



THE ASSAULT ON MILITARY BENEFITS

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Since 2011 the National Association for Uniformed Services (NAUS), has warned of the coming assault on military benefits. That assault is now under way in earnest. It appears that many of our political, military and other leaders are saying, *“Well, the war is over. We don’t need them anymore. We don’t need to honor the promises we made when we recruited them, so to heck with the troops.”* They suggest it’s okay for the nation to renege on the promises made to the men and women, the 1 percent of our population, who, at any one time, have fought our wars and protected the other 99 percent. Somehow they seem to think that the place to solve our national financial problems is on the shoulders of those who serve in uniform. Military men and women have lived up to their end of the contract and have performed. Changing the backend of that contract after the front end has been delivered is reprehensible.

The nation provides two things for its veterans; benefits and appreciation. The American people, through their Congress, and in many other ways, have shown their appreciation and support for the “troops” of the current wars in Iraq and Afghanistan. Unfortunately, it often seems that those who fought our earlier wars, especially those who remained for a career, somehow lose their status as “the troops” in the eyes of those who would cut, change or “modernize” the benefits they were promised and for which they possess a morally binding contract. President John F. Kennedy said it clearly, *“As we express our gratitude, we must never forget the highest appreciation is not to utter words, but to live by them.”*

President Obama has pledged that Americans “will never forget” the sacrifices made by the country’s military veterans. In his 2012 Veterans Day Speech at the Tomb of the Unknowns, President Obama said of veterans of the current conflicts: *“You will come home to an America that will be there for you just as you have been there for us.”* Not to do so would further destroy the trust between those who have served and sacrificed and the government that sent them into harm’s way. One senator recently said, *“It is shameful for Congress to claim credit for providing new benefits while old promises are forgotten.”*

Listening to top senior defense officials, one would believe that the greatest threat to national defense is service member earned benefits. It has become a regular chorus: Military personnel costs are spiraling out of control and cuts are mandatory. They argue that personnel costs increased by 78 percent between 2001 and 2012, without also revealing that the overall defense budget has grown by 85 percent over the same period.

Initially defense officials argued that personnel costs had increased to about 1/3 of the defense budget. When it was pointed out that personnel costs had comprised about 30% of the defense budget for over three decades, they changed their argument by now claiming that personnel costs were actually about 50% of the budget, again neglecting to point out that they were now including the salaries of about 800,000 civilian employees which the Pentagon had historically accounted for in the “Operations and Maintenance” portion of the budget.

The reality is that personnel costs are actually decreasing as a portion of the full budget. The White House office of Management and Budget has confirmed this fact. Yes, costs per troop are up, but so are costs for training, operations maintenance, etc. even more. The base budget is rising at a much higher rate, up 85 percent since 2001, than personnel costs. When funding for overseas contingency operations are considered, total military spending is up more than 104 percent. As a share of the entire defense budget, personnel costs are shrinking.



Who are the victims of this assault?

The men and women who are impacted by the cuts proposed for the various benefits include:

The heroes of World War II – the “Greatest Generation;”

The heroes of the Korean War (“the Forgotten War”) – the men and women who after years of terrible combat returned, too often unrecognized and unappreciated for their service, to take up their lives;

The heroes of the Vietnam War – the men and women who were forsaken by many of their fellow citizens and blamed, by many, for the war that their government sent them to fight;

The heroes of Desert Shield/Desert Storm – men and women who brought victory to the U.S. and quick and decisive defeat to a tyrant;

The heroes of the “Cold War” – men and women who in thousands of places around the world in often unimaginable conditions resisted the spread of communism and brought down the “Iron Curtain” of the Soviet Empire;

The heroes of our current wars to defeat terrorism in Iraq and Afghanistan.

They are men and women who accomplished the mission assigned them and who cared for their troops in the process. **Many of these American heroes continue to pay the price for that service, suffering from PTSD, blindness, terrible burns, traumatic brain injury, amputated limbs, health effects linked to Agent Orange, Gulf War Syndrome, and other war induced disabilities.**



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Why are military earned benefits important?

First, they are promises made – moral contracts offered and accepted.

Second, they are earned through blood and sacrifice.

Third, they are the recruitment and retention tools that made possible the magnificent military that is protecting our nation and our people today. To those who served before the *"All Volunteer Force"* many of these benefits were offered as delayed compensation for the low pay they received while serving. To those who joined the *"All Volunteer Force,"* they were part of an overall compensation package that enabled the military to compete effectively in the manpower market place with civilian corporations for quality personnel.



What are the benefits under attack?

Healthcare - The promise of free healthcare for life has been under siege for years. This promise was first broken with the creation of CHAMPUS, a program that was such a disaster that it was replaced by TRICARE. In a partial effort to honor the promise to retirees 65 and over, Congress created TRICARE for Life, a combination of Medicare (for which retirees had already been paying for their entire adult lives) and TRICARE.

For years Congress has protected the benefit by containing fees and out-of-pocket cost increases. Then, three years ago, it authorized the Secretary of Defense to increase these fees by what was called a modest 13%. It was understood that future increases would be tied to COLA. Instead, a year later, the Department of Defense (DoD) put forward a proposal for tiered TRICARE fees and first time ever TRICARE for Life registration fees on top of Medicare premiums. Congress, once again, came to the rescue and refused to authorize these new fees. Unfortunately DoD is again supporting these fees.

These proposed changes to military health care, we have been told, are designed to reign in *"run away costs."* **However, while crying that healthcare was "crippling" our national defense, DoD quietly reprogrammed, over a period of three years, nearly \$3 billion (FY 2010-\$770 million, FY 2011-\$1.23 billion & FY 2012-\$708 million) of unused TRICARE funding to other programs.** It is clear that health care for retirees, rather than being an anchor around the neck of DOD, has been a bill payer, a *"cash cow,"* for other priorities.

The fact is that TRICARE has not dented the nation's ability to defend itself. Defense healthcare costs remain at less than 10 percent of the base DoD budget, substantially below the percentage expended for health care by the Federal budget or by the average state budget. **Moreover, personnel and healthcare costs together hold the same share of the defense budget as they have for 30 years, less than one-third. Actual expense of TRICARE has consistently, over the past four years, run up to 10 percent below Pentagon projected costs.**

Military Retiree COLA - Military careerists and younger retirees were the victims of the most recent attack when the first *"bipartisan"* budget agreement in many years included a cap on annual cost-of-living adjustments for retirees below the age of 62. **It is unconscionable that given a \$550 Billion annual defense budget and a \$3.5 Trillion annual federal budget, the only way that the Budget Agreement could come up with an additional \$6.3 Billion in savings over ten years was to go after military retirees, including wounded warriors and disabled retirees;** those who have already made unprecedented sacrifices. This proposal is not just a slap in the face to those who have served and sacrificed, it is an obnoxious insult and a national disgrace.

Survivor Benefit Plans (SBP) - The Survivor Benefit Plan (SBP) is an annuity plan that allows eligible beneficiaries (commonly the spouse of the service member) to receive 55 percent of the retiree's elected amount of coverage. An advantage of the SBP that is listed is that it is *"inflation indexed."* The COLA reduction in the budget agreement would undercut that advantage and will reduce the COLA for Survivor Benefit Plans (SBP).

Concurrent Retired Disability Pay (CRDP and Combat-Related Compensation (CRSC) - Combat-Related Special Compensation (CRSC) is a program that was created for disability and non-disability military retirees with combat-related disabilities. Those who qualify for this benefit must be rated at least 10 percent disabled by the Department of Veterans Affairs (VA) and meet certain other criteria. This compensation is for those injured as a direct result of *"armed conflict, hazardous duty, an instrumentality of war, [or] simulated war."*

Concurrent Retirement and Disability Pay (CRDP) allows military retirees whose injuries result in a VA disability rating of 50 percent to receive both military retired pay and VA compensation.

The COLA cuts apply to both.

To Quote Senator Kelly Ayotte, ***"The more I press the Pentagon for answers, the more I learn how egregious the military benefit cuts are in the budget deal. The cost of living adjustment cuts unfairly shortchange military retirees, military survivors, and the combat-injured to pay for more Washington spending. Those who have kept us safe and taken bullets for us shouldn't be singled out to sacrifice even more, and these cuts should never have been put in the budget agreement or passed by Congress."***



LESS THAN 1% OF OUR NATION'S POPULATION SERVES IN THE MILITARY AT ANY ONE TIME. ONLY ABOUT 16% OF THEM GO ON TO SERVE TO RETIREMENT. IT IS UNFAIR TO PLACE THE BURDEN OF BALANCING OUR NATIONS BUDGET ON THIS .008%. THEY HAVE ALREADY SERVED. THEY HAVE ALREADY SACRIFICED. THEY HAVE ALREADY DONE MORE THAN THEIR SHARE.



Military Retirement - The argument for changing the military retirement system has been based on two assertions:

- (1) that the system is “*unaffordable and spinning out of control*” and
- (2) that it is unfair to those who serve less than the time required for retirement.

In recent testimony before a congressional panel, Jo Ann Rooney, the Principal Deputy Undersecretary of Defense for Personnel and Readiness, denied the first argument.

Under the current system, those who leave the service before retirement do not leave empty-handed. In fact, as veterans these individuals are entitled to numerous benefits, including compensation, education, home loans, vocational rehabilitation and medical and life insurance. Furthermore, while on active duty, many also had the opportunity to participate in the “*Thrift Savings Plan*,” a Federal Government – sponsored retirement savings and investment plan, similar to private industry’s “*401(k)*” plans.

Less than 1% of our nation’s population serves in the military at any one time. Only about 16% of them go on to serve to retirement. It is unfair to place the burden of balancing our nations budget on this .008%. They have already served. They have already sacrificed. They have already done more than their share.

Commissaries - Department of Defense officials have asked the Defense Commissary Agency to develop a plan to close all U.S. commissaries — about three-fourths of its stores. Stores on bases overseas would remain open. The commissaries, a combination of grocery store and department store, are open to active-duty and retired military and their families. Purchases made at commissaries are exempt from state sales tax, but there is a 5 percent surcharge imposed by the Defense Commissary Agency, which operates the stores. The commissary system receives about \$1.5 billion in taxpayer subsidies each year, to allow the stores to sell at an average discount of 30 percent compared to civilian stores.

As reflected in an “*Army Times*” survey, 80 percent of retirees and spouses rank commissaries as a “*high*” or “*highest*” priority. Commissaries remain a highly valued benefit for active-duty members — especially enlisted troops — and their shopping habits bear that out. About 65 percent of active-duty troops shop at their commissary once a week or more, and 75 percent said they spend 50 percent or more of their monthly grocery budgets at commissaries. 30 percent said their family needs the commissary to make ends meet. Among enlisted troops, that number rises to 37 percent. A slightly lower percentage of retirees — 27 percent — reported that necessity, but 52 percent of retirees said it offers substantial cost savings that provide the resources to pay other bills.

The data from the Military Times survey shatters the myths being disseminated by opponents of the commissary that it’s mainly used by retirees and that it’s not a valued benefit.

Hazardous Duty Pay - The Pentagon has eliminated imminent danger pay for service members in eight countries and five waterways around the world. Senior military leaders came up with the proposed list of locations in regions that they claim as no longer perilous enough to warrant danger pay, including several countries in the heart of the tumultuous Middle East, such as Jordan, where hundreds of troops have recently deployed because of the bloody Syrian civil war on its border. Although the changes are supposedly based solely on the security review, the cuts also come as the Pentagon is under growing pressure to slash its budget. It is interesting that 18 countries, previously considered dangerous to our personnel, became safe overnight.

Active Duty Pay Raises - The formula for determining service members’ annual pay increase is based on the Bureau of Labor Statistics’ Employment Cost Index and the growth in private-sector wages; for 2014, that turns out to be 1.8 percent. Under the law, the president has the authority to set an alternate pay raise for military personnel, citing national emergency or fiscal concerns, if Congress doesn’t pass legislation adjusting the amount or canceling it.



The result for 2014 is that the military is receiving its smallest annual pay raise in 50 years - 1 percent versus 1.8 percent need to match private sector wages. No big deal, pay officials contend. Military pay still exceeds earnings of 90 percent of civilians of like age and education level. Never mind that 70 percent of these civilian “*peers*” can’t qualify to enter the armed services for moral, mental or physical reasons and bear nothing like the responsibilities our military man and woman carry on their shoulders.

Eligibility for Civilian Pensions - To address long-term sequester cuts, the Defense Department is mulling numerous reductions that will affect civilian employees, including doing away with civilian employee pensions for military retirees who go back to work for the government as civilian employees. For the Pentagon, axing civilian pensions would save money by reducing the amount it has to contribute into the Federal Employees Retirement System and the Civil Service Retirement System. More than 134,000 military retirees held civilian jobs at DoD, according to the Office of Personnel Management. **This move is ill-conceived and completely unfair. No civilian employee should receive lower total compensation because they served in the military, ever!** This proposal should be rejected completely as an option, even under the worst budget scenarios. **Imposing “*arbitrary cuts and focusing almost exclusively on military personnel is a failed approach to downsizing.*”**

Education Benefits - When “*Sequestration*” first went into effect, the Marines, quickly followed by the Army, then the Air Force, Coast Guard, and the Navy cancelled one of the most prized and important benefits earned in exchange for service in uniform – Tuition Assistance (TA).

Military leaders have cited and have used TA repeatedly for a generation as one of its most important benefits in recruitment, readiness, promotion, retention, and even ultimately, transition to the civilian job market.

Tuition Assistance is a recruitment, retention and promotion benefit promised by recruiters. Now that the troops are coming home, after 12 years of war and multiple deployments, and are finally in a position to take advantage of this promised benefit, it is first taken away from them and then dramatically changed.

When NAUS and others complained, the services reinstated the program, albeit a significantly altered program now based on time in service. It remains to be seen what the impact will be on recruiting and retention.



Veterans Employment - Congress passed the VOW to Hire Heroes Act in 2011, which included tax incentives for employers to hire veterans - \$5,600 for hiring a veteran/\$9,600 for hiring a disabled veteran. On December 31, 2013 Congress quietly allowed these tax incentives to expire. **With thousands of veterans returning from the wars in Afghanistan and Iraq to be released from the service, it remains to be seen what the impact of this non-action will be on veterans' unemployment.**

Housing - Centered in the cross hairs of the budget cutters' sights is the Basic Allowance for Housing (BAH) which helps about 1 million troops pay their monthly rent. Being considered are options that would return to old rules in which BAH paid only 80 percent of average rental costs with service members footing the remainder of the bill. Another option might include simply scaling back the entire system.

Military Funerals - One of the most ludicrous cost-cutting proposals was put forward by a Colorado Journalist. His suggestion was that only service members and veterans who are legitimate "Heroes" be provided a military funeral - "Heroes" being undefined. All service members are heroes. All chose to serve their nation. All sacrificed.

Absurd as this proposal may be, it is not new. In the mid-90s, as the death rate of WWII, Korea and Vietnam veterans increased significantly, the services, complaining they did not have sufficient personnel and resources to honor the commitment, asked to be allowed to divest the requirement and pass it to organizations like the VFW, the American Legion and other MSOs/VSOs. Congress came to the rescue and established guidelines for military funeral benefits currently in place ensuring that those who have served and sacrificed are properly recognized for that service upon their deaths.

Representation - Unlike other federal employees, our military people have no union to protect their interests. They have the Military and Veterans Support Organizations like NAUS (**National Association for Uniformed Services**). Thank God. NAUS and others are the only hope that the government will not abandon those, the one percent of our population, who served and sacrificed for the rest of us.

The Future - If our political and military leaders want to change the promised package of benefits for future enlistees, let's have that discussion. Let's talk about the probable impact on recruiting and retention and upon the quality of the force, but let's not penalize and break faith with those who have served and are currently serving.

"The willingness with which our young people are likely to serve in any war, no matter how justified, shall be directly proportional as to how they perceive the Veterans of earlier wars were treated and appreciated by their Nation." - George Washington

10 THINGS YOU CAN DO TO STOP THE ASSAULT ON MILITARY BENEFITS

1. Get and stay informed
2. Join NAUS
3. Write/email your
Representative/Senators
4. Call your elected officials
5. Visit your Representative/
Senators' local offices
6. Attend a town hall meeting or
other public forum
7. Donate to NAUS
8. Write a letter to the editor/
comment on an online posting
9. Share your thoughts on
social media
10. VOTE



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