



National Military Veterans Alliance
5535 Hempstead Way, Springfield, VA 22151

Phone: (703) 750-2568
Fax: (703) 354-4380

STATEMENT of
THE MILITARY AND VETERANS ALLIANCE
(NMVA)

Before the
Subcommittee on Personnel
Senate Armed Services Committee

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Presented by
Deirdre Parke Holleman, Esq.
The Retired Enlisted Association
Co-Director, the National Military and Veterans Alliance

“Representing the Total Force”

MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE.

On behalf of the National Military and Veterans Alliance (NMVA) we are very grateful to the Subcommittee for this opportunity to appear before you and express our members' views on current issues affecting members of the uniformed services, their families and survivors.

The National Military Veterans Alliance (NMVA) was founded in 1996 as an umbrella organization to be utilized by the various military and veteran associations as a means to work together towards their common goals. Each individual association's membership interests and requirements are represented, understood and promoted within/by NMVA.

The Alliance expands the military and veteran communities ability to present a united front to the Department of Defense, Department of Veterans Affairs, Congress and the White House. By working together, the larger voice of the combined associations' memberships and their families help to promote the objectives concerning a wide-range of military quality of life pay, personnel, medical, survivor benefits, military housing and education, veterans, and military retiree issues and legislation.

The National Military Veterans Alliance represents almost 5 million members. Collectively, our organizations represent some 80 million Americans – those who serve or have served their county and their families.

American Logistics Association	National Gulf War Resource Center
American Military Retirees Association	Naval Enlisted Reserve Association
American Military Society	Naval Reserve Association
American Retirees Association	Paralyzed Veterans of America
American WWII Orphans Network	Reserve Enlisted Association
AMVETS	Reserve Officers Association
Association of Old Crows	Society of Military Widows
Catholic War Veterans	The Retired Enlisted Association
Class Act Group	TREA Senior Citizen League
Gold Star Wives of America	Tragedy Assistance Program for Survivors
Korean War Veterans	Uniformed Services Disabled Retirees
Legion of Valor	Veterans of Foreign Wars
Military Order of the Purple Heart	Vietnam Veterans of America
Military Order of the World Wars	Women in Search of Equity
National Assoc. for Uniformed Services	

The National Military and Veterans Alliance (NMVA) receives no grants or contracts from the federal government.

INTRODUCTION

In this time of war the burdens that are being placed on all members of the uniformed services and their families have grown enormously. At the same time the needs of the uniformed services retired and survivor community are growing. The retiree needs and how our government is responding to them are being studied by our present active duty and Guard and Reserve families as well as the American public at large. While our citizenry is concerned about our National Defense and about those who are now or who have protected our way of life in the past we should move to make improvements in several crucial programs. This is the time that progress can be made.

NATIONAL GUARD AND RESERVE

More than 437,000 Guard and Reserve members have been mobilized since September 11, 2001. This operational tempo has placed enormous strains on reservists, their family members and their civilian employers. This, the Alliance is well aware, is inevitable in a Total Force structure, but we believe that the National Guard and Reserve's pay, bonuses, benefits and retirement should reflect these added obligations, multiple activations and increased training requirements. The following briefly outline some our suggestions for improvements that would make the added obligations of our Guard and Reserve members easier to bear and maintain.

Health Care-The National Military and Veterans Alliance appreciates the steps you took in the last session of Congress by establishing the TRICARE Reserve Select program and the permanent pre-and post-activation TRICARE coverage. However, these authorities do not provide the coverage necessary to address long-term readiness issues that will continue with the current and future use of our Guard and Reserve members. We still have approximately 20% of Guard and Reserve members - 40% of our junior enlisted force - without health care coverage in their civilian lives. It is our strong recommendation that we provide permanent access to TRICARE, on a cost-share basis, to all Selected Reserve members and their families. We are extremely grateful to Chairman Lindsey Graham's (R-SC) championship of this proposal. S337 would provide the opportunity for all our Guard and Reserve members and their families to purchase a first rate subsidized health care plan. This opportunity would ensure our Nation that our Guard and Reserve members would be medically ready when they are needed while also providing continuity of care for them and their families and a powerful recruiting tool for the Services.

We also believe that federal payment of civilian health care premiums should be an option for mobilized Guard and Reserve members. Many families prefer to preserve the continuity of their own health insurance rather than switching to TRICARE and frequently pick up the cost of those premiums. The Department of Defense pays the FEHBP premiums for its own reservist-employees when they are activated, and we believe that non-federal employees deserve the same consideration.

Retirement System- When the reserve force retirement system was established in 1947, it was assumed that a Guard or Reserve member has a primary career in the civilian sector. The changing and increasing demands on reserve forces over the past 14 years have cost tens of

thousands of Guard and Reserve members significantly in terms of their civilian retirement accrual, civilian 401(K) contributions and civilian job promotions.

The reserve retirement system must be adjusted to sustain its value as a complement to civilian retirement. Failing to acknowledge and respond to the changed environment that Guard and Reserve members face will have far reaching effects on reserve participation and career retention. Again, Chairman Graham's S337 would correct this growing inequity. Depending on years of service and age a member of the Guard and reserve could start receiving his or her retired pay at age 55. Again in addition to the simple fairness of acknowledging the changed situation this would be another power recruiting and retention tool for the Services to have.

Compensation- Increasing demands on Guard and Reserve members call for changes in their compensation so that the reserve component can continue to attract and retain those willing to shoulder the added responsibilities.

- Needed improvements include increasing Selected Reserve Montgomery GI Bill benefits to 50% of the active duty Montgomery GI bill rate. Recently, the value of the benefit has slipped to 28% of the basic program. The Selected Reserve benefit needs to keep pace with the active duty benefit.
- We also recommend lifting the cap on Inactive Duty points that can be earned annually by a Guard or Reserve member. A limit on the amount of training that can be credited for retirement purposes creates a disincentive to professional development.
- Special and incentive pays need to be increased. Many Guard and Reserve members feel cheated when they receive 1/30th of a month's pay for each day duty is performed for many special and incentive pays. These pays are based upon proficiency, not time. The disparity, even if it is only a perceived disparity, needs to be addressed.
- Changes to the reserve duty system need to be considered carefully. We understand why the Department of Defense would wish simplify the duty status for reserve component members, but any change that would result in the loss of pay must not be implemented.
- Another compensation issue that should be addressed is BAH II. BAH II is paid to Guard and Reserve members on active duty for less than 140 days instead of the standard, locality-based Basic Allowance for Housing. BAH II is far less than BAH in most localities and doesn't have anything to do with real housing costs. BAH should be authorized for anyone activated for 30 days or more.
- We believe that full veteran status should be awarded to Guard and Reserve retirees who do not otherwise qualify. Their 20 years of service make them deserving of veterans status.

Stress on Guard and Reserve Forces- The Alliance urges that Congress provides additional resources for reserve recruitment, retention, and family support to relieve enormous pressure on overstressed Guard and Reserve forces, as well as a moratorium and review of any manpower draw-downs at this time – when we are calling on these critically important assets to fight our nation's wars.

Guard/Reserve Family Support Programs- We urge support and funding for a core set of family support programs and benefits that meet the unique needs of geographically dispersed Guard and Reserve families who do not have ready access to military installations or current experience with military life. Programs should promote better communication and enhance

education for Reserve component family members about their rights and benefits and available services.

SURVIVOR BENEFIT PROGRAMS

The Alliance wishes to deeply thank this Subcommittee for your championship of improvements in the myriad of survivor programs. The Survivor Benefit Plan (SBP), the Death Gratuity, and the SGLI insurance plan (though administered through the VA) are all programs under DOD's auspices. Substantial improvements have been made in the last few years. Last year's total abolition of the SBP age 62 benefit reduction in a three and one half year phase out will create a wonderful improvement in the lives of the survivors of the military retirees who dedicated the best years of their lives to a career with our military. However, there are still two remaining issues to deal with to make SBP the program Congress always intended it to be: ending the SBP/DIC offset and moving up the effective date for paid up SBP to October 1, 2005. Senator Bill Nelson's bill S185 would correct both issues. The Alliance urges this Committee to support this bill and correct both inequities. As this Committee well knows there has already been a substantial push on the Hill this year to increase and improve the Death Gratuity and SGLI programs. The Alliance hopes that this is the session of Congress when all these problems can be solved.

SBP-DIC Offset- In last year's testimony the Alliance respectfully requested this Subcommittee to end the SBP/DIC offset and we are here to again ask you to support this improvement. There are two types of families that are affected by this offset. The first group is the family of a retired member of the uniformed services. At this time the SBP annuity he or she has paid for is offset dollar for dollar for the DIC survivor benefits paid through the VA, This puts a disabled retiree in a very unfortunate position. If he or she is leaving the service disabled it is only wise for him or her to enroll in the Survivor Benefit Plan (indeed he may very well not be insurable in the private sector). After all he or she may die from a cause that has nothing to do with his or her military service. But if he or she *does* die of his service connected diagnosis then *again* his survivor loses dollar for dollar for what the DIC pays. This is not logical. SBP is a purchased annuity, an earned employee benefit. This is a retirement plan. Dependency Indemnification Compensation's (DIC) name makes clear that it was created for a very different reason. It is an indemnity program to compensate a family for the loss of a loved one due to his or her military service. They are different programs created to fill different purposes and needs. The survivor does receive a pro-rated share of the paid SBP premiums back without interest and taxable in a lump sum. But that cannot make up for the cost and difficulty paying those premiums all those years of retirement caused. If a disabled veteran earns a civilian pension as a federal civil servant the family will never lose either their survivor payment or their DIC to any offset. The service member did what he could to provide for his spouse. This is behavior the Federal Government wishes to encourage. This offset makes his attempts a failure. The offset should be abolished.

The second group affected by this dollar for dollar offset is made up of families whose service member died on active duty. Recently Congress created active duty SBP. These service members never had the chance to pay into the SBP program. But clearly Congress intended to give these families a benefit. With the present off-set in place the vast majority of families receive **NO** benefit from this new program. That is because the vast number of our losses are young men or women in the lower ranks. They will get no benefit whatsoever. The other families affected are service members who have already served a substantial time in the military. Their widow is, if anything left in a worse financial position than the younger widow. (There is no way to estimate

the emotional loss to either group of women.) The older widow's will normally not be receiving benefits for her children from either Social Security or the VA and will normally have more substantial financial obligations (mortgages etc.). They also have less time to adjust their financial situation. This woman (or man) is very dependent on the SBP and DIC payments and should be able to receive both. Congress did not mean to give a hollow benefit to either group of people. By ending this off-set the intention of your law can be accomplished.

30 Year Paid Up SBP- In the FY1999 Defense Authorization Act Congress created a simple and fair paid up provision for the Survivor Benefit Plan. A member who had paid into the program for 30 years and reached the age of 70 could stop paying premiums and still have the full protection of the plan for his or her spouse. However, the effective date of this provision is October 1, 2008.

This means that many retirees who signed up for SBP when it first started in 1972, and are well over 70 are still paying premiums to cover their spouses. Moving the effective date back to October 1, 2005 would be an act of simple fairness. Most of the couples affected by this date are both elderly and will never draw anything like they have paid into SBP. Additionally, until all these retirees were paying 10% of their retired pay rather than the present 6 ½% today. Moving up this effective date would allow these couples to live in more comfort and ease for the next 3 years.

Death Gratuity Improvement- Since the beginning of this session Congress has been working very hard to improve the immediate death benefits. Presently there are provisions in both the Senate and House supplemental to raise the death gratuity from the present \$12,400 to \$100,000. However the language in the legislation states that this will apply to those who die "in the line of duty" but the definition of that is left to be determined by the Secretary of Defense. Clarity is crucial at such a traumatic time. It would be a great help if all families whose service member relation dies on active duty would be granted this increased benefit. Hopefully, such language may be agreed to during the supplement's conference meetings.

Life Insurance- The FY 06 Supplemental Budget also includes a provision to raise the limit of available SGLI coverage from \$250,000 to \$400,000. This is a wonderful improvement and the Alliance urges that present language be retained.

Again, the Alliance is very grateful to both the Senate and the House for their early focus on survivor issues.

RETIREMENT ISSUES

Retirement Issues is a varied category because it covers everything in a persons' life. This includes money, health care where they shop and the state of their marriage. The uniformed services is a way of life and a community that does not end when someone retires This is still the retirees' world and why these issues are essential

Concurrent Receipt of Military Retired Pay and VA Disability Compensation- All the Retiree and Military Organizations in the Alliance are very grateful for the historic movement in ending the 100 year long unfair denial of a military retiree being allowed to collect both his or her retired pay and their service connected disability pay. This dollar for dollar offset will be phased out in 10 yearly steps for those with 50% or greater service connected disabilities. Additionally, Congress has ended concurrent receipt completely for longevity retirees with

combat related service connected disabilities. These are wonderful steps. But concurrent receipt is as unfair for those who are 10%-40% disabled as for those whose disabilities are 50% and higher. Senator Tim Johnson's S would cover longevity military retirees with the lower disability ratings. The Alliance urges this subcommittee to support this bill.

The Alliance also strongly urges Congress to correct by statute if necessary the unfair distinction being made in the implementation of last year's immediate restoration retired pay for 100% service connected disabled longevity retirees. Again, the Alliance was very pleased with your decision last year to do this. However at this date military longevity retirees who are paid at 100% service connected disables because of a determination by the VA of unemployable (IU) are not being included in this speed up. In the VA the two groups of 100% disabled are treated exactly the same. They should be treated the same way under this benefit. We have been told that the Administration is still studying this question. If the Department of Defense does not act to include this group we hope that Congress will.

Military Health Care- It has been wonderful to see the improvements you have made in the last several years in the health care benefit available to the men and women and their families and survivors who have spent the best years of their lives defending our country. TRICARE for Life and the pharmacy program has greatly improved the life of tens of thousands of retirees. Still there are some problems that should be dealt with. The greatest problem facing all of TRICARE today is reimbursement rates. While this is clearly a matter that is overseen by other committees the provider reimbursement rate for Medicare, which TRICARE is tied to is well known to be insufficient. The problem of finding a civilian health care provider willing to accept TRICARE more and more difficult. The problem is particularly acute when retirees are not near a TRICARE network. Improving the reimbursement rates for TRICARE health care providers would greatly ameliorate this problem. The Alliance hopes this can be accomplished during the 109th session of Congress.

Former Spouse Protection Act- The USFSPA has caused great discontent and inequity for over 20 years. This discontent is above and beyond the normal disappointment and anger caused by any divorce. It is time for a complete study and overhaul of this statute.

The Alliance strongly urges the Senate Armed Services Committee to hold a full hearing on this issue. This hearing could be the basis of a complete analysis of this statute and a consensus might be reached on needed improvements including requiring amount of payments to be linked to the service member's rank at the time of the divorce.

Commissary and Exchange Benefits- The Alliance is well aware that this Subcommittee will be holding a full hearing this week on MWR issues including Commissaries and Exchanges. In this present testimony we wish to note that the Commissary and Exchange benefits are vitally important to military retirees, their families and survivors as well as to the Active Duty, the Guard and Reserve and their families. The Commissary and Exchange benefits need to remain fully funded and strong for all the members of the Uniformed Services and their families. Additionally the Alliance hopes that Congress encourages the Department of Defense and the Department of State to negotiate agreements with host nations under FOPHA to permit U.S. military retirees to shop at our Commissaries and Exchanges at all overseas locations.

CONCLUSION

This is a time that tries men's souls. There are great and growing requirements being placed upon the active duty and their families, upon the National Guard and Reserve members and their families, upon the uniformed services retirees and their families and upon all their survivors. And they have happily taken up or continued these duties. It is also true that great calls are presently being placed upon the Federal Government. The National Military and Veterans Alliance is enormously grateful for the tremendous progress we have made over the last several years in the areas of retiree, National Guard and Reserve and Reserves, and survivor benefits. These programs are far better at doing their jobs than they were several years ago. But we believe that these programs can be greatly improved by following the suggestions we have made in this testimony. Thank you so much this chance to testify on the Alliance's concerns and for the focus and support that all of you have always given to the uniformed services and their families.

Biography of Deirdre Parke Holleman, Esq.

National Legislative Director
The Retired Enlisted Association
And
Co-Chair of the
National Military and Veterans Alliance

Deirdre Parke Holleman, Esq. is the National Legislative Director of The Retired Enlisted Association. She is also the Co-Director of the National Military and Veterans Alliance (NMVA) and the Co-Chairman of The Military Coalition's (TMC) Survivors Committee. In all three capacities and as a member of TMC's Health Care Committee Mrs. Holleman focuses on healthcare, financial and benefit matters for the Military's retirees, the active duty, the National Guard and Reserves and all their families and survivors.

Prior to joining TREA Mrs. Holleman was the Washington Liaison for The Gold Star Wives of America, Inc. There she represented the concerns of active duty widows and widows of Military members who die of service connected disabilities Before Congress, the Department of Defense, the Department of Veteran Affairs and other Veteran Service Organizations.

Mrs. Holleman is an attorney licensed to practice in the State of New York and before all Federal Courts. She argues many cases before all the Appellate Courts of New York including the New York Court of Appeals, the highest appellate court in the state. She successfully argued **In the Matter of Marie B.**, a case that struck down a New York statute as unconstitutional. For years she was a civil trial attorney in New York primarily handling Domestic, Family and Juvenile cases. She was the Associate Director of The Legal Aid Society of Mid-New York, Inc. This charity represents people who cannot afford to hire counsel in civil matters over nine counties in Upstate New York. She has a B.A. in History and Journalism from George Washington University and a J.D. from Vanderbilt University School of Law.

She lives in Rosslyn Virginia with her husband Christopher Holleman, an Administrative Judge for the Small Business Administration.