

House Armed Services Subcommittee on Military Personnel Holds Hearing on Beneficiary and Advocacy Overview

DAVIS:

Good afternoon, everybody. The hearing will come to order. I want to thank our witnesses today for coming. We will be focusing on the views of military advocacy and beneficiary groups.

For the past several years, as many of you know, the subcommittee has found it beneficial to hear from a handful of beneficiary and advocacy organizations at the start of the legislative season on a wide range of personnel programs and policies that impact service members, their families and retirees.

And this approach has allowed the subcommittee to have a better understanding of the priorities of these organizations and where they stand so the members of the subcommittee gain a better appreciation of the many competing requirements that come before us.

During the last Congress, the subcommittee was able to visit several of our members' districts. And I look forward to continuing this new tradition and getting out into other districts in the coming year. These trips have also afforded us a firsthand view of the issues that affect our men and women in uniform.

The current economic climate is a challenge; it's a challenge to all Americans. And our service members and their families are not immune to its effects.

As such we expect that the coming Defense budget will be streamlined and finding additional funds to address the multitude of important personnel programs particularly the issue -- the increases in health care costs will be even more challenging this year.

More so than ever, we know that we're going to be forced to make difficult decisions and it's important for the subcommittee to understand the priorities for service members, retirees and their families when we make these decisions.

I want to welcome our witnesses today. Peter J. Duffy, colonel United States Army retired, deputy legislative director for the National Guard Association of the United States, good to have you with us. All of you.

Michael P. Cline, master sergeant, United States Army retired, executive director, Enlisted Association of the National Guard of the United States; Ms. Kathleen Moakler, director, governmental relations for the National Military Family Association; Steve Strobridge, colonel, United States Air Force retired, director of government relations, Military Officers Association of America; Mr. Jed Becker, chairman of the Armed Forces Marketing Council; Ms. Perri Brackett, chairwoman, American Logistics Association; and Maggie McCloud who's also here and testifying today.

And we're delighted to have all of you. Let me also mention Master Sergeant Cline, Ms. Moakler and Colonel Strobridge represent their individual organizations. But they are representing the position of the Military Coalition here today.

The coalition is comprised of over 30 uniformed services and veterans organizations. We could not have all interested individual organizations present their oral testimony so we've asked these individuals to represent the coalition members here today. And we appreciate the fact that many of you have put your statements into the record and we will certainly include those.

Ladies and gentlemen, welcome. I would ask that you testify in the order that I stated. And Mr. Wilson, I wonder if you have any comments that you'd like to add as well. Thank you.

WILSON:

Thank you, Madam Chairwoman Davis, for holding this hearing today. And thank you each as a member of today's panel for being here today. I truly appreciate your willingness to share your views on important issues spanning the full breadth of the subcommittees jurisdiction.

This testimony will surely help to shape our legislative and funding priorities as we strive to improve the military personnel health care and morale, welfare and recreation systems of the Department of Defense.

I'm especially grateful that we will hear today from Ms. Margaret McCloud, a Gold Star Wife whose husband, Lieutenant Colonel Trane McCloud, was killed in action in Iraq. Trane was an active-duty marine and served in our office as the defense legislative fellow in 2003.

Trane has been such a patriot. He was devoted to his country. He loved his wife and three children with -- I'm so grateful to have Maggie here today. So thank you so much and God bless you.

I would also like to thank Chairwoman Davis for agreeing to my request that the panel include witnesses to address National Guard and Reserve issues. Madam Chair, based on my review of the testimony submitted to us, the recommendations made by the various groups fall into two broad categories; one, those that are strictly policy issues that require little or no additional funding and two, those legislative changes that would require additional discretionary or mandatory spending.

While fiscally more difficult, many of the proposals that will make an immediate and positive impact on our service members and their families fall into the latter category. Some examples include an annual pay increase of one-half of one percent above the employment cost index, ECI, improving Reserve component requirement compensation, eliminating the concurrent receipt in the survivor of benefit plan dependent indemnity compensation offsets and prohibiting substantial increases in health care cost sharing.

It has been said that a time was coming when we might not be able to come up with the offsets for these proposals. However, in today's environment when the Congress and president have committed to spending trillions of dollars, that is thousands of billions, to rescue the economy, it's my view that Congress can find the additional funding required to protect the men, the women and their families who make incredible daily sacrifice in service to our nation.

I would urge that the subcommittee provide recommendations for additional mandatory spending authority to Chairman Skelton and Ranking Member McHugh for inclusion in the HASC views and estimates letter.

Madam Chair, I would welcome the opportunity to work with you in that effort. Again, I want to thank you for holding this hearing and I look forward to the testimony of our witnesses.

DAVIS:

Thank you very much, Mr. Wilson. And I know that this is a difficult thing to do but you have been asked to try and limit your comments to three minutes. That will give us more time to be sure that we have a chance to engage in a real discussion here and we'd like very much to do that.

So if you could summarize your remarks and provide us with your top three priorities that you're seeking, that's helpful, too. If you don't have it together in that way, we'll come back and ask you anyway. So however you would choose to use those three minutes but we certainly hope that we'll have a chance to understand those very clearly before we leave here today.

After reviewing all the written testimony, the totality of the program enhancements, the expansion and improvements that are being sought would total as you can well imagine in the billions of dollars both in mandatory and discretionary funding. And the reality as you well know is that we can't do everything that we're seeking to achieve certainly not in years past and not here. And we've tried to do that but we know that that's very difficult.

So we will continue to make the kinds of improvements that you are here to talk about in incremental steps. To the extent that we understand those better is really what we're here to do today.

We certainly can't accommodate all the organizations who would like to speak and to present all of their oral testimonies but without objection, I would like to include in the record and ask unanimous consent that the testimony from the Fleet Reserve Association, the Reserve Officer's Association, the Veteran's of Foreign Wars of the United States and the Iraq and Afghanistan Veterans of America as well as a statement from Mr. Solomon Ortiz, the chairman of the Readiness subcommittee, be included for the record.

And with that, Colonel Duffy, would you please begin?

DUFFY:

Can you hear me? Thank you for this opportunity to present testimony. I'll summarize my three points will be related to medical readiness; one in the context of pre-mobilization medical readiness; the second, post-deployment readiness; and the third, mental health care as a readiness item both pre and post-deployment.

A few very brief words about the National Guard which I know you all are familiar. We are a unique component among the military. We are citizen soldiers. Once released from active duty, if we remain as members of the Selected Reserve, we go into title 32 status under the command and control of the governor where members of the National Guard will fight fires in California, ice storms in Arkansas,

hurricanes in South Carolina/North Carolina often with very little break time between returning from active duty.

National Guard is community based. It's a community based organization. I cannot amplify that or underscore that enough.

Medical readiness needs. Currently when the alert order comes out to activate a unit, our members are usually screened with the screening taking place ideally within about one year from the time of deployment.

If there are medical and dental deficiencies found in that screening, there is no mandatory program to fix those. We want to mandate the Department of Defense not just to screen our members for medical and dental readiness but to fix any medical or dental deficiencies. And this should be done on an ongoing basis.

Let me explain the concept of cross leveling which may sound a little unusual. If the unit of 70 persons is activated, alerted and let's say they're alerted one year prior to deployment. As they approach deployment, if five or 10 members are not fit for deployment be it medical or legal reasons, other members in the state not part of that unit will be cross leveled to be deployed with them.

Sometimes a notice for cross leveling can be as short as two or three weeks. Certainly those members do not have any adequate notice of the possibility of deployment to have tended to medical and dental needs. If we had full-time medical readiness, this would not be an issue.

All members in the state, the National Guard would be medically and dentally ready if we had annual screenings and their deficiencies were repaired -- full-time readiness. If the Department of Defense is going to use the National Guard as an operational force, it should take care of them medically as an operational force not in the staccato measure that it's been following for -- since this war began.

Right now our members receive active-duty equivalent medical care 90 days prior to being activated. We want this extended to the full alert period.

Post-deployment: The post-deployment health assessment as you may know is administered at the demobilization site. It's a self- assessment completed by the soldier or by the -- by the airman.

The demobilization site is often far removed from the home station. For example, the Maryland National Guard had a unit that was de-mobed in the state of Washington before returning to Maryland. When the member fills out the post-deployment health assessment it's done subject to the instruction that if a major medical issue is cited, that member could be retained on active duty at the demobilization site.

Or a member who wants to go home, that member will tend to game the system and underreport or not report injuries. What this delays of course is diagnosis and treatment. It also prejudices that member if later that member files a VA disability claim for a service connected injury that wasn't reported.

It's essential that the post-deployment health assessment be completed in a more soldier friendly environment in the home station under the auspices of a treating health care professional. A treating health care professional can spot things that a self-assessing member cannot. And if geographical

barriers are the inhibitor to full reporting on the PDHA, those would be removed if the member were allowed to complete this at the home station.

It's not going pick up everything. Some service connected injuries will not be presented until months maybe years after the member returns. But it will produce a better yield.

DAVIS:

I know that your time is up. If we go and have an opportunity to hear from everybody, we'll certainly come back...

DUFFY:

All right.

DAVIS:

...on some other issues as well.

DUFFY:

Thank you.

DAVIS:

OK. Great. Master Sergeant Cline, please?

CLINE:

Madam Chair, Representative Wilson and members of the subcommittee, my testimony will focus on early retirement, TRICARE, Montgomery G.I. education benefits for Guard and Reserve.

TMC (inaudible) for the Guard and Reserve committee in 2009 is retroactivity of the early retirement eligibility. We suggest that the 90-day rule be altered to reflect retirement year and not fiscal year accounting.

The number of multiple Guard and Reserve tours since 9/11 has jumped to 194,466. The total number of Guard and Reserve members that have been mobilized since 9/11 has now risen to 691,086. Most of the tours will not count towards a reduced retirement age for Guard and Reserve members.

The TMC believes as the nation is committed to increase utilization of Reserve components and to maintain and retain a viable operational Reserve force, we must move forward to provide a reduced retirement age entitlement for all Reserve component members that is an age service formula or outright retirement age at age 55 to include provisions for gray area retirees to include TRICARE access.

Selected Montgomery G.I. bill benefits. As you know, the Webb G.I. bill did not include benefits for the Selected Reserve members who were joining. We ask that you restore basic Reserve MGIB benefits for initially joining the Selected Reserve through the historic benchmark of 47 to 50 percent of the active

duty rate. We ask that you ensure all Reserve members utilized in post-9/11 and support a contingency operation or downsizing our force structure reductions in -- in response to BRAC, are afforded the opportunity to participate in the G.I. bill improvements.

Integrate Reserve and active-duty MGIB laws into title 38, enact academic protection from mobilized Guard and Reserve students. TMC is pleased with recent improvements in health care access for Guard and Reserve families including implementation of TRICARE Reserve Select.

These improvements point to congressional recognition that Guard and Reserve health care access must be commensurate with their increased responsibilities.

We seek permanent legislation to allow gray area Reservists to purchase TRS health care coverage, establish a moratorium on TRS premium increases and direct DOD to make a determined effort for the most efficient uses of resources allocated. Make DOD fiscally responsible for medical and dental care to Reservists beginning with the issuance of an alert order in 180 days post mobilization.

Ensure Guard and Reserve members have adequate access and treatment in the DOD and VA health care assistance for post-traumatic stress disorder and traumatic brain injury following separation from active duty service in theater of operations.

Allow the option of an equivalent offset to civilian plan premiums during activations similar to the provisions of up to 24 months of FEHBP premium coverage for mobilized federal workers. Allow eligibility in continued health care benefits for selected Reservists who are voluntarily separating and subject to disenrollment in TRS.

Madam Chair, we thank you for the opportunity to present the views of the TMC Guard and Reserve committee.

DAVIS:

Thank you very much. Ms. Moakler? And we have had a call for a vote. We're going to try and hear maybe one or two more witnesses and then we'll come back. It's just one vote so hopefully it won't be too long. Ms. Moakler?

MOAKLER:

Madam Chairperson, Representative Wilson and other members of the subcommittee. I will address issues affecting our service members, their families and their survivors.

Providing major increases in military end strength for the Army and Marine Corps must continue as a top priority in order to have any significant prospect of using rotation burdens.

The coalition is disturbed by calls to reduce planned force growth as a means of funding weapons requirements. We also resist budget driven rather than requirements driven manpower reductions for the Air Force and Navy.

We thank the committee for its sustained commitment to restoring full military pay comparability. We ask that you sustain military raises of at least .5 percent above the ECI until the current 2.9 percent shortfall is eliminated.

The coalition supports revised housing standards that are more realistic and appropriate for each pay grade. We urge the subcommittee to continue its efforts to extend the single-family detached house standard to those in grade E-8 and then to grade E-7 and below over several years as resources allow.

Recently, Admiral Mike Mullen said the way the families are handling this thing is they're just toughing it out until they get the relief. There is a concern about how long they can tough it out. We're going to have to continue to focus on that.

The TMC agrees. Focus should be on policies and programs that provide a firm foundation for families buffeted by the uncertainties of deployment and transformation. We understand that these are leaner times. But our families rely on these programs.

We want sustained funding for those programs that work for families that are both high tech and high touch, reaching families of all services and components where they live and when they need it most.

Families need access to behavioral health care. Counseling programs have proven beneficial. But when family members find they need more in-depth care, the wait for an appointment or distance to a mental health provider can be a huge barrier when they need help the most.

Improving access to mental health care for our military families needs to be a priority. Innovative strategies are required to address the non-availability of after-hour childcare and respite care. The partnership between the services and NACRA that provides subsidized childcare to families who cannot access installation base CDC's including National Guard and Reserve families, needs to be expanded.

These programs need to be sustained as part of the regular budget process and not just as part of supplemental funding. The elimination of the DIC offset to SBP remains a high priority for the TMC.

We also support payment of SBP annuities for disabled survivors into a special needs trust so that they can continue to receive essential support services. We ask that you allow children of members who die on active duty to retain coverage under the active duty dependent dental plan until they age out.

TMC urges the subcommittee to authorize survivors of retired members to retain the final month's retired pay for the month in which the retiree dies. This brings it in line with the VA disability payment and relieves economic complications in their time of grief.

Thank you and I await your questions.

DAVIS:

Thank you very much. Colonel Strobridge? I think we have time and then we'll -- we're going to go vote and we'll come right back.

STROBRIDGE:

Madam Chair, Representative Wilson and members of the subcommittee. My testimony will focus on wounded warriors, health care and retirement issues.

On wounded warriors, we need permanent authority for the Senior Oversight committee that will expire at the end of this year. We're also concerned that the transition from active duty to retiree TRICARE or to the VA coverage, catches many wounded warriors and their families unaware.

They need the same protections that we provide when someone dies on active duty. Three years of continued active duty level coverage to ensure a smooth transition.

We urge a consistent package of training and compensation for wounded warriors full-time caregivers. The services has separate programs in that area and the VA offers very little and the caregivers lose all support when the member is disability retired. We owe them a fairer deal.

Regarding psychological health and TBI, DOD and VA are moving out on those issues but most of those efforts are going to take time. As Kathy said we have overwhelming numbers who need help now but many have to wait months for an appointment and that's, frankly, not good enough. We need to do a better job there.

On TRICARE fees, we hope the new administration won't continue the budget efforts -- the past budget efforts to raise fees and drive retirees away from using their earned coverage. TRICARE costs are inflated by unique military requirements and inefficiencies and DOD has lots of options to cut costs without passing beneficiaries the bill.

We ask you to put language in this year's Defense Authorization act expressing the sense of Congress that military people pay huge upfront premiums through decades of service and sacrifice over and above their cash fees. We don't think that that gets enough acknowledgement.

DOD surveys show that military beneficiaries are less satisfied with their care than most civilians are. We think the Pentagon needs to focus more on fixing TRICARE and less on trying to charge more for it.

On concurrent receipt, we believe as you know that military retired pay is earned by service shouldn't be reduced for a service caused disability. We hope that you'll be able to fix a glitch in the combat related special compensation law that causes some to lose the pay that Congress meant for them.

We're also very concerned about the REDUX retirement system and the so-called \$30,000 career status bonus that entices thousands of unwary members to forfeit hundreds of thousands of dollars in future retired pay. In fact, the bonus is a lifetime loan against future retired pay for the usurious 24 percent APR for the typical enlisted member and a 35 percent APR for the typical officer.

We'd be pleased to explore options with the subcommittee staff to better protect members against mortgaging their financial futures.

Finally, we hope the subcommittee will not support the 10th quadrennial review of military compensation's military retirement proposal which would defer receipt of full military retired pay until age 58 or 60 and authorize vesting at 10 years.

We believe that civilian style plan is inappropriate for military service conditions. It would take money from career people to pay those who leave early. We think it would undermine long-term retention and readiness and would prove disastrous in a wartime environment like today's.

Madam Chair, that concludes my remarks.

DAVIS:

Thank you very much. And I understand that we actually only have one vote so we should be able to come back -- three votes but it's the last votes for the day. So that's a good thing. We'll be back. Thank you.

Wow. That's a shame. Actually it is -- it is three -- three votes. It could be -- if you need to go get something to eat -- at least a half hour. Yes. So 45 minutes. My goodness. I hate to have you all have to wait through that but there's no other way. Thank you very much for -- for your patience.

(RECESS)

DAVIS:

Thank you for your patience everybody. We're now going to resume. Ms. McCloud? We look forward to your testimony. Thank you.

MCCLLOUD:

The last time I was in this room was last year when the Marines posthumously presented me with my husband's bronze star award. I am the proud widow of Marine Lieutenant Colonel Joseph Trane McCloud.

Trane died on December 4th, 2006, when his helicopter crashed at Haditha Dam in the Al Anbar Province of Iraq. When he died, our three children were two, five and seven. Thank you so much for the opportunity to be here today.

Thank you Congressman Wilson for the friendship and support you have shown my family since Trane's death. I will always be grateful.

Chairwoman Davis, I have met with you before and I appreciate all that you have done and continue to do for our military families and survivors. I've also met with Congressman Jones and he has been a loyal friend.

The reason I am here today is to talk about the Military Surviving Spouse's Equity Act, H.R. 775, recently introduced by Congressmen Solomon Ortiz and Henry Brown which eliminates the unjust offset of the survivor benefit plan by dependent indemnity compensation.

This legislation currently has 136 co-sponsors, 11 of the 16 members of this subcommittee have co-sponsored. Thank you.

By law, SBP is offset dollar for dollar by DIC. DIC is an indemnity payment paid by the Department of Veterans Affairs to the surviving spouse for a service-related death.

SBP is an annuity purchased by the retired military service member and provided to the spouse of active duty death.

Approximately seven percent of the 54,000 SBP/DIC surviving spouses became eligible through active duty death. The remaining 93 percent are survivors of disabled retirees who paid premiums to ensure that their families receive a continued portion of the earned lifetime retired pay upon their death.

The retiree paid for it and now their spouse is being denied it. DIC is a reparation. SBP is a retirement. They are distinct and separate things. There is no reason that receiving one should offset the other but that is exactly what happens.

Shortly after Trane died, I sat the kids down and I made them a promise. I told them that our lives without daddy would certainly be different. How could it not be? He was the most amazing husband, the most amazing father and he's now gone from our lives.

But I promised them that although our lives would be different they would still be good -- different but good. Trane did his job willingly. He served his nation, he did it well and he gave his life doing it. He did his job and I will do mine -- live a good life and raise our children well.

Shortly after burying my husband at Arlington, I was faced with a decision, the same decision that all surviving spouses with young children have to make whether to accept the child option and receive the full SBP payment without offset of DIC only until the youngest child reaches the age of majority or receive a decreased SBP payment to me for life.

Military widows of non-service related deaths are not forced to make this same choice. They receive the full SBP and any other survivor benefits their husband may have earned post-military retirement.

My children have already suffered an unimaginable loss and I did not want to compound that loss further by greater financial hardship during their youth. So I, like most other widows with young children, took the child option.

When I made that decision I didn't fully understand the short and long-term consequences. I will never regret trying to secure my children's financial future but in doing so I sacrificed mine and that is an injustice.

No amount of money will make up for the loss of Trane or any of our service men or women. All of us would give anything for them to come home from that last deployment.

But these men and women went willingly to serve their country. They knew the risk and they took it. They took it because they know the job at hand is of paramount importance to our country and to generations of future Americans to keep us safe and secure. They took it for us and they asked very little of us.

I, like all of you, am grateful that there continue to be young men and women who rise to the call of duty to preserve our freedom. We as a country need to honor our obligations to them and their

surviving spouses. That means paying the retirement benefits that is rightfully theirs either because they paid premiums for it after retiring from service or they paid for it with their lives.

The dead and the disabled are a consequence of this war. Providing for the wellbeing of surviving families of these American heroes is a cost of war. If we can find the money to fund this war, if we can find the money to continue funding supplementals for this war, we must find the money to fulfill our obligations to our military families whose service member paid the ultimate price for this country.

Respectfully and in conclusion, this issue has been before Congress for years. Congress has eliminated other offsets to retired pay and survivor benefits. Why does this offset remain? If our voice isn't loud it's only because we have been silenced by our grief.

So let me say in the memory of those that have fallen and in the name of the families left behind, please right this wrong. Find the funding to eliminate this egregious offset and restore the rightful benefit of retired pay to the surviving spouses of the men and women who have died in service to our country. They gave their last full measure. The least Congress can do is give them what they've earned.

Give them the peace of knowing that their loved ones are cared for. Please pass H.R. 775. Thank you so very much for the opportunity to be here today.

DAVIS:

Thank you for your testimony. And I know I speak for all of my colleagues when we express our condolences to you, your family and to all -- everybody who is here today as well. I know we have a lot of Gold Star Wives in attendance and we appreciate the fact that you've taken your grief and advocated for other military families.

MCCLLOUD:

Thank you.

DAVIS:

Mr. Becker?

BECKER:

Thank you. Good afternoon, Madam Chairwoman and distinguished members of the subcommittee on Military Personnel. My name is Jed Becker...

DAVIS:

Mr. Becker, you might want to bring it a little closer. Thank you.

BECKER:

Is that better? My name is Jed Becker and I am chairman of the Armed Services Marketing Council. Thank you for inviting me here today to offer comments regarding the military resale services and the vital role they serve in supporting the quality of life of our service members and their families.

Madam Chairwoman, the council strives to do its part to assure the continuation of the military resale system and the value it provides to our service members and their families. We hope the information and perspectives presented here will be useful in your review of military resale activities.

Given the current economic environment and the challenges it presents, we believe it more important than ever that your oversight fully recognizes the exceptional value of the resale benefit to our military families.

American taxpayers and their elected representatives can share a pride in the fact that dollars appropriate to support this benefit produced a savings and a value that far outweigh the cost.

In 2008, the Defense Commissary Agency produced savings for military families of \$2.5 billion, this at a cost of \$1.3 billion. Stated another way, every dollar appropriated for the Commissary provides nearly two dollars in benefits to military families. That's an extraordinary return on investment that cannot be readily be found in the federal government.

The high value proposition of the benefit is true for the exchange systems as well which provide an average savings of 20 to 25 percent.

In the interest of time I'd like to make note of a couple of items that are a bit out of the mainstream but threatening to resale benefit as we look forward. We seek your support of H.R. 275 calling for the repeal of a three percent withholding on payments made to vendors by government entities.

In 2005, Congress passed and President Bush signed into law H.R. 4297, The Tax Reconciliation Act of 2005. This legislation included a provision, Section 511, which mandates that federal, state and local governments withhold three percent from their payment to their goods and service suppliers.

It's our desire that Section 511 be repealed which is the intent that H.R. 275, a bill sponsored by Representative Kendrick Meek. Although this legislation does not fall under the jurisdiction of this subcommittee, the implementation of this Section 511 would have a significant destructive effect on the military benefit.

Another item that I'd like to make note of the price parody on tobacco products sold in commissaries and exchanges. And it's come to the council's attention that there is a move to further raise the price of tobacco products sold in the military resale system by five percent to match the prices on those items in the civilian marketplace, a policy being termed price parody.

While we are sensitive towards the intentions behind this initiative we are very concerned about establishing non-competitive pricing structures for selected products sold in the resale system. It's our belief that the pricing structure should remain consistent for all products sold in the resale system to maintain the integrity of the benefit.

The imposition of non-commercial pricing programs is nothing than a tax on these products which will diminish the value of the resale benefit.

In conclusion, I'd like to thank you again, Madam Chairwoman, and the members of the subcommittee on Military Personnel for the opportunity to appear before you here today and your attention and consideration of the Armed Forces Marketing Council's opinions. We appreciate your interest in assuring the best for our troops. I stand ready to receive your questions and can't help but to make note that there are others at this table who are facing challenges that -- that deserve a great deal of your time.

In the case of the areas that we're focused on, you've achieved a great deal. Our pursuit is as having you maintain those great successes. Thank you very much.

DAVIS:

Ms. Brackett?

BRACKETT:

Madam Chair and distinguished members of the subcommittee. It's an honor to be here today as chair of the American Logistics Association.

These are extraordinary times for our nation's economy, military and our veterans. The challenges are unprecedented and it's important that our military remain strong and viable.

ALA member organizations are a strong force in our national economy supporting the military. Collectively, our member companies contribute nearly \$1 trillion to the economy and generate millions of jobs for Americans. The contribution is large overseas where \$4 billion in U.S. products are sold to our patrons, funds that would otherwise flow to foreign economies.

The MWR and resale system generates over \$18 billion in sales and \$500 million in earnings that directly contribute to the quality of life program. MWR provides 120,000 jobs, a large percentage of these jobs are held by military family members.

Goods and services purchased by the resale system generates thousands of jobs in communities adjacent to military bases with a large percentage of these businesses being smaller and independently owned. It's a formula that works and the House Armed Services committee's strong perennial support has laid the ground work for the system to prosper and rise to meet the challenges in these tough times.

Your investment is paying off each and every day in savings and jobs. We urge you to continue your support for funding of commissaries, shipment of American products to overseas bases and full support for all authorized categories of morale, welfare and recreation programs.

Continue your support and authorization for construction funding of bases that are expanding as a result of global restationing in BRAC. Ensure that industry representatives and authorized patrons have unimpeded and secure access to military installations.

Extend commissary and exchange benefits to 30 percent disabled veterans. Extend commissary and exchange benefits to all military particularly those who are involved in the global war on terror for three years following their service to allow them to succeed in tough times.

Correct a longstanding injustice by relieving non-appropriated funds of the burden to pay for cost of living allowances for U.S. citizens choosing to live abroad. Congress needs to allow the services to use prior year funds to pay this cost.

Repeal the provisions of the Tax Increase and Prevention Reconciliation Act of 2005 requiring federal government entities to withhold three percent of payments to due to vendors providing goods and services to the federal government.

In closing, we're proud to be an important part of the quality of life equation. You can be proud of the system that you nurture and protect. The system could not prosper, contribute to the economy, take care of our military and employ so many people without your support.

We're grateful for your leadership. Thank you.

DAVIS:

Thank you very much. We really appreciate your all being here. And we're going to take some time now to -- to have perhaps a little bit more of a conversation.

One of the things we asked you and I recognize that -- that you all in one way or another really expect -- expressed your highest priorities. But for the sake of trying to prioritize within that, I wonder if you will let us know and we'll go down -- if you could give us your top three priorities recognizing that we all have a list. And there all issues and benefits that we believe are important but it's not likely that we're able to address all of them.

And then perhaps from -- from that group we can make certain that we -- we absolutely do everything within our power to -- to make certain that we're addressing each one of those in some way.

So Colonel Duffy, again I know that you expressed this but can you tell us top three...

DUFFY:

Yes. I will do this in more bulleted form, too.

DAVIS:

OK. That's great.

DUFFY:

You know skip my prose.

DAVIS:

Some of you -- I know you're all familiar with that game sometimes people play where they put all the lists on the -- on the wall and the people go back with their dots and they put their dots up there. So you know where would you put your dot? That's what we're trying to get at.

DUFFY:

All right. Number one, provide all members of the National Guard and Reserves with annual medical and dental readiness screenings at no cost with the Department of Defense mandated to provide any treatment necessary to correct those deficiencies discovered in screenings. Readiness item.

Number two, mandate medical and behavioral screening of all National Guard members returning from deployment by health care professionals at the home station before releasing the members from active duty.

The reasons for these bullets are in my writing. I'm not going to repeat -- repeat those at this time following your instruction.

Three, authorize and appropriate programs -- programs that will require the Department of Defense to coordinate with the National Guard director of psychological health to provide treatment for National Guard members and their families post deployment with qualified community based health care providers.

Those are my three. Thank you.

DAVIS:

Thank you very much. And one of the things that I observe is that you really are focusing largely -- not just on mental health care but physical care, preparation and exit and transition because that's what's critical in that kind of support service. And so I think as we go through perhaps the rest of you as well might want to say whether those are things that your organizations also would be very interested as well or if they're you know totally different and in some cases I understand just by the -- the -- the nature of the organization that they would be somewhat different but we hear that a lot.

We think that there have been some improvements in those areas and yet it's clear that we're not where we need to be yet.

DUFFY:

Yes, madam.

DAVIS:

Master Sergeant Cline?

CLINE:

Retroactivity to restore early retirement to Guard and Reserve people back to 9/11. Restore chapter 1606, Montgomery G.I. bill benefits to its historic rate of 47 to 50 percent of the active duty rate. And provide gray area retirees the opportunity to buy into TRICARE Reserves for life at the full-cost premium.

DAVIS:

OK. Thank you. Ms. Moakler?

MOAKLER:

We do support the issues that our colleagues have brought up here. We look for sustained support for family readiness programs for the long term. And that covers the waterfront in so many areas.

We also look for better access to behavioral health care and counseling for families of all components. And responsive childcare programs to support geographically disbursed, deployed families and respite care for the families of the wounded and survivors.

Some of these issues are beginning to be addressed and we applaud that but we want to make sure that these respite services will be available for the families of the wounded, the families of -- who have a deployed service member and also surviving families as well.

DAVIS:

Thank you. Colonel Strobridge?

STROBRIDGE:

Thank you. I'm -- I'm feeling a little bit of pressure here because as we go down the list we have heard from the Guard and Reserve associations, the family associations and logically they have a responsibility to talk about the priorities in their areas. I'm very sensitive that I'm here as the co-chair of the Military Coalition. And we make a conscious effort to avoid trying to say we support this at the expense of that for our top one, two or three issues.

We do try to prioritize in general our top seven or eight kinds of things and some of those have already been covered. Those would include end strength increases, wounded warrior improvements which encompass some of the things that you've heard, avoiding the unfair TRICARE fee and hikes obviously have been a big issue for the last several years.

(inaudible) comparability is one. They talked about the Guard and Reserve issues, concurrent receipt, SBP/DIC offsets. Those -- that's the -- the constellation of eight I think that we have unanimity among all the coalition associations as being the top priorities.

As you said, we fully recognize you can't do everything on those but we have had times when the subcommittee has been able to work five or six of those things maybe not to do all of them but to make some progress. We appreciate that. I think we've got a track record of trying to work with the -- the subcommittee recognizing when the time comes when decisions have to be made, we -- try to work with you to try to make sure that we hit the things that are most important.

DAVIS:

Great. And Ms. McCloud I think you were clear on what -- what your high priority would be. Would you like to expand anymore on this?

McCLOUD:

As you can see, there's a lot of yellow behind me today and we are just -- we're so grateful to be at this table. It's huge and on behalf of the many, many women who couldn't be here today, thank you.

It's simple SBP/DIC offset. It needs to be eliminated. They're two different programs from two different agencies for two different reasons. And one should not have to give up one for the other.

In the case of the active duty death, I could tell you sob stories both from my own family and hundreds of others. And I'm not going to do that today. That's not what this is about.

But suffice it to say that it is not right to add unjust financial burdens to families that are dealing with unimaginable grief and raising our children on our own every single day.

Trane did his job. I'll do mine. You ask any -- any of the people that have served in the military. They didn't always like the orders they got but they did them. And they carried them out and they did them well. I don't certainly like the orders that my family got but we'll do it. But I shouldn't have to make financial sacrifices for a benefit that he earned.

In the case of the retirees, one could even say it's even more egregious. These people paid premiums. I -- I read that in instances when service members were retiring from the military in instances they did not even know about the offset. So here they are, year after year after year paying for premiums, going without so that their spouse will be provided for only to find out, no, sorry.

If I could quote -- if I could paraphrase Senator Nelson, when he introduced his -- Senator Bill Nelson from Florida who's the author of the companion legislation in the Senate, he was a former insurance commissioner for the State of Florida. And he stated that he knew of no other purchase annuity program that can then turn around and refuse to pay you the benefits that you purchased on the grounds that you're getting the benefits from somewhere else.

If you can't do it in the private sector, the federal government certainly shouldn't be able to do it.

DAVIS:

Thank you. My five minutes is up. I think we're going to go to the other members and we'll come back and we'll talk about the issues that -- that you're here with as well. Thank you.

Mr. Wilson?

WILSON:

Thank you, Madam Chairwoman. And Colonel Duffy, thank you for your presentation. As a National Guard veteran, the father of three persons serving in the National Guard, I appreciate your bringing up the issue of the home of record and the difficulties that can be in providing services. And I look forward to working with you on that.

Additionally, I'm very grateful for the presentation and representation this afternoon by Maggie McCloud of the Gold Star Wives. She certainly has across with some very positive information. And I am

grateful to be working with the Gold Star Wives in support of enactment of H.R. 775 which would eliminate the SBP/DIC offset.

And two brief questions, Maggie, that I'd like for you to review. One is under the offset requirement, on average how much is the SBP payment -- how much does the survivor lose?

MCCLLOUD:

As you know, SBP is based upon rank and time of service so it's different for the individual survivors. But on average, these people are losing about \$1,000 per month less taxes.

WILSON:

And -- and that's amazing. And people need to know that...

MCCLLOUD:

And I would say that \$1,000 a month might not sound like a lot of money here in Washington, D.C., but we have elderly widows on food stamps. I have participated in message boards where we have tried to assist members finding out about food pantries and things like that. A thousand dollars a month is going to go a long way to putting food on the table and keeping roof over these people's heads.

WILSON:

That -- that is so important for a family. So I appreciate your bringing and explaining that. Additionally, given the 10-year cost of repealing the offset, why in your view should Congress authorize the full repeal of the offset instead of continuing the current survivor indemnity allowance?

MCCLLOUD:

Regarding the special survivor indemnity allowance, it's hardly an answer to this problem. As -- as you know, Congress passed the special allowance and it amounts to 50 taxable dollars per month increasing over the next several years till it's \$100 a month and then it disappears. I don't think there's any recipient of the special allowance that thinks getting \$50 a month which in today's dollars won't even fill your tank with gas, is an adequate answer to removing the offset that's costing these people \$1,000 a month for a benefit that their husband's either earned through premiums or paid for with their life.

It's most definitely about fairness and honoring our commitments to our service members and their families.

WILSON:

Well thank you again for bringing that to our attention. For the Military Coalition, thank you for being here today. A question that I have in regard to raising of TRICARE fees, each of -- your written statement addresses the possibility of raising TRICARE fees for non-Medicare eligible retirees which I personally oppose.

Given the tough economic times the country is facing, would you rather that we not allow the Department of Defense to raise TRICARE fees in 2010?

DUFFY:

I think we can say with unanimity that that would be our preference.

WILSON:

And that's the coalition view?

DUFFY:

Yes, sir.

WILSON:

Additionally, a second question in regard to health care initiatives. I was pleased of your support for providing health care for the gray areas identified retirees of H.R. 270, a bill by Mr. Latta of Ohio. I also want to bring to your attention Congressman John Kline and myself have introduced H.R. 972. This would let a Reserve retiree just as any other retiree who was under age 60 in receiving retirement pay participate in the full range of TRICARE programs including TRICARE Prime. What are your thoughts as to this benefit?

MOAKLER:

Excuse me, sir. Would those be -- those are the under 65 Reserve retirees?

WILSON:

It's early retirees.

DUFFY:

We'll take it, congressman.

WILSON:

And I want to urge you to look up the bill. Please get this out and for all of you. Something I know that Congresswoman Davis and I have discussed is to have your members contact members of Congress and this subcommittee. In individual information that was presented by Ms. McCloud is so hopeful for us to know the real-world impact of the legislation that we pass, the regulations that are out there, the home of record problem, colonel, that you pointed out.

Please bring that to our attention so we can act on it. Thank you very much.

DAVIS:

Dr. Snyder?

SNYDER:

Thank you, Madam Chair. Joe, are we all on the same number here that 10-year cost for -- I have two -
- two women named Maggie that work for me so I like to use the word Maggie.

MCCLOUD:

Yes, sir.

SNYDER:

That's a 10-year score of \$6.9 billion. Is that the number that we're all working from?

DUFFY:

The number we saw I think, sir, was 7.1.

SNYDER:

Seven point one?

DUFFY:

That's the mandatory spending side.

SNYDER:

On another topic, a couple of days ago Secretary Garret was talking about the interstate compact on military children. Education, Ms. Moakler, you talk about in your statement. I'm from the state of Arkansas and the bill in Arkansas is being considered. I think it passed the House and it's gone to Senate committee today.

But they decided to do it without actually joining the compact. I think they're doing about everything that's in the language of the bill but chose not to actually join the compact. And I haven't talked to them about why they're deciding to go that way. They withdrew one bill that did the compact and then withdrew it and then passed this other one (inaudible).

Do you have any sense -- I would think that's substantively that wouldn't make much different to the kids if they're passing all the provisions of the bill. Do you have a sense for -- I suppose it's more of a legal argument than anything?

MOAKLER:

I think that the advantage of joining the compact is being vending part of the commission that helps evolve how these changes are going to be implemented. And just as no man is an island, no state is an

island in this compatibility between the states because you want a state to be a good sending state and a good receiving state.

And so joining the compact and working with the commission allows everyone to share best practices and how they are enabling their students as they go on to other schools and how they're welcoming students that come either from another state or from the Department of Defense system.

SNYDER:

I'm just going to have to learn more about why they chose that route. My guess is it's going to work out fine. They have good intent about it but I wasn't sure.

In August of last year at the Little Rock Air Force base, the base arranged for me being a staff member to meet with the parents of autistic children. And I think it was a very worthwhile discussion for a lot of reasons. But the one thing that struck me the most was it was the first time they had met each other. And -- and -- and this is not like Fort Hood or something. It's a fairly small base.

And it brought home to me it seems like there ought to be something that we could do system wide to help the parents of special needs kids have a kind of -- not a forum necessarily but an opportunity to formally get together because of the coming and going. You know you make friends, you figure out how the system works in a town and then you're transferred someplace else.

Are you aware of what the base commander did on the base I think if he at some point had kind of a town meeting for parents of special needs kids and I'm told that it went well. Are you aware of anything formal that's being done system wide or...

MOAKLER:

I don't know of anything formal being done system wide because it varies from service to service...

SNYDER:

And base to base.

MOAKLER:

...but each service has their exceptional family member person on the installation who -- who coordinates services and makes parents aware of services. I know for a fact at -- I've attended meetings at Fort Belvoir where they regularly have briefings for the parents of autistic children.

So it could vary from service to service, installation to installation. But it might not be a bad thing to have some kind of consistency in the program. I know the Marine Corps is expanding the role of their exceptional family member program coordinator to assist in continuity of care. It's a little bit outside the original role of the exceptional family member person which was to help the families with assignments.

But they realize that these families need some kind of guide as they go from installation to installation to help them on their way. Also several of the TRICARE contractors have case managers for the

exceptional family member families. But the kind of case management they provide is not consistent across all three of the contractors.

SNYDER:

My time's about up, Madam Chairwoman. Ms. McCloud, would you like to introduce each of your -- you've referred to the people in yellow here today. Would you like to introduce each one of them...

MCCLOUD:

I sure would. Thank you very much.

SNYDER:

Of course, they have to stand up when you call their name.

MCCLOUD:

Ladies. If I could do the ladies that traveled from Kentucky first because they traveled the furthest. We have two active duty death ladies, if you could stand up.

SNYDER:

Will you pull that -- Ms. Maggie if you pull that closer.

MCCLOUD:

Sorry about that, sir.

We have two active duty deaths that traveled all the -- their husband's were active duty deaths. They traveled all the way from Kentucky to be here today on their own dime. And I couldn't be more happy if we'd had more time. I guarantee you, sir. I could've had the hall filled outside with women wanting to be here today.

(UNKNOWN)

My name is (inaudible).

(UNKNOWN)

I'm Stephanie (ph) (inaudible). My husband was Sergeant (inaudible).

(UNKNOWN)

Kristen (ph) and Kimberly (ph) are our other active duty deaths I know that are here.

(UNKNOWN)

I'm Kimberly (ph) (inaudible). My husband was DW2 (ph) Ryan (ph) (inaudible) killed in Iraq in January of 2004. We have four children. They are currently six, eight -- I'm sorry -- five, eight, 16 and 16.

(UNKNOWN)

My name is (inaudible), Lieutenant (inaudible), who was killed May 6, 2006. We've been married 19 years without a single pregnancy, and by some miracle I was (inaudible), and I have (inaudible). I forgot to meet her. He served 21 days short of 20 years and was looking forward to retirement with his daughter. I know that (inaudible) well cared for and...

(UNKNOWN)

Sandy, Martha and Rose are also active duty deaths, though they're not of the current conflict.

Ladies, if you could stand up. And Pat as well.

(UNKNOWN)

I'm Patricia Sharp (ph). My husband was Brigadier General Richard H. Sharp (ph), who died on active duty at Hunter Army Airfield at Savannah, Georgia, in 1983.

(UNKNOWN)

My name is Martha (ph). My husband (inaudible) was killed the Persian Gulf in war May 3rd, 1991.

(UNKNOWN)

I'm Sandy (ph). My husband was Colonel (inaudible). He was killed in Bosnia August 19 (inaudible).

(UNKNOWN)

Rose, our president (ph).

LEE:

My name is Rose Lee. My husband was Tran Lee (ph), colonel of the United States Army. He died on active duty in 1972. That was after the beginning of SBP, before the law passed. By the way, he also has received the Distinguished Service Cross for service in Korea.

SMITH:

Eddie Smith (ph). My husband was a Marine lieutenant colonel, who died in 1998 after 12 years of a very disabling illness, and this committee worked really well with me. I'd like to thank John and Mike Higgins, who were here from the beginning to improve our medical care from the disabled. So we appreciate all your work endeavor.

(UNKNOWN)

Did I get everyone? I'm sorry, ladies.

(UNKNOWN)

I'm Carolyn Harvey (ph). My husband (inaudible), colonel, U.S. Air Force, who died January (inaudible).

(UNKNOWN)

(Inaudible)

MCCLLOUD:

If I could just quickly, one more comment, Mr. (inaudible). In my family we count the blessings and not the losses, and we are very blessed. I would give anything not to be here today. I would give anything never to have heard of this matter and to be still working on key volunteer issues and family readiness issues on K-Bay in Hawaii, where I was supposed to be.

But I am here, and I'm here because Trane died serving his country. He did his job. I had the opportunity to come here today, and I took it, and I'm so grateful for the attention that you have given us.

I'm here speaking for 54,000 widows, who are effected by this problem. Trane take care of his Marines. My husband made sure that his men always had what they needed to get the job done. I'm trying to follow his lead, and I'm trying to make a difference, as are these ladies.

This issue affects a relatively small number of people, but they've already suffered an unimaginable loss. We -- I beseech you. We need to pass this legislation. It means so very much. Thank you.

DAVIS:

Thank you.

And thank you to all of you for traveling here, for being here, for your sacrifices. We appreciate it very much. You've put a very personal face on all of this for us, and that means a great deal. Thank you.

Ms. Tsongas?

TSONGAS:

Yes, thank you very much.

It reminds us again that service and war is a life-changing event for your husband and your loved ones, who you so tragically lost, but so bravely, but also for you and your families.

And my question really is what kind of services do you have immediately in the aftermath of learning that you've lost a loved one? I'm curious just what the various services provide -- those in the near-term, medium-term and long-term, quite beyond the issues we're talking about of compensation or support as

you get further away, but all the other kinds of services, including mental health services or emotional support if needed.

MCCLOUD:

Thank you again for your concern. I might defer to some of my colleagues, if that is permissible. I don't know.

Honestly, in the immediate aftermath your head is swimming. I mean it's been -- in my case my husband was killed a little over two years ago. Some days it feels like it was just yesterday, and some days it feels like it was an eternity.

I work. I'm -- you know I am both mother and father to my children. I hold down a job. I'm the disciplinarian. I'm the tutor. I -- I do all the things that two parents are supposed -- two loving parents are supposed to be doing. But -- but you go forward.

As far as services that are available, I'm probably not the best person to speak to that, and I -- I apologize. All I can say is the Marines did an incredible job taking care of my family.

I -- I have heard of people that haven't had the best of situations afterward. I'm grateful in my case -- in my case the Marines did a phenomenal job.

Major Eric Kelly (ph) was my CACO. I've loved his name on the record. He deserves an award for everything he did for my family and holding my hand to some terrible, terrible times.

I do know there are services that -- that are available through -- but another issue, too, if you move away, you move away from your base.

My husband and I were stationed in Hawaii. We were stationed in Kaneohe Bay, a great place to visit. Not a great place to be if you lose your husband and you don't have a family member except for a really, really, really long plane ride away.

And that's the case with a lot of these families. Where you are when it happens is not where you stay.

I had a home and a job to come back to in the D.C. area. I'm grateful. But as for support of my husband's command, that was a different story, because I chose to -- to leave Hawaii.

TSONGAS:

Are there things you wished you'd had that -- you know even the -- even the assistance in moving a returning back, if others would like to comment.

MCCLOUD:

Eddie is saying that TRICARE -- excuse me -- TRICARE does not provide grief counseling for our children.

I know I have private insurance. I'm grateful to have it, and I do take my children, specifically one of my children, to see a counselor every week. He needs it, and I'm grateful that I'm doing it, but I'm not doing it through -- through that. I'm doing it through my private insurance.

(UNKNOWN)

(OFF-MIKE)

DAVIS:

Thank you. We appreciate that. And we're -- we are certainly focusing on in mental health care as well.

Ms. Moakler, I didn't know whether you wanted to respond quickly to Ms. Tsongas.

MOAKLER:

I -- I was just going to give an overview of the families. The survivors of active duty deaths are allowed to remain in housing or receive a housing allowance for one year after the death of the service member.

The children receive an active duty health care benefit on Tuesday reach age 21 or 23, when they graduate from college.

(UNKNOWN)

That doesn't include dental, and we would love it for it to be able to have the dental program expanded so that they can get the same dental care through 21 or 23 as they do for the health care, which were most grateful for.

MOAKLER:

The surviving spouse receives an active duty TRICARE benefit for three years after the death of the service member and also and after that receives the retiree TRICARE health care benefit.

There are education benefits for the surviving spouses through the VA, the G.I. home loan.

And the VA also offers bereavement counseling through the vet centers. That can be spotty. It's not a consistent benefit everywhere, especially if you're not located near the center.

And also sometimes bringing your child into a vet center that is used to catering to older veterans is not the best-case scenario either.

DAVIS:

So if there is anything you could ask for.

MOAKLER:

I certainly would like to see more a change in a TRICARE code designation to include grief counseling for survivors as a TRICARE benefit.

DAVIS:

Thank you all.

(UNKNOWN)

I do want to give this subcommittee credit, because the issue of inconsistency of support between the services has been an issue that I know we've -- we've talked to the staff, and I know this subcommittee has tried to address in the past.

As -- as always, it's things -- things are never perfect, but I know the subcommittee has tried to do that and try to make some progress, and we do appreciate that.

MCCLOUD:

If -- if I could add one other comment, because the subject of TRICARE fees came up.

In the case of the widows that I'm talking about today, we have 33,000 widows who receive no SBP whatsoever. Their SBP is all set entirely by the DIC, so they do not even have that payment to pay for the TRICARE fees that -- that are involved.

DAVIS:

Thank you.

Thank you, Ms. Tsongas.

I want to return to -- to one of the issues that we always talk about, and yet I think that it wasn't mentioned specifically, and I -- I'm making an assumption that it's important.

I think in your testimony earlier it was, although not necessarily in your three highest priorities. And that's the one of pay raises and trying to make certain that the gap between the military and the private sector pay is -- does not go beyond the 2.9 percent.

We know that we may be facing some budget challenges, and I would -- would like you just to weigh in, if -- if you will, on whether continued pay raises above the ECI is a must-have among the military personnel programs.

Are you making an assumption that that's going to be there? They got critically important. Or when it comes to some of the other benefits that we talked about, it may not be as critical as other benefits.

(UNKNOWN)

If -- if I might be able to address that, Madam Chair?

One of the -- the things that we have tried to sustain over 30 years, perhaps maybe the single most consistent issues has been that pay comparability is the fundamental underpinning of the all volunteer force.

The problem that we get into is in more years than not, even though this subcommittee in the last decade has made a consistent effort to restore pay comparability, we got into real problems every time we said, "Gee, we can't afford to sustain that."

And right now we've -- we've got a track record where the -- this subcommittee has worked hard not to close it. You -- you -- this has been one of those issues where we've you know tried to -- tried to eat away every year. But we're still short of the comparability standard.

And I think we're very about tent to say comparability doesn't matter. One of the things that's always talked about is, gee, in the interest of shared financial sacrifice, I think that sometimes you know we -- we say it a lot, but we forget that military people have been asked to bear 100 percent of the national wartime sacrifice for the last almost the last decade.

And -- and we are little bit reluctant to -- to give up on the fundamental principle, as was referred to be for, when we've just spent you know trillions of dollars. It seems like kind of quibbling sometimes over the last half a percent of one pay raise.

DAVIS:

All right, thank you.

(UNKNOWN)

I realize it's not that easy for this subcommittee to deal with, but when you ask the question, we have to give the answer.

DAVIS:

Yes. No, I -- I appreciate that.

Anybody else wanted to weigh in on -- on that particular issue?

(UNKNOWN)

Second his remarks.

DAVIS:

Yes, will make an assumption that that's pretty important.

The other one that we are very aware of is the end strength and the extent to which end strength contributes to the -- the operational requirements of that contribute to the welfare of service members and families.

Obviously, that means lower deployment and more dwell time. And where then in calculations as well does the issue of and strength lie? Are we placing it in a high priority compared to other personal initiatives? And you know where does the line vis-a-vis increases in health care fees, for example?

(UNKNOWN)

I -- I think that's where we get into a little bit of a problem trying to say, "Well, we -- we want this one at the expense of that other one." I think we would all agree that end strength is a huge priority. I think we're all very, very concerned, and we've talked to this subcommittee staff.

You know the rubber band is stretched so far. We all thought it was going to snapped years ago. We're amazed that it hasn't snapped yet. Those of us who have been saying it's going to snap, you know we've -- we've been down this road before. You -- you just can't keep doing this to folks.

And as Kathy (ph) I think said in her verbal, we get very concerned when we start talking about backtracking on planned increases, because that is the only -- frankly, the only way of providing any kind of short-term relief.

And even the planned end strength increases we know are not going to solve the problem. So to us we got to send any message we can to the folks who are paying such a penalty that we're doing our best to provide that relief.

DAVIS:

Yes, thank you. And what we're all aware of is -- is the discussions that the -- the supplemental is not necessarily going to be there to adjust for -- for end strength increases.

And so that's an issue that we're all going to be facing in terms of making certain that the budget is more obvious and in terms of what we're doing and -- and how we feel that we are stating our priorities quite clearly.

(UNKNOWN)

Madam Chair, nobody -- we realize that nobody is more sensitive to this issue than the people on this subcommittee. We do get concerned that some others in government, not out of any intent, but just because people have been responding for so long, and we're all you know have our jaws agape that we haven't already had some massive retention problem.

We try to put ourselves in their shoes, I know I do, and I can tell you I would have been gone a long time ago. And I don't feel it's unpatriotic to say that. I think there's a limit to what you can expect of people.

And -- and I think sometimes that, not for any intent, we come to take their sacrifice for granted. And I think we do that at our peril.

DAVIS:

Thank you. I -- I appreciate those comments. I know everybody in the room does as well.

We will certainly turn to the resale issues.

I'm going to go to my colleagues, and if we -- if they don't ask the questions, then we'll come back, and we'll discuss a few of the issues that we -- that we have before us.

Mr. Wilson?

WILSON:

Again, a statement I want to make. I want to thank all of you for being here. I want to thank you for your presentations. You also represent organizations that are -- are very important to those of us who serve in Congress.

I want to urge you to write letters -- they can be handwritten letters; they can be e-mails -- of how particular legislation either that spending needs to be adjusted or regulations that need to be improved.

I think that it would really be helpful if we had individual responses to -- to members of the subcommittee, to members of the full committee, to your resident members and U.S. senators from your home states.

And that would be a comment that I would make, based on what I've heard today. And -- and it's just so helpful not to invade anybody's privacy, but it just could be so helpful to know specifically how what we're dealing with, how it affects families and individual soldiers. That would be my -- I urge at this time.

DAVIS:

We're alone. So let me turn -- let me turn to the increase in tobacco products briefly.

We know that there has been some discussion at the suggestion of the DOD medical authorities that the -- we terminate the five percent discounted price in favor of price parity with local civilian retailers.

A DOD study concluded that notwithstanding a reduction in sales, a price increase would result in an increase of \$3.3 million in gross profits within the military resale community, an increase of \$1 million in the exchange dividend payment to NWR programs.

So from -- from your perspective, then, what would the vendors and brokers that work in military resale -- how would they respond to an increase in tobacco prices? And what do you think would be their perspective regarding the potential impact on sales and revenues?

And then I'll turn to the military community as well in terms of how do you think people are going to respond to that?

BECKER:

Madam Chairwoman, you mentioned some math that I wasn't familiar with in terms of the increased sales associated contributions. I would question the sensitivity, the price sensitivity, of the demand for the product, given that scenario.

I assume that math was done with the assumption that consumption would be maintained at an existing level. My experience questions that assumption.

I think the -- the benefits of the efforts that have been extended by health affairs and by the exchanges working together to possibly merchandise the product, separate the product from consumers flow in the store at all are -- are admirable efforts.

And I -- I'm dubious as to the -- the course that the exchanges would be forced to be placed on, if they were to introduce that type of force to pricing in any product category, because much as I would have noted had I gotten to my three top priorities, you're oversight has done an extraordinary job in leveraging the value of the infrastructure that's been built and the resale system itself.

And compromising the tenets on which it rests I think are very risky and amount to more than the simple math.

DAVIS:

Would you want a comment as well?

(UNKNOWN)

Just briefly, echoing Mr. Becker's comments, what I'd just really like to underscore. The exchanges are to be complimented for their aggressive education programs. And we feel that that's an important area to continue and to focus on versus the pricing area.

DAVIS:

And to the advocacy groups, do you believe or have you heard any reaction from military patrons that would suggest that they see this really as a loss of benefits, if the price were increased to parity with the civilian sector.

(UNKNOWN)

I have to agree with the argument that Mr. Becker raised about opening, having noncompetitive pricing on specific items. I think you're opening the door, if we're going to have that with -- and I may be making it too simplistic.

We're doing it with cigarettes today. I read doing it with gallons of milk tomorrow?

I think that the proper emphasis on the -- on tobacco profits, having been a lifelong commissary patron, I've seen the shelf space decrease from an entire aisle to a very closed area with limited access for folks, who want to buy their tobacco products.

So I think that they're placing the right emphasis on -- on health, but I don't believe we can open that door to allow noncompetitive pricing on selective items.

(UNKNOWN)

On the Guard and Reserve side of that house, where commissaries are not readily available to our members, those who do use the commissary and exchange system, it's a very valuable tool for them, especially when families are deployed, and they make that monthly trip to save a few dollars, because the monies have been decreased because of the husband's or their spouse's deployment.

So it's very valuable, and therefore I would say the -- the commissaries need to keep the prices down. And we -- we need to stay below Wal-Mart.

(UNKNOWN)

We've heard mention of H.R. 270, Representative Latta's bill to make TRICARE available to our gray area retirees by purchasing at government cost.

Well, one benefit our gray area retirees do have is the commissary benefit. And that's greatly -- greatly appreciate and really draws a lot of our retired members back to the military installations, which is -- which is a fine thing.

DAVIS:

Thank you.

Another issue that -- that we were hearing a little bit is -- is opening the commissaries and exchanges to disabled veterans. And we know that there have been a number of bills introduced.

I think that there is sometimes a misunderstanding. There are a number of veterans who -- who do access the commissary, but this would be to open it up to a greater extent.

And we've asked that question in the past. I don't know if anybody wants to weigh in on that. We certainly hear different messages coming from different advocacy groups, which one would expect. I wonder if there's something that you would like to add to that conversation.

(UNKNOWN)

Madam Chair, the coalition has taken the position that we don't support that. We think it's important to maintain the distinction between DOD benefits and VA benefits. And DOD benefits are for those who are currently serving.

Those who are retired, whereas the VA benefits -- those retired and currently serving may qualify for the VA, or at least the retired ones, but the two populations don't overlap.

We get very concerned about I think a lot of people, a lot of Americans and sometimes some people in Congress or in the administration don't seem to understand the difference between the two, and they think of veteran is a veteran.

To us we would like to be able to say that if you serve at a career, you have a package of DOD benefits that are provided by DOD as an employer, of which the commissary and exchange are one.

If you separate from the service and then go on and work a second career as subsequently acquire a disability, the VA provides for the disability. To us that doesn't reconnect you to qualify for DOD employer provided benefits.

And we think that's an important distinction, and we like to maintain that distinction, because there are people who would like to say, for example, for health care, once you retire, let's just turn you over to the VA.

We feel very strongly DOD has an employer's responsibility to its career people to provide the TRICARE. And the same argument applies to commissary and exchange and other DOD benefits in our view.

DAVIS:

Do you want to comment, Ms. (inaudible).

(UNKNOWN)

I would, please.

As far as expanding the benefits for veterans with 30 percent disability, the arguments we hear is that it will overcrowd the stores at increased costs -- not according to the retail commanders, who in an unofficial poll stated that would have minimum impact.

In addition, in these toughest economic times, doesn't it make sense to give a temporary lifeline to our military as they do transition from active service to new careers? We feel it's the right thing to do.

DAVIS:

I appreciate both of those perspectives.

And -- and when you think about the fact that we're talking about people who have disabilities greater than 30 percent, that it would be entirely to the commissary if they -- seems like a relatively perhaps small fraction of a -- of a greater population.

But I think in reality if you go back and you look at that, the numbers are probably fairly large. And that -- and it would depend on the community, obviously, in which that occurs.

But I know that it -- it is an issue out there, and I think for some people it seems that it's an opportunity to bring further revenue to MWR programs and to allow people to have that opportunity.

And yet we know that the severely stakers really benefit, that people receive. And once they've been separated for long periods of time, I understand that perspective.

(UNKNOWN)

Yes, ma'am. I think sometimes again people you know they -- think of this as a wounded warrior issue, and they think of the people who are you know being put out with significant disability.

Well, in fact, if you leave the service with a 30 percent or greater disability, you are a retiree and you are eligible. So we're mainly talking about people who didn't have that disability rating at the time they left and acquired it later. And to us that's the distinction you know.

And as a matter of fact, we haven't had the issue recently, but for those of us who have been working these issues for 30 years or so, periodically we have serious attacks on the commissary subsidy.

And we start getting a little concerned when somebody says, "Gee, you're spending \$1 billion on somebody you know who spent a whole career doing something else and acquired a 30 percent disability at age 70, and was spending commissary dollars to -- to give them access."

We'd -- we'd rather not have to worry about adding another argument to defend the commissary subsidy.

(UNKNOWN)

In addition, Madam Chairperson, those folks would not have ID cards, and in these types of limited access to military installations, they would have to -- there would have to be some mechanism, which would cost money either by time or issuing some kind of ID for those folks to access the installation.

DAVIS:

Some security issues that would be at -- at play there.

One of the other military resale issues is around jewelry and furniture and whether or not we basically protect the interests of those businesses that are out in the community or an able the military resale associations to sell more of it.

Now, I think that those issues, they have been settled to -- to an extent that people are comfortable with that.

(UNKNOWN)

Well, I'll -- I'll address that quickly, if I may. And just oversight has done a tremendous job in the recent past in ensuring that the infrastructure that already exists on military bases is leveraged more beneficially by expanding some of the -- some of the categories, and particularly some price restrictions.

I call your attention to the fact that originally some of these restrictions were in place to assist small businesses, many of whom are really not existing today. In fact, a lot of them were electronics retailers and such.

The -- the fact remains that the basis in some instances don't have the physical space to sell things like furniture and are still precluded from expanding their -- their physical plant in order to be able to sell furniture.

As we've seen in -- in the contemporary environment, it is creditors who have largely laid behind the problems for consumers.

And one of our arguments have long held that if the exchanges were given greater scope of authority to sell furniture, military patrons would at once enjoy not only the privilege to buy the product, but simultaneously access to superior terms of those purchases.

We would continue to seek support from this committee to relieve the restrictions on the exchanges from construction, so to improve the facilities to be able to sell furniture in particular.

There are a few other minor areas that -- that we think would offer opportunity, but that in particular would -- we'd appreciate your consideration.

DAVIS:

Thank you.

In the course of discussing a number of the issues that you've brought, the retiree program, concurrent receipt continues to be a concern, even though we have moved on that.

I think that it still continues to come up, and I'm just wondering where in the list of priorities you would place expansion of concurrent receipt today.

(UNKNOWN)

I think that's -- that's another one, Madam Chair, where the subcommittee has made an effort to try to make some progress.

Another reality is whenever we make progress on something, and we've still got a long way to go, you know you -- you always have a glass half-full people from the people who have been taken care of, and glass completely empty for the people who haven't. And so it creates pressure on all of us.

We believe that we agree with that. We've -- we've tried to work with the subcommittee to make incremental progress and tried to identify various steps that we can take.

We have worked with the subcommittee in the past to say if you let us know how much money you have, we'll tell you who is the most important priority to try to take care of next.

I think we have a consensus that one of the things, that probably the single biggest issue is to fix the glitch in the law that Congress already passed on combat related special compensation.

Through no fault of the committee's, there was a glitch in the law that doesn't deliver that compensation, so we've got people, who are 60, 70 percent combat disabled who do not receive the combat related compensation.

I thought we're working on getting a fix last year. Unfortunately, at -- at the end of the year crunch, we didn't get it through. But we've talked with the staff about it. I think there's a consensus, both in the House and the Senate, this is the right thing to do.

If you can only do one thing, we would say that's the thing to do.

DAVIS:

Thank you.

Mr. Wilson?

WILSON:

As we -- oh, no, I definitely want to hear from Maggie.

MCCLOUD:

May I be so bold? If we're talking about concurrent receipt -- and I'm delighted that Congress has acted on this issue over the past several years -- if we're speaking of fairness, Congress should have addressed the issue of SBP DIC offset for the widows when it implemented concurrent receipt for disabled retirees.

We should have been included then, and we weren't. If our spouses were alive today, our 100 percent disabled spouses, they would be receiving this benefit.

On a personal note, I will say that when Trane was back on the Hill working for Congressman Wilson in 2003, he worked on concurrent receipt for disabled veterans.

And I remember him coming home. I remember him coming home when Congress was working on this issue, and he was so excited. He was so proud that Congress was addressing this issue that was going to help so many disabled retirees.

One of my fellow Gold Star wives even remembers meeting with Trane on this issue. How ironic is it? What would he think today, I can't help but wonder, that the very legislation that he was so excited about and so proud about left out his own family, left out his own wife, and left out the lady sitting behind me? I just I just can't imagine what he would think.

DAVIS:

Thank you. I appreciate that. I think we're also aware that you've worked on these issues, on a host of different issues, and that of -- of all the competing needs, I think you've said quite clearly that -- that this is the one that you would hope we'd be addressing.

WILSON:

And I -- I'd like to thank the chairwoman for having this hearing this afternoon. It really has been very helpful to me. I know it will be helpful to our colleagues here in Congress.

It's -- it's certainly a big day to have the Gold Star wives recognize.

And -- and all of you who are here, I was sitting here thinking you bring real-world experience, real-world knowledge, but you also bring real-world credibility. I thank all of you for being here today.

I want to thank the chairwoman for her putting this together.

DAVIS:

Thank you all very much for being here. If there's anything that you fail to say that you'd like to be sure that we are aware of, please do not hesitate to communicate that. Thank y'all so much for being here.

List of Panel Members and Witnesses

PANEL MEMBERS:

REP. SUSAN A. DAVIS, D-CALIF. CHAIRWOMAN

REP. VIC SNYDER, D-ARK.

REP. LORETTA SANCHEZ, D-CALIF.

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REP. PATRICK J. MURPHY, D-PA.

REP. HANK JOHNSON, D-GA.

REP. CAROL SHEA-PORTER, D-N.H.

REP. DAVE LOEBSACK, D-IOWA

REP. NIKI TSONGAS, D-MASS.

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REP. JOE WILSON, R-S.C. RANKING MEMBER

REP. WALTER B. JONES, R-N.C.

REP. JOHN KLINE, R-MINN.

REP. TOM ROONEY, R-FLA.

REP. ROB WITTMAN, R-VA.

REP. MARY FALLIN, R-OKLA.

REP. JOHN FLEMING, R-LA.

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