



**125 N. West Street
Alexandria, VA 22314**

**1800-fra-1924
703-683-1400
703-549-6610 (fax)**

June 22, 2018

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

Fax: 202-228-2862

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

Fax: 202-224-4680

The Honorable Mac Thornberry
Chairman, Armed Services Committee
U.S. House of Representatives
Washington, DC 20515

Fax: 202-225-3706

The Honorable Adam Smith
Ranking Member Armed Services Co.
U.S. House of Representatives
Washington, DC 20515

Fax: 202-225-5893

Dear Chairmen and Ranking Members:

The Fleet Reserve Association (FRA) appreciates your efforts and those of the other members of the Armed Services Committees, and their respective staff to protect benefits and programs for service members, military retirees, veterans, reservists and their families in the FY 2019 National Defense Authorization Act (NDAA). FRA wants to provide its recommendations to the conference committee deliberations on the NDAA.

Before commenting on the House and Senate versions of the FY 2019 NDAA, FRA wants to note the long-term impact of sequestration. Budget cuts mandated by the Budget Control Act of 2011 pose a threat to national security and will substantially impact member pay and benefits. These automatic cuts require that 50 percent come from Defense, even though Defense only makes up 16 percent of the federal budget. FRA believes the FY 2019 Defense budget should provide adequate funding for “benefits and bullets.” Without legislative changes more sequestration cuts are scheduled for FY 2020 and FY 2021, continuing to place national security at risk. FRA believes that continued sequestration-driven budget cuts will also worsen the low morale within the ranks of our armed services.

FRA fully supports the extensive Military Coalition (TMC) recommendations sent to you and other conferees and offers the following recommendations on key issues addressed only in one bill that are especially important to our membership.

TRICARE Fees

The Association strongly opposes Section 701 in the Senate bill that eliminates the grandfather provision enacted in the FY 2017 NDAA to exclude current retirees under age 65 from certain TRICARE fee increases. Many retirees have recently experienced unexpected increases in their TRICARE fees. Many of these increases result from DoDs decision to change its fee schedule from a percent-of-cost model to flat-rate fees. Some copayments have doubled and tripled. FRA argues that a large part of the health care cost have already been paid for by retirees with 20 or more years of arduous military service. FRA believes that the Defense Department must sufficiently investigate and implement other options to make TRICARE more cost-efficient before shifting costs to TRICARE beneficiaries.

Survivor/Retiree Benefits

The Association wants Congress to eliminate the SBP/DIC offset. In 2008, Congress enacted the SSIA which increased gradually and now pays approximately 25 percent (\$310) of the offset. The Association supports continuing to increase this benefit, more than COLA increases, for survivors until the offset is eliminated. The Association welcomes the “Sense of Congress” contained in the House bill urging Congress to repeal the SBP/DIC offset. But a SOC does not help these military widows. FRA opposes Section 621 that requires SBP COLA increases to be rounded down to the nearest dollar. FRA members are also disappointed that neither bill addresses concurrent receipt.

Active Duty Compensation

FRA is deeply concerned about adequate compensation for those currently serving. The Association supports Section 601 of the House and Senate bills that authorizes an annual active duty pay raise at 2.6 percent that is equal to the Employment Cost Index (ECI). FRA supports annual active duty pay increases that are at least equal to the ECI. However, four of the last nine years active duty annual pay increases were less than ECI and Congress should consider providing pay increases above the ECI to make up for those four years of inadequate pay increases. The Association supports Section 605 of the Senate bill that limits the President’s authority to require an alternative annual pay adjustment for active duty. FRA also wants to restore BAH to 100 percent of housing costs.

Other Issues

The Association strongly supports Section 1425 and 1426 of the Senate bill that puts a cap on rent increases for residents of the Armed Forces Retirement Home (AFRH) and prohibits AFRH from removing residents from the Home solely for inability to pay. Enlisted military retiree residents in Gulfport, Mississippi and Washington, DC are scheduled to see a huge increase in rent effective October 1, 2018. Fees for those in the independent living program (75 percent of residents) are based largely on income. Beginning October 1, 2018, these fees will increase from 40 percent of income to 60 percent of income. The current maximum rent is \$1,458 per month. After October 1, the maximum rent will be \$3,054 per month. Many of the residents who live

there are elderly and on a fixed and limited income. This extraordinary raise in rent will put a financial burden on those who have served our Nation.

FRA supports Section 931 in the House bill changing the name of the Department of the Navy to the Department of the Navy and Marine Corps. This change would enhance the role of the Marine Corps as an equal member of the Armed Services in the eyes of our citizens who have always admired the Marines for their dedication and service to the Nation. The Corps' exemplary service in Iraq and continued deployment in Afghanistan merits recognition as a separate Armed Service. In view of the Navy-Marine Corps concept and the extraordinary expense of establishing a separate departmental entity, the most sensible solution would be to change the title of the Secretary of the Navy to the Secretary of the Navy and Marine Corps.

The Association would like to comment on Section 582 of the House bill requiring the Secretary of the Army to revise criteria for interment at Arlington National Cemetery (ANC) that preserve the Cemetery as an active burial ground "well into the future." FRA surveyed its members (December 2017) on their thoughts and concerns regarding eligibility to be buried at ANC. A very large majority (92 percent) believe that ANC should pursue all possible options for acquiring additional land before making any restrictions on the current eligibility. More than 67 percent want to reserve a set amount of space for Medal of Honor recipients and/or active duty deaths. More than 61 percent of respondents disagree with the statement: "The need to keep ANC operational for 100 years or more by significantly restricting eligibility is a more important consideration than requiring older veterans and military retirees currently planning on burial at Arlington to change their plans."

For additional information please contact me at (703) 683-1400 x-110.

Your consideration of these recommendations is appreciated.

Sincerely,

JOHN R DAVIS
Director, Legislative Programs

Cc: Rep. Mike Coffman
Rep. Jackie Speier
Sen. James Inhofe
Sen. Thom Tillis
Sen. Kirstin Gillibrand