

Gold Star Wives of America, Inc., is a Congressionally chartered service organization comprised of surviving spouses of military service members who died while on active duty or as a result of a service-connected disability. Many of our membership of over 13,000 are the widows of service members who were killed in combat during World War II, the Korean War and the Vietnam War. Almost all of our members are receiving Dependency and Indemnity Compensation (DIC). In fact, as of December 2001, there were 330,971 survivors receiving DIC, including 290,742 widows. The largest group of widows receiving DIC continues to be the World War II widows (110,821), followed closely by the Vietnam Era (101,238). Interestingly, there are 9 widows from the Spanish-American War and the last surviving widow of the Civil War is also receiving DIC. According to the Veterans Administration, more than 75% of the new DIC entrants are over 65 years old. Our median income (in 1993) to include our DIC benefit is only \$16,495.00 per year and our attrition rate due to death or remarriage (in 1994) is 2% according to the 1995 GAO Report to the Veterans affairs Committees. Since our constituency is almost exclusively female, I will use the female gender here.

INTRODUCTION

We thank both Committees for inviting Gold Star Wives to give oral testimony before you today. As you are aware, our needs and especially those of active-duty widows are not always apparent to other veterans' service organizations, however helpful and supportive they have been over the years. We especially want to thank the members of your respective committee staffs for their work and consideration. The legislative accomplishments in the last session on behalf of survivors can be translated into truly distinctive improvements in the quality of their lives. Your dedication and the dedication of your staff members on behalf of survivors have made a considerable impact on the day-to-day lives of our members.

THANK YOU FOR THE VETERANS' SURVIVORS BENEFITS IMPROVEMENT ACT OF 2001 (P.L. 107-14), THE VETERANS EDUCATION AND EXPANSION ACT OF 2001(P.L. 107-103), THE VETERANS APPROPRIATIONS FOR 2002 (P.L.107-11) AND THE WORLD WAR II MEMORIAL (P.L.107-11)

The Veterans' Survivors Benefits Improvement Act of 2001 (P.L. 107-14), is one of the most significant pieces of legislation passed for our members in many years. It gives our members who are over 65 and enrolled in Medicare Part B the very significant benefit of providing them with comprehensive supplemental health insurance. CHAMPVA for Life gives those members who had to purchase this kind of coverage much needed additional income. More often than not, those members had to pay hundreds of dollars each month for this kind of coverage and now are able to save the cost of those premiums. This means a lot for those widows who may be somehow surviving on their Dependency Indemnity Compensation (DIC) monthly benefit of \$937. The benefits under CHAMPVA for Life include a prescription drug benefit that also often means widows may not have to

make a choice between paying for their life-saving medications and their other daily necessities.

While there was a bit of a hitch in the statutory interpretation of this new law by The Department of Veterans' Affairs; an erroneous reading that would have excluded many survivors who were clearly intended to be covered by the statute. Gold Star Wives was expeditiously able to obtain a VA General Counsel's Opinion ending the narrow view of this law that could have been used to deny many eligible widows their rightful benefits under this vital law. The implementation of the new law by the VA Health Administration also appears to have its wrinkles. Anecdotal reports by our members vary widely on how this new benefit is working. We are continuing to work closely with the program administrator in Denver and have been given assurances of continuing assistance for our members.

This Act also rightfully expanded the life insurance benefit coverage under the provisions of the Servicemembers' Group Life Insurance (SGLI). Our members are well aware of the limitations of the life insurance benefits for survivors. The increase to \$250,000 for those who die on duty is a step in the right direction. So is the increase in coverage for members' spouses and children.

However, we would be less than honest if we did not express a sense of outrage at the enormous benefit packages passed by Congress to compensate the survivors of 9-11. We cannot help but draw a comparison with the survivor benefits that are renewed year after year by the members of your committees. It seems painfully obvious to the survivors of many who gave their lives in combat defending the freedom of our nation that they are being shortchanged in comparison with civilian survivors. Our benefits pale in comparison. There is an issue of fairness to those who made the commitment to pledge their lives in the event they were called to make the ultimate sacrifice for their country.

This Act also directs the Secretary of Veterans' Affairs to ensure that the needs of veterans' survivors are adequately addressed. The law directs the Secretary to reach out to survivors who may be eligible for benefits and not know it. The use of veterans publications, the Internet and the media are mandated. We must emphasize that those widows of servicemembers whose subsequent marriages have ended and are consequently eligible for DIC fall within the ambit of this law. Rose Lee, our former president, testified at the hearing for the law that outreach to this group of widows could be accomplished best by the use of the media. She suggested that the Secretary appear on Oprah and use public service announcements to get the word out. We have followed up with the VA and hope that you will encourage them to carry out this provision of the law.

Effective December 1, 2001, we received an average cost of living increase of 2.6% in our DIC and compensation rates as a result of The Veterans Appropriations Act for 2002 (P.L.107-11) passed during the last session of the 107th Congress. We want to acknowledge your efforts in securing this increase, as every little bit helps. This increase

keeps our basic benefit on pace with inflation.

The Veterans Education and Benefits Expansion Act of 20001 (P.L. 107-103) increased our monthly Chapter 35 Survivors' and Dependents' Educational Assistance from \$608 to \$670. It also increased the home loan guaranty from \$50,750 to \$60,000 and increased the burial and funeral expenses to \$2000 and the burial plot allowance to \$300. These increases help, but surely you understand these benefits do not come close to defraying the real costs of a survivor returning to college, buying a home or burying a loved one. Gold Star Wives seek the assistance of both the Senate and the House Veterans' Affairs Committees of the Second Session of the 107th Congress to address the following needs and concerns of the survivors of those who died for their country:

RETENTION OF DIC UPON REMARRIAGE AFTER AGE 55

Every federal survivorship program, including yours as Members of Congress, Civil Service employees, the CIA, and the vast Social Security program allows surviving spouses to remarry at an older age and to retain their survivorship benefits. The VA's DIC program is a glaring exception and remains the most restrictive of all federal survivorship programs. The DIC program has the highest percentage of female participants (almost 100%) of any federal program, and we believe that is why our program continues to be the most punitive to those who choose to remarry.

Congress acknowledged the changed realities of marriage when it allowed all other classes of federal survivors to retain survivorship benefits after remarriage. When a person remarries after the age of 50, it is usually not for the first time. Both parties generally have pre-existing financial obligations. The older marrying couple often does not have the protections of a survivorship option because that option went with the previous spouse, or because the pension was already in payout status. Both spouses have an obligation to support each other and often have a duty to spend their respective resources on the other spouse's final illness. When a Gold Star Wife remarries in her older years, she typically takes on every bit as much financial responsibility as her husband does. The concept of remarrying to "be supported by a husband" is a completely outdated concept. We get letters from our members who have found the right person, the right companion and one who can give them comfort in their twilight years, but cannot afford to lose their DIC benefits. So, their emotionally charged letters express the frustration of not being able to marry, as their values would not permit them to live together. This is especially true at a time in their lives when marriage would bring them great solace. Marriage among the elderly is very much an economic partnership and without DIC most Gold Star Wives would be indigent. Since the average age of the DIC recipient is 69, the numbers of those remarrying would not be significant.

In the past, Congress has acted as if the DIC program should not be as generous as the other federal survivorship programs because our husbands did not contribute to their retirement programs. But, being killed or permanently injured in defense of your country are certainly contributions that should be recognized as having the same or greater value. What greater contribution can there be? Our widows' husbands could not quit their jobs

in the face of certain death or injury and in some cases their service was not even voluntary. Our servicemen are paid far less than their civilian counterparts and their widows should not then be punished for the lack of a survivorship benefit to contribute.

In years past, Congressman Michael Bilirakis (R-FL) has introduced legislation to end this glaring inequity. He has again shown himself to be a friend of Gold Star Wives with the introduction of H.R. 1108. We are asking that these Committees support such a bill again. We military widows are only seeking parity with all other surviving federal spouses. The loss of our DIC has to end should we chose to remarry after the age of 55.

This loss of DIC under the remarriage penalty has had a demoralizing and adverse financial effect on countless widows. We have included the letters of our members who have been directly affected by this outdated and punitive law and one of our members is here to testify today.

END THE SBP/DIC OFFSET INEQUITY

As you know, a service member receiving or entitled to receive retirement pay may participate in the Survivor Benefit Plan (SBP) to ensure his widow will have some income in the event of his death. However, for those retired servicemen who die as a result of a service-connected disability and therefore entitling his widow to become eligible for DIC, the widow's SBP will then be offset dollar for dollar by her DIC. While this issue may be more appropriate for the respective Armed Services Committees, it remains so egregious that we must speak out now and request you to speak to your counterparts concerning it.

This patently unfair offset currently affects approximately 44,770 widows. While DIC is non-taxable income and SBP is taxable, widows of these disabled retirees see little or no SBP funds despite having paid monthly premiums adding up to thousands of dollars over the years. As a consolation for having made these payments, the accumulated premiums are returned to them without interest. This then becomes a taxable event for her. Unfortunately, there was very little tax advantage for the disabled retiree when paying SBP premiums because his income was predominately non-taxable. Consequently, there is no real advantage to SBP for this group of widows and, in fact, it becomes a burden. You cannot imagine the resentment of some widows who figure out that the federal government is collecting taxes on SBP contributions for which they gained nothing financially. The net effect of their monthly premium payments that the retired disabled veteran's widow pays taxes for having given the federal government a tax free loan.

There is no civilian employer that would be permitted to return many years of survivorship contributions, without interest, should it chose not to pay on a purchased benefit. Yet, under current law the widow of a military retiree is denied participation in a cost-sharing benefit that was meant to protect them. Again, had the disabled service member retired from 20 years of federal civil service, the widow would be entitled to both the civil service survivor benefit and DIC, with no offset. How can there be a rational reason for this disparate treatment of military widows and federal civil service widows?

Many SBP/DIC widows have spent more than 20 years sacrificing and supporting their husband's military careers and then years taking care of them during their years of disability. Retired pay represents deferred compensation for the 20 or more years of military service and disability pay is designed to compensate for a veteran's reduction in quality of life and lost future earnings as a result of his sacrifice for his country. Just as the disabled military retirees should be entitled to both benefits, so should their widows. Many of these widows are in their 50s or older and have not had the opportunity to develop their own careers. The DIC attempts to indemnify them for their husband's loss of life and an element of support for their future. The SBP represents completely different income that they have paid for and made a life of sacrifices for like multiple deployments, constant anxiety about their husband's well being, frequent moves, and no real chance to invest in a pension of their own.

We asking that the Members of these Committees work with the Armed Services Committees to develop a fair survivor program for widows of retirees, or those entitled to retired pay whose husbands have died of a service-connected disability. Senator Bill Nelson (D-FL) supported our plight in his efforts to amend the last Defense Authorization bill and we thank him for his work. Unfortunately, his amendment did not survive the parliamentary fight over this bill. But, Senator Nelson has introduced legislation in the session as has Congressman Henry Brown (R-SC) in the house. Remember, the federal survivors programs were changed for the widows receiving benefits under Civil Service Act, the Federal Employees Compensation Act, the Railroad Retirement Act and Social Security. It is time to change this unjust provision for survivors of disabled military retirees.

REEVAULATE THE TWO-TIERED DIC STRUCTURE: IS IT INEQUITABLE?

In 1992, Congress amended the method of determining the amount of DIC to "establish parity among all surviving spouses." (Military Compensation Background Papers, Department of Defense, 5th Edition, Sept. 1996, p. 630) The DIC Reform Act changed the method of determining the amount of the DIC award from being based on the service member's rank, to a "more equitable" system in which all survivors would receive awards in the same amount. The Department of Veterans Affairs supported the change because:

"The large majority of DIC recipients are awarded the benefit following post-service deaths, many occurring several decades after separation from service. In those cases, military rank attained by the deceased is not related to his or her income prior to death." (Military Compensation Background Papers, at 630.)

The Reform Act, however, did not make any provision for the very measurable loss of support in the case of active duty deaths. The widows of career Senior NCOs and Field Grade Officers are especially hurt under this act. They spent many years supporting their husband's careers to help earn the benefits of retirement. But, their husband's untimely death left them completely ineligible for the earned retirement. This inequity and its consequential economic harm are reflected in the fact that these older active duty widows receive DIC payments that are as little as 10% of their husband's base pay at the time of

death. The recent legislation allowing active duty widows to receive SBP is not retroactive, and affects only a handful of new widows.

The Reform Act provides a supplemental payment for widows who were married to service members who had been 100% disabled from a service-connected injury for eight or more years. While there is no doubt that those widows do deserve the supplemental, it remains an inequity for others. Young widows who brought up their children without their father and those older active duty widows who lost a service member during his prime earning years and their consequential loss of an expected retirement benefit also have suffered extreme financial hardships. Their economic plight should not suffer because their spouses died prematurely in the service of their country. Enlistees today would be horrified at such prospects for their spouses. Widows of all categories deserve the supplement. We are asking that your Committees again look at the DIC program and try to achieve a more equitable balance among DIC recipients.

EDUCATION BENEFIT

DIC widows have traditionally used their Survivors and Dependents Educational Assistance benefits at a participation rate of less than 1% per year. The reason for the low participation rate is that young widows who could probably most benefit from the program are, more often than not, raising children and the current benefit would barely cover the cost of child care for one child. Consequently, by the time their children have grown up and they may be freer to use the benefit, they may have remarried or the 10-year limit will have been exhausted.

Unexpected widowhood, no matter what the circumstances entails a very difficult transition period into a very different life. As military wives, many of us were unable to pursue our educational goals as the demands on a military family often preclude it. Usually we did not stay in one place long enough to attend school consistently. We also had our duty to remain supportive and keep our husbands "battle ready." While we always welcomed the opportunity to be the best we can be, family responsibilities usually came first. So, in order to give us the opportunity to take advantage of our aspirations for higher education, we would ask for a 20-year delimiting date rather than the current 10-year date.

We also support all legislation tying this benefit to the average costs for a state university education. This would set this benefit back on a course to be more in tune with the W.W.II education benefits that had such a great impact on our nation. In a time and culture that places a premium in the job market on education, such a benefit could have a similar impact.

SUPPORT FOR THE FLAG PROTECTION AMENDMENT

Gold Star Wives would also like to mention that we passed a resolution to support protecting the U.S. flag from physical desecration. We are grateful to House of Representatives for voting in support of during the 106th Congress. We are joining with

49 states that have petitioned Congress to pass this amendment. We urge both the House and the Senate to pass this legislation during the 107th Congress.

CONCLUSION

Thank you for inviting Gold Star Wives to appear before you today and to present our legislative agenda. In summary, we respectfully request your Committees to support the following *

- Permit widows to retain their DIC upon remarriage after the age of 55; *
- Eliminate the SBP/DIC offset; *
- Evaluate the inequitable two-tiered DIC structure with a comprehensive study of DIC; *
- Extend the Survivors and Dependents Educational Assistance benefits to a 20 year delimiting period and make them based upon the average costs of a state +university education.

BIOGRAPHY OF RACHEL CLINKSCALE

Rachel A. Clinkscale is the Chairman of the Board of Directors of Gold Star Wives of America, Inc. and lives in Vincent, Alabama. She works as a Casualty Property Insurance Agent after retiring from 24 years of working for the Travelers Insurance Company in Birmingham. She has served as the VAVS Representative at the Birmingham VA Medical Center and the Civilian Project Officer for the National Veterans Day ceremonies in Birmingham. Mrs. Clinkscale is the widow of SFC James A. Bunn, KIA 2 February 1968 in Vietnam.

DISCLOSURE STATEMENT

Neither Mrs. Clinkscale nor the Gold Star Wives of America, Inc. have received any Federal Grant or contract during the current or previous two fiscal years relative to the subject matter of this testimony.