



STATEMENT

BY

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FOR THE

**SENATE COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON PERSONNEL**

FY 2004 MILITARY PERSONNEL PRIORITIES

MARCH 11, 2003

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Mr. Chairman and distinguished committee members, on behalf of the 136,000 members of the Air Force Sergeants Association, thank you for this opportunity to offer our views on the military personnel programs that affect those serving our nation. AFSA represents active duty, Guard, Reserve, retired, and veteran enlisted Air Force members and their families. Your continuing effort toward improving the quality of their lives has made a real difference for those who devote their lives to service, and our members are grateful.

107th Congress Accomplishments: From the standpoint of enlisted members, a few of the more-notable accomplishments of this committee during the 107th Congress included: (1) higher-than-mandated-by-law military pay raises, with further targeting for senior NCOs; (2) increased housing allowance dollars for most personnel; (3) improvement in permanent change of station (PCS) move out-of-pocket reimbursement and policy changes; (4) an extension of the length of the Selective Reserve Montgomery G.I. Bill program from 10 to 14 years; (5) expanded protections for Guard and Reserve members who are called up; (6) a permanent reduction from 8 to 6 years for the number of years of continuous reserve component service needed immediately before retirement; (7) inclusion in the Special Compensation for Severely Disabled Retirees those who had at a 60-percent or higher VA disability rating within four years of retirement and who served at least 20 years of service; (8) coverage of active duty dependents in the Servicemembers Group Life Insurance program; (9) the provision of Survivor Benefit Plan (SBP) coverage to survivors of servicemembers who die on active duty prior to reaching retirement age; (10) your prohibition against DoD forcing military retirees to choose between DoD and VA health care; (11) further refinements to TRICARE related to travel, TRICARE Prime Remote, and transitional health care benefits; and (12) your action to ensure that the retiree health care trust fund covers all retired Medicare-eligibles, regardless of age, in private sector or military facilities.

107th Congress Disappointments: AFSA members are well aware that this committee worked very hard on some issues that resulted in success, and others which we hope you will readdress. Areas that various members of Congress pursued on behalf of our members which, unfortunately, did not come to fruition during the 107th Congress included “failures” to: (1) allow those receiving VA disability compensation to collect full military retirement pay. This was especially disappointing to hundreds of thousands of veterans since the Legislative Branch was almost unanimous in its support, but with the Executive Branch prevailing at the 11th hour; (2) eliminate the 20-percent reduction in the SBP survivor annuity that occurs at age 62, and to accelerate the SBP “paid-up” provision for those 70 years old who have paid into SBP for at least 30 years; (3) provide a waiver of the Medicare Part B late enrollment penalty to facilitate TRICARE for LIFE participation; (4) reduce the earliest Guard and Reserve retirement age from 60 to 55; (5) improve the quality of the program used to ship military household and personal belongings—changing the selection of carriers from “low bid” to “high quality and customer satisfaction;” and failure to treat

servicemembers fairly and equitably by repealing the Uniformed Services Former Spouses Protection Act.

Mr. Chairman, below are several specific goals that we hope this committee will pursue on behalf of current and past enlisted members and their families. I will present them in categories with a brief explanation for each. Of course, we are prepared to present more detail and to discuss these issues with your staff and those of the members of this committee as you desire. Our members have tasked us with pursuing the following goals through e-mails, letters, phone calls, and personal visits throughout the year.

MILITARY PAY AND COMPENSATION

Mr. Chairman, although military members obviously do not serve their nation to gain wealth, we do owe them a decent standard of living. This is even more important today because America's is an all-volunteer force, and because this nation increasingly tasks military members and often separates them (for greater lengths of time) from their families. We ask this committee to seriously consider the following comments relative to military pay and compensation.

! *Continue Enlisted Pay Reform.* We applaud your efforts in recent years to ensure that all military members get the minimum annual pay raise in accordance with congressional intent by formula (Employment Cost Index [ECI] plus one-half percent). AFSA supports further targeting. However, *we caution the committee on the perception among the force that might be created if the lowest ranking enlisted members receive below the congressional formula--so that dollars can be transferred to the higher ranking members.* We support higher senior NCO pay raises, but believe that if a "rob Peter to pay Paul" approach is to be used, it should not be by taking pay away from the lowest ranking military members; perhaps it should come from above.

! *Resist Efforts to Change the Military Pay Formula.* This committee was instrumental in protecting the troops by tying military pay growth to the growth of wages in the private sector (by focusing on the ECI). Recent Administration suggestions to tie future annual military pay raises to the Consumer Price Index (CPI) alarm military members with the prospect of significantly lower annual pay adjustments. AFSA urges this committee to resist Administration efforts to lower military pay raises by abandoning the current formula.

! *Reform the Basic Allowance for Housing (BAH).* There is room for significant correction and improvement in the methodology used to determine BAH. Enlisted members most significantly feel the brunt of these problems. For example, the only enlisted members whose BAH square-footage and, therefore, dollar amount are based on stand-alone dwellings

are E-9s. The BAH amount for all enlisted grades below E-9 is based on apartments and townhouses. Several BAH-related complaints we receive:

! *Local commanders should be given significant influence in determining which housing areas should be incorporated in the “surveys” that determine BAH amounts.* The housing “surveys” are done (by a DoD-contracted company) using a limited “catchment area” (usually 20 miles) around each base/post, regardless of where the population of the base actually resides. For example, half of the base population of Mountain Home AFB, Idaho, lives in Boise, Idaho, about 45 miles away from the base. They live in Boise because that is where adequate housing, malls, stores, schools, job opportunities, etc., are located. However, the only town and, therefore, surveyed housing that falls within the survey catchment is Mountain Home, Idaho, a very small town with very limited housing. Therefore, the dollar amounts that Mountain Home AFB base personnel receive under the BAH system are clearly inadequate for their needs. Also, within given local “catchment” areas, there may be unsafe, relatively depressed areas where commanders do not want their people to reside. These commanders should be able to exclude these areas from survey consideration. Once again, AFSA urges this committee to give commanders significant input into what areas should be incorporated in the surveys that determine BAH amounts. Additionally, we ask this committee to mandate that the contracted company which accomplishes the surveys should be required to make details of their surveys (i.e., what housing in which areas were surveyed, when, how, etc.) available to the public.

! *Increase the square footage standard used to determine BAH for enlisted members.* Frankly, the BAH system is designed in such a way that it relegates part of the force to the “wrong side of the tracks.” Because the amount of BAH for each grade is based on designated amounts of square-footage (fewer square-feet for lower grades), the housing available in a given area to include in the survey is usually far more limited (and usually of more inferior quality) for the lower grades. E-1s through E-4s, receive amounts based on more limited, lower standard housing -- *because that is all that is available within the survey area with the limited square-footage allocated to them.* Each time Congress has increased BAH “to eventually eliminate average out-of-pocket expenses,” some lower ranking servicemembers saw little to no increase in BAH because the inferior housing used to determine their BAH level does not increase in value like it does in the more-affluent areas. Remember, the BAH system is designed to provide higher square footage to the higher ranking personnel; it is these members whose BAH is based on better housing in more affluent areas that offer homes with the square-footage that applies to them in the survey.

! *Provide those stationed in Korea the same tax advantages and special pays afforded to those stationed in “hostile” areas.* With the challenges and austere conditions servicemembers face in Korea, the daily threat from North Korea, and the risks inherent in

the geopolitical situation relative to the Korean peninsula, it is only fair to provide equitable tax and pay for these members who, in a real sense, are serving on the tip of the sword. We urge this committee to take action on this now in recognition of those who we station in Korea.

! *Reduce the threshold of eligibility for CONUS COLA from its current level of 108 percent of the national median.* Several large city areas (such as Washington, D.C.) do not receive CONUS COLA. We urge this committee to take another look at which municipalities receive CONUS COLA.

! *Provide Guard and Reserve members equity in Career Enlisted Flier Incentive Pay (CEFIP).* It is unfair that members of the Guard and Reserve receive a fractioned CEFIP (based on a 1/30 formula for each day flying). CEFIP recognizes the extraordinary challenges and risks associated with military flight. As such, Guard and Reserve fliers should be paid on the same “whole month” basis as other military fliers.

! *Establish a standard, minimum re-enlistment bonus for all re-enlistments.* Air Force enlisted members (particularly those in leadership positions) have told us several times that there ought to be a minimum re-enlistment bonus. Selective re-enlistment bonuses are paid to those with between 21 months and 14 years of service. Those who re-enlist after the 14-year point receive no re-enlistment bonus. Remember, an enlisted member can serve as long as 30 years. Because we want to keep leaders in critical skills and they must lead those who are receiving these, sometimes lucrative, bonuses, it would help morale to provide some type of re-enlistment bonus to all who re-enlist.

! *Pay Hazardous Duty Incentive Pay (HDIP) to military firefighters.* Regardless of service, there is no military job inherently more hazardous than firefighters. Civilian firefighters who serve side-by-side with military firefighters already have this risk factored into their federal civilian wage scale. Military firefighters get no such additional compensation to recognize their extraordinary risk. At a cost of about \$9 million per year to cover the military firefighters (those whose AFSA, MOS, or NEC is primarily as a firefighter) for all services, this would be an equitable, relatively inexpensive addition to those entitled to receive HDIP.

EDUCATION BENEFITS

Although some educational programs for military members fall under the primary jurisdiction of the Veterans’ Affairs Committee, some are at least partially a matter of concern of this committee and the jurisdiction of the Department of Defense. As we travel to bases around the world, AFSA members most often ask us to convey the following desires to this

committee:

! Provide an enrollment opportunity for those who turned down the Veterans Educational Assistance Program (VEAP) to enroll in the Montgomery G.I. Bill. Over 100,000 currently serving military members (35,000 in the Air Force alone) turned down the VEAP program when it was offered to them. VEAP was a relatively poor, insufficient, poorly counseled educational program which preceded the Montgomery G.I. Bill (MGIB). In contrast, the MGIB is a much more realistic, more-beneficial program that would help these members in their transition back into civilian life after their time in the military. Unfortunately, many of those who turned down the VEAP program are now leaving service with no transitional education program. The CBO has set the worst-case cost for this offering at \$143 million over a five-year period. *We believe that these members, many of whom brought us through conflicts including the Persian Gulf War, Somalia, Bosnia, Kosovo, worldwide peacekeeping missions, conflicts not publically reported, and the more-recent worldwide war on terrorism, deserve an opportunity to enroll in the MGIB.* Many of these men and women would lead us into battle in Iraq if that eventuality comes about.

! Increase the value of the MGIB to cover the costs of tuition, books, and fees at an average 4-year college or university. Just as the World War II MGIB transformed an entire generation and is credited with creating the middle class in this nation, a transformation of the MGIB would also have a significant impact on our nation's economy. It is often said that three dollars are returned to the economy in terms of taxes, productivity, quality, etc., for every dollar the nation invests in education. United States citizens who join the military with the understanding that their employer may ask them to give up their lives deserve a fully paid education, similar to that provided by many companies in civilian industry.

! Ensure that all MGIB enrollees have the same program with the same benefits. Due to changes and additions to the law, only *some* MGIB enrollees may transfer a portion of their benefit to family members. Similarly, only *some* MGIB enrollees may pay more into the program to increase the value of their program. We urge this committee to exert its influence to standardize the MGIB so that it is the same for all who are enrolled in the program.

! Allow members to enroll in the MGIB at any time during their first enlistment. Regrettably, military members are given only one opportunity to enroll in the MGIB. That opportunity occurs very quickly during Basic Military Training when most would least appreciate the opportunity and can least afford it. Additionally, they must "pay" to have this educational benefit; to enroll in the MGIB they must agree to give up \$100 per month for the first 12 months of their career. Many military members are surprised by this \$1,200 fee and

view it as an insincere military benefit offering because of the one-time irrevocable decision--when they are least prepared to take advantage of it. However, so long a \$1,200 DoD payroll reduction for each MGIB enrollee is part of the program, AFSA believes we should at least provide young military members an opportunity to enroll at any time during their first enlistment. Of course, elimination of the \$1,200 MGIB DoD payroll deduction would make the time of enrollment a moot point. We urge this committee to help work to allow members to enroll in the MGIB after Basic Military Training.

! *Provide military members and their families in-state tuition rates at federally supported state universities--immediately upon arrival at the gaining station.* Military members are moved to stations around the world at the pleasure of the government. Yet, they are treated as visitors wherever they go. Fairness would dictate that, for the purposes of the cost of higher education, they be treated as residents so that they can have in-state rates at federally supported colleges and universities in the state where they are assigned. Some states provide in-resident rates after the military member has lived there at least one year--despite the fact that most members are, at a minimum, going to be there at least three years. Remember, we are talking about military members, many of whom are serving their nation at relatively low compensation levels. We would ask this committee to exert the necessary influence to require federally supported institution to consider military members assigned in their state as "residents," for the purposes of tuition levels.

! *Remove the annual Tuition Assistance (TA) cap.* Military members are offered TA assistance to help them advance their civilian educations. However, an annual cap of \$4,500 is placed on the amount of TA they may receive. For those who are working on graduate programs or whose programs have laboratory segments, for example, the \$4,500 cap may not be sufficient. Because the few individuals we are talking about are demonstrating the desire to improve themselves and their value to their given jobs would most likely be enhanced, it would be a good investment to allow them the full TA needed to pursue their educational objectives. We ask this committee to remove the annual TA cap.

! *Ensure full Impact Aid funding.* We would ask this committee to closely scrutinize the funding levels for Impact Aid as presented in the Administration's FY 2004 Budget Plan which has submitted levels that underfund needed Impact Aid by approximately \$127 million. This is a nine percent reduction from FY 2002 levels. 15 million students in 1,331 school districts nationwide benefit from this program. Funding is used for a variety of expenses, including teacher salaries, text books, computers, after-school programs, tutoring, advanced placement classes, and special enrichment programs. This money is to compensate local school districts for the impact of military bases in their communities. Local schools primarily are funded through property taxes. However, those who reside on a military reservation do not pay into the property tax base. This becomes a burden on local schools if military dependent children attend local, off-base schools. We ask this committee to ensure that sufficient Impact Aid is provided so that the children of military members are not put at risk, or that the military member be required to pay tuition.

HEALTH CARE

As AFSA representatives visit bases, one complaint we often hear is that the dependent dental insurance plan is a very, very poor one. Additionally, in many areas, there is a significantly lack of providers. Retirees complain that the retiree dental plan is overpriced, provides inadequate coverage, and is not worth the investment. This is especially upsetting to military retirees since they were led to believe they would have free/low cost, comprehensive, lifetime military dental care. We would ask this committee to address the quality and adequacy of the military dependent and the retiree dental plans. Additionally, we ask you to consider:

! *Increase provider reimbursement rates to ensure quality providers in the TRICARE system.* Perhaps the greatest challenge this committee faces toward keeping the military health care system viable is retaining health care providers in the TRICARE networks. This challenge goes hand-in-hand with that which is faced by Medicare. If we do not allow doctors to charge a fair price for services performed, they will not want to participate in our program. If they do not participate, the program will fail. We urge this committee to consider increasing the CHAMPUS Maximum Allowable Charge to higher levels to ensure quality providers stay in the system. Otherwise, military beneficiaries will not be provided adequate health care.

! *Provide for a waiver of the Medicare Part B late enrollment penalty to facilitate TRICARE For Life participation.* When this committee wisely created the TRICARE for Life (TFL) program, it significantly enhanced the quality of the lives of thousands upon thousands of military retirees, families, and survivors. It, in effect, eliminated the need for Medicare-eligible military retirees, family members, and survivors, to carry a Medicare supplement policy. One requirement for participation in TFL is that the member be enrolled in Medicare Part B. While the basic Part B enrollment cost is not onerous, many military retirees residing near bases declined Part B (some for many years). In order for these retirees, family members, and survivors who did not enroll in Part B when they were first eligible to participate in TFL, they must pay a substantial penalty in order to enroll in Part B. We urge this committee for a one-time enrollment period where those eligible for TFL who are not enrolled in Medicare Part B may do so without penalty. When they declined Medicare Part B when it was first offered, they had no way of knowing that a program like TFL would be offered in the future.

! *Upgrade the dental benefit programs for active duty, Guard, and Reserve members, retirees, and their families, especially in localities where inadequate facilities and/or insufficient providers are available.* While this committee has no control over the number of providers in a particular locality, it can enhance the programs to promote participation. This can be done by (1) ensuring that providers are treated fairly in terms of reimbursement for the care they provide, and (2) by getting military beneficiaries to (i.e., providing travel to) caregiver locations when dental care (especially specialized care) is needed. In that regard, S. 336, by Sen. Pete Domenici, R-NM, would be a good step toward protecting military family members.

! *Make all TRICARE enrollment fees and co-payments, TRICARE For Life Medicare Part B payments, and military dental plan enrollment fees and premium payments tax exempt (pre-tax dollars).* In those cases where the military member, retiree, family member, or survivor has to pay co-payments for medical care, the exemption of the amount they must pay would be a great benefit enhancement. This would be particularly true for those who are older and on fixed incomes.

! *Provide Guard and Reserve members and their families with a comprehensive TRICARE benefit.* This is critical to ensure the deployability of the member, and it is important that his/her family is protected when the military member is away from home serving his/her nation. We owe these patriots a comprehensive program.

GUARD AND RESERVE ISSUES

! *Provide full payment of lodging costs to a lodging facility for the duration of a mobilization order when a Guardsman or Reservist is called to active duty by section 12301, 12302, or 12304 of Title 10.* This adjustment is needed because the payment of lodging per diem is not authorized for members on Temporary Duty (TDY) during periods of leave or a return to the Place from Which Called (or Ordered) to Active Duty (PLEAD). When per diem is not paid, the reservist who departs the area, however briefly, has to check out of lodging or pay lodging expenses out-of-pocket. For example, we are penalizing them if they want to briefly return home to address the concerns of the families from which they have been separated by the mobilization. This has an extremely negative financial impact, particularly for lower-ranking members. It also could have an impact on the retention of mobilized members following demobilization. Additionally, it is extremely disruptive to lodging facility contractors with the members' constantly checking in and out of quarters; this can cause financial problems for the facility managers who have an expectation of continuous occupancy for a finite period of time. Of special significance to this committee, there would be no/negligible cost to implementing this suggestion since all mobilization expenses are budgeted and set aside for the duration of mobilization orders.

! *Reduce the earliest retirement age (with full annuity) for Guard and Reserve members from 60 to 55.* These members are the only federal retirees who have to wait until age 60 to enjoy retirement benefits. These citizens who fight for our nation deserve to have a better retirement program. Lowering the retirement age would more adequately reward their service, and provide for upward mobility in the force (ANG and Reserve members are primarily promoted by vacancy). Keep in mind that reserve retirement is significantly lower than that provided to active duty members. Reservists accumulate points based on their service and training. They must accumulate sufficient points in a given year for it to be a "good year." They must achieve twenty (20) "good years" to qualify for retirement. The amount of their retired pay is based on the total points they have accumulated. AFSA believes that these members ought to be able to retire upon completion of their "good years" requirements. However, considering funding limitations, the least, fair thing that should be done is to provide them federal retirement equity by letting them retire as soon as age 55.

We urge this committee to do so. Since DoD has conducted and contracted studies of reserve compensation in recent years, we believe there is little to be gained by the DoD study mandated in the FY 2003 NDAA other than to delay serious consideration of the issue. We urge this committee to support the provisions in H.R. 742 and its pending Senate companion legislation. Introduced last year as S. 2250 by Sen. Jon Corzine, D-NJ, his staff tells us that he will soon reintroduce the measure. We urge this committee to support the effort.

! *Eliminate the annual cap on inactive duty training points creditable for retirement.* Guard and Reserve members accumulate points based on their service and training. These points eventually determine the member's level of retirement pay. However, there is a cap in each given year on how many points a member can apply toward retirement. In recent years, that cap was increased from 60 to 75, then from 75 to 90 (where it currently stands). AFSA believes that the member should be able to apply all points accumulated toward retirement pay calculations. We ask the committee to examine this and, if possible, to eliminate the annual point cap.

! *Address the concerns of those who employ Guard and Reserve members.* As members of this committee know, employer support of the Guard and Reserve is a critical element of Guard and Reserve success. At a time when over 200,000 such members have been called to active duty to support the war on terrorism and the impending war in Iraq, we need to act now. We urge the committee to provide tax credits to employers who employ members of the Guard and Reserve and to self-employed reserve component members.

! *Reduce out-of-pocket expenses of those who serve.* We ask this committee to restore full tax-deductibility of non-reimbursed expenses related to military training and service for Guard and Reserve members. The cost of military service for a Guardsman or Reservist should not be financial.

! *Enhance Air Reserve Technician (ART) retirement eligibility.* ARTs are both military members and civil servants. These unique patriot/citizens need unique retirement criteria recognizing their singular contribution to our military's success. We urge this committee to make all Air Reserve Technicians eligible for an unreduced retirement at age 50 with 20 years of service, or *at any age* with 25 years of service, if involuntarily separated.

! *Provide full Basic Allowance for Housing (BAH) to TDY Guard and Reserve members, and those activated (even if less than for 139 days).* Guardsmen and Reservists are generally removed from their civilian employment when "called up." Once deployed, their need to protect their family does not go away. Nor does their obligation to make their full house payments. This committee can greatly assist these military members by ensuring that they can continue to provide homes for their families through the provision of full BAH.

! *Eliminate the Commissary Privilege Card (CPC) requirement and provide full, year-round commissary benefits for Guard and Reserve members.* At the present time, members of the Guard and Reserve are limited to 24 visits per year in military commissaries.

Allowing full, year-round access is a benefit long overdue. The CPC (a card to track commissary visits) costs millions of dollars to administer each year; we have seen estimates from 2 to 13 million dollars per year. Whatever the specific cost, providing full, year-round commissary benefits for Guardsmen and Reservists would eliminate this unnecessary administrative expense of the CPC. More important, it would be the right thing to do. These military members are critical members of this military nation's team; it is time to treat them as such. We urge this committee to give them full, year-round commissary benefits.

! *Apply the 44-day contingency leave rules for Air Reserve Technicians at CONUS locations stationed in response to Homeland Defense taskings.* The 44-day leave policy first came out to be used only outside of the continental United States (CONUS), its territories, and its possessions for noncombatant operations. This "military leave" is a time set aside for Federal Civil Servants who are military members to perform military duty without civil service pay penalties. Public Law 106-65, section 1105 (the FY 2000 NDAA) eliminated most restrictions on the use of 44 workdays of military leave. The new law can include any type of operations, combat or noncombatant, *outside the U.S., its territories and possessions*. It is time to make this 44-day contingency leave rule apply within CONUS as well. It would allow these citizen soldiers to avoid having to use Leave Without Pay, and make it more efficient for them to serve and, at the same time, protect their families by more easily satisfying their financial obligations. We urge this committee to apply the 44-day contingency leave rules for Air Reserve Technicians at CONUS locations stationed in response to Homeland Defense taskings.

! *Expand the Soldiers and Sailors' Civil Relief Act (SSCRA) to fully protect Guard and Reserve members who are activated, including mortgage and interest payment relief.* Attention in this area is critical at this time. As members of the Guard and Reserve are increasingly activated and sent away from their primary civilian occupation and their home, they must be adequately protected. We urge that this committee expedite consideration of full protection of the rights of Guardsmen and Reservists by their full inclusion in the SSCRA.

MILITARY STORES

! *Ensure the quality of service in military commissaries.* In the FY 2003 NDAA, this committee tasked DoD with ensuring that the quality and level of service not be reduced. Your mandate in this regard was in response to independently-generated DoD cuts in manpower and its own Defense Commissary Agency (DeCA) budget last year. AFSA members were alarmed by DoD's decision to cut 2,600 manpower positions and its own DeCA budget by over \$100 million. *During base visits, we have received several comments about longer lines, fewer registers open, and shelves less stocked.* While these comments should not be used to indict the entire system, they do suggest that the DeCA cuts may be starting to impact the quality of the benefit. AFSA is most concerned that once this benefit starts to erode (by DoD actions) such a decline in the benefit might continue. We again urge this committee to require some type of independent (independent of DoD) assessment of the consistency and maintenance of the quality of the commissary benefit. We also ask the

committee to resist DeCA policy/practice changes that would reduce the benefit, increase the surcharge, or transfer the program costs to beneficiaries.

! *Work to provide full base exchange and commissary benefits to retirees at overseas military locations.* Overseas commissary and base exchange access arrangements are generally the product of Status of Forces Agreements (SOFA). At several locations, retirees (who may be overseas for government jobs, etc.) are denied access in base exchanges, or commissaries, or both on U.S. military reservations. For example, retirees in Turkey may not use the commissaries on U.S. military reservations. There are many other such examples. While adjustments will require changes when each SOFA comes up for review, we would urge this committee to communicate with the Department of State a desire that such reviews promote the inclusion of full use of these facilities by military retirees at overseas locations.

MILITARY SHIPMENT PROGRAMS

One of the greatest complaints from military members during their careers is the way their household goods are mistreated during permanent change of station (PCS) moves. Current arrangements force DoD to select carriers based on the lowest bid, rather than on quality or customer satisfaction. Frankly, AFSA considers this a very, very poor way to do business; and it sends an extremely negative message to those who serve this nation. It is time to rectify this long-time, clearly unacceptable situation. We urge this committee to:

! *Improve the quality of the DoD household goods shipment program.* The Military Traffic Management Command (MTMC) developed a test program that was extremely successful. It protected the military member's goods, held carriers more accountable, and had extremely high satisfaction levels among military members and their families. With that test project complete and time passing without DoD implementation of an enhanced household goods shipment program, it is time for Congress to act. Military members should not be faced with having their goods destroyed, lost, or stolen without adequate safeguards and/or compensation.

! *Increase the household goods weight allowance for professional books, papers, and/or equipment to accommodate employment support for military spouses.* Currently, only the military member is entitled to an additional shipment weight allowance for professional books, papers, and/or equipment. In recent NDAA's DoD has been tasked by Congress to come up with ways to provide military spouses with education, training, and employment assistance. Providing spouses some consideration by giving them a shipment allowance to support their employment would be a good step forward. For example, a dependent spouse (of a military member who is being reassigned) who maintains supplies to support a job as a government-certified family in-home day care provider, should not have to sell, discard, or give away his/her supplies. Most likely they will perform the same job at the next assignment. Similarly, a spouse who is a message therapist, hairstylist, lawyer, etc., ought to be given an shipment weight allowance to make them more employable at the

next military assignment location. This would be in keeping with the congressional mandate to help spouses in their employment efforts. As a start, we ask this committee to consider adding up to an additional 500 pounds to a member's household/personal shipment weight allowance to accommodate the needs of their spouse. An alternative approach would be to create a new shipment weight category for specific use by the spouse. We ask this committee to take action to provide this potentially important quality-of-life enhancement.

! *Provide all military members being assigned to OCONUS locations the option of government-funded POV shipment or storage.* Currently, DoD will only store a POV for a member if DoD reassigns that member to a location where DoD will not ship the member's POV. AFSA believes that this shipment option should be extended to all members being stationed anywhere outside of the continental United States (CONUS). We believe that a significant part of such storage cost would be offset by DoD not having to ship the vehicle. We ask this committee to authorize this quality-of-life improvement.

RETIREMENT/SURVIVORS

! *Allow military members who are also receiving VA disability compensation to fully collect their military retired pay.* AFSA believes this is the right thing to do. Every member of this committee is aware of the arguments on this issue, so we will not restate them here. However, we do urge this committee, as part of the Legislative Branch of government, to stand fast in finally getting this "right thing to do" legislation completed—this year.

! *Uniformed Services Former Spouses Protection Act (USFSPA) Reform (from PL-97-252).* The members of this association strongly urge this committee to conduct hearings on needed USFSPA changes, both to gather all inputs needed for appropriate corrective legislation and to guard against inadvertently exacerbating current inequities via well-intended, piecemeal legislative action initiated outside of this committee. A military member *must serve 20 years* to earn a lifetime retirement annuity. However, under the USFSPA, any and all former spouses of a military members have claim to a portion of the military member's eventual retirement pay. Such a former spouse could have been married to the military member only for a relatively short period of time; yet he/she will have a lifetime annuity if the military member goes on to retire. Our members have clearly communicated that this anachronistic statute, specifically targeted at military members, is not needed to protect former spouses. Provisions in law that apply to all other U.S. citizens should apply to the former spouses of military members. In that sense, full repeal of the USFSPA would be the fair thing to do. While we would favor full repeal of the act; fairness would dictate that at a minimum, the "windfall provision" of the act be amended. This provision bases the portion of retirement that is given to a former spouse on the member's military pay at the time of retirement, and not that which the member earned at the time of the divorce. We would also favor termination of the former spouse's claim to part of the me military retired pay if/when the former spouse remarries.

! *Reduce or Eliminate the Age-62 SBP Reduction:* Before age 62, SBP survivors receive an annuity equal to 55 percent of the retiree’s SBP-covered retirement pay. At age 62, however, the annuity is reduced to a lower percentage, down to a floor of 35 percent. For many older retirees, the amount of the reduction is related to the amount of the survivor’s Social Security benefit that is potentially attributable to the retiree’s military service. For member who attained retirement eligibility after 1985, the post-62 benefit is a flat 35 percent of covered retired pay. Although this age-62 reduction was part of the initial SBP statute, large number of members who retired in the 1970s (or who retired earlier but enrolled in the initial SBP open season) were not informed of the reduction at the time they enrolled. As such, many still are very bitter about what they view as the government changing the rules on them in the middle of the game. Thus, thousands of retirees signed up for the program in the belief that they were ensuring their spouses would receive 55 percent of their retired pay for life. They are further “stunned” to find out that the survivor reduction attributed to the retiree’s Social Security-covered military earning applies even to widows whose Social Security benefit is bases on their own work history. To add further to the need for changes in this program, the DoD actuary has confirmed that the 40-percent government subsidy for the SBP program, which has been cited for more than two decades as an enticement for retirees to elect SBP coverage, has declined to less than 25 percent. *Clearly, this benefit has become more beneficial and less costly for the government, and more costly and less beneficial for the retirees and survivors the program was created to protect.* We urge you to step in and correct some of these inequities.

! *Accelerate the SBP provision so that enrollees aged 70 who have paid into the SBP for at least 30 years be considered “paid-up.”* The paid-up SBP initiative enacted in 1998 set an implementation date of 2008. We urge this committee to change that implementation date to “this year.” As a practical matter, any SBP enrollee who retired on or after October 1, 1978, would enjoy the *full* benefit of the paid up provision. However, members who enrolled in SBP when it first became available in 1972 (and who have already been charged higher premiums than subsequent retirees) will have to continue paying premiums for up to 36 years to secure paid-up coverage—if they survive that long. It is time to act now. We urge this committee to pass legislation to accelerate the “paid-up” provision of the Survivor Benefit Program.

Mr. Chairman, thank you once again for this opportunity to present the views of those we represent. We respectfully request your action on the items we’ve explained above. Each of them fall into the arena of “quality-of-life” issues—the primary focus of this important congressional committee. We are ready to respond to any questions on this testimony and, as always, are ready to support your efforts on matters of mutual concern.

