



**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**

to the

**SUBCOMMITTEE ON MILITARY PERSONNEL,  
HOUSE ARMED SERVICES COMMITTEE**

April 6, 2006

Presented by

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**Director, Government Relations**  
**Military Officers Association of America**  
**and**  
**Co-chairman, The Military Coalition**

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

- Air Force Association
- Air Force Sergeants Association
- Air Force Women Officers Associated
- American Logistics Association
- AMVETS (American Veterans)
- Army Aviation Association of America
- Association of Military Surgeons of the United States
- Association of the United States Army
- 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.
- Jewish War Veterans of the United States of America
- Marine Corps League
- Marine Corps Reserve Association
- Military Chaplains Association of the United States of America
- Military Officers Association of America
- Military Order of the Purple Heart
- National Association for Uniformed Services
- National Guard Association of the United States
- National Military Family Association
- National Order of Battlefield Commissions
- Naval Enlisted Reserve Association
- Naval Reserve Association
- Non Commissioned Officers Association
- Reserve Enlisted Association
- Reserve Officers Association
- Society of Medical Consultants to the Armed Forces
- The Retired Enlisted Association
- United Armed Forces Association
- United States Army Warrant Officers Association
- United States Coast Guard Chief Petty Officers Association
- Veterans of Foreign Wars of the United States
- Veterans' Widows International Network

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

**EXECUTIVE SUMMARY  
RECOMMENDATIONS OF THE MILITARY COALITION**

**ACTIVE FORCE ISSUES**

**Pay Raises** – The Military Coalition strongly recommends providing military pay raises that exceed the Employment Cost Index until such time as full military pay comparability has been restored. The Coalition further recommends targeted increases for selected non-commissioned officers/petty officers and warrant officers as needed to attain the 70<sup>th</sup>-percentile comparability standard.

**Family Readiness, Support Structure, and Morale, Welfare and Recreation Programs** – The Military Coalition urges Congress to maintain a well-funded family readiness and support structure to enhance family well-being and to improve retention and morale. The Coalition also asks Congress to highlight and protect the interests of all beneficiaries impacted by overseas rebasing, Army modularity, and BRAC and ensure support services and infrastructure remain in place throughout the entire transition period for all beneficiary populations.

**Personnel Strengths** – The Military Coalition strongly urges sustaining end strengths to meet mission requirements, and opposing force reductions that have the primary purpose of paying for other programs.

**Housing** – The Military Coalition urges correction of military housing standards that inequitably depress BAH rates for mid to senior enlisted members by assuming their occupancy of inappropriately small quarters.

**Flexible Spending Accounts** – TMC urges the Subcommittee to continue pressing the Defense Department until servicemembers are provided the same eligibility to participate in Flexible Spending Accounts that all other federal employees and corporate employees enjoy.

**Permanent Change of Station (PCS) Reimbursement** – The Military Coalition supports upgrading permanent change-of-station allowances to reflect the expenses members are forced to incur in complying with government-directed relocations.

**Dependent Education** – The Coalition urges the Subcommittee to continue its priority on mitigating adverse effects of government decisions on military children's education. The Coalition urges the Subcommittee to support nationwide in-state tuition eligibility for service families in the state in which the member is assigned or the member's home state of record, and continuity of in-state tuition once established for a military student. The Coalition also urges support of a nationwide reciprocity standard to allow full transfer of school credits for graduation requirements for service and family members. The Coalition continues to believe that it would be a powerful career retention incentive to authorize transferability of at least a portion of MGIB benefits to family members for long-serving members who agree to complete a military career.

**Montgomery GI Bill** – The Coalition urges the Subcommittee's support for a 21<sup>st</sup> Century MGIB, with benefit amounts indexed to the cost of a four-year education at a public institution, and no reduction in benefits for education obtained while on active duty.

## **GUARD AND RESERVE ISSUES**

**Guard/Reserve Retirement Age** – The Military Coalition urges Congress to reduce the age when a Guard and Reserve member is eligible for retirement pay, particularly for those members who have experienced extended mobilizations.

**Transition Assistance Services and Protections** – TMC urges funding of tailored 'TAP' services and enactment of stronger economic, financial, academic, health and legal protections for Guard and Reserve members and their families.

**“Total Force” Montgomery GI Bill** – TMC supports the integration of all elements of the MGIB under Title 38, restoring benefit rates commensurate with service performed, and a post-service eligibility period for Selected Reserve members.

**Guard and Reserve Family Support Programs** – TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with these support programs.

## **OVERSEAS REBASING, BASE REALIGNMENT AND CLOSURE (BRAC) ISSUES**

**Rebasing and BRAC** – The Military Coalition urges the Subcommittee to monitor the implementation of rebasing, BRAC, and Service Transformation initiatives to ensure protection of support services for military families.

## **SURVIVOR PROGRAM ISSUES**

**SBP-DIC Offset** – The Military Coalition strongly supports legislation to repeal the SBP-DIC offset introduced by Sen. Nelson (D-FL) (S. 185) and Rep. Brown (R-SC) (H.R. 808), respectively. Enactment remains a top Coalition goal for 2006.

**30-Year Paid-Up SBP** – The Military Coalition recommends a two-year acceleration of the implementation date for paid-up SBP coverage, so that it takes effect on October 1, 2006.

**Final Retired Pay Check** – The Military Coalition urges Congress to allow survivors of retirees to retain the full month's retired pay for the month in which the retired member dies.

## **RETIREMENT ISSUES**

**Concurrent Receipt** – The Coalition urges the Subcommittee to expand Combat-Related Special Compensation to members who were medically compelled to retire short of 20 years of service solely because of their combat-incurred disabilities, as envisioned in H.R. 1366. The Coalition urges the Subcommittee to end the disability offset to retired pay immediately for otherwise-qualifying members rated as “unemployable” by the VA.

**Former Spouse Issues** – The Military Coalition urges legislation to eliminate inequities in the USFSPA.

## OVERVIEW

Mr. Chairman, The Military Coalition (TMC) thanks you and the entire Subcommittee for your continued, unwavering support of our active duty, Guard, Reserve, retired members, and veterans of the uniformed services, to include their families and survivors. The Subcommittee's work has generated significant improvements in military end strength, pay, health care, survivor benefits, and disabled retiree programs.

Six years ago, the Joint Chiefs of Staff advised Congress of the need to repeal REDUX, fix pay raises, and correct inequities in retiree health care, all of which were having a negative retention impact on serving members. You heard the call, and made those fixes and others.

Now, unfortunately, we hear increasing complaints about the cost of some of those improvements from leaders who seem to have forgotten why they were enacted.

Some in the Administration argue for a return to past practices of capping military pay raises below private sector wage growth. Service leaders are planning force reductions even as Congress has authorized end strength increases to meet frenetic rotation requirements that have no end in sight. Defense officials decry the cost of retiree health care and seek to impose four-figure increases in health care fees charged to those who spent a career thinking they were paying their premiums in specie of personal and family sacrifice.

Some contend that support for military personnel programs inevitably faces a periodic cycle of ebb and flow, and that the benefit improvements of the last 6 years must now yield to several years of cutbacks.

The Military Coalition continues to look to this Subcommittee for leadership to ensure the country doesn't return to the penny-wise and pound-foolish benefit cutbacks that caused the retention problems of the 1970s and the 1990s.

Today's reality is that servicemembers and their families are being asked to endure ever-greater workloads and ever-greater sacrifices. Repeated deployments, often near back-to-back, have stressed the force to the point where recruiting is a real concern, and anyone who talks to frustrated military families has to question the credibility of any alleged rosy retention outlook.

In testimony today, The Military Coalition offers its collective recommendations on what needs to be done to address these important issues and sustain long-term personnel readiness.

## ACTIVE FORCE ISSUES

The Coalition appreciates the Subcommittee's many actions to help relieve the stress of repeated deployments – end strength increases, bonus improvements, family separation, and danger area pay increases, and more.

From the servicemembers' standpoint, the increased personnel tempo necessary to meet continued and sustained training and operational requirements has meant having to work progressively longer and harder every year. They are enduring longer duty days; increased family separations; cutbacks

in installation services; less opportunity to use education benefits; and significant out-of-pocket expenses with each permanent change of station move.

Intensified and sustained operations in Iraq and Afghanistan are being met by servicemembers' patriotic dedication, but retention must be an increasing concern as 1% of Americans continue to bear the entire burden of national sacrifice in the Global War on Terrorism. Service leaders may tout seemingly high retention figures, but the Coalition cannot reconcile this with the ever-increasing stresses on military families.

Military families have continued to demonstrate their exceptional support of servicemembers' long, recurring deployments; yet, many servicemembers and their families debate among themselves whether the rewards of a service career are sufficient to offset the attendant demands and sacrifices inherent in uniformed service. Unless they see some prospect of near-term respite, many of our excellent soldiers, sailors, airmen and Marines will opt for civilian career choices, not because they don't love what they do, but because their families just can no longer take the stress. High retention simply cannot continue to co-exist with such levels of high operations tempo and family separations, despite the reluctance of some to see anything but rosy scenarios.

The Coalition views with alarm the Defense Department's determination to sacrifice troop levels to pay for weapons systems, with seemingly little regard for the impact these decisions will have on servicemembers and their future retention. The finest weapon systems in the world will be of little use if the Services don't have enough high quality, well-trained people to operate, maintain and support them.

The Coalition believes the "weapons or people" debate is a patently false one – akin to forcing a choice between one's left and right arms.

**Pay Raises.** Now that the statutory requirement to reduce the relative military "pay gap" has expired, the Coalition is concerned that an Administration looking for ways to cut people costs may seek to reintroduce the failed practice of capping military raises. In the relatively recent past, the Office of Management and Budget advocated capping military pay raises at the level of inflation, rather than restoring comparability with private sector wage growth. The measure of merit with pay raises is not inflation – it's the draw from the private sector. Pay comparability with private sector wage growth is a fundamental underpinning of the all-volunteer force, and it cannot be dismissed without dire consequences for national defense.

When the pay raise comparability gap reached 13.5 percent in 1999 – resulting in predictable readiness crises – this Subcommittee took responsible action to change the law. Thanks to your efforts, the gap has been reduced to 4.4 percent in 2006. But while the Subcommittee recently established private sector wage growth as the statutory standard for future military pay raises, there is no longer any statutory requirement to continue reducing the current comparability gap.

The Subcommittee also has supported previous Department of Defense plans to fix problems within the basic pay table by authorizing special "targeted" adjustments for specific grade and longevity combinations in order to align career servicemembers' pay with private sector earnings of civilians with similar education and experience. Those targeted raises were intended to establish a new pay comparability standard, setting military pay at the 70<sup>th</sup> percentile of earnings for private workers of

comparable age, experience, and education as recommended by the 9<sup>th</sup> Quadrennial Review of Military Compensation (QRMC).

In the not-so-distant past, however, the Office of Management and Budget has denied DoD's request to continue targeted raises for career servicemembers – a decision that deeply disappointed the Coalition.

Pay and allowance raises and higher reenlistment bonuses are essential to reduce other significant career irritants, but they can't fix fatigue and lengthy, frequent family separations.

A recent Rand Corporation survey indicated that the higher operations tempo and extended working hours, even when not deployed, are taking a toll on military members and families that will harm retention. Over the long run, experience has shown that time and again that time spent away from the family – whether on deployment or at the home duty station -- is the single greatest retention disincentive. The Military Coalition believes that those who ignore this and argue there is no retention problem are “whistling past the graveyard.”

*The Military Coalition strongly recommends providing military pay raises that exceed the Employment Cost Index until such time as full military pay comparability has been restored. The Coalition further recommends targeted increases for selected non-commissioned officers/petty officers and warrant officers as needed to attain the 70<sup>th</sup>-percentile comparability standard.*

**Maintain Well-funded Family Readiness, Support Structure, and Morale, Welfare and Recreation (MWR) Programs.** Today, two-thirds of active duty families and virtually all Guard and Reserve families live off military installations, and more than one-half of these servicemembers are married. A fully funded family readiness program to include financial education and benefit information has never been a more crucial component to the military mission and overall readiness than it is today, especially when military families are coping with the increased deployments and separation.

More needs to be done to “connect” servicemembers and their families with important resources. Military One Source has provided a great start to improve family readiness; however, a more aggressive outreach effort is needed to educate servicemembers and their families on the benefits and programs to which they are entitled. These outreach efforts need to address the unique needs of National Guard and Reserve families to include transitioning to and from active duty status. Traditional delivery systems of “build it and they will come” no longer serve the transforming military community of today that is increasingly non-installation based. More robust outreach delivery systems and programs are called for that can be accessed anywhere and anytime.

Additionally, we cannot forget Public Health Service families as deployments are expected to increase under Public Health Service transformation initiatives. A systematic and integrated family support system will help families cope with deployment stresses and military life demands. Addressing such issues as childcare, spousal employment/education, flexible-spending accounts, increases in SGLI, and other quality of life concerns will go a long way in enhancing family well-being and improving retention and morale of the force.

Because of multiple DoD modernization efforts (global rebasing, Army modularity, and BRAC initiatives) that are occurring simultaneously, TMC is concerned about the synchronization, pace of

planning, implementation timetables, timing of budgets and resource allocations, and the evaluation of the rebasing and BRAC plans. TMC asks Congress to ensure necessary family support/quality of life program dollars are in line with the DoD/Military Services overseas rebasing and BRAC plans. Further, the Coalition urges Congress to insist that support services and infrastructure remain in place at both the closing and the gaining installations, throughout the transition period.

The Coalition appreciates the recent congressional enhancements in military childcare, family readiness, and supportive counseling programs to assist families in dealing with deployments and the return of servicemembers. Family support, Quality of Life, and MWR programs are especially critical to the readiness of our forces and the support of their families during periods of conflict and extended separations. Therefore, the Coalition urges the Subcommittee to block any DOD initiative that withholds, reduces, or eliminates program dollar availability for military beneficiaries. In order for these programs to flourish, they require consistent sourcing, deliberate outreach, and must remain flexible to meet emerging challenges.

*The Military Coalition urges Congress to maintain a well-funded family readiness and support structure to enhance family well-being and to improve retention and morale.*

*The Coalition also asks Congress to highlight and protect the interests of all beneficiaries impacted by overseas rebasing, Army modularity, and BRAC and ensure support services and infrastructure remain in place throughout the entire transition period for all beneficiary populations.*

**Personnel Strengths.** The Coalition has been disappointed at the Defense Department's annual resistance to Congress' repeated offers to permanently increase Service end strength to relieve the stress on today's armed forces. While we are encouraged by the Subcommittee's work to increase Army and Marine Corps end strength and authorizing much needed recruiting and retention bonuses; however, we are deeply concerned that Administration-proposed plans rely too heavily on overly optimistic retention assumptions, overuse of the Guard and Reserves, optimistic scenarios in Southwest Asia, and the absence of new contingency needs.

The Department has indicated that it prefers to "transform" forces, placing non-mission essential resources in core war fighting skills, and transferring certain functions to civilians. However, any such implementation will take a long time while we continue to exhaust our downsized forces.

In addition, the Department is already cutting back even on those plans, proposing to reduce 6 Army National Guard brigades, reduce planned growth in the number of active duty brigades, continue systematic personnel reductions within the Navy, and impose further dramatic reductions in Air Force personnel. Media reports indicate that previous plans to civilianize military positions have been changed, and that substantial numbers of military positions now will simply be eliminated, without civilian replacements – imposing even greater stress on the remaining force.

Force reductions envisioned in the Quadrennial Defense Review are being undertaken not because of any reduction in mission, but simply to free up billions of dollars for weapons programs.

Defense leaders warn that the long-term mission against terrorism will require sustained, large deployments to Central Asia and elsewhere, but the Services are being denied the manpower to meet those requirements without unacceptable impacts on members' and families' quality of life.

If the Administration does not recognize when extra missions exceed the capacity to perform them, Congress must assume that obligation. Deferral of additional meaningful action to address this problem cannot continue without risking serious consequences.

The Military Coalition's concerns in this regard are not limited to the Army and Marine Corps. The DoD Inspector General reported that visits to 14 units found that four units deployed with less than 80 per cent of their senior enlisted war fighting positions filled. According to the report, "personnel in those units were exposed to a higher level of risk for mishap or injury during their deployment." Planned strength reductions can only exacerbate this problem.

***The Military Coalition strongly urges sustaining end strengths to meet mission requirements, and opposing force reductions that have the primary purpose of paying for other programs.***

**Access to Quality Housing.** The Military Coalition thanks Congress and the Subcommittee for this past year's provision that provides temporary housing allowance adjustments for military members affected by disasters. Additionally, the Coalition is particularly grateful for the Subcommittee's multi-year effort to raise housing allowances to cover 100% of servicemembers' median housing costs, by grade and location. But the recent achievement of that goal doesn't satisfy the entire housing problem, especially for enlisted members. Fundamental flaws in the standards used to make those calculations remain to be corrected.

The Coalition supports revised housing standards that are more realistic and appropriate for each pay grade. Many enlisted personnel are unaware of the standards for their respective pay grade and assume that their BAH level is determined by a higher standard or by the type of housing for which they would qualify if they live on a military installation. For example, only 1% of the enlisted force (E-9) is eligible for BAH sufficient to pay for a 3-bedroom single-family detached house, even though thousands of more junior enlisted members do, in fact, reside in detached homes. The Coalition believes that as a minimum, this BAH standard (single family detached house) should be extended gradually to qualifying servicemembers beginning in grade E-8 and subsequently to grade E-7 and below over several years as resources allow.

In addition, we urge the Subcommittee to keep close vigilance on two areas that could potentially impact military members and families, housing privatization initiatives and the end of geographic housing rate protection. The Coalition will monitor the impact of these initiatives to ensure increases to occupant costs and housing allowances are applied uniformly and that military personnel accounts remain adequate to ensure servicemembers on average have zero out of pocket costs for housing at the standard for their rank.

***The Military Coalition urges correction of military housing standards that inequitably depress BAH rates for mid to senior enlisted members by assuming their occupancy of inappropriately small quarters.***

**Flexible Spending Accounts.** The Coalition cannot comprehend the Defense Department's continuing failure to implement existing statutory authority for active duty and Selected Reserve members to participate in Flexible Spending Accounts (FSAs).

All other federal employees and corporate civilian employees are able to use this authority to save thousands of dollars a year by paying out-of-pocket health care and dependent care expenses with pre-tax dollars. It is unconscionable that the Department has failed to implement this money-saving program for the military members who are bearing the entire burden of national sacrifice in the Global War on Terrorism.

***TMC urges the Subcommittee to continue pressing the Defense Department until servicemembers are provided the same eligibility to participate in Flexible Spending Accounts that all other federal employees and corporate employees enjoy.***

**Permanent Change of Station (PCS) Reimbursement Needs.** The Military Coalition is most appreciative of the significant increases in the Temporary Lodging Expense (TLE) allowance authorized for FY 2002 and the authority to raise PCS per diem expenses to match those for federal civilian employees in FY 2003. The Coalition also greatly appreciates the provision in the FY 2004 defense bill to provide full replacement value for household goods lost or damaged by private carriers during government directed moves, but is concerned that the Department of Defense has not yet implemented its "Family First" re-engineering that would allow payment under this provision. The Coalition appreciates this past year's gains and Congress' support by modifying the personal property weight allowances for senior enlisted grades (E-7, E-8 and E-9).

These were significant steps to upgrade allowances that had been unchanged over many years. Even with these changes, servicemembers continue to incur significant out-of-pocket costs in complying with government-directed relocation orders.

For example, PCS mileage rates still have not been adjusted since 1985. The current rates range from 15 to 20 cents per mile – less than half the 2006 temporary duty mileage rate of 44.5 cents per mile for military members and federal civilians. The Military Coalition also supports authorization of a 500-pound professional goods weight allowance for military spouses.

In addition, the overwhelming majority of service families own two privately owned vehicles, driven by the financial need for the spouse to work, or the distance some families must live from an installation and its support services. Authority is needed to ship a second POV at government expense to overseas accompanied assignments. In many overseas locations, families have difficulty managing without a second family vehicle because family housing is often not co-located with installation support services.

With regard to families making a PCS move, members are authorized time off for housing-hunting trips in advance of PCS relocations, but must make any such trips at personal expense, without any government reimbursement such as federal civilians receive. Further, federal and state cooperation is required to provide unemployment compensation equity for military spouses who are forced to leave jobs due to the service member's PCS orders. The Coalition also supports authorization of a dislocation allowance to servicemembers making their final "change of station" upon retirement from the uniformed services.

We are sensitive to the Subcommittee's efforts to reduce the frequency of PCS moves. But we cannot avoid requiring members to make regular relocations, with all the attendant disruptions in their children's education and their spouses' career progression. The Coalition believes strongly

that the Nation that requires military families to incur these disruptions should not be requiring them to bear the resulting high expenses out of their own pockets.

***The Military Coalition supports upgrading permanent change-of-station allowances to reflect the expenses members are forced to incur in complying with government-directed relocations.***

**Dependent Education Needs.** Quality education is an instrumental retention tool for DoD – we recruit the member, but retain the family. However, many ongoing initiatives – housing privatization, Service transformation, overseas rebasing, and BRAC – will have a direct impact on the surrounding communities that provide educational programs for our military families. A positive step in the right direction is reflected by the Subcommittee’s efforts in the 2006 NDAA that provided increased Impact Aid funding for highly impacted school districts with significant military student enrollment.

***The Coalition urges the Subcommittee to continue its priority on mitigating adverse effects of government decisions on military children’s education.***

Affordability of children’s college education is a critical issue for military families. This is of particular importance for members whose frequent moves cause difficulties in satisfying eligibility requirements for graduation and in-state tuition rates. Some states, but not all, authorize in-state tuition eligibility for servicemembers assigned within the state. A smaller number allows continuation of such eligibility for already enrolled children after the member is reassigned out of the state, recognizing the difficulty of completing a degree during one military assignment. Graduation requirements also vary greatly by state-by-state. Military children or family members often must repeat course work and incur additional costs because school credits do not transfer to another state.

***The Coalition urges the Subcommittee to support nationwide in-state tuition eligibility for service families in the state in which the member is assigned or the member’s home state of record, and continuity of in-state tuition once established for a military student.***

***The Coalition also urges support of a nationwide reciprocity standard to allow full transfer of school credits for graduation requirements for service and family members.***

***The Coalition continues to believe that it would be a powerful career retention incentive to authorize transferability of at least a portion of MGIB benefits to family members for long-serving members who agree to complete a military career.***

**Montgomery GI Bill (MGIB).** Military transformation and rising pressures on the total force point to the need to restructure the MGIB, which Congress intended to support military recruitment as well as transition. The Coalition notes with appreciation that Congress has enacted increases to MGIB benefits for active duty recruits and authorized full access to these benefits during active duty.

However, the "laptop generation" of active duty troops gets reduced MGIB benefits compared to veterans, if they use them on active duty. Fixing this could stimulate greater retention. Moreover, double-digit education inflation is dramatically diminishing the value of MGIB. Despite recent increases, MGIB benefits fall well short of the actual cost of education at a four-year public college

or university. In addition, approximately 63,000 career servicemembers who entered service during the "VEAP" era but declined to enroll in that program (in many cases, on the advice of government education officials) have been denied a MGIB enrollment opportunity.

*The Coalition urges the Subcommittee's support for a 21<sup>st</sup> Century MGIB, with benefit amounts indexed to the cost of a four-year education at a public institution, and no reduction in benefits for education obtained while on active duty.*

### **GUARD AND RESERVE ISSUES**

More than a half a million members of the National Guard and Reserve have been mobilized since September 11, 2001, and many thousands more are in the activation pipeline. Today, they face the same challenges as their active counterparts, with a deployment pace greater than at any time since World War II.

Guard/Reserve operational tempo has placed enormous strains on Reservists, their family members, and their civilian employers that were never anticipated by the designers of Guard and Reserve personnel and compensation programs.

The Coalition fully supports the prominent role of the Guard and Reserve forces in the national security equation. However, many Guard and Reserve members are facing increased family stresses and financial burdens under the current policy of multiple extended activations over the course of a Reserve career. Many Reserve component leaders are rightly alarmed over likely manpower losses if action is not taken to relieve pressures on Guard and Reserve troops.

The Coalition believes it is essential to substantively address critical Guard and Reserve personnel, pay, and benefits issues – along with active duty manpower increases – to alleviate those pressures and help retain these qualified, trained professionals.

The Coalition greatly appreciates this Subcommittee's effort to address several Guard and Reserve priorities with the FY 2006 NDAA. Specifically, the Coalition commends the Subcommittee for implementing limited income replacement authority for mobilized members and extending fee-based TRICARE eligibility to all drilling Guard and Reserve members. Still, we believe that more must be done to ensure that Guard and Reserve members' and their families' readiness remains a viable part of our National Security Strategy. It is clear that our country is absolutely dependent on these valuable members of our national military team to meet ongoing readiness requirements.

**Guard/Reserve Retirement Age.** The fundamental assumption for the Reserve retirement system established in 1947 is that a Reservist has a primary career in the civilian sector. But it's past time to recognize that greatly increased military service demands over the last dozen years have cost tens of thousands of Reservists significantly in terms of their civilian retirement accrual, civilian 401(k) contributions, and civilian job promotions.

DoD routinely relies on the capabilities of the Reserve forces across the entire spectrum of conflict from homeland security to overseas deployments and ground combat. This reliance is not just a trend – it's a central fixture in the national security strategy. DoD, however, has shown little interest adjusting the reserve compensation package to acknowledge this long-term civilian

compensation cost to Guard and Reserve members. Inevitably, civilian career potential and retirement plans will be hurt by frequent and lengthy activations.

The time has come to recognize the reserve retirement system must be adjusted to sustain its value as a complement to civilian retirement programs. The future financial penalties of increased military service requirements are clear, and should not be ignored by the government that imposes them. Failing to acknowledge and respond to the changed environment could have far-reaching, catastrophic effects on reserve participation and career retention.

***The Military Coalition urges Congress to reduce the age when a Guard and Reserve member is eligible for retirement pay, particularly for those members who have experienced extended mobilizations.***

**Transition Assistance Services and Protections.** Congressional hearings and media reports have documented that many of the half-million mobilized Guard and Reserve members have not received the transition services they and their families need to make a successful readjustment to civilian status. Needed improvements include, but are not limited to, the following:

- Funding to develop tailored Transition Assistance Program (TAP) services in the hometown area following release from active duty
- Expansion of VA outreach to provide "benefits delivery at discharge" in the hometown setting
- Authority for mobilized Guard and Reserve members to file "Flexible Spending Account" claims with a civilian employer for a prior reporting year after return from active duty
- Authority for employers and employees to contribute to 401(k) and 403(b) accounts during mobilization
- Enactment of academic protections for mobilized Guard and Reserve students, such as academic standing and refund guarantees and exemption from making Federal student loan payments during activation
- Automatic waivers on scheduled licensing/certification/promotion exams scheduled during a mobilization
- Reemployment rights protection for Guard and Reserve spouses who must suspend employment to care for children during mobilization
- Stronger credit protections under the Servicemembers Civil Relief Act

***TMC urges funding of tailored 'TAP' services and enactment of stronger economic, financial, academic, health and legal protections for Guard and Reserve members and their families.***

**"Total Force" Montgomery GI Bill.** The nation's active duty, National Guard and Reserve forces are operationally integrated under the Total Force policy. But educational benefits under the MGIB neither reflect that policy nor match benefits to service commitment. TMC is grateful to Congress

for significant increases in active duty MGIB benefits enacted prior to 9/11, but little has been done since then.

For the first 15 years of the MGIB, Reserve MGIB benefits (Chapter 1606, Title 10 USC) maintained almost 50% parity with active duty MGIB benefits. Slippage from the 50% level began following the September 11, 2001 attacks. Today the Guard and Reserve MGIB pays less than 29% of the active duty program. Congress attempted to address the gap by authorizing a new MGIB program (Chapter 1607, Title 10 USC) for Guard and Reserve servicemembers mobilized for more than 90 days in a contingency operation. More than a year after the law was changed, the new "1607" program still has not been implemented. Further, there is no readjustment benefit for MGIB benefits earned by mobilized Reservists. If the benefit is not used during the period of their Reserve service, it is lost. This is a non-benefit at best, and false advertising at worst, when members are effectively precluded from using their MGIB entitlement because of repeated mobilizations.

A "total force" MGIB program is needed to integrate all components of the MGIB under Title 38, benchmark benefits to the average cost of a public college education, and provide equity of benefits for service rendered. A total force approach to the MGIB will better support active and Reserve recruitment programs, readjustment to civilian life and administration of the program.

***TMC supports the integration of all elements of the MGIB under Title 38, restoring benefit rates commensurate with service performed, and a post-service eligibility period for Selected Reserve members.***

**Guard and Reserve Family Support Programs.** The increase in Guard and Reserve operational tempo is taking a toll on the families of these servicemembers. These families are routinely called upon to make more and more sacrifices as the global war on terror continues. Reserve component families live in communities throughout the Nation, and most of these communities are not close to military installations. These families face unique challenges in the absence of mobilized members, since they don't have access to traditional family support services enjoyed by active duty members on military installations.

Providing a core set of family programs and benefits that meet the unique needs of these families is essential to meeting family readiness challenges. These programs would promote better communication with servicemembers, specialized support for geographically separated Guard and Reserve families, and training (and back-up) for family readiness volunteers. Such access would include:

- Web-based programs and employee assistance programs such as Military OneSource and GuardFamily.org;
- Enforcement of command responsibility for ensuring that programs are in place to meet the special information and support needs of families of individual augmentees or those who are geographically dispersed
- Expanded programs between military and community religious leaders to support servicemembers and families during all phases of deployments

- The availability of robust preventive counseling services for servicemembers and families and training so they know when to seek professional help related to their circumstances
- Enhanced education for Guard and Reserve family members about their rights and benefits
- Innovative and effective ways to meet the Guard and Reserve community's needs for occasional child care, particularly for preventive respite care, volunteering, and family readiness group meetings and drill time
- A joint family readiness program to facilitate understanding and sharing of information between all family members, no matter what the service

***TMC urges Congress to continue and expand its emphasis on providing consistent funding and increased outreach to connect Guard and Reserve families with these support programs.***

### **OVERSEAS REBASING, BASE REALIGNMENT AND CLOSURE (BRAC) ISSUES**

Thousands military members and families will be under great stress in the months and years ahead as a result of rebasing, closure, and transformation actions. But the impact extends beyond the active duty personnel currently assigned to the affected installations. The entire local community – school districts, chambers of commerce, Guard/Reserve, retirees, survivors, civil servants, and others – experiences the traumatic impact of a rebasing or closure action. Jobs are lost or transferred, installation support facilities are closed, and beneficiaries who relied on the base for support are forced to search elsewhere.

The Coalition urges the Subcommittee to ensure rebasing plans are not executed without ensuring full support is available to families as long as they are present at losing installations and before they arrive at gaining installations. The critical family support/quality of life programs include MWR, childcare, exchanges and commissaries, housing, health care, education, family centers, and other traditional support programs.

The Coalition will actively be engaged in ensuring the implementations of the 2005 BRAC recommendations, Service transformation initiatives, Global Repositioning, and Army modularity initiatives not only take each beneficiary community into consideration, but also to advocate for beneficiaries significantly impacted by these initiatives.

***The Military Coalition urges the Subcommittee to monitor the implementation of rebasing, BRAC, and Service Transformation initiatives to ensure protection of support services for all military members and their families.***

### **SURVIVOR PROGRAM ISSUES**

The Coalition thanks the Subcommittee for past support of improvements to the Survivor Benefit Plan (SBP), especially the FY 2005 Defense Authorization Act provision that will phase out the SBP age-62 benefit reduction in the next two years. This victory for military survivors is a major step forward in addressing long-standing survivor benefits inequities.

But two serious SBP inequities remain to be addressed and the Coalition hopes that this year the Subcommittee will be able to support ending the SBP-DIC offset and moving up the effective date for paid-up SBP to October 1, 2006.

**SBP-DIC Offset.** The Coalition was extremely disappointed that House and Senate conferees failed to make at least some progress in the FY2006 Defense Authorization Act to ease the unfair law that reduces military Survivor Benefit Plan (SBP) annuities by the amount of any survivor benefits payable from the VA Dependency and Indemnity Compensation (DIC) program.

Under current law, the surviving spouse of a retired member who dies of a service-connected cause is entitled to DIC from the Department of Veterans Affairs. If the military retiree was also enrolled in SBP, the surviving spouse's SBP benefits are reduced by the amount of DIC (about \$1,000 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The offset also affects all survivors of members who are killed on active duty. There are approximately 60,000 military widows/widowers affected by the DIC offset.

The Coalition believes SBP and DIC payments are paid for different reasons. SBP is 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 premature death. In such cases, the VA indemnity compensation should be added to the SBP the retiree paid for, not substituted for it. It's also noteworthy as a matter of equity that surviving spouses of federal civilian retirees who are disabled veterans and die of military-service-connected causes can receive DIC without losing any of their purchased federal civilian SBP benefits.

In the case of members killed on active duty, a surviving spouse with children can avoid the dollar-for-dollar offset only by assigning SBP to the children. But that forces the spouse to give up any SBP claim after the children attain their majority – leaving the spouse with only a \$1,000 monthly annuity from the VA. Military members whose service costs them their lives deserve fairer compensation for their surviving spouses.

*The Military Coalition strongly supports legislation to repeal the SBP-DIC offset introduced by Sen. Nelson (D-FL) (S. 185) and Rep. Brown (R-SC) (H.R. 808), respectively. Enactment remains a top Coalition goal for 2006.*

**30-Year Paid-Up SBP.** Congress approved a provision in the FY 1999 Defense Authorization Act authorizing retired members who had attained age 70 and paid SBP premiums for at least 30 years to enter "paid-up SBP" status, whereby they would stop paying any further premiums while retaining full SBP coverage for their survivors in the event of their death. Because of cost considerations, the effective date of the provision was delayed until October 1, 2008.

As a practical matter, this means that any SBP enrollee who retired on or after October 1, 1978 will enjoy the full benefit of the 30-year paid-up SBP provision. However, members who enrolled in SBP when it first became available in 1972 (and who have already been charged higher premiums than subsequent retirees) will have to continue paying premiums for up to 36 years to secure paid-up coverage.

The Military Coalition is very concerned about the delayed effective date, because the paid-up SBP proposal was initially conceived as a way to grant relief to those who have paid SBP premiums

from the beginning. Many of these members entered the program when it was far less advantageous and when premiums represented a significantly higher percentage of retired pay. In partial recognition of this problem, SBP premiums were reduced substantially in 1990, but these older members still paid the higher premiums for up to 18 years. The Coalition believes strongly that their many years of higher payments warrant at least equal treatment under the paid-up SBP option, rather than forcing them to wait four more years for relief, or as many retirees believe, waiting for them to die off.

By October 2006, a 1972 retiree already will have paid 25 percent more SBP premiums than a 1978 retiree will ever have to pay. Without legislative relief, those 1972 enrollees who survive until 2008 will have to pay 34 percent more than their 1978 counterparts.

We hope that, with only two years remaining before the change becomes law anyway, Congress will provide at least this last modest measure of relief to "Greatest Generation" retirees who already have paid far more than their fair share of SBP premiums.

***The Military Coalition recommends a two-year acceleration of the implementation date for paid-up SBP coverage, so that it takes effect on October 1, 2006.***

**Final Retired Pay Check.** The Military Coalition believes the policy requiring recovery of a deceased member's final retired pay check from his or her survivor should be changed to allow the survivor to keep the final month's retired pay payment.

Current regulations require the survivor to surrender the final month of retired pay, either by returning the outstanding paycheck or having a direct withdrawal recoupment from his or her bank account. In most cases, the latter method is used, which often imposes a sudden, severe and unexpected financial hardship on the survivor.

The Coalition believes this is an inappropriate and insensitive policy, coming at the most difficult time for a deceased member's next of kin. Unlike his or her active duty counterpart, the survivor of a retiree receives no death gratuity to assist with transition expenses. Many older retirees have been able to provide little or no financial cushion for surviving spouses in the case of a sudden demise. Very often, the surviving spouse already has had to spend the final retirement check/deposit before being notified by the military finance center that it must be returned. Then, to receive the partial month's pay of the deceased retiree up to the date of death, the spouse must file a claim for settlement – an arduous and frustrating task, at best – and wait for the military's finance center to disburse the payment. Far too often, this takes extended time and strains the surviving spouse's ability to meet the immediate financial obligations in the wake of the death of the average family's "bread winner."

***The Military Coalition urges Congress to allow survivors of retirees to retain the full month's retired pay for the month in which the retired member dies.***

### **RETIREMENT ISSUES**

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

**Concurrent Receipt.** The Military Coalition applauds the progress the Subcommittee has made in recent years to expand Combat-Related Special Compensation to all retirees with combat-related disabilities and authorize concurrent receipt of retired pay and veterans' disability compensation for retirees with disabilities of at least 50 percent.

While the concurrent receipt provisions enacted by Congress benefit tens of thousands of disabled retirees, an equal number are still excluded from the same principle that eliminates the disability offset for those with 50 percent or higher disabilities. The fiscal challenge notwithstanding, the principle behind eliminating the disability offset for those with disabilities of 50 percent is just as valid for those with 40 percent and below, and the Coalition urges the Subcommittee to be sensitive to the thousands of disabled retirees who are excluded from current provisions.

We recognized that many in Congress are looking to the Veterans Disability Benefits Commission for recommendations on this issue, and the Coalition fully expects the Commission will validate the principle that a military retiree should not forfeit any portion of earned retired pay simply because he or she also had the misfortune of incurring a service-connected disability.

But we are concerned that the recent one-year extension of the Commission's work can only delay an equitable outcome further. In the meantime, we believe action is needed on at least two critical areas on which we believe there should be little question as to their propriety. As a priority, the Coalition asks the Subcommittee to consider those who had their careers cut short solely because they became disabled by combat, or combat-related events, and were forced into medical retirement before they could complete their careers.

Under current law, a member who is shot in the finger and retires at 20 years of service with a 10-percent combat-related disability is rightly protected against having that disability compensation from his or her earned retired pay.

But a member who is shot through the spine, becomes a quadriplegic and is forced to retire with 19 years and 11 months of service, suffers full deduction of VA disability compensation from his or her retired pay. This is grossly inequitable.

For chapter 61 (disability) retirees who have more than 20 years of service, the government recognizes that part of that retired pay is earned by service, and part of it is extra compensation for the service-incurred disability. The added amount for disability is still subject to offset by any VA disability compensation, but the service-earned portion (at 2.5% of pay times years of service) is protected against such offset.

The Coalition believes strongly that a member who is forced to retire short of 20 years of service because of a combat disability must be "vested" in the service-earned share of retired pay at the same 2.5% per year of service rate as members with 20+ years of service, as envisioned in H.R. 1366. This would avoid the "all or nothing" inequity of the current 20-year threshold, while recognizing that retired pay for those with few years of service is almost all for disability rather than for service and therefore still subject to the VA offset.

***The Coalition urges the Subcommittee to expand Combat-Related Special Compensation to members who were medically compelled to retire short of 20 years of service solely because of their combat-incurred disabilities, as envisioned in H.R. 1366.***

The Coalition also believes the Subcommittee recognizes the inequity of the current situation in which members paid as 100% disabled retirees by virtue of being designated by the VA as “unemployable” face significant discrimination. For purposes of Combat-Related Special Compensation, they suffer no disability offset, but those with non-combat disabilities – alone among all other 100%-disabled retirees – must wait many more years to see this inequity end.

In the FY2006 Defense Authorization Act, Congress reduced their 10-year wait to 6 years, and the Coalition doesn’t want to appear ungrateful for that progress. However, we are extremely disappointed and perplexed that such blatant and unwarranted discrimination may be allowed to continue for three more years.

***The Coalition urges the Subcommittee to end the disability offset to retired pay immediately for otherwise-qualifying members rated as “unemployable” by the VA.***

**Former Spouse Issues.** The Military Coalition recommends corrective legislation to eliminate inequities in the Uniformed Services Former Spouse Protection Act (USFSPA) that were created through years of well-intended, piecemeal legislative action initiated outside the Subcommittee.

The Coalition supports recommendations in the Department of Defense’s September 2001 report, which responded to a request from this committee for an assessment of USFSPA inequities and recommendations for improvement. The DoD recommendations to allow the member to designate multiple survivor benefit plan beneficiaries would eliminate the current unfair restriction that denies any SBP coverage to a current spouse if a former spouse is covered, and would allow dual coverage in the same way authorized by federal civilian SBP programs.

The Coalition also supports DoD recommendations to require the Defense Finance and Accounting Service (DFAS) to make direct payments to the former spouses, regardless of length of marriage; require DFAS to deduct SBP premiums from the uniformed services retired pay awarded to a former spouse if directed by a court order; and permit a former spouse to waive SBP coverage.

Also, DoD recommends basing prospective award amounts to former spouses on the member’s grade and years of service at the time of divorce – rather than at the time of retirement. The Coalition supports this proposal, recognizing that a former spouse should not receive increased retired pay that is realized from the member’s service and promotions earned after the divorce.

The Coalition believes that, at a bare minimum, the Subcommittee should approve those initiatives that have the consensus of all military and veterans’ associations. The Coalition would be pleased to work with the Subcommittee to identify and seek consensus on other measures to ensure equity for both servicemembers and former spouses.

***The Military Coalition urges legislation to eliminate inequities in the USFSPA.***

## CONCLUSION

The Military Coalition reiterates its profound gratitude for the extraordinary progress this Subcommittee has made in advancing a wide range of personnel and health care initiatives for all uniformed services personnel and their families and survivors in recent years. The Coalition is eager to continue its work with the Subcommittee in pursuit of the goals outlined in our testimony. Thank you very much for the opportunity to present the Coalition's views on these critically important topics.

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

Steven P. Strobridge, a native of Vermont, was born April 3, 1947. A 1969 ROTC graduate from Syracuse University in Syracuse, NY, he was called to active duty in October 1969.

From October 1969 to October 1972, he served in the Air Force Basic Military School as a training officer and basic training squadron commander at Lackland AFB, TX. Beginning October 1972, he served a one-year assignment at Nakhon Phanom RTAFB, Thailand, as Supply Squadron Section Commander, then was transferred to Pope AFB, NC, for a three-year assignment as a military personnel officer.

From January 1977 to July 1981, he served at the Pentagon as a compensation and legislation analyst in the Entitlements Division of the Air Force's Directorate of Personnel Plans. While in this position, he researched and developed legislation on military pay comparability, military retirement and Survivor Benefit Plan issues.

In 1981, he attended the Armed Forces Staff College in Norfolk, VA, en route to a January 1982 transfer to Ramstein AB, Germany. Following assignments as Chief, Officer Assignments and Assistant for Senior Officer Management at HQ, U.S. Air Forces in Europe, he was selected to attend the National War College at Fort McNair, DC in 1985.

Transferred to the Office of the Secretary of Defense upon graduation in June 1986, he served as Deputy Director and then as Director, Officer and Enlisted Personnel Management. In this position, he was responsible for establishing DoD policy on military personnel promotions, utilization, retention, separation and retirement.

In June 1989, he returned to Headquarters USAF as Chief of the Entitlements Division, assuming responsibility for Air Force policy on all matters involving pay and entitlements, including the military retirement system and survivor benefits, and all legislative matters affecting active and retired military members and families.

He retired from that position on January 1, 1994 to become MOAA's Deputy Director for Government Relations.

In March 2001, he was appointed as MOAA's Director of Government Relations and also was elected Co-Chairman of The Military Coalition, an influential consortium of 35 military and veterans associations.

Colonel Strobridge's military decorations include the Defense Superior Service Medal, the Legion of Merit, the Meritorious Service Medal with two oak leaf clusters, the Air Force Commendation Medal with oak leaf cluster, and the Vietnam Campaign Medal with bronze service star.