



WRITTEN TESTIMONY FOR THE RECORD

of

The

ASSOCIATION of the UNITED STATES NAVY

**Submitted to the
House and Senate
Committees on Veterans' Affairs**

**Joint Veterans' Affairs Committee Hearing on
Veteran Service Organizations' Legislative Priorities**

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Submitted By

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The Association of the United States Navy

The Association of the United States Navy (AUSN) continues its mission as the premier advocate for our nation's Sailors and Veterans alike. Formerly known as the Naval Reserve Association, which traces its roots back to 1954, AUSN was established on 19 May 2009 to expand its focus on the entire Navy. AUSN works for not only its members but for the Navy and Veteran community overall by promoting the Department of the Navy's interests, encouraging professional development of officers and enlisted and educating the public and political bodies regarding the nation's welfare and security.

AUSN prides itself on personal career assistance to its members and successful legislative activity on Capitol Hill regarding equipment and personnel issues. The Association actively represents its members by participating in the most distinguished groups protecting the rights of military personnel. AUSN is a member of The Military Coalition (TMC), a group of 34 associations with a strong history of advocating for the rights and benefits of military personnel, active and retired. AUSN is also a member of the National Military Veterans Alliance (NMVA) and an associate member of the Veterans Day National Committee of the Department of Veterans Affairs (VA).

The Association's members include Active Duty, Reserve and Veterans from all fifty states, U.S. Territories, Europe, Asia, South America and Australia. AUSN has 81 chapters across the country. Of our over 23,000 members, approximately 80% are Veterans. Our National Headquarters is located at 1619 King Street in Alexandria, Virginia, and we can be reached at 703-548-5800.

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Summary

Chairmen, Ranking Members and Members of the House and Senate Veterans' Affairs Committee, the Association of the United States Navy (AUSN) thanks you and your Committee for the work that you do in support of our Navy, retirees and Veterans, as well as their families. Your efforts have allowed significant progress in creating legislation that has left a positive impact on our military and Veteran community.

In 2013 alone, AUSN was pleased to see the passage into law of Veteran related legislation including H.R. 933 (P.L. 113-6), particularly Title X, pertaining to Military Tuition Assistance Continuation, which states that the Secretaries of the military departments are to carry out tuition assistance programs for members of the Armed Forces during the remainder of Fiscal Year 2013 (FY13) using funds appropriated for such programs under the Consolidated and Further Continuing Appropriations Act for 2013. With the onset of sequestration, Tuition Assistance (TA) for our servicemembers became threatened, but this bill made proper corrections so that funding remained. In addition, AUSN was pleased to see passage into law of H.R. 1412 (P.L. 113-37), the Department of Veterans Affairs (VA) Expiring Authorities Act, which makes various program extensions through Fiscal Year 2014 (FY14), such as allowing a Veteran's liability for copayments of **\$10** for every day the Veteran receives hospital care and of **\$5** for every day he receives nursing care. Finally, passage into law of S. 893, the regular Veterans' Cost of Living Adjustment Act (COLA),

which increased the rate of Veterans disability compensation and Dependency and Indemnity Compensation (DIC) for surviving spouses and children by 1.5 percent beginning 1 January 2014, was welcome by AUSN and the Veteran community.

However, despite these endeavors, there are many challenges ahead. The 1st Session of the 113th Congress only saw 72 bills make it into Public Law by its end in December of 2013. This is one of the lowest numbers of bills making it into law in Congressional history. Very few of these bills, as noted, related to anything that would help the Veteran community. The House has taken action and passed numerous Veteran bills out of the chamber that are currently awaiting Senate consideration. These bills, which also include provisions of other AUSN Veteran bills of interest, include H.R. 357, the GI Bill Tuition Fairness Act; H.R. 1742, the Vulnerable Veterans Housing Reform Act; H.R. 2189, a bill to establish a Commission and Task Force to Evaluate the Backlog of VA Claims (which contains a provision of an AUSN supported bill H.R. 1494, helping to expedite the process for Blue Water Navy Agent Orange claims at the VA) and, finally, H.R. 1405, which contains language of H.R. 679 regarding Veteran Status for career Reservists. The Senate, on the other hand, has three major Veteran 'Omnibus' bills that contain many provisions of the aforementioned passed House legislation and other AUSN Veteran bills of interest. These bills are S. 944, the Veterans Benefits Improvement Act, as well as S. 1950 and S. 1982, both entitled the Comprehensive Veterans Health and Benefits and Military Retirement Pay Restoration Act of 2014. With the recent 'COLA Fix' of the Bipartisan Budget Act (BBA) provision of 2013 that passed in the form of S. 25 a few weeks back, the Veteran Omnibus bills, S. 1950/S. 1982, should be revised and considered by the full Senate, as well as S. 944, which passed out of the Senate Veterans' Affairs Committee (SVAC) on a bipartisan vote and also attempted to pass by Unanimous Consent (UC) on the Senate floor before the 2013 holiday recess whereby one lone Senator had placed a hold.

AUSN strongly urges the Senate to consider and pass, if it has not done so already at the time of the writing of this testimony, any and/or all of the bills S. 1950/S. 1982 and S. 944 and urges the House Veteran's Affairs Committee (HVAC) to conference with the Senate Veterans' Affairs Committee (SVAC) its already passed bills out of the House with any of such bills that have passed out of the Senate. It is crucial that some sort of major Veterans legislation that can be negotiated between both chambers pass into law given the lack of Veteran legislation that passed last year.

Finally, AUSN was pleased to see the one percent reduction of COLA established in the BBA of 2013 addressed with the partial fix in the FY14 Omnibus Appropriations bill, passed 17 January of this year, which exempts disabled Veterans and survivors. Additionally, the recently passed bill S. 25 covers the remainder of retirees under 62. Despite this, there are still many concerns. The future impact that this have moving forward is unclear, as it currently adds on a year of sequestration to offset the cost from savings that the BBA was seeking to achieve from this provision, as well as the impact this will have on future servicemembers, Veterans and retirees, since the COLA cut will grandfather those who joined the service before 1 January 2014, but the BBA COLA cut will apply to all those who joined after 1 January 2014. AUSN asks the Committee to keep these potential consequences in consideration moving forward, as the full impact of these repeal provisions will surely manifest themselves in the coming years.

The Association of the United States Navy, working with its members, Veterans and alongside other Veteran Service Organizations (VSOs), The Military Coalition (TMC) and other partner associations, has devised its Legislative Objectives/ Priorities, as described below, that we would like both the House and Senate Veterans' Affairs Committees to consider.

Veteran Healthcare

AUSN was pleased to see that all Department of Veterans Affairs (VA) programs were exempt from sequestration in 2013 and that vital healthcare needs of our Veterans are going to continue to be provided. In future years, as long as sequestration continues, AUSN hopes that the VA will continue to be exempt, which is subject to the Office of Management and Budget (OMB) discretion. Recently, AUSN was happy to hear that on 20 February 2014, the VA announced it would roll out new, more secure Veteran Health Identification Cards (VHIC). The new cards are distinguished by additional security features and will have a different look and feel. Similar to a typical health insurance card, the VHIC displays the Veteran's Member ID, a new unique identifier, as well as a Plan ID, reflecting the Veteran's enrollment in VA healthcare. The VHIC is also personalized to display the emblem of the Veteran's branch of service. It also provides features that make it easier to use, such as the addition of "VA" in Braille to help visually impaired Veterans, and the printing of VA phone numbers and emergency care instructions. In addition, AUSN was encouraged to see Section 713 of the FY14 National Defense Authorization Act (NDAA), which states that the Secretary of Defense and Secretary of Veterans Affairs are to work together to ensure that their respective electronic health record systems are interoperable with an integrated display of data, or a single electronic health record and each Department shall deploy the modernized electronic health record software to be used by clinicians by 31 December 2016. This measure seeks to increase the sharing of medical records and information between the two agencies. AUSN supports the increased and improved communication between the Department of Defense (DOD) and the VA, as our overseas contingency operations draw down and a new generation of Veterans will need to be taken care of. Studies have shown that since October 2001, approximately 1.6 million U.S. troops have been deployed for Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Early evidence suggests that many returning service members may be suffering from Post-Traumatic Stress Disorder (PTSD) and depression. Traumatic Brain Injury (TBI) is also a major concern. The sharing of vital healthcare and mental health documents between the two agencies will ensure continuity of care to our servicemembers and Veterans during the forthcoming draw-downs.

Agent Orange

The House and Senate Veterans' Affairs Committee has a longstanding working relationship with Veterans and the effects of Agent Orange on the health of Vietnam Veterans. Once classified in the early 1980s as a "minor acne condition," Agent Orange has been thoroughly studied, and it has been determined that its exposure to our servicemembers has caused severe illnesses, such as various forms of cancer, Parkinson's Disease, Lymphoma and many others. During the Vietnam War, the United States military sprayed more than 19 million gallons of various "rainbow" herbicide combinations, but Agent Orange was used most often. The name "Agent Orange" came from the orange identifying stripe used on the 55-gallon drums in which it was stored from 1962 to 1971, used to remove trees and dense tropical foliage that provided enemy cover. Often times, U.S. Navy and Coast Guard vessels were in the vicinity of disbursement of these chemicals.

The Navy and Marine Corps Manual (SECNAVINST 1650.1H) defines the area in which a ship must have operated during this time period as follows: "water areas from a point on the east coast of Vietnam at the border of Vietnam with China southeastward to 21N, 108-15E, thence southward to 18N, 108-15E; thence southeastward to 1-30N, 111E; thence southward to 11N, 111E; thence southwestward to 7N, 105E; thence westward to 7N, 103E; thence northward to 9-30N, 103E; thence northeastward to 10-15N, 104-27E; thence northward to a point on the west coast of Vietnam at the border of Vietnam with Cambodia." Veterans who served aboard U.S. Navy and Coast Guard ships operating on the waters of Vietnam between 9 January 1962 and 7 May 1975,

may be eligible to receive VA disability compensation for 14 medical conditions associated with presumptive exposure to Agent Orange.

With the passage of the Agent Orange Act of 1991, the Secretary of Veterans Affairs was issued the power to declare certain illnesses “presumptive” to exposure to Agent Orange, enabling Vietnam Veterans to receive disability compensation for their related conditions. However, a declaration by the VA in 2002 limited the scope of the Act to only those Veterans who could provide proof that they served in land, including troops on the ground and riverine Naval personnel. As such, Blue Water Navy Veterans serving off the coast must file individual VA claims, often with much inconvenience and difficulty to the Veteran, in order to restore their benefits. However by 2009, over 32,880 such claims were denied and the VA has denied requests for such claim denials after 2009 by other interested parties and Blue Water Navy Veteran affiliated groups.

AUSN was pleased, in 2011, when the VA released an updated list of U.S. Navy and Coast Guard ships that were confirmed to have operated on Vietnam’s inland waterways, docked on shore or had crewmembers sent ashore. This list, which can be found on the VA’s website at <http://www.publichealth.va.gov/exposures/agentorange/shiplist/index.asp>, can assist Vietnam Veterans in determining potential eligibility for compensation benefits. However, on 26 December 2012, the Secretary of Veterans Affairs, General Eric Shinseki, announced that findings from an Institute of Medicine (IOM) report determined that the evidence currently available does not support the establishment of presumption of exposure to herbicides for Blue Water Navy Vietnam Veterans. The report, entitled “Blue Water Navy Vietnam Veterans and Agent Orange Exposure,” was a compilation of extensive research that included interviews with Vietnam Navy Veterans, as well as examinations of peer-reviewed literature, exposure and transport modeling, ship deck logs and other governmental documents, found that, at this time, there is insufficient evidence to determine whether Blue Water Navy Veterans were exposed to Agent Orange-associated herbicides during the Vietnam War. The IOM report, released in May 2011, did validate the Royal Australian Navy study recognizing the possibility of exposure by Blue Water Navy Vietnam Veterans but did not have sufficient evidence to determine how far the dioxin drifted and concluded that the final decision would have to be either a policy or legislative determination.

General Shinseki did, however, reiterate the fact that any Blue Water Navy Vietnam Veteran who wishes to make a claim based on herbicide exposure will still have his case reviewed, and the VA will continue to review all Blue Water Navy Vietnam Veteran Agent Orange-associated claims on a case-by-case basis. As a result, Blue Water Navy Vietnam Veterans, and many others, must undergo an extremely arduous process to “prove” the exact same conditions their Army, Marine Corps, Air Force and Brown Water Navy counterparts are experiencing. This process includes Vietnam-Era Sailors performing individual research to determine if their ship qualifies for compensation. Instructions on researching ships to see if they qualify for Agent Orange compensation can be found on the VA website at <http://www.publichealth.va.gov/exposures/agentorange/shiplist/not-on-list.asp>. The link immediately directs the visitor to the call support number and generic email at the National Archives and Records Administration (NARA) in College Park, MD, where the NARA research process can be tedious, as the turnaround time to get information is long and requires NARA researchers to review ship logs for Sailors. AUSN is advocating for better methods of research available to Sailors who are voicing frustration and cannot wait such a long period to hear on their qualification results. Possible options AUSN hopes the Committee will explore include digitizing ship logs at NARA and coordinating with the VA to ensure that Blue Water Vietnam Veterans can conduct quick research at VA Centers around the country or have these logs available for public research online. These measures would eliminate NARA as the “middle man” in order to process claims quickly and efficiently.

AUSN encourages the House and Senate Veterans' Affairs Committees to continue their work on the Agent Orange issue and support hearings and further actions on pending legislation, such as H.R. 543, the Blue Water Navy Vietnam Veterans Act, introduced by Representative Chris Gibson (R-NY-19). This bill would amend Title 38 to clarify presumptions relating to the exposure of certain Veterans who served in the vicinity of the Republic of Vietnam, as well as help alleviate the backlogged Agent Orange claims. Additionally, AUSN supports passage by the Senate of H.R. 2189, a bill to establish a Commission and Task Force to Evaluate the Backlog of VA Claims, which passed the House on 28 October 2013. The bill contains a provision of H.R. 1494, the Blue Water Navy Ship Accountability Act, also introduced by Representative Gibson and supported by AUSN, which helps to expedite the process for Blue Water Navy Agent Orange claims at the VA, primarily by updating qualifying ship lists on the VA website and making the process for searching for a ship and filing a claim much easier. As of yet, there is not a Senate equivalent for either H.R. 543 or H.R. 1494, however we hope a Senator will champion this issue for either of these two bills and that the Senate swiftly adopts H.R. 2189.

Mefloquine Exposure

AUSN is concerned about the lasting effects on Veterans' health from exposure to the controversial antimalarial drug "mefloquine," which has been linked to a growing list of troubling psychiatric and neurological disorders. In Senate testimony in 2012, a former Army public health physician and epidemiologist cautioned that mefloquine could become the "Agent Orange" of this generation. In response to these concerns, AUSN and other organizations have been calling on the Department of Veterans Affairs (VA) to do more to educate Veterans to the dangers of mefloquine, to sponsor long-overdue research into the drug's toxicity and to prepare its healthcare providers and disability evaluators to properly evaluate claims of long-term harm arising from Veterans' exposure to the drug. Although there is a VA website, <http://www.publichealth.va.gov/exposures/mefloquine-lariam.asp>, this issue needs further study and analysis at the VA in order to evaluate such claims.

Previously sold in the U.S. under the trade name Lariam®, mefloquine was first synthesized in 1969 by scientists affiliated with the Walter Reed Army Institute of Research (WRAIR). Following a 20 year development effort, which culminated in the drug's licensing in 1989 by the Food and Drug Administration (FDA), mefloquine quickly became the military's "drug of choice" for the prevention of malaria, in part because its weekly dosing schedule simplified command-directed administration. Over the next quarter century, many hundreds of thousands of servicemembers were directed to take the drug, from operations in Somalia in the 1990s, to operations in Africa and Afghanistan as late as this year.

Since then, reports of mefloquine's sometimes horrific side effects have become commonplace among Veterans, and reliable stories of Veterans suffering often debilitating injuries from the drug have been regularly featured in the media. Since 1989, even the drug manufacturer has warned that during use, "if signs of unexplained anxiety, depression, restlessness or confusion are noticed," these could be considered an early warning sign of "a more serious event" from the drug. Yet what this more serious event was has only become clear in July 2013, when the FDA added to the drug's label a boxed warning, advising that mefloquine could cause serious psychiatric effects, including anxiety, paranoia, depression and hallucinations that could last years after use, and neurological effects including ringing of the ears, loss of balance and vertigo that could be permanent in some cases. This "black box" drug label also warns of a risk of suicidal thoughts and suicide.

Following the FDA's boxed warning in the summer of 2013, Dr. Jonathan Woodson, the Assistant Secretary of Defense for Health Affairs, emphasized that mefloquine should only be used as a "drug

of last resort” to prevent malaria and called attention to data showing military prescriptions had fallen over 90% in previous years as the drug’s dangers became better known. To prevent malaria, the military now recommends the safer daily drugs Malarone® or doxycycline, the latter of which, ironically, was the military’s drug of choice over a quarter century ago before mefloquine was first introduced. AUSN notes that now that these safer daily drugs are once again used in place of mefloquine, malaria cases in the Department of Defense (DOD) are at their lowest level in a decade. Given that the safety and effectiveness of these daily drugs appears to be far superior to mefloquine, AUSN questions why mefloquine was ever used at all given its dangerous side effect profile, particularly over the past decade, during which time two safer daily alternatives have been available. For this reason, AUSN also supports legislation to remove mefloquine from the approved DOD formulary for non-emergency use and to fund the purchase of safer, and consequently more expensive, alternative anti-malarial drugs throughout the military medical services. Although curtailing new prescriptions of mefloquine is a necessary first step, this alone will do nothing to address the long-term harm that has already been suffered by prior generations of Veterans exposed to the drug. Scientists now recognize that mefloquine is neurotoxic and can cause permanent brain injury, resulting in a range of lasting psychiatric and neurological symptoms. According to the Centers for Disease Control (CDC), these symptoms may even confound, or complicate, the diagnosis and management of Traumatic Brain Injury and Post-Traumatic Stress Disorder. The U.S. Army Special Operations Command (USASOC), which recently banned mefloquine altogether, has even emphasized that some of the symptoms of mefloquine toxicity could be mistaken for malingering, or conversion, somatoform or personality disorders.

As stated before, for Veterans experiencing these symptoms, information available to those who were possibly exposed to mefloquine from the VA remains inadequate. VA websites still feature incorrect information on the drug’s side effects, fail to highlight the seriousness of FDA’s boxed warning and provide few resources directed specifically to help Veterans better understand their symptoms and seek appropriate care. VA must do more to reach out to affected Veterans with improved and more detailed and frank information. AUSN also calls upon the VA to sponsor long-overdue research to better understand the drug’s long-term effects and the burden of its toxicity among Veterans. VA should formalize the limited but ground-breaking clinical research into mefloquine toxicity, already being conducted by the War-Related Illness and Injury Study Center, and increase funding for extramural clinical and epidemiological research at civilian academic centers.

More must also be done to educate VA clinicians and disability evaluators to the effects of the drug. As early as 2004, the Veterans Health Administration (VHA) had issued an information letter (IL10-2004-007) to its clinicians warning of the possibility of long-term effects from mefloquine, but this letter was allowed to lapse and is now unavailable. AUSN calls on the VA to update this letter to reflect the latest research on mefloquine’s harmful effects, to disseminate its contents to its providers and to supplement this effort with conferences, lectures and continuing medical education (CME) as appropriate. With the FDA’s acknowledgement of the possibility of lasting side effects from the drug, the VA must also update its disability evaluation processes to recognize that certain long-term psychiatric and neurological effects may be the result of mefloquine exposure. As a 2012 memorandum by Dr. Woodson acknowledged, many military servicemembers were dispensed mefloquine without proper medical, the VA must develop procedures to adjudicate such claims, even in the absence of proof of prescribing.

AUSN is concerned at the possibility of a “hidden epidemic” from mefloquine toxicity. The steps outlined above will help in stemming this epidemic and aid in assisting affected Veterans, before mefloquine becomes our military’s next “Agent Orange.”

Mental Health Treatment and Professional Development

AUSN was pleased that the Fiscal Year 2014 (FY14) National Defense Authorization Act (NDAA) was signed into law last year and contained significant advancements in Veteran and servicemember mental healthcare. In particular, Section 511 of the FY14 NDAA increases efforts to prevent suicide by members of the Reserve Component whereby upon the request of the Adjutant General (TAG) of a State, the Secretary of Defense may share with the TAG the contact information of members who reside in such State in order for a TAG to include such members in suicide prevention efforts. These Reserve Component members are also to include members of the Individual Ready Reserve (IRR) and members of a Reserve Component, who are individual mobilization augmentees. Another important provision was the inclusion of Section 522, which amends the U.S. Code to state that a servicemember is to receive administrative separation instead of court martial in the event of Post-Traumatic Stress Disorder (PTSD) or severe Traumatic Brain Injury (TBI). Section 574 of the FY14 NDAA directs the Comptroller General of the U.S. to submit a report to the House and Senate Committees on Armed Services evaluating the frequency and effects of separating members from the Armed Forces for reasons related to mental illness, which has consequently limited their access to service-connected disability compensation, as well as retirement pay. AUSN was pleased to see further steps towards modernizing mental healthcare in the FY14 NDAA, whereby Section 702 assists those transitioning out of mental healthcare by allowing the Secretary of Defense (SECDEF) to extend the coverage for individuals for an additional 180 days for mental healthcare provided through telemedicine. Finally, Section 704 of the FY14 NDAA delineates a pilot program to be carried out by SECDEF in establishing clinical trials of investigational treatments of TBI or PTSD received by members of the Armed Forces in healthcare facilities other than military treatment facilities (MTFs).

Despite these successes, AUSN believes there is much work that needs to be done in addressing mental health treatment and improving the quality and efficiency of VA healthcare. The Veteran suicide rate still remains dangerously high. A recent two-year study, culminating in the release of a 2012 Suicide Data Report in mid-February 2013 by the VA, reported that 22 Veterans had committed suicide per day in 2010. Furthermore, the report estimates that more than 69 percent of Veteran suicides are occurring among those ages 50 years and older. This trend is an ongoing issue that AUSN hopes the House and Senate will continue to make a high priority. Data provided in the Pentagon has shown that Sailor suicides are down almost 22 percent from 2012 to 2013; however, no one is claiming victory yet, as the rate is still higher than the statistics from 2001. In addition, in regards to treatment, there have been numerous complaints among the Veteran community of the inadequate level of mental healthcare professionals available to them at clinics across the country. Undersecretary of Veterans Affairs for Health, Dr. Robert Petzel, told the House Veterans' Affairs Committee in a hearing about mental health on 13 February 2013 that the VA is currently working on being more proactive in its services to hold its workers more accountable. At the same hearing, Dr. Linda Schwartz of the VA Center in Connecticut, reiterated the belief that the VA needs to stop believing it has to do everything by itself and must work with its state level partners to provide local care to Veterans.

AUSN is closely monitoring these internal VA actions, such as the ones Dr. Petzel testified on, that will move the VA into a more proactive direction in regards to mental healthcare. Among the bills that AUSN is tracking in regards to mental healthcare are H.R. 577 and S. 572, introduced by Representative Jeff Miller (R-FL-01) and Senator Richard Burr (R-NC), respectively, the Veterans Second Amendment Protection Act. These bills would amend the U.S. Code to clarify the conditions under which certain persons may be treated as adjudicated mentally incompetent and each bill has passed out of their respective Veterans' Affairs Committee and await House and Senate floor

consideration. AUSN is also keeping an eye on the H.R. 975 and S. 628, the Servicemembers Mental Health Review Act, introduced by Representative Tim Walz (D-MN-01) and Senator Jon Tester (D-MT), respectively, which are both currently awaiting Committee consideration. Department of Defense (DOD) records have shown that from 2001 through 2007, 26,000 servicemembers were separated from the military because of a personality disorder. In 2008, the Government Accountability Office (GAO) conducted a review of several hundred of these cases. GAO concluded that thousands of improper personality disorder discharges had occurred. GAO also found that military branches were failing to abide by DOD's directives for diagnosing and discharging Veterans with Personality Disorder (PD). Some service compliance rates were as low as 40 percent. Instead of properly diagnosing these troops with PTSD, DOD diagnosed the servicemembers with PD and discharged them from service. DOD has not released any records regarding these discharges since 2010 and since PD and Adjustment Disorders (AD) are preexisting conditions, DOD is not obligated to award the servicemembers the benefits they would have received if they were diagnosed with PTSD or TBI. Veterans improperly discharged with a false psychiatric disorder can have a difficult time reintegrating into society. In particular, Veterans discharged with PD or AD cannot access the medical retirement benefits they deserve. This leaves the disabled Veteran without access to education assistance, Federal employment preference, medical insurance and disability compensation. Furthermore, a harmful stigma follows him for life since the diagnosis is indicated on the individuals' discharge papers, hurting his chances of finding civilian employment. This bill would give the Physical Disability Board of Review the authority to correct the service records of Veterans wrongly discharged with an improper psychiatric disorder.

Finally, AUSN is tracking H.R. 401 and S. 162, the Justice and Mental Health Collaboration Act (JMCA) of 2013, introduced by Representative Richard Nugent (R-FL-11) and Senator Al Franken (D-MN), respectively. This bill would authorize the Attorney General to award grants to establish or expand Veteran treatment court programs, involving collaboration among the criminal justice system, Veterans and mental health and substance abuse agencies to provide Veterans with intensive judicial supervision and case management, treatment services and other appropriate services, including housing, transportation, job training, education and assistance in obtaining benefits. As the U.S. is drawing down our military forces after over a decade of war, continued support of our men and women in uniform is crucial. Among the commitments made to our Veterans is ensuring they have access to affordable and high quality mental healthcare options. Consequently, it is important to give law enforcement the tools and training they need to improve the way that our legal system interacts with individuals suffering from mental health crises, including Veterans. This can be done by extending the Mentally Ill Offender Treatment and Crime Reduction Act (MIOTCRA) for five years; authorizing investments in Veteran treatment courts; increasing focus on corrections-based programs and supporting the development of curricula for police academies and orientations. Above all, AUSN supports the bill's authorization of investments in Veterans treatment courts, which seeks to help serve Veterans who suffer from PTSD, substance addiction and other mental health conditions. We strongly believe that such a measure will greatly improve the quality of care our Veterans deserve and need in regards to mental healthcare.

Although there have been great strides in improving the quality of mental healthcare for Veterans, AUSN strongly believes much more work needs to be done in regards to mental healthcare and looks for continued support for legislative efforts on identifying and providing adequate care and well-trained professionals to help alleviate the problems associated with mental illness among our Veterans.

Remote Area Access for Veteran Healthcare

It is well known that a large population of our nation's Veterans comes from rural areas of the country. This presents numerous challenges to a Veteran if he or she has a service-related disability, as time of travel, expense of travel and ability to do so are all affected by distanced care centers. The VA is making gains to better reach out to our rural Veterans, but there is much more that needs to be done. More Military Treatment Facilities (MTFs) and VA clinics in rural areas are the obvious fix. However, simply putting buildings in rural areas will not solve the problem. No matter how much effort the VA puts into creating care centers in rural areas, caregiver staffing will remain a problem until the VA goes to extremes to properly staff them. While there have been many successful measures to help make rural caregiver assignments more desirable in the past, such as the 2008 Rural Access to Health Act, the VA must now bolster its efforts to attract caregivers to these areas. Pay alone does not drive the caregiver or health professional to a certain assignment. VA must not only look at financial, but also career and professional incentives, to bring the best and brightest healthcare staff to our Veterans. A healthcare professional who volunteers to work in a rural area for three years, for instance, could be rewarded with a professional accommodation or, much like in the military, could be given special privileges like being placed at the front of the line for extremely desirable assignments. This and many other options exist, and the VA must do more in terms of attracting promising young healthcare professionals to needy rural areas.

AUSN supports legislation which helps rural Veterans, such as S. 2009, the Rural Veterans Improvement Act of 2014, which was introduced by Senator Tom Udall (D-NM). This bill will help to improve the state of healthcare services for our Veterans living in rural areas of the country and is important in that while there are not always quality VA healthcare options that are accessible, this bill would allow for the VA to work and coordinate with non-VA mental healthcare providers in rural areas, increasing local access for Veterans. In addition, the bill seeks to improve the VA's transportation program, so that Veterans would not have to rely on their friends and families for rides to and from appointments, while incentivizing work in rural areas for doctors and creating programs in universities to help prepare medical students for work in such rural areas. Finally, the bill requires the VA to review and assess its Community-Based Outpatient Clinics (CBOCs), while prioritizing any upgrades, or any upgrade projects, that need to be made. Another similar bill that AUSN supports is H.R. 635, the Help Establish Access to Local Timely Healthcare for Your (HEALTHY) Vets Act, introduced by Representative Steven Pearce (R-NM-02), which would allow Veterans to access local healthcare facilities, which will save the Veteran time, money and physical strain. Currently, our Veterans must travel to VA hospitals for the majority of their treatments. This distance can often be a major roadblock to healthcare for Veterans living in rural areas who have to travel to reach the closest VA hospital. The HEALTHY Vets Act would allow Veterans to use health providers in their hometowns by directing the VA to contract with local hospitals and doctors on a case-by-case basis to provide medical services to those Veterans who live far away from a VA medical facility. This is the fourth time such legislation has been introduced with this aim, and AUSN hopes that it will finally be given enough time and consideration that Veterans of rural areas deserve.

Disability Compensation/Concurrent Receipt

The Department of Veterans Affairs (VA) receives about 1.25 million claims for Veterans disability benefits per year. As it exists today, a disability rating is assigned a percentage by the VA after a physical examination for all areas of the body for which the Veteran is claiming disability. However, a cash benefit is only provided to Veterans with a rating of 10 percent or more. The basic benefit amount ranges from **\$127** to **\$2,769** a month, depending on the disability rating. However, given the economic situation faced by many of our Veterans, this compensation may not be adequate to

meet their needs, as costs of living continue to rise.

The Bipartisan Budget Act (BBA) of 2013, which passed in December 2013, mandated a Cost-of-Living-Adjustment (COLA) cut to less than one percent for our current and future Veterans and military retirees under age 62 to begin in 2015. AUSN tirelessly fought and was relieved by the quick legislative work done by Congress to repeal the COLA cuts in the BBA. The Fiscal year 2014 (FY14) Omnibus Appropriations Bill, passed into law in January 2014, contained a provision that repealed the cut for disabled Veterans and surviving spouses. A month later in February 2014, S. 25, the "COLA fix" passed in response to the outcry that all working-age Veterans depended on their full retirement benefits. The legislation reversed the COLA cuts for all Veterans under age 62, with offsets funded through the extension of sequestration to mandatory accounts by one more year. In spite of this, AUSN is still concerned about how some Veterans, particularly the ones who sign up for service after 1 January 2014, will still be affected by the decreased benefit adjustments. Many Veterans depend on their retirement benefits and the COLA to maintain their livelihoods and the future impact this may have upon recruitment and retention are still unknown.

AUSN was also pleased to see that S. 893, the Veterans' Compensation Cost-of-Living-Adjustment (COLA) Act passed into law (P.L. 113-52), whereby the rates of Veterans disability compensation was increased by 1.5%, beginning 1 January 2014. Although this was a great step to continue to improve Veteran benefits, these annual COLA bills consume a significant amount of Congress' time every year. Instead of having to return to the issue over and over again, AUSN applauds the mission of H.R. 570, the American Heroes COLA Act of 2013, sponsored by Representative Jon Runyan (R-NJ-06), which would make the annual adjustments automatic based on the Consumer Price Index (CPI) and increases in benefits under the Social Security Act. The rates of disability compensation for Veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans would become an automatic increase, which would save Congress time by alleviating an annual issue that is usually passed with little to no opposition, and it protects Veteran benefits from being delayed by possible Congressional delays, which have become a very real issue.

In addition, AUSN is pleased with the recent announcement, on 20 February 2014, that the President and his Administration will not include in the annual Budget Request for Fiscal Year 2015 (FY15) a proposal to use the Chained CPI as a method for calculating Veterans disability compensation. We understand that during these times, the Federal Government needs to look for methods to save money, but AUSN does not support writing such checks through the earned, and much needed, benefits of retirees, Veterans and their families. Senate Veterans' Affairs Committee (SVAC) Chairman, Senator Bernie Sanders (I-VT) applauded the President's decision to omit the Chained CPI, saying, "With the middle class struggling and more people living in poverty than ever before, we cannot afford to make life even more difficult for seniors and some of the most vulnerable people in America." More than 55 million retirees, widows, orphans and disabled Americans on Social Security would have been affected by the switch to a so-called "Chained CPI." The Congressional Budget Office (CBO) said in a report last year that using Chained CPI would reduce the deficit by **\$339.8 billion** over the next decade, including **\$127 billion** in savings from COLA to Social Security. However, the proposed change in how annual COLA is calculated also would mean that Veterans who started receiving VA disability benefits at age 30 would have their benefits reduced by **\$1,425** at age 45; **\$2,341** at age 55 and **\$3,231** at age 65, according to the CBO. These are dangerous benefits cuts, and AUSN is relieved that alternative methods of lowering spending and the debt are being investigated.

Disability Indemnity Compensation (DIC)/ Survivors Benefits Programs (SBP)

The Association of the United States Navy remains concerned with the discrepancies found between Disability Indemnity Compensation (DIC) and Survivor Benefit Plan (SBP) affecting our Veterans, retirees and their dependents. As it exists today, if an active duty or retired servicemember dies from a service-connected condition, then the surviving spouses are set to receive compensation through DIC from the Department of Veteran Affairs (VA). However, if the deceased servicemember was also a retiree enrolled in SBP within the Department of Defense (DOD), the DIC amount is deducted dollar by dollar from the SBP annuity. This deduction is commonly known as the “widow’s tax” and affects over 60,000 widows and widowers of the military community. The offset places financial strain on the surviving spouses who rely on the financial compensation for these communities across the country.

Over the past decade, Congress has recognized this detriment to servicemembers and their survivors. There have been small, significant legislation revisions and changes to address the “widow’s tax.” In October 2007, the Veterans Disability Benefits Commission issued a report which called for the elimination of the offset for all DIC-SBP widows. Congress acknowledged the report of inequity and responded by drafting legislation to certify that DIC and SBP are awarded to Veterans and their survivors by different sets of requirements. To differentiate between the plans, SBP was declared a servicemember-purchased annuity, while DIC is recognized as an indemnity payment. Indemnity payments award the surviving spouses compensation only if the retired servicemembers death was the result of military service. Another law was passed in 2008 by Congress to authorize a modest Special Survivor Indemnity Allowance (SSIA) for DIC-SBP widows to begin phasing out the offset. The following year Congress passed a law that would increase SSIA monthly payments to **\$150** starting in Fiscal Year 2014 (FY14) and to **\$310** in Fiscal Year 2017 (FY17). However, unless further action is taken in extending or expanding the legislation SSIA authority will expire on 1 October 2017. Furthermore, these legislative improvements either completely or mostly reversed the disability offset for about 33 percent of the total disabled retired population, roughly 304,000 disabled retirees.

Under current law, survivors who do not differentiate but are eligible for both DIC and SBP must still forfeit a dollar of their SBP annuity for every dollar of DIC received from VA. To try and compensate for this, the survivor receives a proportional refund of SBP previously paid premiums. However, this “refund” does not include interest that would have accumulated on the money paid into the premiums. Instead of providing compensation, the “refund” results in a monetary loss for the servicemember or his or her survivor who could have invested or used the money paid into the premium. This due compensation should not be subtracted from servicemembers’ earned military retired pay.

AUSN strongly supports several pieces of legislation currently in circulation that would dissolve current law, which unfairly makes Veterans and surviving spouses forfeit part of their earned benefits. In particular, H.R. 32, sponsored by Representative Joe Wilson (R-SC-02), and S. 734, sponsored by Senator Bill Nelson (D-FL), would repeal the offset of DIC payments from SBP annuities. The bills follow the notion that when service has caused the death of one of our servicemembers, then the VA indemnity payment should be added to the normal SBP annuity, not subtracted from it. They highlight that Federal civilians who have the same SBP plans do not face the same offset in case of death. The proposed bills argue that the sacrifices servicemembers and their families make every day should provide them with the appropriate benefits, and at the very least, equal to those of Federal civilian employees. Also pertaining to this issue, and supported by AUSN, are H.R. 303, sponsored by Representative Gus Bilirakis (R-FL-12), and S. 234, sponsored by Senate Majority Leader, Senator Harry Reid (D-NV), would permit additional retired members of

the Armed Forces who have a service-connected disability to receive compensation from the VA for their disability. This would result either through retired pay by reason of their years of military service or Combat-Related Special Compensation. AUSN supports the Senate Majority Leader's statement in regards to this bill: "We would never abandon a service member on the battlefield, and we should not abandon our wounded warriors when they return home." This can only be achieved when it can be assured that our nation's Veterans are not negatively affected by having their service-connected disability benefits deducted from their military-service retirement pay.

In conclusion, AUSN urges Congress to act fully in regards to relieving the financial strain and injustice being done to our servicemembers and their survivors due to these discrepancies between DIC and SBP. Not only are reforms regarding the DIC-SBP pay system necessary, they are the right thing to do with regards to our servicemembers who have given the ultimate sacrifice. The aforementioned legislation proposed to Congress would resolve this issue once and for all, finally giving our servicemembers and their survivors the financial stability they deserve for all the time they have given and hardships they have endured during their period of service towards our nation.

Veteran Employment/Transition and Housing

AUSN continues to advocate for continued funding for the Vocational Rehabilitation & Employment Program (VRAP) at the Department of Veterans Affairs (VA). Authorized by Congress under Title 38, U.S. Code, this program assists Veterans with service-connected disabilities to prepare for, find and keep suitable jobs. For Veterans with service-connected disabilities so severe that they cannot immediately consider work, this program offers services to improve their ability to live as independently as possible. To date, the VA has received and processed more than 143,000 VRAP applications. Of over 126,000 approved applicants, more than 74,000 have enrolled in a training program. The VA has also paid more than **\$700 million** in VRAP benefits to unemployed Veterans, age 35-60.

There are still many concerns regarding transitioning from active duty to the civilian sector among the Veteran communities. Among those described in this testimony are concerns regarding difficulties transitioning Veterans face in converting to civilian sector jobs, obtaining license certifications and homelessness. Currently, there is a bill in front of this Congress that focuses on medical expertise of Veterans qualifying for license certifications. AUSN was pleased to see the House passage of H.R. 235, the Veteran Emergency Medical Technician Support Act of 2013, introduced by Representative Adam Kinzinger (R-IL-16), last February 2013. The bill would amend Public Health Service Act to provide grants to states to streamline state requirements and procedures for Veterans with military emergency medical training to become civilian emergency medical technicians. It is currently in the Senate Health, Education, Labor and Pensions (HELP) Committee. We strongly urge the Senate to take action on this important bill that would help Veterans with medical experience transition back to civilian life and facilitate their employment.

Transition Programs

AUSN was very pleased to see the positive developments with transition programs for our Veterans in the 112th Congress with provisions from the Transition Assistance Program (TAP) Modernization Act and the availability of Transition Assistance Advisors (TAA) to assist members of the Reserve Component who serve on Active Duty for more than 180 consecutive days, which was provided for in the FY13 NDAA. However, in the 1st Session of the 113th Congress there has been little to no progress in regards to transition programs.

AUSN is continuing to monitor the debate on mandating participation in TAP for all separating servicemembers, as well as expanding its programs. There are still many current servicemembers on active duty who continue to not understand why they would need to participate in the program. However, once servicemembers left the military, many wondered why they never received comprehensive training and information on how to access their earned benefits and successfully transition from military to civilian life. Unfortunately, some Veterans have no way to reasonably anticipate all of the challenges they may face once out of the military. AUSN believes that TAP resources must continue to be made available to Veterans after they have transitioned out of active duty and expansion of its programs to include such items as educational benefit instructions, which will significantly help prepare servicemembers and their families. There are some encouraging bills that were introduced by this Congress that help in these efforts which AUSN supports, including H.R. 562, the Veterans Retraining Assistance Program (VRAP) Extension Act of 2013, which is still in the House Veterans Affairs Committee. This bill would provide for a three-month extension of the Veterans Retraining Assistance Program administered by the VA, allowing for more time for servicemembers to take advantage of this important transitional program, up until June 2014. Currently, VRAP offers up to 12 months of retraining assistance to Veterans who are unemployed; at least 35 but no more than 60 years old; have an other than dishonorable discharge, not eligible for any other VA education benefit programs (i.e., the Post-9/11 GI Bill, Montgomery GI Bill, Vocational Rehabilitation and Employment); are not in receipt of VA compensation due to Individual Un-employability (IU) and are not enrolled in a Federal or state job training program. In addition, AUSN supports H.R. 631, the Servicemembers' Choice in Transition Act of 2013, which provides requirements for the contents of TAP, including, among other items, an overview on preparations for employment, preparations for education or career or technical training and preparations for entrepreneurship. The Senate version of H.R. 631, S. 889, is currently part of the Senate Veteran Omnibus legislation, S. 1950/S. 1982, as well as S. 944.

Encourage Hiring of Veterans

AUSN was pleased with the creation and development of the Veterans Jobs Caucus last year in the Senate by co-chairs Senators Joe Manchin (D-WV) and Mark Kirk (R-IL) and in the House by co-chairs Representatives Tim Walz (D-MN-01) and Jeff Denham (R-CA-10). Their "I Hire Veterans" initiative is a great step in strengthening Congressional support and visibility for Veterans employment issues. In addition, AUSN was happy to see the provisions of H.R. 1796 and S. 700, the Troop Talent Act, passed into law, particularly in Section 542 of the Fiscal Year 2014 (FY14) National Defense Authorization Act (NDAA) (P.L. 113-66). This law will make information on civilian credentialing opportunities available to members of the Armed Forces at every stage of training for military occupational specialties, allowing servicemembers to evaluate the extent to which their training correlates with the skills and training required in connection with various civilian certifications and licenses.

However, overall unemployment numbers among Veterans remain high and are a top concern of AUSN. The January 2014 U.S. Department of Labor Employment (DOL) Situation Report found that there are 599,000 unemployed Veterans in the U.S., while the number of Veterans no longer in the work force has increased from January 2013 to January 2014. Although there was improvement overall for Veteran unemployment, the 2013 unemployment for post 9/11 Veterans remained stagnant with no improvement at 10%. Our nation's returning heroes deserve a better chance to be able to work to secure a good future for themselves and their families. Despite the jobless rate falling, it is not yet where it needs to be. We must continue to strengthen prospects for Veteran employment by extending and strengthening incentives for businesses to employ Veterans. In addition, there are alarming cases where Veterans are afraid to put "Veteran" on their job

applications in fear of employers not wanting to hire them due to some of the complex burdens they may carry. This discrimination is something that should be monitored and discouraged.

On 28 January 2014, the House Veterans' Affairs Committee (HVAC) held its hearing on what the Federal government can learn from the private sector's successful approach to hiring Veterans. During the hearing, Representative Phil Roe (R-TN-01) summarized the unemployment statistics for Veterans; approximately 2.6 million post-9/11 Veterans have left the service, and in the next five years, another million will leave as well. Of these numbers, about half are between the ages of 18 and 34, and all are seeking to transition to civilian employment. There is a real and ongoing fear of unemployment for Veterans and their spouses within the military community. HVAC sought the testimony of professionals who manage the reintegration of Veterans into the private sector in hopes of learning from their successes and challenges, such as BG Gary M. Profit, USA (Ret.), Senior Director of Military Programs at Walmart. The hearing was informative, as other suggestions were made to Congress, such as placing focus on education and focus on the transition process for Veterans. The education focus could be on any GI Bill enhancements, such as support for Science, Technology, Engineering and Mathematics (STEM) education that would encourage long-term pipelining of talent. The Committee also concluded that building private-public partnerships is critical for offering employment. Examples of partnerships might include offering better incentives to small businesses, such as lifting regulatory burdens. Other ways to ease transition might be to redesign the input stages of the military, such as recruitment and enlistment, so that there may be counseling on what happens after their service ends.

AUSN continues to support legislative efforts that seek to improve the employment of Veterans and encourage preferential hiring practices in businesses. The Veterans Omnibus bills in the Senate, S. 1950/S. 1982, contain provisions of S. 6, the Putting Our Veterans Back to Work Act, introduced by Senate Majority Leader, Harry Reid (D-NV). This provision would extend the VOW to Hire Heroes Act of 2011 through March of 2016, which would provide a tax credit to businesses of up to **\$5,600** for hiring Veterans who have been searching for a job for more than six months, as well as improving enforcement of employment and reemployment rights for members of our armed services. Also within S.1950/S. 1982 are provisions from S. 1216, the Job Opportunities for Veterans Act of 2013, introduced by Senator Michael Bennett (D-CO), which would approve and increase the availability of on the job training and apprenticeship programs carried out by the Secretary of Veterans Affairs. Finally, AUSN supports legislation introduced bipartisanly in the House and Senate by the previously mentioned co-chairs of the House and Senate Veterans Jobs Caucus. These bills are H.R. 3405 and S. 1637, the United We Stand to Hire Veterans Act, which would require the consolidation of each of the Department of Defense's (DOD's) and Department of Veterans Affairs (VA) online employment services into a single portal across the Federal government within one year of enactment of the bills. The basic function of the portal would remain the same: connect Veterans and members of the Armed Services with public and private sector employers seeking to hire people with military experience. The portal would also provide other resources to Veterans like résumé assistance.

Homelessness

Last year, there were many improvements in combating homelessness among the nation's Veteran population. AUSN was pleased to see, in particular, the passage into law of H.R. 1412, the Department of Veterans Affairs Expiring Authorities Act of 2013 (P.L. 113-37), which included provisions to help combat homelessness within the Veteran community. The law provides extended authorities for Federal agencies in regards to homeless Veterans reintegration programs, such as contracts for referral and counseling services for Veterans at risk of homelessness who are transitioning from certain institutions. The law also extends through Fiscal Year 2015 (FY15) the

authorization of appropriations for comprehensive service programs for homeless Veterans and extends through Fiscal Year 2014 (FY14) the availability of funds for: (1) financial assistance for supportive services for very low-income Veteran families in permanent housing and (2) the grant program for homeless Veterans with special needs. In addition, last August the Department of Veterans Affairs (VA) and Department of Housing and Urban Development (HUD) announced **\$7.8 million** in funding to provide housing and clinical services for 1,120 homeless Veterans, while in January of this year, the department announced that it would use **\$300 million** to continue to fund a program that places a priority on finding immediate shelter for Veterans or helping those at risk of homelessness to keep their homes. These developments were welcome news and a step in the right direction.

However, there is still much work to be done to combat homelessness for Veterans. Even though HUD recently released promising reports where estimates of homeless Veterans saw a strong 7.6% decrease in 2013 (57,849 homeless Veterans down from the 62,619 homeless Veterans in January 2012), the statistics on homeless Veterans are still staggering. No Veteran should be without a home after serving his country. According to the National Coalition of Homeless Veterans, more than 12 percent of all homeless in the United States are Veterans, while 50 percent of homeless Veterans are over the age of 51 years old. Additionally, 50 percent of homeless Veterans have serious mental illness, 51 percent are disabled and 60 percent have substance abuse disorders. One out of every eight men and women in homeless shelters is a Veteran, while 1.4 million other Veterans remain at risk of homelessness due to poverty, lack of support networks and dismal living conditions in overcrowded or substandard housing. A recent VA report found that nearly 50,000 Iraq and Afghanistan Veterans, in particular, were either homeless or in a Federal program aimed at keeping them off the streets during 2013, an almost 300 percent increase from 2011. While the VA and the President have expressed their goal to end homelessness among Veterans by 2015, AUSN emphasizes that results need to match such goals.

AUSN looks forward to hearing about the progress on combating homelessness among Veterans and urges the House and Senate Veterans' Affairs Committee to consider legislation this Congress that addresses the issue and seeks to lower these shocking numbers. Such legislative proposals include S. 287 and H.R. 897, which would include as a homeless Veteran, for purposes of eligibility for benefits through the VA, a Veteran or Veteran's family fleeing domestic or dating violence, sexual assault, stalking or other dangerous or life-threatening conditions in a current housing situation. Also in this Congress, the Senate Veterans Omnibus bill, S. 1950/ S. 1982, includes provisions from S. 1580, the Ensuring Safe Shelter for Homeless Veterans Act of 2013, which would require recipients of per diem payments from the Secretary of Veterans Affairs for the provision of services for homeless Veterans to comply with codes relevant to operations and level of care provided. We strongly encourage Congress to pass this important legislation to ensure our Veterans are not left out in the cold.

Claims Processing

The claims backlog at the Department of Veterans Affairs (VA) is an area where there is a broad consensus that much improvement is needed and that existing negative public perception among the Veteran community is undoubtedly drawn from the VA's shortcomings to process them. AUSN is pleased with the VA's heightened efforts to modernize itself, and these efforts are being bolstered by the Department of Defense's (DOD's) modernization efforts as well, but there is still a lot of work to be done. The VA has implemented many recent technologies to streamline its system and reduce claims backlog, such as E-Benefits, an online "one-stop shop" for Veterans to submit claims. The VA has also been working hand-in-hand with the DOD to establish a program for transferring patient files from the DOD databases to the VA system. AUSN also applauds provisions within the Fiscal

Year 2014 (FY14) National Defense Authorization Act (NDAA), which contain significant legislative items that address the claims backlog by continuing to encourage cooperation between the DOD and the VA. For example, Section 525 instructs the DOD to provide the VA with the health records of each member of the Armed Forces in an electronic format. With respect to a member of the Armed Forces who is discharged or released from the Armed Forces on or after 1 January 2014, the Secretary of Defense (SECDEF) shall ensure that the records of the member are made available to the VA within 90 days of the date of the member's discharge or release. Furthermore, to ensure the smooth operating of this process, Section 526 of the FY14 NDAA compels the SECDEF, in consultation with the Secretary of Veterans Affairs, to conduct a review of the backlog of pending cases in the Integrated Disability Evaluation System with respect to members of the Reserve Components of the Armed Forces to address improvements to the system. Within 180 days of the FY14 NDAA's passage, SECDEF shall submit to the Committees on Armed Services and Veterans' Affairs of the House of Representatives and the Senate a report on the review. AUSN eagerly waits to hear the findings of this report to improve the Integrated Disability Evaluation System for our Reservists.

However, many problems have arisen within VA systems. E-Benefits and the Veterans Benefits Management System (VBMS) have seen numerous shutdowns recently, hindering Veterans' abilities to log or track claims, as well as the ability of VA staff to address their workloads. While it is important to transform and evolve the VA's claims process into a streamlined system to make it easier for Veterans and to reduce backlog, it is equally important to make sure the systems implemented are actually working as they should and are effective at addressing the problem. The integration of these claims systems has to be continued in order to process claims efficiently. Communication and integration of the Veterans Benefits Administration (VBA) and Veterans Health Administration (VHA) need to be further developed to have continuity of filing in the VA. At a recent House Veterans' Affairs Committee (HVAC) hearing on 5 February 2014, representatives of various Veterans interest groups spoke about their concerns regarding the improvements that the VA claimed to have made to their systems. They expressed unease about the practice of the VA shifting claims to different VA Regional Offices (ROs) than where they were filed, allowing them to be potentially processed quicker but harder for a Veteran to track. There were also speculations about whether the VA had actually reduced backlog or were just recategorizing the claims they included in their statistic. A VA representative at the same hearing stated that claims backlog had been reduced by 35 percent in the past year, and wait times for Veterans were 111 days fewer than the previous year.

While these numbers show an improvement, the VA had not quite reached its previously stated goal. Since 2009, the backlog of compensation claims has grown. While VA completed a record-breaking 1 million claims per year in Fiscal Years 2010, 2011, and 2012, the number of claims received continues to exceed the number processed. In a Senate Veterans' Affairs Committee (SVAC) Hearing on 11 December 2013, Undersecretary of Benefits at the VA, General Allison Hickey, stated that the, "VA has made significant progress in executing our benefit claims Transformation Plan." She said that the VA has reduced the backlog by 36 percent since March 2013 and attributed that progress to Congress providing tremendous support to the VA. She continued, highlighting statistics showing progress being made by the VA, ultimately claiming that the VA has completed 1.17 million claims in Fiscal Year 2013 (FY13). She concluded her statement, saying that the VA has established new VA ROs to test and validate changes associated with converting to paperless. However, there are known instances across the country where VA ROs and Medical Centers have actually seen increases, not decreases in claims, and that staff at these locations had been receiving bonuses and additional funds, despite a failure to reduce the backlog of disability claims or improve accuracy. Despite all of this, the VA has stated that they hope, due to

their new technologies and methods of claim processing, they will have eliminated backlog by 2015.

With 1 million new Veterans expected to be utilizing the VA claims system upon returning home from deployment in OIF and OEF, this system of processing needs to improve. AUSN continues to be concerned with the efficiency of the claims system for our nation's Veterans and would like Congress to be on the forefront of any efforts to monitor and improve this process at the VA. Even with increases in funding over the past few years and positive developments, there still appears to be much work to be done in processing claims.

Veteran Education

There have been drastic improvements to education assistance provided to our nation's Veterans, which AUSN has been pleased to see over the years. The Post-9/11 GI Bill is a tremendous benefit for today's Veterans, and correcting certain oversights within the bill has improved its usage for the more than 606,000 servicemembers, Veterans and family members and survivors that it serves. This benefit has potential to help shape and mold future leaders, and AUSN opposes any efforts to scale back the benefit as a disservice to the men and women who have fought in defense of our nation for the last decade.

AUSN continues to advocate for legislative solutions for issues that arise with Veteran educational assistance and programs which make Veterans able to use their benefit with fluid and flexible options. For example, AUSN supports H.R. 357 and S. 257, the GI Bill Tuition Fairness Act of 2013, introduced by Representative Jeff Miller (R-FL-01) and Senator John Boozman (R-AR), which would amend Title 38, U.S. Code, to require courses of education provided by public institutions of higher education that are approved for purposes of the educational assistance programs administered by the VA to charge Veterans tuition and fees at the in-state tuition rate. Many Veterans of the uniformed services are unable to use their GI Bill at an institution of higher education of their choice, because their permanent residence is in another state. As public colleges and universities seek ways to offset decreasing revenues, many have significantly raised the costs of out-of-state tuition. The cap for GI Bill benefits often falls short of this high out-of-state rate. Furthermore, because of the nature of military service, Veterans and beneficiaries often have a difficult time establishing residency for purposes of obtaining in-state tuition rates. Circumstances such as these, which oftentimes require individual Veterans to live in certain areas, especially during the time when they are separated from the uniformed services, pose significant challenges to using this important benefit.

Currently there are only 11 states that already offer in-state tuition rates to Veterans, with an additional eight states offering conditional waivers for Veterans in certain circumstances. Moreover, there are currently 16 states that have legislation pending in their state assemblies. Out of the states that currently offer in-state tuition to Veterans, both Democrat and Republican state leaders acknowledge that the long term financial benefits generated for the state far outweigh the illusory financial burdens that critics claim. Critics believe offering in-state tuition would be detrimental to public colleges' or universities' institutional budgets. They also argued that the extension of in-state tuition for Veterans would establish a dangerous precedent for other non-resident students utilizing Federal aid programs. AUSN believes these arguments are baseless, as Veterans are the only group of eligible college students who cannot reasonably satisfy the residency requirements for in-state tuition because of circumstances beyond their control.

According to the Higher Education Authorization Act, servicemembers are offered the opportunity to receive in-state tuition at any public college or university of their choice while they are still

wearing the uniform. However, unfortunately, this opportunity is lost once they take the uniform off and become Veterans. As a result, Veterans are currently charged out-of-state tuition which is only partially covered by the GI Bill funds that they receive. This results in them having to compete for other financial aid options if they wish to attend the public institution of their choice. The difference between the cost of in-state tuition and out-of-state tuition can be staggering; with a College Board study finding that the difference between the two rates averaged **\$13,000** for a full-time student during the 2012-2013 academic years.

It was with the highest approval that AUSN supported the passage of H.R. 357 by the House of Representatives on 3 February 2014. The vote, 390-0, not only demonstrated the vast bi-partisan support for reforming the laws governing Veterans' tuition status and rates, but also was the first major step in correcting this unjust treatment of our Veterans. H.R. 357's Senate counterpart, S.257, was part of the original Veteran Omnibus Bill, S. 944, which has now become part of the Senate Veterans' Affairs Committee (SVAC) Chairman's, Senator Bernie Sanders' (I-VT), new Veterans Omnibus bill S. 1982, the Comprehensive Veterans Health and Benefits and Military Retirement Pay Restoration Act of 2014. AUSN continues to urge the Senate to take these bills up, S. 1950/S.1982, either in its current form or again in its original form, S.257 or even S. 944, so that Veterans, who have no realistic way to satisfy residency requirements because of prior military commitments, can receive a reasonably-priced education at a public college or university of their choosing. Not only would this bill increase the opportunities for our Veterans, it would also be a long term investment in our economy. In summary, the changing of the laws governing Veterans' in-state tuition rates is the right thing to do, especially after everything that our Veterans have given in service to our country.

AUSN also supports increased oversight as a means to ensure that benefits, which Veterans have earned and deserve, are going towards their education. A number of unfair practices have been identified which must be rectified to better serve Veterans and their dependents. With better oversight, improvements can be made to education assistance, provide for improved use of the GI Bill and better prepare Veterans to enter the civilian workforce.

A new tool of increased oversight, developed through the Department of Veterans Affairs (VA), Department of Defense (DOD), Department of Education (DOE) and Department of Justice (DOJ), is an online complaint system on the VA's website. These departments, along with the Consumer Financial Protection Bureau (CFPB) and the Federal Trade Commission (FTC), seek to fulfill the goals of improving Veterans' educational success. Their mission statement clearly outlines the need to protect and defend the promise of the GI Bill for Veterans and servicemembers. Using the online complaint system, they have highlighted costly practices of the GI Bill and lack of support to Veterans' and dependents' in educational institutions. Such complaints include identifying which institutions are failing to meet the "Principles of Excellence" or engaging in fraudulent and deceptive practices to collect the benefits. The Federal government then uses this information to address the issues directly and improve student support services. The complaint system offers opportunities to Veterans to actively engage by holding higher education institutions to their standards. The online complaint system, a direct result of Executive Order 13607, an order promoting oversight of agencies to implement and comply with the outlined "Principles of Excellence" for higher education institution program like the Post-9/11 GI Bill and DOD Tuition Assistance.

A product of increased oversight from a two-year investigation conducted by the Senate, resulted in identifying dishonest applications of the GI Bill. What was found was that certain for-profit institutions target Veterans to attend but offer zero advantages over state universities and

community colleges. In fact, some for-profit institutions have been detrimental to reintegrating Veterans into the workforce. Their tuition rates run much higher, fully draining GI Bill funds and placing many Veterans into debt after graduation. Furthermore, graduates of for-profit institutions fail to obtain the jobs they were promised. The investigation showed that, on average, for-profit colleges invested only 17 percent of their funding into their classes and student support. Graduates fail to develop the skills or eligibility for licensing leaving them jobless. It was also found that the drop-out rates for Veterans from for-profit institutions are markedly higher than the rates from state universities. More than half of the Veterans identified in the study had dropped out of for-profit college within four months of attendance. What was concluded is that some for-profit institutions drained at least 40 percent of the GI Bill and half of DOD's Tuition Assistance, and the Veterans were left with large debt, a useless degree or no degree at all.

Increased oversight has led to legislation and action to prevent abuses and fraud of the GI Bill. Along with Executive Order 13607, Public Law 112-249 was also enacted which amended Title 38, United States Code, and developed policy which requires transparency of institutions' costs and benefits to Veterans. Oversight promotes effective implementation and better accountability of DOD's Education Assistance and the GI Bill. AUSN applauds the developments which followed increased oversight and urges public and private entities to continue. Their work serves to ensure the promises of education and student support to Veterans are appropriately met.

In regards to GI Bill flexibility, AUSN members, particularly those in the Individual Ready Reserve (IRR), have been vocal about the concerns regarding flexibility for family member transfer of GI Bill benefits. Currently, in regards to Post 9/11 GI Bill benefits (Chap. 33, 38 USC), Reserve and Guard GI Bill transfer is based on a commitment to continue in the Reserves. This regulation applies to any member of the Armed Forces (active duty or Selected Reserve, officer or enlisted) on or after 1 August 2009 who is eligible for the Post-9/11 GI Bill and has at least 6 years of service in the Armed Forces on the date of election and agrees to serve four additional years in the Armed Forces from the date of election and has at least 10 years of service in the Armed Forces (active duty and/or Selected Reserve) on the date of election (precluded by either standard policy (service or DOD) or statute from committing to four additional years).

A majority of these servicemembers use their GI Bill benefit prior to their enrollment in IRR unless they have come directly off of active duty into the IRR (as is the case with a few groups of servicemembers). Consequently, current law only provides for transfer eligibility for "Selected Reserve" members. Despite these IRR members serving qualifying time for GI Bill benefits completed in either an active duty or Selected Reserve status, servicemembers that are currently in IRR status are ineligible for the transfer option as it currently exists. The requirements for transfer of GI Bill benefits affect members in the IRR, as there is no "guarantee" anyone who completes his initial service commitment, could have continued with the Reserves past this initial commitment. Also, current active duty members with no Reserve commitment are also not "guaranteed" to join the Reserves for six years after leaving 10 years of service. Servicemembers transfer to the IRR for a variety of reasons, such as civilian jobs, travel commitments and even complex family situations, with many staying in that status for several years. AUSN would like to see this definition for transferability of the GI Bill benefit expanded to include Armed Forces in the IRR.

Navy Reserve

Veteran Status for Reservists

AUSN supports the classification of certain affected groups of our Navy Reservists as Veterans of the Armed Forces. Currently, as it exists in the U.S. Code, a member of the Reserve Component can

successfully complete a Guard or Reserve career but not earn the title of “Veteran of the Armed Forces of the United States,” unless the member has served on Title 10 Active Duty for purposes other than training. Currently, Title 38 excludes from the definition of “Veteran” career those Reservists who have not served on Title 10 Active Duty for other than training purposes. Drill training, annual training, active duty for training and Title 32 duty are not deemed qualifying service to qualify for “Veteran” status. For example, the service of our Guard and Reserve members in Operation Noble Eagle (ONE) would not qualify to earn the status of “Veterans of the Armed Forces,” because it is technically a “training” status. Many attempts have been made to pass prior legislation but, despite strong support among the Military Coalition (TMC) and its neutral cost to taxpayers as scored by the Congressional Budget Office (CBO), such attempts never met fruition.

This Congress, the Veteran status bill was reintroduced in the House side in the form of H.R. 679 with a bipartisan list of cosponsors, including Representatives Tim Walz (D-MN-01), Jon Runyan (R-NJ-03), Jeff Denham (R-CA-10), Duncan Hunter (R-CA-50), Tom Latham (R-IA-03), Jim Matheson (D-UT-04) and Nick Rahall (D-WV-03). On the Senate side, its companion bill, S. 629, was introduced by Senator Mark Pryor (D-AR) and Senator John Boozman (R-AR). Both H.R. 679 and S. 629 would authorize Veteran status under Title 38 for Guard and Reserve members of the Armed Forces who are entitled to a non-regular retirement under Chapter 1223 of 10 USC but were never called to active Federal service during their careers through no fault of their own. Furthermore, the bill was written to explicitly include stronger language with a “Clarification Regarding Benefits” section which states that as a result of passage of this bill, no additional benefits may be conferred by persons receiving status of “Veterans” under this act. This zero-cost bill also has the potential to help combat high levels of unemployment among the Reserve Component community, providing ‘Veteran’ status for them to be hired by employers that actively seek Veterans in the workplace.

AUSN applauds the House of Representatives for passing H.R.1405 on 28 October 2013, a bill by Representative Dina Titus (D-NV-01) and Representative Jon Runyan (R-NJ-03), which was marked up last year to include provisions of H.R. 679. In addition, AUSN was pleased to see that the Senate Veterans’ Affairs Committee (SVAC) included in the markup of the final bill, S. 944, language of S. 629 and favorably passed it out of Committee. As a result, S. 944, and consequently S. 629, awaits full Senate floor consideration and is also within the bills S. 1950/ S. 1982. This is the furthest that this measure has made in Congressional history, and AUSN hopes the Senate will consider either S. 1950/ S. 1982 or S. 944 in the near future.

Again, the Veteran status provisions would not bestow any benefits other than the honor of claiming Veteran status for those who honorably served and sacrificed as career Reserve Component members. AUSN believes that our Reserve Component deserve nothing less!

Other Veteran Items of Interest

AUSN continues to remain increasingly concerned with the findings of the impact that Military Sexual Trauma (MST) is having upon separating servicemembers. According to DOD, 19,000 sexual assaults occurred in the military in 2010, but only about 13 percent of victims reported the attacks. In 2011, fewer than eight percent of reported cases went to trial, and fewer than 200 attackers were eventually convicted. In recent studies, more than 85 percent of all military sexual assaults go unreported, which means Veterans have a hard time meeting the burden of proof when applying for VA benefits. A Navy Sailor’s story, that of Ms. Ruth Moore, has inspired legislative action. Ms. Moore enlisted in the Navy at age 18 and was the victim of sexual assault twice. Ms. Moore reported the attacks, but the attacker was never charged or disciplined, and she was later labeled as suffering from mental illness and discharged from the Navy. Ms. Moore fought for 23 years to get

the benefits she was owed, after noticing her records were tampered with and that she was even diagnosed with a mental illness she did not have. AUSN supports legislation by Representative Chellie Pingree (D-ME-01) and Senator Jon Tester (D-MT), in the forms of H.R. 671 and S. 294, appropriately titled the Ruth Moore Act of 2013, which would amend Title 38 of the U.S. Code to improve the disability compensation evaluation procedure of the VA for Veterans with mental health conditions related to military sexual trauma. AUSN was pleased with the House's passage of H.R. 671 on 4 June 2013 and looks forward to its Senate consideration as S. 294, now in the Veterans Omnibus bills, S. 1950/S. 1982, as well as part of the Senate Veterans' Affairs Committee (SVAC) marked up and approved bill, S. 944.

Our last point, as mentioned in the opening summary, is that while Congress has seemingly corrected the wrong that is the reduction in COLA calculations (for disabled Veterans and survivors through the FY14 Omnibus Appropriation bill and passage of S. 25 for all other affected current and future retirees for their COLA calculations), there are still many consequences and concerns that need to be addressed. First, while S. 25 seemed to have largely bipartisan support, some Members of Congress were disappointed with the "funny money" additional one year of sequestration offset, saying the Federal government was "robbing one part of the budget to pay another." In particular, some Members of Congress argue, and AUSN agrees, that no one can be sure what the budget climate will be like for all Executive Branch departments, including the Department of Defense (DOD) and Department of Veterans Affairs (VA), after 10 years of sequestration (2013-2023), much less adding on one more for an 11th year of sequester cuts (to 2024). Other Members of Congress were displeased that the mandatory sequestered accounts being affected were unrelated to defense spending at all. As of now, it appears that there would be only two major DOD mandatory accounts that would be impacted by the extension of sequestration: TRICARE for Life (TFL) and DOD Retirement Contributions. This is, of course, relatively loose and subject to change, but at this point, those would be the primary accounts impacted by tagging on an additional year of sequestration to offset the COLA cuts from the BBA of 2013. Among the defense community, however, aside from the two mentioned mandatory accounts, it is hard to determine what money will be available given the uncertainty surrounding the future of sequestration. Second, there are additional concerns regarding how the final bill, S. 25, with the COLA repeal was negotiated. It appears that the deal was brokered amongst the senior leadership of the House and Senate and not vetted by major stakeholders such as the Chairmen and Ranking Members of the House Armed Services Committee (HASC), the House Veterans' Affairs Committee (HVAC), the Senate Armed Services Committee (SASC) and the Senate Veterans' Affairs Committee (SVAC). During a 28 January 2014 SASC hearing, both defense officials and SASC members stated that they were not consulted during negotiations on the budget deal (BBA) and wanted to be part of the conversation in the future to exempt current servicemembers and retirees from any changes to the pension system. This continues to set, what appears to be, a dangerous precedent where the process of bringing legislation through Committees is undermined by Senate and House leadership taking control of forming bills and putting them through each chamber for consideration.

Third, the Military Compensation and Retirement Modernization Commission (MCRMC), established by the Fiscal Year 2013 (FY13) National Defense Authorization Act (NDAA) to examine and send to lawmakers a report on recommendations for establishing a new set of pay, compensation and benefits for our future forces has not yet finished its mandated duties and investigations. With an extension on the report going into 2015, the Commission itself is still holding hearings, open and closed door Executive session, listening to testimony and gathering expert advice. AUSN testified before the Commission in November 2013 and is scheduled to meet with them in early March 2014 one more time to discuss our concerns. Consequently, it seems rather premature to be taking action to change retirement and pay when a proper analysis being

done by the MCRMC is incomplete, and such a detailed report with recommendation will not be shown until at least 2015. Finally, while the COLA cut issue has been extremely important to AUSN and our members in the past few months, with its ability to affect the finances of a multitude of retired and current servicemembers, there is uncertainty about how the COLA reduction impacts our future servicemembers after 1 January 2014. Those who have signed up and joined the Armed Forces between 1 January 2014 and now, 13 February 2014 will now see their COLAs reduced when they retire before the age of 62. A “breach of faith” with our servicemembers argument can be made to that effect and will be a future consequence moving forward. In addition, an argument can be made that we will now have servicemembers who joined prior to 1 January 2014 receiving one type of retirement compensation serving with servicemembers receiving a different type of compensation, whereby having a scenario of “haves” vs. “have nots.” Again, this is an issue that may or may not manifest itself into a major problem, but concerns and questions on the impact of the passage of S. 25 still lie ahead.

AUSN recommends that both the House and Senate Veterans’ Affairs Committees keep an eye on the impact this will have upon the livelihoods of future retirees and Veterans who will be joining the Armed Forces after 1 January 2014.

Conclusion

The Association of the United States Navy understands that there are difficult decisions ahead in regards to the budget outlook with the forthcoming FY15 President’s Budget (PB) request and ongoing sequestration. A looming concern here at AUSN is the effects of this automatic sequestration trigger upon the DOD. AUSN was pleased when the Administration again pledged that DOD military personnel accounts and the VA would be exempt from sequestration, however there are many factors to be considered that may affect Veterans. Many Federal agencies, DOD included, have preferential hiring practices for Veterans, which currently make up close to 44 percent of DOD’s workforce. Sequestration could result in higher unemployment numbers among the Veteran community. AUSN wishes that the Committees continue to look at emphasizing the VA continue to be exempt from sequestration and ensure this remains the case for so long as sequestration continues to be part of public law.

We encourage members of both the House and Senate to look at our website which has a daily updated Bills of Interest section where we have more legislation we are tracking on behalf of our members at <http://www.ausn.org/Advocacy/BillsofInterest/tabid/2668/Default.aspx>. As mentioned before, AUSN supports Senate action on many bills that have already passed the House and encourages swift consideration by the Senate on S. 1950/S. 1982 which contains many of the House passed provisions, and more, in their respective bill text. **HOWEVER**, should these two bills fail in the Senate, AUSN hopes that the Senate will revisit floor consideration of **S. 944**, as it did in late December 2013, since this low cost bill was reported favorably out of the Senate Veterans’ Affairs Committee (SVAC) last year on a bipartisan vote. In addition, AUSN hopes that upon passage of any/all of these bills out of the Senate, that the House will agree to a Conference Committee to work out differences and report out a final bill with agreed provisions from both House passed and Senate passed legislation. A comprehensive Veterans bill passed into law is truly needed!

AUSN believes that the Department of Veterans Affairs (VA) and the Department of Defense (DOD) are both moving in the right direction, as it pertains to their shared commitment to improving the way they care for Veterans. Whether looking at modernization of servicemembers’ health records and reports or the much improved collaboration efforts between the two Departments themselves,

AUSN is confident that the framework these two Departments continue to improve upon will significantly ease the many hardships our brave Veterans now face.

AUSN understands that the VA has, almost since its inception, faced a public perception that views it as an Agency filled with incompetency and waste. The VA's sole purpose is to lessen the suffering and adversities faced by those brave few willing to stand and risk life and limb for our nation's ideals, and what public perception fails to understand is that the very reason for the VA's existence forces the Department, at times, to be more reactionary than proactive. We cannot see wars coming a decade before they do. Moreover, we cannot predict what types of tactics and warfare our enemy will use, and what types of wounds we will have to learn how to heal. War has irreversible consequences, and the VA is continually adapting to try to reduce these consequences as much as possible. AUSN stands ready to be the Voice for America's Sailors, abroad and upon their return home, and looks forward to working with Congress and the VA on serving our Veterans. Thank you.