



# Beneficiary and Advocacy Overview of FY15 President's Budget

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STATEMENT OF

RAYMOND C. KELLEY, DIRECTOR  
NATIONAL LEGISLATIVE SERVICE  
VETERANS OF FOREIGN WARS OF THE UNITED STATES

FOR THE RECORD

ARMED SERVICES SUBCOMMITTEE ON PERSONNEL  
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

## **Beneficiary and Advocacy Overview of FY15 President's Budget**

WASHINGTON, D.C.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, thank you for the opportunity to submit our views regarding Active, Guard, Reserve, and Civilian Personnel Programs. The VFW wants to thank this subcommittee for its deep concern over protecting our national security, the men and women who serve in the Armed Services, and their families.

What concerns the VFW the most is that America has forgotten that our nation is still at war. We have 38,000 men and women stationed inside Afghanistan fighting to ensure the country does not become a terrorist training ground again. We have another 30,000

### **NATIONAL HEADQUARTERS**

406 W. 34th Street  
Kansas City, MO 64111

Office 816.756.3390  
Fax 816.968.1157

### **WASHINGTON OFFICE**

200 Maryland Ave., N.E.  
Washington, D.C. 20002

Office 202.543.2239  
Fax 202.543.6719

info@vfw.org  
www.vfw.org

stationed in South Korea helping to preserve a 61-year-old ceasefire that is looking more and more tenuous. We have tens of thousands more service members stationed abroad helping to bring peace and stability, and humanitarian assistance when and where it is needed. More so, on any given day a foreign-policy crisis with vital national security and economic consequences may arise, such as Russia's annexation of the Crimean Peninsula, which puts America's troops on alert.

## **Budget**

**Sequestration:** Beginning in FY 2016, all Department of Defense (DOD) discretionary budget accounts will automatically be reduced by approximately 10 percent. These accounts include: TRICARE; tuition assistance; funding for DOD schools; all military quality of life programs; military training; troop end strength; equipment maintenance; and equipment acquisition. The VFW urges Congress to eliminate the sequestration provision of the Budget Control Act of 2011.

Sequestration drastically reduces the overall effectiveness of our military by producing fewer, less well trained troops, and equipping them with outdated equipment. Sequestration forces the Marine Corps to push good Marines out of service, and reduces ships and aircraft are just a few of the negative consequences created by sequestration. By creating an uncertain budget climate, Congress sends a message to our troops and our enemies that America's political leadership cannot get their priorities straight.

The shrinking budget threatens our military families' quality of life. Along with smaller military pay raises and reduced allowances, service members will lose the purchasing power the commissary and exchange systems provides; see increases to their low-cost prescription drug coverage; lose the availability of on-base child care; and see the reduction or elimination of education assistance which allows service members to advance their careers. Congress must find a reasonable alternative to sequestration that will allow DOD to field a fully capable military that can recruit and retain the highest quality service members through a robust benefits package, and train them to operate the most sophisticated military in the world. Recruiting, training, equipping and retaining the world's best military cannot take place without a comprehensive benefits package.

## **Compensation and Benefits**

Congress established the Military Compensation and Retirement Modernization Commission to review the military's pay and benefits system. Let the Commission do its job. Any changes to military compensation should be made after the Commission releases its report, including fee increases for pharmaceutical co-pays, charging an enrollment fee for TRICARE for Life, reducing basic allowances for housing, and ending the subsidy to the commissary system.

**Military Retirement System:** The purpose of a retirement system is to properly reward career service members, and to recognize the physical, personal and financial sacrifice that they and their families endured. The VFW insists that all current retirees and those serving in uniform should be grandfathered under the existing retirement system. Any future change to the current retirement system should be made comprehensively, not piecemeal, so that new enlistees will know what they are signing up for, should they stay in uniform until retirement eligibility. The VFW looks forward to openly discussing reasonable changes to the retirement system with the Committee, after the Military Compensation and Retirement Modernization Commission makes its recommendations.

**Savings through Efficiencies:** Because of DOD's inability to demonstrate the reliability of significant portions of their financial statements, the DOD's Inspector General has issued the Department an audit disclaimer for sixteen consecutive years. Before we scale back personnel benefits, we believe Congress and DOD must exhaust every other cost savings avenue, such as proper financial auditing, reduction in duplication of services, and increased recuperation of contract over-payments.

### **End Off-Set Benefits**

**Survivor Benefit Plan-Dependency and Indemnity Compensation:** The VFW calls on the Committee to repeal the egregious "Widow's Tax" survivor penalty. The Survivor's Benefit Plan (SBP)/Dependency and Indemnity Compensation (DIC) offset can be fixed by passing H.R. 32. This survivor penalty currently affects over 61,000 military surviving spouses.

SBP is a purchased insurance that pays a percentage of military retiree pay to a surviving spouse, and a benefit conferred in line-of-duty deaths for active duty service members. The amount of SBP paid to the survivor, however, is offset dollar-for-dollar by any Department of Veterans Affairs-funded DIC payments received.

Congress has recognized the offset as unfair and has created a Special Survivor Indemnity Allowance (SSIA) to offset the offset. SSIA is a monthly payment that started at \$50 in FY 2008 and will be raised yearly up to \$310 through FY 2016. However, SSIA is only a temporary fix in that its authorization ends after FY 2016.

Other federal survivor programs do not have an offset of this kind. We believe those who give their lives for their country deserve equal compensation for their surviving spouses and children. Our service members died believing that their sacrifice would enable a decent quality of life for their spouses and children. The elimination of this survivor benefit inequity is a top legislative goal for VFW.

**Concurrent Receipt:** The VFW continues to support legislation which calls for full concurrent receipt of military retirement pay and VA disability compensation without offset,

and regardless of the rating percentage. Current law will allow military retirees with 20 or more years of service and a disability rating of 50 percent or higher to receive both their military retirement pay and their VA disability compensation without offset by the end of 2014. Now it is time to include those service-connected disabled military retirees with VA ratings of 40 percent and below, and Chapter 61 retirees, who were medically retired with less than 20 years. No other federal employees are penalized for retiring and having a disability.

### **Joint VA/DOD Record Sharing**

**Integrated Electronic Healthcare System:** In 1998, the Departments of Veterans Affairs and Defense announced a joint effort to improve healthcare delivery by creating a single system to exchange electronic health records for use by veterans, military personnel, and their health care providers. In 2008, ten years later and after four failed initiatives, Congress mandated by law the creation of a joint electronic healthcare records system. Two years after the law was enacted, the Deputy Secretaries of DOD and VA directed the development of an integrated electronic healthcare records system. Now, sixteen years after the first joint announcement, veterans and service members are still without an adequate records system, and DOD has abandoned all efforts to create an interoperable system. This is simply unacceptable.

Congress must force DOD to adopt VA's Health Information Systems and Technology Architecture (VistA). The Pentagon's plan to spend \$1.5 billion procuring a new, commercial electronic health record system from 2017 through 2019, on top of the request for \$723 million to operate and maintain its current Electronic Healthcare Record (EHR) system, is outrageous. The VA is already in the process of upgrading its software, which is equal to or better than the software the Pentagon plans to consider for its EHR. DOD and VA have already wasted more than a billion dollars of taxpayer money and many years in the pursuit of a joint electronic medical record system that is in the best interest of America's veterans.

**Disability Claims Backlog:** Reducing the backlog in VA disability benefits claims has been a top priority for the VFW, the Department of Veterans Affairs, and for many members of Congress. Secretary Shinseki has set the hefty and laudable goal to have all disability claims processed within 125 days with 98 percent accuracies by 2015. However, this goal will not be recognized if DOD and the National Archives do not improve their recordkeeping and delivery ability. The record gathering processes for veterans who go to VA to seek evidence for claims often takes months, and without the service records, VA rating officers cannot establish service connection for a disability. The VFW urges the Committee to conduct oversight of the collection, storage and delivery of service records.

The National Guard and Reserve faces particular difficulties when obtaining scattered and often incomplete records because of members' multiple, nonconsecutive deployments. Reservist and National Guardsmen are often denied access to VA resources and benefits

because they cannot establish that their condition incurred or was aggravated due on active duty due to missing Line of Duty (LOD) statements. An LOD determination is an administrative tool for determining a member's duty status at the time an injury, illness, disability, or death is incurred; however, the LOD process is not implemented uniformly. The VFW encourages Congress to push DOD to create a uniformed LOD policy and implement a single electronic processing system to ensure all eligible reserve component members have access to earned healthcare and benefits.

### **Correcting Military Records**

**Physical Disability Board of Review:** The VFW urges the Committee to reauthorize the Physical Disability Board of Review (PDBR). After reports emerged that the military services were deliberately shortchanging troops on their disability retirement ratings to hold down costs, the PDBR was legislated by Congress and implemented by DOD to ensure the accuracy and fairness of combined disability ratings. By utilizing medical information provided by the Department of Veterans Affairs, the PDBR has properly awarded benefits such as lifetime commissary and exchange privileges, military health care and other benefits, for thousands of injured veterans and their families. Although DOD's legal requirement to maintain the PDBR has expired, we recognize the need to maintain the board.

**Personality Disorder/Adjustment Disorder Discharges:** The VFW believes that veterans, who were improperly discharged with a false psychiatric diagnosis, should be entitled to have their case reviewed by the Physical Disability Board of Review. Department of Defense data shows that more than 32,000 service members were separated from the military because of a Personality Disorder (PD) or Adjustment Disorder (AD) from 2001 through 2010. DOD considers PD a preexisting condition, and service members discharged on that basis cannot receive disability benefits or other benefits. The Government Accountability Office (GAO) indicated that thousands of improper PD discharges occurred. GAO found that the military branches were failing to abide by the Department of Defense's own directives for diagnosing and discharging veterans with Personality Disorder, rather than sending the veteran through the disability evaluation process. The VFW urges the Committee to ensure that veterans who were wrongly separated on the basis of a Personality Disorder or Adjustment Disorder, but who may suffer from PTSD instead, can access the economic opportunity and military healthcare benefits they have earned and need.

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### **Economic Opportunity/Transition Assistance**

**Transition Assistance Program (TAP):** The military TAP is the first gateway to ensuring a veteran can succeed in the civilian workforce after military service. Unfortunately, for years the curriculum was stale; transitioning service members chose not

to participate; and once the uniform came off, the information was no longer available. Thanks to the VOW to Hire Heroes Act, all of this has changed over the last few years. TAP is now mandatory for all transitioning service members, meaning all will have a quality baseline of information before and after leaving the military. Moreover, the departments of Defense, Labor, VA and other partner administrations have completely overhauled the curriculum to make it more relevant to today's workforce. Finally, Labor has made all of the new TAP modules readily available on its website and Congress commissioned pilot programs to deliver TAP modules to veterans in five communities around the country.

Unfortunately, the VFW remains concerned about the definition of "mandatory TAP," since TAP only mandates participation in the first week of service-specific counseling, Labor's employment workshop and the VA benefits briefing. It excludes the individualized curriculum for education, entrepreneurship, and vocational/technical employment. The VFW believes that all service members must have access to these individualized tracks to ensure they are prepared for post-military life. The VFW also believes that curriculum must be continually audited and updated for relevance, and that the pilot program on post-service TAP should be extended to support large military and veterans' communities across the country.

Another problem in delivering transitional services to veterans is redundancy in resources and miscommunication. The Pentagon spent more than a billion dollars in unemployment benefits for veterans last year, and in an effort to help more veterans find jobs, the Pentagon also spent millions to develop and deploy its own job portals for transitioning service members. Unfortunately, other agencies already provide similar job portals for veterans. The VFW has consistently heard from veterans that this redundancy in effort often causes confusion for recently-transitioned service members. Consolidating job portal resources would save taxpayers millions by eliminating redundancy, and make it easier for veterans and employers to connect.

Moreover, by finalizing the Pentagon's information-sharing agreement with the Department of Labor Veterans Employment and Training Service (VETS), VETS and its network of state-based resources would finally know where to find transitioning service members and offer benefits to those struggling to find employment. Finding jobs for veterans should not be hard, and veterans already have a variety of resources at their disposal to make it easier. Unfortunately, many of these resources do not have systems in place to communicate with one another. America's veterans bring unparalleled skills and attributes to the workforce, and by improving collaboration and communication among the military and its partners from agencies like VETS, the Pentagon stands to generate significant savings.

**Licensing and Credentialing:** When we recruit American men and women to serve in the military, we promise them highly technical skills and experience that employers will value. With this in mind, it seems incomprehensible that our veterans continue to struggle



to find comparable civilian careers after leaving the military. Thankfully, Congress and many states have taken steps over the last few years to improve the situation. In federally-licensed fields like aviation, military credentials easily transfer to federal licenses, and in fields like transportation and health care, the states are starting to fill in the gaps. More than 27 states recognize military training and experience when considering veterans for certain professional licenses.

A recent Department of Defense pilot program on civilian licensing and credentialing has also succeeded in better training military professionals to civilian standards. However, the Pentagon acknowledges that this pilot program needs to be expanded to include other fields, like information technology (IT), and it needs a sustainability plan. The VFW will continue to work at the state level to advance the acceptance of military training and experience. The VFW encourages Congress to look at any and all options to expand and sustain civilian licensing and credentialing programs for service members while in uniform, as we work at the state level to advance the recognition of military training and experience in lieu of civilian recertification.

When budget sequestration took effect, each military branch was forced to make difficult decisions on which programs they could keep and, unfortunately, Transition Assistance (TA) was one of the first programs cut. The VFW pressed Congress to quickly reinstate the program, but we recognized why the military chose to cut TA first. Clearly, each service was not seeing a return on the investment.

Critics of TA proposed at the time that service members could instead tap into their earned GI Bill benefit to finance college credits while on active duty. The VFW does not support this solution, because the VFW believes that TA is a professional development program designed to build better military leaders through the acquisition of civilian job skills. Meanwhile, the GI Bill is an earned transitional benefit with which veterans can pursue their personal interests and career goals after military service. Unfortunately, by consistently seeking to cut TA, the services demonstrate that TA is not fulfilling the military's professional development goal.

To remedy this, the VFW recommends allowing service members to use TA to acquire civilian licenses and credentials related to their job in the military. TA is currently restricted to college courses for academic credit; meaning costs to train service members can be excessive with little direct benefit to the military. By tapping into TA to expose service members to civilian licensing and credentialing opportunities, the military will likely spend less to train its service members to civilian standards, while simultaneously building a skilled military capable of easily transitioning into civilian industries.

At a time when the government spends nearly \$2 billion each year to finance veteran unemployment benefits, exposing service members to relevant credentialing opportunities while in uniform not only creates better trained military professionals, but it also allows

these highly trained professionals to more easily find jobs after leaving the military.

**USERRA:** Members of the Guard, Reserve and the veterans' community have employment and discrimination protections through the Uniformed Servicemembers Employment and Reemployment Rights Act (USERRA), but enforcement is difficult and the federal government continues to be one of the worst offenders. The VFW has learned that many service members, veterans and their employers fail to understand their most basic rights and responsibilities under USERRA, which causes many service members to unknowingly waive those rights by signing binding, pre-dispute arbitration agreements upon employment. To change this, Congress must first create a USERRA exemption for such agreements. We must also better educate veterans on their rights, and equip both service members and employers to understand USERRA.

Finally, the VFW has long supported veterans' hiring preferences within the federal workforce. At a time of federal hiring freezes and budget constraints, the VFW believes that Congress must ensure the federal government serves as a model employer of veterans, working proactively to hire and retain the best possible veteran recruits.

Mr. Chairman, this concludes my remarks and I am prepared to take any questions you or the subcommittee may have for the record.