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**BENEFICIARY AND ADVOCACY OVERVIEW
OF THE FISCAL YEAR 2015
PRESIDENT'S BUDGET**

HEARING

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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**BENEFICIARY AND ADVOCACY OVERVIEW OF THE
FISCAL YEAR 2015 PRESIDENT'S BUDGET**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON MILITARY PERSONNEL,
Washington, DC, Wednesday, April 9, 2014.

The subcommittee met, pursuant to call, at 2:02 p.m., in room 2118, Rayburn House Office Building, Hon. Joe Wilson (chairman of the subcommittee) presiding.

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

Mr. WILSON. Ladies and gentlemen, I would like to welcome everyone to a meeting of the Military Personnel Subcommittee of the House Armed Services Committee. The hearing will come to order.

As we proceed, we will be hearing testimony from the representatives of The Military Coalition and the National Military and Veterans Alliance about military personnel issues addressed in the President's budget submission for fiscal year 2015.

Veterans service organizations are vital to providing firsthand advice and counsel to Members of Congress, and we really appreciate you being here today.

Maintaining an All-Volunteer Force that has experienced almost 13 years of persistent conflict is paramount for our national security. The subcommittee remains committed to ensuring that the men and women of our Armed Forces, military families, and the retirees who have served before them receive the benefits and entitlements they deserve.

The President's budget significantly reduces ground and air force end strength and slows the growth of compensation and personnel benefit programs for all service members, shifting spending to other programs.

Our focus today is to discuss with the beneficiary and advocacy organizations that represent military members, their families, and retirees the reductions the Department [Department of Defense] is proposing to create efficiencies in personnel programs, to include pay, compensation, and health care, and whether these proposals should wait until the commission on military compensation is complete with its review and recommendations.

Before I introduce our panel, let me offer Congresswoman Susan Davis, the ranking member of the committee, of California, an opportunity to make her opening remarks.

[The prepared statement of Mr. Wilson can be found in the Appendix on page 25.]

**STATEMENT OF HON. SUSAN A. DAVIS, A REPRESENTATIVE
FROM CALIFORNIA, RANKING MEMBER, SUBCOMMITTEE ON
MILITARY PERSONNEL**

Mrs. DAVIS. Thank you. Thank you, Mr. Chairman.
Thank you both for being here.

I also want to welcome our beneficiary representatives, Michael Hayden, who is representing The Military Coalition, and Rick Jones, who is representing the National Military and Veterans Alliance, big responsibility. A lot of people behind you. Thank you both for being here to represent a collection of military and veterans organizations.

We know that there were many organizations that would like to have testified before the committee, and so we have a number of their written testimonies that will be submitted for the record. And, as you know, we could not accommodate everyone's desire.

It has been several years since we had the beneficiary organizations before the subcommittee. I believe that the last beneficiary hearing also focused on proposed changes to the defense health system that was included in the President's budget. And here we are again, only this time the proposals being put forth are even more extensive than just military health care.

And so the committee is faced with assessing the impact of several personnel and healthcare proposals that have been included in the President's budget. These include a 1 percent pay raise for the force, except for general and flag officers, who would receive no pay raise in fiscal year 2015; an increase in the out-of-pocket expenses for housing; a reduction in appropriated support for the commissary system; travel and transportation benefit changes; and a restructuring and fee increase for the TRICARE system.

Individually, you know, maybe to some, that does not seem significant, and the All-Volunteer Force may be able to withstand these changes. However, we know that that is not the case, that these changes are all being proposed as a package, combined with significant drawdown in end strength for the Army and for the Marine Corps, the realignment of forces in the Air Force, and an improving economy, which does have an impact, we know—which is a good thing, but it also has an impact. There is concern that the collective change may have an adverse impact on service members and their families and that they will vote by leaving the Armed Forces.

Our Nation, as we know, is facing difficult economic times. With the threat of sequestration in fiscal year 2016 and beyond, the Department will be faced with making very difficult decisions. And if we do not make any changes to personnel costs, it will mean that there will be less resources for those who do remain in uniform to train and be prepared to win our Nation's wars.

That said, I also think that we need to take into account the work of the Military Compensation and Retirement Modernization Commission to ensure that we understand the cumulative effects of all of these changes and the potential impact to the recruitment and the retention of the All-Volunteer Force.

We need to work together, and I know the chairman shares that—to find a way forward that will continue to ensure the benefits are there for those currently serving, especially those who are

in harm's way, and to ensure that the benefits being provided are sustainable into the future. I look forward to a productive dialogue on your thoughts of how we can move forward.

Thank you, Mr. Chairman.

Mr. WILSON. Thank you, Ms. Davis.

Now I would like to welcome our distinguished witnesses:

Mr. Michael F. Hayden, Colonel, U.S. Air Force, retired, the Director of Government Relations for the Military Officers Association of America, MOAA. Colonel Hayden is representing The Military Coalition.

And Mr. Rick Jones, Legislative Director, National Association for Uniformed Services. Mr. Jones is representing the National Military and Veterans Alliance.

I ask unanimous consent to enter a statement from the Association of the United States Army, the Air Force Association, the Retired Officers Association, the National Military Family Association, the Veterans of Foreign Wars, the Military Officers Association of America, and the U.S. Naval Sea Cadets into the record.

Without objection, so ordered.

[The information referred to can be found in the Appendix beginning on page 89.]

Mr. WILSON. Colonel Hayden, we will begin with your testimony.

As a reminder, statements are to be held to 5 minutes. And Craig Greene is going to make sure all of us stay within the 5-minute rule. He is above reproach on his ability to keep time.

And then, following your presentation, Mr. Jones. Look forward to this, obviously. And we do have your written testimony. Following each of your testimony, we will have rounds of 5 minutes each until adjournment.

So we now proceed with Colonel Hayden.

STATEMENT OF COL MICHAEL F. HAYDEN, USAF (RET.), DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA; CO-CHAIR, THE MILITARY COALITION

Colonel HAYDEN. Chairman Wilson, Ranking Member Davis, and distinguished members of the subcommittee, on behalf of our coalition partners, I thank you for providing the opportunity to testify today on the fiscal year 2015 budget proposals by the Department of Defense.

At the heart of the budget challenges facing the Department is the devastating effect of sequestration. Although the Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for fiscal year 2014 and 2015, the original sequestration cuts for 2016 and beyond remain in effect and, we believe, will place national security at risk if continued.

The coalition strongly urges Congress to eliminate sequestration and fund our military levels that enable our components of the Armed Forces to be adequately manned, trained, and equipped to focus on the mission.

While debt reduction is a national priority, we believe such a disproportionate share of this burden must not be imposed on the Pentagon and especially on the backs of the military members and their families. No Federal obligation is more important than pro-

tecting national security, and the most important element of national security is sustainment of a dedicated, top-quality, career uniformed force.

The past 12 years of unprecedented demands and sacrifices highlight how radically different military service conditions are from civilian life. The only times the All-Volunteer Force has been jeopardized has been through budget-driven cutbacks in the military compensation package that gave insufficient weight to the extraordinary demands and sacrifices inherent in a service career.

Yet budget critics persist in asserting that military pay and benefits since 2000 are unsustainable and they should be slashed to resemble civilian benefit packages. We believe it is important to put the growth-since-2000 argument in the proper context to understand why military pay and benefits rose faster than the average American's from 2000 to 2010.

Has cost growth gone up since then? Yes, certainly. But using 2000 as a baseline without reflecting on the historical context is grossly misleading. This implies that the turn of the century was an appropriate benchmark for estimating what reasonable personnel and healthcare spending should be, and nothing could be further from the truth.

At that time, years of budget cutbacks had depressed military pay to where a 13.5 percent pay gap existed. It cut retirement value by 25 percent for those post-1986 entrants. It had military families paying 18 to 20 percent out of pocket for their housing costs. And it booted beneficiaries over the age of 65 completely out of the military healthcare system.

As a result, retention was on the ropes and the Joint Chiefs of Staff at the time were imploring Congress to fix the problems to prevent a readiness crisis. And Congress worked diligently over the next decade to restore military pay comparability, to repeal the retirement cuts, to zero out the housing costs, and to restore promised health care for older retirees. And the coalition thanks you for that. In other words, the cost growth was essential to keep the previous cutbacks from breaking the career force.

Since then, Congress has implemented changes that have slowed the growth to personnel: a 16 percent increase to TRICARE Prime enrollment rates and significant increases to pharmacy fees. And both will continue to increase in the future years at the rate of inflation. A mandatory mail-order pilot for maintenance meds for TRICARE for Life beneficiaries was also implemented.

End-strength reductions to the tune of 124,000 service members have already been started by the services, and this budget calls for an extra 78,000-plus in end-strength cuts. Since 2010, pay raises have dramatically slowed. They have either kept pace with the private sector pay or, in the case of this year, they have been capped below private sector.

The fact is that, since 2000, personnel and healthcare costs experienced an average of about a 7.6 percent rate of growth. But that cost growth was essential to keep the previous compensation cutbacks from breaking the career force. And, since 2010, personnel cost growth has already slowed to less than 2 percent per year.

Between the fiscal year 2014 and 2015 pay caps, this proposed BAH [Basic Allowance for Housing] change, the planned reductions

in the commissary, and the new healthcare fees, an E-5 family of four would experience nearly a \$5,000 loss in purchasing power annually. For an O-3, that family of four would experience nearly a loss of \$6,000 annually.

These budget proposals would be major steps backwards towards repeating the insidious measures which led to retention and readiness problems in the past and would undo the needed compensation improvements Congress put into place since 2000. These piecemeal reductions are doubly inappropriate since the congressionally directed commission could be offering even broader reforms next year.

America will remain the world's greatest power only as long as it continues to fulfill its reciprocal agreement to the only weapons system that has never let our country down, and that is our extraordinary, dedicated, top-quality All-Volunteer Force.

Thank you, and I look forward to your questions.

[The prepared statement of Colonel Hayden can be found in the Appendix on page 26.]

Mr. WILSON. Thank you so much, Colonel. And we appreciate your insight that you have presented.

Mr. Jones.

STATEMENT OF RICK JONES, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES; CO-DIRECTOR, NATIONAL MILITARY AND VETERANS ALLIANCE

Mr. JONES. Chairman Wilson, Ranking Member Davis, and members of the subcommittee, thank you for the opportunity to appear before you this afternoon.

National Military Veterans Alliance member organizations are deeply troubled by the administration's budget plan, constrained as it is by a cap limiting national security resources. The plan makes steep reductions in force structure, compensation, and benefits that we cannot support.

Certainly, progress must be made against the deficit and national debt; however, defense spending is not the driver of our national deficit or debt. It is a declining percentage of our Nation's total economy. It is less than 18 percent of the total Federal spending. Yet, under sequester, defense faced 50 percent of the cuts. It is disproportional. It is disproportional by any measure, cutting defense too deeply, too steeply, too quickly.

We were told it would never come into effect, yet we are now in year 2 of this blunt approach. Sequestration was bad policy when suggested, it was bad policy when accepted, it was bad policy when it began, and it remains bad policy to let it continue. To allow sequester-level cuts to persist would be a huge strategic miscalculation. It is not in our country's best interest. The National Military and Veterans Alliance urges you to end sequestration on national security spending.

Regarding the Pentagon proposals, the proposals include lower pay raise, increased out-of-pocket costs for housing, lower savings at the commissaries, increased TRICARE fees. The administration calls this a reasonable approach. In making the case for higher TRICARE fees, Comptroller Robert Hale said "Fee hikes would

bring money to the Pentagon needed for readiness.” Secretary Hagel said, “We have to burn personnel costs to save readiness.”

Alliance organizations are all for military readiness. This is a perilous time. Failure to ensure readiness presents an unacceptable risk to our Nation and her troops. Readiness, however, is the responsibility of all Americans. Peace and national security are the most basic duty of the people as a whole. We can’t just place the burden on the backs of our service members.

We commend members of the subcommittee for rejecting previous plans to increase TRICARE fees. Pentagon leadership used to say TRICARE costs were crippling national security, eating us alive. In a letter to former Secretary Panetta, you recognized that, instead of draining resources, the TRICARE account served as a cash cow. It was raided to pay for cost overruns in other programs. You noted that, in 2012, \$708 million was stripped out of the TRICARE account, \$772 million taken out in fiscal year 2010, a whopping \$1.36 billion taken in fiscal 2011, and in fiscal 2013 \$800 billion moved.

TRICARE is the most important noncash benefit provided to those who serve a career in the military. It is a promised benefit, part of a moral contract for a force that has served us well. To uphold this moral contract with our men and women in uniform, their families, and military retirees, we urge rejection of the new Pentagon plan to set participation fees for TRICARE programs.

On commissaries, you know that commissaries are a core benefit of the military family, an integral part of total compensation. Military families see a 30 percent savings in shopping at commissaries. They save up to \$4,400 a year. The Pentagon plan would crush that savings, hitting families right in the pocketbook.

The strangulation plan the Pentagon has foisted out would mean higher prices at the commissaries, making commissary shopping less attractive, resulting in fewer customer visits and diminished sales. It would also cause a deep drop in sales at exchanges—exchanges which pay for Morale, Welfare, and Recreation programs, such as child care and sports programs for the family.

Let me take an opportunity to praise this panel and the full committee for its passage, as part of the 2010 National Defense Authorization Act, the Military and Overseas Voter Empowerment Act. The MOVE Act has removed many of the obstacles for voting, particularly for members overseas. It has been effective, but, like everything on Earth, it is not perfect. We are asking you to take a second look at this and to consider ending the waiver for States that miss the 45-day deadline to mail ballots to those who request the right to vote.

We also ask you to take a look at the SBP–DIC bill [Survivor Benefit Plan and Dependency and Indemnity Compensation], concurrent receipt, and a number of other issues that are outlined in the written testimony.

Thank you again very much for the opportunity to testify.

[The prepared statement of Mr. Jones can be found in the Appendix on page 71.]

Mr. WILSON. Thank, again, both of you for being here today. It really has been so helpful to all of us, in a bipartisan manner, for the information that you have provided to correct some misstatements that have been made to this committee about eating the

healthcare budget alive. The research that was provided was very helpful to us so that we could best represent our constituents. So thank you very much.

And, indeed, the point needs to be made, defense spending is not driving the national debt; that, indeed, the primary function of the national government should be national defense. And so thank you for what you are doing to protect American families.

And defense sequestration, it needs to be addressed. And we will be having budget votes in the next 24 hours. And I am very pleased, and good people can disagree, but Congressman Paul Ryan does include addressing defense sequestration in one of the votes we have tomorrow.

For both of you, the three options for TRICARE have allowed family members and retirees to choose the best option for their family. There is an effort promoting that just one TRICARE option would be provided to streamline the system.

What do you think of these changes, and how would it impact retirees?

And how will the co-pays impact retirees, Colonel?

Colonel HAYDEN. Thank you very much.

This consolidation effort, as we look at it, where you take the TRICARE Prime, Standard, and Extra program and you consolidate it into one, which much more looks like the old CHAMPUS program from years back, is, from our perspective, the service members, to include not just the retiree population, it is also going to impact the currently serving family members, that they are going to be paying more and they are going to get less of a program associated with it.

For example, under the program, you take what is the TRICARE Prime enrollment fee, they relabel it as a participation fee. They keep the same value and keep it tied to the cost-of-living adjustments for that retiree. And what you end up losing here is the access standards that were guaranteed under TRICARE Prime so that you would be guaranteed to be able to get an appointment either in the MTF [military treatment facility] or in the network associated with it. And that was the whole purpose behind paying the enrollment fee in the first place.

On top of it, for the retirees over age 65, a rehash of what was somewhat the proposal from last year, that under this they still wanted to do an enrollment fee for the TRICARE for Lifers over age 65. And this time it is capped at 2 percent of the retiree's pay. And there are some caps associated with it for those that are O-6s and below, as well as a higher cap for those in the out-years for general officers and flag officers.

The real issue is that we just think that this is—and it just flies in the face of the entire TRICARE for Life program itself, paying an enrollment fee where they are already paying Medicare Part B along with it. And there is no guaranteed access or anything else associated with this thing. So it is just foisting more fees onto the beneficiary, and that wasn't part of the original bargain when TRICARE for Life was put together.

And the ultimate issue is, when you go back and take a look at the proposals, what does it do to the currently serving family? And in there to encourage, if you would, those that go and use the

emergency rooms or they use the urgent care well, now, those families that actually will have limited or no access to military treatment facilities are going to end up paying much more. If it is an issue that takes place if you have a broken arm over the weekend or if you have someone who falls, your child, and hits their head, they are now going to pay a co-pay to go into that emergency room associated with it. And from us, this just flies in the face of what we should be providing to those military members and their families while they are serving.

A lot of things transpired back in the late 1990s, where we went from hospitals and we downsized to clinics, and the clinics then no longer provided emergency-room care on the weekends or in the evenings. And so, now, many of the service members, even living on installations, if there is some kind of pop-up requirement, some medical emergency that they have, they are going to have to race off the installation and they are going to second-guess that because they are going to think about, do I want to pay the co-pay to go to the emergency room? They are going to want to wait and say, maybe I can wait a day until the military treatment facility actually opens up. And I don't think we should actually be doing that to our military members and their families.

Mr. WILSON. Thank you very much.

And Mr. Jones.

Mr. JONES. Agree completely with the Colonel.

It looks as though the Pentagon has decided that TRICARE for Life was a mistake, and so they have decided to attach a participation fee to it. We don't see it that way. We see TRICARE as the provision from a grateful Nation for full, affordable health care to those who have served. It is a respect, in essence, a respect of the value that has been received by the service that has been given. We stand in freedom today because of that service, and that TRICARE for Life is provided as part of the value that has been received by the Nation.

We are very pleased with TRICARE for Life as it currently stands. We like it. We think it works well in most instances. And we disagree with the Pentagon on that issue.

Regarding the consolidation, it appears as though well, we currently have Standard and we currently have Prime. Prime has a fee attached to it. And it looks as though the consolidation would squeeze Standard and Prime into one outfit, one function. And, essentially, you would pay Prime and receive Standard. You get less but pay more.

So we do not believe that that is the direction you should follow either. It is not a good path.

Mr. WILSON. And thank both of you.

And as I conclude, I want to thank Mr. Jones for raising the issue of commissaries. This is a worldwide system which is beneficial to military families. It also provides employment for dependents and spouses worldwide. It is unique. It just simply can't be recreated without really having a negative impact on military families.

I now proceed to Ms. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman.

And I know that this is tough for everybody. And I think that the Congress has, certainly, great responsibility here, having not been able to come to a resolution at a time that was critically important for the country. And so I think we need to acknowledge that and try and move forward.

I know how much time you spend with many of the people that you work with. And I am, sort of, looking for some reaction from folks and whether you have a sense from them that I think what I understand from your comments, of course, is that the sustainability issue is not really of so much concern. We probably need to be concerned about it, but I think right now there is not as much concern about that.

What is it that you are hearing in terms of how we might prioritize some of this? You know, is there a difference, in terms of the issues that we are speaking about right now? And what is your sense?

We know that there have been surveys, better surveys than we had in the past. Health care, certainly, is at the top of those, in terms of benefits that people are experiencing. And it matters a great deal whether you are talking to someone in the active service today or retirees; of course that matters.

But what is it that you are pulling out of this that maybe isn't quite as obvious here?

Colonel HAYDEN. It is an interesting point, because when you go back to many of the surveys that are provided to service members, their families, retirees, and you try to look at prioritizing benefits, you can come up with statistically valid information that shows, you know, pay is extremely important, the retirement benefit happens to be important. Health care, of course, extremely important. You can find surveys that come out and say the commissary is a terrible benefit. And that is true if you are talking to someone who is maybe an E-1 or an E-2 that has no kids. So the real issue is you have to go beyond the surveys.

And the interesting part is what we are getting the feedback from right now from retirees, from the currently serving and we actually have with MOAA today over 25 currently serving family members or currently serving members that are storming the Hill in efforts to try get the message across on what they feel about these things, the proposals that are coming forward, and not to look at it as a priority message but it is almost like a break-the-faith message is what they are having.

Mrs. DAVIS. Uh-huh.

Colonel HAYDEN. If you are going to look at these proposals, which we have characterized as almost Jello on the wall, it is just that the Department wanted to come over, they wanted to provide things, they think they can do these things without hurting retention, which, in our past case, you know, when you start doing pay caps, which is not just 1 year, they are talking now 2 years, with an additional 4 years in this, that we repeat the bad behaviors of the past, where it took Congress 10 years to fix the pay gap that existed in the late 1990s.

So to prioritize associated with this, it typically depends on the group that you are talking to. But our immediate feedback that we have received is that these proposals need to be blocked. They need

to be looked at holistically. Congress put together the commission that is looking at this right now, and we are somewhat optimistic that they are looking at it just that way.

Mrs. DAVIS. Do you think that—

Colonel HAYDEN. The feedback—

Mrs. DAVIS. If I could interrupt.

Colonel HAYDEN. Sure.

Mrs. DAVIS. Do you think that—who knows what exactly they are going to come up with. But the fact that they are looking at these issues and maybe looking at it more holistically, understanding that they are a package of changes that would have an impact on our families, would the same kind of recommendations make a difference, coming from them? I mean, is that part of what we are dealing with here?

Colonel HAYDEN. I think the difference is their charter. The interesting part associated with it, they are not looking at a budget-cutting drill, which this definitely is. This is just ways to transfer money out of the MILPERS [Military Personnel] account, out of the DHP [Defense Health Program] account, and put it on the backs of the beneficiaries so that they can free up additional funding for other priorities within the Department.

The best part that we are getting from the commission themselves is that they are trying to look at this and find out if there is a way to provide the benefit that could be done much more efficiently, much more cost-effectively, and at the end actually could end up improving retention and recruiting, which is the overall driver for strong readiness.

Mrs. DAVIS. Uh-huh.

Colonel HAYDEN. And, from our perspective, that is the way you should be looking at these, instead of hoping that after 2 or 3 or 6 years of pay caps or eliminating—because what this really is going to do with the commissary benefit is you end up potentially just wiping the benefit completely out. And the whole purpose behind that is, you have people that are going to go from a 30 percent savings to a 10 percent savings in the commissary. And at the end of the day, they are going to vote with their feet. They are going to say, I am not going to go and drive on the post, you know, where it is going to take me 2 gallons of gas to get there and back, to get a 10 percent savings that we hope. And, ultimately, it is going to shutter commissaries. That is what our bigger concern is. And there is a definite need.

And that is why we are hoping a much more holistic approach will be part of the solution here looking at these. I am not saying we are going to embrace everything that comes out of this commission. No. I think the important thing is to have the commission do their work, let this come forward, and then let it go through the due process and allow this committee to take a very hard look at this to make sure we are not going to damage the recruiting and retention in the future.

Mr. JONES. It is interesting that most people do think, Ranking Member Davis, that pay is the most important thing and health care is not the most important thing to Active Duty, it is more important to retirees.

Interesting study I saw the other day, and I wish I could recall from where exactly, but it listed the priorities for Active Duty as being health care—

Mrs. DAVIS. Yeah, I—

Mr. JONES [continuing]. Because so many today are married. It is an All-Volunteer Force. Health care was number one. Education was number two. Pay was number three.

So I think health care is important all down the line, and it is important to those families as a measure of quality of life. So it does matter.

Mrs. DAVIS. Thank you.

Mr. WILSON. And thank you, Ms. Davis.

And we now proceed to Congressman Dr. Joe Heck of Nevada.

Dr. HECK. Thanks, Mr. Chairman.

Thank you both for being here today.

You know, Colonel Hayden, I think you just succinctly gave the best analysis of the difference between the charter of the commission and the budget drill going on inside the building. And so thank you for putting that out there.

You know, one of the things that—the phrase that is always thrown around is we have to keep faith with the men and women of our military. And I recently heard someone say that, in the current financial environment, that the phrase “keeping faith” may take on a different definition, where in the past “keeping faith” was always about pay and benefits and the promises made, whereas moving forward “keeping faith” may be more about making sure the individual is trained and equipped. Again, this idea of moving money from a MILPERS pot to a readiness pot.

Your opinion on that changing definition?

Colonel HAYDEN. It is an interesting, what I would consider more of, kind of, a bumper-sticker approach.

For several years now, we have had unsustainability; growth is going through the roof, spiralling out of control. And now we are going, well, we need to slow the growth in the personnel accounts so that we have enough funding to provide for readiness, to provide for the equipment and the training associated with it.

We look at it as almost like a false choice. You need to look at this as an entire package. You need to have the funding there for the acquisition programs, for the training, the equipment, definitely. But if you don't—if you start scraping away at the pay and benefits, those things that you need in order to sustain the All-Volunteer Force, at the end of the day you may not have the trigger-pullers or the bomb-droppers that you need. And that is where the real concern is for us. We are repeating some of those same behaviors.

And, unfortunately, one of the bigger things that we are leveraging in this debate right now is end strength. As to try to balance the budget, if you would, or look at where the early savings are, as a former force planner myself with the Air Force, I was there, I knew what you could do with end strength: quick fix, quick money, and you draw down the force in order to go ahead and fund the F-35 or the F-22 program, which we did. And you cut below, and you were sitting there going, we can go down to 90 percent manning.

And I feel that, at the time, was a wrong maneuver that we did in the Air Force. And I am looking at it right now that we are just repeating that same bad behavior.

Dr. HECK. Mr. Jones, you know, we talk about and you both mentioned some of the proposed changes in TRICARE. And I agree that what the drill looks like is really not—although it is being done under, quote, “decreasing the cost of health care,” end quote, that we are really not decreasing the cost, we are just shifting who is paying for it.

Mr. JONES. Yes, sir.

Dr. HECK. All right? So we are not decreasing cost.

But to that end, if, let’s say, the commission or the entities come forward and say, look, we are looking at ways to try to actually decrease costs before coming to you and saying we need more premiums, fees, and co-pays, like the consolidation of TRICARE programs, irrespective of—let’s say it was done in a cost-neutral basis to the beneficiary, but there are opportunities for efficiencies. And, yeah, you may not get the appointment as quickly as you wanted, but this is a way for us to try to actually decrease costs to stave off increasing premiums and co-pays.

Mr. Jones, where do you think that would fall with the community?

Mr. JONES. Well, it is interesting that you say that we aren’t really decreasing costs. If you push costs or shift costs to the beneficiary, part of this package is to actually reduce or slow the growth of TRICARE. The intent is people won’t go, may not go, be more hesitant to go to see a doctor. But that is one of the elements of this.

We know that a couple years ago that was exactly what the Department had in mind with rising TRICARE fees. They thought fewer people would go, fewer people would participate in TRICARE, and more people would jump the system and go into the private sector or perhaps go into the exchange which is now out there. So there is an element of decreasing costs with this shift.

I may have missed your point, but—

Dr. HECK. Well, I guess, you know, if there are recommendations to come back that would fundamentally change the system, like, let’s say, a consolidation of the TRICARE programs, in an effort to truly decrease costs to the system so that there was no increased cost to the beneficiary, is that something that the community would be willing to look at and be willing to support?

Mr. JONES. Yeah, we would be more than willing to look at something like that.

Dr. HECK. Okay.

Colonel HAYDEN. And I have to agree. I think the real issue here is, if it is transparent to the beneficiary or if the beneficiary actually—and what the commission is telling us, they are trying to figure out a way to even provide the benefit, a better benefit, at even a potentially lower cost. And that should be the premise behind it. It shouldn’t just be a cost-cutting drill. It shouldn’t be just, well, let’s do away with TRICARE Prime because it is more expensive. And that is what I think the real issue is.

We would be more than willing to take a hard look at these kind of proposals that provide the same level of benefit or better at a lower cost.

Dr. HECK. Thank you, Mr. Chairman. My time has expired.

Mr. WILSON. And thank you, Dr. Heck.

We now proceed to Congresswoman Carol Shea-Porter of New Hampshire.

Ms. SHEA-PORTER. Thank you very much.

And thank you for being here.

And let me say, I started off very prejudiced, having been a military spouse, and my father-in-law ran the commissary. So, you know, I am starting off in a position of actually knowing what this means to families.

So I wanted to start by talking about the commissaries. My understanding is that a lot of the lower paid rank and file are actually qualifying for food stamps or the SNAP [Supplemental Nutrition Assistance Program] program. So what impact would this have if we take the commissaries away and they lose, basically, the savings that they have? Can you, kind of, estimate the impact that you think this would have on these families?

Mr. JONES. Well, your point is well-taken, that there is an increase in food stamps in certain segments of the military, and families in particular, of course. And it would, it would hit them in the pocketbook. They would have to—the food stamps and their budget for food would not go as far. Their other payments for other concerns they may have for the family would have to be reassessed.

So the point is well-taken. Food stamps only go so far, and when you have an opportunity to save 30 percent of your food costs at the commissary, your money goes further at the commissary.

Colonel HAYDEN. As a former economist from way back when, okay, I have, kind of, crunched some numbers associated with this. And I actually got some numbers from the Department itself. DECA [Defense Commissary Agency] estimates that annual savings for a family of four shopping exclusively at the commissary is around \$4,500 a year that they wouldn't have—that they don't have to pay because they don't use the Safeways or the Giants outside the gate.

The interesting part is that, with this proposal, because they go from what is a 30 percent savings, on the average, to now around a 10 percent savings, ultimately, for that family of four, they are going to lose \$3,000 worth of purchasing power every year. That means they are going to have to find that \$3,000 already within their budget to figure out how to pay and put the groceries, if you would, onto that table day-in and day-out.

So that is what we see as the true financial loss associated with this.

Ms. SHEA-PORTER. I find this breaking a social contract. You know, it has always been understood that if you served and you put your life at risk and left your family or took your family places they might not have chosen on their own, that there would be, at the end of the rainbow, you know, there would be this. So I am disturbed by pretty much all the changes there.

But what is the tipping point? Because always in the military, if you ask Active Duty, they will say, my dad served, my mother

served, my grandfather served, my grandmother served. You know, there is a chain there. What is the tipping point, do you think, where they start saying, I can do better on the outside, this is just too much hassle, or a family member says, that is it, I am done?

And I want to add to that, before you answer that, that I can remember during the Vietnam era and my husband was at Fitzsimmons Army Medical Center. And there were a lot of unaccompanied men on their last tour of duty because their wives and families were just shot, they had had it. And so they did their last assignment without their spouse there, because they were getting ready to retire and they wanted to finally go home after 20 years or 25 years.

So what is the tipping point, do you think, where people say, no, you know, looking at all of it, I just can't do it anymore, love my country, but I can't do it anymore?

Mr. JONES. Kind of hard to determine what the tipping point is, but, in conversation with our members, we note that there is a loss of confidence and a hesitancy to recommend to the boy next door, to the family friend whose child is thinking about going military, a hesitancy to say, yes, this is a good way to go.

Nevertheless, the military still represents an outstanding pathway to becoming all—the old quote, “all you can be.” It offers a lot in education, in advancement, in confidence. So the military still stands as a great pathway in this country to have a better life.

Colonel HAYDEN. I actually thought the tipping point was going to be about 2007. When you looked at what was taking place with the Army and the mid-level NCOs [noncommissioned officers] and the mid-level officers, if you would, actually junior and mid-level officers, and they were starting to show some real strain, and the services, especially the Army, had to start providing retention bonuses at very high numbers associated with it in order to sustain that career force, if you would, what you needed, that real experienced base in order to continue to lead, and when you look at that timeframe, prosecuting two wars, multiple deployments, 15-month deployments at the time, all the other things that were going on to the force, I thought that is where we were really stretching it.

And the only thing that I really believe that saved us a little bit, number one, were all the work that you were doing to bring that compensation package back to where it needed to be and, number two, we didn't have the greatest economy as we were coming out after that shortly thereafter in 2008, which kept a lot of the folks in. And that has retained a lot of the folks.

I am more concerned right now that, with the rhetoric that we are starting to see and with the forcing out that we are doing with the end-strength reductions, we are hiding what could be a retention problem. We are already hearing from the service DCSPERs [Deputy Chiefs of Staff for Personnel], they are talking about how recruiting is starting to tighten up because the economy is starting to come back.

And our concern is that, if you start doing this, where the economy starts coming up and at the very same time, you start bringing down if you would, the compensation package needed to sustain those people that have 10, 12, 15 years of service, there you are going to start putting real readiness at risk. Because you have to

take 10 years, 12 years, 15 years to build those NCO and that officer corps.

Ms. SHEA-PORTER. That is my concern, too. Thank you.

I yield back.

Mr. WILSON. And thank you, Ms. Shea-Porter.

We now proceed to Congressman Dr. Brad Wenstrup of Ohio.

What? I can't believe he left. Okay.

We have Congressman Austin Scott from the Republic of Georgia.

Mr. SCOTT. It is Wednesday. It was time for you to have a minor error, Chairman.

Gentlemen, thank you for being here today.

And I represent a tremendous number of men and women that serve our country, both in the civilian role and in uniform. And when I talk with the men and women back home, it just kind of makes the problem worse, in how much of the cut they are being asked to take. And when they look at us and they see us pushing changes to their benefit programs, reducing the promises that have been made to them, most of them tell me, I understand that minor changes have to be made, I am willing to take my share of them. Virtually every man and woman in uniform that works at our base says, I will take my share. But when you are funding free cell phones at the same time that you are cutting my benefits, that shows a lack of priorities from Congress.

And I would just like to say, you know, I am sorry that we haven't been able to set our priorities any better than that as a Congress. And to the men and women that are out there, I hear you, I hear you loud and clear.

Dr. Heck mentioned something, and I agree with him, going back to the cost of health care. The cost of health care in this country far exceeds what a similar procedure costs in any other country in the world. And you can get—a procedure may cost \$1,000 at one facility and \$3,000 at another one, and there is no correlation in price and quality of that procedure.

And it seems to me that if there were a way for us to work with people like you to make sure that we were able to get the highest quality health care at the lowest possible price, then we could put that—we can do a better job of fulfilling that promise to the men and women in uniform.

And so my question is, as we go through all of these budget reductions and things that are being forced on the Pentagon, are there alternative savings or reforms that you see or ways that we could do this where we get the men and women that deserve this benefit more for their dollar?

Colonel HAYDEN. I am more than willing to try to take this.

I actually think there are ways to improve the benefit. You know, when you look at healthcare delivery, right now we have somewhat service stovepipe, still, operations. DHA [Defense Health Agency] was a step to try to consolidate some of this, but we still have each of the surgeon generals that are associated with it and they still have their own budgeting authority associated with the programs.

Just when you look at economy of scale in purchasing, when you need, you know, a piece of equipment in one hospital and you still need another piece of equipment in a military treatment facility,

why not look at the economy of scale when you start doing the purchasing? Just because you are in one branch of the service and then another branch of the service and you have your own budget pots, maybe there can be a better way to do that, more of a purple way, if you would.

Look, the coalition—not all coalition members have taken on and have agreed to a unified medical command, if you would. But this economy of scale, at least on the budgeting aspects, we can see that you could get some economy of scale on that.

Mr. SCOTT. Well—

Colonel HAYDEN. And that is just one step. There have been several reports that have been out there before that have pushed to do just that.

Mr. SCOTT. This is just somewhat brainstorming, but, you know, the way we handle Medicare Advantage, the participant can choose between different insurance carriers. And my understanding is that with TRICARE there is just one insurance carrier in the region that handles that, and there is no choice for the consumer.

I wonder if we maybe took some of the things that we do in Medicare Advantage, where we have given the consumer more options, I wonder if we looked at trying that with TRICARE, if that would give us the ability to maybe drive down some of those costs.

With that said, Mr. Chairman, I will yield the 13 seconds that I have left.

Mr. WILSON. Here, here. Thank you, Congressman Scott. Thank you for your passion and concern.

We are going to proceed, if there are any further questions—I just have one, because I just think a point that both of you have made just needs to be restated. And, in particular, that is the impact on families and the actual fiscal, f-i-s-c-a-l, impact on a family. Because that is what the people at home need to know and understand the consequence. Because they can identify—Colonel, you have already indicated a \$5,000 net reduction in spendable capital.

So, both of you, if you could restate again, do you see the additional cut of out-of-pocket housing expense, combined with the reduced less-than-ECI [employment cost index] pay raise, and an increase in commissary prices as a cut in the purchasing power? And, again, an estimate from each of you on enlisted and officers.

Colonel first and then Mr. Jones.

Colonel HAYDEN. It is definitely a loss of purchasing power, at the end of the day. The annual loss that we found for an E-5, 10 years of service, if you would, family of four, with these proposals fully in place—and I consider this still a very conservative estimate. I used DOD's numbers for the health care, if you would, which was what they figured would be an additional about \$200 out of pocket that a family would see. And I only did 2 years of the pay caps instead of the full 6 years of pay caps.

So, with that in place, at the end of the 2 to 3 years of implementation associated with this, they are looking at a loss of annual purchasing power of \$5,000 for that E-5. And for that O-3 family of four, it is almost \$6,000.

Mr. WILSON. Sadly, that is a number that families can understand.

Mr. JONES. It is a number that families can understand. And we agree with the numbers. But there is also a retention here—there is a cost to the country, as well. These folks who lose that amount of money may decide that this is not the path they want to follow, they don't want to follow a career in the military, they don't want to serve in the military.

And that is a consequence of these proposals, a possible consequence, a second-tier, third-tier, or fourth-tier consequence that we haven't really looked at with this budget plan that has come out from the Pentagon.

Mr. WILSON. And, Mr. Jones, thank you for pointing out about retention. And people need to understand, the persons who are serving in our military are very skilled. We are facing an asymmetric, illegal enemy combatant, not in uniform, people who use women and children as shields. We have really never seen such conflict. And the training of our military personnel is extraordinary to face people who would equally and enthusiastically with a vehicle-borne IED [improvised explosive device] blow up a group of children. How can you—the training for this takes time.

So I want to thank you.

And anyone else, any further questions?

Yes, Ms. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman.

And I know in your positions you might not necessarily have some of the input from the Guard and Reserve. But I am wondering, certainly in terms of the commissary—and I think some of the latest studies demonstrate that it is actually the Guard and Reserve that are using food stamps at a fairly high rate. Do you have any sense of that and the usage, in terms of the commissaries, for the Guard and Reserve and how they would be impacted by this?

I guess the food stamp really would indicate that, in their regular jobs, in addition to the time that they deploy as Guard and Reserve, you know, that they are struggling. And we know that we have had, you know, a number of attempts to cut food stamps, which has affected this group of folks.

Mr. JONES. You know, the economy has not been good, and we have watched an explosion in food stamp usage. Whether it is due to the economy or due to expansion of eligibility in food stamps, no one is really sure at the present. But we just recognize that, I think it is 41 million people today are on food stamps, 7 million some 6, 7 years ago. I am not sure of those, but I do recall reading an article on that.

But I do not have statistics on the Reserve use of food stamps, just the knowledge that food stamps are being used in the commissaries. And I spoke with someone just the other day who said to me, it breaks my heart to see a young family at the commissary using food stamps.

Mrs. DAVIS. Yeah. I know in our community, as well. I mean, many groups have stepped in, actually, to provide help from the—you know, vegetables and meals and a whole host of others for our service members at Pendleton and other places.

Colonel HAYDEN. And we don't have the statistical information associated with that. It is something that I could take back and try to provide you some information that we have.

The one thing I do know about food stamps, and it is kind of an interesting twist, at least for the currently serving, the Active Duty force, if you would, when you take a look, there are some rule sets associated with it, that if you are living on post, of course, you are not receiving a housing allowance associated with it. And so you could actually qualify for food stamps living on post, where if you live off post and are receiving a housing allowance, it then goes in and it shows the scale associated with it, so you wouldn't be eligible to receive the food stamps.

So it becomes one of those things, what counts, what doesn't count, as you try to figure out the eligibility criteria on this.

Mrs. DAVIS. Uh-huh.

Colonel HAYDEN. But I will go back and take a look at the Guard and Reserve and get back to you.

[The information referred to can be found in the Appendix on page 165.]

Mrs. DAVIS. Yeah, okay. Thank you.

And I know that we also have obviously had a chance to speak to service chiefs on this issue. And probably in the next few weeks, I think that, you know, they feel there is a case to be made in terms of readiness and whether or not families would trade off that, again, false choice, I think, as you are—but, nevertheless, would they trade off training and access to supplies, not to canonize ships, all those things, for other changes that would be occurring.

I am sure you have had those discussions.

Mr. JONES. Just, when you put a cap on how much you are going to allow for spending in defense, you make it an arithmetic exercise, rather than basing the expense on your national strategic plan or the threats that you face. I think you are always going to have a problem in squeezing out some of these very important programs that help the quality of life for families and those who serve.

And that is what we are in this year, and there are tradeoffs in that. And we just shouldn't be there, we should not be there with our defense policy. This was the wrong way to go. And, again, we were told we would never follow this path of sequestration.

Mrs. DAVIS. Uh-huh.

Can I ask you, did you think that the commission, did they ask the right questions? Do you think they were helpful in that way as they interviewed you?

Mr. JONES. The Military Compensation Retirement—

Mrs. DAVIS. Right.

Mr. JONES. Their questions—you know, they are looking, I think, at the right things at the present time. They may have been the source for the earlier comment about the survey putting health care, education, and pay in that order with our young service members.

Mrs. DAVIS. Uh-huh. Thank you very much.

Thank you, Mr. Chairman.

Mr. WILSON. Thank you.

We now proceed to Congressman Scott.

Mr. SCOTT. Thank you, Mr. Chairman. I will make this brief.

Colonel Hayden, I think one thing that, I think, as we do the arithmetic, as you said, Mr. Jones, in making sure that the public

understands the impact of this is, we are not talking about \$4,800 a year from somebody who makes \$200,000 a year. And so, you said this is for an E-5?

Colonel HAYDEN. The E-5 loses about 8 percent of their regular military compensation [RMC] with this. The RMC, if you would, was many times measured by the Department itself, and about a 6 percent loss is what we calculated. And that is kind of a back-of-the-envelope, so trust me on this, that is what we are looking at. But about an 8 percent or a 6 percent reduction in RMC.

Mr. SCOTT. But as a percentage of their disposable income, it would be significantly higher. Just like every American, they have car payments, they have other payments that come out of their paycheck that are not optional, that they can't just get rid of.

Colonel HAYDEN. This is money they have to find in their current budget now.

Mr. SCOTT. That is absolutely right. And so, while it may be 8 or 10 percent of pay, it may be 40 or 50 percent of disposable income that they have after they have made their car payment and other payments that they have.

So just, I appreciate what you are doing. Look forward to working with the two of you and helping you.

Mr. WILSON. Thank you, Mr. Scott.

Dr. Heck.

Dr. HECK. Thanks, Mr. Chair.

And I just want to follow up on a couple things. Certainly, I appreciate the perspective you give about the impact on retention, but, you know, it is also going to impact accessions, right? And we have seen recent surveys showing that there is a much lower propensity towards military service of men and women—or males and females in high school right now for entering military service. Of course, part of that is due to a resurging economy, but also many people are concerned about what that phrase, “keeping faith,” is going to mean to them, should they commit to time and service.

And, Mr. Jones, I think you said it very well, in that this is turning into an arithmetic problem as opposed to a strategy problem. And I think, although not in this subcommittee, but that has been a discussion that we have had about the last QDR [Quadrennial Defense Review], and really trying to develop a QDR to a budget as opposed to the legislative mandate, which is the 20-year outlook at low to moderate risk.

I agree that we need to withhold any decisions until we hear from the commission. In fact, that was the point I brought up when we had the Assistant Secretary and the G-1s here not too long ago. So I appreciate you reiterating those points.

Thank you both for being here and representing the men and women in uniform and our retiree population. We appreciate it.

I yield back.

Mr. WILSON. Thank you, Dr. Heck.

And, again, thank both of you for being here, Colonel Hayden with The Military Coalition, and Mr. Rick Jones, who is representing the National Military Veterans Alliance.

And I would like to remember that Mr. Jones actually served at Moncrief Military Army Hospital at Fort Jackson, South Carolina. And he is still beloved. So this is good.

And thank you all, your sincerity on behalf of the military, military families, and retirees. Thank you.

And we are adjourned.

[Whereupon, at 3:03 p.m., the subcommittee was adjourned.]

A P P E N D I X

APRIL 9, 2014

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

APRIL 9, 2014

Chairman Wilson Opening Statement
Hearing: Beneficiary and Advocacy Overview of the
FY15 President's Budget
April 9, 2014

Ladies and Gentlemen, the hearing will come to order. Welcome to a meeting of the House Armed Services Subcommittee on Military Personnel. This subcommittee hearing will hear testimony from the Representatives of the Military Coalition and the National Military and Veterans Alliance about military personnel issues addressed in the President's budget submission for fiscal year 2015. Veterans Service Organizations are vital to providing first hand advice and counsel to Members of Congress.

Maintaining an all volunteer force that has experienced almost thirteen years of persistent conflict is paramount to our national security. The subcommittee remains committed to ensuring that the men and women of the armed forces, their families, and the retirees who have served before them receive the benefits and entitlements they deserve. The President's budget significantly reduces ground and air forces end-strength and slows the growth of compensation and personnel benefits programs for all service members, shifting spending to other programs. Our focus today is to discuss with the beneficiary and advocacy organizations that represent military members, their families and retirees, the reductions the department is proposing to create efficiencies in personnel programs to include pay, compensation and health care and whether these proposals should wait until the Commission on Military Compensation is complete with its review and recommendations.

Before I introduce our panel, let me offer Congresswoman Susan Davis from California an opportunity to make her opening remarks.



T H E M I L I T A R Y C O A L I T I O N

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STATEMENT OF
THE MILITARY COALITION (TMC)
before the
HOUSE ARMED SERVICES
MILITARY PERSONNEL SUBCOMMITTEE
concerning
Military Personnel, Compensation, and Healthcare Matters
April, 9 2014

MR. CHAIRMAN 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 statement for the record 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 Sergeants Association
Air Force Women Officers Associated
AMVETS (American Veterans)
Army Aviation Association of America
Association of Military Surgeons of the United States
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 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
Naval Enlisted Reserve Association
Non Commissioned Officers 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

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

Executive Summary

Sequestration

At the heart of the budget challenges facing the Department of Defense is the devastating effect of the sequestration provision of the Budget Control Act of 2011.

The Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for FY 2014 and 2015. However, the original sequestration cuts FY 2016 thru 2021 remain in effect continuing to place national security at risk.

Sequestration is Congress' creation and it continues to have an adverse effect on the defense of the Nation – and will do so well into the next decade.

Congress created this situation by using sequestration as an easy, unaccountable way out of exercising its responsibility to properly resource America's Armed Forces and our national security. So it is Congress that must repeal sequestration now before more damage is done.

The Coalition strongly urges Congress eliminate sequestration and fund our military to levels that enable all components of the Armed Forces to be adequately manned, trained and equipped to focus on the mission – and not on fighting over an arbitrarily depressed defense budget.

While debt reduction is a national priority, we believe that such a disproportional share of this burden must not be foisted on the Defense Department and especially on the backs of military members and families who already have sacrificed more for their country than any other segment of Americans.

Keeping Faith with the All-Volunteer Force

No federal obligation is more important than protecting national security. And the most important element of national security is sustainment of a dedicated, top-quality career military force.

The only times the all-volunteer force has been jeopardized have been due to budget-driven cutbacks in the military compensation package that gave insufficient weight to the extraordinary demands and sacrifices inherent in a service career.

Rhetoric about “unsustainable” personnel costs since 2000 has emboldened some in Congress to not only consider, but to propose harsh changes to the military benefits, compensation, and the retirement system in the name of fiscal responsibility without fully understanding the unintended consequences of their actions, nor the impact on morale and retention.

We believe it is important to put the “growth since 2000 argument” in the proper context to understand why military pay and benefits have risen faster than that of the average Americans from 2000 to 2010.

Have costs grown since then? Yes, certainly, but using the “2000” baseline without reflecting on the historical context is grossly misleading.

The fact is that since 2000, personnel and health care costs experienced an average 7.6% rate of growth but that cost growth was essential to keep the previous compensation cutbacks from breaking the career force – and since 2010, personnel cost growth has already slowed to less than 2% per year.

The troops' last three raises averaged less than 1.4%, with the FY 2014 pay raise being the lowest in 50 years only to be matched by the FY 2015 proposal. Yet this overall budget submission is not limited to pay – this proposal of capping pay, increasing out-of-pocket expenses for housing, consolidating TRICARE, and significantly reducing the commissary benefit would be major steps backward towards repeating the insidious measures which led to retention and readiness problems in the past.

Our recommendation to Congress is to not allow budget cuts undo needed compensation improvements since 2000 to match the extraordinary demands and sacrifices of a military career. What's needed is to sustain pay and benefits for the men and women in uniform and their families.

America will remain the world's greatest power only as long as it continues to fulfill its reciprocal obligation to the only weapon system that has never let our country down – our extraordinarily dedicated, top-quality, all-volunteer career force.

Currently Serving Issues

Force Levels – The Coalition remains very concerned over the use of end strength in order to curb costs while we remain a nation at war, and the world remains a very dangerous place.

We understand why DoD is reducing force levels by first 124,000, but the FY15 budget calls for an additional 78,000 or more as operations wind down in Afghanistan and that the reality of sequestration requires significant budget reductions. Our fear is that without relief from sequestration, end strengths levels will place our national security at risk.

We are grateful that Congress has provided the Services with various voluntary tools to draw down the forces, but in the sequester-driven budget times, the Services have to revert to use of involuntary tools (RIFs, SERBs, etc.) instead of using the more expensive, yet more appropriate voluntary measures.

The Coalition urges the Subcommittee to ensure adequate personnel strengths and associated funding in order to meet national security strategy requirements.

Compensation – The Coalition was exceptionally disappointed that Congress capped the FY 2014 active duty pay raise at 1%, some .8% less than the growth in private sector pay as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The Administration's FY 2015 proposal to again provide a pay raise at less than ECI is in our estimation a serious step backwards.

Congress made great strides to restore military pay comparability over the past 13 years, including enacting statutory language change that explicitly ties military pay raises to ECI growth. To override the statutory linkage does not bode well for our men and women in uniform, especially in the midst of an on-going conflict.

The Coalition agrees with the approach the Congress has consistently taken -- that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth private sector pay, as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The government uses the ECI for every other measure of private pay growth, and it's transparent to government leaders and service members alike.

The Coalition urges the Subcommittee to sustain fully-comparable annual military pay raises based on the Employment Cost Index as specified in current law.

Family Readiness and Base Support – The Coalition believes MWR and Family Support/Readiness Programs are essential to a strong national defense. These programs contribute to a high quality of life for military members, but become particularly mission critical during the coming years of austere funding and force drawdowns.

The Coalition urges the Subcommittee to:

- *Encourage DoD and the Services, to continue to assess the effectiveness of programs and support mechanisms designed to assist military members and their families with deployment readiness and reintegration.*
- *Fully fund effective, evidence-based programs, and ensure costs are included in annual budgets.*
- *Champion education and outreach to all members and families about their earned benefits/services, including financial education, CSB/Redux choices, etc.*
- *Advocate for child care needs of the Total Force, especially for the highly deployable*
- *Monitor and continue to expand family access to mental health counseling.*
- *Encourage greater military spouse educational and career opportunities, and ensure the programs are accessible, effective, and meeting the needs of all military spouses.*
- *Promote authorization of flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars.*
- *Ensure all Reserve Component Yellow Ribbon Programs meet a standard level within each State.*

DoD Resale Operations – The Military Coalition strongly believes military commissary, exchange and Morale Welfare and Recreation (MWR) programs contribute significantly to a strong national defense by sustaining morale and quality of life for military beneficiaries both within the United States and around the globe.

The Coalition is very concerned about any initiatives to curtail appropriated fund support for these activities – especially the FY 2015 proposal to significantly reduce the commissary subsidy.

The Coalition urges the Subcommittee to:

- *Oppose reducing the savings provided to Commissary patrons.*
- *Sustain necessary appropriated funds to support the Commissary and Exchange.*
- *Oppose attempts to consolidate the Commissary and Exchange systems.*
- *Support Defense Commissary Agency (DeCA) efforts to increase patronage, thereby increasing support for all components/branches and their families.*

National Guard and Reserve Forces

Operational Reserve Retention and Retirement Reform – Congress took the first step in modernizing the reserve retirement system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008.

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 often 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.

The Coalition urges the Subcommittee to improve the National Guard and Reserve operational readiness by:

- *Correcting the early retirement credit to include all Guard and Reserve members who have served on active duty tours of at least 90 days retroactive to September 11, 2001.*
- *Modernizing the reserve retirement system to reflect the increased service and sacrifice of operational reservists including appropriate credit for active and inactive duty service.*
- *Allowing full-retirement credits for all inactive duty training points earned annually (annual IDT points are capped at 130 presently).*
- *Correcting the Fiscal Year barrier that prevents rollover credit for aggregates of 90 days qualifying active duty served over multiple fiscal years.*
- *Consolidating the current 30 types of authorities used for orders of Guard-Reserve members down to 10 or less.*

Yellow Ribbon Reintegration Program – 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 those returning Federal Reserve warriors in widely dispersed regional commands. Programs should meet a standard level of family support within each state. 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 provide support and do it well. But Yellow Ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

The Military Coalition recommends the Subcommittee conduct an oversight hearing to review Yellow Ribbon best practices, assess gaps and take steps to ensure a sustainable program for the Operational Reserve called to active Federal service.

Reserve Compensation System – The increasing demands of qualifications, mental skills, physical fitness, and training readiness on the Guard and Reserve to perform national security missions at home and abroad and increased training requirements indicate that the compensation system needs to be improved to attract and retain individuals into the Guard/Reserve. The added responsibility of returning to active duty multiple times over the course of a reserve career requires improvements to the compensation package and to make it more equitable with the active component.

The Coalition recommends the Subcommittee:

- *Provide parity in special incentive pay, including career enlisted/officer special aviation incentive pays, diving special duty pay, and pro-pay for medical professionals.*
- *Eliminate BAH II, and provide full BAH for any active duty service.*
- *Restore full tax-deductibility of non-reimbursable military travel expenses of at least 50 miles one-way round trip; eliminate a minimal distance requirement for military travel reimbursement.*
- *Oppose recommendations to convert the military retirement systems to a civilian-style vesting system.*
- *Pass current legislation honoring as veterans certain career retirees of the Guard/Reserve.*

Guard/Reserve GI Bill – The Coalition is most grateful to Congress for passage of the Post-9/11 GI Bill (Chapter 33, 38 U.S. Code), which includes a provision for reservists to accrue benefits for operational active duty service. However, Selected Reserve GI Bill benefits (Chapter 1606, 10 USC) have not been adjusted proportionally for more than 13 years.

The Coalition recommends the Subcommittee:

- *Raise Chapter 1606 benefits to the original benchmark of nearly 50 cents to the dollar for the active duty GI Bill – benefits have plummeted to less than 22 cents to the dollar since 1999; alternatively, authorize the transfer of Chapter 1606 to Title 38 for integration with other GI Bill programs supporting recruitment, retention and re-adjustment outcomes.*

Guard/Reserve Family Support Programs – The Coalition appreciates the upgrades in outreach programs and services for returning Guard-Reserve families. Family support programs promote better communication with service members and help underwrite morale and overall readiness.

The Coalition urges the Subcommittee to:

- *Review the adequacy of programs to meet the special information and support needs of families of individual reserve augmentees or those who are geographically dispersed.*
- *Foster programs among military and community leaders to support service members and families during all phases of deployments.*
- *Provide preventive counseling services for service members and families.*
- *Authorize child care, including respite care, for family readiness group meetings and drill time.*
- *Ensure family readiness programs are agile and flexible enough to respond to the changing needs of units whether in drilling or activated status.*

Retiree Issues

Military Retirement Reform – Whenever military budgets get tight, budget analysts and chartered task forces propose military retirement cutbacks.

The Coalition believes “civilianizing” the military benefit package will dramatically undermine the primary military career retention incentive and will prove to be disastrous for retention and readiness, as they increase the incentives to leave and reduce the incentives to stay.

Moreover, we believe it is irresponsible to focus on budget and “civilian equity” concerns while ignoring the primary purpose of the retirement system – to ensure a strong and top-quality career force in spite of arduous service conditions which no civilians experience and few are willing to accept.

America will remain the world’s greatest superpower only as long as it continues to fulfill its reciprocal obligation to the all-volunteer career force.

The Coalition urges the Subcommittee to oppose any initiative which would “civilianize” the military retirement system, ignore the lessons of the ill-fated REDUX initiative, and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.

Retired Pay Cost of Living Adjustments (COLA) – The passage of the Bipartisan Budget Act of 2013 (BBA) was proclaimed as a bi-partisan, two-year sequestration alleviating budget deal. The bill was enacted to ease the harmful effects of sequestration for two years for the Department of Defense and it was accomplished by breaking long-standing commitments to service members who serve our Nation for over 20 years. It was a backroom, 11th hour deal rushed through both the House and Senate, bypassing the committees of jurisdiction.

The Coalition thanks the subcommittee for their efforts to provide relief from this eleventh-hour deal; however, we prefer to have had full repeal in light of the ongoing Military Compensation and Retirement Modernization Commission’s work on the entire pay and benefits system review.

The Coalition urges the Subcommittee to:

- ***Guard against any discriminatory treatment of uniformed services’ retired members compared to other federal retirement, or federal COLA-eligible, by maintaining/enhancing the equity of annual COLAs.***
- ***Work to ensure continued fulfillment of congressional COLA intent, as expressed in House National Security (HNSC) Committee Print of Title 37, USC: “to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future...eroded by subsequent increases in consumer prices.”***
- ***Ensure equal treatment of all uniformed service personnel, to include NOAA/USPHS/USCG personnel, in conjunction with any retirement/COLA legislation.***
- ***Monitor any proposed Bureau of Labor and Statistics (BLS) adjustments to the Consumer Price Index (CPI) calculation process such as the adoption of the chained-Consumer Price Index (CPI) that insidiously would devalue retirement, disability compensation, and other programs over time.***
- ***Monitor action on Budget Resolution, Omnibus Budget Reconciliation, Social Security reform initiatives, and other proposals to guard against discriminatory treatment of uniformed services retired members.***

Concurrent Receipt – Congress clearly recognized the inequity of the disability offset to earned retired pay during the past decade and has gone to great lengths established a process to end or phase out the offset for many disabled retirees. The Coalition is extremely grateful for the Subcommittee’s efforts to continue progress in easing the adverse effects of the offset.

We recognize only too well the challenges associated with adding new mandatory spending provisions in this difficult budget environment. But making at least some progress to address this grievous inequity (e.g., covering all 100-percent disabled retirees with less than 20 years of service) remains an important goal.

The Coalition recommends the Subcommittee:

- *Expand Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, to include vesting of earned retirement credit for Chapter 61 retirees with less than 20 years of service.*
- *Enact legislation to ensure a disabled retiree's CRSC disability compensation cannot be reduced when one's VA disability rating increases until afforded the opportunity to elect between CRSC or CRDP.*

Fair Treatment for Service members Affected by Force Reductions – Throughout the 1990s and into the early 2000s the services had several drawdown tools at their disposal to incentivize members to voluntarily leave the service: Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and Temporary Early Retirement Authority (TERA). The recently reauthorized TERA will greatly aid the Services in anticipation of significant force drawdowns and combat forces depart southwest Asia.

The Coalition recommends enacting temporary legislation to authorize separating service members the ability to contribute part or all of their involuntary or voluntary separation payments into their Thrift Savings Plan (TSP) account to recognize their past service and provide a "transportable" career benefit under force drawdowns.

Uniformed Services Former Spouses' Protection Act (USFSPA) –

The Coalition recommends the Subcommittee pursue legislation that eliminates the USFPA inequities by building a consensus to enact 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 or "forced retirement" of active duty members.*
- *Extend 20/20/20 benefits to 20/20/15 former spouses.*
- *Eliminate Inequities in SBP Coverage.*
- *Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS).*
- *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 the past decade to improve the Survivor Benefit Plan (SBP), especially its major achievement in 2005 eliminating Widow Tax, the Social Security offset that SBP survivors encountered upon attaining age 62. Yet, there is still more to do when looking at the plight of our widows.

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.

The Coalition believes widows whose sponsors' deaths were caused by military service should not be last in line for redress.

The Coalition urges the Subcommittee to:

- *Continue pursuing ways to repeal the SBP-DIC offset.*
- *Authorize SBP annuities to be placed into a Special Needs Trust for permanently disabled survivors who otherwise lose eligibility for state programs because of means testing.*
- *Reduce the age for paid-up SBP to age 67 for those who joined the military at age 17, 18 or 19.*
- *Reinstate SBP annuities to survivors who transfer it to their children when the children reach majority, or when a subsequent remarriage ends in death or divorce.*
- *Calculate the SBP annuity for a reservist who dies while performing inactive duty training using the same criteria as a service member who dies while on active duty.*

Final Retired Pay Check – Under current law, DFAS recoups from military widows'/widowers' 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.

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

Service vs. Beneficiary Needs – Unlike civilian healthcare systems, the military health system is built mainly to meet military readiness requirements rather than to deliver needed care efficiently to beneficiaries.

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 military-driven costs – particularly in wartime.

The Coalition strongly rejects efforts to seek dramatic beneficiary cost increases as a first cost-containment option. Instead of imposing higher fees on beneficiaries as the first budget option, DoD leaders should be required to fix/consolidate redundant, counterproductive DoD health systems.

The Coalition urges the Subcommittee to direct DoD to pursue any and all options to improve efficient and cost-effective care delivery in ways that do not disadvantage beneficiaries rather than simply shifting more costs onto beneficiaries.

Military vs. Civilian Cash Fees Is an “Apple to Orange” Comparison – The Coalition continues to object strongly to simple comparisons of military vs. civilian cash fees. Such comparisons ignore most of the very great price career military members and families pay for their coverage in retirement.

The Coalition urges the Subcommittee to continue to reject simple comparisons of military-to-civilian cash healthcare fees as grossly devaluing career service members' and families' extraordinarily steep nonmonetary contributions through decades of service and sacrifice.

Wounded, Ill, and Injured Service Member Care

TMC believes strongly that active DoD and VA collaboration is not only essential to achieving seamless transition, such cooperation is also critical to the long-term sustainability of our defense strategy, the health and wellness of the All-Volunteer Force and the acknowledgement of our country's commitment and moral obligation to the long-term care and support for those who served.

DoD – VA Oversight, Accountability and Integration – Since the Pentagon and VA have relegated responsibility and authority to lower levels of the agencies, TMC has seen an expansion of uncertainty and confusion as to what the hundreds of wounded, ill and injured programs are doing, what the span of control is over these programs, or what the return on investment, efficacy, or effectiveness of these program in meeting the needs of a growing population of military, veterans and families that are and will be accessing these systems of care.

The Coalition specifically recommends Congress:

- *Hold joint hearings with the Veterans Affairs Committee addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded warrior programs.*
- *Continue to press for creation and implementation of a joint, bi-directional electronic medical record.*
- *Provide permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, alcohol and substance abuse, caregiver, respite, and other medical and non-medical programs.*
- *Continue aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide.*
- *Standardize terminology, definitions, eligibility criteria, roles and responsibilities around policies, programs, services, and administration of medical and non-medical support (e.g., recovering warrior categories, all categories of case managers, caregiver support and benefits, power of attorney, and a comprehensive recovery plan).*
- *Standardize the coordination of DoD-VA care, treatment and benefits of all Departments' case management programs, and medical and non-medical programs and services.*

Continuity of Health Care—Transitioning between DoD and VA health care systems remains a significant and one of the most challenging aspects of the care process to wounded warriors and their families. The medical systems continue to be overwhelming and confusing to those trying to navigate them, especially during times when individuals are experiencing a great deal of trauma and uncertainty about what the future holds at the same time coping the realities of their wounds and disabilities. Wounded warriors and their families continue to be less satisfied with their transition from medical retirement to the VA medical system.

The Coalition urges Congress to:

- *Secure the same level of payments, support and benefits for all uniformed services' wounded, ill, or injured (WII) in the line of duty.*
- *Create a standardized curriculum and training programs for all DoD-VA mental-behavioral health providers and educational institutions in the diagnosis and treatment of PTS/PTSD/TBI.*
- *Increase and improve the quality and timeliness of access to initial and follow-on appointments, treatment and services in DoD-VA systems, ensuring seamless transition of mental-behavioral health services are maintained for wounded, ill and injured, their families and caregivers across the Departments.*
- *Ensure Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post-Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.*

DoD-VA Integrated Disability Evaluation/Legacy Systems (IDES)—TMC still hears too many emotional stories of “low-balling” disabled service members’ disability ratings, or troops separated with service-connected conditions not documented or reported in records, causing members with significant disabling conditions to be separated and turned over to the VA rather than being medically retired—a troublesome trend today, especially for those in the Guard and Reserves.

The Coalition recommends Congress:

- *Preserve the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.*
- *Reform the DoD disability retirement system to require inclusion of all unfitting conditions and accepting the VA’s “service-connected” rating.*
- *Ensure any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.*
- *Eliminate distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.*
- *Tighten the Integrated Disability Evaluation System (IDES) (as recommended by the RWTF) to include reforms that:*
 - *Create a “joint” formal physical evaluation board in order to standardize disability ratings by each of the Services.*
 - *Mandate in policy that all service members entering into a Medical Evaluation Board (MEB) be contacted by the MEB outreach lawyer to help navigate the board process upon notification that a narrative summary will be completed.*
- *Pursue improvements in identifying and properly boarding (medical evaluation and physical evaluation boards) Guard and Reserve members (to include the IRR) who have been wounded or*

incurred injuries or illnesses while activated but have had their conditions manifest or worsen post deactivation such as establishing policies that allow for the rapid issuance of Title 10 orders to affected Reserve Component (as recommended by the Recovering Warrior Task Force).

- *Seek legislation to eliminate legacy DES so that that service members who are placed on the Temporary Disability Retirement List (TDRL) are afforded the opportunity to have the VA rate their disability by the IDES upon their removal from the TDRL.*
- *Revise the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI.*
- *Bar the designation of disabling conditions as “existing prior to service” for service members who have been deployed to a combat zone.*

Caregiver/Family Support Services – The sad reality is that, for the most severely wounded, ill or injured service members, their family members or other loved ones often become their full-time caregiver. Many are forced to give up their jobs, homes, and savings to care for their loved one—an incredible and overwhelming burden for these individuals to shoulder.

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

The Coalition recommends Congress:

- *Ensure wounded, ill and injured families and caregivers are an integral part of the rehabilitation and recovery team and be included in and educated about medical care and treatment, disability evaluation system processes, development and implementation of the comprehensive recovery plan, and receive DoD-VA support and guidance throughout the process.*
- *Provide enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel.*
- *Provide health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members.*
- *Ensure consistency of DoD and VA caregiver benefits to ensure seamless transition from DoD to VA programs.*
- *Extend eligibility for residence in on-base housing for up to one year for medically retired and severely wounded, ill, and injured members and their families, or until the service member receives a VA disability rating, whichever is longer.*

Guard and Reserve Health Care – The Coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

The Coalition recommends:

- *Providing Federal Employee Health Benefit Plan (FEHBP) beneficiaries the option of TRICARE Reserve Select (TRS).*

- *Permitting members of the IRR to enroll in TRS as an incentive for their continued service.*
- *Seeking improvements to the pre- and post-activation health assessment and corrective programs:*
 - *Securing funds for government treatment of RC members to correct any medical or dental readiness deficiencies during periodic health assessment screenings.*
 - *Expanding funded dental care to cover 180 days post activation.*
 - *During periods of reintegration, funding and providing evidence-based care and services for RC members, including mental/behavioral health issues such as, substance abuse and suicide.*
- *Through the use of innovative technologies, increasing access to VA/DoD health, dental, and behavioral health care for those residing in rural areas.*
- *Subsidizing premiums paid by private employer to allow continuation of private coverage during periods of activation as an option.*

Additional TRICARE Prime Issues – The Coalition strongly advocates for 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 with their healthcare choices.

The Military Coalition urges the Subcommittee to:

- *Require reports from DoD and the managed care support contractors on actions being taken to ensure those affected by the Prime Service Area reductions will be able to maintain continuity of care from their existing provider or receive an adequate selection of providers from which to obtain care.*
- *Require increased DoD efforts to ensure electronic health record consistency between MTFs and purchased care sectors and provide beneficiaries with information to assist in informed decision making.*

Additional TRICARE Standard Issues – 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.

The Coalition urges the Subcommittee to:

- *Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.*
- *Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold.*
- *Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for primary care and mental health specialties.*

Introduction

Madam Chairwoman, Ranking Member Graham, The Military Coalition thanks you and the entire Subcommittee for your extraordinary support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services, their families and their survivors. Your efforts have had an enormously positive impact in the lives of the entire uniformed services community.

We specifically wish to thank the Committee for its actions in adopting the FY2014 NDAA, recognizing that healthcare is an earned benefit for service rendered during a lengthy career and rejecting the administration's proposed dramatic fee increases for healthcare.

We are truly grateful for your unwavering commitment to men and women who defend our fine nation.

We appreciate that Congress have given personnel issues top priority in the past decade. You have had difficult choices to make while bolstering a weak economy and addressing budget deficits. The past few years have been arduous, with our military winding down operations in Afghanistan and the nation dealing with the significant budget challenges.

Sequestration

At the heart of the budget challenges facing the Department of Defense (DoD) is the devastating effect of the sequestration provision of the Budget Control Act of 2011.

The Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for FY 2014 and 2015. However, the original sequestration cuts FY 2016 thru 2021 remain in effect continuing to place national security at risk.

Sequestration is Congress' creation and it continues to have an adverse effect on the defense of the Nation – and will do so well into the next decade.

Over the past two years sequestration has managed to set America on a path to reduced military readiness that threatens our national security.

Sequestered budgets are rapidly shrinking the nation's military forces to unprecedented and unacceptable levels thereby creating forces unable to accomplish the tasks assigned by the defense strategy. All of this while international security remains uncertain and dangerous.

Because sequestration is so skewed against the defense budget, Congress has fomented an atmosphere of fiscal desperation that leads to false choices when it comes to the compensation and benefits provided to the service members and families who make up the All-Volunteer Force.

Congress has forced defense leaders to try to balance excessively tightened budgets on the backs of our servicemen and women by implying that the troops "cost too much" and are to blame for our growing military unreadiness.

The facts do not bear this out and the troops know it. But it has sown a growing distrust among service members who are increasingly and unfairly portrayed as an entitlement special interest group.

Congress created this situation by using sequestration as an easy, unaccountable way out of exercising its responsibility to properly resource America's Armed Forces and our national security. So it is Congress that must repeal sequestration now before more damage is done.

The Coalition strongly urges Congress eliminate sequestration and fund our military to levels that enable all components of the Armed Forces to be adequately manned, trained and equipped to focus on the mission – and not on fighting over an arbitrarily depressed defense budget.

While debt reduction is a national priority, the Coalition believes that such a disproportional share of this burden must not be foisted on the Defense Department and especially on the backs of military members and families who already have sacrificed more for their country than any other segment of Americans.

And as you know, service personnel are now facing even greater uncertainties with the FY 2015 proposals that include force reduction measures, pay caps, proposed reductions in housing allowances, as well as calls for health care and commissary benefit changes. The recent reduction of COLA for military retirees did not go unnoticed by those wearing the uniform.

Keeping Faith with the All-Volunteer Force

No federal obligation is more important than protecting national security. And the most important element of national security is sustainment of a dedicated, top-quality career military force.

The past 12 years of unprecedented demands and sacrifices highlight how radically different military service conditions are from civilian life.

Yet budget critics persist in asserting military pay, retirement, and health care benefits are unsustainable and should be slashed to resemble civilian benefit packages.

Decades of dire predictions about “unaffordable” personnel costs have proved consistently wrong.

Existing career incentives have sustained a strong national defense through more severe and protracted wartime conditions than even the strongest volunteer-force proponents thought it could survive.

The only times the all-volunteer force has been jeopardized have been due to budget-driven cutbacks in the military compensation package that gave insufficient weight to the extraordinary demands and sacrifices inherent in a service career.

Congress has consistently recognized the cost of sustaining the current military career incentive package is far more acceptable and affordable than the alternative.

Unfortunately the FY 2015 budget proposals to cap pay raises, reduce the housing allowance, reduce commissary savings, and increase health care fees are all targeted to slow personnel cost growth.

Rhetoric about “unsustainable” personnel costs since 2000 has emboldened some in Congress to not only consider, but to propose harsh changes to the military benefits, compensation, and the retirement system in the name of fiscal responsibility without fully understanding the unintended consequences of their actions, nor the impact on morale and retention.

We believe it is important to put the “growth since 2000 argument” in the proper context to understand why military pay and benefits have risen faster than that of the average Americans from 2000 to 2010.

Have costs grown since then? Yes, certainly, but using the “2000” baseline without reflecting on the historical context is grossly misleading.

This implies the turn of the century was an appropriate benchmark for estimating what reasonable personnel and healthcare spending should be. Nothing could be further from the truth.

At that time, years of budget cutbacks had depressed military pay, cut retirement value by 25 percent for post-1986 entrants, had military families paying 19% out-of-pocket for their housing costs, and booted beneficiaries over 65 completely out of the military health care system.

As a result, retention was on the ropes, and the Joint Chiefs of Staff were imploring Congress to fix the problems to prevent a readiness crisis.

Congress worked diligently over the next decade to restore military pay comparability, to repeal the retirement cuts, to zero-out housing costs, and to restore promised health coverage for older retirees. In other words, the cost growth was essential to keep the previous cutbacks from breaking the career force.

We believe it is important to remind Congress that several recent changes have already started to slow the growth of personnel costs:

- TRICARE Prime changes: Beneficiaries have already seen increases to TRICARE enrollment fees over the past several years and they will continue to rise at the rate of a retiree’s cost of living adjustment, but that is only the beginning. TRICARE Service Center closures and the standup of the Defense Health Agency also will contribute to the large projected savings in this area.
- Pharmacy: Major changes have been enacted to double and triple pharmacy copays for military beneficiaries, and these will continue to increase in future years at the rate of inflation. TRICARE For Life beneficiaries are being required to use the far-less-expensive mail-order system for refills of maintenance medications, which will dramatically reduce pharmacy costs.
- End strength: Cuts to the tune of 124,000 service members over five years are planned for the active and reserve forces. And now the FY 2015 budget calls for an additional 78,000 plus cuts. These reductions will definitely bend the personnel cost growth curve.
- Pay: This year military members will see the lowest pay raise in over 50 years with their pay capped below private sector pay growth, and this is not a one-time cap. The FY 2015 budget submission includes a plan to cap pay again at 1% (vice 1.8% in law) with the possibility of more. This would undo the hard work Congress accomplished over the past decade to eliminate the pay gap by extending caps through FY 2019.

- Retirement: The recent COLA -1% legislation provided relief to working age retirees and most currently serving members; however, it remains in force for those that entered service after 1 January, 2014.

The fact is that since 2000, personnel and health care costs experienced an average 7.6% rate of growth but that cost growth was essential to keep the previous compensation cutbacks from breaking the career force – and since 2010, personnel cost growth has already slowed to less than 2% per year.

Between the FY 2014 and FY 2015 pay caps, the proposed BAH reductions, the planned reductions in commissary savings, and the new health care fees, an E-5's family of four would experience a loss of nearly \$5,000 in purchasing power annually; and an O-3's family of four would experience a loss of nearly \$6,000.

The troops' last three raises averaged less than 1.4%, with the FY 2014 pay raise being the lowest in 50 years only to be matched by the FY 2015 proposal. Yet this overall budget submission is not limited to pay – this proposal of capping pay, increasing out-of-pocket expenses for housing, consolidating TRICARE, and significantly reducing the commissary benefit would be major steps backward towards repeating the insidious measures which led to retention and readiness problems in the past.

This piecemeal reduction to pay and benefits is doubly inappropriate since the congressionally-directed Military Compensation and Retirement Reform Commission will be offering even broader reform proposals next year.

Our recommendation to Congress is to not allow budget cuts undo needed compensation improvements since 2000 to match the extraordinary demands and sacrifices of a military career. What's needed is to sustain pay and benefits for the men and women in uniform and their families.

America will remain the world's greatest power only as long as it continues to fulfill its reciprocal obligation to the only weapon system that has never let our country down — our extraordinarily dedicated, top-quality, all-volunteer career force.

We offer the following recommendations on what must be done to meet this essential obligation.

Currently Serving Issues

Force Levels – The Coalition remains very concerned over the use of end strength in order to curb costs while we remain a nation at war.

We understand why DoD is reducing force levels by first 124,000, but the FY 2015 budget calls for an additional 78,000 or more as operations wind down in Afghanistan and that the reality of sequestration requires significant budget reductions. Our fear is that without relief from sequestration, end strengths levels will place our national security at risk.

The Coalition believes continued care must be taken to ensure force reductions do not create additional burdens on our service members and their families.

For the last 13 years, service members and their families have endured unprecedented sacrifices often having less than a year at home before returning for another year in combat.

Now with these even greater end strength reductions, many service members worry if they will be able to continue serving their nation.

Concurrently, we believe that the nation needs to sustain a surge capacity for unexpected contingencies and retaining combat experience by encouraging departing veterans to join the Guard and Reserve. On September 10, 2011 no one in Washington anticipated the following twelve years decade would find us engaged in a protracted war in Southwest Asia.

Cutting Guard/Reserve forces as well as active forces will make achieving these goals even more difficult to obtain.

We are grateful that Congress has provided the Services with various voluntary tools to draw down the forces, but in the sequester-driven budget times, the Services are reverting to use involuntary tools (RIFs, SERBs, etc.) instead of using the more expensive, yet more appropriate voluntary measures.

The Coalition urges the Subcommittee to ensure adequate personnel strengths and associated funding in order to meet national security strategy requirements.

Compensation – The Coalition was exceptionally disappointed that Congress capped the FY 2014 active duty pay raise at 1%, some .8% less than the growth in private sector pay as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The Administration's FY 2015 proposal to again provide a pay raise at less than ECI is in our estimation a serious step backwards.

Congress made great strides to restore military pay comparability over the past 13 years, including enacting statutory language change that explicitly ties military pay raises to ECI growth. To override the statutory linkage does not bode well for our men and women in uniform, especially in the midst of an on-going conflict.

The Coalition is very concerned that many in the Administration and some members of Congress are unaware of the history of compensation including changes and their unforeseen outcomes. Moreover we are alarmed that some view these vital compensation programs as a source of savings without regard to the impact they may have on long term readiness of the All-Volunteer Force.

Historical experience provides ample evidence that capping military raises is an exceptionally slippery slope which has never ended well.

In the 1970s, a succession of annual pay raise caps contributed to serious retention problems which were fixed approving two large "catch-up" raises in 1981 and 1982. But that lesson was quickly forgotten.

Throughout the 1980s and '90s, budget problems led to regular capping of military pay raises below private sector pay growth, eventually accumulating a "pay comparability gap" which peaked at 13.5% in 1998-99, and contributed significantly to serious retention problems.

Now that erosion of pay and associated retention-related problems have abated, there are renewed calls to cut back on military raises, to either create a new comparability standard or substitute more bonuses for pay raises in the interests of deficit reduction.

The Coalition believes such proposals are exceptionally short-sighted in light of the extensive negative experiences we have had with military pay raise caps.

History shows that, once military pay raise caps are implemented, the tendency has been by Congress to continue them until retention problems arise which then have to be addressed through significant pay raise plus-ups.

The whole purpose of sustaining pay comparability through both good times and bad is to prevent significant fluctuations in retention and readiness; to avoid going through an endless cycle of causing problems and then repairing them.

A 2010 Congressional Budget Office (CBO) report asserted that, considering adjustments in housing allowances, many military people actually are paid 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 the CBO assertions are fundamentally flawed for three distinct reasons.

First, the RMC concept was developed in the 1960s, when all service members received the same allowances, regardless of location, and the allowances were arbitrarily established. Congress has since transformed the allowances into reimbursements for actual food costs and for median locality-based housing costs.

Under the RMC comparability concept, a year in which taxes increase and average housing allowances rise (e.g., based on growth in high-cost areas) could perversely require a cut in basic pay to restore comparability.

The Coalition believes Congress would have a hard time explaining to troops why their pay raises should be reduced because their taxes are rising.

Secondly, the Coalition is not convinced that the civilian comparison cohort or percentile comparison points are realistic seeing that the military:

- Recruits from the top half of the civilian aptitude population
- Finds that only about 20% of America's youth qualify for entry
- Requires career-long education and training advancement, and
- Enforces a competitive "up-or-out" promotion system to ensure progressive quality enhancements among those with longer service

Thirdly, 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 in 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 when the All-Volunteer Force was created. Those creators believed a protracted war would require the reinstatement of the draft.

Moreover, a fundamental requirement for any pay comparability standard is that it should be transparent and understandable by all.

The Coalition agrees with the approach the Congress has consistently taken – that the best comparability measure is a comparison of the military basic pay raise percentage with the percentage growth private sector pay, as measured by the Bureau of Labor Statistics' Employment Cost Index (ECI). The government uses the ECI for every other measure of private pay growth, and it's transparent to government leaders and service members alike.

The Coalition urges the Subcommittee to sustain fully-comparable annual military pay raises based on the Employment Cost Index as specified in current law.

Family Readiness and Base Support – The Coalition believes MWR and Family Support/Readiness Programs are essential to a strong national defense. These programs contribute to a high quality of life for military beneficiaries, but become particularly mission critical during the coming years of austere funding and force drawdowns.

MWR Family Support and Readiness Programs should be a DoD wide priority, and the Service budgets should be fully funded and programs and services fully accessible to beneficiaries.

The Coalition was especially pleased that the Subcommittee continued robust funding of supplemental Impact Aid in the 2014 NDAA. Providing appropriate and timely funding of supplemental Impact Aid is critical to ensuring quality education for military children regardless of where they live.

The Coalition urges the Subcommittee to:

- ***Encourage DoD and the Services, to continue to assess the effectiveness of programs and support mechanisms designed to assist military members and their families with deployment readiness and reintegration.***
- ***Fully fund effective, evidence-based programs, and ensure costs are included in annual budgets.***
- ***Champion education and outreach to all members and families about their earned benefits/services, including financial education, CSB/Redux choices, etc.***
- ***Advocate for child care needs of the Total Force, especially for the highly deployable.***
- ***Monitor and continue to expand family access to mental health counseling.***
- ***Encourage greater military spouse educational and career opportunities, and ensure the programs are accessible, effective, and meeting the needs of all military spouses.***
- ***Promote authorization of flexible spending accounts to enable military families to pay health care and child care expenses with pre-tax dollars.***
- ***Ensure all Reserve Component Yellow Ribbon Programs meet a standard level within each State.***

DoD Resale Operations – The Military Coalition strongly believes military commissary, exchange and Morale Welfare and Recreation (MWR) programs contribute significantly to a strong national defense

by sustaining morale and quality of life for military beneficiaries both within the United States and around the globe.

The Coalition is very concerned about any proposals to curtail appropriated fund support for these activities – especially the FY 2015 proposal to significantly reduce the commissary subsidy.

Repeated studies have shown that military commissaries provide \$2 in compensation value to beneficiaries for each \$1 of appropriated funding. That constitutes a very significant retention “bang for the buck” and is vital to the financial well-being of our military families.

Efforts to cut funding for commissaries are simply to save money on the backs of our military families. The average military family of four will experience nearly a \$3,000 loss of purchasing power with this proposal – it will undermine the commissary benefit.

Initiatives to civilianize commissaries or consolidate commissaries and exchanges to achieve budget savings would come only at the expense of devaluing their compensation and retention importance value for military patrons.

The Coalition urges the Subcommittee to:

- *Oppose reducing the savings provided to Commissary patrons.*
- *Sustain necessary appropriated funds to support the Commissary and Exchange.*
- *Oppose attempts to consolidate the Commissary and Exchange systems.*
- *Support continued outreach by the Defense Commissary Agency (DeCA) to increase patronage and enhance access to the commissary benefit for all components/branches and their families.*

National Guard and Reserve Forces

Since September 11, 2001, more than 893,218 Guard and Reserve service members have been called up, including about 300,000 who have served multiple tours. There is no precedent in American history for this sustained reliance on warrior-citizens and their families. To their credit, Guard and Reserve combat veterans continue to reenlist, but recurring activations and deployments cannot be sustained under Operational Reserve policy without adjustments to the compensation package.

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. The Coalition is encouraged that Congress enacted measures to attack the numbers of suicides in the total force, expand access to behavioral health services and create a pilot to provide transition services outside of active duty bases. Properly implemented, these initiatives will help, but more remains to be done.

Operational Reserve Retention and Retirement Reform – Congress took the first step in modernizing the reserve retirement system with enactment of early retirement eligibility for certain reservists activated for at least 90 continuous days served since January 28, 2008.

In 2011, Congress passed an historic measure authorizing up to 60,000 reservists to perform active duty missions for up to one year without a formal emergency declaration so long as the missions are pre-planned and budgeted.

The Coalition believes this change further underscores the need to ensure Guard and Reserve members' compensation keeps pace with the nation's ever-increasing reliance on them. The greater the demands placed on them, the greater the need to enhance inducements that are essential to sustain the operational reserve force over the long term.

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 eliminate the inequity inherent in the current fiscal year retirement calculation, which credits 90 days of active service for early retirement purposes only if it occurs within the same fiscal year. A 90-day tour served from January through March is credited, but a 120-day tour served from August through November is worthless (because the latter covers 60 days in each of two fiscal years).

Moreover, the law-change authorizing early retirement credit for qualifying active duty served after 28 Jan 2008 requires early reserve retirees to pay exorbitant TRICARE Retired Reserve premiums if they wish to have government health insurance before age 60.

The Coalition urges the Subcommittee to improve the National Guard and Reserve operational readiness by:

- *Correcting the early retirement credit to include all Guard and Reserve members who have served on active duty tours of at least 90 days retroactive to September 11, 2001.*
- *Modernizing the reserve retirement system to reflect the increased service and sacrifice of operational reservists including appropriate credit for active and inactive duty service.*
- *Allowing full-retirement credits for all inactive duty training points earned annually (annual IDT points are capped at 130 presently).*
- *Correcting the Fiscal Year barrier that prevents rollover credit for aggregates of 90 days qualifying active duty served over multiple fiscal years.*
- *Consolidating the current 30 types of authorities used for orders of Guard-Reserve members down to 10 or less.*

Yellow Ribbon Reintegration Program – 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 those returning Federal Reserve warriors in widely dispersed regional

commands. Programs should meet a standard level of family support within each state. 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 provide support and do it well. But Yellow Ribbon efforts in a number of locations amount to little more than PowerPoint slides and little or no actual implementation.

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.

The Military Coalition recommends the Subcommittee conduct an oversight hearing to review Yellow Ribbon best practices, assess gaps and take steps to ensure a sustainable program for the Operational Reserve called to active Federal service.

Reserve Compensation System – The increasing demands of qualifications, mental skills, physical fitness, and training readiness on the Guard and Reserve to perform national security missions at home and abroad and increased training requirements indicate that the compensation system needs to be improved to attract and retain individuals into the Guard/Reserve. The added responsibility of returning to active duty multiple times over the course of a reserve career requires improvements to the compensation package and to make it more equitable with the active component.

The Coalition recommends the Subcommittee:

- *Provide parity in special incentive pay, including career enlisted/officer special aviation incentive pays, diving special duty pay, and pro-pay for medical professionals.*
- *Eliminate BAH II, and provide full BAH for any active duty service.*
- *Restore full tax-deductibility of non-reimbursable military travel expenses of at least 50 miles one-way round trip; eliminate a minimal distance requirement for military travel reimbursement.*
- *Oppose recommendations to convert the military retirement systems to a civilian-style vesting system.*
- *Pass current legislation honoring as veterans certain career retirees of the Guard/Reserve*

Guard/Reserve GI Bill – The Coalition is most grateful to Congress for passage of the Post-9/11 GI Bill (Chapter 33, 38 U.S. Code), which includes a provision for reservists to accrue benefits for operational active duty service. However, Selected Reserve GI Bill benefits (Chapter 1606, 10 USC) have not been adjusted proportionally for more than 13 years.

The Coalition recommends the Subcommittee:

- *Raise Chapter 1606 benefits to the original benchmark of nearly 50 cents to the dollar for the active duty GI Bill – benefits have plummeted to less than 22 cents to the dollar since 1999; alternatively, authorize the transfer of Chapter 1606 to Title 38 for integration with other GI Bill programs supporting recruitment, retention and re-adjustment outcomes.*

Guard/Reserve Family Support Programs – The Coalition appreciates the upgrades in outreach programs and services for returning Guard-Reserve families. Family readiness programs are essential to unit readiness, especially when families are geographically dispersed. Family readiness programs in the Reserve Component should be agile and flexible enough to respond to the changing needs of the unit whether in drilling status or activated status.

The Coalition urges the Subcommittee to:

- *Review the adequacy of programs to meet the special information and support needs of families of individual reserve augmentees or those who are geographically dispersed.*
- *Foster programs among military and community leaders to support service members and families during all phases of deployments.*
- *Provide preventive counseling services for service members and families.*
- *Authorize child care, including respite care, for family readiness group meetings and drill time.*
- *Ensure family readiness programs are agile and flexible enough to respond to the changing needs of units whether in drilling or activated status.*

Retiree Issues

Military Retirement Reform – Whenever military budgets get tight, budget analysts and chartered task forces propose military retirement cutbacks.

The Coalition appreciates Congress' wise action in modifying the composition of the Administration-proposed Military Compensation and Retirement Modernization Commission and eliminating restrictions under which its recommendations may be considered by Congress.

We strongly believe that any proposed changes recommended by the Commission must be considered in light of previous Congressional reform efforts and thoroughly vetted in the public forum.

The basic principles of the existing compensation system were designed to foster and maintain the profession of arms as a “dignified, respected, sought after, and honorable career” as outlined in DoD’s *Military Compensation Background Papers*.

The unique military retirement package we have today was formulated to offset the extraordinary demands and sacrifices inherent in a service career. These benefits provide a powerful incentive for top-quality people to serve 20-30 years in uniform as eloquently articulated by the Secretary of the Air Force during his January 18, 1978 testimony before the President’s Commission on Military Compensation:

“The military services are unique callings. The demands we place on our military men and women are unlike those of any other country. Our worldwide interests and commitments place heavy burdens and responsibilities on their shoulders. They must be prepared to live anywhere, fight anywhere, and maintain high morale and combat efficiency under frequently adverse and uncomfortable conditions. They are asked to undergo frequent exposure to risk, long hours, periodic relocation and family separation. They accept abridgement of freedom of speech, political and organizational activity, and control over living and working conditions. They are all part of the very personal price our military people pay.

“Yet all of this must be done in the light of – and in comparison to – a civilian sector that is considerably different. We ask military people to be highly disciplined when society places a heavy premium on individual freedom, to maintain a steady and acute sense of purpose when some in society question the value of our institutions and debate our national goals. In short, we ask them to surrender elements of their freedom in order to serve and defend a society that has the highest degree of liberty and independence in the world. And, I might add, a society with the highest standard of living and an unmatched quality of life.

“Implicit in this concept of military service must be long-term security and a system of institutional supports for the serviceman and his family which are beyond the level of compensation commonly offered in the private, industrial sector.”

There is no better illustration of that reality than the past twelve years of war. Absent the career drawing power of the current 20-year retirement system and its promised benefits, the Coalition asserts that sustaining anything approaching the needed retention rates over such an extended period of combat deployments would have been simply impossible.

The crucial element to sustaining a high-quality, career military force is establishing a strong bond of reciprocal commitment between the service member and the government. If that reciprocity is not fulfilled, if we break faith with those who serve, retention and readiness will inevitably suffer.

The Coalition believes the government has a unique responsibility to this small segment of Americans that goes far beyond any civilian employer’s obligation to its employees. We actively induce these citizens to subordinate their interests to that of America’s for periods of 20 to 30 years. No private employer would ever consider making such a request.

The uniformed services retirement system has had its critics since the 1970s and even earlier.

In the 1980s, budget pressures led to amending retirement rules twice for new service entrants:

- Basing retired pay calculations on the high-36-month average of basic pay instead of final basic pay (1980), and
- Enacting the REDUX system that cut 20-year retired pay value by more than 25% (1986).

At the time the REDUX plan was being considered, then-Secretary of Defense Caspar Weinberger strongly, but unsuccessfully, opposed it (see attached letter), arguing the change would harm retention and degrade readiness. “It says in absolute terms,” said Weinberger, “that the unique, dangerous, and vital sacrifices they routinely make are not worth the taxpayer dollars they receive.”

When his prediction concerning adverse retention consequences proved all too accurate in the 1990s, Congress repealed REDUX in 1999 at the urging of the Joint Chiefs of Staff.

Since then innumerable studies and task forces have recommended even more dramatic changes, usually either to save money, to make the system more like those offered under civilian programs, or both.

Most recently, groups such as the National Commission on Fiscal Responsibility and Reform (Bowles-Simpson), the Debt Reduction Task Force (Domenici-Rivlin), the Sustainable Defense Task Force (Congressional), and the Defense Business Board's (DBB) "Modernizing the Military Retirement" Task Group all recommended radically revamping the system more on civilian lines, significantly reducing military retirement compensation.

Secretary Gates criticized the 20-year retirement system as "unfair" to those who leave service before that point, pointing out that vesting options are provided to civilian workers. Therefore he directed the DBB to identify alternative options. In his final appearance before the Senate, Gates endorsed an early vesting program, noting that "70 to 80 percent of the force does not stay until retirement but leaves with nothing."

However, there is no support for spending more money on military retirement, so the vesting options proposed to date — including those of the DBB and the DoD-sponsored 11th Quadrennial Review of Military Compensation (QRMC) — would fund new transportable benefits by imposing dramatic benefit cuts for the 17 percent who complete decades in uniform.

All too aware of the lessons of learned, Congress has wisely ignored and dismissed these recommendations which propose far more severe retirement cuts than REDUX entailed.

The existing retirement system is often characterized as "inflexible", limiting the ability of Service personnel managers to more precisely and effectively manage the force. The Coalition strongly disagrees.

The Services already have substantial authority to adjust force structure by (a) revising high-year-of-tenure limits, (b) to enforce the unique military "up-or-out" promotion system, (c) to incentivize voluntary separations, and (d) to bring about voluntary or mandatory early retirements.

The Services routinely tighten retention and reenlistment incentives and other restrictions when budget considerations create a need for additional separations and retirements. And when necessary, Congress has provided additional special drawdown authorities to create the right force structure.

However, the reality is that precisely planned force management initiatives are regularly abandoned in the wake of real-world events that often force dramatic reversals of planned actions. Reform measures which envision delaying retirement until age 57 or 60 belie the reality that the Services don't need or want the vast majority of members to stay in uniform that long, especially true for the Army and the Marine Corps.

Service desires for unlimited flexibility to shape the force may be appropriate for the management of hardware and other non-sentient resources. However, the Services are dependent upon attracting and retaining smart people who understand all too well when their leaders place no limits on the sacrifices that may be demanded of them, but also wish to reserve the right to change the rules on them and kick them out at will...even while building a system that assumes they will be willing to serve under these conditions until age 60.

Service members from whom we demand so much deserve some stability of career expectations in return. It is only reasonable.

The Coalition believes “civilianizing” the military benefit package will dramatically undermine the primary military career retention incentive, as they increase the incentives to leave and reduce the incentives to stay.

Moreover, we believe it is irresponsible to focus on budget and “civilian equity” concerns while ignoring the primary purpose of the retirement system – to ensure a strong and top-quality career force in spite of arduous service conditions which no civilians experience and few are willing to accept.

America will remain the world’s greatest superpower only as long as it continues to fulfill its reciprocal obligation to the all-volunteer career force.

The Coalition urges the Subcommittee to oppose any initiative which would “civilianize” the military retirement system, ignore the lessons of the ill-fated REDUX initiative, and inadequately recognize the unique and extraordinary demands and sacrifices inherent in a military career.

Retired Pay Cost of Living Adjustments (COLA) – The passage of the Bipartisan Budget Act of 2013 (BBA) was proclaimed as a bi-partisan, two-year sequestration alleviating budget deal. The bill was enacted to ease the harmful effects of sequestration for two years for the Department of Defense and it was accomplished by breaking long-standing commitments to service members who serve our Nation for over 20 years. It was a backroom, 11th hour deal rushed through both the House and Senate, bypassing the committees of jurisdiction.

The Coalition recognizes the magnitude of the nation’s debt problem and agrees that solving this will require sacrifice from all sectors of the federal government – including the Pentagon. However, the defense budget didn’t cause this problem and it shouldn’t carry a disproportionate brunt of the solution – especially the one weapon system that has consistently answered the call regardless of the demands we have asked of them – those who serve and have served in uniform.

The financial impact was anything but a “small” adjustment. For example, an E-7 retiring this year with 20 years of service would have seen an average loss of over \$3,700 per year. By the time he/she reaches age 62, the cumulative loss would have \$83,000; more than three years’ of his or hers original retired pay of \$23,000 annually.

When the Coalition pointed out that the BBA would adversely impact medically retired personnel as well as survivors, members of Congress quickly took steps to exempt Chapter 61 retirees and survivors.

Shortly thereafter, Congress enacted S. 25 (PL 113-82) which grandfathered current working age retirees and any currently serving member who entered the service prior to January 1, 2014. The Coalition thanks the subcommittee for their efforts to provide relief from this eleventh-hour deal; however, we prefer to have had full repeal in light of the ongoing Military Compensation and Retirement Modernization Commission’s work on the entire pay and benefits system review.

The Coalition urges the Subcommittee to:

- *Guard against any discriminatory treatment of uniformed services' retired members compared to other federal retirement, or federal COLA-eligible, by maintaining/enhancing the equity of annual COLAs.*
- *Work to ensure continued fulfillment of congressional COLA intent, as expressed in House National Security (HNSC) Committee Print of Title 37, USC: "to provide every military retired member the same purchasing power of the retired pay to which he was entitled at the time of retirement [and ensure it is] not, at any time in the future...eroded by subsequent increases in consumer prices."*
- *Ensure equal treatment of all uniformed service personnel, to include NOAA/USPHS/USCG personnel, in conjunction with any retirement/COLA legislation.*
- *Monitor any proposed Bureau of Labor and Statistics (BLS) adjustments to the Consumer Price Index (CPI) calculation process such as the adoption of the chained-Consumer Price Index (CPI) that insidiously would devalue retirement, disability compensation, and other programs over time.*
- *Monitor action on Budget Resolution, Omnibus Budget Reconciliation, Social Security reform initiatives, and other proposals to guard against discriminatory treatment of uniformed services retired members.*

Concurrent Receipt – Congress clearly recognized the inequity of the disability offset to earned retired pay during the past decade and has gone to great lengths established a process to end or phase out the offset for many disabled retirees. The Coalition is extremely grateful for the Subcommittee's efforts to continue progress in easing the adverse effects of the offset.

In that vein, we are very pleased Congress secured the resources to fix a long-standing inadvertent "glitch" in the statutory computation formula for Combat-Related Special Compensation (CRSC). This was clearly a victory for our war wounded veterans.

The Coalition strongly believes 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.

In 2010, we were very optimistic that another very deserving group of disabled retirees – those forced into medical retirement short of 20-years of service – 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 proposal would have expanded 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). We were dismayed that, despite the Subcommittee's leadership efforts and White House support, the provision has not yet been enacted – an extremely disappointing outcome for a most deserving group of disabled retirees.

We recognize only too well the challenges associated with adding new mandatory spending provisions in this difficult budget environment. But making at least some progress to address this grievous inequity

(e.g., covering all 100-percent disabled retirees with less than 20 years of service) remains an important goal.

The Coalition recommends the Subcommittee:

- *Expand Concurrent Retirement and Disability Payments (CRDP) to disabled retirees not eligible under the current statute, to include vesting of earned retirement credit for Chapter 61 retirees with less than 20 years of service.*
- *Enact legislation to ensure a disabled retiree's CRSC disability compensation cannot be reduced when one's VA disability rating increases until afforded the opportunity to elect between CRSC or CRDP.*

Fair Treatment for Service members Affected by Force Reductions – Throughout the 1990s and into the early 2000s the services had several drawdown tools at their disposal to incentivize members to voluntarily leave the service: Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and Temporary Early Retirement Authority (TERA). The recently reauthorized TERA will greatly aid the Services in anticipation of significant force drawdowns and combat forces depart southwest Asia.

During any force reduction, service members who intend to make the service a career are forced out. We believe the Nation should recognize their service and provide a "transportable" benefit for those that have their careers curtailed involuntarily short of 20 years.

The Coalition emphasizes that this limited "vesting" initiative should be applied only during periods of significant force reductions and funding for it should not come at the expense of those who serve 20 years or more.

Authorizing separated service members the ability to contribute part or all of their involuntary or voluntary separation pay into their Thrift Savings Plan (TSP) account would appropriately recognize their past service and provide a level of "transportable" career benefit under these difficult times.

The Coalition recommends enacting temporary legislation to authorize separating service members the ability to contribute part or all of their involuntary or voluntary separation payments into their Thrift Savings Plan (TSP) account to recognize their past service and provide a "transportable" career benefit under force drawdowns.

Uniformed Services Former Spouses' Protection Act (USFSPA) –

The Coalition recommends the Subcommittee pursue legislation that eliminates the USFSPA inequities by building a consensus to enact 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 or "forced retirement" of active duty members.*
- *Extend 20/20/20 benefits to 20/20/15 former spouses.*
- *Eliminate Inequities in SBP Coverage.*
- *Eliminate the "10-year Rule" for the direct payment of retired pay allocations by the Defense Finance and Accounting Service (DFAS).*

- *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 the past decade to improve the Survivor Benefit Plan (SBP), especially its major achievement in 2005 eliminating Widow Tax, the Social Security offset that SBP survivors encountered upon attaining age 62. Yet, there is still more to do when looking at the plight of our widows.

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.

In comparison 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 service member 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 in 2007 agreed with the Coalition in finding that the offset is inappropriate and should be eliminated.

In 2005 then-Speaker Pelosi and other 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 the 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're very grateful for the Subcommittee's subsequent efforts to increase SSIA amounts as additional steps toward the goal of eliminating the offset.

While fully acknowledging the Subcommittee'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 forced to sacrifice up to \$1,233 each month and being asked to be satisfied with a \$150 monthly rebate.

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, including the recent extension of civilian unemployment benefits.

The Eleventh Quadrennial Review of Military Compensation released in June of 2012 recognized that the Survivor Benefit Plan (SBP) annuity for reserve component personnel who die while performing inactive duty is significantly less than the benefit available to survivors of active duty members and reserve members who die on active duty. Despite their inactive status, these reservists are still performing military duties at the time of their death. The review report recommends calculating SBP benefits for a reservist who dies while performing active duty training using the same criteria as for a member who dies while on active duty. The Coalition believes widows whose sponsors' deaths were caused by military service should not be last in line for redress.

The Coalition urges the Subcommittee to:

- ***Continue pursuing ways to repeal the SBP-DIC offset.***
- ***Authorize SBP annuities to be placed into a Special Needs Trust for permanently disabled survivors who otherwise lose eligibility for state programs because of means testing.***
- ***Reduce the age for paid-up SBP to age 67 for those who joined the military at age 17, 18 or 19.***
- ***Reinstate SBP annuities to survivors who transfer it to their children when the children reach majority, or when a subsequent remarriage ends in death or divorce.***
- ***Calculate the SBP annuity for a reservist who dies while performing inactive duty training using the same criteria as a service member who dies while on active duty.***

Final Retired Pay Check – Under current law, DFAS recoups from military widows'/widowers' 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.

In contrast to the law governing military retired pay treatment of survivors, the Title 38 statute requires the VA 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 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

Service vs. Beneficiary Needs – Unlike civilian healthcare systems, the military health system is built mainly to meet military readiness requirements rather than to deliver needed care efficiently to beneficiaries.

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 sustaining capacity to treat casualties from military actions – a model that is not built for cost efficiency.

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. This shift in the venue of care and the associated costs are completely out of beneficiary control.

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 military-driven costs – particularly in wartime.

The Coalition strongly rejects the FY 2015 efforts to seek dramatic beneficiary cost increases as a first cost-containment option. Instead of imposing higher fees on beneficiaries as the first budget option, DoD leaders must be required to fix/consolidate redundant, counterproductive DoD health systems.

Failure to do so has added billions to defense health costs.

Specifically:

- Decades of GAO and other reports demonstrate DoD cost accounting systems lack transparency and are un-auditable.
- There is no single authority over three separate service health systems and multiple contractors that compete for budget share in self-defeating ways
- Leaders and the Services have ignored 19 studies by GAO, IG and others since 1947, all showing consolidation of policies, medical budget oversight and execution would save billions
- Last century contract system undermines capacity for best practices
- Military treatment facilities are 25% less costly – but 27% underutilized

- DoD-sponsored reviews indicate more efficient organization could cut health costs 30% without affecting care or beneficiary costs
- Incentives to providers are not sufficiently based on quality-driven clinical outcomes that reward efficiency and value
- Referral requirements that add complexity and actually inhibit timely delivery of needed and cost-effective care should be eliminated (e.g., referral is not required for emergency room visits, but is required for acute care facilities, leading many TRICARE Prime beneficiaries to routinely visit far-more-expensive emergency rooms on weekends and evenings)
- Current inflexible appointing systems inhibit beneficiary access to care

These are only some of the examples demonstrating that could dramatically reduce defense health costs without affecting care or costs for beneficiaries.

The Coalition urges the Subcommittee to direct DoD to pursue any and all options to improve efficient and cost-effective care delivery in ways that do not disadvantage beneficiaries rather than simply shifting more costs onto beneficiaries.

Military vs. Civilian Cash Fees Is “Apple to Orange” Comparison – The Coalition continues to object strongly to simple comparisons of military vs. civilian cash fees. Such “apple to orange” comparisons ignore most of the very great price career military members and families pay for their coverage in retirement.

The unique package of military retirement benefits – of which a key component is a superior health care benefit – is the primary offset provided 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 a grateful Nation provides to the small fraction of the population who agree to subordinate their personal and family lives to protecting our national interests for so many years.

For all practical purposes, those who wear the uniform of their country are enrolled in a 20- to 30-year pre-payment plan that must be completed to earn lifetime health coverage. Once that pre-payment is already rendered, the government cannot simply ignore it and focus only on post-service cash payments – as if the past service, sacrifice, and commitments had no value.

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.

It’s true that many private sector employers are choosing to shift more healthcare 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 recession has reinforced this trend.

Efforts to paint this in a negative light (i.e., implying that working-age military retirees with access to civilian employer plans should be expected to use those instead of military coverage) belie both the service-earned nature of the military coverage and the long-standing healthcare promises the government aggressively employed to induce their career service.

The Coalition urges the Subcommittee to continue to reject simple comparisons of military-to-civilian cash healthcare fees as grossly devaluing career service members' and families' extraordinarily steep nonmonetary contributions through decades of service and sacrifice.

Wounded, Ill, and Injured Service Member Care

TMC believes strongly that active DoD and VA collaboration is not only essential to achieving seamless transition, such cooperation is also critical to the long-term sustainability of our defense strategy, the health and wellness of the All-Volunteer Force and the acknowledgement of our country's commitment and moral obligation to the long-term care and support for those who served.

As the military exits Afghanistan, the Coalition worries about the stability and viability of the policies, programs, and services over the long haul intended to care and support our wounded, ill, and injured and their families-caregivers.

Thanks to the Subcommittee's efforts, policy, program and service enhancements have greatly enhanced system capacities and capabilities. Since 2007, every National Defense Authorization Act has built upon institutionalizing a seamless, unified and synchronized health systems-approach for caring and supporting our wounded heroes and their families. .

The Coalition commends DoD and VA for the milestones they have achieved to make these systems better over the last decade. We believe greater progress can be made if the Departments more aggressively pursue collaborative partnerships with other government agencies and non-government entities to drive down costs, support seamless transition efforts, and improve continuity of medical care. Both agencies have stated repeatedly that 'they can't meet the needs of our recovering warriors without the help of outside organizations' – yet, DoD and VA continue to remain isolated and closed systems, not drawing on or leveraging the very public-private partnerships they say they want and need.

The challenges are many, and the policy and program issues remain extremely complex and seemingly difficult to overcome. However, TMC believes collaborative efforts of the Administration, Congress, the Pentagon and Military Services, and VA working together with military and veteran organizations and beneficiaries can remove these barriers and simplify the systems.

DoD – VA Oversight, Accountability and Integration – Since the Pentagon and VA have relegated responsibility and authority to lower levels of the agencies, TMC has seen an expansion of uncertainty and confusion as to what the hundreds of wounded, ill and injured programs are doing, what the span of control is over these programs, or what the return on investment, efficacy, or effectiveness of these program in meeting the needs of a growing population of military, veterans and families that are and will be accessing these systems of care.

The limited authority of the VA/DoD Joint Executive Council and visibility of these important issues are making it difficult for senior official involvement and oversight on these matters and limiting the Department's ability to fully establish a synchronized, uniform and seamless approach to care and services. Additionally, significant changes in the DoD civilian and military leadership and threats of significant budget cuts make caring for our wounded warriors more critical than ever before.

While many well-meaning and hard-working military and civilians are doing their best to keep pushing progress forward, leadership, organization, and mission changes have left many leaders frustrated with the process, insufficient resources, and struggling to effect needed changes.

The Coalition urges joint hearings by the Armed Services and Veterans Affairs Committees to assess the effectiveness of current seamless transition oversight efforts and systems and to solicit views and recommendations from DoD, VA, the military services, and non-governmental organizations concerning how joint communication, cooperation, and oversight could be improved.

The recent abandonment of the joint DoD-VA electronic medical record is particularly discouraging, given the broad consensus on how essential this joint record is to long-term success of seamless transition efforts.

The Coalition specifically recommends Congress:

- *Hold joint hearings with the Veterans Affairs Committee addressing the Joint Executive Council's (JEC) effectiveness in daily oversight, management, collaboration, and coordination of the Departments' wounded warrior programs.*
- *Continue to press for creation and implementation of a joint, bi-directional electronic medical record.*
- *Provide permanent funding, staffing, and accountability for congressionally mandated Defense Centers of Excellence and associated mental-behavioral health, suicide prevention, alcohol and substance abuse, caregiver, respite, and other medical and non-medical programs.*
- *Continue aggressive oversight of the Integrated Disability Evaluation and legacy disability evaluations systems to ensure preservation of the 30-percent threshold for medical retirement, consistency and uniformity of policies, ratings, legal assistance, benefits, and transitional services Defense-wide.*
- *Standardize terminology, definitions, eligibility criteria, roles and responsibilities around policies, programs, services, and administration of medical and non-medical support (e.g., recovering warrior categories, all categories of case managers, caregiver support and benefits, power of attorney, and a comprehensive recovery plan).*
- *Standardize the coordination of DoD-VA care, treatment and benefits of all Departments' case management programs, and medical and non-medical programs and services.*

Continuity of Health Care—Transitioning between DoD and VA health care systems remains a significant and one of the most challenging aspects of the care process to wounded warriors and their families. The medical systems continue to be overwhelming and confusing to those trying to navigate them, especially during times when individuals are experiencing a great deal of trauma and uncertainty about what the future holds at the same time coping the realities of their wounds and disabilities. Wounded warriors and their families continue to be less satisfied with their transition after separation or medical retirement and into longer-term care and support in either the military or VA medical systems.

Additionally, systemic, cultural, and bureaucratic obstacles often prevent the service member or veteran from receiving the continuity of care they need to heal and have productive and a high level of quality of life they so desperately need and desire. We hear regularly from members who have experienced significant disruptions of care upon leaving service, and frustration that many of the essential

rehabilitation services that were available on active duty are no longer available to them in the military health system and/or VA, such as behavioral health, cognitive rehabilitation services.

The Coalition urges Congress to:

- *Secure the same level of payments, support and benefits for all uniformed services' wounded, ill, or injured (WII) in the line of duty.*
- *Create a standardized curriculum and training programs for all DoD-VA mental-behavioral health providers and educational institutions in the diagnosis and treatment of PTS/PTSD/TBI.*
- *Increase and improve the quality and timeliness of access to initial and follow-on appointments, treatment and services in DoD-VA systems, ensuring seamless transition of mental-behavioral health services are maintained for wounded, ill and injured, their families and caregivers across the Departments.*
- *Ensure Guard and Reserve members have adequate access and treatment in the DoD and VA health systems for Post-Traumatic Stress Disorder and Traumatic Brain Injury following separation from active duty service in a theatre of operations.*

DoD-VA Integrated Disability Evaluation/Legacy Systems (IDES) – TMC still hears too many emotional stories of “low-balling” disabled service members’ disability ratings, or troops separated with service-connected conditions not documented or reported in records, causing members with significant disabling conditions to be separated and turned over to the VA rather than being medically retired—a troublesome trend today, especially for those in the Guard and Reserves.

Congress has taken positive steps to address this situation, including establishment of the Physical Disability Board of Review (PDBR) to give previously separated service members an opportunity to appeal too-low disability ratings.

The DoD-VA IDES pilot has been fully implemented and expanded, and is considered to be much more streamlined and non-adversarial, and more mechanisms in place to help members navigate and advocate for the member through the process, unlike its legacy system counterpart.

Unfortunately, some services still use loopholes, such as designating disorders as “existing prior to service,” even though the VA rated the condition as “service-connected” and the member was deemed fit enough to serve in a combat zone. The Coalition believes strongly that once we have sent a soldier, sailor, airman or marine to war, the member should be given the benefit of the doubt that any condition subsequently found should not be considered as existing prior to service.

The Coalition also agrees with the opinion expressed by former 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.

The Coalition recommends Congress:

- *Preserve the statutory 30 percent disability threshold for medical retirement in order to provide lifetime TRICARE coverage for those who are injured while on active duty.*
- *Reform the DoD disability retirement system to require inclusion of all unfitting conditions and accepting the VA’s “service-connected” rating.*

- *Ensure any restructure of the DoD and VA disability and compensation systems does not inadvertently reduce compensation levels for disabled service members.*
- *Eliminate distinctions between disabilities incurred in combat vs. non-combat when determining benefits eligibility for retirement.*
- *Tighten the Integrated Disability Evaluation System (IDES) (as recommended by the RWTF) to include reforms that:*
 - *Create of a “joint” formal physical evaluation board in order to standardize disability ratings by each of the Services.*
 - *Mandate in policy that all service members entering into a Medical Evaluation Board (MEB) be contacted by the MEB outreach lawyer to help navigate the board process upon notification that a narrative summary will be completed.*
- *Pursue improvements in identifying and properly boarding (medical evaluation and physical evaluation boards) Guard and Reserve members (to include the IRR) who have been wounded or incurred injuries or illnesses while activated but have had their conditions manifest or worsen post deactivation such as establishing policies that allow for the rapid issuance of Title 10 orders to affected Reserve Component (as recommended by the Recovering Warrior Task Force).*
- *Seek legislation to eliminate legacy DES so that that service members who are placed on the Temporary Disability Retirement List (TDRL) are afforded the opportunity to have the VA rate their disability by the IDES upon their removal from the TDRL.*
- *Revise the VA schedule for rating disabilities (VASRD) to improve the care and treatment of those wounded, ill, and injured, especially those diagnosed with PTSD and TBI.*
- *Bar the designation of disabling conditions as “existing prior to service” for service members who have been deployed to a combat zone.*

Caregiver/Family Support Services – The sad reality is that, for the most severely wounded, ill or injured service members, their family members or other loved ones often become their full-time caregiver. Many are forced to give up their jobs, homes, and savings to care for their loved one – an incredible and overwhelming burden for these individuals to shoulder.

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

The Coalition appreciates the Subcommittee’s sustained support for caregivers and requests additional steps be taken to ensure that non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage are provided health and respite care while the injured member remains on active duty, commensurate with what the VA authorizes for caregivers of wounded, ill, and injured veterans.

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 when a member dies on active duty.

Another important care continuity issue for the severely wounded, ill and injured is the failure to keep caregivers of these personnel involved in every step of the care and follow-up process, even when they have official documentation authorizing them as a caregiver or guardian. TMC continues to hear with great frequency, that clinicians and administrative staff in military treatment or VA facilities exclude caregiver participation, talking only to the injured member or excluding them completely in the process.

Congress, DoD and the VA have worked to get essential information to the wounded, ill, and injured and their caregivers. Similar efforts are urgently needed to educate medical providers and administrative staff at all levels that the final responsibility for ensuring execution of prescribed regimens of care for severely wounded, ill and injured service members typically rests with the caregivers, who must be kept involved and informed on all aspects of these members' treatment, appointments, and medical evaluations.

The Coalition recommends Congress:

- ***Ensure wounded, ill and injured families and caregivers are an integral part of the rehabilitation and recovery team and be included in and educated about medical care and treatment, disability evaluation system processes, development and implementation of the comprehensive recovery plan, and receive DoD-VA support and guidance throughout the process.***
- ***Provide enhanced training of DoD and VA medical and support staff on the vital importance of involving and informing designated caregivers in treatment of and communication with severely wounded, ill, and injured personnel.***
- ***Provide health and respite care for non-dependent caregivers (e.g., parents and siblings) who have had to sacrifice their own employment and health coverage while the injured member remains on active duty, commensurate with what the VA authorizes for eligible caregivers of medically retired or separated members.***
- ***Ensure consistency of DoD and VA caregiver benefits to ensure seamless transition from DoD to VA programs.***
- ***Extend eligibility for residence in on-base housing for up to one year for medically retired and severely wounded, ill, and injured members and their families, or until the service member receives a VA disability rating, whichever is longer.***

Guard and Reserve Health Care – The Coalition is very grateful for sustained progress in providing reservists' families a continuum of government-sponsored health care coverage options throughout their military careers into retirement, but key gaps remain.

DoD took the first step in the 1990s by establishing a policy to pay the Federal Health Benefits Program (FEHB) premiums for G-R employees of the Department during periods of their active duty service.

Thanks to this subcommittee's efforts, considerable additional progress has been made in subsequent years to provide at least some form of military health coverage at each stage of a Reserve Component member's life, including TRICARE Reserve Select for actively drilling Guard/Reserve families and TRICARE Retired Reserve for "gray area" retirees.

But some deserving segments of the Guard and Reserve population remain without needed coverage, including post-deployed members of the Individual Ready Reserve and early Reserve retirees who are in receipt of non-regular retired pay before age 60.

In other cases, the Coalition believes it would serve Guard/Reserve members' and DoD's common interests to explore additional options for delivery of care to Guard and Reserve families. As deployment rates decline, for example, it would be cost-effective to establish an option under which DoD would subsidize continuation of employer coverage for family members during (hopefully less-frequent) periods of activation rather than funding year-round TRS coverage.

TMC continues to support closing the remaining gaps to establish a continuum of health coverage for operational reserve families.

The Coalition recommends:

- ***Providing Federal Employee Health Benefit Plan (FEHBP) beneficiaries the option of TRICARE Reserve Select (TRS).***
- ***Permitting members of the IRR to enroll in TRS as an incentive for their continued service.***
- ***Seeking improvements to the pre- and post-activation health assessment and corrective programs:***
 - ***Securing funds for government treatment of RC members to correct any medical or dental readiness deficiencies during periodic health assessment screenings.***
 - ***Expanding funded dental care to cover 180 days post activation.***
 - ***During periods of reintegration, funding and providing evidence-based care and services for RC members, including mental/behavioral health issues such as, substance abuse and suicide.***
- ***Through the use of innovative technologies, increasing access to VA/DoD health, dental, and behavioral health care for those residing in rural area.***
- ***Subsidizing premiums paid by private employer to allow continuation of private coverage during periods of activation as an option.***

Additional TRICARE Prime Issues – The Coalition strongly advocates for 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 with their healthcare choices.

The Military Coalition urges the Subcommittee to:

- ***Require increased DoD efforts to ensure electronic health record consistency between MTFs and purchased care sectors and provide beneficiaries with information to assist in informed decision making.***

Additional TRICARE Standard Issues – 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 grateful that the FY2012 Defense Authorization Act extended through 2015 the requirement for DoD to survey participation of providers in TRICARE Standard.

However, we are concerned that DoD has not yet established benchmarks 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, but could severely constrain access in other areas with higher beneficiary density.

The Coalition hopes to see an objective participation standard (perhaps based on the 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 intervention.

Further, the Coalition believes the Department should be required to take action to increase provider participation in localities where participation falls short of the standard.

A source of continuing concern is the TRICARE Standard inpatient copay for retired members, which now stands at \$708 per day or 25% of billed charges. The Coalition believes this amount already is excessive, and should continue to remain capped at that rate for the foreseeable future.

The Coalition urges the Subcommittee to:

- *Bar any further increase in the TRICARE Standard inpatient copay for the foreseeable future.*
- *Insist on immediate delivery of an adequacy threshold for provider participation, below which additional action is required to improve such participation to meet the threshold.*
- *Require a specific report on provider participation adequacy in the localities where Prime Service Areas will be discontinued under the new TRICARE contracts.*
- *Increase locator support to TRICARE Standard beneficiaries seeking providers who will accept new Standard patients, particularly for primary care and mental health specialties.*

Summary

The Military Coalition again thanks the Subcommittee for your unfailing support of the entire uniformed service community and for taking our concerns and priorities into consideration as you deliberate on the future of the one weapon system that has never let our Nation down – the men and women who wear and have worn the uniform and their families.

**Colonel Michael Hayden
United States Air Force, Retired**

In April 2013, Mike Hayden was named the Director of Government Relations for the Military Officers Association of America (MOAA) and elected as co-chair of The Military Coalition (TMC).

In 1980, Mike was commissioned a second lieutenant in the United States Air Force from Officer Training School and after receiving his navigator wings, he compiled over 2,800 flying hours as a B-52 instructor radar navigator.

Mike spent his last five years on active duty at the Pentagon as chief, Personnel Services Division, for the Joint Chiefs of Staff and as chief, Military Personnel Policy Division, HQ USAF. In the Joint Staff position, he worked with MOAA in winning Survivor Benefit Plan (SBP) coverage for survivors of service members killed on active duty. As the Military Personnel Policy Division Chief, his team developed and implemented the one-year drawdown of over 24,000 airmen.

Since joining the MOAA lobbying team in July 2005, he has led the charge on active duty and retired compensation issues, successfully championing restoration of military pay comparability and fending off inappropriate military retirement changes.

Mike serves as co-chair of TMC with John Davis, Director, Legislative Programs of the Fleet Reserve Association. TMC is comprised of 33 organizations representing more than 5.5 million members of the uniformed services--active, reserve, retired, survivors, veterans--and their families.

Mike holds a Bachelor's degree in Economics from Northern Illinois University and a Master's degree in Aeronautical Science from Embry Riddle University.

**DISCLOSURE FORM FOR WITNESSES
CONCERNING FEDERAL CONTRACT AND GRANT INFORMATION**

INSTRUCTION TO WITNESSES: Rule 11, clause 2(g)(5), of the Rules of the U.S. House of Representatives for the 113th Congress requires nongovernmental witnesses appearing before House committees to include in their written statements a curriculum vitae and a disclosure of the amount and source of any federal contracts or grants (including subcontracts and subgrants) received during the current and two previous fiscal years either by the witness or by an entity represented by the witness. This form is intended to assist witnesses appearing before the House Committee on Armed Services in complying with the House rule. Please note that a copy of these statements, with appropriate redactions to protect the witness's personal privacy (including home address and phone number) will be made publicly available in electronic form not later than one day after the witness's appearance before the committee.

Witness name: Michael F. Hayden

Capacity in which appearing: (check one)

- Individual
- Representative

If appearing in a representative capacity, name of the company, association or other entity being represented: The Military Coalition

FISCAL YEAR 2013

federal grant(s)/ contracts	federal agency	dollar value	subject(s) of contract or grant
None			

FISCAL YEAR 2012

federal grant(s)/ contracts	federal agency	dollar value	subject(s) of contract or grant
None			

FISCAL YEAR 2011

Federal grant(s)/ contracts	federal agency	dollar value	subject(s) of contract or grant
None			

Federal Contract Information: If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts) with the federal government, please provide the following information:

Number of contracts (including subcontracts) with the federal government:

Current fiscal year (2013): None _____;
 Fiscal year 2012: None _____;
 Fiscal year 2011: None _____.

Federal agencies with which federal contracts are held:

Current fiscal year (2013): None _____;
 Fiscal year 2012: None _____;
 Fiscal year 2011: None _____.

List of subjects of federal contract(s) (for example, ship construction, aircraft parts manufacturing, software design, force structure consultant, architecture & engineering services, etc.):

Current fiscal year (2013): None _____;
 Fiscal year 2012: None _____;
 Fiscal year 2011: None _____.

Aggregate dollar value of federal contracts held:

Current fiscal year (2013): None _____;
 Fiscal year 2012: None _____;
 Fiscal year 2011: None _____.

Federal Grant Information: If you or the entity you represent before the Committee on Armed Services has grants (including subgrants) with the federal government, please provide the following information:

Number of grants (including subgrants) with the federal government:

Current fiscal year (2013): None _____;
Fiscal year 2012: None _____;
Fiscal year 2011: None _____.

Federal agencies with which federal grants are held:

Current fiscal year (2013): None _____;
Fiscal year 2012: None _____;
Fiscal year 2011: None _____.

List of subjects of federal grants(s) (for example, materials research, sociological study, software design, etc.):

Current fiscal year (2013): None _____;
Fiscal year 2012: None _____;
Fiscal year 2011: None _____.

Aggregate dollar value of federal grants held:

Current fiscal year (2013): None _____;
Fiscal year 2012: None _____;
Fiscal year 2011: None _____.



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Testimony of

The National Military and Veterans Alliance

Legislative Priorities and Views on FY15 Pentagon Plan

presented by

Rick Jones
NMVA Co-Chairman

before the

Subcommittee on Military Personnel,
Committee on Armed Services

Wednesday, April 9, 2014, 2:00 PM
2118 Rayburn House Office Building

Chairman Wilson, Ranking Member Davis and Members of the Subcommittee:

On behalf of the National Military and Veterans Alliance (NMVA), composed of military associations and veterans organizations representing nearly 3.5 million service members, including active duty, National Guard, Reserve, military retirees, veterans, families and survivors, I thank you for the opportunity to present our testimony at this hearing on NMVA legislative priorities for fiscal 2015 and views on the President's budget request.

NMVA testimony takes into consideration the interests of each individual association in all joint actions and testimony. Working together, we undertake to expand our resources and present a united voice to Congress and the Administration, promoting our goals and objectives concerning a wide range of military quality-of-life issues including pay, personnel, medical care, survivor benefits, military housing, education and related veterans issues and legislation.

NMVA receives no federal grants and has no federal contracts.

Member Organizations:

- | | |
|--|---|
| 1. American Logistics Association | 17. Military Order of the World Wars |
| 2. American Military Retirees Assoc. | 18. National Association for Uniformed Services |
| 3. American Military Society | 19. National Defense Committee |
| 4. American Retirees Association | 20. Naval Enlisted Reserve Association |
| 5. AMVETS (American Veterans) | 21. Reserve Enlisted Association |
| 6. Armed Forces Marketing Council | 22. Reserve Officers Association |
| 7. Army Navy Union | 23. Senior Citizens League |
| 8. Assoc. of the United States Navy | 24. Society of Military Widows |
| 9. Gold Star Wives of America | 25. The Flag and General Officers Network |
| 10. Hispanic War Veterans Assoc. | 26. The Retired Enlisted Association |
| 11. Japanese American Veterans Assoc. | 27. Tragedy Assistant Program for Survivors |
| 12. Korean War Veterans Foundation | 28. Uniformed Services Disabled Retirees |
| 13. Legion of Valor | 29. Veterans of Foreign Wars of the United States |
| 14. Military Families United | 30. Veterans of Modern Warfare |
| 15. Military Order of the Purple Heart | 31. VetsFirst, of United Spinal Association |
| 16. Military Order of Foreign Wars | 32. Vietnam Veterans of America |

Introduction

One of the main concerns of the National Military and Veterans Alliance is the assurance of generous pay and benefits for the brave men and women who serve in uniform to defend this Nation and its citizens. Our top priority is to end sequestration of our military men and women and to protect the readiness of those who serve.

The National Military and Veterans Alliance urges Congress in this era of heightened partisan disputes to find a solution that secures the nation's commitment to military men and women, past and present.

Defense Reductions and Sequestration

The national security environment we face today is as perilous as any in memory. Over the past several years, our defense budget has been struck time after time with reductions. The Budget Control Act started a \$487 billion cut in the defense budget and now we are at even greater risk threatened by a sequestration edict cutting another \$500 billion over the next decade.

We were told sequestration would never happen. But here we are in year two facing the blunt and irresponsible approach to taming our annual deficits and reining in the enormous debt we and future generations face.

Under sequestration, defense, which accounts for less than 15 percent of the budget, is forced to take 50 percent of sequester cuts. It is disproportional by any measure of understanding and incredibly detrimental to our national security.

The results of these cuts have already been devastating to our national security. The Air Force is approaching the smallest it has been since 1946; the Navy is at a historic low level of ships; the Army is on its way to the lowest troop level since before World War II; and the Marine Corps will be down two divisions.

Our readiness and capabilities are in decline

In recent testimony, General Odierno, the Chief of Staff of the Army, said his forces are at the "lowest readiness levels" he has experienced in his 37 years of military service.

Admiral Greenert, Chief of Naval Operations, told Congress the Navy is "tapped out." The service does not have a strike force trained and ready to respond on short notice to quell a hot contingency.

Admiral Winnefeld, the Vice Chairman of the Joint Chiefs of Staff, said, "There could be, for the first time in my career, instances where we may be asked to respond to a crisis and we will have to say we cannot."

General Amos, the Commandant of the Marine Corps, testified that the current budget course will result in “fewer forces arriving less-trained and later to the fight,” allowing “the enemy more time to build its defenses.” He called the situation, “a formula for more American casualties.”

And to summarize the situation, General Dempsey, the Chairman of the Joint Chiefs of Staff, said the course we are on “will put the nation at greater risk of coercion, and it will break faith with the men and women in uniform.”

Administration Budget Plan

The National Military and Veterans Alliance is deeply troubled by the Administration’s budget plan. The Pentagon plan makes steep reductions in force structure, compensation and benefits that we cannot support.

Under the current sequestration environment, the plan places unwarranted and disproportional cuts on national security without any meaningful reform to general government entitlement spending, the true source of the growing and threatening national debt.

While the National Military and Veterans Alliance agrees that progress must be made against the deficit and national debt, we call on Congress to end sequestration of our military. Something must be done to change this irresponsible and dangerous course that suggests we can gut our defense and still defend our nation and our interests.

Defense spending is not the driver of deficit spending

Year after year, the National Military and Veterans Alliance has seen defense spending as a lower proportion of overall federal government spending. In the current DoD plan, the top line for the fiscal 2015 is little different from the previous two fiscal years, despite a lower but persistent inflation. Moreover, the plan is more than \$30 billion below fiscal years 2010, 2011, and 2012.

Though the Bipartisan Budget Act helps to partially diminish the adverse effect of sequestration on our national security, the law maintains spending caps and continues to designate defense spending to provide a seriously disproportional “contribution” against the deficit.

The National Military and Veterans Alliance believes it is wrong to hamstring our military. The disproportional reductions to defense seriously challenge our ability to meet our national security needs and to meet our obligation to protect our nation and its citizens and to carry through on promises made to the brave men and women who serve.

For those who serve and have served, we owe our respect and commitment. The National Military and Veterans Alliance member organizations believe strongly that defense of the nation is the first and primary responsibility of government. But we also

have a deeply held obligation to the people who served a career in uniformed service. It is an obligation made to people whose military careers are now done.

Lessons Learned from Past Experience

Unfortunately, our history is replete with examples of an America ill-prepared to defend itself or its interests.

After World War I and throughout the depression America stood down most of its military. At the outbreak of WWII, Army units trained with broomsticks because they didn't have guns, and with cars with "tank" painted on the doors because they didn't have tanks.

Similarly, the nation's military investment dramatically dropped after World War II. When the nation stood in 1950 to challenge the expansion of communist tyranny, our military faced serious shortages not only in troop strength but in aircraft, clothing, ammunition, landing craft, artillery and vehicles. We had to rebuild and the time it took cost us dearly in the lives lost by those who held the line.

Coming out of Vietnam we downsized the force and shifted to an all volunteer structure. In the process we experienced incredible difficulties. Typical was the experience of the Marine Corps, one of our elite components. The Corps experienced numerous racial incidents and violence. Morale was sadly shaken. Company commanders were so involved in disciplinary actions it was difficult to maintain a semblance of Corps unity. The situation was as bad or worse in the other services.

Following the Gulf War, during the 1990s, the military took the brunt of the so-called peace dividend. We cut the Army 500,000 soldiers—active, Guard and Reserve. Our Navy, Air Force and Marine Corps were also sharply reduced.

When the need came in Afghanistan and later in Iraq, we had to regrow our forces. We found out what history should have already taught: it is easy to cut, but when we try to grow forces, it takes time, often at a premium, to grow them back.

Today we have perhaps the most capable, competent and effective military we have ever fielded against an enemy of our nation. It is truly a national treasure. It is a military that took us more than two decades, throughout the '70s, '80s and '90s, to create and build. It is an all volunteer force.

Individuals join and remain for a wide variety of reasons

One of the many lessons we learned during the more than 20 years of rebuilding after the war in Vietnam was that individuals join and remain for a wide variety of reasons.

The current, carefully balanced package of incentives and earned benefits address those many recruiting and retention needs. Included are: Health Care, Retirement,

Commissaries & Exchanges, GI Bill, Pay, Social Security, Medicare, COLA, Tuition Assistance and Special pays and allowances.

Virtually all of these benefits are now targets of the Pentagon plan for cuts, reductions or elimination.

Defense Spending as Federal Government Priority

It must be recognized that the defense budget is not the cause of this country's fiscal woes. In historic terms, our federal government spends only a small portion on defense. The base budget for fiscal 2015 provides \$496 billion, a bare 3 percent of the Gross Domestic Product (GDP).

During the Cold War defense spending was 7.5 percent of our national economy as expressed by GDP. And at the height of the Reagan buildup in 1986, defense was 6.3 percent. Even in the peacetime years, between 1940 and 2000, national security spending averaged 5.7 percent of the nation's total economy.

If we go forward with this budget proposal, by 2024, we are down to 2.3 percent of our GDP on defense.

The argument that military spending should be reduced because it accounts for half of all discretionary spending, overlooks the growing impact on national debt of non-discretionary spending. With non-discretionary spending taken into account, defense spending is less than one-fifth of annual government spending.

In fact, defense spending is declining as a percentage of overall federal spending. In the Administration's fiscal 2015 budget requesting \$3.7 trillion, our national security costs come in at less than 14 percent of total federal government spending.

If the United States is to meet the challenges that confront us, it is imperative that we exercise common sense and devise a responsible approach to decisions on public policy.

It took more than 20-years to rebuild a quality all-volunteer force. We have made some mistakes along the way, but we've been able to move ahead. All taken together, these are very crucial issues to our national security.

The National Military and Veterans Alliance asks you to be very cautious and careful as you deliberate these matters. If our nation should choose wrongly, we will endanger our national security and put our citizens at risk.

The lessons learned in experience are clear and the danger of unintentionally creating a "hollow Force" is real.

Major Concerns

The National Military and Veterans Alliance has major concerns regarding the proposed cuts. Do the cuts honor the moral contract between the nation and those who have served and are currently serving? Are we keeping the promises that have been made? What are the 2nd, 3rd and 4th level of unintended consequences and the potential impact on recruiting and retention and ultimately the quality of the force? Readiness, training and equipment are essential, but not as important as the high caliber people willing to serve and needed to operate that equipment. To assist and on behalf of the membership of NMVA, we offer the following:

Uniformed Service Benefit Plans: Health Care

The provision of health care for the retiree and his family is the most important non-cash benefit provided in exchange for a career in uniformed service. Generations of recruits for military service may have joined for the pay and experience, but they stay in the service on the promises by their own government that if they served a career of 20-years in uniform, they and their dependents receive health care upon retirement.

It is inconceivable to the National Military and Veterans Alliance that the healthcare benefit earned by career service members would be considered as a means to help meet readiness, training and equipment needs of America's national security. If such a plan were enacted, it would demonstrate that the promised earned benefits of a military career are not viewed as a priority.

It is imperative that the Administration and Congress do the right thing. To renege on the commitment to provide adequate funding for benefits earned through a career in armed service would send the wrong signal to those who serve and have served in America's Armed Forces, especially in a time of war. Approving such a message would likely not be well received by the military community.

Again, The National Military and Veterans Alliance is seriously concerned about the potential for dramatic, negative affect on maintaining a skilled force in the event the promise of TRICARE is radically changed. The National Military and Veterans Alliance urges your personal commitment to the brave men and women who defend this great country.

Uniformed Service Benefit Plans: Military Retirement

The National Military and Veterans Alliance is also concerned about a rising chorus of calls for major changes in the military retirement system. These proposals suggest an end to the Pentagon's 20-year retirement system and the establishment of a corporate-style benefit program that provides matching contributions rather than payment of a future monthly retirement.

These plans devised mostly by civilian businessmen with little direct military experience, would radically alter the military retirement system, scrapping the 20-year model and replacing it with a 401(k)-type account. Retirement payments would be payable without

penalty at age 60 to 65. Early withdrawal would require payment of a penalty, except for education, health care or other emergencies.

To date, The National Military and Veterans Alliance members, without exception, have disagreed with virtually every portion of the proposed changes. One member called it an unworkable solution to a manufactured problem. In fact, Dr. Jo Ann Rooney, former principle deputy secretary of defense for personnel and readiness, testified before this Subcommittee that the current system is “neither unaffordable nor spiraling out of control,” noting that retirement costs as a percentage of outlays have remained reasonably constant over the years.

In addition, Dr. Rooney rebutted accusations of the retirement system being too costly. In testimony before Congress, she indicated that the system does appear expensive, but it is not unaffordable or out of control as has been suggested. She also indicated that most service members would not support a plan similar to 401 (k) plans found in the private sector.

“It generally takes 15 to 20 years to generate the next generation of infantry battalion commanders and submarine captains,” said Dr. Jo Ann Rooney, the principal deputy undersecretary of defense for personnel and readiness. “As a result, the department must ensure military compensation, promotions and personnel policies all foster greater retention and longer careers necessary to create these experienced leaders. This need for greater longevity and continuity suggests there are valid reasons why mirroring a private sector compensation package might not be a proper approach for the military.”

Of course, the most consistent concern is that plans to move toward a civilianized 401(k) type plan are no more attractive than any other investment portfolio. In brief, they fail to enhance retention. If the traditional retirement plan is replaced with a hybrid saving plan, NMVA believes, the real incentive will be for service members to leave earlier rather than later.

The National Military and Veterans Alliance is particularly concerned about the potential loss of mid-level officers, NCOs and Petty Officers who are so critical to service leadership, experience, know-how and training so vital to readiness. Why stay 20 or 30 years when you can leave at 5, 10, or 15 and still get some retirement?

We must learn from the past. In the most recent change in the retirement system, Congress passed in 1986, over the objection of the Department of Defense, the Military Retirement Reform Act of 1986 (known as the REDUX system). The enactment of REDUX adversely affected midcareer decisions and, effectively, undermined retention. Mid-level leadership went wanting. When the Joint Chiefs of Staff made repeal of REDUX their number one readiness priority Congress repealed the program, 12-years after its enactment.

Prior experience with radical reform of the retirement system is not, therefore, an unknown. We know how this will play out. We have gone down this road before with

the “peace dividend” after Desert Storm and many earlier experiences. And we ask you to give this important matter your careful consideration on its potential for adverse affect on retention and the military’s ability to ensure national security.

NMVA is opposed to changing the military retirement system to something more like what is available for private-sector civilian retirement benefits for active-duty military. We reject the comparison of the military retirement system to a civilian retirement system.

Uniformed Service Benefit Plans: Commissaries and Exchanges

As you consider the Pentagon plan, please, understand, as we know you do, that commissaries are an integral part of the total compensation package for our military families.

The Pentagon plan is to phase out two-thirds of its support for the commissary system over the next three years. The National Military and Veterans Alliance is very concerned that enactment of this proposal would curtail much needed and critical quality of life programs for military families.

While the Department spent \$1.5 billion to support the commissaries (\$1.3 billion) and exchanges (\$200 million) last year, the purpose of the commissaries and exchanges must be understood. These operations ensure that military families are cared for and have access to affordable food and quality basic goods, especially overseas.

For a family of four, shopping at the commissary means a market basket savings of \$4,400 per year. And the cost-efficiency of the exchange returned \$300 million last year to help support morale, welfare and recreation programs for the services.

Those most impacted by the Pentagon plan are young military families and retirees, many of whom are on limited budgets. The strangulation of the subsidy will cause family food costs to increase and commissaries, as a result, will become less attractive to the military community. As fewer customers visit commissary operations, fewer will shop at the Exchange system, as well. The revenue loss at commissaries and Exchanges will impact MWR programs, including childcare and related family programs. It will also impact young military families in that many employees are military members who badly need the extra incomes to get by.

The National Military and Veterans Alliance would also note that exchange consolidation was studied between 2003 and 2006 and \$17 million was spent on that effort and related studies. Consistently, these studies have shown that consolidation is the wrong path. It is too costly and increases the costs of basic goods for service members and their families. Cooperation between the systems offers efficiencies and savings without the risks and enormous costs.

The National Military and Veterans Alliance believes efficiencies can be achieved in a military resale system that maintain the high-quality of the benefit military families

currently enjoy. Draconian measures are not the answer. We respectfully ask that you reject any proposal that would end the appropriation for the commissary and exchange system or that mandates consolidation, and that you reject any changes to Title X that would introduce selling products at a profit in commissaries.

Reserve Force

The National Military and Veterans Alliance believes that the nation needs to continue to use the Reserve Components as an operational force and sustain a surge capacity for unexpected contingencies. With DoD willing to accept risks, the Reserve and Guard represent the only insurance policy.

As you consider the Pentagon plan, the National Military and Veterans Alliance asks members to recognize the importance of retaining the combat experience gained by Reserve forces of veterans during development of any plan for reduction in the Reserve Force.

The National Military and Veterans Alliance also would caution against making the Administration's compensation cuts to the Reserve Force. DoD's suggested changes in monthly reimbursement and retirement and reductions in benefits may produce unintended consequences that will make achieving readiness goals even more difficult. Reducing pay will drive away the best, as they reap higher rewards elsewhere. And the suggested changes to retirement will also be less attractive to continued service.

The National Military and Veterans Alliance asks the Subcommittee to look at eliminating a barrier that denies Reserve members a 90 day credit toward early retirement if active service crosses between two fiscal years. For credit under current law, a 90 day service must occur in one fiscal year.

Regrettably, transitions between different military healthcare programs are not seamless. Serving members need to reenroll at various points as they transition on and off Active Duty. This has caused many Reserve members to hesitate to use TRICARE Reserve Select. NMVA supports an option to pay a stipend to employers during mobilization, so family members can retain civilian medical insurance.

The National Military and Veterans Alliance also asks that the Subcommittee assure family members receive the same benefits provided families of active duty when those in the Reserve and Guard fall in final sacrifice in the line of duty. There is no part-time when a man or woman is in the war zone.

Improve Absentee Voting for Military Personnel

Allow the National Military and Veterans Alliance to take this opportunity to praise the Members of the Subcommittee for addressing the important issue of overseas absentee voting in the Military and Overseas Voter Empowerment (MOVE) Act, passed as part of the National Defense Authorization Act of 2010.

As you know, the MOVE Act removes a number of obstacles that have blocked as many as one-quarter of uniformed and overseas voters from successfully casting their absentee ballots.

No piece of legislation, however, is perfect. The National Military and Veterans Alliance urges the Subcommittee to eliminate waivers for States that fail to mail ballots overseas 45 days before an election. The State hardship waiver is no longer needed four years after passage of the MOVE Act.

Also we encourage you to consider a requirement for States that miss the 45-day deadline to be automatically required to mail the ballots by express mail and, in extreme cases for compliance with vote deadlines, to pay for the returning votes as well.

The National Military and Veterans Alliance firmly believes that the men and women who serve to defend our right to vote should not be denied that right themselves.

Reform the Survivor Benefit Plan and Dependency and Indemnity Compensation Offset

The National Military and Veterans Alliance strongly supports action that would end the dollar-for-dollar offset that is applied to the military Survivor Benefit Plan (SBP) due to receipt of veterans Dependency and Indemnity Compensation (DIC).

As members of the Subcommittee know, SBP and DIC payments are paid for different reasons. SBP is provided through the Department of Defense to active-duty and retirement-eligible individuals with a spouse or children. In the case of a retiree, it is coverage elected and purchased by the retiree to provide a portion of retired pay to the survivor. DIC payments are provided through the Department of Veterans Affairs as a special compensation to a survivor when the service member's death comes as a result of or due to injuries received during military service.

Under current law, there is a dollar-for-dollar reduction in the payment of the SBP annuity for each dollar of DIC compensation. Survivors, upon eligibility for DIC, lose a majority -- or all too often -- the entire amount of their monthly SBP annuity. For survivors with a rank below E-6, this effectively negates most, if not all, of the SBP payment.

This is an important issue, and we urge you to fix the Survivor Benefit Plan and restore it to its full coverage as the servicemember intended it to provide.

Concurrent Receipt of Military Retired Pay and Veterans Disability Compensation.

A grateful nation must keep faith with its military retirees. If a retiree has the misfortune of becoming disabled as a result of service, VA disability compensation is available. To receive this compensation, however, the disabled retiree must waive, dollar-for-dollar, an

equal amount of retired pay. No other federal employee is treated similarly, only the military.

Progress has been made in overturning the bar on disabled military retirees from collecting their full retirement for serving a minimum of 20 years in the service. Since the fiscal 2003 National Defense Authorization Act (NDAA) authorized a special compensation for certain military retirees injured in combat, Congress has advanced concurrent receipt to include benefits to most military retirees with combat related disabilities and to personnel with service-connected VA disability ratings of 50 percent or higher.

Tens of thousands of disabled retirees welcome what Congress has done, yet many more disabled retirees await their inclusion. More can be done and it should.

The National Military and Veterans Alliance urges members of the Subcommittee and other champions in Congress to press legislation for full and complete concurrent receipt for all disabled retirees. It is the right thing to do.

ADAPT Act Can Save Lives

As you know, NMVA was very supportive of the GAIN Act a year or two ago, and we won that battle to support research for new antibiotics that would treat the new “super bugs” that are killing our soldiers, sailors and Marines.

The Generating Antibiotics Incentives Now (GAIN) Act gave innovative new companies the incentive to find drug therapies to combat the rising numbers of antibiotic-resistant bugs that threaten Americans in hospitals, on the battlefield, in their homes, and in our schools.

Unfortunately, there are still regulatory barriers to getting promising new antibiotics approved. The clinical trials necessary to get a drug approved can be difficult and expensive, but sometimes only a limited subset of the population really needs the drug. Studying drugs for the limited population that needs them most would make clinical testing more feasible and affordable.

New legislation, named ADAPT, would take the next step. It has bipartisan support, but, like any legislation whether in DoD or Veterans’ Affairs, the measure requires heavy lifting to enact. The Antibiotic Development to Advance Patient Treatment (ADAPT) Act, HR 3742, advances drug development in order to combat the growing public health threat of “super bugs,” which the Center for Disease Control (CDC) warned of earlier this year.

The National Military and Veterans Alliance would appreciate your consideration in cosponsoring ADAPT, which could be called “Son of GAIN,” and urging your colleagues to help move this legislation to enactment. It will save the lives of service men and women, who currently will die without treatment.

Uniformed Services Former Spouses Protection Act Reform (USFSPA)

The National Military and Veterans Alliance respectfully requests a hearing of the Military Personnel Subcommittee to examine the numerous problematic issues surrounding the Uniformed Services Former Spouse Protection Act (USFSPA) and the detrimental impact it is having on those who currently serve and have served their country. Since passage in 1982, States have not consistently applied the USFSPA in military divorce actions.

The USFSPA (codified at 10 U.S.C. § 1408), passed by Congress in direct response to the U.S. Supreme Court decision of *McCarty v. McCarty*, 453 U.S. 210 (1981), held that military retirement pay (MRP) is the sole property of the service member. The USFSPA law allows States to consider MRP to be property for the purpose of division of marital property in a divorce. Serious and substantial problems have arisen in the implementation of USFSPA by the States, often resulting in severe financial crises for service personnel including retired disabled service members and female veterans with dependents.

The National Military and Veterans Alliance urges the Subcommittee to identify address and correct Uniformed Services Former Spouse Protection Act (USFSPA) inequities such as award of imputed income of active duty members; continued payments after former spouse remarriage; and, provision of the “windfall provision” that bases payment to a former spouse on the member’s military pay at the time of retirement, not that earned at the time divorce.

The National Military and Veterans Alliance Appreciates the Opportunity to Testify Before the Military Personnel Subcommittee.

The National Military and Veterans Alliance thanks you for your leadership and commitment on the core issues of military pay and benefits. And we thank you, as well, for holding this hearing and allowing us a chance to present testimony.

Over the years, your panel’s leadership has helped make it clear that the military package of pay and benefits continues to be a high priority, and you have our appreciation and support in remembering those brave men and women who serve and have served in uniform.

We sincerely appreciate your vigilance in efforts to secure earned benefits, and we look forward to working with you and others in the Congress to protect, improve, and strengthen the benefits America’s servicemembers earn and deserve.

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The Servicemember's Voice in Government
Established in 1968

Rick Jones
Legislative Director
National Association for Uniformed Services (NAUS)

Rick Jones joined NAUS as Legislative Director on Sept. 1, 2005. As legislative director, Rick is the primary individual responsible for promoting the NAUS legislative, national security, and foreign affairs goals before the Departments of Defense and Veterans Affairs, and the Congress of the United States.

Rick presently serves as co-director of the National Military and Veterans Alliance (NMVA) and co-chairman of the Alliance for Military and Overseas Voting Rights (AMOVR). NMVA is formed to present a unified position on issues important to the members of our military associations and veterans organizations. AMOVR is formed to ensure that our military men and women are afforded their right to vote and to ensure their votes are counted.

Rick is an Army veteran who served as a medical specialist during the Vietnam War era. His assignments included duty at Brooke General Hospital in San Antonio, Texas; Fitzsimons General Hospital in Denver, Colorado; and Moncrief Community Hospital in Columbia, South Carolina.

Rick completed undergraduate work at Brown University prior to his Army draft and earned a Master Degree in Public Administration from East Carolina University in Greenville, North Carolina, following military service.

Prior to assuming his current position, Rick served as National Legislative Director for AMVETS, a major veterans service organization. He also worked nearly twenty years as a legislative staff aide in the offices of Senator Paul Coverdell, Senator Lauch Faircloth, and Senator John P. East. He also worked in the House of Representatives as a committee staff director for Representative Larry J. Hopkins and Representative Bob Stump.

In working for Rep. Stump on the House Committee on Veterans' Affairs, he served as minority staff director for the subcommittee on housing and memorial affairs and two years as majority professional staff on funding issues related to veterans' affairs budget and appropriations.

Rick and his wife Nancy have three children and reside in Springfield, Virginia.

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**DISCLOSURE FORM FOR WITNESSES
CONCERNING FEDERAL CONTRACT AND GRANT INFORMATION**

INSTRUCTION TO WITNESSES: Rule 11, clause 2(g)(5), of the Rules of the U.S. House of Representatives for the 113th Congress requires nongovernmental witnesses appearing before House committees to include in their written statements a curriculum vitae and a disclosure of the amount and source of any federal contracts or grants (including subcontracts and subgrants) received during the current and two previous fiscal years either by the witness or by an entity represented by the witness. This form is intended to assist witnesses appearing before the House Committee on Armed Services in complying with the House rule. Please note that a copy of these statements, with appropriate redactions to protect the witness's personal privacy (including home address and phone number) will be made publicly available in electronic form not later than one day after the witness's appearance before the committee.

Witness name: Rick Jones, Legislative Director, NAUS; Cochair, NMVA

Capacity in which appearing: (check one)

Individual

Representative

If appearing in a representative capacity, name of the company, association or other entity being represented: National Military and Veterans Alliance (NMVA) and National Association for Uniformed Services (NAUS)

FISCAL YEAR 2013, FISCAL YEAR 2012, FISCAL YEAR 2011

federal grant(s)/ contracts	federal agency	dollar value	subject(s) of contract or grant
-0-	-0-	-0-	-0-

Federal Contract Information: If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts) with the federal government, please provide the following information:

-- No grants or contracts; no subcontracts for FY 2013, FY 2012, FY 2011

Federal Grant Information: If you or the entity you represent before the Committee on Armed Services have grants (including subgrants) with the federal government, please provide the following information:

-- No grants, no contracts, no subgrants for FY 2013; FY 2012; FY 2011

DOCUMENTS SUBMITTED FOR THE RECORD

APRIL 9, 2014

STATEMENT BY
GEN GORDON R. SULLIVAN, USA (RET)
PRESIDENT and CHIEF EXECUTIVE OFFICER
ASSOCIATION OF THE UNITED STATES ARMY

SUBMITTED TO
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ARMED SERVICES
Subcommittee on Military Personnel

113TH CONGRESS

Hearing

April 9, 2014

**Biography of Gordon R. Sullivan, General (Retired) U.S. Army
President and CEO, Association of the United States Army**

General Sullivan is the President and Chief Executive Officer of the Association of the United States Army, headquartered in Arlington, Virginia. Since assuming his position in 1998, General Sullivan has overseen the transformation of the Association into a dynamic individual and sustaining member organization that represents Soldiers, families, and the defense industry.

His responsibilities as President and Chief Executive Officer encompass both daily business operating and strategy planning for the largest Army-oriented non-profit association. The Association promotes and advocates programs for Soldiers and their families, creates opportunities for Army-Industry and professional dialog; advocates public awareness of Army and national security issues through its educational mission and maintains an outreach program to national leadership on critical issues pertinent to Army readiness.

Born in Boston, Massachusetts and raised in Quincy, he was commissioned a second lieutenant of Armor and awarded a Bachelor of Arts degree in history from Norwich University in 1959. He holds a Master of Arts degree in political science from the University of New Hampshire. His professional military education includes the U.S. Army Armor School Basic and Advanced Courses, the Command and General Staff College, and the Army War College. In addition to his many awards on active duty, he is also the recipient of the West Point Association of Graduates' Sylvanus Thayer Award and a member of the Sergeants Major Academy's Hall of Honor.

General Sullivan retired from the Army on 31 July 1995 after more than 36 years of active service. He culminated his service in uniform as the 32nd Chief of Staff—the senior general officer in the Army—and a member of the Joint Chiefs of Staff. He is the co-author of *Hope Is Not a Method* (Random House, 1996), which chronicles the enormous challenges encountered in transforming the post-Cold War Army through the lens of proven leadership principles and a commitment to shared values. He is the Chairman of the Board of Trustees of Norwich University and the Marshall Legacy Institute as well as a member of the MITRE Army Advisory Board and a Corporate Member of the Woods Hole Oceanographic Institute.

General Sullivan is married to the former Gay Loftus of Quincy, Massachusetts; they currently reside in Alexandria, VA. He has three children and three grandchildren. He is an avid reader, amateur historian, and active sailor and sport fishing enthusiast.

Neither General Sullivan nor the Association of the United States Army has received any federal grants or contracts relative to the subject matter of this testimony during the current or previous two fiscal years.

Mr. Chairman, Ranking Member Davis:

Thank you for the opportunity to present the views of the Association of the United States Army concerning personnel-related issues. This subcommittee has provided extraordinary support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services, their families and their survivors and its efforts have had an enormously positive impact in the lives of the entire uniformed services community.

AUSA is keenly aware that Congress has had to make difficult choices while bolstering a weak economy and addressing budget deficits. And while we recognize that debt reduction is a national priority, AUSA believes that a disproportionate share of this burden has been foisted on the Defense Department as well as military members and families who already have sacrificed more for their country than any other segment of the American population - and all at the expense of our national security.

Requiring that 50 percent of mandatory budget cuts come from defense – even though the defense budget is only 17 percent of the federal budget – is patently misguided. How in such a dynamic and dangerous world can we be so shortsighted?

The result is that defense officials now face a “Hobson’s choice” between funding readiness, training, education, operational activities, and some modernization and the need to fully fund soldier and family programs. Continuing this formula for the better part of the next decade defies logic.

AUSA and its members urge that Congress and our elected and appointed officials eliminate sequestration or modify these unrealistically rigid budget control measures in ways which would enable responsible and accountable leaders to exercise their responsibilities in a manner that is consistent with the challenges they face.

Sequestration

AUSA believes that the primary source of the budget challenges that face the Department of Defense (DoD) is the devastating effect of the sequestration provision of the Budget Control Act of 2011.

The Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for FY 2014 and 2015. However, the original sequestration cuts scheduled for FY 2016 thru 2021 remain in effect and will exacerbate the situation by continuing to place national security at risk.

Sequestration is having a profoundly adverse effect on the defense of the Nation – and it will do so well into the next decade.

Over the past two years sequestration has:

- Set America on a path to reduced military readiness and national security. Sequestered budgets are rapidly shrinking the nation's military forces to unprecedented and even unacceptable levels thereby creating unready forces unable to accomplish the tasks assigned by the defense strategy. All of this while the world security environment is becoming increasingly uncertain and dangerous.
- Through sequestration of the defense budget, national leaders have driven a wedge between our active military forces and our reserve and National Guard forces, most notably in the United States Army. The irresponsibility of sequestration as a deficit reduction tactic is not only reducing the military's war-winning capabilities to unacceptably low levels, it has created unnecessary divisiveness, acrimony, and demonization within the Armed Forces between service members and leaders who just months ago were serving side by side in combat. We must enable all components of the Armed Forces to be adequately manned, trained and equipped to focus on the mission – and not on fighting over an arbitrarily depressed defense budget.
- Because sequestration is so skewed against the defense budget, we now have an atmosphere of fiscal desperation that leads to false arguments and false choices when it comes to the compensation and benefits provided to the service members and families who make up the All-Volunteer Force.

Mobilization and the Defense Industrial Base

Whether by design or inadvertently, sequestration has forced our Armed Forces back into a mobilization posture. Many who refuse to acknowledge that the United States will ever again become involved in a large land operation have set us on a path where a too-small active component force can just be reinforced when needed by a mobilized reserve contingent or by simply recruiting more soldiers (as the likelihood of a return to the draft is remote).

Unfortunately, recent history has shown us that it takes the U.S. Army as much as two years to organize, train, and equip a newly formed brigade combat team – that’s not rapid enough in today’s security environment where crises like the Crimea can emerge in literally days (think Korea in June 1950) and linger for years as in Syria.

So, we must rely entirely on the force we have in being – active, Guard, and reserve. But with the effects of sequestration steadily decreasing the size and readiness of our military, the depth of the force and its ability to mobilize is being severely degraded.

What’s needed is a balanced force – balanced among land, air, maritime, space, cyber, and special forces. Balance is also required between active and reserve forces. And equally important is the balance between mission readiness and soldier and family programs. But sequestration is throwing that necessary balance out of whack, especially with land forces, and is creating risky, even dangerous vulnerabilities.

Likewise, sequestration is having a devastating effect on the defense industrial base. In both the Department of Defense’s own organic industrial base and the commercial industrial base, sequestration cuts are putting our ability to equip a mobilized force when it is needed at growing risk. I am alarmed that there is a gross lack of awareness among national leaders how dire this situation is becoming. Only legislative relief from sequestration can rectify this.

A Crisis of Credibility

Not only is sequestration and a declining defense budget having an adverse effect on military readiness, we are also seeing an emergence of international doubt as to the credibility of the United States as a reliable ally and partner. I am convinced we must be seen as a credible ally - if not, we are on a very slippery slope to disaster. Credibility in this context is found in the perception of strength and national resolve to be responsive to our treaty commitments with balanced, trained, and ready forces.

Similarly, adversaries are most certainly watching the steady decline of American military power and will likely take more and more risk to challenge U.S. leadership. Moreover, the decline in United States military strength can lead to strategic miscalculation by potential adversaries. A credibly sized force – not just a reasonably sized force – provides a deterrent effect that is withering under the constraints of sequestration.

Viability of the All-Volunteer Force

Sequestration has created a perception that the troops “cost too much” and are to blame for our growing military unreadiness. The facts do not bear this out and the troops know it. But it has sown a growing distrust among service members who are increasingly and unfairly portrayed as an entitlement special interest group.

The past 12 years of unprecedented demands and sacrifices highlight how radically different military service conditions are from civilian life. And decades of dire predictions about “unaffordable” personnel costs have proved consistently wrong. Yet budget critics persist in asserting military pay, retirement, and health care benefits are unsustainable and should be slashed to resemble civilian benefit packages.

Existing career incentives have sustained a strong national defense through more severe and protracted wartime conditions than even the strongest volunteer-force proponents thought it could survive.

Despite extraordinary demands, 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-increasing personal sacrifices.

And as you know, service personnel are now facing even greater uncertainties with force reduction measures, pay caps, proposed reductions in housing allowances, as well as calls for health care and commissary benefit changes. No federal obligation is more important than protecting national security. And the most important element of national security is sustainment of a dedicated, top-quality career military force.

America will remain the world's greatest power only so long as it continues to fulfill its reciprocal obligation to the only weapon system that has never let our country down — our extraordinarily dedicated, top-quality, All-Volunteer career force.

Congress has consistently recognized that the cost of sustaining the current military career incentive package is far more acceptable and affordable than the alternative.

Compensation and Benefits

AUSA is a member of the Military Coalition and concurs with almost all of its testimony offered today except:

In the matter of compensation, AUSA supports the 1 percent pay raise proposed by the Administration. While AUSA does not want to see a return to the era of enormous pay gaps, at this critical juncture in the life of the Army and DoD it is imperative that funding be available for training and maintaining a ready national defense force. The capability to accomplish the mission is of paramount importance.

Pay caps must not be permanent. Military pay comparability is important to the recruiting and retention of high-quality soldiers and will become more so as the economy rights itself. AUSA is committed to military pay raises that match the Employment Cost Index (ECI), but this year because of the vice that is sequestration, the funds freed by a slightly smaller pay increase is the price that must be paid to have Soldiers who are trained and ready. However, Congress must ensure that this type of budgeting does not become routine as it will have long term detrimental effects on the All-Volunteer Force.

In the matter of DoD Resale operations, AUSA believes military commissary, exchange and Morale Welfare and Recreation (MWR) programs contribute

significantly to a strong national defense by sustaining morale and quality of life for military beneficiaries both within the United States and around the globe. AUSA supports continued outreach by the Defense Commissary Agency to increase patronage and enhance access to the commissary for all components/branches and their families.

In the matter of Military Retirement Reform AUSA believes that any changes in the military retirement system should be withheld pending the report of the Military Compensation and Retirement Modernization Commission and not be made piecemeal. Further, any changes must apply only to those who volunteer after the changes are implemented. Grandfathering of the currently serving force and current retirees is imperative. Finally, any change must recognize the unique and extraordinary demands and sacrifices that military service requires. The profession of arms is **not** equivalent to a civilian job.

Sequestration

I end my testimony as I began it, with final thoughts on the enormity of the need to end sequestration.

Sequestration is a disruptive piece of legislation indicative of a government seemingly unable to function as a responsible democracy. Furthermore, sequestration is patently unresponsive to the needs of a nation that is part of a rapidly changing world in which we cannot predict the future. It locks the nation into a creaky, slow moving, lockstep budget process that is irresponsible and unaccountable and ignores the world around it.

Members of the subcommittee, as you pursue your duties related to the personnel issues of the Department of Defense, I urge you to get at the root cause of the budgetary problems consuming DoD and end sequestration permanently before more damage is done and before we are left with an inadequate national defense force in 2021.

Thank you again for your support of the uniformed services and for considering this testimony of the Association of the United States Army.



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Mr. Chairman and Distinguished Members of the Subcommittee,

The Air Force Association thanks you and the Subcommittee for your support of our Active Duty, Guard, Reserve, retirees, and veterans of the Air Force, their families and survivors and the concern you have shown for our national security.

We are grateful for your unwavering commitment to the men and women who defend our nation, and appreciate the priority Congress has given personnel issues in the past decade. We also acknowledge the increasingly difficult choices before you in these budgetary times.

Sequestration:

AFA believes the sequestration provision of the Budget Control Act of 2011 is destroying military readiness and endangering national security. It has normalized a dangerously low level of defense spending, constrained defense decision-makers and this new normal has created an unhealthy competition for resources within DOD's base budget.

Sequestration, due to kick back into gear in FY16, will compel an even greater hollowing of the military as we strive to meet national security needs in a very dangerous security environment. In short, our means will not support our stated ends.

A critical issue to AFA is to end sequestration-level defense budgets. We urge lawmakers to end the political stalemate over taxes and entitlement spending and agree to a compromise resolution that will replace sequestration. Otherwise we will be forced to endure: further end strength cuts; aircraft reductions; fewer new aircraft to replace the aging fleet; dangerously low readiness levels; and a diminished ability to recover a quality state of readiness.

Therefore AFA strongly urges Congress to end sequestration and fund our military to levels enabling all components of the Armed Forces to be adequately manned, trained and equipped to effectively address the nation's security challenges today and tomorrow.

Keeping Faith:

We must honor our commitments to those serving today and to those who have served this great nation.

We oppose major erosions to the compensation system, but acknowledge the nation's debt and deficit are a major threat to a healthy United States Air Force and to national security. Military members must be competitively compensated to retain the all-voluntary force. Thanks to increases in compensation and benefits since 2001, our military members are currently adequately-compensated in comparison with their civilian counterparts, when all benefits are included, (healthcare, commissary, education assistance, housing allowances and family support programs). Current USAF retention and recruiting numbers reflect this.

AFA believes any changes in the military compensation structure should be based on a holistic assessment of the total compensation package rather than piecemeal cuts. AFA advocates waiting for the Congressionally-mandated Military Compensation and Retirement Modernization Commission to issue its report before making changes to the compensation structure.

As members of this subcommittee, I urge you to do everything you can to end sequestration and its devastating effects on our national security.

Thank you again for your support of our force, and for the opportunity to offer this testimony from the Air Force Association.

Craig McKinley
President

Statement for the Record
Reserve Officers Association of the United States
And
Reserve Enlisted Association
for the
House Armed Services Committee
Subcommittee on Military Personnel
Beneficiary and Advocacy Overview of
Fiscal Year 2015 Presidential Budget
April 9, 2014



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



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The Reserve Officers Association of the United States (ROA) is a professional association of commissioned and warrant officers of our nation's seven uniformed services, and their spouses. ROA was founded in 1922 during the drawdown years following the end of World War I. It was formed as a permanent institution dedicated to National Defense, with a goal to teach America about the dangers of unpreparedness. When chartered by Congress in 1950, the act established the objective of ROA 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 Reserve officers in their military and civilian lives.

The Association's 55,000 members include Reserve and Guard Soldiers, Sailors, Marines, Airmen, and Coast Guardsmen, who frequently serve on Active Duty to meet critical needs of the uniformed services and their families. ROA's membership also includes officers from the U.S. Public Health Service and the National Oceanic and Atmospheric Administration, who often are first responders during national disasters and help prepare for homeland security. ROA is represented in each state with 49 departments including departments in Latin America, the District of Columbia, Europe, the Far East, and Puerto Rico. Each department has several chapters throughout the state. ROA has more than 450 chapters worldwide.

ROA is a member of The Military Coalition, where it co-chairs the Guard and Reserve Committee. ROA is also a member of the National Military/Veterans Alliance. Overall, ROA works with 75 military, veterans, and family support organizations.

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The Reserve Enlisted Association (REA) 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.

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Reserve Officers Association and Reserve Enlisted Association 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.



INTRODUCTION AND SUMMARY

On behalf of our members, the Reserve Officers Association and the Reserve Enlisted Association thank the committee for the opportunity to submit testimony on personnel issues affecting serving Active and Reserve members, retirees, their families, and survivors.

We have all heard how the Army expects to reduce its numbers to below the manning levels prior to World War II. What is missing from this explanation is a back-up plan if DoD's strategy is wrong. Between 1924 and 1939, while the active Army was small in size, the plan was to mobilize 1.3 million men within 4 months of a crisis. No such fall back exists today, placing the full onus onto the Reserve and National Guard to provide any surge.

While there are an increasing number of studies supporting the Reserve and Guard cost efficiencies, the Army is pushing back against the role of the Reserve Force. Using the QDR as a reference, the Army is now challenging how quickly the Reserve or Guard can be mobilized to respond to a crisis. Over the last thirteen years, nearly 900,000 Reserve and Guard members have been mobilized.

TMC believes that the nation needs to continue to use the Reserve Components as an operational force and sustain a surge capacity for unexpected contingencies. As DoD is willing to accept risks; the Reserve and Guard are the only insurance policy. It is important to retain the combat experience of veterans in the Reserve Component during a reduction in Total Force. Cutting the Reserve and Guard as well as the active forces will make achieving readiness goals even more difficult.

One issue needing to be discussed is protecting the end strength within the Reserve and National Guard. With active duty veterans leaving, it is hard to find room for them if cuts are being made to the Reserve Force. Options should be explored that permit warriors to remain in the guard, even if new duty statuses need to be developed.

Further, there is a need for caution before making compensation cuts to the Reserve Force. Compensation needs to keep pace with the nation's ever-increasing reliance on the Reserve and the Guard. Yet DoD wants to reduce monthly reimbursement, has suggested changes to retirement, and cost increases to benefits.

If you calculate the number of days worked against current pay, the ratio's for both Active and Reserve are the same. Reducing monthly pay will drive away the best, as they can reap higher rewards elsewhere. Suggested changes to retirement will actually pay Reserve Force retirees less over a lifetime.

A fiscal year barrier exists, denying Reservists a 90-day credit if their service crosses between two fiscal years. TMC supports S.240 by Senators Tester, Chambliss and Blumenthal to retroactively fix the problem in U.S. Code. TMC also advocates extending the early retirement to the warriors who served since 9/11/2001. As many senior officers and enlisted are performing duty without pay, TMC endorses crediting all inactive duty toward Reserve retirement.

Several years ago, DoD reassured beneficiary associations that TRICARE Reserve Select would not be included in fee increases that DoD had requested. This year, if fees are increased they would be the same for TRICARE Reserve Select as for TRICARE Standard. The Pentagon views TRS not as a health program for Reserve and Guard, but as a health insurance option. Reserve Force members have proven themselves over the last 13 years, and should have a health care program fit for warriors.

Undesirably, transitions between different military health care programs are not seamless. Serving members need to reenroll at various points as they transition on and off Active Duty. This has caused many Reserve members to be uncertain about TRICARE Reserve Select. TMC supports an option to pay a stipend to employers during mobilization periods, permitting family members to continue on their civilian medical insurance.

For those Reservists who have been wounded or injured, many are not receiving the same disability rating as their Active Duty counterparts. If any warrior is asked to take a risk, their benefits should not be discounted - because no one is part-time in a war zone. Similarly, if they make the final sacrifice in the line of duty, Reserve or Guard surviving family members should receive the same level of survivor benefits as their active duty counterparts.

With less than 7 percent of the U.S. population ever having served and less than 1 percent of the population currently in uniform, the Reserve Forces provide a necessary link between the military and the civilian communities. The utilization of America's Reserve and National Guard during all phases of military operations is a fundamental enabler to properly gaining and sustaining the support of our citizens. Both the Title 10 Reserve and the National Guard provide support to States during natural and man-made disasters, as well as provide homeland defense against foreign threats.

The Federal Reserve and the National Guard are integral contributors to our nation's operational ability to defend itself, assist other countries in maintaining global peace, and fight against overseas threats. They are an integrated part of the Total Force, yet remain a surge capability as well.

ELIMINATING THE RESERVE GAP

After 13 years of war, Reserve Force members feel they have done their share as equal partners in the total force. Bolstered by comments such as "when you go into the combat theater, you can't tell the difference between Guard, Reserve or active-duty member - which have been made by both Congressional and Pentagon leadership - members of the Reserve Force feel they have contributed to the total all-volunteer force.

Congress and the American people in many cases do not recognize the incredible value of the Reserve Forces, overlooking the contributions that have been made, and the readiness factor that the Reserve Force provides. Sadly, the Reserve Force is often overlooked when legislation is written, leaving gaps in protections, benefits, and funding.

At 1.1 million serving members, the military's Reserve Force makes up 48 percent of the Armed Forces. During the last 13 years of war, the Pentagon has ordered nearly 900,000 call-ups from the Reserve and National Guard in support of the Total Force. The war couldn't have been fought without the Reserve Force.

Yet, a perception gap exists between the Active and Reserve Components that has led to the current clash between the Army and the National Guard. Recent comments by Army leadership suggested that the Army Reserve Force was assigned missions that required less sophisticated tactical planning, coordination, and execution that has been interpreted as casting the Army Reserve Component, in particular the Guard, as a second-rate fighting force. This is insulting and shocking to a generation of Guard and Reserve warriors who thought Army leaders valued their service.

Starting from the top with Army Chief of Staff Ray Odierno, Army active duty leadership have argued that Reserve Force troops who train part-time are ill-prepared to quickly mobilize for missions that are reactive to crises and rapidly emergent threats.

The Reserve Component leadership, on the other hand, wants their components to be considered equally vital and used more operationally. Active Duty leadership sees vulnerability in an availability cycle that is "mobilize, train, and deploy." Reserve leadership supports a cycle of "train, mobilize and deploy" to improve mobilization readiness. These differences in view are based on available resources and willingness to invest in advance on the training.

DoD directive 1235.10 states that "Predictability of the RC forces is maximized through the use of defined operational cycles and utilizing force generation plans to provide advanced notification that allows the implementation of the train-mobilize-deploy model."

Advance notification is becoming a stumbling block. Last year's NDAA requires a minimum 120-day notification prior to deployment and a minimum 180-day notification prior to cancellation of deployment for the operational reserves. This causes the Active duty leadership to prefer active duty forces over Reserve forces for deployment because of greater flexibility.

The active Navy views their Reserve as an augmentation force. The Navy Reserve has declined in size by nearly 63 percent since the end of the Cold War. Today, there are fewer units with specific fleet missions or operational responsibilities, although the Chief of Navy Reserve is looking at what active duty missions can be transferred back into its Reserve. Expeditionary missions that were developed within the Navy Reserve were taken over by the Active force. With the end of the Iraq War and the draw down in Afghanistan, the U.S. Navy is reducing the size of the supporting Navy Reserve Expeditionary Force. Thirteen years of war merely delayed the Active duty plans to reduce the Reserve Seabee battalions with the Navy announcing a 45 percent reduction in Navy Reserve construction forces.

The Air Force is perhaps the most integrated service. It acknowledges that traditional Guardsmen and Reservists in the Air Force dedicate themselves fully to their service's core principles and ideals, and the Reserve Components cannot be a traditional strategic reserve force, but there is still a separate but "equal"

status between the components. Unlike other services, the Air Force components don't have to necessarily train together. Associate units exist but not necessarily with integrated crews. Parallel commands, missions and administration continue despite common use of equipment.

The National Commission on the Restructuring of the Air Force found that barriers remain between the Active and Reserve Components in the Air Force. "Some of those barriers are contained in law, but others reside solely in service policy, tradition, and culture."

The report points out that "the Air Force must embrace the idea that service in the Reserve Components does not constitute 'separation' or 'getting out of the Air Force,' but rather is a way for Airmen to continue to serve and for the nation to maintain capability and preserve its investment in highly trained and dedicated people."

The Coast Guard Reserve has been embedded into the active Coast Guard since the mid-1990s. During the war it was undermanned at 8100, but met mission requirements both in war overseas and domestically during natural and man-made disasters. Budget constraints have required the Active duty leadership to transfer about 1000 of the authorized end-strength into the non-paid Individual Ready Reserve.

Also, at issue for all Reserve Components is training to service standards. Reserve and Guard members need to be trained and equipped to the standards expected of the active force, to do otherwise, will leave the U.S. a military that is ill-prepared to meet future challenges.

However, the risk continues to exist where Defense planners may be tempted to put the Federal Reserve and the National Guard back on the shelf, by providing them "hand me down" outmoded equipment and by underfunding training.

This committee need not be reminded about the 2010 study "The Independent Panel Review of Reserve Component Employment in an Era of Persistent Conflict," written by Gen. Dennis J. Reimer, LTG Roger C. Schultz, and LTG James R. Helmly, all retired. Also known as the Reimer report, it says that Reserve forces must be "consistent and sustained over time instead of the past paradigm of fight-win-demobilize-return to garrison and subsequently mobilize for another conflict -- at huge cost in people and money."

Requested Action:

- **Include the Reserve Force in legislation protecting serving members.**
- **Recognize the Title 10 Reserves as well as the National Guard in bills and press releases.**
- **Provide funding for family, health care and veteran support for Reserve Force Members:**
 - **Family Support Programs for families of serving Reserve and Guard members.**
 - **Mental and behavioral health care for pre- and post-activation periods.**
 - **Military and Veteran Health coverage in remote locations.**
- **Restore Reserve Force education parity to Active Duty:**
 - **Begin eligibility when the service member elects to use the program the first time.**
 - Extend eligibility to 10-years following enrollment.**
 - **Increase MGIB-Selected Reserve to 47 percent of MGIB-Active of \$1,564 per month.**
 - **Include four-year as well as six-year reenlistment contracts to qualify for MGIB-SR.**

- o **Allow use of the MGIB benefit to pay off student loans.**
- o **Continue eligibility for up to ten years after separation from the Selected Reserves.**

Recent studies by both the Reserve Forces Policy Board and by DoD has found that a Reserve Component member costs the Department of Defense (DoD) 31 percent of the cost of his or her Active duty counterpart over the life cycle of the warrior.

ECONOMIC ARGUMENT

The Reimer report included many common-sense ideas for maintaining what is arguably the most cost-effective part of the military.

The National Commission on the structure of the Air Force report echoes the Reserve as the cost saving component: The “Part-time” force structure—that capability delivered by traditional Reservists and Guardsmen who do not serve continuously on active duty—costs less than the force structure provided by “full-time personnel... Based on the record before the Commission, and subject to all the caveats set out [in the report], the Commission determined that the cost of a traditional Reservist, who is not performing active duty missions during a year, is approximately 1/6th the cost of a full-time Active Component Airman.”

While the Reserve Force Policy Board (RFPB) calculated different savings, it came to the same conclusion: “The cost of an RC [reserve component] service member, when not activated, is less than one third that of their AC [active component] counterpart,” reported the RFPB to the Secretary of Defense in January 2013. “According to RFPB analysis of the Fiscal Year 2013 budget request, the RC per capita cost ranges from 22% to 32% of their AC counterparts’ per capita costs, depending on which cost elements are included. While Reserve Component forces account for 39% of military end strength, they consume only about 16% of the Defense budget.”

Even DoD’s internal Cape Report concludes that Reserve and Guard troops are not only cheaper when in drilling status but also when fully mobilized, in part because their overall compensation is lower when taking into account noncash benefits such as retirement accrual and health care. Additionally, the overhead cost overall for Reservists are lower because part-time troops do not tap into many military perks such as family housing, DoD schools, military base family support and permanent change of station moving allowances while active-duty troops move every few years when they are reassigned.

With so many studies supporting the life-cycle saving if DoD better utilized the Reserve Component, the Active Component leadership is now pushing back, using the Quadrennial Defense Review as their reference. DoD is challenging how quickly the Reserve Force can be mobilized during a crisis, and emphasizing that conducting operations with Reserve Component forces is not always less expensive than doing so with Active Component forces.

An example of the latter is Gen. G. Michael Hostage, III, Commander Air Combat Command, who while acknowledging the need to operationalize Reservists in order to maintain dwell cycles for the active duty,

stressed that in order to activate a Reservists, he would have to have a 270-day call-up in order to gain 180 days of operational support.

Gen. Martin E. Dempsey noted in the 2014 Quadrennial Defense Review (QDR) that "since time is a defining factor in the commitment of land forces, I strongly recommend a comprehensive review of the nation's ability to mobilize its existing reserves as well as its preparedness for the potential of national mobilization."

The Active component wants to return to the days of round-out units (strategic Reserve). No one argues that Active duty units will not always be the first responders, but Reserve Force units if properly trained and equipped are perfectly capable for follow-on operations or during a long conflict.

Rather than be limited by historical thinking, and parochial protections, creative approaches should be explored. The Reserve Component needs to continue in an operational capacity because of cost efficiency and added value. Civilian skill sets add to the value of the individual RC serving member.

A common sense balance between Active and Reserve components is needed; as the American people are unwilling to pay for an Active Army large enough to meet all of Nations defense responsibilities by itself. If we don't take care of the Guard and Reserve, we'll have no "safety net" for the next fight.

At a time when the Pentagon and Congress are examining our nation's security, it would be incorrect to discount the Reserve Components' abilities and cost efficiencies. Instead, these part-time warriors provide a cost savings solution and an area to retain competencies for missions not directly embodied in the administration's strategic guidance policy.

ROA and REA support changes to US Code to require DoD to use a costing methodology based on a true fully-burdened and life-cycle costing."

In the Hamilton Project report – "National Defense in a Time of Change", authors Adm. Gary Roughhead, U.S. Navy (Ret.) and Kori Schake recommend that "we must redesign our forces and budget to our strategy, and not to equal service share between branches.... Putting more of the responsibilities for ground combat into the combat-proven reserve component is both consistent with the new demands of the evolving international order and justified by the superb performance of National Guard and reserve units in our recent wars." The study authors suggested that while Congress should reduce the Army, "the [R]eserve and National Guard units would be increased by 100,000 and would have the principal mission of arriving in a mature theater for sustained combat."

PROVIDE AND EXECUTE AN ADEQUATE NATIONAL SECURITY

The Reserve Officers Association is chartered by Congress "to support and promote the development and execution of a military policy for the United States that will provide adequate national security." The nation must have adequate military force structure, training, and equipment to defeat any known or emerging military force that could be used against us.

Requested Action

- **Hold Congressional hearings on the budget implications of the policy “Sustaining U.S. Global Leadership: Priorities for the 21st Century Defense.”**
- **Reconcile the budget in order to end the Defense Sequestration budget cuts.**
- **Study the impact of manpower cuts to Army and Marine Corps on National Security.**
- **Avoid parity cuts of both Active and Reserve Components without analyzing rebalance.**
- **Maintain a robust and versatile all-volunteer armed forces that can accomplish its mission to defend the homeland and U.S. national security interests overseas.**

ROA and REA question the current spending priorities that place more importance on the immediate future, rather than first doing a short and long term threat analysis. The result of such a budget-centric policy could again lead to a hollow force whose readiness and effectiveness is degraded, because of suggested changes to compensation and benefits.

ROA and REA are concerned that as the Pentagon strives to achieve the administration’s goals for this new strategic policy, it is not seriously considering the available assets and cost efficiencies of the Reserve Component, and that it instead views the Reserve and National Guard as a bill payer. Congress, starting with the leadership of this subcommittee, should insist on a methodical analysis of suggested reductions in missions and bases before authorizing such changes.

This lack of understanding about the contributions of the Reserve Component can handicap strategy planning and the budget process, as discussions occur in both Congress and the Pentagon on how to reduce the budget and the deficit.

The Reserve and National Guard should also be viewed as a repository for missions and equipment that aren’t addressed in the administration’s new Strategic Policy. They can sustain special capabilities not normally needed in peacetime.

To maintain a strong, relevant, and responsive Reserve Force, the nation must commit the resources necessary to do so. Reserve strength is predicated on assuring the necessary resources—funding for personnel and training, equipment reconstitution, and horizontal fielding of new technology to the Reserve Component, coupled with defining roles and missions to achieve a strategic/operational Reserve balance.

National Guard and Reserve Equipment Allowance (NGREA)

The Reserve and National Guard are faced with ongoing challenges on how to replace worn out equipment, equipment lost due to combat operations and legacy equipment that is becoming irrelevant or obsolete. The National Guard and Reserve Equipment Allowance provide critical funds to the Reserve Chiefs and National Guard Directors to improve readiness throughout procurement of new and modernized equipment. Continued receipt of NGREA and congressionally added funding will allow the Reserve Components (RC) to continue to close the Active/Reserve Component modernization and interoperability gap. Overseas Contingency Operations (OCO) have helped over the last thirteen years,

but these monies will be reduced, and other committees are looking to OCO to fund their discretionary items. This places an even greater need onto NGREA to fund the Reserve and Guard.

ADDITIONAL FUNDING FOR RC SUPPORT PROGRAMS

While Reserve components have worked closely with their parent services to develop seamless, integrated family readiness and support programs to provide information and services to all members, support differs between the Active and Reserve Components.

Family Support: Family readiness centers are located on military bases, but unfortunately few Reserve units are located near such bases. It is more likely for spouse and dependents to move to families for support rather than onto active military locations. Additionally, active units have developed internal family support networks. These are not as easy to maintain in the Reserve and Guard as member families are scattered throughout the civilian community. The most common support for Reserve Force families is online at such websites as Military OneSource.

Reserve Force members face unique challenges balancing military service with civilian life. Unlike active duty members of the Armed Forces, they juggle the demands of both military and civilian jobs. Their families often live where there is less community support available to them than active duty military families who can share issues and concerns with people dealing with the same challenges.

Many in Congress and in the Pentagon overlook the challenges faced by Reserve families. The 2004 Quadrennial Quality of Life Review noted, from a spouse survey, that more than sixty percent of Reserve Component spouses had two weeks or less notification before activation. The spouses indicated they needed time during pre-activation to resolve dependent care, legal, health coverage and financial issues. Due to limited support, marital problems for the Reserve Components have increased from 37 percent in 2006 to 44 percent in 2008.

With the end of conflicts, many are tempted not to fund the Yellow Ribbon reintegration program. This has been funded in earlier years by OCO money. Just because Reserve and Guard members have returned, doesn't mean there isn't further need for the Yellow Ribbon program. "The Yellow Ribbon program has saved not only families, but lives," said Force Master Chief Mark Allen of the Coast Guard Reserve at a recent Reserve Caucus breakfast. Yellow Ribbon contributes to the resiliency of both serving members and families to reduce suicides.

A child of an active duty military family whose parent is deployed often has several friends with military parents, whereas a Reservist's child may be the only one in his or her school with a parent who is deployed. ROA is working up a school kit to explain to teachers about the stresses faced by children of Reserve or Guard members who are deployed.

Mental Health: A team of Medill students found significant gaps between the health care and support for the Reserve and National Guards members who have fought in Iraq and Afghanistan and their active-duty counterparts. Many Reserve Force members have been hastily channeled through a post-deployment

process that has been plagued with difficulties, including reliance on self-reporting to identify health problems. They report higher rates of some mental health problems and related ills than active-duty troops. The students' 2011 research suggest that attempts by Congress, the military and private contractors to address the problems have been uncoordinated and often ineffective.

A study by Marian E. Lane, Ph.D. found rates of posttraumatic stress (PTSD) and suicidal ideation were significantly higher in the deployed reservists compared to deployed active-duty personnel. Lane believes that reservists may react more extremely to the anxiety of potential deployment than active-duty personnel because they are somewhat removed from the daily stresses of military action. One size treatment doesn't fit all; providing services and interventions tailored to reservists will better facilitate the successful return and reintegration of service members experiencing post-deployment mental health issues.

Reservists lack access to the system or networks that are needed to assess and treat their injuries. After brief demobilization assessments, Reserve troops return home and must navigate disparate health-care and support providers. This is further complicated by distances between Reserve Force members and the military health and behavior provider networks.

Education: The Reserve Force education allowance is woefully inadequate, at less than 23 percent of the Active Duty MGIB (Chapter 30) and 11.5 percent of the new Post-9/11 GI Bill tuition and allowances. Most Selected Reservists (which include National Guard as well as Reserve members) don't apply, because they are unable to take advantage of the education benefit while performing their Reserve duties. Based on their service in the Global War on Terrorism at home and abroad, today's military reservists deserve enhancements to their eligibility under the MGIB for Selected Reserves.

In 2008, amendments to U.S. Code, chapter 1606 made the Montgomery GI Bill for Selected Reservists in a drill status even more restrictive. The only education program is offered to traditional Reservists after their initial active duty obligation, when they reenlist for a period of six years. Eligibility ends when the individual is separated from the Selected Reserve, either upon completion of their reenlistment, upon retirement, or when transferred out of a pay status.

Where service members once had up to 14 years to use their MGIB-SR benefits from the time they became eligible, such language has been stricken. Eligibility for these benefits now only lasts until the Reservist or Guardsman stops drilling. An exception is if a Reservist stops drilling after being activated, he or she may switch back to Chapter 1606 for a period equaling the length of deployment plus four months. Active Duty recipients have ten years after separation to use their benefits.

RESERVE LIFE

Reserve and Guard members have provided unprecedented service and sacrifice for the past decade. Congress should make a commitment to them to provide lifelong support for them through career growth, civilian employment, seamless health care, family support and deferred compensation that has been promised to them upon retirement. This will be an incentive to continue to serve.



This will require a seamless continuity of Military healthcare, supported by TRICARE; and an accumulative documentation of both Active and Reserve active duty service, published on a single DoD form, rather than a series of Certificate(s) of Release or Discharge from Active Duty (DD Form 214), whenever someone leaves active duty.

Reserve Life Issues supported by the Reserve Officers and Reserve Enlisted Associations include:

Changes to retention policies:

- Permit service beyond current mandatory retirement limitations.
- Eliminate the Fiscal Year barrier, permitting the accumulation of active service between two years.
- Retain serving members for skill sets, even when passed over for promotion.
- Support incentives for affiliation, reenlistment, retention and continuation in the Reserve Component.
- Advocate against cuts in Reserve Component; support Reserve commissioning programs
- Reauthorize yellow ribbon program to support demobilized Guard and Reserve members.

Pay and Compensation:

- Reject recommendations by The 11th Quadrennial Review of Military Compensation to reduce Reserve Component pay for monthly inactive duty training in half.
- Reimburse a Reserve Component member for expenses incurred in connection with round-trip travel in excess of 50 miles to an inactive training location, including mileage traveled, lodging and subsistence.
- Eliminate the 1/30th rule for Aviation Career Incentive Pay, Career Enlisted Flyers Incentive Pay, and Diving Special Duty Pay.
- Simplify the Reserve duty order system without compromising drill compensation.

Spouse Support:

- Expand eligibility of surviving spouses to receive Survivor Benefit Plan (SBP)-Dependency Indemnity Clause (DIC) payments with no offset.
- Provide family leave for spouses and family care-givers of mobilized Guard and Reserve for a period of time prior to or following the deployment of the military member.

Deferred Benefits and Retirement:

- Extend current early retirement legislation retroactively to Sept. 11, 2001.
- Change US Code to eliminate the Fiscal Year barrier toward full credit toward early retirement.
- Promote improved legislation on reducing the Reserve Component retirement age.
- Permit mobilized retirees to earn additional retirement points with less than two years of activated service, and codify retirement credit for serving members over age 60.
- Modify US Code that requires repayment of separation bonuses if an individual receives a Uniformed Service retirement annuity.
- Continue to protect and sustain existing retirement benefits for currently retired.

Continuity of Health Care:



REA and ROA support improving health care continuity to all drilling Reservists and their families. While Transitional Assistance Management Program (TAMP) TRICARE and TRICARE Reserve Select (TRS) are good first steps, TRICARE is neither universally accepted nor accessible to everyone entitled.

Recent DoD policies on mobilization frequency of the Reserve and National Guard members set a goal of one year out of five. This will make continuity of health care even more important to Reserve Component (RC) members.

Requested Actions:

- **Make Tricare Reserve Select a standalone health care program by:**
 - o **Decoupling it from any changes made to Tricare Standard**
 - o **Requiring members to opt out rather than enroll in.**
 - o
- **Continue to improve health care continuity to all drilling Reservists and their families by:**
 - o **providing individuals an option of DoD paying a stipend toward employer's health care,**
 - o **extending TRS coverage to mobilization ready IRR members; levels of subsidy would vary for different levels of readiness,**
 - o **allowing demobilized Retirees, and Reservists involuntarily returning to IRR to qualify for subsidized TRS coverage,**
 - o **allowing demobilized federal employees the option of TRS coverage.**
- **Fund restorative dental care prior to mobilization.**
- **Request a GAO Review of TRR premiums which currently do not support a continuity of healthcare.**

Reserve and Guard members experience problems when moving from their civilian health care to TRICARE while being deployed. They frequently must change physicians, which is extremely stressful for family members who require continuing care, such as a pregnant spouse or a family member who requires special care. Members and their families can also experience problems when returning to private healthcare insurance from TRICARE if there is a condition which began while in the TRICARE system.

Additionally, REA and ROA view the military health care provided to retirees as an earned benefit. This is also a deferred incentive that encourages both Active and Reserve members to be retained. **REA and ROA cannot support recommended fee increases and the relabeling of the military health program.** DoD health care inefficiencies and wartime expenses should not be a financial burden placed on these retirees. *ROA and REA are grateful to Congress for the passage of TRICARE Standard coverage for Gray-area reservists but hope that the Armed Services Committees can request a review of premium levels.*

A SECOND LOOK AT BRAC

Reports have surfaced that the Pentagon has authority (10 USC Section 2687) to close bases domestically, as archaic laws remain on the books providing DoD with authority to close facilities without Congressional approval. This authority only requires notification. Both the Army and the Air Force say that without further infrastructure that budget reduction would require deeper end strength cut, reduced readiness, and reductions in weapons procurement.



To oversee the process Congress must maintain control; the most effective tool is BRAC. The BRAC process reduces political influences with the establishment of an independent panel, and an up or down approval of the commission's recommendations by Congress.

Requested Action:

- **Limit any BRAC to base closures where expenses will be covered by savings within the first five years.**
- **Set a goal to maintain a Title 10 military presence in every state.**
- **Study overseas basing and relocation within the United States before determining excess domestic infrastructure.**
- **Do not use Reserve and Guard installations to be the bill payers to keep active facilities open.**
- **Update bonuses and travel allowances for Reserve Force personnel displaced by future BRAC decisions.**
- **Provide Reserve Transition Incentives to offset the penalty of earlier retirement. Include the cost of allowances and incentives in calculation of overall BRAC expenses.**

Any future round of BRAC must include force realignment analysis to take into account future integration of Reserve and Active duty units, as the elimination of parallel unit structures may give reason for consolidation of infrastructure.

CONCLUSION

ROA and REA restate our profound gratitude for the bipartisan success achieved by this committee by improving parity on pay, compensation and benefits between the Active and Reserve Components. The challenges being faced with proposed budget cuts and sequestration are going to make this committee's job that much harder.

ROA and REA look forward to working with the personnel sub-committee where we can present solutions to these challenges and other issues, and offers our support in anyway.



Statement

of the

NATIONAL MILITARY FAMILY ASSOCIATION

Before the

**Subcommittee on
Military Personnel**

of the

**UNITED STATES HOUSE OF REPRESENTATIVES
ARMED SERVICES COMMITTEE**

April 9, 2014

**Not for Publication Until Released by
The Committee**

The National Military Family Association is the leading nonprofit organization committed to strengthening and protecting military families. Our 45 years of accomplishments have made us a trusted resource for families and the Nation's leaders. We have been at the vanguard of promoting an appropriate quality of life for active duty, National Guard, Reserve, retired service members, their families and survivors from the seven Uniformed Services: Army, Navy, Air Force, Marine Corps, Coast Guard, and the Commissioned Corps of the Public Health Service and the National Oceanic and Atmospheric Administration.

Association Volunteers in military communities worldwide provide a direct link between military families and the Association staff in the Nation's capital. These volunteers are our "eyes and ears," bringing shared local concerns to national attention.

The Association does not have or receive federal grants or contracts.

Our website is: www.MilitaryFamily.org.

Chairperson Wilson, Ranking Member Davis, and Distinguished Members of the Subcommittee, the National Military Family Association thanks you for the opportunity to present testimony concerning the quality of life of military families – the Nation's families. After more than 13 years of war, we continue to see the impact of repeated deployments and separations on our service members and their families. We appreciate the Personnel Subcommittee's recognition of the service and sacrifice of these families. Your response through legislation to the ever-changing need for support has resulted in programs and policies that have helped sustain our families through these difficult times.

We also appreciate the creation by Congress of the **Military Compensation and Retirement Modernization Commission**. We feel it is imperative that its charter be honored. It was formed to examine the entirety of the military compensation system. We have provided input to the Commission on issues important to military families and suggested alternatives that could enable the Department of Defense (DoD) to provide benefits and family support services more effectively. We are not opposed to changes in the compensation system if they are made after thoughtful research and consultation and careful study about how the changes in individual elements of the system affect the whole. A piecemeal approach will not work. We expect the commission process to be respected and the recommendations thoughtfully considered in consultation with all the stakeholders.

We endorse the recommendations contained in the statement submitted by The Military Coalition on personnel issues and health care. We have chosen to focus our statement on issues affecting current service members and their families.

Executive Summary

The United States military is the most capable fighting force in the world. Over more than a decade of war, service members and their families never failed to answer the call, gladly sacrificing in order to protect our Nation. They made these sacrifices trusting that our government would provide them with resources to keep them ready. Recent national fiscal challenges have left military families confused and concerned about whether the programs, resources, and benefits contributing to their strength, resilience, and readiness will remain available to support them and be flexible enough to address emerging needs. The Department of Defense (DoD) must provide the level of programs and resources to meet this standard. Sequestration weakens its ability to do so. Service members and their families have kept trust with America, through over 13 years of war, with multiple deployments and separations. Unfortunately, that trust is being tested. The Fiscal Year 2015 (FY15) budget proposal put forward by the Administration will undermine military family readiness in fundamental ways, by cutting families' purchasing power and forcing them to bear more of their health care costs. At the same time, looming cuts mandated by sequestration threaten the programs and services they rely on for support. Our Association makes the recommendations in this statement in the name of supporting the readiness of military families and maintaining the effectiveness of the all volunteer force. We ask the Nation to keep the trust with military families and not try to balance budget shortfalls from the pockets of those who serve.

We ask Congress to:

Let the Military Compensation and Retirement Modernization Commission (MCRMC) do its job in evaluating compensation, including health care, Basic Allowance for Housing (BAH), and commissaries, holistically.

As you evaluate the proposals submitted by DoD, we ask you to consider the cumulative impact on military families' purchasing power and financial well-being, as well as their effects on the morale and readiness of the all volunteer force now and in the future. We ask you to:

- reject budget proposals that threaten military family financial well-being as a way to save money for the government.
- keep military pay commensurate with service and aligned with private sector wages.
- oppose shifting health care costs to active duty family members. We especially ask you to oppose any TRICARE change that will create a barrier to military families' access to behavioral health care.
- protect the 30 percent savings military families receive when shopping at the commissary by continuing the annual appropriation to support the system at its current level. Commissaries are part of compensation and provide important savings for military families.
- ask DoD how the reduction in BAH payments will impact the contracts that have been negotiated with the privatized housing contractors. Will this result in fewer services, reduced maintenance or families paying over and above their BAH for their privatized housing?

We especially ask Congress to end sequestration, which places a disproportionate burden on our Nation's military to reduce the deficit.

We have addressed the immediate and long term impacts of the proposed FY15 budget on military families. Our Association also asks Congress to make improving and sustaining the programs and resources necessary to keep military families ready a national priority. We ask Congress to:

- Provide oversight to ensure DoD and the individual Services are supporting families of all components by meeting the standards for deployment support, reintegration, financial readiness, and family health in Department of Defense Instruction (DoDI) 1342.22. Fund appropriately at all levels. Special attention needs to be paid to the flexibility for surge capabilities.
- Join with DoD to help civilian communities realize their role in supporting service members and families is ongoing, even as service members transition to veteran status.

- Continue funding the Yellow Ribbon program and stress the need for greater coordination of resources supporting Reserve Component families.
- Ensure families of all seven Uniformed Services have timely access to high quality, affordable health care and a robust TRICARE benefit including preventive health care services.
- Instruct DoD to ensure future TRICARE policy changes are thoroughly analyzed before being implemented with the impact on beneficiary access to the medical standard of care as a top consideration.
- Ensure military families' access to the medical and non-medical counseling they need to recover from the stress of long years of war.
- Ensure TRICARE makes the process for accessing specialty care more flexible and streamlined to address the unique aspects of military life without having families pay more out-of-pocket.
- Instruct TRICARE to enhance the Extended Care Health Option (ECHO) program's utility to military families by ensuring it covers the products and services families need. Extend ECHO eligibility for one year following separation to provide more time for families to obtain services in their communities or through employer-sponsored insurance.
- Continue funding DoD's Spouse Education & Career Opportunities (SECO) programs. Make military spouse preferences and hiring authorities non-discretionary. Expand outreach and eligibility for the My Career Advancement Account (MyCAA) to spouses of all of the Uniformed Services to facilitate better utilization and access.
- Ensure adequate funding for military child care programs, including child care fee assistance programs.
- Ensure appropriate and timely funding of Impact Aid through the Department of Education (DoEd) and restore funds to the Impact Aid federal properties program.
- Continue to authorize DoD Impact Aid for schools educating large numbers of military children and restore full funding to Department of Defense Education Activity (DoDEA) schools and the DoDEA Grant Program.
- Help families in crisis by funding ongoing tracking of military family suicides. Ensure Family Advocacy programs are funded and resourced appropriately to help families heal and aid in the prevention of child and domestic abuse.
- Correct inequities in Survivor benefits by eliminating the Dependency and Indemnity Compensation (DIC) offset to the Survivor Benefit Plan (SBP); allowing payment of the SBP annuity into a Special Needs Trust to preserve disabled beneficiaries' eligibility for income based support programs; and ensuring SBP annuities for a reservist who dies while performing active duty training are calculated using the same criteria as for a member who dies while on active duty.
- Ensure better cooperation and accountability between DoD and the Department of Veterans Affairs (VA) at the highest levels in the support of transitioning wounded, ill and injured service members and caregivers. Support legislation that expands military caregiver benefits and addresses the findings and recommendations of the RAND military caregiver study.
- The lack of a seamless transition between agencies still exists and must be corrected.
- Exempt the Special Compensation for Assistance with Activities of Daily Living (SCAADL) from income taxes, enhance marketing of SCAADL to the eligible population, and add an electronic application process to reduce the burden of completing SCAADL paperwork.
- Encourage DoD and the VA to develop a solution to continue in vitro fertilization (IVF) coverage for veterans and military retirees facing service connected infertility.
- Require DoD and VA to regularly assess the unmet needs of caregivers and develop programs to address their evolving requirements.

Keeping the Trust of Military Families

America's all volunteer force is the most capable fighting force in the world. Over more than a decade of war, service members and their families have heroically answered our nation's call to serve. Their sacrifice - of life, limb, and family -- is offered selflessly, trusting in the steadfastness of our government to provide for their readiness and the needs of their families.

Many military families feel their sacrifices go unnoticed by civilian society, which is consumed with domestic concerns such as the economy and unemployment. Military families share those concerns. But they also feel the Nation is forgetting the price they alone have paid in 13 long years of war.

Trust in government is essential to the long term viability of the all volunteer force. That trust is reinforced through the predictability, efficiency and fairness of compensation and benefits. Since 2006, throughout the wars in Iraq and Afghanistan, the Administration has proposed various benefit "reforms," mostly in health care, which would have increased the financial burden of those who have served. The changes proposed in the Fiscal Year 15 (FY15) budget, coupled with the arbitrary reductions forced by sequestration, undermine the trust military families have in the government's commitment to support the all volunteer force over the long term. This is a price the Nation cannot afford to pay.

Moreover, the Administration's proposals to cut pay increases, reduce housing allowances, eliminate commissary savings, and increase health care costs pose significant risk to the financial well-being of military families. Congress must resist these changes.

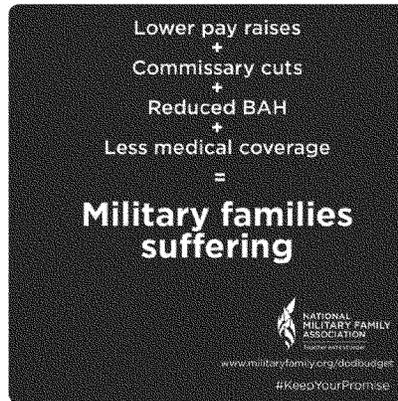
The forthcoming report of the Military Compensation and Retirement Modernization Commission (MCRMC) should become a catalyst for a broad discussion of military compensation and benefits for future generations. Taxing those currently serving, and those who have served, in order to finance other priorities, is wrong headed and unacceptable to military families. We ask Congress to honor its commitment to military families and not to balance budget shortfalls on the backs of those who serve.

"The all-volunteer force is comprised of people who trust -- they trust that we will treat them with dignity, respect, and due regard for their overall well-being. This trust is priceless. This trust puts in place the greatest weapons system we can provide the sailors of the United States Navy. That weapons system is called unit morale."

Master Chief Petty Officer of the Navy (MCPON) Mike Stevens

The Administration Budget Proposal: A Disaster for Military Family Pocketbooks

The Administration's budget proposal has only added to the growing sense of frustration in the military community. Military families are financially savvy. They are doing the math and feel they are shouldering the burden for balancing the budget when they've shouldered the entire burden of the last 13 years of war.



Pay Raise

For the second year in a row, the Administration is proposing a pay increase of only 1 percent, below the level of private sector wage increases. The Employment Cost Index (ECI) was chosen as the standard for active duty pay raises in order to recruit and retain the quality of service members needed to sustain the all-volunteer force. What's changed?

We ask Congress to keep military pay commensurate with service and aligned with private sector wage increases.

Basic Allowance for Housing

Under the Administration proposal, service members will receive 95 percent of the Basic Allowance for Housing (BAH) for their rank and location resulting in greater out of pocket housing costs. This "slowed growth" of the BAH will affect families whether they rent or own their own home. We appreciate the lower BAH will not affect a military family until their next duty assignment, but are concerned about the long-term impact on families' ability to find and pay for appropriate housing.

BAH is paid at a with-dependent or without-dependent rate and varies based on the service member's rank and the rental and utility costs for housing within a reasonable commuting distance of where the service member is assigned.

What will be the effects of lower BAH rates on privatized housing? Right now, the rent for privatized housing is tied to the BAH rate for each rank. Privatized housing has been a good deal for the government and for military families. If the amount paid to the contractors is reduced, what will that mean in terms of maintenance and renovation down the road? Would military families be responsible to pay the difference between rent and BAH?

Please ask the Department of Defense how the reduction in Basic Allowance for Housing (BAH) payments will impact the contracts that have been negotiated with the privatized housing

contractors. Will this result in fewer services, reduced maintenance, or families paying over and above their BAH for their privatized housing?

Commissaries

Our Association believes that the 30 percent savings available to military families who regularly shop at the commissary is an important part of compensation. Re-engineering the way the commissary does business by reducing the appropriation and thus raising prices wreaks havoc with a system that has been recognized as a model of efficiency. In 2011, the commissary saved customers more than \$2.79 billion,¹ with a cost to the Department of Defense (DoD) of only \$1.34 billion. In 2013, the commissary continued to provide \$2.08 billion in savings to patrons for every \$1 of appropriations.² Why would the government want to cut a program that returns twice the value to customers that it costs DoD to provide?

Military families appreciate that efficiencies must be found, especially to preserve readiness. However, the commissary is not just a quality of life program that can be downsized. It, too, is intended "to support military readiness, recruitment, and retention" (10 U.S.C. §2481). While other readiness programs have had to grow in cost to support growing numbers of service members and patrons, the government contribution for the commissary has stayed relatively level.

DoD proposes commissaries take on a business model closer to that used by the exchanges. The exchanges operate on a for-profit model that allows them to set prices above cost, currently prohibited by law to the commissary. Furthermore, the exchanges and commissaries carry few of the same products and serve entirely different purposes. Profits from the exchange are used for operations and help fund Morale, Welfare and Recreation (MWR) programs. We wonder if military installations would be able to support two for-profit entities in their environs, especially if they carry duplicate products. We wonder what the effect will be on contributions to MWR when the commissary starts selling more of the same products as the exchange. If the purpose of the commissary system is to support service members and families by selling groceries at cost plus a surcharge for construction and renovation, why is raising prices acceptable?

Out of all of the cuts in the FY15 budget proposal, many families tell us the reduction in commissary savings is what will prove most detrimental to their financial well-being. Even with the 10 percent savings proposed by DoD, a family of four that shops regularly at the commissary would lose at least \$200 per month.³

I think it's personally ridiculous that we're going to go after something that saves some ... young lance corporal, ... \$4,500 a year for every time he walks in there -- he's got two kids and every time he ... shops it's \$240. Well, ... he just put \$80 worth of gas into his car and he doesn't even know it.

Sergeant Major of the Marine Corps Micheal Barrett

Military families tell us they rely heavily on the commissary savings and appreciate the good deal they get. Some tell us they don't use the commissary often due to distance, unfamiliarity, or inconvenience and they may not realize the overall savings they can achieve. For service members who qualify for the Supplemental Nutrition Assistance Program (SNAP) or the Women, Infants and Children (WIC) nutrition program, using the commissary allows families to stretch their benefit and provides a buffer to the many others who may be teetering on the financial edge. The many who use the commissary tell us they not only value this benefit, they do not know how they would provide for their families without it. Recently, a family member told us,

¹ http://www.commissaries.com/press_room/press_release/2012/DeCA_28_12.cfm

² http://www.commissaries.com/press_room/press_release/2014/DeCA_01_14.cfm

³ Current estimations show that a military family of four shopping regularly/exclusively at the commissary saves \$3600/4500 annually (http://www.commissaries.com/press_room/fast_facts.cfm).

Anyone who says the commissary is unnecessary has never tried raising a family on \$1,400/month and has never been on recruiting duty. The commissary is a budget lifesaver.

Senior leaders tell us they will not close commissary stores as part of this proposal. But when military families lose their savings at the commissary, they will stop shopping there. Fewer patrons will reduce the ability of the commissary system to leverage economies of scale – the revenues generated at the larger commissaries such as Fort Belvoir allow the family shopping in a smaller commissary in Guam or Dugway, Utah, to realize the same savings. This will have tragic consequences for a system that currently works. Military families need savings; they don't need just another grocery store that is convenient to where they live!

Protect commissary savings by continuing the annual appropriation to support the system at its current level. Commissaries are part of compensation and provide important savings for military families.

Consolidated TRICARE Health Plan

Our Association opposes shifting health care costs to active duty family members. We are particularly troubled the Consolidated TRICARE Health Plan proposal does not spread these costs evenly among all beneficiaries. Rather, the additional out of pocket expenses will be concentrated among those who cannot receive care at a Military Treatment Facility (MTF) and special needs families who require extensive specialty care. Even though the Consolidated TRICARE Health Plan proposal suggests the impact on families will be modest, we believe the proposed plan will have a significant negative impact on those populations mentioned above. We also firmly oppose any policy that will create a barrier to military families' access to behavioral health care. The Consolidated TRICARE Health Plan raises many unanswered questions and significant concerns that it will ultimately result in diminished access to care for military families.

The Consolidated TRICARE Health Plan proposed in the FY15 budget would eliminate the current TRICARE managed care and fee-for-service options (Prime, Standard, and Extra) and replace them with a cost sharing structure for everyone including active duty family members.

Active Duty Family Member Outpatient Cost Sharing for Consolidated TRICARE Health Plan effective January 1, 2016

Services	MTF Co-Pays		TRICARE Network Co-Pays		Out-of-Network Cost Share ^a
	E4 & below	E5 & Above	E4 & below	E5 & Above	All ADFMs ^b
Clinical Preventative Services	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	\$0	\$0	\$10	\$15	20%
Specialty Care Visit ^c	\$0	\$0	\$20	\$25	20%
Urgent Care Center	\$0	\$0	\$25	\$40	20%
Emergency Dept	\$0	\$0	\$30	\$50	20%

Ambulance	\$10	\$15		\$10	\$15		20%
Ambulatory Surgery	\$0	\$0		\$25	\$50		20%

- a. Out of Network Cost Share = Percentage of TRICARE maximum allowable charge after deductible is met
- b. ADFM = Active Duty Family Members
- c. Specialty Care Visits include physical therapy, occupational therapy, and **behavioral health**
- d. Cost sharing is higher for retirees and their families
- e. Service members will still pay no out-of-pocket costs

Currently, the 79 percent of active duty family members enrolled in Prime⁴ pay no cost shares for treatment received at an MTF or from civilian providers in the TRICARE network, assuming the beneficiary follows TRICARE referral and authorization policies. Previous reform proposals have focused on retirees. The FY15 proposed Consolidated TRICARE Health Plan reform will create unavoidable out of pocket health care costs for many active duty families, driven largely by their geographic location, health care condition, and ability to access care in an MTF.

The current TRICARE Prime referral and authorization process can be cumbersome and sometimes prevents timely access to specialty care. While we appreciate that the Consolidated TRICARE Health Plan proposal provides beneficiaries with open access to providers of specialty care, we are concerned cost will become the new barrier to accessing health care. Proposed cost shares are the lowest in MTFs, higher in the network, and highest out of network. While we understand this cost structure is designed to encourage use of military clinics and hospitals, thereby improving efficiency of the Defense Health Agency's (DHA's) fixed facility cost structure, we believe it is important to understand that not every active duty family has access to a military hospital or clinic.

Some service members, for instance those in recruiting positions, are stationed far from the nearest MTF. Others are at installations where the MTF is at capacity and family members are routinely referred to the network for most or all of their care. Still other military families are at installations with limited direct care resources. For instance, when the Army reactivated the 10th Mountain Division at Fort Drum, Army leaders decided to take advantage of excess capacity in local hospitals rather than building an inpatient facility on post to serve 10th Mountain military personnel and their families. As a result, nearly 20,000 Fort Drum family members receive most of their specialty care from civilian providers because the post clinic only offers basic services. Because there is no hospital on post, Samaritan Hospital of nearby Watertown, NY, provides 90 percent of the post's inpatient care needs.⁵ With the Consolidated TRICARE proposal, Fort Drum families will face cost shares for much of their health care, not because they have chosen civilian providers, but because they do not have the option of seeking care at an MTF.

DHA has characterized the proposed cost shares as modest. However, the relatively low "per family" dollar impact the DHA presents⁶ is an average assuming cost shares are spread evenly across the beneficiary population. In reality, costs shares will be borne disproportionately by families without MTF

⁴ Evaluation of the TRICARE Program: Access, Cost, and Quality, Fiscal Year 2013 Report to Congress, Office of the Office of the Assistant Secretary of Defense (Health Affairs)

⁵ Defense Communities 360: Community Network Provides Inpatient, Specialty Care for Fort Drum Personnel, January 29, 2014
<http://www.defensecommunities.org/headlines/community-network-provides-inpatient-specialty-care-for-ft-drum-personnel/#>

⁶ United States Department of Defense Fiscal Year 2015 Budget Request Overview, March 2014, Office of the Under Secretary of Defense

access, those who need specialty care, and those with special needs family members. We fear that, for these families, co-pays will become a barrier to accessing necessary medical care.

While cost shares will disproportionately impact all families without MTF access, junior enlisted families will be particularly vulnerable. With their relatively lower incomes, cost shares ranging from \$10 to \$50 per visit (see chart above) will necessarily have a greater impact on their family budgets. Junior enlisted families without access to an MTF may not be able to absorb co-pays for every medical appointment. We are concerned they may elect to forego medical care to avoid the out of pocket costs.

We are pleased DoD has listened to requests for protections of benefits for those who have been medically retired and surviving spouses. Keeping their health care fees at the same level as active duty family members reflects their extraordinary sacrifice and service.

Due to their greater requirements for specialty care, the Consolidated TRICARE Health Plan will also have a pronounced effect on special needs families. Many special needs families require medical care that is not typically delivered at MTFs. While special needs families enrolled in TRICARE Prime can now seek specialty care in the network at no cost, the new proposal will result in cost shares for each network appointment. Given the number of specialty appointments many of these families require, we fully expect their expenses to reach the catastrophic cap: \$1,500 for network care, \$2,500 for combined network/out-of-network care. The \$1,500 cap for network care is \$500 above the current cap for active duty military families, thus they will have to spend more for health care before DoD will pick up additional costs. This will have a significant impact on the purchasing power of special needs families.

Our Association finds the behavioral health care co-pays in the Consolidated TRICARE Health Plan absolutely unacceptable. Network behavioral health appointments are treated the same as any other specialty care with co-pays of \$20-25 per visit. Because of the heavy demand by service members in the MTF, more families have no choice but to seek care in the network. With co-pays of \$20-25 per appointment, we fear this will have a devastating effect on military families' ability AND willingness to seek behavioral health care.

Recognizing that 13 years of war has taken a toll on our community, TRICARE has made improvements in facilitating access to behavioral health care for military family members. Currently, TRICARE beneficiaries do not need referral or prior authorization for the first eight outpatient behavioral health care visits per fiscal year.⁷ This has allowed military family members to more easily access critical mental health resources. TRICARE Prime family members currently incur no costs for behavioral health care whether they access it at an MTF or in the network.

Our Association believes it is imperative that behavioral health care, whether it is delivered in the Military Treatment Facility (MTF) or in the network, continues with no out of pocket costs for active duty military families.

The Consolidated TRICARE Health Plan is designed to increase demand for MTF health care. We are concerned about how this increased demand will be managed. How will active duty families be prioritized within the MTF? Will they face longer waits for appointments? Will acute care be available when needed? We fear military families' access to care will be hampered by the increased demands placed on the MTFs.

In addition to the concerns outlined above, our Association has many unanswered questions about the proposed TRICARE Consolidated Health Plan and its potential impact on military families, including:

- What modifications will be needed to the current TRICARE Managed Care Support Contracts to implement these changes? Will there be changes in requirements for the contractors to build and maintain networks and to keep accurate listings of which providers are in the network?

⁷ TRICARE Behavioral Health Care Resources Fact Sheet

- What resources will remain in place for the management of complex illnesses or conditions where coordinated care is needed? Where will that responsibility reside, with the MTF or the TRICARE contractor?
- Will military retirees and their family members with Other Health Insurance (OHI) who wish to use TRICARE as a second payer be required to pay the same participation fee as those who want to keep TRICARE as their primary insurance?
- Will there be changes in how network maternity care will be reimbursed? Maternity is generally a bundled benefit with different cost sharing. For example, instead of paying a co-pay for each doctor's visit, the doctor accepts a flat amount, regardless of the number of visits and the mom pays a percentage of the fee. Also, maternity hospitalization has a different rate for mom and then for baby, generally less than traditional hospitalization. How will this be handled?
- What will be the cost to the Services/MTFs to create systems to process co-payments by retirees and their families?
- How much savings will the Consolidated TRICARE Health Plan provide to DoD?

Transition Challenges During Downsizing

Downsizing of the force has already begun as a result of sequestration. The FY15 budget calls for a greater decrease especially in the Army. The effects of this downsizing are many. The service member and their family may feel the many years they spent facing multiple deployments are not appreciated. Morale will be low. Families are still dealing with the after-effects of war, problems with reintegration, with coming together again as a family, and the impact of the invisible signature wounds of these conflicts – post traumatic stress and traumatic brain injury. We don't know what the long term implications are and what services will be needed by the service member and by the family as well.

A national debate is needed now on how veterans' families will be supported once they leave the safety net of support they had while the service member was on active duty. What can the VA do to help families as well as veterans ease into civilian life and recover from multiple wartime deployments? What help will communities need to support these families?

A Holistic Approach Is Needed

We firmly believe the Administration's FY15 budget proposal did not consider the cumulative effects of a reduced pay raise combined with lower BAH payments, loss of commissary savings, and possible out-of-pocket health care costs on the purchasing power of service members and their families. This budget proposal would reduce cash in a service member's pocket!

We ask Congress to reject budget proposals that threaten military family financial well-being as a way to save.

Let the Military Compensation and Retirement Modernization Commission (MCRMC) do its job in evaluating compensation, including health care, holistically.

Sequestration: An Ongoing Threat to Family Readiness

The effects of sequestration have already resulted in cuts to benefits and programs that military families have come to rely on. Much of the funding for these programs is embedded in the Service Operations and Maintenance Accounts, which have been the hardest-hit by sequestration. Understanding what is affected by sequestration has been confusing for families. Our Association used social media to help military families tell truth from fiction and to keep them up to date on how sequestration would affect them. Our families used social media to voice their frustration about sequestration's effects on their service members' ability to do their jobs and on the damage caused to the military community⁸. Military families were impacted by sequestration with cuts to services and the threat of closure of DoD schools

⁸ http://www.militaryfamily.org/assets/pdf/Sequestration-Photo-Book_final_web.pdf

when civilian workers were furloughed and hiring was frozen. Sequestration limited the availability of health care appointments because furloughs of civilian medical staff resulted in reduced hours of operation at military hospitals and clinics. Military families reported longer wait times for appointments and delays in obtaining treatment. Some were told to go to the emergency room for acute care that would normally be handled at the MTF.

When we speak to military families about sequestration, one of their major areas of concern is child care. Service members who rely on installation child care centers worry centers will reduce their operating hours or turn more families away. Families who use the fee assistance program wonder if those funds will still be available. We have already heard from families that child care respite programs for families of deployed service members are being phased out. Other locations have curtailed or eliminated hourly or drop-in care. Losing these services is a particular hardship to families overseas or in remote locations, who may have few child care alternatives.

Impact Aid was one of the first casualties of sequestration cuts, because unlike other education programs, Impact Aid is current-year funded. Over the course of the past year, we heard reports from school districts facing significant funding cuts due to sequestration. For example, the Killeen Independent School District, which serves 18,000 military children, faced the loss of more than \$2.6 million in 2013. Our Association thanks Congress for restoring \$65 million to the Department of Education Impact Aid program in the FY14 Consolidated Appropriations Act. This funding is critical to public school districts educating large numbers of military children. However, we continue to be concerned about the long-term consequences the spending caps imposed by the Budget Control Act (BCA) will have on school districts reliant on Impact Aid.

While the Bipartisan Budget Act of 2013 provided some relief, we know that with future cuts required down the road, military families will continue to see cuts and threats to the programs and resources they require for readiness.

We ask Congress to end sequestration and end the threat to the resources military families depend on for their readiness.

Keeping Military Families Ready: What do Military Families Require?

We have addressed the immediate and long-term impacts of the proposed FY15 budget on military families. But we ask you not to forget that military families depend on a variety of programs and resources that must be sustained and, in some cases, improved.

The National Military Family Association believes our Nation's leaders should guarantee the readiness of our force by taking care of service members and their families, serving in both active and reserve components, no matter where they live. We ask you to sustain support by providing: quality, accessible health care; behavioral health support; spouse career opportunities; good schools for military children; quality, affordable child care; a secure retirement; and unwavering support for those wounded, widowed, or orphaned. We challenge Congress and the Administration to join us in seeking greater collaboration between government and community agencies to enhance support and enable military families to thrive and be ready to answer any call to duty, now and in the future.

The Department of Defense created a blueprint for the framework of family readiness in DoD Instruction (DoDI) 1342.22, "Military Family Readiness".⁹ The DoDI integrates policy for core family readiness services into a single source, including requirements for financial education and counseling, relocation assistance, emergency family assistance, spouse employment and requirements for delivery of services to the Reserve Components. It spells out the expectation that families be empowered to enhance their own readiness, but have the ability to access a trusted network of services regardless of branch of Service, active or reserve status, or geographic location. It changes the traditional mindset of military family support, which focused on installation-based services and created the expectation that families

⁹ <http://www.dtic.mil/whs/directives/corres/pdf/134222p.pdf>

should come to the support rather than having the support service connect with families where they are. The DoDI emphasizes the importance of creating a family readiness system in which service members, families, other government agencies, and private organizations collaborate to support troops and families. It focuses on three areas of readiness: mobilization and deployment readiness, mobility and financial readiness, and personal and family life readiness.

Our Association believes full implementation of Department of Defense Instruction (DoDI) 1342.22 across all Services and components is essential for the readiness of both the current and future force. It sets the structure and expectations for family readiness and must be resourced appropriately.

Deployment and Reintegration Support

Military families have been living a revolving door existence since the beginning of the wars in Afghanistan and Iraq. They experienced repeated deployments, each the same with the strains of separation, but unique with the dynamic of their family at that moment in time. They had repeated reunions, honeymoons followed by the hard work of rebuilding their family. As they rebuild, they still worry about the future, the nagging thought that soon their family will be doing this again.

Despite the drawdown in the Middle East, the mission of the United States military continues. Deployment patterns will change, but deployments will continue. A downsized force will still be busy doing more missions with fewer troops. A structure should be maintained to meet families' deployment related needs. DoDI 1342.22 requires that programs be flexible enough to respond swiftly to the changes in needs of service members and families. If deployment support programs are dissolved completely they will not easily be regenerated when needed again. We cannot lose the structure for proven programs such as pre-mobilization briefs that prepare families for deployment. During deployment, families rely on the programs and staff that support them, including respite care and the Army family readiness support assistants (FRSAs), Marine Corps family readiness officers (FROs), ombudsmen, and Military OneSource. This support network is essential for the families of many service members who are sent apart from their units as individual augmentees. Readiness does not stop when a unit comes back from an operation or start up when a new operation is identified. Readiness is the underpinning that must be maintained and sustained at an appropriate level for the unit and their families.

"With guys doing multiple deployments, they're getting a tough 9 to 10 deployments over a 12-year period, the impact on families is going to be noticeable. Anything that can cut down and make the deployments less vigorous in terms of operation tempo is going to be a better thing".

Rear Admiral George Worthington, USN (retired), retired Navy seal¹⁰

Reintegration programs, along with deployment support, are key ingredients in the family's success. Our Association believes we need to focus on treating the whole family with programs offering readjustment information; education on identifying stress, substance abuse, suicide, and traumatic brain injury; and encouragement to seek assistance when having financial, relationship, legal, and occupational difficulties. DoDI 1342.22 calls for this support to promote positive adjustment to deployment, family separation, and family reunion.

Successful reintegration programs will require attention over the long term, as well as a strong partnership at all levels between the various mental health arms of DoD, VA, and state agencies. DoD and VA need to provide family and individual counseling to address these unique issues. Opportunities for the entire family and for the couple to reconnect and bond must also be provided. Our Association has recognized this need and established family retreats in National Parks under our Operation Purple® program, promoting family reintegration following deployment.

¹⁰ Read more: http://www.washingtontimes.com/news/2014/mar/11/special-ops-forces-wearing-thin-from-high-demand/?utm_source=RSS_Feed&utm_medium=RSS#ixzz2wKdtGFPy

During the past 13 years of war, our Nation has relied on the services of the National Guard and Reserve more than ever before. Our Association appreciates the great strides made by both Congress and the Services to help support our Reserve Component families. We believe sustaining effective support programs for our "Citizen Soldiers" and their families is essential at every stage of deployment. DoD agrees by integrating family readiness for the Reserve Component into DoDI 1342.22. We ask Congress to provide funding for preventive and follow-up counseling and behavioral health services for mobilized Reserve Component members and their families.

We have been in touch with the staff of the Yellow Ribbon Reintegration Program (YRRP) and are pleased they have developed a way ahead for the Yellow Ribbon program as a best practice for continued Reserve Component family readiness. The Reserve Components will continue, for the foreseeable future, to execute operational missions globally in response to our nation's security needs. As the operating environment evolves, YRRP will be there to provide vital information and resources to Service members and families throughout and beyond deployment periods. It will remain an enduring component of unit and individual readiness and reintegration challenges. More about the program and the resources can be found at www.yellowribbon.mil. Additionally, the YRRP has been working with Office of Military Community and Family Policy (MC&FP) on accreditation standards as MC&FP works to accredit Family Programs in the Army Reserve and National Guard.

Provide oversight to ensure the Defense Department and the individual Services are supporting families of all components by meeting the standards for deployment support, reintegration, financial readiness, and family health in Department of Defense (DoDI)1342.22. Fund appropriately at all levels. Special attention needs to be paid to the flexibility for surge capabilities.

Continue funding the Yellow Ribbon Reintegration Program (YRRP) and stress the need for greater coordination of resources supporting Reserve Component families.

Support for Transitioning Families

Transitioning due to downsizing affects the whole family. In addition to the transition assistance program available to service members, resources need to be identified that is pertinent to the family members that would also be transitioning. Training on issues like health care coverage for dependents including information on the Affordable Care Act, how to find community resources to replace DoD programs and general inclusion of the military spouses role in the long term care of the family as a whole aren't really covered in the transition classes.

We are developing a transition program specific to spouses. We will highlight the programs available through the DoD and develop a framework of best practices for family transition. Military spouses are a critical component in familial stability, often leading issues in health care and finances in the home. Their role in transition is equally critical to the success of the entire family in the move to civilian life.

Expand the opportunity for spouses to attend transition classes with service members. Through other military information portals tailor other information to address family transition issues.

We encourage Congress to join with DoD to help civilian communities realize their role in supporting service members and families is ongoing, even as service members transition to veteran status.

Military Health Care

Affordable and timely access to health care is important to all families, but it is vital for military families. Repeated deployments, caring for the wounded, ill, and injured, the stress and uncertainty of military life, and the ability to maintain family readiness, demand quality, and readily available health care. A robust and reliable health care benefit allows families to focus on managing the many challenges associated with military life versus worrying about how they are going to access and pay for essential health care. Any changes to the military health care benefit

must recognize the unique conditions of service and the extraordinary sacrifices demanded of service members and their families.

The National Military Family Association strongly asserts that any discussion of military health care, especially its costs, must make a distinction between the health care readiness needs of service members versus the earned health care benefit provided to family members, retirees, and survivors. Ensuring the physical and mental health of service members so they can perform their mission is a readiness cost and not part of the compensation package.

Likewise, the health care costs associated with wartime operations or the care of wounded, ill, and injured service members should not be included as part of the cost of providing a health care benefit to the children, spouses, and surviving family members of service members and retirees. Our Association believes DoD, in its statements about the rising costs of the military health care benefit, has not effectively differentiated health care readiness costs from the costs of providing the earned health care benefit. This failure, we believe, puts both the readiness function and access to care for family members and retirees at risk.

The military health care system—because of its dual readiness and benefit provision missions—does not function like civilian plans. The TRICARE benefit includes both direct care provided by MTFs as well as coverage that enables military families to access health care within the civilian community.

Access to care is also impacted by TRICARE's reimbursement policies. We believe TRICARE's reimbursement policies should be comparable to commercial and other government plans. They should align with current standards of medical care. Furthermore, they should be flexible enough to accommodate changes in medical technologies and treatment protocols.

Ensure families of all seven Uniformed Services have timely access to high quality, affordable health care and a robust TRICARE benefit including preventive health care services.

In the past year, military families have faced several reimbursement policy decisions that made TRICARE coverage inferior to commercial and other government plans, ignored medical standards of care, and created hardship for beneficiaries. These policy decisions include:

- **Changes to the referral and authorization requirements for Applied Behavior Analysis (ABA) created significant barriers to military families accessing this therapy.** These changes were later reversed for the TRICARE Basic and Extended Care Health Option (ECHO) Demonstration programs and were applied only to the ABA Pilot.
- **Compound prescription coverage changes.** In June, TRICARE announced it would cease coverage of all compound pharmaceuticals containing non-Federal Drug Administration (FDA) approved bulk chemicals or ingredients. This policy change would have created difficulties for many beneficiaries, such as children, who rely on compounding for safe and effective prescriptions. TRICARE eventually reversed this decision.
- **Laboratory Developed Tests coverage denials.** In January, 2013, TRICARE ceased coverage of over 100 diagnostic genetic tests without notice to health care providers or beneficiaries. These tests are covered by Medicare and Medicaid as well as commercial health plans. They represent the standard of care and include a common prenatal screening for cystic fibrosis that the American Congress of Obstetricians and Gynecologists has recommended for over ten years. Denying access to these tests could lead to substandard health care for military families. We have been working with DHA and Congressional offices for over a year to get this policy reversed. In the meantime, we have heard from numerous families faced with paying for lab tests out of pocket or foregoing tests ordered by their physicians.

Reimbursement denials for diagnostic genetic tests have significant implications for military families. An active duty Army family contacted our Association regarding their daughter whose eye was removed due to retinoblastoma, a cancer that can spread to the brain. Her physician recommended genetic testing

to determine the likelihood that the cancer would appear in her other eye. Without the genetic test, the child would require close monitoring until age 6 including eye exams under anesthesia as well as sedated magnetic resonance imaging (MRIs) every 4-6 weeks. After getting the genetic test results, her treatment plan was modified to greatly reduce the number of eye exams and MRIs. Because TRICARE refused to cover the diagnostic genetic test, this Army family had to find a third party to pay for it. Without the test results, this family would have faced greater uncertainty about their daughter's condition, while the child would have been subjected to many more sedated eye exams and MRIs - at a significant cost to the government. We appreciate the understanding of the egregiousness of this policy expressed by members of the Senate in their recent letter to Assistant Secretary of Defense for Health Affairs Dr. Jonathan Woodson.

Arbitrary reimbursement policy changes create confusion and uncertainty among military families. We request that DoD ensure future policy changes are thoroughly analyzed before being implemented. The impact on beneficiary access to the medical standard of care should be a top consideration. Should reimbursement policy changes be made, we request that TRICARE inform providers and beneficiaries with sufficient lead time to allow alternative treatment plans to be developed.

TRICARE's reimbursement policies should be comparable to commercial and other government plans.

The Department of Defense should ensure future TRICARE policy changes are thoroughly analyzed before being implemented with the impact on beneficiary access to the medical standard of care as a top consideration.

We remain especially concerned about access to care for National Guard and Reserve families. We continue to believe that paying a stipend to a mobilized National Guard or Reserve member for their family's coverage under their employer-sponsored insurance plan may work out better for many families in areas where the TRICARE network may not be robust. This option will remain viable as the current pattern of mobilizations declines with the end of conflicts. DoD leaders say our military will continue to rely on National Guard and Reserve members to perform the changing missions of the future. A different set of health care options may be needed to accommodate the needs of these mission-critical service members, their families and the military.

Pay a stipend to a mobilized National Guard or Reserve member for their family's coverage under their employer-sponsored insurance plan.

TRICARE's policies often present challenges in accessing the appropriate pediatric care. Children's health care needs differ from those of adults. Because TRICARE is modeled on Medicare, its policies are sometimes ill suited for pediatric care. TRICARE's policies should address the unique needs of children when defining medical necessity to ensure military children receive comprehensive and quality health care consistent with pediatric best practices. It is imperative the quality of health care provided to our military children is commensurate with the sacrifices made by our service members and their families.

We appreciate the inclusion in the FY13 National Defense Authorization Act (NDAA) for a report to comprehensively review TRICARE health care policies and practices to make recommendations that specifically account for children's health care and pediatric care settings. Encourage DoD to release the results of the review as soon as possible.

TRICARE's policies should address the unique needs of children when defining medical necessity to ensure military children receive comprehensive and quality health care consistent with pediatric best practices.

Behavioral Health

Research validates the high level of stress and mental strain military families are experiencing.

- A recent study published by the Journal of Adolescent Health indicates children with a parent or sibling deployed in the military during the last decade of war are more likely than their peers to experience depression and suicidal thoughts, particularly if the service member deployed more than once.¹¹ The same study also found multiple deployments by a parent or sibling were associated with an increased likelihood of drug and alcohol use.¹²
- Another study, Wartime Military Deployment and Increased Pediatric Mental and Behavioral Health Complaints, found an 11 percent increase in outpatient behavioral health visits for military children from the ages of 3-8 during 2006-2007. Researchers found an 18 percent increase in pediatric behavioral health visits and a 19 percent increase in stress disorders when a parent was deployed.¹³
- Additional research found an increase in mental health care use by spouses during their service members' deployments. A study of TRICARE claims data from 2003-2006 published by the New England Journal of Medicine showed an increase in mental health diagnoses among Army spouses, especially for those whose service members had deployed for more than one year.¹⁴
- In the research they conducted for our Association, RAND found military children reported higher anxiety signs and symptoms than their civilian counterparts. Our research also found the mental health of the caregiver directly affects the overall well-being of the children.¹⁵ Therefore, we need to treat family members as a unit as well as individuals.

The body of research focusing on the increased levels of anxiety and utilization of mental health services causes our Association concern about the overall shortage of mental health providers in TRICARE's direct and purchased care network. While TRICARE contractors have expanded their behavioral health provider networks to help meet demand, military families in some areas continue to report provider shortages, especially for psychiatric care for children and teens. We believe one of the consequences of almost 13 years of war is demand for mental health services that continues to outstrip supply. More must be done to persuade mental health care providers to participate and remain in the TRICARE network, even if that means raising reimbursement rates.

It is also critical that TRICARE keeps provider lists up to date. We hear from families about the number of times they contact network providers using the TRICARE provider list only to find the providers cannot meet access standards, are no longer taking TRICARE, or are not taking new TRICARE patients. Behavioral health provider lists must be up-to-date and robust enough to handle real time demands by military families. Inaccurate provider lists present a barrier to accessing behavioral health care for military families.

Families tell us they appreciate the access to non-medical counseling through Military OneSource and the Military Family Life Counselors (MFLC). DoD implemented these resources to help service members and their families access counselors where they work and where they live with a certain degree of anonymity. MFLCs have also been used effectively in training local educators on techniques to help their military students cope with deployment and in supporting National Guard and Reserve Yellow Ribbon events. We believe the need for behavioral health care will continue to grow over the next several years and we encourage DoD to continue to seek innovative solutions to providing care for military families.

¹¹ Tamika D. Gilreath, et al., "Well-Being and Suicidal Ideation of Secondary School Students From Military Families", Journal of Adolescent Health, November 18, 2013

¹² Tamika D. Gilreath, et al., "Substance Use Among Military-Connected Youth", American Journal of Preventative Medicine, January 8, 2013

¹³ Gregory H. Gorman, Matilda Eide, and Elizabeth Hisle-Gorman, "Wartime Military Deployment and Increased Pediatric Mental and Behavioral Health Complaints", Pediatrics: The Official Journal of the American Academy of Pediatrics, November 8, 2010

¹⁴ Alyssa J. Mansfield, et al., "Deployment and the Use of Mental Health Services among U.S. Army Wives," The New England Journal of Medicine, January 14, 2010

¹⁵ Anita Chandra, et al., RAND Center for Military Health Policy Research, Views from the Homefront: The Experiences of Youth and Spouses from Military Families, 2011

It is a moral imperative to provide military service members and their families with the help they need after years of enduring repeated combat deployments and to meet the challenges of the future.

Ensure military families' access to the medical and non-medical counseling they need to recover from the stress of long years of war.

Access to Health Care for Military Special Needs Families

Caring for a special needs family member can be difficult and draining for any family. However, the impact for military families is magnified by the unique challenges associated with military service. Frequent geographic relocations are a fact of life for military families. A geographic relocation will, by definition, disrupt the continuity of care that is so important in managing complex medical conditions. After every move, special needs military families must begin a lengthy cycle of referrals, authorizations and waitlists at each new duty station, resulting in repeated gaps in care. A nationwide shortage in pediatric specialists means even when families have successfully navigated the authorization and referral process at their new location, they may face a delay of weeks or even months before treatment can restart. Military families fear these repeated treatment delays have a cumulative and permanent negative effect on their special needs family members.

It is frustrating for military parents to know these treatment delays could be mitigated if the process for accessing specialty care were more flexible and streamlined to address the unique aspects of military life. Unfortunately, TRICARE's rigid referral and authorization process too often hinders the transition process for military families rather than facilitating it. In addition, providers often tell us working with TRICARE is overly complex. Many choose not to participate in the TRICARE network because it is too difficult to navigate and administer. The resulting shortage of TRICARE network providers further impedes families' access to specialty care. While the FY15 budget proposal appears to fix this problem by getting rid of referrals and authorizations, it will force these families to pay more out of pocket.

TRICARE should make the process for accessing specialty care more flexible and streamlined to address the unique aspects of military life without forcing active duty families to pay more out of pocket.

For special needs military families, frequent relocation presents another obstacle: the inability to qualify for services through Medicaid waivers. Caring for children with complex medical needs can be incredibly expensive. Most families in this situation ultimately receive some form of public assistance, typically through state Medicaid waivers. State Medicaid programs provide assistance not covered by TRICARE: incontinence supplies, respite care, employment support, housing, and more flexible medical coverage. Because the demand for these services far outstrips the supply, there is a lengthy waiting list to receive assistance in most states. For that reason, these services are often out of reach for a military family who must relocate every two to three years. Even if a military family places their special needs child on a Medicaid waiver waiting list, they must start again at the bottom of the waiting list when they move to a new state. The Defense State Liaison Office (DSLLO) has recognized military families' inability to access care through Medicaid waivers as one of its high priority issues and is working with state legislatures to address this problem. However, little progress has been made in resolving this disparity.

TRICARE's ECHO program was designed in part to address this imbalance, by allowing families to access non-medical services not covered under TRICARE. According to TRICARE's website, benefits covered under ECHO include "training, rehabilitation, special education, assistive technology devices, institutional care in private nonprofit, public and State institutions/facilities and, if appropriate, transportation to and from such institutions/facilities, home health care and respite care for the primary caregiver of the ECHO-registered beneficiary." However, in practice military families find it difficult to obtain services through the program.

This reality was reflected in TRICARE's May 30, 2013 report, *The Department of Defense Report to Congress on Participation in the Extended Care Health Option (ECHO)*, detailing military families' usage of

the ECHO benefit. They reported that, in 2012, 99 percent of funds expended through the ECHO program were spent on Applied Behavioral Analysis (ABA) therapy and ECHO Home Health Care (EHHC). Although these services are important and popular with special needs families, it is impossible to see this statistic and not wonder why families are not accessing the long list of other services ostensibly available to them under ECHO.

When families do manage to navigate the process of applying for benefits through ECHO, they often find that it does not pay for the products and services they actually need. For example, many families need larger than normal diapers for their disabled children. ECHO deems this a convenience item and will not pay for it, although incontinence supplies are regularly paid for by state Medicaid programs.

Another service much in demand by families is respite care. For families with special needs children, the time away afforded by respite care is vital. Access to quality respite care allows families to run errands, spend time with other children, and simply recharge. Studies even show that parents of special needs children have healthier marriages when they are able to access regular respite care. Thus, access to respite care can be seen as an important element in military family readiness. Respite care is ostensibly available through the ECHO program, but TRICARE policies limit its utility. ECHO sets strict requirements for respite care providers, making it difficult for families to identify eligible providers. In addition, TRICARE requires that families use another service through ECHO in any month that respite care is also provided. In its May, 2013 report to Congress, TRICARE describes this rule as a “reasonable demand management tool.”

Congress has given DoD much more discretion in its coverage of ECHO benefits than it has concerning medical benefits provided under the Basic Program. Thus, TRICARE has the authority to make changes that would enhance the ECHO program’s utility to military families. Easing the restrictions on respite care, for example, would do much to enhance special needs military families’ readiness and quality of life.

Our Association has suggested a DoD pilot study to identify what products and services special needs families need to enhance their quality of life. We recommend that families in the pilot receive \$3,000 annually above what is provided under ECHO to purchase self-selected items not currently covered, such as cooling vests, cranial helmets, diapers and nutritional supplements. DoD would be required to authorize each type of purchase to verify that it was appropriate. The program would be similar to the “money follows the patient” model already adopted by several state Medicaid programs and would identify gaps in coverage while providing a better picture of what military special needs families really need.

TRICARE should enhance the ECHO program’s utility to military families by ensuring it covers the products and services families need.

The transition out of the military and into civilian life is difficult for many families but especially so for special needs families, who immediately lose access to ECHO benefits. Families may still face long waits before being eligible for care through Medicaid, which leads either to gaps in treatment or financial hardship for a family trying to pay for needed care. As more service members and families transition out of the military, this problem will become more widespread. To ease the hardship for families in this situation, we recommend ECHO eligibility be extended for one year following separation to provide more time for families to obtain services in their communities or through employer-sponsored insurance.

We ask Congress to extend eligibility for the Extended Care Health Option (ECHO) for one year following separation to provide more time for families to obtain services in their communities or through employer-sponsored insurance.

Additional Support for Special Needs Families

The main vehicle through which DoD provides support to special needs military families is the Exceptional Family Member Program (EFMP). The EFMP is intended to perform three interrelated functions: identify and enroll eligible family members; coordinate the assignment process to ensure special needs families are not sent to locations that lack adequate resources; and provide families with information about and referral to local resources.

To be successful, the EFMP requires smooth communication and coordination. The offices responsible for assigning families to new duty locations must work with installation medical personnel and service providers to ensure that families are assigned appropriately. EFMP personnel at sending and receiving installations must coordinate to make sure that families receive information about programs available at the new installation to avoid interruption in services and ensure a smooth transition. Too often, however, this communication does not occur. In the worst case scenario, families may find themselves assigned to locations without appropriate medical or educational services for their special needs family member. Other families tell us about delays in receiving services at their new installations because of a lack of communication between EFMP Coordinators at the old and new locations.

This problem is exacerbated when families move to an installation operated by a different Service. Currently communication and coordination among the different Services' medical, personnel, and family support components is extremely limited. This lack of coordination adds to the stress of families who are already coping with the difficulty of moving with a special needs family member. Families need the reassurance that they will have continuity of care and a warm hand-off as they move from installation to installation.

The Office of Community Support for Military Families with Special Needs (OSN) was created in the FY10 NDAA to enhance and improve DoD support for military families with special needs, whether medical or educational. A 2012 GAO report, *Better Oversight Needed to Improve Services for Children with Special Needs*, (GAO-12-680, September 10, 2012) noted there are no Department-wide benchmarks to set standards for the Services' EFM programs. As a result, DoD has been unable to assess the effectiveness of the branches' EFM programs and ensure that improvements are made when needed. In addition, although OSN was created to enhance and monitor the military branches' support for families with special needs, it has no authority to compel the branches to comply with DoD or Service-level program requirements and it has no direct means by which to hold them accountable if they fail to do so. We appreciate that OSN has been working closely with the Services' EFMP programs to standardize services and improve communications. However, much work remains to be done in this area.

We ask the Department of Defense to improve coordination and communication within and among Services' Exceptional Family Member program (EFMP) and to set consistent standards for support of special needs military families.

Financial Readiness

While military families are shown to have better financial literacy rates than their civilian counterparts, their military commitments often make it difficult to grow their investments over the long term.¹⁶ Frequent moves and deployments can be a barrier to home ownership or force families in and out of lease agreements. Spouses have reduced earning power, yet many military families are paying on one or more student loans. Frequent moves make spouses ineligible for public service loan forgiveness programs.

Some elements of the military compensation package are meant to take the sting out of those losses. However, as sequestration continues and budgets are cut, military families will face more and more disadvantages compared to their civilian counterparts. We ask Congress keep in mind the fiscal restraints imposed on military families when evaluating changes to the military compensation package.

¹⁶ http://www.usfinancialcapability.org/downloads/NFCS_2012_Report_Military_Findings.pdf

Support for Spouse Education and Employment

Every time a permanent change of station (PCS) occurs, a working military spouse, or one who would like to be employed, has to start from scratch. Lack of longevity in any one location or job position negatively affects career trajectory and earning power. Frequent moves disrupt educational goals. State licensing requirements and industry tenure restrict employment opportunities for military spouses. Military spouse unemployment or underemployment affects the total earning power of the military family. The First Lady and Dr. Biden initiated Joining Forces in 2011 to help address these issues, and we have seen progress, but military spouses continue to face significantly lower earnings, higher unemployment and underemployment than their civilian counterparts.¹⁷ Syracuse University Institute for Veterans and Military Families released a Military Spouse Employment Survey with Military Officers Association of America that showed 90 percent of active duty spouses responding are underemployed meaning they possess more formal education/experience than needed at their current or most recent position.¹⁸ The results are evidence of ongoing career barriers that military spouses face during their service members commitment.

DoD has realized spouse education and employment opportunities are linked. DoD provides the Spouse Education & Career Opportunities (SECO) program, which oversees the Military Spouse Employment Partnership (MSEP) and the My Career Advancement Account (MyCAA) Scholarship. Recently, SECO launched the My Individualized Career Plan (MyICP) tool to help military spouses build a roadmap specific to their goals and plans, educational and professional. These programs are vital to bridging the unemployment and wage gap (26 percent and 25 percent, respectively) military spouses face as a result of the requirements and pressures of military family life. These programs provide financial assistance in education and training for portable careers, career planning and job search assistance, networking assistance and advocacy at no cost to the military spouse.

We ask Congress to continue funding DoD's Spouse Education & Career Opportunities programs.

Military spouse preferences and non-competitive hiring authority for military spouses have been expanded over the years, but implementation is onerous and complex. The process for using these options must be simplified for the job seeker and non-discretionary for the hiring agency in order to serve the purpose intended; aiding military spouses seeking federal employment. The Office of Personnel Management (OPM) is considering revising its rules to make it easier to achieve career tenure in the Federal government by allowing employees to earn time toward tenure in aggregate rather than in continuity. We are pleased frequent moves are recognized as a barrier to this career goal for military spouses, but are concerned more bureaucratic barriers will exist that make Federal career employment an impossibility for most spouses.

We ask Congress to make military spouse preferences and hiring authorities non-discretionary.

Since 2004, our Association has been fortunate to sponsor our Joanne Holbrook Patton Military Spouse Scholarship Program. Of particular interest, of nearly 7,000 applicants from our 2013 scholarship applicant pool, more than 50 percent were not eligible for the MyCAA program because of rank or service ineligibility. We ask Congress to better address the educational needs of spouses of all service members, including those in the Coast Guard and the Commissioned Corps of NOAA and the U.S. Public Health Service.

We ask Congress to expand outreach and eligibility for MyCAA to spouses of all of the Uniformed Services to facilitate better utilization and access.

¹⁷ <http://vets.syr.edu/research-highlights/milspouse-survey>

¹⁸ <http://vets.syr.edu/research-highlights/milspouse-survey>

Quality, Affordable Child Care

Media reports about military compensation often refer to subsidized child care as one of many “benefits” provided to military families. To our Association, this view is a mischaracterization of the role and importance of child care to the military and military families. Access to quality, affordable child care is not just a “nice-to-have” part of a benefit package. Rather, it is central to service member and family readiness.

More than 40 percent of service members have children, and the largest cohort of military children is under age five.¹⁹ Service members face the same challenges as all working parents. If child care arrangements fall through or the babysitter gets sick, a parent may find himself forced to miss work. When the parent who must miss work is in the military, his or her absence may threaten the readiness of an entire unit.

Quality child care is also essential to military family financial stability. Like most families, many military families rely on having two paychecks in order to make ends meet. However, military spouses face many barriers to employment, including distance from extended family who might otherwise be available to assist with child care. Quality, accessible child care is inextricably linked to spouse employment and thus to military family financial readiness.

We appreciate that Congress and the Department of Defense have recognized the importance of child care to military families and have taken steps to make quality child care both more available and more affordable. Thanks to those efforts, military families have access to a wide range of child care options to meet their needs, from on-installation Child Development Centers (CDCs) to in-home care providers.

While installation CDCs are the preferred option for many families, they are not always a viable choice, either because of long waiting lists or because the family lives far from the installation. However, particularly in high cost areas, quality child care is often unaffordable for military families. Recognizing this need, DoD established a program to provide fee assistance to families without access to on installation child care centers. This program, operated through a partnership with Child Care Aware, has proven to be popular with families and an effective means of ensuring that families can afford quality care. Because this partnership has been so successful, we are concerned about the Army's plan to begin managing its fee assistance program itself in 2014. We intend to watch closely to ensure the transition is seamless and Army families can continue to benefit from the fee assistance program.

Ensure adequate funding for military child care programs, including child care fee assistance programs.**Support for Military Children**

The military lifestyle includes inevitable challenges for children, who must cope with repeated moves and frequent separation from their service member parent. Parents worry about the effect of these disruptions on their children's emotional well-being and academic achievement. Ensuring that military children receive a quality education as well as emotional support is both a moral imperative for our Nation and essential to military family retention and readiness.

Education of Military Children

The task of educating military-connected children falls largely to the Nation's local public schools, where more than three-quarters of school-aged military children are enrolled.

Although most communities welcome military children and families, the fact remains that an influx of children connected to a military installation presents increased costs to a school district. At the same time, the presence of a military installation or other federal property in a school district reduces its tax base and thus its available funding level. Most school districts receive the majority of their operating

¹⁹ 2012 Demographics: Profile of the Military Community

funds through local property taxes. Since federal land—including military installations—is not subject to local property tax, school districts with large numbers of military connected children often have few sources of revenue.

Department of Education (DoEd) Impact Aid was established in 1950 to address this imbalance and reduce the burden on local communities and taxpayers. It recognizes the federal government has a responsibility to help communities educate children who are only there because of their connection to a military installation or other federal activity. Federally-impacted school districts rely on these funds to meet payroll, operate school buses, and purchase textbooks. All children and families in a district—not just military families—benefit from Impact Aid funding.

We also note for the third year in a row the Administration has proposed the elimination of the Impact Aid category covering federal properties. Eliminating this funding would affect more than 50 military-impacted school districts in 19 states. We thank Congress for acting to restore these Section 8002 funds last year and ask that you do the same this year.

While we understand this Committee does not have jurisdiction over this program, we ask you to work with your colleagues to ensure appropriate and timely funding of Impact Aid through DoEd and restore funds to the Impact Aid federal properties program as essential to meeting the needs of military families.

We strongly urge Congress to ensure appropriate and timely funding of Impact Aid through the Department of Education and restore funds to the Impact Aid federal properties program.

We appreciate the inclusion of \$40 million for DoD Impact Aid in the FY14 NDAA to support public schools with large numbers of military children, as well as \$5 million for districts educating military children with disabilities. This funding is vitally important to help districts provide the military children they serve with a high quality education. We also thank Congress for appropriating funds to renovate and expand public schools on military installations, many of which are overcrowded and in disrepair.

Continue to authorize Department of Defense Impact Aid for schools educating large numbers of military children.

In 2007, the John Warner National Defense Authorization Act established a grant program to directly support public schools educating large numbers of military-connected children. These grants, which are managed by the Department of Defense Education Activity (DoDEA), support programs that enhance student achievement in science, technology, engineering, and mathematics. Funds have also been directed toward programs that support military children as they transition to new schools or cope with the stress of a parent's deployment. Grant funds have given military children in more than 50 public schools greater access to and success in Advanced Placement (AP) courses in math, science, and English. Since 2009, this innovative partnership program has directly supported 320,000 military students at 1,500 public schools. We were disappointed funding for this valuable program was not included in the FY14 NDAA and encourage Congress to restore this program in FY15.

Restore funding for the Department of Defense Education Activity (DoDEA) Grant Program.

Department of Defense Schools

More than 80,000 military children in grades pre-K through 12 are enrolled in schools operated by the DoDEA. The agency operates schools both at overseas locations and at 15 installations in the United States. DoDEA is vital in helping to ensure military children can receive a quality education regardless of where their parents are stationed. Thus, our Association was concerned to see the Administration's budget proposal included a cut to funding for DoDEA. How can DoDEA absorb these cuts without affecting the classroom experience of the military children they serve? We believe strongly the education of military children should not be compromised due to budget constraints. We ask Congress to restore DoDEA funding to ensure military children receive the best possible education.

In late 2013, DoD announced the launch of the CONUS Education Options Assessment (CEOA), which will analyze the operations of the Domestic Dependent Elementary and Secondary Schools (DDESS) at installations in the United States. The purpose of this study is to assess education options that effectively balance cost and quality considerations. Possible recommendations include maintaining the status quo, turning the schools over to local school districts, and establishing charter schools, among other options. We welcome the opportunity to learn more about DDESS schools and are pleased DoD is including the views of parents, students, administrators and local public school officials in its study. However, we urge DoD to move cautiously before making any changes to its education program. These schools have become tightly woven into the fabric of the communities they serve. Eliminating them would be complicated and expensive for DoD, costly for local communities, and painful for military children and their families. Most importantly, closing DDESS schools would jeopardize the education of thousands of military children, at least in the short term. In some cases, the existing school buildings are not up to state standards and would have to be extensively renovated. States and localities would have to be compensated for the additional expense of educating military children over and above what they receive from Impact Aid.

Restore full funding to Department of Defense Education Activity schools.

Military Families in Crisis

Even though the war in Afghanistan is coming to an end, military families continue to live extraordinarily challenging lives. Reintegration continues to pose challenges for some. Others are concerned they will be impacted by the military drawdown and are anxious about their financial futures. Most military families are resilient and will successfully address whatever challenges come their way. However, some will need help. It is critical that military families trust DoD services and programs and feel comfortable turning to them in times of need. These programs and services must be staffed and resourced adequately so when families reach out for help, they can trust it is available. Military families must be assured our Nation will support them in times of family or personal crisis.

Suicide

Earlier this year, the Defense Suicide Prevention Office (DSPO) released a report outlining an approach for tracking military family member suicides. The report, *Suicide and Military Families: A Report on the Feasibility of Tracking Deaths by Suicide among Military Family Members*, was requested by the Senate and House Armed Services Committees.

The National Military Family Association appreciates that DSPO in its report has identified a methodology for tracking military family member suicides. Anecdotal reports indicate the number of military family suicides is growing. We cannot address the problem until we know its extent. Identifying a methodology is an important first step in accomplishing this goal.

The National Military Family Association strongly urges Congress to fund ongoing tracking of military family member suicides.

Preventing Child Abuse and Neglect, and Domestic Violence

Research commissioned by our Association²⁰ and others during the past decade documents the toll of multiple deployments on children and families, the difficulties many families face on the service member's return, and the added strain a service member's physical and invisible wounds can place on a family. These stressors put military families at risk for marital/relationship problems and compromised parenting that must be addressed with preventative programs.

Current research validates families will experience the effects of war long after deployments end. A recent study highlighted parenting challenges fathers face following deployment. The study found that

²⁰ Anita Chandra, et al., RAND Center for Military Health Policy Research, Views from the Homefront: The Experiences of Youth and Spouses from Military Families, 2011

while deployment is a time of great stress for families, the need for support and a strong community continues during the extended period of reintegration after the service member returns. This need is particularly pronounced when the returning service member is father to a young child, and he faces the core challenge of reconnecting with a child who has undergone significant developmental changes while he was away.²¹ A 2013 research brief issued by Child Trends, *Home Front Alert: The Risks Facing Young Children in Military Families*,²² concluded many children negatively impacted by a parent's repeated combat deployments will continue to have exceptional needs as they grow older.

As the war winds down in Afghanistan, those looking for budget cuts may find it tempting to slash family support, family advocacy, and reintegration programs. However, bringing the troops home does not end our military's mission or the necessity to support military families. Recent media coverage indicates the incidence of child abuse and neglect among Army families has increased. We are concerned the extraordinary stress military families have faced could lead to increased domestic violence as well. Preventative programs focused on effective parenting and rebuilding adult relationships are essential. The government should ensure military families have the tools to remain ready and to support the readiness of their service members.

We are encouraged that the Family Advocacy Program, a congressionally mandated DoD program designed to prevent and respond to child abuse/neglect and domestic abuse in military families, has redoubled its focus on prevention programs. Their efforts to repair relationships and strengthen family function will be essential.

We thank Congress for the study included in the FY14 National Defense Authorization Act that will look at the needs of the families of those service members convicted of a crime.

We encourage Congress and the Department of Defense to ensure that Family Advocacy programs are funded and resourced appropriately to help families heal and aid in the prevention of child and domestic abuse.

Military Sexual Trauma

Our Association appreciates the legislation included in the FY13 NDAA concerning Military Sexual Trauma (MST) and the further legislation that was passed this year. We believe these changes will enhance trust in the system among both victims and their loved ones. However, we feel the impact of MST on both the families of victims and perpetrators has been overlooked.

Our research indicates civilian organizations supporting sexual assault survivors recognize both the importance of family support for the victim and the difficulties family members face following their loved one's assault. Some of these civilian resources offer guidance on how to help the sexual assault survivor through the recovery process. They also provide tips to help family members cope with their own emotions, including shock, anger, sadness, anxiety and fear, so they are better equipped to help the sexual assault victim. Perpetrators' families are not addressed by these resources or any others we could find. They could also be invisible victims.

It appears there are limited resources specific to MST victims' families. Although the DoD Safe Helpline website (operated by RAINN – Rape, Abuse & Incest National Network), has a section called *What to Do if You or Someone You Know has been Sexually Assaulted*, we feel more needs to be done to support family members of MST victims and perpetrators.

We request DoD conduct a needs assessment among family members of MST victims to determine the ways in which they are struggling to support their service members and deal with their own emotions. Together with an environmental scan to determine currently available resources, this will provide a

²¹ Tova B. Walsh, et al., "Fathering after Military Deployment: Parenting Challenges and Goals of Fathers of Young Children," *Health & Social Work: A Journal of the National Association of Social Workers*, February, 2014

²² "Home Front Alert: The Risks Facing Young Children in Military Families", Child Trends, July 22, 2013

foundation for developing a family support strategy. Directing MST victims' families to existing civilian resources may be part of the solution.

We encourage those supporting victims of sexual assault to remember to share resources and support with the families of the victims and the families of the perpetrators.

Survivors

The Services continue to improve their outreach to surviving families. We appreciate the special consideration, sensitivity, and outreach to the families whose service members have committed suicide. We do have some concerns about the effect federal civilian employee downsizing or hiring freezes will have on programs when certain expectations for survivors have been established. DoD and the VA must work together to ensure surviving spouses and their children can receive the mental health services they need.

Our Association still believes the benefit change that will provide the most significant long-term advantage to the financial security of all surviving families would be to end the Dependency and Indemnity Compensation (DIC) offset to the Survivor Benefit Plan (SBP). Although we know there is a significant price tag associated with this change, ending this offset would correct an inequity that has existed for many years.

Eliminate the Dependency and Indemnity Compensation (DIC) offset to the Survivor Benefit Plan (SBP) to recognize the length of commitment and service of the career service member and spouse. We support H.R. 32, which provides for that elimination.

We believe several other adjustments could be made to the Survivor Benefit Plan. Allowing payment of the SBP benefits into a Special Needs Trust in cases of disabled beneficiaries will preserve their eligibility for income based support programs. This cost of this adjustment cannot compare to the peace of mind this affords the parents of these special needs children.

Allow payment of the Survivor Benefit Plan annuity into a Special Needs Trust to preserve disabled beneficiaries' eligibility for income based support programs.

The Eleventh Quadrennial Review of Military Compensation released in June, 2012 recognized the Survivor Benefit Plan (SBP) annuity for reserve component personnel who die while performing inactive duty is significantly less than the benefit available to survivors of active duty members and reserve members who die on active duty. Despite their inactive status, these reservists are still performing military duties at the time of their death. The review report recommends calculating SBP benefits for a reservist who dies while performing active duty training using the same criteria as for a member who dies while on active duty.

Calculate Survivor Benefit Program annuities for a reservist who dies while performing active duty training using the same criteria as for a member who dies while on active duty.

Wounded Service Members Have Wounded Families

Our Association asserts that behind every wounded service member and veteran is a wounded family. It is our belief that DoD and the VA must take a more inclusive view of military and veterans' families. Those who have the responsibility to care for the wounded, ill, and injured service member must also consider the needs of the spouse, children, parents of single service members and their siblings, and the caregivers. DoD and VA need to think proactively as a team and one system, rather than separately, and address problems and implement initiatives upstream while the service member is still on active duty status.

Reintegration programs become a key ingredient in the family's success. For the past five years, we have held our Operation Purple® Healing Adventures camp to help wounded, ill, and injured service

members and their families learn to play again as a family. We hear from the families who participate that many issues still create difficulties for them well into the recovery period. Our Association believes everyone must focus on treating the whole family, with DoD and VA programs offering skill based training for coping, intervention, resiliency, and overcoming adversities. DoD, the VA, and non-governmental organizations must provide opportunities for the entire family and for the couple to reconnect and bond, especially during the rehabilitation and recovery phases.

Ensure better cooperation and accountability between the Departments of Defense (DoD) and Veterans Affairs (VA) at the highest levels in the support of transitioning wounded, ill and injured service members and caregivers. The lack of a seamless transition between agencies still exists and must be corrected.

One of our legislative priorities is to help wounded warrior families become whole again, including addressing service-connected infertility. Combat injuries involving pelvic, abdominal, or urogenital wounds have led to an increase in the number of service members and veterans facing infertility. DoD has authorized assisted reproductive services, including in vitro fertilization (IVF), for severely or seriously injured active duty service members. Unfortunately, once wounded warriors leave active duty, they are no longer covered for IVF by TRICARE or the VA, greatly limiting their ability to start or grow their families. Considering the sacrifices these wounded warriors and their families have made, we believe it is incumbent on our Nation to make every effort to restore their reproductive capabilities. We urge DoD and the VA to develop a solution to continue IVF coverage for veterans and military retirees facing service connected infertility.

We urge the Departments of Defense (DoD) and Veterans Affairs (VA) develop a solution to continue in vitro fertilization (IVF) coverage for veterans and military retirees facing service connected infertility.

Caregiver Support

Service members and their families must be assured that our nation will provide unwavering support to the wounded, ill and injured. This support must extend beyond the recovering warrior's medical and vocational rehabilitation. It must also include programs and services that help military caregivers, typically spouses or parents, successfully navigate their new role.

Thanks to a grant from the Elizabeth Dole Foundation, our Association conducted a study with caregivers last year. This resulted in a tool that provided advice from military caregivers for military caregivers²³. The tips our caregiver respondents provided fell into two main categories: 1) assistance, advice and training to help caregivers more effectively and efficiently take care of their wounded warrior; and, 2) suggestions to help caregivers to take care of themselves.

On April 1, 2014, RAND Corporation released results from the largest-ever study²⁴ of military caregivers, commissioned by the Elizabeth Dole Foundation. The study was designed to describe the magnitude of military caregiving as well as to identify gaps in the array of programs, policies, and initiatives designed to support military caregivers.

The RAND study shows that the demographics, responsibilities and characteristics of military caregivers of veterans from earlier eras are similar to civilian caregivers. However, post-9/11 caregivers are different in many ways:

- They tend to be younger (37% are age 30 or younger) and are caring for a younger individual.
- They are more likely to be employed.

²³ <http://www.militaryfamily.org/get-info/caregiver/care-for-the-caregiver/tips-from-caregivers.html>

²⁴ R. Ramchand, et al., RAND Center for Military Health Policy Research, Hidden Heroes: America's Military Caregivers, 2014

- They are twice as likely to be caring for someone with a behavioral health condition.
- They are less likely to be connected to a support network or have another person they can rely on to assist with caregiving responsibilities.
- Many more of them lack health insurance; 30% of post-9/11 caregivers lack health care coverage.

While all caregivers face an elevated risk of depression, this risk is pronounced in post-9/11 caregivers. Every additional hour spent caregiving raises the risk of depression. Caregivers who spend more time managing their wounded warrior's behavioral health symptoms are most likely to exhibit symptoms of depression.

The RAND study indicates that all military caregivers face elevated risks of poor health outcomes, strained family relationships, and financial losses from missed work; these risks are higher among post-9/11 military caregivers.

RAND researchers initially identified over 500 resources that included military caregivers as part of their mission. Upon closer examination, only 120 programs actually interact with military caregivers directly and most of these offer caregiver services that are incidental to the main programs targeting the veteran. RAND concludes that there is an acute shortage of efforts to provide services directly to military caregivers. Specifically, few caregiver support programs provide respite care, health care coverage, and financial support to offset income loss, though these may be the areas of greatest need.

These findings indicate that, while private and non-profit programs are important, we cannot rely solely on the private sector to address the extensive and evolving unmet needs of caregivers. Congress plays a crucial role in ensuring that all aspects of the demanding military caregiver role are addressed.

Support legislation that expands military caregiver benefits and addresses the findings and recommendations of the RAND military caregiver study.

Our Association appreciates the strides DoD has made in providing monetary compensation to caregivers of catastrophically wounded, ill, and injured service members. The Special Compensation for Assistance with Activities of Daily Living (SCAADL) helps offset the loss of income by a primary caregiver who provides non-medical care, support, and assistance to the service member. We believe, however, more can be done to optimize the program. SCAADL is considered taxable income, which diminishes its value to wounded warrior families. Awareness of SCAADL is low and families report difficulties in applying for the benefit. Consistent with recommendations from the Recovering Warrior Task Force, we request a legislative change to exempt SCAADL from income taxes, enhance marketing to the eligible population, and add an electronic application process to reduce the burden of completing SCAADL paperwork.

Exempt SCAADL from income taxes, enhance marketing to the eligible population, and add an electronic application process to reduce the burden of completing SCAADL paperwork.

We believe that DoD and VA must regularly assess the unmet needs of caregivers and develop programs to address their evolving requirements. These programs not only enable our military caregivers to provide essential support to recovering warriors, they also signal a commitment to all service members and their families. These assurances allow military families to more willingly accept the risks inherent in military service resulting in enhanced family readiness.

Require the Departments of Defense (DoD) and Veterans Affairs (VA) to regularly assess the unmet needs of caregivers and develop programs to address their evolving requirements.

Military Families – Maintaining Their Readiness

We have made many recommendations in our statement today all in the name of supporting the readiness of military families. Recent national fiscal challenges have left military families confused and concerned about whether the programs, resources, and benefits contributing to their strength, resilience, and readiness will remain available to support them and be flexible enough to address emerging needs. Our Association believes the Department of Defense Instruction 1342.22 must be the baseline for military family readiness. The Department of Defense must provide the level of programs and resources to meet this standard. Sequestration weakens its ability to do so.

Service members and their families have kept trust with America, through over 13 years of war, with multiple deployments and separations. We ask the Nation to keep the trust with military families and not try to balance budget shortfalls from the pockets of those who serve.

Bringing the troops home does not end our military's mission or the necessity to support military families, dealing with the long-term effects of more than a decade at war. The government should ensure military families have the tools to remain ready and to provide for the readiness of their service members. Effective support for military families must involve a broad network of government agencies, community groups, businesses, and concerned citizens.

STATEMENT OF
RAYMOND C. KELLEY, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

FOR THE RECORD

ARMED SERVICES SUBCOMMITTEE ON PERSONNEL
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

“Beneficiary and Advocacy Overview of FY15 President’s Budget”

WASHINGTON, D.C.

April 9th, 2014

CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, thank you for the opportunity to submit our views regarding Active, Guard, Reserve, and Civilian Personnel Programs. The VFW wants to thank this subcommittee for its deep concern over protecting our national security, the men and women who serve in the Armed Services, and their families.

What concerns the VFW the most is that America has forgotten that our nation is still at war. We have 38,000 men and women stationed inside Afghanistan fighting to ensure the country does not become a terrorist training ground again. We have another 30,000 stationed in South Korea helping to preserve a 61-year-old ceasefire that is looking more and more tenuous. We have tens of thousands more service members stationed abroad helping to bring peace and stability, and humanitarian assistance when and where it is needed. More so, on any given day a foreign-policy crisis with vital national security and economic consequences may arise, such as Russia’s annexation of the Crimean Peninsula, which puts America’s troops on alert.

Budget

Sequestration: Beginning in FY 2016, all Department of Defense (DOD) discretionary budget accounts will automatically be reduced by approximately 10 percent. These accounts include: TRICARE; tuition assistance; funding for DOD schools; all military quality of life programs; military training; troop end strength; equipment maintenance; and equipment acquisition. The VFW urges Congress to eliminate the sequestration provision of the Budget Control Act of 2011.

Sequestration drastically reduces the overall effectiveness of our military by producing fewer, less well trained troops, and equipping them with outdated equipment. Sequestration forces the Marine Corps to push good Marines out of service, and reduces ships and aircraft are just a few

of the negative consequences created by sequestration. By creating an uncertain budget climate, Congress sends a message to our troops and our enemies that America's political leadership cannot get their priorities straight.

The shrinking budget threatens our military families' quality of life. Along with smaller military pay raises and reduced allowances, service members will lose the purchasing power the commissary and exchange systems provides; see increases to their low-cost prescription drug coverage; lose the availability of on-base child care; and see the reduction or elimination of education assistance which allows service members to advance their careers. Congress must find a reasonable alternative to sequestration that will allow DOD to field a fully capable military that can recruit and retain the highest quality service members through a robust benefits package, and train them to operate the most sophisticated military in the world. Recruiting, training, equipping and retaining the world's best military cannot take place without a comprehensive benefits package.

Compensation and Benefits

Congress established the Military Compensation and Retirement Modernization Commission to review the military's pay and benefits system. Let the Commission do its job. Any changes to military compensation should be made after the Commission releases its report, including fee increases for pharmaceutical co-pays, charging an enrollment fee for TRICARE for Life, reducing basic allowances for housing, and ending the subsidy to the commissary system.

Military Retirement System: The purpose of a retirement system is to properly reward career service members, and to recognize the physical, personal and financial sacrifice that they and their families endured. The VFW insists that all current retirees and those serving in uniform should be grandfathered under the existing retirement system. Any future change to the current retirement system should be made comprehensively, not piecemeal, so that new enlistees will know what they are signing up for, should they stay in uniform until retirement eligibility. The VFW looks forward to openly discussing reasonable changes to the retirement system with the Committee, after the Military Compensation and Retirement Modernization Commission makes its recommendations.

Savings through Efficiencies: Because of DOD's inability to demonstrate the reliability of significant portions of their financial statements, the DOD's Inspector General has issued the Department an audit disclaimer for sixteen consecutive years. Before we scale back personnel benefits, we believe Congress and DOD must exhaust every other cost savings avenue, such as proper financial auditing, reduction in duplication of services, and increased recuperation of contract over-payments.

End Off-Set Benefits

Survivor Benefit Plan-Dependency and Indemnity Compensation: The VFW calls on the Committee to repeal the egregious "Widow's Tax" survivor penalty. The Survivor's Benefit Plan (SBP)/Dependency and Indemnity Compensation (DIC) offset can be fixed by passing H.R. 32. This survivor penalty currently affects over 61,000 military surviving spouses.

SBP is a purchased insurance that pays a percentage of military retiree pay to a surviving spouse, and a benefit conferred in line-of-duty deaths for active duty service members. The amount of

SBP paid to the survivor, however, is offset dollar-for-dollar by any Department of Veterans Affairs-funded DIC payments received.

Congress has recognized the offset as unfair and has created a Special Survivor Indemnity Allowance (SSIA) to offset the offset. SSIA is a monthly payment that started at \$50 in FY 2008 and will be raised yearly up to \$310 through FY 2016. However, SSIA is only a temporary fix in that its authorization ends after FY 2016.

Other federal survivor programs do not have an offset of this kind. We believe those who give their lives for their country deserve equal compensation for their surviving spouses and children. Our service members died believing that their sacrifice would enable a decent quality of life for their spouses and children. The elimination of this survivor benefit inequity is a top legislative goal for VFW.

Concurrent Receipt: The VFW continues to support legislation which calls for full concurrent receipt of military retirement pay and VA disability compensation without offset, and regardless of the rating percentage. Current law will allow military retirees with 20 or more years of service and a disability rating of 50 percent or higher to receive both their military retirement pay and their VA disability compensation without offset by the end of 2014. Now it is time to include those service-connected disabled military retirees with VA ratings of 40 percent and below, and Chapter 61 retirees, who were medically retired with less than 20 years. No other federal employees are penalized for retiring and having a disability.

Joint VA/DOD Record Sharing

Integrated Electronic Healthcare System: In 1998, the Departments of Veterans Affairs and Defense announced a joint effort to improve healthcare delivery by creating a single system to exchange electronic health records for use by veterans, military personnel, and their health care providers. In 2008, ten years later and after four failed initiatives, Congress mandated by law the creation of a joint electronic healthcare records system. Two years after the law was enacted, the Deputy Secretaries of DOD and VA directed the development of an integrated electronic healthcare records system. Now, sixteen years after the first joint announcement, veterans and service members are still without an adequate records system, and DOD has abandoned all efforts to create an interoperable system. This is simply unacceptable.

Congress must force DOD to adopt VA's Health Information Systems and Technology Architecture (VistA). The Pentagon's plan to spend \$1.5 billion procuring a new, commercial electronic health record system from 2017 through 2019, on top of the request for \$723 million to operate and maintain its current Electronic Healthcare Record (EHR) system, is outrageous. The VA is already in the process of upgrading its software, which is equal to or better than the software the Pentagon plans to consider for its EHR. DOD and VA have already wasted more than a billion dollars of taxpayer money and many years in the pursuit of a joint electronic medical record system that is in the best interest of America's veterans.

Disability Claims Backlog: Reducing the backlog in VA disability benefits claims has been a top priority for the VFW, the Department of Veterans Affairs, and for many members of Congress. Secretary Shinseki has set the hefty and laudable goal to have all disability claims processed within 125 days with 98 percent accuracies by 2015. However, this goal will not be

recognized if DOD and the National Archives do not improve their recordkeeping and delivery ability. The record gathering processes for veterans who go to VA to seek evidence for claims often takes months, and without the service records, VA rating officers cannot establish service connection for a disability. The VFW urges the Committee to conduct oversight of the collection, storage and delivery of service records.

The National Guard and Reserve faces particular difficulties when obtaining scattered and often incomplete records because of members' multiple, nonconsecutive deployments. Reservist and National Guardsmen are often denied access to VA resources and benefits because they cannot establish that their condition incurred or was aggravated due on active duty due to missing Line of Duty (LOD) statements. An LOD determination is an administrative tool for determining a member's duty status at the time an injury, illness, disability, or death is incurred; however, the LOD process is not implemented uniformly. The VFW encourages Congress to push DOD to create a uniformed LOD policy and implement a single electronic processing system to ensure all eligible reserve component members have access to earned healthcare and benefits.

Correcting Military Records

Physical Disability Board of Review: The VFW urges the Committee to reauthorize the Physical Disability Board of Review (PDBR). After reports emerged that the military services were deliberately shortchanging troops on their disability retirement ratings to hold down costs, the PDBR was legislated by Congress and implemented by DOD to ensure the accuracy and fairness of combined disability ratings. By utilizing medical information provided by the Department of Veterans Affairs, the PDBR has properly awarded benefits such as lifetime commissary and exchange privileges, military health care and other benefits, for thousands of injured veterans and their families. Although DOD's legal requirement to maintain the PDBR has expired, we recognize the need to maintain the board.

Personality Disorder/Adjustment Disorder Discharges: The VFW believes that veterans, who were improperly discharged with a false psychiatric diagnosis, should be entitled to have their case reviewed by the Physical Disability Board of Review. Department of Defense data shows that more than 32,000 service members were separated from the military because of a Personality Disorder (PD) or Adjustment Disorder (AD) from 2001 through 2010. DOD considers PD a preexisting condition, and service members discharged on that basis cannot receive disability benefits or other benefits. The Government Accountability Office (GAO) indicated that thousands of improper PD discharges occurred. GAO found that the military branches were failing to abide by the Department of Defense's own directives for diagnosing and discharging veterans with Personality Disorder, rather than sending the veteran through the disability evaluation process. The VFW urges the Committee to ensure that veterans who were wrongly separated on the basis of a Personality Disorder or Adjustment Disorder, but who may suffer from PTSD instead, can access the economic opportunity and military healthcare benefits they have earned and need.

Economic Opportunity/Transition Assistance

Transition Assistance Program (TAP): The military TAP is the first gateway to ensuring a veteran can succeed in the civilian workforce after military service. Unfortunately, for years the curriculum was stale; transitioning service members chose not to participate; and once the

uniform came off, the information was no longer available. Thanks to the VOW to Hire Heroes Act, all of this has changed over the last few years. TAP is now mandatory for all transitioning service members, meaning all will have a quality baseline of information before and after leaving the military. Moreover, the departments of Defense, Labor, VA and other partner administrations have completely overhauled the curriculum to make it more relevant to today's workforce. Finally, Labor has made all of the new TAP modules readily available on its website and Congress commissioned pilot programs to deliver TAP modules to veterans in five communities around the country.

Unfortunately, the VFW remains concerned about the definition of "mandatory TAP," since TAP only mandates participation in the first week of service-specific counseling, Labor's employment workshop and the VA benefits briefing. It excludes the individualized curriculum for education, entrepreneurship, and vocational/technical employment. The VFW believes that all service members must have access to these individualized tracks to ensure they are prepared for post-military life. The VFW also believes that curriculum must be continually audited and updated for relevance, and that the pilot program on post-service TAP should be extended to support large military and veterans' communities across the country.

Another problem in delivering transitional services to veterans is redundancy in resources and miscommunication. The Pentagon spent more than a billion dollars in unemployment benefits for veterans last year, and in an effort to help more veterans find jobs, the Pentagon also spent millions to develop and deploy its own job portals for transitioning service members. Unfortunately, other agencies already provide similar job portals for veterans. The VFW has consistently heard from veterans that this redundancy in effort often causes confusion for recently-transitioned service members. Consolidating job portal resources would save taxpayers millions by eliminating redundancy, and make it easier for veterans and employers to connect.

Moreover, by finalizing the Pentagon's information-sharing agreement with the Department of Labor Veterans Employment and Training Service (VETS), VETS and its network of state-based resources would finally know where to find transitioning service members and offer benefits to those struggling to find employment. Finding jobs for veterans should not be hard, and veterans already have a variety of resources at their disposal to make it easier. Unfortunately, many of these resources do not have systems in place to communicate with one another. America's veterans bring unparalleled skills and attributes to the workforce, and by improving collaboration and communication among the military and its partners from agencies like VETS, the Pentagon stands to generate significant savings.

Licensing and Credentialing: When we recruit American men and women to serve in the military, we promise them highly technical skills and experience that employers will value. With this in mind, it seems incomprehensible that our veterans continue to struggle to find comparable civilian careers after leaving the military. Thankfully, Congress and many states have taken steps over the last few years to improve the situation. In federally-licensed fields like aviation, military credentials easily transfer to federal licenses, and in fields like transportation and health care, the states are starting to fill in the gaps. More than 27 states recognize military training and experience when considering veterans for certain professional licenses.

A recent Department of Defense pilot program on civilian licensing and credentialing has also succeeded in better training military professionals to civilian standards. However, the Pentagon

acknowledges that this pilot program needs to be expanded to include other fields, like information technology (IT), and it needs a sustainability plan. The VFW will continue to work at the state level to advance the acceptance of military training and experience. The VFW encourages Congress to look at any and all options to expand and sustain civilian licensing and credentialing programs for service members while in uniform, as we work at the state level to advance the recognition of military training and experience in lieu of civilian recertification.

When budget sequestration took effect, each military branch was forced to make difficult decisions on which programs they could keep and, unfortunately, Transition Assistance (TA) was one of the first programs cut. The VFW pressed Congress to quickly reinstate the program, but we recognized why the military chose to cut TA first. Clearly, each service was not seeing a return on the investment.

Critics of TA proposed at the time that service members could instead tap into their earned GI Bill benefit to finance college credits while on active duty. The VFW does not support this solution, because the VFW believes that TA is a professional development program designed to build better military leaders through the acquisition of civilian job skills. Meanwhile, the GI Bill is an earned transitional benefit with which veterans can pursue their personal interests and career goals after military service. Unfortunately, by consistently seeking to cut TA, the services demonstrate that TA is not fulfilling the military's professional development goal.

To remedy this, the VFW recommends allowing service members to use TA to acquire civilian licenses and credentials related to their job in the military. TA is currently restricted to college courses for academic credit; meaning costs to train service members can be excessive with little direct benefit to the military. By tapping into TA to expose service members to civilian licensing and credentialing opportunities, the military will likely spend less to train its service members to civilian standards, while simultaneously building a skilled military capable of easily transitioning into civilian industries.

At a time when the government spends nearly \$2 billion each year to finance veteran unemployment benefits, exposing service members to relevant credentialing opportunities while in uniform not only creates better trained military professionals, but it also allows these highly trained professionals to more easily find jobs after leaving the military.

USERRA: Members of the Guard, Reserve and the veterans' community have employment and discrimination protections through the Uniformed Servicemembers Employment and Reemployment Rights Act (USERRA), but enforcement is difficult and the federal government continues to be one of the worst offenders. The VFW has learned that many service members, veterans and their employers fail to understand their most basic rights and responsibilities under USERRA, which causes many service members to unknowingly waive those rights by signing binding, pre-dispute arbitration agreements upon employment. To change this, Congress must first create a USERRA exemption for such agreements. We must also better educate veterans on their rights, and equip both service members and employers to understand USERRA.

Finally, the VFW has long supported veterans' hiring preferences within the federal workforce. At a time of federal hiring freezes and budget constraints, the VFW believes that Congress must ensure the federal government serves as a model employer of veterans, working proactively to hire and retain the best possible veteran recruits.

U.S. Naval Sea Cadet Corps
2300 Wilson Boulevard, Suite 200, Arlington, VA 22201, (703) 243-6910
Testimony of the U.S. Naval Sea Cadet Corps Program
IN SUPPORT OF THE SEA CADET AMENDMENT
Before the House Armed Services Committee

Greetings, members of the House Armed Services Committee.

My name is James Monahan. I am the Executive Director of the U.S. Naval Sea Cadet Corps, or USNSCC. I am testifying in support of the Sea Cadet Amendment, which requests full program funding for cadet training. I have been the Executive Director at the USNSCC since 2011, after having retired from the U.S. Navy in 2010 at the rank of Captain following a 30-year career. As a former naval officer, I was well-aware of the Sea Cadets, but it was not until joining the organization that I fully understood the impact of it upon our nation's youth and armed services.

The U.S. Naval Sea Cadet Corps currently trains approximately 9,000 cadets, between the ages of 11 and 17, with 3,000 volunteers annually. Since program inception in 1962, over 150,000 Americans have been Sea Cadets. Our program is different from other military-focused youth programs in that we operate with a small full-time staff of nine and are comprised primarily of volunteers. Our cadets meet out-of-school on weekends and school vacations, unlike Junior Reserve Officer Training Corps, or JROTC, units have historically paid most of their expenses out-of-pocket. Due to program growth and training cost increases, we struggle to adequately subsidize the cadet's out-of-pocket expenses, which may lead to the exclusion of youngsters who cannot afford to participate.

Federal funding provides the majority of the USNSCC's financial support. Since fiscal year 2006, the Navy has programmed a constant \$1,700,000 funding level into the Recruiting and Advertising budget line and has used our program's metrics as part of their budget justification. Despite program growth and training cost increases, the Navy's funding level has not grown. The impact of this is that each year our program seeks additional funding from Congress to ensure that annual training opportunities be conducted at a reasonable cost to cadet families, given their already substantial financial costs to participate in the program. For fiscal year 2015, we are seeking \$1,148,000 of additional funding through Congress, beyond the \$1,700,000 included by the U.S. Navy in the President's Budget.

The benefits of our program far outweigh the support received. It is estimated that every year around 600 of our graduating cadets continue on to either enlist in our nation's armed services or join officer commissioning programs, such as ROTC, Officer Candidate School or the service academies. In 2013, 125 former Sea Cadets joined the incoming class at the U.S. Naval Academy, a figure that has been consistent over the past decade.

Each cadet who enters the armed services is a disciplined, well-trained individual who typically adjusts better to the rigors of military service than those with no military experience. Each cadet who enlists is a pre-trained asset who saves our military in life-cycle training costs. Sea Cadets enter adulthood as productive, responsible members of society. Our cadets maintain a commitment to being drug-, alcohol- and gang-free and nearly 100% of our cadets continue on to become high school graduates.

I strongly believe that the U.S. Naval Sea Cadet Corps helps to shape capable and competent Sailors and Officers for our maritime services, as well as outstanding citizens. I hope you will consider supporting the U.S. Naval Sea Cadet Corps through the inclusion of the Sea Cadet Amendment in this year's House NDAA. Our cadets, who are our nation's future leaders, depend on it.

Thank you for providing me with the opportunity to provide written testimony.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Monahan', with a long horizontal flourish extending to the right.

CAPT James E. Monahan, USN, (Ret.)

**STATEMENT OF
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON MILITARY PERSONNEL
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
ON
BENEFICIARY AND ADVOCACY OVERVIEW
OF THE FISCAL YEAR 2015 PRESIDENT'S BUDGET**

The American Legion has been steadfast in its opposition to any changes to the military compensation and retirement system that negatively impact uniformed service members of the armed forces, military retirees, veterans, and their families. And we will remain steadfast in protecting against any efforts to balance the national budget on the backs of those who will – and have – stepped forward to serve this nation.

After nearly forty-one years of the all-volunteer force, it is important to reflect on the tremendous sacrifices we ask of our men and women in uniform. As anyone who has answered the call knows, the hardships of military service are unlike anything encountered in the civilian world. Therefore, The American Legion is troubled by recent attempts to cut vital programs and benefits that help recruit and retain the best and brightest men and women from across the country to serve in the armed forces. The American Legion addresses two key areas of concern in particular today: the President's proposal to reduce funding to the defense commissary system and the many proposals to the TRICARE programs which will increase costs to its users and beneficiaries.

Commissaries are a valued component of the military pay and benefits system. Commissaries contribute to family readiness and enhance the quality of life for America's military, retirees, veterans, and their families. Currently, shoppers save an average of more than thirty (30) percent on their purchases compared to commercial store prices – savings that amount to thousands of dollars annually when shopping regularly at a commissary. The proposed change in funding policy would raise commissary prices, thus reducing these savings. These changes would effectively be a cut to the paychecks of all patrons using the commissary system.

Likewise, TRICARE is an earned health care benefit that provides low-cost world-class medical care to its beneficiaries. The American Legion stands strongly against any proposal that degrades the TRICARE benefits earned by our nation's active duty and reserve component service members, military retirees, and their families. The American Legion strongly opposes all of the President's proposals and urges Congress not to support any increases in TRICARE fees; this opposition includes prescription drug fee increases, increase in co-payments, and any other increases that effectively reduce the financial benefit of these plans.

We also strongly oppose the proposed creation and implementation of enrollment fees to retired service members and their families for their TRICARE For Life coverage. In order to qualify for TRICARE for Life, these retirees must first enroll in the Medicare B program; this program is

already subject to periodic increases in premiums to beneficiaries. Thus, these military retirees and their families are already subject to further increased health care costs, and enrollment fees would only serve to unfairly erode their earned benefit.

Finally, The American Legion respectfully asks this committee to note The American Legion has provided its recommendations to the Military Compensation and Retirement Modernization Commission (MCRMC). The Military Compensation and Retirement Modernization Commission was established by Congress to conduct a review of military compensation and retirement systems and to make recommendations to modernize such systems in order to--- ensure the long-term viability of the All-Volunteer Force by sustaining the required human resources of that force during all levels of conflict and economic conditions; enable the quality of life for members of the Armed Forces and the other uniformed services and their families in a manner that fosters successful recruitment, retention, and careers for members of the Armed Forces and the other uniformed services; and modernize and achieve fiscal sustainability for the compensation and retirement systems for the Armed Forces and the other uniformed services for the 21st century.

The Commission is tasked to submit a report, containing a *comprehensive* study and recommendations, by February 1, 2015, to the President and Congress. The report will contain detailed findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions it may consider appropriate in light of the results of the study. As the MCRMC is tasked with conducting a comprehensive review of all the military compensation and retirement systems to ensure the right mix of pay and benefits to maintain the all-volunteer force, The American Legion believes the course of action Congress should follow is to wait for this report before making any changes to the current benefits system. The Commission Report is due February 2015. It would be appropriate for Congress to study the report at that time, and after consultation with The American Legion and other stakeholders, take needed action, if any, on its recommendations.

If Congress amends military benefit programs now, and in a piece-meal fashion, the nation will lose the costly and important in-depth work provided by the Commission; and its report will simply be added to an ever growing pile of military compensation studies and reports that will never be properly considered for action. Thus, The American Legion respectfully asks the Committee to halt any further consideration of any compensation and retirement benefits changes until the MCRMC has completed its work.

The American Legion's 2.4 million members thank the Chairman and this Committee for the opportunity to share its views, and The American Legion looks forward to working closely with this committee in the future.

STATEMENT OF

THE MILITARY OFFICERS ASSOCIATION OF AMERICA (MOAA)

before the

**House Armed Services Committee
Military Personnel Subcommittee**

on

The FY 2015 Defense Budget Personnel Proposals

April 9, 2014

Presented by

**Colonel Michael Hayden, USAF (Ret)
Director of Government Relations
Military Officers Association of America**

CHAIRMAN WILSON AND RANKING MEMBER DAVIS. On behalf of over 380,000 members of the Military Officers Association of America (MOAA), we are grateful for this opportunity to express our views and appreciate the subcommittee for hosting this hearing on the FY 2015 defense budget submission and the related personnel program proposals.

MOAA does not receive any grants or contracts from the federal government.

We are truly grateful for your unwavering commitment to men and women who defend our fine nation.

We appreciate that Congress have given personnel issues top priority in the past decade. You have had difficult choices to make while bolstering a weak economy and addressing budget deficits. The past few years have been arduous, with our military winding down operations in Afghanistan and the nation dealing with the effects of sequestration.

Sequestration

Sequestration was thought to be so harmful that it would have never come to pass. But it is a reality with DoD still taking a disproportionate share of the fix.

The Bipartisan Budget Act of 2013 mitigated the sequestration spending cuts for FY 2014 and 2015. However, the original sequestration cuts of FY 2016 thru 2021 remain in effect, continuing to place national security at risk.

This concern for readiness and national security was reinforced during Secretary Hagel's Feb 24, 2014 press conference outlining the FY 2015 budget submission when he stated "...the only way to implement sequestration is to sharply reduce spending on readiness and modernization, which would almost certainly result in a hollow force...the resulting force would be too small to fully execute the President's defense strategy."

The Services have been forced to slash flying hours, cancel the deployment of ships, renegotiate critical procurement contracts, temporarily furlough civilian employees, and are in the process of reducing force structure by some 124,000 personnel.

As a result, sequestration caused the Pentagon to submit proposals in FY 2014 that have started to reverse some of the needed pay and benefits fixes Congress put in place over the past decade - specifically, the military pay raise cap below the Employment Cost Index (ECI) of one percent, the lowest pay raise in 50 years and cutting the housing allowance.

The proposed FY 2015 defense budget assumes some additional monies will be forthcoming to mitigate sequestration impacts. However, the budget proposes additional force reductions of over 78,000 personnel. If sequestration is not ended, additional force reductions will likely go deeper and training and modernization will be further impacted – to include putting our national security strategy at risk.

But what greatly concerns MOAA and should concern the subcommittee are the FY 2015 budget submission proposals to “slow the growth” of personnel costs – a second year of capping the military pay raise below ECI with the possibility of four additional years, increasing out-of-pocket housing expenses for military families, significantly reducing commissary savings, and a consolidation of TRICARE plans which will have all beneficiaries except those in uniform paying more for their health care while eliminating access standards.

While debt reduction is a national priority, such a disproportional share of this burden must not be foisted on the backs of military families who already have sacrificed more for their country than any other segment of Americans.

Congress needs to end the harmful effects of sequestration by supporting a bipartisan debt reduction package that avoids disproportional penalties on the Pentagon and on service members and their families.

Military Personnel and Healthcare Overview

The most important element to a strong national defense is sustaining a top-quality, All-Volunteer Force. This requires a pay and benefits package that is fundamentally different from those of the private sector in order to induce young men and women to wear the uniform for not only one term of enlistment, but also for two decades or more.

But military pay and benefits continue to come under attack. For many years, critics have claimed military personnel costs are “rising out of control” and, if left un-checked would “consume future defense budgets.”

They’ve attacked pay, retirement, health care, and other military benefits in hopes of diverting funds to hardware or non-defense programs.

But time and some hard experiences have proven such claims wrong in the past – and they are still wrong today.

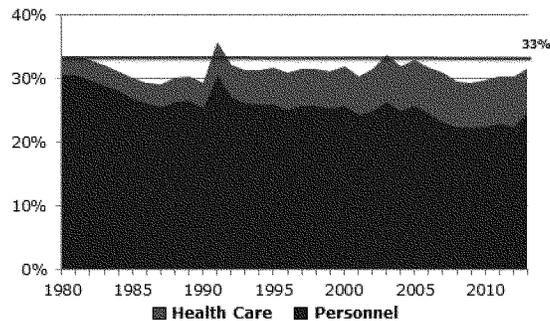
But with this year's budget rollout, defense leaders were suggesting cuts to pay, the housing allowance, the commissary, and health care stating spending on pay and benefits for service members has "risen about 40 percent more than growth in the private sector" since 2001.

In addition, late last year there have been other alarming statements on the glide path that personnel costs are on, such as: "by 2025 or so 98 cents of every dollar [will be] going for benefits."

The truth is the same one-third of the defense budget has gone to military personnel and health care costs for the last 33 years. That's no more unaffordable now than in the past.

Military Personnel Costs Aren't Exploding

About one-third of the defense budget goes to military personnel and health care costs - the same share it has been for more than 30 years. That's no more unaffordable now than in the past.



The FY 2015 Budget

The FY 2015 budget submission proposes several significant pay and benefit cuts which are inconsistent with the sacrifices exemplified by the last 12 years of war.

- Capping pay below the Employment Cost Index (ECI) for a second straight year (with more planned)
- Reducing Basic Allowance for Housing (BAH) by 5%, reversing DoD's own initiative to eliminate out-of-pocket housing cost completed in 2005
- Reducing commissary savings for uniformed service families
- Restructuring the TRICARE benefit where active duty families and retiree beneficiaries will pay more for their health care

The Pentagon is suggesting these cuts, in order to “slow the growth” of personnel costs stating personnel costs have “risen about 40 percent more than growth in the private sector” since the turn of the century.

But this statement needs to be put in the proper context. Personnel cost growth has gone up at a rate greater than the private sector since 2000...that’s true. Since 2000, personnel and health care costs experience an average rate of growth of nearly 7.6% annually.

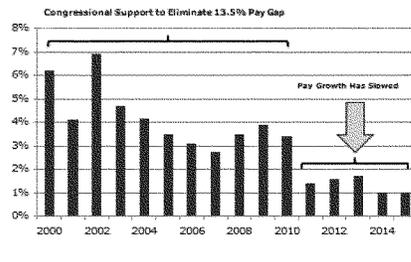
But using “2000” as the baseline without reflecting on the historical context is misleading – it implies that 2000 was an appropriate benchmark for estimating what reasonable personnel and healthcare spending should be – it’s not.

Years of budget cutbacks led to a 13.5 percent pay gap, a 25 percent reduced retirement value for post-1986 entrants, a point where service members were paying nearly 20% out-of-pocket for their housing costs, and beneficiaries over 65 were completely thrown out of the military health care system.

In the late ‘90s, retention was on the ropes, and Congress was being asked to correct these problems to prevent a readiness crisis.

Congress did so over the next decade restoring military pay comparability (slide to the left), repealing the retirement cuts, zeroing-out member out-of-pocket housing costs, and restoring promised health coverage for older retirees.

Military Pay Raises Since 2000



Cost growth since 2000-2001 was essential to keep the previous compensation cutbacks from breaking the career force.

Since 2011, personnel cost growth has **already slowed** to less than 2% per year.

The rate of military personnel and health cost change will only decline further in the out-years due to:

- Significant pharmacy copay increases which started last year (FY 2013)
- Significant savings from requiring mandatory mail-order/military pharmacy refills of maintenance medications for Medicare-eligible beneficiaries starting this year
- Savings from tying annual adjustments for Prime and pharmacy to retiree's cost of living adjustment
- Savings associated with shrinking TRICARE Prime service areas
- Significant reductions to end strength
- Recent changes to the retirement system for new entrants
- Savings from sustaining pay with private sector pay growth (ECI) since 2011

However, the proposals in this year's defense budget are a huge step backwards repeating many of the same bad habits during past drawdowns – cutting end strength, capping pay, and attacking benefits – that led to the difficult retention times of the late 90s.

Past experience of capping military raises below private sector pay growth has proven that once pay raise caps begin, they continue until they undermine retention and readiness – and this is the second year of proposed pay caps with a possibility of four more.

One pay cap is a data point, two is a line, and three is a trend. Six years of planned caps is definitely a bad trend and does not bode well for the currently serving.

And this proposal is not limited to pay. This “quadruple whammy” of capping pay, increasing out-of-pocket expenses for housing, slashing commissary savings, and having military families pay more for their health care, would be major steps backward on the road towards repeating the insidious measures which led to retention and readiness problems in the past.

Each may seem small by themselves...a pay cap of .8 percent. A five percent out-of-pocket housing cost. Copays for family off-post doctor visits. Reduced savings at the commissary.

However, the elimination of the \$1 billion dollar subsidy for the commissary benefit itself will reduce the purchasing power of a military family of four by nearly \$3,000 annually.

And when you add up the FY14 and FY15 pay caps, the proposed BAH reductions, the reductions in commissary savings, and the new TRICARE fee structure, an E-5's family of four would experience a loss of nearly \$5,000 in purchasing power annually; and an O-3's family of four would experience a loss of nearly \$6,000.

And these are very conservative projections seeing that it only includes two years of pay caps and the new TRICARE consolidation/fees will be very dependent on a military family's access to an MTF and special needs.

In several recent hearings, many Service and Pentagon leaders have stated troops are willing to accept the pay and benefit changes as long as they can get the training and equipment needed to do their jobs – feedback that is something we must question.

MOAA conducted a non-scientific survey in March and of over 4,700 currently serving who responded, over 65% were least satisfied with their basic pay.

Additionally, in a more recent survey conducted by the Washington Post and the Kaiser Family Foundation of post-9/11 veterans and currently serving members, 83% indicated they do not favor the Pentagon's FY 15 proposed reductions.

TRICARE Consolidation

DoD again is proposing similar disproportionate pharmacy fee increases and a means-tested TFL enrollment fee as they did last year and in the past that thankfully Congress has rejected.

But it also includes a plan to consolidate the three major elements of TRICARE – Prime, standard, and extra – into what is being characterized as “streamlining” or “modernizing”.

In this proposal currently serving families and retirees will pay more and get less. It retains the TRICARE prime enrollment fee by re-labeling it as a “participation” fee yet eliminates the one element that the enrollment fee assured...guaranteed access standards.

But even more disconcerting is that the proposed change includes fees where fees never existed before and provides no discernable value. For the first time, this proposal would have working-age retirees paying to be seen in the military treatment facilities.

The Pentagon proposal will have military families paying more for their health care when they have limited or no access to military facilities.

MOAA wants to make one thing clear. The military TRICARE benefit is by and large an excellent one.

But it has to be, in order to induce large numbers of top-quality people to accept the extraordinary demands and sacrifices inherent in a multi-decade military career.

Military people already pay much steeper premiums for health coverage than any civilian ever has or ever will.

Defense leaders say they'll keep faith with the currently serving on retirement reform, and would apply changes only to new entrants.

But if it's breaking faith to change the rules for someone with 10 years -- or 1 year -- of service, it's doubly so to impose new fees on military families who don't have access to the MTFs as well as imposing fees for use of the MTF on those who already completed 20 or 30, whether they'll retire next year or are already retired.

We believe DoD must look at making the system much more efficient instead of simply shifting costs. For example, there's still no single point of responsibility for budgeting or delivery of DoD health care.

DHA is a small step in the right direction and the jury is still out on projected savings; however, this FY 2015 proposal does nothing to improve the benefit...it simply shifts DoD's costs onto the families and retirees, because it's easier.

We've worked with this subcommittee and the House counterpart for the past several years to put what we think are reasonable fee standards in law...including annual adjustments tied to the retired pay COLA percentage.

We've accepted mail-order requirements in lieu of higher pharmacy copays.

All of these changes we accepted will save DoD billions in the coming years and has slowed the growth of health care costs.

Now we think it's time to develop management efficiencies that won't impact beneficiary fees, access to care, or delivery of quality care and simply shift more of DoD's costs onto them.

Summary

In closing, Secretary Hagel stated before the FY 15 budget release that, "Continuous piecemeal changes will only magnify uncertainty and doubts among our service members about whether promised benefits will be there in the future."

We couldn't agree more. Any changes to pay, compensation, and benefits, to include health care, should be looked at comprehensively – not in a piecemeal manner.

Since the congressionally-directed Military Compensation and Retirement Modernization Commission has been tasked to take a holistic and comprehensive look at the entire compensation package, and propose broader reform proposals next year, these piecemeal, budget-driven changes are even more inappropriate.

What's needed is to sustain pay and benefits for the men and women in uniform and their families as well as those that have faithfully served two decades or more.

MOAA remains concerned that the Pentagon is heading down a previously taken path, repeating some of the very same mistakes that led to significant retention problems the nation experienced by the late 90s and undoing the needed compensation improvements Congress has made since 2000 to match the extraordinary demands and sacrifices of military service and a military career.

History shows comparability can't work unless it's sustained through both good and bad budget times. We are still a nation at war – capping pay and forcing troops and their families to pay more for their housing, health care, and groceries sends the wrong message.

The most important element of a strong national security is the sustainment of a dedicated, top-quality mid-level NCO and office force. These changes will significantly devalue the compensation and benefits needed to sustain those seasoned, trained, and talented troops and ultimately have a negative impact on recruiting, retention, and overall readiness.

**Colonel Michael Hayden
United States Air Force, Retired**

In April 2013, Mike Hayden was named the Director of Government Relations for the Military Officers Association of America (MOAA) and elected as co-chair of The Military Coalition (TMC).

In 1980, Mike was commissioned a second lieutenant in the United States Air Force from Officer Training School and after receiving his navigator wings, he compiled over 2,800 flying hours as a B-52 instructor radar navigator.

Mike spent his last five years on active duty at the Pentagon as chief, Personnel Services Division, for the Joint Chiefs of Staff and as chief, Military Personnel Policy Division, HQ USAF. In the Joint Staff position, he worked with MOAA in winning Survivor Benefit Plan (SBP) coverage for survivors of service members killed on active duty. As the Military Personnel Policy Division Chief, his team developed and implemented the one-year drawdown of over 24,000 airmen.

Since joining the MOAA lobbying team in July 2005, he has led the charge on active duty and retired compensation issues, successfully championing restoration of military pay comparability and fending off inappropriate military retirement changes.

Mike serves as co-chair of TMC with John Davis, Director, Legislative Programs of the Fleet Reserve Association. TMC is comprised of 33 organizations representing more than 5.5 million members of the uniformed services--active, reserve, retired, survivors, veterans--and their families.

Mike holds a Bachelor's degree in Economics from Northern Illinois University and a Master's degree in Aeronautical Science from Embry Riddle University.

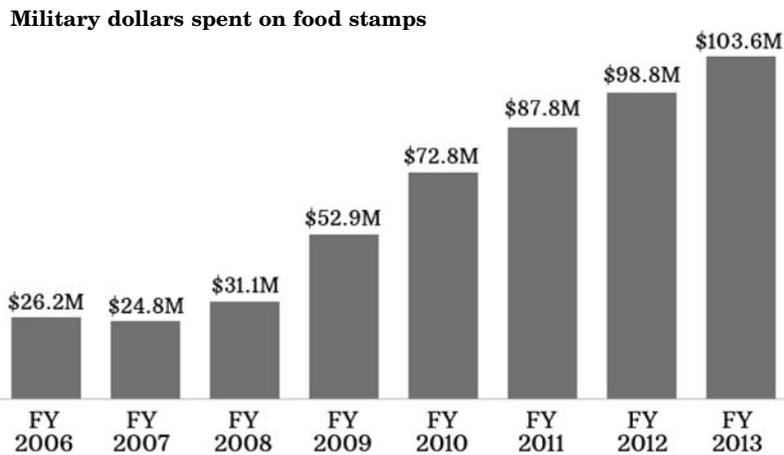
**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

APRIL 9, 2014

RESPONSE TO QUESTION SUBMITTED BY MRS. DAVIS

Colonel HAYDEN. During the hearing, ranking member Susan Davis (D-CA) requested information regarding food stamps/commissary and the Reserve Component.

Interest in this issue surfaced following the February CNN Money report that highlighted the use of food stamps or Supplemental Nutrition Assistance Program (SNAP) benefits has increased at military commissaries. The following chart was included in their article:



Source: Defense Commissary Agency

MOAA reached out to the Defense Commissary Agency (DeCA) and the Department of Defense to see if they had any data as to why the marketed increase since 2008. DeCA stated they were gathering demographics, but as to date, have not shared the information.

Here is information that we have been able to gather that has led to increase usage by service members, veterans, and their families who may qualify for food stamps:

- According to DOD, of the 44 million Americans who qualify for food stamps, only 5,000 are active duty service members. The military services have offered the Family Subsistence Supplemental Allowance (FSSA) since 2001 specifically designed to lift the income of a military family above the eligibility for food stamps.
- Authorized commissary patrons as defined by Department of Defense Instruction 1330.17, Armed Services Commissary Operations, include active duty, Guard and Reserve members, military retirees, Medal of Honor recipients, 100 percent disabled veterans, and their authorized family members.
- The 2004 National Defense Authorization Act opened up access to the commissary for members of the Guard and Reserve. With the proper ID, unlimited commissary shopping privileges are authorized for:
 - Ready Reserve members (Selected Reserve, IRR, and Inactive National Guard)
 - Retired Guard members
 - “Gray Area” Guard retirees not yet age 60
 - Dependents of these members with a DOD family member ID
- In the 2008 NDAA, The House bill contained a provision (sec. 651) that would require the Secretary of Defense to revise regulations to ensure access to the defense commissary and exchange system by the surviving spouse and depend-

ents of a veteran who had a service-connected disability rated at 100 percent or total, although the disability rating was awarded posthumously. The provision was not adopted, but the conferees believed that this change could be done in the regulations without the need for legislation. Accordingly, the conferees direct the Secretary of Defense to revise the Department of Defense regulations to provide access to the defense commissary and exchange systems.

- In 2009, as part of an involuntary separation incentive, member of the Armed Forces who is involuntarily separated from active duty under other than adverse conditions through Dec. 31, 2012 may continue to use commissary and exchange privileges for a two-year period beginning on the date of involuntary separation.

Unfortunately, we do not have a specific answer as to the cause of the increase in use of food stamps at commissaries. We can only speculate that the combination of increased access by survivors and/or families, as well as the guard and reserve—all who could be eligible for food stamps—and the downturn of the economy (and job market in 2008), could have led to more of this population becoming eligible for food stamps and usage at commissaries. [See page 18.]

