

**STATEMENT OF
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NATIONAL SECURITY COMMISSION
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON TOTAL FORCE
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
ON THE
FY 2005 NATIONAL DEFENSE AUTHORIZATION ACT (NDAA)
MILITARY PERSONNEL POLICY, BENEFITS AND COMPENSATION
OVERVIEW**

MARCH 24, 2004

Chairman McHugh and distinguished Members of the Subcommittee: The American Legion is grateful for the opportunity to present its views regarding defense authorization for fiscal year (FY) 2005. The American Legion values your leadership in assessing and authorizing adequate funding for quality-of-life, readiness and modernization of the Nation's armed forces to include the active, reserve and National Guard forces and their families, as well as quality of life for military retirees and their dependents.

Since September 2001, the United States has been involved in two wars – the war against terrorism in Operations Iraqi Freedom and Enduring Freedom. American fighting men and women are proving that they are the best-trained, best-equipped and best-led military in the world. As Secretary of Defense Donald Rumsfeld has noted, the war in Iraq is part of a long, dangerous global war on terrorism. The war on terrorism is being waged on two fronts: overseas against armed terrorists and the other here protecting and securing the Homeland. Indeed, most of what we as Americans hold dear are made possible by the peace and stability, which the armed forces provide.

The American Legion has always adhered to the principle that this nation's armed forces must be well-manned and equipped, not just to pursue war, but to preserve and protect peace. The American Legion strongly believes that past military downsizing was budget-driven rather than threat focused. Once Army divisions, Navy warships, and Air Force fighter wings are eliminated or retired from the force structure, they cannot be rapidly reconstituted regardless of the threat or emergency circumstances. Although active duty recruiting has achieved its goals, the Army's stop-loss policies have obscured retention of the active and reserve components. Military morale undoubtedly has also been adversely affected by the extension of tours in Iraq.

The Administration's budget request for FY 2005 totals \$2.4 trillion and authorizes \$402 billion for defense or about 19 percent of the budget. The FY 2005 defense budget represents a seven percent increase in defense spending over the current funding level. It also represents 3.6 percent of our Gross Domestic Product, more than the 3.5 percent in the FY 2004 budget. Active duty military manpower end strength is 1.388 million, only

slightly changed from FY 2003. Selected Reserve strength is 863,300 or reduced by about 25 percent from its strength levels during the Gulf War of 13 years ago.

Mr. Chairman, this budget must advance ongoing efforts to fight the global war on terrorism, sustain and improve military quality of life and continue to transform the military. A decade of overuse of the military and its under-funding, will necessitate sustained investments. The American Legion believes that this budget must also address increases in the military end strengths of the Services; accelerate ship production; provide increased funding for the concurrent receipt of military retirement pay and VA disability compensation for disabled military retirees; and improved survivors benefit plan (SBP) for the retired military survivors.

If we are to win the war on terror and prepare for the wars of tomorrow, we must take care of the Department's greatest assets – the men and women in uniform. They are doing us proud in Iraq, Afghanistan and around the world.

In order to attract and retain the necessary force over the long haul, the active duty force, reserves and National Guard continue to look for talent in an open market place and to compete with the private sector for the best young people this nation has to offer. If we are to attract them to military service in the active and reserve components, we need to count on their patriotism and willingness to sacrifice, to be sure, but we must also provide them the proper incentives. They love their country, but they also love their families – and many have children to support, raise, and educate. We have always asked the men and women in uniform to voluntarily risk their lives to defend us; we should not ask them to forgo adequate pay and allowances and subject their families to repeated unaccompanied deployments and sub-standard housing as well.

With the eventual lifting of the stop-loss policy, there may be a personnel exodus of active duty and reserve components from the Army. Retention and recruiting budgets may need to be substantially increased if we are to keep, and recruit, quality service members.

The President's 2005 defense budget requests \$104.8 billion for military pay and allowances, including a 3.5 percent across-the-board pay raise. It also includes \$4.2 billion to improve military housing, putting the Department on track to eliminate most substandard housing by 2007 – several years sooner than previously planned. The FY 2004 budget lowered out-of-pocket housing costs for those living off-base from 7.5 percent to 3.5 percent in 2004 so as to hopefully eliminate all out-of-pocket costs for the men and women in uniform by 2005. The American Legion encourages the Subcommittee to continue the policy of no out-of-pocket housing costs in future years.

Together, these investments in people are critical, because smart weapons are worthless to us unless they are in the hands of smart, well-trained soldiers, sailors, airmen, Marines and Coast Guards personnel.

American Legion National Commanders have visited American troops in Europe, the Balkans South Korea, as well as a number of installations throughout the United States, including Walter Reed Army Medical Center and Bethesda National Navy Center. During these visits, they were able to see first hand the urgent, immediate need to address real quality of life challenges faced by service members and their families. Commanders' have spoken with families on Womens' and Infants' Compensation (WIC), where quality-of-life issues for service members, coupled with combat tours and other heightened operational tempos, play a key role in recurring recruitment and retention efforts and should come as no surprise. The operational tempo and lengthy deployments, other than combat tours, must be reduced or curtailed. Military missions were on the rise before September 11, and deployment levels remain high and the only way, it appears, to reduce repetitive overseas tours and the overuse of the Reserves is to increase military end strengths for the services. Military pay must be on par with the competitive civilian sector. Activated reservists must receive the same equipment, the same pay and timely health care as active duty personnel. If other benefits, like health care improvements, commissaries, adequate quarters, quality child care, and impact aid for education or DoD education are reduced, they will only serve to further undermine efforts to recruit and retain the brightest and best this nation has to offer.

The budget deficit is about \$374 billion, the largest in U.S. history, and it is heading higher perhaps to \$500 billion. National defense spending must not be a casualty of deficit reductions.

INCREASING END STRENGTHS AND BALANCING THE ACTIVE/RESERVE FORCE STRUCTURE

The personnel system and force structure currently in use by the United States Armed Forces was created 30 years ago, in the aftermath of the Vietnam War. By the mid-1980's, the All Volunteer Force (AVF) became the most professional, highly qualified military the United States had ever fielded. With 18 Army divisions and 2.1 million on active duty, we were geared for the Cold War and that preparedness carried over into the Persian Gulf War. Whenever Reservists were called-up for the Persian Gulf War or peacekeeping, in the Balkans or Sinai, they were never kept on duty for more than six months. In fact, many reservists volunteered to go. This system began to breakdown after September 11, 2001 with an overstretched Army which only had ten divisions which included a mix of infantry, armor, cavalry, air assault, airborne, mechanized and composite capabilities. The Quadrennial Defense Review, released one month after the September 11 attacks, did not alter the mix of active duty and reserve units. Nor did the plans for the invasion of Iraq. The Defense Department admitted that rebalancing the way reserve forces were used was to be a top priority. DoD also said that it had seen no evidence to support calls to increase the size of the active Army from its current level of 480,000. The reserves still account for 97 percent of the military's civil affairs units, 70 percent of its engineering units, 66 percent of its military police and 50 percent of its combat forces. Moreover, the size of the active duty Army has shrunk to 34 percent of the total U.S. military and is currently proportionally smaller than at any time in its

history. This split in the active and reserve forces have lead to four major problems, which has been exacerbated by the inability of the U.S. to get troop contributions from other nations.

First, the Army is severely overstretched and is actively engaged with hostile forces in two countries. It has nearly 370,000 soldiers deployed in 120 countries around the globe. Of its 33 combat brigades, 24 (or 73 percent) are engaged overseas. This leaves the United States potentially vulnerable in places like the Korean Peninsula, and it means that many combat units are sent on back-to-back deployments or have had their overseas tours extended unexpectedly.

Secondly, the failure to increase active forces and reorganize the military's personnel and force structures resulted in National Guard and reserve units being mobilized without reasonable notice nor equipping. A Maryland National Guard MP battalion, for example, has been mobilized three times in the last two years.

The third problem created by these mobilizations is that many of the reservists have been called up without proper notice and kept on duty too long and happen to be police officers, firefighters and paramedics in their civilian lives. When these personnel are called for military service and kept active for long periods, besides jeopardizing their employment, it can reduce the ability of their communities to deal with terrorism.

The fourth problem with the current system is that it has lead to a decline in the overall readiness of the Army. In fiscal year 2003, the Army had to cancel 49 of its scheduled 182 training exercises. The first four divisions returning from Iraq in the first five months of this year will not be combat-ready again for at least six months since their equipment has worn down, troops have worn down and war-fighting skills have atrophied while they were doing police work. Through its stop-loss measures, the Army has prevented 24,000 active duty troops and some 16,000 reservists from leaving its ranks. The Army Reserve missed its reenlistment goals for FY 2003.

Former Assistant Secretary of Defense Lawrence Korb recommends three major steps to correct these imbalances: First, the balance of active and reserves must take place even during a war. Forces needed for occupation duty, such as military police, civil affairs and engineers should be permanently transferred to active duty. Secondly, the size of the Army should be quickly increased by at least two more divisions or 40,000 spaces. Third, given the threat to the American homeland, DoD cannot allow homeland security personnel to join the National Guard and reserves.

The American Legion supports these recommendations, in particular, by permanently increasing the end strengths of the United States Army by two additional divisions or by at least 40,000 personnel. The Army simply does not have enough division-size units to adequately accommodate rotation of units in Iraq in a timely manner and without units becoming non-combat ready when they return home.

Apparently, DoD has resisted making these changes because of the expenses they would incur. But given the size of the overall defense budget -- \$420 billion -- the money could be found if Congress and DoD reordered its priorities.

By 2007, the Army expects to have created a modern Army by moving to brigade-based organizations, rather than division-based. The Army's current 33 brigades will expand to as many as 48 brigade units of action, which will include five Stryker brigades. The National Guard would have the same common design as the Army. To accomplish these planned changes, the Army will temporarily add 30,000 spaces to help form the new organizations. However, The American Legion understands that about 7,000 service members of the 30,000 would be holdovers from the stop-loss policy. DoD also anticipates continuing to call Guardsmen and reservists to active duty, which indicates a continuing unit and manpower shortage.

QUALITY-OF-LIFE

Our major national security concern continues to be the enhancement of the quality of life issues for active duty service members, reservists, National Guardsmen, military retirees, and their families. During the last congressional session, President Bush and Congress made marked improvements in an array of quality-of-life issues for military personnel and their military families. These efforts are visual enhancements that must be sustained for active duty personnel, Guardsmen and reservists.

In previous defense budgets, the President and Congress addressed improvements to the TRICARE system to meet the health care needs of military beneficiaries; enhanced Montgomery GI Bill educational benefits; and elimination of the disabled veterans' tax for severely disabled military retirees. For these actions, The American Legion applauds your strong leadership, dedication, and commitment. However, major issues still remain unresolved: the issue of concurrent receipt of full military retirement pay and VA disability compensation without the current dollar-for-dollar offset for all disabled retirees needs to be resolved as well as the need to improve survivors' benefits by eliminating the 20 percent offset at age 62.

The American Legion will continue to convey that simple, equitable justice is one reason to authorize and fund concurrent receipt. Military retirees are the only Federal employees who continue to have their retired pay offset with VA disability compensation. Also, proponents claim that the unique nature of military service, given their sacrifices and hardships, should merit these retirees receiving both military retired pay and VA disability compensation. For the past decade, many veterans' programs have been pared to the bone in the name of balancing the budget. Now, military retirees must pay premiums to TRICARE for full health care coverage for themselves and their immediate family members. The American Legion feels it is time that retirees receive compensation for these fiscal sacrifices. Likewise, military survivors have their survivors' benefits reduced from 55 percent to 35 percent when they become social security eligible.

Often, VA service-connected disability compensation is awarded for disabilities that cannot be equated with disabilities incurred in civilian life. Military service rendered in defense, and on behalf, of the Nation, deserves special consideration when determining policy toward such matters as benefits offsets. The American Legion believes it is a moral and ethical responsibility to award disability compensation to the needs of disabled veterans, given the sacrifices and hardships they incurred during honorable military service to the Nation. We are also aware that many of the disabled retirees receive retirement pay that is beneath established poverty levels and by definition in Title 38 are “indigent” veterans.

Mr. Chairman, The American Legion and the armed forces owe you and this Subcommittee a debt of gratitude for your strong support of military quality-of-life issues. Nevertheless, your assistance is needed now more than ever. Positive congressional action is needed in this budget to overcome old and new threats to retaining the finest military in the world. Service members and their families continue to endure physical risks to their well being and livelihood, substandard living conditions, and forfeiture of personal freedoms that most Americans would find unacceptable. Worldwide deployments have increased significantly and the Nation is at war: a smaller armed force has operated under a higher operational tempo with longer work hours, greater dangers, and increased family separations. The very fact that over 300,000 Guardsmen and Reservists have been mobilized since September 11, 2001 is first-hand evidence that the United States Army woefully has needed at least two more active divisions for nearly a decade.

Throughout the draw down years, military members have been called upon to set the example for the nation by accepting personal financial sacrifices. Their pay raises have been capped for years, and their health care system has been overhauled to cut costs, leaving military families with lessened access to proper health care. The American Legion congratulates the Congress for their quality-of-life enhancements contained in past National Defense Authorization Acts. The system however, is in dire need of continued improvement.

Now is the time to look to the force recruiting and retention needs. Positive congressional action is needed to overcome past years of negative career messages and to address the following quality-of-life features:

- Closing the Military Pay Gap With the Private Sector - The previous Chairman of the Joint Chiefs of Staff stated that the area of greatest need for additional defense spending is “taking care of our most important resource, the uniformed members of the armed forces.” To meet this need, he enjoined Members of Congress to “close the substantial gap between what we pay our men and women in uniform and what their civilian counterparts with similar skills, training and education are earning.” But 11 years of pay caps in previous years took its toll and military pay continues to lag behind the private sector at about 5.4 percent. With U.S. troops battling terrorism in Iraq and Afghanistan, The American Legion supports at least

a 3.5 percent military pay raise. The American Legion believes the gap should be erased within three years or less.

- Basic Allowance for Housing (BAH) - For those who must live off base, the provision of BAH is intended to help with their out-of-pocket housing expenses. Secretary of Defense Rumsfeld set a goal of entirely eliminating average out-of-pocket housing expenses. This committee has taken strong steps in recent times to provide funding to move toward lowering such expenses by 2005. Please continue to work to keep the gap closed between BAH and the members' average housing costs during future years.
- Flight Pay for Reserve Components: The time has come for equality in flight pay for reserve component flyers, who perform the same duty as their active duty counterparts and are paid at a lower rate.
- Commissaries - Several years ago, DoD had considered closing some 37 commissary stores worldwide and reducing operating hours in order to resolve a \$48 million shortfall in the Defense Commissary Agency. Such an effort to reduce or dismantle the integrity of the military commissary system would be seen as a serious breach of faith with a benefit system that serves as a mainstay for the active and reserve components, military retirees, 100 percent service-connected disabled veterans, and others. The American Legion urges the Congress to preserve full federal subsidizing of the military commissary system and to retain this vital non-pay compensation benefit. Furthermore, The American Legion fully supported the full-time usage of commissary stores by members of the Reserve Components, which was authorized; that the system not be privatized or consolidated; and that DECA manpower levels not be further reduced. The American Legion would oppose any attempts by DoD to impose "variable pricing" in commissaries.
- DoD Domestic Dependents Elementary and Secondary Schools (DDESS) – The American Legion is concerned about the possible transfer of DDESS, which is the target of an ongoing study in the DoD. The American Legion urges the retention and full funding of the DDESS as they have provided a source of high quality education for children attending schools on military installations.
- Absentee Voting: With the fiasco of the 2000 election and the difficulty members of the military had in voting absentee, The American Legion urges Members of this Subcommittee to direct DoD to reinstate the military absentee voting "test" that Congress has funded and has been discontinued by DoD. Many states have already implemented Internet voting in recent primaries.
- Cold War Victory Medal: The American Legion recommends that this Subcommittee authorize a Cold War Victory Medal to those who served during the period September 2, 1945 through December 21, 1991 to commemorate service and victory in the Cold War, which eliminated the threat of a determined enemy to overpower the freely elected democracies of the world.

GI BILL EDUCATION BENEFITS

The American Legion commends the 108th Congress for its actions to improve the current Montgomery GI Bill (MGIB). A stronger MGIB is necessary to provide the nation with

the caliber of individuals needed in today's Armed Forces. The American Legion appreciates the efforts that this Congress has made to address the overall recruitment needs of the Armed Forces and to focus on the current and future educational requirements of the All-Volunteer Force.

Over 96 percent of recruits currently sign up for the MGIB and pay \$1,200 out of their first year's pay to guarantee eligibility. However, only one-half of these military personnel use any of the current Montgomery GI Bill benefits. This we believe is directly related to the fact that current GI Bill benefits have not kept pace with the increasing cost of education. Costs for attending the average four-year public institution, as a commuter student during the 1999-2000 academic year was nearly \$9,000. PL 106-419 raised the basic monthly rate of reimbursement under MGIB to \$900 per month for a successful four-year enlistment and \$732 for an individual whose initial active duty obligation was less than three years. The current educational assistance allowance for persons training full-time under the MGIB – Selected Reserve is \$276 per month.

The Servicemen's Readjustment Act of 1944, the original GI Bill, provided millions of members of the Armed Forces an opportunity to seek higher education. Many of these individuals may not have been afforded this opportunity without the generous provisions of that act. Consequently, these servicemen and servicewomen made a substantial contribution not only to their own careers, but also to the economic well being of the country. Of the 15.6 million veterans eligible, 7.8 million took advantage of the educational and training provisions of the original GI Bill. Between 1944 and 1956, when the original GI Bill ended, the total educational cost of the World War II bill was \$14.5 billion. The Department of Labor estimates that the government actually made a profit because veterans who had graduated from college generally earned higher salaries and therefore paid more taxes. Today, a similar concept applies. The educational benefits provided to members of the Armed Forces must be sufficiently generous to have an impact. The individuals who use MGIB educational benefits are not only improving their career potential, but also, making a greater contribution to their community, state, and nation. The American Legion applauds the improvements in the MGIB contained in the FY 2002 NDAA, but there is more to be accomplished.

Today's military educational benefits package directly competes with other federally funded educational programs, such as AmeriCorps, Pell Grants and others that offer equal or greater monetary benefits with less personal sacrifice and hardships. The American Legion believes that the veterans' educational benefits package for the 21st Century must be designed to recruit outstanding individuals to meet the needs of the armed forces and to serve as a successful transition instrument from military service back into the civilian workforce.

The American Legion recommends the following improvements to the current MGIB:

- The dollar amount of the entitlement should be indexed to the average cost of a college education including tuition, fees, textbooks, and other supplies for a

commuter student at an accredited university, college, or trade school for which they qualify

- The educational cost index should be reviewed and adjusted annually,
- A monthly tax-free subsistence allowance indexed for inflation must be part of the educational assistance package,
- Enrollment in the MGIB shall be automatic upon enlistment; however, benefits will not be awarded unless eligibility criteria have been met,
- The current military payroll deduction (\$1,200) requirement for enrollment in MGIB must be terminated,
- If a veteran enrolled in the MGIB acquired educational loans prior to enlisting in the Armed Forces, MGIB benefits may be used to repay those loans,
- If a veteran enrolled in MGIB becomes eligible for training and rehabilitation under Chapter 31, of Title 38, United States Code, the veteran shall not receive less educational benefits than otherwise eligible to receive under MGIB,
- A veteran may request an accelerated payment of all monthly educational benefits upon meeting the criteria for eligibility for MGIB financial payments, with the payment provided directly to the educational institution.
- Separating service members and veterans seeking a license, credential, or to start their own business must be able to use MGIB educational benefits to pay for the cost of taking any written or practical test or other measuring device,
- Eligible veterans shall have 10 years after discharge to utilize MGIB educational benefits,
- Eligible members of the Select Reserves, who qualify for MGIB educational benefits shall receive not more than half of the tuition assistance and subsistence allowance payable under the MGIB and have up to 5 years from their date of separation to use MGIB educational benefits.

RESERVE COMPONENTS

The advent of smaller active duty forces reinforces the need to retain combat-ready National Guard and Reserve forces that are completely integrated into the Total Force. The readiness of National Guard and Reserve combat units to deploy in the war on terrorism will also have a cost in terms of human lives unless Congress is completely willing to pay the price for their readiness. With only ten active Army divisions in its inventory, America needs to retain the eight National Guard divisions, in heightened readiness postures, as its life insurance policy.

Reliance on National Guard and Reserve forces has risen 13-fold over the pre-Gulf War era. This trend continues even though both reserve and active forces have been cut back 30 percent and about 25 percent, respectively, from their Cold War highs. In addition, since the terrorist attacks on the American homeland on September 11, 2001, more than 300,000 Guard and Reserve troops have been activated to support homeland defense and overseas operations in the war on terror. Soon, 40 percent of the forces in Iraq will consist of activated reservists.

National Guard and Reserve service today involves a challenging balancing act between civilian employment, family responsibilities, and military service. Increasingly, National Guard and Reserve families encounter stressful situations involving healthcare, economic obligations, and employer uncertainty. Much was accomplished last year for the Guard and Reserves. Benefit issues of particular concern in this area include:

- Review and upgrade the Reserve compensation and retirement system without creating disproportional incentives that could undermine active force retention; change the retirement age from 60 to 55 for Guardsmen and Reservists;
- Continue to restore the tax deductibility of non-reimbursable expenses directly related to Guard and Reserve training;
- Reduce the operations tempo; increase Army force levels; allocate adequate recruiting and retention resources;
- Streamline the reserve duty status system without compromising the value of the compensation package;
- Improve Reserve Montgomery GI Bill (MGIB) benefits proportional to the active duty program;
- Allow reservists activated for 12 months or longer to enroll in the active duty MGIB;
- Allow the Guard and Reserve to accrue for retirement purposes all points earned annually;
- Make TRICARE permanently available to all drilling Guardsmen and reservists and their families.
- Tax credits for employers who choose to make up the defense between military pay and reservists salary when they are activated.
- Growing concerns are that the Reserve Components, especially the National Guard, are being overused in contingency and peacekeeping operations, as these service members have regular civilian jobs and families as well. The National Guard also has state missions in their home states. The American Legion understands that retention rates and, therefore, strength levels are falling in those states, which have deployed or scheduled to deploy Guardsmen overseas. Governors of these states continue to express concern that state missions will not be accomplished. The National Guard from 44 states has had a presence in 35 foreign countries.

The American Legion is also supportive of all proposed quality-of-life initiatives that serve to improve living and working conditions of members of the Reserve components and their families.

OTHER MILITARY RETIREE ISSUES

The American Legion believes strongly that quality-of-life issues for retired military members and families also are important to sustaining military readiness over the long term. If the Government allows retired members' quality-of-life to erode over time, or if the retirement promises that convinced them to serve are not kept, the retention rate in the current force will undoubtedly be affected. The old adage that you enlist a recruit, but

you reenlist a family is truer today than ever as more career-oriented service members are married or have dependents.

Accordingly, The American Legion believes Congress and the Administration must place high priority on ensuring that these long-standing commitments are honored:

- VA Compensation Offset to Military Retired Pay (Retired Pay Restoration) – Under current law, a military retiree with compensable, VA disabilities cannot receive full military retirement pay and VA disability compensation. The military retiree's retirement pay is offset (dollar-for-dollar) by the amount of VA disability compensation awarded. The American Legion supports restoration of retired pay (concurrent receipt) for all disabled military retirees. We would like to thank the Subcommittee for authorizing concurrent receipt for disabled retirees rated 50 percent and higher and for including Temporary Early Retirement Authority (TERA) retirees as well as disabled retired reservists who are receiving retired pay for longevity. The American Legion is also grateful for the Enhanced Combat-Related Special Compensation (CRSC), which was enacted in the FY 2003 National Defense Authorization Act. Mr. Chairman, we have a ways to go in extending concurrent receipt to those disabled retirees for longevity rated 50 percent and less; and including TERA retirees in CRSC eligibility; and by extending concurrent receipt to those disabled retirees who were medically retired before reaching 20 years of service. The American Legion has visited Walter Reed Army Medical Center on numerous occasions to talk with wounded and injured young soldiers many with amputated limbs suffered as a result of combat action in Iraq and Afghanistan. They too are prohibited from receiving both military retirement pay for their physical disability and VA disability compensation. This puts an additional financial strain on these severely disabled soldiers and their families. The American Legion is extending its Family Support Network to these soldiers and their families when they are medically retired from the service. The purposes of these two compensation elements are fundamentally different. A veteran's disability compensation is paid to a veteran who is disabled by injury or disease incurred or aggravated during active duty military service. Monetary benefits are related to the residual effects of the injury or disease or for the physical or mental pain and suffering and subsequently reduced employment and earnings potential. Action should be taken this year to provide full compensation for those military retirees who served both more than and fewer than 20 years in uniform and incurred service-connected disabilities. Disabled military retirees are the only retirees who pay for their own disability compensation from their retirement pay; and they cannot receive both military disability retirement pay and VA disability compensation. It is time to completely cease this inequitable practice. What better time to authorize and fund concurrent receipt for all disabled retirees than during this period of War?
- Social Security Offset to the Survivors' Benefits Plan (SBP) - The American Legion supports amending PL 99-145 to eliminate the provision that calls for the automatic offset at age 62 of the military SBP with Social Security benefits for military survivors. Military retirees pay into both SBP and Social Security, and

their survivors pay income taxes on both. The American Legion believes that military survivors should be entitled to receipt of full social security benefits, which they have earned in their own right. It is also strongly recommended that any SBP premium increases be assessed on the effective date of, or subsequent to, increases in cost of living adjustments and certainly not before the increase in SBP as has been done previously. In order to see some increases in SBP benefits, The American Legion would support an improvement of survivor benefits from 35 percent to 55 percent over a ten-year period. The American Legion also supports initiatives to make the military survivors' benefits plan more attractive. Currently, about 75 percent of officers and 55 percent of enlisted personnel are enrolled in the Plan.

- Reducing the Retired Reservist age from 60 to 55 - The American Legion believes that retirement pay should be paid sooner as members of the Guard and Reserve are now being used to replace active duty forces in Afghanistan and Iraq and are projected to become 40 percent of total forces in those theaters. Similarly, these retirees and their dependents should be eligible for TRICARE health care and other military privileges when they turn 55.
- Military Retired Pay COLAs - Service members, current and future, need the leadership of this Subcommittee to ensure Congress remains sensitive to long-standing contracts made with generations of career military personnel. A major difficulty is the tendency of some to portray all so-called "entitlement" programs, including military retirement, as a gratuitous gift from the taxpayer. In truth, military retired pay is earned deferred compensation for accepting the unique demands and sacrifices of decades of military service. The military retirement system is among the most important military career incentives. The American Legion urgently recommends that the Subcommittee oppose any changes to the military retirement system, whether prospective or retroactive that would undermine readiness or violate contracts made with military retirees.
- The SBP Veterans Dependency and Indemnity Compensation (DIC) Offset for Survivors - Under current law, the surviving spouse of a retired military member who dies from a retiree was also enrolled in SBP, the surviving spouse's SBP benefits are offset by the amount of DIC (currently \$948 per month). A pro-rated share of SBP premiums is refunded to the widow upon the member's death in a lump sum, but with no interest. The American Legion believes that SBP and DIC payments, like military retirement pay and disability compensation, are paid for different reasons. SBP is elected and purchased by the retiree based on his/her military career and is intended to provide a portion of retired pay to the survivor. DIC payments represent special compensation to a survivor whose sponsor's death was caused directly by his or her uniformed service. In principle, this is a government payment for indemnity or damages for causing the premature loss of life of the member, to the extent a price can be set on human life. These payments should be additive to any military or federal civilian SBP annuity purchased by the retiree. There are approximately 27,000 military widows/widowers affected by the offset under current law. Congress should repeal this unfair law that penalizes these military survivors.

- Uniformed Services Former Spouses Protection Act (USFSPA) - The American Legion urges Congressional support for amending language to PL 97-252, the Uniformed Services Former Spouses Protection Act. This law continues to unfairly penalize active duty armed forces members and military retirees. USFSPA has created an even larger class of victims than the former spouses it was designed to assist, namely remarried active duty service members or military retirees and their new family. The American Legion believes this law should be rescinded in its entirety, but as an absolute minimum, the provision for a lifetime annuity to former spouses should be terminated upon their remarriage. This is consistent with most divorce decrees. Based on this current provision, monthly provisions for life are being granted to former spouses regardless of marital status, need, or child custodial arrangements. The time has come to cease lifetime annuities to former military spouses, should they remarry. Judicial determinations of appropriate support should be determined on a case-by-case basis and not be viewed as an "entitlement" by former spouses as exists under current law. The American Legion urges hearings on the USFSPA.
- Base Realignment and Closure (BRAC) - Whenever a BRAC is conducted, The American Legion urges that certain base facilities such as base medical facilities, commissaries, exchanges and other facilities be preserved for use by active and reserve personnel and military retired veterans and their families.

THE AMERICAN LEGION'S FAMILY SUPPORT NETWORK

The American Legion continues to demonstrate its support and commitment to the men and women in uniform and their families. The American Legion's Family Support Network is ready to provide immediate assistance to service personnel and their families, whose lives have been directly affected by Operation Iraqi Freedom and the ongoing global war on terrorism. Created during the early days of Desert Shield in response to the massive activation of Reserve and National Guard members, the Family Support Network garners the resources of nearly 15,000 local Posts nationwide to assist military families enduring hardships incurred due to military service.

Since September 11, 2001, the nation has been on high alert and National Guard and Reserve units have been activated in record numbers. As a result, the families of these men and women often find themselves unable to meet normal monthly household obligations. Assistance is needed for a variety of everyday chores and expenses. These needs range from routine household chores, grocery shopping, and childcare, to ensuring that the grass is mowed for the expecting mother whose husband is serving abroad.

To actively address these issues, The American Legion maintains a 24-hour nationwide toll-free telephone number, **1-800-504-4098**, for service personnel and their families to call for assistance. Families can also request assistance electronically through the Legion's web site at **www.legion.org** or email at **familysupport@legion.org**. All requests are referred to The American Legion Department, or state, in which the call originated. Departments relay the collected information to a local American Legion Post. The Post then contacts the service member or family to see how assistance can be

provided locally. Since the creation of the Family Support Network in 1990, thousands of local Posts have responded to meet these families' needs in their communities. The Family Support Network has handled over 3,500 requests and inquiries since the terrorist attacks of September 11, 2001. On average, the Family Support Network receives four inquiries per day.

As the armed forces pursue the enemies of freedom in Iraq and around the globe, The American Legion supports the men and women in uniform and their families with the Family Support Network. Legionnaires, who served our nation in times of adversity, remember how it felt to be separated from those they loved. The Family Support Network is successful as a direct result of Legionnaires, at the Post level in local communities, responding to the needs of comrades and their families. As the nation's largest veteran's organization, this commitment to the men and women of the armed forces and their families is absolute and steadfast. As a grateful nation, we must ensure that no family endures hardships caused by military service that ensures the American ideals and freedom.

CONCLUSIONS

Thirty years ago America opted for an all-volunteer force to provide for the national security. Inherent in that commitment was a willingness to invest the needed resources to bring into existence a competent, professional, and well-equipped military. The FY 2005 defense budget while recognizing the War on Terrorism and Homeland Security represents another good step in the right direction.

What more needs to be done? The American Legion recommends, as a minimum, that the following steps be implemented:

- Continued improvements in military pay, equitable increases in Basic Allowances for Housing and Subsistence, military health care, improved educational benefits under the Montgomery G.I. Bill, improved access to quality child care, impact aid and other quality-of-life issues. The concurrent receipt of military retirement pay and VA disability compensation for all disabled retirees needs to be authorized and funded. The Survivors' Benefit Plan needs to be increased from 35 to 55 percent for Social Security-eligible military survivors.
- Defense spending, as a percentage of Gross Domestic Product, needs to be maintained at least 3.5 percent annually which this budget does achieve.
- The end strengths of the active armed forces need to be increased to at least 1.6 million for the Services and the Army needs to be increased by two more divisions.
- The Quadrennial Defense Review strategy needs to call for enhanced military capabilities to include force structures, increased end strengths and improved readiness, which are more adequately resourced.
- Force modernization needs to be realistically funded and not further delayed or America is likely to unnecessarily risk many lives in the years ahead;

- The National Guard and Reserves must be realistically manned, structured, equipped and trained, fully deployable, and maintained at high readiness levels in order to accomplish their indispensable roles and missions. Their compensation, health care, benefits and employment rights need to be continually improved.

Mr. Chairman, this concludes The American Legion statement.