



THE MILITARY COALITION

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July 1, 2015

The Honorable John McCain
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

The Honorable Jack Reed
Ranking Member, Committee on Armed Services
United States Senate
Washington, DC 20510

The Honorable Mac Thornberry
Chairman, Armed Service Committee
United States House of Representatives
Washington, DC 20515

The Honorable Adam Smith
Ranking Member, Armed Service Committee
United States House of Representatives
Washington, DC 20515

Dear Chairmen and Ranking Members:

The Military Coalition (TMC), a consortium of uniformed services and veterans associations representing more than 5.5 million current and former service members and their families and survivors, thank you and the Committees for your efforts to protect the interests of service members in the FY 2016 National Defense Authorization bill.

The Coalition greatly appreciates both Armed Services Committees for acting so expeditiously on the defense bill and for working on a return to regular order. We thank both the House and Senate for rejecting the consolidation of TRICARE services and a means-tested TRICARE for Life enrollment fee. The Senate's inclusion of four authorized urgent care visits will go far to improve access to care while simultaneously lowering costs to deliver that care.

Compensation and Benefits – However, still at stake are provisions that continue to erode the appropriate pay and benefits needed to sustain the all-volunteer force (AVF):

- A third straight year of capping military pay raises below private sector wage growth (with four more planned)
- A second year of reducing the commissary subsidy (with one more year planned)
- A second year of slowing the active duty basic allowance for housing (BAH)
- An additional increase in pharmacy co-pays (already tied to COLA) for the third time in four years (with an additional 9 years of increases planned)

These long-term plans repeat many of the poor cost-cutting decisions that led to the Services' retention problems they faced in the late 1990s where servicemembers endured a 13.5% pay gap as well as 20% out-of-pocket housing costs. The Coalition strongly believes we are currently on a path to undo all of Congress' hard work that many of you completed.

Retirement Reform – On a separate issue, both the House and the Senate adopted recommendations of Military Compensation and Retirement Modernization Commission accepting a hybrid retirement system. This hybrid

system will provide a retirement benefit for those who do not wish to serve 20 years or more along with financial literacy training for all service members – something that the Coalition endorses. Retirement reform is certain; however, to improve the effectiveness of the new system, we believe the conferees need to make several key improvements to the proposals under consideration. Specifically:

- Increase the multiplier to 2.5 for disability retirees
- Continue the TSP match beyond 20 years of service
- Provide a government TSP match of 5 percent
- Eliminate the COLA -1% penalty for future entrants
- Retain a minimum continuation payment while still giving the Pentagon flexibility to provide the payment between 8-16 years of service

The Coalition believes that further refinements may be necessary to incentivize careers of 20 years or more as well as adjustments to the reserve component retirement system. As an example, reservists drilling for points only may be disadvantaged due to their inability to deposit into their TSP.

The Coalition views sequestration as the biggest threat to national security. Unless Congress addresses the law, the arbitrary budget cuts threaten the very existence of the AVF.

Dedicated service personnel conduct operational missions across the globe and if we wish to retain and sustain the AVF, we must be willing to provide those serving in uniform with an adequate package recognizing their sacrifice.

The attached matrix highlights the Coalition recommendations concerning the various differences between the House-passed bill and the Senate-passed bill. Several of these differences merit special attention.

Sincerely,

The Military Coalition
(Signatures enclosed)

Attachment:
TMC Position on House and Senate Differences

cc: House and Senate Armed Services Committee Members

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

Military Coalition Letter in re: July 1, 2015