Collection: Blackwell, Morton: Files
Folder Title: National Association of Uniformed Services (2 of 2)
Box: 44

Fete
Nat'l Assoc.
of Uniformed
Services

MEMORANDUM

Don/Morton -
Please let me know how this
gets up!

THE WHITE HOUSE

WASHINGTON

July 1, 1981

TO: Don Moran

FROM: Morton C. Blackwell

Per our discussion of a few weeks ago, I have attached a draft of a letter that I would like to send to the following agencies:

Veterans Administration
Department of Defense
Office of Personnel Management
United States Postal Service
Department of Health and Human Services

Please let me know if this letter is, in your judgment appropriate.

Obviously, I do not intend by this letter to telegraph any Administration position to Departments or Agencies.

Ed Harper --

Any thoughts on this proposed exercize?

7/6

7/15 xeroxed by Rose in OMB office

7/15/ Don Moran is taking it up again with Harper

8/5 sent copy to Mrs. Schriber X 4650

THE WHITE HOUSE

WASHINGTON

Dear___________:

I understand the Senate Committee on Governmental Affairs has requested your agency's position on S. 46 and the House Committee on Post Office and Civil Service has requested your position on H.R. 116. These are bills to amend PL 84-881 to allow veterans retired from the Civil Service and Postal Service to continue after age 62 to have annuity credit for their military service when they are entitled to social security. PL 84-881 currently requires that their annuities be recomputed to eliminate all credit for military service after 1956.

During the Carter Administration the committees were unable to obtain executive agency positions on the virtually identical predecessor bills, in spite of repeated requests.

The National Association of Uniformed Services and other military and veteran groups have asked that the White House encourage your Agency to respond to requests from congressional committees on these bills.

I would hope that you could formulate and transmit a position on these bills, consistent with Administration policy.

What is the policy?

Sincerely,

Morton C. Blackwell
Special Assistant to the
President

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 1, 1981

TO: Don Moran

FROM: Morton C. Blackwell

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Taken to Don 7/6
make follow up call soonest.
called 7/8 - sent to Ed. Harper
7/9 -
7/14
7/15

THE WHITE HOUSE

WASHINGTON

Dear ___________:

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During the Carter Administration the committees were unable to obtain executive agency positions on the virtually identical predecessor bills, in spite of repeated requests.

The National Association of Uniformed Services and other military and veteran groups have asked that the White House encourage your Agency to respond to requests from congressional committees on these bills.

I would hope that you could formulate and transmit a position on these bills, consistent with Administration policy.

Sincerely,

Morton C. Blackwell
Special Assistant to the
President

From the desk of:

John P. Sheffey
Executive Vice. Pres.

Dear Milt:

Attached:

– Copies of House Committee letters to Executive agencies requesting positions on HR 116.

– Record of Senate Committee requests for positions on S. 46 (letters still not retrieved from computer).

– Suggested draft of your letter to agencies. It is critically important that they be alerted to the relationship with the new social security proposals.

Recommend you send copies of your letter to OMB. I am writing Stockman along the same lines.

John S.

DRAFT - 5/15/81

Dear ________________

I understand that the ~~Senate Committee on Governmental Affairs~~ Sub Committee on Compensation and Employee Benefits of the House Post Office and Civil Service Committee has requested your agency's position on S. 46 and the House Committee on Post Office and Civil Service has requested your position on HR 116. These are the bills to amend PL 84-881 to allow veterans retired from the Civil Service and Postal Service to continue after age 62 to have annuity credit for their military service when they are entitled to social security. PL 84-881 currently requires that their annuities be recomputed to eliminate all credit for military service after 1956.

During the Carter Administration the committees were unable to obtain executive agency positions on the virtually identical predecessor bills, in spite of repeated requests. ~~This should not happen again, for the issue concerns more than one million veterans in the Civil Service and Postal Service. Further, the President's recent proposal for reduction of social security benefits for federal annuitants could result in an unintended dual reduction of retirement income for those who are also veterans. Now they have their annuities reduced because they are entitled to social security. The new proposal would also reduce their social security because they have annuities. Please take this into consideration in your position on the subject bills.~~

Sincerely,

The National Association for Uniformed Services and other military and veteran groups ~~has~~ have asked that the White House encourage your agency to ~~respond~~ respond to requests from congressional committees on these bills.

I would hope that you could ~~[illegible]~~ ~~on these~~ formulate and transmit a position on these bills, consistent with Administration policy. Sincerely,

511a MMK/jv

April 7, 1981

Honorable Rufus Wilson
Acting Administrator
Veterans Administration
Washington, D. C. 20420

Dear Mr. Wilson,

Public Law 84-881, enacted in 1956, requires that if an individual combines years of military service with years of civilian service in order to qualify for civil service retirement, that individual's annuity is subject to recomputation at age 62 if any of the years of military service were covered by social security--that is, military service after 1956. When such an individual reaches age 62, and thus becomes eligible for social security benefits, his civil service annuity is recomputed, deducting the years of covered military service.

H.R. 116 has been introduced in the 97th Congress by Congressman Bennett. This legislation would eliminate the recomputation requirement by providing civil service annuity credit for all periods of government service, including military service, regardless of eligibility for social security benefits. H.R. 116 is similar to legislation introduced in the 95th and 96th Congresses.

Enclosed for your review is a copy of H.R. 116. I would appreciate receiving your views on this legislation.

Sincerely,

Mary Rose Oakar
Chair
Subcommittee on Compensation
and Employee Benefits

Enclosure

511a MMK/jv

April 7, 1981

Honorable Casper W. Weinberger
Secretary
Department of Defense
Washington, D. C. 20301

Dear Mr. Secretary,

Public Law 84-881, enacted in 1956, requires that if an individual combines years of military service with years of civilian service in order to qualify for civil service retirement, that individual's annuity is subject to recomputation at age 62 if any of the years of military service were covered by social security--that is, military service after 1956. When such an individual reaches age 62, and thus becomes eligible for social security benefits, his civil service annuity is recomputed, deducting the years of covered military service.

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Sincerely,

Mary Rose Oakar
Chair
Subcommittee on Compensation
and Employee Benefits

Enclosure

511a MMK/jv

April 7, 1981

Honorable Donald J. Devine
Director
Office of Personnel Management
Washington, D. C. 20415

Dear Mr. Devine,

Public Law 84-881, enacted in 1956, requires that if an individual combines years of military service with years of civilian service in order to qualify for civil service retirement, that individual's annuity is subject to recomputation at age 62 if any of the years of military service were covered by social security--that is, military service after 1956. When such an individual reaches age 62, and thus becomes eligible for social security benefits, his civil service annuity is recomputed, deducting the years of covered military service.

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Enclosed for your review is a copy of H.R. 116. I would appreciate receiving your views on this legislation.

Sincerely,

Mary Rose Oakar
Chair
Subcommittee on Compensation
and Employee Benefits

Enclosure

511a MMK/jv

April 7, 1981

Honorable William F. Bolger
Postmaster General
United States Postal Service
475 L'Enfant Plaza, S. W.
Washington, D. C. 20260

Dear Mr. Bolger,

Public Law 84-881, enacted in 1956, requires that if an individual combines years of military service with years of civilian service in order to qualify for civil service retirement, that individual's annuity is subject to recomputation at age 62 if any of the years of military service were covered by social security--that is, military service after 1956. When such an individual reaches age 62, and thus becomes eligible for social security benefits, his civil service annuity is recomputed, deducting the years of covered military service.

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Enclosed for your review is a copy of H.R. 116. I would appreciate receiving your views on this legislation.

Sincerely,

Mary Rose Oakar
Chair
Subcommittee on Compensation
and Employee Benefits

Enclosure

MMK/jv

April 7, 1981

Honorable Richard Schweiker
Secretary
Department of Health and Human Services
Washington, D. C. 20201

Dear Mr. Secretary,

Public Law 84-881, enacted in 1956, requires that if an individual combines years of military service with years of civilian service in order to qualify for civil service retirement, that individual's annuity is subject to recomputation at age 62 if any of the years of military service were covered by social security--that is, military service after 1956. When such an individual reaches age 62, and thus becomes eligible for social security benefits, his civil service annuity is recomputed, deducting the years of covered military service.

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Enclosed for your review is a copy of H.R. 116. I would appreciate receiving your views on this legislation.

Sincerely,

Mary Rose Oakar
Chair
Subcommittee on Compensation
and Employee Benefits

Enclosure

SPECIFIC DOCUMENT REQUEST

****

S. 46

SPONSOR: Thurmond

COSPONSOR(S): CURRENT(10) WITHDRAWN(0)
Goldwater (A-01/21/81);Inouye (A-01/29/81);
Schmitt (A-02/03/81);Cochran (A-02/19/81);
Burdick (A-02/26/81);Matsunaga (A-03/05/81);
Tower (A-03/05/81);Melcher (A-03/06/81);Cannon (A-03/24/81);
Simpson (A-04/07/81):

LATEST OFFICIAL TITLE :
A bill to amend title 5 of the United States Code to permit present and former civilian employees of the Government to receive civil service annuity credit for retirement purposes for periods of military service to the United States as was covered by social security, regardless of eligibility for social security benefits.

SENATE COMMITTEE REFERRALS: Committee on Governmental Affairs
Subcommittee on Civil Services, Postal Operations, and General Services

CHANGES:

LEGISLATIVE STATUS:

	SENATE	Jan 5, 81	Read second time and referred to Senate Committee on Governmental Affairs.
	SENATE	Jan 21, 81	Referred to Subcommittee on Civil Service and General Services.
	SENATE	Feb 9, 81	Committee on Governmental Affairs requested executive comment from GAO; CBO; OMB; Defense Department; Office of Personnel Management. *
ADD	SENATE	May 5, 81	Committee on Governmental Affairs received executive comment from GAO.

* Committee staff informed me that VA, H+HS, and Postal Service have been added

JS

NATIONAL ASSOCIATION FOR UNIFORMED SERVICES
5535 HEMPSTEAD WAY
P. O. BOX 1406
SPRINGFIELD, VIRGINIA 22151
TEL. (703) 750-1342

"The Serviceman's Voice in Government"

"Established 1968"

CATCH-62

NATIONAL ASSOCIATION FOR UNIFORMED SERVICES
5535 HEMPSTEAD WAY
P. O. BOX 1406
SPRINGFIELD, VIRGINIA 22151
TEL. (703) 750-1342

"CATCH-62,*" THE INEQUITABLE TREATMENT OF MILITARY SERVICE IN THE COMPUTATION OF CIVIL SERVICE ANNUITIES AFTER AGE 62

"CATCH-62" refers to the provision in PL 84-881 which requires that at age 62 and thereafter, all civil service retirees who are veterans and have combined their military service and civil service for calculation of their civil service annuities, when eligible for social security benefits due in any part to military service, must accept a recomputation of their annuities, omitting all credit for their military service after 1956. These annuity reductions take place even though the retiree may not receive social security payments because he is working or would prefer to delay receiving them for other reasons. Even when social security is received, the annuity losses are frequently far greater than the social security payments. The annuity loss averages a little over 3 percent for each year of military service after 1956.

This enforced substitution of a less advantageous civil service annuity when a veteran has properly qualified for an annuity based upon all his government employment and the average of his highest three years' pay was placed in PL 84-881 without adequate hearings or evaluation of its long-term impacts. While the intent of the law was to provide military personnel a portable social security benefit and to increase their incomes in retirement, the Civil Service Commission (CSC) objected to veterans' receiving credit for both social security and their annuity for the same years of service. The commission took the position that this would be a "double credit" in violation of laws which preclude crediting service to two retirement systems at the same time. The fallacy in this objection is that the Social Security System is not a retirement system, and was never so intended. It was originated in 1936 as an old age benefit to keep persons in their declining years from becoming indigent. It was expected that social security recipients would have additional income from part-time work, personal savings and retirement plans.

In order to qualify for a civil service combined annuity, a veteran entitled to military retired pay must waive all rights to it and accept only the annuity. There is no double credit for the military service; it is counted only for civil service retirement. Military retirees who do not enter the civil service receive both their full retired pay and social security payments based upon the same periods of military service. Temporary federal employees are also simultaneously covered by the Social Security System. Under PL 91-360 temporary employees who acquire permanent employee status and come under the civil service retirement system may credit all their temporary employment for retirement purposes without penalty at age 62 and also retain their social security entitlements based upon their temporary employment. More than 350,000 temporary civil service employees have become permanent employees, and the number is increasing daily. Approximately 45 percent of the 2.9 million civil service and postal service employees have had some military service. Nearly one million, including 345,000 Vietnam veterans, have had service after 1956 and are subject to "CATCH-62." Only 14 percent of these veterans are military retirees, but all will suffer from "CATCH-62" when they become eligible for social security.

*In 1955 Joseph Heller published "CATCH-22" about WW II Army pilots. The term has entered the language meaning a situation from which there is no escape. PL 84-881 created a no-escape 62d birthday situation for the veteran in the civil service that has become known as "CATCH-62."

At present, federal civil service retirees who have had no military service after 1956 do not suffer annuity reductions at age 62 if they are entitled to social security (or at any later age if they become so entitled). About 60 percent of civil service annuitants are entitled to social security payments in addition to their annuities.

Military retirees who do not enter the civil service draw retired pay from the date of their retirement and social security at age 62 or later, when eligible. The uniformed services have been required to contribute to social security since 1956, and any military retiree with 10 years of service after 1956 is eligible for social security on the basis of military service alone.

However, the individual with any military service after 1956 who enters the civil service and retires, counting his military service in the computation of his annuity, is required at age 62 to forfeit that portion based on his military service if he is entitled to social security (or at any later age when he becomes so entitled). The annuity reduction takes place even when he cannot draw social security because he is working again, and he does not have the choice of deferring the annuity reduction to age 65 for maximum social security payments. Unlike the all-military careerist or the all-civil service careerist, the "CATCH-62" victim is denied retirement income after age 62 based on all his government service just because he transferred from military to civil service.

It is a matter of equity that all employees of the civil service should receive equal consideration on retirement for service rendered to the U. S. Government, be it military or civil service. This was a principle of the Civil Service Retirement Act of 1920 and has remained constant except for the single anomaly "CATCH-62" created in 1956 by Section 8332 (j), Title 5, PL 84-881. Some agencies have obtained exceptions for all or part of their employees who are veterans. These are the Foreign Service, the Environmental Protection Agency, the Federal Water Pollution Control Administration, and the Consumer Product Safety Commission. In fairness, the policy should be the same for all.

Civil service annuitants with military service who are reserve retirees under Chapter 67, Title 10 of the U. S. Code do not have to waive reserve retired pay to include their years of active military service in the computation of their annuities prior to age 62. If they are eligible for social security at age 62, their annuities are reduced by "CATCH-62" just as are the annuities of all others credited with military service after 1956. However, their reserve retired pay based on both active and reserve duty continues unchanged. If they are not entitled to social security, their active military service continues to be credited for both reserve and civil service retirement.

The present law does not penalize veterans who have not completed their 40 quarters for coverage, even if some of the quarters were in the automatically covered military service after 1956. But if the veteran, through any additional social security covered employment, does complete his coverage to the required 40 quarters, his civil service annuity is required by PL 84-881 to be reduced by denial of credit for his military service subsequent to 1956. This reduction is at age 62 or at any time thereafter that he completes the 40 quarters of coverage.

A civil service retiree who served in the uniformed services for 5 years after 1956, and has his required total of 40 quarters, will lose about 17 percent of his CSA annuity at age 62. A federal employee retiring in 1979 with 11 years in the uniformed services after 1956 would find his CSA annuity reduced by about 37 percent. The social security entitlement often is far less than the lost annuity income.

The unfairness of the present law and the unevenness of its application is illustrated by the following table:

Annual Incomes at Age 62 for Average Civil Servant
Who Retired at Age 55 and is Entitled to Social Security
(all veterans subject to "CATCH-62")

	Non-veteran W/Min. Soc. Sec. Income	Veteran W/3 Yrs. Mil. Svc.	Veteran W/10 Yrs. Mil. Svc.	Non-veteran W/20 Yrs. Soc. Sec. Coverage	Veteran W/20 Yrs. Military Service: Combined Annuity	Veteran W/20 Yrs. Military Service: Separate Annuities
Annuity	11400	10180	7350	11050	4400	3200
Soc. Sec.*	1900	1900	1900	2900	2900	2900
Mil. Ret.	0	0	0	0	0	6100
Total	13300	12080	9250	13950	7300	12200

*Typical low-level social security entitlements of civil service annuitants and 20-year military retirees (worker only).

Note that the non-veteran annuitant entitled to social security, as most are, is better off than the veteran after age 62. Repeal of "CATCH-62" will only bring the veteran up to the income level of the non-veteran, not above it.

Obviously, waiving military retired pay for a combined annuity is not an attractive option for most military retirees with 10 or more years of military service after 1956. The alternative, unfortunately, is to keep a low military retired pay and accept a very low civil service annuity based on the low multiples for the first 10 years of civil service. This is completely contrary to the basic government policy that retirement is based on all government service and the higher income attained at the end of one's career. Even more unfortunate are the individuals who have long periods of military service (up to 19 years) but did not qualify for military retirement before entering the civil service. Eighty-six percent of the veterans in the civil service are not military retirees. They have no choice but to count all their government service in their annuity computations and suffer the "CATCH-62" reductions. Their credits for social security are usually based on low incomes in the military service, and their social security entitlements at age 62 are very small. In the typical case, the social security check offsets only a fraction of the annuity loss.

If he is working again, the veteran may not actually receive the social security benefits for which he has been penalized. He may not reinstate military retired pay for the years in question, and his civil service annuity will, as a further injury, be cut off from the top years (at 2 percent per year), leaving him only the lowest multiples (1.5 and 1.75 percent, respectively, for the first and second 5 years).

Many civil service retirees with military service were forced to take a combined retirement to qualify for immediate retirement income. Some military retirees had to take a combined civil service retirement to qualify their families for adequate survivor benefits. The military Survivor Benefit Plan was not provided to the uniformed services until September 21, 1972.

A widow's benefit (the Survivor's Benefit) is calculated at 55 percent of the annuity of her sponsor. If he dies before reaching his 62d birthday, on the date he would have reached it her benefit is reduced to 55% of what his reduced annuity would have been at 62 had he lived. This takes place although her dead husband paid annuity deductions for an unreduced benefit.

To make the situation even more unfair, enforcement of PL 84-881 is inexact, and many individuals to whom "CATCH-62" should apply are not identified and their annuities are not reduced at age 62. Those who have waived military retired pay to include their military service in annuity computations are more readily identified and their annuities reduced. Many thousands of annuitants with less than 20 years of military service counted in their annuity computations escape the legally required reductions at age 62 entirely. They are particularly likely to escape detection when they do not apply for social security or when their military service alone is insufficient to qualify them for social security and is combined with other covered employment subsequent to civil service retirement to qualify for social security benefits.

The President's Commission on Military Compensation urged the administration and the Congress on April 10, 1978 to resolve the "CATCH-62" problem expeditiously. Bills for this purpose were introduced in the Senate and the House in both the 95th and the 96th Congresses. No action was taken by the 95th Congress because the Administration failed to provide a cost estimate in time. During the 96th Congress the Administration did not respond to repeated Committee requests for its position on the bills, and no hearings were held. In the 97th Congress Senator Strom Thurmond (R-SC) has reintroduced his bill in the Senate, S.46; and Rep. Charles E. Bennett (FL-3-D) has reintroduced his, HR 116, in the House. The previous bills had 11 cosponsors in the Senate and 26 cosponsors in the House. The current bills are expected to have as many or more. These bills have the support of 38 military, veteran, and civil service organizations (see attached listing).

It appears inevitable that eventually there will be offsets of all Federal retirement incomes for retirees entitled to social security. President Carter proposed such legislation to the Congress for civil service annuitants, and his proposed Uniformed Services Retirement Benefits Act provided for reduction of retired pay for retirees entitled to social security <u>and</u> for a reduction in social security for military retirees who also retire from the civil service. Both these proposals would have involved double jeopardy for "CATCH-62" victims. President Reagan has not disclosed his plans for reduction of retirement costs, but the necessity for some form of offsets of social security and federal retirement is widely accepted in the Congress. There is no practicable solution for the "CATCH-62" problem other than removing it entirely as proposed in S.46 and HR 116. Only by this approach can an equitable relationship be established between social security and federal retirement systems in the future that will not penalize the veteran in civil service.

Members of the NAUS staff have met with officials of all the Executive agencies involved in the "CATCH-62" issue and with members and staffers of the responsible Congressional committees to explain the case for the proposed change. There is a general acknowledgement that the current situation is inequitable, but resistance to any increase in government retirement costs. With the help of other organizations on the attached list, NAUS is now doing its utmost to have the committees set an early date for hearings on the bills.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

Jan. 5, 1981

S.46

MILITARY RETIREMENT BILL

Mr. THURMOND. Mr. President, in 1956, the Congress, in passing a modification to the social security law (Public Law 84-881), inadvertently created an inequity that has come to be known as "catch-62," because the injustice is mandatory under the law. I am again proposing legislation for the fourth time to correct this inequity.

My measure refers to the provision in the law which requires that at age 62 and thereafter, all civil service retirees who are veterans and have combined their military service and civil service for calculation of their civil service annuities must involuntarily accept a recomputation of their annuities, omitting all credit for their military service after 1956. This is because of their eligibility for social security benefits due in any part to military service.

These annuity reductions take place even though the retiree may not receive social security payments because he is working, or would prefer to delay receiving them to age 65 for maximum payments, as all others are allowed to do.

This enforced substitution of a less advantageous civil service annuity when a veteran has properly qualified for an annuity based upon all his Government employment and the average of his highest 3 years' pay was placed in Public Law 84-881 without adequate hearings or evaluation of its long-term impacts.

Mr. President, while the intent of the law was to provide military personnel a portable social security benefit and to increase their incomes in retirement, the Civil Service Commission (CSC), now known as the Office of Personnel Management (OPM), objected to veterans receiving credit for both social security and their annuity for the same years of service. The Commission took the position that this would be a double credit in violation of laws which preclude crediting service to two retirement systems at the same time.

The fallacy in this objection is that the social security system is not a retirement system, and was never so intended. It was originated in 1936 as an old age benefit to keep persons in their declining years from becoming indigent. It was expected that social security recipients would have additional income from part-time work, personal savings, and retirement plans.

In order to qualify for a civil service combined annuity, a veteran entitled to military retired pay must waive all rights to it and accept only the annuity. There is no double credit for the military service; it is counted only for civil service retirement.

Military retirees who do not enter the civil service receive both their full retired pay and social security payments based upon the same periods of military service. Temporary Federal employees are also simultaneously covered by the social security system. Under Public Law 91-360, temporary employees who acquire permanent employee status and come under the civil service retirement system may credit all their temporary employment for retirement purposes without penalty at age 62. Also, they retain their social security entitlements based upon their temporary employment.

Mr. President, more than 350,000 temporary civil service employees have become permanent employees, and the number is increasing daily. Approximately 45 percent of the 2.9 million civil service and postal service employees have had some military service. Nearly 1 million, including 345,000 Vietnam veterans, have had service after 1956 and are subject to catch-62. Only 14 percent of these veterans are military retirees, but all will suffer from catch-62 when they become eligible for social security.

At present, Federal civil service retirees who have had no military service after 1956, do not suffer annuity reductions at age 62 if they are entitled to social security (or at any later age if they become so entitled). About 60 percent of civil service annuitants are entitled to social security payments in addition to their annuities.

Military retirees who do not enter the civil service draw retired pay from the date of their retirement and social security at age 62 or later, when eligible. The uniformed services have been required to contribute to social security since 1956, and any military retiree with 10 years of service after 1956 is eligible for social security on the basis of military service alone.

However, the individual with any military service after 1956, who enters the civil service and retires, counting his military service in the computation of his annuity, is required at age 62 to forfeit that portion based on his military service, if he is entitled to social security (or at any later age when he becomes so entitled). The annuity reduction takes place even when he cannot draw social security because he is working again, and he does not have the choice of deferring the annuity reduction to age 65 for maximum social security payments. Unlike the all-military careerist, or the all-civil-service careerist, the catch-62 victim is denied retirement income after age 62, based on all his Government service just because he transferred from military to civil service.

Mr. President, it is a matter of equity that all employees of the civil service should receive equal consideration on retirement for service renedered to the U.S. Government, be it military or civil service. This was a principle of the Civil Service Retirement Act of 1920 and has remained constant except for the single anomaly catch-62 created in 1956 by section 8332(j), title 5, Public Law 84-881. Some agencies have obtained exceptions for all or part of their employees who are veterans. These exceptions are the Foreign Service, the Environmental Protection Agency, the Federal Water Pollution Control Administration, and the Consumer Product Safety Commission. In fairness, the policy should be the same for all. It is a gross injustice and discrimination for other veterans to be penalized monetarily by catch-62.

A civil service retiree who served in the uniformed services for 5 years after 1956, and has his required total of 40 quarters, will lose about 17 percent of his Federal annuity at age 62. A Federal employee retiring in 1979 with 11 years in the uniformed services after 1956, would find his annuity reduced by about 37 percent. The social security entitlement often is far less than the lost annuity income.

Mr. President, I am including a brief tabular comparison of the after-1962 incomes of typical civil service annuitants who are entitled to social security, veteran and nonveteran. Bear in mind that the Universal Social Security Study Group projected that nearly 80 percent of civil service employees are or will be qualified for social security through other employment. This table shows that the nonveteran annuitant entitled to social security always has a higher post-62 gross income than the veteran annuitant of the same grade and length of Government service.

The table is as follows:

ANNUAL INCOMES AT AGE 62 FOR AVERAGE CIVIL SERVANT WHO RETIRED AT AGE 55 WITH 30 YR OF GOVERNMENT SERVICE AND IS ENTITLED TO SOCIAL SECURITY (ALL VETERANS SUBJECT TO CATCH-62)

	Nonveteran with minimum social security income	Veteran with 3 yr military service	Veteran with 10 yr military service	Nonveteran with 20 yr social security coverage	Veteran with 20 yr military service: Combined annuity	Veteran with 20 yr military service: Separate annuities
Annuity	11,400	10,180	7,350	11,050	4,400	3,200
Social security [1]	1,900	1,900	1,900	2,900	2,900	2,900
Military retirees	0	0	0	0	0	6,100
Total	13,300	12,080	9,250	13,950	7,300	12,200

[1] Typical low-level social security entitlements of civil service annuitants and 20-yr military retirees (worker only).

The above chart depicts the dramatic catch-62 inequity between the total post-62 retirement income of a typical veteran with 30 years of Government service, including 20 years of social-security-covered military service, and a nonveteran who spent all 30 years in the civil service and also acquired a matching 20 years of social security coverage in Government and private employment. Although the 20-year veteran is entitled to military retired pay, his total post-62 income is only $7,300 if he combines his two periods of Government service to have the same retirement income as the nonveteran at age 55; or only $6,100 from 55 to 62 and $12,200 thereafter, if he defers his civil service annuity to age 62 for maximum income thereafter. The nonveteran with the same total service has the maximum income of $11,050 from age 55 on with social security wholly additive at age 62 for a total of $13,950 thereafter.

Mr. President, it is simply disgraceful that our Government gives greater civil service retirement credit to its temporary employees, who stayed home with their families and worked only 40 hours a week at good incomes, than it does to those veterans who went to Vietnam as draftees and risked their lives for $75 per week take-home pay with no limit on their working hours.

There are other unfair aspects of the current catch-62 situation.

Many civil service retirees with military service were forced to take a combined retirement to qualify for immediate retirement income. Some military retirees had to take a combined civil service retirement to qualify their families for adequate survivor benefits. The military survivor benefit plan was not provided to the uniformed services until September 21, 1972.

A widow's benefit—the survivor's benefit—is calculated at 55 percent of the annuity of her sponsor. If he dies before reaching his 62d birthday, on the date he would have reached it her benefit is reduced to 55 percent of what his reduced annuity would have been at 62 had he lived.

Mr. President, to make the situation even more unfair, enforcement of Public Law 84–881 is inexact, and many individuals to whom catch-62 should apply are not identified and their annuities are not reduced at age 62. Those who have waived military retired pay to include their military service in annuity computations are more readily identified and their annuities reduced. Many thousands of annuitants with less than 20 years of military service counted in their annuity computations escape the legally required reductions at age 62 entirely. They are particularly likely to escape detection when they do not apply for social security, or when their military service alone is insufficient to qualify them for social security and is combined with other covered employment subsequent to civil service retirement to qualify for

Mr. President, I am introducing a bill to correct this injustice which has been unfairly denying retirement annuity credit for military service after 1956. It is identical with S. 92, which I introduced in the last Congress. The executive branch frustrated congressional action on this bill by failing to provide agency positions on this bill, as requested by the Committee on Governmental Affairs.

Mr. President, I have been unofficially advised that the Department of Defense supports my bill, and the Veterans' Administration is also anxious to have the current inequitable treatment of veterans ended: 12 of my distinguished colleagues joined me in cosponsoring S. 92, and I expect even more cosponsors for my new bill in the 97th Congress.

Mr. President, I am confident that my distinguished colleagues will want to go on record in support of this bill. It will end the discriminatory treatment to which a small group of veterans and their survivors have been subjected for 24 years.

My bill is a simple measure. It will end the current practice of recomputing the civil service retiree's annuity at age 62 to remove credit for social security covered military service and continue his or her annuity unchanged after age 62, the years in which the income is needed most.

Retirement annuities based on total service are already budgeted for these veterans from age 55 to age 62. Additional costs thereafter under my proposed change are a very small percentage increase in civil service retirement costs. Regardless of the money involved, however, we are dealing here not with any additional pay or "double dip," but with an injustice perpetrated in error.

The following organizations are supporting legislation to eliminate catch-62:

National Association for Uniformed Services.
Veterans of Foreign Wars.
The American Legion.
American Federation of Government Employees.
National Federation of Federal Employees.
National Treasury Employees' Union.
American Association of Retired Persons.
National Retired Teachers Association.
The Retired Officers Association.
Reserve Officers Association.
Fleet Reserve Association.
Naval Reserve Association.
National Association of Retired Federal Employees.
Air Force Association.
Air Force Sergeants Association.
Marine Corps League.
Marine Corps Reserve Officers Association.
Blinded Veterans Association.
Disabled American Veterans.
Disabled Officers Association.
Paralyzed Veterans of America.
Organization of Professional Employees/Dept. of Agriculture.
National Association of Federal/State Employees.
National Association of Rural Letter Carriers.
Jewish War Veterans.
Legion of Valor.
Regular Veterans Association.
Retreads.
Non Commissioned Officers Association.
National Association of Letter Carriers.
American Postal Workers Union, AFL-CIO
Military Order of Purple Heart.
U.S. Army Warrant Officers Association.
Chief Warrant and Warrant Officers Association, USCG.
National Association of Concerned Veterans.
Federal Managers Association (formerly Nat'l Assoc. of Supervisors).
Amvets.

Mr. President, I urge my distinguished colleagues to support this most worthwhile measure. I ask unanimous consent that this bill be printed in the CONGRESSIONAL RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8332(j) of title 5, United States Code, be amended—

(1) by striking out "military service, except military service covered by military leave with pay from a civilian position, performed by an individual after December 1956," in the first sentence thereof; and

(2) by striking out "the military service or" in the second sentence thereof.

(b) The amendment made by subsection (a) shall apply only in the case of annuities to which individuals become entitled on or after the date of the enactment of this Act.

(c) (1) Upon the written request to the United States Civil Service Commission (filed in such form and manner and containing such information as the Civil Service Commission shall by regulation prescribe) by any individual receiving an annuity before the date of the enactment of this Act to have the amendment made by subsection (a) apply to such annuity—

(A) the provisions of section 8332(j) of title 5, United States Code, as amended by subsection (a), shall apply to such annuity, and

(B) the Civil Service Commission shall recompute such annuity by redetermining the aggregate period of service on which the annuity is based so as to include military service excluded under such section 8332(j) as in effect on the day before such date of enactment.

(2) Any annuity which is recomputed under paragraph (1) shall be effective with respect to payments of such annuity for months after the month in which this Act is enacted and no payment of any such annuity for any month prior to such month shall be considered erroneous by reason of this paragraph.

(3) The Civil Service Commission shall take such actions as may be necessary to notify individuals receiving an annuity before the date of the enactment of this Act of the provisions of this section.

The following organizations are supporting legislation to eliminate "Catch-62".

National Association for Uniformed Services
Veterans of Foreign Wars
The American Legion
American Federation of Government Employees
National Federation of Federal Employees
National Treasury Employees' Union
American Association of Retired Persons
National Retired Teachers' Association
The Retired Officers' Association
Reserve Officers' Association
Fleet Reserve Association
Naval Reserve Association
National Association of Retired Federal Employees
Air Force Association
Air Force Sergeants Association
Marine Corps League
Marine Corps Reserve Officers' Association
Blinded Veterans Association
Disabled American Veterans
Disabled Officers' Association
Paralyzed Veterans of America
Organization of Professional Employees/Dept. of Agriculture
National Association of Federal/State Employees
National Association of Rural Letter Carriers
Jewish War Veterans
Legion of Valor
Regular Veterans Association
Retreads
Non Commissioned Officers' Association
National Association of Letter Carriers
American Postal Workers Union, AFL-CIO
Military Order of Purple Heart
U.S. Army Warrant Officers' Association
Chief Warrant and Warrant Officers' Association, USCG
National Association of Concerned Veterans
Federal Managers Association(formerly Nat'l Assoc. of Supervis
AMVETS
Polish Legion of American Veterans, USA

SPONSORS -- COSPONSORS

AS OF 4/20/81

S. 46 Sponsor -- Strom Thurmond

S. 46 Cosponsors:

Burdick, Quentin (ND-D)
Cannon, Howard (NEV-D)
Cochran, Thad (MS-R)
Goldwater, Barry (Ariz-R)
Inouye, Daniel (HI-D)
Matsunaga, Spark (HI-D)
Melcher, John (MT-D)
Schmitt, Harrison (NM-R)
Simpson, Alan (WY-R)
Tower, John (TX-R)

HR 116 Sponsor - Ch. Bennett (FL-3-D)

HR 116 Cosponsors:

McDonald, Larry (GA-7-D)
Whitehurst, G. Wm. (VA-2-R)
Howard, James (NJ-3-D)
Badham, Robert (CA-40-R)
Barnard, Doug (GA-10-D)
Chisholm, Shirley (NY-12-D)
Daniel, Dan (VA-5-D)
Evans, Billy Lee (GA-8-D
Jeffries, Jim (KS-2-R)
Leath, Marvin (TX-11-D)
Lott, Trent (MS-5-R)
Mitchell, Donald (NY-31-R)
Panetta, Leon (CA-16-D)
Roe, Robert (NY-8-D)
Parris, Stan (VA-8-R)
Bailey, Don (PA-21-D)
deLugo, Ron (VI-Del-D)

National Association for Uniformed Services

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LEGISLATIVE NEWS

Marriage Tax Bills

Several bills have been introduced in the 97th Congress to relieve the "marriage tax" in current income tax rates for two-income families. In most cases where both the husband and wife have incomes they pay considerably more taxes than they would pay if they could file as singles. Some couples have even divorced to save taxes although they continue to live together. Thousands of other couples have remained unmarried because of the tax penalty. Some of the proposed bills would permit the choice of filing either jointly or as singles. Others would allow a tax deduction of some portion of the lesser-paid spouse's earnings.

Sen. Daniel Moynihan (N.Y.-D) has introduced S.775, which would establish a tax credit for two-income families equal to the "marriage tax" penalty on earned income under current tax law. Under S.775 the Internal Revenue Service would calculate a simple system of tables which would establish the exact tax credit for every two-income situation.

Some form of marriage tax relief is

(See **News,** *Page 2)*

NAUS Interview

Doctor Situation Better; CHAMPUS Service Improving

In the September 1978 USJ NAUS reported on the "uncertain trumpet" approach of the Secretary of Defense to the critical shortage of military physicians. Secretary Brown had attempted to abolish the position of

Dr. Moxley

Assistant Secretary of Defense (Health Affairs) but the Congress refused to do so. The position then remained unfilled for more than a year. Pressures from the Armed Services Committees and the Surgeons General finally led to the appointment of Dr. John Moxley III to the position on August 23, 1979. Dr. Moxley is well qualified, having served in the Public Health Service, as Assistant to the Dean of the Harvard Medical School, as Dean of the University of Maryland School of Medicine, as Dean of the University of California School of Medicine and as consultant to the Veterans Administration.

During the past two years some positive actions have been undertaken by the DoD and the Congress to attract and retain career military physicians. NAUS called on Dr. Moxley in April to discuss the current outlook.

★★★

NAUS: Dr. Moxley, when you took office the military physician shortage in the active forces was somewhere around 2,800, depending upon the source of the estimate, and in the reserves only 30% of the physician spaces were filled. There were a number of legislative actions last year to improve the situation. What is the outlook now?

Dr. Moxley: Things have improved. The attitude of the public toward the military has become more favorable. The doctors' pay bill passed by the Congress last summer helped. We are now seeing the results of the medical scholarship program started

(See **Interview,** *Page 10)*

NEWS

(Continued from Page 1)

likely this year, but the loss of income for the Treasury remains a major obstacle to full relief as proposed by S.775 and similar bills.

Catch-62

S.46 and H.R. 116, the Senate and House bills to permit continued Civil Service annuity credit after age 62 for social security covered military service, have low priority at this time. The Senate Committee on Governmental Affairs and the House Committee on Post Office and Civil Service have requested Executive Agency positions on the bills, but were not able to have the needed $5.5 million for this purpose included in the first FY 82 Budget Resolution. This was not unexpected, in view of the priority given by the Reagan Administration to reductions in taxes and government spending. This does not prevent action on the bills; there will be another Budget Resolution later on.

Sen. Strom Thurmond (S.C.-R) and Rep. Charles Bennett (Fla.-3-D) are currently seeking cosponsors for their bills. NAUS and other associations are supporting this effort in every way possible. Now is the time for all who are interested in the Catch-62 issue to ask their two senators to cosponsor and support S.46 and their representative to cosponsor and support H.R. 116.

NAUS continues to push in other areas for support of the proposed legislation. We particpated in the February 5 Veterans' Conference on Aging which passed a resolution calling for the elimination of Catch-62. This will be presented at the White House Conference on Aging later this year.

On February 16, NAUS made a presentation on Catch-62 to the American Legion's Commission on Economics as part of their midyear conference. The Legion has already published an excellent brochure on the subject, requesting their members to support S.46/H.R. 116. Send a stamped, self-addressed envelope to NAUS if you want a copy.

On April 2, NAUS presented testimony on Catch-62 before the House Veterans' Affairs Committee subcommittee on Education, Training and Employment. We urged that the Veterans' Affairs Committee help obtain House action on H.R. 116.

DIC

The Administration is recommending an 11.2% increase in Dependency and Indemnity Compensation effective Oct. 1, 1981.

The House Veterans' Affairs Committee is considering a 12.3% increase.

It will probable be some time in September before any increase is enacted into law.

Beard Wants Readiness Mobilization Panel

Rep. Robin Beard (Tenn.-6-R) has introduced House Concurrent Resolution 28 to establish a Joint Select Committee on Defense Readiness and Mobilization Capability.

The recent coverage by television, newspapers and magazines outlining critical problems in this nation's defense capability gives cause for concern as to the ability of the All-Volunteer Force to fight and win. Much of this coverage has centered on two aspects: the departure of experienced and skilled Non Commissioned Officers (NCO's) and Chief Petty Officers (CPO's), and the level of education and intelligence of new recruits. The shortage of NCO's and CPO's is real and is well documented. The education and intelligence levels of new recruits have been discussed for years. It is still open to interpretation, depending on who is presenting the statistics and from what sources the statistics were compiled.

What is certain is that these two vital problems need resolution. Rep. Beard's proposal would establish a joint select committee which would conduct a full investigation of the military readiness and manpower situation and submit recommended solutions. The committee would consist of 30 members, 15 Senators and 15 Representatives. In order to have breadth of experience and expertise, the Senators will come, three each, from four standing Senate committees; Appropriations, Armed Services, Budget, Government Affairs, and three at large appointed by the President pro tempore of the Senate.

The Representatives will come three each from the Appropriations, Armed Services, Budget and Government Operations Committees, and three appointed by the Speaker of the House. The majority will provide two members and the minority party one in each instance.

Those NAUS members who heard Rep. Beard speak at our annual meeting in 1979 know of his sincerity, enthusiasm, and desire to have our nation's defense forces second to none.

NAUS Fights Compensation Cut

Among the Administration's proposed budget cuts was one to eliminate unemployment compensation for enlisted personnel with less than 20 years service who, though fully qualified, declined reenlistment. This proposal, in essence, would deny benefits to the soldier who honorably completed an obligated term of service, but would not deny them to the individual released prior to completion of an enlistment and with a less than honorable discharge.

On March 11, NAUS joined with the Non Commissioned Officers Association (NCOA) and the Veterans of Foreign Wars (VFW) to testify before the Subcommittee on Public Assistance and Unemployment Compensation, Ways and Means Committee, U.S. House of Representatives in opposition to the denial of benefits. Rep. Shirley Chisholm (N.Y.-12-D), on behalf of the Congressional Black Caucus, also testified in opposition. NAUS is most appreciative of Rep. Chisholm's support.

Testifying in support of elimination of unemployment compensation was the Chamber of Commerce of the United States, the Council of State Chambers of Commerce, and Associated Builders and Contractors.

Upon completion of the hearings, NAUS was pleased that Rep. Fortney Stark (Calif.-9-D), chairman of the subcommittee, expressed support for these benefits.

SGLI/VGLI Increases

The Department of Defense is sponsoring a bill, H.R. 2028, to increase the maximum coverage of Servicemen's Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) from the current $20,000 to $35,000. This amount was calculated by the DoD only to compensate for the inflation of the dollar since 1974 when the $20,000 ceiling was established.

Since last August NAUS has urged the Service Chiefs to seek a higher amount of maximum coverage. It has always been too low, and $35,000 will already be behind the inflation curve again if it is the amount authorized this year. In spite of NAUS' urging, the DoD did not seek a higher maximum. This is difficult to understand, because the insurance is entirely self-supporting. It costs the Government nothing, except for the war risk element which is zero in peacetime.

On April 8, NAUS testified before the Veterans' Affairs Committee, Subcommittee on Compensation, Pension and Insurance, to urge that the maximum authorized insurance be increased at least to $50,000. Rep. G.V. (Sonny) Montgomery (Miss-3-D), the Chairman of the Veterans' Affairs Committee, has already introduced his own bill, H.R. 1497, which would increase the maximum to $40,000. The prospects are good that more than $35,000 will be recommended by the Committee.

IRA Bills S.243/H.R. 1250

NAUS testified in favor of Sen. John Chafee's (R.I.-R) S.243 in the Senate Committee on Finance on February 24. This is the bill to authorize everyone to save a tax deductible $2,000 of annual earned income in an Individual Retirement Account (IRA), even when already participating in an employee's retirement plan. Uniformed services personnel are included.

Rep. W. Henson Moore's (La-6-R) matching bill in the House, H.R. 1250, is being considered by the

NAUS' John Sheffey at S.243 Hearing

Committee on Ways and Means as a part of the Committee's tax cut hearings. Rep. Moore is optimistic that the terms of H.R. 1250 will be included in the new tax bill. The decision in the Committee will come in early May. Now is the time to write your Senators and Representative your views on these bills.

Twice-Yearly CPI Raises In Danger

In spite of President Reagan's campaign promise not to change the twice-a-year cost-of-living adjustments for federal retirees, a move to once a year appears certain.

The Budget Committees of both Houses of the Congress have recommended FY 82 budgets that provide for only once-a-year adjustments. The Senate has approved the resolution, and the House is expected to do likewise. The provision is unlikely to be changed in the Conference Committee appointed to work out the differences.

The Senate and House are scheduled to reach joint agreement on spending limits by mid May. After that, committees of jurisdiction will be bound to come up with spending cuts mandated by Congress although they can achieve them in different ways. The Armed Services Committee of both Houses, the Senate Governmental Affairs Committee, and the House Post Office and Civil Service Committee could come up with plans that would save the twice-yearly raises, so long as they reduce other budgeted expenditures enough to provide money for the second adjustment. However, the man in the street and your typical member of Congress have little sympathy for the federal retirement program and its twice-yearly adjustments.

Sen. Ted Stevens (Alaska-R) has introduced an alternate plan, which would retain full twice-a-year Consumer Price Index (CPI) raises for federal retirees over 65. Those 60 and 65 would get a CPI adjustment once a year, and retirees under 60 would get one once a year based on one half the CPI. Disabled retirees would keep the twice-a-year adjustments regardless of age. With the Budget Resolution already in concrete and the short time remaining for action, it is unlikely that Stevens' bill will go anywhere.

President Reagan can honestly say that he didn't request the elimination of the second cost-of-living adjustment—it was done by the Congress. But he will find it difficult, if not impossible, to veto the change even if he were inclined to do so.

The military and civil service organizations worked hard to save the twice-a-year adjustments, but the Budget Resolution process made it extremely difficult for sympathetic members of Congress to influence the decision.

The next fight will be over the proposal to develop a cost-of-living ad-

*(See **News**, Page 4)*

NEWS

(Continued from Page 3)

justment index that is less than the CPI. The argument is that the CPI includes elements, such as new housing costs, that do not apply to retirees.

If the move to once-a-year raises comes as expected, service retirees can at least comfort themselves that they are sharing in the Government's effort to stop inflation. If that battle is successful, cost-of-living raises won't be needed.

GI Education Bill

On March 25, the House Veterans Affairs Committee concluded four days of hearings on establishment of a new GI Education Bill.

It appears certain that a new GI Education Bill will be enacted by this Congress. Because there are many different proposals, with a wide range of elements in each, the biggest question is what the new education program will include.

One complication in the approach to a new program is the current attempt to have education benefits serve as both recruiting and retention tools. This is a most difficult objective, and it is doubtful that it can be accomplished.

Funding and transferability of new education benefits received the most attention during the four days of hearings.

If the primary reason for a new GI Bill is to assist the veteran in readjustment to civilian life, the Veterans Administration should fund the program. If recruitment and retention are the basic aims, it is logical that funding should come from the Department of Defense. This issue makes little difference to the taxpayer,' but it does to budget managers in the VA and the DoD looking for ways to reduce their budgets.

Transferability received the most attention in their hearings. It has been proposed that service members be allowed to transfer earned education entitlements to spouses or dependent children. The hearings brought forth many questions on this proposal, such as:

- How many years of service should be required in order to establish eligibility?
- To whom should transfers be permitted, i.e., spouses and children, or children only?
- After establishing eligibilities, at what point can transferability be effected, and can it be withdrawn at a later date?
- When should the recipient be able to use the transferred benefits?
- Should only a select group of service members be eligible to transfer benefits, or should all service members be eligible to transfer benefits?

After four days in which over 50 individuals testified, there was no consensus on these and other issues associated with the establishment of a new GI Bill. There was agreement only that one should be established and established soon.

NAUS testified in general support of a new GI Bill but reserved judgment on the transferability provision until a more definitive plan is established.

Veterans' Organizations

In 1969 Congress granted tax-exempt status to certain veterans' organizations by adding Section 501 (c) 19 to the International Revenue Code.

Section 501 (c) 19 requires that 75% of the organization's membership be war veterans. The remaining 25% must consist of veterans, wives and widows, military cadets, etc.

All organizations are experiencing a reduction in war veteran members because of the natural attrition rate for surviving war veterans.

If peace continues, and everyone prays it does, these veterans' organizations will soon lose their tax exempt status due to the 75% war veteran membership requirement.

Reps. James R. Jones (Okla.-1-D) and Barber Conable (N.Y.-35-R) have introduced HR 2597 which would change the 75% war veteran requirement to 75% veteran.

HR 2597 directly affects NAUS, therefore we support it. NAUS members are urged to write their elected officials on this very important issue.

SBP Bill In Hopper

Sen. Strom Thurmond (S.C.-R) has introduced S.611 amending the Survivor Benefit Plan (SBP).

S.611 would authorize an annuity to any individual who is the surviving spouse of a member of the uniformed services who:

1. died before September 21, 1972;
2. had served on active duty in the uniformed services for a period of not less than twenty years; and
3. was at the time of death entitled to retired pay or retainer pay or would have been entitled to that pay except that it had not been applied for or been granted that pay.

NAUS does not expect hearings on S.611 to be scheduled until late this year or sometime next year.

Memorial Headstones

Rep. Cecil Heftel (Hawaii-1-D) has introduced HR 1714 to amend Title 38 and authorize the Veterans Administration to furnish memorial headstones commemorating veterans who are buried at sea, who have donated their bodies to science, or who are cremated and have their ashes scattered rather than interred.

NAUS supports this legislation and has expressed support in a letter to Rep. Heftel. This letter was submitted for the record by Rep. Heftel when he testified before the subcommittee on Housing and Memorial Affairs, House Veterans' Affairs Committee.

News and Views

NAUS has added two new chapters, the Diamond State Chapter (Delaware 1), Wilmington and the Warren G. Harding Chapter (Ohio 19D), Warren.

Officers of the Diamond State Chapter are MSgt Joseph A. Bernardo, USA, Ret., president; SgtMaj John R. Hughes, USA, Ret., vice president; CSM Clifton H. Pruitt, USA, Ret., secretary; MSgt Raymond J. Smith, Del. ARNG, treasurer; and SgtMaj Curtis G. Lord, USA, Ret., legislative chairman.

Officers of the Warren G. Harding Chapter are David H. Thigpen, president; Donald L. Borsic, vice president; and Earl F. Limber, secretary and treasurer.

NAUS welcomes the two groups and wishes them success in their future efforts.

★★★

A $170 donation to the NAUS Building Fund by the NAUS Washington State Chapter was incorrectly credited in the USJ to an individual member of the chapter. Our apology to the chapter, along with thanks for the generous support.

★★★

To combat a continuing shortage of pilots, the Navy has started sending enlisted personnel in the grades of E-5 through E-7 to flight school. The first class at the Navy flight school at Pensacola, Fla. since 1947 has 44 individuals, including one woman. The Navy is short more than 3,000 pilots, and the retention rate dropped to about 30% in 1979.

★★★

NAUS headquarters receives telephone calls (many long distance) and claims in the mail almost daily from UniServices policyholders, doctors and hospitals. It is a waste of time and money. NAUS is not in the insurance business. CHAMPUS and Medicare claims go to the Joseph E. Jones Agency, 1666 Connecticut Ave., NW, Washington, D.C. 20009. If phone calls are warranted about claims and premiums, etc., please call the Jones Agency at (202) 797-6726. Call or write NAUS only to request insurance brochures, to check eligibility for insurance or to report any unsatisfactory service if the problem cannot be resolved directly with the Jones Agency.

★★★

The numerical strength of the Armed Forces on January 31 was 2,055,624. This figure represents full-time military personnel comprising both regulars and reserves on continuous active duty and officer candidates, including those at the military academies. The individual service totals are:

Army	773,877
Navy	532,453
Marine Corps	187,834
Air Force	561,460

★★★

The Army will run a study to see if commissaries at Fort Leonard Wood, Mo. and Yuma Proving Grounds, Ariz. could save money if operated by civilian contractors. The services must study commissary operations because of an Office of Management and Budget directive that stipulates that some commercial and industrial Department of Defense activities should be contracted out to civilian contractors if economically feasible. Under the program, at least 10% must be saved by the government in terms of personnel costs before the activity can be contracted out.

★★★

Master Chief Radioman Carl W. Constantine has been selected to replace Master Chief Petty Officer of the Coast Guard Hollis B. Stephen who retires July 30. The new top enlisted man entered the Coast Guard as a reservist in 1957.

★★★

The military is back in Washington, D.C., the military look that is. Because President Reagan mentioned that he would like to see more military uniforms in the nation's capital, the services have issued orders that civilian clothing will no longer be an appropriate substitute for the uniform of the day. In recent years, military officers in Washington have been wearing civilian clothing to work three days a week because of the wishes of a previous President.

★★★

The latest Air Force commissary market-basket survey shows an average savings of 26.5% when prices are compared with nearby civilian supermarkets. Nine locations were surveyed and savings ranged from a high of 32.56% at Malmstrom AFB, Mont., to a low of 20.55% at Randolph AFB, Texas.

★★★

Rep. William Lehman (Fla.-13-D) has introduced legislation authorizing an open enrollment period for federal civilian employees who at the time of retirement did not elect reduced annuities to provide survivor benefits to their spouses.

Federal retirees who fit into the above category should express their views on this legislation to their elected officials. Rep. Lehman's bill is HR 1398.

Health Insurance Costs Up

Inflation of costs has been greater in the health care field than in any other. All NAUS health insurance plans lost money last year for our underwriter, Mutual of Omaha. NAUS insured as a group received considerably more in benefits than they paid in premiums. Increases in premiums were inescapable, and insured members' bills started reflecting those increases in April.

These cost increases have occurred in practically all health insurance, so other service associations' plans are almost certain to have similar premium increases. NAUS members who are tempted to change insurance are cautioned that there usually is a waiting period for new coverage to become effective, and that a premium increase is likely in the new company if there has been none thus far in 1981.

We have negotiated the lowest premium rates that our underwriter would accept, and in the process added some important improvements in coverage. These are:

1. Effective April 15, 1981 the CHAMPUS Supplement will pay 25% of the usual and customary charge made by the Provider of Care in your particular geographical area. The old method of paying was based upon the amount actually allowed by CHAMPUS. Since we will now pay based on the actual expenses charged, rather than the expenses CHAMPUS allows, we will no longer need the CHAMPUS Explanatioin of Benefits paid form when you file a claim with us. This should greatly expedite the claims processing. You may now file the claim with us at the same time as you file with CHAMPUS rather than waiting until after CHAMPUS has paid before filing.

2. The benefit period for which claims can be paid for a particular condition has been *increased* from the current level of 4 years to 5 years.

3. We have added an Accidental Death Benefit for each member insured under the UniServices Program in the amount of $2,000.00.

As an alternative for those who would rather have slightly less insurance than pay higher premiums, we have added the CHAMPUS Excess Supplement Plan. It provides benefits only after the insured has paid the first $250 of the patients' cost share in excess of CHAMPUS payments.

Details on the premium increases and the $250 deductible plan have been mailed to all NAUS members insured under our UniServices Health Program.

We regret that premium increases are necessary, but they are caused by costs over which we have no control. We will continue to do our utmost to make reliable health insurance available to members at the lowest possible cost.

Study Finds U.S. Military Pay Low

A General Accounting Office (GAO) study has found that the pay of United States armed forces personnel is generally lower than military pay in Australia, Canada and the United Kingdom, all of which are volunteer force countries.

The difference is even wider when comparing the purchasing power of military pay with the average civilian worker's wages in these countries.

The GAO study did find that U.S. military pay ranked above that of France and West Germany, both of whom draft many of their low-ranking enlisted personnel.

The GAO comparisons, made after the last U.S. pay raise in October, reflected that the three English-speaking countries pay their junior O-4s and E-5s more than the U.S. The U.S. pays its senior O-5s more than the British, Canadians and Australians do, but the U.S. is behind in paying senior E-5s.

The GAO report also gave six pay concepts used by other countries that should be studied as they offer promise for use in the United States' efforts to overcome current manpower problems.

In the charts below, the annual amounts are in 1980 U.S. dollars. Ranges include base pay, quarters and subsistence allowances, and tax advantages, if any. Pay ranges are based on 0 to 6 dependents. The data for Australia and the United Kingdom include extra payment British and Australian soldiers receive for the "disadvantages and rigors of military life."

Foreign Military Pay In Proportion to U.S. Pay

Country	Pay Range
(O-4 Level)	
Australia	$23,688-$26,659
Canada	$26,256-$29,487
United Kingdom	$23,604-$28,288
United States	$22,784-$35,565
France	$20,510-$32,250
West Germany	$18,273-$32,367
(E-5 Level)	
Australia	$12,639-$16,426
Canada	$14,667-$17,579
United Kingdom	$15,840
United States	$11,689-$16,025
France	$10,109-$19,667
West Germany	$9,772-$17,173

Proportionate Purchasing Power

(O-4 Level)	
Australia	$29,373-$33,057
Canada	$29,407-$33,025
United Kingdom	$33,046-$39,603
United States	$22,784-$35,565
France	$22,571-$35,475
West Germany	$13,705-$24,275
(E-5 Level)	
Australia	$15,672-$20,368
Canada	$16,427-$19,688
United Kingdom	$22,176
United States	$11,689-$16,026
France	$11,119-$21,644
West Germany	$7,329-$12,880

House Vacancies

As this issue of the USJ went to press there were four vacancies in the House of Representatives.

David Stockman (Mich.-4-R) resigned his House seat on January 27 to become President Reagan's budget director. State Rep. Mark Siljander (R) and Cass Country Commissioner John Rodebush (D) ran against each other in a special election on

(See **House,** *Page 14)*

Well-Baby Care OK Under CHAMPUS

The 1981 DoD Authorization Act extends well-baby care benefits to all categories of CHAMPUS beneficiaries. Well-baby care under CHAMPUS was previously excluded by law.

The Act authorizes CHAMPUS to share the cost of well-baby care—routine physical examinations and immunizations—for children of active duty, retired and deceased service members, up to two years of age.

In addition to the newborn examination, PKU tests and newborn circumcision, which were already covered under CHAMPUS, the well-baby care benefit covers the following services rendered by the attending pediatrician or family physician to a new child up to two years of age:

- History, physical examination, discussion and counseling
- Vision, hearing and dental screening, developmental appraisal
- Immunization (i.e., DPT, polio, measles, mumps, and Rubella)
- Tuberculin Test, Hematocrit and Hemogloblin, and Urinalysis.

CHAMPUS Excludes New Eye Surgery

The Department of Defense has issued a statement of policy excluding from CHAMPUS benefits the radial keratotomy surgical procedure to correct nearsightedness on the basis it is still experimental.

The Assistant Secretary of Defense (Health Affairs), John H. Moxley III, M.D., stated, "The National Advisory Eye Council (NAEC), the principal advisory body to the National Eye Institute, recently approved a resolution expressing concern about the widespread adoption of this surgical procedure. The NAEC considers the radial keratotom to be an experimental procedure because of its lack of adequate scientific evaluation in animals and humans."

Available research material reviewed by the DoD, as well as other pro-

HEALTH CARE

fessional experts consulted, supported this conclusion, he said.

Doctor Moxley pointed out that in most cases an experimental surgical procedure tends to impact very few beneficiaries and therefore benefit decisions are made on a case-by-case basis under the general exclusion. In this instance, because of the high incidence of nearsightedness in the population, which had resulted in numerous beneficiary inquiries as to whether the procedure was covered, it was determined a public policy statement on the radial keratotomy was indicated.

CHAMPUS has a general provision which excludes any services and supplies determined to be related to experimental procedures or treatment regimens. The purpose of the limitation is to assure that the Program does not encourage a treatment modality that has not been determined to be efficacious or safe.

Any CHAMPUS denial of benefits on the basis that specific surgical procedure or other treatment regimen is experimental can be appealed, however.

Public Sources First For Handicapped Care

If a beneficiary seeks benefits under the CHAMPUS Program for the Handicapped, the law requires all public resources be considered and used before applying for CHAMPUS benefits. If an individual is receiving assistance from a public source, in the same manner as any other resident, CHAMPUS benefits cannot be extended.

When applying for CHAMPUS coverage for an eligible handicapped dependent, an active duty sponsor must submit a public official's statement to the Director, OCHAMPUS, Aurora, Colo. 80045, certifying that public facilities or funds are not available, or are not adequate, to meet the needs of the handicapped individual.

For example, such a statement would be obtained from the superintendent of the local public school system when special education for a handicapped beneficiary is required. In each case, a statement is required from a public official of the agency providing the service, and it is the active duty sponsor's responsibility to determine the appropriate agency and official. In the case when the school official determines that facilities/services are adequate and the sponsor does not agree, appeal recourse is to that school system, not CHAMPUS.

The Education for All Handicapped Children Act requires that statements from local officials certifying that *special education* is not available from the local school system *must,* under Federal Law, show why such education is not available.

Other services for the handicapped are often available through state and local government agencies that deal with vocational rehabilitation, human resources, social services and public health. Officials in such agencies may determine and certify availability of public resources.

If a sponsor changes duty station, a new statement must be obtained. The sponsor is required to determine within 60 days from the date of reporting whether public facilities or funds are available to meet the needs of the handicapped individual at the new location.

Congress established the CHAMPUS Program for the Handicapped as a source of financial assistance for active duty dependents in instances where they could not meet local residency requirements and there-

*(See **Handicapped,** Page 14)*

NAUS Booster Club

The list of donors to the Booster Club gets bigger, even with the concurrent drive to pay off the mortgage for our new building. NAUS appreciates the support provided by these voluntary contributions of varying amounts.

Special thanks to Mrs. Santo Bochichio for the donation made in memory of her late husband.

If you are not yet a NAUS booster but would like to become one, send your donation marked *Booster Club* to NAUS headquarters. Each contribution received is acknowledged by publication of the donor's name in this column.

NAUS is certified by the Internal Revenue Service as a tax-exempt organization. Under IRS rules, contributions to the Booster Club are deductible from taxable income for federal income tax purposes when you itemize.

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Army Retiree Councils

The Army's Chief of Staff Retiree Councils met during the week of April 20 to discuss matters concerning active and retired Army personnel. These councils, one officer and one enlisted of 11 members each, represent all Army retirees.

At the Army's invitation, NAUS Legislative Counsel Max J. Beilke, presented an overview of legislation under consideration by Congress as it affects active and retired personnel. NAUS appreciates having been invited and looks forward to a continued close relationship with the Councils.

Upon completion of their meetings, the councils presented their recommendations to the Army Chief of Staff, General E.C. Meyer.

The Army Officer Retiree Council is chaired by LtGen (Ret.) Stanley R. Larsen and the enlisted Council is chaired by CSM (Ret.) Silas Copeland.

MOVING?

PLEASE NOTIFY US 4 WEEKS IN ADVANCE

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TRAVEL TALK

NAUS Travel Program

Armed Services Tour & Travel, coordinator of the NAUS travel program, has put together a 1981 program to all parts of the world. Just a few of the selections are:

• Hawaii. Continuation of the Hale Koa feature, but also a wide assortment of packages to civilian hotels. Departures from 170 cities each week using United and American group fares. Also World Airways low cost flights from Washington, Newark, Boston, Los Angeles and Oakland. Long and short tours available, condominiums, and air only flights.

• Caribbean Islands. Packages for one or two weeks to the Bahamas, Virgin Islands, Puerto Rico, Aruba and others. Individual vacations can be arranged.

• Las Vegas. Tours of 3, 4 and 5 nights from all over the U.S. Also included in conjunction with Hawaii packages.

• Cruises. One and two weeks in length, departing from New York, Miami, San Juan, Los Angeles, San Francisco and Honolulu. Areas visited include the Caribbean; Trans-Canal; Alaska; and within the Hawaiian Islands.

• West Coast. Stays of unlimited duration and packages are available for Los Angeles, San Francisco, San Diego and other points. All Hawaiian packages provide for stopovers in California.

• Florida. Packages to Miami and Disneyworld are available throughout the year.

• Europe. Air only flights to Frankfurt, Amsterdam and Shannon are available throughout the year. Also London from Washington, Los Angeles and Oakland. Tours of 1, 2 and 3 weeks are operated from June through September.

• Far East. Air only available to Korea, Japan, Hong Kong, Taiwan, Manila and many other points all year.

For information on these and other tours contact Armed Services Tour & Travel, P.O. Box 1326, Arlington, Va. 22212. Telephone (703) 525-9898. Please do not phone or write NAUS headquarters. We will just refer your request to our travel agent.

New MTG Printed

The 14th annual edition of the Military Travel Guide (MTG), a book to help active duty military people and retirees save money, has recently been published.

The 200-page book covers the essential details for travelers by listing all major military installations in the United States, and includes directions, temporary lodging facilities, emergency data, Space "A" flights, recreation areas and 15 key telephone numbers.

Also listed are 1,000 civilian hotels and motels that give military discounts; USO facilities; and U.S. military facilities in 24 foreign countries.

Copies may be obtained in many post exchanges, or by writing MTG, P.O. Box 9654, Washington, D.C. 20016. Single copies are $2.50 3d class mail or $3.50 air mail. Mention NAUS when ordering. ■

Recomp Issue Fading

For several years, recomputation was a hot issue with military retirees and in the Congress. On three occasions recomputation bills passed the Senate but died because of lack of support in the House. Now, recomputation seems to be a dead issue.

For those not familiar with the situation, recomputation has to do with the uncoupling of active duty and retired pay. For almost 100 years prior to 1958, retired pay was based on a percentage of the current active duty base pay. Each time active duty pay was increased retired pay was increased by "recomputing" it on the new activity duty pay scales.

This changed in 1958 when a law was passed increasing active duty pay, but temporarily suspended recomputation and gave retirees then on the rolls a flat 6% pay raise. In 1963 a law was passed again raising active duty pay, but it again denied retirees proportionate pay raises and permanently uncoupled active duty and retired pay increases. It substituted a system of raises based on the Consumer Price Index (CPI).

During the 1960s and early 1970s, active duty pay increased much faster than the CPI index. The result was an ever-widening gap between the pay of those who had retired earlier and those who retired after active duty pay was increased substantially.

In the late 1970s the trend reversed. The cost-of-living increases for retirees went up sharply, far outstripping the increases in active duty base pay. The result has been a steady decline in the number of older retirees getting less in retired pay than those of the same grade and years of service who retire currently. With this development came a decreasing interest in recomputation because fewer people would benefit from the change.

Recomputation bills—HR 228 and HR 320—have been introduced in the 97th Congress but have little chance of passing. This is especially true because of the fiscally conservative mood of this Congress and the estimated $15 billion to $40 billion tab that recomputation would cost.

Rep. Bill Nichols (Ala.-D-3) has been a staunch recomputation supporter in the past, having introduced several bills. He probably summed up the recomputation issue best in the last Congress when he said the bills' chances of passage are "somewhere between naught and zero."

NAUS will continue to support recomputation and urges those affected to write their senators and representatives on the issue. Only when a very large number do so will recomputation become a "live" issue again.

INTERVIEW
(Continued from Page 1)
in 1973, and the Uniformed Services' Medical School out in Bethesda, Md. is hitting full stride. All these things have improved recruitment and retention. The Navy and the Air Force are now close to their authorized strength in physicians, and the Army will be there in '83 or '84. The authorized strengths are, of course, the lowest acceptable numbers with which the active forces can do their job. When we reach them, we will take another look at their adequacy. Also, if we are going to retain our physicians we are going to have to do something about the professional environment in which they work. The military doctor just doesn't have the number of supporting personnel he would have in the civilian sector. Just as we can't match the pay in the civilian sector we don't expect to match the supporting personnel ratio, but we can improve on the current situation.

While the situation is beginning to look pretty good in the active forces, we remain woefully short of physicians in the reserves, particularly in the Army. We have to improve this situation, for we are critically dependent upon Reserve medical units in wartime. Right now there is no quick solution in sight.

NAUS: I note that the American Medical Association is predicting that there will soon be too many doctors and suggesting that government support of medical students be cut back. Do you concur in this view?

Dr. Moxley: The Federal Government has already cut out most of the medical scholarship programs except those supported by the Department of Defense. These programs require a clear commitment to serve a certain number of years in the military, and we are going to need them for some time to come. If we do reach a point where there are plenty of doctors for the military, the scholarship programs can be cut back. We are not there yet.

The physician shortage in the reserves has a bearing on the Medical Scholarship Program. We are proposing legislation that would require a longer commitment in the reserves than in the active forces in return for educational support. We are considering a three-year reserve obligation after residency for each year of medical education instead of the one for one required for active duty. This would give us 12 years or more of reserve service for each supported medical student.


Dr. Moxley (l) and NAUS' John Sheffey

NAUS: Here in the Washington area there appears to be a considerable number of foreign doctors in the military medical facilities. Is this a widespread pattern? What are the criteria for hiring and using them? Are they generally satisfactory?

Dr. Moxley: The foreign doctors in the military services have had to meet the same criteria as other doctors. We don't recruit them overseas. They have already been admitted to practice in the civilian sector. They have passed state board exams, English language tests, and had internships before we get them. Foreign medical graduates range from 7% to 15% of the physicians in the military services. I believe this is below the average in the civilian sector. In any event, they are screened as carefully as U.S. medical school graduates and provide the same high quality service.

NAUS: There are so many nonmilitary government programs for the support of college students that military-earned education credits are not very effective as an incentive for military service. Is this also true of military medical educational programs?

Dr. Moxley: No. Our medical scholarship program is fully subscribed. We turn people away. As long as we are allowed to have such a program I believe we can meet the services' needs for entry-level physicians.

NAUS: We have noted an improvement in the handling of CHAMPUS payments in recent years, but doctors and CHAMPUS beneficiaries still complain about slow payments and excessive paperwork. Doctors complain that CHAMPUS allowable payments are too low, in part because they are based upon outdated data. Can we expect improvement in these areas?

Dr. Moxley: We are always working on these problems. We have narrowed the number of CHAMPUS contractors from 80 to a more manageable eight. Our inspectors visit them regularly to check on their activities. The CHAMPUS management staff is far better organized and run than it used to be. It is true that CHAMPUS authorized payments can be as much as 16 months out of date in these times of rapid inflation. We are now allowed to survey these costs only once a year. We wouild like to be able to do so every six months or even every three months, but I believe we will need Congressional authorization to do so.

The DoD is proposing CHAMPUS-supported dental care for active duty dependents. This should be started this year. We are not contemplating CHAMPUS dental care for retirees, but do plan to continue to take retirees in our dental clinics on a space-available basis. I would not want to see them displaced by active duty dependents.

NAUS: We note with pleasure that the Government Accounting Office has recommended consideration of the retiree patient load in the design of the new military hospitals, rather than active duty requirements alone. Will the DoD seek approval of this policy by the Congress?

Dr. Moxley: I simply can't answer

that. We do have a large hospital construction and improvement requirement to meet, particularly in Europe. I personally would put the needs of the forces in Europe ahead of the retirees' needs in the U.S. We are going to be in Europe for a long time to come, and there's only so much money for hospital construction.

NAUS: PL 96-527, the 1981 Department of Defense Appropriation Act, authorized CHAMPUS $125 million "for the purpose of experiments and demonstration projects designed to determine the relative advantages and disadvantages of providing prepaid health benefits." In other words, the use of Health Maintenance Organizations. What is the current status of this project and what is your forecast as to the end result? Can you elaborate a bit on this project on what it means to the military retiree?

Dr. Moxley: We are getting organized for the test and I expect it to be underway this fall. There are a lot of problems yet to be resolved. For example, the Health Maintenance Organization test group must not use military medical facilities during the test period if the test is to be valid. Another thing—the members of the test group will be required to make small monthly payments whether or not they use the HMO facilities. This is different from CHAMPUS, in which the user pays his share only when services have been rendered. Also, the HMO member can't withdraw for at least a year if the test is to be valid. These and other complications were not fully foreseen when the test program was authorized, but we will work them out.

NAUS: What is your position on the Physician Assistant issue? Are there any plans underway to increase the number of PA positions and usage? What are your views on PA qualifications and military grade?

Dr. Moxley: We are all in full agreement on the value of the Physician Assistant Program. All services want it continued at the present or greater levels of authorization. The thing they can't agree on is the grade question. The Army and Navy are quite content with the warrant officer concept for PA's, but the Air Force is not. The Air Force has eliminated its warrant officer pilot program and believes the retention of warrant officer PA's is not consistent. The issue remains unresolved. I have no strong personal conviction on it. There are good arguments on both sides.

NAUS: As you know, the Administration has proposed closing the Public Health Service hospitals and clinics. They serve a very large number of active and retired service members and their dependents who will have to turn to CHAMPUS and DoD medical facilities for support if the PHS facilities close. Does the DoD support keeping them open?

NAUS' John Sheffey (l) and Dr. Moxley

Dr. Moxley: The DoD has not taken a position on the issue. We can absorb into our system the DoD beneficiaries now served by the PHS. I haven't anything to add to that.

NAUS: Dr. Moxley, it is quite clear that the DoD civilian leadership has made a real effort to turn the active duty military physician situation around, and some of the credit certainly belongs to you. We hope the Secretary of Defense will be equally determined and successful with the reserves. What can we in the military associations do to help?

Dr. Moxley: The most important service you can perform is to help keep the issue on the front burner. It will be all too easy to become complacent about it as things improve. Military physicians take a long lead time to produce, and decisions on how to fill the requirements have to be made far in advance. Don't let some future Secretary of Defense and some future Congress neglect those decisions. ■

Military Tax Break

Active duty service personnel would get a substantial tax break under a plan submitted to the White House for study by Defense Secretary Casper Weinberger.

Weinberger's plan would exclude up to $20,000 of a service member's pay from Federal taxes. It would mean that few enlisted personnel would pay any tax at all and provide a big benefit to those in the higher income brackets.

Department of Defense sources say the proposal would make military service more attractive without increasing the Defense budget. They said that higher reenlistment and officer retention rates would result from the tax break that could save billions of dollars in recruiting, training and turnover costs.

Meanwhile, Rep. Bobbi Fiedler (Calif.-21-R) has introduced a bill in the House that would give active duty military people and reservists a Federal income tax break of up to $12,000 a year. Fiedler's bill would allow a Federal income tax exclusion of $1,000 on each month's taxable income. Pay that is not now taxed, such as quarters and subsistence allowance, would not be affected.

There is not a lot of enthusiasm in the Congress, or in the Pentagon either, for active duty tax exemptions as a method of increasing service take-home pay. Exemptions are most beneficial to those already receiving the highest pay, they do not increase retired pay, and they are less likely to be perceived as compensation increases by service members than direct increases in basic pay, regardless of taxes. Tax exemptions also make comparisons with civil service and private business pay scales more difficult.

NAUS Building Fund

More than 2,800 NAUS members had contributed to our building fund as this issue of the USJ went to press. Individual contributions have ranged from $1 to $1,000, and the total has now passed $57,000. This is more than one-fourth our goal of $203,000, and has already reduced our mortgage payments significantly.

Your NAUS board and staff truly appreciate the generosity of the members who have contributed these funds. Our decision to purchase a permanent headquarters building has been vindicated, for we are now confident that the cost of owning our own building will soon be less than our rental costs before we made the move.

If every member who has yet to participate in our fund drive will make a donation, however small, we will certainly meet our goal. These contributions are tax deductible, and every $1 you donate is worth at least $4 to us in reduction of mortgage principal and interest.

There are so many contributors that we will have to publish their names a few hundred at a time in several issues of the Journal. It will take several months, so don't think we have overlooked your contribution if your name has not yet been published. Amounts of individual contributions are indicated only when they are $100 or more. In this issue we express heartfelt thanks to:

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PltSgt Joseph M. Zasik
LtCol Jack C. Zorka
TSgt Joseph Zylka

HOUSE

(Continued from Page 6)

April 24. The result was not available when we went to press.

Gladys Noon Spellman (Md.-5-D) was declared incapable of service as a member of the House by reason of illness on February 24. A general election will be held on May 19, with former State Sen. Steny D. Hoyer (D) facing Audrey Scott (R), mayor of Bowie. Spellman's husband, Rueben, ran second in the April 7 Democratic primary.

Jon Hinson (Miss.-4-R) resigned his House seat, which he had held since 1979, on April 13. Hinson is in a Washington hospital undergoing psychiatric treatment. Mississippi Governor William Winter must call a special election, which must be held within 60 days of Hinson's resignation. There is no primary. If no candidate receives a majority, a runoff election will be necessary.

Tennyson Guyer (Ohio-5-R), a member of the House since 1973, died on April 12. Details on how he will be replaced were not available when this USJ went to the printer.

Withholding State Taxes

Congress is again looking into the voluntary withholding of state income taxes from federal retirees. In the past, the Office of Personnel Management (OPM) has claimed it could not withhold state income taxes for those retirees who so desired because of cost. Rep. Mary Rose Oakar (Ohio-20-D), Chairwoman of the House Subcommittee on Compensation and Employee Benefits, does not agree with OPM, and in fact states that such a voluntary program might save the government as much as $10 million.

Rep. Oakar has asked OPM and the U.S. Treasury to establish the necessary guidelines to implement her proposal of withholding these taxes for those federal retirees that voluntarily request they be withheld. Due to the hardship of making quarterly estimated payments, the number of federal retirees requesting the withholding of taxes is increasing.

Withholding taxes will not only be a beneficial service to federal retirees, it will also benefit the states because it speeds up tax collection. At the same time, the federal government will save money.

Concerning her proposal, Rep. Oakar explained:

"My proposal, based on figures supplied by the Congressional Research Service, demonstrates that if 400,000 annuitants take advantage of the program and OPM agrees that is how many annuitants would, approximately $10 million would be withheld from annuitants' checks monthly for state income tax purposes. That money presently earns the Civil Service Retirement Fund 8.7% yearly and the interest earned on the withholding would provide the government with approximately $75,000 monthly to pay the cost of the program.

"OPM has estimated the administrative costs of the program at $500,000 yearly. Thus, my proposal would pay all costs and provide the government a yearly windfall of $400,000 of earned interest. Furthermore, the $10 million one-time savings that would never be repaid."

Implementation of Rep. Oakar's proposal could well lead to a similar proposal for military retirees.

HANDICAPPED

(Continued from Page 7)

fore would not have access to public programs of assistance to the handicapped. However, when assistance from federal, state or local programs is available, the active duty sponsor does not have the option of waiving this assistance in favor of using CHAMPUS.

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Purpose of the Association is to support legislation which will uphold the security of the United States, sustain the morale of the Armed Forces, and provide fair and equitable consideration for all members of the uniformed services, active, reserve and retired, and their spouses, widows, and widowers.

Budget Cuts Threaten PHS Facilities

As a part of its program to reduce federal expenditures, the Reagan Administration has proposed closure of the eight general hospitals and 27 outpatient clinics operated by the Public Health Service. This would end 200 years of government financed medical care for U.S. Merchant Seamen.

The Administration estimates a $110 million saving in the FY 82 budget and $900 million through 1986. These estimates are almost certainly exaggerated because the costs of closure and personnel terminations will be almost $100 million the first year, and the costs of alternative medical support for those other than merchant seamen who continue to be entitled to government medical services will be about $90 million/year thereafter.

Very large numbers of armed services' members, both active and retired, and their dependents are now served by the Public Health Service facilities. In 1980, the PHS provided 83,119 man-days of hospitalization for this group and accommodated 662,787 outpatient visits from it. The PHS estimates that it will cost the Department of Defense more than $26 million a year to provide for this group in DoD facilities or through CHAMPUS. This is probably low, and it omits the additional costs to the individuals who must go great distances to DoD facilities or pay a significant portion of costs only partially funded by CHAMPUS.

NAUS members, particularly those who live in areas served by PHS medical facilities, should contact their two senators and their representative and give them their views on this issue.

Service Education, Age Levels

How does the 1980 active duty military force compare to the 1965 force on educational and age group levels? Recently published Department of Defense statistics revealed some interesting data.

In 1966, 72.3% of all commissioned officers, 3,8% of all warrant officers and 1.3% of all enlisted personnel had graduated from college. In 1980 these percentages moved to 95.3%, 14,.7%, and 1.5% respectively. For those who had completed at least some college, but were not graduates, the percentages in 1965 were 90.9%, 44.1% and 19.7% in the above three categories. The 1980 percentages show 99.1%, 61.0% and 16.9%.

High school graduates, including GED's, in 1965 were 99.7%, 97.5% and 81.6%. In 1980, percentages were 100%, 92.7% and 88.8%.

Age groupings for active duty military, also show changes. Percentages of military personnel by age groups are as follows:

AGE	1965	1980
17-19	14.0	14.9
20-24	42.5	37.5
25-29	14.8	18.6
30-34	11.4	13.2
35-39	9.1	9.4
40-44	4.6	4.3
45-49	2.6	1.4
50 & over	1.0	.3

In 1965 the median age was 23.9%, while in 1980 it was 26.3%. In 1965, the largest percentages of the total force were in the 20, 21 and 22 age group with percentages of 9%, 10.7%, and 9.5%. In 1980 these age groups percentages were 9.6%, 9% and 7.5%.

CPI Adjustments

What would the proposed change to once-a-year CPI adjustments to retired pay and SBP benefits mean to the recipient? It is difficult to tell what the future will be because of the uncertainty in our nation's economy. However, what a once-a-year adjustment would have meant over the past years can be shown. Utilizing the following table, NAUS members can insert their personal amounts of retired pay or SBP and compute for themselves what twice-a-year adjustments have meant to them.

Starting date for this chart is Jan. 1, 1977 and $500 monthly payment is used. Under the current twice-a-year adjustment, amounts received were as follows:

Date	CPI Adjustment	Amount of Pay
Jan. 1, 1977		$500.00
March 1, 1977	4.8	524.00
Sept. 1, 1977	4.3	546.53
March 1, 1978	2.4	559.,65
Sept. 1, 1978	4.9	587.07
March 1, 1979	3.9	609.97
Sept. 1, 1979	6.9	652.06
March 1, 1980	6.0	691.18
Sept. 1, 1980	7.7	744.40
March 1, 1981	4.4	777.15

Computing CPI adjustment on a January to December basis, a once-a-year adjustment would have had the following effect.

Date	CPI Adjustment	Amount of Pay
Jan. 1, 1977		$500.00
Jan. 1, 1978	6.8	534.00
Jan. 1, 1979	9.0	582.06
Jan. 1, 1980	13.4	660.06
Jan. 1, 1981	12.5	742.57

For the period Jan.1, 1977 through June 30, 1981, total amount received under the twice-a-year system is $33,597.76 and $31,768.14 under the once-a-year system.

The above figures are based on the CPI figures of December 1977 (174.3) to December 1980 (258.7).

Commission Pension Policy Report Out

The President's Commission on Pension Policy made its final report on Feb. 26, 1981. Most of its recommendations had already been signalled in its preliminary reports.

The Commission criticized early retirement for military personnel and others in hazardous and physically demanding work such as police and firefighters. It recommended that early retirement not be used as recruitment, retention and separation devices.

The report also recommended that retirement and survivor benefits be considered as earned jointly by husbands and wives and that they be divided in divorce just as other property earned during marriage. Other recommendations are:

- Military and Civil Service annuities should be adjusted for inflation only once a year and that a special cost-of-living index be set up for retirees to expand their pension coverage each year but not necessarily enough to provide full inflation protection.
- Until a new retiree index is developed, federal annuities be adjusted based on average federal wage increase or changes in the CPI, whichever is lower.
- Social Security coverage be made mandatory to bring in federal civilian workers whose annuities then would be offset by their Social Security benefits.
- Normal retirement age for federal workers be increased to 65. Federal civilians now can retire at full annuities after 30 years of service at age 55.
- Social Security taxes be increased faster than is now planned.
- Normal retirement age and full Social Security benefits be increased from age 65 to 68 and, for early retirement, from age 62 to 65.
- A minimum universal pension system be established for American workers over 25 years old who have at least a year on the job with 1,000 hours of work. The pension would be funded by employers.

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- Agency response to requests for positions from Senate Committee on Governmental Affairs (S.46) and House Committee on Post Office and Civil Service (H.R.116).

  DoD - fav

  OPM - opposed

  VA fav, fav

  U.S. Postal Service

- Supportive position from VA

- OMB action - Tom Stanners - Annalise Anderson - career

[signature]

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Morton -

I would like to discuss the status of this issue in the Executive agencies involved and obtain your help in getting some action.

John Sheffey

CATCH—62

This is for your meeting today with John Sheffey at 3 P.M.

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"CATCH-62,*" THE INEQUITABLE TREATMENT OF MILITARY SERVICE IN THE COMPUTATION OF CIVIL SERVICE ANNUITIES AFTER AGE 62

"CATCH-62" refers to the provision in PL 84-881 which requires that at age 62 and thereafter, all civil service retirees who are veterans and have combined their military service and civil service for calculation of their civil service annuities, when eligible for social security benefits due in any part to military service, must accept a recomputation of their annuities, omitting all credit for their military service after 1956. These annuity reductions take place even though the retiree may not receive social security payments because he is working or would prefer to delay receiving them for other reasons. Even when social security is received, the annuity losses are frequently far greater than the social security payments. The annuity loss averages a little over 3 percent for each year of military service after 1956.

This enforced substitution of a less advantageous civil service annuity when a veteran has properly qualified for an annuity based upon all his government employment and the average of his highest three years' pay was placed in PL 84-881 without adequate hearings or evaluation of its long-term impacts. While the intent of the law was to provide military personnel a portable social security benefit and to increase their incomes in retirement, the Civil Service Commission (CSC) objected to veterans' receiving credit for both social security and their annuity for the same years of service. The commission took the position that this would be a "double credit" in violation of laws which preclude crediting service to two retirement systems at the same time. The fallacy in this objection is that the Social Security System is not a retirement system, and was never so intended. It was originated in 1936 as an old age benefit to keep persons in their declining years from becoming indigent. It was expected that social security recipients would have additional income from part-time work, personal savings and retirement plans.

In order to qualify for a civil service combined annuity, a veteran entitled to military retired pay must waive all rights to it and accept only the annuity. There is no double credit for the military service; it is counted only for civil service retirement. Military retirees who do not enter the civil service receive both their full retired pay and social security payments based upon the same periods of military service. Temporary federal employees are also simultaneously covered by the Social Security System. Under PL 91-360 temporary employees who acquire permanent employee status and come under the civil service retirement system may credit all their temporary employment for retirement purposes without penalty at age 62 and also retain their social security entitlements based upon their temporary employment. More than 350,000 temporary civil service employees have become permanent employees, and the number is increasing daily. Approximately 45 percent of the 2.9 million civil service and postal service employees have had some military service. Nearly one million, including 345,000 Vietnam veterans, have had service after 1956 and are subject to "CATCH-62." Only 14 percent of these veterans are military retirees, but all will suffer from "CATCH-62" when they become eligible for social security.

*In 1955 Joseph Heller published "CATCH-22" about WW II Army pilots. The term has entered the language meaning a situation from which there is no escape. PL 84-881 created a no-escape 62d birthday situation for the veteran in the civil service that has become known as "CATCH-62."

At present, federal civil service retirees who have had no military service after 1956 do not suffer annuity reductions at age 62 if they are entitled to social security (or at any later age if they become so entitled). About 60 percent of civil service annuitants are entitled to social security payments in addition to their annuities.

Military retirees who do not enter the civil service draw retired pay from the date of their retirement and social security at age 62 or later, when eligible. The uniformed services have been required to contribute to social security since 1956, and any military retiree with 10 years of service after 1956 is eligible for social security on the basis of military service alone.

However, the individual with any military service after 1956 who enters the civil service and retires, counting his military service in the computation of his annuity, is required at age 62 to forfeit that portion based on his military service if he is entitled to social security (or at any later age when he becomes so entitled). The annuity reduction takes place even when he cannot draw social security because he is working again, and he does not have the choice of deferring the annuity reduction to age 65 for maximum social security payments. Unlike the all-military careerist or the all-civil service careerist, the "CATCH-62" victim is denied retirement income after age 62 based on all his government service just because he transferred from military to civil service.

It is a matter of equity that all employees of the civil service should receive equal consideration on retirement for service rendered to the U. S. Government, be it military or civil service. This was a principle of the Civil Service Retirement Act of 1920 and has remained constant except for the single anomaly "CATCH-62" created in 1956 by Section 8332 (j), Title 5, PL 84-881. Some agencies have obtained exceptions for all or part of their employees who are veterans. These are the Foreign Service, the Environmental Protection Agency, the Federal Water Pollution Control Administration, and the Consumer Product Safety Commission. In fairness, the policy should be the same for all.

Civil service annuitants with military service who are reserve retirees under Chapter 67, Title 10 of the U. S. Code do not have to waive reserve retired pay to include their years of active military service in the computation of their annuities prior to age 62. If they are eligible for social security at age 62, their annuities are reduced by "CATCH-62" just as are the annuities of all others credited with military service after 1956. However, their reserve retired pay based on both active and reserve duty continues unchanged. If they are not entitled to social security, their active military service continues to be credited for both reserve and civil service retirement.

The present law does not penalize veterans who have not completed their 40 quarters for coverage, even if some of the quarters were in the automatically covered military service after 1956. But if the veteran, through any additional social security covered employment, <u>does</u> complete his coverage to the required 40 quarters, his civil service annuity is required by PL 84-881 to be reduced by denial of credit for his military service subsequent to 1956. This reduction is at age 62 or at any time thereafter that he completes the 40 quarters of coverage.

A civil service retiree who served in the uniformed services for 5 years after 1956, and has his required total of 40 quarters, will lose about 17 percent of his CSA annuity at age 62. A federal employee retiring in 1979 with 11 years in the uniformed services after 1956 would find his CSA annuity reduced by about 37 percent. The social security entitlement often is far less than the lost annuity income.

The unfairness of the present law and the unevenness of its application is illustrated by the following table:

Annual Incomes at Age 62 for Average Civil Servant
Who Retired at Age 55 and is Entitled to Social Security
(all veterans subject to "CATCH-62")

	Non-veteran W/Min. Soc. Sec. Income	Veteran W/3 Yrs. Mil. Svc.	Veteran W/10 Yrs. Mil. Svc.	Non-veteran W/20 Yrs. Soc. Sec. Coverage	Veteran W/20 Yrs. Military Service: Combined Annuity	Veteran W/20 Yrs. Military Service: Separate Annuities
Annuity	11400	10180	7350	11050	4400	3200
Soc. Sec.*	1900	1900	1900	2900	2900	2900
Mil. Ret.	0	0	0	0	0	6100
Total	13300	12080	9250	13950	7300	12200

*Typical low-level social security entitlements of civil service annuitants and 20-year military retirees (worker only).

Note that the non-veteran annuitant entitled to social security, as most are, is better off than the veteran after age 62. Repeal of "CATCH-62" will only bring the veteran up to the income level of the non-veteran, not above it.

Obviously, waiving military retired pay for a combined annuity is not an attractive option for most military retirees with 10 or more years of military service after 1956. The alternative, unfortunately, is to keep a low military retired pay and accept a very low civil service annuity based on the low multiples for the first 10 years of civil service. This is completely contrary to the basic government policy that retirement is based on all government service and the higher income attained at the end of one's career. Even more unfortunate are the individuals who have long periods of military service (up to 19 years) but did not qualify for military retirement before entering the civil service. Eighty-six percent of the veterans in the civil service are not military retirees. They have no choice but to count all their government service in their annuity computations and suffer the "CATCH-62" reductions. Their credits for social security are usually based on low incomes in the military service, and their social security entitlements at age 62 are very small. In the typical case, the social security check offsets only a fraction of the annuity loss.

If he is working again, the veteran may not actually receive the social security benefits for which he has been penalized. He may not reinstate military retired pay for the years in question, and his civil service annuity will, as a further injury, be cut off from the top years (at 2 percent per year), leaving him only the lowest multiples (1.5 and 1.75 percent, respectively, for the first and second 5 years).

Many civil service retirees with military service were forced to take a combined retirement to qualify for immediate retirement income. Some military retirees had to take a combined civil service retirement to qualify their families for adequate survivor benefits. The military Survivor Benefit Plan was not provided to the uniformed services until September 21, 1972.

A widow's benefit (the Survivor's Benefit) is calculated at 55 percent of the annuity of her sponsor. If he dies before reaching his 62d birthday, on the date he would have reached it her benefit is reduced to 55% of what his reduced annuity would have been at 62 had he lived. This takes place although her dead husband paid annuity deductions for an unreduced benefit.

To make the situation even more unfair, enforcement of PL 84-881 is inexact, and many individuals to whom "CATCH-62" should apply are not identified and their annuities are not reduced at age 62. Those who have waived military retired pay to include their military service in annuity computations are more readily identified and their annuities reduced. Many thousands of annuitants with less than 20 years of military service counted in their annuity computations escape the legally required reductions at age 62 entirely. They are particularly likely to escape detection when they do not apply for social security or when their military service alone is insufficient to qualify them for social security and is combined with other covered employment subsequent to civil service retirement to qualify for social security benefits.

The President's Commission on Military Compensation urged the administration and the Congress on April 10, 1978 to resolve the "CATCH-62" problem expeditiously. Bills for this purpose were introduced in the Senate and the House in both the 95th and the 96th Congresses. No action was taken by the 95th Congress because the Administration failed to provide a cost estimate in time. During the 96th Congress the Administration did not respond to repeated Committee requests for its position on the bills, and no hearings were held. In the 97th Congress Senator Strom Thurmond (R-SC) has reintroduced his bill in the Senate, S.46; and Rep. Charles E. Bennett (FL-3-D) has reintroduced his, HR 116, in the House. The previous bills had 11 cosponsors in the Senate and 26 cosponsors in the House. The current bills are expected to have as many or more. These bills have the support of 38 military, veteran, and civil service organizations (see attached listing).

It appears inevitable that eventually there will be offsets of all Federal retirement incomes for retirees entitled to social security. President Carter proposed such legislation to the Congress for civil service annuitants, and his proposed Uniformed Services Retirement Benefits Act provided for reduction of retired pay for retirees entitled to social security <u>and</u> for a reduction in social security for military retirees who also retire from the civil service. Both these proposals would have involved double jeopardy for "CATCH-62" victims. President Reagan has not disclosed his plans for reduction of retirement costs, but the necessity for some form of offsets of social security and federal retirement is widely accepted in the Congress. There is no practicable solution for the "CATCH-62" problem other than removing it entirely as proposed in S.46 and HR 116. Only by this approach can an equitable relationship be established between social security and federal retirement systems in the future that will not penalize the veteran in civil service.

Members of the NAUS staff have met with officials of all the Executive agencies involved in the "CATCH-62" issue and with members and staffers of the responsible Congressional committees to explain the case for the proposed change. There is a general acknowledgement that the current situation is inequitable, but resistance to any increase in government retirement costs. With the help of other organizations on the attached list, NAUS is now doing its utmost to have the committees set an early date for hearings on the bills.

Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

Jan. 5, 1981

S.46

MILITARY RETIREMENT BILL

Mr. THURMOND. Mr. President, in 1956, the Congress, in passing a modification to the social security law (Public Law 84-881), inadvertently created an inequity that has come to be known as "catch-62," because the injustice is mandatory under the law. I am again proposing legislation for the fourth time to correct this inequity.

My measure refers to the provision in the law which requires that at age 62 and thereafter, all civil service retirees who are veterans and have combined their military service and civil service for calculation of their ciivl service annuities must involuntarily accept a recomputation of their annuities, omitting all credit for their military service after 1956. This is because of their eligibility for social security benefits due in any part to military service.

These annuity reductions take place even though the retiree may not receive social security payments because he is working, or would prefer to delay receiving them to age 65 for maximum payments, as all others are allowed to do.

This enforced substitution of a less advantageous civil service annuity when a veteran has properly qualified for an annuity based upon all his Government employment and the average of his highest 3 years' pay was placed in Public Law 84-881 without adequate hearings or evaluation of its long-term impacts.

Mr. President, while the intent of the law was to provide military personnel a portable social security benefit and to increase their incomes in retirement, the Civil Service Commission (CSC), now known as the Office of Personnel Management (OPM), objected to veterans receiving credit for both social security and their annuity for the same years of service. The Commission took the position that this would be a double credit in violation of laws which preclude crediting service to two retirement systems at the same time.

The fallacy in this objection is that the social security system is not a retirement system, and was never so intended. It was originated in 1936 as an old age benefit to keep persons in their declining years from becoming indigent. It was expected that social security recipients would have additional income from part-time work, personal savings, and retirement plans.

In order to qualify for a civil service combined annuity, a veteran entitled to military retired pay must waive all rights to it and accept only the annuity. There is no double credit for the military service; it is counted only for civil service retirement.

Military retirees who do not enter the civil service receive both their full retired pay and social security payments based upon the same periods of military service. Temporary Federal employees are also simultaneously covered by the social security system. Under Public Law 91-360, temporary employees who acquire permanent employee status and come under the civil service retirement system may credit all their temporary employment for retirement purposes without penalty at age 62. Also, they retain their social security entitlements based upon their temporary employment.

Mr. President, more than 350,000 temporary civil service employees have become permanent employees, and the number is increasing daily. Approximately 45 percent of the 2.9 million civil service and postal service employees have had some military service. Nearly 1 million, including 345,000 Vietnam veterans, have had service after 1956 and are subject to catch-62. Only 14 percent of these veterans are military retirees, but all will suffer from catch-62 when they become eligible for social security.

At present, Federal civil service retirees who have had no military service after 1956, do not suffer annuity reductions at age 62 if they are entitled to social security (or at any later age if they become so entitled). About 60 percent of civil service annuitants are entitled to social security payments in addition to their annuities.

Military retirees who do not enter the civil service draw retired pay from the date of their retirement and social security at age 62 or later, when eligible. The uniformed services have been required to contribute to social security since 1956, and any military retiree with 10 years of service after 1956 is eligible for social security on the basis of military service alone.

However, the individual with any military service after 1956, who enters the civil service and retires, counting his military service in the computation of his annuity, is required at age 62 to forfeit that portion based on his military service, if he is entitled to social security (or at any later age when he becomes so entitled). The annuity reduction takes place even when he cannot draw social security because he is working again, and he does not have the choice of deferring the annuity reduction to age 65 for maximum social security payments. Unlike the all-military careerist, or the all-civil-service careerist, the catch-62 victim is denied retirement income after age 62, based on all his Government service just because he transferred from military to civil service.

Mr. President, it is a matter of equity that all employees of the civil service should receive equal consideration on retirement for service renedered to the U.S. Government, be it military or civil service. This was a principle of the Civil Service Retirement Act of 1920 and has remained constant except for the single anomaly catch-62 created in 1956 by section 8332(j), title 5, Public Law 84-881. Some agencies have obtained exceptions for all or part of their employees who are veterans. These exceptions are the Foreign Service, the Environmental Protection Agency, the Federal Water Pollution Control Administration, and the Consumer Product Safety Commission. In fairness, the policy should be the same for all. It is a gross injustice and discrimination for other veterans to be penalized monetarily by catch-62.

A civil service retiree who served in the uniformed services for 5 years after 1956, and has his required total of 40 quarters, will lose about 17 percent of his Federal annuity at age 62. A Federal employee retiring in 1979 with 11 years in the uniformed services after 1956, would find his annuity reduced by about 37 percent. The social security entitlement often is far less than the lost annuity income.

Mr. President, I am including a brief tabular comparison of the after-1962 incomes of typical civil service annuitants who are entitled to social security, veteran and nonveteran. Bear in mind that the Universal Social Security Study Group projected that nearly 80 percent of civil service employees are or will be qualified for social security through other employment. This table shows that the nonveteran annuitant entitled to social security always has a higher post-62 gross income than the veteran annuitant of the same grade and length of Government service.

The table is as follows:

ANNUAL INCOMES AT AGE 62 FOR AVERAGE CIVIL SERVANT WHO RETIRED AT AGE 55 WITH 30 YR OF GOVERNMENT SERVICE AND IS ENTITLED TO SOCIAL SECURITY (ALL VETERANS SUBJECT TO CATCH-62)

	Nonveteran with minimum social security income	Veteran with 3 yr military service	Veteran with 10 yr military service	Nonveteran with 20 yr social security coverage	Veteran with 20 yr military service	
					Combined annuity	Separate annuities
Annuity	11,400	10,180	7,350	11,050	4,400	3,200
Social security [1]	1,900	1,900	1,900	2,900	2,900	2,900
Military retirees	0	0	0	0	0	6,100
Total	13,300	12,080	9,250	13,950	7,300	12,200

[1] Typical low-level social security entitlements of civil service annuitants and 20-yr military retirees (worker only).

The above chart depicts the dramatic catch-62 inequity between the total post-62 retirement income of a typical veteran with 30 years of Government service, including 20 years of social-security-covered military service, and a nonveteran who spent all 30 years in the civil service and also acquired a matching 20 years of social security coverage in Government and private employment. Although the 20-year veteran is entitled to military retired pay, his total post-62 income is only $7,300 if he combines his two periods of Government service to have the same retirement income as the nonveteran at age 55; or only $6,100 from 55 to 62 and $12,200 thereafter, if he defers his civil service annuity to age 62 for maximum income thereafter. The nonveteran with the same total service has the maximum income of $11,050 from age 55 on with social security wholly additive at age 62 for a total of $13,950 thereafter.

Mr. President, it is simply disgraceful that our Government gives greater civil service retirement credit to its temporary employees, who stayed home with their families and worked only 40 hours a week at good incomes, than it does to those veterans who went to Vietnam as draftees and risked their lives for $75 per week take-home pay with no limit on their working hours.

There are other unfair aspects of the current catch-62 situation.

Many civil service retirees with military service were forced to take a combined retirement to qualify for immediate retirement income. Some military retirees had to take a combined civil service retirement to qualify their families for adequate survivor benefits. The military survivor benefit plan was not provided to the uniformed services until September 21, 1972.

A widow's benefit—the survivor's benefit—is calculated at 55 percent of the annuity of her sponsor. If he dies before reaching his 62d birthday, on the date he would have reached it her benefit is reduced to 55 percent of what his reduced annuity would have been at 62 had he lived.

Mr. President, to make the situation even more unfair, enforcement of Public Law 84-881 is inexact, and many individuals to whom catch-62 should apply are not identified and their annuities are not reduced at age 62. Those who have waived military retired pay to include their military service in annuity computations are more readily identified and their annuities reduced. Many thousands of annuitants with less than 20 years of military service counted in their annuity computations escape the legally required reductions at age 62 entirely. They are particularly likely to escape detection when they do not apply for social security, or when their military service alone is insufficient to qualify them for social security and is combined with other covered employment subsequent to civil service retirement to qualify for

Mr. President, I am introducing a bill to correct this injustice which has been unfairly denying retirement annuity credit for military service after 1956. It is identical with S. 92, which I introduced in the last Congress. The executive branch frustrated congressional action on this bill by failing to provide agency positions on this bill, as requested by the Committee on Governmental Affairs.

Mr. President, I have been unofficially advised that the Department of Defense supports my bill, and the Veterans' Administration is also anxious to have the current inequitable treatment of veterans ended: 12 of my distinguished colleagues joined me in cosponsoring S. 92, and I expect even more cosponsors for my new bill in the 97th Congress.

Mr. President, I am confident that my distinguished colleagues will want to go on record in support of this bill. It will end the discriminatory treatment to which a small group of veterans and their survivors have been subjected for 24 years.

My bill is a simple measure. It will end the current practice of recomputing the civil service retiree's annuity at age 62 to remove credit for social security covered military service and continue his or her annuity unchanged after age 62, the years in which the income is needed most.

Retirement annuities based on total service are already budgeted for these veterans from age 55 to age 62. Additional costs thereafter under my proposed change are a very small percentage increase in civil service retirement costs. Regardless of the money involved, however, we are dealing here not with any additional pay or "double dip," but with an injustice perpetrated in error.

The following organizations are supporting legislation to eliminate catch-62:

National Association for Uniformed Services.

Veterans of Foreign Wars.

The American Legion.

American Federation of Government Employees.

National Federation of Federal Employees.

National Treasury Employees' Union.

American Association of Retired Persons.

National Retired Teachers Association.

The Retired Officers Association.

Reserve Officers Association.

Fleet Reserve Association.

Naval Reserve Association.

National Association of Retired Federal Employees.

Air Force Association.

Air Force Sergeants Association.

Marine Corps League.

Marine Corps Reserve Officers Association.

Blinded Veterans Association.

Disabled American Veterans.

Disabled Officers Association.

Paralyzed Veterans of America.

Organization of Professional Employees/Dept. of Agriculture.

National Association of Federal/State Employees.

National Association of Rural Letter Carriers.

Jewish War Veterans.

Legion of Valor.

Regular Veterans Association.

Retreads.

Non Commissioned Officers Association.

National Association of Letter Carriers.

American Postal Workers Union, AFL-CIO.

Military Order of Purple Heart.

U.S. Army Warrant Officers Association.

Chief Warrant and Warrant Officers Association, USCG.

National Association of Concerned Veterans.

Federal Managers Association (formerly Nat'l Assoc. of Supervisors).

Amvets.

Mr. President, I urge my distinguished colleagues to support this most worthwhile measure. I ask unanimous consent that this bill be printed in the CONGRESSIONAL RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8332(j) of title 5, United States Code, be amended—

(1) by striking out "military service, except military service covered by military leave with pay from a civilian position, performed by an individual after December 1956," in the first sentence thereof; and

(2) by striking out "the military service or" in the second sentence thereof.

(b) The amendment made by subsection (a) shall apply only in the case of annuities to which individuals become entitled on or after the date of the enactment of this Act.

(c)(1) Upon the written request to the United States Civil Service Commission (filed in such form and manner and containing such information as the Civil Service Commission shall by regulation prescribe) by any individual receiving an annuity before the date of the enactment of this Act to have the amendment made by subsection (a) apply to such annuity—

(A) the provisions of section 8332(j) of title 5, United States Code, as amended by subsection (a), shall apply to such annuity, and

(B) the Civil Service Commission shall recompute such annuity by redetermining the aggregate period of service on which the annuity is based so as to include military service excluded under such section 8332(j) as in effect on the day before such date of enactment.

(2) Any annuity which is recomputed under paragraph (1) shall be effective with respect to payments of such annuity for months after the month in which this Act is enacted and no payment of any such annuity for any month prior to such month shall be considered erroneous by reason of this paragraph.

(3) The Civil Service Commission shall take such actions as may be necessary to notify individuals receiving an annuity before the date of the enactment of this Act of the provisions of this section.

The following organizations are supporting legislation to eliminate "Catch-62".

National Association for Uniformed Services
Veterans of Foreign Wars
The American Legion
American Federation of Government Employees
National Federation of Federal Employees
National Treasury Employees' Union
American Association of Retired Persons
National Retired Teachers' Association
The Retired Officers' Association
Reserve Officers' Association
Fleet Reserve Association
Naval Reserve Association
National Association of Retired Federal Employees
Air Force Association
Air Force Sergeants Association
Marine Corps League
Marine Corps Reserve Officers' Association
Blinded Veterans Association
Disabled American Veterans
Disabled Officers' Association
Paralyzed Veterans of America
Organization of Professional Employees/Dept. of Agriculture
National Association of Federal/State Employees
National Association of Rural Letter Carriers
Jewish War Veterans
Legion of Valor
Regular Veterans Association
Retreads
Non Commissioned Officers' Association
National Association of Letter Carriers
American Postal Workers Union, AFL-CIO
Military Order of Purple Heart
U.S. Army Warrant Officers' Association
Chief Warrant and Warrant Officers' Association, USCG
National Association of Concerned Veterans
Federal Managers Association(formerly Nat'l Assoc. of Supervisor
AMVETS
Polish Legion of American Veterans, USA

SPONSORS -- COSPONSORS

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S. 46 Sponsor -- Strom Thurmond

S. 46 Cosponsors:

Burdick, Quentin (ND-D)
Cannon, Howard (NEV-D)
Cochran, Thad (MS-R)
Goldwater, Barry (Ariz-R)
Inouye, Daniel (HI-D)
Matsunaga, Spark (HI-D)
Melcher, John (MT-D)
Schmitt, Harrison (NM-R)
Simpson, Alan (WY-R)
Tower, John (TX-R)

HR 116 Sponsor - Ch. Bennett (FL-3-D)

HR 116 Cosponsors:

McDonald, Larry (GA-7-D)
Whitehurst, G. Wm. (VA-2-R)
Howard, James (NJ-3-D)
Badham, Robert (CA-40-R)
Barnard, Doug (GA-10-D)
Chisholm, Shirley (NY-12-D)
Daniel, Dan (VA-5-D)
Evans, Billy Lee (GA-8-D
Jeffries, Jim (KS-2-R)
Leath, Marvin (TX-11-D)
Lott, Trent (MS-5-R)
Mitchell, Donald (NY-31-R)
Panetta, Leon (CA-16-D)
Roe, Robert (NY-8-D)
Parris, Stan (VA-8-R)
Bailey, Don (PA-21-D)
deLugo, Ron (V.I.DEl.-D)

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LEGISLATIVE NEWS

Marriage Tax Bills

Several bills have been introduced in the 97th Congress to relieve the "marriage tax" in current income tax rates for two-income families. In most cases where both the husband and wife have incomes they pay considerably more taxes than they would pay if they could file as singles. Some couples have even divorced to save taxes although they continue to live together. Thousands of other couples have remained unmarried because of the tax penalty. Some of the proposed bills would permit the choice of filing either jointly or as singles. Others would allow a tax deduction of some portion of the lesser-paid spouse's earnings.

Sen. Daniel Moynihan (N.Y.-D) has introduced S.775, which would establish a tax credit for two-income families equal to the "marriage tax" penalty on earned income under current tax law. Under S.775 the Internal Revenue Service would calculate a simple system of tables which would establish the exact tax credit for every two-income situation.

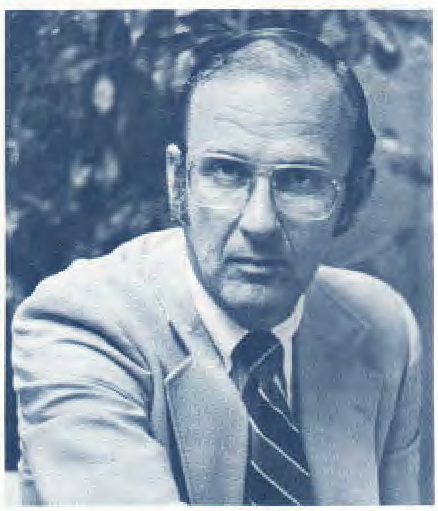
Some form of marriage tax relief is

*(See **News,** Page 2)*

NAUS Interview

Doctor Situation Better; CHAMPUS Service Improving

In the September 1978 USJ NAUS reported on the "uncertain trumpet" approach of the Secretary of Defense to the critical shortage of military physicians. Secretary Brown had attempted to abolish the position of



Dr. Moxley

Assistant Secretary of Defense (Health Affairs) but the Congress refused to do so. The position then remained unfilled for more than a year. Pressures from the Armed Services Committees and the Surgeons General finally led to the appointment of Dr. John Moxley III to the position on August 23, 1979. Dr. Moxley is well qualified, having served in the Public Health Service, as Assistant to the Dean of the Harvard Medical School, as Dean of the University of Maryland School of Medicine, as Dean of the University of California School of Medicine and as consultant to the Veterans Administration.

During the past two years some positive actions have been undertaken by the DoD and the Congress to attract and retain career military physicians. NAUS called on Dr. Moxley in April to discuss the current outlook.

★★★

NAUS: Dr. Moxley, when you took office the military physician shortage in the active forces was somewhere around 2,800, depending upon the source of the estimate, and in the reserves only 30% of the physician spaces were filled. There were a number of legislative actions last year to improve the situation. What is the outlook now?

Dr. Moxley: Things have improved. The attitude of the public toward the military has become more favorable. The doctors' pay bill passed by the Congress last summer helped. We are now seeing the results of the medical scholarship program started

*(See **Interview,** Page 10)*

NEWS

(Continued from Page 1)

likely this year, but the loss of income for the Treasury remains a major obstacle to full relief as proposed by S.775 and similar bills.

Catch-62

S.46 and H.R. 116, the Senate and House bills to permit continued Civil Service annuity credit after age 62 for social security covered military service, have low priority at this time. The Senate Committee on Governmental Affairs and the House Committee on Post Office and Civil Service have requested Executive Agency positions on the bills, but were not able to have the needed $5.5 million for this purpose included in the first FY 82 Budget Resolution. This was not unexpected, in view of the priority given by the Reagan Administration to reductions in taxes and government spending. This does not prevent action on the bills; there will be another Budget Resolution later on.

Sen. Strom Thurmond (S.C.-R) and Rep. Charles Bennett (Fla.-3-D) are currently seeking cosponsors for their bills. NAUS and other associations are supporting this effort in every way possible. Now is the time for all who are interested in the Catch-62 issue to ask their two senators to cosponsor and support S.46 and their representative to cosponsor and support H.R. 116.

NAUS continues to push in other areas for support of the proposed legislation. We particpated in the February 5 Veterans' Conference on Aging which passed a resolution calling for the elimination of Catch-62. This will be presented at the White House Conference on Aging later this year.

On February 16, NAUS made a presentation on Catch-62 to the American Legion's Commission on Economics as part of their midyear conference. The Legion has already published an excellent brochure on the subject, requesting their members to support S.46/H.R. 116. Send a stamped, self-addressed envelope to NAUS if you want a copy.

On April 2, NAUS presented testimony on Catch-62 before the House Veterans' Affairs Committee subcommittee on Education, Training and Employment. We urged that the Veterans' Affairs Committee help obtain House action on H.R. 116.

DIC

The Administration is recommending an 11.2% increase in Dependency and Indemnity Compensation effective Oct. 1, 1981.

The House Veterans' Affairs Committee is considering a 12.3% increase.

It will probable be some time in September before any increase is enacted into law.

Beard Wants Readiness Mobilization Panel

Rep. Robin Beard (Tenn.-6-R) has introduced House Concurrent Resolution 28 to establish a Joint Select Committee on Defense Readiness and Mobilization Capability.

The recent coverage by television, newspapers and magazines outlining critical problems in this nation's defense capability gives cause for concern as to the ability of the All-Volunteer Force to fight and win. Much of this coverage has centered on two aspects: the departure of experienced and skilled Non Commissioned Officers (NCO's) and Chief Petty Officers (CPO's), and the level of education and intelligence of new recruits. The shortage of NCO's and CPO's is real and is well documented. The education and intelligence levels of new recruits have been discussed for years. It is still open to interpretation, depending on who is presenting the statistics and from what sources the statistics were compiled.

What is certain is that these two vital problems need resolution. Rep. Beard's proposal would establish a joint select committee which would conduct a full investigation of the military readiness and manpower situation and submit recommended solutions. The committee would consist of 30 members, 15 Senators and 15 Representatives. In order to have breadth of experience and expertise, the Senators will come, three each, from four standing Senate committees; Appropriations, Armed Services, Budget, Government Affairs, and three at large appointed by the President pro tempore of the Senate.

The Representatives will come three each from the Appropriations, Armed Services, Budget and Government Operations Committees, and three appointed by the Speaker of the House. The majority will provide two members and the minority party one in each instance.

Those NAUS members who heard Rep. Beard speak at our annual meeting in 1979 know of his sincerity, enthusiasm, and desire to have our nation's defense forces second to none.

NAUS Fights Compensation Cut

Among the Administration's proposed budget cuts was one to eliminate unemployment compensation for enlisted personnel with less than 20 years service who, though fully qualified, declined reenlistment. This proposal, in essence, would deny benefits to the soldier who honorably completed an obligated term of service, but would not deny them to the individual released prior to completion of an enlistment and with a less than honorable discharge.

On March 11, NAUS joined with the Non Commissioned Officers Association (NCOA) and the Veterans of Foreign Wars (VFW) to testify before the Subcommittee on Public Assistance and Unemployment Compensation, Ways and Means Committee, U.S. House of Representatives in opposition to the denial of benefits. Rep. Shirley Chisholm (N.Y.-12-D), on behalf of the Congressional Black Caucus, also testified in opposition. NAUS is most appreciative of Rep. Chisholm's support.

Testifying in support of elimination of unemployment compensation was the Chamber of Commerce of the United States, the Council of State Chambers of Commerce, and Associated Builders and Contractors.

Upon completion of the hearings, NAUS was pleased that Rep. Fortney Stark (Calif.-9-D), chairman of the subcommittee, expressed support for these benefits.

SGLI/VGLI Increases

The Department of Defense is sponsoring a bill, H.R. 2028, to increase the maximum coverage of Servicemen's Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) from the current $20,000 to $35,000. This amount was calculated by the DoD only to compensate for the inflation of the dollar since 1974 when the $20,000 ceiling was established.

Since last August NAUS has urged the Service Chiefs to seek a higher amount of maximum coverage. It has always been too low, and $35,000 will already be behind the inflation curve again if it is the amount authorized this year. In spite of NAUS' urging, the DoD did not seek a higher maximum. This is difficult to understand, because the insurance is entirely self-supporting. It costs the Government nothing, except for the war risk element which is zero in peacetime.

On April 8, NAUS testified before the Veterans' Affairs Committee, Subcommittee on Compensation, Pension and Insurance, to urge that the maximum authorized insurance be increased at least to $50,000. Rep. G.V. (Sonny) Montgomery (Miss-3-D), the Chairman of the Veterans' Affairs Committee, has already introduced his own bill, H.R. 1497, which would increase the maximum to $40,000. The prospects are good that more than $35,000 will be recommended by the Committee.

IRA Bills S.243/H.R. 1250

NAUS testified in favor of Sen. John Chafee's (R.I.-R) S.243 in the Senate Committee on Finance on February 24. This is the bill to authorize everyone to save a tax deductible $2,000 of annual earned income in an Individual Retirement Account (IRA), even when already participating in an employee's retirement plan. Uniformed services personnel are included.

Rep. W. Henson Moore's (La-6-R) matching bill in the House, H.R. 1250, is being considered by the

NAUS' John Sheffey at S.243 Hearing

Committee on Ways and Means as a part of the Committee's tax cut hearings. Rep. Moore is optimistic that the terms of H.R. 1250 will be included in the new tax bill. The decision in the Committee will come in early May. Now is the time to write your Senators and Representative your views on these bills.

Twice-Yearly CPI Raises In Danger

In spite of President Reagan's campaign promise not to change the twice-a-year cost-of-living adjustments for federal retirees, a move to once a year appears certain.

The Budget Committees of both Houses of the Congress have recommended FY 82 budgets that provide for only once-a-year adjustments. The Senate has approved the resolution, and the House is expected to do likewise. The provision is unlikely to be changed in the Conference Committee appointed to work out the differences.

The Senate and House are scheduled to reach joint agreement on spending limits by mid May. After that, committees of jurisdiction will be bound to come up with spending cuts mandated by Congress although they can achieve them in different ways. The Armed Services Committee of both Houses, the Senate Governmental Affairs Committee, and the House Post Office and Civil Service Committee could come up with plans that would save the twice-yearly raises, so long as they reduce other budgeted expenditures enough to provide money for the second adjustment. However, the man in the street and your typical member of Congress have little sympathy for the federal retirement program and its twice-yearly adjustments.

Sen. Ted Stevens (Alaska-R) has introduced an alternate plan, which would retain full twice-a-year Consumer Price Index (CPI) raises for federal retirees over 65. Those 60 and 65 would get a CPI adjustment once a year, and retirees under 60 would get one once a year based on one half the CPI. Disabled retirees would keep the twice-a-year adjustments regardless of age. With the Budget Resolution already in concrete and the short time remaining for action, it is unlikely that Stevens' bill will go anywhere.

President Reagan can honestly say that he didn't request the elimination of the second cost-of-living adjustment—it was done by the Congress. But he will find it difficult, if not impossible, to veto the change even if he were inclined to do so.

The military and civil service organizations worked hard to save the twice-a-year adjustments, but the Budget Resolution process made it extremely difficult for sympathetic members of Congress to influence the decision.

The next fight will be over the proposal to develop a cost-of-living ad-

*(See **News,** Page 4)*

NEWS

(Continued from Page 3)

justment index that is less than the CPI. The argument is that the CPI includes elements, such as new housing costs, that do not apply to retirees.

If the move to once-a-year raises comes as expected, service retirees can at least comfort themselves that they are sharing in the Government's effort to stop inflation. If that battle is successful, cost-of-living raises won't be needed.

GI Education Bill

On March 25, the House Veterans Affairs Committee concluded four days of hearings on establishment of a new GI Education Bill.

It appears certain that a new GI Education Bill will be enacted by this Congress. Because there are many different proposals, with a wide range of elements in each, the biggest question is what the new education program will include.

One complication in the approach to a new program is the current attempt to have education benefits serve as both recruiting and retention tools. This is a most difficult objective, and it is doubtful that it can be accomplished.

Funding and transferability of new education benefits received the most attention during the four days of hearings.

If the primary reason for a new GI Bill is to assist the veteran in readjustment to civilian life, the Veterans Administration should fund the program. If recruitment and retention are the basic aims, it is logical that funding should come from the Department of Defense. This issue makes little difference to the taxpayer,' but it does to budget managers in the VA and the DoD looking for ways to reduce their budgets.

Transferability received the most attention in their hearings. It has been proposed that service members be allowed to transfer earned education entitlements to spouses or dependent children. The hearings brought forth many questions on this proposal, such as:

- How many years of service should be required in order to establish eligibility?
- To whom should transfers be permitted, i.e., spouses and children, or children only?
- After establishing eligibilities, at what point can transferability be effected, and can it be withdrawn at a later date?
- When should the recipient be able to use the transferred benefits?
- Should only a select group of service members be eligible to transfer benefits, or should all service members be eligible to transfer benefits?

After four days in which over 50 individuals testified, there was no consensus on these and other issues associated with the establishment of a new GI Bill. There was agreement only that one should be established and established soon.

NAUS testified in general support of a new GI Bill but reserved judgment on the transferability provision until a more definitive plan is established.

Veterans' Organizations

In 1969 Congress granted tax-exempt status to certain veterans' organizations by adding Section 501 (c) 19 to the International Revenue Code.

Section 501 (c) 19 requires that 75% of the organization's membership be war veterans. The remaining 25% must consist of veterans, wives and widows, military cadets, etc.

All organizations are experiencing a reduction in war veteran members because of the natural attrition rate for surviving war veterans.

If peace continues, and everyone prays it does, these veterans' organizations will soon lose their tax exempt status due to the 75% war veteran membership requirement.

Reps. James R. Jones (Okla.-1-D) and Barber Conable (N.Y.-35-R) have introduced HR 2597 which would change the 75% war veteran requirement to 75% veteran.

HR 2597 directly affects NAUS, therefore we support it. NAUS members are urged to write their elected officials on this very important issue.

SBP Bill In Hopper

Sen. Strom Thurmond (S.C.-R) has introduced S.611 amending the Survivor Benefit Plan (SBP).

S.611 would authorize an annuity to any individual who is the surviving spouse of a member of the uniformed services who:

1. died before September 21, 1972;
2. had served on active duty in the uniformed services for a period of not less than twenty years; and
3. was at the time of death entitled to retired pay or retainer pay or would have been entitled to that pay except that it had not been applied for or been granted that pay.

NAUS does not expect hearings on S.611 to be scheduled until late this year or sometime next year.

Memorial Headstones

Rep. Cecil Heftel (Hawaii-1-D) has introduced HR 1714 to amend Title 38 and authorize the Veterans Administration to furnish memorial headstones commemorating veterans who are buried at sea, who have donated their bodies to science, or who are cremated and have their ashes scattered rather than interred.

NAUS supports this legislation and has expressed support in a letter to Rep. Heftel. This letter was submitted for the record by Rep. Heftel when he testified before the subcommittee on Housing and Memorial Affairs, House Veterans' Affairs Committee.

News and Views

NAUS has added two new chapters, the Diamond State Chapter (Delaware 1), Wilmington and the Warren G. Harding Chapter (Ohio 19D), Warren.

Officers of the Diamond State Chapter are MSgt Joseph A. Bernardo, USA, Ret., president; SgtMaj John R. Hughes, USA, Ret., vice president; CSM Clifton H. Pruitt, USA, Ret., secretary; MSgt Raymond J. Smith, Del. ARNG, treasurer; and SgtMaj Curtis G. Lord, USA, Ret., legislative chairman.

Officers of the Warren G. Harding Chapter are David H. Thigpen, president; Donald L. Borsic, vice president; and Earl F. Limber, secretary and treasurer.

NAUS welcomes the two groups and wishes them success in their future efforts.

★★★

A $170 donation to the NAUS Building Fund by the NAUS Washington State Chapter was incorrectly credited in the USJ to an individual member of the chapter. Our apology to the chapter, along with thanks for the generous support.

★★★

To combat a continuing shortage of pilots, the Navy has started sending enlisted personnel in the grades of E-5 through E-7 to flight school. The first class at the Navy flight school at Pensacola, Fla. since 1947 has 44 individuals, including one woman. The Navy is short more than 3,000 pilots, and the retention rate dropped to about 30% in 1979.

★★★

NAUS headquarters receives telephone calls (many long distance) and claims in the mail almost daily from UniServices policyholders, doctors and hospitals. It is a waste of time and money. NAUS is not in the insurance business. CHAMPUS and Medicare claims go to the Joseph E. Jones Agency, 1666 Connecticut Ave., NW, Washington, D.C. 20009. If phone calls are warranted about claims and premiums, etc., please call the Jones Agency at (202) 797-6726. Call or write NAUS only to request insurance brochures, to check eligibility for insurance or to report any unsatisfactory service if the problem cannot be resolved directly with the Jones Agency.

★★★

The numerical strength of the Armed Forces on January 31 was 2,055,624. This figure represents full-time military personnel comprising both regulars and reserves on continuous active duty and officer candidates, including those at the military academies. The individual service totals are:

Army	773,877
Navy	532,453
Marine Corps	187,834
Air Force	561,460

★★★

The Army will run a study to see if commissaries at Fort Leonard Wood, Mo. and Yuma Proving Grounds, Ariz. could save money if operated by civilian contractors. The services must study commissary operations because of an Office of Management and Budget directive that stipulates that some commercial and industrial Department of Defense activities should be contracted out to civilian contractors if economically feasible. Under the program, at least 10% must be saved by the government in terms of personnel costs before the activity can be contracted out.

★★★

Master Chief Radioman Carl W. Constantine has been selected to replace Master Chief Petty Officer of the Coast Guard Hollis B. Stephen who retires July 30. The new top enlisted man entered the Coast Guard as a reservist in 1957.

★★★

The military is back in Washington, D.C., the military look that is. Because President Reagan mentioned that he would like to see more military uniforms in the nation's capital, the services have issued orders that civilian clothing will no longer be an appropriate substitute for the uniform of the day. In recent years, military officers in Washington have been wearing civilian clothing to work three days a week because of the wishes of a previous President.

★★★

The latest Air Force commissary market-basket survey shows an average savings of 26.5% when prices are compared with nearby civilian supermarkets. Nine locations were surveyed and savings ranged from a high of 32.56% at Malmstrom AFB, Mont., to a low of 20.55% at Randolph AFB, Texas.

★★★

Rep. William Lehman (Fla.-13-D) has introduced legislation authorizing an open enrollment period for federal civilian employees who at the time of retirement did not elect reduced annuities to provide survivor benefits to their spouses.

Federal retirees who fit into the above category should express their views on this legislation to their elected officials. Rep. Lehman's bill is HR 1398.

Health Insurance Costs Up

Inflation of costs has been greater in the health care field than in any other. All NAUS health insurance plans lost money last year for our underwriter, Mutual of Omaha. NAUS insured as a group received considerably more in benefits than they paid in premiums. Increases in premiums were inescapable, and insured members' bills started reflecting those increases in April.

These cost increases have occurred in practically all health insurance, so other service associations' plans are almost certain to have similar premium increases. NAUS members who are tempted to change insurance are cautioned that there usually is a waiting period for new coverage to become effective, and that a premium increase is likely in the new company if there has been none thus far in 1981.

We have negotiated the lowest premium rates that our underwriter would accept, and in the process added some important improvements in coverage. These are:

1. Effective April 15, 1981 the CHAMPUS Supplement will pay 25% of the usual and customary charge made by the Provider of Care in your particular geographical area. The old method of paying was based upon the amount actually allowed by CHAMPUS. Since we will now pay based on the actual expenses charged, rather than the expenses CHAMPUS allows, we will no longer need the CHAMPUS Explanatioin of Benefits paid form when you file a claim with us. This should greatly expedite the claims processing. You may now file the claim with us at the same time as you file with CHAMPUS rather than waiting until after CHAMPUS has paid before filing.

2. The benefit period for which claims can be paid for a particular condition has been *increased* from the current level of 4 years to 5 years.

3. We have added an Accidental Death Benefit for each member insured under the UniServices Program in the amount of $2,000.00.

As an alternative for those who would rather have slightly less insurance than pay higher premiums, we have added the CHAMPUS Excess Supplement Plan. It provides benefits only after the insured has paid the first $250 of the patients' cost share in excess of CHAMPUS payments.

Details on the premium increases and the $250 deductible plan have been mailed to all NAUS members insured under our UniServices Health Program.

We regret that premium increases are necessary, but they are caused by costs over which we have no control. We will continue to do our utmost to make reliable health insurance available to members at the lowest possible cost.

Study Finds U.S. Military Pay Low

A General Accounting Office (GAO) study has found that the pay of United States armed forces personnel is generally lower than military pay in Australia, Canada and the United Kingdom, all of which are volunteer force countries.

The difference is even wider when comparing the purchasing power of military pay with the average civilian worker's wages in these countries.

The GAO study did find that U.S. military pay ranked above that of France and West Germany, both of whom draft many of their low-ranking enlisted personnel.

The GAO comparisons, made after the last U.S. pay raise in October, reflected that the three English-speaking countries pay their junior O-4s and E-5s more than the U.S. The U.S. pays its senior O-5s more than the British, Canadians and Australians do, but the U.S. is behind in paying senior E-5s.

The GAO report also gave six pay concepts used by other countries that should be studied as they offer promise for use in the United States' efforts to overcome current manpower problems.

In the charts below, the annual amounts are in 1980 U.S. dollars. Ranges include base pay, quarters and subsistence allowances, and tax advantages, if any. Pay ranges are based on 0 to 6 dependents. The data for Australia and the United Kingdom include extra payment British and Australian soldiers receive for the "disadvantages and rigors of military life."

Foreign Military Pay In Proportion to U.S. Pay

Country	Pay Range
(O-4 Level)	
Australia	$23,688-$26,659
Canada	$26,256-$29,487
United Kingdom	$23,604-$28,288
United States	$22,784-$35,565
France	$20,510-$32,250
West Germany	$18,273-$32,367
(E-5 Level)	
Australia	$12,639-$16,426
Canada	$14,667-$17,579
United Kingdom	$15,840
United States	$11,689-$16,025
France	$10,109-$19,667
West Germany	$9,772-$17,173

Proportionate Purchasing Power

Country	Pay Range
(O-4 Level)	
Australia	$29,373-$33,057
Canada	$29,407-$33,025
United Kingdom	$33,046-$39,603
United States	$22,784-$35,565
France	$22,571-$35,475
West Germany	$13,705-$24,275
(E-5 Level)	
Australia	$15,672-$20,368
Canada	$16,427-$19,688
United Kingdom	$22,176
United States	$11,689-$16,026
France	$11,119-$21,644
West Germany	$7,329-$12,880

House Vacancies

As this issue of the USJ went to press there were four vacancies in the House of Representatives.

David Stockman (Mich.-4-R) resigned his House seat on January 27 to become President Reagan's budget director. State Rep. Mark Siljander (R) and Cass Country Commissioner John Rodebush (D) ran against each other in a special election on

*(See **House,** Page 14)*

Well-Baby Care OK Under CHAMPUS

The 1981 DoD Authorization Act extends well-baby care benefits to all categories of CHAMPUS beneficiaries. Well-baby care under CHAMPUS was previously excluded by law.

The Act authorizes CHAMPUS to share the cost of well-baby care—routine physical examinations and immunizations—for children of active duty, retired and deceased service members, up to two years of age.

In addition to the newborn examination, PKU tests and newborn circumcision, which were already covered under CHAMPUS, the well-baby care benefit covers the following services rendered by the attending pediatrician or family physician to a new child up to two years of age:

- History, physical examination, discussion and counseling
- Vision, hearing and dental screening, developmental appraisal
- Immunization (i.e., DPT, polio, measles, mumps, and Rubella)
- Tuberculin Test, Hematocrit and Hemogloblin, and Urinalysis.

CHAMPUS Excludes New Eye Surgery

The Department of Defense has issued a statement of policy excluding from CHAMPUS benefits the radial keratotomy surgical procedure to correct nearsightedness on the basis it is still experimental.

The Assistant Secretary of Defense (Health Affairs), John H. Moxley III, M.D., stated, "The National Advisory Eye Council (NAEC), the principal advisory body to the National Eye Institute, recently approved a resolution expressing concern about the widespread adoption of this surgical procedure. The NAEC considers the radial keratotom to be an experimental procedure because of its lack of adequate scientific evaluation in animals and humans."

Available research material reviewed by the DoD, as well as other professional experts consulted, supported this conclusion, he said.

Doctor Moxley pointed out that in most cases an experimental surgical procedure tends to impact very few beneficiaries and therefore benefit decisions are made on a case-by-case basis under the general exclusion. In this instance, because of the high incidence of nearsightedness in the population, which had resulted in numerous beneficiary inquiries as to whether the procedure was covered, it was determined a public policy statement on the radial keratotomy was indicated.

CHAMPUS has a general provision which excludes any services and supplies determined to be related to experimental procedures or treatment regimens. The purpose of the limitation is to assure that the Program does not encourage a treatment modality that has not been determined to be efficacious or safe.

Any CHAMPUS denial of benefits on the basis that specific surgical procedure or other treatment regimen is experimental can be appealed, however.

HEALTH CARE

Public Sources First For Handicapped Care

If a beneficiary seeks benefits under the CHAMPUS Program for the Handicapped, the law requires all public resources be considered and used before applying for CHAMPUS benefits. If an individual is receiving assistance from a public source, in the same manner as any other resident, CHAMPUS benefits cannot be extended.

When applying for CHAMPUS coverage for an eligible handicapped dependent, an active duty sponsor must submit a public official's statement to the Director, OCHAMPUS, Aurora, Colo. 80045, certifying that public facilities or funds are not available, or are not adequate, to meet the needs of the handicapped individual.

For example, such a statement would be obtained from the superintendent of the local public school system when special education for a handicapped beneficiary is required. In each case, a statement is required from a public official of the agency providing the service, and it is the active duty sponsor's responsibility to determine the appropriate agency and official. In the case when the school official determines that facilities/services are adequate and the sponsor does not agree, appeal recourse is to that school system, not CHAMPUS.

The Education for All Handicapped Children Act requires that statements from local officials certifying that *special education* is not available from the local school system *must,* under Federal Law, show why such education is not available.

Other services for the handicapped are often available through state and local government agencies that deal with vocational rehabilitation, human resources, social services and public health. Officials in such agencies may determine and certify availability of public resources.

If a sponsor changes duty station, a new statement must be obtained. The sponsor is required to determine within 60 days from the date of reporting whether public facilities or funds are available to meet the needs of the handicapped individual at the new location.

Congress established the CHAMPUS Program for the Handicapped as a source of financial assistance for active duty dependents in instances where they could not meet local residency requirements and there-

(See **Handicapped,** *Page 14)*

NAUS Booster Club

The list of donors to the Booster Club gets bigger, even with the concurrent drive to pay off the mortgage for our new building. NAUS appreciates the support provided by these voluntary contributions of varying amounts.

Special thanks to Mrs. Santo Bochichio for the donation made in memory of her late husband.

If you are not yet a NAUS booster but would like to become one, send your donation marked *Booster Club* to NAUS headquarters. Each contribution received is acknowledged by publication of the donor's name in this column.

NAUS is certified by the Internal Revenue Service as a tax-exempt organization. Under IRS rules, contributions to the Booster Club are deductible from taxable income for federal income tax purposes when you itemize.

Since publication of the last USJ, contributions have been received from the following:

CMS Walter M. Ananiewicz
PFC William R. Anderson
Mrs. Kenneth Artiss
SFC Jack S. Baker
PFC Frederick M. Bazar
MSgt Frederick Belko
Sp5 Thomas L. Bettiker
SgtMaj Anna M. Billa
*Mrs. Santo Bochichio
Maj Norval G. Boyer
MSgt Erling B. Braaten
*MSgt William H. Brooks
*LtCol Frank C. Brundage
Mrs. Dorothy Bruno
SFC Robert E. Cairns
MSgt James R. Carnahan
*Mrs. Rachel S. Cassidy
LtCol Christian M. George
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Capt Melvin J. Clinton
Mrs. Anne W. Cochran
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SFC Floyd Davenport
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WO Charles E. Frazier
Cdr Alfred T. Fricke
RAdm Robert B. Fulton
BrigGen R.C. Gildart
MSgt Orvie J.D. Gosnell
Pvt Jules S. Greenberg
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Capt Cass P. Hare
LtCol J.B. Harvey
Capt James H. Harvey
CWO Theodore Heller
*LtCol David E. Hesse
Col Lukas E. Hoska
Capt Albert J. Hoskinson
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CPO Paul J. Kerrigan
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Lt Col Edwin A. Nelson
Mrs. Else L. Ness
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SSgt William J. Overby Jr.
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*Col Charles H. Rue
Col Louis B. Rutte
Maj Frank A. Ryder
CWO Jose B. Saez
Col Jose L. Saldana
Col Charles A. Sanford
*SFC & Mrs. Erwin J. Schoenhof
Mrs. Nell E. Shell
2Lt Kirk H. Shelley
Mrs. Adeline Shoe
Mrs. Walter H. Sitz
2Lt John B. Smith
Mrs. Kitty S. Smith
SFC Euclides Solivan Malave
MSgt Michael Stasiowski
Mrs. Sally A. Trottier
Welton D. Turner
SFC Harvey S. Webb
*1stSgt Caesar White
Mr. Bart D. Wilson
Mrs. Harriet E. Woods
Mrs. Frances L. Yarter
Maj Marcial Yunque

* Life Member

Army Retiree Councils

The Army's Chief of Staff Retiree Councils met during the week of April 20 to discuss matters concerning active and retired Army personnel. These councils, one officer and one enlisted of 11 members each, represent all Army retirees.

At the Army's invitation, NAUS Legislative Counsel Max J. Beilke, presented an overview of legislation under consideration by Congress as it affects active and retired personnel. NAUS appreciates having been invited and looks forward to a continued close relationship with the Councils.

Upon completion of their meetings, the councils presented their recommendations to the Army Chief of Staff, General E.C. Meyer.

The Army Officer Retiree Council is chaired by LtGen (Ret.) Stanley R. Larsen and the enlisted Council is chaired by CSM (Ret.) Silas Copeland.

MOVING?

PLEASE NOTIFY US 4 WEEKS IN ADVANCE

Name

New Address

City

State Zip

Effective Date

TRAVEL TALK

NAUS Travel Program

Armed Services Tour & Travel, coordinator of the NAUS travel program, has put together a 1981 program to all parts of the world. Just a few of the selections are:

• Hawaii. Continuation of the Hale Koa feature, but also a wide assortment of packages to civilian hotels. Departures from 170 cities each week using United and American group fares. Also World Airways low cost flights from Washington, Newark, Boston, Los Angeles and Oakland. Long and short tours available, condominiums, and air only flights.

• Caribbean Islands. Packages for one or two weeks to the Bahamas, Virgin Islands, Puerto Rico, Aruba and others. Individual vacations can be arranged.

• Las Vegas. Tours of 3, 4 and 5 nights from all over the U.S. Also included in conjunction with Hawaii packages.

• Cruises. One and two weeks in length, departing from New York, Miami, San Juan, Los Angeles, San Francisco and Honolulu. Areas visited include the Caribbean; Trans-Canal; Alaska; and within the Hawaiian Islands.

• West Coast. Stays of unlimited duration and packages are available for Los Angeles, San Francisco, San Diego and other points. All Hawaiian packages provide for stopovers in California.

• Florida. Packages to Miami and Disneyworld are available throughout the year.

• Europe. Air only flights to Frankfurt, Amsterdam and Shannon are available throughout the year. Also London from Washington, Los Angeles and Oakland. Tours of 1, 2 and 3 weeks are operated from June through September.

• Far East. Air only available to Korea, Japan, Hong Kong, Taiwan, Manila and many other points all year.

For information on these and other tours contact Armed Services Tour & Travel, P.O. Box 1326, Arlington, Va. 22212. Telephone (703) 525-9898. Please do not phone or write NAUS headquarters. We will just refer your request to our travel agent.

New MTG Printed

The 14th annual edition of the Military Travel Guide (MTG), a book to help active duty military people and retirees save money, has recently been published.

The 200-page book covers the essential details for travelers by listing all major military installations in the United States, and includes directions, temporary lodging facilities, emergency data, Space "A" flights, recreation areas and 15 key telephone numbers.

Also listed are 1,000 civilian hotels and motels that give military discounts; USO facilities; and U.S. military facilities in 24 foreign countries.

Copies may be obtained in many post exchanges, or by writing MTG, P.O. Box 9654, Washington, D.C. 20016. Single copies are $2.50 3d class mail or $3.50 air mail. Mention NAUS when ordering. ■

Recomp Issue Fading

For several years, recomputation was a hot issue with military retirees and in the Congress. On three occasions recomputation bills passed the Senate but died because of lack of support in the House. Now, recomputation seems to be a dead issue.

For those not familiar with the situation, recomputation has to do with the uncoupling of active duty and retired pay. For almost 100 years prior to 1958, retired pay was based on a percentage of the current active duty base pay. Each time active duty pay was increased retired pay was increased by "recomputing" it on the new activity duty pay scales.

This changed in 1958 when a law was passed increasing active duty pay, but temporarily suspended recomputation and gave retirees then on the rolls a flat 6% pay raise. In 1963 a law was passed again raising active duty pay, but it again denied retirees proportionate pay raises and permanently uncoupled active duty and retired pay increases. It substituted a system of raises based on the Consumer Price Index (CPI).

During the 1960s and early 1970s, active duty pay increased much faster than the CPI index. The result was an ever-widening gap between the pay of those who had retired earlier and those who retired after active duty pay was increased substantially.

In the late 1970s the trend reversed. The cost-of-living increases for retirees went up sharply, far outstripping the increases in active duty base pay. The result has been a steady decline in the number of older retirees getting less in retired pay than those of the same grade and years of service who retire currently. With this development came a decreasing interest in recomputation because fewer people would benefit from the change.

Recomputation bills—HR 228 and HR 320—have been introduced in the 97th Congress but have little chance of passing. This is especially true because of the fiscally conservative mood of this Congress and the estimated $15 billion to $40 billion tab that recomputation would cost.

Rep. Bill Nichols (Ala.-D-3) has been a staunch recomputation supporter in the past, having introduced several bills. He probably summed up the recomputation issue best in the last Congress when he said the bills' chances of passage are "somewhere between naught and zero."

NAUS will continue to support recomputation and urges those affected to write their senators and representatives on the issue. Only when a very large number do so will recomputation become a "live" issue again.

INTERVIEW
(Continued from Page 1)
in 1973, and the Uniformed Services' Medical School out in Bethesda, Md. is hitting full stride. All these things have improved recruitment and retention. The Navy and the Air Force are now close to their authorized strength in physicians, and the Army will be there in '83 or '84. The authorized strengths are, of course, the lowest acceptable numbers with which the active forces can do their job. When we reach them, we will take another look at their adequacy. Also, if we are going to retain our physicians we are going to have to do something about the professional environment in which they work. The military doctor just doesn't have the number of supporting personnel he would have in the civilian sector. Just as we can't match the pay in the civilian sector we don't expect to match the supporting personnel ratio, but we can improve on the current situation.

While the situation is beginning to look pretty good in the active forces, we remain woefully short of physicians in the reserves, particularly in the Army. We have to improve this situation, for we are critically dependent upon Reserve medical units in wartime. Right now there is no quick solution in sight.

NAUS: I note that the American Medical Association is predicting that there will soon be too many doctors and suggesting that government support of medical students be cut back. Do you concur in this view?

Dr. Moxley: The Federal Government has already cut out most of the medical scholarship programs except those supported by the Department of Defense. These programs require a clear commitment to serve a certain number of years in the military, and we are going to need them for some time to come. If we do reach a point where there are plenty of doctors for the military, the scholarship programs can be cut back. We are not there yet.

The physician shortage in the reserves has a bearing on the Medical Scholarship Program. We are proposing legislation that would require a longer commitment in the reserves than in the active forces in return for educational support. We are considering a three-year reserve obligation after residency for each year of medical education instead of the one for one required for active duty. This would give us 12 years or more of reserve service for each supported medical student.


Dr. Moxley (l) and NAUS' John Sheffey

NAUS: Here in the Washington area there appears to be a considerable number of foreign doctors in the military medical facilities. Is this a widespread pattern? What are the criteria for hiring and using them? Are they generally satisfactory?

Dr. Moxley: The foreign doctors in the military services have had to meet the same criteria as other doctors. We don't recruit them overseas. They have already been admitted to practice in the civilian sector. They have passed state board exams, English language tests, and had internships before we get them. Foreign medical graduates range from 7% to 15% of the physicians in the military services. I believe this is below the average in the civilian sector. In any event, they are screened as carefully as U.S. medical school graduates and provide the same high quality service.

NAUS: There are so many nonmilitary government programs for the support of college students that military-earned education credits are not very effective as an incentive for military service. Is this also true of military medical educational programs?

Dr. Moxley: No. Our medical scholarship program is fully subscribed. We turn people away. As long as we are allowed to have such a program I believe we can meet the services' needs for entry-level physicians.

NAUS: We have noted an improvement in the handling of CHAMPUS payments in recent years, but doctors and CHAMPUS beneficiaries still complain about slow payments and excessive paperwork. Doctors complain that CHAMPUS allowable payments are too low, in part because they are based upon outdated data. Can we expect improvement in these areas?

Dr. Moxley: We are always working on these problems. We have narrowed the number of CHAMPUS contractors from 80 to a more manageable eight. Our inspectors visit them regularly to check on their activities. The CHAMPUS management staff is far better organized and run than it used to be. It is true that CHAMPUS authorized payments can be as much as 16 months out of date in these times of rapid inflation. We are now allowed to survey these costs only once a year. We wouuld like to be able to do so every six months or even every three months, but I believe we will need Congressional authorization to do so.

The DoD is proposing CHAMPUS-supported dental care for active duty dependents. This should be started this year. We are not contemplating CHAMPUS dental care for retirees, but do plan to continue to take retirees in our dental clinics on a space-available basis. I would not want to see them displaced by active duty dependents.

NAUS: We note with pleasure that the Government Accounting Office has recommended consideration of the retiree patient load in the design of the new military hospitals, rather than active duty requirements alone. Will the DoD seek approval of this policy by the Congress?

Dr. Moxley: I simply can't answer

that. We do have a large hospital construction and improvement requirement to meet, particularly in Europe. I personally would put the needs of the forces in Europe ahead of the retirees' needs in the U.S. We are going to be in Europe for a long time to come, and there's only so much money for hospital construction.

NAUS: PL 96-527, the 1981 Department of Defense Appropriation Act, authorized CHAMPUS $125 million "for the purpose of experiments and demonstration projects designed to determine the relative advantages and disadvantages of providing prepaid health benefits." In other words, the use of Health Maintenance Organizations. What is the current status of this project and what is your forecast as to the end result? Can you elaborate a bit on this project on what it means to the military retiree?

Dr. Moxley: We are getting organized for the test and I expect it to be underway this fall. There are a lot of problems yet to be resolved. For example, the Health Maintenance Organization test group must not use military medical facilities during the test period if the test is to be valid. Another thing—the members of the test group will be required to make small monthly payments whether or not they use the HMO facilities. This is different from CHAMPUS, in which the user pays his share only when services have been rendered. Also, the HMO member can't withdraw for at least a year if the test is to be valid. These and other complications were not fully foreseen when the test program was authorized, but we will work them out.

NAUS: What is your position on the Physician Assistant issue? Are there any plans underway to increase the number of PA positions and usage? What are your views on PA qualifications and military grade?

Dr. Moxley: We are all in full agreement on the value of the Physician Assistant Program. All services want it continued at the present or greater levels of authorization. The thing they can't agree on is the grade question. The Army and Navy are quite content with the warrant officer concept for PA's, but the Air Force is not. The Air Force has eliminated its warrant officer pilot program and believes the retention of warrant officer PA's is not consistent. The issue remains unresolved. I have no strong personal conviction on it. There are good arguments on both sides.

NAUS: As you know, the Administration has proposed closing the Public Health Service hospitals and clinics. They serve a very large number of active and retired service members and their dependents who will have to turn to CHAMPUS and DoD medical facilities for support if the PHS facilities close. Does the DoD support keeping them open?

NAUS' John Sheffey (l) and Dr. Moxley

Dr. Moxley: The DoD has not taken a position on the issue. We can absorb into our system the DoD beneficiaries now served by the PHS. I haven't anything to add to that.

NAUS: Dr. Moxley, it is quite clear that the DoD civilian leadership has made a real effort to turn the active duty military physician situation around, and some of the credit certainly belongs to you. We hope the Secretary of Defense will be equally determined and successful with the reserves. What can we in the military associations do to help?

Dr. Moxley: The most important service you can perform is to help keep the issue on the front burner. It will be all too easy to become complacent about it as things improve. Military physicians take a long lead time to produce, and decisions on how to fill the requirements have to be made far in advance. Don't let some future Secretary of Defense and some future Congress neglect those decisions. ■

Military Tax Break

Active duty service personnel would get a substantial tax break under a plan submitted to the White House for study by Defense Secretary Casper Weinberger.

Weinberger's plan would exclude up to $20,000 of a service member's pay from Federal taxes. It would mean that few enlisted personnel would pay any tax at all and provide a big benefit to those in the higher income brackets.

Department of Defense sources say the proposal would make military service more attractive without increasing the Defense budget. They said that higher reenlistment and officer retention rates would result from the tax break that could save billions of dollars in recruiting, training and turnover costs.

Meanwhile, Rep. Bobbi Fiedler (Calif.-21-R) has introduced a bill in the House that would give active duty military people and reservists a Federal income tax break of up to $12,000 a year. Fiedler's bill would allow a Federal income tax exclusion of $1,000 on each month's taxable income. Pay that is not now taxed, such as quarters and subsistence allowance, would not be affected.

There is not a lot of enthusiasm in the Congress, or in the Pentagon either, for active duty tax exemptions as a method of increasing service take-home pay. Exemptions are most beneficial to those already receiving the highest pay, they do not increase retired pay, and they are less likely to be perceived as compensation increases by service members than direct increases in basic pay, regardless of taxes. Tax exemptions also make comparisons with civil service and private business pay scales more difficult.

NAUS Building Fund

More than 2,800 NAUS members had contributed to our building fund as this issue of the USJ went to press. Individual contributions have ranged from $1 to $1,000, and the total has now passed $57,000. This is more than one-fourth our goal of $203,000, and has already reduced our mortgage payments significantly.

Your NAUS board and staff truly appreciate the generosity of the members who have contributed these funds. Our decision to purchase a permanent headquarters building has been vindicated, for we are now confident that the cost of owning our own building will soon be less than our rental costs before we made the move.

If every member who has yet to participate in our fund drive will make a donation, however small, we will certainly meet our goal. These contributions are tax deductible, and every $1 you donate is worth at least $4 to us in reduction of mortgage principal and interest.

There are so many contributors that we will have to publish their names a few hundred at a time in several issues of the Journal. It will take several months, so don't think we have overlooked your contribution if your name has not yet been published. Amounts of individual contributions are indicated only when they are $100 or more. In this issue we express heartfelt thanks to:

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Cdr Tom A. Perkins
SFC Pasquale J. Perroni
MSgt J. Roy Perry
CWO Henry E. Petersen
RAdm Wallis F. Petersen
Lt Ronald F. Petty
Capt Walter Pfaff
Mrs. Wilburta L. Phariss
LtCol Meyer T. Phillips
1stLt George E. Phipps
LCdr Cecilia Q. Pierce
Maj Henry W. Pike
Maj Harold Pitts
SFC Edward J. Pleasure ($100)
Maj Irving L. Pollet
GySgt Gregory Pontes Jr.
Capt Ralph Porges
Sgt Richard L. Posey
CMSgt Nicholas W. Pournaras
Col N.E. Powel
LtJG Grover C. Powers
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MSgt Richard T. Pro ($100)
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LtCol Carroll C. Rands
Sgt John J. Rankin
Col William W. Rawlings
Capt Frederick C. Ray
Capt Harold C. Raymond
Col Russell P. Reeder Jr.
MSgt Ethan P. Redding
MSgt Steve J. Reese
LtCol Agatha M. Reeve
Mrs. Anne Reid
Col Harry B. Reubel
Mrs. Evelyn E. Revard
MSgt Siman J. Ribeiro
LtCol Vincent F. Ricci
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Col John F. Roberts
TSgt Arthur Robinson ($100)
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LtCol Gordon J. Rodenberg
Capt Elbert C. Rogers
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BGen Edward A. Sahli ($100)
Col Peter P. Salgado
MSgt Matthew Salopek
LCdr Frank A. Sanders
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Sp6 Thomas W. Saylor
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Capt Jack J. Scholze
Maj Harry E. Schonrank
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Capt Isador J. Schwartz
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Col William K. Shaffer
MSgt Patrick J. Shea
Cdr Paul C. Shearer
SFC Clifton A. Shelton Sr.
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CSgtMaj Joseph D. Shinners
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Col Hugh S. Skees
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Maj Jack D. Smawley
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Capt Roy C. Smith III
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Col M. Allan Snyder
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Col William H. Spicer
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LtCol Wesley F. St. Coeur
BGen John C. Steele
MajGen Byron L. Steger
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Capt Oscar Stiegler
Mrs. Kathryn Storey
TSgt Glenn Stover
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Seymour Strauss
CMSgt Charles L. Stuber
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Col A. Kenneth Swanson
Capt Clarence F. Swanson
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Maj James P. Swift
MSgt Stanley Szymanski
LCdr Richard B. Taliaferro Jr.
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MSgt William D. Tarantino
LtCol Jess W.Tarbell
Col Walter E. Tardy
LtCol E. Palmer Taylor
Stanley J. Tenczа ($100)
Col Archie B. Tenold
MSgt George Theodore
LCdr A.J. Theriault
MSgt Ralph H. Thode Sr.
Sgt Richard J. Thomas
Maj Walter L. Thomas
RAdm Edward M. Thompson
BGen Paul W. Thompson ($100)
SFC Stephen F. Thompson
LtCol Joyce A. Thornton
SSgt Leonard L. Thornton
MSgt Aime Thuotte
Col Erland A. Tillman
LtCol Frederick H. Titchener
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LtCol Richard H. Torovsky Sr.
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LCdr Calvin F. Wallace
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LtCol Edward C. Werner
Col Frank T. West
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CWO Alfred R. Wilson
Mrs. Emma O. Wilson
Cdr Frederick C. Wilson Jr.
MSgt Marshall L. Wilson
Maj Douglas K. Winans
MSgt Fritz W. Wolff
PO1C William P. Wooten
Mrs. Geneva M. Wright
Col Robert A. Wys
Mrs. Frances L. Yarter
MSgt Earl C. Young
BGen Norman E. Youngblood
SSgt Roy H. Zabel ($100)
Col Chris J.D. Zarafonetis
PltSgt Joseph M. Zasik
LtCol Jack C. Zorka
TSgt Joseph Zylka

HOUSE

(Continued from Page 6)

April 24. The result was not available when we went to press.

Gladys Noon Spellman (Md.-5-D) was declared incapable of service as a member of the House by reason of illness on February 24. A general election will be held on May 19, with former State Sen. Steny D. Hoyer (D) facing Audrey Scott (R), mayor of Bowie. Spellman's husband, Rueben, ran second in the April 7 Democratic primary.

Jon Hinson (Miss.-4-R) resigned his House seat, which he had held since 1979, on April 13. Hinson is in a Washington hospital undergoing psychiatric treatment. Mississippi Governor William Winter must call a special election, which must be held within 60 days of Hinson's resignation. There is no primary. If no candidate receives a majority, a runoff election will be necessary.

Tennyson Guyer (Ohio-5-R), a member of the House since 1973, died on April 12. Details on how he will be replaced were not available when this USJ went to the printer.

Withholding State Taxes

Congress is again looking into the voluntary withholding of state income taxes from federal retirees. In the past, the Office of Personnel Management (OPM) has claimed it could not withhold state income taxes for those retirees who so desired because of cost. Rep. Mary Rose Oakar (Ohio-20-D), Chairwoman of the House Subcommittee on Compensation and Employee Benefits, does not agree with OPM, and in fact states that such a voluntary program might save the government as much as $10 million.

Rep. Oakar has asked OPM and the U.S. Treasury to establish the necessary guidelines to implement her proposal of withholding these taxes for those federal retirees that voluntarily request they be withheld. Due to the hardship of making quarterly estimated payments, the number of federal retirees requesting the withholding of taxes is increasing.

Withholding taxes will not only be a beneficial service to federal retirees, it will also benefit the states because it speeds up tax collection. At the same time, the federal government will save money.

Concerning her proposal, Rep. Oakar explained:

"My proposal, based on figures supplied by the Congressional Research Service, demonstrates that if 400,000 annuitants take advantage of the program and OPM agrees that is how many annuitants would, approximately $10 million would be withheld from annuitants' checks monthly for state income tax purposes. That money presently earns the Civil Service Retirement Fund 8.7% yearly and the interest earned on the withholding would provide the government with approximately $75,000 monthly to pay the cost of the program.

"OPM has estimated the administrative costs of the program at $500,000 yearly. Thus, my proposal would pay all costs and provide the government a yearly windfall of $400,000 of earned interest. Furthermore, the $10 million one-time savings that would never be repaid."

Implementation of Rep. Oakar's proposal could well lead to a similar proposal for military retirees.

HANDICAPPED

(Continued from Page 7)

fore would not have access to public programs of assistance to the handicapped. However, when assistance from federal, state or local programs is available, the active duty sponsor does not have the option of waiving this assistance in favor of using CHAMPUS.

Uniformed Services Journal

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NATIONAL ASSOCIATION FOR UNIFORMED SERVICES
5535 Hempstead Way, P.O. Box 1406
Springfield, Va. 22151
Tel. (703) 750-1342

Purpose of the Association is to support legislation which will uphold the security of the United States, sustain the morale of the Armed Forces, and provide fair and equitable consideration for all members of the uniformed services, active, reserve and retired, and their spouses, widows, and widowers.

Budget Cuts Threaten PHS Facilities

As a part of its program to reduce federal expenditures, the Reagan Administration has proposed closure of the eight general hospitals and 27 outpatient clinics operated by the Public Health Service. This would end 200 years of government financed medical care for U.S. Merchant Seamen.

The Administration estimates a $110 million saving in the FY 82 budget and $900 million through 1986. These estimates are almost certainly exaggerated because the costs of closure and personnel terminations will be almost $100 million the first year, and the costs of alternative medical support for those other than merchant seamen who continue to be entitled to government medical services will be about $90 million/year thereafter.

Very large numbers of armed services' members, both active and retired, and their dependents are now served by the Public Health Service facilities. In 1980, the PHS provided 83,119 man-days of hospitalization for this group and accommodated 662,787 outpatient visits from it. The PHS estimates that it will cost the Department of Defense more than $26 million a year to provide for this group in DoD facilities or through CHAMPUS. This is probably low, and it omits the additional costs to the individuals who must go great distances to DoD facilities or pay a significant portion of costs only partially funded by CHAMPUS.

NAUS members, particularly those who live in areas served by PHS medical facilities, should contact their two senators and their representative and give them their views on this issue.

Service Education, Age Levels

How does the 1980 active duty military force compare to the 1965 force on educational and age group levels? Recently published Department of Defense statistics revealed some interesting data.

In 1966, 72.3% of all commissioned officers, 3,8% of all warrant officers and 1.3% of all enlisted personnel had graduated from college. In 1980 these percentages moved to 95.3%, 14,.7%, and 1.5% respectively. For those who had completed at least some college, but were not graduates, the percentages in 1965 were 90.9%, 44.1% and 19.7% in the above three categories. The 1980 percentages show 99.1%, 61.0% and 16.9%.

High school graduates, including GED's, in 1965 were 99.7%, 97.5% and 81.6%. In 1980, percentages were 100%, 92.7% and 88.8%.

Age groupings for active duty military, also show changes. Percentages of military personnel by age groups are as follows:

AGE	1965	1980
17-19	14.0	14.9
20-24	42.5	37.5
25-29	14.8	18.6
30-34	11.4	13.2
35-39	9.1	9.4
40-44	4.6	4.3
45-49	2.6	1.4
50 & over	1.0	.3

In 1965 the median age was 23.9%, while in 1980 it was 26.3%. In 1965, the largest percentages of the total force were in the 20, 21 and 22 age group with percentages of 9%, 10.7%, and 9.5%. In 1980 these age groups percentages were 9.6%, 9% and 7.5%.

APPLICATION FOR MEMBERSHIP

NATIONAL ASSOCIATION FOR UNIFORMED SERVICES (NAUS)
5535 Hempstead Way
P.O. Box 1406
Springfield, Va. 22151
Telephone: (703) 750-1342

Name (please print) Last ____ First ____ Initial ____

Rank ____ Soc. Sec. No. ____ Date of Birth ____

Address ____ Box/Apt. No. ____

City ____ State ____ Zip Code ____

SERVICE:
☐ Army ☐ USCG
☐ Navy ☐ PHS
☐ Air Force ☐ NOAA
☐ Marine Corps

CHECK ALL APPLICABLE SQUARES
☐ Active ☐ National Guard
☐ Retired ☐ Veteran
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☐ GIFT and Name of Donor ____

How did you learn about NAUS? ____

Please check below:

- Annual

	Service Member or Spouse	Service Member and Spouse	Widow(er) of Service Member
1 year	☐ $ 12	☐ $ 20	☐ $ 8
3 years	☐ $ 30	☐ $ 50	☐ $ 20

- Life Membership for Service Member

Under age 50 $150 ☐
50 to 59 $120 ☐
60 to 69 $ 80 ☐
70 & over $ 60 ☐

- Life Membership for Widow(er) of Service Member ☐ ¾ of amount above in appropriate age category.
- For Combined Life Membership (Service Member and Spouse) ☐ add ½ applicant fee.

ENCLOSED:*
____ Membership Fee
____ Contribution
$____ TOTAL Remittance

CPI Adjustments

What would the proposed change to once-a-year CPI adjustments to retired pay and SBP benefits mean to the recipient? It is difficult to tell what the future will be because of the uncertainty in our nation's economy. However, what a once-a-year adjustment would have meant over the past years can be shown. Utilizing the following table, NAUS members can insert their personal amounts of retired pay or SBP and compute for themselves what twice-a-year adjustments have meant to them.

Starting date for this chart is Jan. 1, 1977 and $500 monthly payment is used. Under the current twice-a-year adjustment, amounts received were as follows:

Date	CPI Adjustment	Amount of Pay
Jan. 1, 1977		$500.00
March 1, 1977	4.8	524.00
Sept. 1, 1977	4.3	546.53
March 1, 1978	2.4	559.,65
Sept. 1, 1978	4.9	587.07
March 1, 1979	3.9	609.97
Sept. 1, 1979	6.9	652.06
March 1, 1980	6.0	691.18
Sept. 1, 1980	7.7	744.40
March 1, 1981	4.4	777.15

Computing CPI adjustment on a January to December basis, a once-a-year adjustment would have had the following effect.

Date	CPI Adjustment	Amount of Pay
Jan. 1, 1977		$500.00
Jan. 1, 1978	6.8	534.00
Jan. 1, 1979	9.0	582.06
Jan. 1, 1980	13.4	660.06
Jan. 1, 1981	12.5	742.57

For the period Jan.1, 1977 through June 30, 1981, total amount received under the twice-a-year system is $33,597.76 and $31,768.14 under the once-a-year system.

The above figures are based on the CPI figures of December 1977 (174.3) to December 1980 (258.7).

Commission Pension Policy Report Out

The President's Commission on Pension Policy made its final report on Feb. 26, 1981. Most of its recommendations had already been signalled in its preliminary reports.

The Commission criticized early retirement for military personnel and others in hazardous and physically demanding work such as police and firefighters. It recommended that early retirement not be used as recruitment, retention and separation devices.

The report also recommended that retirement and survivor benefits be considered as earned jointly by husbands and wives and that they be divided in divorce just as other property earned during marriage. Other recommendations are:

- Military and Civil Service annuities should be adjusted for inflation only once a year and that a special cost-of-living index be set up for retirees to expand their pension coverage each year but not necessarily enough to provide full inflation protection.
- Until a new retiree index is developed, federal annuities be adjusted based on average federal wage increase or changes in the CPI, whichever is lower.
- Social Security coverage be made mandatory to bring in federal civilian workers whose annuities then would be offset by their Social Security benefits.
- Normal retirement age for federal workers be increased to 65. Federal civilians now can retire at full annuities after 30 years of service at age 55.
- Social Security taxes be increased faster than is now planned.
- Normal retirement age and full Social Security benefits be increased from age 65 to 68 and, for early retirement, from age 62 to 65.
- A minimum universal pension system be established for American workers over 25 years old who have at least a year on the job with 1,000 hours of work. The pension would be funded by employers.

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"The Serviceman's Voice in Government"

"Established 1968"

December 4, 1981

Mrs. Madeline Van Wagenen
Survivors of Sacrifice (SOS)
P. O. Box 6644
Laguna Niguel, CA 92677

Dear Mrs. Van Wagenen:

After our telephone conversation and receipt of the material you sent, I have had time to weigh the SOS legislative objective carefully from our viewpoint as supporters of the interests of service people and veterans. We also try to insure that those interests we support are consistent with the broader interests of our nation.

I do not believe that there is a good case for exempting a narrow segment of our society, the children of military personnel killed in action, from the elimination of Social Security educational benefits. These are the reasons:

1. Every argument the SOS advances applies almost equally to all other widows who lost the same benefits.

2. The Dept. of Defense didn't "promise" these benefits to the military any more than other employers "promised" them to their employees. All categories were only informed of a Social Security benefit created by the Congress and administered by the Social Security Administration. The education benefits were not established until 1965. They could not have had any bearing on your husband's decision to enter Annapolis and accept his Commission in the Navy. Most career service people killed in Vietnam were probably in a similar situation. Since Social Security educational benefits were available in any employment other than Civil Service after 1965, it can hardly be argued that they were ever a special incentive for military service.

3. The government agencies responsible for the special interests of service people and veterans are the Dept. of Defense and the Veteran's Administration, not the Social Security Administration. The VA already provides support for the widows and children of military personnel killed in action, including relatively generous educational funds. I believe you are currently entitled to \$542/month plus \$48/month for your son. If he enters college, he is entitled to \$342/month from age 18 to 26. If you choose to go to college yourself, you are entitled to an additional

$342/month. While this is small compensation for the loss of your husband, it adds up to a very large amount of money over your expected lifetime, and the total for all veterans' families constitute an enormous burden on the taxpayer.

4. The total burden of our Government for Social Security, welfare, veteran's benefits, and Civil Service and military retirement falls mostly on the current work force. It is obviously becoming greater than the declining portion of our population of working age can bear. This is why Social Security benefits had to be reduced and why further reductions in many of these entitlements are unavoidable.

I wish we could be of more help, for you have lost an important benefit that you had relied upon. But everyone else has lost it too, including tens of thousands of widows who don't have VA benefits.

In my opinion, your special legislative proposal has little chance of approval by the Congress. Certainly, it would have no public support if the SOS publicity included information on the VA benefits available for the education of the group's children.

I do not believe NAUS should support your efforts. Your best approach would be to seek higher VA educational payments on the basis of skyrocketing college costs. I can't speak for the large veterans organizations, but they are more likely to support such an approach than the one SOS is taking.

Sincerely,

JOHN P. SHEFFEY
Executive Vice President

JPS/bek

From the desk of:

John P. Sheffey
Executive Vice. Pres.

Dear Morton -

It is unlikely that the Washington Post will use this.

Possibly, it may be of some use to Mr. Whittlesey.

John

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"The Serviceman's Voice in Government"

"Established 1968"

April 1, 1983

Ms. Meg Greenfield
Editorial Page Editor
The Washington Post
Washington, DC 20005

Dear Ms. Greenfield:

During the recent Nuclear Weapons Freeze Campaign rally here in Washington, I attended the seminar conducted by the campaign leaders to educate their supporters on the issues. I respect the motives of the freeze supporters, although my professional background and experiences put me in the camp of the 226 members of Congress, the 126 national organizations, and the several hundred prominent and experienced individuals who comprise the Coalition for Peace Through Strength.

I was impressed by the idealism of the 1200 sincere young people and unsophisticated older people who were present at the seminar. As far as motives are concerned, they are on the side of the angels. What is lacking in most of them is real-world experience in international affairs and an understanding of the lessons of history. It should mean something to anyone trying to choose the right course for the United States to note that the freeze movement is largely made of academics and people inexperienced in the ways of the world while the Peace Through Strength group is mostly drawn from older, experienced people who have bourne actual responsibilities for protection of the interests of the United States. There are many exceptions to these categories on both sides, but they are generally valid.

No one really knows what will produce the best results in our efforts to put the nuclear genie back in the bottle. Anyone who thinks he does just doesn't understand the situation.

I cannot conceive a situation in which it would serve our interests to initiate nuclear war against Russia, but my bias in favor of maintenance of a credible U. S. nuclear weapons capability is both professional and personal.

Professionally, I think it clear that the whole sad history of warfare shows that we should prepare for what our opponents are capable of doing--not what our logic tells us they should do or what intelligence tells us they intend to do.

I was offended by the seminar material condemning U. S. use of nuclear weapons on Japan. As many as a hundred thousand more Americans and four times that many more Japanese would likely have been killed in WW II had the U. S. not used them. When the bombs were dropped, U. S. forces were preparing to invade Japan. Had this been necessary, and had Japan fought to the bitter end, casualties on both sides would have been enormous. A very powerful clique of Japanese militarists planned just such a fight prior to the atom bombing, and some continued to push the plan even afterward. The bomb almost certainly saved more lives than it destroyed.

A credible U. S. nuclear threat ended the Cuban missile crisis, and almost certainly has been the major deterrent of war between the Warsaw Pact and NATO for more than thirty years. It may have been a factor in ending the Korean War on reasonably satisfactory terms.

My greatest criticisms of the presentations at the freeze movement's seminar are the disregard of historical experience, the simplistic "devil theory" about U. S. motives in the arms race, and the numerous misrepresentations of the positions of those who disagree with the freeze proposal.

Some examples of the speakers' misrepresentations:

-The Administration leadership believes nuclear war is winnable and is preparing to fight such a war. I know of no responsible civilian or military leader who believes any such thing. In a recent speech Secretary Weinberger flatly stated just the opposite:

> "...nowhere ... do we mean to imply that nuclear war is winnable. This notion has no place in our strategy. We see nuclear weapons only as a way of discouraging the Soviets from thinking that they could ever resort to them.
>
> "Ironically the Reagan Administration has been accused of stressing the inevitability of a limited nuclear war. In fact, the opposite is the case. By preparing for a conventional conflict of longer duration, the Reagan Administration deemphasizes the likelihood of any nuclear war."

-The U. S. leadership has made the decision to employ nuclear weapons first, if necessary. This is nonsense. The U. S. has made the decision to retain the option of employing nuclear weapons first, if necessary, to counter an overwhelming conventional attack. Without this element of uncertainty about our intentions, the Russians' perception of their ability to defeat NATO or occupy the Persian Gulf States would add to the danger that they might try to do so. We, of course, are deterred from initiating nuclear war for obvious reasons, and the most likely result is a continuing nuclear stalemate. Is this not what we all want so long as elimination of all nuclear weapons remains unattainable?

-Arms races cause wars and the nuclear arms race is certain to lead to nuclear war. There is not one shred of historical evidence that supports this nonsense. The truth is just the opposite. Weakness invites aggression. Wars between nations occur when one has objectives that its leaders believe they can win by risking or initiating war. WW I, WW II, the attack on Pearl Harbor, and the North Korean attack on South Korea were all initiated by aggressor powers that weighed the capabilities of their victims and concluded they could win. How much blood and treasure could have been saved had those victims kept abreast in the arms race!

-U. S./Russian agreement on a nuclear weapons freeze will reduce the likelihood of an "accidental" nuclear war triggered by others. The logic for this position escapes me. Unless the U. S. and Russia agree to prohibit the possession of nuclear weapons by others--which is not in the realm of possibility--China, India, Israel, France, Great Britain, Argentina, Lybia, etc., etc., will continue to develop nuclear weapons. I doubt that any would be affected by a freeze. The proliferation of nuclear weapons stockpiles does increase the danger that terrorist groups might capture weapons, but this already is and will remain a significant problem.

-Elimination of nuclear weapons would not be destabilizing (former CIA Director William Colby's statement at the seminar). Total elimination is obviously impossible. However, the concept of the defense of NATO has always been and continues to be based on the availability of nuclear weapons if conventional defenses are overwhelmed by a Warsaw Pact attack. Russia's nuclear capabilities have now made resort to nuclear weapons by the U. S. a suicidal option in most circumstances, but Russia's uncertainty about U. S. intentions has to be an enormous deterrent to an attack by conventional forces. If there is any Russian characteristic that has consistently been demonstrated in their numerous aggressions, it is caution. They don't make military moves when they have any doubts about the outcome. Removal of the nuclear threat would make Russian conquest of the Middle East relatively easy in view of the limited conventional defenses the West could muster. Western Europe would be more difficult, but interdiction of the Atlantic supply route by Russia's vast submarine fleet would render NATO defenseless in short order. Elimination of nuclear weapons could only be destabilizing in the absence of a very large buildup of NATO conventional forces, reserves, stockpiles and anti-submarine capabilities in the Atlantic.

No rational person questions the desirability of reducing the numbers of nuclear weapons. Their very existence is a terrible threat to the world. Nuclear war could destroy the freedoms we seek to defend, even if we "win" by wreaking worse damage on the Russians than they do on us.

Nuclear arms reduction can be achieved only when each party involved becomes convinced that it is in his own interest to accept the reduction. In this international game, perception of one's own interest usually has little relation to others' views. The members of the nuclear freeze movement show a dangerous lack of understanding of this. Simplistic idealism won't protect lambs from wolves in spite of the fact that both equally desire to avoid being torn limb from limb. The history of Russian imperialism and the writings of Marx, Engels, Lenin, Stalin and Solzhenitsyn should give pause to anyone who thinks that peace with the Russians can be based upon anything other than U. S. strength and a clear perception on the part of the Russians that we have the will to use it when our interests are threatened. We should also leave no doubt as to what we believe our interests to be. Our failure to do so brought on the Korean War.

I believe that the nuclear freeze movement sends the wrong signal to the Russians--too much like the message Hitler read in the Fabian movement in England and the anti-war sentiment in the U. S. in the 1930's. Why else would there be so much Russian support for peace movements in the West while ruthlessly suppressing them within the USSR?

It has been demonstrated again and again--most recently in the Vietnam peace treaty--that one cannot win by negotiation what he could not have won on the battlefield. It has also been abundantly proven that nations adhere to treaty agreements only so long as they perceive that it is in their interest to do so, or the other parties have the strength and will to enforce the treaties.

Wise and patriotic men now differ on what U. S. strength is needed to maintain peace. I am not sure even after a lifetime in our armed forces and the Foreign Service. Only one guiding policy truly serves U. S. interests. That is, when in doubt choose strength. That is the only posture that both ensures our safety and gives us the ability to negotiate arms reductions.

Yours for peace through strength <u>and</u> mutual reduction of nuclear weapons.

Sincerely,

John P. Sheffey

JOHN P. SHEFFEY
Executive Vice President
National Association for
Uniformed Services

JPS/bek