



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

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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.

In 2016, FRA membership overwhelmingly approved the establishment of the Fleet Reserve Association Veterans Service Foundation (VSAF). The main strategy for the VSAF is to improve and grow the FRA Veterans Service Officers (VSO) program.

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

Introduction

Subcommittee Chairwoman Kirsten Gillibrand and Ranking Member Thom Tillis, the FRA salutes you, members of the Subcommittee, and staff for the strong support of programs essential to active duty, Reserve Component, and retired members of the uniformed services, their families, and survivors. The Subcommittee's work has greatly enhanced care and support for our wounded warriors and significantly improved military pay, and other benefits and enhanced other personnel, retirement and survivor programs. This support is critical in maintaining readiness and is invaluable to our uniformed services serving throughout the world.

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 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 refraining from further TRICARE fee increases beyond CPI indexed to COLA increases.

Repeal TRICARE Select Fees

FRA supports the bipartisan legislation to eliminate TRICARE Select enrollment fees for retirees who retired prior to 2018. The “TRICARE Select Restoration Act” (S. 625) would eliminate enrollment fees for retired beneficiaries using TRICARE Select, ensuring that these retirees are not subject to these burdensome costs. FRA strongly opposed the new TRICARE Select enrollment fee in 2016 when it was added to the FY 2017 National Defense Authorization Act (NDAA) as part of military health system reform, because it diminishes the earned health care benefit for military retirees.

On January 1, 2021, enrollment fees for TRICARE Select beneficiaries went into effect, increasing the financial burden on countless military retirees. Under this law, beneficiaries who retired before January 1, 2018, are subject to health care enrollment fees under TRICARE Select health plans.

Seamless Electronic Health Record

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. 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.

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

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. 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.

Repeal 180-day Delay for Retirees

FRA supports repeal of the requirement for those retiring from military service to wait 180 days before entering DoD civil service General Schedule (GS) positions of GS 13 and below. The Association supported the provision in the FY 2021 NDAA to provide a temporary repeal with a 3-year pilot program for depots and industrial activities. While this is a first step, there is more work to be done.

The 180-day time restriction forces many who wish to continue national service towards other careers. Although DoD has the authority to grant waivers to this rule, the average processing time for the legacy personnel system is 6 months to approve a waiver. The 180-day waiting period has resulted in a talent management problem for hiring officials who are grappling with an antiquated hiring process that takes too long to hire a qualified candidate with a current security clearance. It is also an injustice for military retirees to apply for a GS position, only to discover they are automatically screened out of the candidate pool.

No Cuts to COLA

FRA will fight efforts to reduce military retired or retainer pay and ensure equitable cost-of-living adjustments (COLAs) for all military retirees commensurate with their service and sacrifices. FRA will advocate for rounding up to the next dollar for retired pay and other benefits.

The Department of Labor’s Consumer Price Index (CPI) is used to determine annual COLAs for various benefit programs. Some have called for swapping the CPI with the so-called “chained CPI” that considers the effect of substitutions that consumers make in response to changes in prices. That change over time would have a significant impact on the annual COLAs for military

retirees and on veterans' benefits. the Association opposes the Chained CPI and is committed to ensuring equitable COLAs for military retiree's retainer pay, veterans disability compensation, dependency and indemnity compensation for surviving spouses and children.

Blended Retirement System

The Association rejects any initiatives to "civilianize" the military retirement system without adequate consideration of the unique and extraordinary demands and sacrifices inherent in a military vice a civilian career. That is why FRA opposed the enactment of Blended Retirement System (BRS). FRA wants to ensure the Defense Department implements a high-quality education program that assists members under the new system in developing prudent investment strategies. Military spouses should be included as fully as possible in the BRS education program.

USFSPA Reform

The Fleet Reserve Association (FRA) is thankful for the improvements to the Uniform Services Former Spouses Protection Act (USFSPA) contained in the FY 2017 National Defense Authorization Act (NDAA-S. 2943-P.L. 114-328). The changes base former spouse award on member's grade/years of service at the time of divorce (and not retirement). The Association believes these changes were a step in the right direction and continues to advocate for hearings and additional legislation addressing the other inequities of the USFSPA. The Association believes that this law should be more balanced in its protection for both the service member and the former spouse.

Major problems with the USFSPA, are that few provisions protect the rights of the service member and none are enforceable by the Department of Justice or DoD. If a State court violates the right of the service member under this Act, the Solicitor General will make no move to reverse the error. Why? Because the Act fails to have the enforceable language required for Justice or the DoD to react. The only recourse is for the service member to appeal to the court, which in many cases gives that court jurisdiction over the member. Another infraction is committed by some State courts awarding a percentage of veterans' compensation to ex-spouses, a clear violation of U.S. law; yet the Federal government does nothing to stop this transgression.

Congress needs to review the Act with the intent to protect service members against State courts that ignore provisions of the law.

Active Duty/Reserve Issues

Housing Oversight

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.

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. Further the Association wants to reform enlisted housing standards by allowing E-7s and above to reside in separate homes, track BAH to ensure it is commensurate with actual housing costs, ensure adequate housing inventory, and that housing privatization programs are beneficial to service members and their families.

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.

TRICARE Fairness for Reserve Component

FRA is supporting the “TRICARE Fairness for National Guard and Reserve Retirees Act” S. 829), introduced by Sens. Rob Portman (Ohio) and Elizabeth Warren (Mass.) and the House companion bill (H.R. 1997), introduced by Reps. Bill Johnson (Ohio) and Dean Phillips (Minn.) would ensure these “gray area” retirees who qualify for retirement pay before age 60 are eligible for the TRICARE retiree benefit. Under current law, gray area retirees who want TRICARE coverage must purchase TRICARE Retired Reserve (TRR), an expensive premium-based plan, even if they are receiving retired pay.

Currently, Reserve Component retirees under age 60 are not eligible for the TRICARE retiree benefit even if they are receiving retirement pay. This legislation addresses this inequity in Reserve Component compensation by extending the TRICARE retiree health care benefit to Reserve Component retirees receiving early retirement pay. Reserve Component members who have earned early retirement pay through deployment credits should receive the full retirement package, including health care coverage.

Childcare Accessibility

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).

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.

SCRA and USERRA Enforcement

FRA wants to ensure that the Servicemembers Civil Relief Act (SCRA) is enforced by regulatory agencies, including the Consumer Financial Protection Bureau (CFPB), Office of Military Affairs and wants to ensure that active-duty personnel are protected from predatory lenders. Congress should make mandatory arbitration agreements in financial contracts unenforceable.

FRA supports the “Protecting the Employment Rights of Service Members Act” (PERSA- H.R. 2195) sponsored by Rep. David Cicilline (RI). This important, bipartisan bill ensures our service members can enforce their rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

USERRA prohibits discrimination based on Reserve and National Guard military service and states they are entitled to the reemployment rights and benefits of their civilian job after serving in the military. Returning service members must be promptly reemployed as if they had they not been absent for military service. If an employer does not offer the same pay, benefits, or status when a service member returns from duty, USERRA allows the service member to hold the employer accountable for these violations in court.

However, some service members have been unable to exercise their USERRA rights due to increased use of forced arbitration clauses hidden in the fine print of employment contracts and personnel policies. Usually presented on a take-it-or-leave-it basis, these clauses preclude access to the judicial system. Instead of an unbiased review of their case, service members are forced into private arbitration systems set up by the very employer they are bringing charges against. PERSA gives service members the ability to pursue USERRA claims in court while preserving the option to enter into an arbitration agreement after a dispute arises. FRA wants to eliminate discrimination against uniformed service members in employment by ensuring enforcement of USERRA.

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.

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. The bill would incorporate the four legislative recommendations of a recent Government Accountability Office (GAO 21-120) report on the parity of military uniform costs. The recommendations direct DoD to:

1. Develop consistent criteria for determining which uniform items are considered “uniquely military,” to reduce differences in out-of-pocket uniform costs across services and by gender;
2. Periodically review the items included in the services’ calculation of standard cash clothing replacement allowances for enlisted servicemembers to ensure consistency and address out-of-pocket cost differences across services and by gender;
3. Forward plans submitted pursuant to the first two recommendations to the Under Secretary of Defense for Personnel and Readiness for review; and
4. Review military service plans for changing uniform items to determine any potential out-of-pocket cost differences among the services or among genders within a service that may result, and to make any needed adjustments to ensure equity.

The FY 2020 National Defense Authorization Act directed the Government Accountability Office (GAO) to analyze gender disparities in out-of-pocket uniform costs for men and women servicemembers. The GAO report compare out-of-pocket uniform costs for men and women servicemembers in each of the Services of the Armed Forces, as well as past required uniform changes that have affected one gender more than the other. This language was retained in the final agreement, which was signed into law.

In February 2021, the Government Accountability Office released the required report which found that across all branches of service and ranks, women in the military pay several times more than men in out-of-pocket costs for uniforms, a violation of DoD’s principles of equal pay for equal work. In addition, DoD does not collect uniform data for officers because officers pay for their uniforms out-of-pocket. However, in the last 10 years, the services have made 18 changes to uniforms that disproportionately increased out-of-pocket costs for female officers. Because these disparities add up to hundreds or thousands of dollars over time, women are being paid less than men across the military.

Support Coast Guard Commandant on Joint Chiefs of Staff

FRA supports H.R. 2136, sponsored by Reps. Charlie Crist (Fla.) and Steven Palazzo (Miss.) to promote the Commandant of the Coast Guard to a full voting member of the Joint Chiefs of Staff (JCS).

The Joint Chiefs of Staff includes the most senior uniformed officers within the Department of Defense and advises the President, Secretary of Defense, and the Homeland and National Security Councils on all military matters. Currently, JCS includes six military service chiefs – the Army, Navy, Air Force, Marine Corps, National Guard, and Space Force. Despite also being a military service and having the same rank and privileges as other armed services, the Commandant of the Coast Guard is only considered a de facto member of the Joint Chiefs, potentially leaving out the Coast Guard’s unique perspective on national security concerns. Including the Coast Guard Commandant as a full voting member of the Joint Chiefs will reinforce the value of the Coast Guard to our national defense and bring the Coast Guard in-line with other military services. The Coast Guard plays a very important role in our National Defense Strategy and it is time they have an equal role when it comes to advising the President, the Secretary of Defense, and the National Security Council

Survivor Issues

FRA is grateful that the Congress repealed the SBP/DIC offset also known as the “Military Widows Tax.”

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.

CONCLUSION

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

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