware of the commitment required to maintain the expected level of readiness. A similar awareness and commitment is necessary for those responsible for providing resources to the operational reserve.

Planners also must recognize that few individuals can remain in the operational reserve for an entire career. There will be times when family, education, civilian career, and the other demands competing for their time and talents take priority. Such an approach requires the ability to move freely and without penalty between the operational and strategic elements of the Reserve Component as a continuum of service.

Each service has its own force generation models and the services organize, train and equip their Reserve Components to a prescribed level of readiness prior to mobilization to limit post-mobilization training and to maximize operational deployment time. **ROA and REA urge Congress to continue to support and fund each service's authority to manage the readiness of its own reserve forces as one model does not fit all.**

End Strength and Preparedness: It is noted that the only active service component to suffer cuts in the FY-2011 proposed budget was the Coast Guard which will have a reduction of 1,100 personnel. The other active components appear to maintain their end strengths with inclusion of temporary increases for the Army and the Navy. It should be remembered that individuals cannot be brought quickly on to active duty on a temporary basis, but it is an accumulation of experience and training that is acquired over years that becomes an asset for the military.

Traditionally, it has been the Reserve Component that has provided the temporary surge to fill-in the active duty numbers. The end strengths included in the President's budget appear to maintain current numbers. **ROA and REA are concerned that the ongoing cuts to the Navy's Reserve will continue and this is a trend that needs to be reversed.** A new manpower study needs to be done and published by the Navy Reserve as well as the other service Reserve components to calculate the actual manning level: this study should be driven by readiness and not budgetary requirements.

With pending withdrawals from Iraq and Afghanistan, there is already talk within the beltway about future cuts to military end strength to help offset rising deficits. Without external threats, the USA has traditionally reduced the size of its armed forces. But since the 1990's the Pentagon has recommended proportional cuts be taken in the Reserve Component when taken in the Active force. This reasoning fails in many ways. It results in a hollowing out of the force and preparedness, undermines morale, and undercuts retention. National security is put at risk. There is a need to maintain a national position of readiness, and the Reserve component is a cost-effective solution of being prepared. **Should cuts be taken in the Active Component, the Reserve Component should grow in size to allow a place for readiness capability.**

PROPOSED LEGISLATION

Retirement - ROA and REA again thank the committee for passing the early retirement benefit in the Fiscal Year 2008 National Defense Authorization Act, as a good first step toward changing the retirement compensation for serving Guard and Reserve members, but... Guard and Reserve members feel that this change in law doesn't match the change in the roles and missions asked of the Reserve Component. Non-regular retirement compensation requires further updating.

1) ROA and REA endorse S.831, National Guard and Reserve Retired Pay Equity Act of 2009, which is a corrective measure to the Fiscal Year 2008 National Defense Authorization Act, including those Guard and Reserve members who have been mobilized since 9/11/2001. Over 600,000 were unfairly excluded. We realize the expense of this corrective measure scored by CBO is $2.1 billion over ten years, but feel that offset dollars can be found.

ROA and REA agree that a retirement plan, at least for the Reserve Component, should be based on accruement of active and inactive duty. Early retirement should not be based on the type of service, but on the aggregate of duty. It shouldn't matter if a member's contributions were paid or non-paid; inactive duty, active duty for training, special works or for mobilization. Under a continuum of service, this approach would provide both the Active or Reserve Component members with an element of personal control to determine when they retire and will encourage increased frequency of service beyond 20 years within the Reserve.

2) An additional problem arises for O-4 officers who, after a break in service, have returned to the Reserve Component. After being encouraged to return a number of officers find they are not eligible for non-regular retirement. When reaching 20 years of commissioned service they find

they may have only 15 good federal years. Current policy allows these individuals to have only 24 years of commissioned time to earn 20 good federal years.

Additionally, facing an ongoing shortage of mid-grade officers (O-2 to O-3), Congress should reexamine the DOPMA and ROPMA laws to permit O-3s without prior enlisted service to be able to retire at 20 years of service. Many of badly needed skillsets that the services would like to retain are being discharged because of the structure of the current law.

ROA urges Congress to make changes in U.S. Code to allow O-3s and O-4s with 14 to 15 good federal years to remain on Active Duty or in the Reserve until they qualify for regular or non-regular retirement.

Education

1) *Montgomery "GI" Bill-Selected Reserve (MGIB-SR):* To assist in recruiting efforts for the Marine Corps Reserve and the other uniformed services, **ROA and REA urge Congress to reduce the obligation period to qualify for MGIB-SR** (Section 1606) from six years in the Selected Reserve to four years in the Selected Reserve plus four years in the Individual Ready Reserve, thereby remaining a mobilization asset for eight years.

2) *Extending MGIB-SR eligibility beyond Selected Reserve Status:* Because of funding constraints, no Reserve Component member will be guaranteed a full career without some period in a non-pay status. BRAC realignments are also restructuring the RC force and reducing available paid billets. Whether attached to a volunteer unit or as an individual mobilization augmentee, this status represents periods of drilling without pay. **MGIB-SR eligibility should extend for 10 years beyond separation or transfer from a paid billet.**

Leadership

U.S. Code Title 10, sections 3038 and 8038, both state that the Army and Air Force Reserve Chiefs may only be selected from general officers from that component's reserve, yet the Navy and the Marine Corps can select its reserve leadership from either active or reserve flag officers. (U.S. Code Title 10, section 5143 only requires the President to appoint the Chief of Navy Reserve from flag officers of the Navy, and section 5144 only requires the President to appoint the Commander, Marine Forces Reserve, from general officers of the Marine Corps.) The Reserve Chief of a service's reserve should have an understanding of both the citizen warriors who are reporting to him or her, and the system through which the report. **ROA urges the Congress to change sections 5143 and 5144 of US Code Title 10 to only permit appointments from the service's Reserve Component.**

HEALTH CARE DISCUSSION

1) **ROA and REA hold concerns over the implementation of TRICARE for gray area retirees.** Rear Admiral Christine S. Hunter has shared that enrollment could be as early as July or as late as November 2010, and that it might be regionally rolled out. DoD wants to treat Reserve gray are retirees as a separate health care risk group which will likely drive up the cost of health care premiums as well. **ROA and REA hope that the committee will ask hard questions at a future hearing about the process, as individuals in the health care industry question the length of time and the approach being taken.**

2) Sustaining Reserve Health care. ROA and REA were disappointed to learn that the *Continued Health Care Benefit Plan* is only allowed to members of the Selected Reserve if they have had a tour of active duty within the previous 18 months by DoD. This is denying COBRA protections for traditional Reservists who haven't be activated, and even overlooks the Secretary of Defense's directive to mobilize National Guard and Reserve members one year out of six, which would be a dwell time of 60 months between call-ups. There is little cost as the beneficiary pays a premium of 102 percent of TRICARE Cost.

A continuity of health care is needed if a continuum of service is to be seriously considered. Just as an active force needs to be provided military health, the Reserve Component needs to have a seamless health protection during different duty statuses. As discharged active service members have the benefit of the Continuing Health Care Benefit Plan, those Guard and Reserve members who have signed up for TRICARE Reserve Select need to have protections when they leave the Selected Reserve.

ROA and REA encourage Congress to work with the Pentagon to open up Reserve Component member access to the Continued Health Care Benefit Plan to any TRICARE Reserve Select beneficiary separating from the Selected Reserve under conditions that are not punitive in nature.

3) Dental Readiness. Currently, dental readiness has one of the largest impacts on mobilization. The action by Congress in the FY-2010 NDAA was a good step forward, but still more needs to be done. Because there are inadequate dental assets at Military Treatment Facilities for active members, active families, and reservists, **ROA and REA further recommend that dental restoration be included as part of the six months TAMP period following demobilization.** DoD should cover full costs for restoration, but it could be tied into the TRICARE Dental program for cost and quality assurance.

CONCLUSION

ROA and REA reiterate our profound gratitude for the progress achieved by this committee by providing parity on pay and compensation between the Active and Reserve Components, with the sub-committee also understanding the difference in service between the two components.

ROA and REA look forward to working with the personnel sub-committee where we can present solutions to these and other issues, and offers our support in anyway.

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ROA and testimony, position papers, and resolutions can be found at www.roa.org/advocacy .

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