



Statement of
The Fleet Reserve Association

On Military Personnel Policy, Benefits, and Compensation

Presented to:
Senate Committee on Appropriations
Subcommittee on Defense

Presented by

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THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest enlisted organization serving active duty, Reserves, retired and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established 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, assigned 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" organization 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 also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the newly established FRA Education Foundation oversees the Association's scholarship program that presents awards totaling nearly \$100,000 to deserving students each year.

The Association is also a founding member of The Military Coalition (TMC), a 34-member consortium of military and veteran's organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA celebrated 85 years of service in November 2009. For over eight decades, 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, was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (USSBP). More recently, 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 recently enacted predatory lending protections and absentee voting reform for service members and their dependents.

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

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

OVERVIEW

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 Program (DHP) to ensure quality care for active duty, retirees, Reservists, and their families.

FRA's other 2010 priorities include annual active duty pay increases that are at least a half percent above the Employment Cost Index (ECI), to help close the pay gap between active duty and private sector pay, full concurrent receipt of military retired pay and VA disability compensation, retirement credit for reservists that have been mobilized since September 1, 2001, enhanced family readiness via improved communications and awareness initiatives related to benefits and quality of life programs, and introduction and enactment of legislation to eliminate inequities in the Uniformed Service Former Spouses Protection Act (USFSPA).

The Administration's FY 2011 proposed budget for a second consecutive year fully funds the DHP budget without shifting additional cost burdens to military retirees. FRA appreciates this and strongly supports efforts to fully implement electronic health records that will follow service members as they transition from DoD to the VA. FRA also supports additional improvements in concurrent receipt to expand the number of disabled military retirees receiving both their full military retired pay and VA disability compensation. The FY 2011 budget also calls for a 1.4-percent active duty pay increase that equals the Employment Cost Index (ECI). The budget further increases care for wounded warriors by 5.8 percent, enhances family support by three percent, adds \$87 million to child development centers, and boosts family counseling/relocation assistance by \$37 million over the current FY 2010 budget.

As Operation Iraqi Freedom ends and troops depart from Iraq, some will be urging reductions in spending, despite the need to bolster efforts in Afghanistan and other operational commitments around the world. FRA understands the budgetary concerns generated by the current economic slowdown and other challenges but advocates that cutting the DoD budget during the Global War on Terror would be short sighted and that America needs a defense budget that will provide adequate spending levels for both "benefits and bullets."

HEALTH CARE

Health care is especially significant to all FRA Shipmates regardless of their status and protecting and/or enhancing this benefit is the Association's top legislative priority. A recently released FRA survey indicates that nearly 90 percent of all active duty, Reserve, retired, and veteran respondents cited health care access as a critically important quality-of-life benefit associated with

their military service. From 2006-2008 retirees under age 65 were targeted by DoD to pay significantly higher health care fees. Many of these retirees served before the recent pay and benefit enhancements were enacted and receive significantly less retired pay than those serving and retiring in the same pay grade with the same years of service today. Promises were made to them about health care for life in return for a career in the military with low pay and challenging duty assignments and many believe they are entitled to free health care for life.

Efforts to enact a national health care reform coupled with inaccurate and widespread information on the associated impact on retiree health care benefits has created unease and a sense of uncertainty for our members. FRA opposes any effort to integrate TRICARE and VA health care into any national health care program. The Association is concerned about proposed Medicare spending cuts associated with reform legislation and scheduled cuts for physician reimbursement rates for Medicare and TRICARE beneficiaries that could negatively impact availability of care, and quality of services. It's also important to note that health care costs both in the military and throughout society have continued to increase faster than the Consumer Price Index (CPI) making this a prime target for those wanting to cut the DoD budget.

FRA strongly supports fully funding the TRICARE program and "The Military Retirees' Health Care Protection Act" (H.R. 816) sponsored by Representatives Chet Edwards (TX) and Walter Jones (NC). The legislation would prohibit DoD from increasing TRICARE fees, specifying that the authority to increase TRICARE fees exists only in Congress.

DoD must continue to investigate and implement other TRICARE cost-saving options as an alternative to shifting costs to retiree beneficiaries. FRA notes progress in this area in expanding use of the mail order pharmacy program, federal pricing for prescription drugs, a pilot program of preventative care for TRICARE beneficiaries under age 65, and elimination of co-pays for certain preventative services. The Association believes these efforts will prove beneficial in slowing military health care spending in the coming years.

CONCURRENT RECEIPT

The Association appreciates President Obama's support for authorizing Chapter 61 retirees to receive their full military retired pay and veteran's disability compensation and continues to seek timely and comprehensive implementation of legislation that authorizes the full concurrent receipt for all disabled retirees. As with last year's budget, the proposed FY 2011 budget does not provide funding or identify spending offsets for these improvements and does not comply with House budgeting rules. The above referenced FRA survey indicates that more than 70 percent of military retirees cite concurrent receipt among their top priorities. The Association strongly supports the FY 2011 budget request of \$408 million to cover the first phase of the five-year cost for concurrent receipt for Chapter 61 beneficiaries that are 90 percent or more disabled and supports the provisions in the so-called "tax-extenders" bill (H.R. 4213) that expands the concurrent receipt of military retired pay and VA disability compensation. The measure would authorize service members who are medically retired with less than 20 years of service (Chapter 61 retirees) and have a disability rating of 90 to 100 percent to receive both payments, without offset, starting on January 1, 2011. The following year concurrent receipt would be expanded to those with 70- to 80-percent disability ratings.

WOUNDED WARRIORS

FRA appreciates the substantial Wounded Warriors provisions in the FY 2008 National Defense Authorization Act (NDAA). Despite jurisdictional challenges, considerable progress has been made in this area. However, the enactment of authorizing legislation is only the first step in helping wounded warriors. Sustained funding is also critical for successful implementation. Jurisdictional challenges notwithstanding adequate funding for an effective delivery system between DoD and VA to guarantee seamless transition and quality services for wounded personnel, particularly those suffering from Post Traumatic Stress Disorder (PTSD) and Traumatic Brain Injuries (TBI) is very important to our membership. Family support is also critical for success, and should include full funding for compensation, training, and certification, and respite care for family members functioning as full-time caregivers for wounded warriors. FRA supported the recently enacted “Caregivers and Veterans Omnibus Health Services Act” (S. 1963), and parallel legislation included in the Senate’s version of the FY 2011 Defense Authorization bill (S. 3454) to improve compensation, training and assistance for caregivers of several disabled active-duty service members.

ADEQUATE PERSONNEL END STRENGTH

Funding for adequate service end strengths is essential to success in Iraq and Afghanistan and to sustaining other operations vital to our national security. FRA notes the Marine Corps’ success in attaining its current end strength level and strongly supports the proposed Navy end strength increase in 2011. A recent *Navy Times* story entitled “Sailor shortage,” cites too much work to do in the Navy and not enough people to do it – and lists the associated effects which include little time for rest, fewer people to maintain and repair shipboard equipment, crew members with valuable skills being pulled for other jobs and not replaced and lower material ship readiness.

The strain of repeated deployments continues and is also related to the adequacy of end strengths – and FRA is tracking disturbing indicators of the effects which include increased prescription drug and alcohol use, increasing mental health care appointments, alarming suicide rates plus more military divorces. Stress on service members and their families was addressed during a recent Senate Personnel Subcommittee hearing along with serious and continuing concerns about associated effects which can include morale, readiness and retention challenges. FRA urges this distinguished Subcommittee to ensure funding for adequate end strengths and people programs consistent with the Association’s DoD funding goal of at least five percent of the GDP.

ACTIVE DUTY PAY IMPROVEMENTS

Our Nation is at war and there is no more critical morale issue for active duty warriors than adequate pay. This is reflected in the more than 96 percent of active duty respondents to FRA’s recent survey indicating that pay is “very important.” The Employment Cost Index for FY 2011 is 1.4 percent and based on statistics from 15 months before the effective date of the proposed active duty pay increase. The Association appreciates the strong support from this distinguished Subcommittee in funding pay increases that have reduced the 13.5 percent pay gap (1999) to the current level of 2.4 percent. In addition, FRA notes that even with a FY 2011 pay increase that is

0.5 percent above the ECI, the result will be the smallest pay hike since 1958. FRA urges the Subcommittee to continue the fund pay increases at least 0.5 percent above the ECI until the remaining 2.4 percent pay gap is eliminated.

RESERVE ISSUES

FRA stands foursquare in support of the Nation's Reservists. Due to the demands of the War on Terror, Reserve units are now increasingly mobilized to augment active duty components. As a result, the Reserve component is no longer a strategic Reserve, but is an operational Reserve that is an integral part of the total force. And because of these increasing demands, including missions abroad over longer periods of time, it is essential to improve compensation and benefits to retain currently serving personnel and attract quality recruits.

Retirement: If authorized, FRA supports funding retroactive eligibility for the early retirement benefit to include Reservists who have supported contingency operations since 9/11/2001 (H.R. 208/S. 831/S.644). The FY 2008 Defense Authorization Act (H.R. 4986) reduces the Reserve retirement age (age 60) by three months for each cumulative 90-days ordered to active duty after the effective date (January 28, 2008) leaving out more than 600,000 Reservists mobilized since 9/11 for duty in Afghanistan and Iraq.

Family Support: FRA supports resources to allow increased outreach to connect Reserve families with support programs. This includes increased funding for family readiness, especially for those geographically dispersed, not readily accessible to military installations, and inexperienced with the military. Unlike active duty families who often live near military facilities and support services, most Reserve families live in civilian communities where information and support is not readily available. Congressional hearing witnesses have indicated that many of the half million mobilized Guard and Reserve personnel have not received transition assistance services they and their families need to make a successful transition back to civilian life.

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 and retiree benefits and quality-of-life programs for all uniformed services personnel and their families and survivors. Thank you again for the opportunity to present the FRA's views on these critically important topics.

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John Davis served in the United States Marine Corps Reserve in an artillery unit (155 self-propelled howitzers) and as a Second Lieutenant in the Illinois Army National Guard in the 1980s. He joined the FRA team as Director, Legislative Programs in February 2006, and is President of FRA Branch 181 (Arlington, Virginia). He is co-chairman of The Military Coalition's (TMC) Retired Affairs Policy Committee.

John worked for almost 13 years with the National Federation of Independent Business, including nine years as Director of the Illinois chapter and 3½ years in the federal lobbying office in Washington DC. John has lobbied on a variety of issues including health care, tort reform, education, insurance, taxation, and labor law.

In 2005 John received a Masters of Public Policy (MPP) degree from Regent University, Alexandria, Virginia. John has a BS degree from Illinois State University in Political Science and History. John is a proud father of two children: Anne age 27 and Michael age 24 who recently returned from a seven month deployment to Afghanistan (June 2010) with his Marine Corps Reserve unit.