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STATEMENT
of the
MILITARY OFFICERS ASSOCIATION OF AMERICA
on

VETERANS' BENEFITS LEGISLATION

before the

SENATE VETERANS' AFFAIRS COMMITTEE

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Presented by

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MISTER CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE, on behalf of the nearly 362,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's views on legislative proposals being considered before you today.

MOAA is an original founding member of the Partnership for Veterans' Education, a consortium of military, veterans, and higher education groups which advocate for passage of a "total force" approach to the Montgomery GI Bill to meet the needs of our operating forces -- active duty, National Guard and Reserve -- in the 21st century.

MOAA does not receive any grants or contracts from the federal government.

EXECUTIVE SUMMARY

MOAA appreciates the growing interest in Congress in improving educational benefits under the Montgomery GI Bill (MGIB) for our nation's returning warriors. Legislative proposals range from modest improvements at the margins to restoration of a "World War II-style" GI Bill that would cover all costs of a veteran's education or training plus a living-expense stipend.

MOAA certainly supports almost all of these proposals. The question is how will the Committee and this Congress "rack and stack" them given other competing priorities and direct spending realities.

In addressing these questions, MOAA recognizes that all good things are not going to happen in one session of Congress. In our close collaboration with the 45 associations that make up the Partnership for Veterans' Education, MOAA believes that the following priorities should inform the work of the Committee on the MGIB. In order:

1. Establishment of a readjustment benefit under the MGIB for Guard and Reserve veterans of the War on Terror. This is the only veterans' benefit denied returning Guard and Reserve warriors. (S. 644 addresses this gross inequity)
2. Integration of the reserve MGIB programs with active duty provisions in Title 38 and establishment in law of a principle that benefits should be proportional to length and type of duty performed (e.g., buy-up provisions for Guard and Reserve participants, etc. would follow)
3. Benchmarking MGIB rates to the average cost of a four-year public college or university education, including restoration of proportional parity between active and Selected Reserve rates
4. Improvement in the flexible delivery of MGIB benefits such as accelerated payments (see #2)
5. Elimination of the \$1200 payroll reduction for active duty service entrants
6. Extension of time-limits towards the goal of lifetime learning for remaining MGIB entitlement

From this perspective, MOAA is pleased to offer our views on the legislation being considered by the Senate Committee on Veterans' Affairs today.

This testimony focuses on legislation before the Committee that concerns educational benefits for members of the armed forces, including National Guard and Reserve service men and women, veterans and survivors.

Denial of A Core Veterans' Benefit to 'Operational Reservists'

National Guard and Reserve service men and women who have been called into federal service on active duty in the War on Terror are entitled to all veterans' benefits upon completion of their service with one glaring exception: a readjustment benefit under the Montgomery GI Bill (MGIB).

Since, September 11, 2001 approximately 600,000 Guard and Reserve veterans have served on active duty. 'Contingency operation' service enables them to access VA health care, apply for service-connected disabilities, VA home loans, and other benefits authorized in law. About 85,000 have served multiple combat tours.

The Defense Department's 'operational reserve' policy means that reservists can expect to serve on active duty multiple times during a normal 20 to 30 year Guard or Reserve career. DoD now plans to activate reservists one year out of five years for 12 months per tour. However, with 85,000 members of the reserve forces have already served two or more tours since 9/11 and more units slated for re-deployment, 'operational reservists' are deploying at or above active duty

force rotations. When Guard and Reserve veterans complete these commitments, the one benefit denied them is to access Montgomery GI Bill benefits under Chapter 1607 of Title 10 U.S. Code after they are discharged or retire.

There is no MGIB readjustment benefit available to reservists who have served the nation on active duty.

MOAA and our colleagues in the Partnership for Veterans Education are deeply committed to righting this fundamental injustice. The Partnership for Veterans Education includes the 35 members of The Military Coalition (which includes MOAA, the VFW and AMVETS), other major veterans' service organizations and higher education associations.

It is in this context that MOAA is surprised and disappointed that the Committee is not including consideration of S.644 (Senators Lincoln [D-AR] and Collins [R-ME]) at this hearing. In our view, S.644 directly concerns the jurisdiction of this Committee in that a fundamental purpose of the bill is to integrate the two reserve MGIB programs into Title 38 so that, going forward, educational benefits can be properly scaled according to the length and type of duty performed by members of the nation's total force team - active duty, National Guard, and Reserve.

Unfortunately, the nation's total force military policy is not matched by educational benefits programs that maximize MGIB purposes, namely, support for recruitment, reenlistment, and readjustment.

From this perspective, MOAA is pleased to respectfully offer its views on some of the bills before the Committee at this hearing.

S. 22 (Revised), Post-9-11 Veterans Educational Assistance Act of 2007 (Webb)

Senator Webb's (D-VA) bill, S. 22, would in effect re-establish and enhance the post-World War II "GI Bill" of educational benefits.

S.22 would establish "wartime" service GI Bill benefits that would permit service men and women who serve or have served since 9/11 and who meet the requisite active duty service requirements in the legislation to be reimbursed for the entire cost of a college, university, or training program of their choice.

Reimbursement rates would match the cost paid by non-veterans at such programs. Additionally, veterans would receive a \$1000 per month stipend for 36 months, matching the maximum entitlement reimbursement period. Veterans would have up to 15 years after their service to exhaust entitlement. The existing bar to duplication of benefits would preclude paying other MGIB benefits concurrently.

National Guard and Reserve "wartime" veterans with qualifying active duty service would be entitled to the benefits described in the bill.

MOAA Comment on S. 22.

MOAA supports S.22. S.22 represents a vision, perhaps even a GI Bill "holy grail", that our nation's warriors surely have earned in service to the nation. We worry, however, that absent a strong signal of support from this Committee and the full Senate and House, the likelihood of this bill's passage is remote at best.

MOAA has long supported many of the features in S.22, especially: the increase in GI Bill benefit rates, the elimination of the \$1200 payroll reduction, extension of the post-service usage period, and establishment of a readjustment benefit for mobilized reservists. However, based on the fact that the last substantive upgrades to the MGIB-Active Duty program were enacted before 9/11, stakeholders must wonder if there is genuine resolve to upgrade the MGIB.

MOAA's approach on military and veterans benefits is to work with Congress to find realistic ways to make progress on military and veteran "people" issues that support a strong national defense, military readiness, and fair treatment of those who have worn the uniform of the country. Sure, MOAA would prefer to have all the features of S.22 and all at once. Our experience has shown that Congress rarely acts that way.

For many years and over the course of many sessions of Congress, retired Ranking Member of the House Veterans Affairs Committee, Lane Evans -- a distinguished Vietnam veteran -- sponsored legislation similar to S. 22. Unfortunately, none of his bills attracted enough support to gain serious consideration.

A practical shortcoming in S.22 is the absence of MGIB "kicker" authority for the military services -- Section 3015(d), 38 U.S. Code. DoD has long used financial incentives -- "kickers" -- as tools to distribute military manpower into high demand skills needed for readiness. Kickers have proven very effective in combination with the MGIB-AD (Chapter 30) to support armed forces recruiting goals.

It may be that the quantum leap in GI Bill benefits under S.22 would suffice for overall recruiting purposes, obviating the need for "kickers." Manpower planners, however, probably will be extremely reluctant to test this theory.

If forced to choose, we believe the most glaring inequity that needs to be addressed immediately in GI Bill legislation is the absence of a readjustment benefit under the MGIB for activated reservists.

S.____, the Veterans' Education and Vocational Benefits Improvement Act of 2007 (Craig)

Senator Craig's draft bill has two broad features. It would temporarily expand the payment of accelerated benefits under the MGIB during the period between October 2008 and September 2012. Eligible participants would receive accelerated benefits for short term, high cost courses, not just "high technology" coursework as currently authorized.

Accelerated payments would be available to participants in the MGIB Active Duty (Chapter 30), MGIB Reserve Programs (Chapter 1606 and Chapter 1607, 10 U.S. Code), and Survivors and Dependents Educational Assistance (Chapter 35). Each program would have an annual expenditure cap ranging from \$3 million for MGIB-AD, \$2 million for MGIB-Selected Reserve

(Chapter 1606), and \$1 million each for the Reserve Educational Assistance Program (REAP) (Chapter 1607), and Survivors and Dependents (Chapter 35).

The second feature would establish the opportunity for members of the Guard and Reserve to "buy up" their benefits under REAP. They could contribute up to \$600 in \$20 increments in order to receive an additional \$150 per month in MGIB benefits.

MOAA supports the greater flexibility envisioned in the accelerated payment provisions. As a practical matter, the annual expenditure caps may substantially limit participation in the program, given the tens of thousands of MGIB users.

The "buy up" feature proposed for REAP confirms our view that the reserve MGIB programs are not properly synchronized with basic benefits under Chapter 30. The reality is that there have been no adjustments to the reserve MGIB programs since the late 90s, other than annual COLAs.

MOAA appreciates the intent and direction of the buy-up provisions in the bill and we endorse its provisions.

A hopefully unintentional consequence of the proposed REAP buy-up provision is that returning Guard and Reserve warriors who honorably complete their service and separate or retire, would not be authorized access to their buy-up benefits under REAP following service. Again, there is no readjustment benefit under law for Guard and Reserve veterans. All such benefits are forfeited upon honorable completion of service resulting in discharge or retirement.

Veterans who elect to increase their REAP accounts can only use them if they agree to remain in the Guard or Reserve. The buy-up provision comes with "golden handcuffs." In our view, our All Volunteer Force should be structured under the principle of willing service. Active duty service members have readjustment benefits under the MGIB, but operational reservists returning from war zones do not.

MOAA does not support separate treatment of active duty veterans and Guard / Reserve active duty veterans in terms of access to their earned MGIB benefits. Any Guard or Reserve veteran with REAP entitlement who elects buy-up, would forfeit all such benefits at separation.

MOAA recommends that the REAP buy-up provision be authorized in conjunction with post-service access to those benefits.

Toward a Total Force MGIB for the 21st Century.

MOAA appreciates the growing interest in adapting and improving MGIB programs to fit the needs of the 21st century force. Numerous Senate and House bills address various facets of the MGIB.

MOAA believes that the first priority in creating a more effective MGIB is to evaluate proposals against the principle of aligning benefits with the length and type of duty performed by members of our nation's armed forces team - active duty, National Guard and Reserve. In short, a "total force" approach is needed for the MGIB.

In achieving this objective – an objective we believe will better accomplish recruitment, reenlistment, and readjustment purposes – MOAA strongly endorses as a first order of business two affordable steps.

First, all active duty and reserve MGIB programs would be consolidated under Title 38. DoD and the Services would retain responsibility for cash bonuses, MGIB “kickers”, and other enlistment / reenlistment incentives. Second, MGIB benefit levels would be structured according to the level of military service performed.

The Total Force MGIB would restructure MGIB benefit rates as follows:

• Tier one, the Active Duty MGIB (Chapter 30, Title 38) – initially, no statutory change. Individuals who enter the active armed forces would earn MGIB entitlement unless they decline enrollment.

• Tier two, the Selected Reserve MGIB (Chapter 1606, Title 10) -- MGIB benefits for a 6-year enlistment or reenlistment the Guard or Reserve. Chapter 1606 would transfer to Title 38. Congress should consider adjusting benefit rates in proportion to the active duty program. Historically, Selected Reserve benefits have been 47-48% of active duty benefits.

• Tier three, Reserve Educational Assistance Program (Chapter 1607, Title 10), -- MGIB benefits for mobilized members of the Guard / Reserve on “contingency operation” orders. Chapter 1607 would transfer to Title 38 and be amended to provide mobilized servicemembers one month of “tier one” benefits (currently, \$1075 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use remaining Second Tier MGIB benefits only while continuing to serve satisfactorily in the Selected Reserve. Reservists who qualify for a reserve retirement or are separated / retired for disability would have 10 years following separation to use all earned MGIB benefits. In accordance with current law, in cases of multiple benefit eligibility, only one benefit would be used at one time, and total usage eligibility would extend to no more than 48 months.

MGIB-SR Benefit Upgrades Ignored by DoD / Services since Prior to 9/11

For the first 15 years of the Reserve MGIB program’s existence, benefits earned by individuals who initially join the Guard or Reserve for six years or who reenlist for six years, paid 47 cents to the dollar for active duty MGIB participants. Since 9/11, however, the ratio has dropped to 29 cents to the dollar. One consequence of the rate drop is that reservists feel their service is devalued. The following chart illustrates the sharp decline in rate parity since 9/11.

Montgomery GI Bill Program

Benefit History – Full Time Study Rates

Active Duty Selected Reserve

Month Year	Chapter 30	Chapter 1606
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Jul 1985	\$300.00	\$140.00	47%
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1986	\$300.00	\$140.00	47%
1987	\$300.00	\$140.00	47%
1988	\$300.00	\$140.00	47%
1989	\$300.00	\$140.00	47%
1990	\$300.00	\$140.00	47%
Oct 1991	\$350.00	\$170.00	49%
1992	\$350.00	\$170.00	49%
Apr 1993	\$400.00	\$190.00	48%
Oct 1994	\$404.88	\$192.32	48%
Oct 1995	\$416.62	\$197.90	48%
Oct 1996	\$427.87	\$203.24	44%
Oct 1997	\$439.85	\$208.93	48%
Oct 1998	\$528.00	\$251.00	48%
Oct 1999	\$536.00	\$255.00	48%
Oct 2000	\$552.00	\$263.00	48%
Nov 2000	\$650.00	\$263.00	40%
Oct 2001	\$672.00	\$272.00	40%
Dec 2001	\$800.00	\$272.00	34%
Oct 2002	\$900.00	\$276.00	31%
Oct 2003	\$985.00	\$282.00	29%
Oct 2004	\$1004.00	\$288.00	28.6%
Oct 2005	\$1034.00	\$297.00	28.6%
Oct 2006	\$1075.00	\$309.00	28.7%

Guard and Reserve Warriors are Denied Veterans' Benefits Under REAP

Certain MGIB benefits are earned by mobilized reservists who serve the nation on active duty for at least ninety days during a national emergency under "contingency operation" orders. The REAP (Chapter 1607, 10 U.S. Code) benefit package was cobbled together with little consultation / coordination with the Departments of Defense and Veterans Affairs, and other stakeholders. For example, the benefit rate structure is based on an administratively cumbersome percentage of active duty MGIB Chapter 30 benefits. Ironically, substantial benefits are awarded after 90 days service, but no post-service access to those benefits is authorized. Clearly, the principle of scaling benefits proportional to service performed was not used in fashioning REAP.

The Total Force MGIB would address these concerns by establishing in law month-for-month entitlement to active duty MGIB benefits (Chapter 30). With enactment of a portability feature for earned REAP benefits, the program ultimately would be fairer to all members of the force and serve as an incentive for continued service in the Guard or Reserves.

A restructured REAP would support DoD policy of calling up the "operational reserve" for no more than 12 months per tour every five or six years. The proposal would enable a G-R member to potentially acquire full MGIB entitlement after 36 months aggregate service on contingency operation orders. Presently, Chapter 1607 benefits are awarded only for a single tour of active duty. Additional service offers no additional benefit, even though over the course of a 20 year Guard or Reserve career, reservists will serve multiple tours of active duty. Under the Total

Force MGIB, the more one serves the more MGIB entitlement is earned.

A key feature of S.644 is that reservists mobilized for at least 90 days under federal contingency operation orders would have access to use remaining REAP benefits after separation. That is, they would be entitled to post-service readjustment benefits under the MGIB.

America's volunteer military & active duty and reserve component & become veterans when they complete their active duty service agreements. For mobilized reservists, when they return from an active duty call-up (under contingency operation orders) they are veterans, and no American would dispute that fact, no less their sacrifice. Why then should they be treated as second-class citizens for purposes of the MGIB? If an active duty member who serves two years on active duty and one tour in Iraq may use MGIB benefits for up to 10 years after leaving service, do we not owe equal treatment to a Guard or Reserve member who serves two or more years in Iraq over a period of six or eight years of Guard/Reserve service?

DoD's own survey of reserve component members (DoD Status of Forces Survey, November 2004) indicates that "education" is not a key component in extension or reenlistment decisions. Moreover, a reenlistment or extension decision enables the service member to retain original Reserve MGIB benefits (currently, Chapter 1606) as well as the potential to earn more active duty MGIB entitlement through successive call-ups. That's not possible under the REAP program today. Reservists who choose to remain in the Selected Reserve and are subsequently activated would earn one month of active duty MGIB benefits for every month mobilized, up to 36 months of benefits, under the Total Force MGIB proposal. Under S.644, they would still have up to 12 months remaining usage under Chapter 1606, since current law allows dual-benefit accrual up to 48 mos. maximum entitlement. In short, there is a built-in incentive to continue serving in the Selected Reserve because of the potential to earn more MGIB entitlement under S. 644.

MOAA strongly supports enactment of S.644 to consolidate military / veteran MGIB programs in Title 38 and align benefit rates according to the length and type of service performed, a Total Force MGIB.

S. 1261, Montgomery GI Bill for Life Act of 2007 (Cantwell)

Senator Cantwell's bill, S.1261, would repeal the 10 year limitation on post-service usage of the MGIB-AD (Chapter 30) and the 14 year in-service usage limitation on the MGIB-SR (Chapter 1606, 10 U.S. Code). The elimination of the MGIB-SR time limit may help to encourage overstressed Guard and Reserve members with remaining entitlement to extend their reserve component service.

MOAA supports this legislation. Establishment of a lifetime learning benefit for unused MGIB-AD benefits is a worthy goal. However, if forced to choose, MOAA believes this legislation must rank considerably below other issues outlined in this Statement for reforming and restructuring the MGIB for our nation's forces.

S. 1215, State Approving Agencies (SAA) Funding and for other purposes (Akaka)

Chairman Akaka's (D-HI) bill, S. 1215, would raise the cap on SAA funding so that these offices can more effectively provide essential services to veterans seeking educational and training opportunities in the states. The bill also extends the current rates of payment for veterans who are enrolled in an apprenticeship or other on-the-job training program. As a result, more veterans of the War on Terror will be able to pursue training for an occupation or profession. SAAs are the vital link for effective oversight of the GI Bill at the state level. MOAA supports S.1215.