

HJR

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Alaska State Legislature



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A Communication From
REPRESENTATIVE BOB LYNN
District 23 Anchorage

January 29, 2014

TO: Representatives Neal Foster and Gabrielle LeDoux, Co-Chairs – Military and Veterans' Affairs Committee

FR: Representative Bob Lynn

RE: HJR 021 A Resolution to Restore Military Benefits

Please schedule HJR 021 to be heard in the House Military and Veterans' Affairs Committee at your earliest convenience. HJR 021 urges the President of the United States and the United States Congress to repeal the COLA benefit reduction. The resolution was filed because the public should honor the promises made to our veterans. Thank you.

Sincerely Yours,

Representative Bob Lynn

Attached Documents

- HJR 021 Sponsor Statement
- HJR 021 ver U
- HJR 021 Supporting Documents-Article FOX BUSINESS NEWS
- HJR 021 Supporting Documents-Article MILITARY TIMES

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SPONSOR STATEMENT

HRJ 21

RESOLUTION TO RESTORE MILITARY BENEFITS

HJR 21 calls on the U.S. Congress and President Barack Obama to repeal legislation which reduces military retirement benefits.

Congress has no shortage of ways to reduce our nation's budget. It is unconscionable to do so by stripping promised retirement benefits from America's military retirees, including wounded warriors who have suffered loss of limbs and other grievous injustices on the battlefield. Without redress, military retirees could lose more than \$100,000.00, individually over the course of retirement, depending on the length of service and rank.

Military retirement benefits are a *de facto* contract: offer of military benefits, acceptance of military services including risk of life and limb, and consideration of military benefits including promised retirement pay.

America should honor its obligations.



'A Promise Broken': Budget Deal Hits Military Retirees' Pensions

by Christina Scotti

Published January 10, 2014 | FOXBusiness

Last month's congressional budget deal delivered a particularly hard hit to military retirees with at least 20 years of service, cutting their cost-of-living (COLA) adjustments by 1 percent a year until age 62.

Veterans' groups say the cut could amount to an average cash loss of \$80,000 or more for each affected retiree -- and a loss of confidence in the U.S. government's word.

The cut, meant to save an estimated \$6 billion over the next decade, does not take effect until 2015, but the battle over the provision has already started.

"The U.S. government has broken their promise and for someone who has committed themselves -- commitments that can be extremely grueling on a family -- and are pulling 15, 20 years or more, this is a fundamental loss of trust and has unquestionably hurt morale for active members," said retired Vice Admiral Norbert Ryan, president and CEO of the Military Officers Association of America (MOAA), a non-profit focused on military advocacy.

The typical 20-year retiree -- a 40-year-old sergeant first class in the Army (in the E7 pay grade) -- will receive \$23,000 in initial annuities. If the real cost of living climbs 3 percent in the first year the cuts go into effect, that retiree would lose \$230. By age 61, it's estimated that the same retiree would lose \$7,960 a year because of the 1 percent compounding factor, which adds up to an estimated \$82,982 in total losses, an average of \$3,771 a year, according to MOAA.

Ryan said that the long-term COLA impact isn't getting enough attention and that the provision, a small piece of the bipartisan budget deal Sen. Patty Murray (D-Wash.) and Rep. Paul Ryan (R-Wis.) negotiated, was part of a backroom deal that doesn't grandfather in people currently serving in the military who have been promised certain retirement benefits.

Vice-Adm. Ryan also pointed to a 2011 statement by then-Secretary of Defense Leon Panetta, who told a public hearing: "... we cannot break faith with those that have served and deployed time and time again and were promised the benefits of this retirement program. Those benefits are going to be protected under any circumstance."

Lawrence Korb, a former assistant secretary of defense during the Reagan administration and now a senior fellow at the Center for American Progress, a center-left public policy research group, defends the cuts.

"This is a good first step and provides [added money] for training for lives on the line. And if you put this into context, people [veterans] are not getting a bad deal," said Korb, who also served as a naval flight officer.

"For retirees who enlisted between 1986 and 2001, they are making out better," Korb added. "Between those years retirees received 40 percent of their base salary after 20 years of service. In 2001, it was reversed back to 50 percent of base, which was the commitment prior to 1986."

Ryan said the reason the Pentagon decided to go back to the 50 percent rate is simple: retention-rate problems.

"You need something beside patriotism to pull in high-quality officers for 20 years," he said. "Of course these people want to serve their country, but life is hard for many, going away for a year and then a year home. And many people often want to go and live their lives." According to MOAA, only 17 percent of the military force stays on as a career.

Korb also pointed out that 40 percent of all service members have never seen combat, but Ryan said that has absolutely nothing to do with collecting their military pension.

"All of these people have signed up to give their life and will go or not go, depending on where they are ordered," he said. "You don't have a choice."

Former Commander Mike Barron, deputy director of government relations at MOAA and a retiree directly affected by the provision, said the COLA reduction is not small, as it has been described.

"To make this politically palatable, what they lay this out as is a 1 percent reduction, and they only talk about the first year, which is a small amount," he said. "But they purposefully do not talk about the compounding factor and the real lost retirement pay that will happen."

Barron said it's all about context. The House Budget Committee estimates that for an 18-year-old enlistee who serves 20 years, the lifetime retirement pay would decline from \$1.734 million to \$1.626 million. That doesn't sound so bad, he admitted. But he pointed out it's meant to seem like a minimal reduction.

"They are giving you a half-truth," said Barron, who added that those large-sounding numbers are not the real dollars and cents a military veteran actually sees. "These are people who, after 20 years of service, had a base pay of under \$50,000 and are now losing around \$83,000."

The Committee for a Responsible Federal Budget agreed with Korb and said the "tiny military cut" is a positive move, pointing out that both the Washington Post and The Wall Street Journal editorial boards defended the provision.

Secretary of Defense Chuck Hagel warned publicly last year that the Pentagon can no longer put off looking into ballooning military compensation. A recent study by the Center for Strategic and Budgetary Assessments showed yearly compensation for active-duty members increased 57% between 2001 and 2012. (The number was adjusted for inflation.)

Secretary Hagel has spoken out against hitting disabled retirees with this provision but has not commented on the rest of the veterans affected.

"Secretary Hagel has said that the Administration wants reversed the unintended reduction in the cost-of-living adjustment for working-age military retirees with service-related disabilities and looks forward to working with the Congress to address other compensation-related provisions," said a Pentagon spokesman.

In Congress, there are Democrats and Republicans on both sides of the issue.

Senate Armed Services Committee Chairman Carl Levin (D-Mich.) said his committee would review the provision before the cuts take effect next year. Others are taking a swifter approach. Several proposals are on the table to overturn the COLA cuts in favor of other possible savings and there is vocal bipartisan Senate support from everyone from Sens. Mark Pryor (D-Ark.) and Kay Hagan (D-N.C.) to Sens. John McCain (R-Ariz.) and Kelly Ayotte (R-N.H.).

"Singling out our hardworking military members and their families wouldn't just be unfair, it'd be wrong," said Senator Pryor in a statement in December. "That's why I called on my colleagues to join me in supporting common-sense provisions to restore full retirement pay for our military retirees."

Vice Admiral Ryan concurs.

"Unlike civilian life, we need to grow these people from within and keep high-quality people there," he said. "Anyone who knows the economy right now knows that \$23,000 a year for a family of four is below the poverty level. So when they do leave the service, of course [retirees] will need to go out and start a new career. They are not retiring on \$23,000 dollars a year -- but they do depend on the government keeping its word on what they're owed."

<http://www.foxbusiness.com/personal-finance/2014/01/10/promise-broken-budget-deal-hits-military-retirees-pensions/>

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Top enlisted retirees push back on COLA cuts

By Patricia Kime Staff writer

Jan. 27, 2014 - 08:07PM |

militarytimes.com



Kent and Campa MWM 20130109

**Top row: Carlton Kent, Charles Bowen, Joe Campa.
Bottom row: Jack Tilley, Jim Roy, Vince Patton (Staff
and file photos)**

Chip Hoynes retired from the Coast Guard in 2007, landing a high-paying job with a defense contractor in the same field he worked in on active duty.

But several years later, the company went bankrupt, and Hoynes, a former chief operations specialist, found himself jobless. After a few stints doing defense contracting work, he joined Home Depot, but the entry-level position didn't match the 22-year veteran's expectations for responsibility,

challenge or remuneration.

He left the big-box store and has been job-hunting ever since.

Hoynes and his wife, who live in Dawsonville, Ga., rely on his \$1,600-a-month military retirement pay (after taxes, health care and insurance payments) and her small retail salary to pay the bills.

But in a town where the median home price is more than \$200,000 and a gallon of propane heating fuel shot up this year from \$1.90 to \$3.25 a gallon, the buying power of Hoynes' pension doesn't go far.

"We definitely aren't living high on the hog here," Hoynes said.

If the cost-of-living adjustment reduction to military retired pay included in the Bipartisan Budget Act goes into effect in December 2015, the retired chief, now 50, stands to lose as much as \$55,000 in retirement pay over his lifetime.

The forfeiture doesn't sit well with Hoynes or many of the more than 840,000 working-age retirees who will see a 1-percentage-point cut to their annual retirement pay increases starting in 2016.

It also doesn't impress six retired sergeants major, master chiefs and chief master sergeants who spoke to Military Times on behalf of those who will be affected if the cuts are not repealed by Congress. They are:

Retired Chief Master Sergeant of the Air Force James Roy

Retired Sergeant Major of the Marine Corps Carlton Kent

Retired Master Chief Petty Officer of the Navy (SW/FMF) Joe Campa

Retired Sergeant Major of the Army Jack Tilley

Retired Master Chief Petty Officer of the Coast Guard Charles "Skip" Bowen

Retired Master Chief Petty Officer of the Coast Guard Vince Patton

"You don't join the military to get rich. There are a lot of sacrifices. There are PCS moves. There are bullets flying overhead. We're still fighting a war, and now we are talking about reducing the COLA? I don't get it," recently retired Chief Master Sergeant of the Air Force James Roy said.

In interviews, Roy and the others denounced the reductions, calling them unfair to the average enlisted troops who often struggle to find decent-paying jobs when they leave the service.

The six senior enlisted leaders said they decided to speak out after four retired generals and flag officers issued a statement Jan. 13 voicing support for the cuts.

Writing for the Bipartisan Policy Center, retired Marine Gen. James L. Jones, retired Marine Maj. Gen. Arnold Punaro, retired Air Force Gen. Chuck Wald and retired Navy Adm. Greg Johnson said the planned reduction, which they later described in an op-ed piece in The Hill newspaper as "modest and reasonable reform," is "an important first step in tackling" rising military personnel costs.

"Very generous health care and pension benefits for able-bodied, working age (38-62) military retirees — benefits that have no parallel in either the private or public sectors — cannot remain the same without causing damage to our war-fighting ability in an era of constrained resources," they wrote in the editorial.

But the senior enlisted advisers said the pending changes are an assault on what they consider a benefit they've already earned — the promise of retirement pay that will keep up with inflation.

"I've been in and out of Afghanistan 16 times ... and was fighting in the streets of Saigon when I was 18 years old. When you have people like myself who have dedicated our lives to the military and then they want to start cutting on benefits, it's sort of unfair," Tilley said.

"I think people inside the [Capital] Beltway forget that most military retirees are not making huge amounts of money," Bowen said. "They are working day-to-day jobs just to get by."

The enlisted leaders argue that the changes to retirement have shaken the foundation of those currently serving and worry the legislation could damage readiness and retention.

Without people, they said, there would be no one to run the hardware the Pentagon wrangles to fund or fight wars.

"The mission is always going to be first, but you can't complete a mission without taking care of your people first. There's many places they can cut the budget vice going after military personnel," Kent said.

According to Military Times calculations, a service member who retires as an E-7 with 22 years of service would see an average loss of \$100,000 by the time he or she reached age 62, while an O-5 stands to lose \$121,000.

Of the enlisted leaders who spoke out, Tilley would be unaffected by the cuts because of his age. Kent and Patton would face two to three years of COLA reductions while Bowen, Roy and Campa would all see

at least five years of COLA cuts.

None of the flag officers who spoke in favor of the cuts would be affected by the reductions. The three four-stars will earn, combined, more than \$560,800 in retirement pay in 2014.

Yet the senior enlisted group said they don't take issue with those or any other officers' retirement pay. Instead, they believe someone needs to let lawmakers know that many retired service members do not have high-paying second careers and lack the education or experience to get one.

"God bless 'em," Patton said, referring to the general officers. "They've earned what they get, and we're not knocking them. But we served with an agreement that our retirement pay would keep up with inflation, and to use a COLA to control defense spending is ridiculous. I think we've already paid at the office."

Members of the Joint Chiefs of Staff, including Army Gen. Ray Odierno, were surprised when news of the COLA reduction emerged during debate on the budget act, co-authored by Rep. Paul Ryan, R-Wis., and Sen. Patty Murray, D-Wash.

But Defense Secretary Chuck Hagel said the move opens a dialogue with Congress to "realign priorities and address needed reforms."

The Military Compensation and Retirement Modernization Commission is in the process of reviewing the current pay and benefits packages and is expected to make recommendations on reform by 2015. Meanwhile, military support and veterans organizations are pressing for repeal of the COLA reductions.

President Obama signed the omnibus spending bill, which included a provision to overturn the cuts for medically retired personnel and survivors receiving annuities under the Survivor Benefits Plan. And several lawmakers have proposed legislation that would undo the cuts for all retirees.

The Senate Armed Services Committee will conduct a hearing Tuesday on the impact that the reductions, which are expected to save the federal government \$6 billion, would have on retirees.

Campa said he will watch the legislation closely.

"I've heard people say it's not a big deal — it's not that much money. But if it's not a lot, don't do it, because the cost of doing this is too high a price to pay."



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