



Gold Star Wives of America, Inc.

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Statement of

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Before the

Committee on Veterans' Affairs
United States Senate

Concerning Legislation to Provide a
Cost-of-Living Adjustment to the
Dependency and Indemnity Compensation Program
for 1997

May 23, 1996

Mr. Chairman and Distinguished Members of the Committee:

On behalf of the members of Gold Star Wives of America, Inc., I wish to thank you for the invitation to present some of our views concerning the Cost-of-Living Adjustment (COLA) for 1997 to the Dependency and Indemnity Compensation (DIC) as contained in the Veterans' Benefits Cost-of-Living Adjustment for 1997. Gold Star Wives have other pressing concerns and are taking the liberty to express these concerns in this statement. In particular, we request a more rational DIC structure, reinstatement of DIC after remarriage, and elimination of the 10 year limit in which to pursue education benefits.

Under the Veterans' Benefits COLA for 1997, all DIC widows would receive full COLAs and no particular group of DIC widows, whether old-law, new-law, 100% disabled, or killed in action (KIA), would be singled out for disparate or unequal treatment. In addition, the COLA rate to be applied to the DIC program would be identical to the rate to be applied to Social Security benefits, and presumably, to all other federal programs.

THE ENTIRE DIC BENEFIT MUST BE SUBJECT TO A COLA INCREASE

At the time the new-law DIC legislation standardizing the benefit structure for survivors of lower-rank enlisted members was proposed, it was the intent that "[s]urvivors of higher-rank members currently receiving benefits would not be adversely

affected." (*The Budget for Fiscal Year 1992, Department of Veterans Affairs, Part Four-961.*) However, each year since 1993, Congress or the Administration proposed to break its commitment to old-law widows by introducing COLA bills which would have eliminated or reduced COLAs for these old-law widows. The withholding of COLAs from old-law rates would result in a completely standardized two-tiered new-law system, and old-law survivors, indeed, would be adversely affected because they would be swallowed up into the new-law structure.

Since 1993, Congress has not limited COLAs in like manner to any other group. For instance, federal employees and retirees all received COLAs on their full salary or retirement, not on any arbitrarily determined lower dollar amount; and, disabled veterans were not selected to receive COLAs on an arbitrarily determined lesser portion of their respective disability ratings.

We have heard Members of Congress and their staffers repeatedly ask, "Why should old-law widows receive higher DIC rates than the new widows?" In the recent past we have had to fight off misdirected attempts to hold down the old DIC rates to allow the new DIC rate structure to gradually absorb them. Our answer is that old-law widows are not similarly situated with new-law widows.

Among the most financially strapped widows in Gold Star Wives are those paid under the old DIC rates. The old DIC rates apply primarily to the widows of senior NCOs and officers killed during WWII, Korea, and Vietnam -- when government sponsored insurance coverage was extremely limited. Unlike the new-law senior NCO and officers' widows, old-law widows received one-twentieth to one-quarter the government sponsored life insurance proceeds now available to the new widows. WWII, Korea, and most Vietnam widows received only \$10,000.00 in government sponsored life insurance proceeds (some Vietnam widows received \$15,000.00). Ten thousand dollars did not go far in WWII, but in the 1960s it was a pittance. Private sector life insurance coverage was generally unavailable to soldiers in combat zones, and when it finally became available in the late 1960s, it was unaffordable for most military families.

An old-law Vietnam widow could not buy a house in a safe neighborhood with her government sponsored life insurance proceeds. The new-law widow however, can purchase not only a home in most areas of the country, but will have enough money left over to invest in an annuity to provide additional substantial income.

Many elderly members of our organization do not receive Social Security benefits or other income, and live exclusively on their old-law DIC. Yet in 1993, these old-law widows, with their inferior benefit packages were singled out to receive less than 1/2 the COLA given to the financially better off new widows.

This year the Veteran' Benefits COLA Legislation for 1997 acknowledges the fact that new-law widows have significant benefits which were not available to the vast majority of old-law widows. Gold Star Wives of America applauds your recognition that each and every DIC widow deserves the same COLA treatment as is given to every other federal program recipient.

We fully support the COLA bill as proposed in the Veterans' Benefits COLA for 1997.

THE TWO-TIERED NEW-LAW DIC STRUCTURE IS INEQUITABLE

Certain widows receive an add-on of \$177 to the basic amount of their DIC to compensate them for their eight or more years they were married to their 100% disabled veteran. The reasons for the add-on are based on the following factors:

- The widow of the 100% disabled veteran suffers approximately a 50% reduction in income upon her husband's death and the widow of a totally disabled veteran unable to care for himself receives as little as 20% of the veteran's income which may have been as high as \$60,000.00 because of supplemental aid and attendance compensation. (*GAO Report to Congressional Committees, Veterans' Benefits -- Basing Survivors' Compensation on Veterans' Disability Is a Viable Option*, March 1995, p. 4).
- The widow sacrificed her career in order to care for her disabled spouse, and
- Private sector insurance coverage to supplement the veteran's government sponsored life insurance was difficult to obtain.

For these reasons the widow of the 100% disabled veteran was considered more deserving of additional compensation than the KIA widow.

The KIA widow experienced all of the above hardships and is similarly situated with the widow who was married at least eight years to a 100% disabled veteran. Congress is perhaps unaware of the KIA widow's hardships because her dead husband is not a member of any powerful lobbying organization.

The KIA widow concedes it is difficult for the 100% disabled veteran to get private sector life insurance. However, it is not merely difficult, but it is downright impossible for the KIA widow to obtain a private sector policy to insure the life of her husband who is already dead.

Likewise, KIA widows suffer a huge loss of income. Most often the economic loss is sudden and catastrophic. In my particular case, my husband's bring-home pay while he was in Vietnam was \$1400.00 per month. After he was killed in 1971, my DIC was \$234.00 per month, and my Social Security benefits were \$424.00 per month for my infant son and myself. I suffered more than a 50% cut in bring-home income and my

DIC payment was less than 20% of my husband's net income. Most of the KIA widows in Gold Star Wives suffered similar catastrophic and sudden cuts in income. Many, especially during WWII, were forced to return to their parents for economic survival. Widows of the 100% disabled have eight additional years to receive the higher disability income before they are subject to the reduction in income.

Widows of the disabled often sacrificed careers to care for their disabled husbands. But, to the extent the veteran required physical care, he received up to \$60,000.00 per year in disability and supplements for aid and attendance. At the time of their injuries, many disabled veterans were not married to the woman who became their widow. The KIA widow, however, sacrificed her career both before and after her husband's sudden death.

These KIA widows often endured long family separations and long bouts of anguish while their husbands served in combat zones; they moved from post to post with such frequency that they sometimes were not unpacked before having to repack for another move. They pulled their children out of school mid-year.

The KIA widows often found themselves in isolated areas with few jobs, or in foreign countries where they could not work because they lacked the required foreign language skills and/or work permit. Once her husband was killed, the KIA widow was expected to pick up the pieces, vacate quarters within 30 days, and singlehandedly raise her children, care for the home, and work or pursue her education.

In recent years life has been made somewhat easier for military spouses. Perhaps that is because more men are military spouses now and won't stand for the outrageous hardships that most KIA widows endured.

Without question, the greatest loss particular to the KIA widow is the loss of not having her husband around for eight additional years after his fatal injury. Even having him around one more day would have been a priceless gift. The loss to the children is especially painful. Many of the KIA children were so young they never knew their fathers. At the very least, they missed the love, guidance and stability of a second parent. KIA widows with children raised their families alone before adequate child care facilities and other support services were available. KIA widows were single parents long before it was an accepted lifestyle.

All groups of DIC widows, have had their own unique hardships. Compensating for some hardships, at the expense of other hardships of equal or greater significance, has resulted in the irrational DIC rate structure we now have.

**MILITARY WIDOWS ARE ENTITLED TO REINSTATEMENT
TO THE DIC PROGRAM AFTER TERMINATION OF
A REMARRIAGE**

In 1970, the "take a chance on romance" bill was passed. This bill removed the bar to reinstatement of DIC and other benefits to widows upon the termination of a subsequent marriage. The liberalized treatment of widows of veterans who died of combat or other service connected deaths and disabilities followed the trend established by similar liberalizations authorized for widows seeking restoration of Social Security benefits and Civil Service Retirement benefits. The passage of the liberalized law permitting reinstatement was in recognition of the harsh results experienced by many veterans' widows.

In many instances, the widow has spent most of her life as the wife of the veteran, as a housewife and mother, and has been unable to engage in any outside employment or establish entitlement to retirement or other old age benefits in her own right. The permanent termination of Veterans' Administration benefits upon her remarriage at an advanced age frequently places her in precarious circumstances when death or divorce follows. In these and similar circumstances it is reasonable to assume that the veteran would have intended that a measure of support be provided for the widow during any period in which she is not married.

H. Rept. 91-1166, pp. 16, 17.

The 1970 law permitting military widows to reinstatement to DIC was passed at a time when serving in the military was extremely unpopular, and extremely hazardous. It was a badly needed "carrot" to recruit and retain qualified military personnel to wage what was then known to be an unwinnable war. Before sending the troops to Vietnam, the Department of Defense informed them of the benefits package to be paid to their survivors in the event of their deaths. Among the claims were that the wives would be taken care of for life, for all those periods when they would be single. (As my husband said, "You'll be taken care of for life, no matter how badly you screw up. Don't worry.") The 1970 law was passed with the intention that it be relied upon by the soldier and his widow.

In 1990, Congress repealed the 1970 law with the express knowledge and intent of its cruel and unconscionable retroactive impact upon the widows who relied on its purpose to "take a chance on romance." The 1990 repeal, according to the House Committee on the Budget, was intended to save \$374,000,000 over the 5 year period, 1991 - 1995. This amount of savings could be realized only if the rug were pulled out from under 15,000 widows over the 5 year period. In fact, the actual savings are much less than half that forecasted because it is estimated that no more than 1200 to 1275 widows per year have, or would have sought reinstatement since 1991 (See *GAO Report* of March 1995, p. 22 (extrapolation from cost estimate) and *Statement of the Retired Officers Association before the House and Senate Veterans' Affairs Committees*, March 14, 1996).

The number of widows seeking reinstatement do not approach the numbers of 2450 to 3500 per year as predicted by the House Budget Committee. Because the estimates and the actual numbers are at such variance, Gold Star Wives of America believes that Congress, or the former Administration, knowingly over-stated the expected savings in order to justify passage of such an egregious and punitive law.

In 1991, 1284 widows left the DIC rolls due to remarriage. As Gold Star Wives predicted, once widows became aware that Congress changed the rules, fewer would remarry. In 1992, after news of the repeal of the reinstatement law had a chance to travel by word of mouth alone, remarriages suddenly fell to 869 in 1992, and 962 in 1993. For the several years before the repeal, the remarriage rate had been constant.

If current DIC recipients were aware of the change in the law, even fewer would remarry, and the savings would be even more insignificant. Under normal circumstances, it would be fair to argue that the Administration has no obligation to inform its constituents of adverse changes in the law. But, in this case, Congress passed the 1970 law with the expectation that it would be relied upon, not only by the veteran, but by his widow. Certainly, when the government intends to renege on its past obligations to a select group, there must be notice.

DIC recipients are the only group of federal widows who do not have the right to reinstatement of benefits after termination of a remarriage. Our group is perhaps the only almost exclusively female group.

Congressional staffers, as well as some Agency personnel, rationalize that DIC widows should be treated differently from all other federal widows with respect to reinstatement of benefits after remarriage, because DIC is the only death benefit plan in which the participant makes no financial contribution. We Gold Star Wives are appalled at such a bizarre argument.

Over the years, unlike their civilian counterparts, military personnel have not made payroll "contributions" to pay for the various benefits they receive. For instance, there is no payroll deduction for health care. Likewise, military personnel do not make actual payroll contributions for their pension plans or death benefits, to include their widow's right to reinstatement after remarriage. It makes sense for soldiers to receive benefits "automatically" rather than through payroll deductions, in order to maintain a healthy, focused and battle-ready national defense.

In any case, Congress as much as admitted military personnel contribute toward their pension plan in recent years when it authorized and appropriated separation incentives to veterans who participate in the Voluntary Separation Incentive Program, which is part of the military's downsizing efforts. Military personnel contribute toward their statutory

benefits no less than civil service, foreign service and other federal employees who die in the course of their employment.

Finally, the moment a soldier dies for this country, all death benefits promised to him vest. What more could a soldier "contribute"? The argument that soldiers who die of combat injuries have not contributed to their deferred compensation and death benefits, and therefore are not deserving of the promised benefits, holds no water.

Fourteen years ago, Madeline Van Wagenen, Founder of Survivors of Sacrifice, testified before the Subcommittee on Manpower and Personnel of the Senate Armed Services Committee, concerning the taking away of promised Social Security benefits to military widows and children. Her words were prophetic:

Unlike any other job, military service can be forced on a man. Even if he volunteers, he is not free to leave when the going gets tough. He cannot bargain for his wage and benefits package, as a union member might. He can never go on strike; indeed, he must provide essential services when others walk off the job -- policemen, firemen, and even air-traffic controllers.

It is obvious that a serviceman simply does not have the same full range of options to protect his family as does his civilian counterpart. Current active duty personnel feel alarmed and fearful that the precedent of taking away family benefits after a man has given the ultimate sacrifice will become an acceptable budget solution after they, too, have given their lives. (Emphasis added.)

As Ms. Van Wagenen predicted, the precedent was established, and Congress now considers the taking away of promised family benefits after a soldier has made the ultimate sacrifice, to be an acceptable budget solution.

Gold Star wives of America requests that Congress repeal section 8004 of OBRA of 1990, in its entirety, and reinstate to all DIC widows their right to reinstatement of DIC after termination of a subsequent remarriage.

**ELIMINATE THE DELIMITING DATE FOR ELIGIBLE
SURVIVING SPOUSES FOR EDUCATIONAL BENEFITS
PROVIDED UNDER CHAPTER 35 OF TITLE 38 U.S.C.**

In past years Members of Congress have commented on how few DIC widows used the education benefits. It is the experience of members of Gold Star Wives, that the 10 year restriction in which to use the benefits precludes many widows with young children from using it. Of all eligible widows, the young widows could benefit most by the program. Unfortunately, these widows are raising their children, working, and trying to maintain the trappings of the "real family" that once was, and do not have time to pursue their education.

Gold Star Wives who used the education benefits agree that it was at great cost to their children. The young mother's time and attention were fragmented. The children did

not receive the attention they deserved because there was no father at home, or at the other end of the telephone, to step in. Time spent at school instead of at a paying job resulted in a lower standard of living for the children.

Had our husbands lived to receive their educational benefit they would have received the family rate, which is much higher than the single rate paid to survivors. In addition, widows have not only tuition to pay, but substantial child care expenses. The child care expense is alleviated in two parent households.

By the time the children grow up, it is too late to qualify for the benefit because more than ten years have elapsed.

The educational benefit is a good program and cost effective. Once the children are grown, and the 10 year limit abolished, the middle aged widow would be in a position to use her education benefits to obtain the skills to be self-supporting -- and to return the investment in the form of paying taxes.

Gold Star Wives of America requests that the Congress eliminate the 10 year limit in which to use the education benefit, especially for the survivors with young children.

Thank you on behalf of Gold Star Wives of America, Inc., for the opportunity to present our views on the Veterans' Benefits COLA for 1997 for the DIC program, and on other issues important to Gold Star Wives.