

STATEMENT OF
THE RETIRED ENLISTED ASSOCIATION (TREA)

Before the

SENATE ARMED SERVICES COMMITTEE

On

THE RECENT CHANGES TO THE MILITARY RETIREMENT SYSTEM

January 28, 2014

Presented by

MSgt Richard (Rick) Delaney, USAF (Ret)

National President

The Retired Enlisted Association

Chairman Levin, Ranking Member Inhofe, and members of the Committee.

Good morning. My name is Rick Delaney. I am national president of The Retired Enlisted Association, known as TREA. TREA is the largest association in the nation that was created exclusively for enlisted personnel from all branches of the U.S. Armed Forces. Last year we celebrated our 50th anniversary.

I appreciate the opportunity today to address you concerning the issue of military compensation, specifically the COLA reduction, for military careerists – those who spend 20 years or more in uniform and who earn a retirement from the Armed Forces.

I am greatly concerned about recent actions this Congress has taken.

“When you freeze salaries, eliminate bonuses and change their health care benefits, it’s folly to think that it’s not going to have an impact on the workforce.”

Now, that last sentence is a quote from Bradford Fitch, President and CEO of Congressional Management Foundation that was in the January 14 issue of *Politico*. And he was not talking about military retirees, of course, he was speaking about congressional staff and the effect that eliminating traditional health care is going to have on members of congressional staffs leaving and pursuing other opportunities.

According to a survey conducted by the Congressional Management Foundation, 90 percent of staffers said they are concerned about benefit changes under the new health care law. In that same survey, when asked if they would look for another job in the next 12 months, 4 in 10 chiefs of staff and state/district directors said yes.

Quoting Mr. Fitch again in an opinion piece in the January 15 issue of *Roll Call*, **“If these predictions come to pass, it would likely be the largest brain drain of talent Congress has ever seen.”**

I have no doubt the members of this committee are familiar with this survey and Mr. Fitch’s comments.

But I ask you, what makes anyone think that reducing benefits that military careerists thought they had earned will not have the same effect on their decisions about whether to remain in the service?

Congressional staffers are dedicated, conscientious, hard-working professionals who care about this nation and the institution they serve. The same is true of military careerists.

But unlike congressional staffers, military personnel sign an employment contract that obligates them to serve for a specific length of time.

What’s more, a military careerist can be sent to prison if he or she fails to show up for work.

There is no other occupation in the country that I am aware of where that is the case.

But once their contractual obligation has been fulfilled, they face the decision about whether to stay in or leave and pursue a different career.

In his quote above, Mr. Fitch expressed his concern about the effect on Congress if there is a massive defection by congressional staffers. In the same way, I believe the multitude of cuts in benefits for military careerists that are being urged by the Department of Defense, including the current COLA cut, will have a seriously negative impact on our nation's defense posture.

I believe you'll agree that senior staffers in your offices and in the committees are critical to your being able to fulfill your responsibilities as members of Congress. Together they hold the institutional memory as well as the subject matter expertise that are indispensable to the functioning of Congress.

The same is true of the career military personnel who the COLA cut has been aimed at. Unbelievably, this COLA is the third penalty that has been levied on military careerists in the last two years and is only the start if the Pentagon gets its way. In fact, nearly every benefit that military careerists have earned is being considered for cuts by the Department of Defense.

We believe that, without a doubt, cutting promised and earned benefits and compensation will have a seriously negative effect on the Armed Services and the nation's military readiness.

The fact is, the largest single segment of military retirees is E7's who make up 29 percent of all military retirees. The top enlisted grades – the Senior Non-commissioned officers – E7 through E9 make up 47 percent of all military retirees. If you add in E6 Non-commissioned officers you are talking about more than two-thirds of military retirees, and if you add in E5 Non-commissioned officers you have reached 73 percent of all military retirees.

Why is this important? Because so often in hearings and discussions of military retired pay the example used is of an O-5 or 6, as if somehow they are the average military retiree. And as a result, the discussion is terribly skewed and we end up with a situation such as the one recently where the Chairman of the House Budget Committee described the COLA cut enacted by Congress as a "small adjustment for those younger retirees."

I'm sure an O6 doesn't believe the COLA cut is just a "small adjustment," but I have no doubt an E7 views it as having a major impact on the retirement pay she feels she was promised, she earned, and she is counting on.

An E7 receives retired pay of about \$23,000 per year. The fact is, there is no way to retire from the military and have the same living standards as existed while on active duty without getting another full-time job. To be hit with a COLA that will equate to about \$83,000 results in the loss of over 3 years of retired pay.

As you know, the purpose of the COLA is to maintain the purchasing power of benefits already earned. The fact is, the COLA cut will degrade the living standard of the military retirees affected by it. Without the COLA, inflation would eat away nearly half of real retired pay value for a twenty-year retiree by age 62.

Why, after doing a job that less than one-percent of the entire population is willing to do, is Congress now going to punish military careerists?

And although we oppose any COLA cut for military retirees, why, under this law, were they singled out for immediate cuts? Why were they not grandfathered in, as federal civilian employees were? What have they done to earn this slap in the face from Congress?

As I stated before, senior NCOs make up nearly half of all military retirees. It is widely recognized within the Armed Services that NCOs are the back-bone of the military.

According to the former Command Sergeant Major of the Army's Communication-Electronics Command, Miguel Buddle, "it is the non-commissioned officers who are the ones keeping up with changing technology and then using their leadership capabilities to bring that new technology to the Soldier in the field." He continues, "It is true, NCOs are the backbone of the Army. The NCO is the one who will either teach you the right way or wrong way to do something."

The same thing is true for the Marine Corps, the Navy, the Coast Guard and my service, the Air Force.

For over a decade we have heard American Servicemen and women describe by elected officials and others as the best trained, the best led, and the best equipped force our nation has ever had.

Well who do you think trained and led those Servicemen and women?

It was the NCOs – the very people who are suffering the hardest blow because of the actions of Congress.

Can we really afford to disrespect these leaders and tell them our government is going to take back some of the compensation they were promised if they would stay for a career in the military?

What incentive are military personnel going to have to stay in for a career if the COLA cut remains and the other cuts being discussed are enacted?

The reality is that most of the turn-over in the active duty forces occurs when people leave at the end of their contracts. A significant minority re-enlist for at least one more tour and a much smaller minority serve for a full career of 20 years or more.

The military encourages this high turnover with its up or out policy. If service members fail to get promoted within a specified time frame they usually must leave active duty. This policy is meant to maintain a young force and prevent a top-heavy rank structure.

Since the advent of the all-volunteer force the military has placed an increased emphasis on reducing turnover and retaining trained and experienced personnel. One way to do this is to provide an acceptable lifestyle and support for families to help compensate for the demands on service members and their families. That's why there has been an increase in compensation and benefits.

When the all-volunteer force was instituted, the need for increased compensation and comprehensive improvements in the conditions of military service was recognized as necessary in order for the all-volunteer force to succeed by the President's Commission on an All-Volunteer Armed Force, otherwise known as the Gates Commission.

When Congress was faced with the problem of fixing the Hollow Force of the 1980's the Congressional Research Service reports that "To the extent concerns about the 'hollow force' at the end of the 1970's had to do with the quality of enlistments, however, revisions in military pay and benefits appear to have entailed dramatic improvements over a very short period of time."

In the 1990's the Armed Forces experienced a looming crisis in the retention of personnel because of cuts that had been made in pay and benefits. Because of that the Pentagon urged Congress to fix retention before it mushroomed into a full-blown crisis by restoring military pay and promised health care coverage for older retirees, as well as repealing retirement cuts then in effect.

Again, it worked. It was not just the proverbial "throwing money at a problem." The additional expenditures solved the problem. And as our forces fought two wars for over a decade, with many enduring two, three, or even four deployments, Congress showed its support by increasing benefits for those troops and resisting DoD's renewed calls for cutting benefits.

And that brings us to today.

We are faced with an onslaught of proposals to slash the pay and benefits of military career personnel. I urge you to resist those siren calls and remember what history has demonstrated time and again when it comes to sustaining the all-volunteer force.

TREA believes this COLA cut is a breach of faith with the currently serving force. And I can tell you that military retirees are watching this closely because they firmly and angrily believe it is a breach of faith. Congress would do well to remember that veterans are the best recruiters the Armed Forces have and if veterans believe they were cheated or that faith was broken with them they will stop urging their children and grandchildren to follow their footsteps into the military.

We believe this COLA cut breaks the promise made by the administration and leaders of the Defense Department that any changes in compensation and retirement would be grandfathered in.

We believe that, as our colleagues at MOAA have so ably shown, the real facts about spiraling costs are being misrepresented by Pentagon leaders.

And we believe this is only the beginning of a sustained assault on the military compensation and benefits that have enabled our nation to, in an unprecedented way, field and sustain an all-volunteer force in defense of our nation.

I can tell you that our members are very alarmed and fearful that this is only the first shoe to drop and they already feel betrayed.

I have discussed the impact of the COLA cuts on enlisted military careerists. I do not want that to be construed in any way as an attempt to separate us from career officers. We are proud to stand shoulder-to-shoulder with our officer colleagues in this battle, just as we were proud to stand with them when we all wore the uniform of our nation.

My only point has been to show that enlisted personnel make up the overwhelming majority of military retirees, and these COLA cuts are a major blow in the income they thought they had been promised and that they earned.

Only 4.7 percent of enlisted personnel have a college degree so they face a much greater challenge when they leave the military and try to start over in a new career. This compares with 82.5 percent of officers who have a bachelor's degree or more.

Enlisted retirees lack the seniority that their peers in the private sector have gained and their decades of military service often do not translate into the civilian work force.

They have not been able to build equity in a home because of their constant moves. And their families have reached the point where it is time for their children to go to college and they have to find a way to pay for it.

Former Senator James Webb said, "I start from the presumption that lifetime health care for career military personnel is part of a moral contract between our government and those who have stepped forward to serve." This was when military health care was under sustained assault during his term of office. We agreed with him then, and we think it applies equally to the COLA that is designed to protect the earned retirement pay of military careerists.

Members of Congress, I must tell you that I have felt tremendous proud during the past decade when elected officials and others paid tribute to our Servicemembers, spoke of them as "our heroes," and honored their service and sacrifice.

Yet today, I confess I'm beginning to think that much of that praise from some members was self-serving and nothing more than lip-service.

So I ask those members who believe these COLA cuts are nothing more than "small adjustments" and therefore refuse to rescind them to please stop talking about how great you think our Armed Forces are. Do you seriously believe our government cannot afford to keep its promise to those who have voluntarily served.

To members who agree that the COLA cuts should be stopped, I ask you to put aside partisan and ideological differences and agree on a way to pay for the COLAs. I know that many ideas have been put forth by many members and the task now is to agree upon one.

Please also remember that the only department of the federal government that is unable to be audited is the Department of Defense. DoD has consistently ignored Congress' instructions to get its books in order and it appears to us the department is not much closer to accomplishing that than it ever has been.

We must ask why, in a department that spends billions of dollars and in which cost overruns are scandalously frequent, it is the personnel who dedicate their careers in service to our nation that DoD turns to for budget cuts when it gets into fiscal problems.

We urge Congress to, at a minimum, suspend personnel cuts until DoD can audit its books and see where it really spends its money.

The men and women who have served in our Armed Forces voluntarily agreed to shoulder the sacrifices they were asked to endure. Is it too much to ask our citizens and our government to now repay the debt that is owed them? I pray it is not.

President Calvin Coolidge said, "The nation that forgets its defenders will itself be forgotten."

Please, members of Congress. Don't forget our nation's defenders.

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

Richard J. “Rick” Delaney

Richard “Rick” Delaney joined the United States Air Force in June of 1965. He served three tours of duty Thailand in 1966, 1969, and 1971 as well as two tours to Europe in Germany and England. He has been stationed in Tennessee, Arkansas, Alabama, Wyoming, California Georgia and South Dakota.

His decorations include the Meritorious Service Medal, Air Force Commendation Medal with 1 Oak Leaf Cluster, Air Force Achievement Medal, Vietnam Gallantry Cross with Palm, Republic of Vietnam Campaign Medal, and Vietnam Service Medal with 1 Silver 4 Bronze Stars.

Rick retired from the U.S. Air Force as a Master Sergeant in October of 1989 and except for a 5 year period living in Las Vegas, has made his home in Warner Robins, Georgia, with his wife of 40 years, Pat.

Rick is currently retired from his last position with the Central Georgia Multiple Listing Service, Inc., after serving 15 years as and President and Chief Executive Officer.

He is a life member of The Retired Enlisted Association (TREA) and was a member of the committee that chartered TREA Chapter 94, Warner Robins, GA, in 1999. He also served as their first President from 1999 to 2001. In 2001, he moved to Las Vegas, and joined Chapter 84, where he served as their President from 2002-2005. He returned to Warner Robins 2006, and rejoined Chapter 94. He served as their President in 2007 and 2008 and still remains active in chapter activities.

He is currently the Director, Robins AFB Retiree Activities Office and he stays actively involved in the Warner Robins community, including participating in Retiree Appreciation Days, delivering TREA’s *VOICE* magazines to various locations in Warner Robins and Robins AFB, and TREA's JROTC Awards Program.

Rick is also a member of the National Association of the Uniformed Services (NAUS) and is also an advocate for all veterans and retirees. Rick is currently serving as TREA: The Enlisted Association’s National President, having been elected for a second term at TREA’s National Convention in Colorado Springs, Colorado in September of 2013. Prior to serving on the National Board of Directors from 2009-2013 he served on several National Committees. During his tenure on TREA’s Board of Directors, he chaired the Legislative Affairs, Information Technology, Convention and 5-Year Plan committees.