



Statement of

The Fleet Reserve Association

On Military Personnel Policy, Benefits, and Compensation

Presented to:

House Committee on Appropriations

Subcommittee on Defense

Presented by

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The FRA

“Heading to 100 Years”

The Fleet Reserve Association (FRA) is the oldest and largest organization serving enlisted men and women in the active, reserve, and retired communities plus veterans of the Navy, Marine Corps, and Coast Guard. The Association is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) and entrusted to serve all veterans who seek its help.

FRA was started 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, 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” group 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 is also a founding member of The Military Coalition (TMC), a consortium of military and veteran’s organizations. Before the pandemic FRA hosted most TMC meetings and members of its staff serve in several TMC leadership roles. The FRA Education Foundation oversees the FRA’s scholarship program that presents grants to deserving college students.

For more than 96 years, 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 Select) was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (SBP). 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 for enacted predatory lending protections and absentee voting reform for service members and their dependents. More recently the Association helped eliminate the SBP/DIC offset for widows and widowers. FRA also played a leading role in repealing law requiring retirees to get a one-percent reduction in their annual cost-of-living-adjustment (COLA) until they reach age 62.

FRA’s motto is: “Loyalty, Protection, and Service.”

Introduction

Mr. Chairman, the Fleet Reserve Association salutes you, members of the Subcommittee, and your staff for the strong and unwavering support of funding essential programs for active duty, Reserve Component, and retired members of the uniformed services, their families, and survivors. The Subcommittee's work in funding important programs 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 funding is critical in maintaining readiness and is invaluable to our Armed Forces engaged in a long and protracted two front war, sustaining other operational commitments and fulfilling commitments to those who've served in the past. But more still needs to be done. A constant high priority for FRA is full funding of the Defense Health Agency (DHA) to ensure quality care for active duty, retirees, Reservists, and their families.

Healthcare Challenges

FRA is thankful the Biden Administration's FY 2022 budget outline does not include a TRICARE fee increase. Some on Capitol Hill have argued that military retirees are using TRICARE at levels that exceed the original design of the program. Although, no legislation increasing fees has been introduced, The Association signed onto a joint letter to the newly confirmed Secretary of Defense urging him not to include a TRICARE fee increase. He responded that he does not anticipate the need to ask for a TRICARE fee increase. The Association wants to ensure adequate funding and staffing for the Defense Health Agency (DHA) in order to meet readiness needs, fully fund TRICARE, and improve access and awareness of benefits for all beneficiaries regardless of age, status or location, including Reservists participating in TRICARE Reserve Select, TRICARE Retired Reserve, and Individual Ready Reserve personnel.

The Association argues that the military vs. civilian healthcare fees comparison is an "Apples to Oranges" comparison. This comparison ignores the most of the great price career military

members and families pay for their health care coverage in retirement. The healthcare coverage is the primary offset provided uniformed service members for enduring a career of unique and extraordinary sacrifices that few Americans are willing for one year, let alone 20 or 30 years. The retiree health care coverage is an unusual and essential compensation package of a grateful nation provides to the small fraction of the population who agree to subordinate their personal and family lives to protecting our national interests for so many years. Healthcare is one of the most important elements of the military compensation and a key to retention and recruitment.

After two decades of extraordinary challenges on the all-volunteer force, the group that joined after the September 11, 2001 will have served their entire careers during wartime is approaching retirement. At the same time, TRICARE fee increases have diminished the value of the healthcare benefit, particularly for retirees. As a result of numerous changes enacted with the FY 2017 NDAA, beneficiaries have faced a series of out-of-pocket cost increases. In 2018, copays for outpatient visits more than doubled. In 2018 and 2020, pharmacy copays increased, and biennial pharmacy copay hikes are programmed in statute through 2027. As of January 2021, Group A retirees on TRICARE Select have a higher catastrophic cap and a new annual enrollment fee. Please fulfill obligations to service members, retirees, their families, and survivors by providing adequate funding and staffing for the Defense Health Agency (DHA) in order to meet readiness needs, fully fund TRICARE, and improve access and awareness of benefits for all beneficiaries regardless of age, status or location, including Reservists participating in TRICARE Reserve Select, TRICARE Retired Reserve, and Individual Ready Reserve personnel.

Seamless Electronic Health Record

FRA wants to ensure adequate funding for DoD and VA health care resource sharing in delivering seamless, cost effective, quality services to personnel wounded in combat and other veterans and their families. The Association believes Congressional oversight of ongoing implementation of Defense and Department of Veterans Affairs (VA) technology upgrades is vital to ensuring improvements to the Electronic Health Record (EHR) system for both VA and DoD.

Some members of Congress have expressed concern about the cost. While the EHR modernization effort is necessary, it is very expensive, and a long time to implement (10 years). A Senator at an oversight hearing (Sen. MilCon/VA-Feb. 2019) expressed concern that the system could be outdated by the time it is fully implemented. The cost and the long time for implementation notwithstanding, FRA believes there is tremendous opportunity with the two departments using the same EHR.

Retirement Issues

Concurrent Receipt Reform and Funding

FRA's recent (December 2020/January 2021) survey indicates that nearly 68 percent of military retirees cite concurrent receipt as "very important." FRA supports legislation authorizing the immediate payment of concurrent receipt of *full* military retired pay and veterans' disability compensation for *all* disabled retirees, including medically retired service members with less than 20 years of service, and urges this subcommittee to adequately fund this benefit if expansion of concurrent receipt is authorized. Concurrent receipt refers to the simultaneous receipt of two types of monetary benefits: military retired pay and Department of Veterans Affairs (VA) disability compensation. There are two types of concurrent receipt. CRSC (Combat Related Special Compensation) is paid to military retirees who have a combat-related disability and CRDP (Concurrent Retirement and Disability Pay).

The Association supports legislation to expand concurrent receipt has been introduced in the House and Senate. Rep. Gus Bilirakis (FL) has introduced legislation (H.R. 303) that extends Concurrent Retirement and Disability Payments (CRDP) eligibility to retirees rated less than 50 percent disabled, and Senator Jon Tester (Mt.) has introduced a similar bill (S. 1147) in the Senate. Rep. Sanford Bishop (GA) has introduced the "Disabled Veterans Tax Termination Act" (H.R. 333) that is comprehensive concurrent receipt legislation that includes the elements of H.R. 303 and would also give concurrent receipt to all Chapter 61 retirees with less than 20 years of service. Rep. Bilirakis (FL) and Senator Jon Tester (MT) have introduced the "Major Richard Star Act" (H.R. 1282 /S. 344 respectively) that expands concurrent receipt to include Combat

Related Special Compensation (CRSC) beneficiaries who are medically retired with less than 20 years of service.

Active Duty/Reserve Issues

Housing Oversight and Funding

FRA strongly urges this Subcommittee to consider additional funding to improve military housing. News reports on privatized military housing condition paints a picture of horrific inexcusable living situations confronting military families. Although Congress took measures to rectify the situation within FY2020 NDAA (S.1790) with an addition of the tenant bill of rights, Implementation has been slow.

FRA is thankful that two subcommittees (Readiness and Military Personnel) of the House Armed Services Committee (HASC) held a joint oversight hearing on implementation of housing reform provisions (Tenant's Bill of Rights) in the FY 2020 National Defense Authorization Act (NDAA) and the frustration on the slow progress on implementation by private military housing companies.

Readiness Subcommittee Chairman Rep. John Garamendi (CA) said "I want to make sure the base commanders are held responsible for the well-being of all personnel on their base."

Garamendi pledged to include provisions in the upcoming FY 2022 National Defense Authorization Act to ensure service members and their families have safe and clean housing. Military Personnel Subcommittee Chairwoman Rep. Jackie Speier (CA) said some of the companies have failed their primary responsibility to provide personnel with safe and secure housing.

Privatization of military housing began in 1996 with the Military Housing Privatization Initiative (MHPI). Since then, private companies manage, repair, renovate, construct, and operate base housing. Some military families claim that there is little to no accountability or oversight of these companies. FRA will work to ensure service members and their families have safe, quality homes and communities. The Association is supporting an increase in the accountability of privatized housing companies by putting more oversight authority in the hands of local military leaders.

Active Duty Pay and BAH

FRA is thankful that the Biden Administration's budget outline provides for a pay increase that keeps pace with civilian pay increases. A top priority of FRA is to secure annual active duty pay increases that are *at least* equal to the Employment Cost Index (ECI) to at least keep pace with the private sector pay. The recent (January/February) online benefit survey of active-duty members indicated that more than 78 percent see the threat of cuts to future pay increases as "Very important" (the highest rating).

Our Nation is still at war and there is no more critical morale issue for active-duty warriors than adequate pay. It should be remembered that the Obama administration provided an annual pay increase 0.5 percent below the Employment Cost Index four times. That is why FRA will support annual active duty pay increases that are *at least* equal the ECI, and urges the Subcommittee to provide adequate funding for additional pay.

The Association believes that the DoD should provide dislocation allowance for separating and retiring service members, especially those that are separating at the convenience of the government. Moving household goods on government orders can be costly. Active-duty personnel endure a number of PCS moves during a career in uniform. Each move requires additional expenses for relocating and establishing a new home.

Retiring personnel are not currently entitled to a dislocation allowance despite the fact that his or her orders can be construed as a permanent change of station that reflect a management decision to order the member's retirement or transfer. Assuming the member is moving to a new location, the retiring service member will face the same expenses as if transferring to a new duty station.

FRA strongly opposes cuts to Basic Allowance for Housing (BAH) payments and wants to restore BAH to 100 percent of housing costs from the current 95 percent and provide the additional funding.

The Association wants to ensure adequate funding of the Transition and Relocation Assistance Programs, and authorization of increased PCS mileage rates and higher household goods weight limits for senior enlisted personnel. Also, Congress should provide compensation for shipment of a second POV for accompanied overseas assignments.

Childcare Accessibility

FRA supports increased funding for Childcare Development Centers at military installations and availability of 24-hour day care. It is often said that the individual joins the military, but the family re-enlists. Accessible and affordable childcare is a critical factor in retention and recruitment.

The most recent Military Family Lifestyle Survey (MFLS) indicates that 27 percent of active duty with children said childcare is their top stressor in their life, and 58 percent reported they are not always able to find childcare that worked for their situation. The survey shows that 24 percent of spouses who wanted to work or needed work were not doing so due to long childcare waitlists. Additionally, 44 percent of unemployed spouses with children reported affordable childcare as a barrier to employment. First launched in 2009, the MFLS provides a yearly snapshot of the state of military families, offering crucial insight and data to help inform policymakers. The FRA 2021 Survey of Military and Veterans Benefits indicates that 75 percent of active-duty members rate availability of childcare as very important (the highest rating).

Women's Issues

FRA supports the "Justice for Women Veterans Act," (H.R. 2385), sponsored by Congresswoman Julia Brownley (CA), which would require the Government Accountability Office (GAO) to study the involuntary discharges of women from the Armed Forces between 1951 and 1976. The study would identify any irregularities in discharges that may have left these women without the veterans' benefits that they earned. The study would also make recommendations to restore those benefits.

The study is being requested because President Truman in 1951 signed Executive Order 10240, which granted the Armed Forces authority to involuntarily discharge a woman if she became pregnant, gave birth to a child, or became a parent by adoption or as a stepparent. In response, the Armed Forces systematically discharged thousands of women who became pregnant, regardless of whether the pregnancy was planned, unplanned, or the result of sexual violence. Further, the federal government did not provide separation benefits, counseling, or assistance to these women, who were involuntarily discharged. Between 1951 and 1976, thousands of women

serving in uniform were summarily dismissed under this discriminatory policy. In 1976, the policy was rescinded after it was ruled as unconstitutional by a Federal court.

This bill would require GAO to conduct a study of women who were involuntarily discharged from the Armed Forces due to pregnancy or parenthood during the period of 1951 to 1976, to identify the scope of the impact of the policy, including disproportionate impact by race and ethnicity. If authorized FRA would urge additional funding to compensate these women.

FRA is also supporting the “Equal Pay for Servicewomen Act” sponsored by Congresswomen Julia Brownley (CA), Jackie Speier (CA), and Elise Stefanik (NY) which would direct the DoD to ensure gender equity in the cost of uniforms, a measure that ensures equal pay for all who serve in our nation’s military. If the bill is enacted this Subcommittee should ensure adequate funding to provide gender parity for cost of uniforms.

Survivor Issues

FRA is grateful that the Congress repealed the SBP/DIC offset also known as the “Military Widows Tax,” and urges this Subcommittee to ensure additional funding for this improvement.

Allow Survivors to Draw Full Month's Retired Pay for Month in Which Retirees Die

FRA supports the retention of the full final month’s retired pay by the surviving spouse (or other designated survivor) of a military retiree for the month in which the member was alive for at least 24 hours. FRA strongly supports “The Military Retiree Survivor Comfort Act”, sponsored by Sens. Rob Portman (OH) and Elizabeth Warren (MA), and the House companion bill (H.R. 2214) sponsored by John Garamendi (CA) that achieves this goal.

This proposal is in response to complaints from surviving spouses who were unaware that the Defense Finance and Accounting Service (DFAS) should be notified immediately on the death of the military retiree. Those who had joint bank accounts, in which retirement payments were made electronically, gave little if any thought that DFAS could swoop down on the joint account

and recoup any overpayments of retirement pay. This action could easily clear the account of any funds remaining whether they were retirement payments or money from other sources.

Current regulations require survivors of deceased military retirees to return any retirement payment received in the month the retiree passes away or any subsequent month thereafter. Upon the demise of a retired service member in receipt of military retired pay, the surviving spouse is to notify DoD of the death. DFAS then stops payment on the retirement account, recalculates the final payment to cover only the days in the month the retiree was alive, forwards a check for those days to the surviving spouse (beneficiary) and, if not reported in a timely manner, recoups any over payment(s) made for periods subsequent to the retiree's death. The recouping is made without consideration of the survivor's financial status.

To offset the cost, if the spouse is entitled to survivor benefit annuities (SBP) on the retiree's death, there will be pay back over 12 months as a deduction from the SBP payment. The Secretary of Defense has the option to waive recouping the overpayment.

The measure is related to a similar pay policy enacted by the VA. Congress passed a law in 1996 that allows a surviving spouse to retain the veteran's disability and VA pension payments issued for the month of the veteran's death. FRA believes military retired pay should be no different.

Increase DIC Payments

Senate Veterans' Affairs Committee Chairman Jon Tester (Mont.) and Senator John Boozman (Ark.) have introduced legislation to adjust monthly benefits for family members and survivors of veterans who lost their lives in service to our country.

The Caring for Survivors Act (S. 976) seeks to increase payments to Dependency and Indemnity Compensation (DIC) recipients currently 43 percent of retired pay, to be equal with payments to surviving spouses of other Federal employees (55 percent). The rate of compensation paid to survivors of service members who die in the line of duty—or veterans who die from service-related injuries or diseases—has been minimally adjusted since its establishment in 1993. DIC payments currently lag behind other programs payments by 12 percent.

Under current law, the DIC restricts benefits for survivors if the veteran was disabled for less than ten years before his or her death. This legislation would reduce the timeframe a veteran

need to be rated totally disabled from ten to five years—broadening eligibility to more survivors. If enacted this Subcommittee should provide additional funding for the DIC program.

CONCLUSION

FRA is grateful for the opportunity to present these funding recommendations to this distinguished Subcommittee. The Association reiterates its profound gratitude for the extraordinary progress this Subcommittee has made in funding 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 submit the FRA' views on these critically important topics.

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