



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

Presented to:  
House Armed Services Committee  
Subcommittee on Military Personnel

By

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## **THE FRA**

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

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

FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. FRA is a leading advocate on Capitol Hill for enlisted Active Duty, Reserve, retired and veterans of the Sea Services. The Association also sponsors a National Americanism Essay program, awards over \$90,000 in scholarships annually and provides disaster and/or relief to shipmates and others in distress.

The Association is also a founding member of The Military Coalition (TMC), a 35-member consortium of military and veterans organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA celebrated 83 years of service in November 2007. For over eight decades, dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, other members of the Uniformed Services plus their families and survivors, while protecting their rights and privileges. CHAMPUS, now TRICARE, was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (USSBP). More recently, FRA led the way in reforming the REDUX Retirement Plan, obtaining targeted pay increases for mid-level enlisted personnel, and sea pay for junior enlisted sailors. FRA also played a leading role in advocating recently enacted predatory lending protections for service members and their dependents.

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

### **CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS**

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

## SYNOPSIS

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

## INTRODUCTION

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

FRA's 2008 priorities include full funding for DoD and VA health care, annual active duty pay increases that are at least a half percent above the Employment Cost Index (ECI), to help close the pay gap between active duty and private sector pay, full concurrent receipt of military retired pay and VA disability compensation, and enhanced family readiness via improved communications and awareness initiatives related to benefits and quality of life programs.

Additional issues include the introduction and enactment of legislation to eliminate inequities in the Uniformed Service Former Spouses Protection Act (USFSPA), streamlining the voting process for overseas military personnel, additional reform of the Montgomery GI Bill (MGIB) to provide adequate funding to keep pace with rising college costs to improve benefits for Reservists and push for an open enrollment for those who did not enroll in the Veterans Education Assistance Program (VEAP) or the MGIB. In addition to the Navy and Marine Corps, FRA also proudly represents the U.S. Coast Guard and closely monitors benefits and quality of life programs to ensure parity for Coast Guard personnel.

Excluding supplemental appropriations, the United States spent less than four percent of its GDP on national defense in 2008. From 1961-1963, the military consumed 9.1 percent of GDP annually. The active duty military has been stretched to the limit since 9/11, and has expanded by only 30,000 personnel. FRA strongly supports funding to support the anticipated increased end strengths in FY 2009 and beyond since the current end strength is not adequate to meet the demands of fighting the War on Terror and sustaining other operational commitment throughout the world. "Measuring governmental costs against the economy as a whole is a good proxy for how much of the nation's wealth is being diverted to a particular enterprise."<sup>1</sup>

Over the past several years, the Pentagon has been constrained in its budget even as it has been confronted with rising personnel costs, aging weapon systems, worn out equipment, and dilapidated facilities.

For these reasons, FRA strongly supports H.J. Res. 26 sponsored by Representative Trent Franks, and S.J. Res. 67 sponsored by Senator Elizabeth Dole which would ensure that annual defense spending is maintained at a minimum of four percent of GDP.

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<sup>1</sup> John Cranford CQ Weekly February 10, 2007; "Political Economy: High, and Low, Cost of War"

This statement lists the concerns of our members, keeping in mind that the Association's primary goal is to endorse any positive safety programs, rewards, quality of life improvements that support members of the uniformed services, particularly those serving in hostile areas, and their families and survivors.

### **WOUNDED WARRIORS IMPROVEMENTS**

FRA is especially grateful for the inclusion of the Wounded Warrior provisions as part of the FY 2008 National Defense Authorization Act. Key elements of the House and Senate-passed versions of the Act, plus elements of the Dole-Shalala Commission recommendations establish new requirements to provide the people, training and oversight mechanisms needed to restore confidence in the quality of care and service received by our wounded warriors and their families. Maintaining an effective delivery system between DoD and VA to ensure seamless transition and quality services for wounded personnel, particularly those suffering from Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injuries (TBI) is very important to our membership.

FRA recommends that this distinguished Subcommittee monitor the implementation of these wounded warrior programs to include periodic oversight hearings to ensure the creation and full implementation of a joint electronic health record that will help ensure a seamless transition from DoD to VA for wounded warriors, and establishment and operation of the Wounded Warriors Resource Center as a single point of contact for service members, their family members, and primary care givers.

Unfortunately, legislation has been enacted addressing many of these issues during the past 20 plus years, and it took a major news organization's coverage last year to help advance these important support programs for our Nation's heroes. Authorization is one thing – full implementation is another. Regarding this – our members continue to ask what are the government's priorities?

### **HEALTH CARE**

The Task Force on the Future of Military Health Care recently issued its final report with recommendations that were no surprise to FRA's membership given the composition of panel which included no representation by senior enlisted leadership. In addition, reference to "fairness to the American taxpayer" elicited bitter reaction by some of our older members who served before the recent and significant pay and benefit enhancements were enacted and receive significantly less retired pay than those serving and retiring in the same pay grade with the same years of service today. They clearly recall promises made to them about the benefit of health care for life in return for a career in the military with low pay and demanding duty assignments. Many believe they are entitled to free health care for life based on the government's past commitments and are angered by reference to taxpayer fairness given their sacrifices in service to our Nation. (The same "fairness" sentiment can be easily understood in conjunction with how our wounded warriors have been treated.)

FRA reiterates TMC's appreciation to this distinguished Subcommittee for refusing to allow the implementation of the Department of Defense's drastic health care fee increases during the past two years. As stated in FRA's testimony to the Task Force on March 7, 2007:

***DoD, Congress and FRA all have reason to be concerned about the rising cost of military health care. But it is important to recognize that the problem is a national one, not military-specific. It's also important, in these times of focusing on benefit costs, to keep in perspective that military service is much different than work in the corporate world and the government's unique responsibility to provide health care and other benefits for a military force that serves and has served under extraordinarily arduous conditions to protect and preserve our freedoms and security.***

Adequately funding health care benefits for all beneficiaries is part of the cost of defending our Nation.

### **HEALTH CARE SURVEY RESPONSES**

FRA launched a web survey in March 2006, and obtained more than 800 responses. From these the Association learned that there is a strong opposition to the proposed fee increases within the senior enlisted and retiree communities.

- Over 90 percent of respondents opposed the Administration's TRICARE fee increases.
- More than 84 percent would participate in a mail-order prescription program if it meant they did not have to pay a co-payment.
- More than 75 percent said that health care benefits influenced their decision to remain in the military.
- More than 57 percent said that health care benefits influenced their decision to join the military.
- One active duty survey respondent reflects these sentiments: "I am third generation Navy, and after 30 years of service, I am extremely concerned about the erosion of medical, as well as other benefits. I have a very unique historical view of how much benefits that were believed to be everlasting for both active and retired service members have been decreased or terminated. The medical coverage was fundamental for my continued service after my initial enlistment. This once again is simply a break in the faith. This philosophy needs to be suspended and the faith reaffirmed for past present and future military generations."
- A retiree stated: "My spouse and I have relied on the Navy and the Military Health Care System to provide us with all our medical needs. We expect health care to continue without monetary increase, throughout our remaining years. We both provided our country with a valuable service in the defense posture of this country. We stood ready at the call without complaint. We now expect the high quality of care that we were led to believe would be available at no cost throughout our remaining years if we used the Military Health Care System and facilities. *I do not expect to absorb increasing cost for health care, when my retired pay does not increase with the cost of health care increases.*"

### **TROOP MORALE**

The proposed health care fee increases are a morale issue within the senior enlisted active duty communities who view this as reducing the value of their future retiree benefits. They are aware of the government's failures to honor past commitments and sensitive to threats to their retiree benefits. Eroding benefits for career service can only undermine long-term retention/readiness.

Today's Sailors, Marines, and Coast Guardsmen are very much aware of Congress' actions toward those who preceded them in service. Strong support for the enactment of TRICARE for Life was based in part on the fact that inadequate retiree health care was affecting attitudes and career decisions among active duty troops. And today, despite the significant progress in restoring retiree benefits, arguing that funding for retiree health care and other promised benefits negatively impacts military readiness is fueling resentment and anger in retiree communities and raising concerns within the senior career enlisted force about their future benefits.

The 8% increase in TRICARE Reserve Select (TRS) premiums imposed within a short period after implementation of the program prompted similar reaction within Reserve communities and FRA appreciates attention to addressing the cost projection formula for adjusting annual fees to ensure that future adjustments are based on more realistic actual cost data for this benefit.

### **LEGISLATIVE PROPOSALS**

FRA strongly supports “The Military Retiree Health Care Protection Act” (H.R. 579) sponsored by Representative Chet Edwards (D-TX) and Walter Jones (R-NC), and “The Military Health Care Protection Act” (S. 604) sponsored by Senators Frank Lautenberg (D-NJ) and Chuck Hagel (R-NB) that would limit annual TRICARE fee increases to the amount of the Consumer Price Index (CPI).

### **CONCURRENT RECEIPT**

FRA continues its unwavering support for the full concurrent receipt of military retired pay and veterans’ disability compensation for all disabled retirees. Provisions of the FY 2008 National Defense Authorization Act reflect progress toward this goal. FRA’s membership appreciates the support of this distinguished Subcommittee in addressing the elimination of the Concurrent Retirement and Disability Pay (CRDP) phase-in for retirees rated less than 100 percent IU (retroactive to 1 January 2005) which will be effective on 1 October 2008, and expanding the Combat Related Special Compensation (CRSC) for Chapter 61 retirees that took effect when the bill became law and will be retroactive to 1 January 2008. And as stated in the TMC statement, major inequities remain that require the Subcommittee’s attention.

### **BAH IMPROVEMENTS**

FRA’s January 2007 online survey of enlisted active duty indicates that 68.8 percent believe BAH rates are inadequate, and housing allowances were rated second only to pay in order of importance of quality of life programs. The need to update the standards used to establish Basic Allowance for Housing (BAH) rates is clear since only married E-9s now qualify for BAH based on single family housing costs and the Association continues to advocate for legislation authorizing more realistic housing standards, particularly for career senior enlisted personnel.

### **MGIB IMPROVEMENTS**

A priority concern for senior enlisted leaders is ensuring that many senior enlisted personnel who entered service during the Veterans Education Assistance Program (VEAP) era (1977-1985), have an opportunity to sign up for the Montgomery GI Bill (MGIB). Understanding the challenges of split jurisdiction over active and Reserve benefits, FRA urges authorization of an open enrollment period affording enlisted leaders the opportunity to sign up for MGIB benefits. FRA supports Rep. Tim Walberg’s legislation, “The Montgomery GI Bill Enhancement Act”, (H.R. 4130), which would allow retirees and active duty personnel who were on active duty before 1985 and did not participate in VEAP to sign-up for the more generous MGIB.

In 1976, Congress created the Veterans’ Educational Assistance Program (VEAP) as a recruitment and retention tool for the post-Vietnam era. Congress greatly expanded education benefits in 1984 and allowed individuals with VEAP accounts to transfer their benefits to the new MGIB in 1996 (P.L. 104-275). Individuals who were on active duty before 1985 and did not participate in VEAP were not eligible to sign-up for MGIB, leaving a gap in available coverage for certain career military personnel. Congress has voted several times in the last decade to allow VEAP participants opportunities to transfer to MGIB.

Yet, there has never been an opportunity for those who did not have VEAP accounts to sign up for the new program, excluding them from taking advantage of these improved educational benefits.

According to 2007 data, over 5,000 Marines that were then on active duty were affected by this inequity.

This authorization is important to other much needed education reform, including benchmarking benefits to the average cost of a four-year public college/university education; in-state tuition eligibility for service members and their families; integrating MGIB laws under Title 38; and restoring Reserve MGIB rates to the intended levels.

### **VOTING**

Only 47.6 percent of overseas military voters who requested an absentee ballot actually had their votes counted in 2006 according to a recent report of the U.S. Election Assistance Commission (September, 2007). Despite efforts to remedy past problems, voting from overseas is a long and cumbersome process and paper ballots from military personnel are frequently contested because they arrive late and often without postage or a postmark date.

FRA is concerned about these statistics, since according to the *New York Times*, the Department of Defense has spent more than \$30 million over the last six years to find an efficient way for service members living abroad to cast their votes.

The Uniformed and Overseas Citizens Voting Act (UOCVA) of 1986 and the Help America Vote Act (HAVA) of 2002 address voting rights of active duty military personnel and all citizens that are outside the country during an election. Despite these efforts serious challenges still exist that include interfacing and lack of uniformity with state and local election officials.

If electronic communications are secure enough for our Nation's most sensitive secrets and for transferring huge sums of money, then FRA asks why is it not possible to develop and implement a system for the military and Federal employees who are stationed overseas to vote by secure electronic means?

FRA believes legislation could streamline the current process by allowing service members to request and receive an absentee ballot electronically but continue to return the signed completed ballot by regular mail as is done now. The bill should also require states to identify one state official to administer absentee ballots from overseas military rather than county clerks and other local officials; limit participation only to military personnel and federal employees overseas; and shift federal responsibility away from DoD to another agency such as the US Election Assistance Commission.

In recent years, Congress has recognized the need for electronic voting for service members who are deployed overseas, and has mandated DoD (FVAP- Federal Voting Assistance Program) to administer a pilot program for internet voting since 2000. Unfortunately many states and local election jurisdictions refused to participate.

The Association seeks support for improved active duty voter participation in Federal elections and to expedite the military mail processing of overseas ballots.

### **PREDATORY LENDING PROTECTIONS**

FRA has been in the forefront of ensuring active duty personnel and their dependents have adequate protections against predatory lenders who target military personnel and their families, and appreciates sup-

port from this distinguished Subcommittee and the full Committee to establish a 36 percent cap on pay day loans per provisions in the FY 2007 NDAA. This is an important readiness issue and FRA is monitoring implementation of these requirements and recently expressed concern to DoD about press reports indicating that predatory lenders are making an end run around recently implemented DoD regulations (DOD-2006-0S-0216).

The regulation implementing the law excludes credit cards, overdraft loans, and all forms of open-ended credit from the 36 percent rate cap. The Navy Times (31 Dec. 2007), however, indicates that some predatory lenders are charging as much as 584 percent annual percentage rate (APR) on these type of loans to service members.

The Association believes that the current regulation is too narrow and should include all loans to service members and their dependents except for mortgages and loans secured by collateral.

### **USFSPA**

FRA continues to advocate for hearings and the introduction of legislation addressing the inequities of the Uniform Services Former Spouses Protection Act (USFSPA). The Association believes that USFSPA should be more balanced in its protection for both the service member and the former spouse and that Congress needs to review and amend so that the Federal government is required to protect its service members against State courts that ignore its provisions.

FRA has long supported several recommendations in the Department of Defense's September 2001 report, which assessed USFSPA inequities and offered recommendations for improvement. Last year, the Department sent a more extensive list of recommendations to staff of the House and Senate Armed Services Committees regarding amending the USFSPA that include the following FRA supported provision:

- Base former spouse award amount on member's grade/years of service at the time of divorce (and not retirement)
- Prohibit award of imputed income while still on active duty
- Permit designation of multiple SBP beneficiaries
- Permit SBP premiums to be withheld from former spouse's share of retired pay if directed by the court

Few provisions of the USFSPA protect the rights of the service member and none are enforceable by the Department of Justice or DoD. If a State court violates the right of the service member under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the Act does not have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the service member to appeal to the court, which in many cases gives that court jurisdiction over the member. Some State courts also award a percentage of veterans' compensation to ex-spouses, a clear violation of U. S. law; yet, nothing has been done to stop this transgression.

FRA believes Congress needs to take a hard look at the USFSPA with the intent to amend it so that the Federal government is required to protect its service members against State courts that ignore provisions of the Act.

### **RESERVE EARLY RETIREMENT**



FRA is disappointed that the effective date of a key provision in the FY 2008 NDAA, the Reserve retirement age provision that is reduced by three months for each cumulative 90-days ordered to active duty is effective upon the enactment of the legislation and NOT retroactive to 7 October 2001 as addressed in the floor amendment to the Senate version of the bill. Consistent with TMC, FRA strongly endorses “The National Guardsmen and Reservists Parity for Patriots Act” (H.R. 4930), sponsored Rep. Joe Wilson (S.C.).

#### **MANDATE TRAVEL COST RE-IMBURSEMENT**

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

#### **CONCLUSION**

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