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Statement of the Fleet Reserve Association

On its

2007 Legislative Goals

Presented to the
Joint Hearing of the
U.S. House and Senate
Veterans Affairs Committees

By

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THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest organization serving personnel and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans Affairs (DVA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

As a congressionally chartered association, FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. FRA is a leading advocate on Capitol Hill for enlisted Active Duty, Reserve, retired and veterans of the United States Navy, Marine Corps, and Coast Guard.

FRA is actively involved in the Veterans Affairs Voluntary Services (VAVS) program, and has a seat as a national representative on the VAVS National Advisory Committee (NAC).

In 2006, FRA shipmates volunteered in 31 VA facilities throughout the country, enabling FRA to achieve "Service Member" status. Members of the Ladies Auxiliary of the Fleet Reserve Association are also actively involved in the VAVS program and hold an Associate Membership on the committee (which requires involvement at 15 or more VA facilities).

FRA also is a major participant in The Military Coalition (TMC) a 35-member consortium of military and veterans organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles, including co-chairing several committees.

FRA celebrated 82 years of service in November 2006. For over eight (8) decades, dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel and other members of the Uniformed Services while protecting their rights and privileges. CHAMPUS, now TRICARE, was an initiative of FRA, as was the Uniformed Services Survivor Benefit Plan (USSBP). More recently, FRA led the way in reforming REDUX, obtaining targeted pay increases for mid-level enlisted personnel, and sea pay for junior enlisted sailors. Also FRA played a leading role in obtaining predatory lending protections for service members and their dependents in the FY 2007 National Defense Authorization Act.

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

INTRODUCTION

Mr. Chairman and distinguished Members of both of the Committees, FRA's membership appreciates this opportunity to present the Association's FY 2008 legislative goals. Our membership extends sincere gratitude for the concern, active interest and progress to date generated by the Committees in protecting, improving, and enhancing benefits that are truly deserved by our Nation's veterans. We look forward to working with you to further enhance the quality of life for over 27 million of our Nation's veterans, their families, and survivors.

CARING FOR WOUNDED SERVICE MEMBERS

An overriding FRA priority is ensuring that wounded troops, their families and the survivors of those killed in action are cared for by a grateful Nation. The Association therefore, views the recent revelations about conditions at Walter Reed Army Medical Center with deep concern and believes the Departments of Defense (DoD) and Veterans Affairs (VA) must work together to ensure a seamless transition from DoD to the VA. Unfortunately media coverage about unacceptable living conditions for wounded service members at the hospital and personnel being unable to obtain needed care in a timely manner while in outpatient status or on medical hold, is not a new story. FRA shares the frustration of the members of these two distinguished Committees and many in Congress and pledges to do its part to advocate for improvements and reform the VA system for the benefit of our wounded men and women in uniform.

FRA appreciates the establishment of a special Advisory Committee by VA Secretary James Nicholson on Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) Veterans

and Families. With membership including veterans, spouses, and parents of the latest generation of combat veterans, the panel will report directly to the VA Secretary. The committee will focus on the concerns of active military service in OEF/OIF, and will pay particular attention to severely disabled veterans and their families. FRA continues its long standing and strong support for efforts to smooth the transition of service members to veterans' status and speed the development of their claims. FRA is alarmed that some (OEF/OIF) combat-injured service members are being discharged or medically retired and transferred to VA without adequate consideration of family needs for adjustment counseling and seamless follow-up services.

FRA supports "The Wounded Warriors Relief Act" (H. R. 1538), to improve the management of medical care, personnel actions, and quality of life issues for members of the Armed Forces who are receiving medical care in an outpatient status. The Association welcomes the bipartisan support of Chairman Ike Skelton's bill. Under the legislation, every wounded service member would be assigned a "medical care case manager," a service member "advocate" and, in the event their cases were reviewed by Medical Evaluation Boards, an "independent medical advocate."

Case managers would review and supervise medical care; advocates would assist with non-medical "welfare and quality of life" issues. Medical advocates would be independent health professionals assigned to counsel service members whose cases are before evaluation boards. The measure would limit caseloads for employees in each job and would direct the Defense Department to give them more training. The bill also would establish a pilot program to test a more efficient way to transfer medical cases from the Defense Department to the VA.

FRA salutes House Veterans Affairs Committee Chairman Bob Filner for sponsoring H.R. 612, "The Returning Service Member VA Health Care Insurance Act" that would allow veterans who served during or after the Persian Gulf War to receive hospital care, medical services, or nursing home care from the Department of Veterans Affairs for up to five years. Currently veterans have access to these services for two years, unless they can prove they have a disability. This legislation is important with the growing realization that PTSD and other combat induced mental problems take years for symptoms to appear.

DEPARTMENT OF VETERANS AFFAIRS BUDGET

It's like watching a re-run of a bad B-movie. Every year there has been under funding in VA appropriations while a surge of Iraq and Afghanistan veterans threaten to overwhelm the VA medical facilities. And each year the budget gets increased, but not enough to adequately fund important programs. The proposed FY 2008 VA budget of nearly \$87 billion provides an increase over the previous year's budget but will probably prove to be inadequate for the increasing demand for services. While the Administration's request adds nearly \$3 billion in discretionary funding, this amount is about \$4 billion short of what is needed according to the "Independent Budget." The Association questions the assumptions used to determine these amounts which indicate the number of claims will remain about the same from last year despite a "surge" of troops in Iraq, ongoing operations in Afghanistan, and an aging veteran's population.

The 109th Congress adjourned without completing work on the VA FY 2007 budget. The 110th Congress promptly completed the task and increased funding for VA health care by \$3.6 billion.

The increase was appreciated and supported by FRA; however, the \$25.4 billion for health care funding is still less than the recommendation of the Independent Budget (\$26 billion).

FRA appreciates the increases in spending allowed for in the House Budget Resolution that includes among other projects more funding for wounded service members and upgrades to veterans benefits.

The health care portion of the budget is more than \$2 billion less than the Independent Budget, and the spending plan calls for \$34.2 billion in discretionary funding for veterans' health care, which represents a 5.8 percent increase in discretionary spending over the current year's budget. As painfully indicated in the health care funding emergency in 2005, and the current Walter Reed Army Medical Center debacle, during a time of war, there are significant numbers of new patients and with health care costs skyrocketing. FRA is perplexed at the lack of planning and foresight with regard to the numbers of anticipated wounded personnel and believes the Administration's proposal is inadequate to meet the health care needs of the growing number of veterans who are eligible to seek services from the VA.

The Association notes that the number of veterans filing disability claims has increased by more than 38 percent between FY 2000 and FY 2006. The number of veterans receiving compensation increased by nearly 400,000 since 2000 - from just over 2.3 million veterans to almost 2.7 million. Given these statistics, FRA is concerned that with skyrocketing health care costs, the ongoing war on terror and the recently announced "surge" in Iraq are only expected to further strain the VA budget, prompting another funding crisis. The Association strongly supports a much more proactive approach to include more realistic assumptions based on current realities.

HEALTH CARE FEES

FRA strongly opposes the plan to impose a tiered enrollment fee for veterans in Priority Groups 7 and 8 within the Department of Veterans Affairs (DVA) Health Care System in FY 2008. The Administration's request also includes a recommendation to nearly double prescription drug co-payments from \$8 to \$15 for a 30-day supply - a plan FRA also opposes. The VA FY 2008 budget includes a request for a tiered annual enrollment health care fee based on annual family income above \$50,000 and an increase on pharmacy co-pays from \$8 to \$15 for Priority Group 7 and 8 beneficiaries. Annual family income above \$50,000-\$74,999 would require a \$250 enrollment fee; \$75,000-\$99,999 would require \$500 annual enrollment fee; and \$100,000 and above would require \$750 annual enrollment fee.

There are approximately 1.3 million veterans in these Priority Groups and FRA adamantly opposes shifting costs to them for care they've earned in service to our Nation. Objections notwithstanding, FRA is further concerned that the revenue from these fees, estimated at \$310 million annually, would be directed to the Treasury and will not be re-invested back into the VA. Additionally FRA is concerned about projected revenue from "third party sources" listed in the Administration's budget request.

(Although not under the oversight of the Committees, FRA continues its strong opposition to TRICARE fee increases for military retirees and believes there are other cost-saving options which must be implemented prior to adjusting fees for younger retirees. The Association strongly

supports H.R. 579 sponsored by Representatives Chet Edwards (Texas) and Walter Jones (N.C.) and S. 604 sponsored by Senators Frank Lautenberg (N.J.) and Chuck Hagel (Neb.)

DISCRETIONARY VERSUS MANDATORY FUNDING

Currently only the Veterans Benefits Administration (VBA) portion of the VA budget is designated as mandatory spending, while the entire Veterans Health Care Administration (VHA) part of the VA budget is discretionary spending. Unfortunately the budgetary process has become more and more politicized and continues to fail veterans who depend on VA for all or part of their health care.

FRA concurs with and endorses recommendations that the Committee on the Budget convert the veterans' health care account from discretionary to mandatory spending. FRA understands the jurisdictional and other challenges associated with this issue and believes that veterans' health care is as important as other federal benefits funded in this manner. Regardless of the method used, the Association supports any efforts to help ensure full funding for VA health care to ensure care for all beneficiaries.

MEDICAL AND PROSTHETIC RESEARCH

The Department of Veterans Affairs is widely recognized for its effective research program and FRA continues to strongly support adequate funding for medical research and for the needs of the disabled veteran. The value of both programs within the veterans' community cannot be overstated. Noteworthy, however, is the fact that the FY 2008 proposed VA Budget for Medical and Prosthetic Research reflects a \$2 million reduction in one of the most successful aspects of all VA medical programs. Even the VA CARES Commission recommends improvement and expansion of VA Medical Research Facilities, and the Independent Budget recommends a \$66 million increase. Accordingly, FRA requests enhanced funding for these important programs.

DISABILITY COMPENSATION CLAIMS PROCESSING

FRA welcomes the Senate Veterans Affairs Committee and the Senate Armed Services Committee joint hearings on inconsistencies in the way the Pentagon and Department of Veteran Affairs evaluate the disabilities of wounded service members. According to Defense Department data, the Army and the Marine Corps tend to award lower disability ratings than the Navy and the Air Force. Also, officers tend to receive higher disability ratings than enlisted personnel. The Association senses that there is strong bi-partisan consensus supporting reform of the system and for additional funding and staffing. FRA believes that lawmakers have made clear that they want to smooth the process to eliminate bureaucratic delays and ensure more uniformity between branches of the military and the VA in how they rate disabilities. Those disability ratings are important since they determine the amount of payments that the medically retired receives.

The VA can promptly deliver benefits to veterans only if it has adequate resources and staffing to process and adjudicate claims in a timely and accurate fashion. Given the critical importance of disability benefits, the VA has a paramount responsibility to maintain an effective delivery system, taking decisive and appropriate action to correct any deficiencies as soon as they become

evident. However, VA has neither maintained the necessary capacity to match and meet its claims workload nor corrected systemic deficiencies that compound the problem of inadequate capacity.

FRA is concerned that the VBA also has a backlog of more than 400,000 claims, and the average processing time was 177 days in 2006 - or approximately six months. The VA's claims backlog continues to be at an unacceptable level, and the Benefits Administration has been unable to gain any ground on its pending claims backlog. Not only is the number of claims increasing, but also claims are becoming more complex such as those associated with Post Traumatic Stress Disorder (PTSD). From FY 2000 to FY 2006 the number of veterans receiving compensation for PTSD more than doubled from 130,000 to 270,000. In order to meet the increasing workload, the Department of Veterans Affairs must have the resources to increase staffing for the Compensation and Pension Service (C&P). In the Administration's FY 2007 budget submission, VA projected production based on an output of 109 claims per direct program full-time employee. This level of production per FTE will only lead to higher error and appeal rates. According to the Independent Budget's estimates, a more reasonable and acceptable rate of productivity is 100 claims per FTE. Taking into account FTE support, this would mean that the VA would require an authorization of 10,675 FTEs for the C&P Service for FY2008. FRA appreciates the recent announcement that VA is hiring an additional 100 more patient advocates for the wounded.

The Association also welcomes the establishment last December of the DoD Task Force on Mental Health directed to assess mental health services. FRA testified before the Task Force and urged that the panel recommend increased funding and improved oversight for treatment programs for PTSD and other mental health conditions affecting service members returning from Iraq and Afghanistan. The US Court of Appeals for Veterans Claims experienced a significant backlog of cases last year, and FRA appreciates the re-call of retired judges to speed up the adjudication of claims. The Association also recommends that additional staff and judges be authorized to ensure timely adjudication of appeals.

MGIB

The Montgomery GI Bill (MGIB) is important and aids in the recruitment and retention of high-quality individuals for service in the active and Reserve forces; assists in the readjustment of service men and women to civilian life after they complete military service; extends the benefits of higher education (and training) to service men and women who may not be able to afford higher education; and enhances the Nation by providing a better educated and productive workforce.

Double-digit education inflation is dramatically diminishing the value of MGIB. Despite recent increases, benefits fall well short of the actual cost of education at a four-year public college or university. Unfortunately, not all of MGIB objectives are being achieved, particularly for mobilized members of the National Guard and Reserve forces.

FRA, along with its partners in The Military Coalition, the American Legion, the Veterans Independent Budget for FY2007, and Partnership for Veterans Education support enactment of a "Total Force Montgomery GI Bill" for the 21st century as detailed in H.R. 1102 and S. 644. The integration of active and Reserve force MGIB programs under Title 38 is very important and will

provide equity of benefits for service performed, enable improved administration, and facilitate accomplishment of statutory purposes intended by Congress for the MGIB. The Nation's active duty, Guard and Reserve forces are effectively being integrated under the Total Force concept, and educational benefits under the Montgomery GI Bill should be re-structured accordingly. This legislation aims to better reflect a comprehensive "total force" concept and ensures members of the Select Reserve receive benefits that match their increased service to the Nation during the war on terror. The bill would also allow Reservists who have been mobilized to draw their benefits up to 10 years after service which is consistent with the active duty policy.

In addition, during the early years of the MGIB, benefits earned by Guard and Reserve members amounted to 47 cents to the dollar compared to active duty MGIB participants. Since 9/11/01, the ratio has dropped to 29 cents to the dollar. In conjunction with this, FRA recommends authorization to allow the MGIB benefits to keep pace with the cost of a college education.

There are thousands of senior enlisted personnel who entered military service during the Veterans Education Assistance Program (VEAP) era and did not have the opportunity to enroll in the MGIB. The Association continues to advocate for the adoption of an open enrollment period for these personnel. Allowing VEAP-era career enlisted personnel to participate in the MGIB would be a powerful retention tool by allowing senior enlisted service members to continue their education while serving this Nation.

DATA SECURITY

FRA's membership is very concerned about the level of data security at the VA after learning about the stolen personnel information (including Social Security numbers) from the home of a VA employee. The theft involved data on more than 26 million veterans and two million active-duty personnel. Even though the stolen computer and data were recovered and apparently not accessed, the VA and Congressional oversight committees must continue to pursue improvements in data security at VA. The Association is also concerned about recent reports of additional data security breaches at the department and continues to monitor the progress the VA has made in data security. The Association appreciates the substantial increase in the FY 2008 budget for data security, and is extremely appreciative of the work of both of these distinguished committees in passing legislation last year to address this critical issue.

NURSING HOMES, LONG TERM CARE, AND OTHER HEALTH CARE PROGRAMS

World War II and Korean veterans are in their late 60's and older, as are some Viet Nam veterans, and many require a greater level of long-term care. No one can argue that as veteran's age, more and more of them will become dependent upon the VA to provide the necessary care in nursing homes, domiciles, state home facilities, and its underused hospital beds. The Nation can ill afford to wait for out-year funds before it expands nursing or long-term care.

The Veterans Millennium Health Care Act, Public Law 106-117, Section 101, made great strides in providing long-term care for our veterans. However, this program is only for veterans who need care for a service-connected disability, and/or those with service-connected disability

ratings of 70% or more. This program should be expanded to include veterans with service-connected disability ratings of 50% or more.

Congress and the Administration must ensure sufficient funding for the construction of new facilities and renovation of existing hospitals outlined by the VA Capital Asset Realignment for Enhanced Services (CARES) plan. Funding intended for implementation of CARES initiatives should not be diverted to other projects and CARES-based construction should be allowed to proceed as planned. CARES is a system-wide assessment of VA's capital infrastructure that is an attempt to identify the needs of veterans when planning new or remodeling VA facilities with the utmost efficiency. Changes or deviations from the plan should undergo rigorous data validation.

In 2004 VA Secretary Anthony Principi testified before the Health Subcommittee of the House Veterans Affairs Committee that CARES needed an investment of \$1 billion annually for the next five years to modernize VA's medical infrastructure. Unfortunately appropriations have fallen well short of Secretary Principi's goal. In FY 2007 only \$253 million was appropriated, and the FY 2008 request is \$511 million. During the war on terror the demands on the VA health care infrastructure have increased dramatically. Congress needs to make an investment in VA health care infrastructure so the VA can effectively meet the needs of the 21st century veterans.

VETERANS HEALTH ADMINISTRATION

VA/DoD Collaboration

The Departments of Defense (DoD) and Veterans Affairs have made great progress in sharing information and resources, but much more is needed, particularly with regard to access standards, to truly provide a "seamless transition" from military service to veteran status. FRA supports the intent of the President's Executive Order to require all federal agencies that handle health care to implement a standardized electronic medical record starting 1 January 2007. Agencies including VA, will coordinate with DoD so that clinical information remains confidential and is shared efficiently, and eliminates the cost of record duplication.

FRA staff attended the DoD appointed Independent Review Group (IRG) fact finding hearings this month at the National Naval Medical Center (NNMC) in response to substantial media coverage about living conditions for wounded service members at Walter Reed Army Medical Center. At that hearing spouses and parents of wounded service members praised the medical staff for the excellent care. However, several mentioned poor care when they were transferred to VA facilities.

FRA believes that some OEF/OIE combat-injured service members are being discharged or medically retired and transferred to VA without adequate consideration of family needs for adjustment counseling and seamless follow-up services.

The Department of Veterans Affairs has problems accessing service members' real-time medical data to provide them a seamless transition from the Military Health System to the VA's health system. Delays in sharing medical data can be critical to full recovery because that postpones the start of injured service member's rehabilitation.

The VA has developed four centers of excellence for multiple trauma injuries to which DoD can transfer military patients. They are located in Palo Alto, Calif.; Tampa, Fla.; Minneapolis, Minn.; and Richmond, Va. The department also recently expanded the polytrauma network with another 17 facilities as the number of veterans with extreme blast injuries rises. The VA assigns case managers and details staff to military treatment facilities to provide information on veterans' benefits to injured soldiers.

The VA and DoD can exchange data electronically only to a limited extent. Two of the four VA polytrauma rehabilitation centers can access medical records at Walter Reed Army Medical Center and only one of the two had access to the records at the National Naval Medical Center in Bethesda, Md. In all other cases, employees must fax medical information. The VA's outreach to service members to prepare for civilian life runs up against DoD's process for evaluating personnel for a possible return to duty. Instead of working at cross-purposes to DoD goals, VA's early intervention efforts could facilitate service members' return to the same or a different military occupation or to a civilian occupation if the service members were not able to remain in the military.

FRA appreciates VA Secretary James Nicholson's efforts to help service members cut through red tape for benefits and smooth the transition to VA care by immediately hiring 100 patient advocates, who are veterans. The department is now also screening all patients who are combat veterans of Iraq and Afghanistan for traumatic brain injury.

As part of the seamless transition efforts, the VA was designing a system in 2003 to track the benefits of seriously injured service members as they move from the military to the VA. But the VA dropped the system's development because it was flawed. There is an urgent need to create a continuous clinical record of transfers and case management for all seriously injured patients as they progress through both the DOD and VA systems of care.

VA and DoD began sharing resources in 1982, with the enactment of the Veterans' Administration and Department of Defense Health Resources Sharing and Emergency Operations Act. To further encourage collaboration, Congress subsequently passed Public Law 107-314 which established the VA and DoD Joint Executive Council, comprised of senior leadership and staff involved in health and benefit activities from both agencies and tasked with developing a joint strategic plan for the delivery of benefits and services. The law also established a Joint Incentive Fund and required VA and DoD each to dedicate a minimum of \$15 million annually for four years to fund joint programs.

The VA and DoD have 446 sharing agreements covering more than 2,000 health services, according to Assistant Secretary of Defense (Health Affairs) Dr. William Winkenwerder. A good example of VA/DoD collaboration on health care delivery is the Great Lakes Navy Base Integration of VA and Navy health facilities that began in 2003, Congressman Mark Kirk, (IL.), championed the idea which is the first of its kind joint venture and can serve as a model for additional cooperative efforts between DoD and VA. Due to the ongoing war on terror and the heightened importance of sharing services between departments, the Association recommends hearings to review progress in DoD and VA working together to share resources and create a truly seamless transition from DoD to VA for our Nation's veterans.

In June 2006, clinicians from the William Beaumont Army Medical Center, using AHLTA,

DoD's electronic health record system, and the El Paso VA Health Care System, using VISTA, the VA's electronic health record system, began exchanging pharmacy and medication allergy data on patients who receive health care from both health care systems. This marked the first time, in both the public and private sectors, that two very different electronic health record systems were able to successfully demonstrate the ability to share computer data.

Waiting Times

FRA is encouraged that the backlog of veterans waiting more than 60 days has been significantly reduced in recent years. The Association also welcomes a detailed clarification on waiting times for appointments for veterans rated less than 50% service connected either on their first visit or those veterans who are already in the VHA system. FRA believes that a 30-day maximum wait is reasonable for routine care and will require that VA Medical Center directors monitor all appointments and make any necessary changes in a timelier manner.

VA Medicare Subvention

In 2003, then DVA Secretary Principi suspended enrollment in Priority Group 8. According to Congressional estimates, more than 260,000 veterans who do not have illnesses or injuries incurred during military service and earn more than the average wage in their community have been prevented from enrolling. Although termed "temporary" at the time, it appears that this suspension will continue with no end in sight. FRA urges sufficient funding be authorized and appropriated to allow resumption of the enrollment process for all veterans.

As previously stated, FRA opposes the imposition of a "user's fee" and an increase in co-payments for prescriptions. A much better alternative would be the full and immediate implementation of VA Medicare Subvention as envisioned in H.R. 4992, "The Veterans Medicare Assistance Act" from the 109th Congress. The funds recovered from the Department of Health and Human Services (HHS) and specifically the Centers for Medicare and Medicaid Services (CMS), for health care provided to those eligible veterans, would go a long way in ensuring adequate health care for more veterans. But it would be incumbent that Congress mandate any funds recovered from CMS be provided to the VA and not put in the General Fund. It is puzzling to our members why this program has not been given serious consideration and enacted long ago.

VETERANS BENEFITS ADMINISTRATION

Despite increased demand from OIF/OEF and an aging veterans population, Congress has cut VBA funds for the last five years. Funding for VBA in FY 2006 (\$23 million) was only 28 percent of FY 2001 (\$82 million). FRA concurs with the Independent Budget's proposal of \$115 million which would be 5% added on to each budget since FY 2001.

Separation Pay

Under current law, service members released from active duty who fail to qualify for veterans' disability payments, and are not accepted by the National Guard or Reserve, never have to repay any portion of separation pay. However, if qualified for either, it's time for payback. FRA has difficulty understanding why the individual willing to further serve the Nation in uniform, or is

awarded service-connected disability compensation, should have to repay the Federal government for that privilege.

FRA is opposed to the repayment requirement and recommends the repeal of, or the necessary technical language revision, to amend the applicable provisions in Chapters 51 and 53, 38 USC, to terminate the requirement to repay the subject benefits. (Also requires an amendment to 1704(h)(2), 10 USC.)

Court-Ordered Division of Veterans Compensation

The intent of service-connected disability compensation is to financially assist a veteran whose disability may restrict his or her physical or mental capacity to earn a greater income from employment. FRA believes this payment is that of the veteran and should not be a concern in the states' Civil Courts. If a civil court finds the veteran must contribute financially to the support of his or her family, let the court set the amount allowing the veteran to choose the method of contribution. FRA has no problem with child support payments coming from any source. However, VA disability should be exempt from garnishment for alimony unless the veteran chooses to make payments from the VA compensation award. The Federal government should not be involved in enforcing collections ordered by the states. Let the states bear the costs of their own decisions. FRA recommends the adoption of stronger language offsetting the provisions in 42 USC, now permitting Federal enforcement of state court-ordered divisions of veterans' compensation payments.

NATIONAL CEMETERY ADMINISTRATION

The National Cemetery Administration (NCA) has undergone many changes since its inception in 1862. Currently, the NCA maintains almost 2.7 million gravesites at 124 national cemeteries in 39 states, the District of Columbia, and Puerto Rico.

VA estimates that about 27 million veterans are alive today. They include veterans from World War I, World War II, the Korean War, the Vietnam War, the Gulf War, and the global war on terrorism, as well as peacetime veterans. It is expected that one in every six of these veterans will request burial in a national cemetery. Annual internments are estimated to increase from 102,000 in 2006 to 117,000 in 2009.

There has been serious erosion in the value of burial allowance benefits over the years. While these benefits were never intended to cover the full cost of burial, they now pay for only a small fraction of what they covered in 1973, when the federal government first started paying burial benefits. Both of these committees should consider significantly increasing the current burial allowance of \$300.

FRA is grateful to Congress for funding new cemetery sites including the Georgia National Cemetery, and the Sacramento Valley VA National Cemetery opened in 2006, and supports the Administration's goal of increasing the number of cemeteries from the current 124 to 141 by 2010.

The NCA needs funding for new cemeteries in order to meet the expected demand over the next several decades. The NCA is doing much to meet resource challenges and the demand for burial spaces for aging veterans. With additional resources, the NCA will hopefully be able to meet the demand.

OTHER RECOMMENDATIONS FOR CONSIDERATION

Concurrent Receipt

FRA continues its advocacy for full concurrent receipt of military retired pay and veterans' service-connected disability payments as envisioned in S. 439, introduced by Senate Majority Leader Senator Reid of Nevada, H.R. 303, introduced by Representative Gus Bilirakis of Florida, and H.R. 333, introduced by Congressman Jim Marshall of Georgia. FRA is cautiously optimistic that the Veterans Disability Commission will soon offer recommended legislative improvements for the Committees to act upon.

The FY2006 Defense Authorization Act reduced the phase in period for disabled military retirees deemed "individual unemployable" (IU) from 2014 to 2009, and FRA appreciates this progress. However, our members are extremely disappointed and perplexed that such undeserved discrimination will be allowed to continue for three more years.

FRA urges the Committee to end the disability offset to retired pay immediately for otherwise-qualifying members rated as "individual unemployable" by the VA.

Progress has been made in recent years to expand Combat-Related Special Compensation (CRSC) to all retirees with combat-related disabilities and authorize concurrent receipt of retired pay and veterans' disability compensation for retirees with disabilities of at least 50 percent.

While the concurrent receipt provisions enacted by Congress benefit tens of thousands disabled retirees, an equal number are still excluded from the same principle that eliminates the disability offset for those with 50 percent or higher disabilities. Eliminating the disability offset for those with disabilities of 50 percent is just as valid for those with 40 percent and below, and FRA urges the Committees to be sensitive to the thousands of disabled retirees who are excluded from current provisions.

As a priority, FRA asks both Committees to consider those who had their careers cut short solely because they became disabled by combat or combat-related events, and were forced into medical retirement before they could complete their careers.

Under current law, a member who is shot in the finger and retires at 20 years of service with a 10-percent combat-related disability is rightly protected against having that disability compensation from his or her earned retired pay. But a member, who is shot through the spine, becomes a quadriplegic and is forced to retire with 19 years and 11 months of service, suffers full deduction of VA disability compensation from his or her retired pay. This is grossly unfair.

For chapter 61 (disability) retirees who have more than 20 years of service, the government recognizes that part of that retired pay is earned by service, and part of it is extra compensation

for the service-incurred disability. The added amount for disability is still subject to offset by any VA disability compensation, but the service-earned portion (at 2.5% of pay times years of service) is protected against such offset.

FRA believes strongly that a member who is forced to retire short of 20 years of service because of a combat disability must be "vested" in the service-earned share of retired pay at the same 2.5% per year of service rate as members with 20+ years of service, as envisioned in H.R. 89, also introduced by House Representative Gus Bilirakis of Florida. This would avoid the "all or nothing" inequity of the current 20-year threshold, while recognizing that retired pay for those with few years of service is almost all for disability rather than for service and therefore still subject to the VA offset.

Uniformed Former Spouses Protection Act (USFSPA)

FRA believes Congress needs to take a hard look at the USFSPA with a sense of purpose to amend the language therein so that the Federal government is required to protect its service members against State courts that ignore provisions of the Act. The draft proposals sent to the Hill from the Pentagon would be a significant first step in reforming this act if they were to be enacted into law.

The USFSPA was enacted over 20 years ago; the result of Congressional maneuvering that denied the opposition an opportunity to express its position in open public hearings. With one exception, only private and public entities favoring the proposal were permitted to testify before the Senate Manpower and Personnel Subcommittee. Since then, Congress has made 23 amendments to the Act: eighteen benefiting former spouses. All but two of the amendments were adopted without public hearings, discussions, or debate. Since adoption, opponents of the USFSPA or many of its existing inequitable provisions have had opportunities to voice their concern to a Congressional panel. The last hearing, in 1999, was conducted by the House Veterans Affairs Committee and not the Armed Services Committee that has the oversight authority for amending the USFSPA.

One of the major problems with the USFSPA, of its few provisions protecting the rights of the service member, none are enforceable by the Department of Justice or DoD. If a State court violates the right of the service member under the provisions of USFSPA, the Solicitor General will make no move to reverse the error. Why? Because the Act fails to have the enforceable language required for Justice or the Defense Department to react. The only recourse is for the service member to appeal to the court, which in many cases gives that court jurisdiction over the member. Another infraction is committed by some State courts awarding a percentage of veterans' compensation to ex-spouses, a clear violation of U. S. law; yet, the Federal government does nothing to stop this transgression.

There are other provisions that weigh heavily in favor of former spouses. For example, when a divorce is granted and the former spouse is awarded a percentage of the service member's retired pay, this should be based on the member's pay grade at the time of the divorce and not at a higher grade that may be held upon retirement. The former spouse has done nothing to assist or enhance the member's advancements subsequent to the divorce; therefore, the former spouse should not be entitled to a percentage of the retirement pay earned as a result of service after the decree is

awarded. Additionally, Congress should review other provisions considered inequitable or inconsistent with former spouses' laws affecting other Federal employees with an eye toward amending the Act.

Survivor Benefit Plan

FRA appreciates the enhancements to the military's Survivor Benefit Plan (SBP) to increase benefits for survivors over several years. Unfortunately, there is another inequity to the program that is a major concern for our membership.

FRA strongly supports S. 395, sponsored by Senator Bill Nelson (Fla.) to accelerate from 1 October 2008 to 1 October 2007 the time military retirees over age 70 and paid SBP premiums for at least 30 years will be paid-up. This is an equity issue for participants who've paid premiums since the program was established in 1972.

CONCLUSION

Mr. Chairman. In closing, allow me to again express the sincere appreciation of the Association's membership for all that you and the Members of both of the House and Senate Veterans Affairs Committees do for our Nation's veterans.

Our Legislative Team stands ready to meet with you, other members of the Committees or their staffs at any time, to work together to improve benefits and entitlements for all veterans.

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

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