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STATEMENT

BY

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**FOR A JOINT HEARING
OF THE**

**HOUSE AND SENATE
COMMITTEES ON VETERANS' AFFAIRS**

ON

FY 2004 VETERANS' AFFAIRS PRIORITIES

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****A participating organization in The Military Coalition****

Mr. Chairman and distinguished members of the House and Senate Veterans' Affairs

Committees, thank you for this opportunity to present this association's views on the Fiscal Year 2004 priorities for the Department of Veterans' Affairs (VA). Your committees have always served in a singularly nonpartisan on behalf of this nation in viewing America's veterans as a vital national resource rather than as a financial burden. As you deliberate on the needs of America's veterans, this association is gratified to play a role in the process.

The world is quite different than it was when we testified before this joint hearing just one year ago. The war on terrorism continues, and it has globally intensified. And military members face yet another theater of battle as hundreds of thousands have been mobilized for a probable engagement with Iraq. Active duty, Guard, and Reserve members have subordinated their personal comforts for the foreseeable future, and the focus of their lives has shifted, at least for a time, toward carrying the fight for this nation's citizens. With these added taskings, the deliberations of these committees have become even more important.

In this statement, I will comment on some of the concerns we receive from our members in letters, phone calls, and during field visits. AFSA and its 136,000 members represent those who are currently serving, those veterans who have reached retirement, and those who have simply separated--in all components of the Air Force. This nation's response for service should be based on certain principles that this association urges these committees to use as a guide during your deliberations. These imperatives provide an underlying foundation to make decisions affecting this nation's veterans.

GUIDING PRINCIPLES

1. VETERANS HAVE EARNED A SOLID TRANSITION BACK INTO SOCIETY.

This country owes its veterans dignified, transitional, recovery assistance. . . not based on rank or status, but simply because they served in the most lethal of professions.

2. MOST VETERANS ARE ENLISTED AND, THEREFORE, REQUIRE UNIQUE ASSISTANCE.

Enlisted veterans served with lower pay, generally re-entered the civilian populace with non-transferrable military skills, probably had relatively little civilian education, and served in skills that are less marketable. Certainly, "a vet is a vet," but for enlisted veterans, we must factor in their unique circumstances.

3. DECISIONS ON VETERANS' FUNDING SHOULD PRIMARILY BE BASED ON MERIT--NOT COST.

Funding for military veterans must, of course, be based on fiscal reality. However, Congress and, in turn, the VA must never make determinations simply because "the money is just not there" or because there are now "too many" veterans. Funding for veterans programs should be viewed as a "must pay" situation.

4. REMEMBER RESERVISTS ARE FULL-FLEDGED VETERANS.

In Operations Enduring Freedom and Noble Eagle, reserve component members are valiantly serving, ready to sacrifice their lives if necessary. Nearly 200,000 more have been called up to prepare for

operations in Southwest Asia. Certainly, our enlisted guardsmen and reservists are full-time players as part of the "Total Force." *Any differences between reserve component members and the full-time force, in terms of VA programs or availability of services, need to be critically examined and, where appropriate, systematically erased.*

5. THE VA MUST OPENLY ASSUME THE RESPONSIBILITY FOR TREATMENT FOR THE MALADIES OF WAR. The VA focus on battlefield-resulting health care conditions should be on presumption and correction, not on initial refutation and denial. It is important that the commitment of our troops to combat or high-risk situations also involves an *absolute commitment to care for any malady that may have resulted from that service.* Many veterans call and write to this association about our government's denial, waffling, then reluctant recognition of illnesses caused by conditions during past conflicts. We applaud recent VA decisions that show a greater willingness to judge in favor of the servicemember. We ask these committees to reinforce a commitment to unconditional care after service.

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This statement will focus on three general areas: education, health care, and general issues that we hope you will consider as you deliberate the FY 2004 VA budget and policies.

EDUCATION PROGRAMS

Mr. Chairman, there is growing recognition that fundamental and dramatic changes with veterans educational benefits are required. The Montgomery G.I. Bill (MGIB) is not just a major enticement for enlisting, it is the primary educational benefit provided for those who serve. The World War II G.I. Bill facilitated the return of the "Greatest Generation" back into full membership as productive citizens. The MGIB today serves this transitional purpose, but it also has come to mean much more to those who serve. It is a symbol of this nation's commitment to military members and is perceived by servicemembers as an "earned benefit."

An examination of the VA FY 2004 budget plan once again shows that any improvement in this area will need to come from Congress. In recent years, this committee singularly (with little initiated support from the Executive Branch) has done a good job of increasing the value of the MGIB. As a member of the Partnership for Veterans' Education, we continue to ask that you transform the program to something similar to the post-WW II G.I. Bill. We ask that these committees *work toward funding a program that pays for books, tuition, and fees, and that the benefit be annually indexed to reflect the actual costs of education.* When our young men and women opt for military service, they should know that this "company" will provide them with a complete education, as do numerous companies in the private industry.

Despite the extremely commendable, recent increases in the MGIB which will bring the value up to \$985 per month for 36 months by October 1 of this year, more needs to be done. If this nation is going to have a program that sincerely intends to satisfy its purpose, it certainly should mirror civilian industry by providing a comprehensive educational program and not an

insufficient one. According to the “College Report,” an annual evaluative report published by the education “industry,” average monthly educational costs are approximately \$1,400 at this time. This figure reflects the cost of books, tuition, and fees at the average college or university for a commuter student. Despite the recent increases, the MGIB covers about 67 percent of the average cost of a four-year public college or university for academic year 2003-2004. Next year, a veteran can expect to pay on average about \$1470 per month for full-time study at a four-year public institution, but receive just \$985 in MGIB benefits. Without automatically indexing for inflation, MGIB purchasing power will erode further, covering just 65 percent of the average college costs in academic year 2004-2005, and progressively dropping thereafter. Of course, the average cost will further increase in the future due to inflation. We ask that you fully fund the already-authorized increase, but look toward further increases in the program. Payment for full books, tuition, and fees for a four-year degree with annual indexing to maintain the value of the benefit, *at least, ought to be provided for those who make the military a career.*

In addition to continuing to increase the value of the benefit, we ask you to consider the following program enhancements which we have listed in priority order.

- Provide an MGIB enrollment opportunity for any currently serving military members not already in the MGIB, especially those who declined enrollment in the Veterans Educational Assistance Program (VEAP).
- Eliminate the \$1,200 MGIB enrollment fee.
- Allow military members to enroll in the MGIB later in their careers than at Basic Military Training (Boot Camp).
- Increase the current ten-year “benefit-loss” provision of the MGIB to 15 or 20 years, or repeal the “benefit-loss” provision entirely.
- Provide the “portability” (transfer all or part of a member’s MGIB benefit to family member) option to all MGIB enrollees—not just to those in “critical” skills.
- Allow new military members to use their MGIB benefit to pay off student loans.

THE NEED FOR AN MGIB OPEN ENROLLMENT OPPORTUNITY. Without question, the greatest need cited by our members is to provide a second chance for those who turned down their initial opportunity to enroll in either the VEAP or the MGIB. There are well over 100,000 military members still serving who declined their one opportunity to enroll in the VEAP--the predecessor program to the MGIB. VEAP was a relatively poor, two-for-one matching program, that was poorly advertized, incorrectly counseled, and often discouraged by counselors because “something better” was coming along. Unfortunately, those who turned down VEAP were not allowed to convert to the MGIB. If this committee desires, we can provide ample “real life” examples of people who were so excluded along with their reasons

for declining to enroll in VEAP. In the Air Force alone, over 35,000 currently serving members (DoD statistics) turned down VEAP enrollment and are now approaching retirement with no transitional educational program. Since the end of the VEAP program, tens of thousands more have declined enrollment in the MGIB. Most did so because they are given a one-time, irrevocable enrollment opportunity at basic military training when they simply cannot afford to give up \$100 per month for the first 12 months of their career. In fact, in the Air Force alone, there are now over 50,000 on duty who came in during the MGIB era who turned the MGIB down. Hundreds communicate with us that they want a second chance to get into the MGIB, now that they can afford to do so. As I said earlier, thanks to the fine work of these committees, the MGIB value has been significantly increased each year for the past few years. Although more work needs to be done, the benefit is now a comparatively “lucrative” benefit—a far cry from that which most VEAP and MGIB non-enrollees turned down. For that reason alone, fairness would dictate an enrollment opportunity for any military member not currently enrolled in the MGIB.

ELIMINATE THE \$1,200 MGIB ENROLLMENT FEE. This fee alone often causes young servicemembers to decline enrollment. They are given a one-time, irrevocable decision when they are making the least pay--under the pressure of initial training. Those who decline enrollment—many due to financial necessity—do not have a second chance to enroll in the program. This is one of the biggest complaints we get from the lowest-ranking airmen. They feel that, in a sense, it is a “dirty trick” to offer such an important program when it is clearly a financial burden to enroll in the program. This sends a very poor message to those who enter service expecting a world-class educational benefit. *We ask that you exercise your oversight role and eliminate the \$1,200 enrollment fee.* This alone would eliminate the non-enrollment problem. At the same time, it would reintroduce some honesty into the recruitment promises made concerning educational benefits. Additionally, we have been told that a good case could be made to show that eliminating the fee will not be as expensive as estimated since the administration (tracking and collection) of the fee most likely costs nearly as much as the fee itself.

ALLOW MILITARY MEMBERS TO ENROLL IN THE MGIB LATER DURING THEIR CAREERS THAN AT BASIC TRAINING. The one-time opportunity at Basic Training is a problem as explained above. S. 177, introduced by Senator Dayton would entirely eliminate the \$1,200 enrollment fee and provide the opportunity to withdraw an election not to enroll. This would alleviate the need for young recruits to make a monumental financial decision under the pressure of Basic Training when they are making the least. AFSA fully supports this important effort. Another option might be to allow them to enroll at any time during their first or subsequent enlistments.

EXTEND OR ELIMINATE THE TEN-YEAR BENEFIT LOSS CLOCK. Once MGIB enrollees separate or retire, they have ten years to use their benefit, or they lose any unused portion. Just as the early years of a military career are pretty much consumed with initial training, mastering the job, and adjusting to military life; transitioning from a military career to civilian life requires a period of readjustment and satisfying survival needs. For many, using

their earned educational benefit (for which they paid \$1,200), must be delayed a few years. However, the clock is ticking as the benefit gets ready to be taken away. We urge you to extend that ten-year clock to 15 or 20 years, or repeal the “benefit-loss” provision altogether. The benefit program has been earned, the federal mechanism that tracks the program is not earmarked to go away, and extending the 10-year benefit loss clock would have negligible cost implications.

“PORTABILITY” OF MGIB TO FAMILY MEMBERS. AFSA appreciates the first step of providing “critical skills portability” for family members as signed into law in the FY2002 NDAA. However, those not afforded the same opportunity (and who consider their jobs “critical”) find this feature as unfair to the vast majority of MGIB enrollees. As an issue of fairness, we urge that the benefit feature be extended to *all* MGIB enrollees. Portability would be an important career incentive for the vast majority of military members and if we are wise, a good retention tool across the board. For *enlisted members*, in particular, it could mean the ability to offer a greater educational opportunities to their children. Another alternative would be to offer the option to transfer (at least a portion of) the benefit to family members once the individual has served 12 to 15 years. This would make the option available in time to help send their kids to college, and it would serve as an incentive to stay in the service. Please work to extend the “portability” option across the board to all military enrollees (enlisted ones in particular).

ALLOW NEW MILITARY MEMBERS TO USE THEIR MGIB BENEFIT TO PAY OFF OUTSTANDING STUDENT LOANS. Several association members have asked for the ability to use their Montgomery G.I. Bill benefit to pay off student loans that they carry with them into military service. We believe that this would be a good recruiting tool. If they use their MGIB for this purpose, it would cost them a proportional part of their overall MGIB benefit.

The enactment of the Montgomery G.I. Bill and later increases have been the result of tremendous commitment and hard work on the part of many people—most notably these committees. This single, cost-effective benefit has produced thousands of leaders in all career fields ranging from teachers to attorneys that are still contributing to society today. AFSA encourages Congress to undertake a similar effort now to increase the MGIB to a program that pays for a full college education. Additionally, the adjustments to the program mentioned above would help make this a world-class program of which this nation could be proud. Such action on your part would not only benefit veterans but will be a prescient investment of high return to the nation for many years to come.

MEDICAL CARE

Without question, the health care system administered by the Veterans Administration impacts, in one way or another, all of those who served. I wish to briefly touch on some issues that have been reflected in the many letters and phone calls that AFSA has received from the field.

As a general rule, we tend to hear most loudly (and frequently) from those who are not happy with the adjudication of their claims or the treatment they have received. I am not going to go into isolated problems, because anecdotal information is just that. Rather, I want to briefly touch, instead, on some specific health-related situations that we feel need to be addressed.

CURRENT STATE OF VA HEALTHCARE. The VA health care system is in a state of crisis due in part to chronic under-funding. For several years now, the VA health-care system has been operating under stagnant budgets and recycled initiatives. The budget shortfall is so significant that it imperils the health and benefits of millions of veterans. We have heard countless stories of veterans with serious medical conditions having to wait up to six months or more to see a specialist. It is clear that the current demand for VA health care far exceeds the capacity to provide timely, quality services to enrolled veterans. Despite proposed increases in the VA budget, without a significant infusion of additional funding, this situation will continue to deteriorate.

RENEWED COMMITMENT NEEDED. Many veterans who contact us question the commitment of the current Administration to keep faith with America's veterans and the promises made to them. The general feeling is that the Administrations approach to providing adequate service to veterans is to shrink the number of patients by excluding increasing classes of veterans. In other words, rather than funding for increased needs, they redefine their clientele (adding an increasing number of "Priority" groups), their mission, and their mission. For instance, in an unprecedented move, the VA's open enrollment program was suspended in January 2003 for many veterans. The Administration's Fiscal Year 2004 Budget proposal calls for a \$250 annual enrollment fee for all Priority Group 7 and 8 veterans. AFSA feels this is unacceptable and should be rejected by Congress in similar fashion to last year's proposed \$1,500 deductible. Additionally, although eliminating the pharmacy co-payment for certain veterans (Priority Groups 2-5) is laudable, raising it from \$7 to \$15 (or more) for the (newly defined) lowest two groups should be summarily denied. In their own words, administration officials have acknowledged that these actions are intended to "depress demand" on the VA healthcare system. As such, the young men and women currently serving may now question the nation's commitment to care for them in the event they are injured in battle. At what point would they be "defined out of the VA system"? As we stand on the brink of a possible major war with Iraq, I urge Congress to act quickly and send a resounding message of fidelity to fulfill the promises made to America's veterans by a "grateful nation."

RETURN VA FOCUS ON THE WELFARE OF THE VETERAN. While the VA's drive to save money by reducing its expenses and engaging in privatization efforts is understandable, we caution the VA that these reductions must not be the overriding target. The end goal must be full care and treatment of veterans. Participation in other avenues of revenue generation tends to cause focus on a bottom line. The "bottom line" in this system should be the welfare of the veteran. There must be mandated access to VA health care for all veterans. All

honorably discharged veterans must have the full continuum of care – mandated by law. This provision of care should especially apply to career veterans-- military retirees.

SUPPORT VA SUBVENTION. With more than 40 percent of veterans eligible for Medicare, VA-Medicare subvention continues to be very promising. It may even enhance some older veterans' access to VA health care and we offer full support for this effort. The VA has an infra-structural network to handle this, and we anticipate the effort would be successful.

Under this plan, Medicare would reimburse the VA for care the VA provides to non-disabled Medicare-eligible veterans at VA medical facilities. This is an opportunity to ensure that those who served are not lumped in with all those who have not, and will no doubt save taxpayer dollars by potentially reducing an overlap in spending by Medicare and the VA for the same services. On a related subject, the VA announced their intent to establish a Medicare Plus Choice Plan for certain Medicare-eligible Priority Group 8 veterans. If VA must meet Medicare access standards for those who agree to participate in the VA Plus Choice Plan, it should also establish Medicare access standards for all enrolled veterans. In the absence of nothing else, AFSA can support the VA Plus Choice Plan. However, we call on Congress to provide the funding necessary to ensure Medicare access standards are met for all enrolled veterans.

SUPPORT JUDICIOUS VA-DoD SHARING ARRANGEMENTS. The enlisted force is pleased with judicious use of VA-DoD sharing arrangements involving network inclusion in the DoD health care program, and especially, the practice of consolidating physicals at the time of separation. This decision represents a good, common sense approach that should eliminate problems of inconsistency, save time, and take care of our veterans in a more timely manner. In that sense, these initiatives may actually save funding dollars. AFSA's only caveat--albeit a crucial one--would be that DoD beneficiary participation in VA facilities must never endanger the scope or availability of care for traditional VA patients, nor should any VA-DoD sharing arrangement jeopardize access and/or treatment of DoD health services beneficiaries.

EXPAND HEALTH CARE OPPORTUNITIES. The VA health care system is viewed as needing significant improvement in terms of the quality of facilities and equipment, services offered, and patient treatment. In this sense, AFSA believes there needs to be a full national commitment toward facility improvement to expand health care opportunities for all veterans.

ENSURE AVAILABILITY OF LONG-TERM CARE. The administration's FY04 budget proposal would provide institutional long-term care only for veterans with disability ratings of 70 percent or greater. We believe that is not enough--other serious need veterans must be accommodated in the VA system. The VA must be fully funded to provide for long-term care including nursing home care; care for chronically mentally ill veterans; and home care aid, support and services to *all* veterans who need it. This will only happen if adequate, earmarked, consistent funding is identified.

CARE FOR WOMEN VETERANS. We applaud the actions of this committee in recent years to directly address the issue of the unique health challenges faced by women veterans. As the changing demographics of the American military continue to increase the number of women veterans, the VA must be funded to increasingly provide the resources and legal authority to care for women, including obstetric services and after-birth care for the mother and child.

GENERAL ISSUES

SPEEDIER CLAIMS PROCESSING. The Veterans' Administration's inability to process claims in a timely, accurate fashion continues to be one of its most serious problems and is a primary source of veterans' dissatisfaction. Last year, the Veterans Benefits Administration reported the average processing time for initial claims was more than 225 days. Even worse, if that claim was appealed to the Board of Veterans Appeals, as many were, the average time for a decision exceeded 620 days. While the speed of claims processing is obviously important, accuracy is critical. Our members tell us that systemic inaccuracy is in itself the cause of many delays in finalizing claims. We hear from a great deal of veterans complaining that their claims (and original decisions, for that matter) take a very long period of time. By late 2002, the VA stated the backlog of overdue claims had been reduced by 23 percent. We applaud Secretary Principi's pledge to further correct this problem and the progress that has been made to date during his tenure. We urge further efforts to provide full funding to, as Secretary Principi enunciated, "reduce claims processing time without sacrificing decision-making quality or VA's statutory duty to assist veterans develop their claims." *Such funding should include full manpower, training, and information management and technology requirements to further reduce and establish an acceptable claims adjudication situation.* We urge these committees to do all possible to push the VA to continue this progress and to fund initiatives that will make the system more efficient and user-friendly.

HOMELESS VETERANS. We applaud these committees for the landmark legislation that came out of the first session of the 107th Congress. Your decisions were fair and balanced, and we support your efforts. However, changes the VA has made in recent years to reform itself have left unattended some of the needs of its most vulnerable patients--the mentally ill and homeless. In the past your work acknowledged that many veterans are homeless as a result of paying a tremendous price for serving their nation. We encourage Congress to expend an extra effort to assist this group of citizens.

LEGITIMATE, SINCERE VETERANS PREFERENCE. In recent years, Congress has taken steps toward making "Veterans' Preference" a reality. We continue to urge these committees to support any improvement that will put "teeth" into such programs so that those who have served have a leg up when transitioning back into the civilian workforce.

FULLY FUND PROGRAMS IN SUPPORT OF SURVIVORS. Programs such as Dependency and Indemnity Compensation (DIC) and the educational and burial rights for the survivors of veterans follow the highest traditions of the motto of the Veterans' Administration. DIC is provided for the spouses, children, and, in certain cases, parents of a deceased veteran who has died from a service connected illness. Under current law, a surviving spouse forfeits their right to DIC when they remarry for the duration of the remarriage. No other federally funded survivorship program--including the Civil Service, Social Security, and congressional programs--make a distinction between unmarried and remarried surviving spouses. AFSA urges these committees to correct this unfortunate situation, focusing on the fairness and consistency of such programs for survivors.

INCLUDE THE GUARD AND RESERVE IN ALL VA PROGRAMS. Those who serve in the Guard and Reserve deserve full veterans' benefits--especially in light of the total dependence the American military now has on both the Guard and Reserve. More and more, they are activated and deployed. More and more, they face the possibility of personal risk. The concept of "weekend warriors" is now an anachronism. In fact, this nation's current war against terrorism, other worldwide commitments, protection of our homeland, and other impending military action simply could not succeed without the participation of the Guard and Reserve. Our nation owes them a great deal, the least of which is provision of a full benefits package for their service. To start, as an example, the Selected Reserve Home Loan Program should be permanently extended; continuing to revisit this issue and approve it for limited time periods sends a very poor signal to these patriots. Also, and more important, *AFSA urges this committee to call for an immediate study to result in full inclusion of the Guard and Reserve into the full range of VA benefits and programs.* While such a notion would not be popular with those making decisions based on budgeting, the full inclusion of the Guard and the Reserve in VA programs would be the right thing to do.

PROVIDE A WRITTEN GUARANTEE. Many veterans are frustrated and disappointed because promises that were made during their careers are simply not being kept. Due to an assault on many veterans programs, we are often told that *veterans feel that the covenant between the nation and the veteran was one-sided, with the veteran always honoring his/her obligation, and hoping that the government does not renege on its.* We urge this committee to support a guarantee in writing of benefits to which veterans are legally entitled by virtue of their service. To refuse to do so is to say that this nation is not prepared to be honest with its servicemembers.

Mr. Chairman, in conclusion, I want to thank you again for this opportunity to express the views of our members on these important issues as you consider the FY 2004 budget. We realize that those charged as caretakers of the taxpayers' money must budget wisely and make decisions based on many factors. As tax dollars dwindle, the degree of difficulty deciding

what can be addressed, and what cannot, grows significantly. However, AFSA contends that it is of paramount importance for a nation to provide quality health care and top-notch benefits in exchange for the devotion, sacrifice, and service of military members. We sincerely believe that the work the House and Senate Veterans' Affairs Committees do is among the most important done on the Hill. Year after year, these two committees have illustrated the value of non-political cooperation with *the full focus of your efforts on the well-being of those serving this nation.*

This annual joint hearing illustrates your noble approach. You have been entrusted with the responsibility of protecting and rewarding those who have already served. This is no small feat, and your actions send a message of future commitment to those currently serving and those considering military service. Your message is that America's leaders are committed to honor those who devote a portion of their lives to protect their nation. On behalf of all AFSA members, we appreciate your efforts and, as always, are ready to support you in matters of mutual concern.

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